



BRIEF

# Putting Gig Data to Work: Innovations in Expanding Credit Access

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## Summary

Gig platforms can use work and earnings data to provide meaningful financial services to underserved gig workers. This brief highlights the experience of two industry pioneers, Moove and Karmalife, that have painstakingly built algorithms, designed products, and implemented pilots to prove the value of work data to extend transformative credit to workers. Their efforts are still in the early stages, and there is a need for more experimentation and innovative problem-solving in this space.

Informal workers are excluded from formal financial services because of the lack of financial data about their earnings and transactions. Without such data, banks cannot adequately assess the creditworthiness of such workers, leaving them without access to affordable, appropriate credit. The financial inclusion community posits that such work data will likely reveal many informal workers to be reliable, consistent, high-quality potential users of financial services, increasing their attractiveness to lenders.

Unlike informal work, platform work creates a rich data trail about the habits and incomes of workers. Since work is tracked and paid digitally, platforms can offer financial service providers more information about their workers. Together, habits and earning data make platform workers an excellent opportunity to explore the value of work data in extending financial services.

[CGAP's work over the past year](#) suggests that a few organizations are finding ways to leverage platform work data to unlock financial services. In this brief, we highlight the experiences of two of these pioneers: Moove and Karmalife. These organizations have painstakingly built algorithms, innovated data streams, and implemented pilots to prove the value of work data. Though their efforts are still in early stages, their progress is promising and points to the underlying value of platform work data. As this work matures, we hope that more and better data will continue to push the boundaries of inclusion and expand the range of financial products available to workers.

## Quantity and quality of work data

Leveraging platform work data to expand access to credit is not straightforward. To start, platforms collect very few data fields because they want to keep the onboarding process fast and lean and because their systems were not designed for machine-learning or credit-scoring exercises, just as operational management tools. Platforms collect minimal information when onboarding riders or drivers: usually just name, date of birth, contact information, and driver's license.

Moreover, platforms have yet to see the value of collecting more data, creating a chicken-and-egg problem for collecting additional data points that might aid in credit scoring. For example, innovators like Gigmile have found

that psychological data can improve credit scoring, while many others use asset ownership, education levels, bill payments, and more to augment earnings data. Although this additional data may help, concerns about consumer protection norms and user experience concerns may prevent platforms from collecting it in some markets.

Another barrier is that work data from any single platform is likely only to reflect a portion of that worker's work and earnings. In most urban centers, workers take jobs on multiple platforms, so the true picture of their work and earning is spread across platforms. Currently, platforms tend to guard that data closely, and consumer protection norms prevent providers from aggregating across sources. A few innovators, however, are finding ways to secure worker consent to access data on their phones to assess earnings across platforms. As these players scale or as open data norms take form, they may solve the completeness problem with regard to the quality of work data.

Still, even when earnings data is complete, it may not be very valuable in revealing creditworthiness. Instead of reflecting the worker's quality or commitment, earnings volatility may be driven by seasonality and price changes on the platform. Moreover, earnings data alone might be misleading. For example, higher earnings may not always be better if workers burn out or deal with too much debt. In these instances, rating data such as star ratings from riders may be more indicative of worker quality, but those ratings are often very compressed since platforms tend to boot low-performing workers off the platform or allocate them a few rides.

Finally, past earnings may not be predictive of future earnings for gig workers. A key advantage of platform and gig work is that it is flexible; it is designed for workers to be able to work as and when they like, so it should not be a surprise if workers exercise that flexibility. Churn is more or less baked into the design of platform work, eroding the value of that work data for assessing creditworthiness.

Still, despite these challenges, both Karmalife and Moove have found innovative ways to leverage platform work data to unlock increased access to credit for asset building, a long and unwinnable battle in increasing access to credit for this segment.

## Karmalife: Leveraging work data through platforms

Karmalife is an inclusive fintech startup in India that serves gig platform workers and broader pools of blue-collar workers with liquidity and savings solutions. Their engagement and research with workers over the years have confirmed that while workers [benefit from early-wage access](#), Karmalife's flagship solution, those workers also need a broader range of financial products to attain financial resilience. The mobility segment workers that Karmalife serves most [commonly cite](#) the need for higher-ticket, installment-linked loans, often to finance a vehicle or fuel purchases, both of which enable them to earn more from ride-hailing work.

