

**YOUTH & INFORMALITY:
Designing Social Security for All**

2023 INNOVATION EXCHANGE & PARTNER SUMMIT

*From Algorithms to Opportunities:
Harnessing Innovation for Youth Employment*

November 7-8, 2023



**S4
YE** SOLUTIONS
FOR YOUTH
EMPLOYMENT



YOUTH & INFORMALITY:
Designing Social Security for All



Pension Tech:
**A secure and dignified retirement for non-salaried
self-employed individuals**

Parul Khanna
Co-founder and Director, pinBox Solutions



A secure and dignified retirement for non-salaried self-employed individuals. Everywhere.



pinBox is a global social pensionTech that helps build inclusive micro-pension systems for self-employed women and youth in Asia, Africa and Latin America

SUSTAINABLE DEVELOPMENT GOALS



Our mission is closely aligned with several SDGs

The multi-trillion dollar crisis and new market opportunity



75%
Workers in Asia, Africa and Latin America not eligible for pensions benefits. Also not yet saving for old age.

1.5 billion
Destitute elderly by 2050 without pension benefits

\$30 trillion
Cost of a tax-funded lifelong pension of US\$2 a day to the future destitute elderly

\$500
Monthly pension at age 60 that a 20-year old today can enjoy by saving \$1 a day for retirement

\$15 trillion
Aggregate new long-term savings within a decade if a quarter of the excluded workers save \$1 a day

A gigantic unmet demand and the building blocks for comprehensive pension inclusion already exist in most developing countries...



1
Strong political and regulatory commitment



2
AMCs and insurers hungry for new markets



3
Broad-based digital ID and payments adoption



4
Near universal mobile penetration



5
Over a billion young workers with capacity to save



6
Outreach of trusted community networks

... yet there's no easy and simple way for most people to save for old age or manage lifecycle risks.



SUPPLY-SIDE BARRIERS

What prevents **countries and pension funds** from expanding coverage to informal workers?



Legacy pension platforms

Most pension systems and platforms are designed to deliver mandatory pensions to salaried workers. Incapable of dealing with voluntary micro-pensions for self-employed.



High start-up costs, long T2M

Building proprietary pensionTech for non-salaried workers from scratch can be hugely expensive — in terms of capital costs, time-to-market and mistakes in design.



Pro-rich sales models, friction

Traditional agent and/or tax-breaks led sales models do not work for most. Also most finance products have cumbersome KYC and paper-based processes inhibit voluntary uptake, increase costs and restrict access.



Specialised pensionTech

pensionTech designed specifically to administer and deliver voluntary micro-pensions to non-salaried individuals. Customisable for any jurisdiction. Within months.



OTC, low variable costs

Our pensionTech uses APIs to integrate with the existing DFS ecosystem and “switch-on” a digital micro-pension “marketplace”. Helps jumpstart micro-pension inclusion. On a low, variable cost basis.



Democratize pensions

Citizens use a familiar USSD or WhatsApp UI-UX for easy, free access to the marketplace. Makes account activation and saving for old age as easy and simple as sending a message.



1

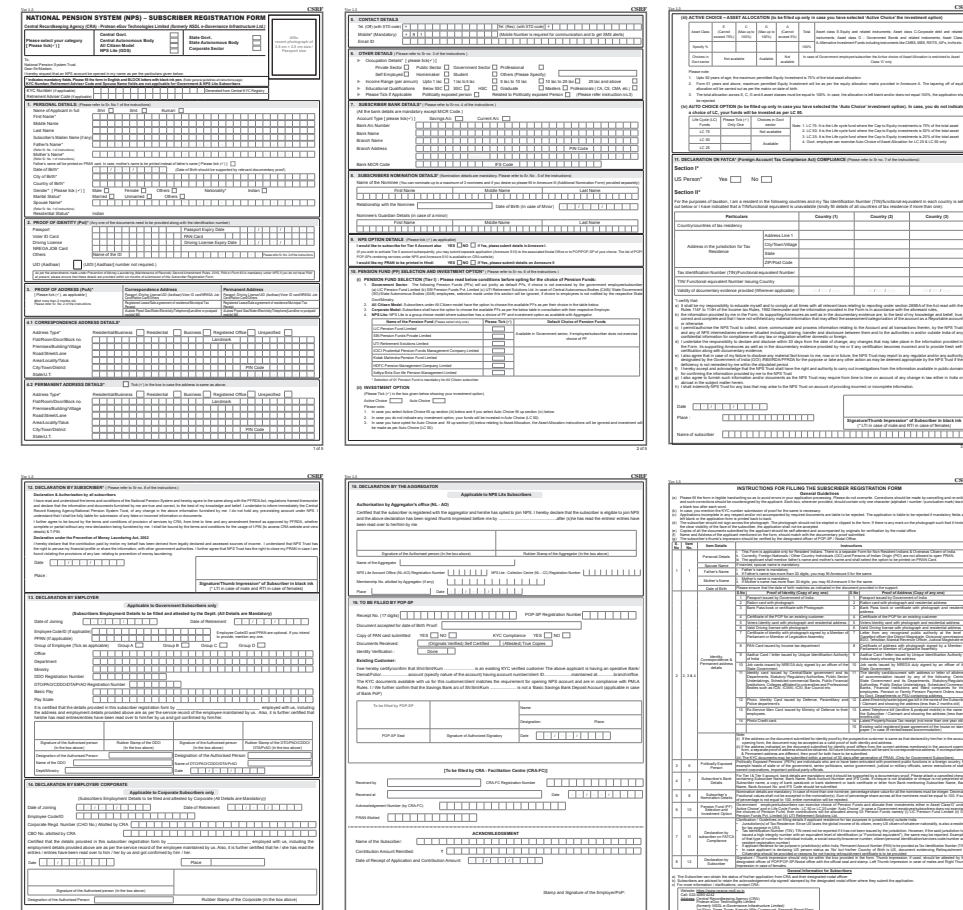
Demand-side approach to product and process design

