



Innovate  
Implement  
Impact

# The i3 Program in Malaysia

Improving the financial health of gig workers  
through digital innovations



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UNCDF's work in financial health is centered on enhancing people's financial security, independence and thus well-being, which in turn contributes to the achievement of the United Nations Sustainable Development Goals (SDGs).

We realise that including people in the financial system is about much more than having a bank account. It is about creating opportunities to help communities - especially historically marginalised populations—build financially healthy lives and actively participate in today's connected economy.

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## Why Gig Workers?

With the onset of innovative technological business models, the rise of the on-demand, digitally powered gig economy is inevitable. According to the World Development Report 2019, 0.3-0.5% of the active labor force participates in the gig economy globally. And while the gig economy creates new job and income opportunities and includes historically excluded groups such as the youth, women and elderly, it also creates conditions that could undermine the financial health of gig workers. For example, the gig economy by definition does not include social protection, benefits, access to credit and training opportunities for gig workers.

Malaysia is a middle-income country and has seen rapid digital and financial expansion in the last decade. Yet, this expansion has excluded the bottom 40% or B40 Malaysians who struggle to maintain financial security and resilience. Within this group, the self-employed and independent workers are particularly susceptible. They constitute 26% of Malaysia's workforce, contributing to Malaysia's growing gig economy, most of it digitally enabled.

In UNCDF's research on the financial health of gig workers, we found that majority of those in the gig economy are able to make ends meet but financial resilience – the ability to cope with and respond to financial shocks – and financial freedom – the ability to enjoy life on one's terms and meet financial goals – are rather elusive for gig workers.

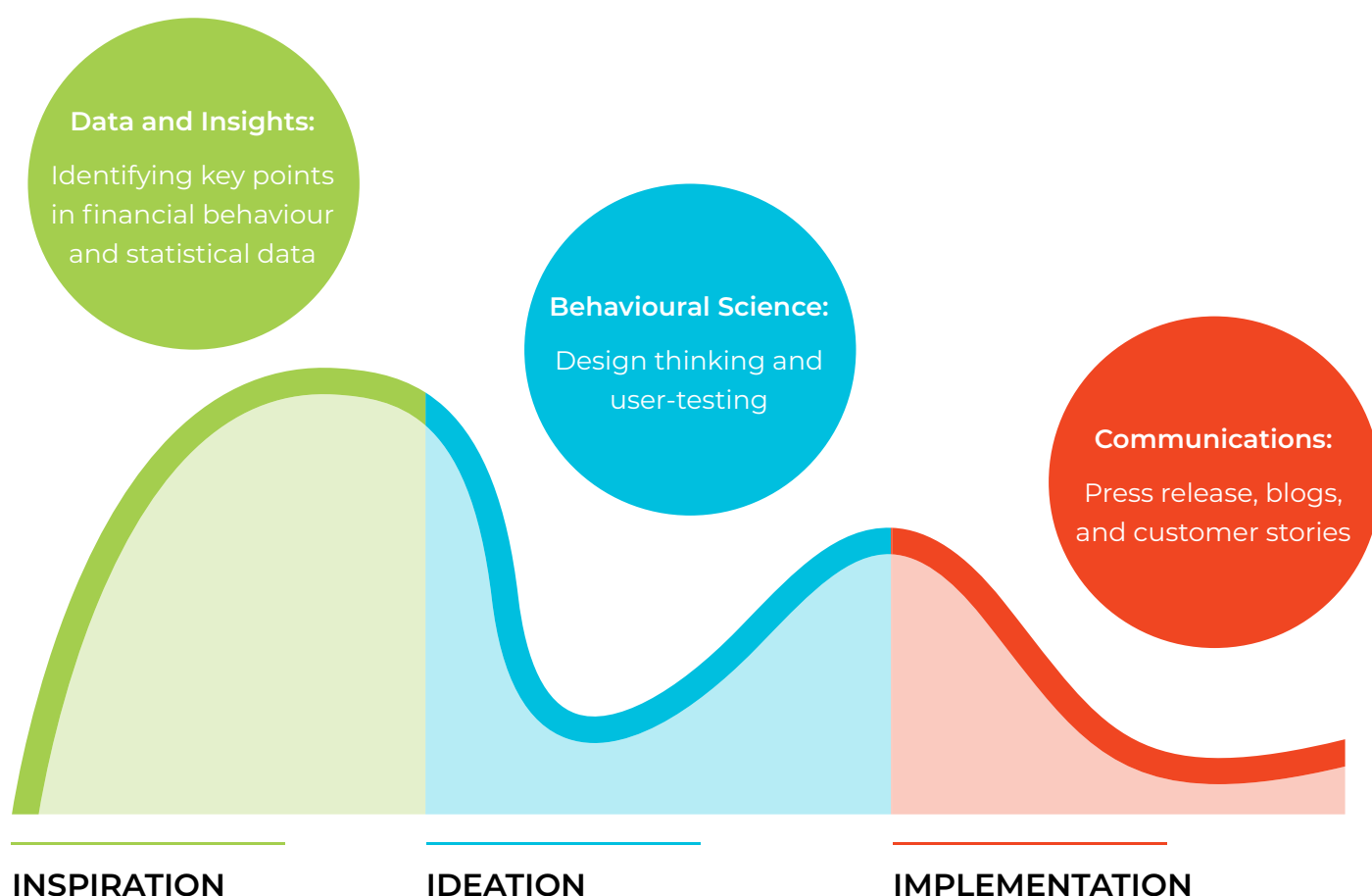
**26%**

**of Malaysian who are part of the workforce are either self-employed or independent workers.**

## The Approach

UNCDF's mission is to improve the financial health of the most vulnerable, by helping to align incentives for the private and public sector to deliver financial health-focused services to customers at the last mile. In 2018, UNCDF with the support of MetLife Foundation instituted the i3 Program in Malaysia and created an in-country platform anchored as a financial innovation lab, to improve the financial health of low- and moderate-income (LMI) people through digital innovations.

