

Center for  
Inclusive Growth

**Improving Financial Health  
in Cambodia's Garment  
Sector through Responsible  
Wage Digitalization:  
Benefits for Women  
and Business**

October 2023





The garment industry in Cambodia provides around 1 million workers with access to formal employment, 80% of whom are women.<sup>1</sup> While these jobs offer a regular income, they are at minimum wage and often in cash. This makes it difficult for workers, especially women, to manage their finances. Many garment workers are unbanked – only 33% of adults in Cambodia have a financial institution account, limiting saving ability<sup>2</sup> and there are high levels of indebtedness<sup>3,4</sup>.

The momentum in wage digitalization in Cambodia provides an entry point for improving garment workers' financial health.<sup>5,6</sup> While many factories have moved to digital wages, it is estimated that about 50% continue to pay in cash.<sup>7</sup> This is often inefficient and risky for employers and disempowering for workers, especially women as they have less control over their wages. Where wages have already been digitized, workers still need support to be able to use and benefit from their payroll accounts, otherwise they will simply withdraw 100% of wages on payday.<sup>8</sup>

In Cambodia, RISE and Mastercard Center for Inclusive Growth have partnered since 2019 to support and scale gender intentional wage digitalization in the garment sector. Through the partnership, employers receive guidance and advice on planning, and digitizing their payroll while ensuring the specific needs of women workers are considered.

Building financial capability for workers, especially women, is a vital part of wage digitalization in order for them to build the knowledge and confidence they need to accept, use and benefit from their new payroll accounts.<sup>9,10</sup> Through RISE Transform Financial Health Program, women and men employees receive gender sensitive training including the technical aspects of how to use their new payroll accounts and associated financial services, as well as lessons on financial planning, budgeting savings and discussing finances with their families, designed to help them manage and control their money, building independence and resilience in the process.

This report sets out the results<sup>11</sup> from supporting 17 garment factories in Cambodia with over 25,000 workers (85% women) with wage digitalization, and enabling workers to access, use and benefit from their accounts. The benefits are clear:



**54 percentage point increase of workers (men and women) using mobile money accounts** including for merchant payments, sending remittances, topping up airtime and paying bills.



**38 percentage point increase of women saving regularly** including for expected expenses (such as medical bills, household items), for emergencies, and to buy land.



**25 percentage point increase of women reporting confidence to manage financial emergencies.**



**84 percent reduction in admin costs dedicated to preparing and disbursing payroll.**

RISE, and Mastercard also collaborate with ILO's Better Factories Cambodia and TAFTAC<sup>12</sup> to scale responsible wage digitalization across Cambodia's garment, footwear and travel goods sector. This report includes recommendations for global brands and buyers, financial service providers and other key stakeholders to support this scale up in a way that can lead to improved financial health for women workers across the industry.





# Business Efficiency

Wage digitalization yields significant payroll and production savings



96% of men and women preferred to be paid digitally up from 62% before the program. Main reasons cited included it being safer, easy to transfer money and buy goods.



Employers reported saving on average \$16,000 a year on payroll costs through wage digitization. Managers spent approximately 4 minutes per worker to transport, count, batch and distribute cash wages per payday, twice per month<sup>13</sup>.



Workers are away from the production line for around 17 minutes per pay day, twice per month to receive their cash wages. For an average factory of 1500 workers, this represents a saving of around 850 hours of production time every month.



**Industry View**

“When it became mandatory to pay wages to workers twice a month, our admin time on payroll increased significantly. Now we have digitized our payroll it is much faster. **We save 2-3 days a month** that we would have spent on payroll admin and **workers are now saving, buying goods online, transferring money, paying bills and buying insurance for the future of their children.**”

**KHIN CHOMNAB | COMPLIANCE OFFICER | SUN HSU, CAMBODIA**



**Wage Digitization in Cambodia’s Garment Sector: Benefits for Women and Business – Stakeholder Event in October 2022 organised by two of RISE’s Founding Partners BSR’s HERproject and ILO’s Better Work (Better Factories Cambodia);** L–R Khin Chomnab, Compliance Officer, Sun Hsu; Chanratana Som, Former Sustainability Manager, Gap; Sotheary Meach, Executive Director, CWPD; Christine Svarer, Executive Director, RISE.