Inhibitors



Friction

Cumbersome KYC and complicated paper-based processes inhibit voluntary participation, increase costs and restrict access.



Solution

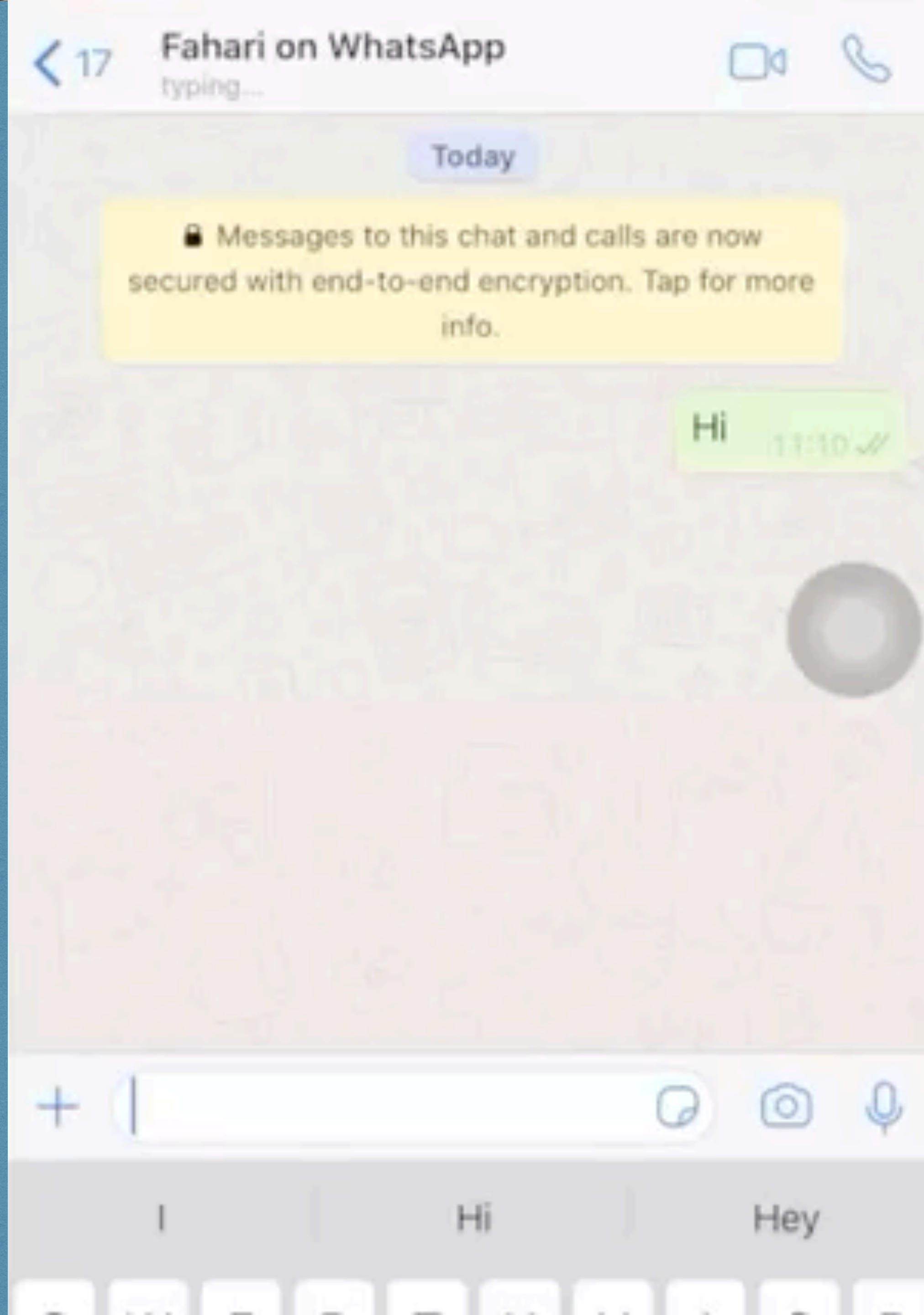


Simple UI-UX

Easy and familiar UI-UX using WhatsApp and USSD democratizes access. Makes saving for old age as easy and simple as sending a message.

