

# Financial Health of Gig Workers: A Case Study of GoGet 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.

For more information, visit [uncdf.org/gfh](https://uncdf.org/gfh) or email [financial.health@uncdf.org](mailto:financial.health@uncdf.org)



GoGet is an on-demand workforce technology powered by a network of verified people, called GoGetters, who perform short-term work.

With GoGet, UNCDF is assisting with partnerships and digital financial services (DFS) delivery models that can improve the financial health of workers in flexible employment.



SaphX Technologies is a fintech company which launched a micro-saving platform called 'Pod' in March 2019 to help youth between 21 and 35 years old save money for specific goals.

With SaphX Pod, UNCDF is assisting with expanding Pod's user base and improving the usage rate.

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# Research Design and Sample



## Research Objectives

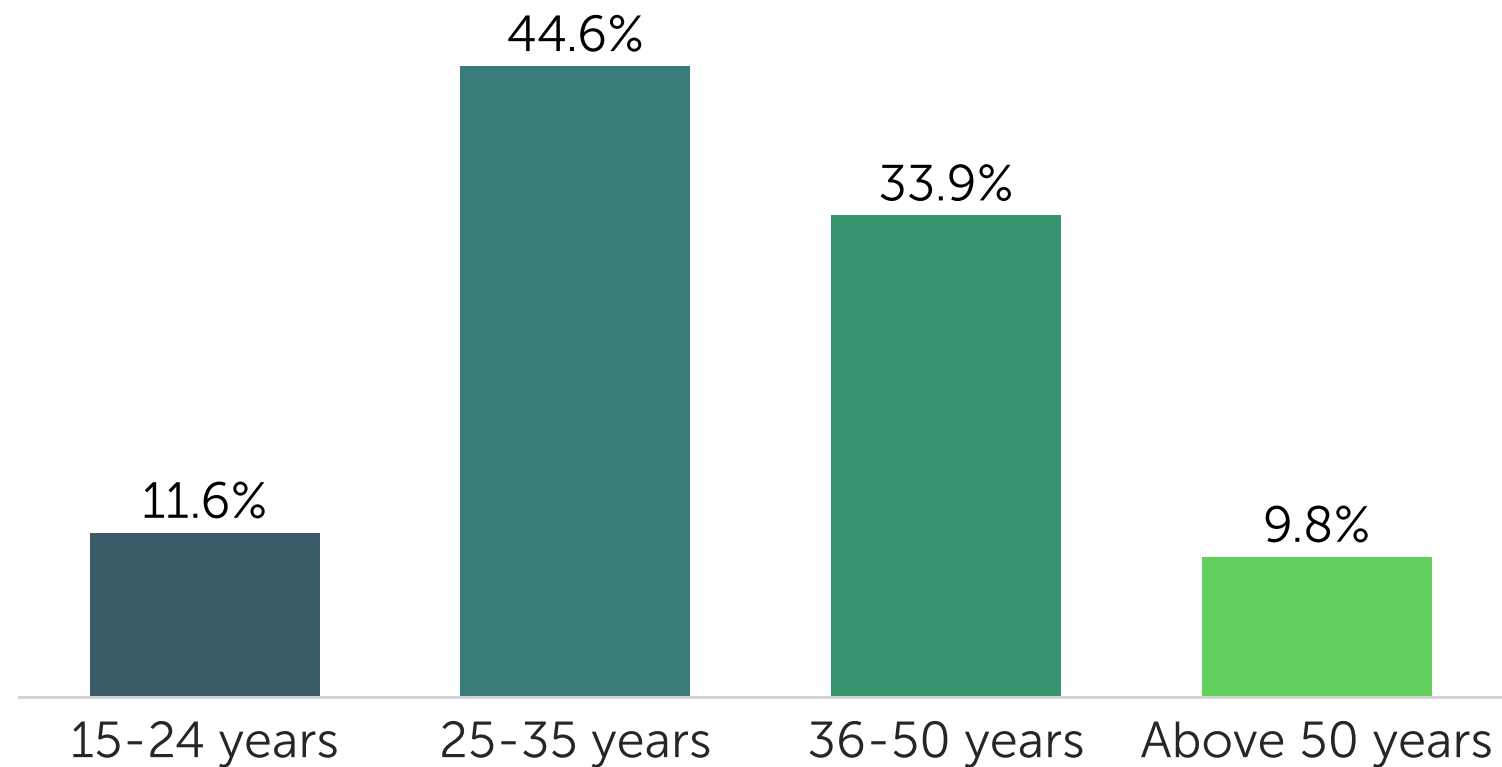
To gauge the financial health of GoGetters, with a focus on their savings and borrowing patterns.

To understand Pod usage and non-usage and considerations in financial products or Pod usage

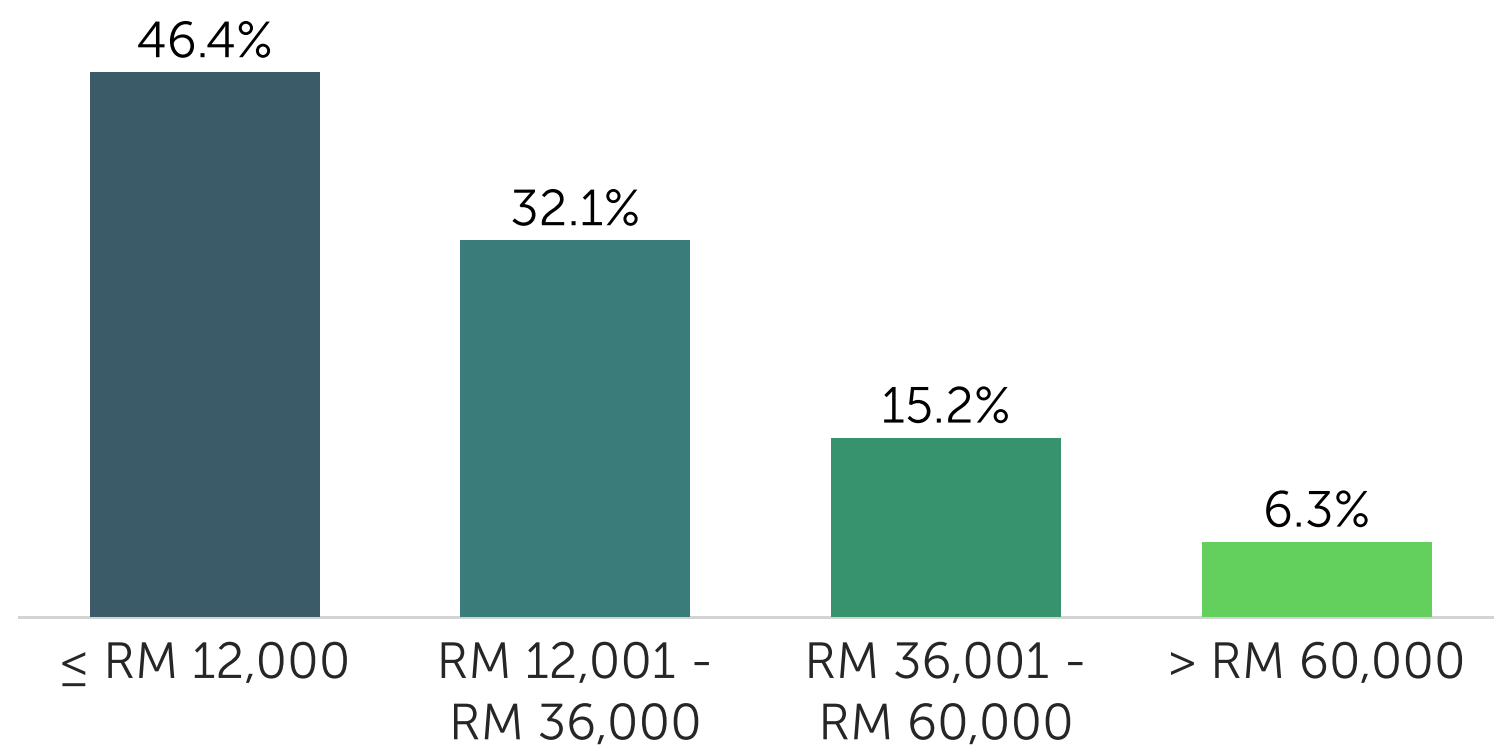
## Methodology

- A survey questionnaire was disseminated on the GoGet platform in English. GoGetters answered the survey online. Two rounds of communications were sent within 2 weeks to invite GoGetters to respond to the survey questionnaire.
- Two focus group discussions of 10 GoGetters, 8 men and two women, were held in UNCDF office premises in Kuala Lumpur.
- The survey had a total of 28 questions divided into three sections: profile and employment, financial health, and financial product usage/preferences.

## Age Group



## Gross Annual Income



## Sample Profile

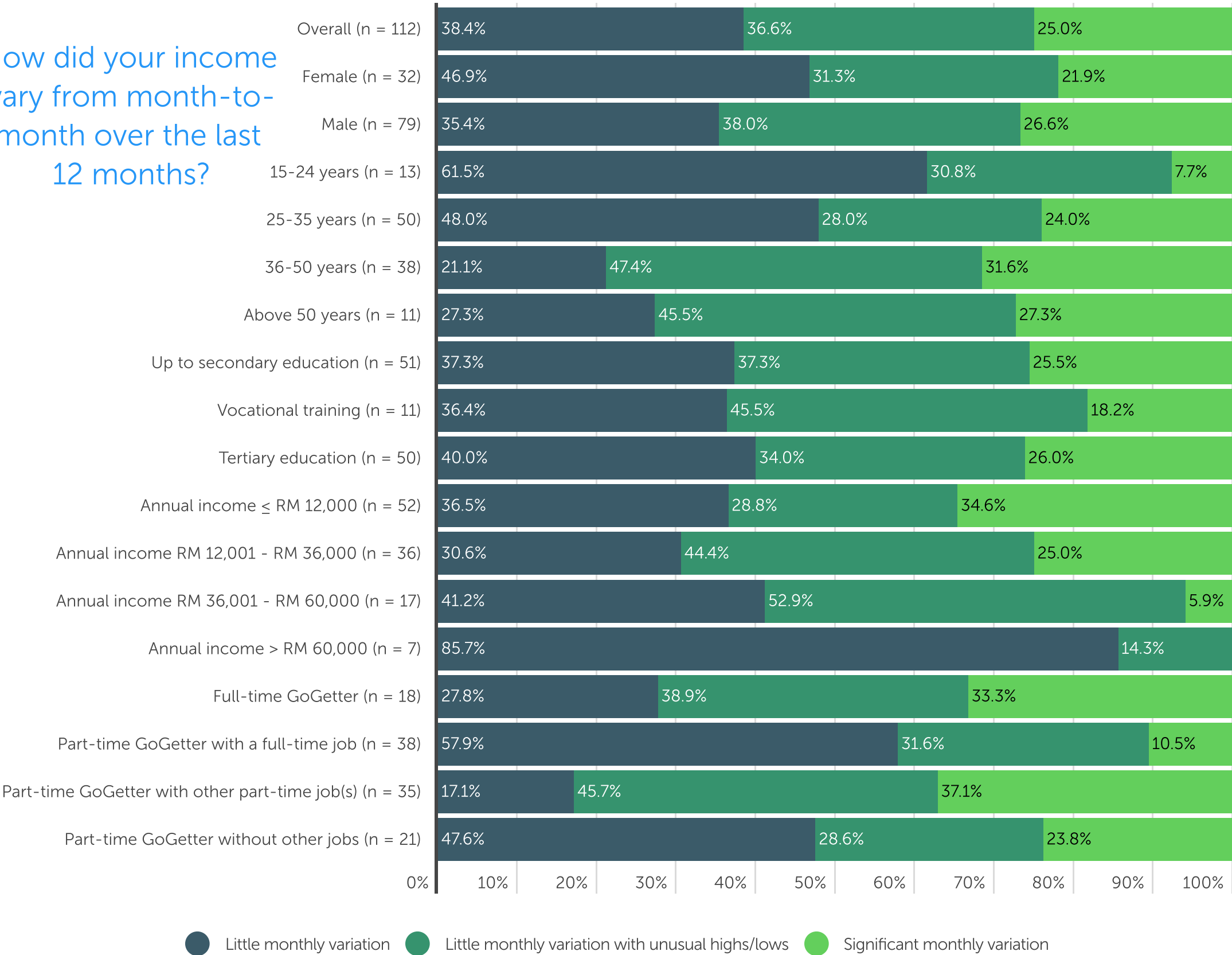
- 112 responses: 32 women and 79 men, and one chose not to disclose their gender.
- 44.6% of the sample has completed tertiary education and 43.8% are educated up to secondary school.
- Majority of survey responses are from the 25-35 years age group, followed by the 36-50 years age band.
- Majority of respondents are in the low-income group of less than RM 12,000 a year, followed by those with an annual income between RM 12,001 and RM 36,000.