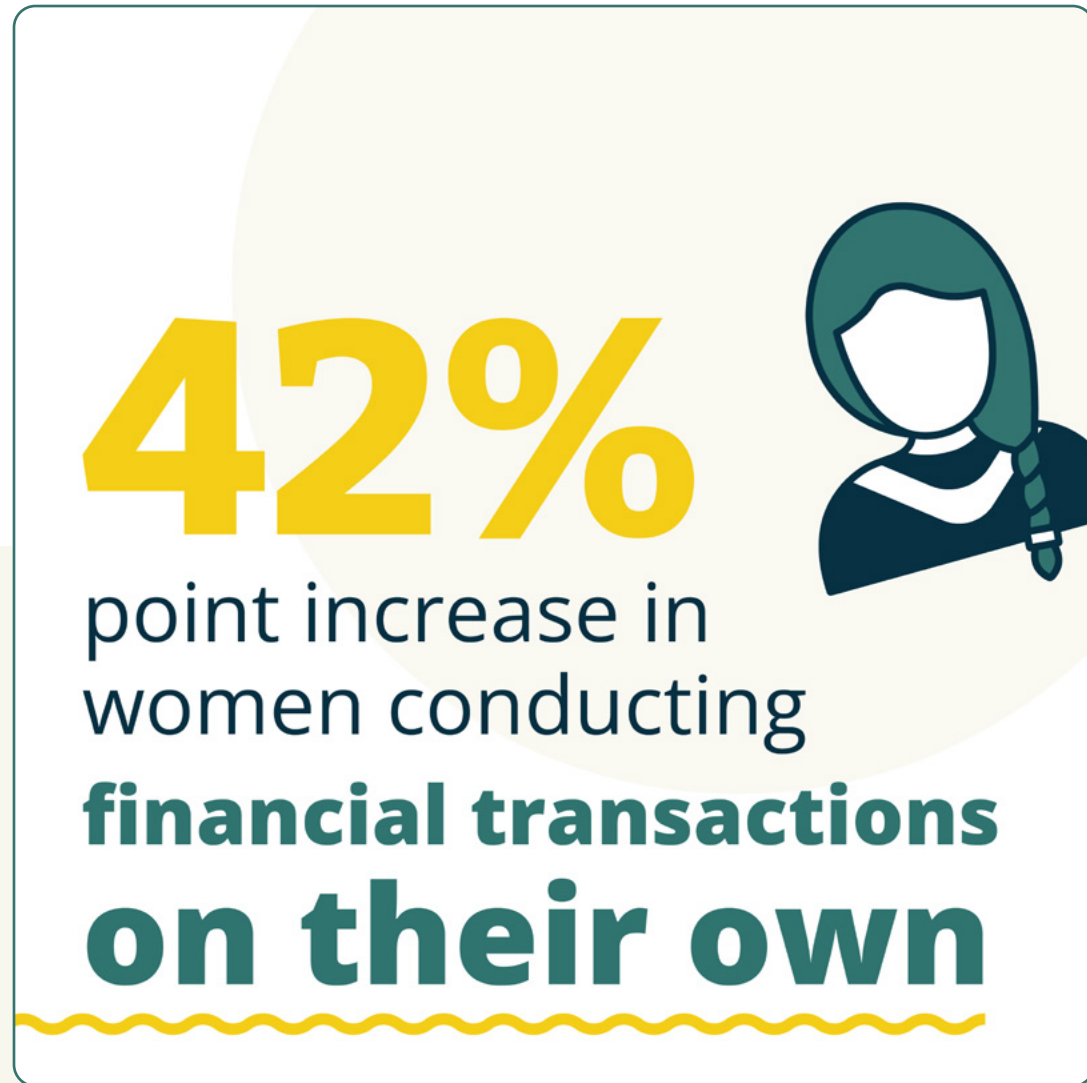


# Financial Services

Women and men workers increased access to and usage of financial products and services



