

CFA SOCIETY SINGAPORE

A REVIEW OF THE SUITABILITY AND AVAILABILITY OF FINANCIAL SERVICES FOR GIG WORKERS IN SINGAPORE

A DIVERSITY AND INCLUSION PROJECT



2023



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CFA Society Singapore Mission

To lead the investment profession by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.

About CFA Society Singapore

CFA Society Singapore is a not-for-profit organisation in Singapore with a mission to lead the investment profession by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society. The society is also part of a worldwide network of CFA Institute member societies.

In Singapore, the society represents the interests of more than 4,300 investment professionals through advocacy, education, events, and professional development -

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Executive summary

Why gig workers?

When we put on an inclusion lens and look through them, the Singapore landscape throws up groups of people which the financial sector often underserve. One group caught our eye—gig workers. Singapore's Ministry of Manpower (MOM) defines them more formally as own account workers (OAWs)¹. In this report, we use the term gig workers, gig workers, variable income workers and OAWs interchangeably.

We believe much can be learnt from research done in this area to improve the offerings of financial products to gig workers. CFA Society Singapore believes that with the right and appropriate financial products, the variable income workers will have a higher probability of achieving their aspirations and desired retirement sum.

Who are gig workers?

We define gig workers or gig workers for the purpose of this research project as workers who are self-employed—which includes a pool of highly skilled PMET workers—and who operate without paid employees.

These self-employed workers offer their labour such as consultants, private tutors, real estate agents and private-hire drivers. With advantages such as upside in income, high degree of autonomy and flexibility, gig workers or gig workers invariably face certain challenges which are unique and different from the traditional employee.

CFA Society Singapore believes that with the right and appropriate financial products, these variable income

workers will have a higher probability of achieving their aspirations and financial success, ride out adverse shocks when they do appear, and pull ahead in the post Covid-19 world.

Gig workforce in Singapore remains sizeable

We note that the attraction for gig work ebbs and flows with the strength of the domestic economy. In 2008, during the global financial crisis, OAWs accounted for 9.3% of the resident labour force, then dropped to as low as 7.9% in 2015 but has once again risen to a recent high of 9.7% in 2020 before settling at 9.0% in 2022. In absolute numbers, OAWs numbered 257,300 as at June 2022² up from 248,500 in June 2021.

A new face of gig workers is emerging

Before the rise of virtual or online platforms, gig workers would largely be represented by workers like taxi drivers, insurance agents and real estate agents. With the growing acceptance of e-hailing platforms and online shopping, the job nature and face of the gig workers are changing. The dominant group of gig workers now include private-hire car drivers on online matching platforms as well as delivery workers. Over the last few years, the following changes in the local gig population can be observed:

- New categories of gig workers like private-hire car drivers on online matching platforms and delivery workers are now more dominant and entrenched.
- The rise of gig workers have been driven by those who are classified as Primary Preferred .

¹ MOM defines own account workers as self-employed persons who are engaged in a trade or business without employing any paid workers and includes those who have done own account work regularly over the previous 12 months ending June of that year.

² MRSD, MOM, Labour Force in Singapore 2022 pg 20

³ Primary own account workers are persons who are own account workers in their main job. This includes (i) those who are own account workers in their single job (full-time or part-time) or (ii) those who work longer hours in own account work alongside other jobs. Secondary own account workers are multiple job holders who spend fewer hours in own account work relative to other types of employment. They also include students, homemakers and retirees who do such work on the side. Those for whom own account work is not their preferred choice of work refer to persons who engage in own account work because they are unable to find work as an employee. Among multiple job holders, it includes those unable to find full-time work. Those for whom own account work is a preferred choice of work are those who do not fall into the above estimate of persons for whom own account work is a non-preferred choice of work (source: MOM Labour Force in Singapore 2018).

1. EXECUTIVE SUMMARY

- gig workers are now more well educated; those with at least a diploma or higher in 2022 now account for almost 50% of all gig workers, up from less than 40% in 2017.
- As more workers embrace gig work, a number of gig workers in the last two years have been earning less than \$1,500 of gross monthly income but this trend reversed itself in 2022 as the economy recovered.

Yet, the above observations come with a caveat. The impact of Covid-19 on the domestic economy may have skewed the data in some ways.

The face is changing but the concerns of gig workers are not

The top concerns of gig workers—facing challenges in own account work, lack of sufficient work, uncertainty of finding work, healthcare-related concerns, and retirement-related concerns—have remained much the same over the years. The scope of this report will not address the concerns relating to finding work but will instead focus on the areas related to financial services, and in the areas of savings, healthcare and retirement. In these latter areas, concerns remained very much a priority. In our recent survey, two areas stood out:

- Forty-two percent of gig workers indicated that they were not on track to accumulate sufficient savings for retirement.
- Thirty-seven percent of responses were "gig workers saying they would not see a doctor as they had no medical benefits," and twenty-five percent of responses were "gig workers would go back to work due to insufficient insurance coverage."

There are gaps and challenges faced by gig workers which firms can fill

In our survey and interviews conducted in 2021 and 2022, a few findings stood out:

- Gig workers are a heterogenous group with markedly different age, education, income, skills, and work profiles. A granular understanding of these profiles will enable firms to adopt a more targeted and profitable suite of products.
- Gig workers did not have high awareness and satisfaction of existing financial products and services as they struggled to name dedicated financial products designed for them.
- Gig workers faced challenges to investing as: (a) they need to allocate "resources" to gig work; (b) they face a hurdle in meeting minimum investment threshold required by financial institutions; (c) they feel the need to hold on to cash due to the fluctuating nature of income from gig work; and (d) they feel the quantum of returns in absolute dollars is not compelling, as a 4.0% per annum return on \$1,000 is only \$40 over a 12-month period, or less than \$4 a month.
- Gig workers did not rely on financial institutions for funding requirements but instead drew on their savings to fund training programmes, equipment investment, and pre-project funding. For these three areas, only 3%, 6%, and 9%, respectively, of gig workers relied on loans from financial institutions.
- Gig workers did not aggressively seek out medical and insurance products as seeking medical attention took time from gig work and current products did not suit their needs.

The public and private sectors have been responding

The public sector recently adopted all the twelve key recommendations by the Advisory Committee on Platform Workers. This Committee convened in September 2021 and, in late 2022, accepted the recommendations made by PwC, the consultant, which were classified into three broad areas: (a) ensuring adequate financial protection for platform workers in case of work injury; (b) improving housing and retirement adequacy of platform workers; and (c) enhancing representation for platform workers.

Meanwhile the private sector also recognises that more can be done to address the segment of the population. In our survey of 315 firms, 40% of firms say they have dedicated products and services which are meant to meet the unique needs of gig workers. This is an encouraging step yet more can be done to cater to the needs of gig workers in order to build a more inclusive society.

Post pandemic: will it change the gig path in Singapore?

The pandemic has accelerated adoption of technology and hence further enabling gig work. Covid-19 has also increased the acceptance of remote working with the majority of workers also wanting more flexible arrangements as the pandemic wanes.

Is this an opportunity or a threat?

The viability of remote work or work-from-home means workers in other countries can take on jobs which are available to the labour force in Singapore. This is indeed a threat to jobs in Singapore. More so when workers in Singapore are not competitive vis-à-vis workers in other countries.

However, if Singapore is competitive, this will indeed be a welcome opportunity. Singapore workers located here can vie for jobs in another economy especially the higher value knowledge-based jobs.

Pivot to higher value-added contributions for better outcomes

Over time gig workers should be encouraged to choose a growth or innovative path and plug themselves into the knowledge-based economy in Singapore which offers high value-added projects or jobs, as this is where Singapore's competitive strength lies in a globalised economy.

We are less able to compete in jobs where the value added is low. This is the domain of developing economies where they are likely to have the competitive advantage in terms of labour costs. Gig workers should eventually pivot to higher value-added contributions for better outcomes.

Profitability

Financial services offered in the market place must be profitable. Hence, in considering which financial services to offer, for-profit organisations would likely consider two key considerations:

- Potential profit
- Growth in the users and/or profit

Reducing costs through use of technology

Reducing development costs as well as unit cost of operations may just be enough to tilt some projects from being non-viable to potentially profitable. In the Singapore context, this often involves the deployment of technology to lower labour costs.

Forty-nine percent of survey respondents are comfortable with the use of artificial intelligence (AI) in financial products. This includes areas deemed less crucial, such as marketing outreach efforts by financial institutions. However, they would prefer humans to provide oversight on the use of AI in areas where the adverse consequences may be high should the AI system goes awry.

1. EXECUTIVE SUMMARY

Fintech companies and financial institutions should leverage on the comfort of residents in use of technology and AI. They should be deployed on a wider scale to lower cost when catering to this underserved market. Mass automation yet personalised services such as creating a holistic view of an individual's finances combined with day-to-day nudges can be offered to help gig workers achieve their long-term goals.

Recognition of gig worker

We recognise that there may be certain biasness against and stigma attached to gig workers as a category of workers. Even the very term gig workers may not sit well with certain individuals who may associate these workers with a care-free irresponsible image.

There are exceedingly successful gig workers in every field. If income were to be used as a criterion to measure success, we will be able to find some gig workers in the top decile. Hence an important starting point that is often overlooked is to recognise gig workers, and their need for suitable and appropriate financial products and services.

Categorisation of gig workers

Not only is the job nature of gig workers changing, they are not homogenous either. Categorisation of gig workers will give rise to a better understanding of the nature of their work, career path and spectrum of income patterns.

Asking the right questions can greatly aid in how to categorise the gig workers for the financial institutions' specific purpose. Interviewees fed back that many a time they did not know how to proceed when application questions touched on:

- Classification or type of profession
- Monthly income

There should be a categorisation that is broad yet granular enough to capture the nature of the work including income patterns and breaks in income either in a calendar year or between years. Some gig workers specialise. Some hold down more than one job. Some take several breaks during the year. Others may take some time off after a few years.