The platform focuses on improving the financial health of gig workers in Malaysia through a comprehensive approach addressing various aspects of their lives such as income and skills, financial services, and training opportunities. The platform facilitates partnerships with gig platforms, fintechs and financial institutions with aligned missions and mandates and has collaborated with 10 organisations to date to improve different dimensions of gig workers' financial lives. These organisations participated in UNCDF's Innovation journeys that incorporated behavioural science techniques such as design thinking and user testing in fine-tuning financial health solutions. UNCDF also leverages the expertise of key policymakers and regulators such as BNM, MDEC, EPF and PIDM and established platforms such as Grab and foodpanda to support these initiatives for gig workers.





## The Outcome

UNCDF's work with gig workers has aimed to touch varied aspects of their financial lives, starting with income and skills to financial products and services that could help gig workers realise their financial goals. We are working with nine start-ups and established platforms to help gig workers improve their earning potential, cultivate constructive financial behaviours and use a range of financial tools. Through this work, we learned that improvements in financial health need comprehensive efforts in many directions that help individuals build healthy, balanced financial lives. Some of the outcomes that we are looking to achieve in 2021 are:

- Enable 250,000 gig workers to develop financial resilience and build the financial future they want for themselves and their families;
- Collaborate with platform players and other stakeholders to address underlying barriers that prevent gig workers from realising financial security, control and freedom;
- Create an investment pipeline of scalable financial health solutions to generate interest and commitment in the global investor community



# UNCDF IN-COUNTRY PLATFORM IN MALAYSIA: RESULTS AND IMPACT



## IMPACT ACHIEVED

An increase of 31.2% from Q1 2020 to 17,754 active users (June 2020)

### Value proposition

Improving income-earning potential of GoGetters and enabling access to financial health-focused products and services.

### Future

Partnership with PIDM (Perbadanan Insurans Deposit Malaysia) to test varied messaging strategies to help gig workers develop savings habits.



## IMPACT EXPECTED

Improving the financial health of 30,000 job seekers on the FastJobs platform by June 2021

### Value proposition

Exploring an employee-wellbeing programme that offers a suite of financial products to job seekers on the platform.

### Future

Partnering with other financial service providers to add more services on the platform such as goal-linked savings and investment plans.



## IMPACT ACHIEVED

12 commercial partnerships and 19,955 insurance policies sold to 4,666 unique subscribers

### Value proposition

Providing daily and weekly bite-sized insurance coverage to gig workers and business owners.

### Future

Taking part in "Google for Start-ups Accelerator - sustainable Development Goals" to scale its insurtech solution.

# USD 2.1 MILLION

*raised in external  
funding*



## IMPACT ACHIEVED

Average savings balance per month among women users doubled from Q1 to Q2 2020

### Value proposition

Helping young LMI Malaysians save towards their goals as they earn.

### Future

Partnering with Mydin, one of Malaysia's largest supermarket chains.



## IMPACT ACHIEVED

Adapting the existing platform to suit the needs of B40 Malaysians

### Value proposition

Exploring a micro-investment product targeted at B40 Malaysians and specifically gig workers to Invest with limited entry and exit barriers and low fees.

### Future

Allowing 37,600 B40 Malaysians to grow their money through the platform by 2021.

## Financial Health Solutions in the Offing

UNCDF will provide technical assistance and grants to 4 financial solutions providers who recently participated in UNCDF's GIG Economy and Financial Health Innovation Programmes

### **PAY:WATCH**

A payroll platform that provides gig workers with instant access to earned wages between paychecks, or additional liquidity in the form of wage advances.

### **Versa**

Offers a digital management tool to help gig workers make the most of their idle cash through investments in easy-to-exit money markets.



Helps gig workers gain critical skills with interactive games and learning programs, and through a rewards system helps employers identify skilled gig workers.



Offers a suite of services mirroring traditional employment such as sick leave, mental health assistance and other wellness packages to gig workers.

Each organization will be guided by UNCDF to offer financial health-centric solutions that will help gig workers become more marketable, access funding in between gigs, secure social support and grow their earnings.



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

UNCDF's financing models work through three channels: (1) inclusive digital economies, which connects individuals, households, and small businesses with financial ecosystems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; (2) local development finance, which capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and (3) investment finance, which provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and domestic resource mobilization.

## CENTRE FOR FINANCIAL HEALTH

The Centre for Financial Health acts as a convener, providing a platform to bring together global, regional and local actors committed to using financial and digital solutions to improve the financial lives of low-income families—helping them climb – and stay – out of poverty. The Centre creates space for thought leadership where best financial health practices and models are exchanged and lead to concrete action with governments and the private sector.

The Centre is implementing programmes in different countries called Living Labs, in-country platforms which support players with a combination of high quality financial, advisory and networking support to design, test and scale financial health solutions.

For more information on the Centre, contact:

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