

Gig Economy, Financial Health and COVID-19: A Case Study of FastJobs in Malaysia

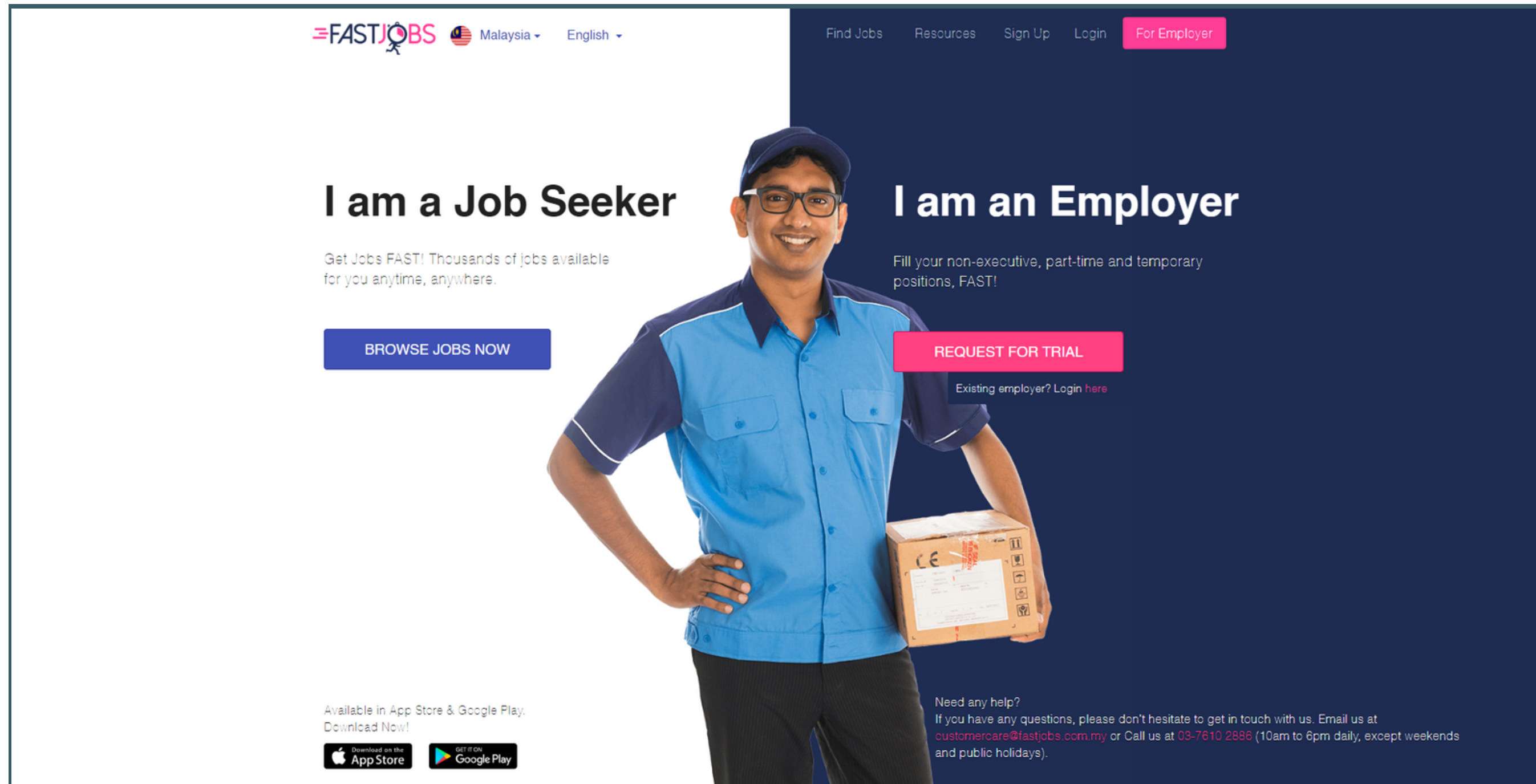
This report is under the i3 Program, funded by MetLife Foundation.

The United Nations Capital Development Fund offers “last mile” finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

The Centre for Financial Health acts as a convener, providing a platform to bring together global, regional and local actors committed to using financial and digital solutions to improve the financial lives of low-income families—helping them climb – and stay – out of poverty.

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4 How Do Gig Workers Fare on Financial Health Metrics?

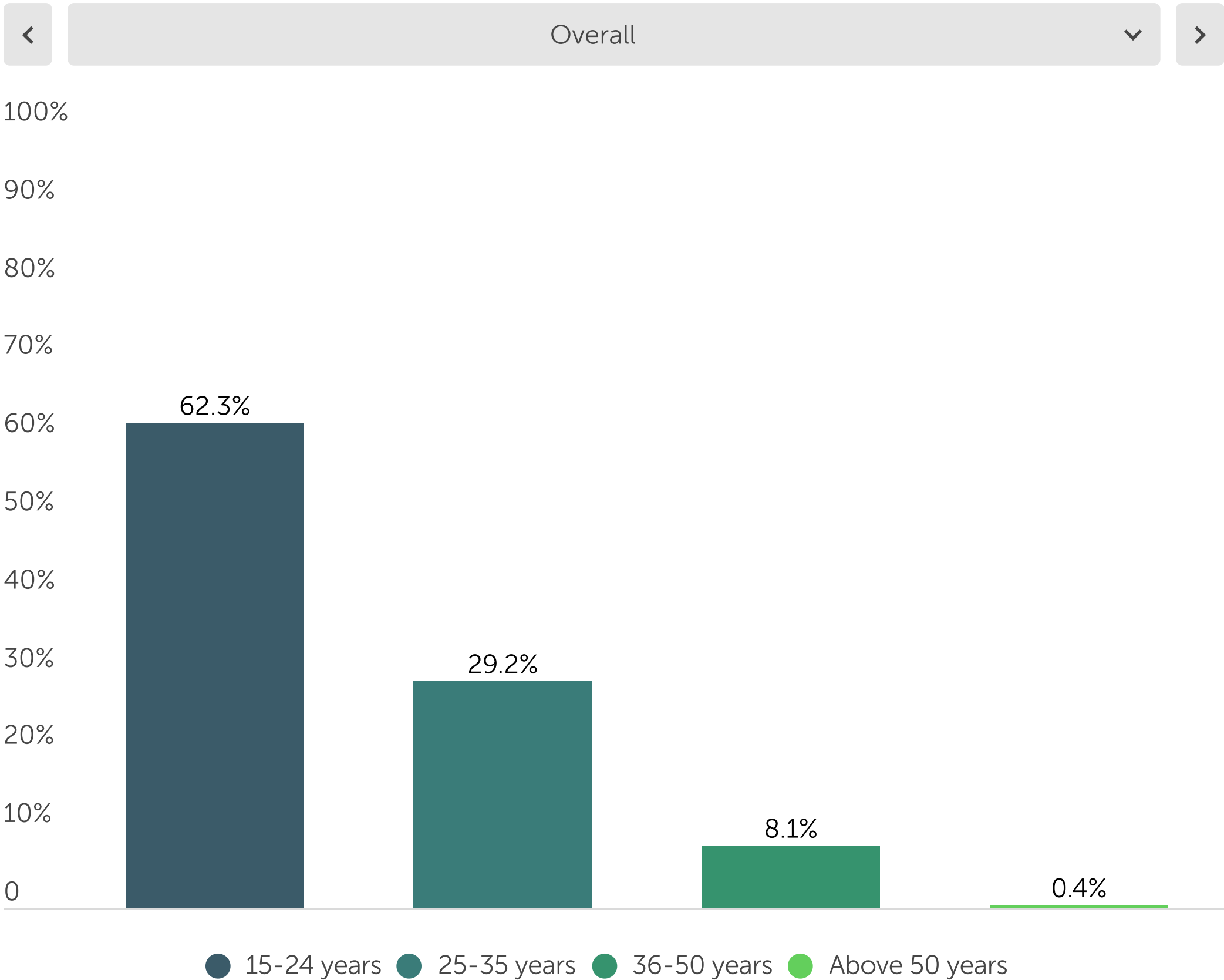
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7 Summary and Recommendations

Who Are These Workers? A Profile of Respondents

About half of the sample are females and more than 60% are youth under 25



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456

gig and non-gig workers on the FastJobs platform responded to the survey in May 2020.



45%

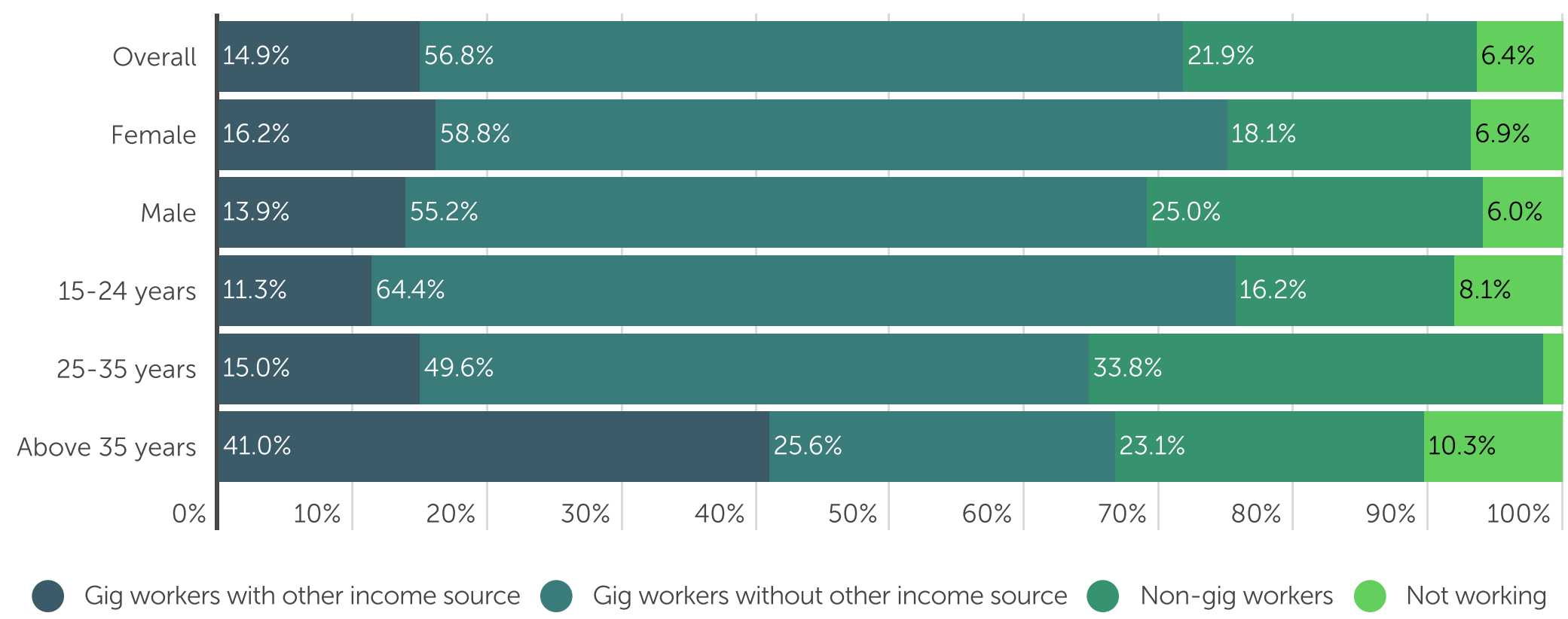
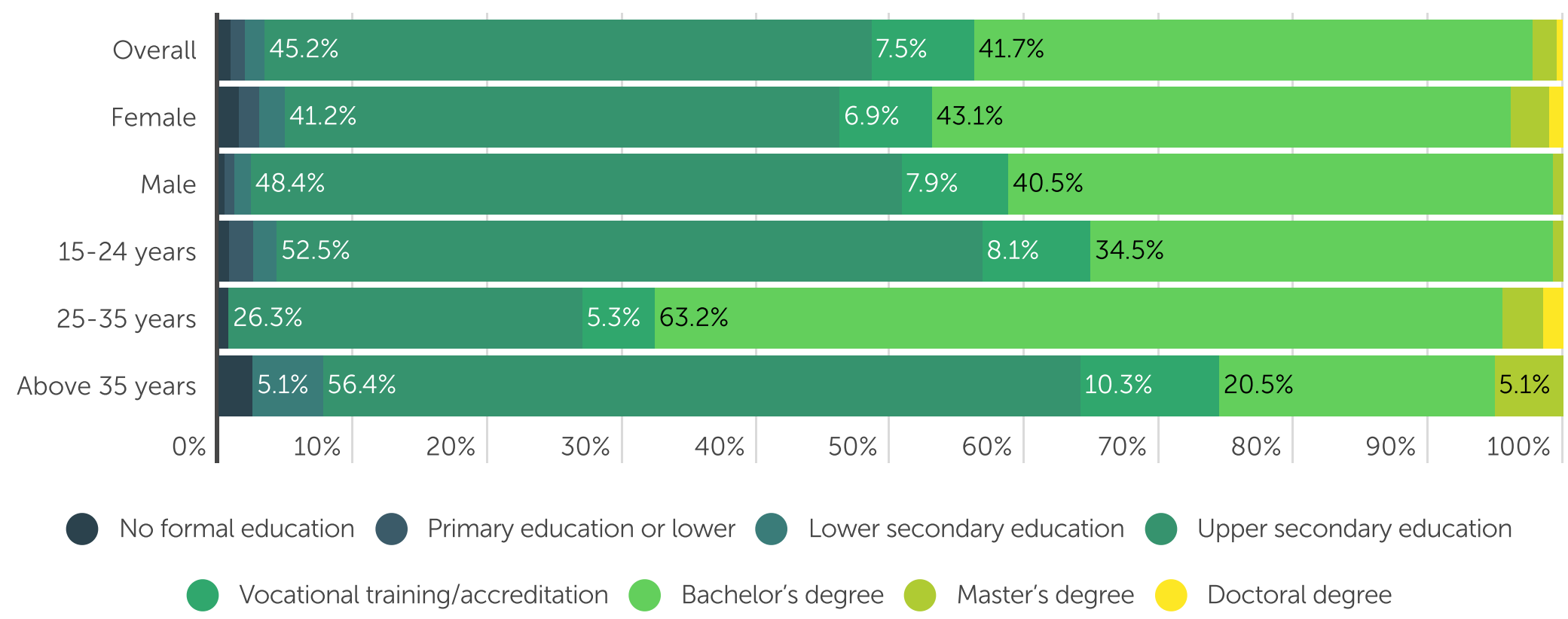
of survey respondents are women.



62%

of survey respondents are youth under 25 years of age.

Most respondents are educated up to secondary education and higher, and more than half of the sample only do gig work

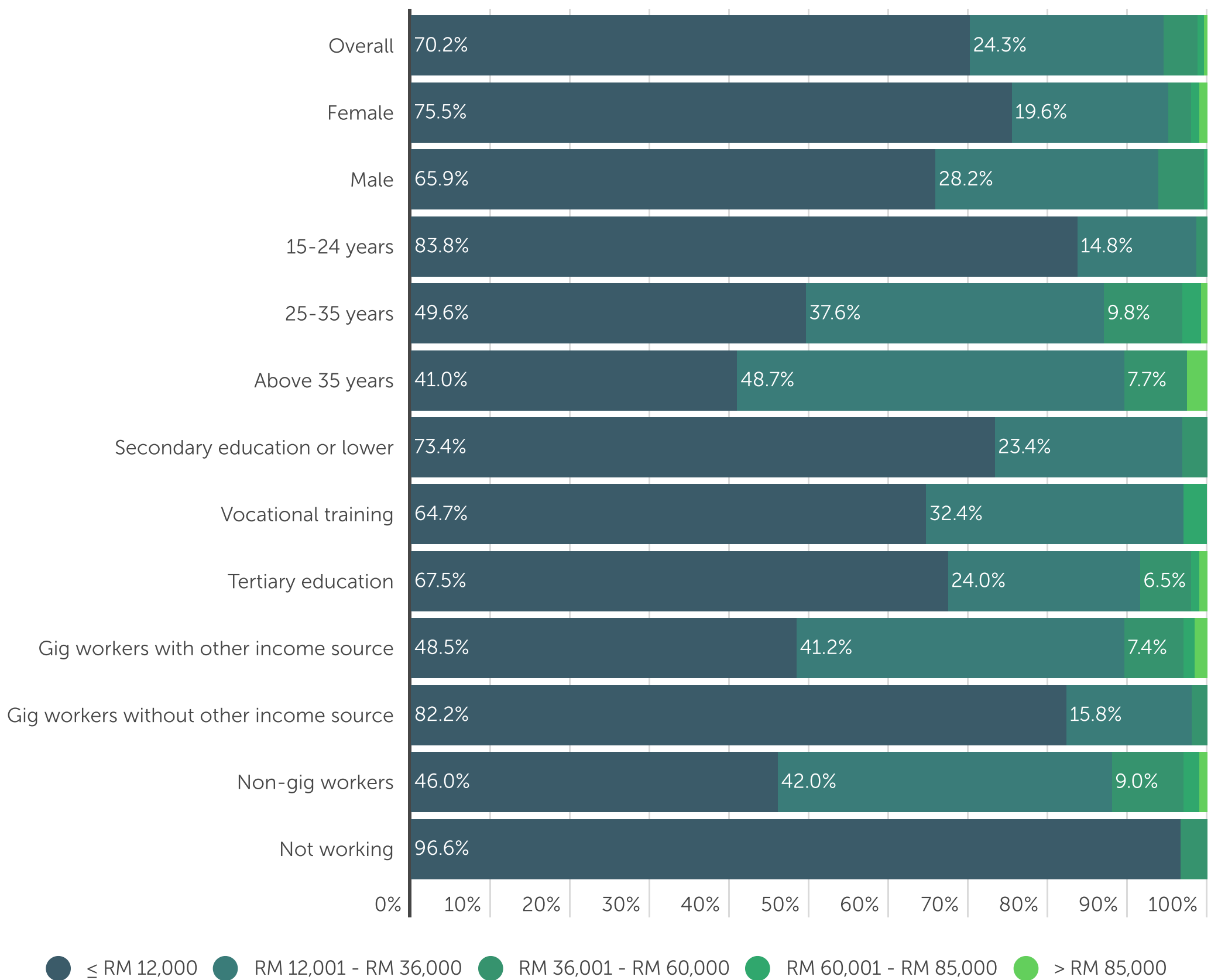


Most respondents are educated up to upper secondary education or have a Bachelor's degree.

Gig work is the sole income source for 57% of the respondents.

15% of the respondents are gig workers with other income source(s), either as employees at companies or as business owners.

70% of the sample are low-income earners



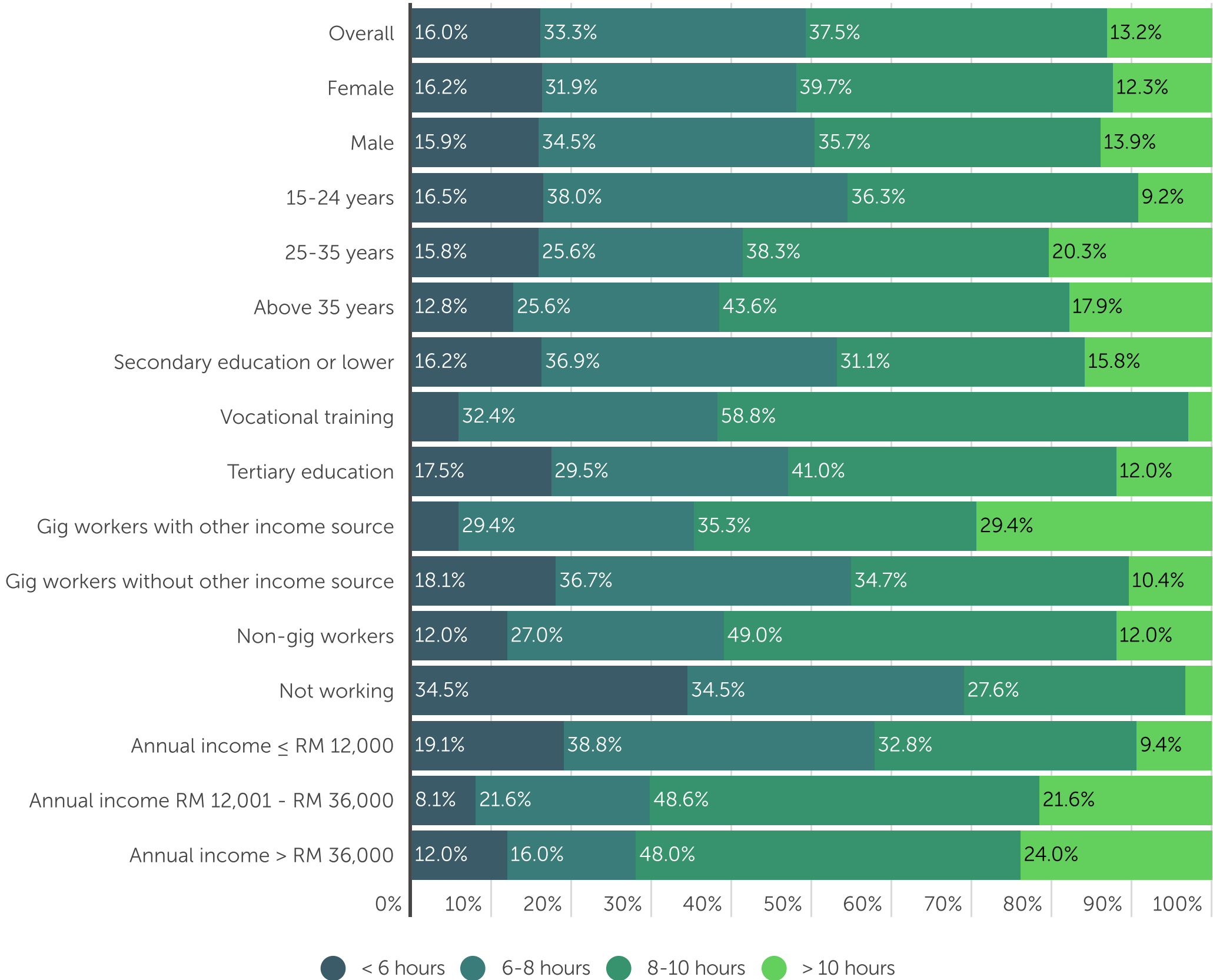
Note: 1 USD = 4.12 RM

70% of the respondents earn less than RM 12,000 a year, making them among the lowest income earners in Malaysia.

On average, gig workers without other income source(s) earn less than those with other income source(s) and non-gig workers.