# How do GoGetters fare on financial health metrics?



Those with other part-time jobs and those in the lowest income bracket experience income volatility the most

How did your income vary from month-to-month over the last 12 months?

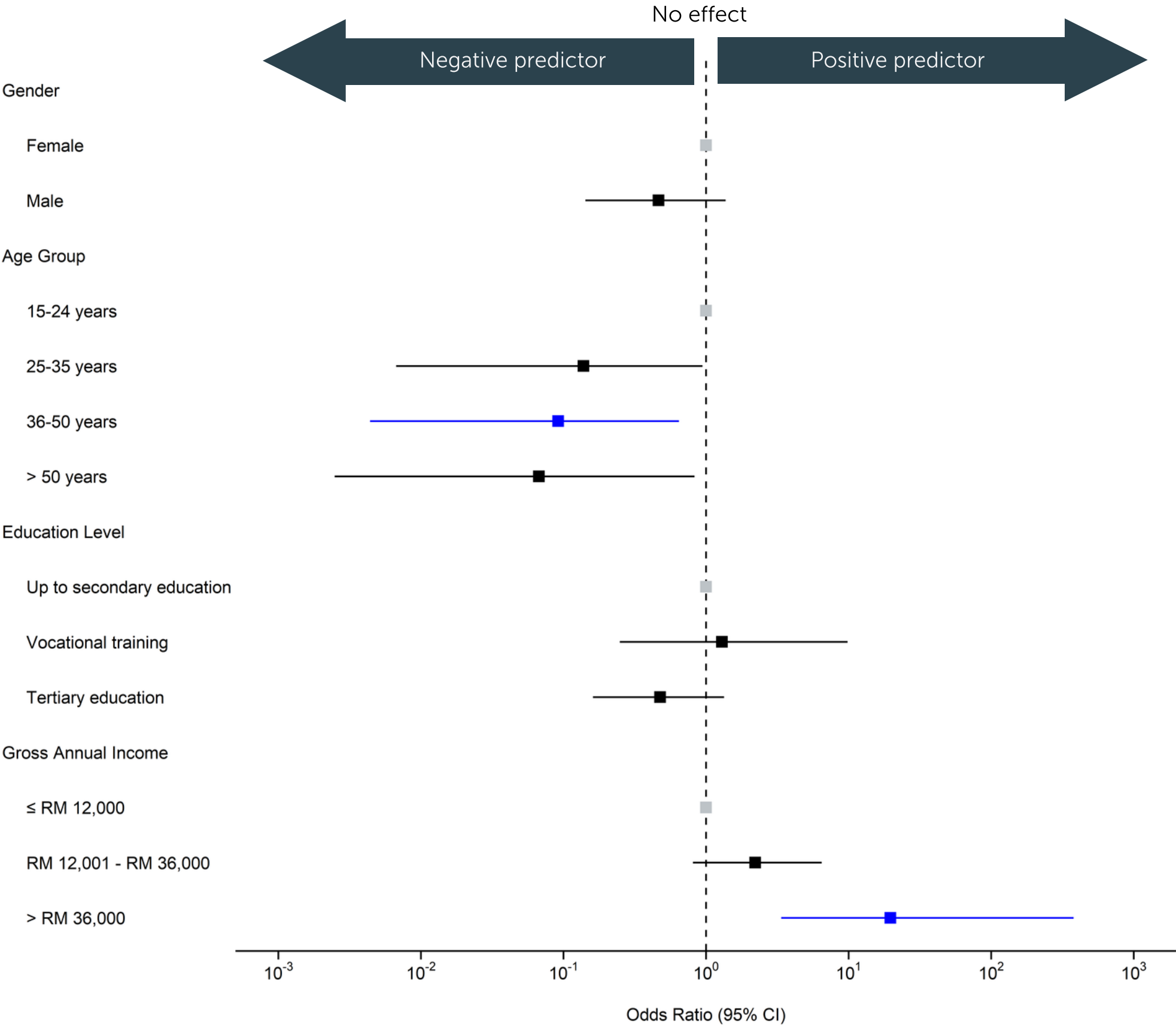


25% of GoGetters have significant monthly variation in income.

Income volatility is highest for those within the age group of 36-50 years, those earning an annual income below RM 12,000, full-time GoGetters, and part-time GoGetters with other part-time jobs.

Those earning less than RM 12,000 a year experience the double whammy of low income and significant income volatility, while those with an annual income above RM 60,000 have the most stable incomes.

Income and stage of life are significant predictors of income stability

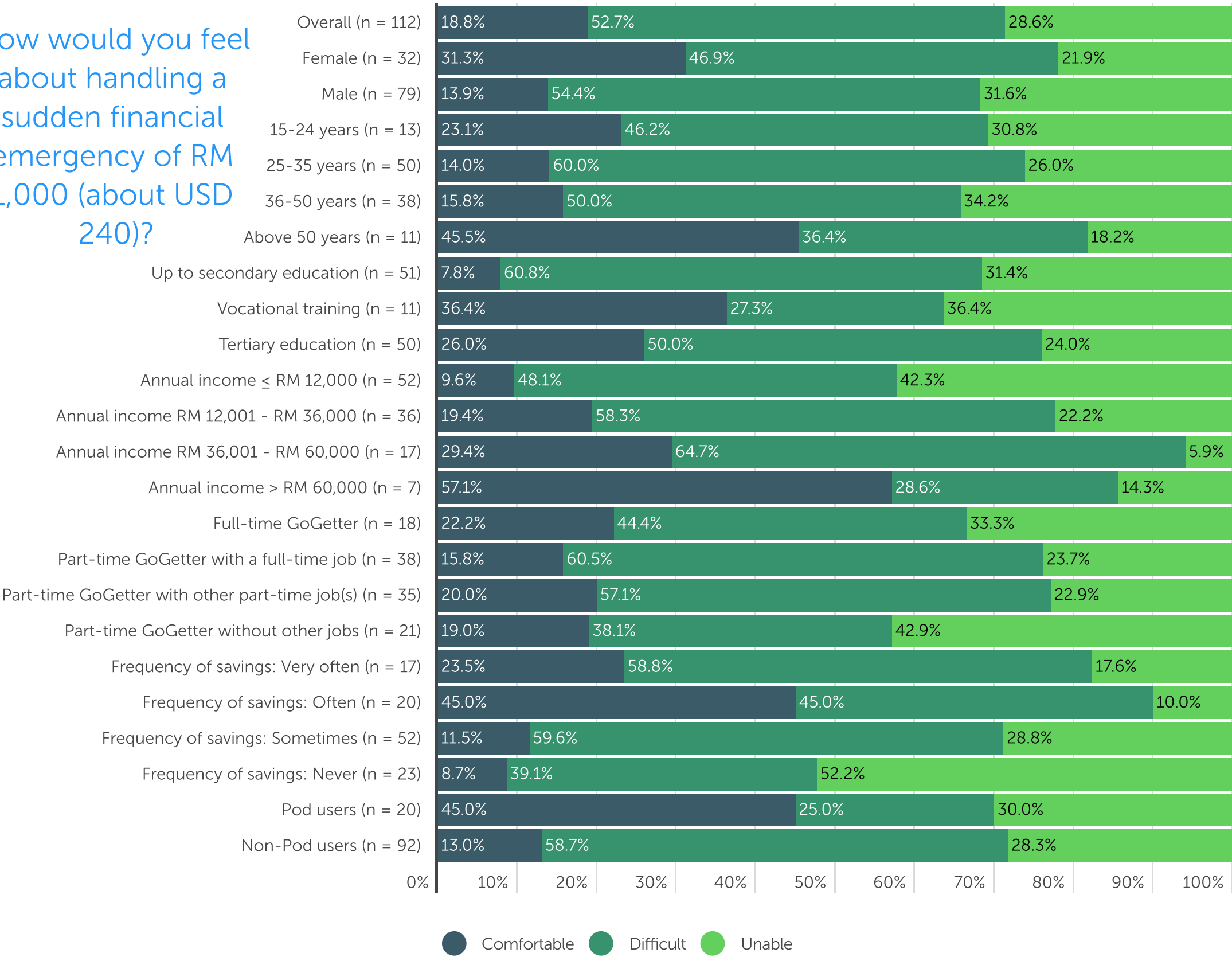


**Note:** Positive predictors predict in the direction of outcome, i.e. the outcome (stable income in this chart) is more likely to occur. Negative predictors predict in the opposite direction of outcome, i.e. the outcome (stable income in this chart) is less likely to occur. Reference categories to 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.

- Individuals aged 36-50 years are more likely to have unstable income (negative predictor), whereas earnings of more than RM 3,000 per month is a significant predictor of stable income (positive predictor).
- These are non-modifiable factors.

Similar to the average Malaysians, most GoGetters would struggle to deal with a sudden financial emergency of RM 1,000

How would you feel about handling a sudden financial emergency of RM 1,000 (about USD 240)?