Under the assumption that platform work data can be used to assess a worker's creditworthiness, Karmalife analyzes platform data on rides, earnings, and other work performance metrics to determine eligibility and then offers workers loans of between one and six months. Their experience shows that greater earnings, longer working hours, and higher driver ratings are all associated with lower repayment risk. Though their pilot with CGAP is still underway as this is being written, early results suggest that platform work data could be as good as credit bureau data in predicting the creditworthiness of drivers who apply for such loans. Furthermore, early results show that platform data can materially improve the predictive accuracy of customized credit models that also use bureau data.

Initial results suggest longer-tenure loans improve driver engagement in the immediate weeks after getting the loan. Based on a cohort of 1500 platform workers that were eligible to borrow, 93% of workers who took out a loan were available to work the next week in comparison to the 85% of workers who were eligible but did not take out a loan. The analogous figures six weeks after loan eligibility were 95% for borrowers and 89% for non-borrowers, suggesting that these loans are having the desired retention effect.

Although experience to date is limited, most loans disbursed by Karmalife using its platform-data-driven scoring engine has benefited "thin-file" (or no-file) workers. Bringing loans to the previously excluded demonstrates the possibility for platform work data to drive inclusion. It also adds some proof to the hypothesis long held in the financial inclusion community that such workers can

*"We have seen a positive impact of using work data as a primary source of truth vis a vis other, underwriting models that are there. And I think that works at two levels. On one hand, we can be far more inclusive, by a factor of four or five compared to, let's say, a bureau score driven eligibility model. The second is the ability to deduct our repayments at source when there is a payout from the platform, with the user's consent, making the repayment seamless and effective for our business model. And together, there is a seamless and risk-informed solution for the worker that is personalized to their earnings and work patterns."*

—Badal Malick,  
Co-founder Karmalife, a fintech providing credit and other financial services to gig workers in India

be creditworthy. To date, 90% of loans to such workers extended by KarmaLife were repaid on time.

Scaling lending to this otherwise excluded segment holds great promise, but fintechs and FSPs must pay attention to and mitigate the risks of losing money on bad loans or losing drivers' trust in platforms. While fintech startups might have higher risk tolerance, their debt partners may not. Or they could be constrained by limitations in risk-sharing mechanisms. Building a robust business model requires time to understand customer behavior, tweak risk models, and test out alternative pricing structures – requirements that can create tension between a platform's need for quick results and a fintech or FSPs' need to learn iteratively over time.

Platforms that can show patience and commitment stand to gain from such partnerships. While more research is needed, tailored financial services may offer platforms a way to serve, engage and retain their best workers. Karmalife's experience shows that early-wage access can lead to greater driver engagement, productivity, and retention.

## Moove: Managing risk with additional data

Moove is an African-born mobility fintech, launched in Nigeria with a mission to unlock access to financial services for mobility gig workers globally. The team has developed a proprietary data collection, credit-scoring, and risk management methodology to get ride-hailing drivers on a path to owning a critical work asset: their vehicles.

Moove partners with ride-hailing and mobility platforms like Uber, Glovo, and Careem to identify drivers that meet performance criteria like trips taken, ratings and cancellation rates, much like those designed by Karmalife. Drivers who meet those criteria are invited to apply for vehicle financing, including a driving test and background checks. With these pieces in place, approved drivers are issued a brand-new vehicle, sourced by Moove itself.

The driver then continues work on the platform, in a work-to-own arrangement. Like Karmalife, Moove deducts repayments at source directly from the platform, recovering the loan over the course of two to four years. During that time, Moove tracks and analyzes work data from the platform to set revenue and trip targets for drivers, helping them to meet their repayment obligations while still maintaining a decent take-home income. These targets also provide value to platform partners, as they can better meet revenue and supply driver availability goals.

