Digital Wages Progress

Based on SLCP data from over 5,500 facilities

September 2023

Defining Digital Wages

Digital wage payments, refer to the transfer of wages to individual accounts using a digital device or channel e.g. bank accounts (direct deposit), mobile money wallets and prepaid cards. In the context of wage payments, prepaid cards may also be known as payroll cards

Benefits of Digital Wages

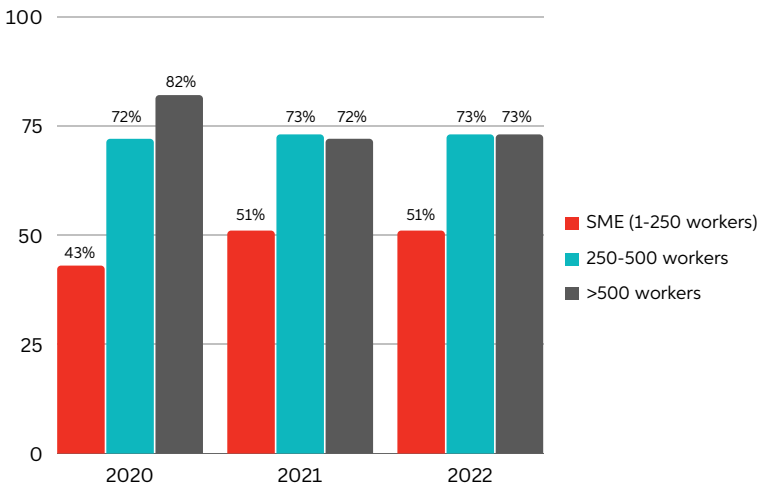
Cost Savings by providing greater efficiency and speed in wage disbursement.

Transparency and Security by enhancing wage traceability and accountability.

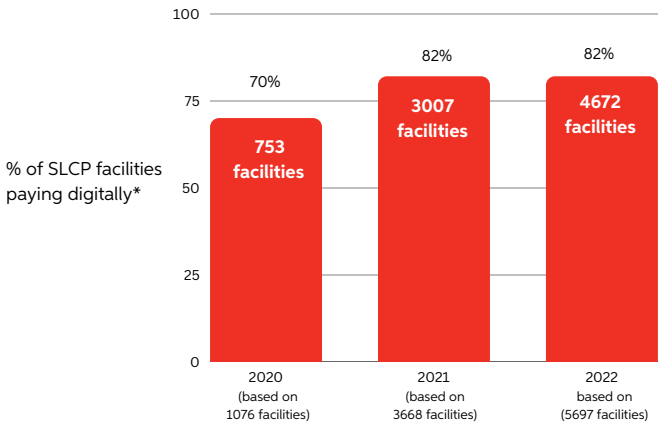
Inclusive Growth by helping to unlock economic opportunity and resources for the financially excluded.

SME DIGITAL WAGE PROGRESS

Between 2020 and 2022 there was a steady increase in digital wage* usage for manufacturers with 1 to 250 employees Small-Medium Enterprises (SMEs). SMEs face unique challenges of upfront and maintenance costs to fully implement digital wage processing. As such, SMEs require more support with the transition.



DIGITAL WAGES IN SLCP FACILITIES INCREASES SIX-FOLD IN 3 YEARS



In 2022

82% The 82% of facilities paying digitally in 2022 represent 92% of the total workers in SLCP facilities.

64% of SLCP facilities paid workers through direct deposits, followed by cash (29%), mobile money (4%), check (2%) and card (1%).

89% of facilities paying wages digitally* were more likely to contribute to at least one social insurance scheme (pension, medical, injury, unemployment or maternity).

COUNTRY SPOTLIGHT: BANGLADESH

In 2019 the Government of Bangladesh and private sector leaders committed to implementing digital wage payments in the Ready-Made Garment (RMG) industry. During the COVID pandemic, the Government provided a stimulus package for worker salaries that were paid directly into workers' mobile money accounts.

In 2022, the Government of Bangladesh released the latest National Digital Payments roadmap (2022-2025) to build on the current growth in digital wage adoption with solutions to create a safe, interoperable, and inclusive digital wage ecosystem for priority sectors, including ready made garments.

89%

Bangladesh workers paid digitally* in 2022 in SLCP facilities, totalling:

>1 million workers

*Digital includes facilities that paid workers fully or partially via digital channels. SLCP defines full digital wage implementation as a manufacturer using only a digital device or channel to pay wages to employees. Partial digital wage implementation is defined as a manufacturer using a mixed method approach of digital as well as non-digital (cash or check) to pay wages to employees.

BETTER THAN CASH ALLIANCE

SOCIAL & LABOR CONVERGENCE

About Social & Labor Convergence Program

SLCP is a multi-stakeholder initiative to reduce audit fatigue and improve working conditions in global supply chains.

SLCP is a signatory-drive multi-stakeholder initiative made up of over 250 signatories from the apparel & footwear industry & beyond, including Better Than Cash Alliance.

Benefits of SLCP

- SLCP implements the Converged Assessment Framework (CAF) to efficiently collect & verify social compliance data
- Replaces the need for repetitive audits and frees up resources for improvement programs
- Global comparability of data, sourced from over 60 countries
- SLCP data is owned by the facility and can be shared with all business partners
- Provides credible data that supports end-users to meet due diligence requirements
- SLCP is multi-stakeholder, developed collaboratively by key stakeholder groups

How does SLCP contribute to the SDGs?

SLCP and the Alliance

Based at the United Nations, the Better Than Cash Alliance is a partnership of governments, companies including H&M, GAP Inc, Marks & Spencer, and Target, Inditex and international organizations that accelerates the transition from cash to responsible digital payments to advance the Sustainable Development Goals.

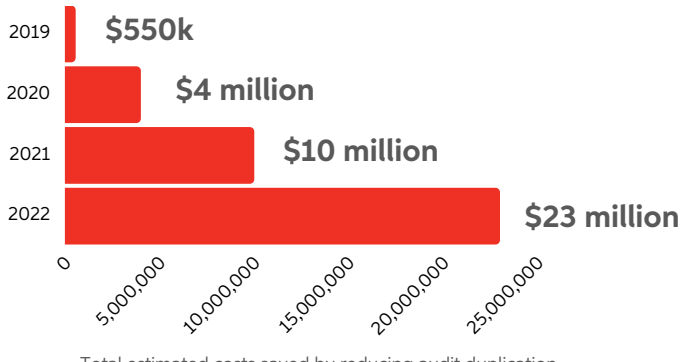
As signatory to the SLCP, the Alliance worked with SLCP to include key metrics reported by facilities to generate evidence on how workers are getting paid and support facilities to appreciate the importance of digital wages.

Scaling adoption of SLCP

Since SLCP's launch in mid 2019, the Program has seen increasing uptake in 60+ countries.

Cost savings by adopting SLCP

As a result of reducing audit duplication, facilities have saved millions of dollars that can be re-directed towards improvement programs.



Total estimated costs saved by reducing audit duplication by adoption SLCP (USD)

For more information on SLCP's impact, read our recently published 2022 Impact Report.