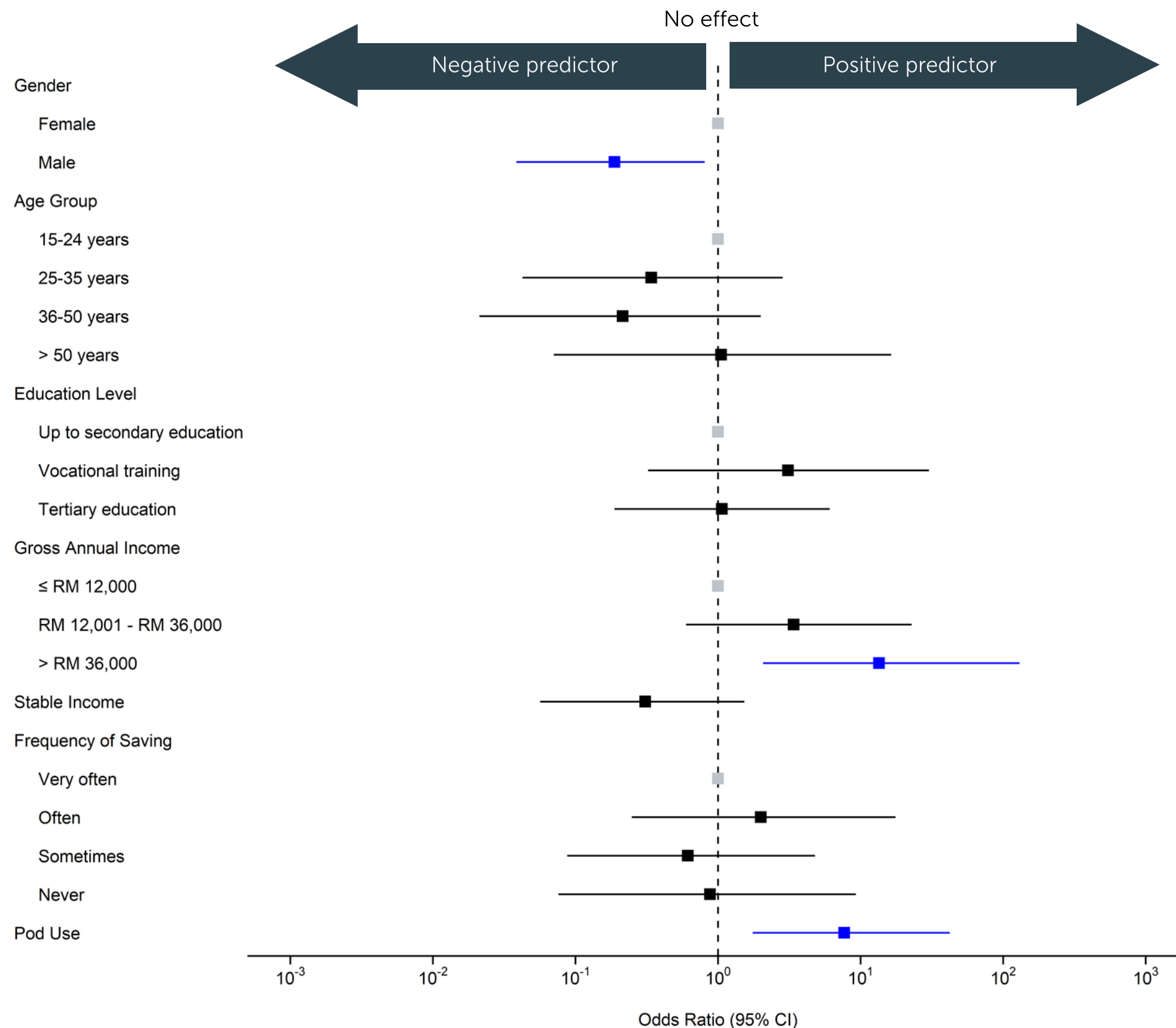


4 out of 5 GoGetters would find handling an emergency of RM 1,000 challenging, similar to findings from Bank Negara Malaysia's Capability and Inclusion Survey 2015 which revealed that 75% of Malaysians would not be able to raise RM 1,000 of immediate cash money for emergencies.

Even a portion of those with higher income (annual income > RM 36,000) and those who save very often indicated that they would find it difficult to deal with a RM 1,000 emergency—this finding could point to poor management of finances, living beyond one's means, and too many spending or debt commitments.

Pod users and women are better able to deal with emergencies.

**GO GET** Women, higher income earners and Pod users are better able to deal with a financial emergency of RM 1,000 (approx. USD 240)



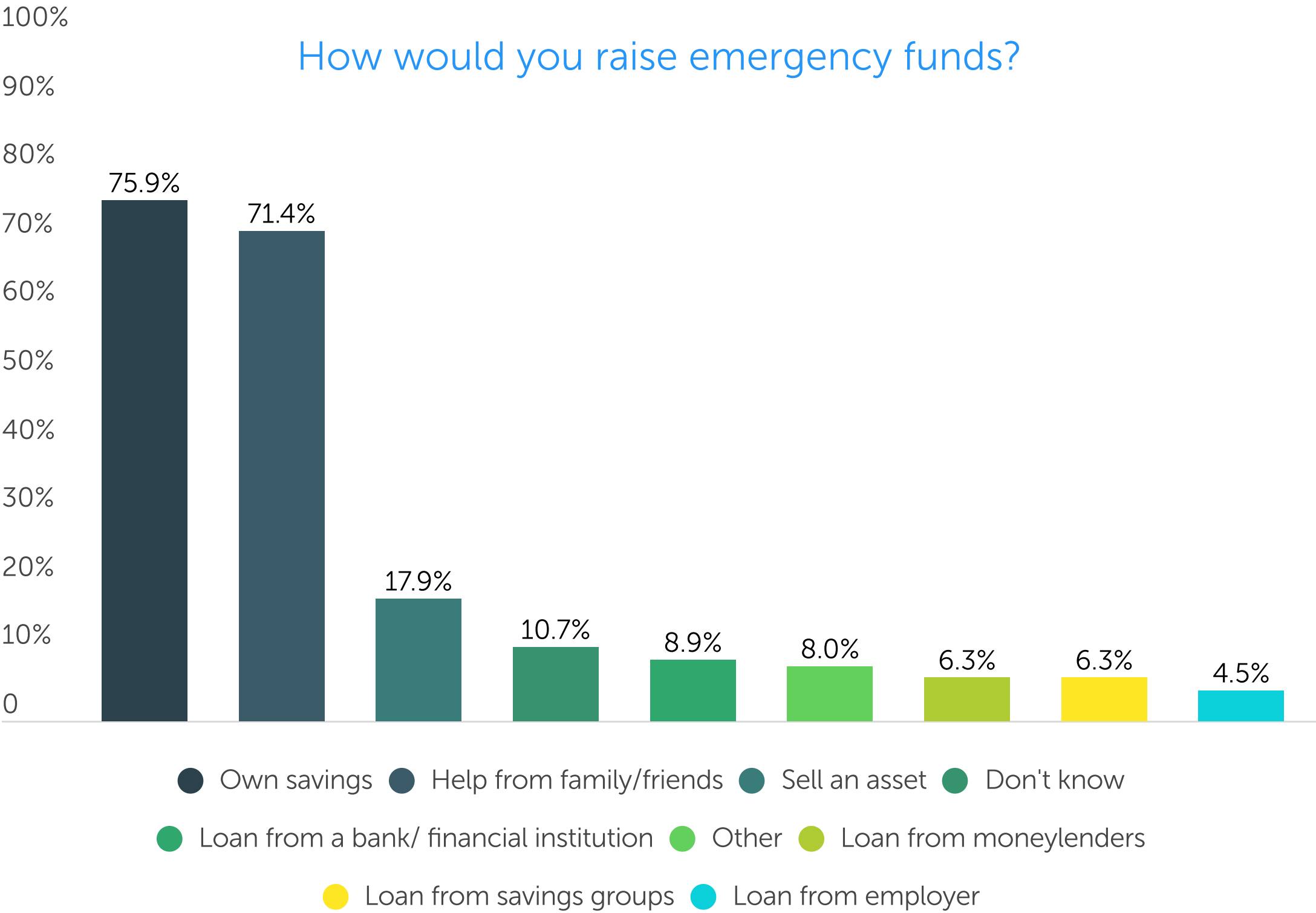
**Note:** Positive predictors predict in the direction of outcome, i.e. the outcome (able to deal with a RM 1,000 emergency comfortably in this chart) is more likely to occur. Negative predictors predict in the opposite direction of outcome, i.e. the outcome (able to deal with a RM 1,000 emergency comfortably 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.

Male users are significantly less able to deal with a RM 1,000 emergency compared to female users, while individuals with a higher income are better off.

Pod use is a significant predictor regardless of frequency of saving.

In order to deal with financial emergencies, the go-to sources are own savings and family/friends

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About three-quarters of GoGetters would depend on their own savings or family/friends for emergency funds.

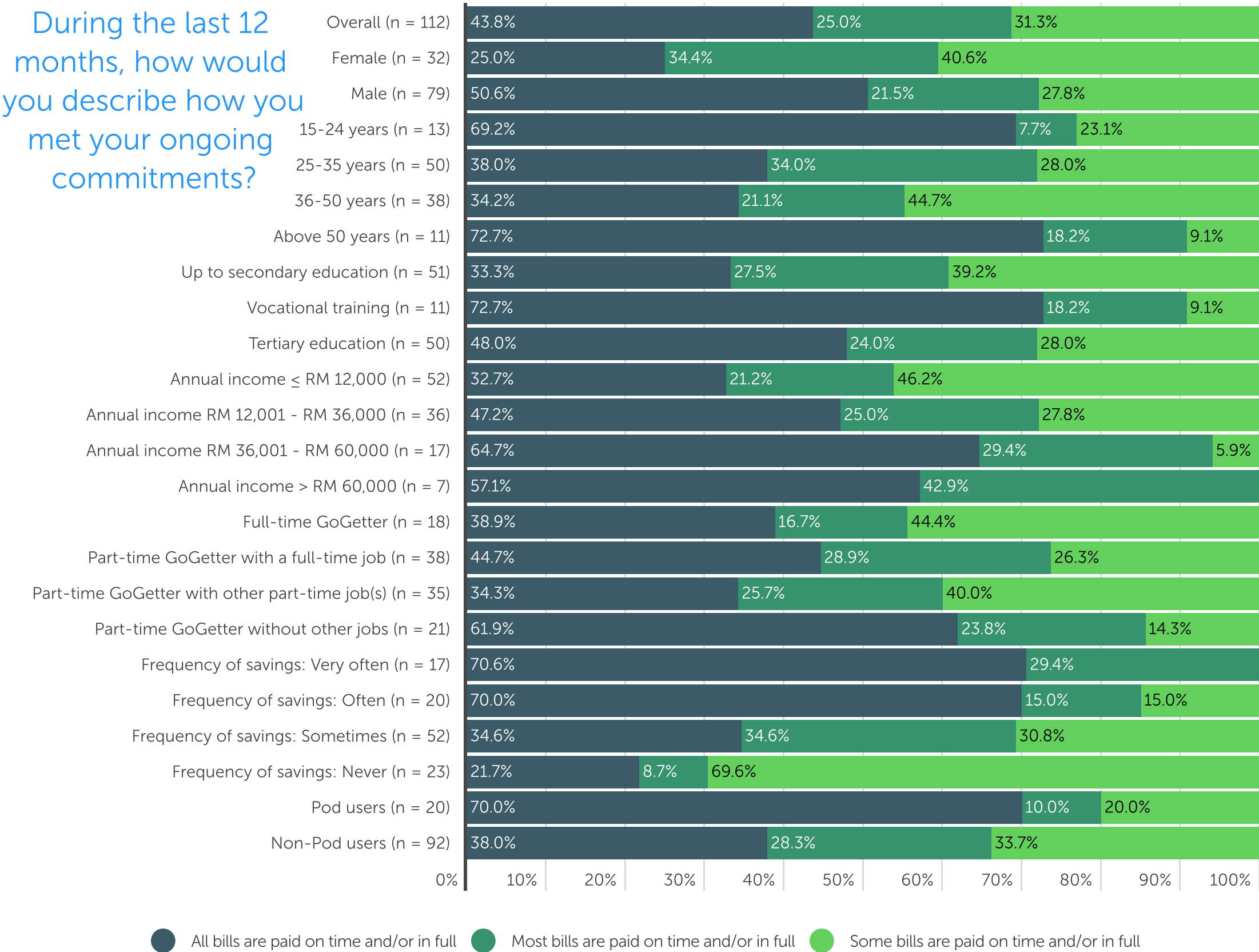




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# Most GoGetters are able to meet bill and credit commitments; women struggle and those who save more often are better off

During the last 12 months, how would you describe how you met your ongoing commitments?



