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





JOBS



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.







Our mission is closely aligned with several SDGs



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

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The multi-trillion dollar crisis and new market opportunity

Self-employed without pension benefits. Can afford to save. And can be reached through trusted aggregators

600M

Salaried workers with pension benefits

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

United Nations Department of Economics and Social Affairs, UN World Population Prospects, 2019 Simulations using the pinBox Toolkit. https://toolkit.pinboxsolutions.com



1200M

600M

Excluded. But cannot afford to save

\$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...



Strong political and regulatory commitment



AMCs and insurers hungry for new markets



Broad-based digital ID and payments adoption





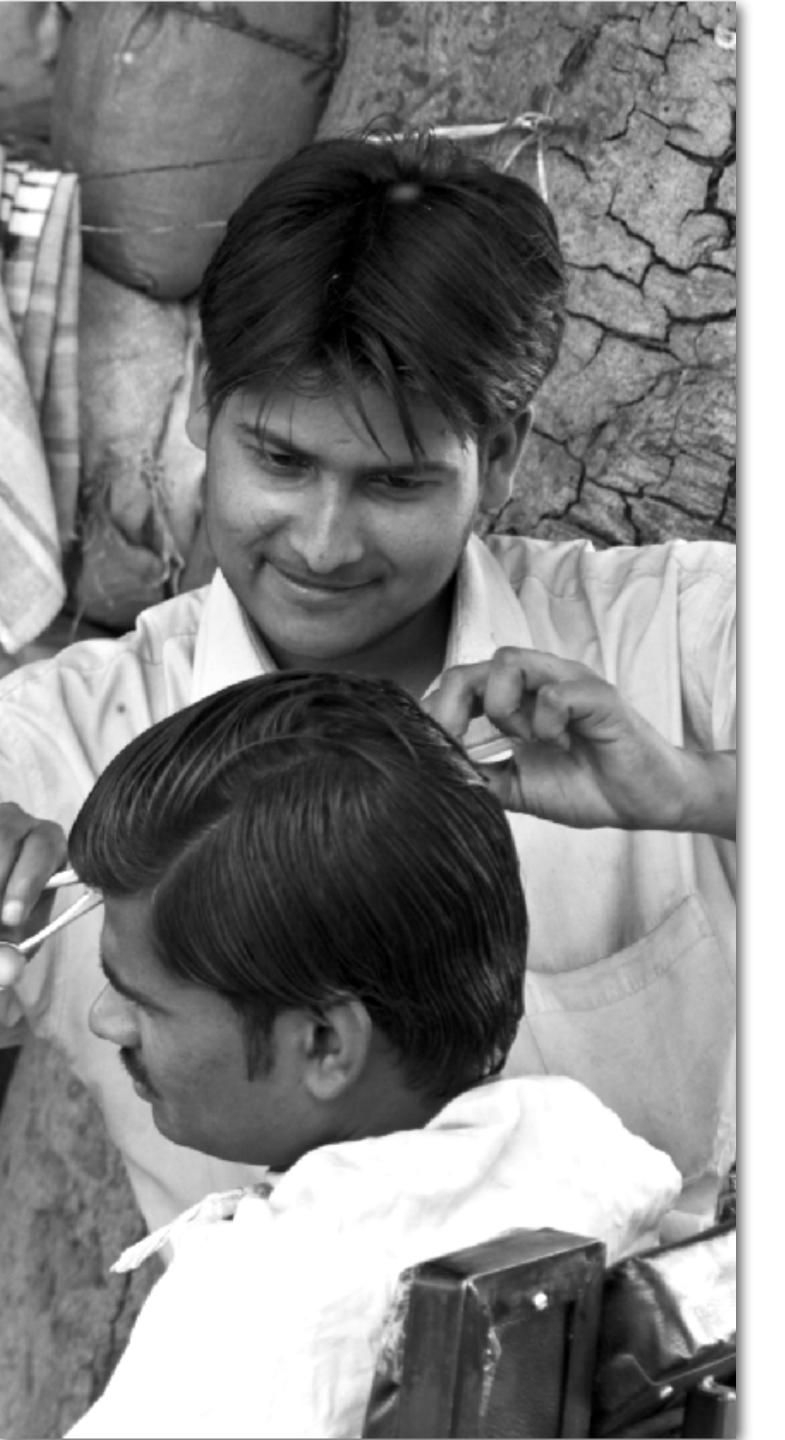
Over a billion young workers with capacity to save



Outreach of trusted community networks

Near universal mobile penetration

... 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 nonsalaried workers from scratch can be hugely expensive - in terms of capital costs, time-tomarket 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 nonsalaried individuals. Customisable for any jurisdiction. Within months.