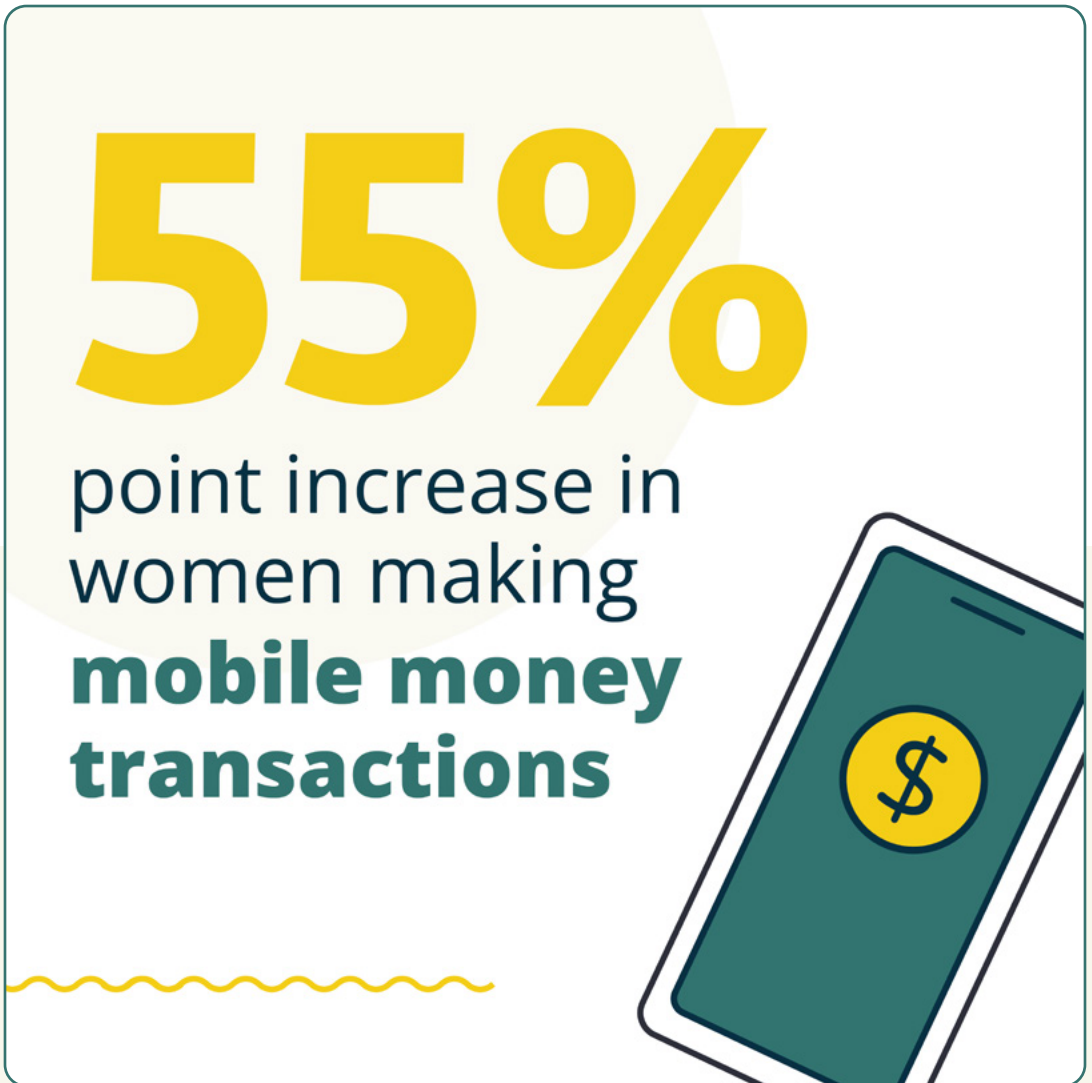
98% of men and 99% of women were paid into a digital account up from 34% and 37% before the program.<sup>14</sup> For many workers this is their first financial account.



93% of women said they conduct financial transactions rather than relying on a family member, friend or agent or not knowing how to, up from 51% before the program. However, workers, especially women, still share their pin no, account details and/or access to their phones (and therefore mobile money accounts) with others.