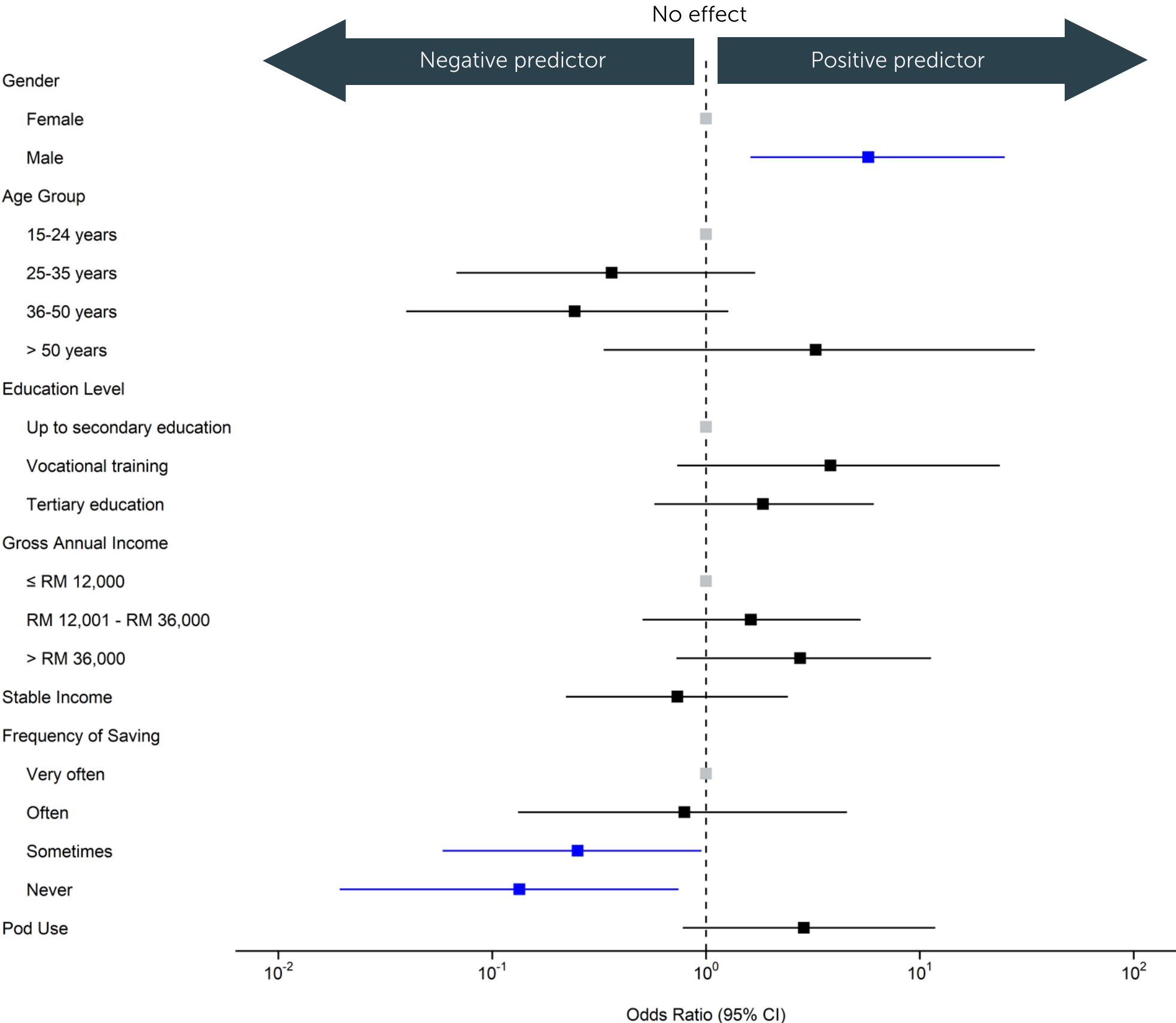
More than two-thirds of GoGetters are able to meet their bill and credit commitments all/most of the time.

Women find it harder to meet daily commitments than men—this finding resonates with some research that shows that women do less favorably on meeting daily commitments.

Those who save frequently are better able to meet their bill and credit commitments.

Again, Pod users excel in this indicator.

Males and those who save frequently  
are better able 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.

Male GoGetters are better able to meet their bill and credit commitments compared to their female counterparts.

Nonfrequent savers are significantly more likely to have problems meeting their bill and credit commitments.

# What does financial health mean to GoGetters?

## What is financial health to you?

“Financial health is about getting to do what you want without worrying where the money is going to come from. It is about financial independence and no obligations to anyone.”

Male, 25 years, part-time GoGetter

“I feel financially healthy after I have money left over upon paying all my debts and expenses. I can then use this money on myself and save the rest.”

Female, 26 years, part-time GoGetter

Findings from the focus group discussions

## Key themes

- Fewer worries about finances
- Having money left over
- Financial independence

## Feeling of financial control

“ I do my best to control, but sometimes it's out of my control. Unpredictable circumstances like rain can get in the way of earning income. Sometimes [I am] in control [of my finances], sometimes [I am] not. ”

Male, full-time GoGetter

“ In the past 3 months, I have felt more in control of my financial life than ever before. Debt is the main reason for this. Now that I have paid off my housing and car debts, I feel I have more control over my finances and it feels good. ”

Male, 35 years, full-time GoGetter

Findings from the focus group discussions

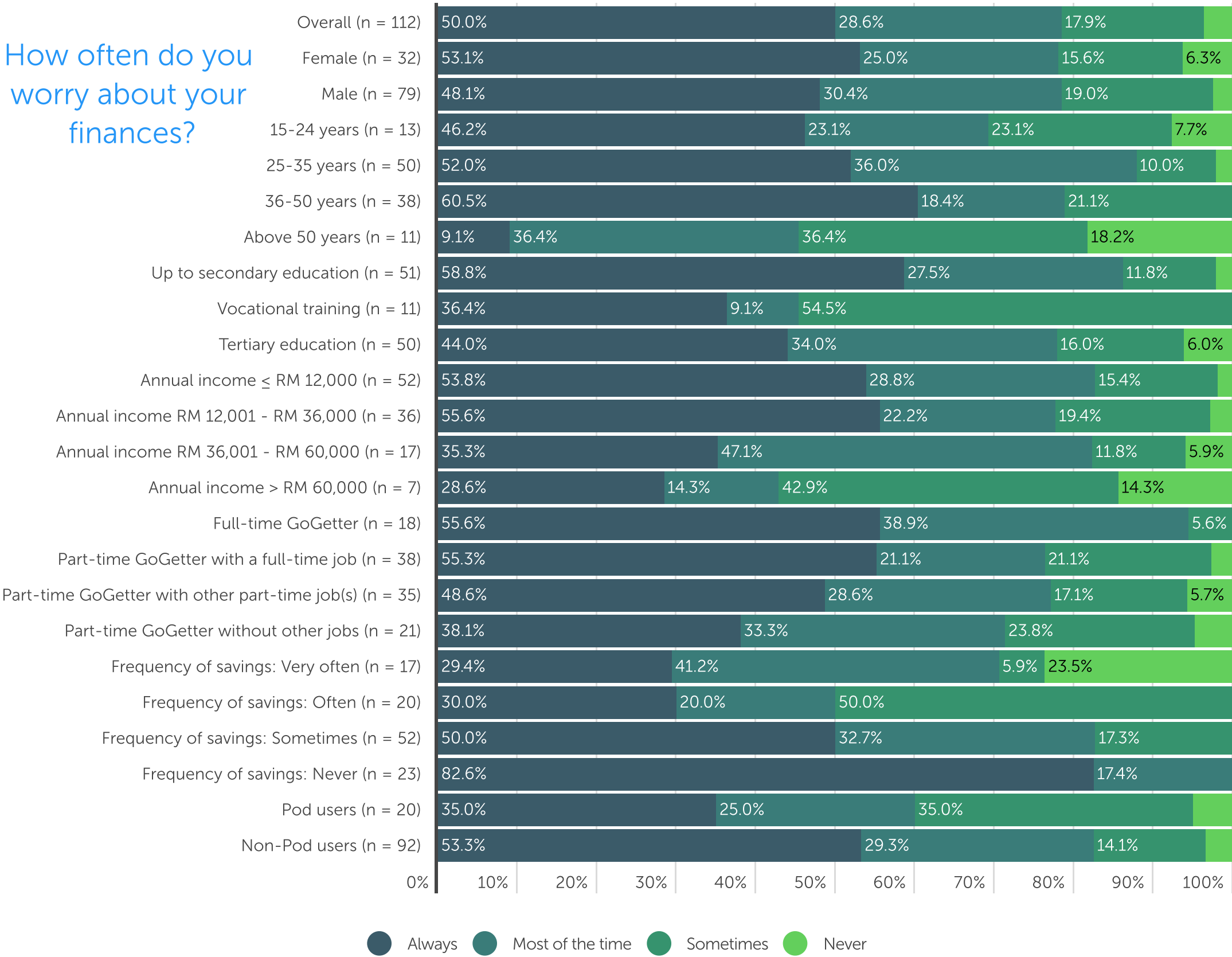
## Key themes

- A feeling of financial control is not consistent
- Too much financial responsibility is widespread
- Paying off debt is a burden



# Most GoGetters have financial worries; Pod users worry less about their finances

How often do you  
worry about your  
finances?

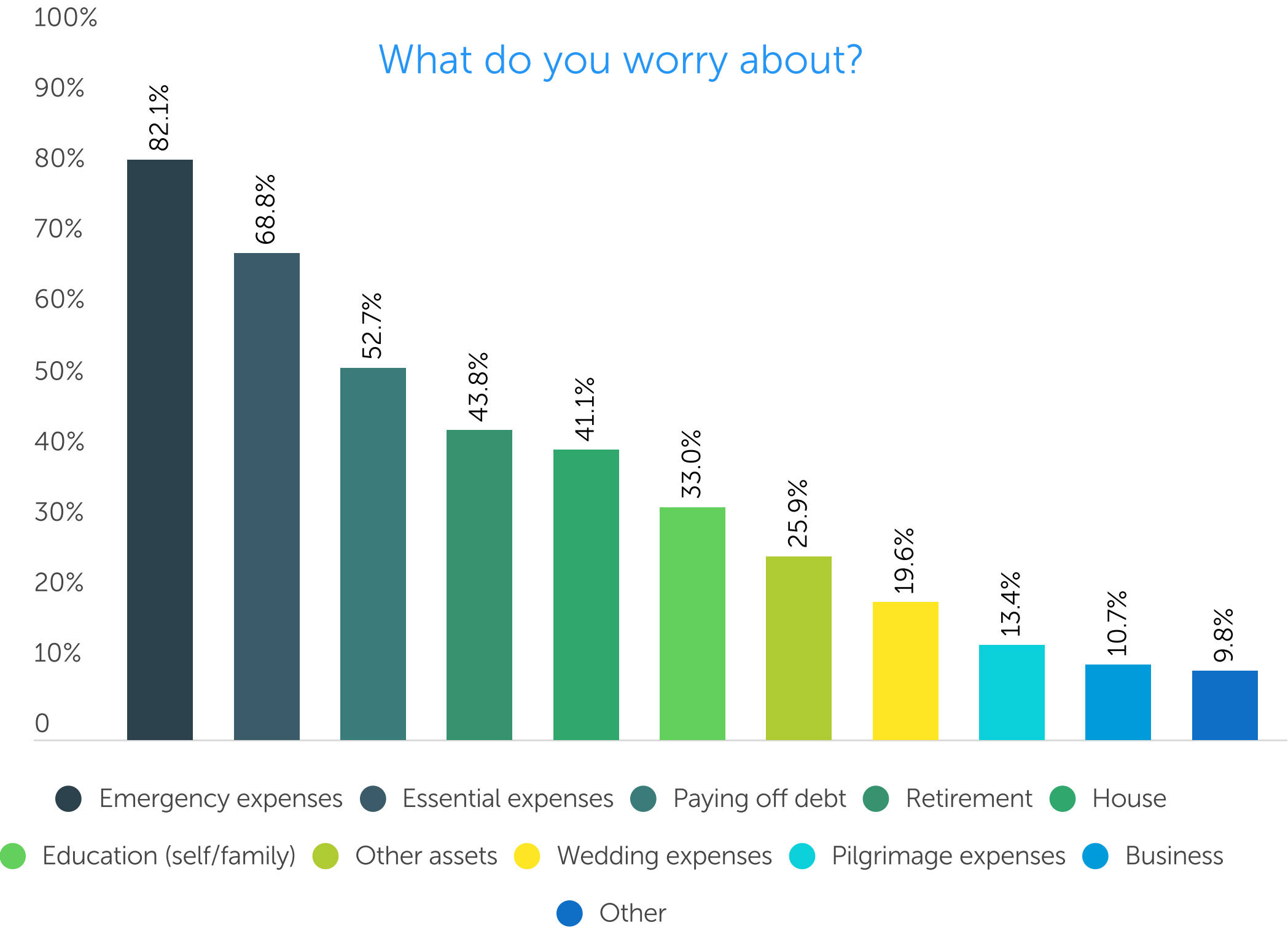


Half of GoGetters are constantly worrying about their finances; another quarter are worried most of the time.

