



GARMENT WORKER DIARIES

ECONOMIC RESILIENCE AND DIGITAL ACCOUNT USE

By Microfinance Opportunities

March 2021

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EXECUTIVE SUMMARY

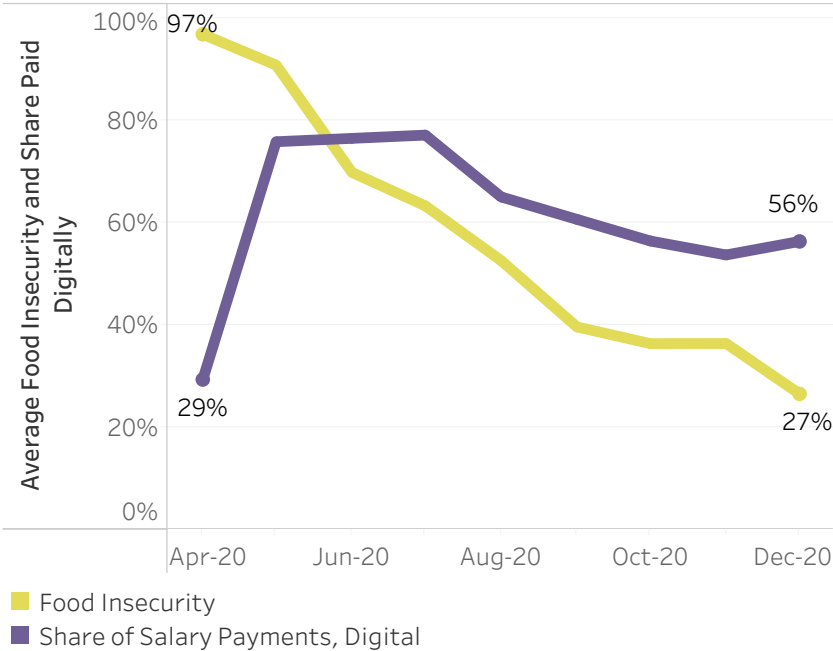
This research report seeks to answer the following question:

What role, if any, did digital financial services play in the resilience of garment workers in the face of the Covid-19 pandemic?

It relies on data collected by the Garment Worker Diaries (GWD) initiative. Specifically, the data for the analysis presented here came from a subset of 732 workers in April 2020 and a subset of 1,269 workers from May 2020 onwards. These workers are employed in factories spread across the five main industrial areas of Bangladesh (Chittagong, Dhaka City, Gazipur, Narayanganj, and Savar). Just over three-quarters of the working respondents are women, roughly representative of workers in the sector as a whole.

We asked the question in the context of an on-going pandemic, which resulted in factory closings in the ready-made-garments (RMG) sector in Bangladesh in late March until late April to combat the spread of the corona virus and the prolongation of some factory closures or slowdowns into May due to orders cancelled by and delayed payments from international brands. This double shock—factory closures to stop the spread of the virus and a drying up of global demand for apparel—put many workers in crisis and resulted in very high levels of food insecurity. In April almost all workers participating in the GWD project reported at least one week of food insecurity in that month. It was only in September that food insecurity among RMG sector workers dropped below 50%.

Figure ES 1: Food insecurity and digital pay by month, April to December 2020



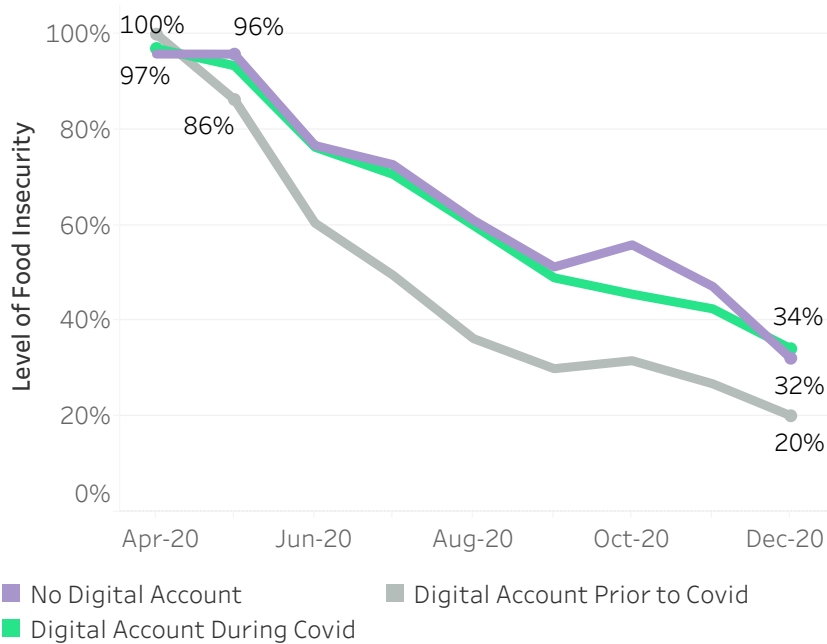
At the same time, the government of Bangladesh put in place a support program directed at workers in the RMG sector that provided loans at 2% interest to factories in the export sector to pay their workers' salaries for up to three months. The payment was arranged in collaboration with the employer, who

provided a list of employees to the government for payment, but this was conditional on the worker being paid through a direct deposit into a mobile money or bank account.¹ This resulted in a payment of about Tk. 6,000 to a garment worker who did not work in April and who normally earned the median salary of Tk. 10,000 per month.²

During the month of April about 2 million accounts were opened on behalf of workers so they could receive the first government support payment in May. This resulted in a massive shift in how workers received their pay—from about 28% receiving their pay through direct deposit (“digitally”) in April (for work performed in March) to about 76% receiving their pay digitally in May. This high level of digital payments continued in June and July, while the government program lasted but many factories reverted to cash payments beginning in August. By December about 56% of workers were being paid digitally.

The fact that the share of workers being paid digitally increased while workers were experiencing high food insecurity and then decreased at the same time that worker food insecurity decreased confounds any attempt to draw an association between digital pay and economic resilience. But an analysis of the data, taking into account the month-to-month changes in both food insecurity and digital pay suggest that digital financial services *did* play a role in workers’ economic resilience, in two ways.

Figure ES 2: Digital account ownership timing and food insecurity during 2020



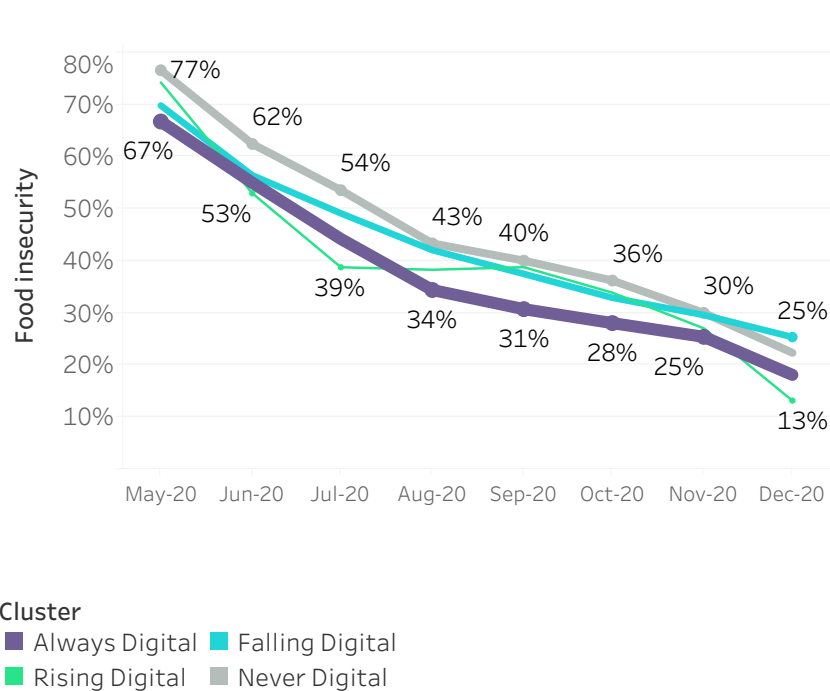
¹ <https://www.thedailystar.net/business/news/guideline-disbursement-tk-5000cr-stimulus-package-unveiled-1888453>

² <https://www.tbsnews.net/economy/rmg/no-layoff-rmg-factories-workers-duty-get-full-salaries-75214>

First, we find that workers who acquired a DFS account prior to April 2020 experienced less food insecurity than other workers, for the period May to December 2020, taking into account worker pay and social characteristics. This was in comparison to other workers who acquired an account during April or in the months after and workers who never had an account. These two groups had the same food insecurity experience as each other. This result holds for both men and women, when data from them are analyzed separately.