Workers in the Gig Economy: Opportunities and Concerns

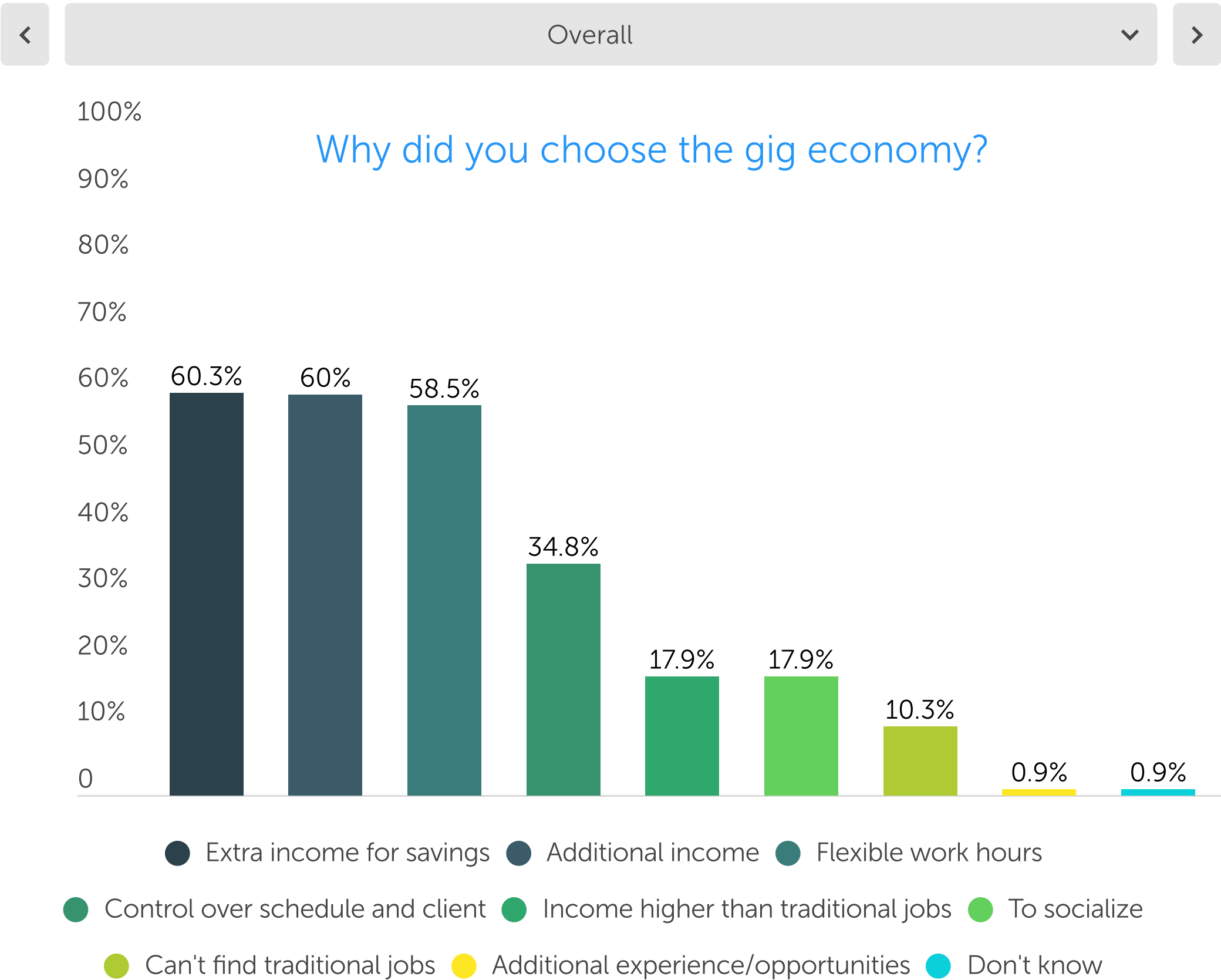
Long hours correlate with gig work and other sources of income



Most respondents work between 6 and 10 hours a day.

Gig workers with other income source(s) tend to work longer hours.

Most choose gig work out of choice,
lured by extra income and flexible hours



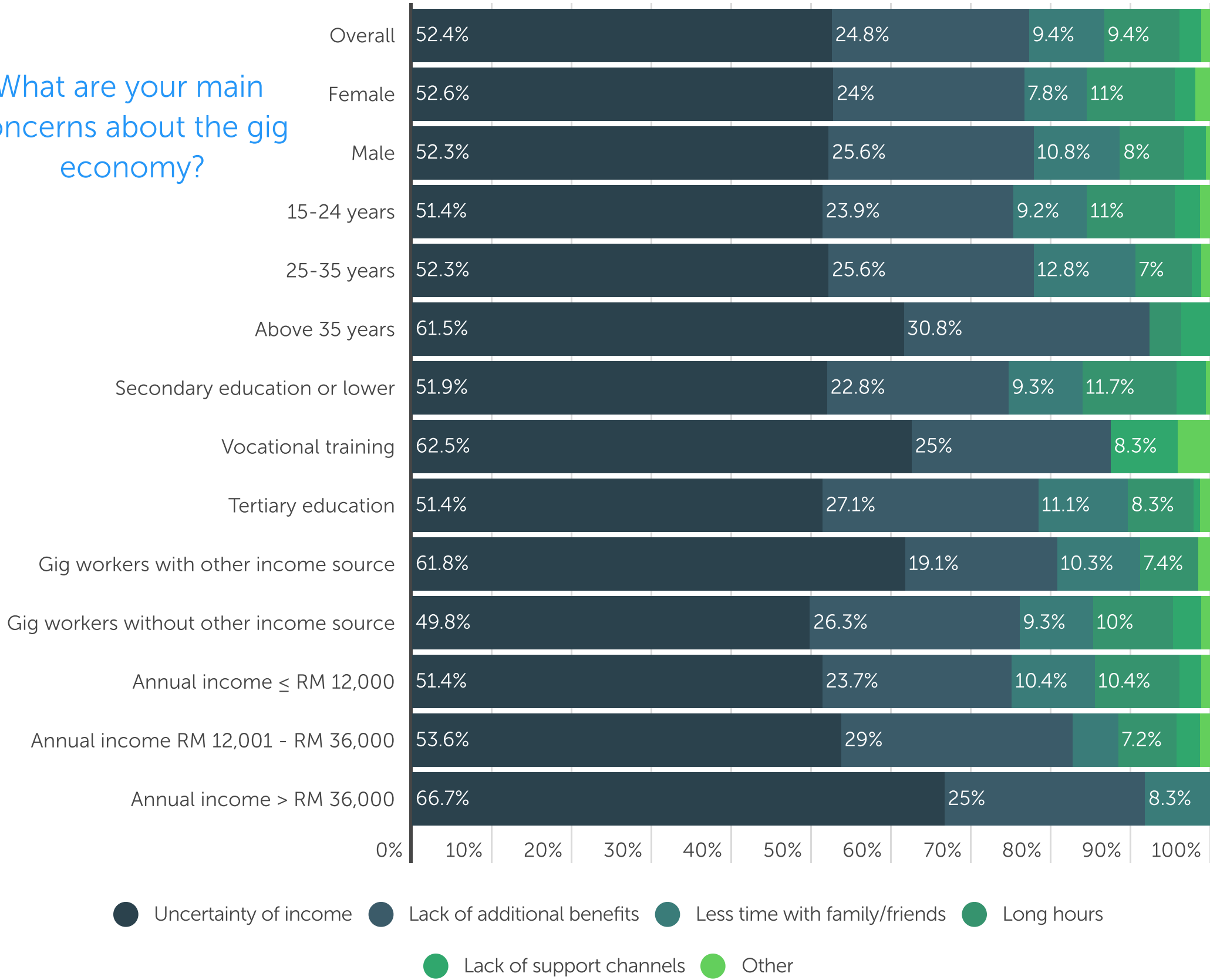
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Most gig workers join the gig workforce by choice, motivated by extra income for savings, additional income, and flexible work hours.

Difficulty in finding traditional jobs is applicable to only 10% of gig workers, all of whom are gig workers without another income source, indicating that this group of gig workers chooses flexible or gig employment out of necessity.

Uncertainty of income is the primary concern about gig work

What are your main concerns about the gig economy?



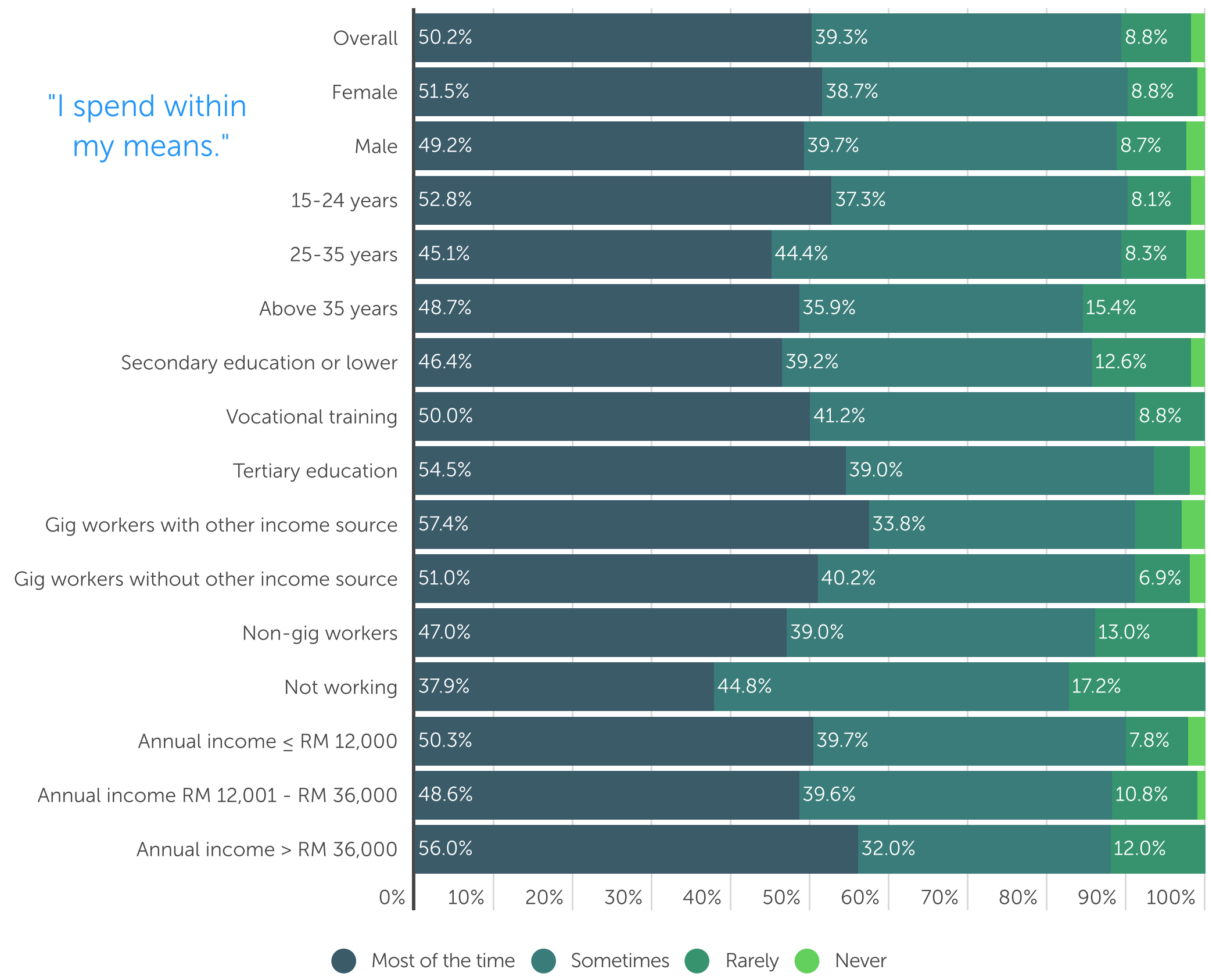
52% of gig workers are most concerned about uncertainty of income associated with flexible employment.

Lack of additional benefits offered by traditional employment is a major concern for 25% of the respondents who undertake gig work.

Since income creates a first layer of financial security for people in employment whether gig or traditional, it is intuitive that gig workers would worry more about income than lack of benefits.

Financial Behaviors of Gig Workers

Gig workers tend to spend within their means more so than their non-gig counterparts

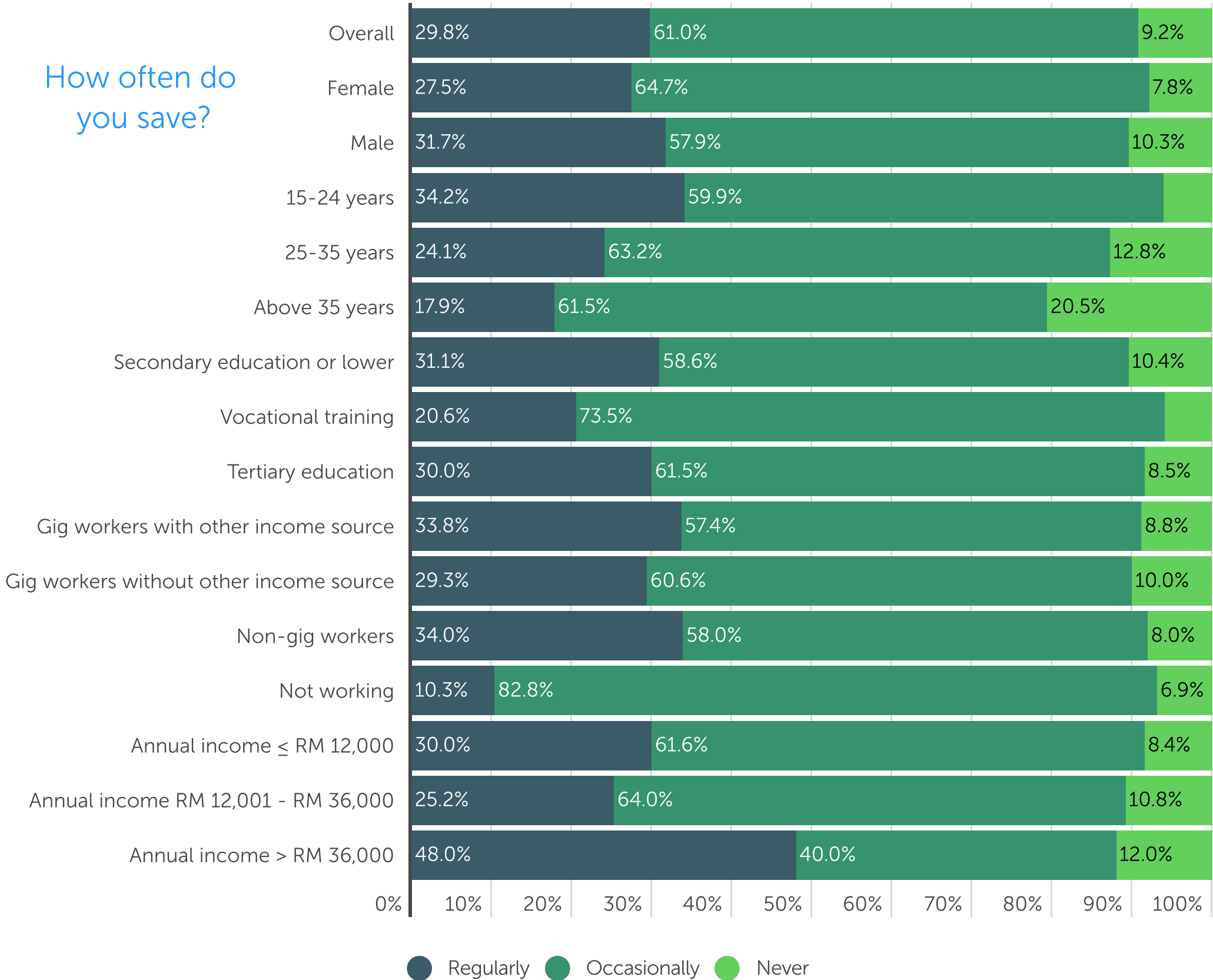


Slightly more than half of the respondents spend within their means most of the time.

Note: This statement, "I spend within my means," was drawn from the Consumer Finance Protection Bureau (USA)'s 10-point financial health scale.

Most of the respondents do not save frequently

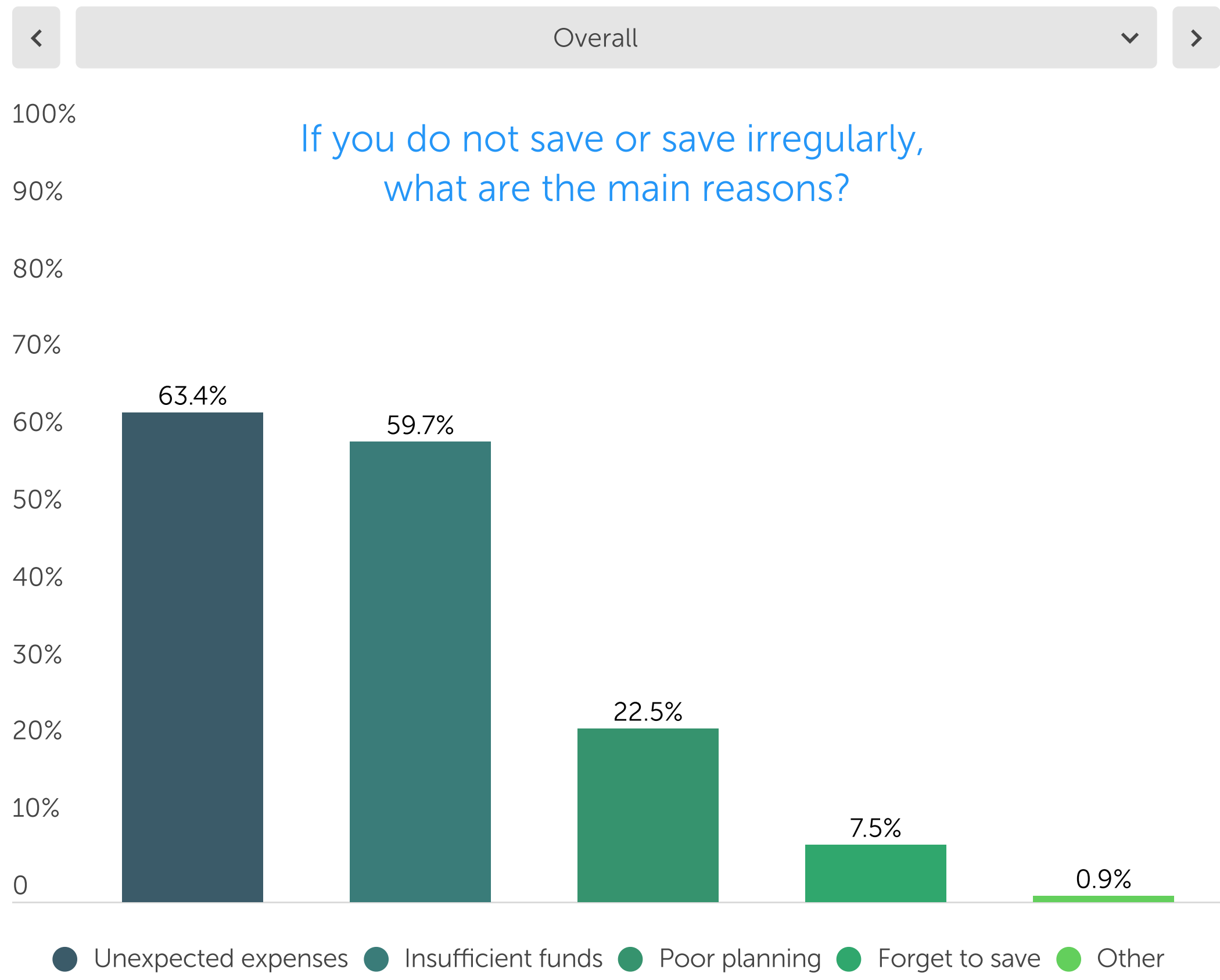
How often do you save?



30% of respondents are regular savers, while another 61% save occasionally.

Gig workers without other income source(s) save slightly less frequently compared to those with other income source(s) and non-gig workers.

Unexpected expenses and insufficient funds are top reasons for infrequent savings behavior



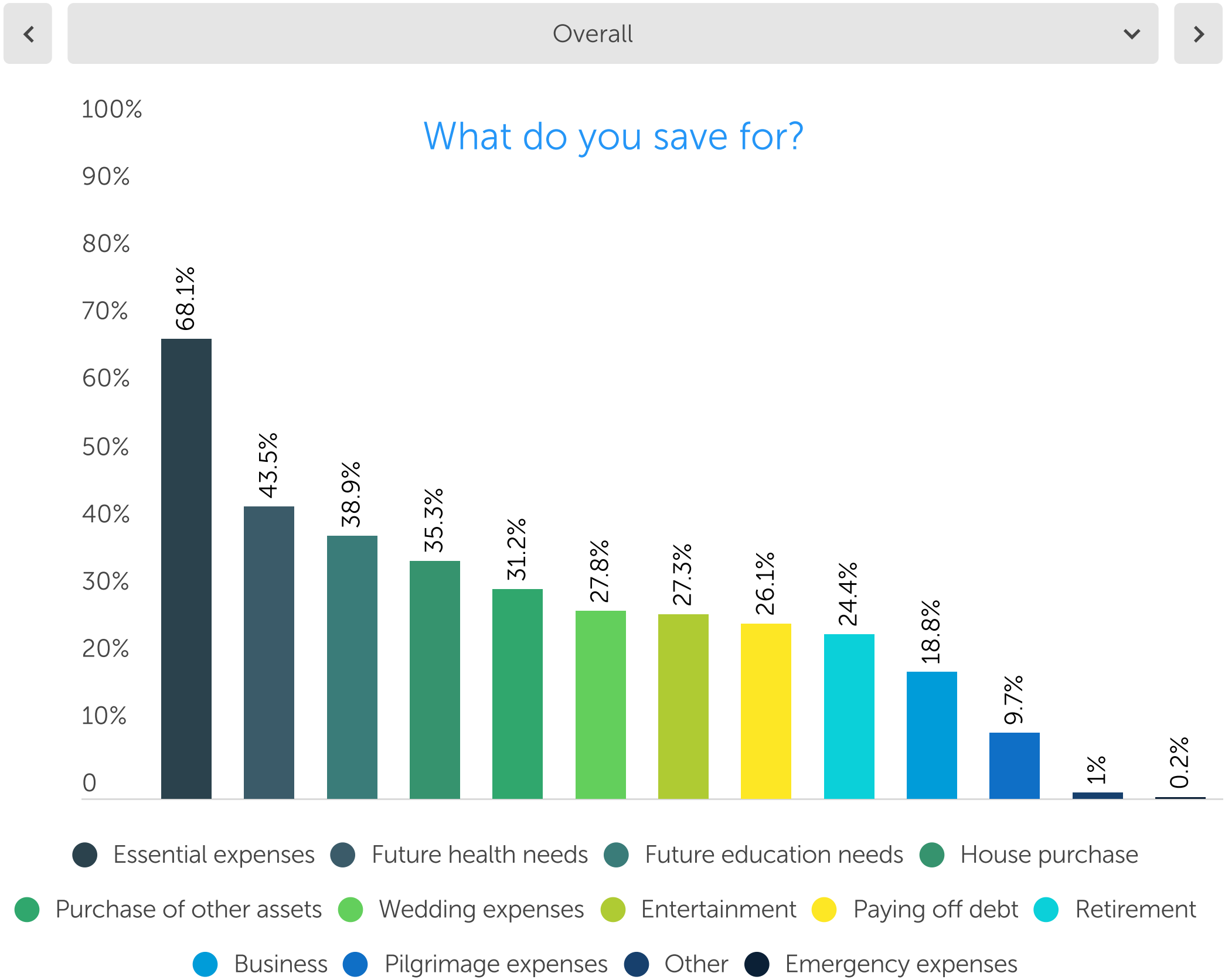
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63% of respondents indicate that their savings plans are often disrupted by unexpected expenses.

A slightly lower proportion of respondents attributed their non-savings or non-regular savings behavior to insufficient funds.

