

CARE CAMBODIA

Social Marginalised Women

SITUATION ANALYSIS: FINANCIAL INCLUSION OF FEMALE GARMENT FACTOR WORKERS IN CAMBODIA

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List of Acronyms

AFD	Agence Française de Développement
ATM	Automated Teller Machine
CBC	Credit Bureau of Cambodia
CMA	Cambodia Microfinance Association
CWPD	Cambodian Women for Peace and Development
DP	Development Partner
FGD	Focus Group Discussion
GDP	Gross Domestic Product
GMAC	Garment Manufacturers Association in Cambodia
ILO	International Labor Organization
IFC	International Financial Corporation
MFI	Microfinance Institution
MoLVT	Ministry of Labor and Vocational Training
MoWA	Ministry of Women Affairs
MSMEs	Micro, small and medium enterprises
NBC	National Bank of Cambodia
NGO	Non-governmental Organization
NSSF	National Social Security Fund
OT	Overtime
UNCDF	United Nations Capital Development Fund

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Executive Summary

Commissioned by CARE Cambodia, the study examines the perceptions, behaviors and barriers of female garment workers in accessing and using the formal financial products and services. At the same time, it explores the solutions to unlock the financial exclusion of the female garment workers. The study adopted the definition of financial inclusion from the Center for Financial Inclusion by analyzing the female garment workers' accessibility, affordability, and eligibility of the formal financial products which include deposit, credit, payment, and insurance. The analysis was examined based on three key aspects including enabling environment, supply of and demand for financial products and services, and the market-based solutions and priority actions.

The study conducted an extensive review of existing documents, researches and data and carried out key informant interviews with CARE project team, government agencies, financial institution, Garment Manufacturers Association in Cambodia (GMAC), Cambodia Microfinance Association (CMA), garment factories, brands and retailers, development partners (DPs) and non-government organizations (NGOs). In addition, they conducted 2 focus group discussions and survey with the 202 female workers in 3 of the most garment factory populated areas including Veng Sreng, Tuol Sangke and Sen Sok areas, and another area in Kamboul to also capture the workers receiving wage via bank deposit.

The Royal Government of Cambodia (RGC) has put efforts in promoting the financial sector and empowering women working in the garment sector through the provision of the insurance scheme, the minimum wage, and other incentives. In addition, the government through the National Bank of Cambodia (NBC) has developed financial sector strategies and initiated a financial literacy campaign called "Let's Talk Money" and set the interest rate ceiling for microfinance institutions (MFIs). However, there is no any specific policy or regulation on promoting financial inclusion of women, let alone female garment workers. Since 2015, the government has subsidized the electricity meters and connection fees and set a lower electricity tariff for the garment workers residing in rented rooms.

Moreover, garment factories have been involved in promoting financial inclusion of female garment workers by having financial literacy training among workers and showing interests in using bank/MFI payroll services. Meanwhile the brands and retailers and GMAC encourage their suppliers and members to use the digitalized payroll, and DPs/NGOs are supporting financial inclusion through various mechanisms.

Many banks and MFIs have developed and provided a wide range of products and services, particularly the digital banking products, in response to the needs of the low income individuals, at greater convenience and lower costs through its nationwide networks. The presence of the digital finance serves the unbanked and underbanked segments where the banking system is absent. On the other hand, in Cambodia women play an active role in the financial sector. They represent around 80% of the total clients of MFIs. Female garment workers are gaining access to the financial products and services given the availability of the innovative products and services with the affordable prices, at greater convenience as their offices, agents and/or ATM are located near the working places or residents. The most preferred products are remittances, of which the transaction is happened once a month, and following by credit, insurance. Saving is the least preferable products as workers still prefer cash to account for the liquidity reasons. Also, they do not see the benefits of having the accounts given the low literacy level.

Opportunities could be reaped from the existing infrastructures of having a diverse financial market has enabled the female garment workers to access to existing and innovative formal financial products and services and widely spread mobile money transfer agents, as well the interest from and eligibility of the workers in having a bank account for payroll and savings. At the same, the garment factories indicate their preference in banking payroll so as to improve their operation and administration efficiency, in accordance to the suggestion from their suppliers and encouragement from GMAC. On the other hand, there is also interest from the formal financial institutions in working with the garment workers based on their existing as well as innovative and flexible products and services. Meanwhile, there are a number of DPs who are working on financial inclusion from which banks/MFIs can seek technical and financial support.

Although a number of the garment workers have accessed to formal financial products at affordable prices and in a somehow accessible manner, there remain several gaps and barriers hindering the process of financial inclusion for garment workers. From the supply side, barriers to financial inclusion include limited outreach to the garment workers, difficulty in dealing clients with low level of education and limited financial literacy and with a multiple credit profile at the time of loan application, and availability and proximity of the physical access to bank/MFI offices, branches and/or ATMs. From the workers' side, the barrier is their perceived no demand for formal financial products and services, and there are gaps in knowledge and information about the financial institutions and their products and services and literacy in financial management.

To address the gaps and barriers to financial inclusion of female workers, the study proposes a number of market-based solutions and priority activities which should include financial literacy (awareness raising and trainings), provision of the financial information and the benefits of the products and services (through direct and indirect marketing), financial inclusion policy development and donor and NGO coordination, demand creation through voluntary payroll via bank deposit, as well as development of innovative products targeting female garment workers.

1. Introduction

This research was commissioned by CARE to build evidence and provide recommendations for CARE's priority area on *women economic empowerment*, to develop a more integrated approach to financial inclusion within *Dignified Work*¹, with a specific focus on female garment workers in Cambodia.

1.1. Study Objective

The main objective of the study is to examine the financial behaviors and needs of female garment workers and their constraints in accessing and using appropriate financial products and services, and to recommend market based solutions and priority actions for key stakeholder engagement to support financial inclusion of female garment workers.

1.2. Research Framework

According to the Women's Economic Empowerment Strategy of CARE (2016), women economic empowerment is defined as "the process by which women increase their right to economic resources and power to make decisions that benefit themselves, their families and their communities. This requires equal access to and control over economic resources, assets and opportunities as well as long-term changes in social norms and economic structures that benefit women and men equally." Therefore, financial inclusion is the key since "households and businesses have access and can effectively use appropriate financial services. Such services must be provided responsibly, sustainably and in a well regulated environment" (CGAP).² The Center for Financial Inclusion defines financial inclusion as the access of people who can use suitable financial services at affordable prices, in a convenient and dignified manner, with financial capability, and under a diverse and supportive market environment.³

By adopting the main concept of financial inclusion defined by the Center for Financial Inclusion, this study focuses its analysis on the accessibility, affordability, and eligibility of female garment workers in access to the formal financial products which include deposit, credit, payment and insurance across three key aspects: (1) enabling environment, (2) supply of and demand for financial products and services, and (3) market-based solutions and priority actions.

Table 1.1: Research and analysis framework

Financial Inclusion of Female Garment Workers in Cambodia		
Enabling Environment	Supply and Demand	Recommendations
<ul style="list-style-type: none">• Policy and legal framework• Supporting actors	Supply <ul style="list-style-type: none">• Common products/services• Specific products/services Demand <ul style="list-style-type: none">• Financial status, management and decision making• Knowledge and interest• Use of financial products/services Opportunities and challenges	<ul style="list-style-type: none">• Market-based solutions• Priority actions

¹ Dignified Work means decent and gender-equitable jobs for women which contribute to their economic empowerment.

² <http://www.cgap.org/topics/financial-inclusion> (accessed 19 March 2017).

³ <http://www.centerforfinancialinclusion.org/our-definition-of-financial-inclusion> (accessed 5 March 2017).

1.3.3. Sample Size

The total sample size for this study is 220 including 18 key informants and 202 female garment workers. To fit in the required research timeframe and resources, the survey sample was based on 7% of error margin and 95% of confidential level. With a total of 610,000 garment workers in Cambodia (ILO, 2017), a statistical sample of 196 is required. To ensure sufficient sample, 3% additional sample were interviewed, resulting in a total of 202 female garment workers participating in the FGDs and survey.

Table 1.2: Sample size

Methods	Participants	Sample size
KIs	Government organizations	3
	Financial institutions	5
	Garment factories	3
	Brands and retailers	2
	Business associations	2
	DPs / NGOs	3
FGDs and survey	Female garment workers	202
Total		220

1.3.4. Sample Selection and Identification

Key informants and female garment workers were selected and identified based on certain criteria outlined in Table 1.3 below.

Table 1.3: Sample selection and identification

Respondents	Criteria
Financial institutions	<ul style="list-style-type: none"> - Banks and MFIs with wide geographical focus - Banks and MFIs providing small loans - Combination of previously or currently providing services and products to garment workers (including digital financing) and having no specific services for garment workers
DPs / NGOs	<ul style="list-style-type: none"> - Supporting financial inclusion for women - Supporting women in the garment industry
Garment factories	<ul style="list-style-type: none"> - Having at least 2,000 employees and located in Phnom Penh - Combination of partners and non-partners of CARE
Brands and retailers	<ul style="list-style-type: none"> - With sizable sourcing from Cambodia and/or - Working on financial inclusion with factories
Female garment workers	<p><u>Selection Criteria:</u></p> <ul style="list-style-type: none"> - At least 1-year experience as garment workers in various work responsibilities in the production line - Mixed marital statuses (married respondents not exceeding 40%) - Being young (majority not older than 35 years) <p><u>Respondent identification:</u></p>

	<ul style="list-style-type: none"> - Spreading survey sample within the selected areas - Veng Sreng (40%), Tuol Sangke (30%), and Sen Sok (24%) - and purposely selected sample in Kamboul (6%) - Randomly identified at the workers' residential areas located nearby the factories during their lunch break and after working hours in the evening - Randomly identified within factories during their lunch break and working hours (with the factory's permission)
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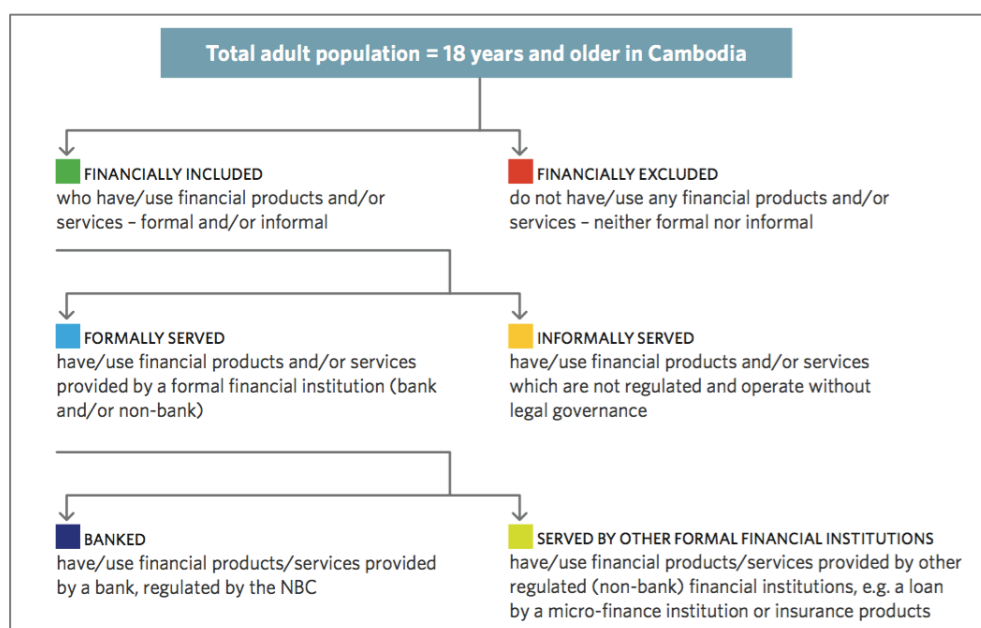
2. Overview of Financial Inclusion and Garment Industry in Cambodia

2.1. Demographics and Financial Inclusion

According to the UNCDF's FinScope (2015), more than 60% of the Cambodia's population are adults,⁴ of which 52% are female. Three out of four adults are residing in the rural areas, while 56% have primary education or lower and 13% have no formal schooling. There are more men with higher education than women. Farming remains a major economic activity, but only one third claimed to rely on farming as a main source of income, while one fourth of them rely on the income from the informal economy and 10% are dependents relying on remittances and assistance. Only 24% of the adults are earning from the formal sector. Approximately 40% of the adults earn around US\$100 or less per month with over half of these adults earning less than US\$50 per month. Accessibility to common financial service destinations such as banks/MFIs or ATMs is lower in rural areas.

UNCDF defines individuals who are financially included as those who are either formally or informally served. Formal financial products and services are provided by a formal financial institutions including banks and non-bank agencies. Figure 2.1 illustrates the financial inclusion definition.

Figure 2.1: Defining financial inclusion



Source: UNCDF's FinScope, 2015, p. 12.

⁴ Adults are aged above 18 years.

Based on this definition, 29% of the adults have been financially excluded, while the remaining have accessed to formal and/or informal financial products and/or services. A number of the adults have relied exclusively on banking services (5%) and other formal mechanisms (26%). Some others (27%) have accessed to a combination of banked, other formal and/or informal mechanisms. On the other hand, 12% of them have relied only on the informal financial services provided by saving and credit groups and other informal mechanisms.

2.2. Gendered Access and Use of Financial Products and Services

As of December 2016, the majority of MFIs' clients were women and they represented 69% of total depositors and 79% of total borrowers.⁵ From the UNCDF's FinScope, the percentage of women financially excluded is slightly lower than men, indicating a similar level of financial access among men and women. Despite so, "the income distribution shows a disparity favoring males" (UNCDF, 2016, p. 1). Men tend to be less uneducated with relatively higher educated adults than women, and women are more likely to be dependents than men are. More men tend to be formally employed via working in neighboring countries and sending money home, and working for government institutions and receiving banking payroll, which has induced a higher banking usage among men. Women are more likely to be self-employed and more reliant on cash transactions for payments. Women are also more likely to use local financial services such as MFIs due to it being easier to access as their lack of formal employment makes it difficult for banks to extend loans.

2.3. Overview of Garment Sector in Cambodia

Evolved from its earlier stage in the 1990s, the garment and footwear industry has remained one of the key sectors significantly contributing to the Cambodia's economy over the past 2 decades. The sector's value in 2015 accounted for 11% of the Cambodia's gross domestic products (GDP) (ILO, 2017) with an annual growth of 12% in 2016 (NBC, 2016). The exports of garment and footwear products increased by more than 80 folds from US\$80 million in 1996 to US\$6.8 billion in 2015, and the major markets are EU and US (ILO, 2017). The number of garment and footwear factories operating in Cambodia accounted for 604 as of June 2016⁶ (ILO, 2017). Majority of the factories are located in Phnom Penh capital (58%), Kandal province (17%) and Kampong Speu (9%). Thus far, the sector is the largest non-agrarian employer providing approximately 610,000 jobs, of which 87% are female from different provinces, with a total wage bill of US\$116 million per month (ILO, 2017).

As a result, the growth of the garment industry plays a significant role to empower women in joining workforce which is an opportunity for them to earn a formal wage contributing to the financial well-being of their households. Given the sizeable employment of the sector, there has been a significant flow of remittances transacted by migrant garment workers to their families in the rural areas. The transfer has largely been powered through non-banked or informal services, while the use of bank or micro-finance services remains poor (Eric, 2014). Traditionally, sending money through relatives or friends or even carrying cash home by themselves is still a popular method widely used from time to time. Since 2009, the digital finance has emerged and become popular (Hoffman & McVay, 2013).

⁵ Interview with the representative of NBC in March 2017.

⁶ According to GMAC, the total number of garment factories was 538 and footwear factories was 60 as of December 2016.

3. Enabling Environment for Financial Inclusion of Women

3.1. Policies and Regulations

The Royal Government of Cambodia has adopted a number of regulations and strategies on financial sector development, women economic empowerment and employment (see details in Annex A1). However, there is no any specific policy or strategy on financial inclusion of women let alone female garment workers. In the recently launched campaign called “Let’s Talk Money”, the National Bank of Cambodia (NBC) in partnership with Good Return have produced a number of educational materials including a booklet, video and sound clips, an educational song and other materials/resources in order to raise awareness of people on important money matters focusing on their interactions and contact with formal financial service providers.⁷ Female garment workers have been featured as a part of the contents. NBC indicated that the campaign has printed and disseminated its first publication of 20,000 copies out of the planned 100,000 copies and plans to cooperate with the Ministry of Education, Youth, and Sports to incorporate financial literacy contents into the national curriculum.⁸ In addition, NBC has partnered with the United Nations Capital Development Fund (UNCDF) in conducting a study in order to develop a *Financial Inclusion Strategy*, aiming to support financial access for both men and women.⁹ Currently, the government, especially NBC, promoted the public awareness stressing the private ownership of the financial institutions and most lately set the lending interest rate ceiling of 18% for microfinance institutions (MFIs).¹⁰

Moreover, the Ministry of Labor and Vocation Training (MoLVT) supports workers in the private sector through the National Social Security Fund (NSSF).¹¹ NSSF offers work injury and health insurance to all employees as defined by the Labor Law of Cambodia. For work injury insurance, the employers contribute a full payment of 0.8% of the workers’ gross salary, and for health insurance, the employers and employees each contribute a premium of 1.3% of the workers’ gross salary. Under the work injury scheme, employees are rebated for contingencies of accidents at work, occupational diseases and commuting accidents, and the duration of the financial support from NSSF is unlimited, while the children of the NSSF-covered employees will be financially supported until the age of 21. The health insurance covers medical care, vaccination, and maternity. Beneficiaries can access to the partnered public hospitals and health centers.¹² As of 2016, NSSF covered nationwide and registered around 8,731 enterprises (with an increase of 12% from 2015) employing 1,136,271 workers (with an increase of 5% from 2015), of which 70.74% was women. NSSF received 36,734 occupational risk reports (NSSF, 2016).

As an initiative to ensure the garment workers could get a living wage by not being overcharged by the landlords, since late January 2015, the government through the Electricité du Cambodge (EdC), a state-owned enterprise, has fully subsidized electricity meters, connection fee and other materials to the garment workers residing in rented rooms and lowered the deposit from 61,500 riels (about US\$15.40) to 30,500 riels (about US\$7.60), while the tariff is

⁷ Webpage of “Let’s Talk Money” Campaign, (<http://www.talkmoney.info>). The campaign delivers its key educational messages and contents through booklet publication and video/sound clips covered on social media, YouTube, radio and TV.

⁸ Interview with NBC representative in March 2017.

⁹ Ibid.

¹⁰ NBC’s Prakas B-7-017-109 PK on Interest Rate Ceiling on Loan, dated 13 March 2017.

¹¹ Background of NSSF from <http://www.nssf.gov.kh/>

¹² Interviews with the representatives of MoLVT and ILO in March 2017.

set at between 610 riels and 820 riels (about US\$0.15-US\$0.20) per kilowatt.¹³ Previously, the workers paid between 850 riels (about \$0.21) and 2,500 riels (about \$0.60) per kilowatt hour being charged by their landlords.¹⁴

3.2. Support of Development Partners and NGOs

There are several development partners (DPs) and non-governmental organizations (NGOs) supporting formal financial sector. These include the International Financial Corporation (IFC), Agence Française de Développement (AFD), ADA, United Nations Capital Development Fund (UNCDF) and Good Return who are working with the banks, MFIs and the Cambodia Microfinance Association (CMA), and NBC through technical and financial support, while the Cambodian Women for Peace and Development (CWPD) is working directly with the female garment workers on education and awareness raising on a wide range of topics including financial literacy. Annex A2 provides details on the activities of stakeholders to support financial inclusion in Cambodia. The activities on the establishment of saving groups or any informal financial mechanisms were not elaborated.

3.3. Roles of Non-Financial Private Sector in Financial Inclusion

3.3.1. Business Associations

Garment Manufacturers Association in Cambodia (GMAC) is currently supporting 590 members who are export-oriented garment and footwear factories. Only around 2% of its members have processed payroll service through financial institutions, while the large majority are transacting payroll in cash given the unwillingness of workers to get salary via banks or MFIs. So far, GMAC has no any specific policy to promote financial inclusion; however, it encourages members to use bank or MFI services for payroll.¹⁵ In December 2016, GMAC signed an MoU with Wing, a specialized bank, in order for GMAC members to use its payroll services and garment workers to use its money withdrawal services with special terms and conditions. According to GMAC's President, 5 factories have been using Wing's payroll service and the association encourages the rest of the members to follow.¹⁶ GMAC does not have direct involvement in financial inclusion for garment workers, but welcome NGOs which provide financial literacy to the workers.¹⁷

[...] Factories want to pay salary via banks, but workers want their wage in cash. [...] We encourage our members to use the banking services. [...]

