

Navigating Wage Digitization: A Rapid Qualitative Review of Garment Workers' Experience in Cambodia

FINAL REPORT



International
Labour
Organization



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WORLD BANK GROUP

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Acknowledgements

This publication was prepared under the direct supervision of Sabina Lawreniuk with the support of Cambodia Women for Peace and Development's data collection team. The preparation of this report was largely supported by Better Factories Cambodia, especially Virak Nuon, Digital Wage Project Officer; Arron Goldman, Deputy Programme Manager; and Sara Park, Programme Manager at Better Factories Cambodia. The report received substantial technical review and input from Valerie Breda, Senior Technical Expert; Mansour Omeira, Technical Officer; and Andrej Slivnik, Technical Officer at the ILO's Global Centre on Digital Wages for Decent Work.

Finally, it has also benefitted from the meaningful support and key inputs from major stakeholders working in the garment industry in Cambodia which include employers, managers, female and male garment workers, financial service providers and ecosystem organisations who participated in this rapid assessment.

Executive summary

Aims

The Cambodian garment industry is a strategically important economic sector that employs nearly 1 million workers in Cambodia, 80 per cent of whom are women. Today, it is estimated that around half of these workers receive their wages in cash payments (BSR HerFinance et al. 2022). A transition to digital wages has the potential to reduce costs for employers and drive financial inclusion of workers. Globally, digital transfers are increasingly recognized as a faster, more secure, more transparent and more efficient mode of payment.

In collaboration with the ILO Global Centre on Digital Wages for Decent Work, Better Factories Cambodia is implementing activities to promote the transition from cash to responsible digital wage payments. This aims to enable women and men workers in Cambodia's garment industry to have better control over their wages and benefits and use worker-centric digital financial services for better resilience and economic opportunities. This research was commissioned to improve the evidence on the social and economic impacts of digital wages for women workers in the garment sector in Cambodia through a rapid qualitative review. The research aimed to shed light on any unintended consequences of the digital wage transition for women workers.

The research sample included women respondents from six factories in Cambodia. Participating factories were selected according to three criteria including: two factories that did not undertake a transition to digital wages; two factories that had transitioned to digital wages without providing digital and/or financial literacy training to workers; and two factories that had transitioned to digital wages in addition to providing digital and/or financial literacy training to support workers to adjust to the transition. In each group, the research team visited one urban-based factory and one rural-based factory. The research team interviewed five women workers in each factory, for a total sample of 30 women workers across the six research sites. In addition to individual in-depth interviews, the research team conducted six focus group discussions with 3-4 participants each to represent a cross-section of women workers, one at each of the factories in the study.

Key findings

The key findings from the research are:

- Workers and their unions lack a credible voice in dialogue and negotiation in factory decisions to transition to digital wages. Workers are not able to choose their method of wage payment or to specify a preferred account destination for digitized wage payments.
- A portion of the cost and efficiency savings made by factories in the transition to digital wages are passed on to workers. This includes:
 - Direct monetary costs after the transition to digital wages associated with opening accounts; withdrawing funds; and maintaining access to accounts through investment in mobile and internet technology.
 - Time and efficiency costs as workers are required to collect wages outside of working hours and must queue to access ATM facilities and payment service providers to withdraw funds, encountering significant delays particularly around payday.
- Many workers lack confidence in their capacity to access and use digital accounts and services. Confidence can build through experience. However, there are entrenched challenges for workers with low language literacy.
- The transition to digital wages has increased access to bank and payment account services among workers. However, few workers access further financial products or services associated with or facilitated by account ownership.
- A large proportion of workers withdraw some or all of their digital wage payments in cash on receipt. Cash is the preferred mode of payment for remittance transfers, everyday expenditure, and regular payments such as rent and utilities.
- Security and safety risks for workers associated with cash receipt and storage persist, given many workers withdraw large portions of digital wage payments in cash. In addition, digital theft and fraud present emergent forms of risk.
- Structural impediments to greater economic resilience and security, such as low wages and debt burdens, restrict the transformative potential of the digital wage transition for women workers.

Recommendations

Support enterprises with responsible best practices guidance, instruction, and assessment. Stakeholders including government, global buyers, auditors, TAFTAC, and BFC can help enterprises to navigate the transition to digital wages by issuing clear guidance and instruction to enterprises on best practices for implementing a responsible transition to digital wages payments. It may be necessary for stakeholders to convene and share knowledge to set suitable

definitions and standards for responsible best practices, to avoid conflicting advice. Examples of responsible best practices might include engaging workers and their unions in meaningful dialogue and negotiation on the transition to digital wages for collaborative decision-making and enabling workers to independently elect the method and account into which they receive wage payments. Factory audits and assessment can measure and evaluate factory-level processes to ensure and reward responsible best practices.

Support workers and their unions with reliable information and training.

Stakeholders including government, global brands, and civil society can support workers by identifying knowledge gaps and developing engaging ways to build workers' capacity and confidence to navigate the transition to digital wages. Support should recognize the different needs of individual workers, including from financial management to digital skills, and basic literacy. Workers and their unions should also be supported to understand standards for responsible best practices in implementing digital wage transitions by enterprises and their consumer rights under the regulation of financial service providers, so they are empowered to hold organizations accountable and build greater trust and confidence in digital financial services.

Promote responsible financial services. Stakeholders including government and financial service providers can promote a responsible approach to financial services provision in Cambodia by ensuring appropriate consumer regulation and protection. These groups can build trust and confidence in the financial sector by guaranteeing standards for customer care and redress of customer complaints, including building greater public awareness of consumer accountability and guarantees.

Ensure empowerment potential by addressing decent work deficits in Cambodia. Stakeholders including government, global brands, and suppliers can ensure the potential of work in the garment sector to contribute to women's economic empowerment in Cambodia by addressing decent work deficits, including ensuring work is adequately remunerated, supported by robust social protection entitlements, and effective social dialogue. Digital wages therefore offer limited transformative potential when the structural barriers to economic resilience and security remain high.

1. Introduction

The Cambodian garment industry is a strategically important economic sector that employs nearly 1 million workers in Cambodia, 80 per cent of whom are

women. Today, it is estimated that around half of these workers receive their wages in cash payments (BSR HerFinance et al. 2022).

In the global garment industry, digital wages are increasingly recognized as a faster, more secure, more transparent, and more efficient mode of payment. In collaboration with the ILO's Global Centre on Digital Wages for Decent Work, Better Factories Cambodia is implementing activities to promote the transition from cash to responsible digital wage payments. This aims to enable women and men workers in Cambodia's garment industry to have better control over their wages and benefits and use worker-centric digital financial services for better resilience and economic opportunities.

Better Factories Cambodia has commissioned a rapid qualitative study that aims to explore in-depth how Cambodian women approach and navigate the transition to digital wages in the garment industry. This research is presented here in this finding report, which centres on women's perceptions and experiences of the social and economic impacts of the transition to digital wages. The outcomes of the research are used to formulate policy recommendations for relevant stakeholders in Cambodia, including Better Factories Cambodia, to mitigate risk and support women workers in the transition.

The Covid-19 crisis is widely understood to have accelerated the transition to digital wages in the global garment industry, as suppliers attempt to mitigate the health and safety risks associated with physical transfers by moving to digital methods. However, leading garment brands and retailers have also been making concerted efforts to hasten the transition within their own supply chains. These policies often predate the crisis. For example, in 2017, H&M pledged to encourage suppliers within its garment supply chain to pay workers digitally, and in 2018 Gap set a target of implementing digital wages across its garment supply chain by 2020.

In most cases, the brands and retailers who support the introduction of digital wages view the digital wage transition as part of wider sustainability initiatives, with a particular emphasis on the potential of digital wages to augment the economic empowerment of the majority women workforce in the industry.

Particularly given the global scale of the garment sector and these commitments, there is limited evidence to date on the impacts of the digital wage transition in the industry.

In Cambodia, only 7 per cent of apparel factories participating in the Higg Index had adopted digital wage payments by 2016, compared with 67 per cent as a

global industry average. This low penetration of digital wage transfers reflected relatively low rates of digital financial inclusion and limited development of digital payments services in Cambodia.

The situation has evolved since, however. On the supply side, the banking sector in Cambodia has rapidly developed over the past five years. The introduction of regulation for payment service providers covering licensing and regulation in 2017, as well as a single payments platform (Bakong) to connect financial institutions and payment services providers in 2019, has improved the interoperability among payment service providers and led to a proliferation of payment service providers, including market leaders like Wing and True Money. There are now 22 licensed payment service providers in Cambodia, with 28,000 agents. Alongside, the number of e-wallets has grown 64 per cent since 2018 to 22.2 million (Madan 2021). Moreover, as elsewhere, the Covid-19 crisis has accelerated the digitization of services, particularly as the Government has used digital transfers to rapidly scale-up social assistance payments. The technological and social infrastructure to support the digital wage transition in Cambodia has therefore become well established.