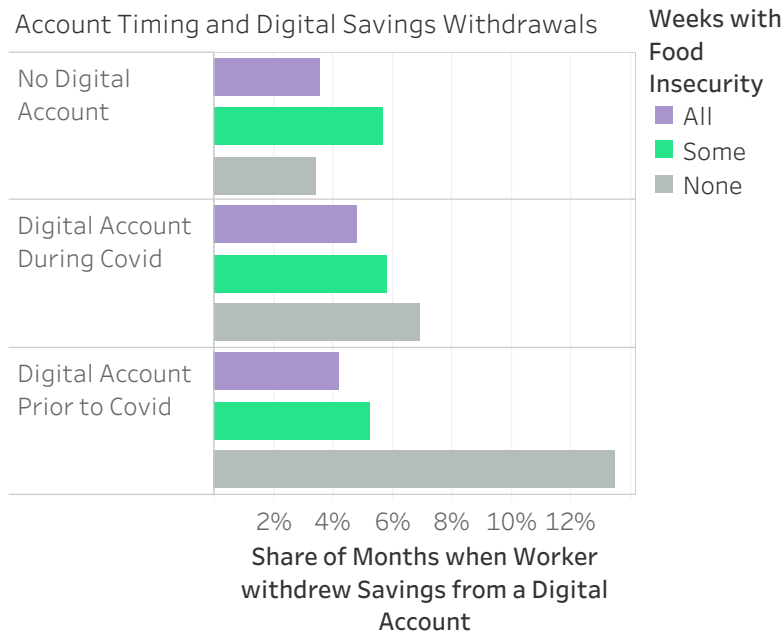
Second, we find that when we cluster workers by how they were paid from May to December 2020, the consistency of digital pay matters, even after taking into account income earned and a number of other factors (including pre-covid account ownership). Specifically, workers who consistently received their pay digitally throughout the May to December period (“Always Digital”) or once they started receiving their pay digitally they continued to do so (“Rising Digital”) were more resilient than those who were either paid in cash (“Never Digital”) or paid inconsistently (“Falling Digital”).

Figure ES 3: Digital pay patterns and food insecurity, May to December 2020



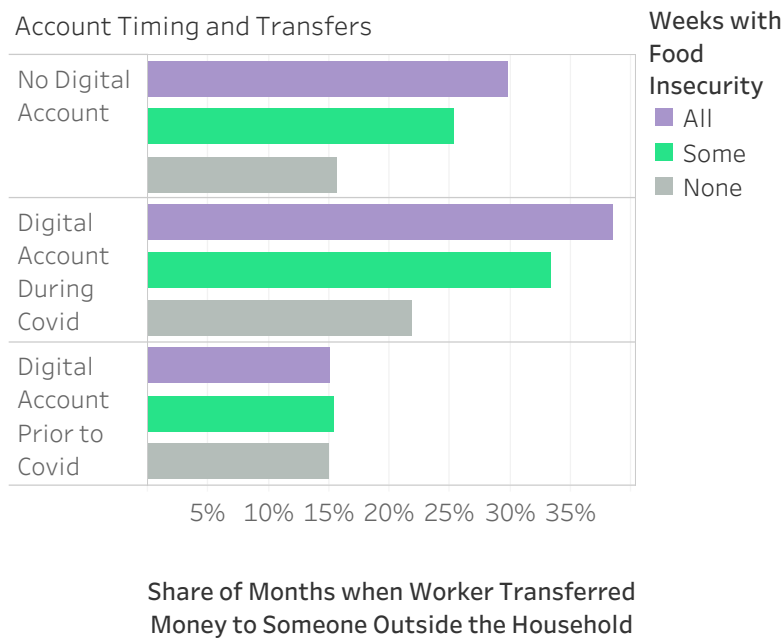
Looking deeper into the data we find two mechanisms by which those who had an account pre-covid were more resilient: they were more likely to have accumulated savings to draw down; and they were less likely to transfer money to family outside the immediate household. As a result, they were in a better position to buy food when they had a shortfall in income.

Figure ES 4: Digital account ownership timing and savings account withdrawals



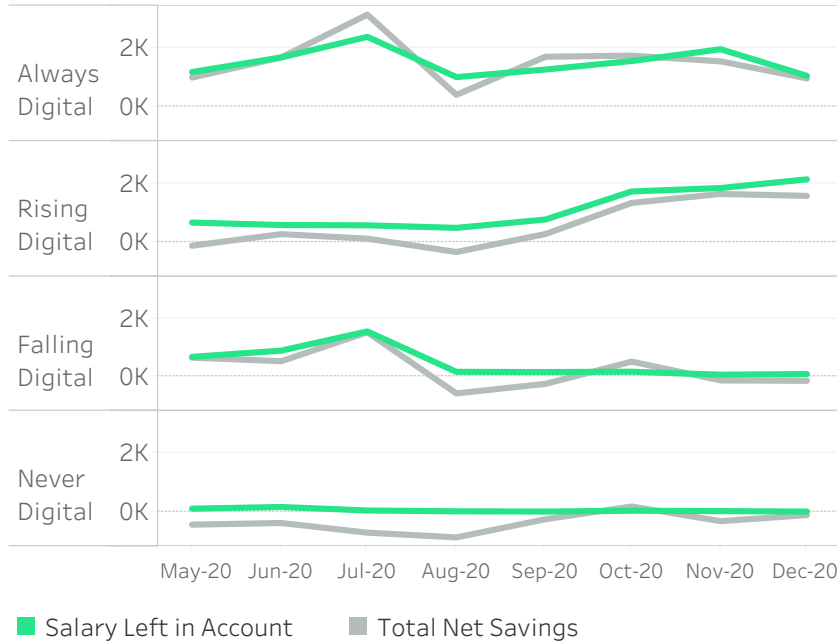
They were also less likely to put themselves under stress by transferring money to someone outside their own household when they could not afford it.

Figure ES 5: Digital account ownership timing and transfers outside the household



The link between consistent digital pay and resilience rests on the fact that workers consistently receiving their pay digitally saved more during the period from May to December 2020.

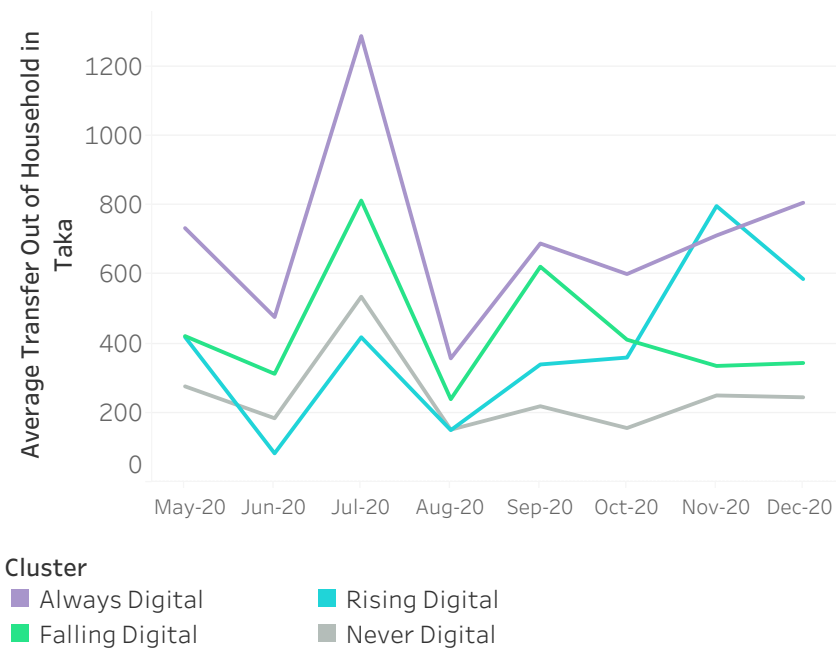
Figure ES 6: Digital pay clusters and net savings



The mechanism by which this happened was that workers receiving their pay digitally left some money in their account consistently, which, over time resulted in an accumulation of savings. In contrast, those that were paid digitally but then were switched to cash lost that “default” savings mechanism and did not replace it by setting aside money at home.

There is some suggestion in the data that the savings workers were able to accumulate by leaving money in their accounts was not completely at the expense of others in their network. All workers made transfers in July to members of their family at Eid al-Adha. But after that, “Rising digital” and “Always digital” workers increased the amount they transferred out of the household to others each month.

Figure ES 7: Digital pay clusters and transfers to others



These findings all point in a positive direction towards promoting wage digitization. Furthermore, they all point towards the link between DFS, regular digital pay, and savings accumulation. They also have something to say about the role money transfers play in the economic resilience of a garment worker. DFS increases the fluidity of money—a few touches of a button and the money can be sent across 100s of miles or across the traffic-clogged streets of Dhaka. This is something new for workers to manage, and they might benefit from some tips on how to do it best.³

³ See for example, in the U.S., the Consumer Finance Protection Bureau's guidance on managing informal financial networks among family and friends: <https://www.consumerfinance.gov/coronavirus/managing-your-finances/tips-for-managing-family-lending-and-borrowing/>

INTRODUCTION

This research report seeks to answer the following question:

What role, if any, did digital financial services play in the resilience of garment workers in the face of the Covid-19 pandemic?