Firms, unions and digital platforms can play a more active part

Such initiatives are in line with good ESG practices. Should firms look after the social aspect of stakeholders such as gig workers, there will be benefits to the firms themselves.

It would also be viable for financial institutions to offer their products and services through these arrangements, especially when there is critical mass to ensure a profitable outcome for service providers.

Borrow practices from restaurateurs to raise awareness of suitable features in financial products

When patrons with special dietary requirements frequent restaurants, some menus leverage on icons or symbols to indicate which items on the ala carte menu are suitable for, say, vegetarians, vegans and others. This is an effective and low-cost way of communicating suitable and appropriate dishes for a select group of customers.

The same practice can be used for features that may be suitable and appropriate for gig workers. This will draw the attention of the self-employed to explore these features embedded in financial products and services.

2. Introduction

When we put on an inclusion lens and look through it, the Singapore landscape throws up groups of people which the financial sector often underserve. One group caught our eye—gig workers. These self-employed workers, which forms approximately 10% of the labour force in Singapore, offer their labour such as consultants, private tutors, real estate agents and private-hire drivers.

Gig workers face certain challenges which are unique and different from the traditional employee. As independent contractors or workers, they need to look into funding their training or upskilling programme. They also need to be mindful of the dips in income brought on by recessions, technological changes, and black swan events such as the Covid-19 pandemic.

With higher Covid-19 vaccination rates in many countries, the global economy has reopened. But we are unlikely to return to the pre-Covid-19 normal. Just like companies and traditional employees in trade-dependent Singapore, we must ensure gig workers are in a position to adapt and ride the changes brought on by changes to the economy.

This survey and research report does not aim to replicate the extensive work conducted by the Ministry of Manpower (MOM). The MOM has significant resources at their disposal and conducts annual labour force surveys. This report could be viewed as complementary, providing a different perspective of the needs, suitability and availability of products from the financial services sector.

CFA Society Singapore believes that with the right and appropriate financial products, the variable income workers will have a higher probability of achieving their aspirations and desired retirement sum.

Hence, we hope this report would serve as a catalyst to firms in Singapore to make available and to provide suitable financial products and services for the benefit of this underserved segment.

3. Why gig workers?

Who are gig workers?

"They are freelancers or independent workers who take on temporary jobs. Gig jobs are often used to refer to low pay contingent work. And these jobs are increasing being offered on digital platforms." These are some likely responses if we were to ask the person on the street.

However, we have a wider definition and one which is consistent with the definition of OAWs by MOM. We define gig workers, or gig workers, for the purpose of this research paper as workers who are self-employed (which includes highly skilled PMET workers) and who operate without paid employees.

FIGURE 1
TOP OCCUPATIONS AMONG RESIDENT REGULAR PRIMARY OWN ACCOUNT WORKERS, JUNE 2022

	Number ('000)
Private-hire car drivers (online matching platforms)	30.8
Taxi drivers	23.1
Delivery workers	19.8
Real estate agents	16.9
Insurance sales agents/brokers	15.5
Media-related workers	9.5
Retail and wholesale trade managers	9.5
Hawkers / stall holders	9.1
Private tutors (Academic)	7.1
Extracurriculum instructors	3.7

Source: Manpower Research and Statistics Department (MRSD), MOM, Labour Force in Singapore 2022, page 23

Characteristics of gig workers

The starting point should be the variable nature of income experienced by gig workers. Hence, in this study, we have excluded traditional employees who engage in gig work to supplement their income. Gig workers engage in independent work, which is increasingly being sourced online via on-demand apps and platforms in Singapore. The independence of work is generally encapsulated by:

- A high degree of autonomy: independent workers have a high degree of control and flexibility in determining their workload and work portfolio. They can decide which assignments to accept based on criteria such as fees, desirability of the client, or work schedule, and they can change those choices over time.
- Payment by task, assignment, or sales: independent earners are paid by the task, assignment, contract, or the volume of sales they make. Hence, there may be significant upside to income for some gig work.
- Short-term relationship between the worker and the customer: independent earners perform short-term assignments, such as giving someone a ride, designing a website, treating a patient, or working on a legal case. Both the worker and the customer acknowledge the limited duration of the relationship in many cases.

Notes:

[1] Private-hire car drivers refer to those on online matching platforms (e.g., ride hailing platforms)

[2] Delivery workers include: (i) private-hire car drivers who do not use online matching platforms; (ii) car & light goods vehicle drivers; and (iii) workers who provide delivery services using bicycles/on foot

[3] Retail and wholesale trade managers refer to persons who operate and manage their own wholesale/retail trade business without any paid employees

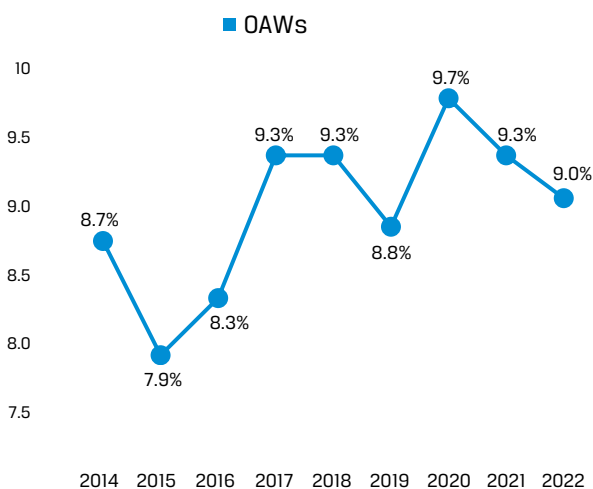
[4] Online matching platforms are labour sharing platforms which serve as intermediaries to match or connect buyers with workers who take up piecemeal or assignment-based work (as defined in MOM's Labour Force in Singapore 2018).

3. WHY GIG WORKERS?

Gig workers continue to account for between 8% and 10% of the Singapore workforce

Gig workers continue to be an entrenched part of the workforce. While gig workers have not grown relative to the growth of the entire work force, it has continued to account for 8% - 10% of the total size. There also appears to be an inverse correlation to the strength of the broader economy. When economic conditions are strong, more workers will leave gig work and when economic conditions are weak, the flow of workers return to gig work. This can be seen in Figure 2 when conditions were weak and uncertain in the year 2020 and gig workers accounted for 9.7% of the workforce.

FIGURE 2
PROPORTION OF SELF-EMPLOYED AMONG EMPLOYED RESIDENTS



Source: MRSD, MOM, Labour Force in Singapore 2020 pg 13

4. A new face of gig workers is emerging

Before the rise of virtual or online platforms, gig workers would largely be represented by workers like taxi drivers, insurance agents, and real estate agents. With the growing acceptance of e-hailing platforms and online shopping, the job nature and face of the gig workers are changing. The dominant group of gig workers now include private-hire car drivers on online matching platforms as well as delivery workers.

New categories of gig work

FIGURE 3

PRIVATE-HIRE CAR DRIVERS AND DELIVERY WORKERS ARE NOW A LARGER PART OF OAWS

Common Occupations ('000)	2017	2018	2019	2020	2021	2022
Private-Hire Car Drivers (Online Matching Platforms)	12.1	21.2	23.7	34.4	26.9	30.8
Taxi Drivers	38.9	30.8	31.4	26.9	24.3	23.1
Delivery Workers	4.5	3.8	7.5	11.3	16.4	19.8
Real Estate Agents	13.4	15.0	13.0	13.4	15.0	16.9
Insurance Sales Agents/Brokers	13.9	12.7	13.1	14.7	18.1	15.5
Working Proprietors	19.1	21.4	20.3	n.a.	n.a.	n.a.
Retail & Wholesale Trade Managers	n.a.	n.a.	n.a.	8.3	10.3	9.5
Media-Related Workers	6.0	6.2	5.9	9.2	8.9	9.5
Hawker/Stall Holders	11.2	9.6	8.1	9.4	9.2	9.1
Private Tutors (Academic)	6.1	5.3	5.0	4.1	6.0	7.1
ICT-Related Workers	n.a.	n.a.	n.a.	4.0	4.6	n.a.

Source: MRSD, MOM, Labour Force in Singapore, 2017 - 2022

Notes:

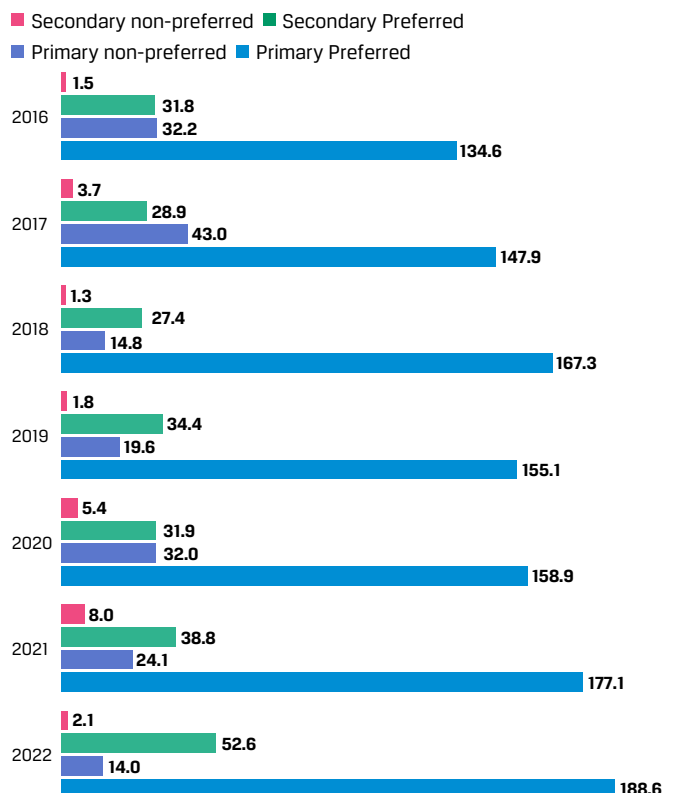
- [1] Working proprietors in this figure refer to self-employed persons who operate and manage their own businesses without any paid employees. Examples include businesses in wholesale and retail trade (e.g. provision shops, blog shops) or service providers (e.g. renovating, printing services).
 [2] Delivery workers include: (i) private-hire car drivers who do not use online matching platforms; (ii) car & light goods vehicle drivers; and (iii) workers who provide delivery services using bicycles/ on foot.