These findings could point to poor planning or estimation of financial commitments, in addition to low income in the first place.

Reasons to save are many; however, household expenses are top priorities

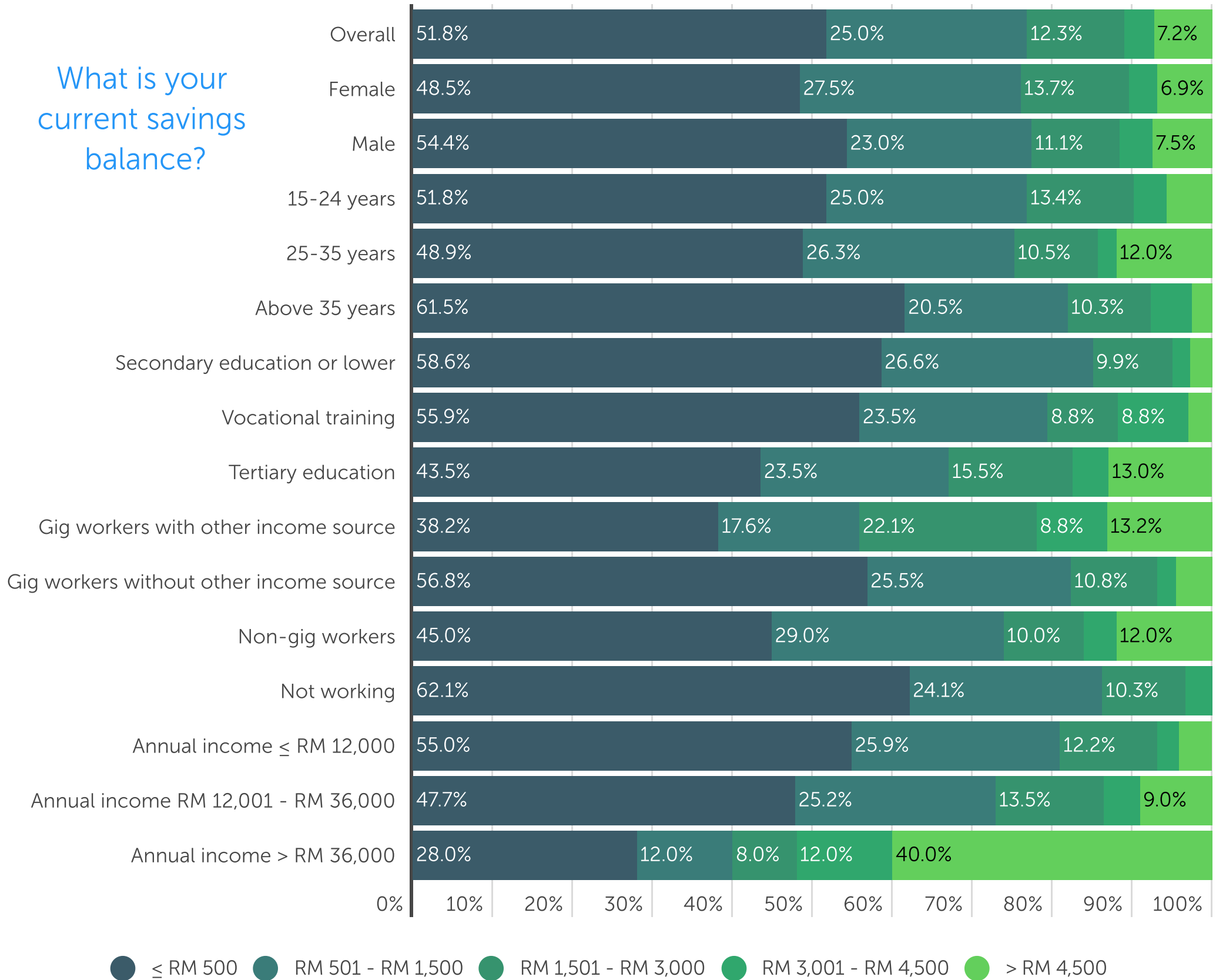


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Respondents with a savings habit save for various reasons, with essential expenses and future health/education needs topping the chart.

More than half of the respondents have inadequate savings

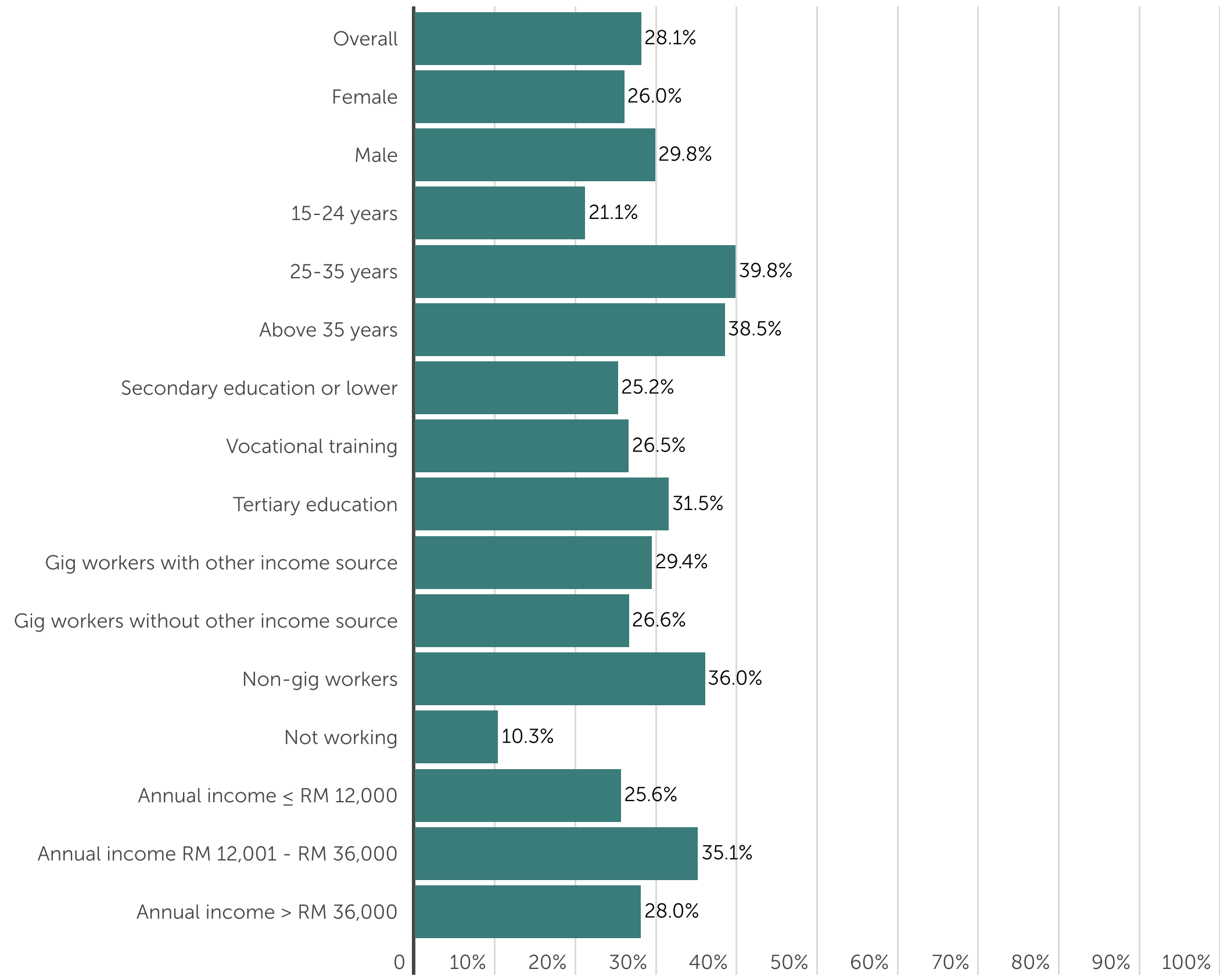
What is your current savings balance?



52% of respondents have a savings balance of only RM 500 (around USD 120) or below, indicating little reserve to draw from should there be a financial emergency.

Gig workers without other income source(s) tend to have less money in savings compared to those with a traditional job or a business.

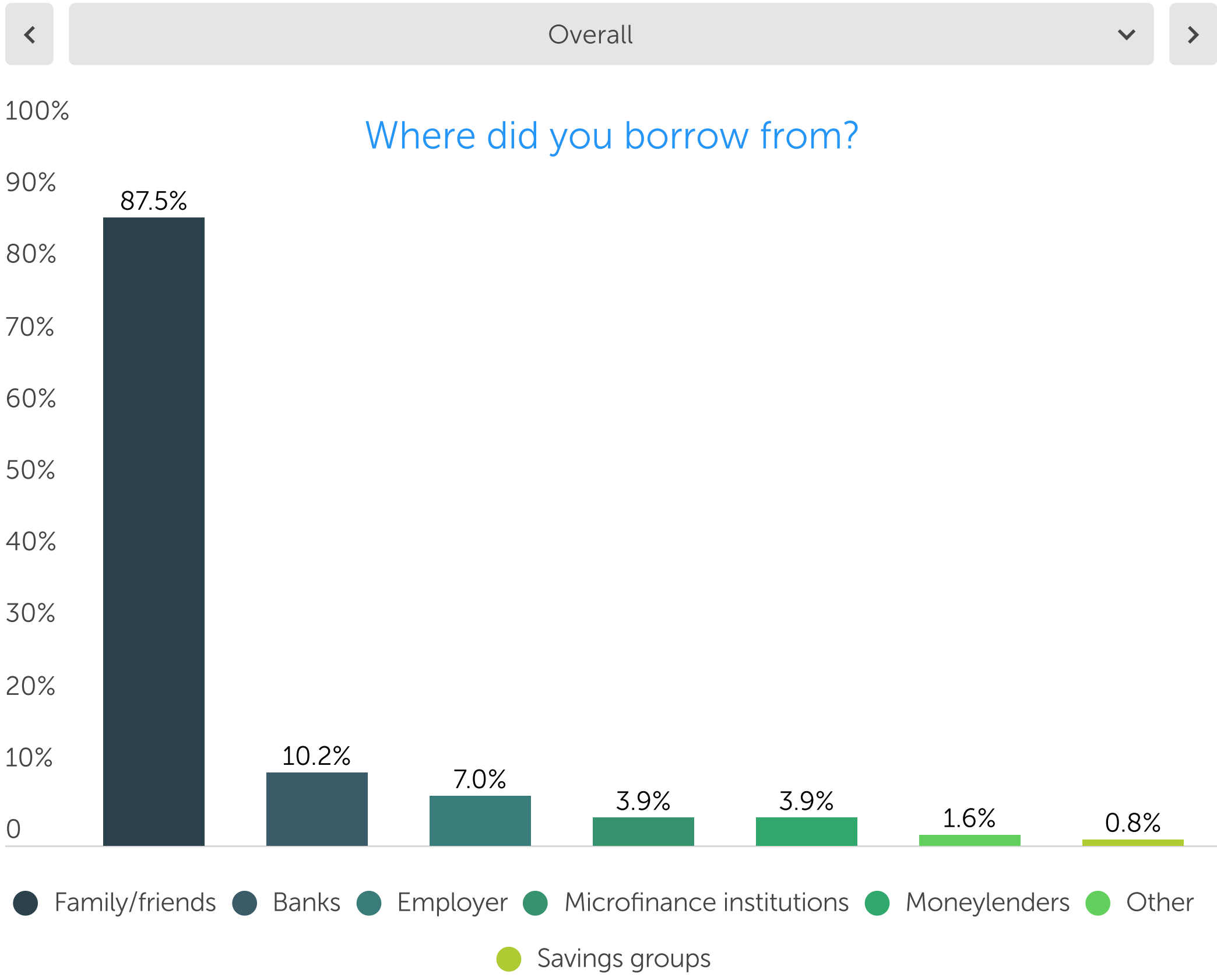
Did you borrow money over the past 12 months?



28% of respondents have borrowed money over the past year.

Gig workers are less likely to have borrowed money compared to non-gig workers. This finding warrants further probing. Gig workers probably find it harder to secure formal credit, relying instead on social capital more.

Social capital emerges as the top go-to source
should a need to borrow arise

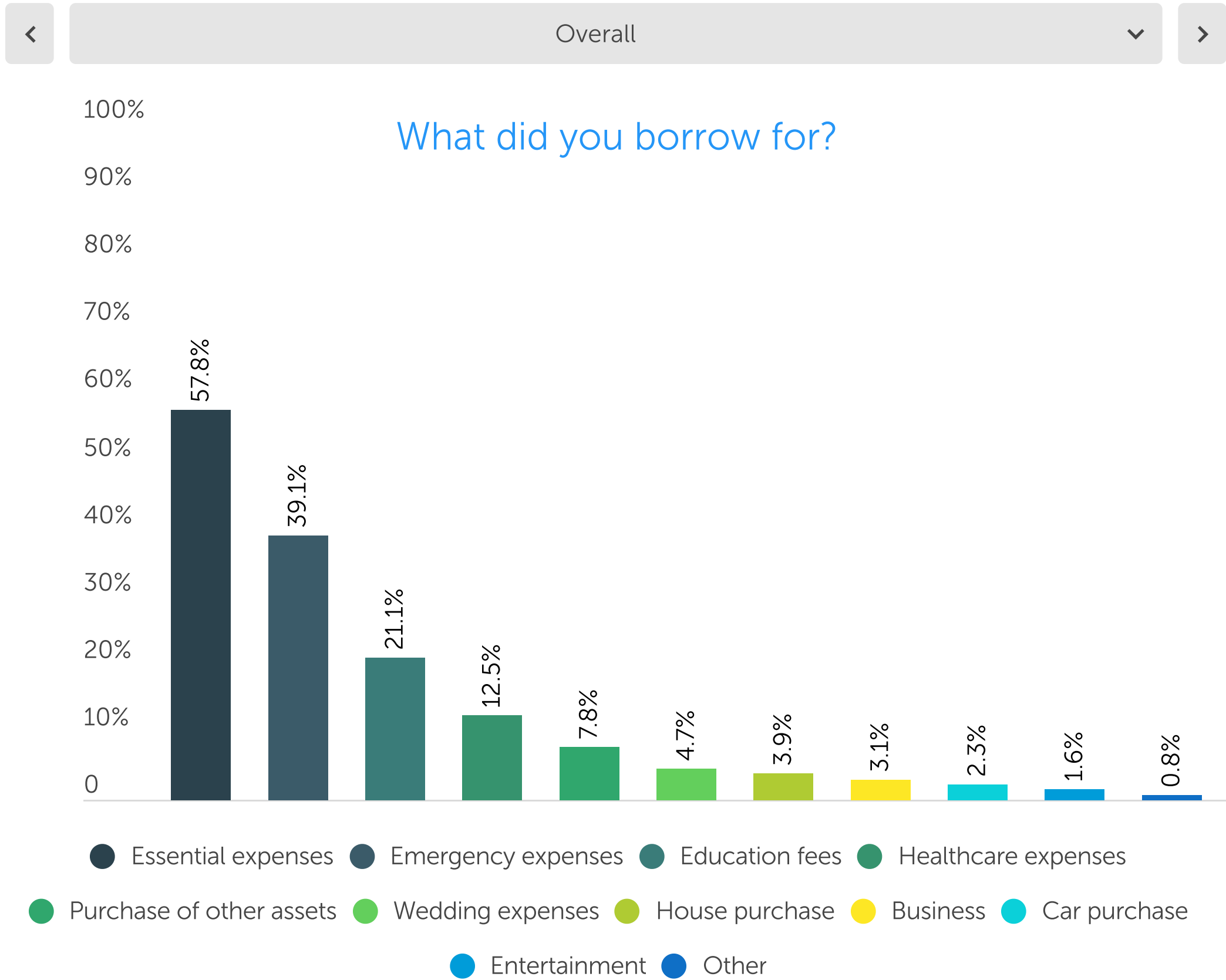


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88% of respondents who have borrowed money over the last 12 months resorted to their family/friends for money.

Gig workers tend to rely more on their social capital and less on financial institutions for credit compared to non-gig workers.

Gig workers borrowed for essential or emergency expenses more so than for asset building or business needs

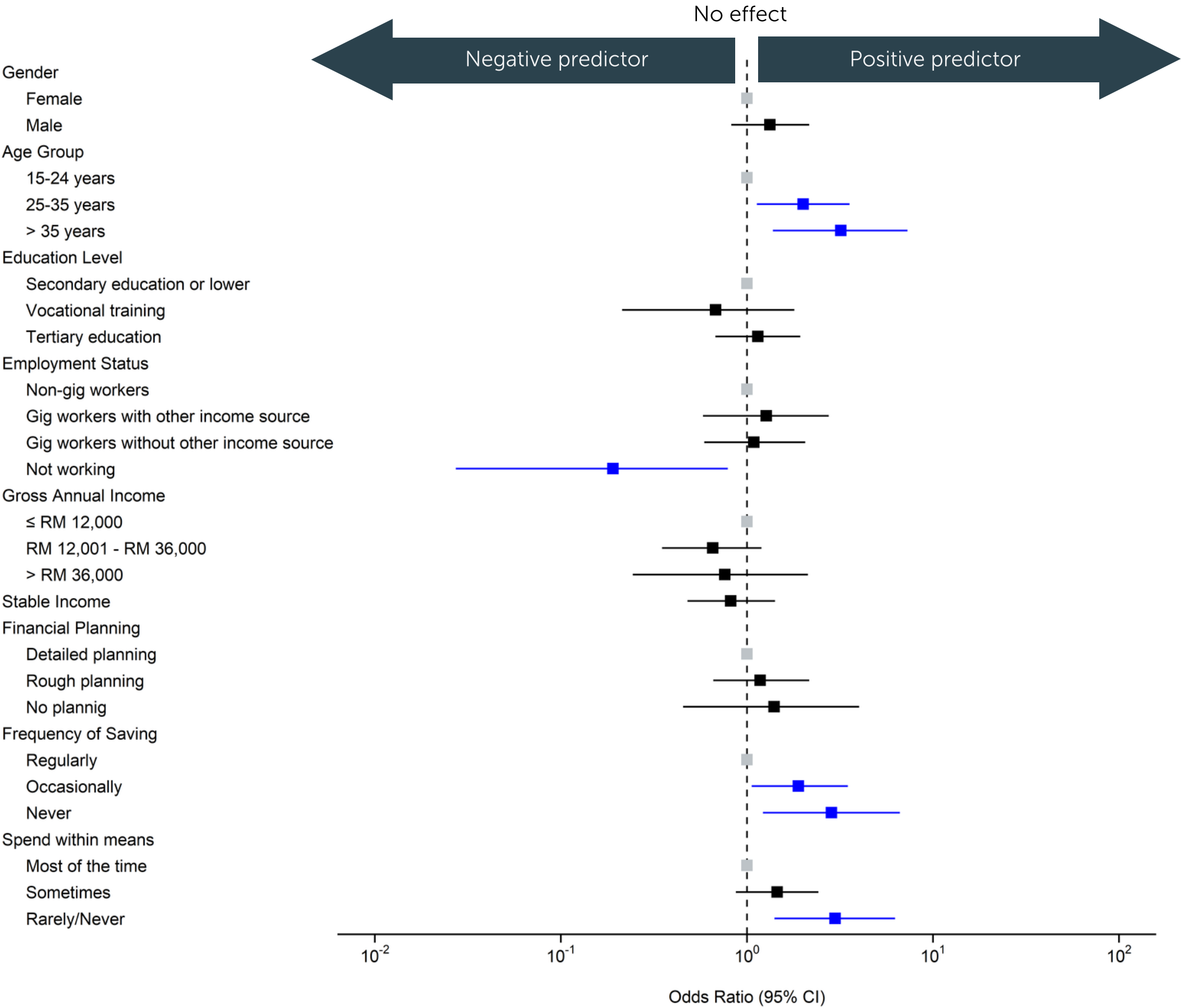


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Among the respondents who did borrow, essential and emergency expenses are top reasons to borrow money for.

In comparison with gig workers, non-gig workers borrowed money less to cover essential/emergency expenses and more for house purchase or wedding expenses.

What predicts borrowing for essential expenses? — Age and financial behaviors

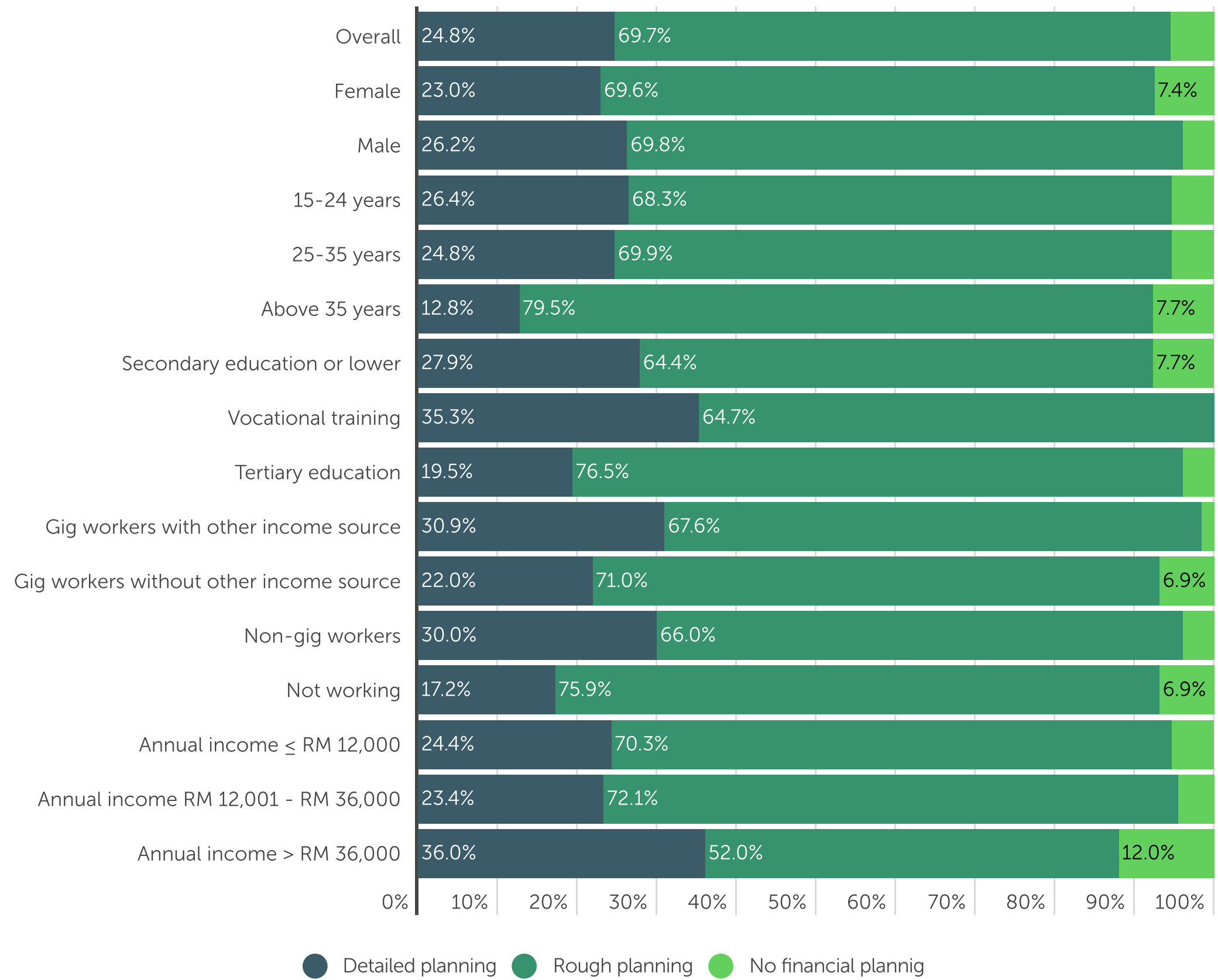


Note: Positive predictors predict in the direction of outcome, i.e. the outcome (borrowed money to cover essential/emergency/entertainment expenses over the past year in this chart) is more likely to occur. Negative predictors predict in the opposite direction of outcome, i.e. the outcome (borrowed money to cover essential/emergency/entertainment expenses over the past year in this chart) is less likely to occur. Reference categories to which the predictors are compared against are represented by grey squares on the "no effect" line. Significant predictors are indicated by blue color (not crossing the "no effect" line in the middle). The predictions could be bi-directional. Either the predictors predict the outcome variable or the outcome variable predicts the predictors.