OTC, low variable costs

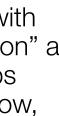
Our pensionTech uses APIs to integrate with the existing DFS ecosystem and "switch-on" a digital micro-pension "marketplace". Helps jumpstart micro-pension inclusion. On a low, variable cost basis.

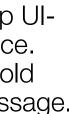


Democratize pensions

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.







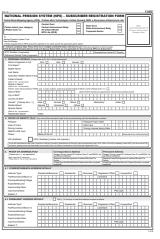


Inhibitors



Friction

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









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Solution



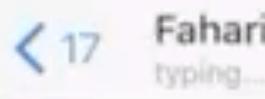
Simple UI-UX

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

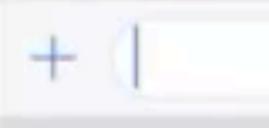
Example:

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





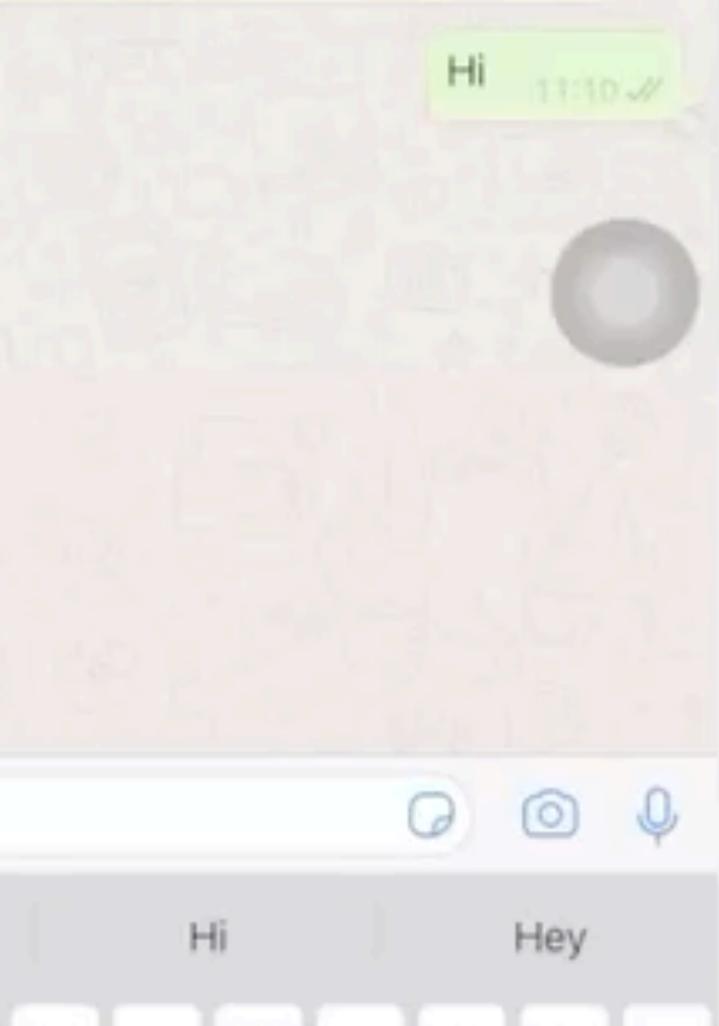
Messages to this chat and calls are now secured with end-to-end encryption. Tap for more info.





Fahari on WhatsApp

Today





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.





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)



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.