Said GMAC.

Cambodia Microfinance Association (CMA) is supporting and protecting the interests of its members. To date, CMA has 83 members, consisting of 53 MFIs, 7 leasing companies, and 17 licensed credit operators. Main activities of CMA include policy advocacy, training and capacity building, networking, and information sharing. CMA is currently conducting a research on the issue of over-indebtedness in Cambodia. In addition, it has cooperated with Good Return and two MFI members (Maxima and Kredit) in providing financial literacy to their existing clients in

¹³ The tariff is 610 riels (US\$0.15) for the monthly consumption of less than 50 kwh, 720 riels (US\$0.18) for 51 kwh - 200 kwh, and 820 riels (US\$0.20) for above 200 kwh. (source: <http://www.edc.com.kh/newsdetail.php?id=114&typeid=1> (accessed 8 March 2017)).

¹⁴ <https://www.cambodiadaily.com/archives/pm-wants-lower-prices-for-thrifty-power-users-76059/> (accessed 8 March 2017).

¹⁵ Interview with the representative of GMAC in February 2017.

¹⁶ <http://www.khmertimeskh.com/news/33163/workers-get-salaries-winged/> (Accessed on 27 February 2017).

¹⁷ Interview with the representative of GMAC in February 2017.

9 provinces. Moreover, it indirectly supports financial inclusion through smart campaign on client protection principles¹⁸, allowing the products to be designed to align with the needs of customers who are mainly women and at affordable prices, and the clients to be fairly treated. MFIs serve 2 million out of 3 million households in Cambodia and 78% of their clients are women. However, CMA indicated that “there is no data on the number of MFIs serving garment workers and number of garment workers accessing to the MFIs’ products and services.”¹⁹

3.3.2. Garment Factories

In this study, 3 garment factories were interviewed, and four different ways in which the factories are supporting and/or contributing to financial inclusion of garment workers have been concluded.

- **Payroll:** the factories are in favor of using payroll services offered by banks or MFIs in order to ensure transparency, reduce risks of losing money and dealing with counterfeit notes, and secure safety for both the factories and workers in handling large amount of cash. In addition, it reduces time and costs of the transaction. The factory staff can save a lot of work and time preparing money, while the working hour (usually one hour) can be saved in handing over cash to the workers. However, it remains challenging for the factories given the workers’ preferences of cash.
- **Facilitating access to credit:** the factories provide an endorsement of employment and salary, which the staff and workers can use for loan/leasing application. One of the factories also tracks debt record of the workers as it is required by its buyer.
- **Financial literacy:** The factories conduct an orientation to workers on the first day of their work by informing them on the method of calculating their wages as required by the law and buyers. In addition, the workers are well informed about their wage compositions since the factories distribute pay slips 2 days in advance or on the payday, so that the workers know and reclaim if the amount is not correct. Two of the interviewed factories have cooperated with NGOs like CARE (funded by Levis Strauss foundation) and SIPAR (funded by AFD, through a factory library project) in providing financial literacy and/or developing a library for workers.
- **NSSF and Insurance:** Although the factories do not purchase any private insurance for their workers, their workers enjoy the benefits from NSSF as being subscribed and financially contributed (0.8% of the workers’ wage for work injury and 1.3% for health insurance) by the factories.²⁰

[...] Currently the factory is processing payroll for 76 office staff and 83 worker group leaders. The factory plans to gradually roll out the banking payroll for up to 50% of the total workers by 2017. [...] Prior to this decision, we conducted a survey with our workers in mid-2016, and the result showed that majority of the workers preferred cash wage to banking payroll. However, in another survey in late 2016, we explicitly explored the most preferred payroll service providers among the workers, and came to the result of most workers indicating Wing. [...] In order to overcome the barrier and encourage workers to use bank or MFI’s payroll service, the factory will work with the worker group leaders and union members who will then induce the rest of the workers and will receive non-monetary incentives for certain number of workers they could persuade to use banked payroll. At the same time, it will allow Wing to introduce its products and services.

Said a garment factory.

¹⁸ Client protection principles include “the appropriate product design and delivery, prevention of over-indebtedness, transparency, responsible pricing, fair and respectful treatment of clients, privacy of client data, and mechanisms for complaint resolution”, <http://www.smartcampaign.org/about/smart-microfinance-and-the-client-protection-principles> (Accessed on 14 March 2017).

¹⁹ Interview with the representative of CMA in February 2017.

²⁰ Interviews with the representatives of 3 garment factories in February 2017.

3.3.3. Brands and Retailers

Financial inclusion is not one of the buying criteria of the interviewed brands and retailers.²¹ However, they encourage the supplier factories to use bank or MFI payroll service. Brands and retailers mainly focus on workers' well-beings and working conditions, and as part of their social corporate responsibility, one of the interviewed brand and retailers offer the garment workers health and life skill training including financial literacy. The focus on financial inclusion of female garment workers is dependent on the regional policies and target. In March 2017, H&M Group encouraged its suppliers to pay the salary to workers through digital finance. According to the Social Sustainability Manager of H&M Group, "Digital payments are an efficient and scalable way to improve the lives of the employees of our suppliers. [...] They offer a faster, safer and more transparent way to receive their salary, increase financial inclusion and support women's economic independence."²²

[...] Our company does not set financial inclusion as one of the buying requirements; however, we encourage our suppliers to promote financial inclusion among the workers. I personally believe that financial literacy should come first before using bank/MFI payroll. [...]

Said a brand and retailer

4. Financial Sector in Cambodia

4.1. Financial Service Providers

In Cambodia, banks, except ACLEDA, target medium to large-scale transactions in urban and peri-urban areas. Microfinance institutions (MFIs) tend to offer products and services catering to customers who undertake micro and small-scale transactions in both urban and rural areas. As of December 2016, there were 2,580 licensed financial service providers including banks, MFIs, leasing companies, representative offices, third party processors, and money exchangers (see Annex A5 for the description of different types of financial institutions in Cambodia).

Table 4.1: Financial institutions in Cambodia (as of December 2016)

No.	Institutions	Number
1	Commercial banks	37
2	Specialized banks	15
3	Licensed MFIs (7 deposit taking MFIs)	70
4	Registered microfinance operators	170
5	Representative offices	7
6	Financial leasing companies	12
7	Third party processors	8
8	Money changers	2,261
	Total	2,580

Source: NBC's *Annual Report 2016 and Plan 2017*, 2016.

²¹ Interviews with the representatives of 2 brands and retailers.

²² http://news.trust.org/item/20170308161005-3duqk/?source=gep&utm_content=buffer8386&utm_medium=social&utm_source=facebook.com&utm_campaign=buffer (Accessed on 09 March 2017).

4.2. Availability of Financial Products and Services

Banks and MFIs offer a wide range of products and services to clients. The common products include deposit, credit, and payment. However, some banks and MFIs also offer unique specification of products in response to the clients' demand including insurance and leasing. There are many banks and MFIs in Cambodia offering products and services that can be accessed by garment workers; however, the study selected only 5 banks and MFIs which currently have had products and planned to develop products for garment workers with the wide geographical coverage areas and one institution which has not worked with the garment workers. The products of the interviewed banks and MFIs are listed in Table 4.2.

Table 4.2: Products and services of banks and MFIs

No.	Bank/ MFIs	Nature of Business	Coverage	Products
1	ACLEDA	Commercial bank	259 branches (nationwide)	Deposit, credit (business, personal consumption, agriculture, trade, student, housing, credit line...), payment (transfer and payroll), leasing and insurance
2	Wing	Specialized bank	5,000 agents (nationwide)	Payment (local and international transfer through mobile money transfer, bill payment, phone top up, online payment, and payroll)
3	AMK	MFI	141 branches (23 provinces) and 2,500 agents (nationwide)	Deposit, credit (business, housing, agriculture, personal consumption...), payment (including mobile money transfer), and micro-insurance
4	Amret	MFI	141 branches in 20 provinces	Deposit, credit (business, housing, agriculture, personal consumption ...), and payment (including payroll) ²³
5	Vision Fund	MFI	138 branches (20 provinces)	Deposit, credit (business, agriculture, personal consumption, education, emergency, housing ...), and payment (inter-branches money transfer)

Source: Interviews with financial institutions, Feb-Mar 2017.

4.3. Products and Services Targeting Garment Workers

In addition to the existing products and services, the interviewed banks and MFIs have offered and/or been designing other specific products targeting and used by the garment workers.

ACLEDA has been serving 24,000 garment workers and 152 garment factories, out of which 45 factories use its payroll service. Another product that can be used by the garment workers is the *overdraft (OD) facility for depositors* which offers amount of up to 3 times of their salary and a total of 2 million riels (US\$500) with a maturity of up to one year. In order to use the product, it is required to open a saving account with the bank having an annual deposit rate of 0.5% and a monthly lending rate of 1.7%-2.4%. In addition, ACLEDA will launch "*ACLEDA Torn Cheth*" (meaning ACLEDA Fast) in April 2017, targeting the unbanked and under-banked

²³ Amret's payroll service is still limited as it can only cover the enterprises having around 100 employees.

Cambodians. Even without a bank account, users can transfer money and make payments via mobile devices which can be operated in local language, Khmer.²⁴ Moreover, the bank has cooperated with Prudential, an insurance company, in providing *health, accident and life insurance* services to ACLEDA existing clients and non-clients.

With its 5,000 agents, **Wing** has served 3 million Cambodians, including the garment workers. So far, its payroll and remittance services have been used by the garment workers. Since December 2016, Wing has cooperated with GMAC in order to provide financial services with special terms and conditions to the garment factories and their workers.²⁵ Wing not only provides mobile banking service but also educates garment workers on financial services and benefits. Wing has been committed to reaching out to people who do not have a bank account and ensuring users' knowledge in using Wing services through its agents across the country.²⁶ Under the partnership with GMAC, Wing expects to reach 5 million clients.²⁷ Wing users can make transactions directly via their mobile devices, be it a featured or smart phone. In addition, Wing has recently launched an application in English and Khmer and the mobile money payment.²⁸ Currently, it has been training the garment workers on how to use the application.²⁹

The popular products and services of **AMK** among the garment workers are the mobile banking service and micro-insurance. *AMK's mobile banking service*³⁰ targets the existing poor clients for saving and debt repayment, and money transfer for all customers. Money transfer is the most popular among the 3 products. AMK will launch a mobile application at the end of 2017. In addition, AMK offers *micro health and accident insurance* with a premium of US\$6 per year to the existing clients and *micro life insurance* with a premium of US\$5 to US\$19 per year to both existing and potential clients. Moreover, AMK will pilot the *long-time saving* in April 2017, requiring the clients to initially deposit and maintain a minimum balance of US\$2 and providing 4%-5% of annual interest rate based on the specified maturity, 5% contribution from AMK on the ending balance upon maturity, and free insurance service.³¹

Amret, under the financial support from UNCDF's Challenge Fund, has rolled out a product called *Family+* in late January 2017, aiming at providing remittance service to only garment workers. *Family+* offers the garment workers monthly no-cost remittance service or 12 times a year with the maximum transferred amount of US\$500 per transaction. Both senders (urban factory workers) and recipients (rural family members) are required to have an account³² charging an annual fee of US\$2 per an account and an annual deposit rate of 1% for US dollars and 1.5% for Khmer riels. In addition to the office-based service, Amret also offers "cash-in and cash-out doorstep services". The transactions are alerted through a message sent to the senders' phones. To date, 42 garment workers are using this product.³³ "The customers using *family+* will in the future be motivated to save more in their respective savings account, thereby creating long-term assets for families to reach their respective financial goals."³⁴

²⁴ Interview with the representative of ACLEDA Bank in March 2017.

²⁵ Interview with the representative of Wing in March 2017.

²⁶ <http://www.khmertimeskh.com/news/33163/workers-get-salaries-winged/> (Accessed on 27 February 2017).

²⁷ Ibid.

²⁸ Mobile money payment is a non-cash payment mechanism. Users do not need to use cash for payment but smart phone by showing QR to the suppliers who can be micro to large enterprises. The expenses will be automatically deducted from users' Wing accounts.

²⁹ Interview with the representative of Wing in March 2017.

³⁰ Launched in late 2013.

³¹ Interview with the representative of AMK in March 2017.

³² The specific product name is "Happy Account".

³³ Interview with the representative of Amret in February 2017.

³⁴ <http://www.uncdf.org/en/amret-awarded-grant-expand-women%E2%80%99s-financial-inclusion-through-digital-finance>

4.4. Other Products

Digital Finance

Digital finance plays an important role for the financial inclusion as it serves the unbanked and underserved segments in the rural areas where the banking system is absent. In Cambodia, digital finance has emerged since 2009 and has become popular among Cambodians (Hoffman & McVay, 2013). Mobile payment services including local remittances, repayment of bank or MFI loans, payment for electricity and water bills, and mobile phone top up services are offered to all segments of population. Table 4.3 below shows the mobile money transfer service providers, number of agents, and their coverage areas. Each provider has at least 1,000 agents nationwide, located in urban, peri-urban, and rural areas. The service providers (except AMK and Ly Hour Veluy) have a mobile application.

Table 4.3: Mobile money transfer service providers in Cambodia

	Service Providers	Operating Year	Amount Transfer per Transaction	No. of Agents	Transfer Fee at agent (US\$)	Coverage Areas
1	Wing	2009	Up to \$1,000	5,000	1.50-2.50 ⁽¹⁾	25 Provinces
2	AMK	2014	Up to \$1,000	2,500	0.75-2.00 ⁽²⁾	25 Provinces
3	eMoney	2015	Up to \$1,000	4,500	0.75-2.00	25 Provinces
4	Asia Wei Luy	2015	Up to \$1,000	2,000	1.00-2.00	25 Provinces
5	Smart Luy	2016	Up to \$500	1,100	1.50 ⁽³⁾	25 Provinces
6	TrueMoney	2016	Up to \$1,000	5,000	0.63-2.13 ⁽⁴⁾	25 Provinces
7	Ly Hour Veluy	2015	Up to \$1,000	2,000	0.63-2.25	25 Provinces

Source: Interviews and websites of respective service providers.

Note: ⁽¹⁾ For amount less than US\$100, account-to-account transfer is US\$0.25 and account-to-non-account is US\$0.60. With an account, transactions can be made either via SMS command (applicable for both featured and smart phones) or application (applicable for only smart phones).

⁽²⁾ Transfer through account is less than the agent fee by US\$0.25.

⁽³⁾ US\$0.38 for amount less than US\$100 during promotion period until 30 June 2017.

⁽⁴⁾ For amount less than US\$100, account-to-account transfer is US\$0.25 and account-to-non-account is US\$0.50.

Micro-Insurance

Micro-insurance has yet been popular among Cambodians; however, there is an increasing demand and supply of the service. To date, there are 6 micro-insurance service providers who are financial institutions and insurance companies which offer health and accident insurance and/or life insurance schemes with an annual premium of less than US\$40. Beneficiaries of most of these insurance service providers, except SKY, can access up to 200 public and private hospitals, while SKY only cooperates with public health centers.

Table 4.4: Micro-insurance service providers in Cambodia

	Organizations	Description
1	AMK	AMK, partnering with Forte Insurance Company, has offered both micro health and personal accident insurance to its clients and micro life

		insurance to both clients and non-clients. The annual premium for health insurance is US\$6.00 and life insurance is US\$5.00-US\$19.
2	BIMA	BIMA is an insurance company partnering with Smart Axiata, a telecom company, in providing micro health and life insurance to Smart Axiata's clients. Its premium is US\$3.20 per month or US\$38.40 per year.
3	Sokapheap Krousar Yeung (SKY)	SKY offers a micro health insurance to households at a premium of US\$0.50-US\$1.83 per month, depending on the household size.
4	MEADA Rabrong	MEADA Rabrong offers life insurance at a premium of US\$6.00 per year and loan protection, cooperating with a MFI, at a premium of 1.5% of the loan size.
5	Prevoir Kampuchea Micro-life Insurance (PKMI)	PKMI offers micro insurance services on health, personal accident, and life insurance to MFIs which purchase it for their clients – embedded with the credit of MFIs – at a premium of US\$5.00 per year. Also, it offers health and life insurance to individuals at a premium of less than US\$9 cents a day.
6	iCare Benefits	iCare Benefits, a social enterprise and subsidiary of iCare Benefits Asia, offers micro-health and life insurance at a premium of US\$12 per year.

Source: Interviews and respective websites.

4.5. Requirements for Formal Financial Access

Different criteria are required for accessing to formal financial products. Table 4.5 illustrates the requirements by type of products.

Table 4.5: Requirements by financial product types

Products	Requirements
Deposit	<ul style="list-style-type: none"> - Initial deposit: \$0-\$5 (depending on bank and MFIs) - Legal documents³⁵
Lending	<ul style="list-style-type: none"> - Collateral (fixed asset) or guarantor (for a very small loan size) - Legal documents to prove the identification and addresses of borrowers - Source of incomes (capital and cash flows)³⁶ - Characteristics of borrowers, capacity to repay, conditions for loan use ³⁷
Remittances	<ul style="list-style-type: none"> - Cash to cash remittances via mobile/digital finance: requiring telephone numbers of both sender and receiver - Account to cash: receiver need to cash out at mobile banking agents - Account to account: having an account with any financial institutions
Insurance	<ul style="list-style-type: none"> - Existing and non-existing clients of financial institutions (AMK and ACLEDA) - Having cash to pay the premium

Source: Interviews with financial institutions, Feb-Mar 2017.

³⁵ Legal documents include ID card, passport, or other legal documents including birth certificate, family book, or endorsement letter from the local authorities. In Cambodia, an ID card is a proof of citizenship and it is the most commonly used and recognized for both informal and formal purposes. Family book refers to the book recording the members of the family. Endorsement letter is the letter certified by the local authority to prove the identity and permanent address of a person.

³⁶ For a corporate client, financial statement or sales and purchase invoices are required. On the other hand, an individual client needs to submit an employment contract, pay slip, or printed bank statement (if using banking payroll); at the same time, the banks/MFIs will verify with the companies where the borrower is working.

³⁷ The bank verifies the characteristics by interviewing the borrower and verifying information with the given documents. Financial statement is used to verify the capacity to repay while the proof document is needed to verify the purpose of loans.

5. Analysis of Financial Inclusion of Female Garment Workers

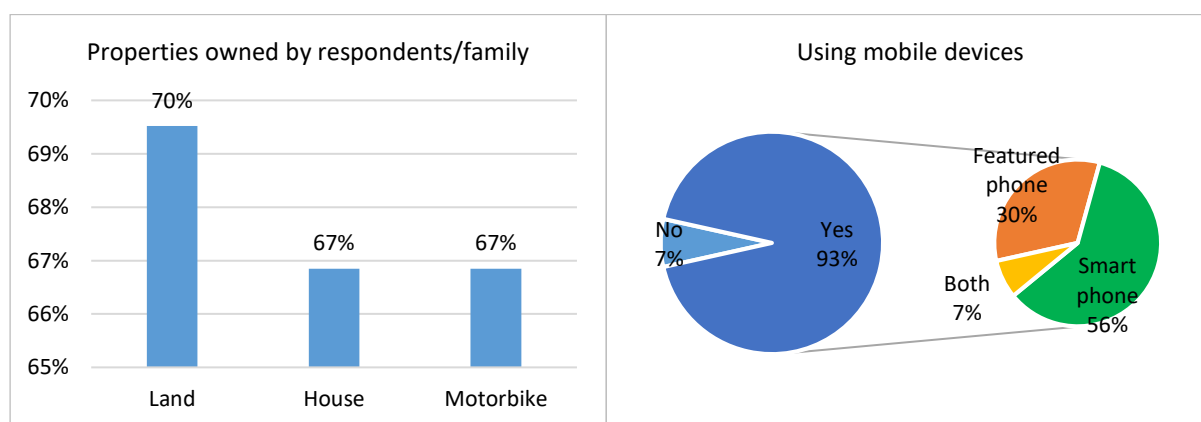
5.1. Profile of the Surveyed Garment Workers

5.1.1. Personal Profile

The average age of the surveyed female garment workers is 27, with a majority of them (87%) aged below 35. More than half of the respondents (56%) are single and nearly one fourth of the single respondents are in a relationship, while the remaining are married (38%) and widowed and divorced/separated (6%). Of the married women, 8% are pregnant, and of the married and widowed/divorced women, 75% have 1 to 2 children on average. Although majority of the respondents attended primary (45%) and lower secondary schools (41%), only a few of them completed grade 6 (14%) and grade 9 (6%). A small number of them went to upper secondary schools (6%) and completed grade 12 (4%), while 4% of the respondents have no formal schooling. Only a small number of the workers (12%) used to attend technical and vocational trainings, including tailoring, hairdressing and cooking offered by private training service providers.