Higher income earners, frequent savers, and Pod users worry less frequently about finances.

# GoGetters worry about unexpected emergency expenses and essential expenses the most

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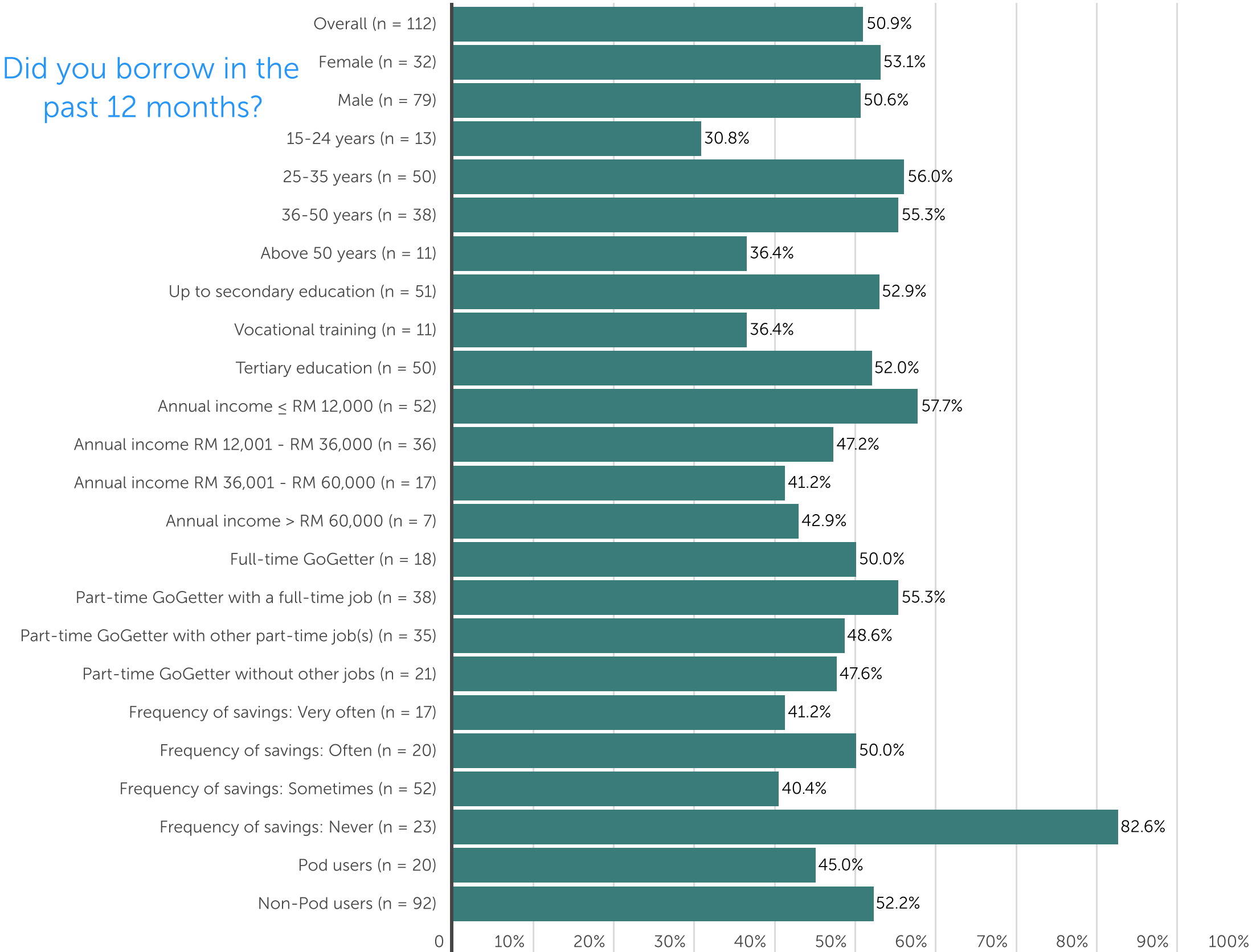
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GoGetters' primary concern are unexpected emergencies and essential expenses, followed by debt, retirement, and home ownership in that order.

What are the borrowing and savings patterns of GoGetters? What are their needs and preferences?

# Low income and low savings are correlated with having borrowed in the past year

Did you borrow in the past 12 months?

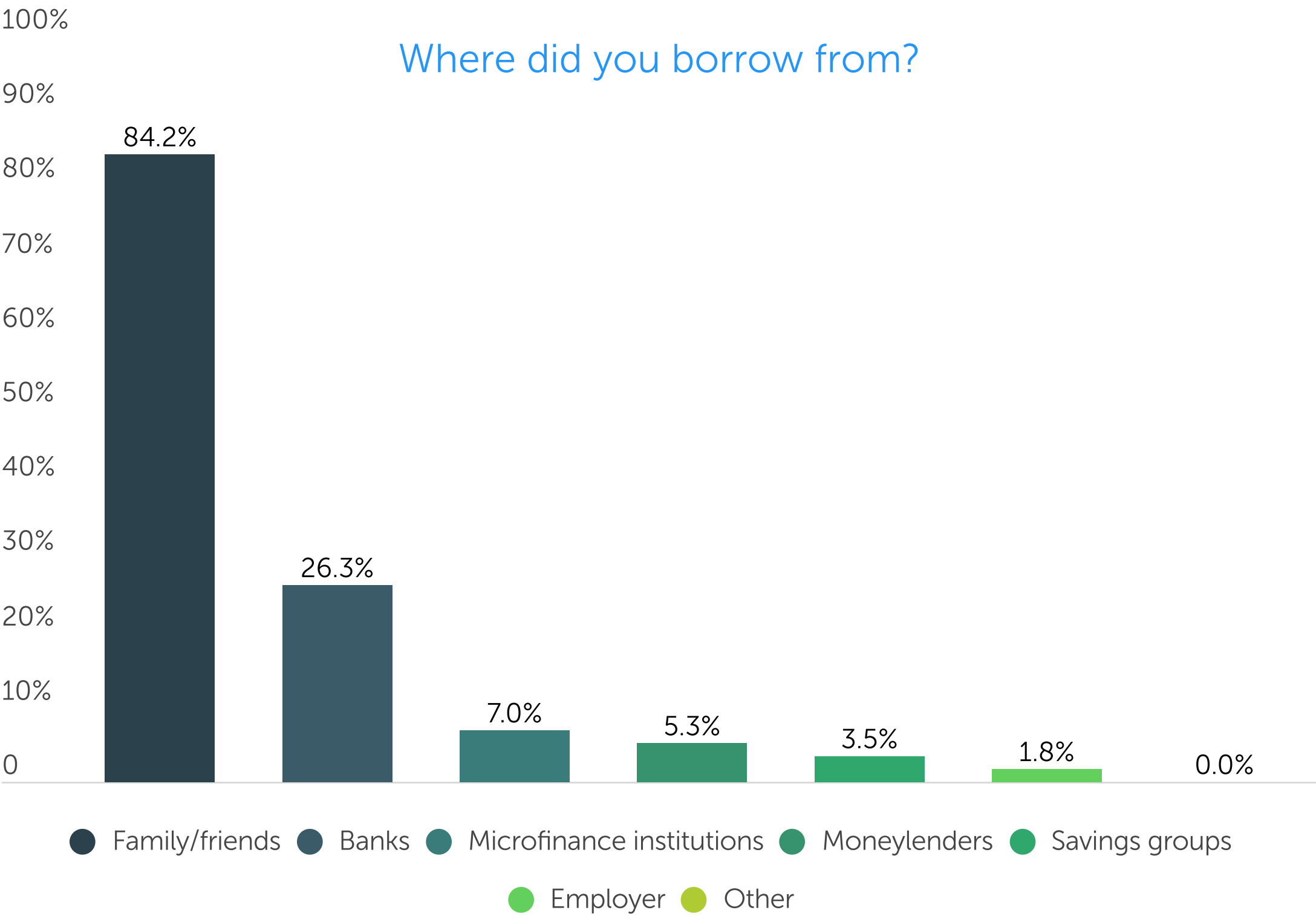


Overall, about half of GoGetters have borrowed money over the past year.

Most of those who never save have a history of borrowing over the past year.

# Social capital ranks high among sources of borrowing

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Family/friends remain the most important source when the need to borrow money arises, highlighting the importance of social capital.

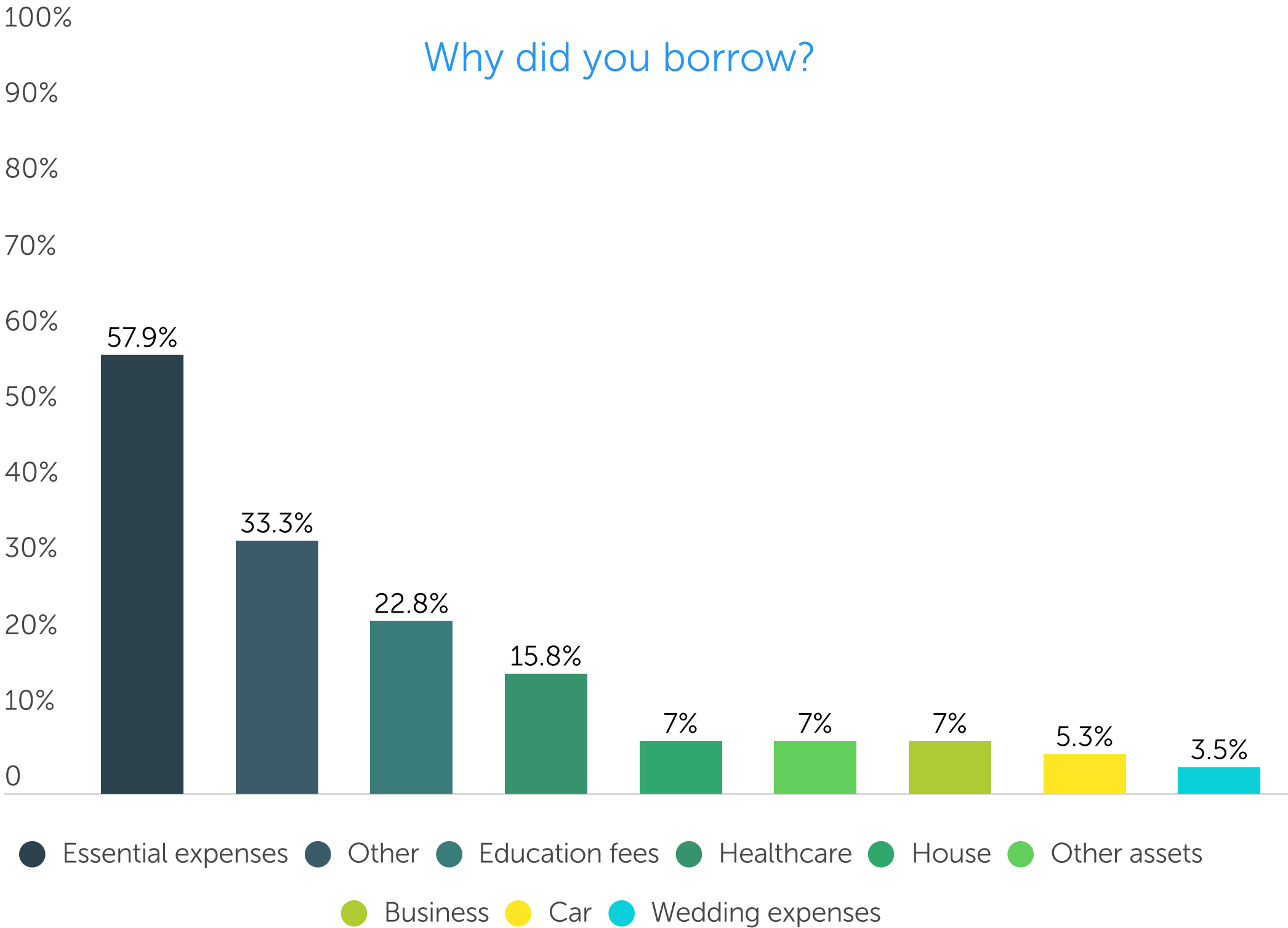
This finding could be attributable to personal preference, lack of awareness about other means, or inaccessibility to other means among GoGetters.