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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JOBS



YOUTH & INFORMALITY: Designing Social Security for All

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

Volatile work & income patterns result from :

• High attrition, Seasonal employment, Travel to hometown, Market downturns

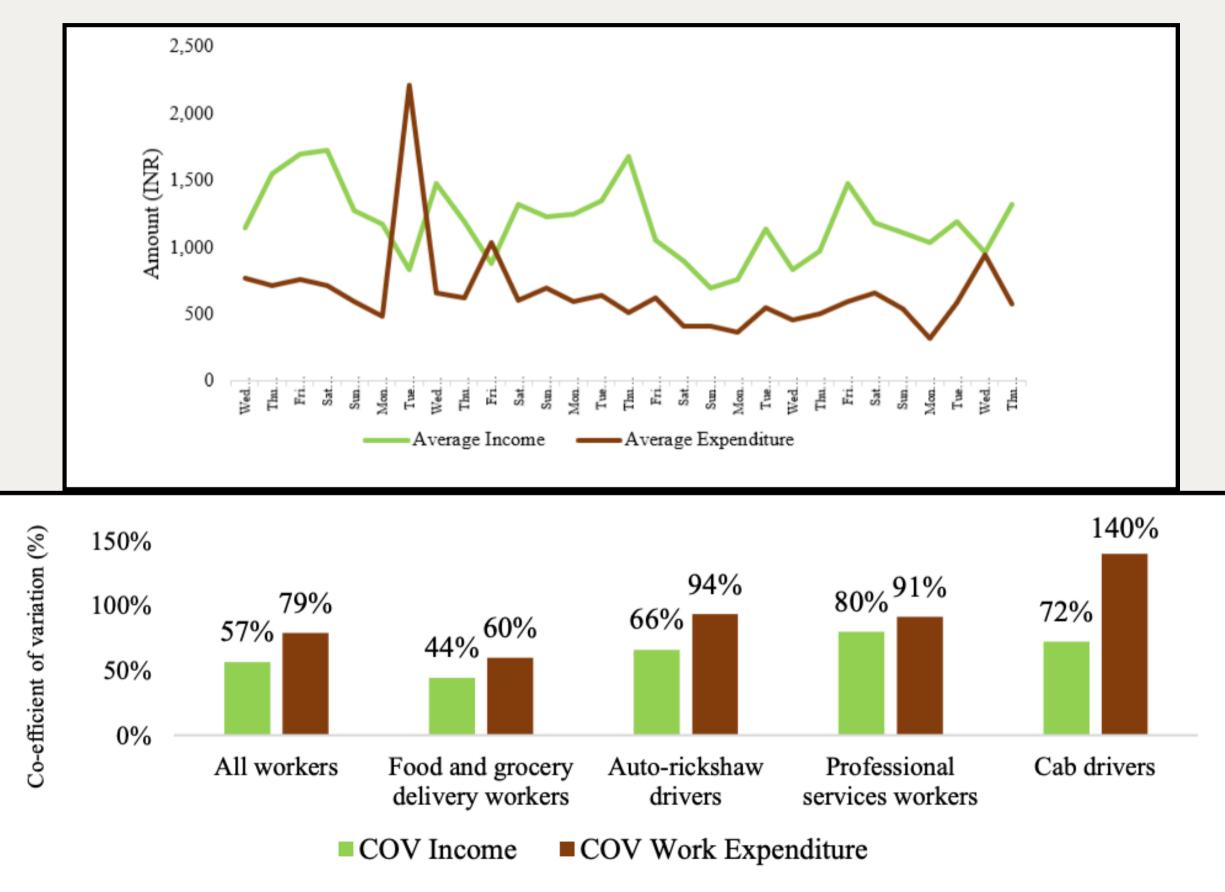
• Financial vulnerability

- Mental stress
- Work disruptions
- Reduced quality of life



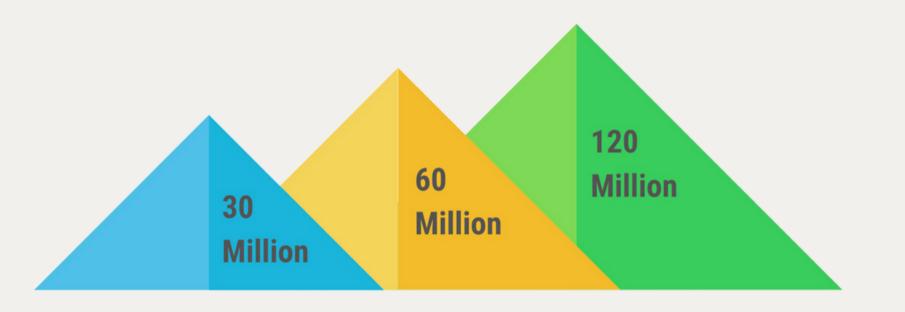


Gig worker income & expense volatility



Source: Dvara Research

Market Size & Enabling Trends



Digital Gig

Ecommerce, logistics, warehouse, hyperlocal, delivery, foodtech, mobility, FOS, Insuretech