88% of women said they owned a smart phone at the start of the program however only 54% said they own a mobile phone sim card registered in their name. By the end of the program, 99% of women said they owned a smart phone and 78% of women said they have a mobile phone sim card registered in their name.



98% of men and 96% of women had a mobile money account registered in their name at the end of the program, up from 45% and 42% respectively at the start. 66% of men and women said they used their mobile money account to pay for goods, 41% to pay a friend or family member, 20% for airtime transfer and 17% to pay electricity bills.





## Worker View

"I prefer to be paid into an account [than cash wages]. **It's safer and more convenient.** I can cash out whenever, pay bills online and top up airtime. I use a QR code to pay merchants. I used to keep my savings [in cash] at home in a cabinet. **Now I would keep my savings in a savings account.**"

**KAM | GARMENT WORKER  
PHNOM PENH, CAMBODIA**



# Expenditure

Workers improved their management of expenses



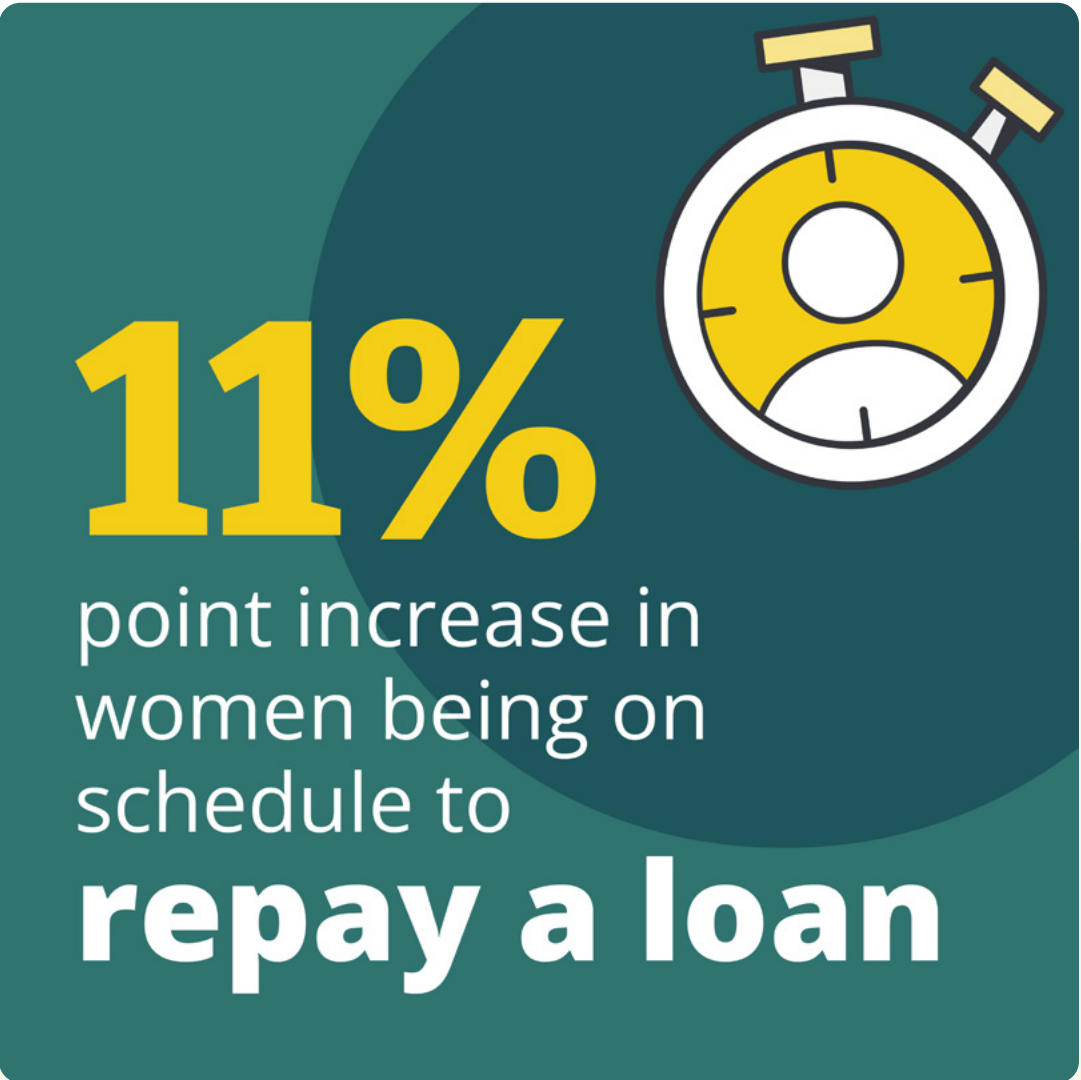
**26%**  
point increase in women reporting **confidence** to manage **expected expenses**