Almost all of the surveyed workers are migrating from various provinces, except 4% originated in Phnom Penh capital. Majority of the respondents have an ID card with only few also possessing a passport, while the remaining few (4%) having neither the ID card nor passport. Most of the respondents claimed that they and their family own land (70%), houses (67%) and motorbikes (67%). Nearly all of them are using at least one mobile device which is mostly a smart phone (63%).³⁸ Besides making calls, the workers use their mobile phones mainly for entertainment purposes including Facebook, video, music and games, while only a few use them as a radio and camera, while none is for making any financial transaction.

Figure 5.1: Household ownership of assets and mobile device usage

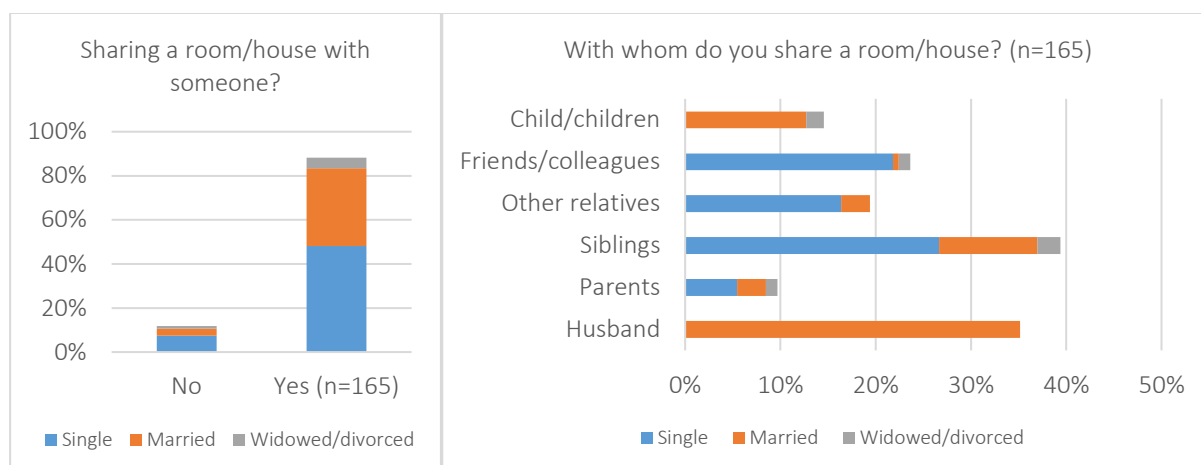


Source: Garment worker survey, Feb-Mar 2017.

Majority of the surveyed workers (88%) are sharing a room or house with someone at an average 2 persons per room, and such tendency is quite similar among single, married, and widowed/divorced respondents. Most of the single respondents are sharing a room with their siblings, friends/colleagues, and relatives, while only a few staying with their parents. On the other hand, many of the married respondents are staying with their husbands, while some are staying with their children and/or siblings and a few are staying with parents, other relatives and friends/colleagues. For the widowed/divorced respondents, most are sharing a room with siblings and children, and some of them are staying with parents and/or friends/colleagues.

³⁸ Other mobile devices are featured phones which are limited with few functions and not able to use any software application, nor connected to internet.

Figure 5.2: Accommodation sharing

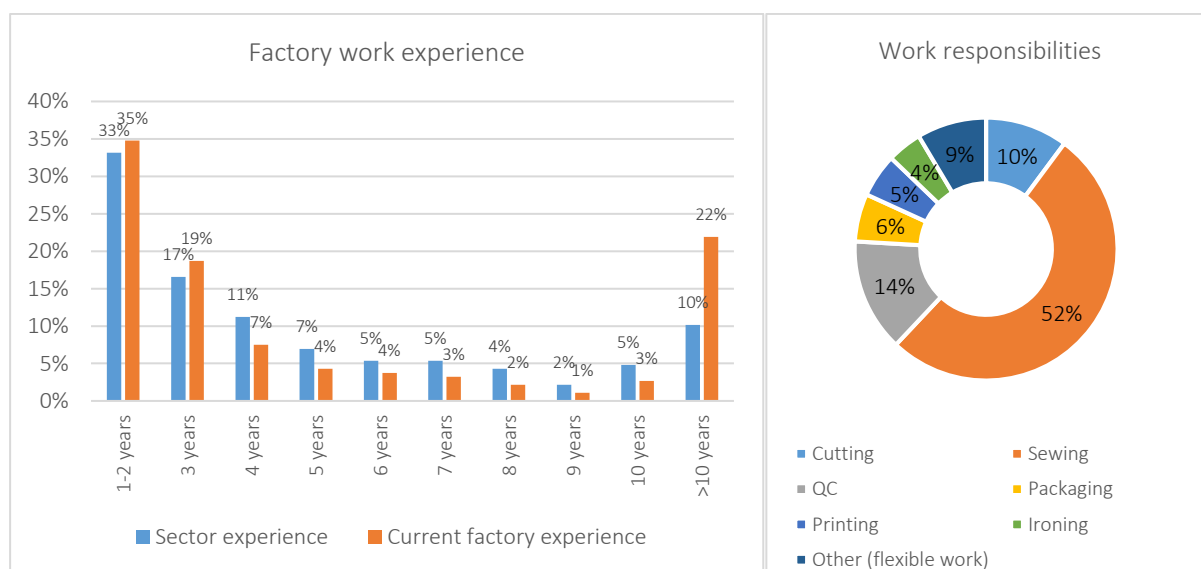


Source: Garment worker survey, Feb-Mar 2017.

5.1.2. Employment Profile

The surveyed garment workers are working for 33 different factories, except few respondents (3%) who did not know or could not recall the factory names. On average, the respondents have been working as garment workers for around 5 years and for the current factories for nearly 4 years, while a considerable proportion of them (33%) have started this career for 2 year or so. Around half of the respondents (52%) are mainly working in sewing section, and a number in cutting section (10%) and as quality controllers (14%), while only a few are in other sections like printing, ironing, packaging and other flexible and general works.

Figure 5.3: Factory work experience and responsibilities

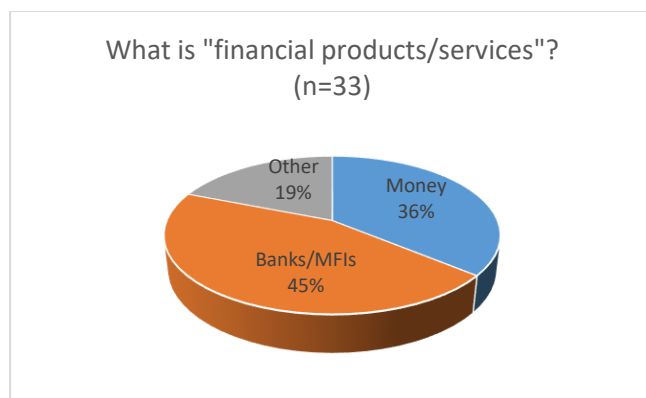


Source: Garment worker survey, Feb-Mar 2017.

5.2. Workers' Knowledge of Financial Products and Services

Majority of the respondents (82%) have no clue about the words “financial products/services” when being asked to define the words. Among the minority who claimed to know the words (18%), some related the term to banks and/or MFIs but hardly anyone mentioned about deposit (1 respondent) and bank loans (4 respondents). Some respondents referred the term to money, while other described a totally non-related definition.

Figure 5.4: Workers' knowledge on "financial products/services"



Source: Garment worker survey, Feb-Mar 2017.

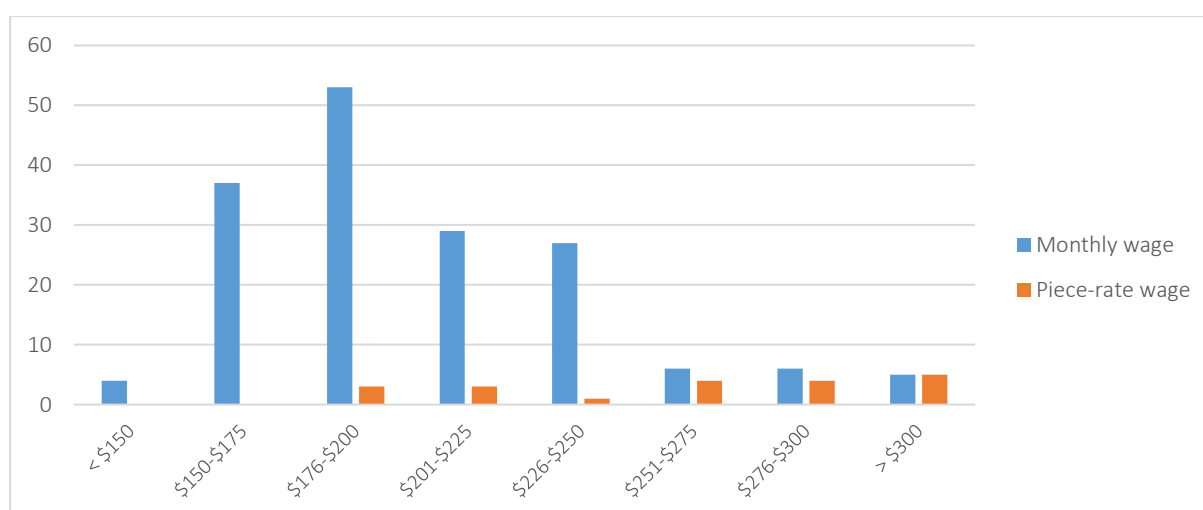
5.3. Financial Management of Female Garment Workers

5.3.1. Current Financial Status

A. Earnings

The garment workers, especially those in sewing section of the production line, are paid based on certain piece rates, while other fixed-wage workers (usually those responsible for general work) are incentivized by bonuses from the factory to keep up with the work pace of the piece-rate workers. However, all the workers will be paid the monthly wage if the piece-rate wage is lower than the minimum wage (US\$153).³⁹ For the February's wage, majority of the surveyed workers (89%) were paid monthly wage of an average US\$206 with a minimum of US\$130⁴⁰ and maximum of US\$390. Only some (11%) received piece-rate salary of an average US\$275 with a minimum of US\$200 and maximum of US\$400. Regardless of wage types, the average monthly income was US\$214 among all the surveyed workers.

Figure 5.5: Wage ranges and types of the February's wage



Source: Garment worker survey, Feb-Mar 2017.

Based on the available data reported by the workers who could provide the details of their wage compositions, the average monthly wage compositions besides the minimum wage

³⁹ The minimum wage of US\$153 is effective from 1 January 2017, increasing by US\$13 from the last year's wage.

⁴⁰ For those who took unpaid leave.

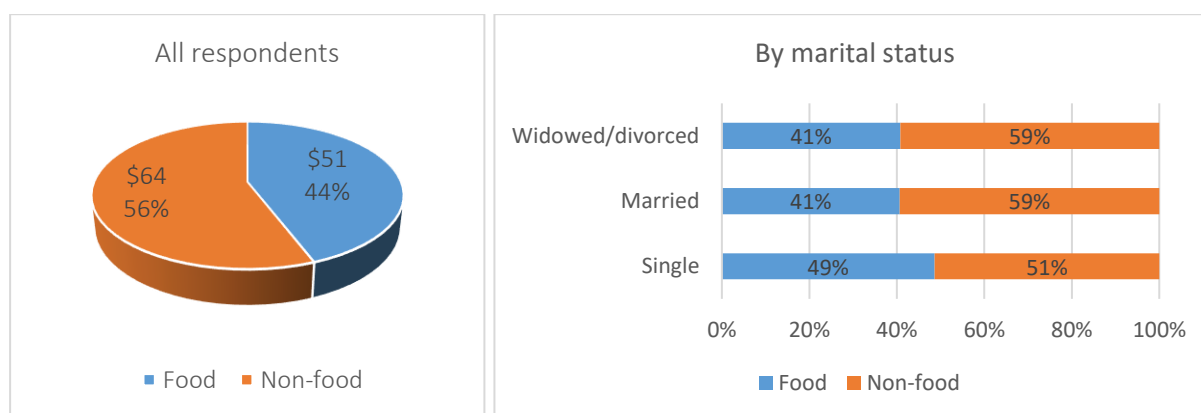
include overtime (OT) pay of US\$13-US\$20,⁴¹ attendance bonus of US\$8-US\$10, meal allowance (lunch and OT-food support) of US\$10-US\$12, accommodation and transportation allowance of US\$7-US\$9, seniority incentive of US\$3.5-US\$4.5, and other bonus pay (e.g. skill bonus) of around US\$1.5-US\$3. In addition to the minimum wage and benefits in accordance to the law and regulation, workers also receive additional incentives and other benefits (see case of the wage and benefits offered by a garment factory in Annex A4).

Besides the factory work, nearly all respondents do not have other sources of income. Only a few (3%) claimed that they made other income by lending money to colleagues and neighbors (earning around US\$120 per month on interest), making garment for sales and assisting relatives in selling food (earning around US\$15-20 per month), and assisting sister in selling beauty/health products (getting a gross income up to US\$200).

B. Expenditures

The average monthly expenditure of the surveyed garment workers for February was US\$115, which is approximately 54% of the average monthly wage, consisting single respondents spending the least (US\$97) and married and widowed/divorced spending more (US\$137-US\$140). The expenditure on food, which covers main meals, drink, fruits, desserts and snack, was reported to be about US\$51 or 44%, while non-food expenditure accounted for US\$64 or 56%. The food and non-food spending pattern is quite similar among different marital status, except the share of food consumption for single workers (49%) being slightly larger than that for other respondents (41%); however, in value terms, the spending on food is lower for single respondents (US\$47.25) than married respondents (US\$55.77).

Figure 5.6: Share of food and non-food expenditures



Source: Garment worker survey, Feb-Mar 2017.

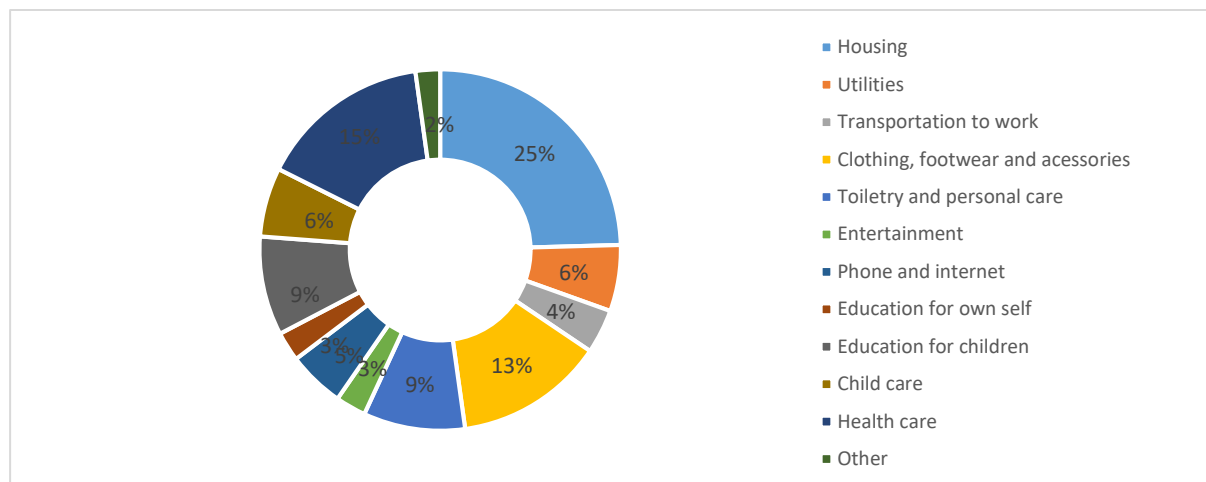
For the non-food expenditures, the largest share is US\$15.87 on house or room rental, which is considerably higher for widowed/divorced respondents. This was followed by expenses on health care (US\$9.96) for mostly the over-the-counter medicines for common illnesses, plus a case of traffic accident spending about US\$475 for a married woman on top of the treatment supported by NSSF⁴². For personal goods, clothing, footwear and accessories account for US\$8.63 and toiletry and personal care is US\$5.89%, which is quite common among all the respondents. Among those married and widowed/divorced respondents who are having children staying with them, the expenses on child education is US\$5.73 and on child care is US\$4.00. The monthly utilities

⁴¹ The OT pay is based on a rate of 150% of the worker's normal wage for the OT work performed on Monday-Saturday and a rate of 200% for the work done on Sunday and public holidays.

⁴² If the case of the large amount of spending on the traffic accident is excluded, the expense on health care is US\$7.46.

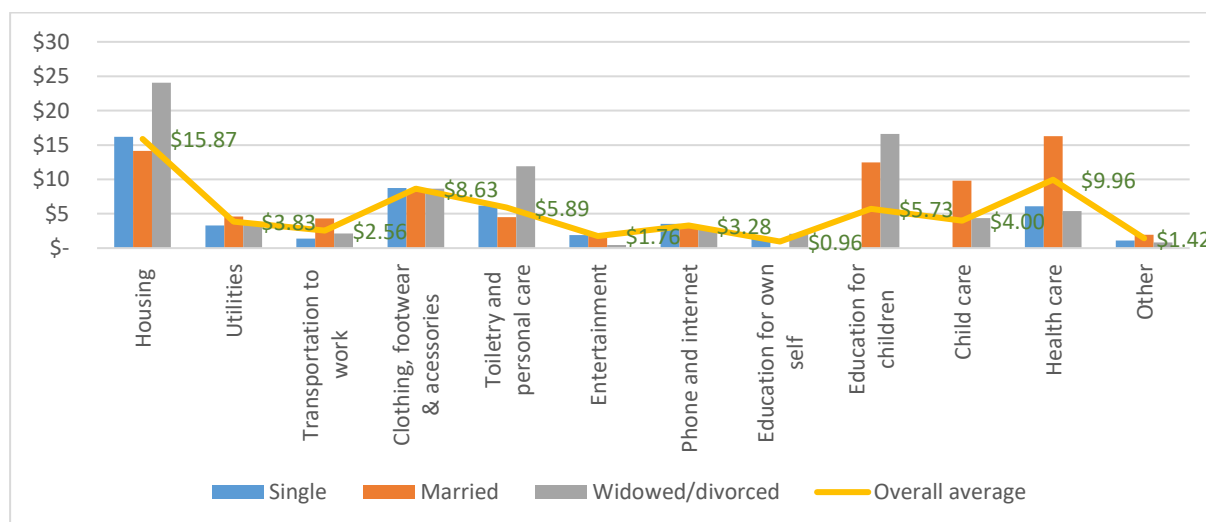
(electricity and water consumption) is US\$3.80 and the communication cost (phone and internet) is US\$3.30. Other minor expenses, ranging from 2% to 4%, include transportation to work, entertainment (party, sightseeing transportation, dining out, etc.), education for own self (fee for hairdressing class, buying materials for tailoring tutorial, and fee for language classes), and other expenses like cooking energy and public hygienic fee.

Figure 5.7: Composition of non-food expenditures



Source: Garment worker survey, Feb-Mar 2017.

Figure 5.8: Average monthly non-food expenditure breakdown by marital status



Source: Garment worker survey, Feb-Mar 2017.

C. Remittances and Savings

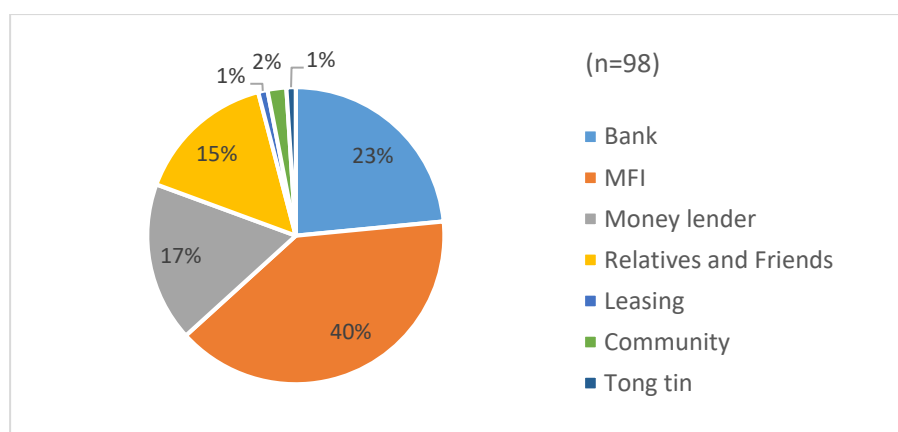
Majority of the respondents (82%) sent at least some money back home or giving money to family members during last 12 months, and the frequency is mostly (95%) once per month. The average amount for all respondents is US\$86.00. It should be noted that a number of respondents cannot distinguished between the money pooled over with husband or siblings who are living together and also earning income. Therefore, the reported remittance amount tends to be higher, US\$88.00, since a considerable number of the respondents are staying with their husband (35%) and/or siblings (39%) and these cases could not be explicitly adjusted to reflect the actual per capita remittances. On the other hand, the remittances reported by the respondents who do not staying with anyone is US\$79.00.