Gigable

Blue collar contract staff, BFSI, Telecom, FMCG, Transportation

Formal temp

Security, Manufacturing, Retail & construction

200M+ Blue Collar workers

By 2030, based on Quess 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	02	03
PRODUCT & TECH	BUSINESS MODEL	DISTRIBU
Data driven models to evaluate risk in realtime with each transaction	Affordable & easy to understand models that build long-term trust	Leverage Platforms lower cost of cust acquisition & zero collection cost
Flexible, dynamic products tailored for gig work patterns and informed by continuous data stream	Additional revenue streams based on data and user insights	Tangible benefits to partners & aligned their strategic goa

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

TION

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platform with als 04

VALUE ADDED SERVICES

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



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



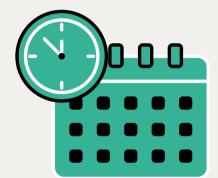
100% digital onboarding (geo-agnostic)



Dynamic & personalised credit lines



Both web & native app experience



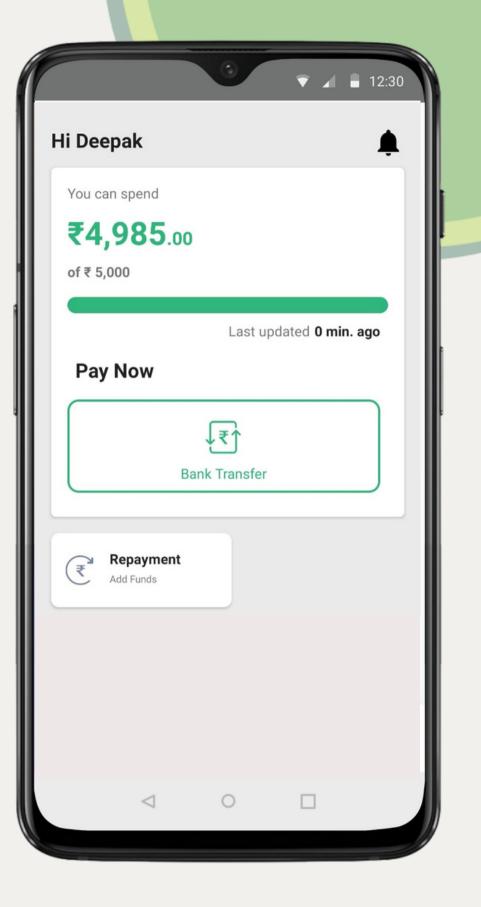
Simple & flat usage-based fee



Realtime cash in the bank



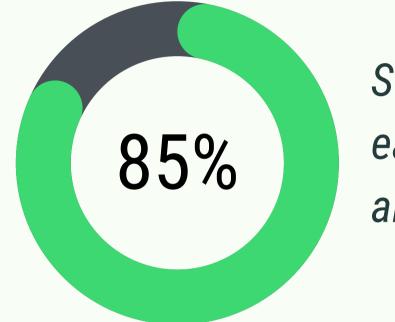
Auto repayment from payout





What workers say about using KarmaLife 🤿

KarmaLife helps in increasing employee productivity by increasing employee satisfaction



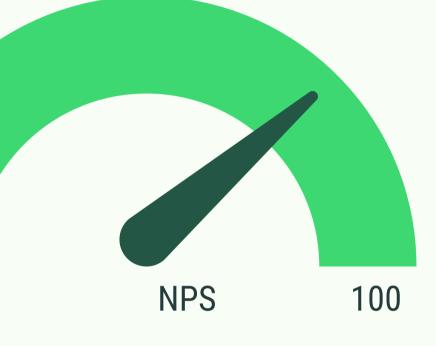
Said they could not easily find a good alternative