92% of women and 93% of men said they were somewhat or very confident compared to 66% and 72% before the program.



**67%**  
point increase in women **tracking** their **monthly expenses**

80% of women and 68% of men reported tracking their monthly expenses compared to 13% and 14% before the program. It is common for women to manage the household budget for purchase of smaller items such as groceries in Cambodia.



**11%**  
point increase in women being on schedule to **repay a loan**

62% of women and 53% of men reported being on schedule to repay a loan held by them or their family compared to 51% and 54% before the program. The main reason for taking loans was to buy a house, property or land, or to start a business. Married workers were more likely to report taking a loan than unmarried<sup>15</sup> workers.

This increase in being on schedule to repay loans is positive however some studies suggest that **women disproportionately bear the responsibility of loans nationally** and are worn out from struggling to pay back debts. As a result, **women are reducing their food consumption** due to wage reductions from factory closures, suspensions and cuts in working hours which are still commonplace in Cambodia post-Covid-19 with unreliable orders from buyers.<sup>16</sup>



## Worker View

**“My wages are safer on payday now.** I keep my wages in my account until I need to spend them. I also use my account to top up my phone airtime – this is helpful as the factory is far away [from my family]. **I also send money home. I don’t have any loans. I am saving to buy land and gold jewellery.**”

I am happy to get **knowledge from [RISE] training and share with others.** It’s useful to learn how to use mobile money and being able to do airtime top up. I tell people to be careful with their phones now that it’s linked to their ID card/mobile money account.”

**HUY | GARMENT WORKER  
PHNOM PENH, CAMBODIA**





Workers increased their financial resilience

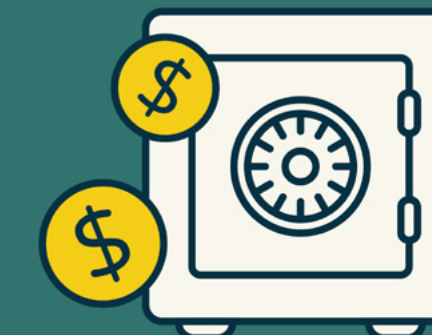
Married women were more likely to report **saving every or most months** than unmarried women. Married couples often have a double income and therefore usually have **more money to be able to set aside to save**. Married women were more likely to save for having funds at disposal for **expected expenses and in case of unexpected emergencies** whereas single women were more likely to save **to buy a house**.

**38%**  
point increase  
in women who  
**started saving  
each month**



84% of women reported saving every or most months up from 46% before the program. Similar increases were seen for men. 70% of men and women workers saving every or most months are married

**58%**  
point increase in  
women having a  
**savings  
account**



81% of women and 77% of men reported having a separate account for their savings, up from 23% and 24% respectively at the start of the program. This has led to workers saving less in cash. Only 13% of women and 9% of men reported saving in cash, a decrease from 34% and 22% before the program.

**25%**  
point increase  
in women  
**saving  
in a bank  
account**



54% of women reported saving in a bank account up from 29% before the program. 23% of women reporting storing in a mobile money account compared to only 3% before the program. 46% of women reported saving to put money aside in case of unexpected emergencies, an increase from 19% before the program. Increases were also seen for workers saving to start a business, for expected expenses, to buy a house and for children's education.





## Worker View

“I am paid into a bank account which I prefer to cash. [Following Transform Financial Health training] I’ve learnt to use my account to pay for online shopping, now I buy my children’s clothes online – **it’s much more convenient.**”

I’ve also **started saving 10 USD each month.** I transfer it to my savings account. Before I saved in a piggy bank in my room and once ants ate some of the notes, I lost about \$25. **I am saving for my daughter’s education, and for emergencies.** Also, for a future baby if I have another one.