Regarding saving, nearly half of the respondents (44%) reported to have set aside some money after spending and remittances. The average monthly saving amount is reported by all the surveyed workers to be US\$38.47. Just like the case of remittances, it was challenging to distinguish the amount saved from the surveyed women's income and that pooled together with the income earned by their husband or siblings. The cases were evident by the fact that among those who are living with husbands, parents or siblings, the savings tend to be as high as US\$53.12, while the amount saved by those staying alone is as low as US\$19.00.

D. Loans

During the last 12 months, more than half of the interviewed workers (52%) mentioned that they and/or their family have taken loans, while the rest did not have any debt. About 90% of those did not apply for any loan indicated that there is no need for money, and some (21%) said they do not want to get indebted and only few (2%) dare not borrow others although they need money. The major sources of loans are from formal institutions, mainly MFIs (40%) and a bank (Acleda Bank, 23%) as well as a leasing company (1%). The remaining of them used the informal credit mechanisms including money lenders (17%), relatives and friends (15%), community saving groups (2%)⁴³ and Tong Tin⁴⁴ (1%). Some respondents (12%) have had 2 loans from different sources. The size of loans taken from formal institutions ranges from US\$2,000 up to US\$40,000, while that from the informal sources is from US\$10 to US\$100.

Figure 5.9: Credit by sources



Source: Garment worker survey, Feb-Mar 2017.

Of those who indicated they or their family have taken loans last year, the majority (54%) knew that they have some loan amount due, while the remaining 27% did not have any loan balance left and 19% did not know whether their family have paid off the debts. The average loan balance was US\$1,900 with a maximum amount up to US\$3,800.

⁴³ The community saving groups refer to the collective savings attended by the respondents, their family and neighboring villagers. The group members can withdraw their deposit any time they need money, and they can borrow money from the group at a monthly interest rate of 2.6%.

⁴⁴ Tong Tin is one of the informal mechanisms in peer to peer lending and savings among a group of members who can be both men and women. The group is managed by a leader who facilitates and supervises the process, in which members pool over savings and those who are in need of money will bid for the credit by offering highest interest rate on a regular basis.

Case of a worker and her family having accessed to two loans

Sources	Loan size	Monthly Interest rate	Terms	Taken by	Purpose	Conditions
MFI	US\$8,000	3%	3 years	Family	House construction	Land title, family book
Money lender	US\$30	20%	1 month	Self	Daily expenses	None

Source: Interview with a garment worker in Veng Sreng area, March 2017.

E. Insurance

As NSSF is a mandatory insurance scheme, most of the surveyed garment workers have had access to this scheme, through which 1.3% of their total salary (except allowances and other benefits) or equivalent to around US\$2-US\$4 per month is deducted by the factories for payment to NSSF. However, a few respondents indicated that the factory they are working for has not yet registered with NSSF. A number of the respondents stated that having only NSSF is sufficient. Besides NSSF, very few respondents used to purchase health and/or life insurance (1%) and are currently paying for another health and/or life insurance scheme (4%), namely BIMA (a partner with Smart Axiata company), with a premium payment of US\$0.16 per day or US\$3.20 per month, charged directly from their phone account balance. AMK's micro-insurance is another scheme that one respondent purchased for her mother with a payment of 25,000 riels (US\$6.25) per year.

5.3.2. Approaches in Financial Management and Decision Making

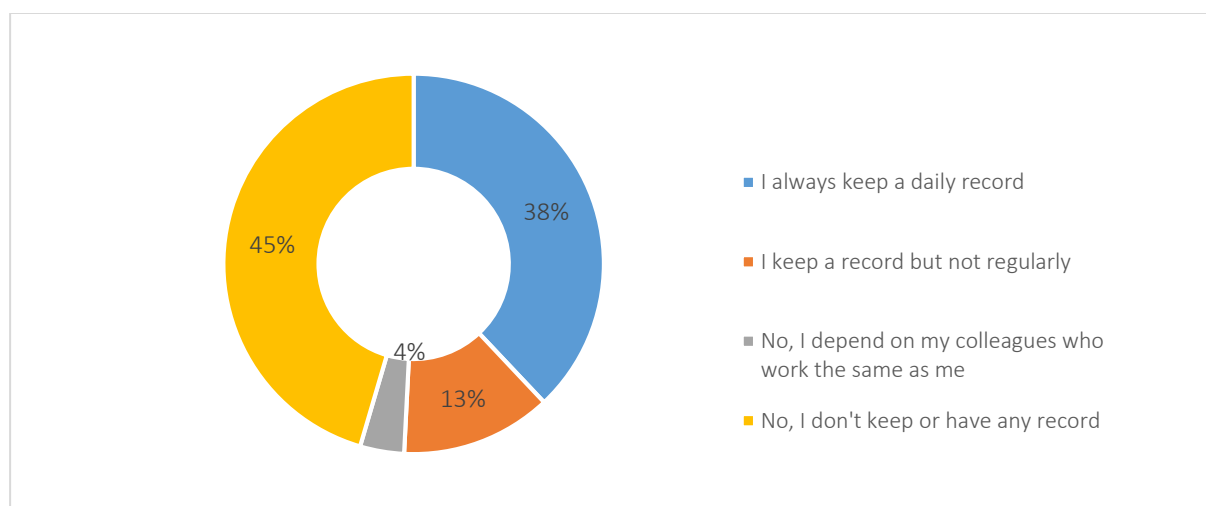
A. Managing Income

A large number of the interviewed garment workers (94%) received their wage in cash, and only a few (6%) get paid through bank deposit.⁴⁵ For those who get paid via bank deposit, majority of them normally cash out nearly all the deposit on payday, leaving the amount below the smallest notes (US\$10 for dollar notes and 20,000 riel for Khmer notes) available from the ATM.

Of the surveyed respondents, slightly more than half of them (57%) raised the correct amount of minimum wage of US\$153, while the remaining respondents mentioned the minimum wage as a figure within a range of US\$150-US\$160 (rather than the exact amount of US\$153) (19%), below US\$150 (16%) and higher than US\$160 (8%). At the same time, a number of the respondents (24%) could not recall at least one of the detailed wage compositions. Half of the respondents stated that they keep their own record of the overtime hours worked and pieces made they have done, either on a daily basis (38%) or not regularly (13%), while the remaining half keep no record at all by indicating that they get more or less same wage every month so that is also one of the reasons for them not to bother tracking. Nonetheless, nearly all of the respondents (96%) claimed that they know that the wage they received is the correct amount. For those (4%) who said the amount is incorrect, the differences range from US\$0.25 up to US\$30 and they are normally able to claim back from the factories.

⁴⁵ The respondents who get paid via bank deposit were purposefully selected in order to capture the other pay methods besides cash wage.

Figure 5.10: Keeping record of overtime hours worked and pieces made



Source: Garment worker survey, Feb-Mar 2017.

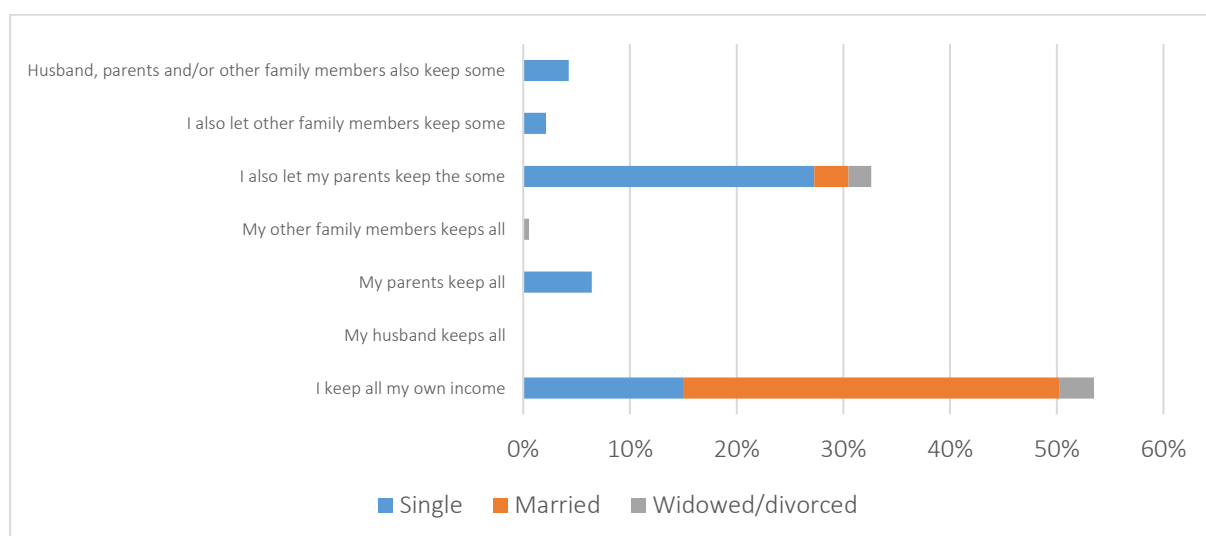
[...] Two days prior to the payday, the factory gives me my pay slip to check, and if there is any miscalculation I can inform the factory, but the amount is usually correct. [...] I don't have any record of my own, but I learned the wage calculation from my colleagues so I know the amount the factory pays is correct. [...]

Said a garment worker in Sen Sok area.

[..] I have a note (showing a small note put together with her employee card she is wearing) telling the monthly minimum wage, number working hours and days per month, OT rate, attendance bonus, accommodation and transportation allowance, meal allowance, and additional incentive from factory. [...] The note explains the calculation on hourly and daily basis, so it is easy for me to understand. [...]

Said a garment worker in Veng Sreng area.

Figure 5.11: Main actor in income management



Source: Garment worker survey, Feb-Mar 2017.

In managing income, the garment workers claimed that they themselves are the main actors, which is consistent with the result from FGDs. Among the single women, most of them (49%) keep some portion of their income leaving the rest to their parents; while some (27%) keep all their own income, some (12%) let their parents keep all the income and the remaining (12%) also other family members manage their income. On the other hand, majority of the married women manage their own income and only few also allow their parents to keep some of their income, which is quite similar to the case of widowed/divorced respondents.

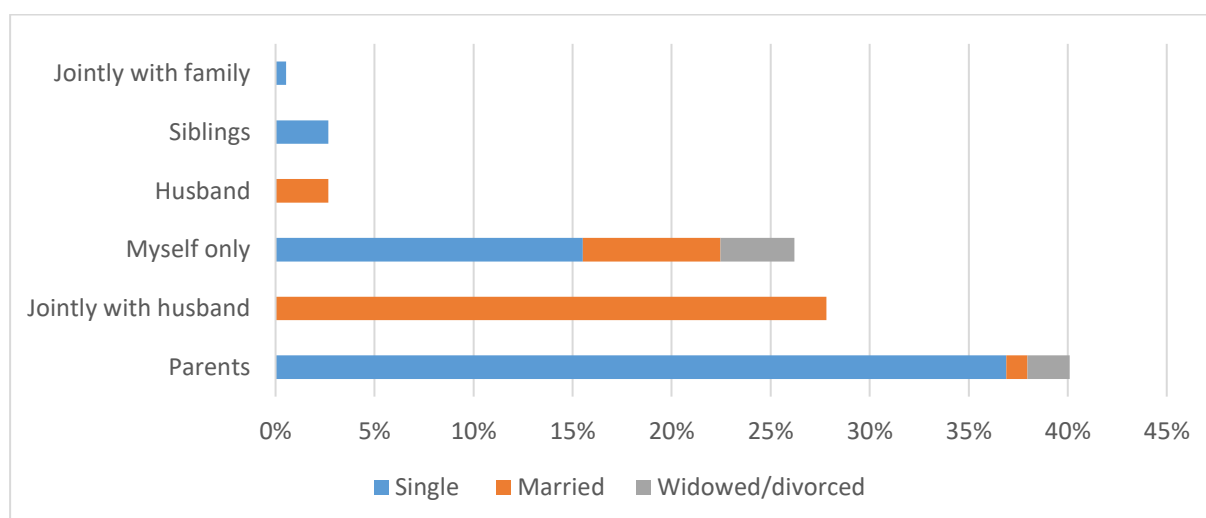
B. Managing Spending

Almost all of the spending transactions of the garment workers are made in cash. There are also a few cases the respondents pay for their utilities at digital finance agents which currently charge around US\$0.25,⁴⁶ while most only hand over the usage-based utility payment to their landlords⁴⁷ with an extra charge of the same amount.

For decision on major spending, the single workers are mainly influenced by their parents and siblings (40%) and some make their own decision (16%) and jointly with family (1%). On the other hand, the married workers decide jointly with their husband (28%) and their family (1%), and only few mentioned about their own decision only (7%) and letting their husband to decide (3%). For the widowed/divorced women, major decisions are made by themselves (4%) and their parents (2%).

When asked about how to deal with emergency cases (e.g. serious sicknesses), a number of the respondents mentioned about their own saving (almost equally answered by single and married workers) and family's money (mostly stated by single workers). However, the choices of borrowing money from family/relatives, friends/colleagues, and money lenders are widely addressed by the respondents. In addition, a very few respondents would seek solutions by selling valuable items and Tong Tin. Only a small number indicated formal financial products including the loans from MFIs (largely raised by married women) and the access to insurances (NSSF and BIMA).

Figure 5.12: The most influencer on the respondents' major spending decision

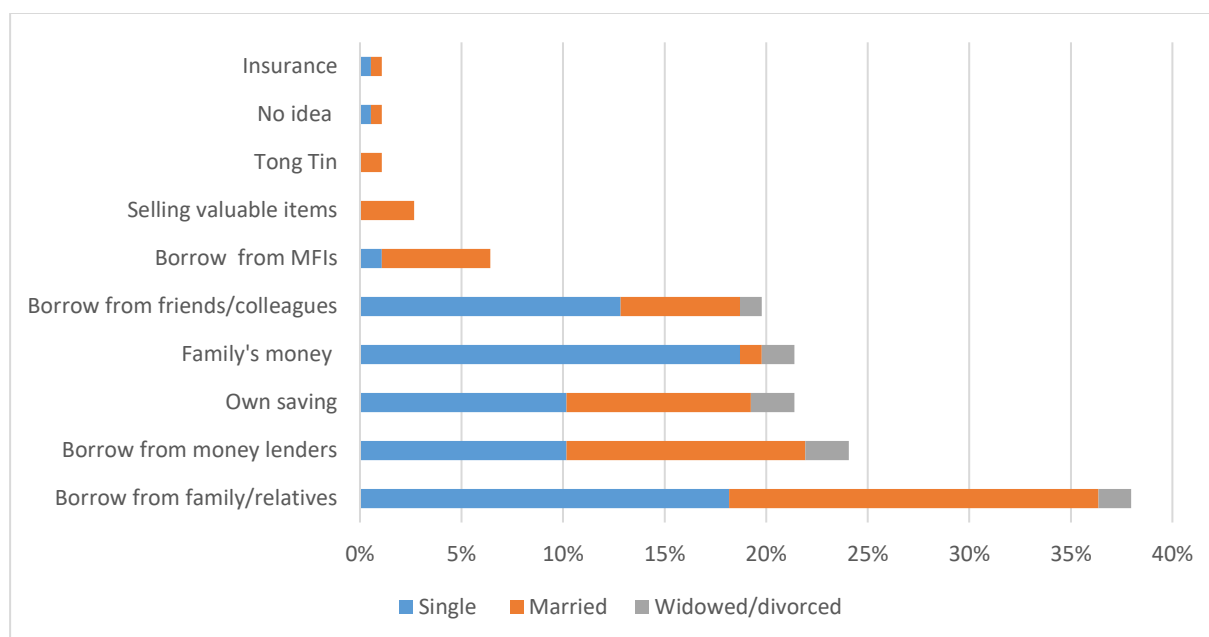


Source: Garment worker survey, Feb-Mar 2017.

⁴⁶ Effective from March 2017, Wing exempts the US\$0.25 fee for the payment of an electricity bill of below US\$25.

⁴⁷ A number of landlords charge a fixed amount of utilities, which is embedded in or paid together with the room rental.

Figure 5.13: How to deal with emergencies

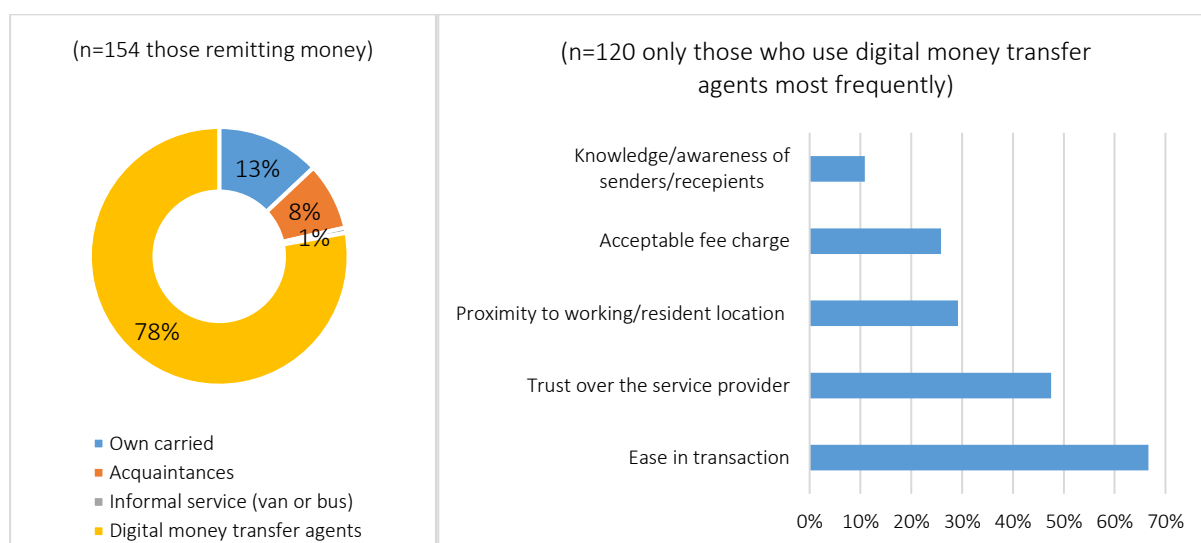


Source: Garment worker survey, Feb-Mar 2017.

C. Approach in Remittances

In remitting money to family, majority of the surveyed workers use mostly the digital money transfer agents (78%), followed by own carriage (13%), acquaintances (8%) and informal service of private vans/buses (1%). The workers who carry their own money or asked their acquaintances for a favor are mostly those who need to visit their children on a regular basis and their hometowns (e.g. Kandal, Takeo and Kampong Cham) are located nearby Phnom Penh. There are a number of reasons that the respondents choose to use digital money transfer agents. First, the users find the ease in the transaction, requiring only phone numbers of senders and recipients and PIN code provided by the agents as an identity. Second, they have trust over the agents, not fearing about the issue of money loss. Third, the agents are widely located around their working and residing locations and charging an acceptable fee. Last but not least, both the senders and especially the recipients (including those residing in remote rural areas) are mostly knowledgeable and aware of the agents.

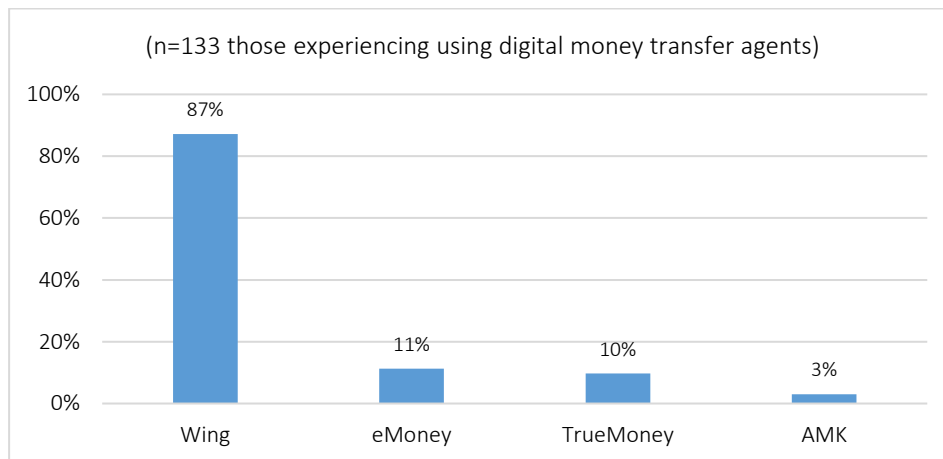
Figure 5.14: Most frequently used channels and reasons for choosing digital money transfer agents



Source: Garment worker survey, Feb-Mar 2017.