Primary own account workers continue to rise

More residents are now engaged in own account work. In 2022, there were a total of 257,300 own account workers divided into four categories: (i) primary preferred; (ii) primary non-preferred; (iii) secondary preferred; and (iv) secondary non-preferred⁴. From the period 2016 - 2022, the total number of OAWs grew from 200,100 to 257,300, a rise of 57,200 OAWs. Primary preferred own account workers accounted for a large part of this rise, as this segment alone contributed for an additional 54,000 workers.

FIGURE 4

PRIMARY OAWs HAVE BEEN GROWING ('000)



Source: MRSD, MOM, Labour Force in Singapore, 2016 - 2022

4. A NEW FACE OF GIG WORKERS IS EMERGING

Older age group and higher educated categories remain well represented in the gig economy

Contrary to popular belief, gig workers are not exclusive to or dominated by generation Z and/or the millennials. Workers in the age groups of 50-years and above are also well represented, with this age group accounting for 53.2% of primary own account workers in the latest MOM survey. This age group has dipped during the pandemic years but has returned to the 2017 level of 54.0%. It should also be noted that the percentage of workers in the age group below 40 years of age has been inching up from 23.6% in 2017 to 24.6% in 2022.

FIGURE 5

RESIDENT REGULAR PRIMARY OWN ACCOUNT WORKERS, (BY AGE GROUP)

■ 15 - 29 ■ 30 - 39 ■ 40 - 49 ■ 50 - 59 ■ 50 - 59

2017 (190,900 WORKERS)



2018 (182,100 WORKERS)



2019 (174,800 WORKERS)



2020 (190,900 WORKERS)



2021 (201,800 WORKERS)



2022 (202,700 WORKERS)



Source: MRSD, MOM, Labour Force in Singapore Survey, 2017 - 2022

Over the years, those with tertiary qualifications have become a larger portion of the gig workforce. From about 40% of the workforce in 2017, those with tertiary qualifications accounted for almost 50% in 2022. Conversely, as shown in Figure 6, those with secondary and below qualifications fell from about 50% in 2017 of the gig workforce to less than 40% in 2022.

FIGURE 6

RESIDENT REGULAR PRIMARY OWN ACCOUNT WORKERS, 2017 - 2022 (BY HIGHEST QUALIFICATION ATTAINED)

■ Secondary and below ■ Post-secondary (non-tertiary) ■ Diploma & professional qualification ■ Degree

2017



2018



2019



2020



2021



2022



Source: MRSD, MOM, Labour Force in Singapore Survey, 2017 - 2022

4. A NEW FACE OF GIG WORKERS IS EMERGING

Snapshot of gross monthly income

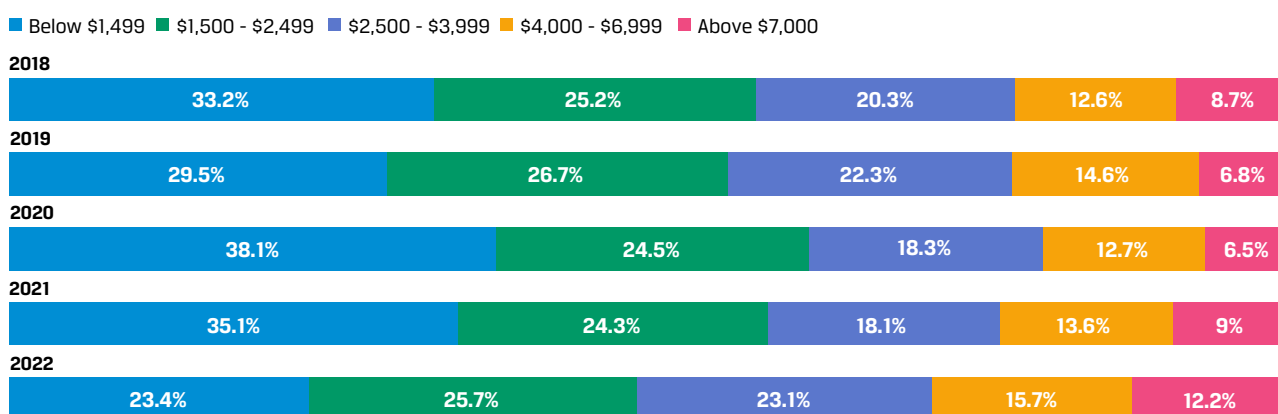
Figure 7 provides a trend of the gross monthly income of OAWs over time. It should be noted that gig workers who earn below \$1,499 in gross monthly income rose to 38.1% during the year 2020 but fell sharply to 23.4% in 2022. In absolute number of workers, those earning below \$1,499 in gross monthly income leaped from 57,900 gig workers in 2019 to 81,900 gig workers in 2020 (a 41% jump) before collapsing to 49,200 gig workers in 2022. While the actual cause or causes of the alarming rise in those earning below \$1,499 during the years 2020 – 2021 will not be precisely known, plausible reasons include (but not limited to):

- A higher number of inexperienced gig workers embracing gig work as the economy got deflated by the Covid-19 pandemic.
- A lower "per ticket spending" by consumers.
- A combination of both effects.

The latest figures show that the opposite occurred when the economy recovered and the number of lower income gig workers gave up and presumably returned to the regular workforce.

FIGURE 7

EXTRACT OF EMPLOYED RESIDENTS AGED 15 YEARS AND OVER BY GROSS MONTHLY INCOME FROM WORK (EXCLUDING EMPLOYER CPF) AND EMPLOYMENT STATUS, JUNE 2022 (EXCLUDE FULL-TIME NATIONAL SERVICEMEN)



Source: MRSD, MOM, Labour Force in Singapore Survey, 2017 - 2022

5. Methodology and differences versus government surveys

This report is prepared utilising data from:

Quantitative data

- Rakuten Insight Global collected data using a multiple-choice questionnaire online survey of 301 gig workers in Singapore, from their own proprietary panels, between September and October 2021.
- In addition, Rakuten Insight Global collected data from 315 Singapore-based firms between August 2021 and December 2021.

Qualitative data

- Discussions and face-to-face interviews of gig workers, firm employees and financial professionals and CFA Society Singapore members. The discussions and interviews were carried out from February 2022 to October 2022.

Percentages presented in this report may not add up to 100% due to rounding. The samples consists of Singaporeans and permanent residents only.

Overview of respondents of survey on gig workers

The findings of this report are based on the profile of gig workers and firms in the surveys conducted by Rakuten Insight Global. There is a marked difference in profile of gig workers between the sample by Rakuten Insight Global compared to the data from MRSD, MOM, Labour Force in Singapore survey.

The gig workers in the Rakuten Insight Global survey had:

1. Higher qualification as illustrated in Figure 8.
2. Higher representation from the 'Self-employed who operates business without paid employees' and 'PMET' categories as illustrated in Figure 9.
3. One important note is that despite the differences in Points 1. and 2. above, the profile of gross annual income between both samples were similar as illustrated in Figure 10.

FIGURE 8
HIGHEST QUALIFICATIONS

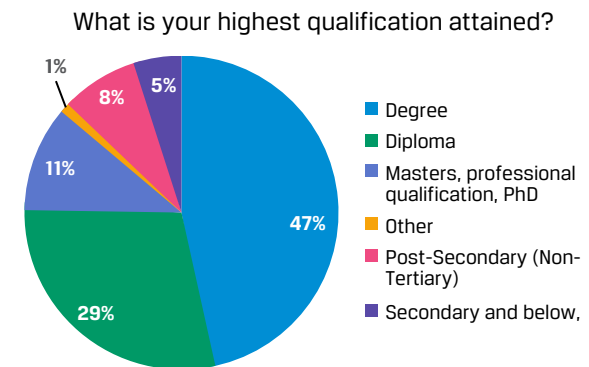


FIGURE 9
MAIN GIG OCCUPATION

Choose what best describes your main gig occupation?