Early evidence from Cambodia suggests that the introduction of digital wages could have beneficial effects for employers and workers. A recent study found that digital wages lower the cost of payroll for employers, reducing direct costs by \$0.25 per worker and reducing indirect costs by significantly more, since digital payroll services eradicate the need for pauses in production to allow workers to collect wages on a twice-per-month basis as required by Cambodian law (BSR HerFinance et al. 2022). Even including the cost of set up and operationalizing new digital payments systems, the study estimated a large factory with 2,000 workers would save \$1,700 per month, recouping initial investment after 4 months. Overall, therefore, factories in Cambodia who have already transitioned to digital wages report high levels of satisfaction: 95 per cent are satisfied with costs and 89 per cent are satisfied with account provision and support (ILO 2021).

For workers, the actual accrued benefits in Cambodia are less well evidenced. In some cases, the promise of financial inclusion returns that accompany the digital wage transition appear to remain a partly unrealized potential. Early data suggests (ILO 2021; Mapes and Panggabean 2021) that workers receiving digital wage payments tend to cash out wages in full at an ATM or other money agent on or after payday. The reasons garment workers prefer to cash out wages appear multifold. First, most payments for rent, utilities, services, and retail goods are processed in cash, which requires workers to keep some cash (ILO 2021). Second, some agents charge withdrawal fees per transaction, which

incentivizes workers to make a single withdrawal (ILO 2021). Finally, many garment workers lack fluency with digital technologies, as well as more general financial literacy (Mapes and Panggabean 2021). The ODI reports that there are specific gaps in the availability of digital skills in Cambodia, for example, with less than 30 per cent of the population in Cambodia having basic digital skills such as using basic arithmetic formula on a spreadsheet (Banga and Velde 2020).

Whilst this positions garment workers to benefit from greater transparency in factory accounting and payments processes in the shift to digital payments, the broader associated advantages of access to digital financial services therefore remain untapped. As the ODI warns in Cambodia, 'a digital transformation does not automatically support all members of society, or to the same extent: complementary measures that include skills development are critical to use a digital transformation for inclusive development' (Banga and Velde 2020). Here, however, initial evidence on the potential for skills development to build financial awareness among garment workers and increase access to financial services is broadly positive. A partnership between Women's World Banking and the payment service provider Wing, for example, has rolled out training and communications packages to encourage women garment workers to use a fuller range of services facilitated by their digital accounts. It claims to 'develop women's digital financial capability by improving their knowledge about the account, enabling them to use their account and conduct transactions confidently by their own' (Mapes and Panggabean 2021). Focused on 17 factories, it increased the Wing app user base by 216 per cent within 4 months, with each user making an average of 8 transactions per month during this period.

Nevertheless, in Cambodia and beyond there is a lack of evidence from workers on how increased digital literacy, financial awareness, and financial access translate into greater economic security or empowerment objectives for women on the ground. To date, no studies have conducted in-depth research to capture the realities of women's perceptions and experiences of the digital wage transition in detail. The nature of women's own journeys on the digital wage transition therefore remains unexplored.

Indeed, current studies in Cambodia relay some concern about the limitations of digital wages and financial access for leveraging transformative effect on women's empowerment. The Women's World Banking pilot, for example, observes that most of the workers' income cover essential needs, which limits their interest and potential uses for digital accounts and awareness of financial products (Mapes and Panggabean 2021). Similarly, other work suggests high rates of indebtedness among workers may further limit the interest and potential uses for savings products (ILO 2021).

2. Research aims and methods

2.1. Aims and objectives

Against this background, the overall aim of this study was to understand how Cambodian women approach and navigate the transition to digital wages in the garment industry. Specifically, the study aimed to identify the key social and economic impacts—both positive and negative, intended, and unanticipated—that women perceive and experience as a result of receiving digital wage payments instead of cash wage payments. It explored particularly how digital wages impact the financial behaviours of women and gendered household dynamics. The outcomes contribute to the formulation of policy recommendations for relevant stakeholders in Cambodia, including Better Factories Cambodia, to mitigate risk and support women workers to better manage the impacts of the transition.

To address these objectives, therefore, the study answers the following research questions:

- How have women workers approached and/or navigated the transition to digital wages in Cambodia?
- What positive and negative social and economic impacts have digital wages catalysed for women workers?
- What factors have enabled or prevented different women from benefitting from the transition to digital wages?
- What conclusions and recommendations can be made to mitigate risk and support women workers to better manage the impacts of the transition?

2.2. Data sources and collection

To answer these questions, the study combined original primary data and insights from secondary sources review (see Table 1). The study used two methods of primary data collection. First, the Cambodia Woman for Peace and Development (CWPD) research team completed semi-structured interviews with a sample of 30 participants currently working in the garment and footwear industry, incorporating five women workers at each of the six different factories in Cambodia. Semi-structured interviews allowed for in-depth exploration of topics and enabled participants to formulate open responses to discuss and describe their experiences and perceptions. Although these interviews followed an interview guide, interviewers were encouraged to ask follow-up questions and build more extended conversation around emerging themes and topics of interest, responding to the cues of participants. Each interview explored the

financial behaviours, literacy, products and services, security, and economic empowerment of the individual women worker and dynamics of change over time due to the introduction of digital wages.

Second, the CWPD research team complemented this series of semi-structured interviews with women garment workers through a series of six focus-group discussions at each of the six factories participating in the study, each including 3-4 women participants. Unlike SSIs, during the focus group discussions the research team encouraged conversation among participants rather than simply between the research team and participant. Participants were invited not only to express their own opinions but to respond to other members.

Finally, findings of the SSIs and KIIs were corroborated through a desk review of existing secondary literature and data sets, including reports and journal articles.

Table 1. Summary of data sources and data collection methods

Primary data sources	Secondary data sources
<p>i) Semi structured interviews (n 30) with women garment workers, according to the following criteria:</p> <ul style="list-style-type: none"> • Digital wage transition (have transitioned vs have not transitioned) • Digital inclusion literacy (have received training vs have not received training) <p>ii) Focus group discussions (n 6) with 3-4 participants each, according to the following criteria:</p> <ul style="list-style-type: none"> • Digital wage transition (have transitioned vs have not transitioned) • Digital inclusion literacy (have received training vs have not received training) 	<p>i) Literature and any data produced by ILO programmes</p> <p>ii) Literature from local and international NGOs and CBOs</p> <p>iii) Academic sources</p>

2.3. Sample strategy

The study adopted a purposive sampling methodology to reach the target of ~30 women workers in the garment and footwear sector for semi-structured interviews. The survey sample was recruited through the existing networks of Cambodia Women for Peace and Development (CWPD), who conducted the data collection for the research exercise. CWPD is a local NGO aimed at empowering women and girls of Cambodia. CWPD has an existing project to provide financial literacy training to women workers in the garment industry in Cambodia. CWPD was selected as the data collection partner to build upon their existing networks, knowledge, and rapport with research participants, as well as strengthen the capacity of local organizations to engage in and deliver independent research.

Workers were recruited to participate in the study from three groups: (a) workers in factories that have not transitioned to digital wages, (b) workers in factories that have transitioned to digital wages but have not received CWPD training on financial literacy, and (c) workers in factories that have transitioned to digital wages and have already had CWPD training on financial literacy. A proposed sample matrix is shown in Table 2. Within each group, two factories were identified to participate, one rural and one urban, to account for differences in perception based on geography and the availability of banking and financial facilities and services in different locations within Cambodia. To ensure representation of women with different life circumstances and to understand how financial behaviours are impacted by women's varied roles within the household and family, the research team recruited 2 single women and 2 married women from each factory participating in the sample, in addition to a peer educator from the CWPD digital literacy programme, to reach the sample of 5 workers at each site.

The same three groups were used as the criteria for recruiting participants to focus-group discussions. The study included two focus group discussions for each: one at a rural factory and one at an urban factory, as shown in Table 2. Each focus-group included between 3 and 4 participants, based on the availability of the targeted participants, and balanced the participation of married and single women to explore differences in experiences and perceptions.

Table 2. Sample matrix for semi-structured interviews and focus groups discussions

Sample Frame

Factory	Criteria	Location	Required sample
1	Factory has not transitioned to digital wages	Phnom Penh	<ul style="list-style-type: none"> • 5 interviews in total (1x peer educator, 2x single women, 2x married women) • 1 focus group discussion (with 3-4 participants)
2		Province	<ul style="list-style-type: none"> • 5 interviews in total (1x peer educator, 2x single women, 2x married women) • 1 focus group discussion (with 3-4 participants)
3	Factory has transitioned to digital wages, but workers have not received any training	Phnom Penh	<ul style="list-style-type: none"> • 5 interviews in total (1x peer educator, 2x single women, 2x married women) • 1 focus group discussion (with 3-4 participants)
4		Province	<ul style="list-style-type: none"> • 5 interviews in total (1x peer educator, 2x single women, 2x married women) • 1 focus group discussion (with 3-4 participants)
5	Factory has transitioned to digital wages and workers have received training	Phnom Penh	<ul style="list-style-type: none"> • 5 interviews in total (1x peer educator, 2x single women, 2x married women) • 1 focus group discussion (with 3-4 participants)

6		Province	<ul style="list-style-type: none"> • 5 interviews in total (1x peer educator, 2x single women, 2x married women) • 1 focus group discussion (with 3-4 participants)
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2.4. Interview tools

A customized set of interview guides was developed for the semi-structured interviews and focus-group discussions. These are reproduced in Annex I of this report. All interview tools were developed in English language to facilitate consultation and approval between the lead consultant, research team, and BFC. The interview guides were translated into Khmer language by the project's Khmer translation and transcription team. Interviews and focus groups were conducted by Khmer native speakers from the CWPD team and audio recorded, with permission of respondents. Each interview and focus group lasted between approximately 30 and 60 minutes. Following the interviews, the audio recordings were transcribed and translated into English to facilitate analysis and cross-referencing. The final English language transcripts were uploaded, cleaned and coded using NVivo qualitative analysis software, using thematic analysis.