To remit money, the respondents need to physically visit the agents, and none of them use their own mobile phones to make the transfer. Majority of the respondents use the agents of Wing to transfer money. Overall, the users are satisfied with the service, fee and safety offered by the digital money transfer agents. Although some respondents think that Wing's fee is higher than others, they still use Wing given its large agency network in rural and remote areas and the awareness of the money recipients. For some, other agents like TrueMoney and eMoney will be used if the amount is small (less than US\$50) given lower fee charge, but Wing agents will be chosen if the amount is larger which is justified by the trust over Wing.

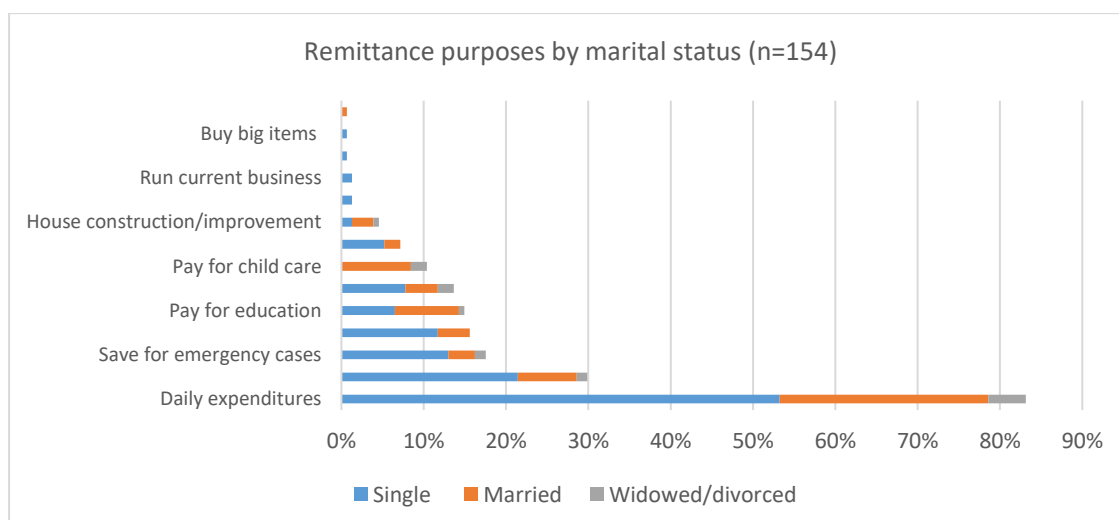
Figure 5.15: Selected digital money transfer agents



Source: Garment worker survey, Feb-Mar 2017.

The remittances sent by the garment workers to their family are for various purposes. Daily expenditures were raised by over 80% of the respondents, followed by 30% on payment for health service and treatment. Some attributed the use to support the family in education, child care, wedding and ceremonies, house construction and improvement, and buying big items like motorbikes. Only 18% mentioned about saving to reserve for use in emergency cases and 14% need to repay loan. Besides farm-related support, very few are using the remittances for other income generating purposes, including running current business and developing a business opportunity in the near future. There was not much difference among single and married women, except for the expenses on child care.

Figure 5.16: Remittance purposes by marital status

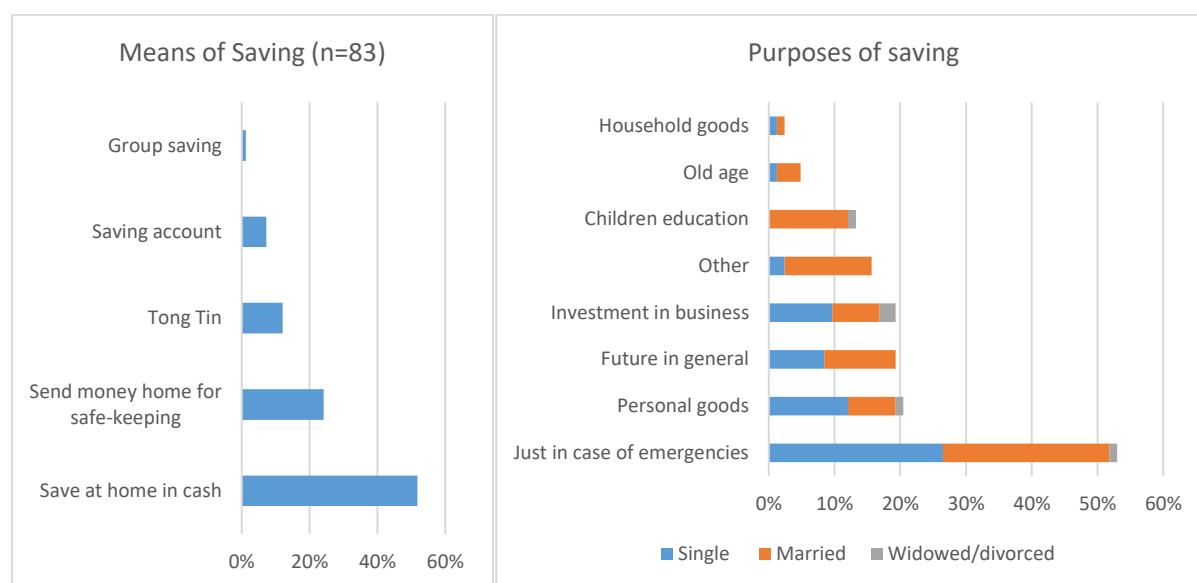


Source: Garment worker survey, Feb-Mar 2017.

D. Approach in Saving

Most of the respondents who reported to have regular savings usually save in cash, either at home (52%) or with parents/family in hometown (24%). Some of the respondents (12%) participated in Tong Tin group as a means to save money. Only a few (7%) save in a bank account. Only one respondent mentioned about putting US\$2.50 in the community-based saving group back in her hometown. One of the main purpose for saving as mentioned by majority of the saving respondents is reserved for emergency cases (53%) and for the future in general (19%). Some of the respondents (approximately 20%) intend to use the savings for purchasing personal goods (e.g. motorbikes) and investment in business, while few mentioned about children education, old age and household goods. Others (15%) need savings to buy land, spend for son's wedding, own education and house construction.

Figure 5.17: Means and purposes of saving



Source: Garment worker survey, Feb-Mar 2017.

[...] I don't save any money since I need to support my sister going to school, but I see the other workers in the factory are saving in group. [...] As far as I know, there are 3 saving groups in the factory, having around 20 to 30 people per group. [...] The group members meet every Saturday to put in an amount of 10,000-30,000 riels each (mainly the weekly meal allowance they receive) and to borrow money, say 100,000 riels, with a monthly interest of 3,000 riels for members and 4,000 riels for non-members. The interests earned will be shared proportionately among the group members. [...] The group leader manages the record book of saving and borrowing, while another person takes care of the money, kept inside a (locked) metal box which will be carried home. [...] The amount of savings and borrowings are recorded on paper with thumb prints and made known to all members since the transactions are made with everyone's presence on Saturday. [...] I found that such a saving group is very good because it helps the workers save and borrow at a low interest, which is unlike the money lenders charging US\$2 for every US\$10 credit. [...]

Said a garment worker in Veng Streng area.

E. Getting and using loans

Majority of the loans raised by the respondents were applied by their family (57%). Workers tended to access to money lenders which charge an exorbitant interest rate up to 20% per month or other informal means when they needed small loans (US\$10 to US\$100) for daily

expenses and emergency use. The larger loans were obtained from the bank and MFIs, having a common loan size of US\$2,000, a minimum amount of US\$150 and a maximum amount of US\$40,000.⁴⁸ The monthly interest rate charged by the bank and MFIs ranged from 1.5% to 3%, depending on the institutions and size of loans. The loan purposes were mainly for home construction or renovation. Other purposes include investment in buying land, working capital, personal consumption, emergency, and health care.

Table 5.1: Loan profile

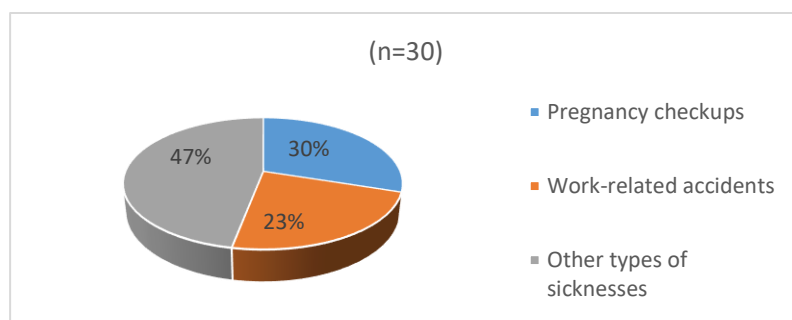
Institution s	Loan size(US\$)	Monthly Interest rate	Loan terms	Purposes of loan	Conditions
Bank (ACELDA)	500 - 10,000	1.7% - 3%	6 – 36	Buy land, home construction/ renovation, emergency, agriculture inputs, existing business, child care	ID card, guarantor, collateral, family book
MFIs	150 - 40,000	1.5% - 2.5%	6 – 36	Buy land, home construction/ renovation, emergency, agriculture inputs, existing business, child care, buy motorcycle	
Money lenders ⁴⁹	10 - 100	15% - 20%	n/a	Daily expenses and emergency	None, employee card, borrowing agreement

Source: Garment worker survey, Feb-Mar 2017.

F. Insurance Schemes

Despite compulsory contribution to NSSF, the usage rate among the surveyed respondents remains low since not many respondents (83%) expressed that they have ever used NSSF. Majority justified for not using NSSF that they have never encountered any major accident or sickness, and a few have just received the NSSF card but it is not yet effective for use. However, some of the respondents (17%) have used NSSF for pregnancy checkups (30%), work-related accidents (23%) and other types of diseases (47%) including abdominal pain, sore throat, and knee, liver and skin problems, etc. Approximately 90% of those who have used NSSF stated that they are satisfied and somehow satisfied with the benefits NSSF offered to them since at least they do not need to pay for the medical expenses.

Figure 5.18: Usage purposes of NSSF



⁴⁸ The loan was taken by the respondents' parents, while the respondents did not know the loan purpose but remitted money to help repay the loan every month.

⁴⁹ Including borrowing from friends with the interest rate.

Source: Garment worker survey, Feb-Mar 2017.

[...] I got a traffic accident last 2 months and broke my left leg. [...] I didn't pay for any expenses related to treatment at the hospital since NSSF covered it. [...] I think NSSF is very useful; otherwise, I don't know how I could pay for the costs. Although I got 1.5 million riels as a compensation from the driver causing the accident, my family need to pay a lot for all the various expenses during the time I stayed in the hospital. [...]

Said a garment worker in Sen Sok area.

Other than NSSF, the respondents who indicated that they have just subscribed to BIMA for only 1 to 3 months have apparently not yet accessed to the scheme benefits, while they showed critically limited knowledge about the scheme and the company. They do not feel motivated in the continuation and expressed intention to unsubscribe the scheme sooner or later. Nonetheless, it is different in the case of the respondent who purchased AMK's micro-insurance.

[...] I bought the insurance for my mother in December 2016 when I applied for a loan from AMK in the name of my mother given her legal asset ownership. [...] The staff told me that the insurance is only for limited number of loan clients and I found the fee is acceptable, so I decided to go for the scheme [...] For this scheme, I need to pay 25,000 riels per year, and my mother will receive of 20,000 riels per day for inpatient services related to health and accident, plus reimbursement of receipt-based medical expenses. [...] But, I am not sure if the scheme also covers the case of outpatient services, and I don't know the maximum amount that I can claim. [...] If possible, I want to purchase such insurance for myself and other family members.

Said a garment worker in Kamboul area.

5.3.3. Challenges in Financial Management

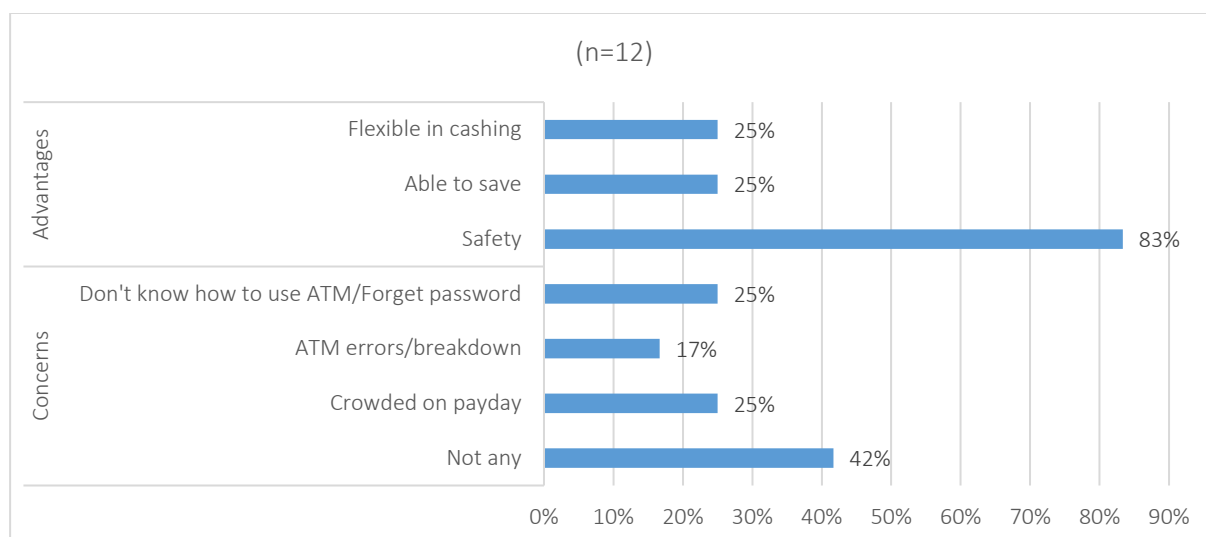
From the data provided by the survey, the amount left from the average monthly wage (US\$214) after daily expenditures (US\$115) and remittances (US\$86) and before paying personal debts is estimated to be US\$12.30 per month. This illustrates that the garment workers are on a stringent budget. In addition, the garment workers have faced several challenges in their financial management and access to loan and insurance.

Not many respondents who get paid via bank account keep their money in the account for use upon demand although the majority indicated safety, ability to save and flexibility in cashing as the main advantages. Normally the workers tend to cash out as much as possible on payday and keep only the amount below the smallest notes available in the ATM. As result, they usually experience a long queue on payday at the ATM and somehow the ATM encounters frequent breakdowns due to the crowded usage at one time. In addition, some respondents said they do not actually remember their password and even do not know how to operate the ATM, so they need help from their colleagues and husbands. On the other hand, a number of them said they do not have any major challenge with the way they get their monthly wage.

[...] Located in the factory compound housing around 10 factories or so, there is only one ATM, which is usually crowded on payday. Sometimes, I need to queue until 9pm to cash out my wage. [...] I don't withdraw all of my money. [...] Like last month, I cashed out only US\$180 out of a total US\$187 I received because the remaining amount is under US\$10 which is the smallest note the ATM has. [...]

Said a garment worker in Kamboul area.

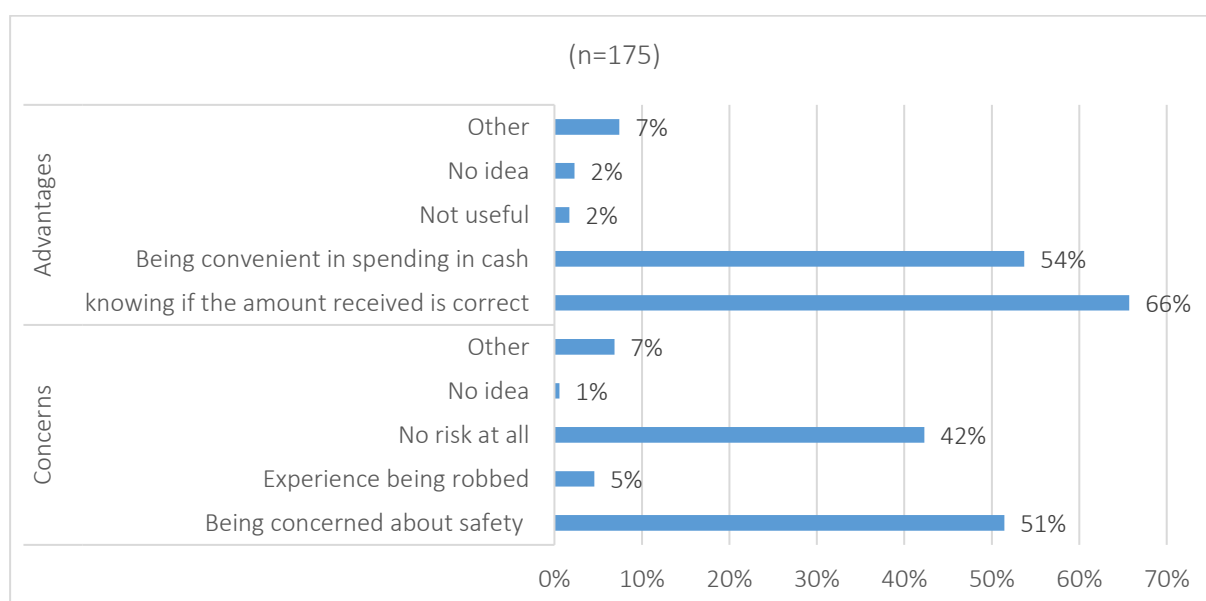
Figure 5.19: Advantages and concerns over getting paid via bank deposit



Source: Garment worker survey, Feb-Mar 2017.

For those who receive wage in cash, having the exact amount physically received in hand and the convenience in spending in cash are the main advantages, and some others prefer cash since it is less complicated and not wasting time in money withdrawal from the banks. Despite so, more than half of the respondents expressed the concerns about safety, and a few (5%) shared their experiences in being thieved and pickpocketed and thus losing some or all money they carried on payday. Another concern is the possibility in having torn or counterfeit notes, and they are afraid that they only realize this when they spend the money, which is too late to get back to the factory for an exchange. A few workers also mentioned about the tendency in spending all the cash in hand without any saving left. Nonetheless, a number of the interviewed workers (42%) said getting paid in cash has no risk at all since the amount they receive is small and they could manage it with care.

Figure 5.20: Advantages and concerns over getting paid in cash



Source: Garment worker survey, Feb-Mar 2017.

Most of the respondents did not indicate any challenges in remitting money to their family through their frequently used channels. As stated in the previous part, the workers are generally satisfied with the services provided by the digital money transfer agents. However, a

few of those using the agents (nearly 4%) showed that Wing is charging higher fee than other agents, and sometimes it is too crowded, while two respondents mentioned about the issue of money loss but they could not explain clearly how the case happened.

Those who have a bank account for saving did not raise any concern, while indicating the advantages of safety, trust and flexibility and convenience of cashing, and saving with interest. A number of the respondents who save money in cash, either at home or as remittances, did not mention any challenge either, while some others raised the fear for thieves and unexpected fire incidents. In the meantime, they also acknowledge their contentment of holding cash and the perceived safety of leaving the money with their parents at hometown. In addition, quite a number of the respondents are in favor of saving via Tong Tin groups offering interest, but there are prevalent worries about dishonest group leaders and members with the possibility of running away with the deposits.

A number of respondents (47%), especially those who have obtained loans from bank/MFIs, addressed that it was not hard to get loans as long as they had fixed assets as collaterals. However, for especially the respondents who have never accessed to such loans, some (17%) did not have any idea about the challenges in getting loan from bank and MFIs. Some stated that they do not have any collateral (11%) and foresee the process as complicated (10%), while some others (15%) raised the concern over their inability to payback the loans and cover the interest.