Compared to youth under 25 years, individuals aged 25 years and above are significantly more likely to borrow money for essential/emergency expenses, possibly due to the additional financial responsibilities shouldered by older age groups.

Financial behaviors are significant predictors of the need to borrow money. Those who never save or save only occasionally and those who rarely/never spend within their means are significantly more likely to borrow money compared to those who save regularly and those who spend within their means most of the time.

Most of the respondents tend to a personal financial plan, even if it is just a rough plan

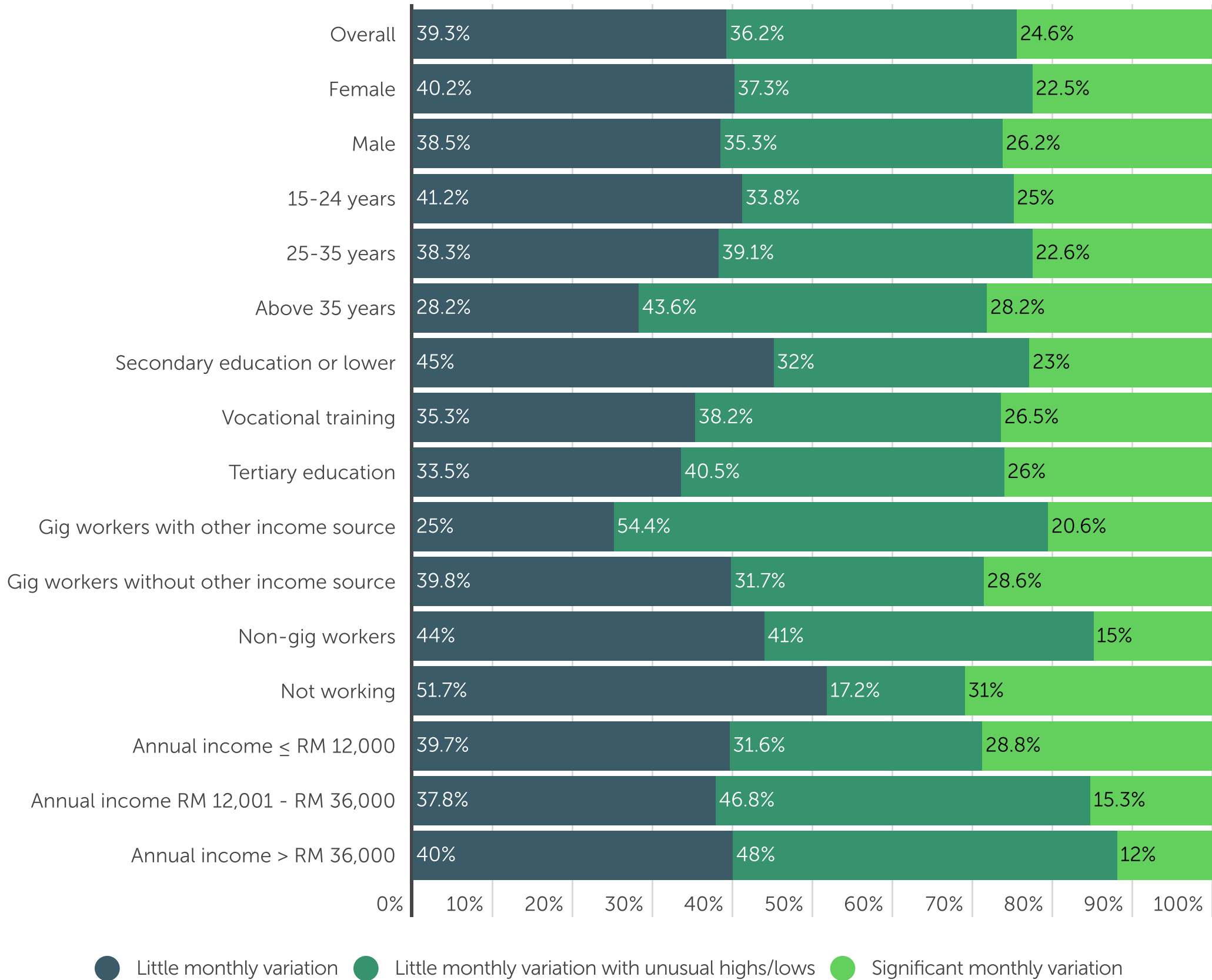


Only 6% of respondents do not plan their finances. Among those who do, most have a rough plan.

Gig workers without other income source(s) rely less on detailed financial planning compared to those with other income source(s) and non-gig workers.

How do gig workers fare on financial health metrics?

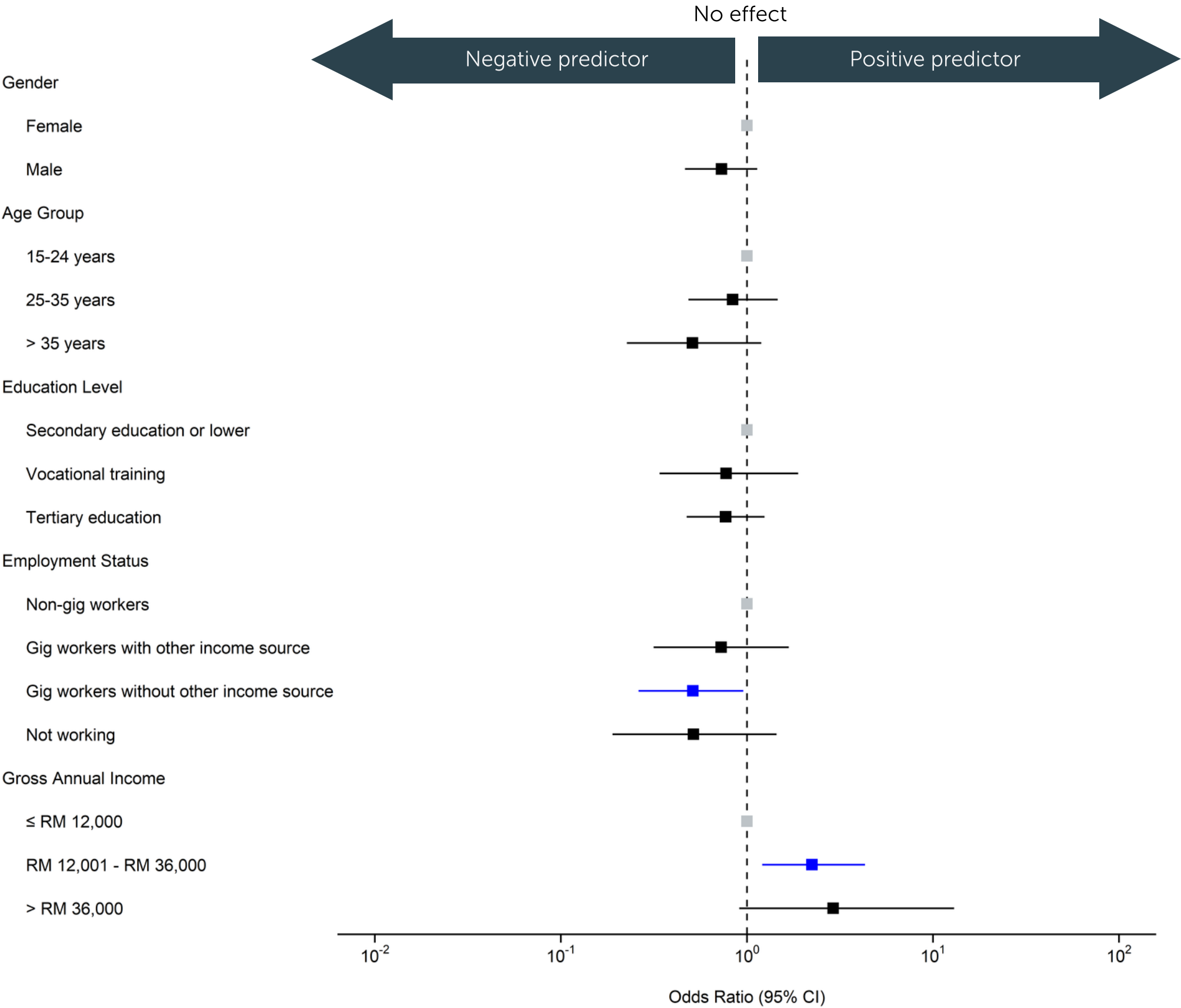
Gig workers experience less income stability than others



75% of respondents have a rather stable income with little monthly variation, with over a third of them also experiencing occasional unusual highs/low during the year.

A higher percentage of gig workers experience income volatility compared to non-gig workers.

Income and diversified income sources are related to stability in income



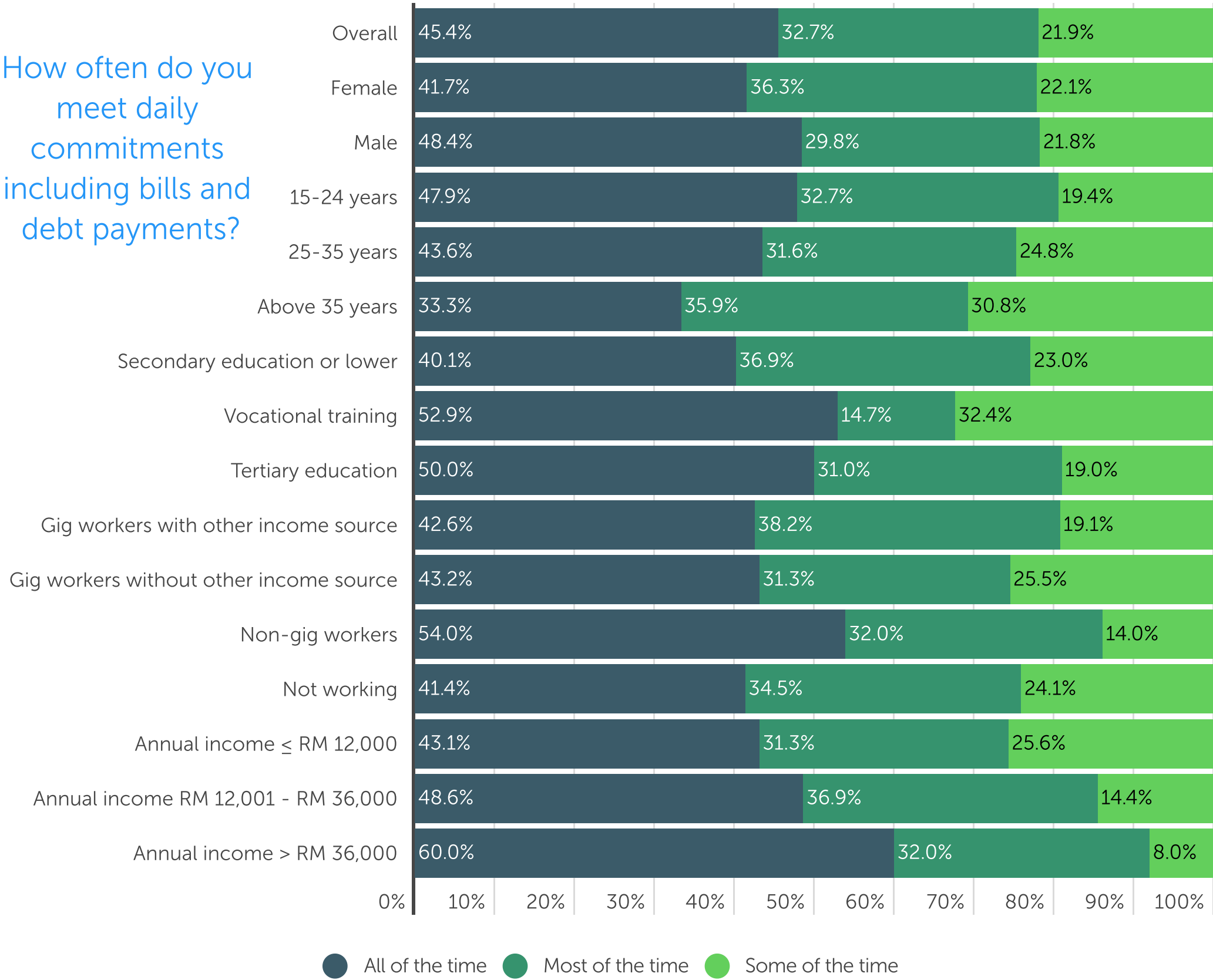
Note: Positive predictors predict in the direction of outcome, i.e. the outcome (stable income in this chart) is more likely to occur. Negative predictors predict in the opposite direction of outcome, i.e. the outcome (stable income in this chart) is less likely to occur. Reference categories to which the predictors are compared against are represented by grey squares on the "no effect" line. Significant predictors are indicated by blue color (not crossing the "no effect" line in the middle). The predictions could be bi-directional. Either the predictors predict the outcome variable or the outcome variable predicts the predictors.

Depending on gig work as the sole income source is a significant negative predictor of stable income, i.e. gig workers without other income source(s) are significantly more likely to experience volatility in income compared to traditional, non-gig workers.

Income is associated with income stability, with those earning an annual income between RM 12,001 and RM 36,000 being significantly more likely to have a stable income compared to those earning less than RM 12,000.

Less than half of the sample is able to meet daily commitments; gig workers less so

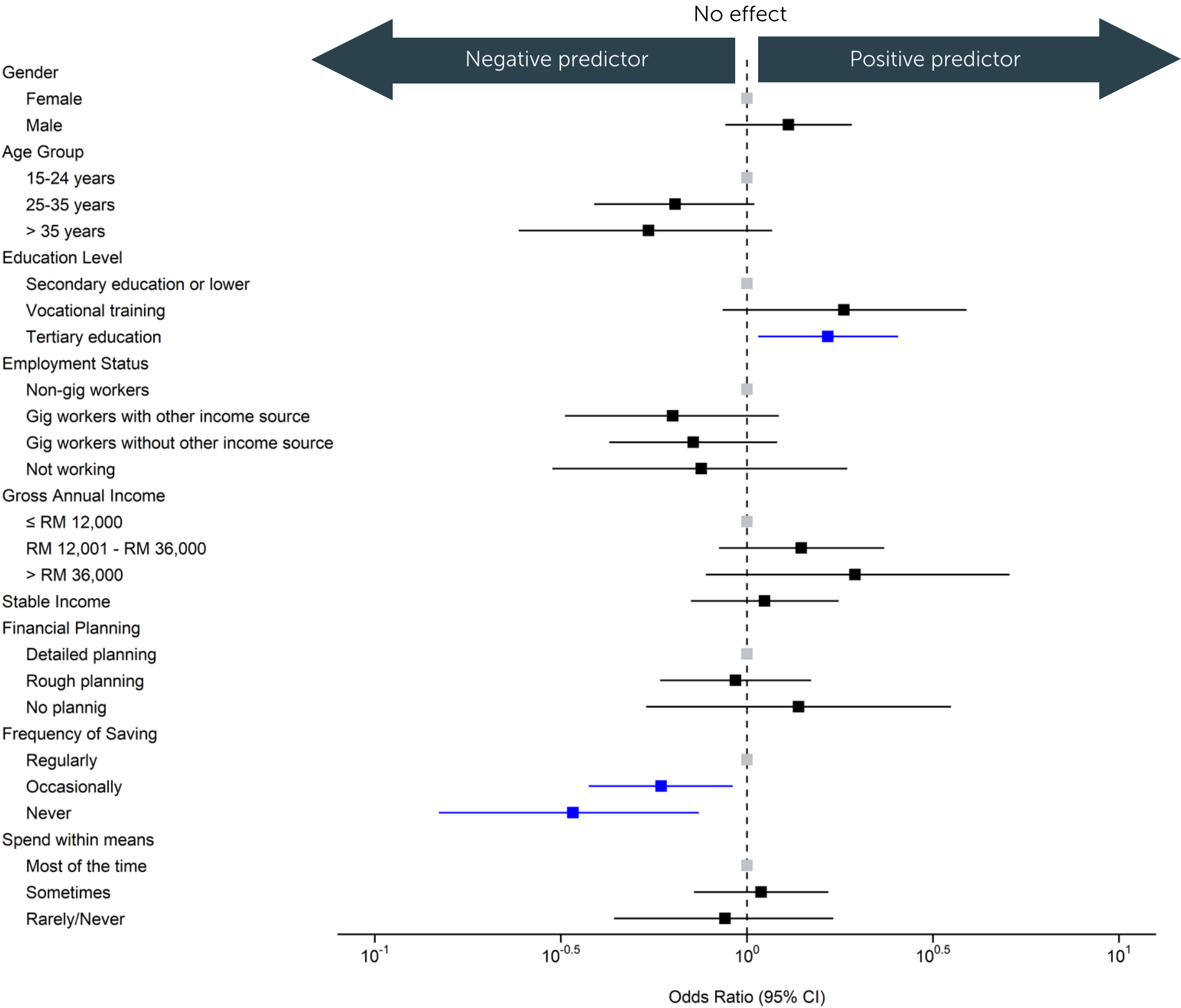
How often do you meet daily commitments including bills and debt payments?



45% of respondents are able to consistently fulfill their bill and credit commitments.

Gig workers are less able to pay their bills on time and in full compared to their non-gig counterparts.

Education and consistent savings behavior
influence the ability to meet daily commitments

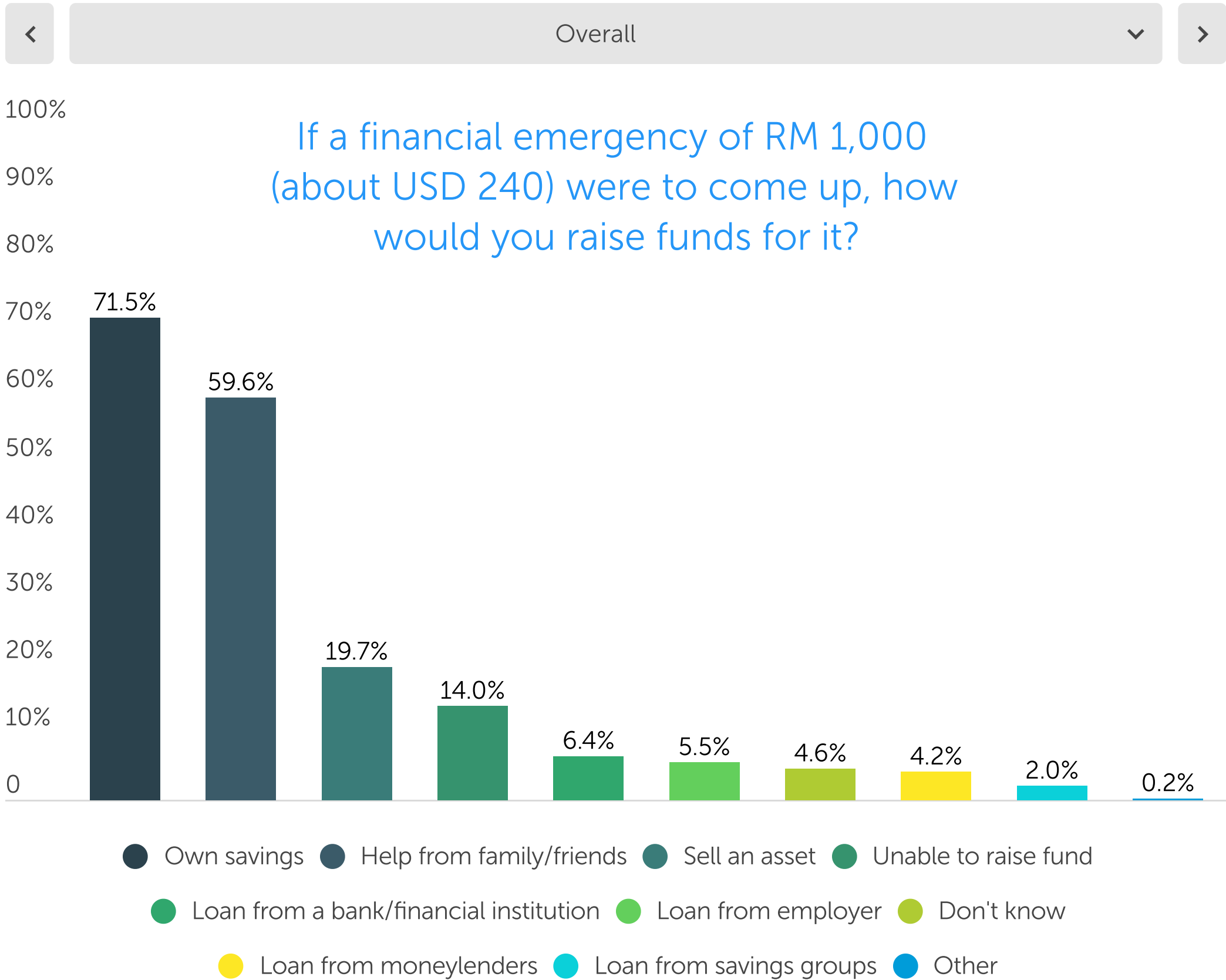


Note: Positive predictors predict in the direction of outcome, i.e. the outcome (able to pay bills on time and in full all of the time in this chart) is more likely to occur. Negative predictors predict in the opposite direction of outcome, i.e. the outcome (able to pay bills on time and in full all of the time in this chart) is less likely to occur. Reference categories to which the predictors are compared against are represented by grey squares on the "no effect" line. Significant predictors are indicated by blue color (not crossing the "no effect" line in the middle). The predictions could be bi-directional. Either the predictors predict the outcome variable or the outcome variable predicts the predictors.

Individuals who completed a tertiary education are significantly more likely to be able to pay their bills on time and in full all of the time compared to those with secondary education or lower.

Savings behavior is a significant predictor of the ability to fully meet current and ongoing financial obligations, with non-savers and occasional savers being significantly less likely to consistently fulfill their bill and credit commitments compared to regular savers.