2.5. Limitations

The findings presented here are from a rapid qualitative review of wage digitalization impacts on women workers in the Cambodian garment industry. The study is intended to be exploratory rather than exhaustive, working with a small sample of women from a limited number of factories to probe emergent, ambiguous, or unintended outcomes that may have resulted from the transition to digital wages in Cambodia and to provide a contextualized, critical, and nuanced accompaniment to the wider global studies that are available on this theme. Given the small sample size, the findings are not representative of the industry and there may be a broader spectrum of practices and problems that the study was unable to observe. Moreover, the study has not sought to analyse the differences between men and women workers. To subdivide the sample into groups of men and women workers to assess gendered differences was deemed not viable, as the populations of each sub-sample would be too small to produce generalizable results. Instead, the study has focused on and prioritized understanding women's perceptions and experiences. For similar reasons the study is unable to elaborate other intersectional axes of difference among the

sample population, for example, according to workplace (e.g. occupation, contract duration) or demographic (e.g. literacy level, marital status) characteristics, although some of these are discussed where they appeared prominent in the captured data. Closer attention to gendered and other intersectional differences would be a useful agenda for future, larger-scale studies that could help promote a more differentiated approach to designing interventions on the subject. Given considerable constraints on workers time due to work and family commitments, interviews were kept to a maximum time limit of 1 hour, which did not allow for full discussion and further probing of all the relevant themes and points of interest, particularly where the scope of the study's interest in the impacts of the digital wage transition is exploratory and therefore necessarily broad. Finally, the study was conducted with the support of a research team already engaged in training on financial and digital literacy within some of the sample factories (namely, factories 3, 4, 5 & 6). This decision was taken to benefit from established relationships of trust and rapport with participants to elicit detailed information on sensitive financial management issues. However, this raises the prospect of confirmation bias and response or social-desirability bias emerging between the research team and participants, where the research team have prior commitment to the aims of digital wage rollout and the research participants may recall opinions or information that have been presented previously by the research team during training workshops. Further independent studies may corroborate or challenge the results presented here.

3. Findings: Wage digitization impacts on garment workers in Cambodia

3.1. The transition process

Four of the six factories included in the study had transitioned to digital wages within the previous two years. Most workers at factories using digital wages reported that they were satisfied with the process of transition, in which there was typically some degree of engagement between management and workers on the issue.

The extent to which workers were actively engaged in decision-making varied between the factories, however. In one factory, workers were merely informed of the change beforehand, with information relayed to workers through team leaders: "Our boss also told us about [the transition to digital wages] before they changed to the bank system. They informed us". However, "They did not ask us about our opinions at all. Our boss only told us the important points: using the Wing banking system is so much easier than getting the wage in cash" (Factory 5, Focus group). Workers elsewhere reported having been consulted. For example, in a different factory, the administration "asked if we volunteered to receive our wage via digital payments or not" and then made the decision "by following the high [majority] voting" (Factory 3, Worker 2). In other cases, once the transition to digital wages was established, workers were also afforded a choice of banking services through which to receive their wage payments. "They also let us choose one bank", another group described. "WING or ABA or ACLEDA bank. The factory will follow the garment workers' votes" (Factory 1, Focus group).

In each of these factories, as the above suggests, the transition to digital wages once decided was imposed to workers. Whilst it may have been done in some cases with some degree of majority assent, none of the processes described above illustrates social dialogue, consultation, or negotiation on the part of management with workers' organizations or their representatives. Workers did not individually consent or choose how or where to receive their wage payments. Further, there was no evidence in the study that any of the employers had taken steps to identify or mitigate negative impacts on individuals who might be disadvantaged by the transition. This might include, for example, and as discussed below, workers with low levels of literacy or those with challenges to access facilities to withdraw cash.

3.2. Costs

Although the digital wage transition is found to lower the costs of wage distribution for factories in Cambodia (BSR HerFinance et al. 2022), typically the inverse is true for workers. Whereas the monetary costs of receiving and using cash wages for workers are limited, the transition to digital wage payments incurs new costs for workers associated with opening and maintaining bank or other payments accounts; accessing and withdrawing funds; and procuring and renewing the mobile and internet technologies to facilitate account ownership and access.

The fees for opening and maintaining accounts, for example, vary between providers. At leading banks, annual charges are often levied to open accounts and use payment card services. Typical costs reported for receiving account and payment card services ranged between \$5 and \$10. In some cases, workers had absorbed these costs out of their pockets. However, in other cases the factories met these upfront costs of the digital transition for workers. For example, as one worker explained, "For opening the account and making the [bank] card, we had to pay 10\$. But the [bank] agents came to our factory, so it was free of charge" (Factory 4, Worker 5). Another described differently, "I receive my wage into a bank account at [bank]... They charge once per year [for the services]... I pay for my account myself" (Factory 4, Case 3).

Different account providers and ATM facilities also have different costs attached to withdrawing funds. According to workers, some accounts permit a limited number of free withdrawals before charging, and some ATMs and payment service providers charge small amounts, typically around \$1, to make a withdrawal. These costs could be one reason why, as described below, some workers prefer to withdraw digital wages in cash on receipt. A related problem workers identified with digital wages is the inability to withdraw smaller sums from ATM facilities, which effectively prevents workers who are limited to accessing their wage payments through ATMs from accessing their full wage. As one elaborated, "Some people say that [getting digital payments] is good and efficient. But some people say that you will not get the correct amount of money, especially money paid in dollars. For example, your wage is \$300.10. If you get paid via the ATM, you will get only \$300 and you are not able to withdraw 10 cents at the ATM... Most workers think that 10 cents are also money and they want to withdraw it, and spend it but it is impossible" (Factory 2, Case 5).

A more substantial cost for workers is acquiring and renewing mobile and internet technology required to open and use certain types of e-wallets and payment accounts, as well as access account information and make financial

transactions with most account types. Many services offered through digital accounts require workers to possess and maintain mobile phones, as well as regularly top up mobile account credit to access mobile data. As one worker detailed, "Now my phone is not working. And a Wing agent says that I should buy a new phone [to use my account]". I don't want to buy a new phone yet because I just bought my phone a few months ago" (Factory 5, Case 2). In addition to these direct or pecuniary costs for workers, there are also opportunity costs, as the next section considers in more detail.

3.3. Convenience and efficiency

For workers receiving their wages in cash, the convenience and efficiency of digital payments was typically one of the main benefits they anticipated in the transition to digital wages. In this respect, among the main disadvantages of cash payments most workers observed the prospect of receiving damaged notes in wage payments from the factory. As one explained, "I do [worry when I am paid in cash]. I am afraid that the notes I receive will be so dirty or damaged that it will be hard to use them to buy things" (Factory 2, Worker 6). Particularly for currency in large denominations and among small market vendors, merchants in Cambodia may not accept notes that contain even small tears, stains, or other markings.

Receiving damaged notes is a common problem and workers reported that factories have therefore established systems to replace damaged notes with new ones. As another elaborated, "If the notes are dirty or damaged, we can tell the cashier to change them for new ones. It is not a serious problem for the workers". However, the time it takes to provide replacements can create difficulties for workers. "Sometimes, we get the torn and stained money, so we need to exchange it with the accountant in the factory", they explained. However, "Sometimes this will take 2 days. And it will be hard if we need money urgently. Those are my concerns [with cash payments]" (Factory 5, Worker 4). Though it is simple to seek redress, the delay incurred can create challenges for workers. Some report that where payments are delayed by even two days, they need to borrow money from others, which is then serviced at high interest rates of 20 per cent.

By contrast, workers receiving digital wage payments tended to report high levels of satisfaction with the timeliness and accuracy of payment processing following the transition to digital systems. There was near unanimous agreement that workers receive wage payments in full and on time through their digital accounts. As one worker confirmed, “No, I haven’t [ever been paid late]. The workers sometimes get paid before payment due date. The payment due date is always regular” (Factory 6, Worker 5). Another agreed, “The payment due date is always regular... [The administrator] tells us if the payment due date is changed because of a public holiday, so the payment must be done before due date. In fact, the payment due date is never late, but we sometimes get paid earlier” (Factory 6, Worker 2). Workers appreciated the security afforded by the accuracy and timeliness of digital payments.