# Purpose of borrowing is mostly to meet essential expenses

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Why did you borrow?



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More than half the respondents borrowed money to fulfill essential needs.

Miscellaneous expenses, education, and healthcare are other reasons to borrow money.

What does savings mean to you, and why do you save?

“ I use savings to control myself. If I start spending first, I know for sure I will not save. So, I save first. I draw from a piggybank tradition I am accustomed to since my childhood. I stash away 20 and 5-ringgit notes in this piggybank to this day in addition to saving in a bank. ”

Female, 26 years, part-time GoGetter

“ It is very hard to save for young people, [who are] 26 and below, because we are tempted to spend money. ”

Male, 25 years, part-time GoGetter

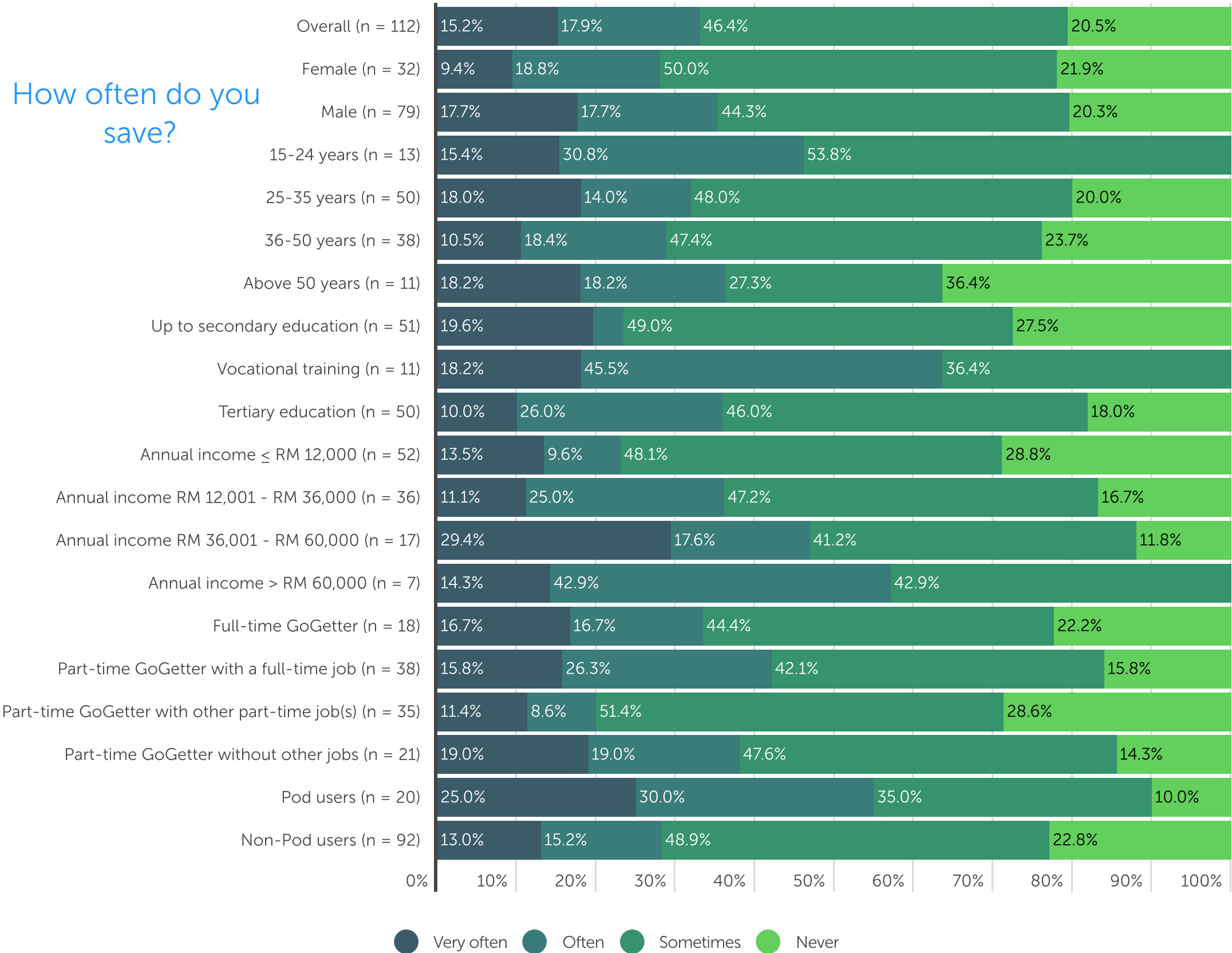
Findings from the focus group discussions

Key themes

- Savings are generally for emergencies, health and education needs, and retirement.
- All of them have a savings account in a bank.
- Younger people find it harder to save.

# A third of GoGetters save frequently, and those who use Pod are more likely to be frequent savers

How often do you save?

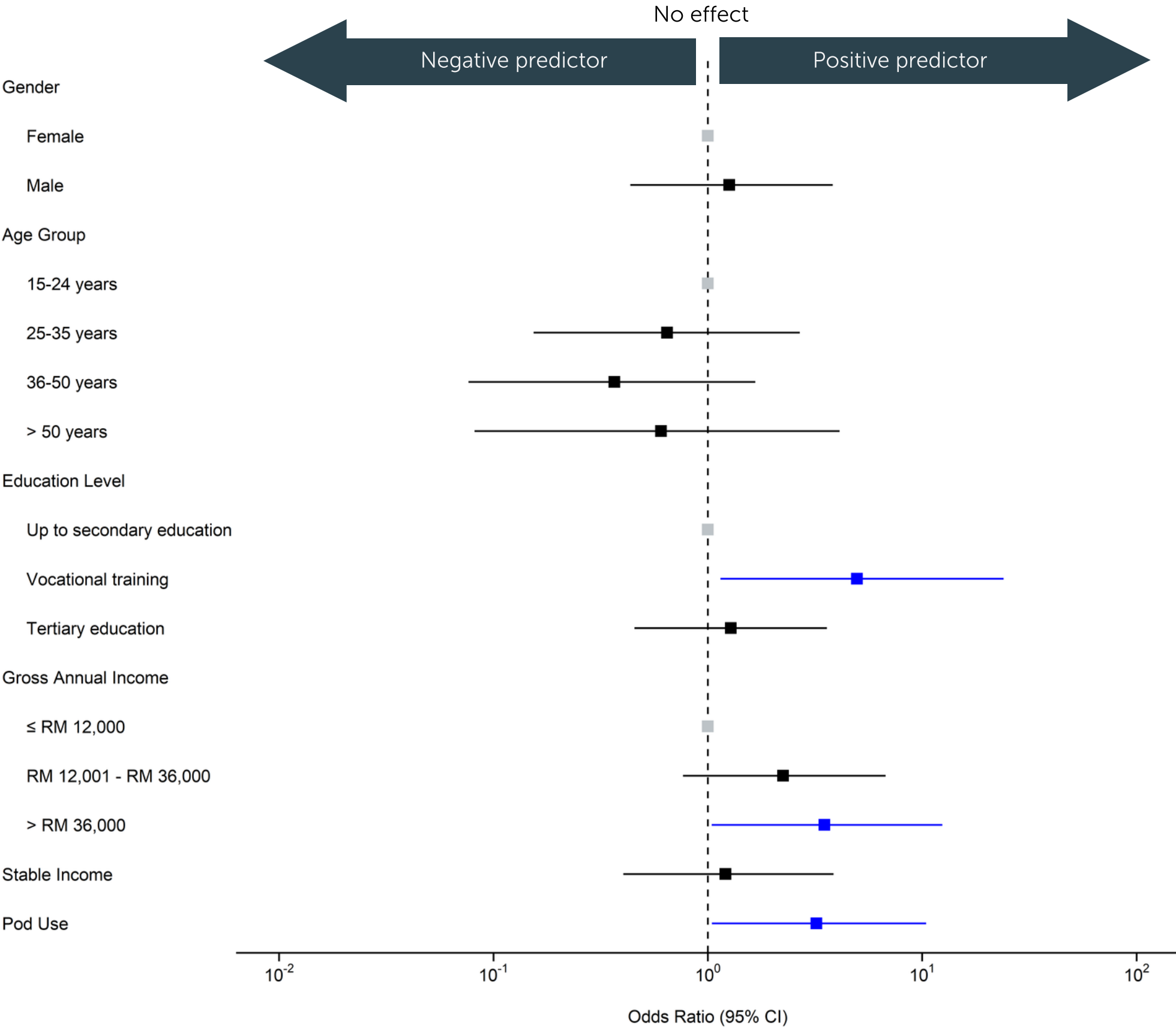


One-third of GoGetters are frequent (often or very often) savers.

GoGetters with higher income levels and those who use Pod save more frequently.

20.5% of GoGetters do not save their money, similar to the national non-saving rate of 21% revealed by Ringgitplus Malaysia Financial Literacy Survey 2019.

Higher income and the use of Pod are significant predictors of frequent savings behavior



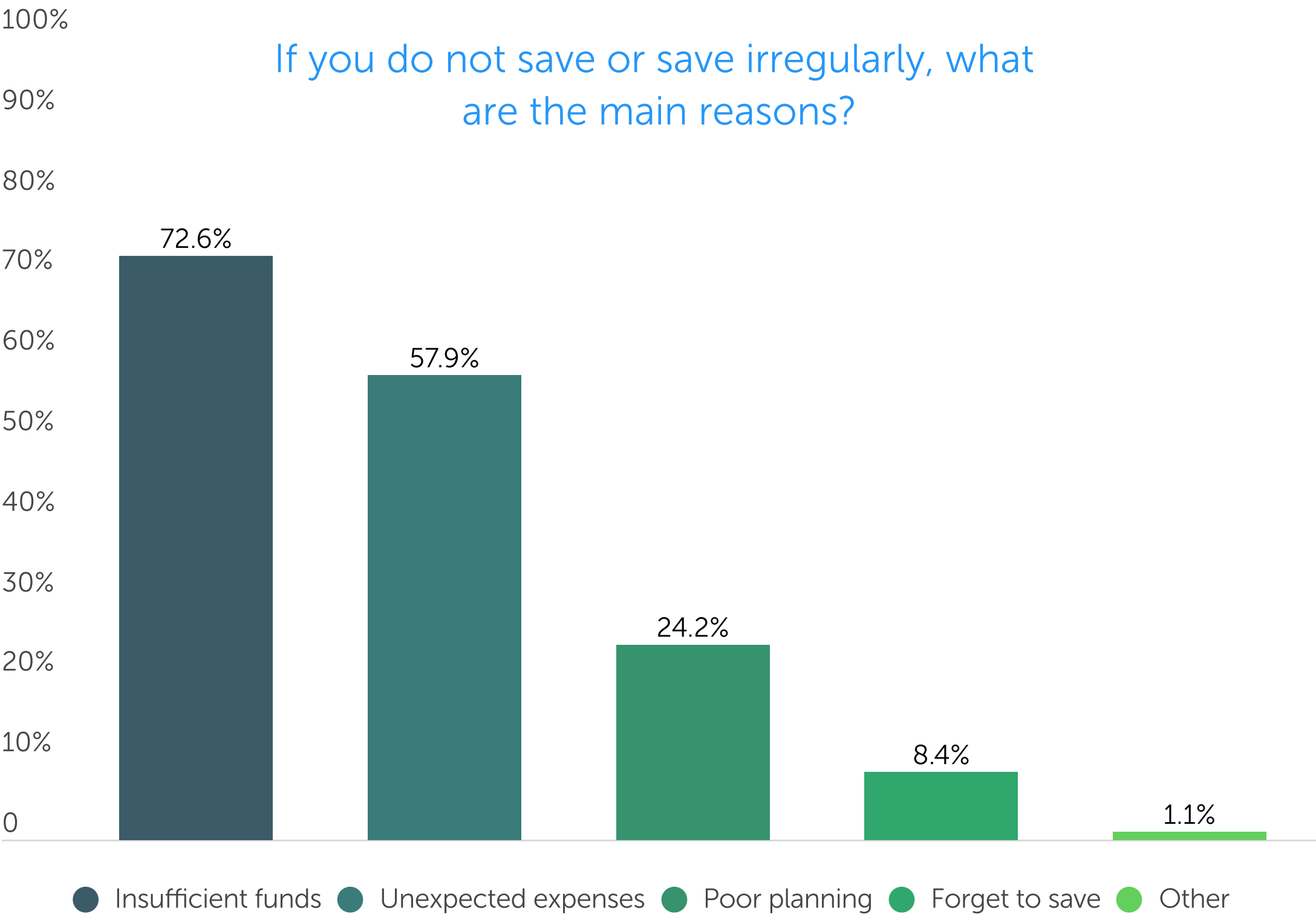
**Note:** Positive predictors predict in the direction of outcome, i.e. the outcome (frequent savings behavior in this chart) is more likely to occur. Negative predictors predict in the opposite direction of outcome, i.e. the outcome (frequent savings behavior in this chart) is less likely to occur. 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.