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







78%

Of customers reported feeling in more financial control because of KarmaLife



hank you

Get in touch Badal@karmalife.ai



company/karmalifeai



@KarmaLife_ai





JOBS



YOUTH & INFORMALITY: Designing Social Security for All

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

LABORATORY of Digital Social Security

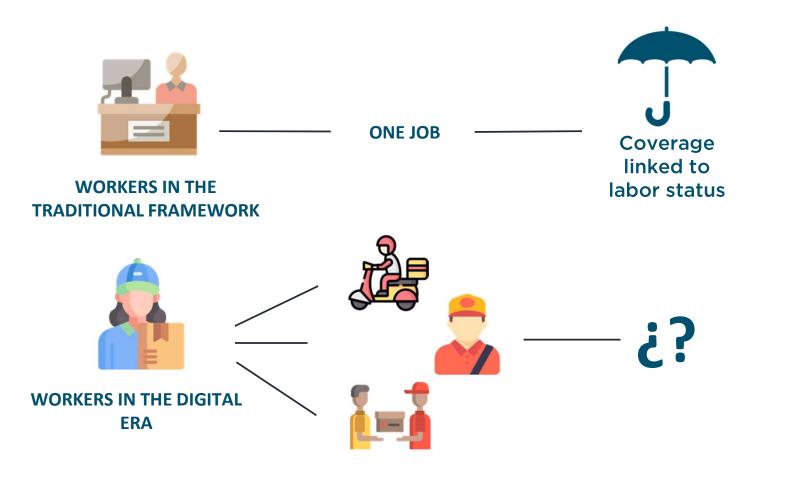
Oliver Azuara Senior Economist Labor Markets & Pensions



Conceptual Framework

of Digital Social Security

A PARADIGM CHANGE





Gig work has always existed...

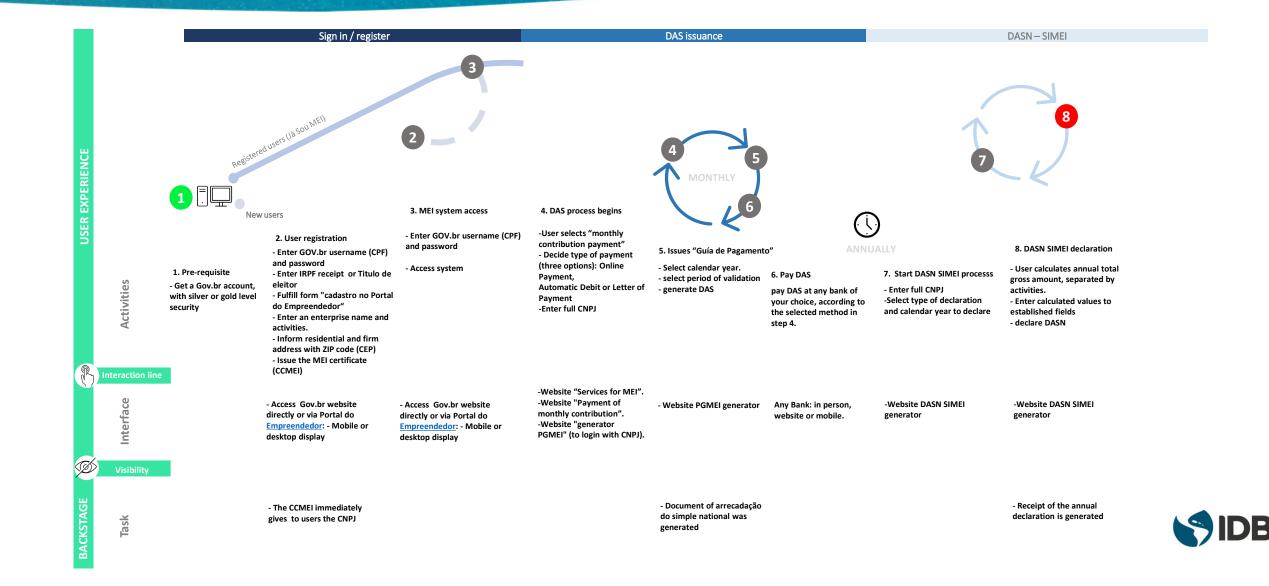


What has changed is that technology now allows income traceability



Understanding the path to selfemployment insurance

of Digital Social Security



Critical processes for insuring selfemployed workers in Latin America

of Digital Social Security

Generic user trip of a self-employed person's insurance		ME	EMBERSHIP			Pension system in the eve disability and death conti Work accident and c disease insurance	ent of death, ngency	S TO BENEFITS
Critical p	processes	Electronic registration Aggregation of revenues for tax					Coordination of	
		(Mobile or computer)	and contribution calculations	Flexibility in coverage		simultaneous tax and insurance payments	information with financial system	Tax incentives
	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?

of Digital Social Security



- 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?

of Digital Social Security