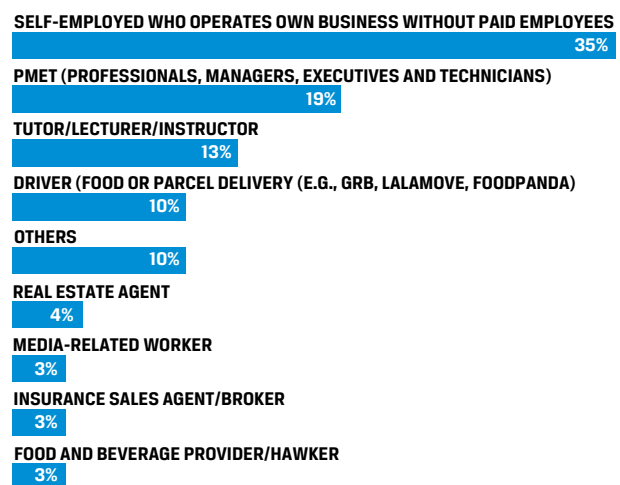
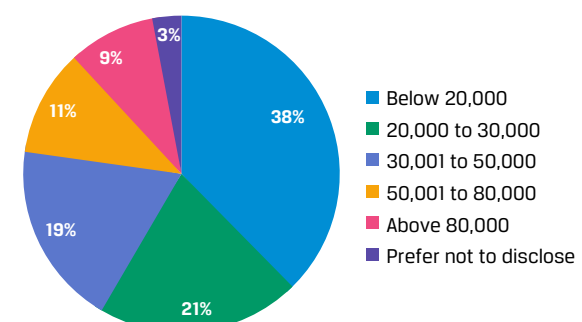


FIGURE 10
ANNUAL INCOME FROM GIG WORK

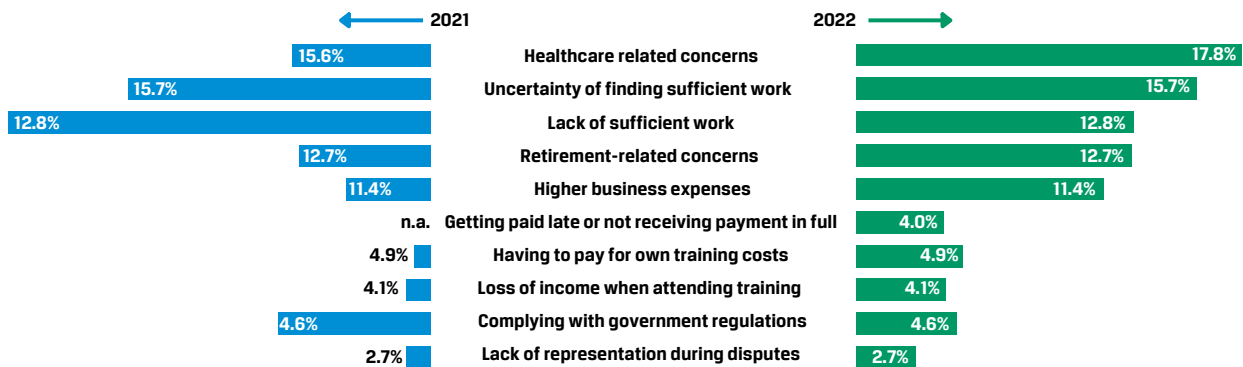
What is your annual income (S\$) from gig work?



6. Common concerns among gig workers

Figure 11 flags out challenges faced by OAWs which corroborate with the findings from our gig worker survey.

FIGURE 11
CHALLENGES FACED BY RESIDENT REGULAR OWN ACCOUNT WORKERS, 2021 - 2022

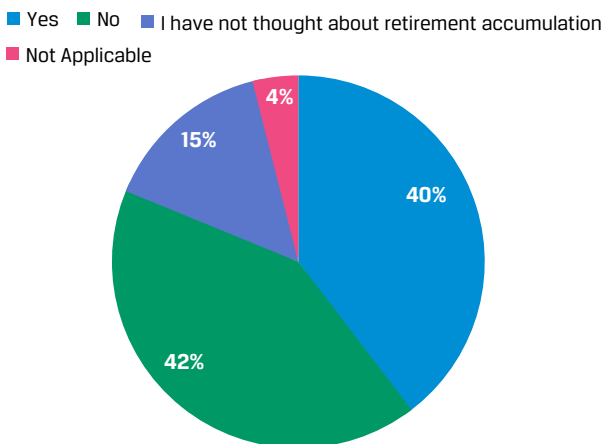


Source: MRSD, MOM, Labour Force in Singapore 2021 and 2022

Retirement-related concerns

We asked respondents in the gig worker survey if they are on track to save enough for retirement. Forty-two percent replied 'no' and 15% have not thought about retirement accumulation. Only 40% said they are on track to save their desired amount in preparation for retirement.

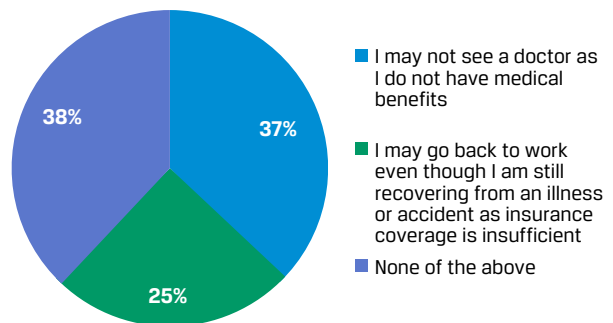
FIGURE 12
RETIREMENT ADEQUACY
Are you on track to save enough for retirement?



Absence of minor medical benefits

For minor medical issues, the traditional employees take sick leave. And they still receive their monthly salary without deduction of pay when recovering from illness. Gig workers do not derive income when they take time off to recover. As a result, a quarter of respondents return to work even though there are in the midst of recovering from an illness or accident as insurance coverage may be insufficient.

FIGURE 13
MEDICAL COVERAGE
Which statement(s) apply to you? (multiple answers possible)



The survey also revealed 37% of responses were "gig workers do not consult a medical practitioner as they do not have medical benefits."

6. COMMON CONCERNS AMONG GIG WORKERS

Receiving full payment promptly

Another bugbear for gig workers is prompt and full payment for goods or services rendered. Some gig workers lament about late payments and partial payments being a norm, even if a contract exists. Hauling clients to courts may earn them a moral victory but leave them less well-off as legal challenges can be costly, cumbersome and take away bandwidth in focusing on income generating activities. It may be practical just to let the issue slide and avoid such clients in the future. Fortunately, the above scenario does not seem to be prevalent as per survey results data on Figure 14 and Figure 15.

FIGURE 14

FULL PAYMENT FOR GOODS AND SERVICES RENDERED

How often do you receive payment in full?

Always Most of the time Usually Sometimes Never

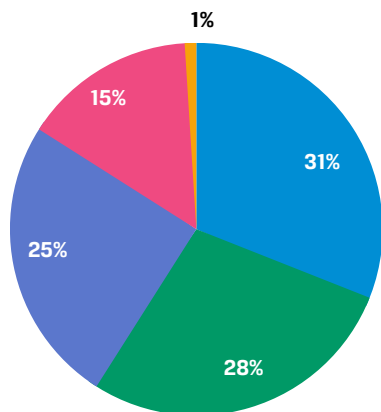
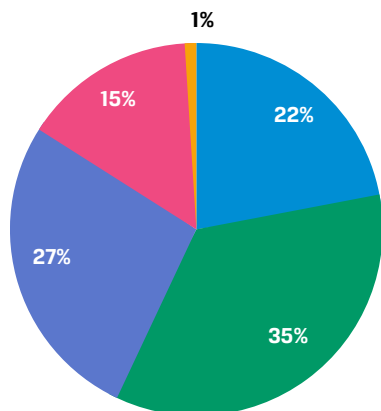


FIGURE 15

PROMPT PAYMENT FOR GOODS AND SERVICES RENDERED

How often do clients/customers pay on time?

Always Most of the time Usually Sometimes Never



7. Global trends pre-Covid-19 and black swan events

Global trends pre-Covid-19

There are numerous data sets and research done in many countries prior to 2020 which point to a growing gig economy. This is despite differing definitions of gig work from strict criteria to broad definitions and many other definitions in between. In Asia, gig work is also increasingly being accepted by job seekers.

It is a myth that gig workers are exclusively the domain of the younger generation

There is a general perception that the gig term and gig work reside exclusively with young adults. In reality, many gig workers are older workers. A good spread of workers across different age groups is represented in Figure 5.

It is also a myth that gig workers are exclusively low-skilled workers

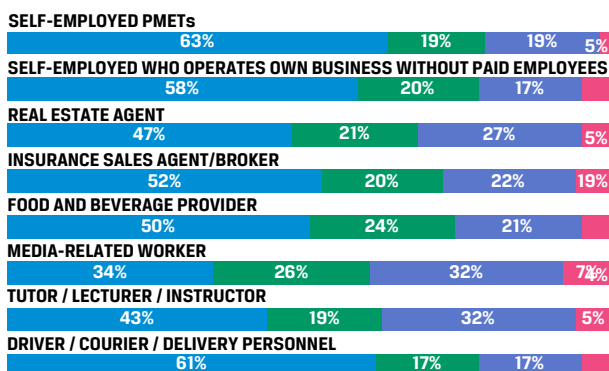
The presence of white-collar gig jobs may not be apparent to us. But many skilled gig workers are utilising their skill sets to thrive. Survey respondents are of the opinion that some jobs that require skilled labour will be on the rise in the wake of the Covid-19 pandemic.

FIGURE 16

SOME SKILLED GIG JOBS MAY BE ON THE RISE IN SINGAPORE IN THE NEXT 12 -24 MONTHS

Which of the following do you believe would be the most likely trend numbers for gig workers in Singapore in the next 12-24 months?

■ Increase ■ Decrease ■ Remains the same ■ Unsure



Black swan event – Covid-19

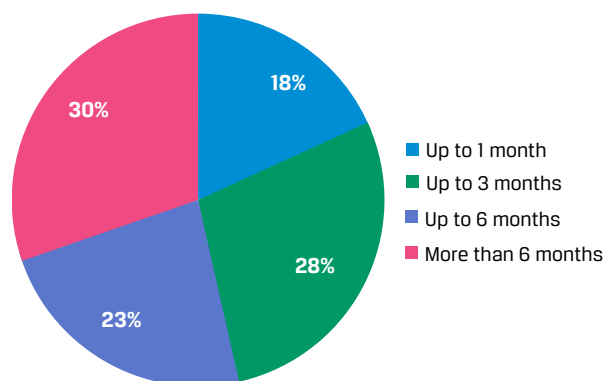
Work dried up for many gig workers during the Covid-19 pandemic which triggered circuit breaker (lockdowns or stay-at-home) measures in Singapore. The effect was immediate. Firms had no qualms halting projects and work outsourced to gig workers. The quantum and scale of this loss in income can be felt when one trawl through the 'I lost my gig' website, a sharing platform meant to support gig workers who experienced a lost in income.