In my spare time, I go to my farm which is 2 hours from here [the factory]. My husband looks after the farm and we grow corn, cassava and watermelon. **I also want to invest in my farm and buy a tractor.**

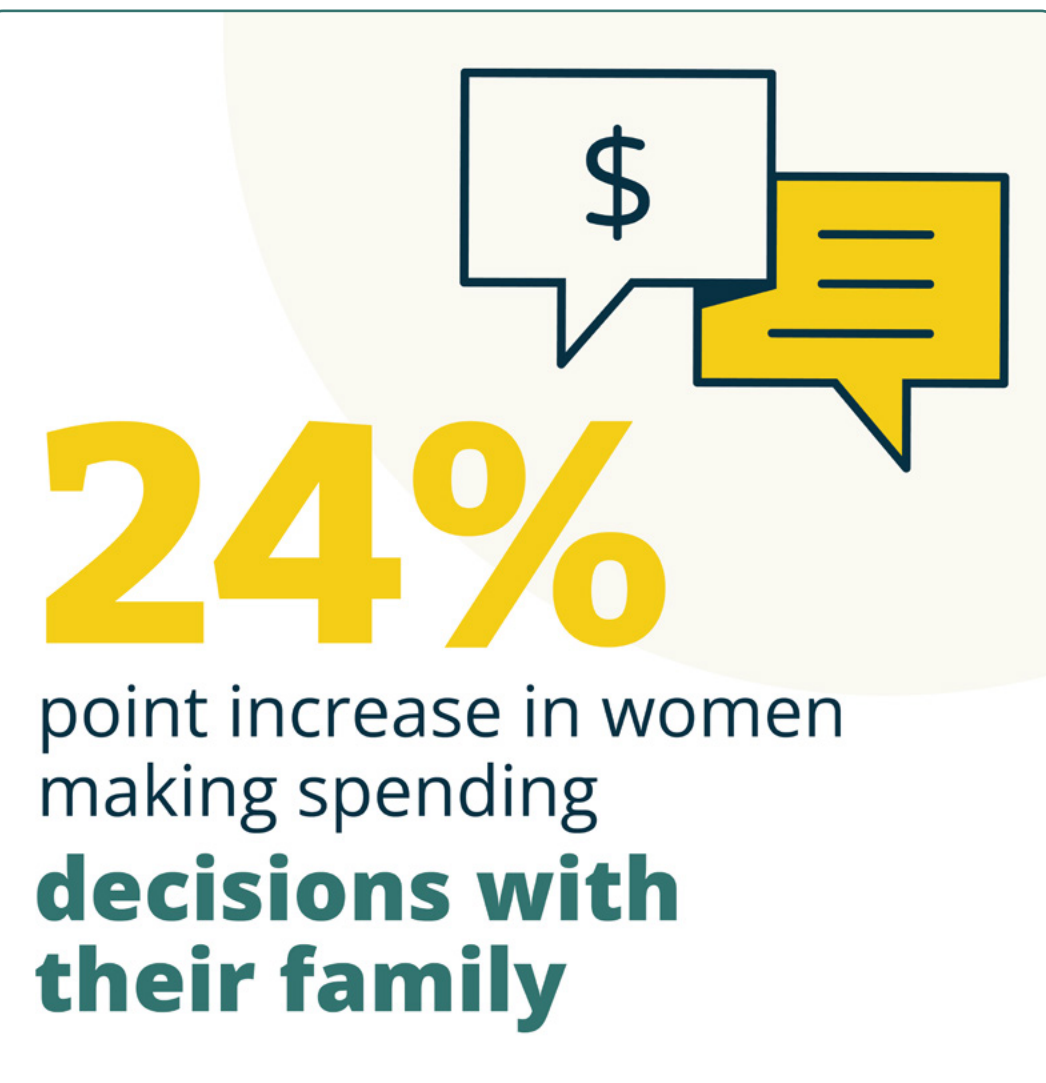
**I feel more confident now about my future expense – if someone is sick then I have savings to pay the hospital bill.”**

**CHAMPI | GARMENT WORKER  
PHNOM PENH, CAMBODIA**



## Women's Economic Empowerment

Women increase their decision making power within their family



59% of women said they make decisions with their family about household spending compared to 35% before the program. This shift to making decisions with family rather than themselves means the responsibility for household budgets is shared and is very positive given traditional norms in Cambodia.