Moove goes further than most loan providers in managing risk by collecting data about driver behavior via remote sensors such as vehicle telematics, allowing the company to observe driving behavior, speed or brake use, vehicle usage, geographic distances covered and other variables. Moove has developed proprietary data algorithms that allow them to use that telematic data to predict risk of repayment. Those predictions secure their assets by allowing them to intervene when drivers might be at risk of non-payment. Those drivers receive personalized,

automated communications as well as support to help them meet their repayment obligations, all while securing the vehicle asset. For example, drivers who are unwell or traveling away from their work area are invited to park their vehicles at Moove parking lots during those periods, during which time their repayment obligations are adjusted.

*“The different types of data we have access to – whether real time rides or long-term productivity through the platform partners, or telematics on the vehicle and location data – helps us drive much better understanding of customer productivity, affordability and our revenue-based financing model is really predicated on this.”*

—Tingting Peng,  
Chief Strategy Officer of Moove, a fintech and logistics company, operational in several emerging markets focused on auto-financing.

Finally, Moove's drive-to-own product also includes vehicle, health and life insurance, repairs, service and maintenance. This ensures that vehicles stay on the road, drivers continue earning, and the asset retains its value. Moove makes this work by partnering with local service providers, including vehicle manufacturers, at bulk rates and by only buying new cars in selected models that are most suitable for ride-hailing. This standardization allows them to manage costs both for the platform and for drivers themselves.

Moove has found that mobility marketplace platforms value having a supply-side partner that ensures a fleet of well-maintained vehicles and responsible drivers that are available to meet the demand on their apps. Furthermore, Moove's ability to provide additional financial services, including insurance, debit cards, and more in the future, empowers drivers to start building their own businesses, which has a powerful flywheel effect on driver supply.

## Leveraging work data at scale

While Karmalife and Moove are proving that platform data can unlock financial services for workers, their work is new, and the value of platform work data has yet to become an accepted belief in the sector. There are several reasons that acceptance may be slow in coming unless the community accelerates testing efforts. They include:

- **Chicken-and-egg problem:** Until platforms believe that work and demographic data has value in driving loyalty or generating revenue, they do not have any incentive to collect it at the volume and quality needed to test and prove that value. This creates a chicken-and-egg problem that can potentially be solved via pilots or learnings from adjacent product experiences. Even when platforms believe in the need to collect more data, they need guidance and assurance on how and what to collect responsibly, so that data cannot be misused. Finally, platforms need to better understand what data it makes sense to share, and what constitutes value that they should keep internal to their enterprise.
- **Low risk tolerance:** Understanding whether work data can predict repayment behavior means offering loans to those who might otherwise be denied access based on bureau data. This would require offering loans to “higher risk” workers, a risk that most platforms and lenders are not willing to take. This low risk tolerance may also extend to investing resources in understanding the connection between work data and repayment behavior – a learning investment that may not come naturally to platforms.
- **Complexity of loan usage:** For many lenders, especially as ticket size grows, what the money is used for becomes a critical question. In the case of businesses or logistics firms, that credit might go towards buying inventory or

vehicles so the potential returns are clear and may even be integrated into the structure of the loan, such as when credit is provided via fuel vouchers. This may be less clear for platform workers who do not always have clear investment opportunities. Moove solves this by providing financing only for vehicles and only supplies the vehicle, not the cash, but intermediate ticket sizes may be difficult to invest profitably. Solving for this “opportunity side” may be important to unlocking larger sums.

To solve each of these challenges, regulatory authorities may need to intervene to improve the quality and access to data and accelerate greater access for platform workers. Our experience suggests that such progress may not happen without broader support from global stakeholders since neither governments nor platforms understand opportunities latent in platform work. It may take philanthropic or public intervention to bring together various platforms, fintech, and bank players in a way that builds, rather than endangers, the financial health of workers. More work can also be done to highlight and facilitate the work of innovators like Moove, Karmalife, and others that are finding new ways to provide these services.

In the long-run, it may be useful to think about work data much like we think about financial data and consolidate it alongside bureau data. Doing so would allow workers to assemble their data in reliable, transparent, and coherent ways to unlock access to new and bigger products. Currently, that information is owned by platforms capturing a small sliver of earnings and financial data. More will need to be done to make such data usable and reliable, a gap that tech innovators may well fill. Open data regimes could facilitate access to earnings information and would create mechanisms for people to control the use of their data.

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