Moreover, the time-consuming process of distributing cash payments to workers within the factory on pay day was noted as a point of dissatisfaction for workers receiving cash payments. As one described, “Sometimes, workers have to wait a long time to be paid because there are thousands of workers. They feel annoyed and complain a lot” (Factory 1, Case 3). The process of cash disbursement typically requires one or more hours of suspended production to complete (BSR HerFinance et al. 2022), but this is disruptive to work routines and might impact workers ability to hit production targets. This could be especially detrimental for workers paid on a piece rate basis. It is not clear whether employers make allowances or adjustments here for cash collection. This is another problem that many receiving digital wages believe has been eradicated since the transition to digital payments. As another worker at a transitioned factory explained, digital payment “is convenient. When you got the wage with cash, it could disturb our working time. For digitized payments, they will transfer it to our account automatically. I think it is more convenient” (Factory 3, Worker 2).

However, those who have received digital wages over a longer period identify the reappearance of previous challenges in new guises. In some instances, the transition to digital wages has not solved these issues but merely displaced them. For example, where workers once worried about damaged or dirty notes received in cash wages from their factory, some report similar challenges of receiving damaged or even fraudulent notes

I think digital payment day is always regular and I feel delighted when I see my payment in my account.

Factory 4, Worker 4

at the ATM machine or from payment service providers. The procedures and processes for obtaining replacements in these cases are less obvious, understood, and transparent to workers than those processes within their

factories. As one detailed, "I am afraid that when I withdraw money from the ATM, I will get damaged or dirty notes. Once, a note was dirty. I asked the security guard [what to do], and he told me to note down the note number. If the note was not accepted in a market, I could come to ACLEDA bank for exchange" (Factory 6, Case 2). For similar reasons, another contended, "For withdrawing the money, I think getting the wage in the factory is safer. Someone said that they got the fake money from [a payment service provider]... So I am worried that someday I will get fake money" (Factory 5, Case 1).

Similarly, other workers highlight that time and efficiency savings made by factories through the transition to digital wages simply offset time and efficiency costs to workers. Where workers once queued inside the factory to receive cash wage payments, many now queue at the ATM or payment service provider branch where they withdraw their wage payments. As one detailed, "[Some people] said that getting the wage in cash was much easier. For receiving payments through Wing bank, it is hard. So many people need to wait in line. When I got my wage in cash, I could get the money immediately. But when receiving wages into the bank account, we have to stand in line with a lot of people. If people need money immediately, they stand in line to withdraw the money [from the ATM or payment service provider]" (Factory 5, Worker 5).

Getting paid in cash is quick. If you get paid via digital system, you have to wait a long time at the ATM counter. It is hard for someone who is in urgent need. Some workers live far from the ATM, it will be hard for them to go back and forth.

Factory 1, Case 5

Another worker identified similar challenges accessing ATMs rather than payment service providers. "It is so crowded at the ATM counters during payment day... I am afraid that the ATM is not working, or it runs out of money during payment day" (Factory 4, Worker 4). Workers who have no immediate need for their wage delay making withdrawals. For example, "I normally don't withdraw money during payment day because there are a lot of people at Wing counters. I will withdraw my money two or three days later" (Factory 5, Worker 3). However, others who cannot manage their finance through any delays must wait in line, as described above.

The situation here varies between factories according to their location and in particular their proximity to financial facilities, as well as affecting individual workers differently according to where they live and work. Another noted, "It takes time to travel to the ATM counter to withdraw the money. Moreover, we have to wait a long time at the ATM counter" (Factory 6, Focus group). Similarly,

“The big problem is that it is so crowded at Wing counter during payment day because there is only one Wing counter near the factory” (Factory 5, Worker 3). These access challenges could be overcome through greater cooperation between factories and banking and/or payment service providers, who might be able to arrange for the installation and maintenance of new ATMs at convenient locations for workers or increase the number of agents working at branches at times of peak demand such as on and around pay day. For example, in a focus group discussing the introduction of digital wages, one worker petitioned, “I request to the factory it would be good if they open the ATM nearby the factory” (Factory 1, Focus group).

3.4. Safety and security

Safety and security were other key benefits that many workers receiving wages in cash anticipated following the transition to digital wages. Under systems of cash disbursement, workers have been used to leaving their factory upon receiving their wage with either a full- or half-month wage in cash on their person. Many were fearful of loss and theft, particularly following reports or rumours of forced robberies targeting workers. “My biggest fear when I get paid in cash is money gets lost and the application of sleeping gas by [a] thief”, explained one worker. “[I feel worried] both at home and at the workplace” (Factory 1, Worker 4).

Despite workers' fears, the actual experience of theft and loss as reported among workers in the sample was not common. However, despite the small sample size of the research such incidents were prevalent and had severe consequences for workers experiencing them. One recounted, “When getting paid in cash, we usually put the wage in a purse. If it is stolen, all your money and documents also vanish... I lost my purse. It was in 2019. After getting paid, I put my wage in my purse. Then, I went to a nearby market to buy food. When I got home, my purse was stolen. During that time, wage was paid once per month, unlike now. It means my whole monthly wage disappeared. I was distressed and cried heavily because I had no money to pay rent and send to my mother and child” (Factory 5, Worker 4).

I've never kept my money in the rented room. I always keep it with myself...It is not safe for me. And I am afraid that someone will steal my money.

Factory 1, Worker 1

One of the reasons for the low prevalence of reports of theft or loss may be the responses of workers to these concerns. Workers in factories receiving cash wage

payments detailed various strategies they employed to mitigate the risk of theft or loss of cash wage payments. Often these involved placing self-constraints and restrictions on their mobility. For example, one explained, "After getting paid, I don't go anywhere, but I go home and keep my money at home" (Factory 1, Worker 5). Another agreed, "It is fine inside the factory. However, we have to be careful when we go out... We feel not safe. In my experience, during the pay period, I always wait for my siblings. And during the pay period, I don't usually go shopping immediately. I will walk home first and then I can go shopping in the evening" (Factory 1, Worker 2). Others detailed different approaches that entailed losses of independence in other ways, such as ceding some degree of economic independence. As a third worker elaborated, "When I get a monthly wage, I don't feel safe keeping my money at home. So, I always send some money to my parents right away... I feel concerned if I cannot keep it safe, so I always hurry to send it to my parents." (Factory 2, Worker 1).

Many suggested that digital payments were safer and more secure for workers. "We don't need to keep our money at home or bring it with us all the time", one reasoned. "Our money is kept in our bank account, and I think it is more efficient and easier because we use the ATM only when we need to spend. If we keep the money in our rent room, we are worried about theft" (Factory 2, Case 6). However, others disagreed, highlighting issues around the displacement of security risks and the introduction of different threats following the transition to digital wages. Workers are required and sometimes prefer to withdraw fulsome or all of their wages from ATMs or through payment service providers, which leave them at risk of loss of theft. In addition, many point out the new risks of digital theft or fraud when keeping wage payments in the bank or other payment accounts. As one of the workers argued, "I think for both [cash payments and digital payments] it is not secure. If we withdraw money from the ATM, I think there is still fraud. In addition, after we withdraw money already, there is still possibility of thief and snatcher" (Factory 1, Worker 5).

Digital payment is quick and easy. In addition, it is also secure because I can keep our money in our bank account. Unlike cash, we are always afraid of thief or our money gets lost.

Factory 6, Worker 5

Most workers are aware of the risks of theft and fraud from digital accounts and payments. Some have direct experience of being exploited as part of phishing or other fraud operations. Others have heard experiences of family, friends and neighbours losing money through fraud, or have read or seen reports about this in traditional or social media. One worker described a fraudulent phone call to

which they had fallen victim and lost a significant proportion of their monthly wage. "I do [have experience of fraud]", they recounted. "Someone acted as my uncle and called me to say that his son was in the hospital and ask me to send him 100 or 200 thousand riels? Then, I sent him the money. A few hours later, I called my uncle. He said that it was not him (Factory 6, Worker 2)". Others reported similar experiences, but greater awareness of prevention strategies had protected them from falling victim to the attempted fraud.

As they detailed, "I have experienced [attempted fraud] once. Someone called me to send money to them because my uncle had a traffic accident. However, I didn't believe them because I know my uncle's phone number clearly" (Factory 5, Worker 2).

Both incidents occurred within factories that have received digital literacy training, suggesting a need for some reinforcement of learning objectives around important issues such as digital fraud prevention. In general, most workers were aware of basic strategies to avoid the risk of digital theft or fraud, including those who had not participated in such training. As one detailed, "We have to keep our ACELEDA card carefully. And don't tell anyone about our passcode. If they can get these two important things, someone will withdraw our money unknowingly (Factory 4, Worker 5)". However, some workers in factories who had transitioned to digital wage payments were unfamiliar with basic principles of digital safety and fraud prevention. Asked to describe their current understanding, one worker replied, "I've never known about this... I don't know [how to protect my account... Because I've just begun to use a Wing bank account" (Factory 3, Worker 1).

I am afraid I will forget the ATM card password... And I am afraid that my ATM card will get lost... [Then] I don't know what to do... If I have no ATM card, I am unable to withdraw my money.