Example:

Fahari on pinBox-WhatsApp platform
 India NPS on pinBox-WhatsApp platform



How John, a carpenter in Kenya opens a national-ID linked micro-pension account with Zamara, buys funeral insurance from Prudential, and puts money into his account using mPesa.

All this in under 2 minutes.

2

Demand-side approach to product and process design

Inhibitors



Rigid product rules

Most low and lower-middle (LMI) segments earn modest, irregular incomes. Can't afford large, regular contributions.

Solution



Save as you earn

Subscribers are free to save in line with their own capacity and income flows. No penalties for missed contributions. (Example Uber drivers)

3

Demand-side approach to product and process design

Inhibitors



Risk Vs. Savings

Most informal workers are uninsured. Use savings and/or expensive loans for risk management. Leaves no room for saving for old age or other lifecycle needs.

Also constant tussle between short and long-term needs.

Solution



Integrated products

Layer pensions with insurance for risk management. And a liquid micro-SIP for emergencies or children's education.

Members enjoy single-window access to an integrated product basket.

4

Demand-side approach to product and process design

Inhibitors



Myopia, low confidence

Negligible knowledge and prior experience with formal finance reduces public confidence and inhibits voluntary uptake.

Also, retirement seems too far away, especially for Africa's mostly young workers.

Solution



Trusted interface, incentives

Trusted field partners deliver financial literacy, cross-sell the solution to their clients and drive persistency.

Matching contributions (by government or employers) can motivate voluntary adoption and persistency.

Examples

Ejo Heza Scheme, Rwanda

Gift-a-Pension, India



THANK YOU

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**YOUTH & INFORMALITY:
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**What to do about workers' volatile income?
Tailored solutions through earnings-linked finance**

Badal Malick

Cofounder and Chief Business Officer, KarmaLife



KARMALIFE

S4YE World Bank Partner Summit on Innovations in Youth Employment

Small ticket liquidity & Social Security:

Realtime risks make it difficult for low income workers to access formal finance

83% of workers report regularly running out of funds before next payment

70% workers are dependent on family/friends, money lenders & employer for loan/credit.