It relies on data collected by the Garment Worker Diaries (GWD) initiative. Specifically, the data for the analysis presented here came from a subset of 732 workers in April 2020 and a subset of 1,269 workers from May 2020 onwards. These workers are employed in factories spread across the five main industrial areas of Bangladesh (Chittagong, Dhaka City, Gazipur, Narayanganj, and Savar). Just over three-quarters of the working respondents are women, roughly representative of workers in the sector as a whole.

The report begins by defining resilience and explains why we chose to measure resilience using a question about food insecurity. It then discusses the results of a logit regression analysis that sought to identify the behaviors and characteristics of workers in our sample that might be associated with their economic resilience. The analysis focuses on the role digital financial services (DFS) might have played in bolstering the resilience of garment workers, and then goes on to look at other factors that were associated with resilience. The report ends with a discussion of the confounding problem of “self-selection bias,” which is the idea that workers who were most likely to be resilient were also the ones most likely to choose to have a DFS account, so the link between DFS and resilience is spurious. The section offers explanations for why the “self-selection” argument itself is spurious.

DEFINING AND MEASURING RESILIENCE

An individual or family that is economically resilient in the face of an emergency is one that can first avoid economic stress, through things like insurance (either private or provided by the government). But a resilient individual or family can also withstand or cope with economic stress when it comes, and bounce back from it when circumstances improve. So resilience is not just one characteristic, but a number of different characteristics that come into play at different stages of an emergency. Furthermore, resilience is not just an attribute of a family or individual, but also an attribute of the society in which they live: Is there government support available for families that suffer unemployment? Are people protected from extreme weather events by good infrastructure? This is why a well-off family that has good insurance is resilient even though, if it ever suffered economic stress, it might fall apart through a series of bad decisions. On the other hand, a low-income family with few protections is very vulnerable to something going wrong, and so less resilient, even though when things do go wrong that family responds in very appropriate ways that maximize the possibility that it will be able to bounce back. Garment workers, as we shall see, definitely fall into the second category.

To track resilience the GWD initiative used a simple question that we asked the workers every week:

“During the past week, have you eaten less than you felt you should because there wasn’t enough money for food?”⁴

We chose this question as a way to measure resilience because going without food is a sure sign that someone is living under economic stress and that they are being tested by the economic circumstances they are facing. Going without food might be a way to cope with an emergency situation, but it is not a sustainable coping mechanism because you lose strength, are less able to work, and become more vulnerable to disease. So going without food suggests that a person has not been able to avoid the consequences of an economic emergency, and it also suggests that they may have difficulty withstanding the impact of the emergency and bouncing back from it.

GARMENT WORKER RESILIENCE

When we first asked workers in the RMG sector the food insecurity question in April 2020 almost every single worker answered “yes” to it in at least one of the weeks when we interviewed them that month. This told us something important: garment workers were not in any position to protect themselves against an economic emergency. In May workers got support through the government support program for the RMG sector, and by June production had come back online and a vast majority of workers were back at work. Nevertheless, food insecurity persisted—it was only in September that less than half the workers answered “yes” to the question in at least one of the weeks we asked it that month. Food insecurity still persists today, with about one fifth of workers still answering “yes” to the question in one of the weeks each month. This means that even in normal times some workers are food insecure. Furthermore, there is no reason to believe that workers’ earnings are sufficient to enable them to buy themselves the protection they need through, for example, savings to avoid the economic impact of another emergency. And though the government did provide support to the RMG sector in 2020, the [workers do not believe the government will help them in the future](#). But there may be some glimmer of hope regarding worker economic resilience due to the potential role digital financial services can play in helping them manage their money.

ECONOMIC RESILIENCE AND DIGITAL FINANCIAL SERVICES

The data on which this report is based were collected within the context of an on-going pandemic, which resulted in factory closings in the ready-made-garments (RMG) sector in Bangladesh in late March until late April to combat the spread of the corona virus and the prolongation of some factory closures or slowdowns into May due to orders cancelled by and delayed payments from international brands. This double shock—factory closures to stop the spread of the virus and a drying up of global demand for apparel—put many workers in crisis and resulted in very high levels of food insecurity. In April almost all workers participating in the GWD project reported at least one week of food insecurity in that month. It was only in September that food insecurity among RMG sector workers dropped below 50%.

⁴ MFO and SANEM borrowed this question from a survey (see FSD061) that the U.S. Centers for Disease Control (CDC) developed many years ago as part of a series of questions on food security within a household. The only thing we changed was that we asked about the “past week” while in the CDC survey they asked about the past 12 months.

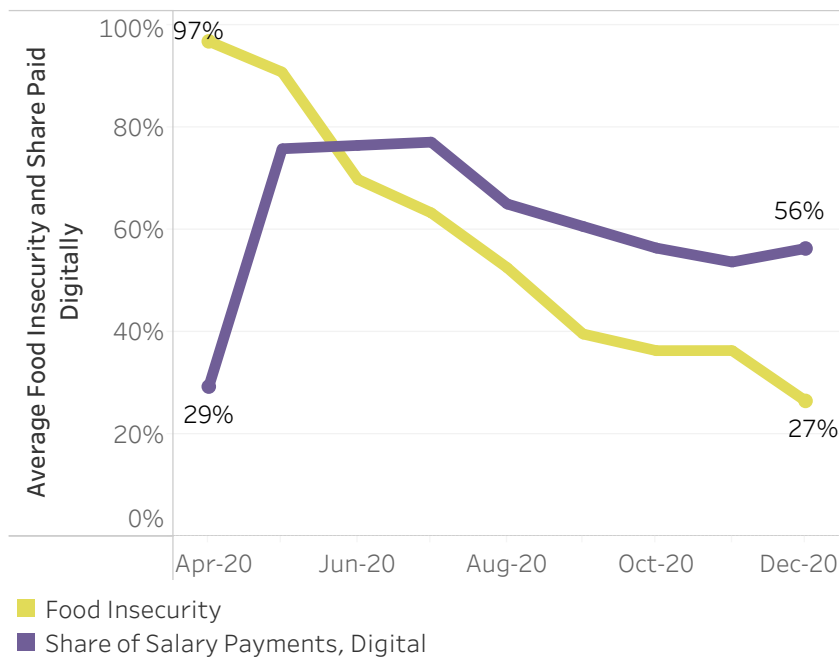
At the same time, the government of Bangladesh put in place a support program directed at workers in the RMG sector that provided loans at 2% interest to factories in the export sector to pay their workers' salaries for up to three months. The payment was arranged in collaboration with the employer, who provided a list of employees to the government for payment, but this was conditional on the worker being paid through a direct deposit into a mobile money or bank account.⁵ According to the State Minister of Labour:

"RMG workers who did not work in April will get 60 percent of their salary for this month before Eid. Those who worked in factories that remained open amid shutdown in April will get 100 percent salary.

"Besides, those who resumed work from April 26 will get 60 percent of their wages for the previous 25 days, and full wages for the last five days of this month."⁶

During the month of April about 2 million accounts were opened on behalf of workers so they could receive the first government support payment in May.

Figure 1: Food insecurity and digital pay by month, April to December 2020



This resulted in a massive shift in how workers received their pay—from about 28% receiving their pay through direct deposit (“digitally”) in April (for work performed in March) to about 76% receiving their pay digitally in May. This high level of digital payments continued in June and July, while the government

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program lasted but many factories reverted to cash payments beginning in August. By December about 56% of workers were being paid digitally.

The fact that the share of workers being paid digitally increased while workers were experiencing high food insecurity and then decreased at the same time that worker food insecurity decreased confounds any attempt to draw an association between digital pay and economic resilience. But an analysis of the data, taking into account the month-to-month changes in both food insecurity and digital pay suggest that digital financial services *did* play a role in workers' economic resilience.