It does not help matters when the OCBC Financial Impact Survey for Covid-19 flagged up statistics in Figure 17 which made quite a few of us sit up in Singapore.

FIGURE 17

ABILITY TO STAY AFLOAT AMIDST JOB LOSS

"I have enough savings to sustain myself for _____ if I were to lose my job now."



Source: OCBC Financial Impact Survey for Covid-19

The precarious state of affairs which is amplified by the global pandemic means gig workers, particularly the lower wage workers who do not have ample reserves and concrete retirement plans, tend to feel more uncertain, insecure and anxious.

When income generating opportunity disappears, the ability to save for retirement also takes a hit. Coupled with dire state of financial affairs for some as illustrated by the OCBC survey, dis-saving may occur. This puts retirement accumulation in reverse gear.

8. Post pandemic: will it change the gig path in Singapore?

Technology and remote working

Technology has always disrupted production processes by challenging traditional boundaries of firms and how people work. Mobile applications, online meetings and conferences, and browser-based software have made it easier to employ short term independent contractors on digital platforms.

The pandemic has accelerated adoption of technology and hence further enabling gig work. Covid-19 has also increased the acceptance of remote working with the majority of workers also wanting more flexible arrangements as the pandemic wanes.

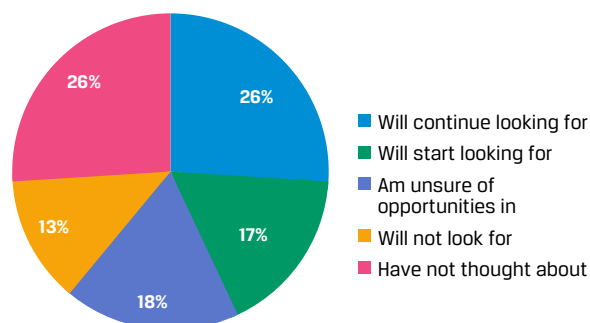
An opportunity or a threat?

The former Trade and Industry Minister Chan Chun Sing said in a press conference on Aug 11, 2020, that the republic's economy will not return to pre-Covid-19 Singapore. The viability of remote work or work-from-home means workers in other countries can do work which is available to the labour force in Singapore. This is indeed a threat to jobs in Singapore. More so when workers are not competitive vis-à-vis workers in other countries. If this were to be the case, workers elsewhere will be eating our lunches here in Singapore.

However, if we are competitive, this will be an opportunity. Singapore workers can vie for jobs in another economy especially the higher value knowledge-based jobs. When we are no longer constrained by country borders, the world is our oyster – jobs elsewhere are available for the taking. There will be high-value knowledge-based jobs in developed and developing countries. There will also be similar jobs in our own backyard – ASEAN countries

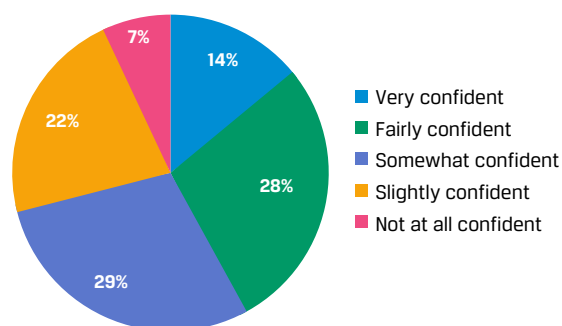
are home to 622 million population with a rising middle class. Survey respondents were asked if they were looking for gig work in other countries. Twenty-six percent said they will continue to look for gig work in other countries, whilst 17% said they will embark on this prospect.

FIGURE 18
LOOKING FOR GIG WORK IN OTHER COUNTRIES
In the next 12 to 24 months, I _____ gig work in other countries.



Although higher value jobs are available to gig workers in Singapore, one must be able to deliver. We asked gig workers if they are confident with their current skill sets to do a good job and stay competitive. Fourteen percent answered 'very confident' whilst 28% picked 'fairly confident.'

FIGURE 19
CONFIDENCE IN DELIVERING AND STAYING COMPETITIVE
How confident are you with your current skill sets to do a good job and to stay competitive?



Gig worker stereotyping in Singapore

Nevertheless, there is an unflattering stereotype associated with the gig worker especially when one is young. Images of bums wasting their life away and living off parents tend to feature in the minds of some members of the society despite contrary evidence of successful individuals.

There is also the sentiment that if you were to lose your job or be retrenched, and cannot climb back onto the traditional employment ladder, only then would one have to settle for low-paying low-skilled gig work. Despite the presence of high-paying high-skilled gig workers, there is an enduring stigma attached to gig workers in Singapore. Be that as it may, gig workers should view themselves in a positive light and make strides in the post-pandemic world.

What is deemed to be a successful or the ideal gig worker?

We believe the definition of success is a broad one and will vary from person to person. Not everyone's definition of success centres on high income and high wealth. Residents in Singapore are increasingly performing jobs that are aligned to their interest and values.

Nevertheless, we are of the opinion that the ideal gig worker in Singapore should consistently upskill throughout their career to increase per capital income as financial adequacy is the basis for individual pursuits and retirement.

Gig workers should also constantly upskill and acquire more knowledge in a chosen field or project. With constant upgrading of skills, inadvertently, this will lead to higher income. With more income, gig workers will have the basis to achieve whatever they set out to accomplish.

Pivot to higher value-added contributions for better outcomes

Lower value-added gig jobs do put food on the table. But staying in these jobs may not be ideal unless the individual chooses to do so.

Over time gig workers should be encouraged to choose a growth or innovative path and plug themselves into the knowledge-based economy in Singapore which offers higher value-added projects or jobs.

Singapore can compete in the knowledge-based domain That is where her competitive strength lies in a globalised economy. We are less able to compete in jobs where the value added is low. This is the domain of developing economies where they are likely to have the competitive advantage in terms of labour costs. Gig workers should eventually pivot to higher value-added contributions for better outcomes.

Ride the post-Covid-19 world

To reiterate, the pandemic has demonstrated that remote working works, at least to some of us. Hence, we expect more jobs, especially knowledge-based jobs, to be now more available to another worker based out of Singapore. The existing threat to gig workers and traditional employees goes up one more notch.

However, it is not all gloom and doom. We ask gig workers in Singapore to see the opportunity. Higher value-added jobs in other countries and in ASEAN are also now more available to workers based in Singapore. We suggest gig workers in Singapore to upskill as well as acquire cultural and soft skills to pull ahead in the post-Covid-19 world.

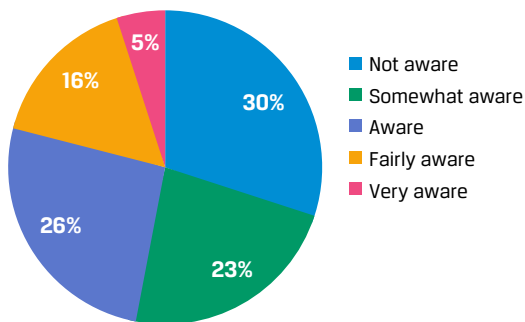
9. Gig workers demand for financial services

Awareness and satisfaction of existing financial products and services

We asked gig workers if they are aware of dedicated financial products and services. Seventy percent have some degree of awareness. Thirty percent are 'not aware' at all. But when asked to name the dedicated financial products and services, interview respondents struggled. We surmise that gig workers were probably not ardent users of these dedicated services.

FIGURE 20
AWARENESS OF DEDICATED FINANCIAL PRODUCTS AND SERVICES FOR GIG WORKERS

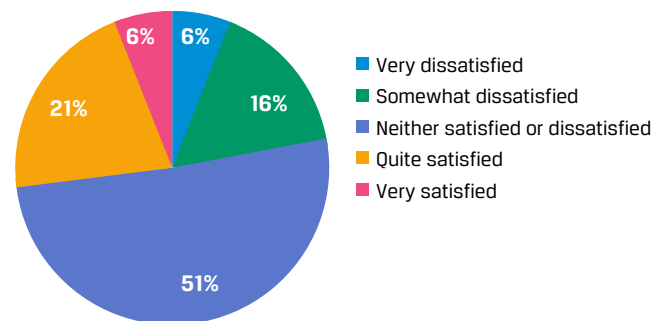
How aware are you of the existence of dedicated financial products and services for gig workers offered by Singapore-based companies?



Gig workers were also polled on satisfaction with the existing range of financial products and services. Only 6% and 21% responded 'very satisfied' and 'quite satisfied' respectively.

FIGURE 21
SATISFACTION WITH EXISTING RANGE OF FINANCIAL PRODUCTS AND SERVICES

How satisfied are you with the suitability of existing range of financial products and services to support your gig work and financial aspirations?

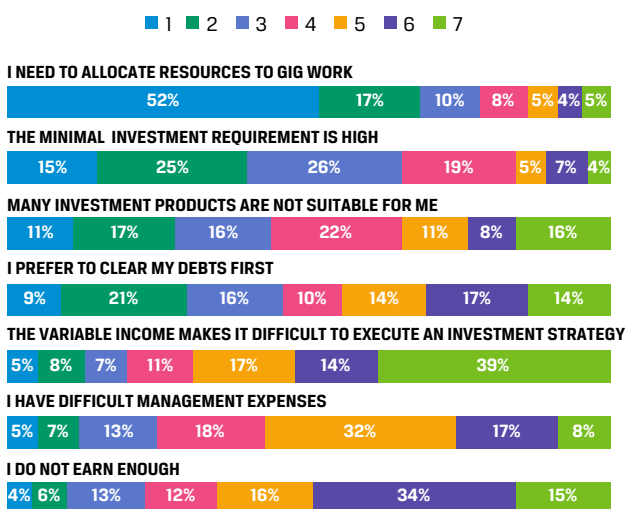


Gig workers like traditional employees could benefit from investing. However, only 67% of survey respondents invest whilst 33% do not. When asked to rank some plausible challenges to investing, survey respondents flagged out the 'need to allocate resources to gig work' as the most challenging barrier to investing.