40%+ has CIBIL score of 300-400, others not even covered

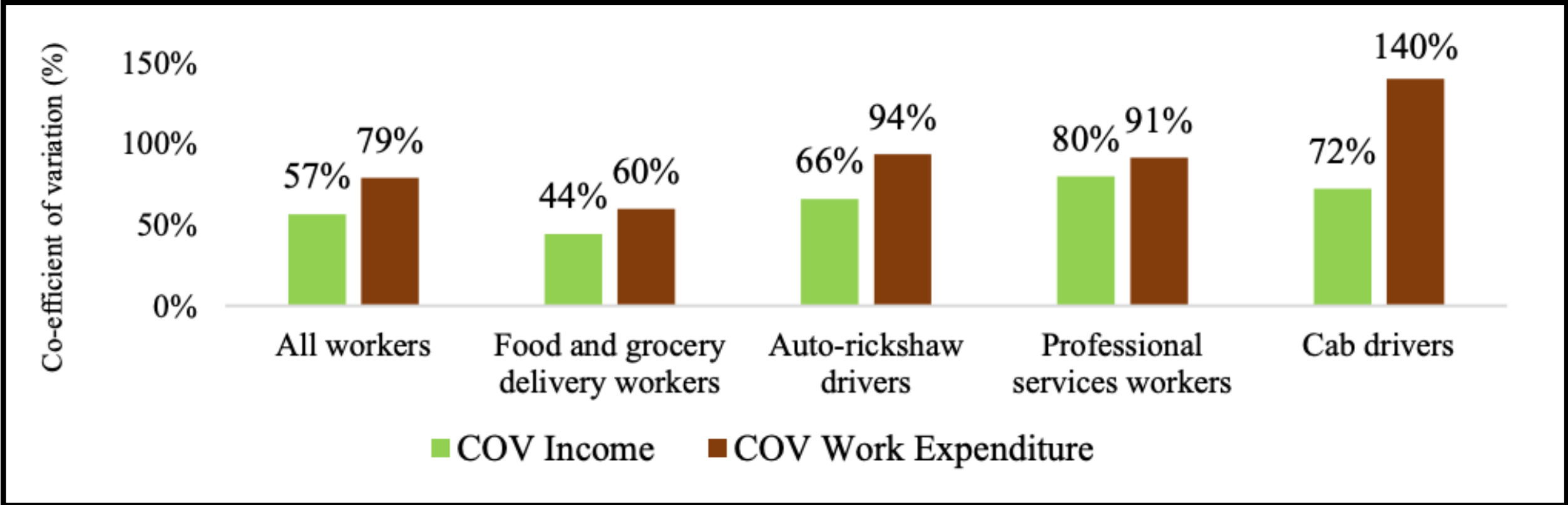
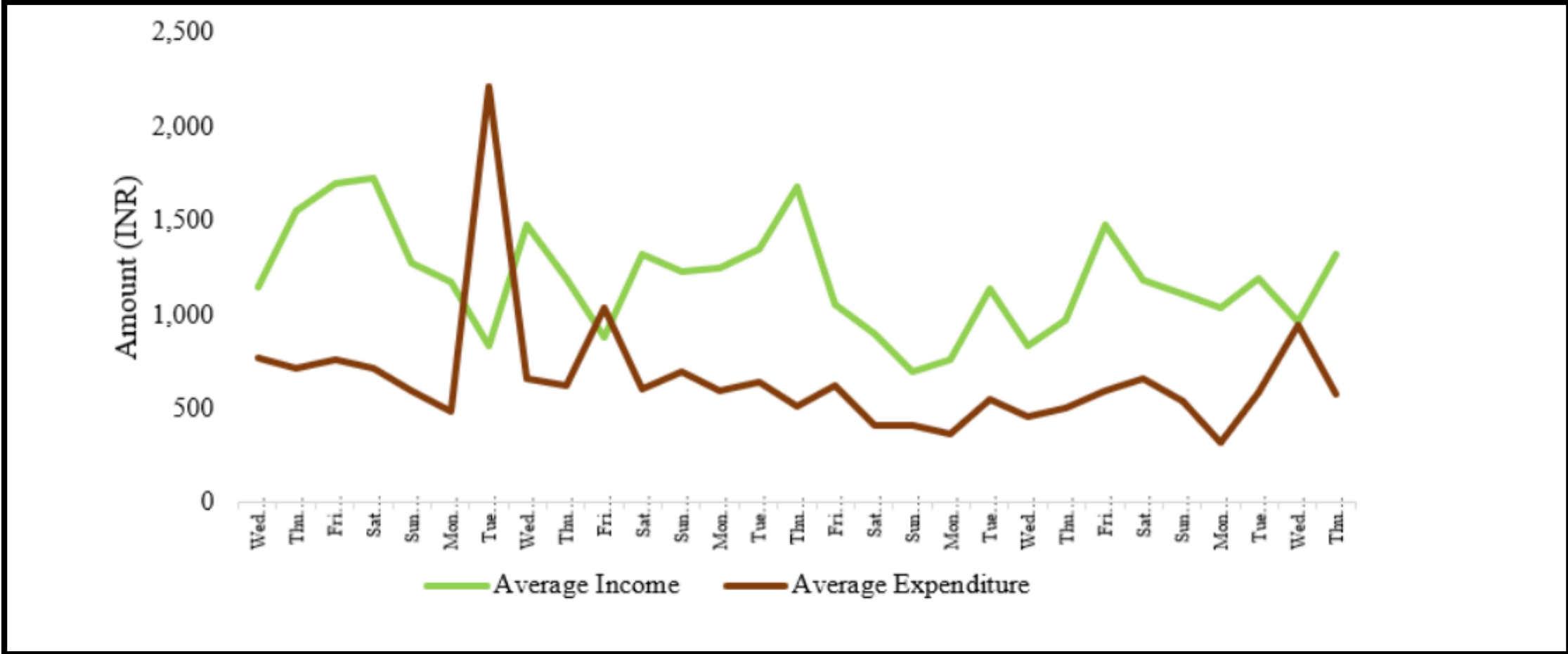
- **Financial vulnerability**
- **Mental stress**
- **Work disruptions**
- **Reduced quality of life**

Volatile work & income patterns result from :