(Factory 1, Worker 4)

3.5. Digital literacy

One of the problems that many workers receiving cash wage payments anticipated arising as a result of the transition from cash to digital wages was a lack of current understanding and fluency using digital payment systems and accounts. As one worker put it, "For the word "digital" the garment workers don't know about it" (Factory 1, Worker 2). For instance, many workers reported that they had not had access to a bank or other payment account before they obtained one to receive wage payments. As such, those without bank or payment accounts lacked confidence in their capacity to use and navigate these new

systems. At focus groups in factories where workers were receiving wages in cash, some workers were hesitant to support a transition to digital wages in their workplace. "I am afraid I don't know how to use an ATM card", one explained. "In addition, I am afraid that ATM runs out of money, so we are unable to withdraw the money" (Factory 2, Focus group). Elsewhere, others agreed, "Some people did not know how to use ATMs, so the ATM would keep their bank cards. And then, they are worried that they cannot transfer the money" (Factory 1, Focus group).

In general, however, for workers receiving digital wages these worries had not borne out. Instead, once they had acquired time and experience of receiving digital wages and using linked services, they had managed to overcome these concerns. At a factory that had undertaken the transition to digital wages, another worker clarified, "First, I thought that digital payments were frustrating. Now I think that digital payments are good and efficient. We can make savings in our account, and it is safe too... [I found digital payments frustrating because] at first, I had never used [a] bank account. I felt anxious on my first time withdrawing money from an ATM. I was afraid that I was not able to use the ATM card. After I had used it 3 or 4 times, I changed my mind" (Factory 6, Worker 2). In this case and others, workers gained familiarity with the new systems through learning-by doing rather than any kind of formal support or training. In some cases, they relied upon assistance from service providers as a form of informal support. Another described, "First, I was afraid that it would be hard to withdraw the money. The first time [I tried to make a withdrawal], I asked the bank employee to help me. Then, I learnt from her. By the second and the third time, I was used to it".

For older people, they don't know how to read Khmer. And they don't know how to use the digital system.

Factory one, Focus group

However, workers also acknowledged that a small proportion of workers struggle due to other problems that are harder to overcome, such as a lack of language literacy. As one explained, "Me and some of the garment workers have some knowledge and know how to read Khmer. So, we know how the steps of receiving the money via the bank. For some garment workers who don't know Khmer, it can be hard for them" (Factory 1, Worker 1). Further training and support may be necessary for these workers to ensure they are not disadvantaged by the transition to digital wages. However, such workers described that they often lacked the confidence to participate in information and training schemes. As one detailed, "I don't know much about [digital banking]... I do [get some information from co-workers]. But I don't understand because I

don't know how to read or write, and it is hard for me to understand... I didn't want to join [any training] because I can't read and write. It is hard for me to answer the questions... I feel hesitant because I can't read and write... I feel frightened to join any training" (Factory 6, Worker 5). As such, supporting these workers may require a level of tailored and personalized interventions that can be overlooked even where factories consult the majority opinion before any changes.

3.6. Financial literacy, access and inclusion

In general, workers in both factories receiving cash and digital wage payments tended to have fairly low assessments of their broader financial management skills and capacity. "I think my money management is not good enough", one worker receiving cash wage payments admitted. "I am young and I am not good at money management yet... My knowledge of banking services is very limited... Because I never use any banking service" (Factory 1, Worker 4). A worker at a factory that had transitioned to digital wages similarly assessed their current understanding as "medium level" (Factory 3, Worker 2). "I don't know [either about extra services the payment service provider can offer to clients]", they continued.

Most workers paid in cash do not have a bank or other payment account. Most contended there was no necessity for a bank account when they received cash wage payments. Several noted that they felt they didn't earn enough income to fulfil the requirements to open any account. "I don't [have any bank accounts]", one worker detailed. "I wish to have one, but nowadays I don't have enough money to save. So, I just let it be" (Factory 1, Worker 1). Similarly, few of those receiving digital wage payments had previously opened a bank or other payment account before their factory transitioned to digital wage payments. Since the transition, therefore, many had attained access to banking or other payment account facilities, having been required to open one as a condition of receiving digital wage transfers. However, given the limited understanding of financial management and products, many workers even in those factories that have transitioned to digital wage payments are not taking further advantage of the financial products and services offered by their bank or other payment service provider.

Some workers in the study receiving digital wage payments withdrew all or most of their wage at the ATM or through a payment service provider immediately on receipt of their wage payment each month. Among other concerns, some of these workers reported a low level of confidence and trust in the banking system. One detailed, "I am afraid that it will take a long time to withdraw my wage [from

the bank]. And then, I am worried that they will cut some of my wages. If we keep it in the bank for 1 or 2 days, it will be fine. But if we keep it in the bank for a longer time, I am worried that they will cut off my wage... Yes, [I always withdraw all of my wage from my account]. Sometimes, I only keep \$0.60 in there" (Factory 3, Worker 2). While this might be considered an unlikely bank practice and, therefore, an unrealistic concern, it is worth considering why workers may distrust financial institutions. One reason might be that many workers in the garment industry lack reliable and trustworthy sources to consult for information and advice about these issues. It is sometimes hard for them to distinguish rumour from reliable reporting. As such, the research revealed fears and worries that many workers share that might otherwise be considered improbable or even hyperbolic. For example, many workers across different factories cited worries about robbery with sleeping gas, as discussed below, and had heard reports of this happening in communities, but there appears to be little acknowledgement of such cases in the wider media reporting.

For those without access to a bank or other form of payment account, cash is stored and saved in several ways: in piggy banks, on the person, in jewellery, or through community group savings mechanisms like the *Tong-tin*¹. Most workers who use these systems acknowledge they are suboptimal and fraught with different forms of risk. For example, one worker explained, "I keep all my money in my purse. I don't save in a piggy bank because I can't keep it at my rent room. It is not secure" (Factory 1, Worker 3). Others saving in cash in their rooms described different concerns: "I am afraid that insects will go into my piggy bank and damage my money" (Factory 6, Worker 2) or "my biggest concern is fire" (Factory 5, Worker 2).

Due to the dangers of storing or saving cash in such ways in rented rooms or in their person, other workers saved money by sending it to family members to keep on their behalf. "Mostly, I sent it to my mom", one detailed, "and she saved it for me. Before I was alone, and I was afraid it would get lost. I lost money before that's why I sent it to my mom. I lost my wage twice" (Factory 5, Worker 1). Another explained similarly, "I keep only 150\$ [of my wage] with me and the rest I keep with my mother because the rent room is not secure to keep money in" (Factory 2, Worker 6). As acknowledged above, the transfer of wage payments to family members entails some degree of loss of financial independence for women, particularly for those who are not always kept aware or informed about the sum of their contributions. "I am not sure [how much my mother saves for me]", one admitted. "I send money to her so she is in charge of the money... I

¹ **Tong tin** is an informal saving system used in Cambodia in which a group of people routinely pay into a pool of money. One member is allowed to withdraw, every week/month, the entire amount based on a competitive bidding process.

don't [ever ask about it]. I am afraid that she will not be happy when I ask her" (Factory 1 , Worker 3). Another agreed, "I am afraid to ask her because it can upset her" (Factory 2, Focus group).

Due to these manifold disadvantages, many workers receiving cash wages believed the transition to digital wages might affect their savings practices, making them more likely to save money in their bank accounts. "If I have a bank account", one of the workers considered, "I will keep my money in it. But now I just don't have it yet" (Factory 2, Worker 6). Although some workers continued to use various alternative savings mechanisms after the transition to digital wages, there were examples of other workers who had adopted new savings' patterns by saving in the bank or other payment accounts into which they received digital wage transfers. As one described, "When I got paid in cash, it was difficult for me to put notes into my piggy bank. And it was no safe, either. When I get paid via digital system, it is easy to keep my money in my account". Another agreed, "When I got paid in cash, I put savings in my piggy bank. And I found it difficult because we didn't know the exact amount of money in the piggy bank. Now I use ACLEDA bank, I can keep savings in my account. And it is easy to check the available balance in our account. When I see my money in my account, I feel excited" (Factory 4, Worker 4).

I don't save, it is just that the money is in my bank account, I only withdraw when I'm in need.

Factory 4, Worker 3

Many workers using bank accounts found that one of the main advantages was not that it helped them to save more strategically but rather they could save, in essence, by default if they didn't need to use their full wages from month-to-month. As one explained, "Our money is in our account and sometimes I feel lazy to withdraw the money, so it helps reduce my spending" (Factory 6, Worker 4). Another agreed, "When we take our wage in cash, when we see anything we like, we spend on it as we carry our cash... When we use a bank account, we don't want to spend on things that are not important, that is why we can save... Before, we never saved any money. We always spent everything. When we have our bank account, we can save at least 10\$ to 100\$ in some months... We save when we have money left" (Factory 4, Worker 3).