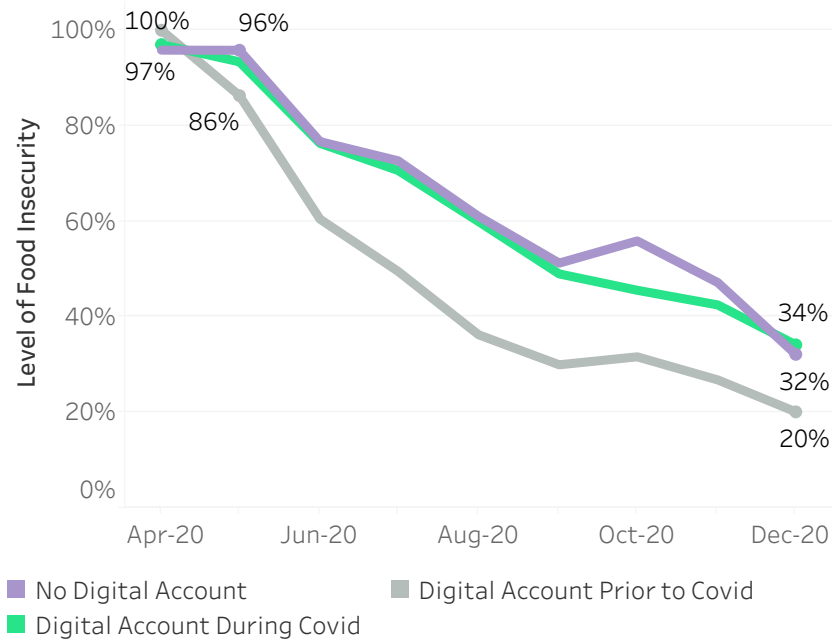
DIGITAL ACCOUNT OWNERSHIP

Workers who had some sort of digital financial account, such as a bank account they accessed through a debit card or a mobile money account, prior to the pandemic were more resilient than either those workers who reported not owning an account or who reported gaining an ownership to an account after the pandemic hit—in April 2020 or after. This finding held true even when we took into account factors such as the income, other cash flows, gender, marital status, education level, location, and employer of the worker. Let's look more closely at the results.

Within the GWD project about 28% of workers reported to us that they personally owned a digital financial account before the Covid-19 pandemic hit. Another 58% reported that they got an account in April 2020 or after, much of this driven by the push by factories to open accounts for workers in April 2020 so that they could receive government support payments targeted at the RMG sector. About 15% reported to us that they do not own such an account, even though some of them might have access to one through another member of their household.

The data from our weekly surveys with workers suggest that workers who had an account before the Covid-19 pandemic struck were as likely as other workers to report food insecurity in April—almost all workers reported at least one week of food insecurity during that month. But pre-covid account owners were able to bounce back more quickly than others. In May, about 86% of workers who had an account pre-covid reported at least one week of food insecurity, while about 95% of the other two groups of workers reported food insecurity during that same month. And the gap widened in June—60% of the pre-covid account owners reporting food insecurity and 76% of the other two groups of workers. By December about 20% of pre-covid account owners were reporting food insecurity, while about 33% of the other two groups were. These differences probably had something to do with the fact that pre-covid account owners earned more during these months, but our analysis suggests that even after taking these income and other differences into account having an account pre-covid made a difference.

Figure 2: Digital account ownership and food insecurity



Resilience is characterized by the ability to avoid, withstand, and recover from shocks. The Diaries data suggest that across all groups of workers, regardless of whether they had a mobile money account or not, the ability to avoid the Covid-19 shock was minimal. In April, despite receiving salaries and government support almost all workers reported food insecurity. But those who got mobile money accounts pre-Covid were better able to withstand and recover more quickly from the economic shock induced by the pandemic.

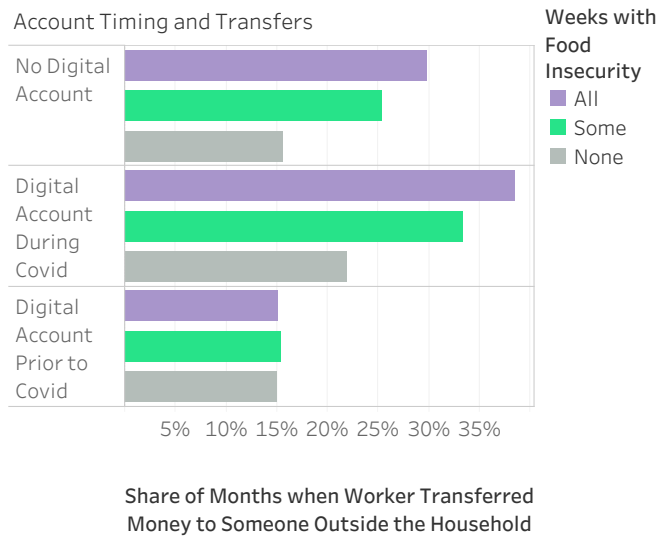
There is some evidence from another study on workers in the RMG sector in Bangladesh that might explain why differences in account ownership timing lead to different levels of resilience. Differences in the timing of account ownership across workers mean that workers have different levels of experience with digital financial accounts. A [working paper](#) by Emily Breza, Martin Kanz, and Leora Klapper reports results of a randomized control trial showing that workers learn how to use a digital financial account “by doing.” In other words, experience with digital financial accounts can translate into different levels of skill in managing their use. In addition, when we asked workers about their experience during the period when they opened their account, those who got an account pre-covid were more likely to report having received training and support than those who got an account in or after April 2020. Furthermore, the latter group of workers were more likely to report that their account was “opened in a hurry.”

Looking deeper into the data, we observed two money management behaviors that suggest why workers with more experience with digital accounts might be more economically resilient—the management of cash transfers and savings.

Cash transfers to someone outside the household have a complex relationship to food insecurity and the timing of the acquisition of a digital account. Those with experience with digital accounts were less likely to transfer money to others outside the household than other workers. Those with less experience with

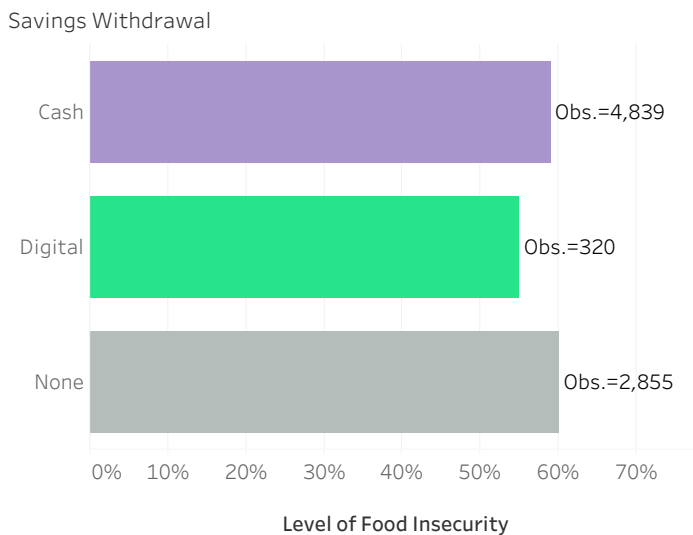
digital accounts were the most likely to transfer money to someone else and to do so when they *were* food insecure than when they were not. Those without a digital account fell between the two other groups in terms of transfer behavior.

Figure 3: Cash transfers outside the household



In the weekly GWD interviews, workers reported instances when they withdrew money from their savings. This is very common among workers, because they are paid monthly and then draw down their salary, which they keep in savings during the month.

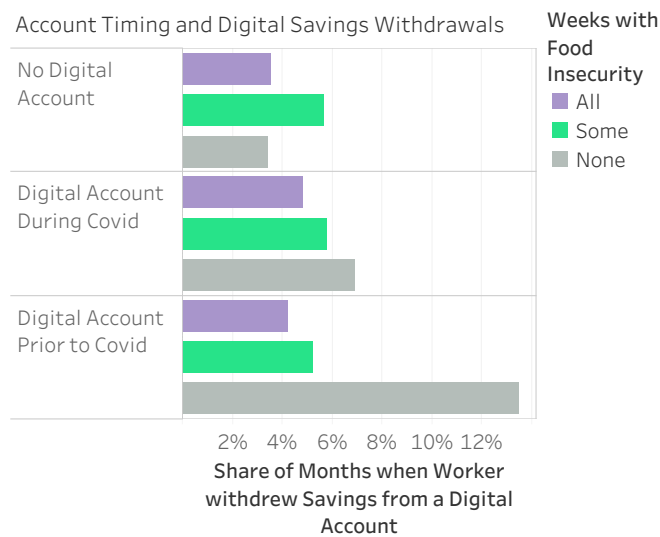
Figure 4: Savings withdrawals and food insecurity



Workers who reported withdrawing money from a digital savings account (mobile wallet or bank account) in a month, were more likely to be food secure during that month than workers who only withdrew money from a cash account (savings kept at home) in a given month. Workers who did not withdraw money at all could be facing one of two situations: 1) unable to withdraw money because they did not have any; 2) not needing to withdraw money because they have cash on hand. The data suggest that, on balance, the former situation prevailed.

Looking more closely at the data on savings, we found that workers who had experience with digital accounts were far more likely to withdraw money from such a digital account in months when they were food secure than other workers.⁷ This suggests that workers with these types of account were using their savings to cover their living expenses.