Most of the respondents can deal with a financial emergency of RM 1,000, with more than half the sample seeking help from family/friends to do so

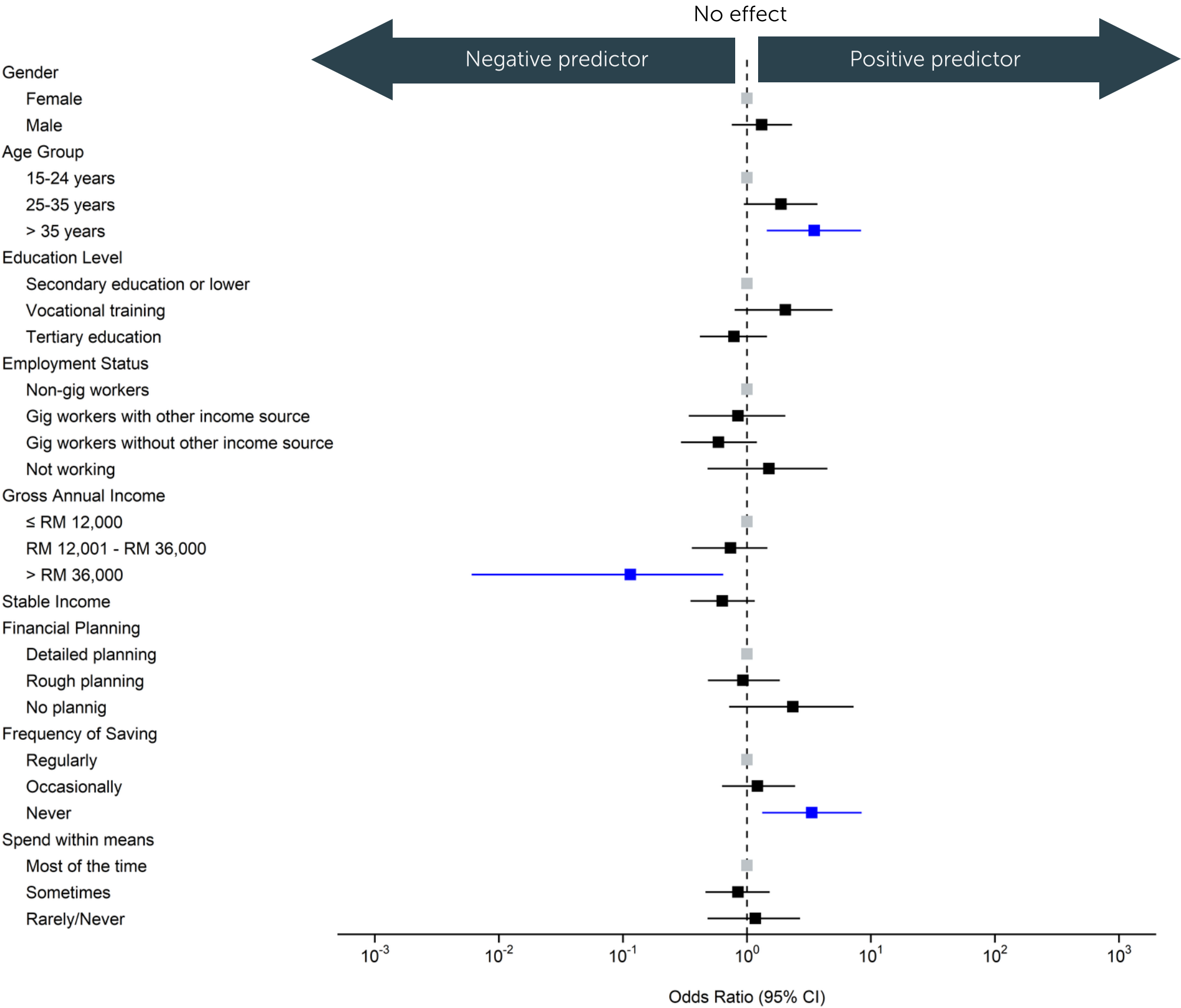


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Most respondents would rely on personal savings and assistance from family/friends to help deal with a RM 1,000 (approx. 240 USD) emergency.

1 in 7 respondents would not be able to raise RM 1,000 in case of an emergency, and the rate is highest among those over 35 years old.

Age and savings behavior predict the ability
(or non-ability) to deal with financial emergencies



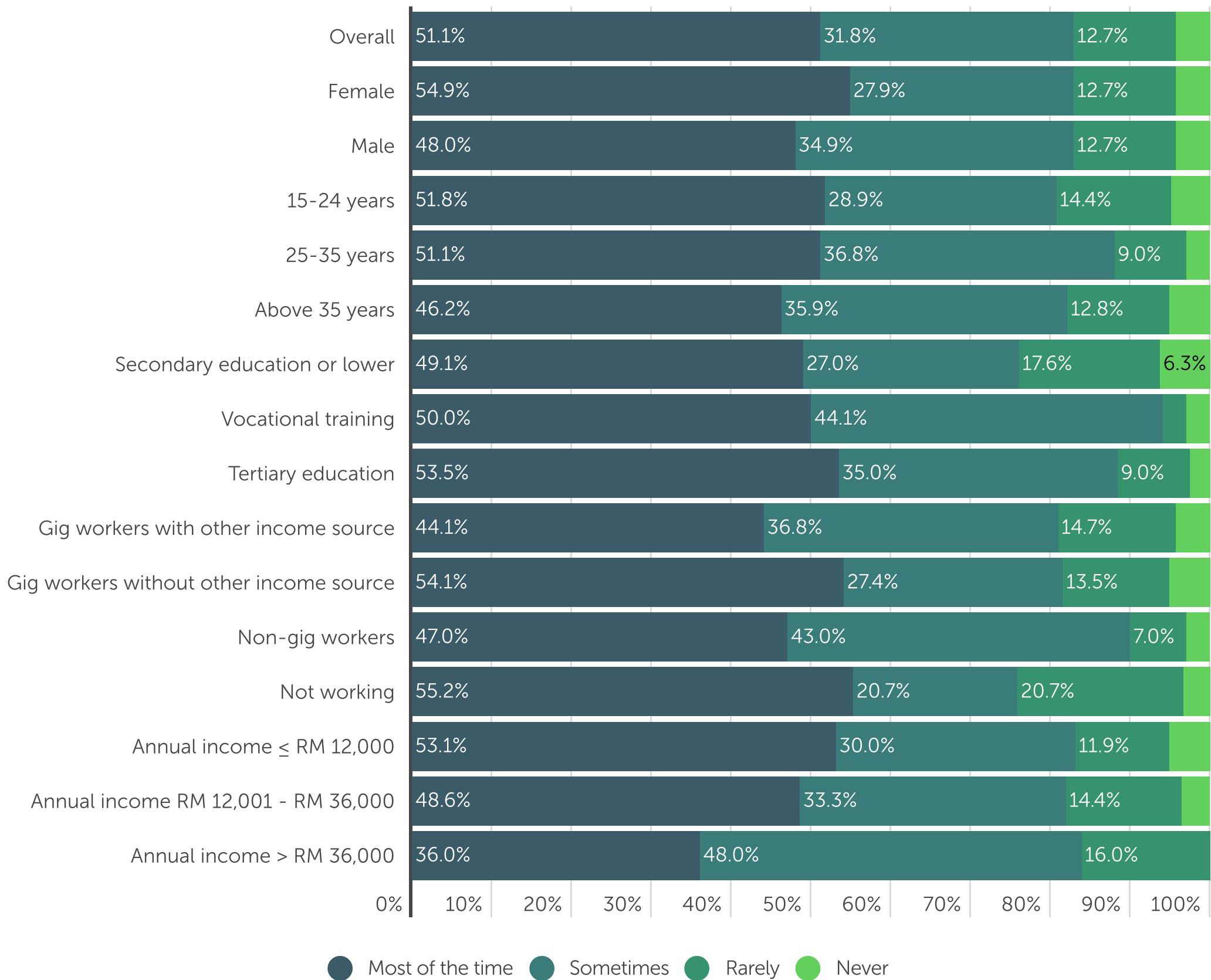
Note: Positive predictors predict in the direction of outcome, i.e. the outcome (unable to raise funds for a RM 1,000 emergency in this chart) is more likely to occur. Negative predictors predict in the opposite direction of outcome, i.e. the outcome (unable to raise funds for a RM 1,000 emergency in this chart) is less likely to occur. Reference categories to which the predictors are compared against are represented by grey squares on the "no effect" line. Significant predictors are indicated by blue color (not crossing the "no effect" line in the middle). The predictions could be bi-directional. Either the predictors predict the outcome variable or the outcome variable predicts the predictors.

Individuals above 35 years are significantly less able to raise enough funds in the event of a RM 1,000 emergency, possibly due to the many financial responsibilities they shoulder. Age, in and of itself, is immaterial but the stage of life it represents (such as responsibilities of children or aged parents) could drive financial insecurity and unpreparedness for unexpected financial shocks.

Those earning more than RM 36,000 a year are significantly better able to handle a RM 1,000 emergency.

Non-savers again fare poorer in this indicator of financial security, having significantly lower capacity to absorb a financial shock of RM 1,000 compared to regular savers.

"I am concerned the money
I have or save won't last"

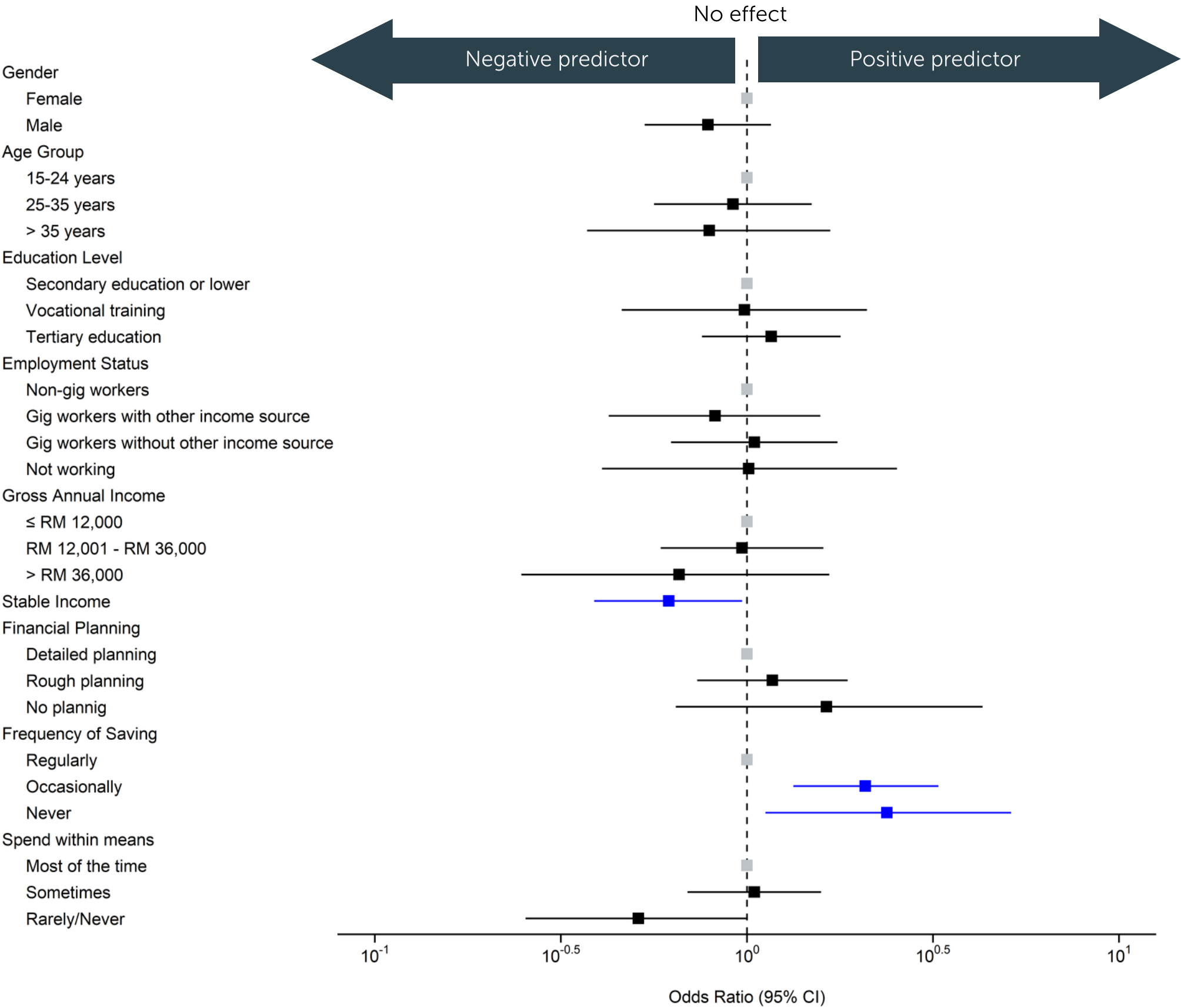


Note: This statement, "I am concerned the money I have or save won't last," was drawn from the Consumer Finance Protection Bureau (USA)'s 10-point financial health scale.

Slightly more than half of the respondents do not feel financially secure, worrying about their finances most of the time.

Gig workers without other income source(s) tend to worry more about finances than those with other source(s) of income and non-gig workers.

Consistency is key: Frequent savings behavior and stability in income make one worry less about finances

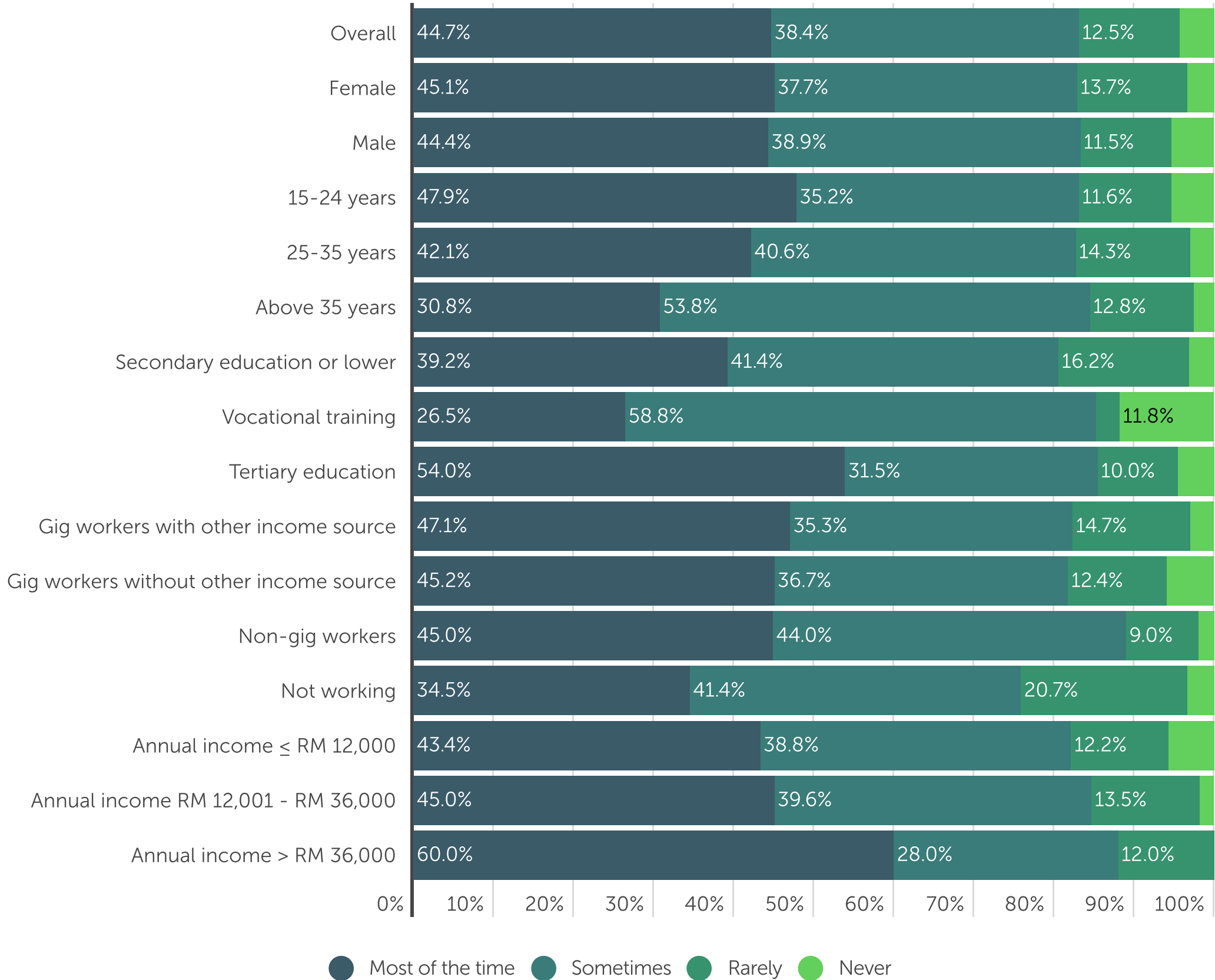


Note: Positive predictors predict in the direction of outcome, i.e. the outcome (worry about finances most of the time in this chart) is more likely to occur. Negative predictors predict in the opposite direction of outcome, i.e. the outcome (worry about finances most of the time in this chart) is less likely to occur. Reference categories to which the predictors are compared against are represented by grey squares on the "no effect" line. Significant predictors are indicated by blue color (not crossing the "no effect" line in the middle). The predictions could be bi-directional. Either the predictors predict the outcome variable or the outcome variable predicts the predictors.

Individuals earning a stable income are significantly less likely to experience constant financial stress compared to those without a stable income.

Savings behavior is associated with the feeling of insecurity about one's financial future, with both nonsavers and occasional savers being significantly more likely to worry about their finances most of the time.

"I am in control of my finances"

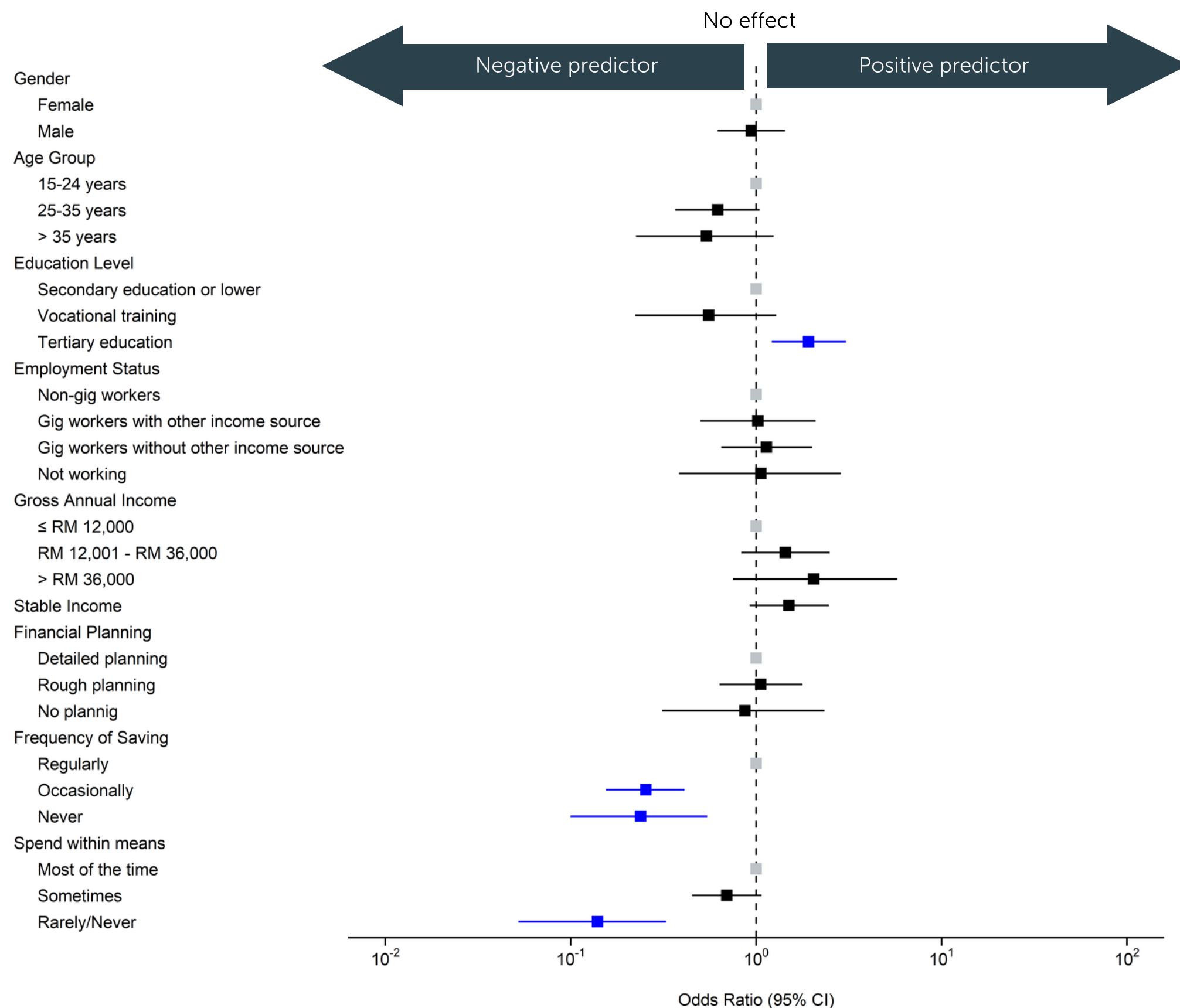


Note: This statement, "I am in control of my finances," was drawn from the Consumer Finance Protection Bureau (USA)'s 10-point financial health scale.

45% of respondents feel that their finances are under their control most of the time.

Respondents above 35 years of age and those with vocational education fare poorer in this dimension of financial health.