Despite a small number of the respondents who have used NSSF, majority of the surveyed workers have raised the issue of limited knowledge of how to use the service and claim for the benefits, and even some who do know the process but find it complicated. Moreover, the workers find it time-consuming to the designated state hospitals which are located far away from their workplace and resident areas, while several of them have heard about and experienced with the poor customer and medical services offered by some state hospitals. Regarding other insurance scheme, some respondents claimed that having only NSSF is sufficient and therefore need no other scheme, while some showed no interest at all in buying insurance. Most attributed the reason for not subscribing to any scheme to no or insufficient income to pay for the premium, while several of them do not have information and trust in the insurance companies. As a result, they normally do not see the benefits of the insurance explicitly. It is evident from some cases of those have subscribed to insurance without knowing the insurance policy, nor the company itself as well as how to discontinue the plan.

[...] I just subscribed to this insurance for only 3 or 4 months after I was approached by their staff through phone call. [...] I was charged maybe \$0.03/day directly deducted from my phone balance, but I don't know the company name. [...] I think it is about life and accident insurance. I was given a contact number and told to contact that number if I need to use the insurance. [...] I haven't had any accident, and I don't see how I could get the benefit. [...] I want to discontinue the plan but don't know how to do so. [...] I used to experience being cheated and lost a few million riels before. [...] I think having NSSF is enough for me.

Said a worker in Tuol Sangke area.

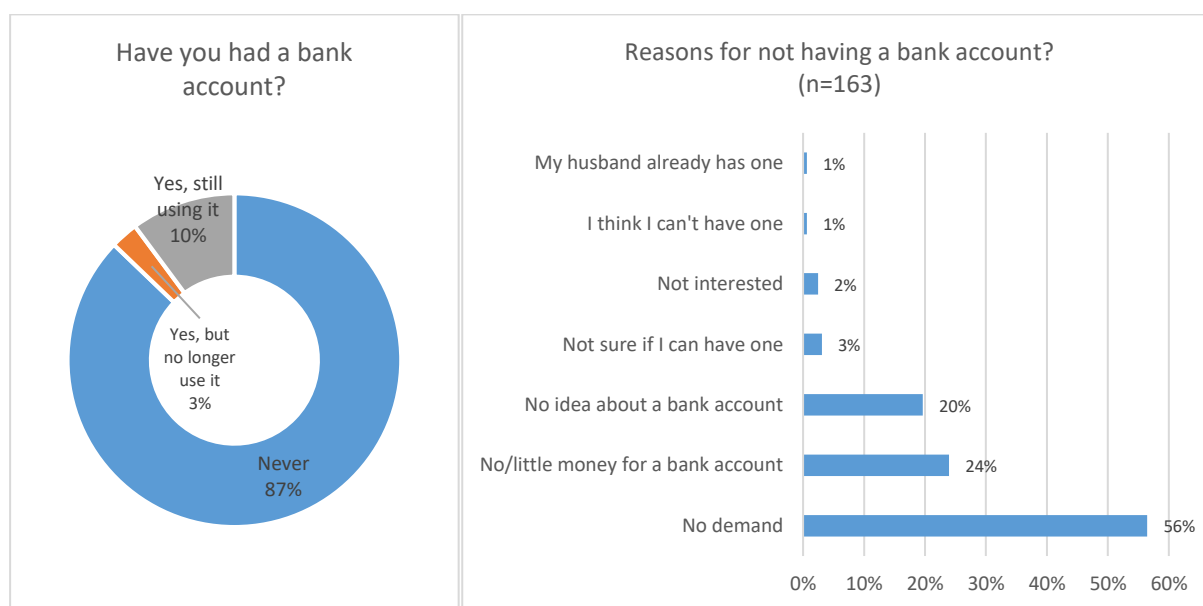
5.4. Demand for the Financial Products and Services

5.4.1. Access to Bank Accounts and Use of ATMs

Among the surveyed respondents, the majority (87%) have never had a bank/MFI account. Most of them justified that they do not see any usefulness and therefore have no demand for

a bank account, while some said they have no or little money to open and deposit in the account. Other reasons include their limited knowledge on what a bank account is and being not sure if they could apply for an account. A few respondents indicated no interest, while one of the two respondents thought that she could not have an account and the other one said her husband already has one account. Despite so, nearly half of the respondents (46%) who do not have a bank account showed interest in having a bank account in the future, attributing the motivation of safety, saving, ease in cashing transaction, interest earning, and possibly having more income and money.

Figure 5.21: Having a bank account and reasons for not having a bank account



Source: Garment worker survey, Feb-Mar 2017.

On the other hand, those who used to have a bank account (3%) said that they used it when they were working for the previous factories with wage paid via bank deposit and when they were working in Thailand, and that they have no longer used an account since then. For those who are still using their bank account (10%), most of them are active users with the latest access in last month. The main purposes are for payroll, saving, and safeguarding money, while other uses include transfer money from a relative working abroad and for NSSF remedy reimbursement (upon a traffic accident case), which they found it somehow and very useful.

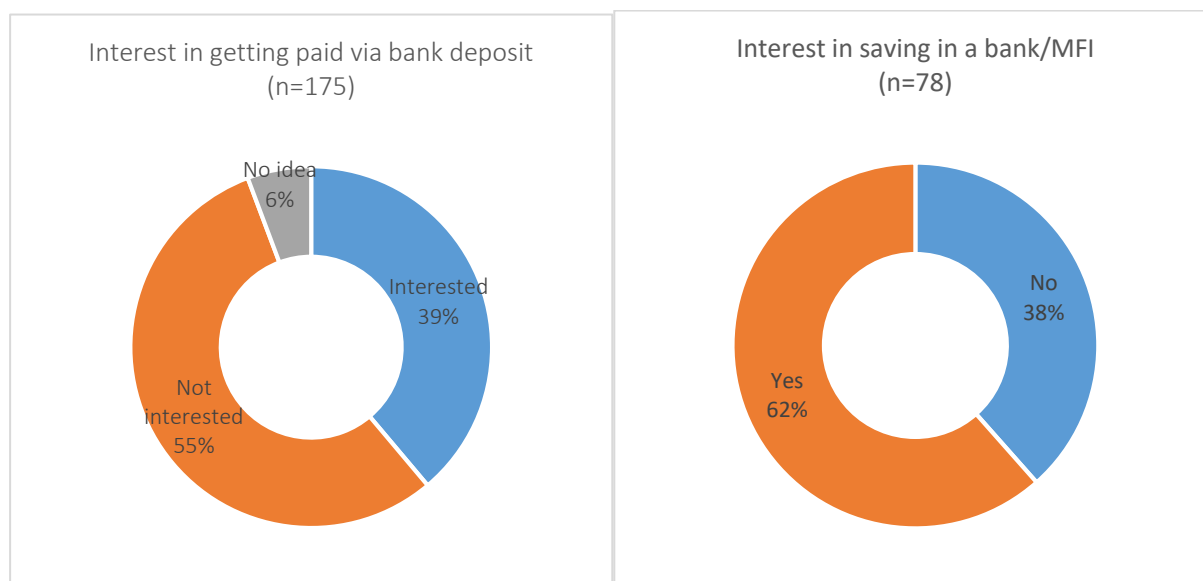
While a number of the surveyed respondents claimed that they have never seen an “ATM” (34%) and used to see one but do not know what it is for (18%), nearly half of them (48%) claimed they know the function of an ATM (being asked without telling the full words) as a machine or place to withdraw and/or deposit money. However, only one fifth of them (all of whom are those having a bank account) have ever used the ATM, and thought that the ATM is useful.

In addition, several workers (39%) among those who are currently getting paid in cash illustrated the interest in receiving their wage via bank deposit, seeing the advantages of safety and less worry about losing money or thieves, flexibility in cashing, inducing saving (restricting spending by cashing only as needed), and no more worry about torn/counterfeit notes. While a few respondents (6%) had no idea about banking payroll, the majority (55%) did not express any interest since some of them found that it is time consuming in cashing out the wage given the current convenience of getting their wage at their working desk on the payday and that they are concerned about the accurate amount of wage being disbursed to their account. Moreover, some

claimed that they do not know how to use the account and operate the ATM, while some thought that their wage is low and it is easier for spending in cash.

Furthermore, among those who are currently keeping their savings in the forms of other than banks/MFIs, the minority (38%) are interested in saving in a bank/MFI. They justified that the bank/MFI is a safe place to keep money and expect that their saving could generate interest. The majority who were not interested claimed that they currently have considerably small amount of saving which is not necessarily kept in an account, while several of them expressed the concern of not knowing how to transact the saving.

Figure 5.22: Workers' interest in banking payroll and saving



Source: Garment worker survey, Feb-Mar 2017.

Case Study 1: Interest in opening a saving account

A 21-year old garment worker coming from Kompong Chhnang province has worked for more than 3 years at two garment factories. In the previous factory, she got her salary through Acleda Bank in 2014 and 2015. She withdrew her salary through the ATM which was located near the factory. "Since the factory was closed, I have no longer used the bank account," said the worker. She believed that her bank account was closed by the factory. In addition, she has used Wing agents to remit money to her parents in order for them to repay the debt to an MFI.

If she has more money, she will open a bank account because it is safe and she does not need to carry much money with her all the time. She said, "I have no idea about which bank I should choose, but I will try to seek information from my friends and ask a few banks directly." When asked about what criteria on which she will base when choosing a bank/MFI, she responded, "I don't know exactly what criteria, but I may choose the one with higher interest rate since I aim to save my money in the account."

5.4.2. Access to Digital Financial Services

There is high demand for and usage of digital financial services among the surveyed workers to transfer money, but completely dependent on agent networks. However, the respondents did not know a better and more cost-saving way in using the agents. They normally drop in at the agents to process the transactions, instead of using their smart phones which tend to

charge lower fee (for example, US\$0.60 from Wing account application as compared to US\$1.50 at the agents). According to the FGDs, the workers normally pay for their utilities together with the monthly rental to their landlords, who charge US\$0.25 for the services. They are not aware of the payment services available at Wing agents (previously charging the same amount but effective from March 2017, no fee for the electricity bill less than US\$25.00) and through Wing account and mobile application without any charge.

[...] So far, I have received my salary through Wing account for 4 months. I need bring my Wing card to the agents to withdraw my money and I will receive a message in my (smart) phone alerting my withdrawal transaction. [...] I didn't know about other functions Wing offers. [...] I usually carry money back home by myself; I rarely transfer money through agents, but when I need to do the transfer, I will go the agent's shop. [...]

Said a garment worker in Veng Sreng area.

5.4.3. Access to Loans

During the survey, workers were not that comfortable in sharing loan-related information. The majority of them did not know how much the interest rate they or their families paid. For the loans from bank or MFIs, some of them only knew the installment amount which included both the principle and interest. In the case of money lenders, they only knew that they need to repay US\$12 for the US\$10 credit, but they had no idea about the interest rate as a percentage.

5.4.4. Insurance Products

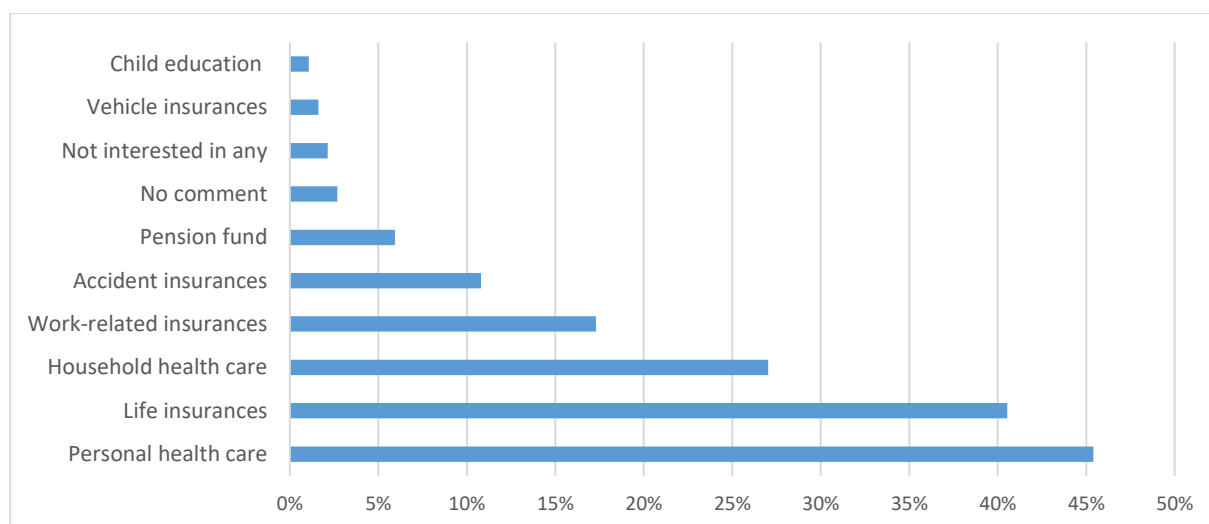
Regarding the insurance product, almost all of the respondents (92%) are aware of NSSF given its mandatory access. When asked about what NSSF is, the majority understood NSSF as an entity/body covering expenses for “services” related to health and accidents, so that they do not need to pay for the “services”. Some respondents (22%) saw NSSF as a kind of life and/or health “insurance”, while only a few (4%) also said they need to pay for NSSF as a portion of their monthly wage (usually around US\$2-3 per month) is deducted. For other insurance scheme, only a small number (19%) indicated their awareness on the schemes related to personal health, traffic accidents, life insurance and child education, which are offered by several companies including BIMA (mostly known to the respondents as Smart company), Prudential, Manulife, AMK and Sky.

In spite of limited awareness and knowledge, nearly all of the surveyed workers (except 5% having no comment and showing no interest at all) showed interest in various insurance schemes as perceived to be the most useful aspects for them and their family. However, only some of them (64% of those who were asked the question)⁵⁰ specified their willingness to pay for the schemes, which ranges from US\$0.25 to US\$50.00 per month with an average of US\$4.00⁵¹ and most answered amount of US\$1.00.

⁵⁰ Only half of the respondents (54%) were asked about their willingness to pay for the preferred insurance schemes.

⁵¹ Some respondents did not state the exact amount, but instead said that they are fine with the amount they pay for NSSF. Therefore, the study assumed the amount to be US\$3.00 in order to get to the average amount of US\$4.00.

Figure 5.23: Most useful insurance schemes as perceived by the respondents



Source: Garment worker survey, Feb-Mar 2017.

Case Study 2: Access to loans, money transfer service and deposit

A 28-year old garment worker, coming from Prey Veng, has worked for few garment factories as a sewer for 8 years. She finished her study at grade 10. She is married and has a child living in her hometown with her parents. Currently, she is working for a factory located on Veng Sreng road in Khan Po Senchey. In January 2017, she earned around US\$310 and remit US\$50 to cover her parents' daily expenses and her child care. She spent around US\$312 for her daily expenses, including US\$50 on entertainment (party with friends) and US\$20 contribution for relatives' wedding. To cover her expenses, she got a loan of US\$100 from her co-workers which she needed to repay in US\$115 next month.

She has accessed to 3 types of formal financial products including loans, money transfer, and deposit. She used to get group loan with her villager neighbors 3 years ago, which required no collateral but guarantors, from Amret to buy a motorcycle. She remitted money every month to her parents through eMoney agent because of its low fee and timely service. In addition, she saves US\$20 per month in Acleda Bank as she thought that it was safer than keeping the money at home. The purpose of savings is to buy another motorcycle that can be used to travel to work. So far, she has not accessed to any insurance service in addition to NSSF. She was contacted by a health insurance company through phone; however, she does not use it as she does not trust the service provider whom she has never met.

6. Discussion on Financial Inclusion

6.1. Opportunities for Financial Inclusion

In Cambodia, women have significantly accessed to formal financial products and services. Results from the survey and FGDs with female garment workers proved such access for mainly remittances, loans and insurance. Most workers remitted money home through widely spread mobile money transfer agents, and they and their families got loans from bank and MFIs. The workers have possessed ID card and used mobile phones, which offer the workers the eligibility in getting a bank account and making money transfer. Almost all workers have accessed to NSSF, while very few have used the insurance schemes provided by the private companies. Savings are the least used financial products. Only a small number of workers currently have had a bank or MFI account for payroll and/or savings.

Interestingly, a number of workers who do not have a bank account are interested in saving in a bank/MFI in the future because of safety, interest earning, and possibly having more income and money. In addition, several workers among those who are currently getting paid in cash expressed the interest in receiving their wage through bank deposits, seeing the advantages of safety and interest-earned saving.

At the same time, the garment factories also showed their preference in paying wage/salary to workers through banks or MFIs as it can improve their operation and administration efficiency. Seeing the possible enforcement of having wage/salary twice a month for garment workers, it is more likely that banking service is more favorable. Also, the brands and retailers have encouraged their suppliers to use banking payroll service as it is seen as a means to empower women and promote financial inclusion. Furthermore, GMAC has encouraged its members to use banking payroll as well.

In addition, the interviewed banks and MFIs expressed their interests in working with the garment workers through payroll, remittance, and deposit services. As illustrated in Part 4 above, they have designed products and services that were accessible and affordable by low income customers with less stringent requirements, and some specific products and services for garment workers. To improve the accessibility of the garment workers to bank and MFI offices, door-step services have been introduced by the institutions. Given the fact that garment industry is the largest non-agrarian employer, working with the garment workers will potentially help the financial institutions to capture a sizeable market share in terms of number of customers. Meanwhile, there are a number of DPs who are working on financial inclusion which banks/MFIs can seek partnership through technical and financial support to innovate and refine their products and services to be affordable and accessible for garment workers.

6.2. Gaps and Barriers to Financial Inclusion of Female Garment Workers

Although a number of the garment workers have accessed to formal financial products at affordable prices and in a somehow accessible manner, there remain several gaps and barriers hindering the process of financial inclusion for garment workers.

Enabling Environment

Women financial inclusion remains a mainstream aspect in the current policies and regulations of Cambodia since thus far there is no specific policy or strategy to address financial inclusion for women. In addition to the effort in promoting financial literacy, NBC is now in the process of

drafting a financial inclusion strategy and has recently enforce lending interest rate cap for MFIs. In the short-run, the interest cap will undeniably be beneficial to the people in access to more affordable loans. However, this may affect the institutional profitability and operational sustainability. If this is the case, the supply of credits from MFIs may fall short in the long run, which may cause the people in need of money turn to seek credits from informal mechanisms at higher interest rate. The impacts of the interest cap setting on the financial actors and households need further study.

Supply Side

Limited outreach to the garment workers is the first and foremost barrier for the financial institutions, especially those having specific products and services for garment workers. The financial institutions normally find it challenging for their staff in introducing their products and the associated benefits to the workers due mainly to lack of cooperation from factory management to allocate time for the workers to meet with the staff during working hours, conflicting working hours between the staff and the workers, and workers' unwillingness to talk to the staff. As a result, information of the products and services could not be reached out to the workers.

The second barrier for formal financial institutions is the workers' their low level of education and limited financial literacy, and the institutions are aware of this. However, they do not directly provide financial literacy to their clients; instead, they only inform or advise their clients during the process of loan application and disbursement. Interviews with banks and MFIs showed that workers do not understand the products and services and their specification, as well as the ability in adopting new financial services and technology.

[...] The challenges in providing the digital finance services to the garment workers include the low literacy of workers to catch up with the technology and the application guideline, and inability to remember the password and sharing it with their co-workers. As a result, it leads to the insecurity in using the application that can discourage them to use or make them lose trust on the products and services. [...] Around 80-90% of users still depend on agent network to transact their money transfer and payment. [...]

Said a financial institution.

Moreover, customers' multiple credit profile at the loan application period is one of the main barriers for banks and MFIs to approve loans for these client. A number of the workers and/or their families are having at least 2 loans at the same time, be it from formal or informal creditors. Banks and MFIs see this as a risk in offering credit to this types of customers.

[...] Most of their parents are in debt with either our institution or other financial institution(s) and they also borrow from their co-workers, so we are not interested in offering credit to them. [...]

said a representative of a financial institution.

Proximity to and limited number of quality access points offered by banks and MFIs is another barrier to financial inclusion. The distribution of the banks/MFIs' offices, branches, and ATMs is not favorable for workers to access them. The workers see the disadvantage of receiving their wage via bank deposit as the burden to spend time and effort in cashing from the only ATM nearby their factories in a long queue and with frequent breakdowns or running out of cash on the payday. In the meantime, physical access to the agents of the digital finance service providers is much used by the workers, rather than via mobile application to make

money transfer and payment transactions more convenient, less time consuming and cost-efficient.

Demand Side

One of the key barriers for the garment workers in accessing to formal financial products and services is their perceived no demand for these products and services. Given the workers' small amount of income and money left after remittances and spending, they tend to see very minimal usefulness in having a saving account and at the same time, they think that they do not generate sufficient money to saving in banks or MFIs which they think they need to put into the bank account. This perception gives rise to the workers' interest in having a bank account only if they could earn more income.