Fewer workers had adopted changes to their habitual mode of doing money transfers or other expenditures following the transition to digital wages. Here, cash moved in various forms tends to remain king. Often this was due to external constraints. Many workers, for example, send considerable sums of remittances each month to their families in rural areas. Most withdraw cash to send through

a payment service intermediary such as Wing or True Money. Since the transition to digital wages, a few had changed their money-transfer practices to make digital transfers using mobile apps. One worker who had switched to app-based payments explained that “it is more efficient because I don’t need to go to a Wing counter anymore. I can send money to my parents via Wing app on my phone” (Factory 5, Worker 4). However, the majority preferred to withdraw cash to send through a payment service intermediary such as Wing or True Money.

Some did not know how to send payments through mobile apps, despite opening accounts in which to receive digital wages. “I have a bank account,” one explained, but “I only know how to check my money. I can’t do anything besides this. I only know how to withdraw the money” (Factory 2, Worker 4). Others, however, highlighted family members in rural areas lacked mobile technology and bank accounts, as well as capacity to use these, rendering the prospect of digital transfers to family obsolete. “I [send money to my mother] via Wing or True Money... Because my mother doesn’t know how to read or write, so I have to send money via Wing or True money... Because my mother doesn’t know how to use a smartphone” (Factory 6, Worker 3). Fewer workers still regularly make digital payments for goods, services or utilities. In many cases, this is unnecessary or impossible, as the supply-side infrastructure to support digital payments does not yet exist. For example, vendors in local markets do not have facilities to access digital payments and landlords of rented room accommodation, in which most workers live, prefer to receive rent and utility payments from workers in cash.

3.7. Economic security and empowerment

Workers’ individual levels of economic independence and empowerment in Cambodia is the product of complex factors. The study suggested a marked level of differences, particularly in the economic independence of women workers who were single and those who were married. Single women tended to describe their parents or other family members as the main decision-makers in their extended families and household, even when they were living separately from their families to work in the factories. In most cases, single women sent a high proportion of their wages upon receipt to their family. These wages were often one of the main contributions to household income and were used to make important investments and service debts. However, despite this, single women often retained low control over household financial decisions. As one detailed, “I am the only breadwinner of the family... I give [my mother] \$250 per month... My parents make decisions instead of me... They are old and their decisions are better than mine... Normally, before I buy something, I always have a discussion with my mother... I am afraid that my decision is wrong, so I don’t want to have

problems in my family" (Factory 6, Worker 3). Since minimum wages in the garment sector are set at \$194 and average wages reach \$200 to 250 and above with overtime, this represents the workers' entire pay check.

In these examples, the introduction of digital wage payments has done little to improve the economic independence and empowerment of individual women. In several cases, single women who were receiving digital wage payments had transferred possession and control of their bank or payment accounts and cards to other family members. For example, one worker had given her ATM card to her brother, who controlled her financial practices including making withdrawals of wage payments on her behalf. "I get paid via ACLEDA", she explained, "I don't know [if my account charges fees for withdrawals] because my brother always withdraws the money instead of me... He manages my money. [I keep my ATM card with my brother] because I live alone and it is not safe to keep money with me... After I get paid, my brother gives me 200 thousand riels for daily expenses. Then, I keep the money with my aunt and I bring only 50 thousand riels with me. And I spend 10 thousand riels per day... Of course, because I am the baby of my family, I have to listen to my brother" (Factory 6, Worker 5).

Typically, women described that their expectations of economic independence and empowerment would change if they got married, when they would expect to become joint decision makers within their own households. "When I get married, I want to have more decision-making power in my family", one suggested, "I want to be independent in decision-making after I get married" (Factory 1, Worker 3). Another explained, "When I get married, I will discuss with my husband before doing something... I think that I should have rights to decide [how to spend] my own money because I am the one who earn it" (Factory 5, Worker 2).

Married women in the study tended to confirm that these expectations would be met, as they took on responsibility for household financial decisions and expenditure after marriage and ceased to bear so much responsibility for contributing to their parents' income. For example, one confirmed, "my parents are in debt with the bank... I helped to repay the loan. But now I stopped helping them since I got married... My older brother and my father [are now responsible for the loan repayment]" (Factory 1, Worker 4). Another married worker corroborated, "[My husband and I] We both discuss and decide on buying things... We both decide on [savings]. We will both do it [if we plan to make a loan]" (Factory 4, Worker 5).

These complex relations evidence the limitations of programmes to increase women's autonomy and security through facilitating their access to financial

products and services. Women frequently discussed the articulations of gendered family burdens and economic pressures as further barriers to enhanced economic security and resilience. Many women described their ability to make savings as limited, not only by the lack of access to credible savings mechanisms but also by unstable and sometimes insufficient wage levels that made saving difficult or even impossible. For example, one explained, "I am afraid that I don't have enough money to cover monthly expenses... Because some months, my income is less but my expense is bigger" (Factory 1, Worker 3). Another agreed that "When we don't work overtime, we don't have enough money to support our family (Factory 4, Worker 2)". As such, many workers reported taking on debts that made their financial situation even more overstretched. "My family is in debt with the bank", one admitted, and "it is hard because we have to repay the loan every month". Although the extensive scope of the research and the limited time allotted to interviews with each respondent, due to workplace commitments, did not afford the research team opportunity to extract detailed information on each participant's household finances, such as loan and credit arrangements, past research from Cambodia confirms that the household debt of garment workers are typically extensive, reaching the averages of \$4000-5000 per household (Natarajan et al 2021; CATU, Central and Licadho 2020). Digital wages therefore offer limited transformative potential when the structural barriers to economic resilience and security remain stark.

Workers often described this as a gendered burden, where women were sometimes compelled to use their income to support multiple households. "I have to spend on my child's studying, food, water, electricity, and rented house payment every month", one detailed, "and I also send some money to my parents" (Factory 1, Worker 2). In the absence of more robust social protection programmes for families and households in Cambodia, many women found themselves using their limited wages to subsidize the cost of education for children and siblings and, more commonly, pay for health care for themselves, as well as their own families and parents. "I am worried about my children's education. I am afraid that I can't afford my children's study", one detailed, "I feel worried when I get sick and I don't have money". Another highlighted how this exacerbates existing financial pressures. "Sometimes, I get seriously sick, so all of my money is used", she described, "and I have to borrow more money" (Factory 2, Focus group). Enabling women to attain financial autonomy and economic security therefore requires additional improvements to workplace and social protection benefits to enable them to benefit from enhanced access to financial products and services.

4. Conclusions and recommendations

Where cash has long been king, the transition to digital wage payments in Cambodia's garment sector is gathering pace as digital transfers are increasingly recognized as a faster, more secure, more transparent and more efficient mode of payment. Although the gains for factories are now typically well evidenced in the literature, in Cambodia and beyond there is a lack of detailed evidence and commentary from workers on how they experience and navigate the transition to digital wages, as well as evidence on if and how digital wages can promote greater empowerment (or otherwise) for women workers by providing greater financial access, inclusion and/or security. Through semi-structured interviews and focus group discussions with women workers in Cambodia, this rapid qualitative assessment has sought to provide evidence to understand women's experiences and perceptions of the digital wage transition. The study was intended to be exploratory rather than exhaustive, working with a small sample of women from a limited number of factories to probe emergent ambiguous or unintended outcomes that may have resulted from the transition to digital wages in Cambodia to provide a contextualized, critical and nuanced accompaniment to the wider global studies that are available on this theme.

Although women workers can initially be sceptical of or hesitant to accept the shift to digital wage payments, typically they report greater levels of acceptance and satisfaction once they have transitioned to digital wages as they gain familiarity and confidence with operationalizing new systems. Where this is typically reported as a process of learning-by-doing by women, more could be done by factories and relevant stakeholders to build capacity and confidence ahead of the shift from cash disbursement to digital payments. In particular, processes of transition at the factory level do not always fully consider the needs and concerns of workers during the transition process by engaging workers and their unions in transparent and credible dialogue and negotiation ahead of any changes to payment methods.

As existing evidence suggests (BSR HerFinance et al. 2022), many women workers regard digital wage payments as offering certain credible improvements to their financial and economic security. Foremost, they perceive digital wages to provide a safer, more convenient and efficient form of wage transfer than cash disbursement. However, the testimony provided by women in this study also offers a counterbalance to these prevailing positive discourses, as it highlights that many of the gains in this respect can be considered at least ambiguous, as new dangers and inconveniences arise, at least for some, from new methods of payment. As illustrated here, the security and efficiency gains made by factories are transferred, in part, to workers. In our study, for example, most workers who

have transitioned to digital wage payments must spend a not insignificant amount of time outside of working hours queuing to collect their wages from ATMs and public service providers, and must navigate the risks and complexities of collecting cash from private providers instead of their employers, lessening accountability and transparency of processes for redress.

Workers' continued recourse to cashing out digital wages on receipt, moreover, illustrates that where the shift to digital payments has widened certain aspects of financial inclusion, including notably increasing women's access to basic banking services, this has not always translated into wider access to improved financial products and services. As previous studies attest (BSR HerFinance et al. 2022), cash payments remain the dominant mode of transfer for everyday transactions and regular payments, from remittances to rent and utilities. Whilst, in part, this may reflect the systems eco-service, where most local traders and landlords prefer cash payment and may not be able to facilitate digital transfers, in other cases such as remittance transfers other issues may be a root. In particular, this study evidences that some women workers lack capacity and confidence to make fuller use of digital financial products and services.