FASTJOBS What predicts financial control?—Education and the financial behaviors of frequent saving and moderate spending

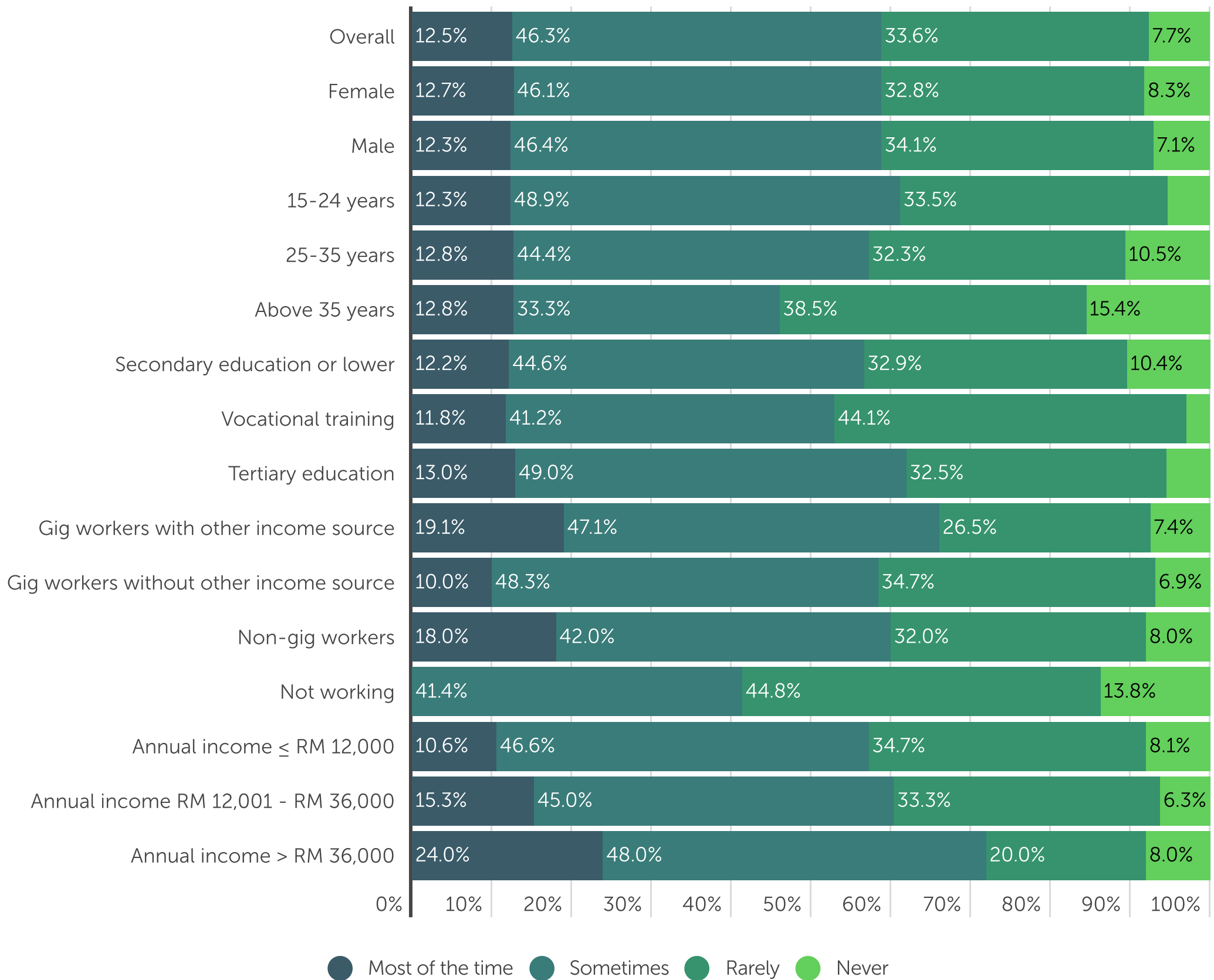


Note: Positive predictors predict in the direction of outcome, i.e. the outcome (feeling in control of finances most of the time in this chart) is more likely to occur. Negative predictors predict in the opposite direction of outcome, i.e. the outcome (feeling in control of finances most of the time in this chart) is less likely to occur. Reference categories to which the predictors are compared against are represented by grey squares on the "no effect" line. Significant predictors are indicated by blue color (not crossing the "no effect" line in the middle). The predictions could be bi-directional. Either the predictors predict the outcome variable or the outcome variable predicts the predictors.

Individuals with tertiary education have a significantly higher level of feeling in control of their financial lives compared to those with a secondary education or lower.

Financial behaviors are significant predictors of financial control, with those without a regular savings habit and those who rarely/never spend within their means feeling significantly less in control of their finances compared to those with a regular savings habit and those who spend within their means most of the time.

"My income allows me to do things I enjoy"



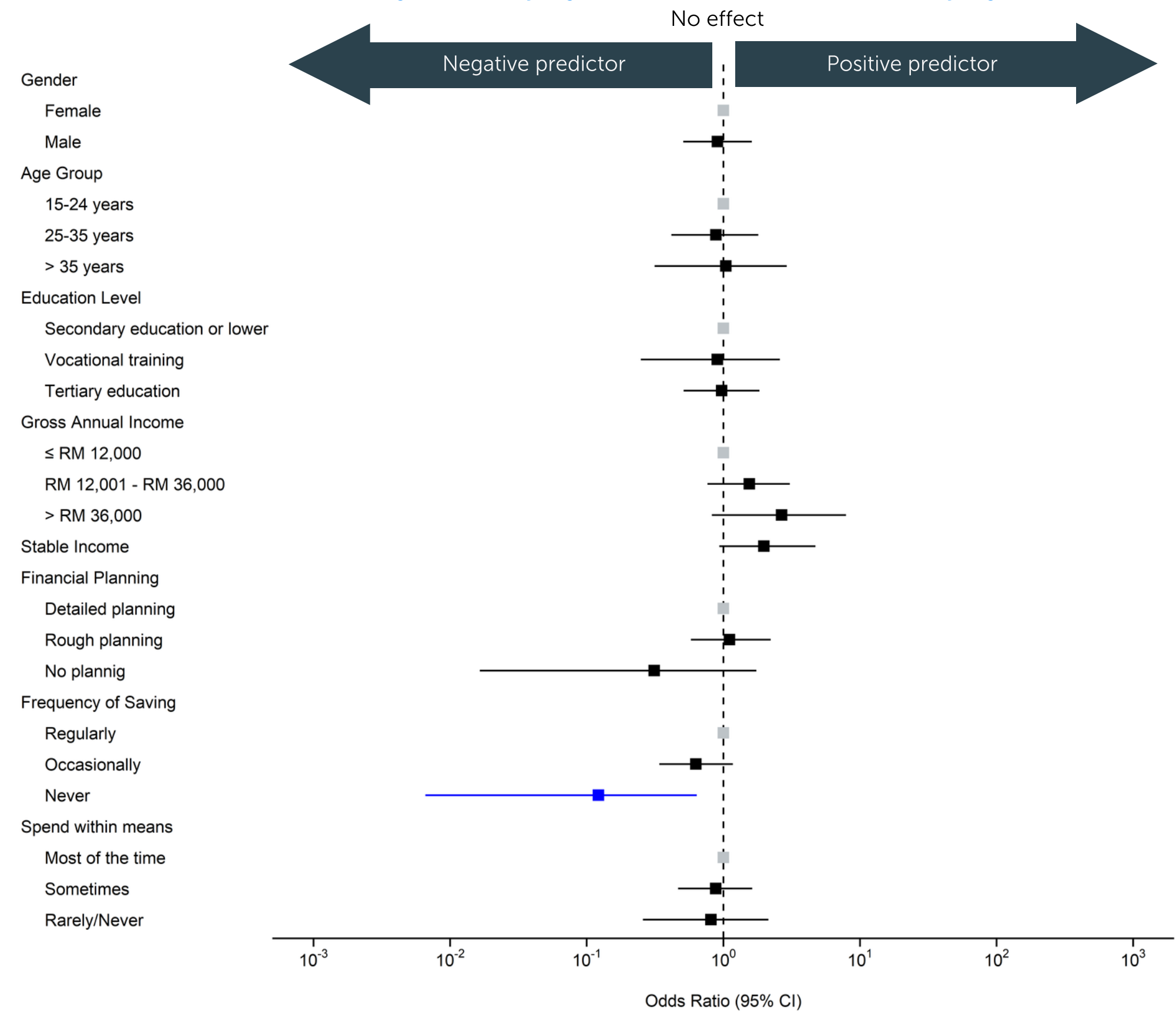
Most respondents are yet to enjoy financial freedom, with their income allowing them to do things they enjoy only occasionally or rarely.

Financial freedom attainment is higher among those with a traditional job and business owners, regardless of gig work status, and those with an annual income above RM 36,000.

Note: This statement, "My income allows me to do things I enjoy," was drawn from the Consumer Finance Protection Bureau (USA)'s 10-point financial health scale.

FASTJOBS

Individuals without a savings habit are almost never likely to enjoy the freedom to enjoy life

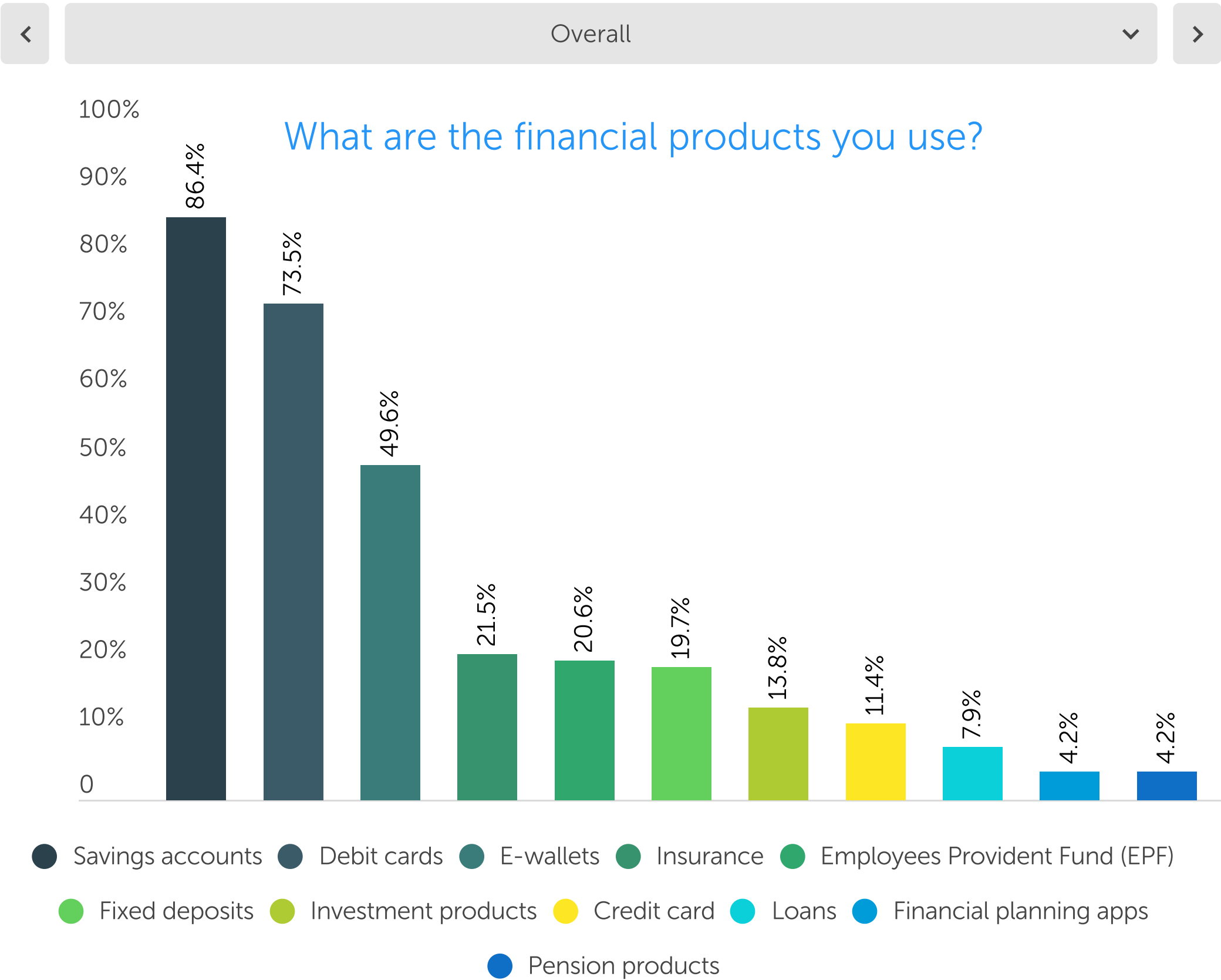


Note: Positive predictors predict in the direction of outcome, i.e. the outcome (income allows to do things one enjoys most of the time in this chart) is more likely to occur. Negative predictors predict in the opposite direction of outcome, i.e. the outcome (income allows to do things one enjoys most of the time in this chart) is less likely to occur. Reference categories to which the predictors are compared against are represented by grey squares on the "no effect" line. Significant predictors are indicated by blue color (not crossing the "no effect" line in the middle). The predictions could be bi-directional. Either the predictors predict the outcome variable or the outcome variable predicts the predictors.

Individuals without a savings habit are significantly less likely to have the financial freedom to make choices that allow them to enjoy life compared to those who save regularly, again pointing to the important role of financial behaviors, particularly savings behavior, in influencing individual financial health.

Financial Products and Digital Financial Services

Savings accounts, debit cards and e-wallets are more or less ubiquitous; however, sophisticated financial products are the domain of higher-income earners



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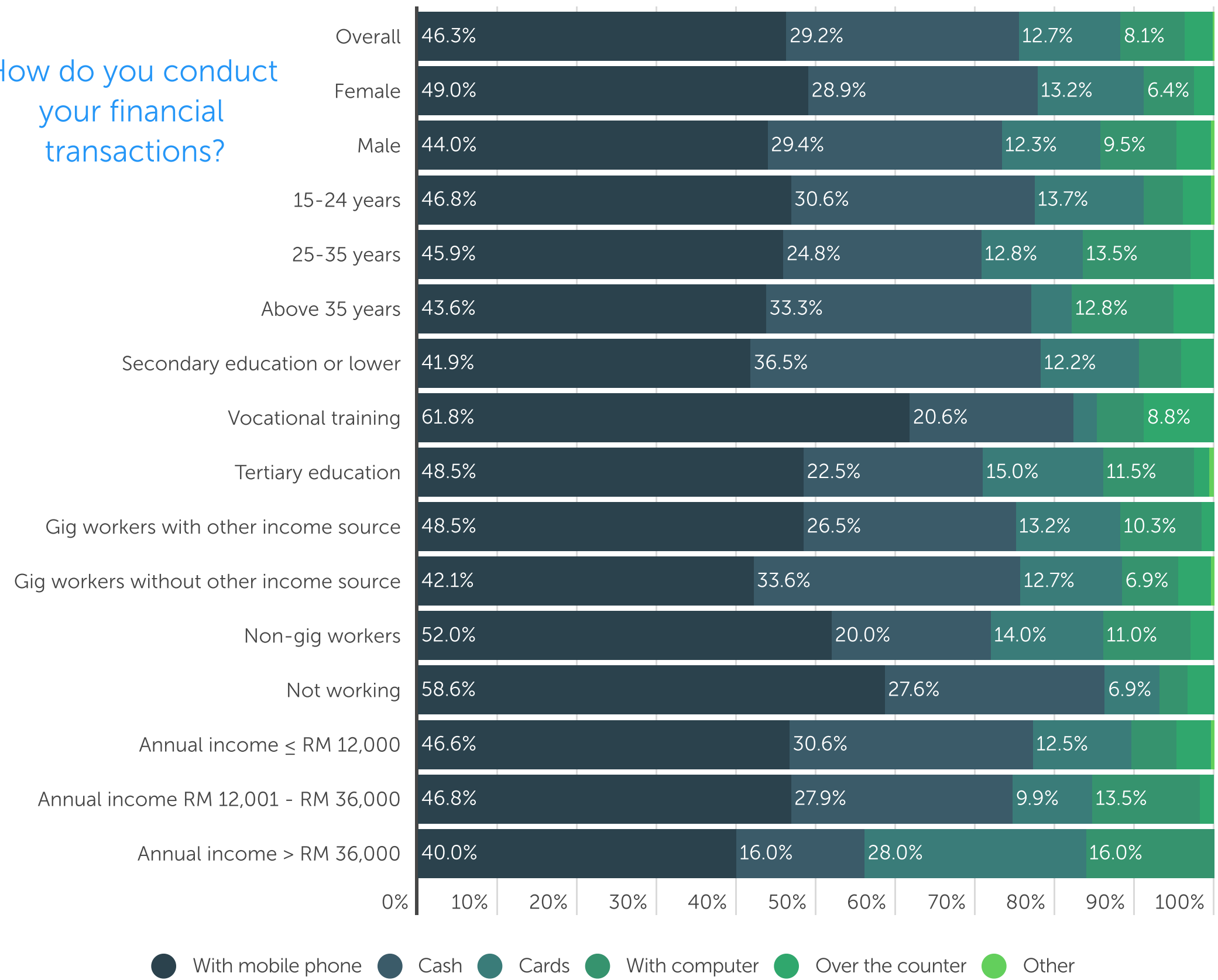
Savings accounts and debit cards are the two most commonly used financial products.

Half of the respondents have adopted e-wallet use.

Adoption rates of credit card, insurance, investment products, and loans are significantly higher among those with an annual income above RM 36,000.

About half of the sample conducts phone-based transactions, and a third uses cash

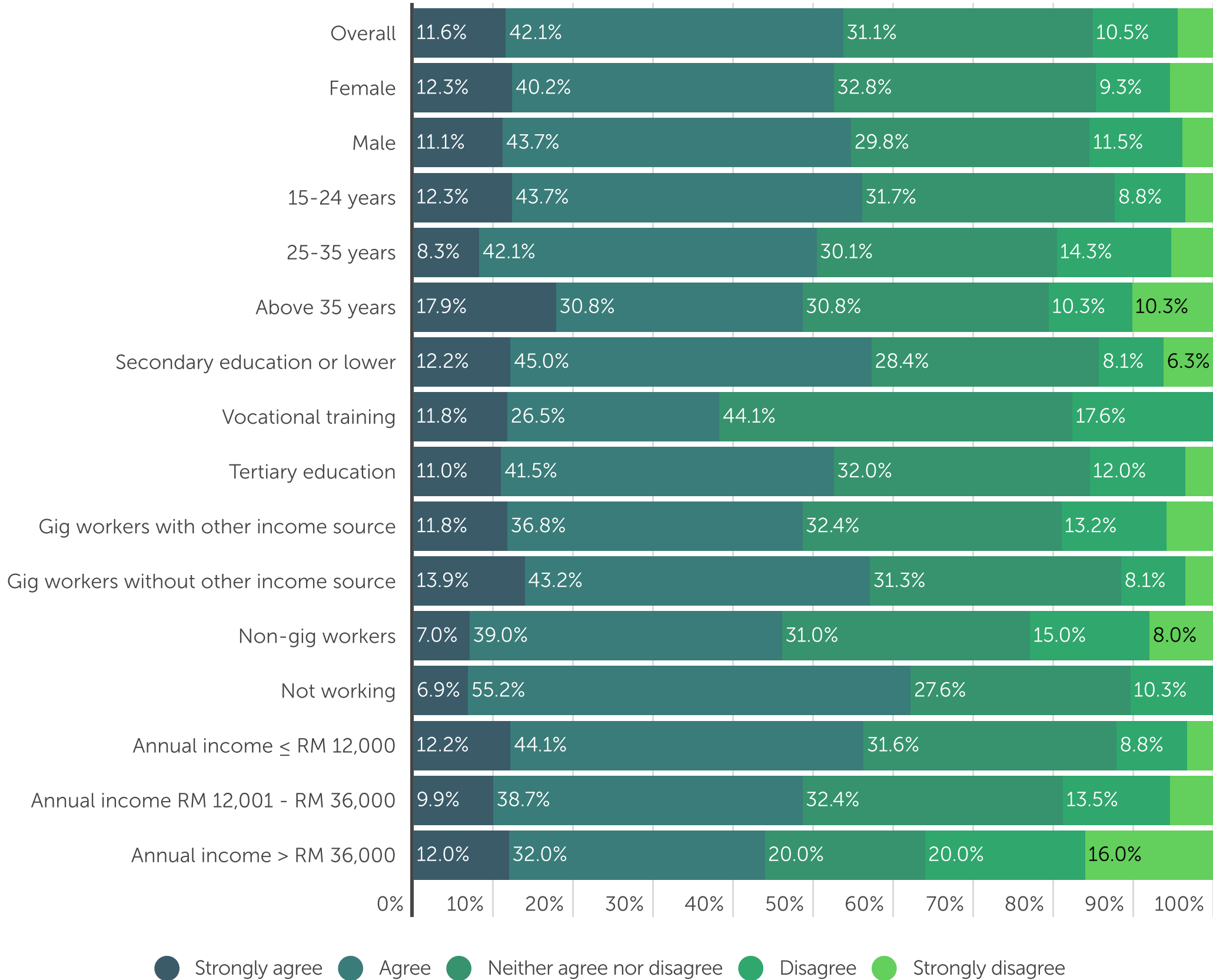
How do you conduct your financial transactions?



46% of respondents perform financial transactions via their mobile phones, while cash remains the preferred method for 29% of respondents.

Adoption of mobile payments is higher among those with vocational training.

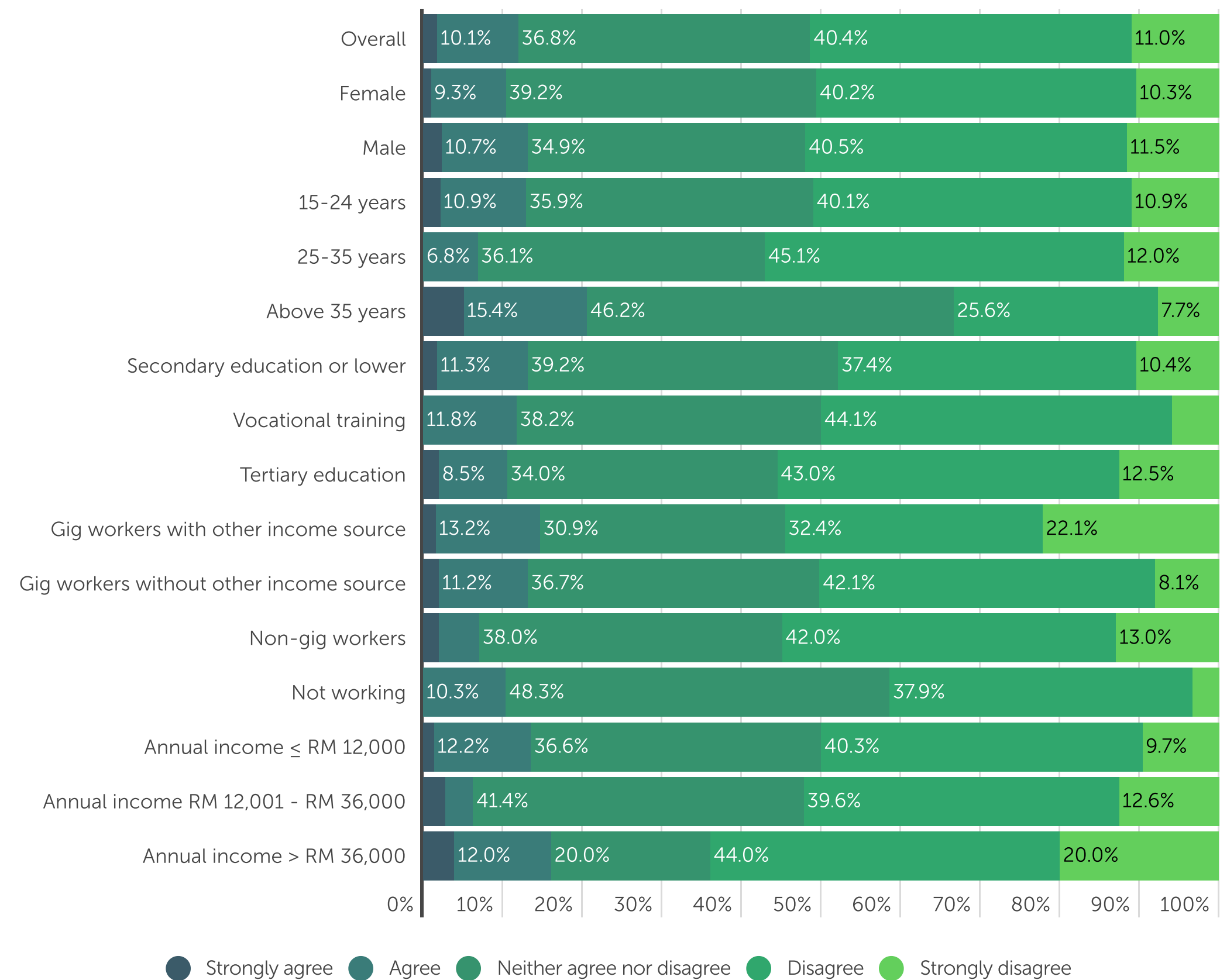
"I am comfortable using cash or over-the-counter methods"



54% of respondents are comfortable with making payments using cash or over-the-counter methods.