Figure 5: Account timing, digital savings withdrawals and food insecurity



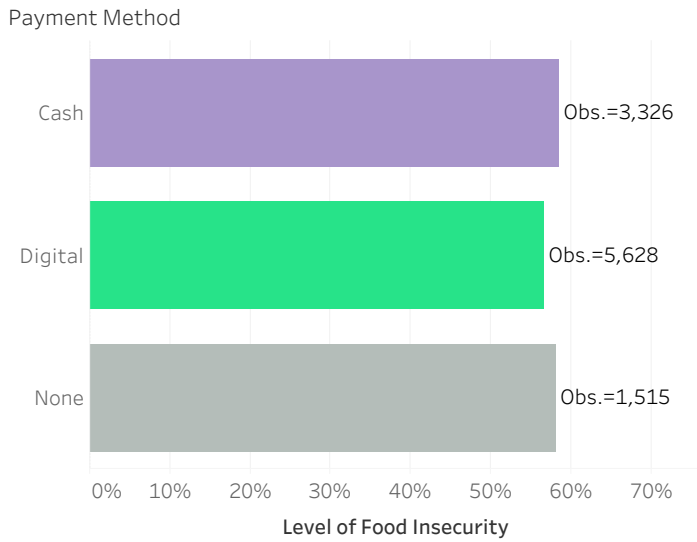
All of this suggests that workers who had an account pre-covid were better prepared to use the account to manage their money when the pandemic hit, enabling them to bounce back more quickly.

DIGITAL PAY CONSISTENCY

There was no difference in the food insecurity of workers who were paid in cash, digitally, or not at all (None).

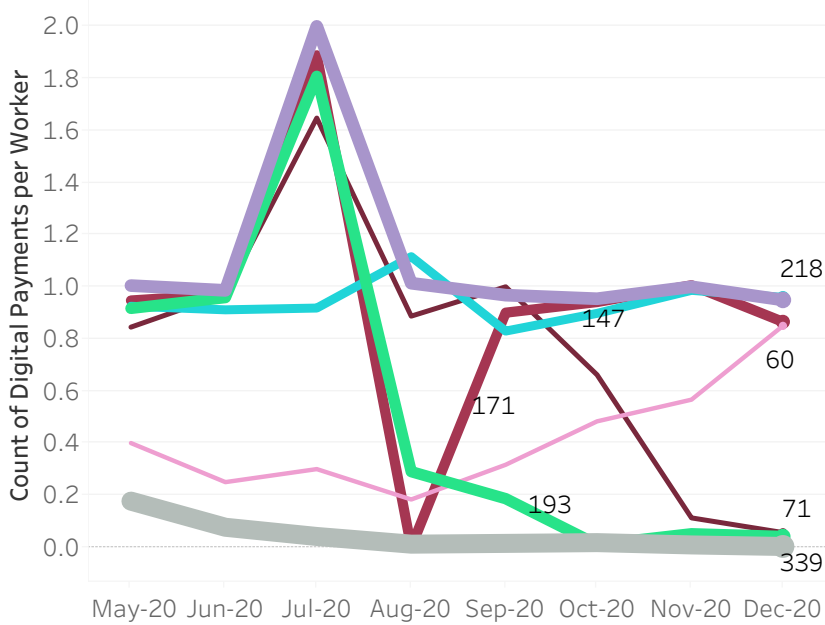
⁷ It is possible for a worker to report withdrawing money from a digital account even if they do not report having such an account. There may be someone else in their household who has an account that the worker used. But the numbers are very small.

Figure 6: Payment method and food insecurity



But there was a difference in the food insecurity of workers who were consistently paid digitally. We identified these workers when we performed a cluster analysis looking for groups of workers who were paid in the same way over the course of the eight months from May to December 2020. Using K-means cluster analysis of the number of digital payments a worker received each month, we identified seven (7) major payment groups.

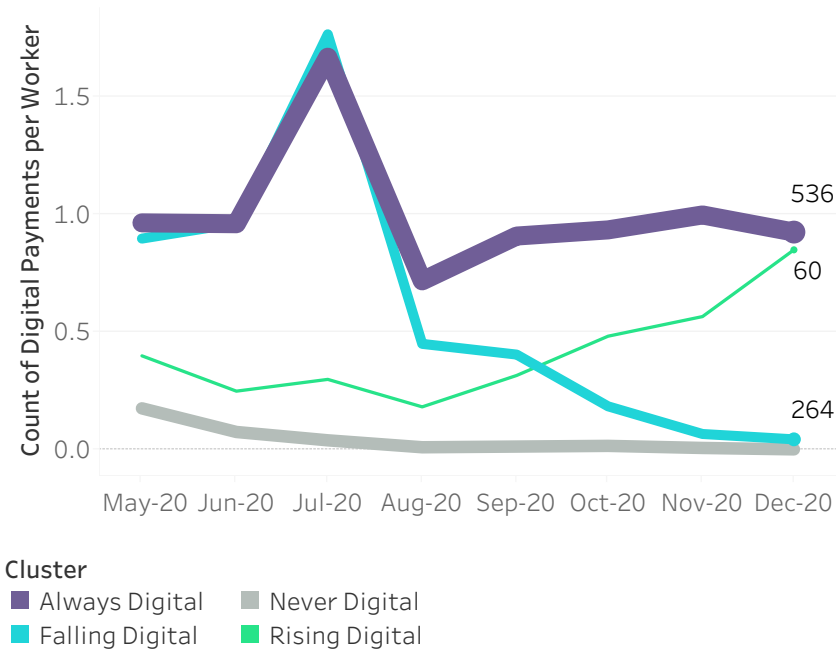
Figure 7: Digital pay patterns



The cluster analysis revealed three groups of workers that consistently received a digital payment from their factory. The only difference across these three groups (maroon, purple, and light blue) was how they were paid in July and August, around the Eid al-Adha holiday. Two of the groups of workers (purple and maroon) received two digital payments in July—one for their regular salary and another a salary advance that is often given before Eid. These two groups were differentiated further because one group also received a payment in August, while the other did not. The third group of workers received a digital payment in both July and August, but no salary advance in July. For the sake of this analysis we aggregated these clusters into one. In addition, the cluster analysis revealed two groups of workers who received digital payments early in the time period covered by these data, but were then converted to cash payments. The only difference between these two groups was the timing of the shift to cash—in one case (green) the shift happened between July and August, while in the other case (thin dark maroon line) the shift happened more gradually from September to November. We combined these two groups into one.

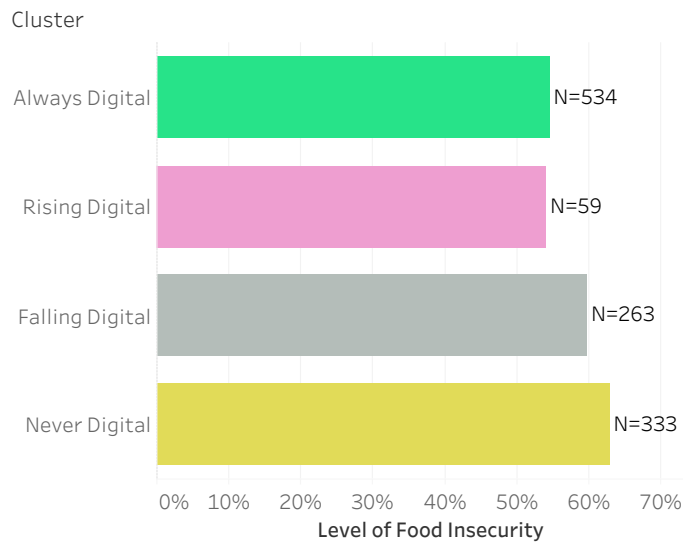
These aggregations result in four (4) groups of workers with very different digital payment patterns.

Figure 8: Digital pay pattern groups



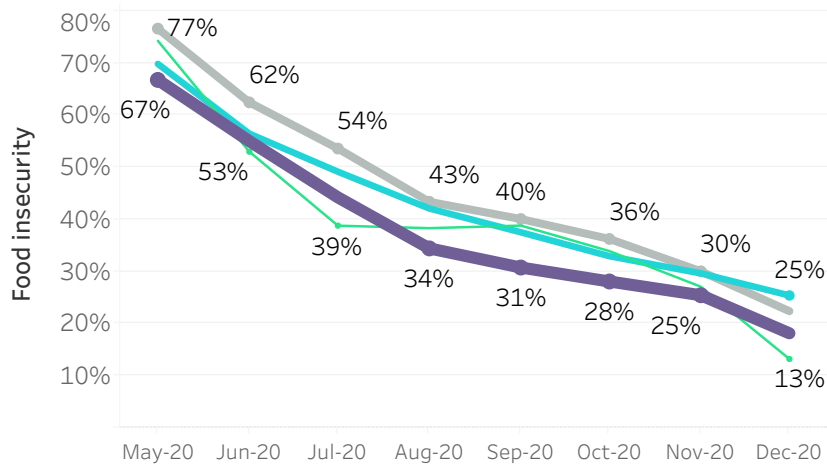
The data suggest that after controlling for the timing of account ownership and other factors, workers who consistently received their pay digitally throughout the May to December period (“Always Digital”) or once they started receiving their pay digitally continued to do so (“Rising Digital”) were more resilient than those who were either paid in cash (“Never Digital”) or paid digitally and then were reverted to cash (“Falling Digital”).