Knowledge and information gaps about financial institutions and their products and services are hindering the female garment workers to access to quality products and services. Most of them do not even understand what financial products are although they are using them, while some workers are observed not to be able to distinguish between a bank and MFI. Some others do not know if they are eligible for certain financial products and services and even the interest rate of the bank/MFI loans for which they have been paying. The workers also show limited knowledge on insurance and low trust towards the private insurance companies. What is more, a considerable number of workers only know and use the agents of digital finance service providers exclusively for remittances. Without information and knowledge about the availability of and eligibility for financial products and services, several remain unbanked, while others who have accessed to the products and services are not able to use them effectively and efficiently. For instance, some workers interviewed and participated in FGDs do not even know that they could pay their utility bills through the agents in addition to money transfer and that it is cheaper to make transactions via accounts than physically at the agents. A complete dependence on the agents in making transactions clearly indicated the workers' knowledge gap in making the most use of the digital financial services.

In addition, the garment workers still have limited financial literacy. Although the workers have showed a moderate performance in financial management, their approaches could be improved. Some of them spend and remit money mainly for consumption purposes, for example on entertainment, gifts, clothing and accessories, rather than on the activities with prospect of generating income and future investment. Moreover, the workers seem to lack knowledge about which transactions (physical access or digitalized process) is more cost- and time-efficient in using formal financial products. Despite those who claimed to have had savings, the data showed that the workers are usually on a stringent budget and some of them normally accessed to money lenders charging high interest to cover the month-end expenditures. Without a proper financial literacy, the workers do not see the importance of formal financial products and services in improving their financial management.

7. Recommendations

In order to promote financial inclusion of female garment workers, the study outlines a number of market-based solutions as well as key priority actions for key stakeholder engagement to support financial inclusion of female garment workers.

Table 7.1: Market-based solutions and priority actions

	Market-based Solutions and Priority Activities	Key Stakeholders
1	Financial literacy	
	- Publication and dissemination of the NBC's financial literacy booklet to wider public including female garment workers	NBC, DPs/NGOs
	- Educational video clip on Facebook and TVs	DPs/NGOs
	- Educational posters at factories and residential areas	DPs/NGOs
	- Provide full course of financial literacy trainings to garment workers as an embedded service in the existing products (e.g. payroll and credit) of bank and non-bank financial institutions (FIs) <ul style="list-style-type: none"> • Support from brands and retailers • Cooperation with garment factories/GMAC to support workers in joining the trainings during working hours 	Banks, non-bank FIs, brands and retailers, garment factories/ GMAC
	- Provide financial literacy trainings to garment workers as an intervention of NGOs <ul style="list-style-type: none"> • Cooperation with DPs/NGOs • Expanding target coverage to reach out to larger scale workers • Inviting banks and non-bank FIs to be speakers • Cooperation with garment factories/GMAC to support workers in joining the trainings during working hours 	DPs/NGOs, brands and retailers, garment factories/ GMAC
	- Provide digital financial literacy to workers, mainly on how to use the mobile application	Banks, non-bank FIs, garment factories/ GMAC
	- Attach the financial literacy manual within the mobile application of digital financial service providers	Banks, non-bank FIs
	- Initiate a financial literacy competition among garment workers with gifts/awards for the winners	DPs/NGOs
2	Enabling environment	
	- Support and involve in the development of <i>Financial Inclusion Strategy</i> of NBC under the collaboration with UNCDF in order to address financial inclusion for women, including female garment workers	NBC, UNCDF, DPs/NGOs
	- Further study on the impacts of the recently introduced interest cap on the Cambodia's financial sectors and households	NBC, UNCDF, DPs/NGOs
	- Coordination among DPs and NGOs working on financial inclusion on a regular basis to share challenges and solutions as well as policy advocacy	DPs/NGOs

	<ul style="list-style-type: none"> - Increased outreach activities to improve workers' knowledge and awareness of NSSF, improve quality of service delivery at NSSF linked health facilities, and to increase utilization by regulating working hours and ensure the availability of services of NSSF linked health facilities so that they are accessible outside working hours of workers and on Sundays. 	Brands, GMAC, garment factories, trade unions, MoLVT, NSSF
3	Availability of information on financial products and services	
	<ul style="list-style-type: none"> - Direct marketing to garment workers on financial products and services and the associated benefits <ul style="list-style-type: none"> • Cooperation with garment factories/GMAC to do the promotion at the factories and during working hours • Flexible working hours for marketing staff to reach garment workers at their residential areas after work shifts and on weekends 	Banks, non-bank FIs, garment factories/ GMAC
	<ul style="list-style-type: none"> - Promote financial products and services via Facebook pages of relevant stakeholders 	Banks, non-bank FIs, DP/NGOs, GMAC, CMA
3	Demand creation	
	<ul style="list-style-type: none"> - Promote the digitization of salary payment (payroll) through bank/MFI account partially and gradually by working with and incentivizing voluntary workers. 	Banks, non-bank FIs, garment factories
	<ul style="list-style-type: none"> - Demand being induced the promotion of financial literacy and information about financial products and services 	Banks, non-bank FIs, garment factories
	<ul style="list-style-type: none"> - Banks/financial institutions particularly providing payroll service need to ensure ATM facilities are available at convenient locations for workers to withdraw wages. 	Banks, non-bank FIs
4	Development of innovative financial products	
	<ul style="list-style-type: none"> - Promote the development of digital savings targeting women as a mechanism to save as frequently as possible in small amounts and to have access to the saved fund in case of emergency as well as build up financial literacy.⁵² 	Banks, non-bank FIs
	<ul style="list-style-type: none"> - Promote the development of the mandatory savings embedded with pension fund or insurance, taking the example of a product AMK will pilot in April 2017. 	Banks, non-bank FIs
	<ul style="list-style-type: none"> - Explore the relevance and feasibility of linking banks and non-bank FIs to the informal saving groups, which the garment workers find access more accessible and comfortable 	Banks, non-bank FIs

8. Conclusion

Although there are some existing regulations and strategies promoting the financial sector and women empowerment, they have not explicitly addressed the financial inclusion of women. However, the government through NBC and MoLVT have invested in the effort to promote

⁵² With digital savings, barriers in accessing to formal financial products and services are smaller and they serve the needs of women in a way that traditional financial and information services could not offer. "In addition, it can address savings challenges by providing them accessibility, convenience, and security through mobile phone and retail agents (Women's World Banking, 2015).

financial literacy and national insurance scheme which benefit the female garment workers. In addition, the relevant stakeholders such as development partners/NGOs, non-financial private sectors and the business associations have encouraged the usage of banking system by the factories and garment workers.

Banks and MFIs with the emergence of digital finance have offered various financial products and services in a micro and small scale which can be access by low income individuals at lower costs. Many female garment workers have significantly been included in the financial access, including the use of digital finance agents for remittances, access to credits from bank/MFIs, the national insurance scheme, and banked savings. However, a number of them remain unbanked and underserved because of their low education level and financial literacy, limited or no information of bank/MFI products and services, and the unwillingness to use the products and services. Also, there are the tendency and opportunities that more female garment workers will be financially included given the interests from the workers themselves, the factories in using banking payroll, and banks and MFIs in providing both mainstream and specific financial products and services, as well as the support from DPs/NGOs in promoting the financial inclusion of women.

In order to promote financial inclusion, market-based solutions and priority activities should include the financial literacy training, provision of the financial information and the benefits of the products and services, financial inclusion policy development and donor coordination, demand creation as well as development of innovative products targeting female garment workers.

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Asia Wei Luy, <http://asiaweiluy.com/>

CGAP, <http://www.cgap.org>

Center for Financial Inclusion, <http://www.centerforfinancialinclusion.org>

Electricité du Cambodge (EdC), <http://www.edc.com.kh>

International Financial Corporation (IFC), <http://www.ifc.org>

Let's Talk Money, <http://www.talkmoney.info>

Metfone (eMoney), <http://metfone.com.kh/en/emoney>

National Social Security Fund (NSSF), <http://www.nssf.gov.kh/>

Prevoir Kampuchea Micro-Life Insurance (PKMI), <https://www.prevoir.asia/>

SKY Impact Evaluation, <http://www.skyie.org/background>

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Annex

A1. Policies and Regulations

Laws, Policies and Strategies	Strategies/Activities	Actual Implementation
A. Financial Sector Policies and Strategies		
National Strategic Development Plan 2014-2018 Contributing to the development of rural economy and the expansion of credit to the rural areas	Supporting expansion of microfinance services at affordable prices and with good terms and conditions for the poor, mobilization of savings and expansion of MFI services to the rural areas	NBC has developed and strengthened the regulations and supervision mechanisms and coordinated the implementation of regulations.
Financial Sector Development Strategy 2011-2020 Aiming to develop a sound financial sector in order to increase the economic growth and the access to finance by the poor	Facilitating banks and MFIs in accessing funds and investments and regulating the operation of mobile payment systems.	NBC approved the Fast Service Transfer for local banks and MFIs (interbank system) and introduced negotiable certificates of deposits (NCDs) and liquidity-providing collateralized operation (LPCO).
B. Key Regulation in Supporting Women Economic Empowerment		
Neary Rattanak IV A five-year strategic plan developed by MoWA as the Cambodia's strategic framework and plan for gender equality	Supporting women in formal and informal sector by providing them decent jobs and employment opportunities through capacity and skill development and assisting micro, small, and medium enterprises (MSMEs) through business development services.	MoWA has supported women entrepreneurs in business through information sharing and Provincial Departments of Women Affairs have cooperated with MFIs in providing financial literacy to women.
C. Regulations in Supporting Employment		
Labor Law (1997) Governing the relations between workers and employers resulted from employment contracts	In terms of social protection, the Labor Law is aware of women's needs and interests through its provision on non-discrimination against sex and other attributions (article 12). Female workers benefit from separate provisions on maternity and breast-feeding leave (articles 182-187).	
Law on Social Security Schemes (2002) Aiming at developing social security schemes including pension and occupational risk scheme	The Social Security Schemes prescribed by this law shall be under the management of the National Social Security Fund (NSSF) established in 1996. The Social Security Schemes cover all workers defined by the provisions of the Labor Law regardless of nationality, race, sex, religious belief, political position, etc.	

A2. DPs and NGOs Supporting Financial Inclusion

Organizations		Activities
1	IFC	International Financial Corporation (IFC) is working with private sector to improve business environment and access to finance. Its activities on financial inclusion in Cambodia include the support to banks and MFIs on staff capacity building and the Cambodia Microfinance Association (CMA) on the advocacy, securing local commercial banks' lending to MFIs, and assistance to improve the MFIs' regulatory environment in developing micro-insurance and savings. Also, IFC working with Goldman Sachs has provided syndicated loans to ACLEDA Bank for SMEs, of which 50% are owned by women. ⁵³
2	AFD	Agence Française de Développement (AFD), a public development finance institution held by French state, has been supporting financial inclusion in Cambodia through its Smart Campaign project, partnering with CMA, to address the issue of over-indebtedness by focusing on the dissemination and implementation of client protection principle and supporting MFIs over data reporting to the Credit Bureau of Cambodia (CGAP, 2013). Also, it has provided both technical and financial supports to CMA and involved in strengthening financial sector regulations. Furthermore, it has supported well-beings of garment workers through the provision of life skill training conducted by the Cambodia Women for Peace and Development (CWPD). ⁵⁴
3	ADA	ADA, an NGO approved and co-financed by the Luxembourg Directorate for Development Cooperation and Humanitarian Affairs, aims to empower MFIs and networks with the commitment of building and catalyzing financial services to populations excluded from traditional banking in developing countries. ADA provides financial and technical support to microfinance networks in Cambodia, Laos and Vietnam, and supports the governments to structure and reinforce the microfinance industry at national level and within the region as a whole. Moreover, it has developed innovative microfinance products for MFIs, offered specific trainings to MFIs, and supported MFIs in searching for funds (MFIF). ⁵⁵
4	UNCDF	United Nations Capital Development Fund (UNCDF) aims at promoting financial inclusion in Cambodia through supporting policy and advocacy by working with NBC in developing a <i>Financial Inclusion Strategy</i> , providing SHIFT Challenge Fund to support women, and conducting research studies. ⁵⁶
5	Good Return	Good Return, an "Asia-Pacific Microfinance initiated by World Education," has supported NBC in implementing the financial literacy campaign on "Let's Talk Money" and partnered with CMA to support MFIs in providing financial literacy to their clients and in strengthening client protection principles. ⁵⁷
6	CWPD	Cambodian Women for Peace and Development (CWDP) is a local NGO working with the government, NGO and private sector. CWPD has contributed to financial inclusion by partnering with CARE and AFD in providing financial literacy and life skill training to the garment workers.

⁵³ www.ifc.org

⁵⁴ <http://www.afd.fr/lang/en/home/pays/asie/geo-asie/cambodge/agence-phnom-penh> and interview with a garment factory.

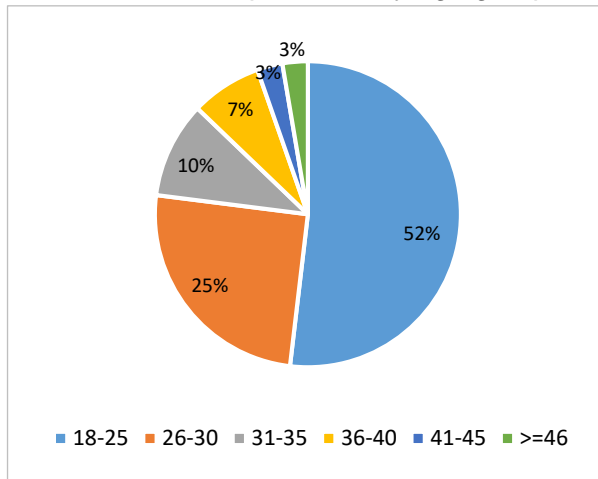
⁵⁵ www.ada-microfinance.org and MFIF (2016).

⁵⁶ Interview with the representative of UNCDF.

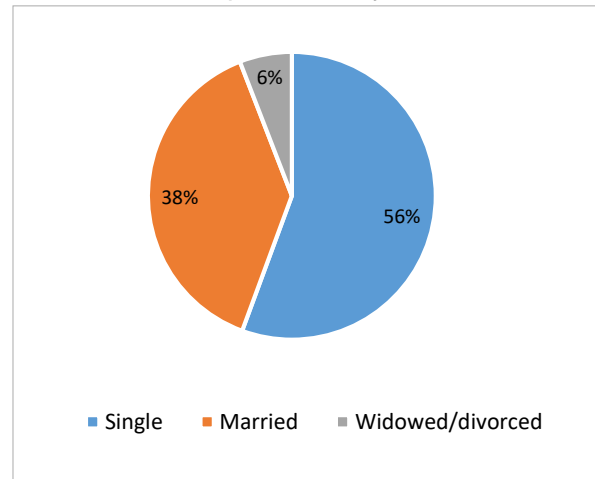
⁵⁷ <http://cambodia.worlded.org/projects/good-return/>

A3. Profile of the Surveyed Garment Workers

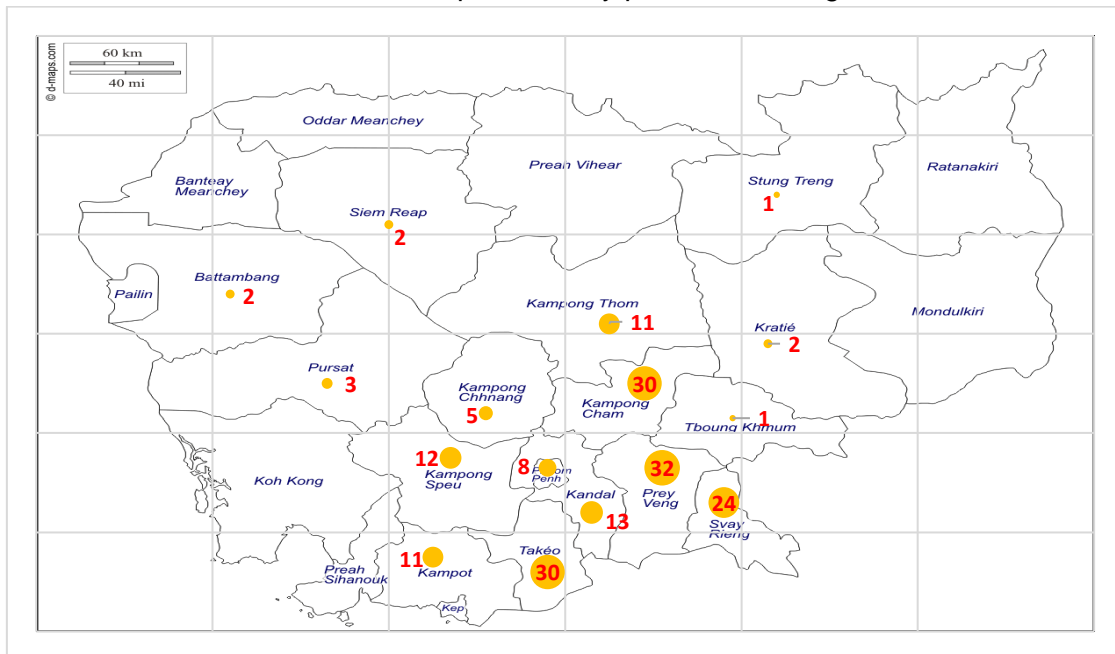
Number of respondents by age groups



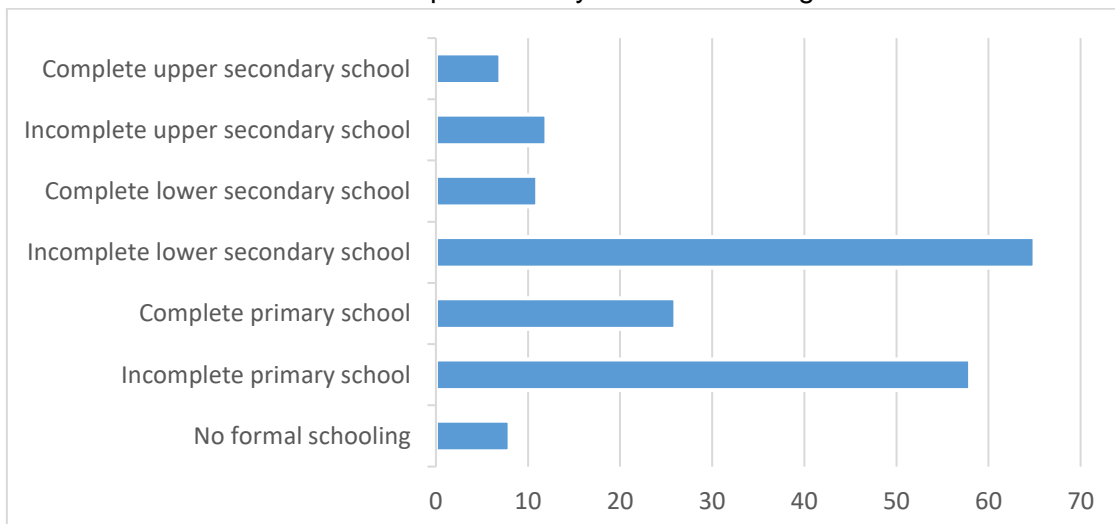
Number of respondents by marital status



Number of respondents by provinces of origin



Number of respondents by education Background



A4. Wage and Benefits: Minimum Provisions Vs. Practices of a Garment Factory

	Minimum Provisions	Offered by the Interviewed Factory ⁽¹⁾
Minimum wage	US\$148 for probationary workers and US\$153 for casual workers ⁽²⁾	US\$153/month for all workers
Attendance bonus	US\$10/month ⁽³⁾	Sam as the provision
Seniority bonus	US\$2/month during year 2 of employment with an annual incremental of US\$1 ⁽³⁾	US\$1/month from the 2 nd month of year-1 employment with an annual incremental of US\$1 for following years
OT	150% for OT on Monday-Saturday (16:00-18:00) and 200% on weekdays (night time), Sunday and public holidays ⁽⁴⁾	Sam as the provision
OT-meal allowance	US\$0.50/day (=2 hours) or one free meal per day ⁽³⁾	US\$0.50/day
Lunch allowance	-	US\$0.50/day or US\$13/month
Housing and transportation allowance	US\$7/month ⁽³⁾	US\$8/month
Other bonuses	-	Around US\$0.25-0.38/day for the set target achieved for piece-rate workers and US\$20-25/month for fixed-wage workers involved in general work
	-	US\$3 incentive for piece-rate workers receiving wage exceeding the minimum wage
Maternity leave	50% paid 3-month leave for workers with at least 1 year employment ⁽⁴⁾	Sam as the provision
Breastfeeding breaks	1 hour/day ⁽⁴⁾	1 hour/day (half each for morning and afternoon shift) for 1 year after workers' maternity leave.
Child care	Onsite nursing room and day care center or allowance for child care ⁽⁴⁾	US\$8/month of food allowance for the new born for 18 months after workers' maternity leave
Insurance (NSSF)	2.1% of the workers' monthly wage (0.8% on work injury and 1.3% on health care) ⁽⁵⁾	Sam as the provision

Sources:

⁽¹⁾ Interview with a garment factory in March 2017.