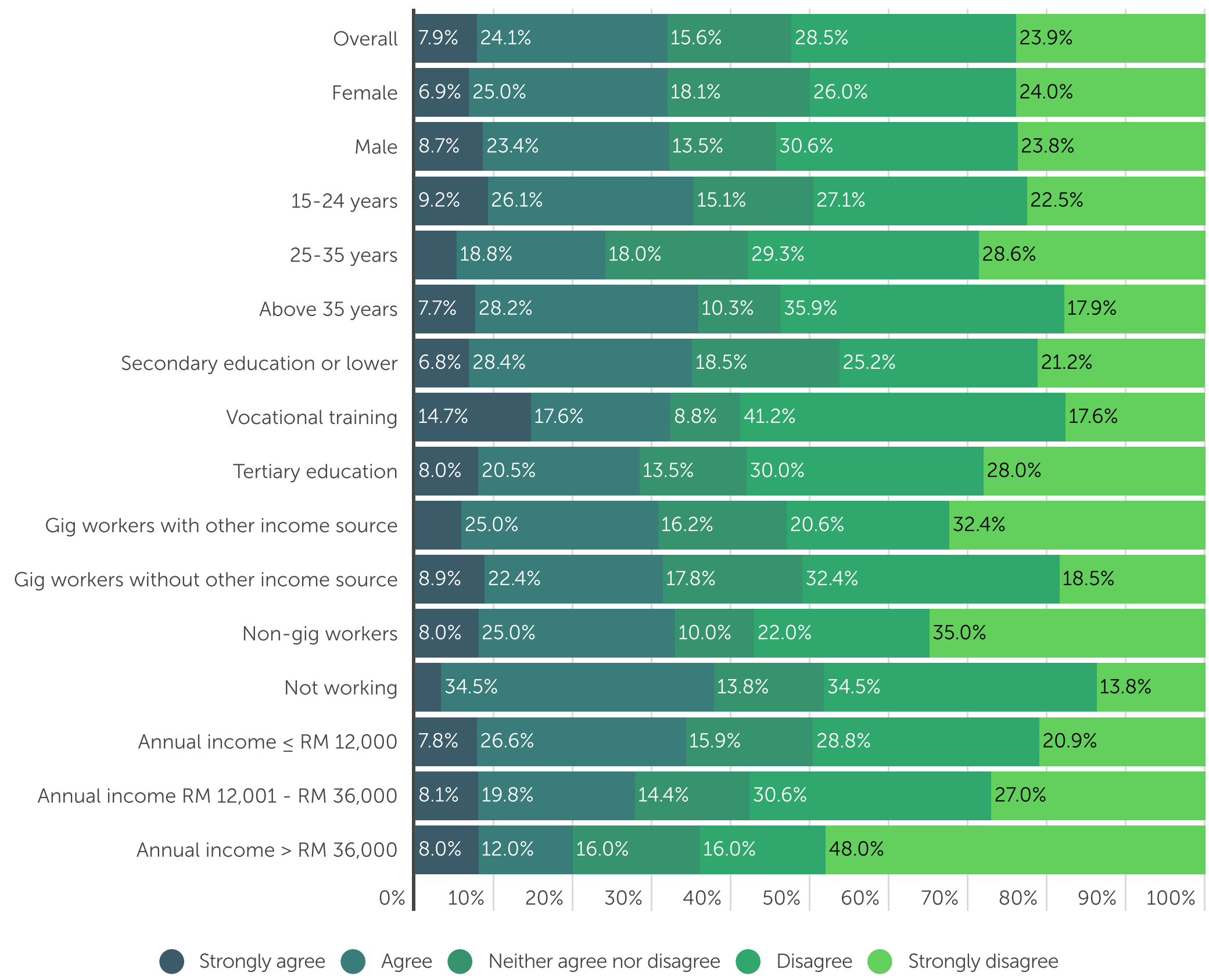
Individuals with secondary education or lower, gig workers without other income source(s), individuals without an employment, and those with a lower income are more comfortable with cash or over-the-counter methods.

"I do not trust digital financial services"



Only 12% of respondents indicate that they do not trust digital financial services.

"I do not know how to use digital financial services but would like to learn"

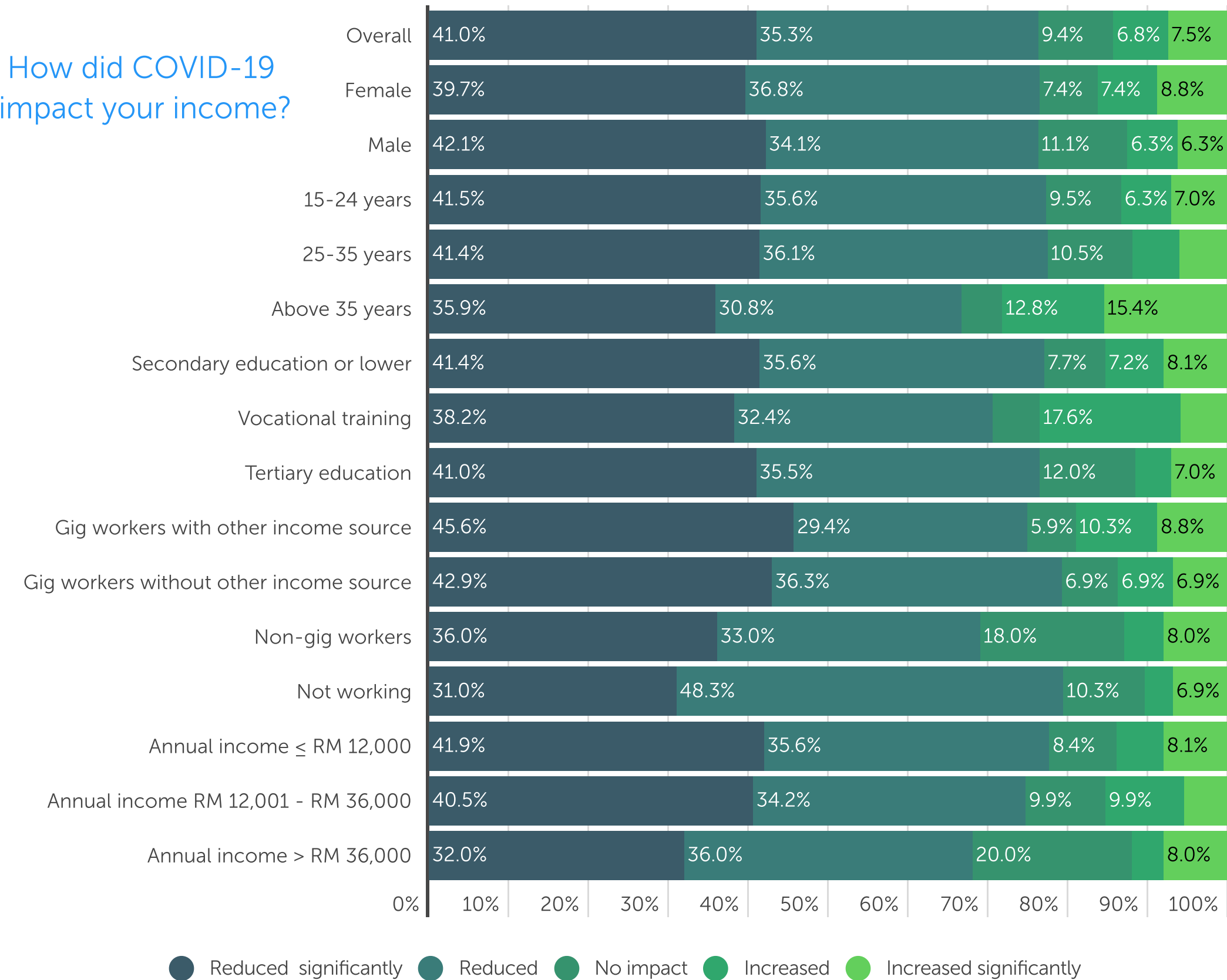


32% of respondents do not know how to use digital financial services but are willing to learn.

COVID-19 Impacts and Bantuan Prihatin Nasional (BPN)

More than three quarters of the sample experienced a COVID-19-induced income erosion

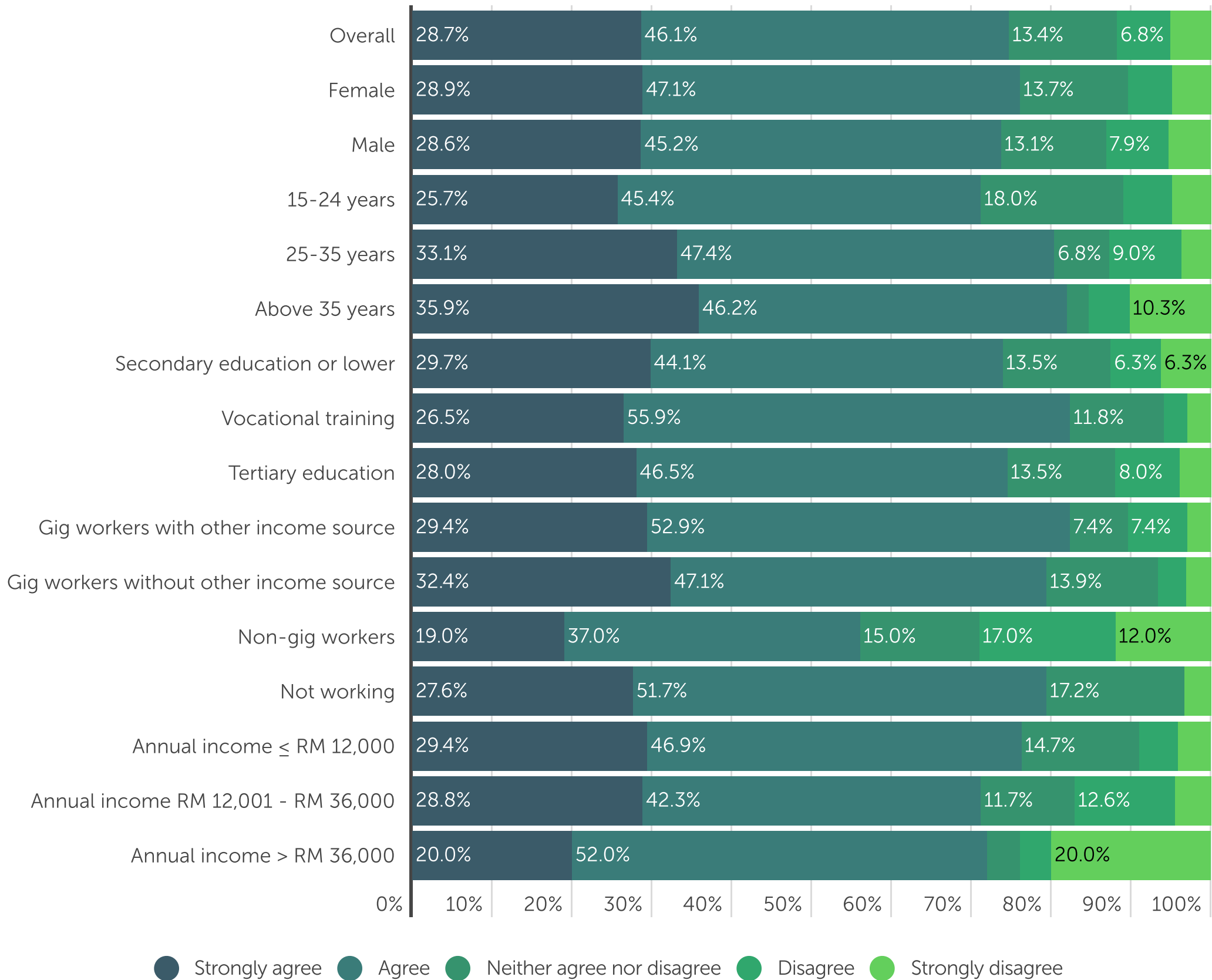
How did COVID-19 impact your income?



Income has decreased for 76% of the respondents somewhat or significantly due to the COVID-19 pandemic.

A higher percentage of gig workers reported significant reduction in income compared to non-gig workers.

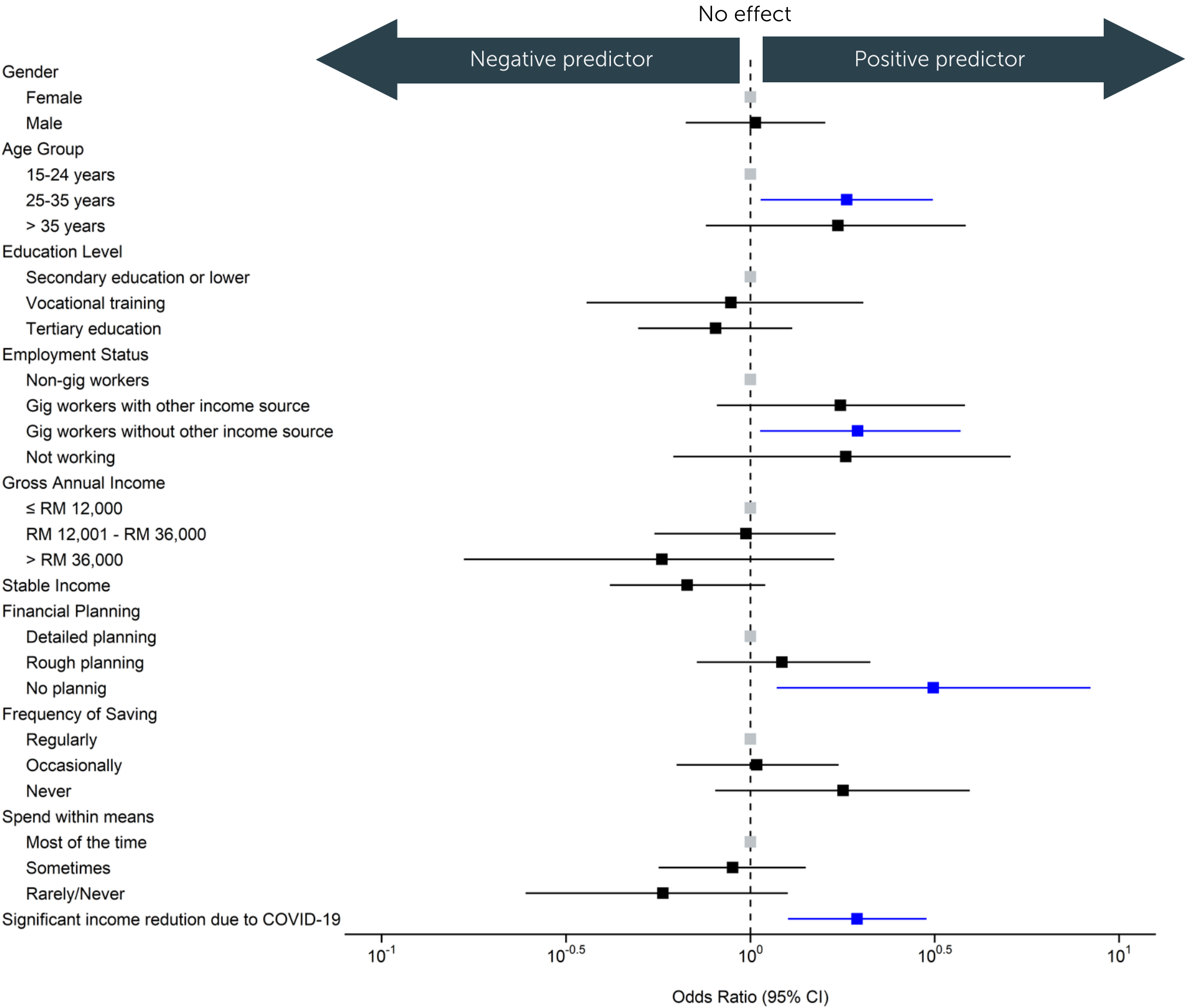
"COVID-19 has put a strain on financing my basic needs"



75% of respondents now face difficulties in financing their basic needs.

A significantly higher proportion of gig workers now face financial strain in meeting basic needs compared to non-gig workers.

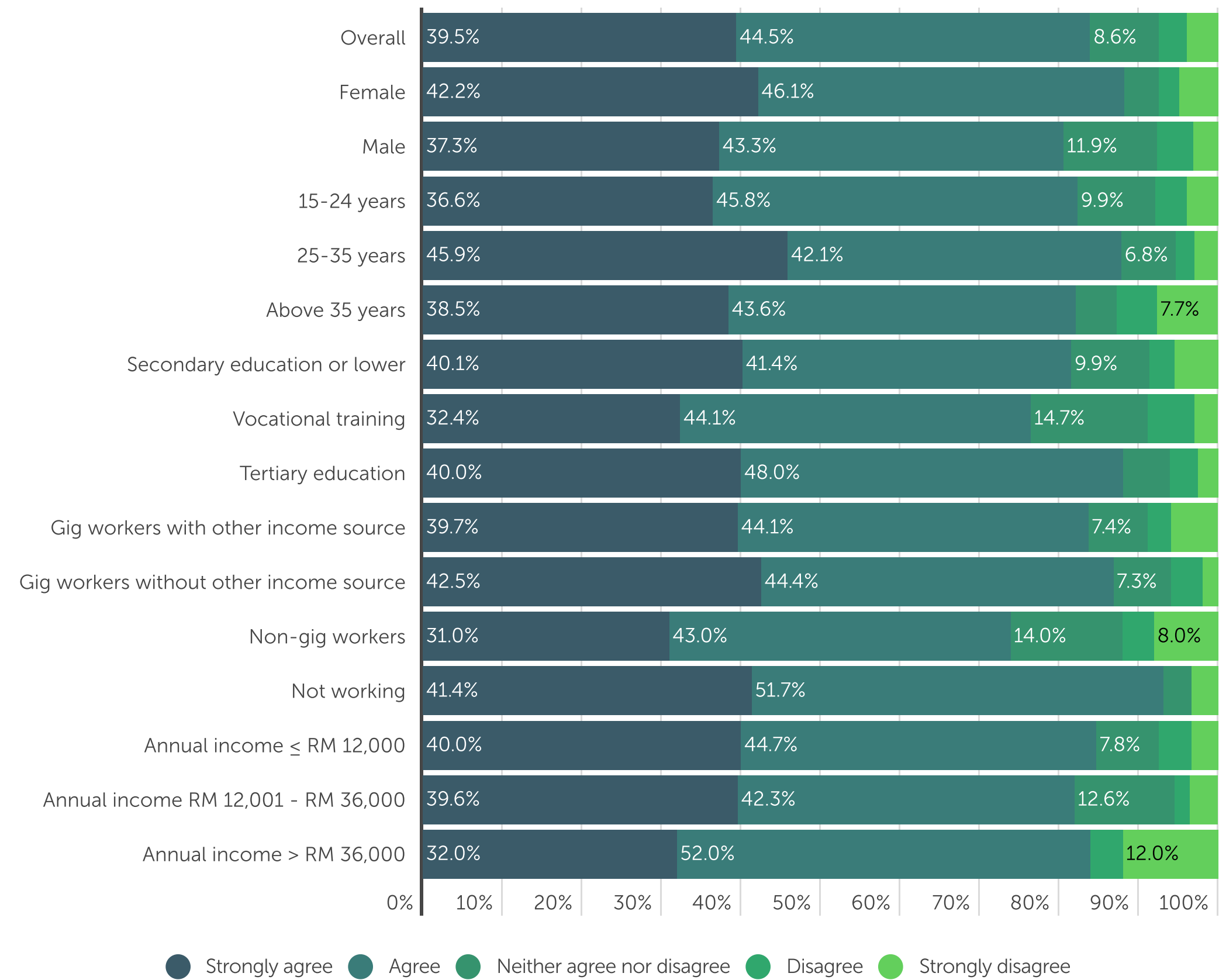
What predicts financial strain on basic needs during the COVID-19 pandemic?



Note: Positive predictors predict in the direction of outcome, i.e. the outcome (COVID-19 has caused a significant strain on financing basic needs in this chart) is more likely to occur. Negative predictors predict in the opposite direction of outcome, i.e. the outcome (COVID-19 has caused a significant strain on financing basic needs in this chart) is less likely to occur. Reference categories to which the predictors are compared against are represented by grey squares on the "no effect" line. Significant predictors are indicated by blue color (not crossing the "no effect" line in the middle). The predictions could be bi-directional. Either the predictors predict the outcome variable or the outcome variable predicts the predictors.

In addition to significant income reduction due to COVID-19 as the obvious factor, age between 25 and 35 years (an indicator of being early in one's career), undertaking gig work without other income source(s), and not having a personal financial plan are all significant predictors of having difficulties meeting basic needs in the face of the COVID-19 pandemic.

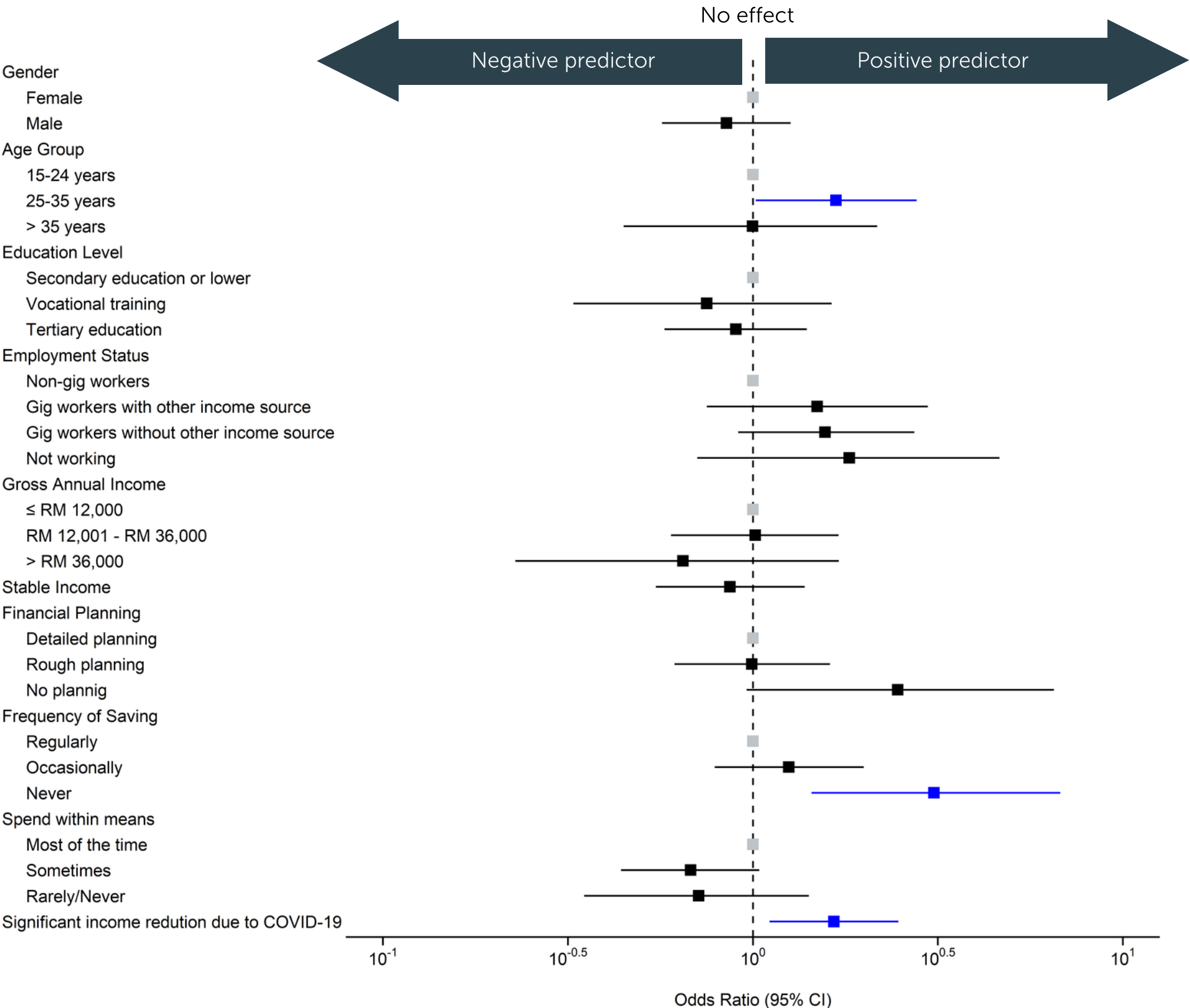
"COVID-19 has made me anxious about my finances"



84% of respondents have experienced financial anxiety in the face of the COVID-19 pandemic.