Vocational training, annual income of more than RM 36,000, and Pod use are significant predictors of frequent saving behavior.

As educational attainment and income are not directly modifiable, promoting Pod to increase the savings rate among GoGetters could be considered.

# Insufficient funds and unexpected expenses are top reasons for infrequent savings behavior

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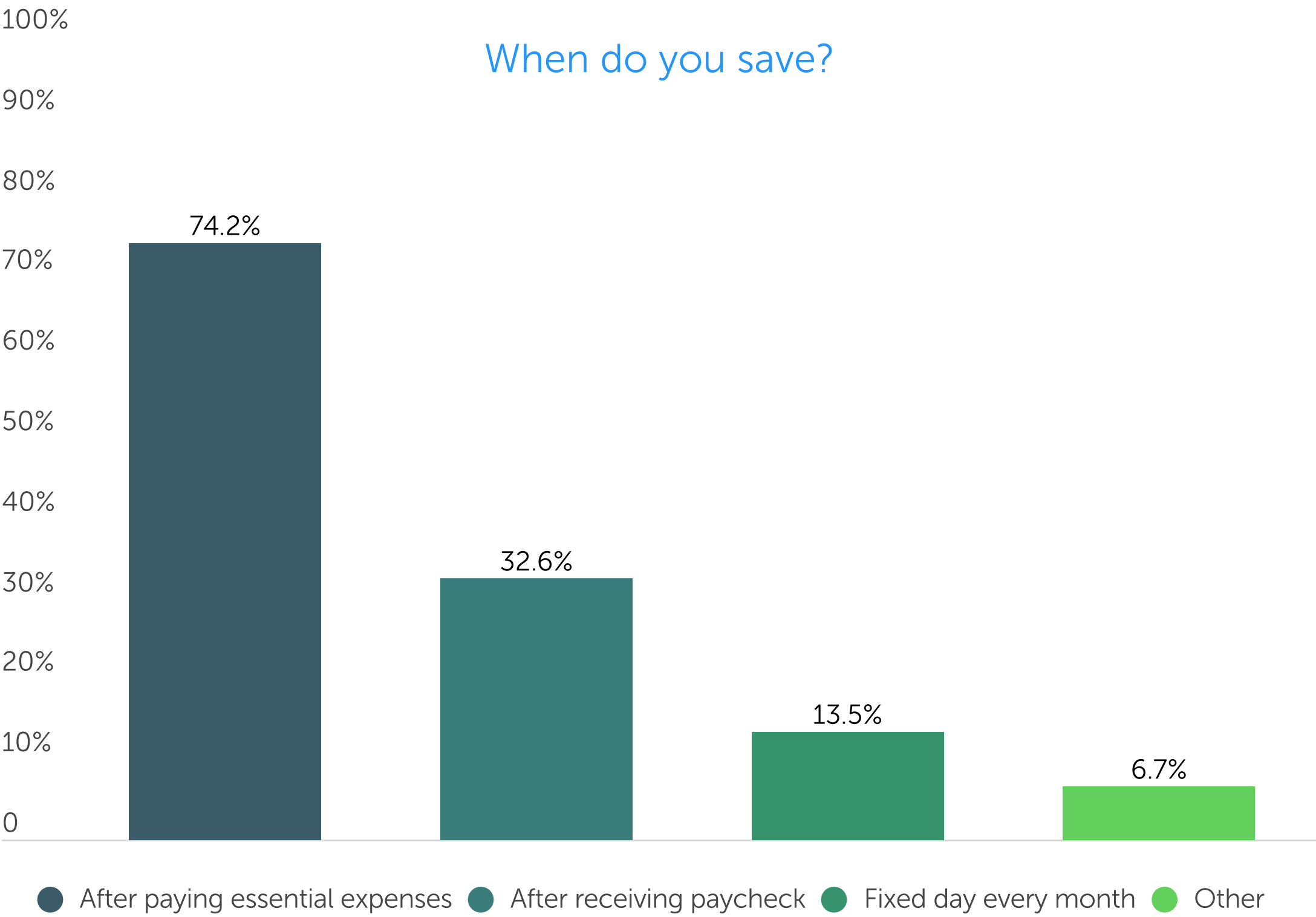
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- Insufficient funds and unexpected expenses are the most common reasons for not saving regularly.
- This could often be an issue of poor planning or poor estimation of financial commitments.



Majority of GoGetters save after paying off essential expenses, not before

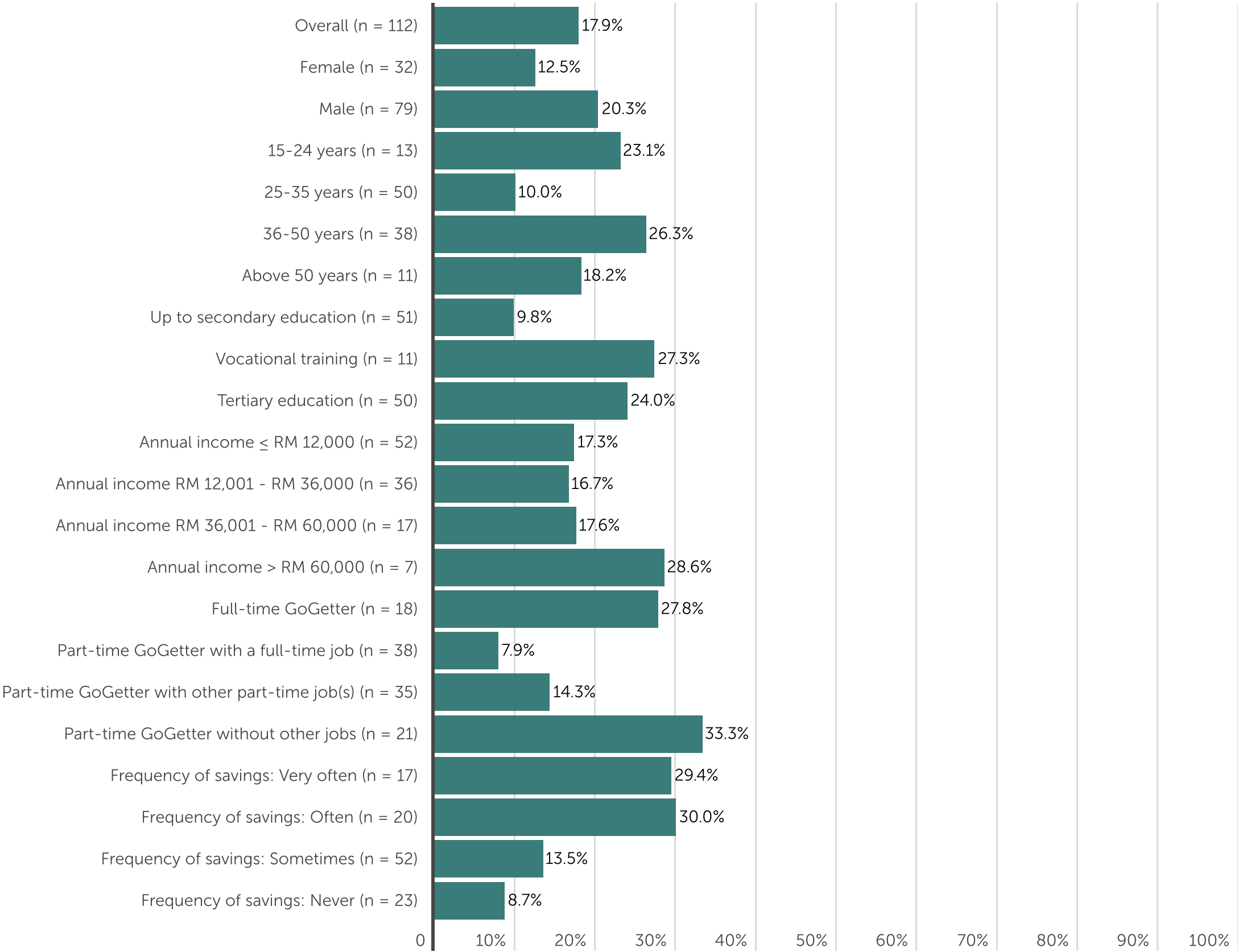
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Majority (74.2%) of GoGetters save after paying off all expenses; saving after receiving one's paycheck comes a distant second (32.6%).