Figure 9: Digital pay patterns and food insecurity



Furthermore, all clusters experienced a fall in food insecurity, but those whose rate of digital pay increased over time experienced the greatest fall in food insecurity, dropping from around 77% to 13% from May to December.

Figure 10: Digital pay patterns and falling food insecurity

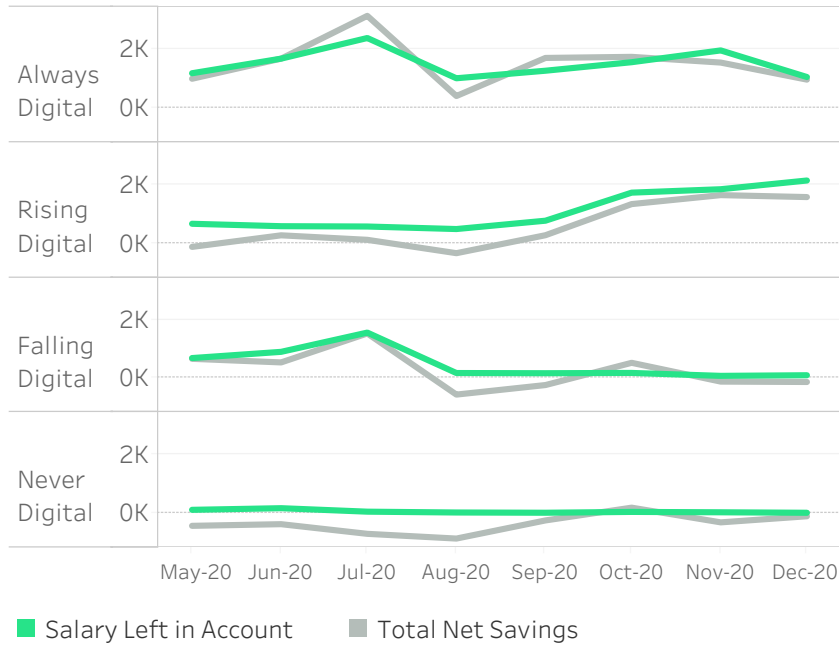


Cluster
 Always Digital (Dark Purple) Falling Digital (Cyan)
 Rising Digital (Green) Never Digital (Grey)

The link between consistent digital pay and resilience rests on the fact that workers consistently receiving their pay digitally saved more during the period from May to December 2020. The mechanism by which

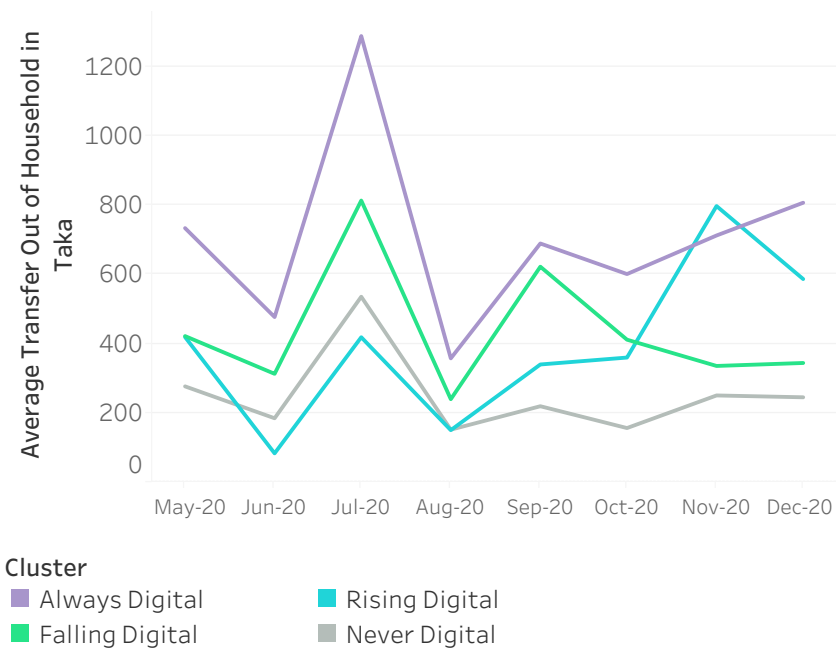
this happened was that workers receiving their pay digitally left some money in their account consistently, which, over time resulted in an accumulation of savings. In contrast, those that were paid digitally but then were switched to cash lost that “default” savings mechanism and did not replace it by setting aside money at home.

Figure 11: Digital pay patterns and net savings



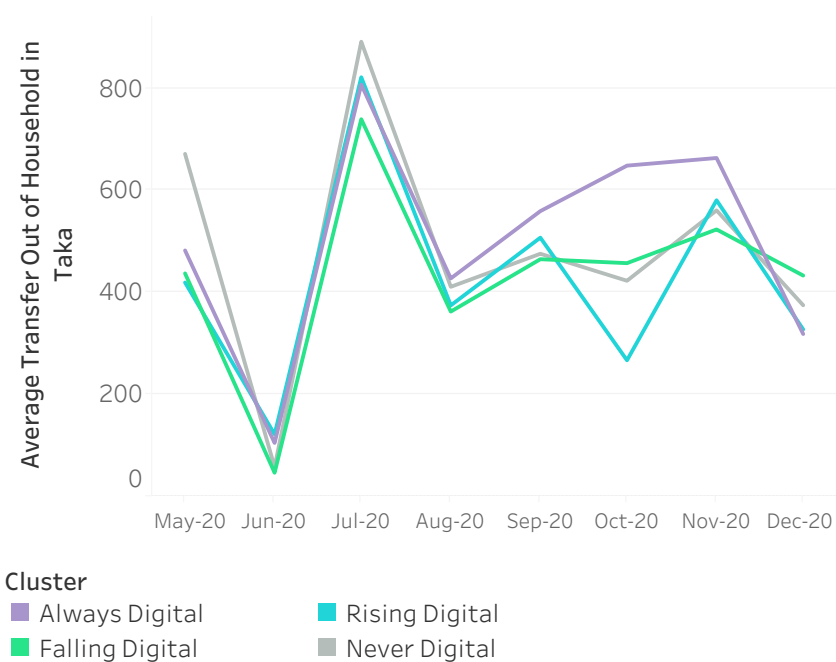
There is also some suggestion in the data that the savings workers were able to accumulate by leaving money in their accounts was not completely at the expense of others in their network. All workers made transfers in July to members of their family at Eid al-Adha. But after that, “Rising digital” and “Always digital” workers increased the amount they transferred out of the household to others each month.

Figure 12: Digital pay patterns and transfer to others



In contrast, workers across clusters had a similar pattern of transfers from others into their own hands, except in October.

Figure 13: Digital pay patterns and transfers from others



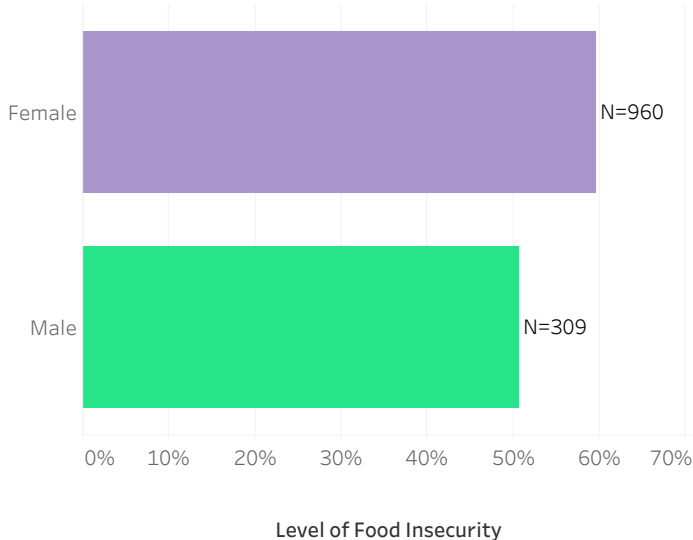
OTHER FACTORS

The links between DFS and economic resilience were not simply an artifact of the characteristics of those who had DFS accounts before the Covid-19 pandemic hit Bangladesh or of those who consistently received their pay digitally. We took these into account when exploring these links. In this section, we describe the other factors that we thought might be linked to a worker’s resilience and discuss whether, after taking all factors into account, there is a link

GENDER AND FOOD INSECURITY

Women were more likely to be food insecure than men. But, after controlling for other variables correlated with gender, the difference between men’s and women’s food insecurity is no longer statistically significant. This does NOT mean that gender does not matter, rather we were able to identify factors that were sufficiently gendered (for example lower pay and education) to be able to explain why women were more food insecure than men.