⁽²⁾ MoLVT Prakas 414 on 2017 minimum wage for garment and footwear workers, Dated 29 September 2016.

⁽³⁾ MoLVT Notification 001/14 on the implementation of Prakas 317 on minimum wage and other benefits for garment and footwear workers, dated 9 January 2014.

⁽⁴⁾ Cambodia's Labor Law, promulgated 13 March 1997.

⁽⁵⁾ Interview with MoLVT and/or ILO in March 2017.

A5. Types of Financial Institutions in Cambodia

Types	Description
Commercial banks ⁽¹⁾	Legal entities licensed to carry out even one of the three types of banking operations as their regular business, (1) credit operations for valuable consideration, including leasing, guarantees and commitments under signature; (2) the collection of non-earmarked deposits from the public; and (3) the provision of means of payment to customers and the processing of said means of payment in national currency or foreign exchange.
Specialized banks ⁽¹⁾	Legal entities licensed to carry out only one of the three types of banking operations, or only one component of each of the three types of banking operations as their regular business (<i>referring to the banking operations under the commercial banks above</i>).
Microfinance operators ⁽²⁾	Microfinance offering delivery of financial services such as loans and deposits, to the poor and low-income household, and to micro-enterprises. Registration with NBC is compulsory for any NGOs, associations, and other entities engaged in microfinance, if they meet one of the conditions: (1) loan portfolio outstanding is equal to or greater than KHR 100 million; and/or (2) savings mobilized from the general public amounting to KHR 1 million or more, or number of depositors exceeding 100.
MFIs ⁽²⁾	An MFI license is required by NBC if the entity meets one of the conditions: (1) loan portfolio outstanding is equal to or greater than KHR 1,000 million or number of borrowers exceeding 1,000; and/or (2) savings mobilized from the general public amounting to KHR 100 million or more, or number of depositors exceeding 1,000.
Deposit taking MFIs (MDI) ⁽³⁾	An MFI licensed to collect deposits from the public under the qualifications and conditions defined by the Prakas of NBC.
Financial leasing companies ⁽⁴⁾	Licensed companies operating financial lease business, which is a lease arrangement where a lessor purchases a product (which must be a movable asset) selected by the lessee from a third party as part of a lease agreement between the lessor and lessee.
Third party processors ⁽⁵⁾	Institutions entrusted by a bank to conduct one or more parts of its payment transaction services.

Sources:

⁽¹⁾ Law on Banking and Financial Institutions, dated 18 November 1999.

⁽²⁾ NBC Prakas (B-7-02-49) on Registration and Licensing of Microfinance Institutions, dated 25 February 2002.

⁽³⁾ NBC Prakas (B-7-07-163) on Licensing of Microfinance Deposit Taking Institutions, dated 13 December 2007.

⁽⁴⁾ Law on Financial Leases, dated 20 June 2009; and DFDL's article on "Financial Leases - A New Form of Financing in Cambodia" dated 27 May 2014, <https://www.dfdl.com/resources/legal-and-tax-updates/financial-leases-a-new-form-of-financing-in/> (accessed 30 March 2017).

⁽⁵⁾ NBC Prakas (B-9-010-151) on Third-Party Processors, dated 22 September 2010.

A6. Garment Worker Survey Questionnaire

Introduction: Under the support from CARE Cambodia, this study aims to understand the behaviors and needs of female garment workers regarding their financial management and their constraints to accessing and using formal financial products and services. The data collected from this interview will be used for the purpose of suggesting solutions to support financial inclusion for female garment workers. The interview will take approximately 30 minutes and your response will not be addressed individually and your identity will be kept strictly confidential.

Interview Location:			Questionnaire ID:
Date:		
	Name	Signature	
Interview by:			
Checked by:			
Keyed by:			

Screening Question

1. How long have you been a garment worker (previous and current factories)?
 - a. Less 12 months → *Drop this respondent*
 - b. More than 12 months (specify length:months) → *Continue the questionnaire*

A. Profile of Respondents

2. Name (optional)
3. Phone Number
4. Age
5. Hometown Province
6. Marital status
 - a. Single
 - b. Single and in a relationship
 - c. Married without children
 - d. Widowed
 - e. Married with children (specify number of children
 - f. Divorced/separated
7. Education level
 - a. No formal schooling
 - b. Incomplete primary school
 - c. Complete primary school
 - d. Incomplete lower secondary school
 - e. Complete lower secondary school
 - f. Incomplete upper secondary school
 - g. Complete upper secondary school
 - h. Higher than secondary education
 - i. Other (specify).....
8. Have you undergone any technical/vocational training?
 - a. No
 - b. Yes (Please specify the topic, period of time and provider)

	Topic	Period (Year)	Provider
1			
2			
3			

9. Do you have an ID card and a valid passport? (Only one answer)
 a. Only ID card b. Only passport c. Both ID card and passport d. None
10. Do you or your family have any assets (mainly those qualified as collateral) and movable assets? (Multiple answers)
 a. Land b. House c. Motorbike d. Other (specify).....
11. Do you have a mobile device?
 a. No b. Yes (Specify)
- Number of device(s)
 - Number of SIM card(s)
 - Type of device(s) (Multiple answers)
 - a. Featured phone b. Smart phone
 - c. Other (Specify).....
 - Usage purposes (multiple answers):
 - a. Financial transactions (Specify.....)
 - b. Playing game(s) e. Video and music
 - c. Call f. Facebook/other social media
 - d. Message (SMS) g. Other (specify)

B. Employment Profile

12. How long have been working the current factory?
 months
13. Name of current factory:
14. What is your main role? (Single answer)
- a. Cutting c. Ironing e. Packaging
 - b. Sewing d. Washing f. Other (specify).....

C. Income

15. How much did you earn as a garment worker last month? (Single answer)
- a. Monthly wage Total wage received:
- USD.....
- Basic monthly salary: USD.....
 - OT on Monday-Friday: USD.....
 - OT on Sunday and holiday: USD.....
 - Attendance bonus: USD.....
 - Food allowance: USD.....
 - Transportation allowance: USD.....
 - Accommodation bonus: USD.....
 - Seniority bonus: USD.....
 - Other (specify)..... USD.....
- b. Piece rate Total wage received: USD.....
- Pieces made per month:/month
 - Rate per piece: USD/piece
 - OT on Monday-Friday: USD.....
 - OT on Sunday and holiday: USD.....
 - Attendance bonus: USD.....
 - Food allowance: USD.....
 - Transportation allowance: USD.....
 - Accommodation bonus: USD.....
 - Seniority bonus: USD.....

- Other (specify)USD.....
- c. Other (Specify).....
16. How often do you receive your wage?
- a. Once a month b. Twice a month c. Others (specify).....
17. How do you receive your wage? (Single answer)
- a. Cash
- i. What do you think are the main advantage of receiving wage in cash?
 - a. Seeing with own eyes if the amount received is correct
 - b. Being convenient in spending in cash
 - c. None
 - d. No idea
 - e. Other (specify).....
 - ii. What are the key concerns do you think in receiving wage in cash?
 - a. Being concerned about safety in holding cash (but never experience)
 - b. Experiencing being robbed
 - c. None
 - d. No idea
 - e. Other (Specify).....
 - iii. Are you interested in receiving your wage via direct deposit in the future?
 - a. Yes, I'm interested (Specify reason:)
 - b. No, I'm not interested (Specify reason:)
 - c. No idea
- b. Direct deposit (Specify name of bank or MFI)
- i. What are the advantages of receiving wage via direct deposit?
 - a. Being safe
 - b. Saving time in queuing on payday
 - c. Answer a & b
 - d. None
 - e. No idea
 - f. Other (specify).....
 - ii. What are the main concerns in receiving wage via direct deposit?
 - a. None
 - b. Being concerned that the deposit amount is not correct
 - c. Needing to spend time to withdraw money for cash payment
 - d. No idea
 - e. Other (specify).....
- c. Other (Specify).....
- What are the advantages of receiving wage via this method?
.....
 - What are the challenges/concerns in receiving wage via this method?
.....
18. Do you keep a record of your OT hours and piece made every day? (Single answer)
- a. Yes, I keep a record but not regularly.
- b. Yes, I always keep a daily record.
- c. No, I depend on my colleagues who work the same as me.
- d. No, I don't keep or have any record.
19. Do you think the wage you receive is the correct amount? (Single answer)
- a. No idea
- b. Mostly correct
- c. Mostly incorrect (Specify average amount of fault USD.....)

20. Do you earn income from other sources?

a. No

b. Yes

- What are the sources?
- Specify the amount earned from those sources USD..... per month

21. Have you received any cash gifts in the last 6 months?

a. No

b. Yes (specify)

	Amount (USD)	Providers	Occasion
1			
2			
3			

22. Who manage your income? (Single answer)

- a. I keep all my own income.
- b. My husband keeps all the income.
- c. My parents keep all the income.
- d. My family (other than husband and parents) keeps all the income.
- e. I keep some and let my husband keep the rest.
- f. I keep some and let my parents keep the rest.
- g. I keep some and let my family (other than husband and parents) keep the rest.
- h. I keep some and let my husband, parents and other family members keep the rest.
- i. Other (Specify).....

D. Expenditure

23. Do you share a room with other people?

a. No

b. Yes (Specify the number of people excluding you people)

- Who do you share your room with? (Multiple answers)

- a. Husband
- b. Parents
- c. Siblings
- d. Other relatives
- e. Boyfriend
- f. Friends / colleagues
- g. Child / children
- h. Other (specify).....

24. How much do you spend on food last month (including main meals, drink, fruit, dessert, snack, etc.)?

Specify amount: USD..... per month (for only respondent herself)

25. How much do you spend on non-food items last month?

<i>Note: the expenses for last month only (whole month) and specify the number of people evolve.</i>	Amount per month (USD)	Payment methods 1= cash; 2=pay at agents; 3=other (Specify)
House/dormitory rental (put 0 = owned house)		
Electricity		
Water		
Clothing, shoes and other accessories		
Transportation to work (put 0 = walking or cycling)		
Toiletry and personal care		

Entertainment (cinema, karaoke, sightseeing, etc.)		
Communication (phone card and internet)		
School fees for own self		
School fees for children (only staying together)		
Child care (only staying together)		
Medical or health related expenses		
Interest payment / loan repayment		
Others (specify)		

26. Please can you share the total amount of cash gifts you have given in the last 6 months.

a. No

b. Yes (Specify)

	Amount (USD)	Recipient	Occasion
1			
2			
3			

27. Who has the most influence on your major decisions about spending money? (Single answer)

a. Yourself only

b. Husband

c. Jointly between you and your husband

d. Children

e. Parents

f. Siblings

g. Other relatives

h. Friends / roommates/ colleagues

i. Other (specify)

.....

28. How do you normally deal with unexpected emergencies (e.g. unemployed, sick, etc.)? (Multiple answers)

a. Own savings

b. Household savings (no payback)

c. Borrow money from family / relatives

d. Borrow money from friends / colleagues

e. Borrow money from money lenders

f. Borrow money from MFI

g. Tong Tin

h. No idea (e.g. never think about this)

i. Other (specify)

E. Remittances

29. How often do you send money to your family (last year)? (Single answer)

a. Never (skip Q30-36)

c. Every month

e. Every 3 months

b. Every week

d. Every 2 months

f. Other (Specify).....

30. How much do you send every time (on an average / most common)?

Specify amount: USD..... per time

31. How do you send money to your family? (Please select 3 channels and range 1 for the most frequently used channel and 2 and 3 for the subsequent frequently used channels)

a. ___ Own carried (Skip Q32)

b. ___ Acquaintances (Skip Q32)

c. ___ Informal money transfer service (e.g. van or bus) (Skip Q32)

d. ___ Informal money transfer agents (e.g. money exchange) (Skip Q32)

- e. ___Bank / MFI (go to Q30)
 f. ___Agents of digital financial providers (e.g. Wing, AMK, eMoney, TrueMoney, etc.) (go to Q30)
 g. ___Other (Specify)
32. (If Q31 is answered "e" or "f") How did you get information on the agents, bank/MFI? (Multiple answer)
- a. Available agents, bank/MFI branches nearby workplace or house
 b. Friends / colleagues
 c. Family /relatives
 d. Advertisement from the agents, bank/MFI
 e. Approached by the bank/MFI staff
 f. Facebook
 g. Other (specify):
33. What is the main reason you use such service providers? (stated in Q31)
- a. Only know this provider
 b. Acceptable fee charge
 c. Short transaction time (e.g. not to wait so long for the transaction processed)
 d. Trust over this provider (never lose money)
 e. Other (Specify)
34. What are the main challenges in using the remittance methods (stated in Q31) you have been using?
-

35. Please state the transaction fees and remittance process and satisfaction over the service.

	Service Providers (Specify name of agent)	Fee per transaction for the remittance amount stated in Q30	Needed documents/ procedure	Satisfaction on services (0= not satisfied; 1= satisfied)		
				Time	Fees	Safeness
1						
2						
3						

36. What purpose is the remittance used for? (Multiple answers)
- a. No idea
 b. Pay for loan
 c. Reserve for emergency needed purpose
 d. Buy land
 e. House construction/improvement
 f. Daily expenditure
 g. Pay for education
 h. Pay for health service or treatment
 i. Child care
 j. Pay for a wedding or ceremony
 k. Buy motorbike/car/cart for business
 l. Buy farming inputs and tools
 m. Develop a business opportunity
 n. Running current business
 o. Other (Specify)

F. Savings

37. Do you save any money (last year)?
- a. No (go to Section G)
 b. Yes (go to consequent questions)

38. How much do you save per month? Specify amount USD
per month
39. How do you save your money? (Multiple answers)
- a. Salary / saving account
 - b. Fixed deposit
 - c. Send money home for safe-keeping
 - d. Save at home in cash
 - e. Buying gold / land
 - f. Other (specify)
40. What are the main advantages of your current saving methods?
.....
.....
.....
41. What are the key challenges/concerns of your current saving methods?
.....
.....
.....
42. If choosing options c, d, e, f in Q39, are you interested in saving in a bank/MFI?
- a. No (Specify reason)
 - b. Yes (Specify reason)
43. What purposes are you saving for? (Multiple answers)
- a. Future in general
 - b. Children education
 - c. Old age
 - d. Just in case of emergencies
 - e. Personal goods
 - f. Household goods
 - g. Investment in business
 - h. Other (specify).....

G. Debts

44. Have you or your family borrowed money from others (last year)?
- a. No (go to Q45)
 - b. Yes ((go to Q46 & 47)
45. Why you or your family have not borrowed money from others? (skip Q46 & 47)
- a. No demand for money
 - b. Don't want to be indebted
 - c. Needing money but don't know from whom should be borrowed
 - d. Needing money but dare not borrow others/feeling ashamed
 - e. Needing money but can't borrow (specify the challenges.....)
 - f. Other (specify).....
46. Please list down the loans (amount bigger than \$10) and details in the table below:

	Creditor ⁽¹⁾	Amount (USD)	Borrowed by whom (1=You; 2=Family)	Interest (%, or value on the loan)	Purpose ⁽²⁾	Loan Terms ⁽³⁾	Conditions in getting loans ⁽⁴⁾
1							
2							
3							
4							
5							
6							
7							

8							
9							

(1) Note on creditors:

- | | | |
|--------------------|----------------------|---------------------------|
| a. Bank | d. Pawn shop | g. Friend outside factory |
| b. MFI | e. Family | h. Money lender |
| c. Leasing company | f. Friend at factory | i. Tong tin |
| | | j. Other |

(specify).....

(2) Note on purpose of loan:

- | | |
|----------------------------------------|----------------------------------------|
| a. No idea | i. Child care |
| b. Pay for loan | j. Pay for a wedding or ceremony |
| c. Reserve for emergency needed | k. Buy motorbike/car/cart for business |
| purpose | |
| d. Buy land | l. Buy farming inputs and tools |
| e. House construction/improvement | m. Develop a business opportunity |
| f. Daily expenditure | n. Running current business |
| g. Pay for education | o. Other (specify) |
| h. Pay for health service or treatment | |

(3) Note on loan terms:

a=less than 6 months; b= 6-12 months; c= 12-24 months; d= longer than 24 months

(4) Note on requirements for getting loan:

0=not anything	1=ID card	2=Employment ID
3=guarantor	4=collateral (specify).....	5=other

(specify).....

47. Do you know how much you or your family still owe?

- No idea
- No, we do not have any debt left.
- Yes (Specify) USD.....

48. How do you find it difficult to get loans from banks / MFIs?

.....

.....

.....

.....

.....

H. Insurance

49. Do you know what an NSSF is?

- No
- Yes
 - Explain what is it?
(Record speech)
 - Have you ever used it?
 - No (specify reason)
 - Never have had any accident
 - Don't know how to claim for the benefits
 - Although I know how to claim, the process is too complicated.
 - Other specify).....
 - Yes (specify)
 - The case
 - The benefits you received
 - Your satisfaction 1=Satisfied, 2=Normal, 3=Unsatisfied

50. Besides NSSF, do you know any other insurance scheme?
- No
 - Yes (Specify)
 - What the scheme is about?
 - Personal health care
 - Household health care
 - Work-related accidents
 - Traffic accidents
 - Life insurance
 - Vehicle insurance
 - Pension fund
 - Other (specify)
 - Who are the providers? (multiple answers)
 - Prudential
 - Manulife
 - Forte
 - AMK
 - BIMA / Smart
 - Other (specify)
 - Have you ever purchased any of them?
 - Never (Specify reason)
 - Yes, but no longer paying (Specify the provider.....)
 - Yes, and currently paying (Specify the provider.....)
51. What are the major aspects you find most important and useful to be under an insurance scheme? (Multiple answer)
- Personal health care
 - Household health care
 - Traffic accidents
 - Work-related accidents
 - Life insurance
 - Vehicle Insurance
 - Pension fund
 - Other (specify)

I. Knowledge on Financial Products and Services

52. Do you know what financial products are?
- No
 - Yes, what do financial products mean to you?
(Note the exact words)
.....
.....
53. Have you had a bank/MFI account?
- Never
 - Why don't you have a bank account?
 - I don't know what a bank account means
 - Don't think I need one
 - Don't know if I can have one
 - Know that I can't have one (specify the challenges
 - Other (specify)
 - Are you interested in having a bank account in the future?
 - No, why?
 - Yes, why?
 - Yes, but now the account was closed.
 - When did you get that account? (mm/yyyy)
.....
 - Which bank/MFI do you open the account with?
 - When did you close that account? (mm/yyyy)
.....
 - Why did you close that account?
 - In the future do you think you will open a bank/MFI account?
 - No, why?
 - Yes, why?
 - Yes, and currently it is still active.

- When did you get that account? (mm/yyyy)
- Which bank/MFI did you open the account with?
- When did you last use that account? (mm/yyyy)
- How do you see the usefulness of your bank account?
 1. Not useful at all
 2. Slightly useful
 3. Moderately useful
 4. Useful
 5. Very useful
- What are the main purposes you use your bank account for?

.....

.....

54. Do you know what ATM is used for?

- a. Never seen one (skip Q55)
- b. Used to see one but don't know what it is for (skip Q55)
- c. Yes (Specify with explanation)

55. Have you ever used an ATM?

- a. No, why?
- b. Yes
 - How often you use an ATM per month?
 - How do you see the usefulness of using an ATM?
 1. Not useful at all
 2. Slightly useful
 3. Moderately useful
 4. Useful
 5. Very useful
 - What are the challenges in using an ATM?
 1. No ATM nearby the workplace / home
 2. Don't know how to operate it
 3. The ATM usually used is out of service very often
 4. Other (specify).....

J. Overall Comments

56. In addition to the current financial products and services that you know or using, what you think you should have other services in facilitate the management and the use of money (e.g. saving, spending, remitting, getting loans and insurance)?

.....

.....

.....

.....

.....

Thank You!!!

Submitted by:



DISCLAIMER

This research has been conducted by BDtruS on behalf of CARE Cambodia, and only the authors are responsible for the findings, views and qualitative assessments in this report.