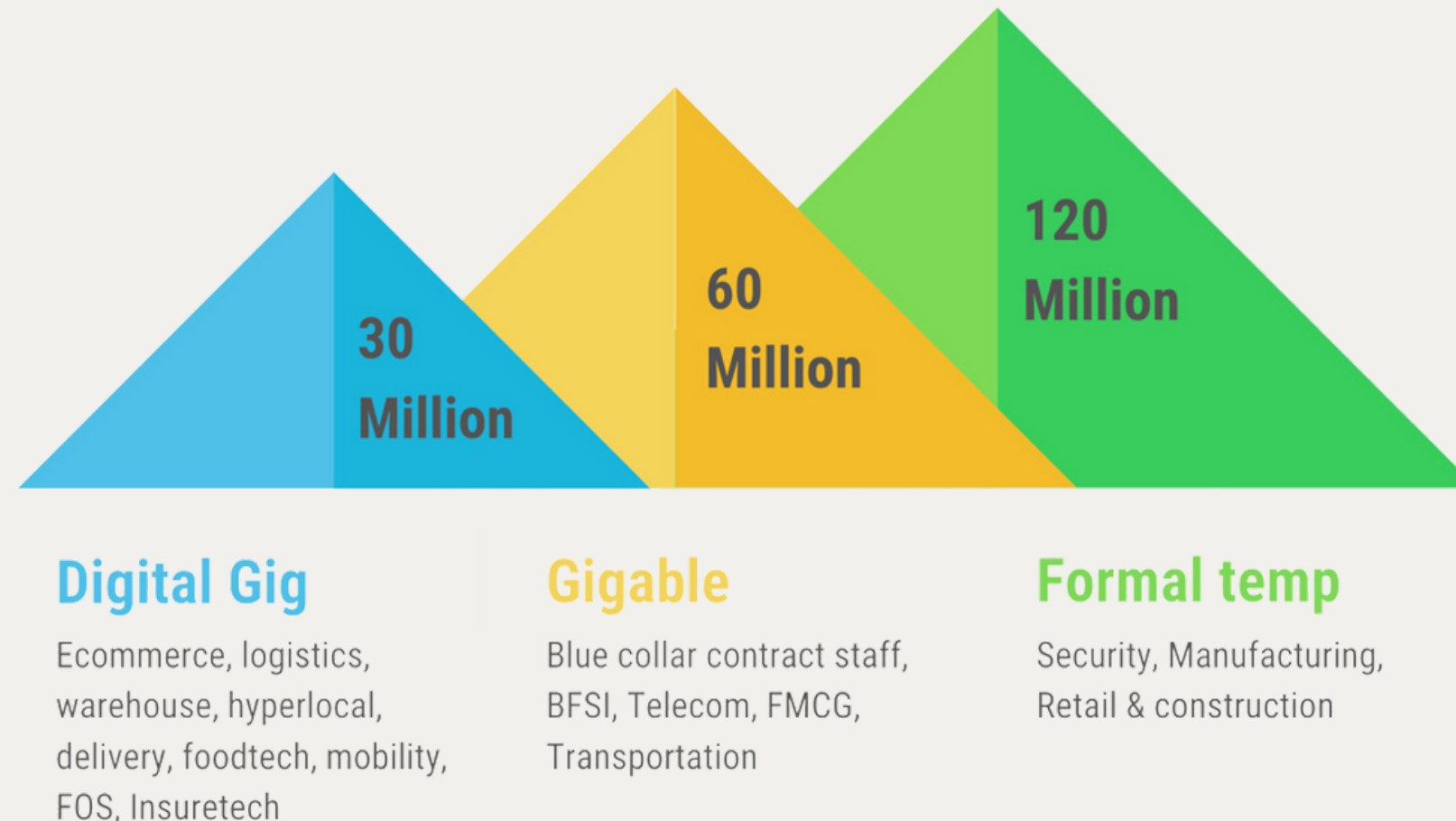
- *High attrition, Seasonal employment, Travel to hometown, Market downturns*



Gig worker income & expense volatility



Market Size & Enabling Trends



200M+ Blue Collar workers

By 2030, based on Qness Corp, BCG & MSDF, Niti Aayog
Indian Flexistaffing Association

WHY NOW?

- LARGE AND GROWING BLUE COLLAR & GIG ECOSYSTEM
- WORKFLOW DIGITISATION BECOMING NEW NORM
- INDIA STACK ENABLES FULL DIGITAL FLOW
- GOVT POLICY PRIORITY WITH NEW SOCIAL SECURITY CODE

KarmaLife has pioneered a high engagement, scalable model for **earnings-linked finance**

01

PRODUCT & TECH

Data driven models to evaluate risk in **realtime with each transaction**

Flexible, dynamic products tailored for gig work patterns and informed by **continuous data stream**

02

BUSINESS MODEL

Affordable & easy to understand models that **build long-term trust**

Additional revenue streams based on data and user insights

03

DISTRIBUTION

Leverage Platforms to **lower cost of customer acquisition & zero collection cost**

Tangible benefits to platform partners & **aligned with their strategic goals**

04

VALUE ADDED SERVICES

Channel **relevant, finance-backed services** like bike rentals/ financing, upskilling, insurance, tax refunds, etc

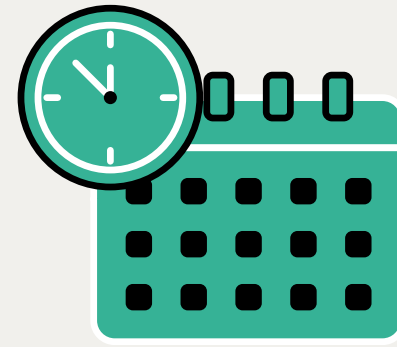
Our technology can personalise value at lowest cost, whereas our philosophy is to reward good behaviour



Our 'gateway' product offers **credit-on-tap** to help workers manage daily cash flows



100% digital onboarding (geo-agnostic)