COVID-19 induces more anxiety among gig workers compared to non-gig workers.

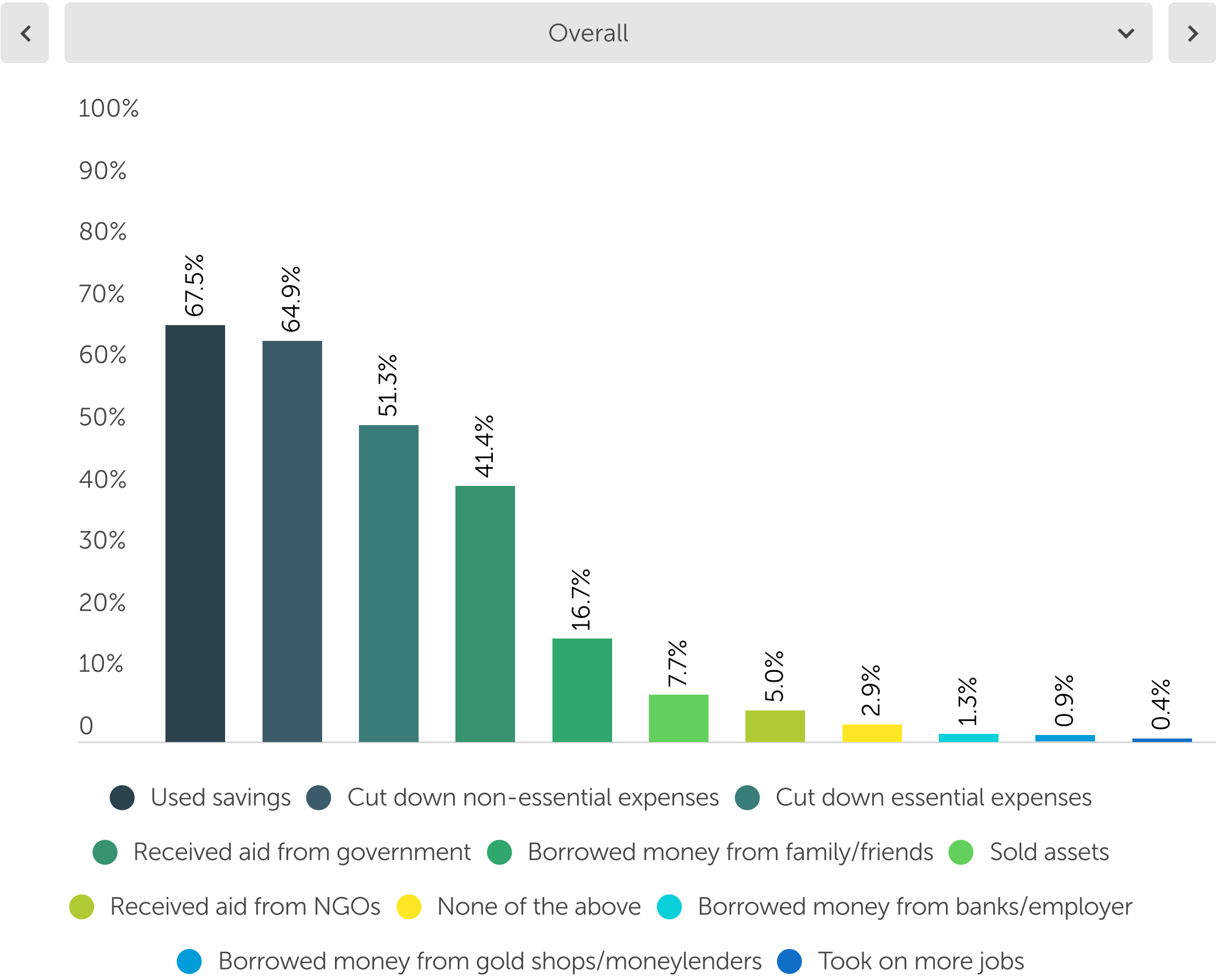
What predicts financial anxiety during the COVID-19 pandemic?



Note: Positive predictors predict in the direction of outcome, i.e. the outcome (COVID-19 has caused significant financial worries in this chart) is more likely to occur. Negative predictors predict in the opposite direction of outcome, i.e. the outcome (COVID-19 has caused significant financial worries in this chart) is less likely to occur. Reference categories to which the predictors are compared against are represented by grey squares on the "no effect" line. Significant predictors are indicated by blue color (not crossing the "no effect" line in the middle). The predictions could be bi-directional. Either the predictors predict the outcome variable or the outcome variable predicts the predictors.

In addition to significant income reduction due to COVID-19 as the obvious factor, age between 25 and 35 years (an indicator of being in one's early career) and not having a savings habit are significant predictors of feeling more anxious about one's finances as a result of the COVID-19 pandemic.

How did gig workers respond to COVID-19's financial impacts?

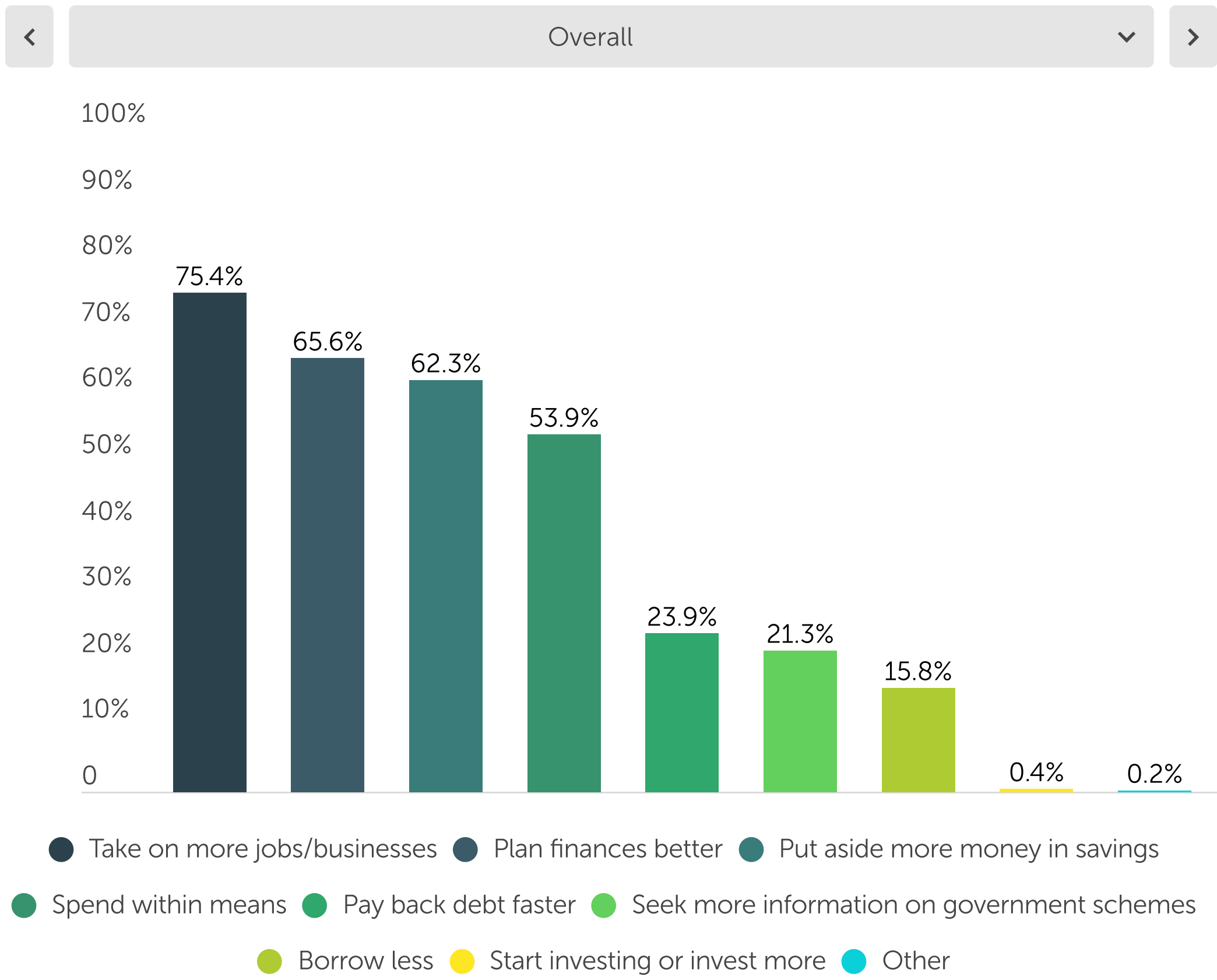


The graphic on this page is interactive.

Most respondents tapped into their own savings and cut down non-essential expenses to cope with the financial impact of COVID-19.

About one-fifth of respondents have borrowed money in response.

What financial changes will they make post-COVID-19?

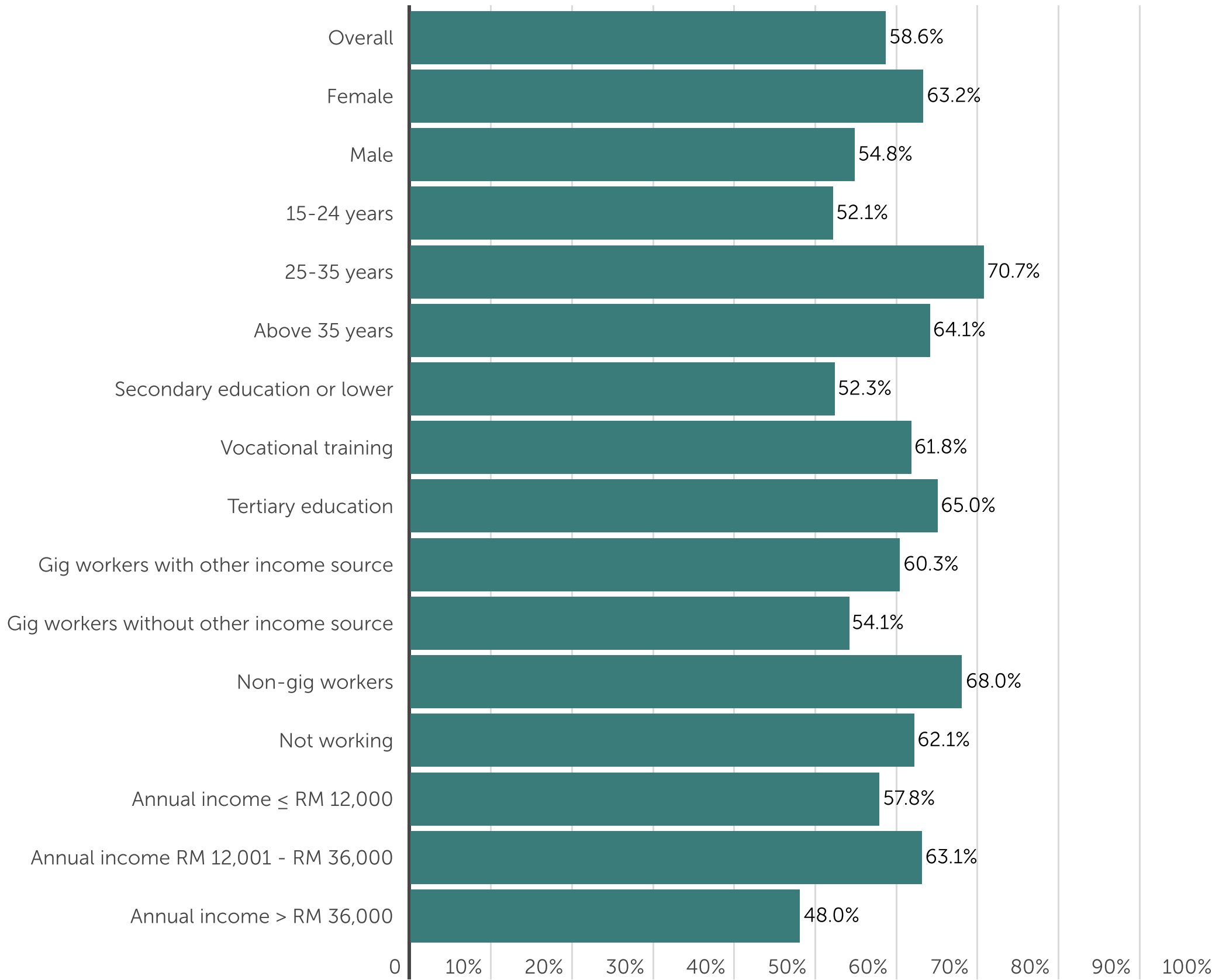


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75% of respondents indicate that they plan to take on more jobs or businesses to generate more income post-COVID-19.

About half to two-thirds also plan to change their financial behaviors by planning finances better, putting aside more money in savings, and spending within their means.

Received Bantuan Prihatin Nasional (BPN)

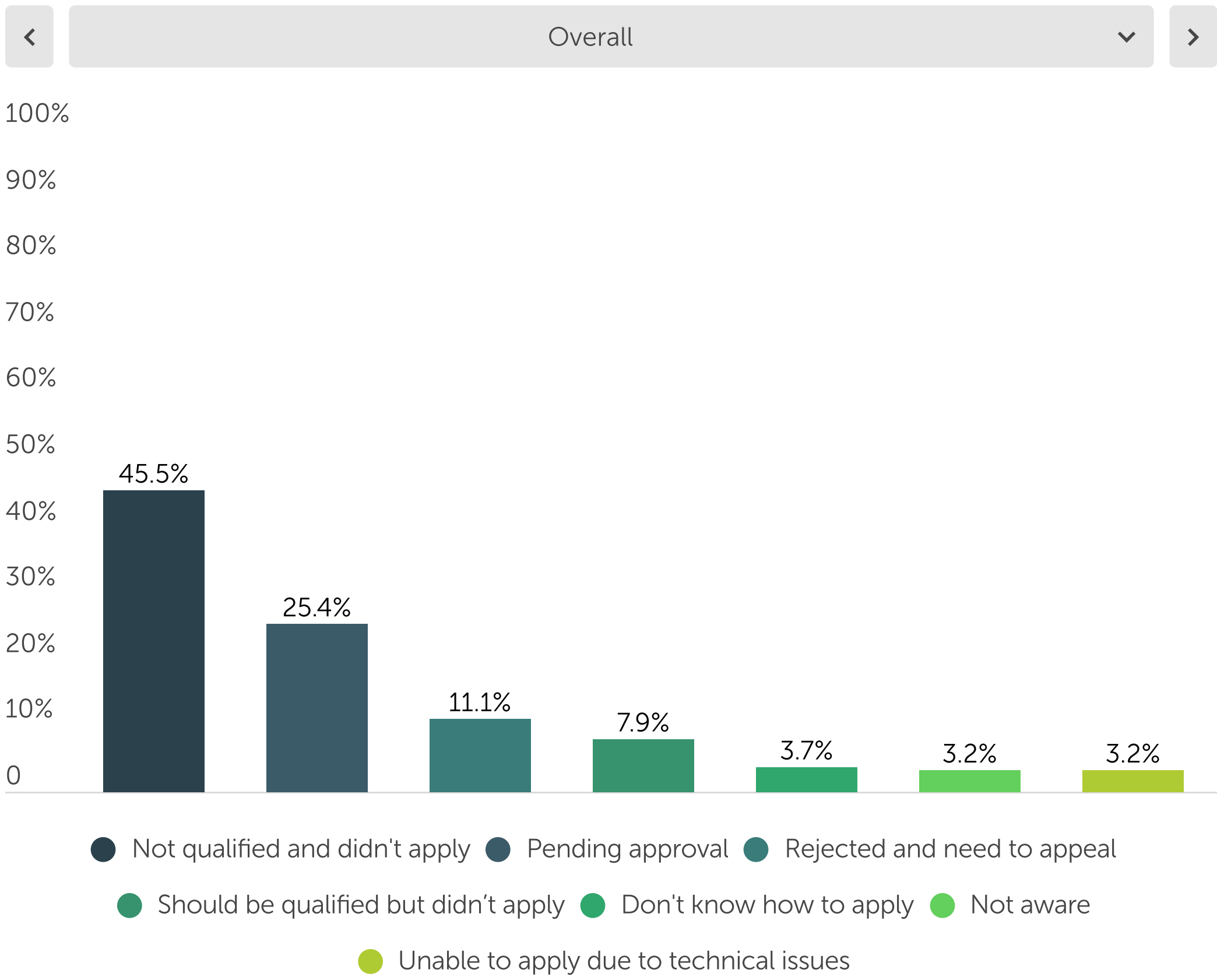


Prihatin
Pakej Ransangan Ekonomi Prihatin Rakyat

Bantuan Prihatin Nasional (BPN) is a cash aid provided by the Malaysian Government to low-to-middle income Malaysians as part of the Prihatin Rakyat Economic Stimulus Package (Prihatin) and National Economic Recovery Plan (Penjana) in response to the economic impact of the COVID-19 pandemic. As of 20 July 2020, a total of 11.14 billion MYR has been disbursed to 10.4 million recipients under the BPN.

More than half of the respondents have received Bantuan Prihatin Nasional (BPN).

Reasons for not receiving aid under Bantuan Prihatin Nasional (BPN)



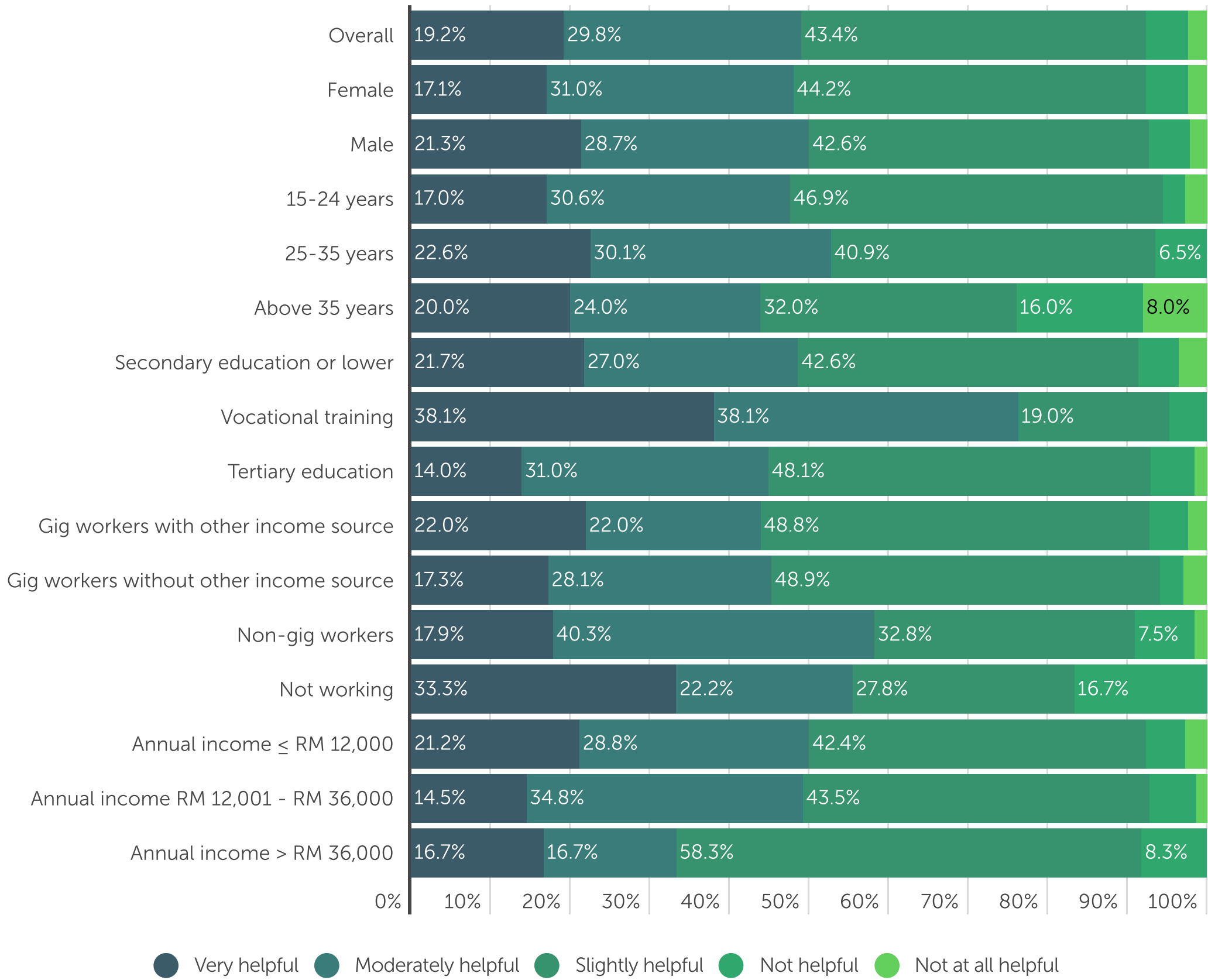
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Among those who did not receive Bantuan Prihatin Nasional (BPN), about half of them did not meet the criteria for the aid and did not apply and a quarter of them were still waiting for approval at the time of survey.

Lack of awareness and technical issues were barriers to only a small proportion of respondents who did not receive BPN.

Is Bantuan Prihatin Nasional (BPN) sufficient to meet basic needs?



92% of those who received assistance under Bantuan Prihatin Nasional (BPN) found it helpful to support their basic needs.

The cash aid is perceived to be most helpful among those with vocational training and those who are not working.

Summary and Recommendations

Summary and Recommendations

Most gig workers choose flexible employment by choice rather than necessity, motivated by extra income and flexible work hours.

The top concerns of gig workers are lack of certainty in income and lack of benefits, in that order—these are aspects commonly present in traditional employment.

More than half of gig workers depend solely on gigs for income, which is a significant predictor of income volatility.

Income and retirement protections tailored to the context of flexible or gig employment would help to bridge some of the gaps in benefits for gig workers.

Financial health encompasses three dimensions: financial security, financial control, and financial freedom.

Financial behaviors such as spending, saving, and planning are significant predictors of individual financial health. In particular, a regular savings habit significantly predicts better financial health in all three dimensions—financial security, financial control, and financial freedom.

Gig workers without other income source(s) and individuals without a financial planning or savings habit are more adversely impacted by the COVID-19 pandemic.

Initiatives to assist the financial health of gig workers should include managing the uncertainty of income and the promotion of a regular savings habit.