Finally, the study also points towards gendered and structural barriers that persist despite changes to the prevalent mode of payment, which hold back women's ability to attain economic independence and security in Cambodia. For younger, unmarried women, in particular, dominant norms compel women workers to relinquish control of their wages to other family members considered to hold responsibility for household financial decision-making, particularly parents or elder siblings. In such cases, women workers may retain little autonomy over their earnings whether paid in cash or digital forms. Moreover, particularly for older women with dependents to support, current wage rates and social protection policies may not enable income to meet the full costs of household social reproduction. In such cases, women workers may lack economic security and may be unable to benefit from the digital wage transition.

Based on the findings of the study and its testimony from women workers in Cambodia, this research makes the following recommendations to different actors to ensure a responsible transition to digital wage payments by mitigating risks and negative impacts for women workers and therefore creating an environment that enables more women to benefit from improved economic security and empowerment through the transition to digital wages:

Support enterprises with responsible best practice guidance, instruction, and assessment. Stakeholders including government, global buyers, auditors, TAFTAC, and BFC can help enterprises to navigate the transition to digital wages

by issuing clear guidance and instruction to enterprises on best practices for implementing a responsible transition to digital wages payments. It may be necessary for stakeholders to convene and share knowledge to set suitable definitions and standards for responsible best practice, to avoid conflicting advice. Examples of responsible best practice might include engaging workers and their unions in meaningful dialogue and negotiation on the transition to digital wages for collaborative decision-making and enabling workers to independently elect the method and account into which they receive wage payments. Factory audits and assessments can measure and evaluate factory-level processes to ensure and reward responsible best practices.

Support workers and their unions with reliable information and training.

Stakeholders including government, global brands, and civil society can support workers to navigate the digital wage transition by identifying knowledge gaps and developing engaging ways to build workers' capacity and confidence to navigate the transition to digital wages. Support should recognize the different needs of individual workers, including financial management digital skills, and basic literacy. Workers and their unions should also be supported to understand standards of responsible best practices in the digital wage transition at the enterprise level and the regulation of consumer rights in financial services, so that they are empowered to hold organizations to account and build greater trust and confidence in digital financial services.

Promote responsible financial services. Stakeholders including government and financial service providers can promote a responsible approach to financial services provision in Cambodia by ensuring appropriate consumer regulation and protection. These groups can build trust and confidence in the financial sector by guaranteeing standards for customer care and redress of customer complaints, including building greater public awareness of consumer accountability and guarantees.

Ensure empowerment potential by addressing decent work deficits in Cambodia. Stakeholders including government, global brands, and suppliers can contribute to women's economic empowerment in the garment sector in Cambodia by addressing decent work deficits, including ensuring work is adequately remunerated, supported by robust social protection entitlements, and effective social dialogue. Therefore, digital wages should be considered as a supportive tool to advance decent work deficits and women workers' economic empowerment when developed together with other policies and practices.

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Annex 1. Workplan

	Task	Target completion date	Partici pants	Pha se
1	Inception report <ul style="list-style-type: none"> Literature review Research methods Timeline Interview guides 	27 rd May 2022	SL, BFC to review	PLANNING
2	Field team meeting <ul style="list-style-type: none"> Research aims and methods briefing Orientation of design and tools to enumerators 	30 th May 2022	SL, CWPD, LL	
3	Sample recruitment and field schedule <ul style="list-style-type: none"> Identification of target field sites/participants Refinement of field schedule for data collection 	1 st June 2022	CWPD, LL	
4	Field data collection <ul style="list-style-type: none"> 30x Semi-structured interviews with female garments 4x focus group discussions with 3-4 participants each 	10 th June 2022	>>Concurrent processes>> CWPD, LL	FIELD DATA COLLECTION
5	Data transcription and translation <ul style="list-style-type: none"> Translation and transcription of field interviews from Khmer to English language 	10 th June 2022		

6	Data analysis <ul style="list-style-type: none"> Qualitative data cleaning and coding in NVivo 	12 th June 2022	SL	REPORT PREPARATION
7	First draft report submitted <ul style="list-style-type: none"> Background and methods Key findings Conclusions and recommendations 	17 th June 2022	SL	
8	Report revisions and second draft submitted	27 th June 2022	SL	

Participant key: SL – Lead consultant, Sabina Lawreniuk; TI – Better Factories Cambodia team; CWPD – Cambodian Women for Peace and Development Team; LL – Long Ly Vouch.

Annex 2. Research tools

The interviews should follow a semi-structured format. The aim of the interviews is to allow women to talk about their perceptions and experiences. The suggested questions that follow are intended as a guide, with follow up probes to encourage workers to think further about issues and share more detailed information. Ideally, the interview should flow like a conversation, so do not worry about changing the wording of the question or the order of the questions. It may not be possible to go in-depth on every issue suggested with every workers, so follow the interviewee's lead and try get more in-depth information where there are more interesting insights.

2.1. Semi-structured interview guide: Women receiving digital wages

Introduction

1. How long have you been working in the garment industry? What is your role and how much do you earn now?
2. Can you tell me a little bit about your household and family situation? Are you married? Do you have children? Who do you live with now? What do other members of your household do for work?
3. What are the main financial priorities and worries of your household?

Wage payments

4. Right now, how do you receive your wage payments? [*Probe: What is the name of the financial provider where you receive wage payments (e.g. Wing/Acleda/etc.)? Do you have to pay anything to use their service?*]
5. When did the factory transition to digital wages? [*Probe: Were workers consulted about the transition to digital wages? How? Were their concerns listened to and acted upon by management?*]
6. Right now, how often is your pay delayed or less than you expected? [*Probe: What do you think is the main reason for late pay or incomplete pay?*] Has this changed since you received you receive digital wage payments instead of cash wage payments?
7. Based on your experience and the experience of others, what can workers such as yourself do in case of problems with their pay? [*Probe: How effective are the different possible courses of action?*] Has this changed since you received you receive digital wage payments instead of cash wage payments?

Financial behaviours

8. Before the introduction of digital wages, how did you store, spend, and manage your money? Can you talk me through what used to happen starting from when you collected your wages in cash at the factory?
9. How do you manage your money and finances differently now you receive digital wage payments instead of cash wage payments? How does this impact you and your family? Can you give examples?

Financial literacy and awareness

10. How well do you think understand how to manage your money? How well do you understand what financial services and products are available to help you manage your finances and money?
11. Have you ever received any training about how to manage your finances and money? [*Probe: If yes, where did you receive the training and from who? What did you learn? Did it help you to manage your money and finances better? Why/why not? How does this impact you and your family? Can you give examples?*]
12. Would you like to receive any (further) training about how to manage your finances and money? [*Probe: what would you like to learn about? How would this help you manage your money and finance better?*]

Safety and security

13. What were your biggest concerns or worries about receiving cash wage payments?
14. What are your biggest concerns or worries about receiving digital wage payments?
15. How well do you understand how to protect yourself from digital fraud or theft? What practices do you follow to keep your digital accounts safe? Have you ever received any training in how to protect yourself from digital fraud or theft? [Probe: *If yes, where did you receive the training and from who? What did you learn?*]
16. In your experience, are cash or digital payments a safer and more secure way to transfer wages? Why?

Financial services and products

17. Before the introduction of digital wages, did you have any form of bank account? [Probe: *If no, why not? If yes, what type of account was this? If yes, when did you open it? If yes, why did you decide to open this account?*] Has this changed since you received digital wage payments? [Probe: *If yes, why? How does this impact you and/or your family? Can you give examples?*]
18. Before the introduction of digital wages, did you save any money from your wages? think about all kinds of savings, such as building up an emergency fund or putting money aside for a special occasion or purchase. [Probe: *If yes, where and how did you save money (including cash, tontin, bank accounts, saving through remittances etc.)? How much did you save and how often? What did you save for and how often did you spend some of your savings?*] Has this changed since you received digital wage payments? [Probe: *If yes, why? How does this impact you and/or your family? Can you give examples?*]
19. Before the introduction of digital wages, did you send any form of remittance payments? [Probe: *If yes, who did you send money too and what did they use it for? If yes, how much did you send and how often? If yes, how did you transfer the money and why?*] Has this changed since you received digital wage payments? [Probe: *If yes, why? How does this impact you and/or your family? Can you give examples?*]
20. Before the introduction of digital wages, did you have any form of loans or debt? [Probe: *If yes, who did you borrow the money from and what did you borrow it for? If yes, how much did you repay and how often?*] Has this changed since you received digital wage payments? [Probe: *If yes, why? How does this impact you and/or your family? Can you give examples?*]
21. Before the introduction of digital wages, how did you typically pay for regular expenses and everyday items, like rent, food, or utilities? [Probe: *why?*] Has this changed since you received digital wage payments? [Probe: *why?*]

If yes, why? How does this impact you and/or your family? Can you give examples?]