80% of women said they are somewhat or very confident to manage unexpected expenses or financial emergencies compared to 55% before the program.

## Why it's important to take a gender intentional and intersectional approach in the Cambodian garment sector

In Cambodia, patriarchal structures and traditional norms in society remain deeply rooted.<sup>17</sup> Women are expected to be submissive to their husbands and are not encouraged to treat their husbands as their equals. Men are perceived as the main decision makers in the household and a Cambodian husband is not encouraged to follow a woman's initiatives or decisions.<sup>18</sup> Women may manage expenses such as buying groceries but men make decisions on purchasing more expensive items such as a motorbike.

Highly feminized industries require a gender intentional and intersectional approach that considers the most vulnerable social groups. The high concentration and aggregation of women workers in the garment sector in Cambodia provides a unique opportunity to close the gender gap in financial inclusion through gender intentional approaches. Engaging men is an important factor in this process. It is vital to consider specific barriers of women workers and design programs and products for their needs. Wage digitalization must be coupled with financial capability training to support women to use services and addresses social norms around financial decision making. Otherwise, women may be left behind.



## Worker View

“I always discuss and negotiate with my husband when we want to spend on something. For example, how much will we spend on children’s education [but] I don’t discuss daily food expenses with him.”

**WOMAN GARMENT WORKER  
PHNOM PENH, CAMBODIA**





## Recommendations

RISE has demonstrated that wage digitalization in Cambodia's garment sector, when accompanied with gender intentional financial capability training can lead to benefits for women and business. Multistakeholder collaboration that considers the needs of women is key to scale this up. The partnership has the following recommendations for global brands, buyers and suppliers, financial service providers and other key stakeholders to encourage and support the scale of responsible wage digitization in Cambodia:



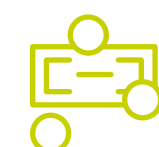
### All Stakeholders

- Support the **promotion of gender intentional wage digitalization** and advance worker's financial inclusion and economic empowerment
- Engage key stakeholders, **making the business case** on how gender intentional wage digitalization can help them meet business objectives



### Global Buyers / Suppliers

- Support **gender intentional financial capability training** for workers to improve their financial health and benefit fully from wage digitalization
- Ensure costs of digitalizing wages are **not passed onto workers** and workers can cash out their wages with no fee



### Financial Service Providers

- Drive **scaling of merchant adoption** to increase opportunity to use digital payments and commercial viability of payroll accounts
- Support development of further **financial products to enhance saving** amongst workers



### Training Organizations

- Ensure financial capability training materials **consider women's needs and address gender norms** and power dynamics that influence household and community decision-making
- Promote gender-sensitive training delivery by **building trainers capacity on addressing gender norms**, the financial needs and barriers of women and men; and using gender sensitive participatory training methods



## Industry View

“Digitizing wages can take time but the **benefits for both business and workers are clear**. Ensuring factory managers understand the gains from digitizing wages and making sure **workers are well supported and receive the right training** through the process is crucial. We are happy to encourage participation from our suppliers and share learning with other stakeholders.”

**SOKHA YUN | SENIOR SPECIALIST  
CORPORATE SOCIAL RESPONSIBILITY  
AT CARTER’S, INC.**



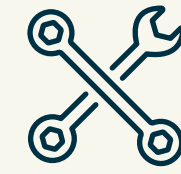


# Resources

## Digital wages and financial capability resources

The following resources developed by RISE with Mastercard are readily available online:

### RISE Digital Wages Toolkit for Employers



Sets out best practice and guidance for managers to transition towards digital payroll in a responsible and efficient manner. Available online in Khmer, Simplified Chinese, and English. For offline access, can be downloaded from Google Playstore.