9. GIG WORKERS DEMAND FOR FINANCIAL SERVICES

FIGURE 22
CHALLENGES TO INVESTING

Which of the following do you believe would be the most likely trend numbers for gig workers in Singapore in the next 12-24 months?
(1 = largest challenge; 7 = smallest or minimal challenge)*



Gig workers whom we interviewed were mainly in agreement of the need to recycle savings into gig work instead of risk assets. They claim that the gig work will yield them a higher rate of return than investments. Gig workers believe investing in pre-project funding, an additional specialised lens for specific shots which clients request for, clothing to present a successful and professional image, air conditioning at home work stations, or an ergonomic chair to boost productivity, would be a far better investment.

Nevertheless, some Gig workers cited 'over' allocating resources to purchasing cars, luxury wear and personal branding seen as necessary to gain trust of clients as impediments to investing.

Gig workers also preferred ease of withdrawal from investment vehicles for emergency use. Ideally, the withdrawal is quick and does not incur a significant penalty. These features may not be present in certain investment vehicles in Singapore which probably contributed to the third ranked feature – 'many investment products are not suitable for me'.

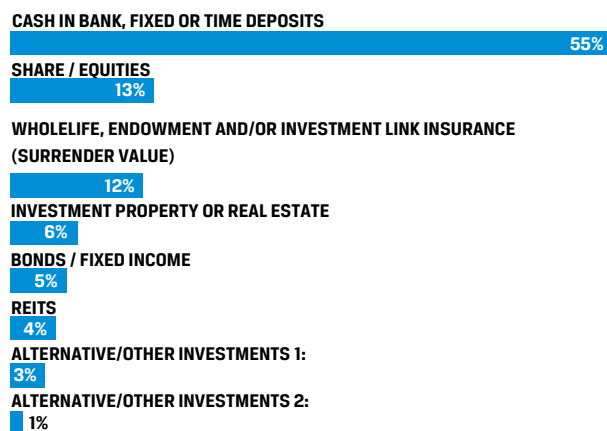
The second ranked challenge to investing was 'the minimal investment requirements is high' which came as a surprise considering there is an array of risk

assets offered to retail investors which are deemed easily accessible. We put it down to two plausible reasons. Firstly, there may be a lack of awareness on flexible and low requirements of an array of investment products. Secondly, some interviewees view regular investment or savings scheme do cause them some anxiety in periods of low or no income although the monthly investment quantum is deemed low.

The interview process also managed to shed light on preference for gig workers to hold onto a higher percentage of cash. They cited a psychological benefit of holding onto cash due to fluctuating income from gig work and during periods of no or low income. Cash is also deemed a liquid asset and not subjected to capital losses.

FIGURE 23
HIGH CASH HOLDINGS

What is the estimated breakdown of your investments in percentage (must add up to 100% and not including your residence, CPF)?



Higher income gig workers

Some interviewees were of the opinion that higher income gig workers believe the challenges to investing cited in Figure 22 does not apply to this group of self-employed workers. Most existing investment products do meet their needs and requirements.

Similar opinions were expressed for other areas of availability and suitability of financial products and services in other areas such as insurance coverage, loans, credit and banking services.

Lower income gig workers

A couple of interviewees made note-worthy observations. They are of the opinion that higher income gig workers and well-heeled investors are more proactive in seeking out investment opportunities, whereas lower income gig workers tend to be more laid back. They often need financial advisers or someone else to prompt and handhold them.

Secondly, the lower income gig workers may also not be as excited over the return quantum as the amount invested is small. To illustrate, consider a gig worker who decides to save or invest a \$1000. A return of 4.0 % per annum would yield \$40 in investment income after one year. However, the absolute return quantum of \$40 is not deemed 'sexy' or a compelling return compared to an investment of \$100,000 with the same 4.0% per annum return. Perhaps different strategies or behavioural nudges have to be employed to encourage lower income gig workers to start investing and stay invested.

Business loan or credit facility

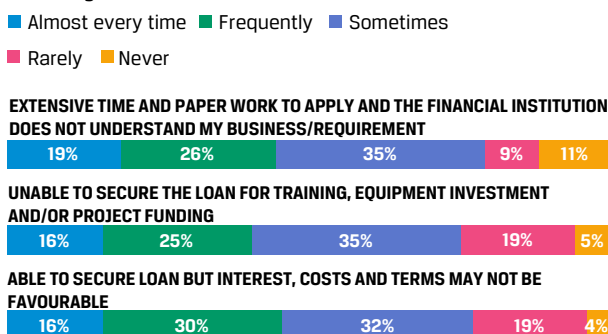
Fifty-seven percent of those surveyed relied on savings to fund training programmes and courses. Loans from financial institutions formed 3%. Similarly, the primary source of funds for equipment investment and pre-project funding (such as deposit for website domain purchase and working capital) comes from savings which stands at 76% and 70%, respectively. Loans occupied 6% and 9%, respectively.

This corroborated with interviewees who expressed that there are no real requirements to take loans. Some gig workers who wish to expand their operations prefer to rely on savings or internally generated funds to grow the businesses. Others who wish to start joint ventures said that collaborations would remain asset light.

Nevertheless, those who have applied for business loans or credit facilities do face some challenges. These challenges are illustrated in Figure 24.

FIGURE 24
CHALLENGES TO BUSINESS LOAN OR CREDIT FACILITY

[Business loan (or credit facility)] In your applications for business loans, how frequently have you encountered the following situations?



There are gig work and projects that do not require business loans or credit facilities to grow. Nevertheless, there are also gig business models that can grow significantly and globally if leverage is more accessible. What concerns us are issues captured in Figure 24 which can potentially lead to:

- Gig workers not being able to take loans and hence slow down income growth.
- Gig workers shunning loan applications.
- Reliance on other ways to raise funds which may be less than optimal.

Personal loans

Interviewees also gave insights to their experience with personal loans especially housing loans. Here are some notable insights:

- When asked to fill in the nature of employment, some options closest to gig work were 'others' and 'odd job workers' which may not adequately represent their profession especially if they are skilled workers.
- Gig workers are at a lost on how to fill in their monthly income as income fluctuates between months and even years especially when gig workers take extended breaks.
- Most gig workers do expect a haircut in loan quantum. They however did not expect the extensive paperwork including submission of income statements needed to secure a loan.
- Gig workers also expressed the need for loan repayment holidays or a temporary increase in credit limit especially when there are periods of no or lower income due to the nature of gig work.

9. GIG WORKERS DEMAND FOR FINANCIAL SERVICES

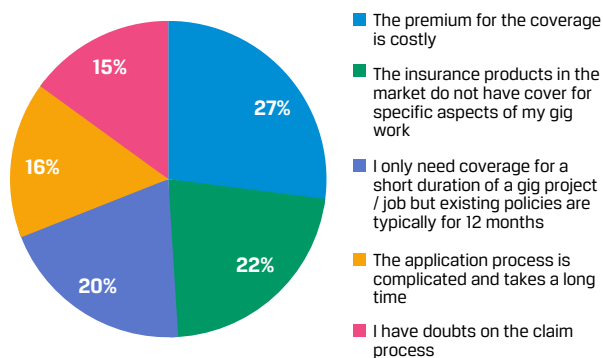
Insurance

One common concern amongst gig workers is healthcare. We asked survey respondents on challenges of acquiring insurance coverage.

FIGURE 25

CHALLENGES TO ACQUIRE COVERAGE

[Insurance] Which of the following statements on work-related insurance applies to you? (multiple answers possible)



Amongst the five statements, gig workers picked costly premium as the number one concern. The same concern resonates for some traditional employees as well.

Nevertheless, we note the additional cover that a gig worker needs compared to a traditional employee. A gig worker needs coverage for equipment insurance and other insurance deemed necessary for gig work. Some coverage may come at a higher cost. For example, should gig workers choose to obtain coverage for minor medical which most traditional employees enjoy from group coverage, the premiums to them may not be deemed acceptable. Thirty seven percent of responses (Figure 26) in the survey comprised of "I may not see a doctor as I do not have medical benefits."

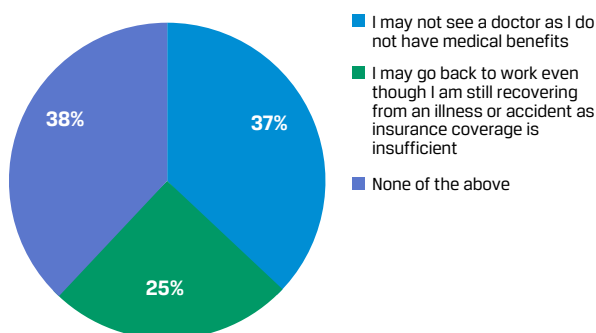
However, some organisations and unions do offer group coverage for minor medical to their agents who are gig workers especially if premiums are acceptable and it is practical to do so.

Another concern of gig workers is loss of income from taking time off to recover from illnesses as illustrated in Figure 26. The tendency to return to work before making a full recovery formed 25% of responses from our survey. Income supplement may be an answer. Basic coverage with difference in quantum of daily cash allowance after a certain number of days should be available for all. Gig workers who prefer a more comprehensive cover can also opt for plans that inevitable come with higher premiums payable.