Simple & flat usage-based fee



Dynamic & personalised credit lines



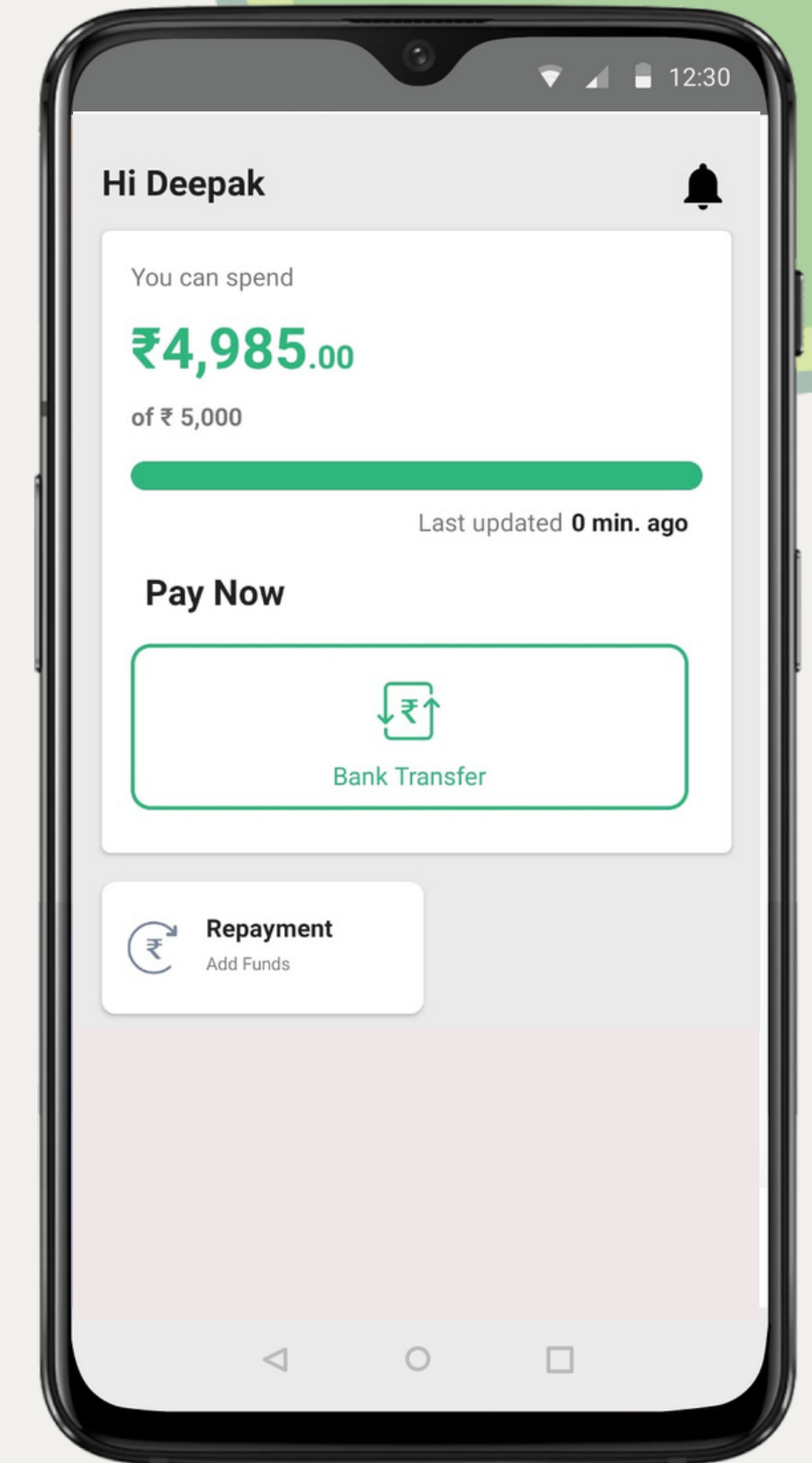
Realtime cash in the bank



Both web & native app experience



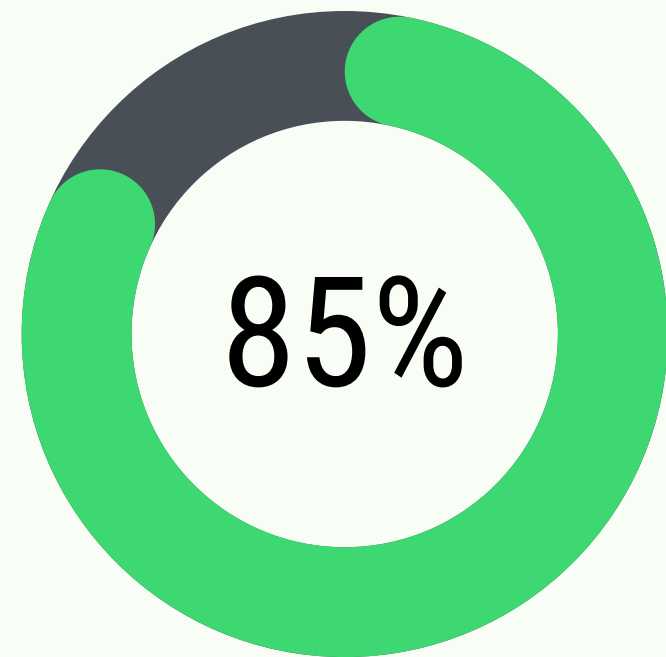
Auto repayment from payout



What workers say about using KarmaLife



KarmaLife helps in increasing employee productivity by increasing employee satisfaction