### A Practical Guide for Global Brands and Buyers



This guide offers global brands and buyers practical advice and covers four stages for ensuring sustainable wage digitalization, that benefits both business and workers.



### A Practical Guide for Financial Service Providers



Developed with Mastercard this guide offers financial service providers practical advice to develop the digital wage segment, including acquisition, driving usage of financial services, and retention of new customers.



### RISE Financial Health Videos



A set of 6 videos and animation developed with QuizRR, can be used during training or shown on their own, such as in factory canteens. Playlist available in Khmer.

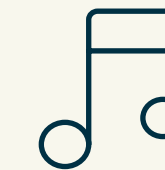


### RISE Digital Wages Tech Learning Tool for Workers



Developed in collaboration with QuizRR, uses engaging films, quizzes, and animation to support workers to increase their knowledge of financial services, improve financial health and build their digital literacy. Available online in Khmer.

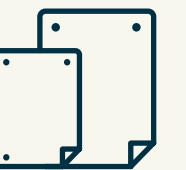
### RISE Audio Messages



A series of 5 audio messages about financial services and money management are available in Khmer.



### RISE Financial Health Posters



A set of six posters with information about financial services and management. Available online in Khmer.





## References

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2. [The Global Findex Database 2021: Financial Inclusion, Digital Payments and Resilience in the Age of COVID-19](#); World Bank Group, June 2023
3. [‘Worn out’: debt discipline, hunger, and the gendered contingencies of the COVID-19 pandemic amongst Cambodian garment workers](#) Katherine Brickell, Sabina Lawreniuk, Theavy Chhom, Reach Mony, Hengvotey So & Lauren McCarthy (2023), *Social & Cultural Geography*, 24:3-4, 600-619
4. [Over-Indebtedness in Cambodia: Findings from a Financial Diaries Study](#), Microfinance Opportunities, 2017
5. Financial Health considers how a person manages their financial life and their feelings with regards to money. It is the measure of one’s ability to manage expenses, pursue financial goals and their resilience to financial shocks which has an impact on financial wellbeing.
6. [Brief: Promoting responsible digital wage payments – Digital Wages](#). ILO, March 2023
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8. [Navigating wage digitization: A rapid qualitative review of garment workers’ experience in Cambodia – Digital Wages](#) ILO, August 2023
9. [Big potential for digitizing wage payments in Cambodia’s garment factories](#) IFC blog by Leora Klapper, Maria Soledad Requejo, and Christine Svarer, December 2021
10. [Building Women’s Financial Capability: A Path Toward Transformation](#) Center for Financial Inclusion, June 2021
11. RISE worker surveys conducted between Sept 2021 and February 2023 with 451 workers (240 women and 211 men) from 9 factories before the program and 402 workers (203 women and 199 men) from 8 factories after the program. At the start of the program 3 of the factories paid digital wages and 6 paid cash wages. By the end of the program they had all digitized their wages.
12. Textile, Apparel, Footwear and Travel Goods Association - [TAFTAC \(taftac-cambodia.org\)](#)
13. RISE Business Benefit Analysis Tool completed by 8 participating garment factories
14. See reference 11
15. This includes men and women who may be unmarried, single with or without a partner, separated, divorced or widowed.
16. See reference 3
17. [‘I know I cannot quit.’ The Prevalence and Productivity Cost of Sexual Harassment to the Cambodian Garment Industry](#) CARE International, March 2017
18. Gender Review of Cambodia Transform Financial Health commissioned by RISE and undertaken by Sotheary You, a Gender Equality and Social Inclusion consultant in April 2023

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RISE: Reimagining Industry to Support Equality is an initiative to support collaborative industry action at scale to advance gender equality in global garment, footwear and home textiles supply chains. RISE brings together the fashion industry’s four largest women’s empowerment programs from BSR’s HERProject, GAP Inc. P.A.C.E, CARE and Better Work with 15+ years’ experience of implementing women’s empowerment programs in global supply chains to build from proven approaches. RISE focuses on three interconnected priorities with the potential to create transformational improvements in the lives of women workers and support improved business outcome including Financial Health, Prevention of Gender Based Violence and Harassment and Women’s Advancement and Leadership.

[riseequal.org](http://riseequal.org)