FIGURE 26

MEDICAL CONSULTATION AND RETURNING TO WORK PREMATURELY

[Medical coverage] Which statement(s) apply to you? (multiple answers possible)



The survey also revealed that 20% of responses comprised of them only needing coverage for a short duration of the gig project/job but existing policies are typically for 12 months coverage. This may impede gig workers in seeking coverage. Nevertheless, some gig workers express short duration insurance does not pose an issue as the same coverage is required for multiple instances and throughout the year.

Gen Z

Interviewees said that Gen Z in reviewing financial products and services would strongly prefer bite-sized information which could be digested in an instant. Long and complex explanations are a put-off.

They also demand application forms that can be completed in a few short minutes. Extensive online forms are often dealbreakers.

10. The supply side

Of the 315 firms we surveyed, 40% of firms in Singapore say that they have many dedicated products and services to meet the unique needs of gig workers, whilst 37% said they have some dedicated offerings.

FIGURE 27
DEDICATED PRODUCTS AND SERVICES FOR GIG WORKERS

Does your firm offer financial products and services to the self-employed workers or gig workers?

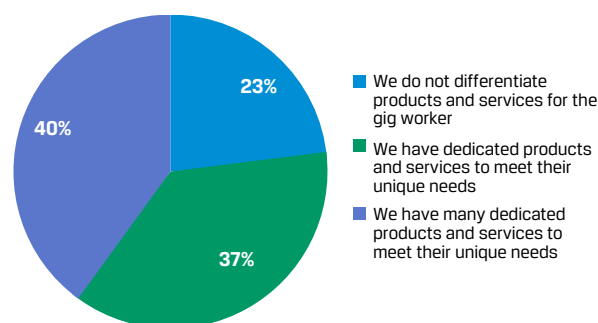


FIGURE 28
EXAMPLES OF DEDICATED PRODUCTS AND SERVICES FOR GIG WORKERS IN SINGAPORE

PRODUCT AND SERVICE PROVIDER	PRODUCT AND/OR SERVICE	DESCRIPTION OF PRODUCT AND/OR SERVICE
DBS Bank	DBS Multiplier and healthcare insurance plans	"The solutions include enhancements to DBS' popular bank-and-earn programme, DBS Multiplier, which makes it easier for those who are self-employed to earn higher interest on their balances. DBS has also boosted its healthcare insurance plans, available on its new healthcare portal, to offer better coverage and benefits to gig economy workers and customers without access to traditional employment benefits or corporate insurance coverage." – Extract of DBS Bank press release dated Sept 8, 2020.
DBS Bank	NAV Planner within the digibank app	Enables gig workers to keep track of cashflow with a digital advisory tool including receiving financial insights and suggestions
MSIG	Freelancer Cash Plus	"MSIG's latest online product, Freelancer CashPlus, aims to provide daily cash for underserved gig workers who are unable to work due to hospitalisation or prolonged medical leave. The policy offers two plan types and starts from as low as S\$6.89 for a weekly basic plan. Customer experience is further elevated with instant approval of cover and FAST claims payment." – Extract of MSIG press release dated Dec 1, 2020.
GXS Bank	GXS Savings Account (At the time of data gathering for this research report, this product has yet to be launched in Singapore)	"GXS customers can create up to 8 Pockets from their savings account, which are designed to help customers save for specific goals. Each Pocket earns 1.58 per cent interest per annum accrued daily. The Pockets can be customised with names and photos of the saving goal. GXS says it has smart nudges to encourage customers to top up their pockets and cheer the progress they make... For GXS, the pockets are akin to term or fixed-deposit accounts, which offer higher interest rates for locking up the funds. Charles Wong, Singapore chief executive officer of GXS, said pockets are about getting customers to start building a saving habit. They also pave the way for these customers to progress to other products requiring a time commitment." – Extract from Business Times article dated Aug 31, 2022.

10. THE SUPPLY SIDE

Some surveyed firms in Singapore also intend to or are already offering the following features for gig workers:

- Managing and/or tracking revenue
- Managing and/or tracking expenses
- Loans and/or credit facilities with irregular repayment
- Unconventional loans and/or credit facility
- Bite-sized investment schemes
- Irregular investment schemes
- Income supplement when recovering from illness or accidents
- Daily or short-term insurance coverage and loan facilities

Profitability

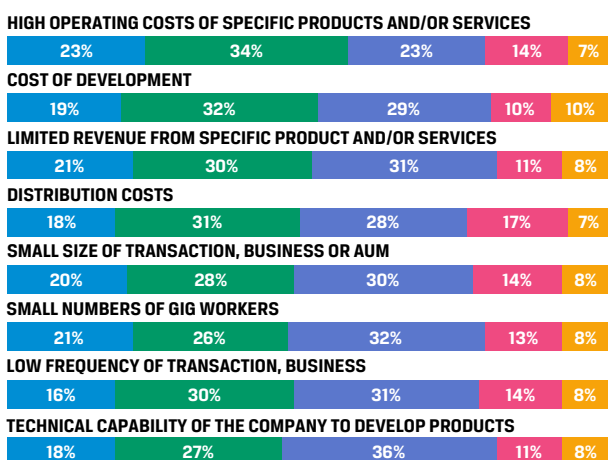
Financial products and services offered in the market place must be profitable. Hence for-profit organisations in considering which financial products and services to offer would likely take into account two key considerations: (1) potential profit; and (2) growth in the users and/or profit.

Hence, we asked the firms surveyed: "How would you rate the following challenges to develop products and services dedicated to gig workers?" The challenges in generating a profit are captured below.

FIGURE 29
CHALLENGES TO DEVELOPING DEDICATED FINANCIAL PRODUCTS AND SERVICES FOR GIG WORKERS

How would you rate the following challenges to develop products and services dedicated to gig workers?

- Extremely challenging
- Very challenging
- Somewhat challenging
- Slightly challenging
- Not at all challenging



Singapore's share of OAWs ranges between 7.9% and 9.7% of employed residents between 2014 and 2022. In absolute numbers, OAWs number 228,200 as at mid-2020. Growth in self-employed in percentage and absolute terms have not increased significantly. Would there be an increase in frequency and size of transactions? We expect a pick-up in frequency and size of transaction per gig worker when the Singapore economy reopens in the wake of Covid-19 being brought under control.

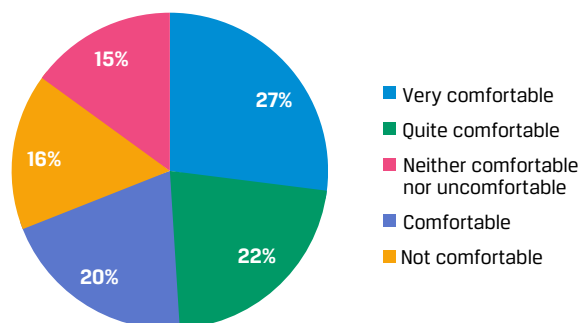
We also argue that should suitable financial products and services be more available to the gig workers we could see an uptick in gig workers utilising financial products and services. This will bode well for profitability of firms.

Reducing costs through use of technology

Reducing development costs as well as unit cost of operations may just be enough to tilt some projects from being non-viable to potentially profitable. In the Singapore context, this often involves the deployment of technology to lower labour costs.

From the survey, 49% are comfortable ('very', 'quite' or 'comfortable') in using financial products and services which employs artificial intelligence as illustrated in Figure 30. This includes areas deemed less crucial, such as marketing outreach efforts by financial institutions. However, they would prefer humans to provide oversight on the use of AI in areas where the adverse consequences may be high should the AI system goes awry.

FIGURE 30
COMFORT LEVELS IN USE OF ARTIFICIAL INTELLIGENCE
How comfortable are you in using financial products and services which employ artificial intelligence?



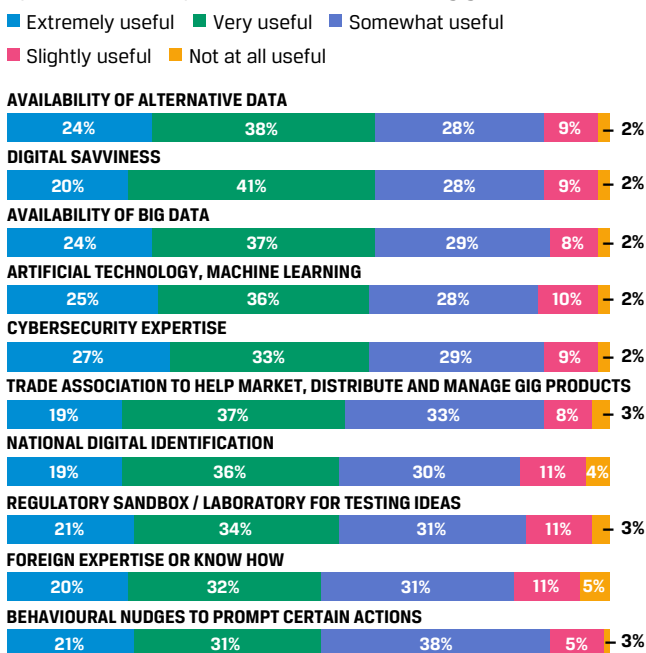
10. THE SUPPLY SIDE

Fintech companies and financial institutions should leverage on the comfort of residents in the use of AI. Technology should be deployed on a wider scale to lower cost when catering to this underserved market. Mass automation of personalised services such as creating a holistic view of an individual's finances combined with day-to-day nudges can also be offered to help gig workers achieve their long-term goals.

Interestingly, firms surveyed also expressed various technology and contextual factors listed in Figure 31 as being useful in developing financial products and services for gig workers.

FIGURE 31
USEFULNESS OF SELECTED FACTORS IN DEVELOPING FINANCIAL PRODUCTS AND SERVICES FOR GIG WORKERS

Rate the usefulness of the following factors in developing specific financial products and services for gig workers:



Product developers and comfort levels

Gig workers were most comfortable in using financial products and services when developed by 'Banks with operations in Singapore.' This is followed closely by 'Financial institutions in Singapore.'