Said they could not easily find a good alternative



82%

Of customers reported improvements in quality of life because of KarmaLife



76%

Of customers reported a decrease in stress levels because of KarmaLife



78%

Of customers reported feeling in more financial control because of KarmaLife

Source: **60decibels**, a third party benchmarking survey

Thank you

Get in touch

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[@KarmaLife_ai](https://twitter.com/KarmaLife_ai)



[KarmaLife.ai](https://karmalife.ai)

**YOUTH & INFORMALITY:
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Improving the lives of self-employed workers: The road to effective insurance

Oliver Azuara

Senior Economist, Labor Markets & Pensions Division, Inter-American Development Bank

Improving the lives of Self-employed workers: The road to effective insurance

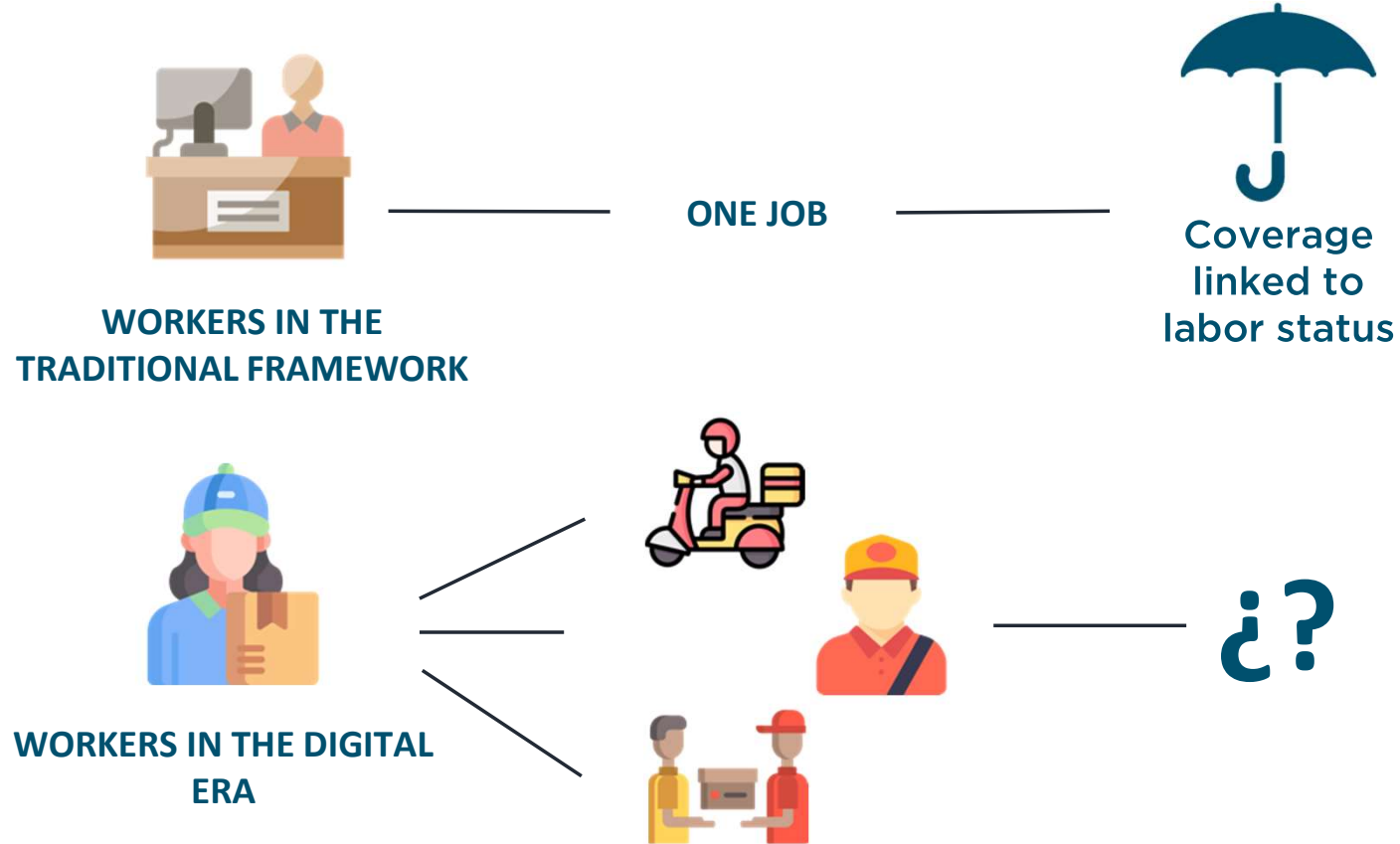
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Conceptual Framework