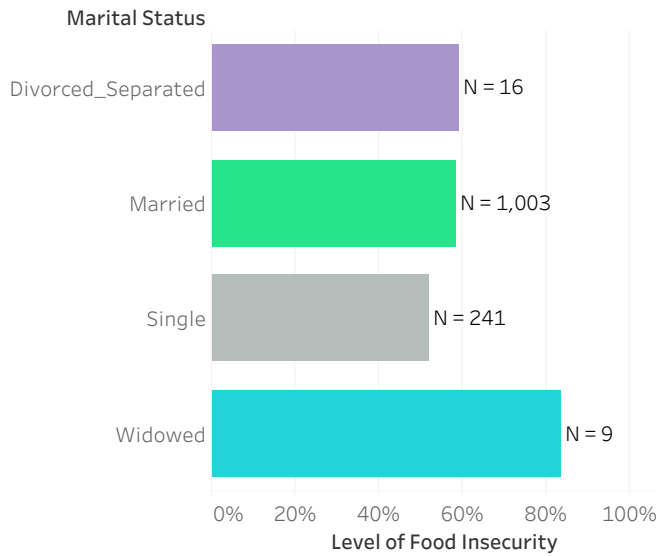
Figure 14: Gender and food insecurity



MARITAL STATUS AND FOOD INSECURITY

Single workers were less likely to be food insecure than married workers. Though the number of respondents is small, widowed workers were the most food insecure. In the analytical model, the link between marital status and food insecurity is weak, and so we cannot say for sure that single people are more economically resilient than married people.

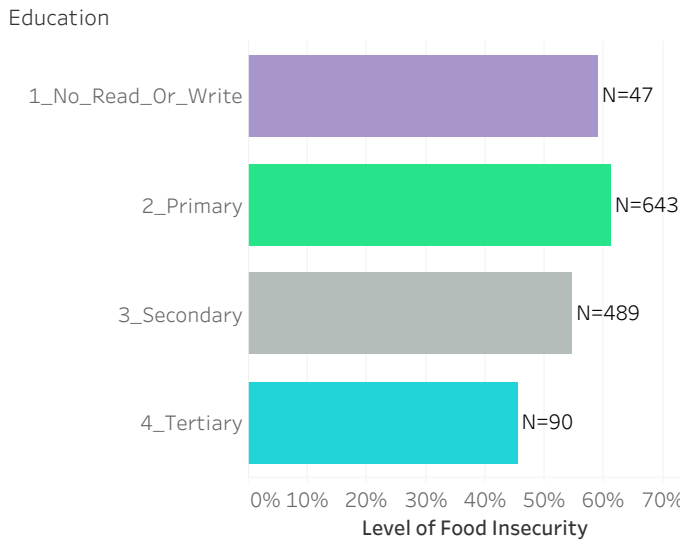
Figure 15: Marital status and food insecurity



EDUCATION AND FOOD INSECURITY

The more educated the worker the less food insecure they were, especially if they had some secondary education or more. This link held up in the statistical model, after taking into account other factors.

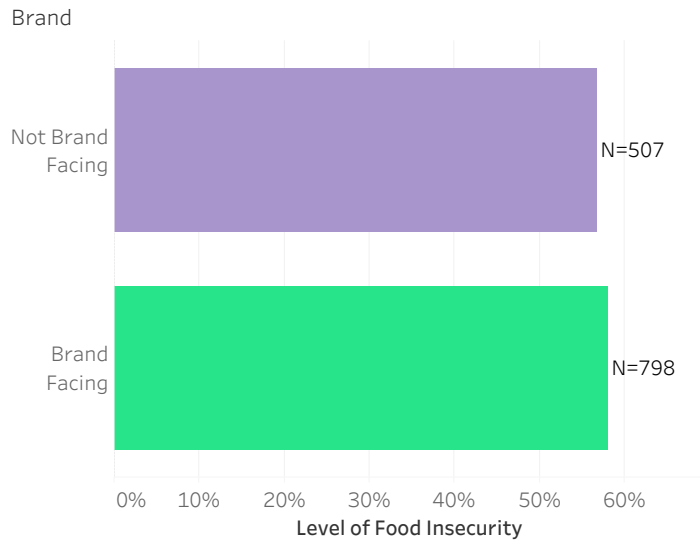
Figure 16: Education and food insecurity



BRAND STATUS OF FACTORY AND FOOD INSECURITY

There was no difference in food insecurity based on whether a worker worked in a factory that appeared on a publicly available brand supplier list or in the Mapped in Bangladesh data set.

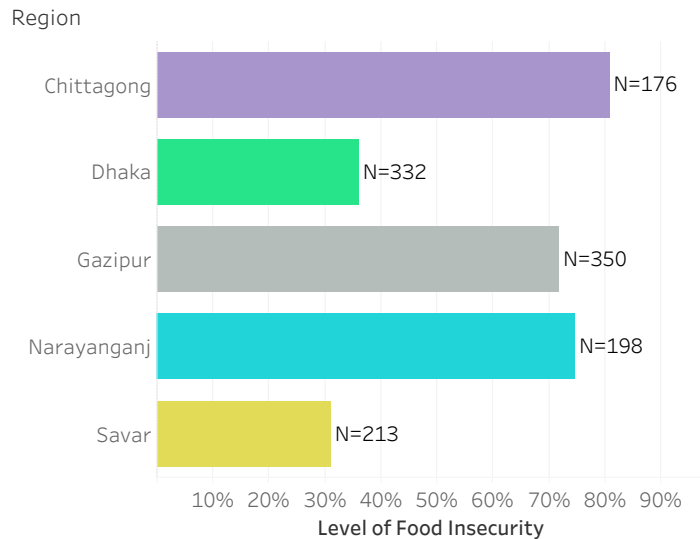
Figure 17: Brand status and food insecurity



FOOD INSECURITY BY REGION

There were considerable differences across regions in food insecurity. We are not sure why this was the case.

Figure 18: Region and food insecurity



SELF-SELECTION BIAS—SOME THOUGHTS

Self-selection bias is a common problem that confounds attempts to attribute outcomes, such as changes in worker resilience, to some particular cause, such as having a DFS account. The argument goes that the

workers who chose to acquire a DFS account were already the most resilient, so the link between having a DFS account and resilience is spurious. Obviously, there are ways to identify and account for self-selection bias through the use of analytic models that take into account the observable characteristics and behaviors of workers to isolate the particular links between DFS and resilience. This is what we did for the analysis presented in this report. But this approach can only take into account observable characteristics and behaviors, it cannot take into account characteristics that may be more difficult to observe such as “financial savviness”—the learned or innate ability to manage money well. In this section, we present some data and thoughts on whether self-selection bias played a role in the finding presented in this report and whether, if it did, the role it played invalidates the link between DFS and resilience. We begin with data on observed variables and then move on to a discussion of unobserved variables.

Note that concerns about self-selection bias also, potentially, apply to the finding regarding the link between regular digital payments and resilience, but in this case the self-selection is at the factory level—factories that were either already paying digitally or chose to begin to pay digitally and stick with it throughout the rest of 2020 were more likely to pay their workers better or otherwise help them be more resilient, including in ways that are hard to observe.

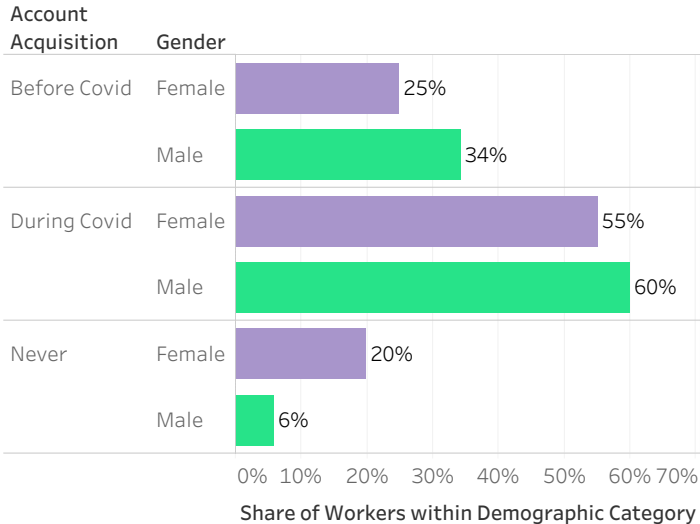
SELF-SELECTION BIAS: OBSERVED VARIABLES

We identified a number of different variables that are associated with account acquisition, which we took into account when analyzing the data. Nevertheless, it is worth noting what they were.