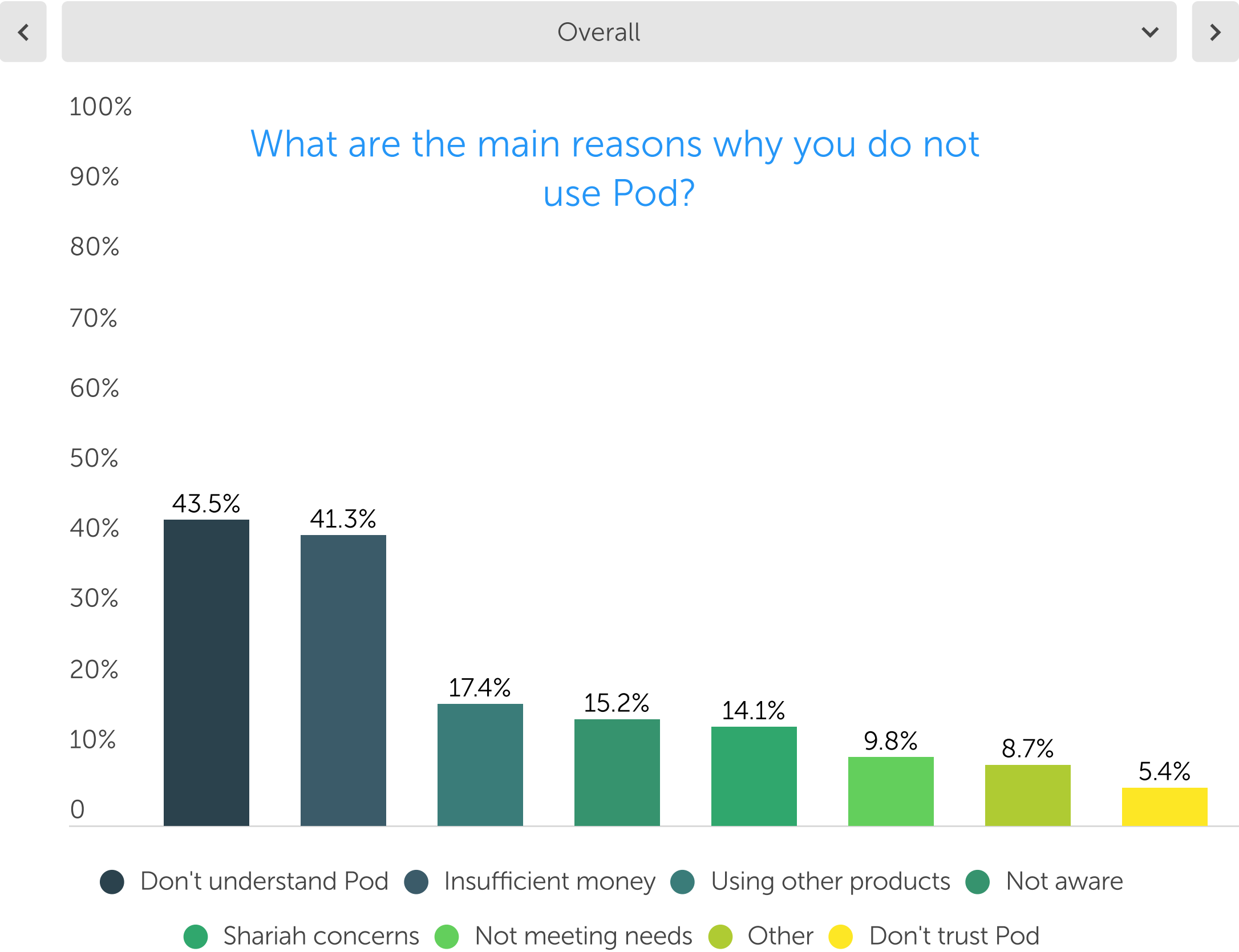
# Using Pod on GoGet



1 in 6 GoGetters use Pod on GoGet.

Those with higher educational attainment, those earning more than RM 60,000 a year, those relying on GoGet as the sole income source, and those with a frequent savings habit tend to be Pod users.

Limited understanding of Pod's use and insufficient funds are the primary reasons for not using Pod

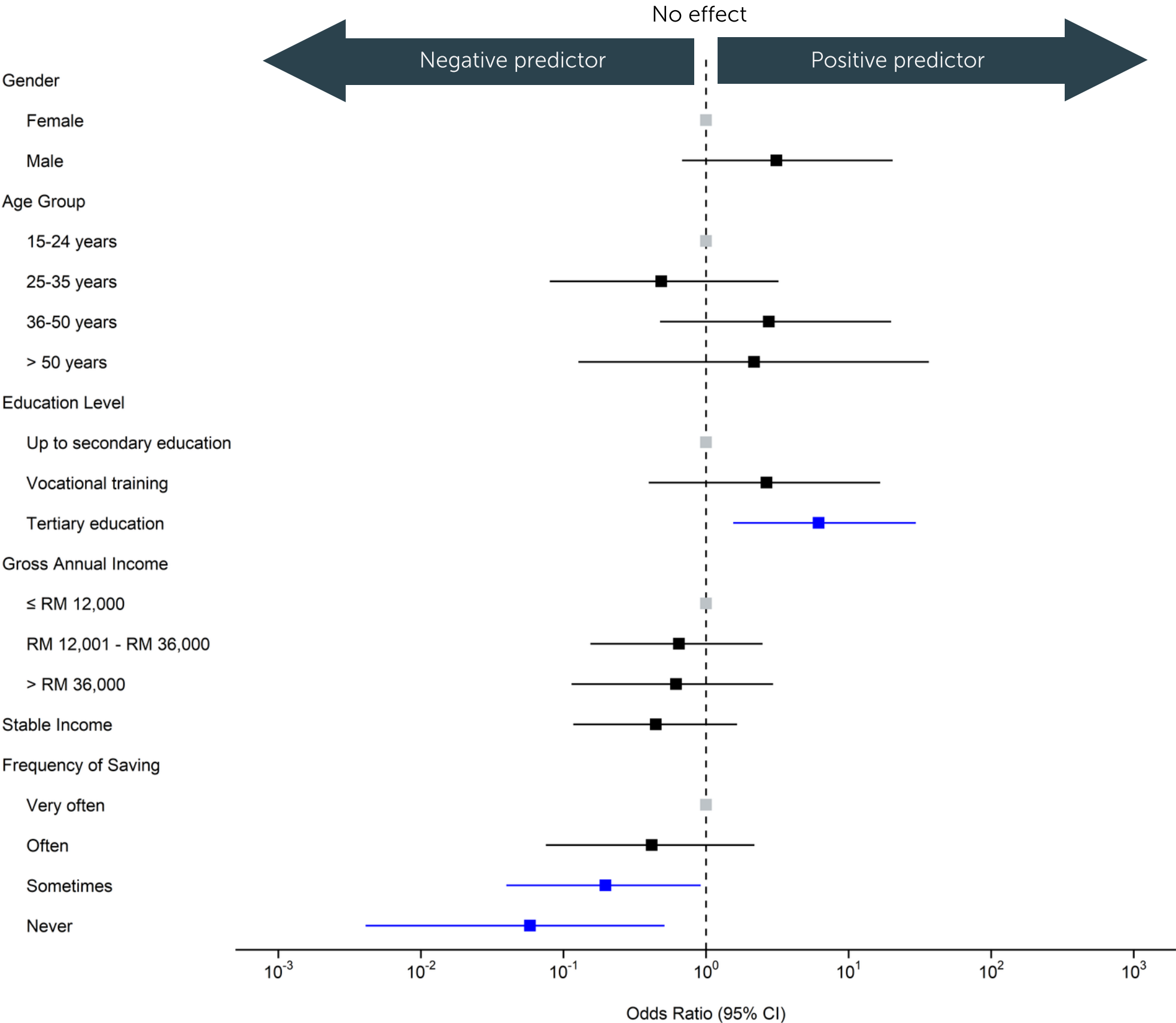


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43.5% of GoGetters who don't use Pod do not understand how to use Pod and 15.2% of them are not aware of Pod.

About 40% cite lack of sufficient money as a cause.

Tertiary education and savings a habit are significant predictors of Pod use

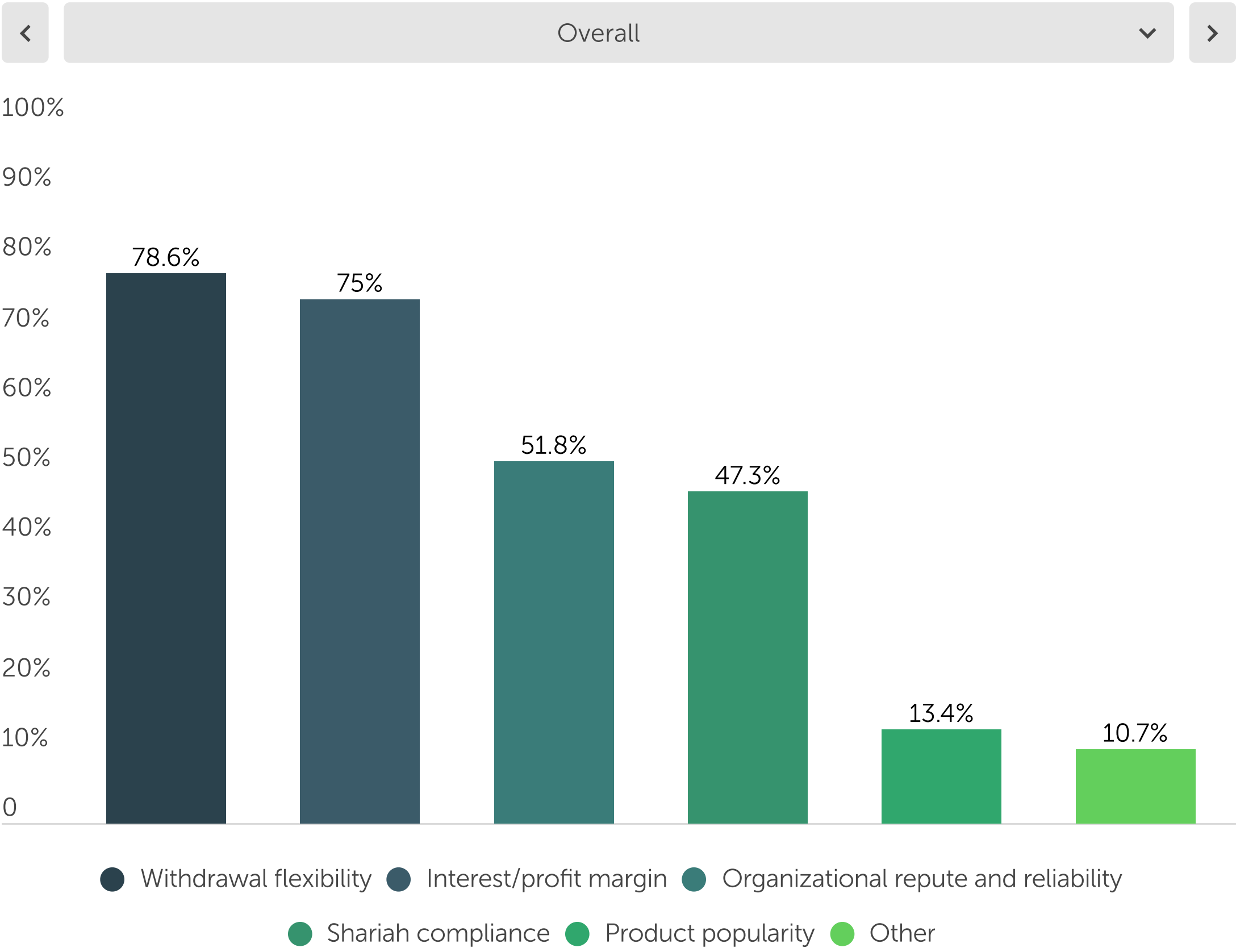


**Note:** Positive predictors predict in the direction of outcome, i.e. the outcome (use Pod in this chart) is more likely to occur. Negative predictors predict in the opposite direction of outcome, i.e. the outcome (use Pod in this chart) is less likely to occur. Reference categories to which the predictors 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. Individuals who save more frequently (or less frequently) are more likely (or less likely) to use Pod. Individuals who use Pod (or do not use Pod) are more likely to save frequently (or less frequently).

Tertiary education is a significant predictor of Pod use among GoGetters.

Relation with frequency of savings could be bidirectional—individuals who save less frequently are less likely to use Pod, while individuals who do not use Pod (or use Pod) are less (or more) likely to save more frequently.

# What features do you value in savings products?



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Features most valued in a savings product are liquidity and interest rates, followed by organisational reput and Shariah compliance.



## Shariah Compliance

Shariah compliance means adherence to the Islamic or Shariah law. The central tenets of Shariah law are the following:

Sharing of profit and loss

The prohibition of the collection and payment of interest by lenders and investors

### Key themes

- Prefer Shariah-compliant products but are willing to let go if Shariah-compliant products are not available.
- For credit products, interest rates and costs supersede Shariah compliance.

# Summary Findings

# Summary Findings

Most GoGetters are able to meet bill and credit commitments; however, fewer are able to deal comfortably with a financial emergency of RM 1,000 (approx. USD 240).

Those in the lowest income bracket experience the double whammy of low and unstable income; they are also the group who save the least and borrow the most.

A regular savings habit is a significant predictor of good financial health outcomes, including the ability to deal with financial emergencies. However, only a third of GoGetters save frequently.

Women tend to be worse off in managing bill and credit commitments but are better able to handle financial emergencies.

The use of Pod is a significant predictor of weathering financial emergencies and meeting ongoing commitments. Pod users also worry less about their finances.