A PARADIGM CHANGE

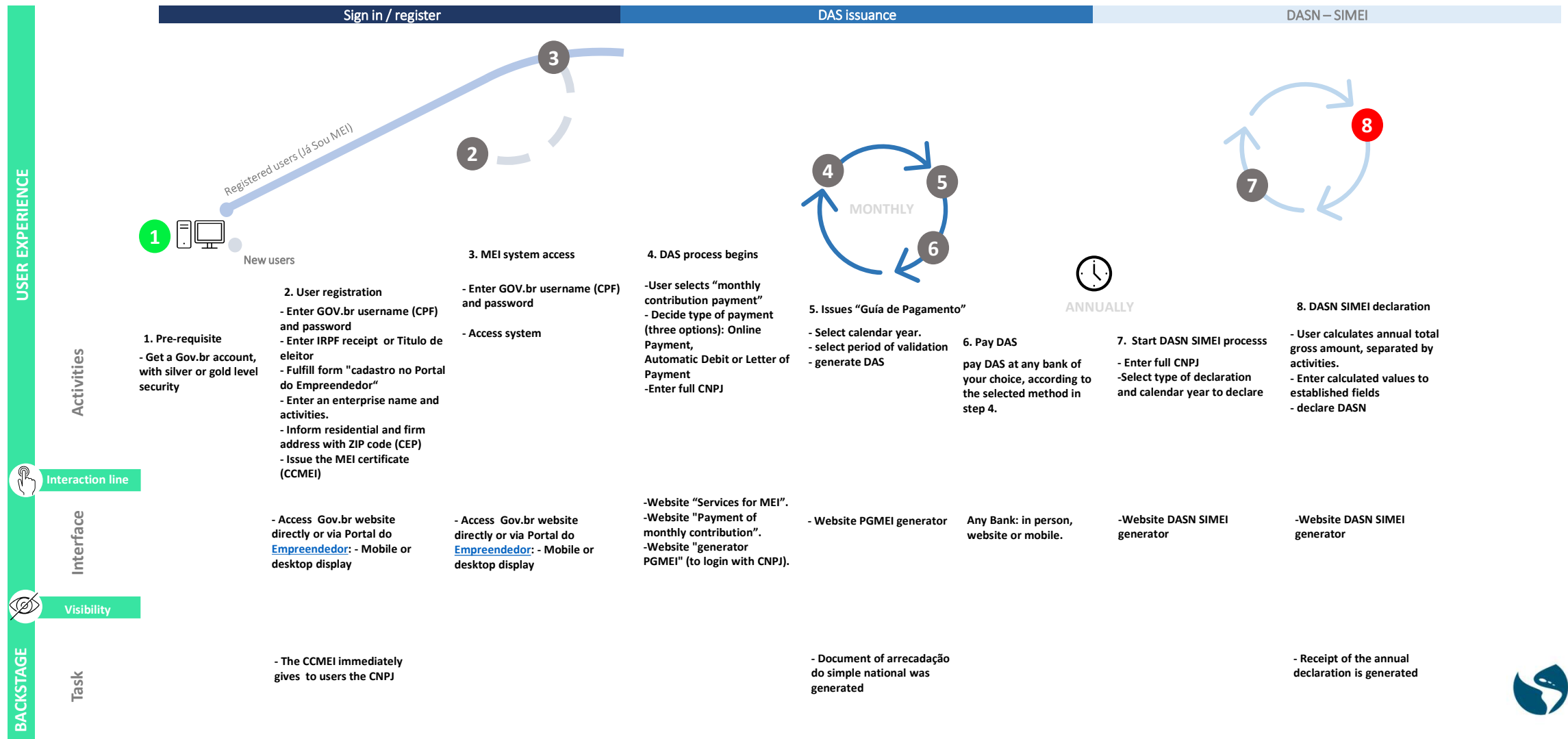


Gig work has always existed...



What has changed is that technology now allows income traceability

Understanding the path to self-employment insurance



Critical processes for insuring self-employed workers in Latin America

Generic user trip of a self-employed person's insurance



Electronic registration (Mobile or computer)

Aggregation of revenues for tax and contribution calculations

Flexibility in coverage



Automatic discount for the payment of contributions**.

- Pension system in the event of death, disability and death contingency
- Work accident and occupational disease insurance
- Health system, facing diseases and pregnancy

Coordination with tax system to achieve simultaneous tax and insurance payments

Coordination of information with financial system



Tax incentives

	MEMBERSHIP	CONTRIBUTIONS	ACCESS TO BENEFITS
BRAZIL	●	-	●
CHILE	●	-	●
COLOMBIA	●	-	●
MEXICO	●	-	-
PERU	●*	-	-

Source: Own elaboration based on service plans | * Determined independently for health and pensions | ** Do not leave recurring responsibility to the worker | *** Provisional measure for self-employed workers until 2028.

How to improve self-employment insurance. Self-employed workers?

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- Social security in Latin America is not adapted to the reality of a significant part of its labor markets.
- Reforms and administrative improvements to the current design elements can improve effective insurance. Including:
 1. Inclusion of plans for individual workers
 2. Use of electronics and behavioral economics
 3. Complementarity with other systems

How to improve self-employment insurance. Self-employed workers?

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