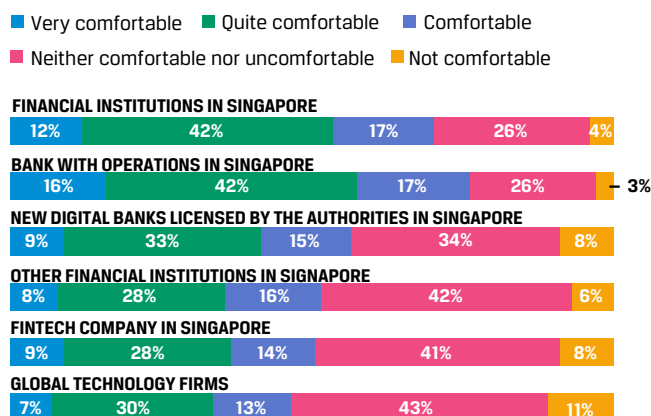
We also note the support received for 'New digital banks licensed by the authorities in Singapore', 'Fintech companies in Singapore' as well as 'Global technology firms.' This should bode well for the relatively new entities to cater to the underserved gig workers in Singapore.

This corroborated with interviewees who expressed that there are no real requirements to take loans. Some gig workers who wish to expand their operations prefer to rely on savings or internally generated funds to grow the businesses. Others who wish to start joint ventures said that collaborations would remain asset light.

Nevertheless, those who have applied for business loans or credit facilities do face some challenges. These challenges are illustrated in Figure 24.

FIGURE 32
PRODUCT DEVELOPERS AND COMFORT LEVELS

How comfortable are you in using financial products and services developed by:

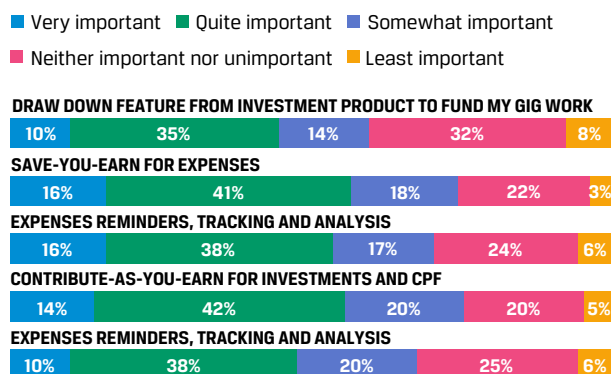


Some preferred features in financial products

'Save-as-you-earn for expenses' is ranked highly amongst the five choices listed in Figure 33.

FIGURE 33
RANKING OF SELECTED FEATURES IN FINANCIAL PRODUCTS AND SERVICES

Rate the importance of financial products and services having the following features:



10. THE SUPPLY SIDE

Gig workers have expenses. Some expenses are recurring regularly on a monthly and/or yearly basis. Some expenditure is also needed for training, pre-project funding and capital expenditure on equipment. Some gig workers also express the importance of emergency expenses or monies to tide over a period of low or no income, inactivity from illness and accidents, or even another lockdown similar to Covid-19.

An automated mechanism to save seems to resonate with gig workers. As income is generated, a portion of the income is automatically put aside, which would then be used to pay for various expenses as they become due.

'Contribute-as-you-earn for investments and CPF' is also a highly-ranked feature. Respondents are in favour of:

- Putting away surpluses when income is generated. For established financial advisers, income is deemed fairly regular. Income is also regular for some coaches, tutors and lecturers except during school holidays. For platform drivers and delivery riders who clock in the hours, income can be regular but they do need a minimum to work with. Income for real estate agents may be lumpy with certain periods of negative cash flow. Those who focus on rental businesses may find income more regular compared to counterparts who focus on buying and selling commercial properties which have a longer consideration period. Lumpy income for real estate agents and some gig workers can be substantial. There has to be avenues for these lumpy income to be parked in investments.
- A disciplined and automated approach. The interviews also revealed presence of inertia when it comes to investing on a regular basis especially when gig workers are tied up with work and if it involves deliberate effort to invest. A disciplined and automated structure does help investment and CPF contribution.

Interview respondents also recognised that some existing financial products and services already have 'revenue and tracking analysis' and 'expenses reminders, tracking and analysis.' For tracking expenses, readily available apps can be used to aggregate expenditure from different payment methods and payment accounts.

One recurring theme we find resonates with interviewees is the ability to draw down funds from investments to fund their gig work. The ability to generate income is paramount. And this corroborates with what we found to challenges to investing.

11. Conclusions and recommendations

We hope a more detailed look into the nature and needs of different categories of gig workers will serve as a catalyst for financial institutions to better cater to this underserved segment.

We also provide some initial suggestions on how financial institutions could customise and/or tweak products/processes/features to cater for variable income earners.

Recommendations should enable gig workers in Singapore to:

- Have better access to suitable and appropriate financial products and services to grow gig income.
- And ultimately to also increase the probability of accumulating their desired retirement sum.

Recognition of gig worker

We recognise that they may be certain biasness against and stigma attached to gig workers as a category of workers. Even the very term gig workers may not sit well with certain individuals who may associate these workers with a care-free irresponsible individuals.

Gig workers or otherwise known as gig workers, freelancers, self-employed individuals, Own Account Workers, are no different from traditional employees. The financial sector and society at large should recognise individuals who supply labour services to produce goods and services regardless whether these workers are in the form of gig workers or traditional employees.

There are exceedingly successful gig workers in every field. If income were to be used as a criteria to measure success, we will be able to find some gig workers in the top decile. Hence an important starting point that is often overlooked is to recognise gig workers, and their need for suitable and appropriate financial products and services.

Categorisation of gig workers

Gig workers are not homogenous. Categorisation of gig workers will give rise to a better understanding of the nature of their psyche, work, career path and spectrum of income patterns.

Asking the right questions can greatly aid in how to categorise the gig workers for the financial institutions' specific purpose. Interviewees fed back that many a time they did not know how to proceed when application questions touched on:

- Classification or type of profession
- Monthly income

There should be categorisation that is broad yet granular enough to capture the nature of the work including income patterns and breaks in income either in a calendar year or between years. Some gig workers specialise. Some hold down more than one job. Some take a few breaks in a year. Others may take some time off after a few years.

Categorisation could perhaps also include experience and skill sets. There are also gig workers who are in a position to bargain for higher rates. More so when they have accumulated 'badges' for work done previously or accumulated experience which may signal higher skill sets.

Certain features in financial products and services should be further developed

Certain features such as 'save-as-you-earn for expenses' and 'contribute-as-you-earn for investments and CPF' are flagged as relatively important features to have in financial products and services. These features alongside revenue and expenses tracking are not new.

We believe a more granular categorisation of gig workers will help financial institutions craft solutions that are able to catalyse gig workers to effectively use the features to:

- Grow gig income.
- And ultimately to increase the probability of accumulating their desired retirement sum.

When asked to rank some plausible challenges to investing, survey respondents flagged out the 'need to allocate resources to gig work' as the most challenging barrier to investing. Respondents also communicated that savings are the primary source of funding for training, equipment purchase and pre-project funding.

Perhaps having the 'draw down feature from investment products to fund my gig work' without onerous penalty may just encourage gig workers to hold less cash balances and channel them to investments. Similarly, more bite-sized and irregular savings and investment plans should be developed to channel surplus funds, however small, to investments.

Use of technology and AI

There needs to be profit to serve gig workers. Lowering of operational costs using technology and AI is a sustainable method to ensure products and services yield financial institutions an acceptable return.

When serving gig workers, employing behavioural finance applications such as nudges may also improve results. The combination of using technology and AI including behavioural finance applications may result in scalable mass automation. This will enable gig workers especially the lower income gig workers to access personalized services.

Firms, unions and digital platforms can play a more active part

Some interviewees revealed that group insurance at affordable rates are made available to gig workers through the firm. Others mentioned that despite them being gig workers, the employers contribute to their CPF accounts.

Firms, unions and digital platforms should be encouraged to facilitate arrangements that could help gig workers seek out insurance coverage, contribute to all CPF accounts and invest regularly. Such initiatives are in line with good ESG practices. Should firms look after the social aspect of stakeholders such as gig workers, there will be benefits to the firms themselves.

It would also be viable for financial institutions to offer their products and services through these arrangements especially when there is a critical mass to ensure profitable outcomes for service providers.

Borrow practices from restaurateurs to raise awareness of suitable features in financial products

When patrons with special dietary requirements frequent restaurants, some menus leverage on icons or symbols to indicate which items on the ala carte menu are suitable for say vegetarians, vegans etc. This is an effective and low-cost way of communicating suitable and appropriate dishes for a select group of customers.

11. CONCLUSIONS AND RECOMMENDATIONS

The same practice can be used for features that may be suitable and appropriate for gig workers. This will draw the attention of the self-employed to explore these features embedded in financial products and services.

Test solutions with target market

We highly recommend testing proposed financial products and services with participants they intend to serve before rolling out these solutions. Participants must include those who may not be comfortable communicating in English, are not tech-savvy and who are from different categories of gig workers including the different generations. Many a time what we deem will work may not be the case in reality. Rigorous testing improves the probability of success – something we know but do not seem to put into practice.

One-stop centre for gig workers

We also wish to highlight some support for a one-stop centre for gig workers. In interviews and discussions with gig workers, some gig workers voiced support for a central location for them to obtain various information, legal advice and market opportunities (domestic and perhaps international) amongst others.

We believe the one-stop centre can also present an opportunity for financial institutions to raise awareness of the availability of financial products and services as well as market their products and features meant for gig workers.

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