Gender and Account Acquisition

Men were more likely to have an account pre-Covid but also to acquire one during Covid, and they were more likely to be resilient than women. But the analytical model showed that the link between account acquisition and food insecurity remained after taking into account the gender of the worker. In fact, the link between gender and food insecurity was tenuous in the analytical model.

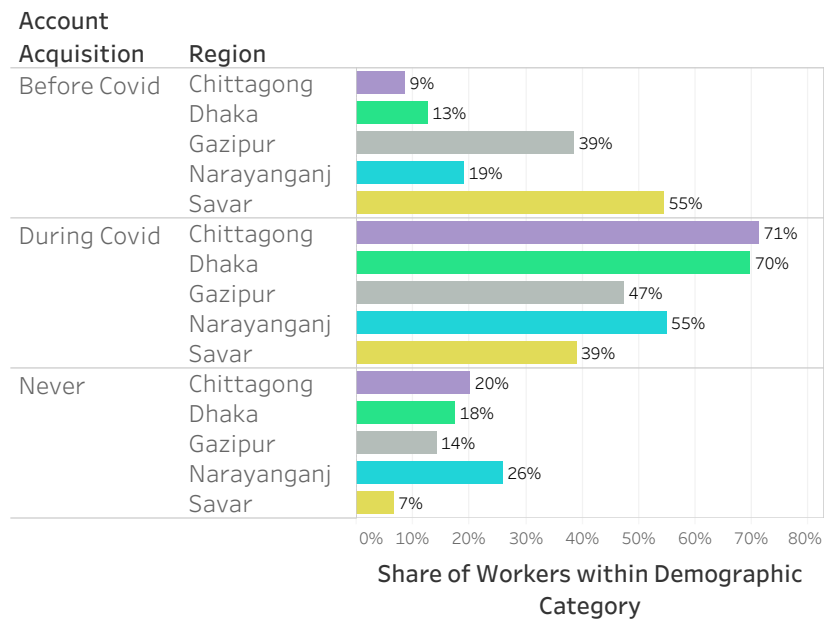
Figure 19: Gender and account acquisition



Region and Account Acquisition

Account acquisition varies by region. In the case of Chittagong, there was low account ownership pre-Covid and high food insecurity during Covid. But even excluding Chittagong from the analysis, the results still hold.

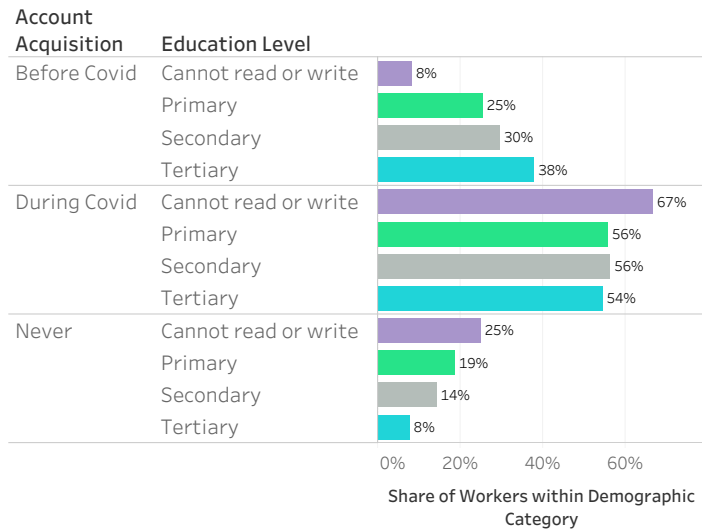
Figure 20: Region and account acquisition



Education and Account Acquisition

Workers with more education were more likely to have an account, pre-Covid. Those with more education were also likely to be less food insecure during Covid. Might education be driving the findings? We controlled for education in our model to account for this.

Figure 21: Education and account acquisition



Income, Account Acquisition, and Digital Pay Pattern

Workers that acquired DFS accounts before the Covid-19 pandemic earned more per month during 2020 than their counterparts. The same was also true of those who were regularly paid digitally during 2020. As we might expect, income earned by a worker in a month has a very strong link with their economic resilience and this shows up in the analytic model. But even after accounting for income, the links between DFS and economic resilience remain.

Figure 22: Income and acquisition

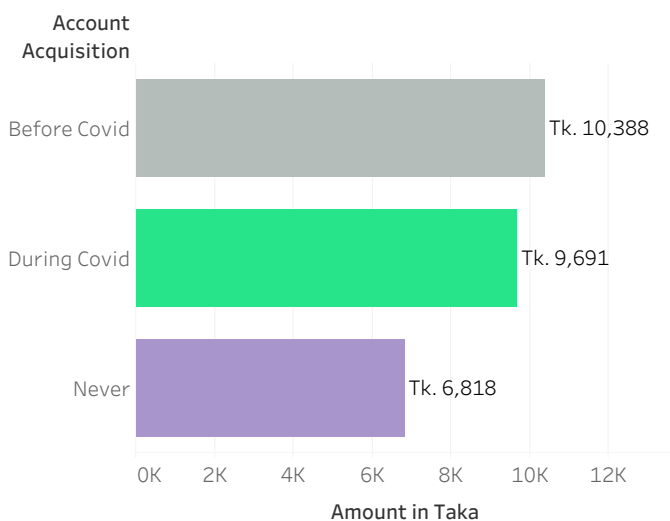
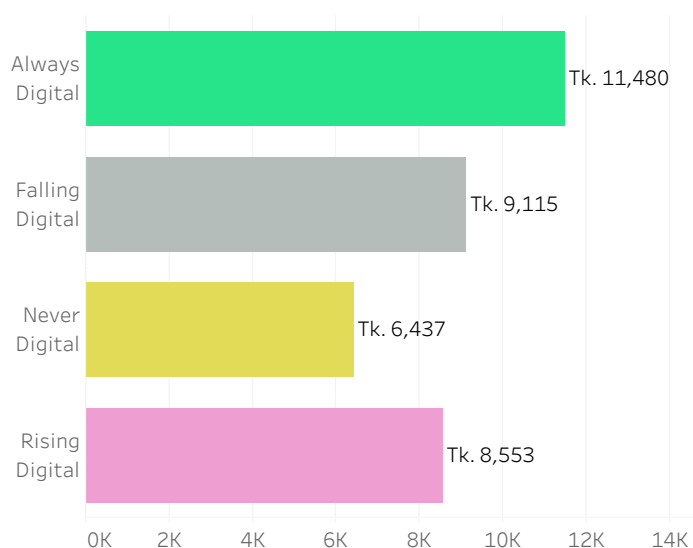


Figure 23: Income and digital pay pattern



SELF-SELECTION BIAS: UNOBSERVED VARIABLES

It may be that our detailed GWD data, which tracked workers week to week, did not pick up all the characteristics and behaviors that make for an economically resilient worker. For example, maybe those who had accounts pre-Covid were more “savvy” at money management in ways that we cannot measure. This is the classic problem of attributing causality to financial services. Even if this conjecture is true we cannot then, necessarily, say that the link between DFS and resilience is spurious: why would resilient workers choose to acquire DFS? Our data show resilient workers used DFS, so it is not the case that they acquired DFS and then did not use it. So we can explain the relationship between DFS and food security in two possible ways. Either workers with experience using DFS were more resilient because they used their DFS to manage their money effectively: accumulating savings and managing transfers to others. Or, alternatively, resilient workers acquired and used DFS earlier than others and used it to accumulate savings to manage in tough times and avoided putting themselves under stress by making inopportune transfers to others. In other words, DFS was the choice of resilient garment workers and the data suggest that they use DFS to bolster their resilience.

In either case, the data suggest that DFS contributes to the well-being of garment workers. If the first explanation holds true, experience with a DFS account has a direct link with economic resilience. If the second explanation holds true, individuals who know how to manage their money well *choose* to acquire *and* use a DFS account, suggesting that resilient workers see value in using DFS.

The data also suggest a far more mundane explanation for the role DFS plays in the economic resilience of workers. When their employer decides to start to pay them digitally, they are required to open an account into which their salary can be deposited. Then, each month they receive a relatively large sum of money into that account and, by default, have the opportunity to leave some money behind each month. Over time, that money accumulates and gives them a financial cushion that contributes to their resilience.

None of these explanations are mutually exclusive. They all point in a positive direction towards promoting wage digitization. Furthermore, they all point towards the link between DFS, regular digital pay, and savings accumulation. They also have something to say about the role money transfers play in the economic resilience of a garment worker. DFS increases the fluidity of money—a few touches of a button and the money can be sent across 100s of miles or across the traffic-clogged streets of Dhaka. This is something new for workers to manage, and they might benefit from some tips on how to do it best.⁸

⁸ See for example, in the U.S., the Consumer Finance Protection Bureau's guidance on managing informal financial networks among family and friends: <https://www.consumerfinance.gov/coronavirus/managing-your-finances/tips-for-managing-family-lending-and-borrowing/>