Economic empowerment

22. What is the most important things that your household has spent money on in the past year? Who in your household or family was responsible for making decisions about buying that resource or asset? [*Probe: Can you explain how your household or family made the decision to spend money on that resource or asset? Did anyone in the household disagree with decision to spend money on that resource or asset? How involved were you in the decision to spend money on that resource or asset?*]
23. Who in your household or family is responsible for making decisions about everyday expenditures like food? [*Probe: Can you explain how your household or family make decisions about everyday expenditures? Does anyone disagree? How involved are you in decisions about everyday spending?*]
24. Who in your household or family is responsible for making decisions about making savings or taking loans? [*Probe: Can you explain how your household or family make decisions about savings or loans? Does anyone disagree? How involved are you in decisions about savings and loans?*]
25. Has there been any change in your ability to make any of these decisions (important and everyday expenditures, or savings and loans) since you began receiving digital wage payments instead of cash wage payments? [*Probe: If yes, for which ones were there changes and why? Can you give me an example of this change?*]
26. Would you like to be more involved in decisions on any of the listed expenditures in the future? [*Probe: Why/why not? If yes, is this something you are able to discuss with your family? Why/why not?*]

Conclusions and recommendations

27. In your experience, what are the main advantages of receiving digital wage payments instead of cash wage payments? What are the main disadvantages of receiving digital wage payments instead of cash wage payments?
28. Overall, do you think the introduction of digital wage payments instead of cash wage payments has been beneficial or not beneficial at your factory?
29. In your opinion, what could be done differently to help workers benefit more from receiving digital wage payments?

2.2. Semi-structured interview guide: Women not yet receiving digital wages

Introduction

1. How long have you been working in the garment industry? What is your role and how much do you earn now?
2. Can you tell me a little bit about your household and family situation? Are you married? Do you have children? Who do you live with now? What do other members of your household do for work?
3. What are the main financial priorities and worries of your household?

Wage payments

4. Right now, how do you receive your wage payments? Do you have a choice in how you receive your wage payments? [*Probe: If yes, how are workers consulted?*]
5. Right now, how often is your pay delayed or less than you expected? [*Probe: What do you think is the main reason for late pay or incomplete pay?*]
6. Based on your experience and the experience of others, what can workers such as yourself do in case of problems with their pay? [*Probe: How effective are the different possible courses of action?*]
7. Methods of payments such as payment on a prepaid card or on an account at a financial institution or mobile money provider are known as digital methods of payment. How satisfied would you be if you were offered to be paid for your work digitally rather than in cash?

Financial behaviours

8. How do you store, spend, and manage your money? Can you talk me through what happens starting from when you collected your wages in cash at the factory?
9. If you were paid your wages digitally, into a bank or mobile money account, for example, what do you think you would do differently? [*Probe: How would this impact you and your family? Can you give examples?*]

Financial literacy and awareness

10. How well do you think understand how to manage your money? How well do you understand what financial services and products are available to help you manage your finances and money?
11. Have you ever received any training about how to manage your finances and money? [*Probe: If yes, where did you receive the training and from who?*]

What did you learn? Did it help you to manage your money and finances better? Why/why not? How does this impact you and your family? Can you give examples?]

- 12.If you were going to be paid wages digitally, what further training and support would you need to be able to manage your finances and money? *[Probe: what would you like to learn about? How would this help you manage your money and finance better?]*

Safety and security

- 13.What are your biggest concerns or worries about receiving cash wage payments? *[Probe: What about at home? What about in the workplace?]*
- 14.What are your biggest concerns or worries about receiving digital wage payments? *[Probe: What about at home? What about in the workplace?]*
- 15.How well do you understand how to protect yourself from digital fraud or theft? If you were paid wages digitally, what practices would you follow to keep your digital accounts safe? Have you ever received any training in how to protect yourself from digital fraud of theft? *[Probe: If yes, where did you receive the training and from who? What did you learn?]*
- 16.In your opinion, are cash or digital payments a safer and more secure way to transfer wages? Why?

Financial services and products

- 17.Do you have any form of bank account? *[Probe: If no, why not? If yes, what type of account is this? If yes, when did you open it? If yes, why did you decide to open this account?]*
- 18.Do you save any money from your wages? think about all kinds of savings, such as building up an emergency fund or putting money aside for a special occasion or purchase. *[Probe: If yes, where and how did you save money (including cash, tontin, bank accounts, saving through remittances etc.)? How much did you save and how often? What did you save for and how often did you spend some of your savings?]*
- 19.Do you send any form of remittance payments? *[Probe: If yes, who do you send money too and what did they use it for? If yes, how much did you send and how often? If yes, how did you transfer the money and why?]*
- 20.Do you have any form of loans or debt? *[Probe: If yes, who did you borrow the money from and what did you borrow it for? If yes, how much did you repay and how often?]*
- 21.How do you typically pay for regular expenses and everyday items, like rent, food, or utilities? *[Probe: why?]*

Economic empowerment

22. What are the three most important things that your household has spent money on in the past year? [*Probe for each resource or asset listed: Who in your household or family was responsible for making decisions about buying that resource or asset? Can you explain how your household or family made the decision to spend money on that resource or asset? Did anyone in the household disagree with decision to spend money on that resource or asset? How involved were you in the decision to spend money on that resource or asset?*]
23. Who in your household or family is responsible for making decisions about everyday expenditures like food? [*Probe: Can you explain how your household or family make decisions about everyday expenditures? Does anyone disagree? How involved are you in decisions about every day spending?*]
24. Who in your household or family is responsible for making decisions about making savings or taking loans? [*Probe: Can you explain how your household or family make decisions about savings or loans? Does anyone disagree? How involved are you in decisions about savings and loans?*]
25. If you were paid wages digitally, do you think there would be any change in your ability to make decisions about any of these investments or expenditures since you began receiving digital wage payments instead of cash wage payments? [*Probe: If yes, for which ones would there be changes and why? Can you give me an example of this change?*]
26. Would you like to be more involved in decisions on any of the listed expenditures in the future? [*Probe: If yes, is this something you are able to discuss with your family? Why/why not?*]

Conclusions and recommendations

27. In your opinion, what would be the main advantages and disadvantages of receiving digital wage payments instead of cash wage payments?
28. Overall, would you generally support or not support the introduction of digital wage payments instead of cash wage payments at your factory? Why/why not?
29. In your opinion, what would need to be done to help workers benefit more from receiving digital wage payments?

2.3. Focus group discussion guide: Women receiving digital wages

1. What are the main financial priorities and worries for garment workers and their households?

2. At your factory, how often do workers experience any problems receiving wage payments? What are the causes of these problems?
3. At your factory, how do you receive your wage payments? When did the factory transition to digital wages?
4. At your factory, were workers consulted about the transition to digital wage payments? Do management listen to and act on their concerns?
5. At your factory, did workers receive any training to help them transition to digital wage payments? What was it about? Was it useful?
6. Overall, how well do you think workers know how to manage their money and household finance? What else do they need to know?
7. In your experience, what are the main advantages of receiving digital wage payments instead of cash wage payments for garment workers?
 - a. Workers can be prompted to think about and discuss a range of issues including: time and efficiency; security and safety; financial literacy and awareness; access to financial products and services; economic independence and security
8. In your experience, what are the main disadvantages of receiving digital wage payments instead of cash wage payments for garment workers?
 - a. Workers can be prompted to think about and discuss a range of issues including: time and efficiency; security and safety; financial literacy and awareness; access to financial products and services; economic independence and security
9. Overall, do you think the introduction of digital wage payments instead of cash wage payments has been beneficial or not beneficial at your factory?
10. In your opinion, what could be done differently to help workers benefit more from receiving digital wage payments?

2.4. Focus group discussion guide: Women not yet receiving digital wages

1. What are the main financial priorities and worries for garment workers and their households?
2. At your factory, how often do workers experience any problems receiving wage payments? What are the causes of these problems?
3. Right now, how do you receive your wage payments? Do you have a choice about how to receive your wage payments?
4. Methods of payments such as payment on a prepaid card or on an account at a financial institution or mobile money provider are known as digital methods of payment. How satisfied would workers at your factory be if they were offered to be paid for their work digitally rather than in cash?
5. At your factory, would workers receive need any training to help them transition to digital wage payments? What would they need or want training about?

6. In your opinion, what would be the main advantages of receiving digital wage payments instead of cash wage payments?
 - a. Workers can be prompted to think about and discuss a range of issues including: time and efficiency; security and safety; financial literacy and awareness; access to financial products and services; economic independence and security
7. In your opinion, what would be the main disadvantages of receiving digital wage payments instead of cash wage payments?
 - a. Workers can be prompted to think about and discuss a range of issues including: time and efficiency; security and safety; financial literacy and awareness; access to financial products and services; economic independence and security
8. Overall, do you think the introduction of digital wage payments instead of cash wage payments would be beneficial or not beneficial at your factory?
9. In your opinion, what else would need to be done to help workers benefit more from receiving digital wage payments?