Financial freedom for platform workers and the self-employed

Adequate protection and comfortable retirement

pwc

SFA SINGAPORE FINTECH ASSOCIATION

Singlife

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Foreword

We have observed a significant shift towards self-employment in Singapore as well as around the world. The growth of digital platforms, notably fuelled by the COVID-19 pandemic, has increased the ubiquity of independent workers seeking flexible, on-demand employment. This is evident in the domains of ride-hailing, food delivery, e-commerce and logistics.

As on-demand employment becomes increasingly prevalent, we have observed an egregious increase in the challenges and limitations faced by a particular self-employed segment – the platform workers.

In Singapore, the Ministry of Manpower set up the Advisory Committee on Platform Workers in 2021 to better understand the ecosystem. The Committee laid down a list of 12 recommendations centered around financial protection. This includes work injuries, housing and retirement adequacy and improving representation in policy making.

It is widely recognised that this segment's financial needs and requirements are both unmet and underserved. Given the rapid growth of this demographic, it is pertinent for us to deep dive into their perceptions and sentiments around financial freedom, their financial behaviours and attitudes.

In this report, we discuss the level of perceived and expected financial freedom for platform workers, and how they and platform companies view the recommendations provided by the Committee. We hope that the insights presented in this report serve as a catalyst for meaningful discourse and collaboration among the relevant stakeholders in this ecosystem.

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Moving ahead

Path to financial freedom and protection

Path to financial freedom and protection

Overview

The global proliferation of digital platforms has significantly augmented the prevalence of independent workers actively seeking flexible, on-demand employment opportunities across various sectors, such as ride-hailing, food delivery, e-commerce, and logistics.

In Singapore, a noteworthy milestone was reached in 2021, with the self-employed population standing at a robust 310,000 individuals[1]. Mirroring the worldwide paradigm shift, the period spanning from 2010 to 2021 bore witness to a substantial 7.9% surge in the number of self-employed individuals in Singapore, representing an impressive 13.6% share of the local working population[2].

Within this landscape, it is noted that, as of 2022, approximately 3.4 out of every 10 self-employed individuals were actively engaged as platform workers. This dynamic workforce was further segmented, with 38,100 serving as private hire car drivers, 25,400 assuming the role of taxi drivers, and 25,500 engaged in delivery services[3].

Despite their invaluable contributions to Singapore's economy, self-employed persons find themselves in a unique financial position, distinct from their salaried counterparts. Unlike traditional employees, these individuals are solely responsible for topping up their Medisave accounts and do not receive Central Provident Fund (CPF) contributions.

This particular circumstance raises substantial concerns, as it often translates to a shortfall in retirement savings and an inadequate CPF payout, leaving many self-employed individuals with an uncertain financial future, ill-equipped to sustain themselves during their later years.

This pressing issue underscores the imperative for policy and structural adjustments to address the unique financial challenges faced by this growing segment of the workforce. Thus, came the Advisory Committee on Platform Workers (the Committee) which was set up in late 2021 by the Ministry of Manpower (MoM) to address these issues.

The Committee, which featured representations from industry players, government officials, academia and associations, reached out extensively to over 20,000 stakeholders including platform workers, companies and platform users to better understand the challenges faced in the ecosystem and how to protect these platform workers.

The Committee subsequently published a 80-page report detailing their findings as well as a total of 12 recommendations, all of which were accepted by the MoM and set to roll out in 2024. The recommendations revolved around 3 main areas: financial protection in the case of work injuries, improving housing and retirement adequacy and enhancing representations for policy making.

In 2022, the Advisory Committee on Platform Workers published a set of recommendations around social protection for self-employed individuals working for online platforms - specifically delivery persons, private-hire and taxi drivers.

1. Ensuring adequate financial protection in case of injury via a scheme similar to Work Injury Compensation (WIC) insurance.
2. Improving housing and retirement adequacy by introducing CPF contributions
3. Enhancing representation by creating a framework for seeking formal representation

[1] Number of Self-Employed Workers in Singapore, Global Data
[2] More own account workers in 2021, even as share of self-employed fell: MOM (2022), Business Times
[3] Labour Force in Singapore 2022, Ministry of Manpower (MOM)

Path to financial freedom and protection

Industry landscape

The platform industry is one that is not standardised, and is made up of many different types of platforms serving differing needs, ranging from ride-hailing to food delivery, as well as logistics and courier. The business model of these platforms are varied as well, with some platforms serving the consumers directly, while others are on a "business to business" or "peer to peer" basis. Some of the platforms are large with regional or global presence, while others are small sized with less than 50 employees or workers and only operate locally at a smaller scale.

The platforms which are directly affected by the recommendations of the Advisory Committee are those platform companies that "exerts a significant level of management control" over the platform workers[4]. This includes factors like having a data-driven, real-time platform to match the platform workers with the consumers, the ability of the platform companies to determine the price of services and price cap for a particular service, as well as the extent which the platform companies can directly manage the jobs and work allocated to the platform workers. These indicators above would help the Advisory Committee to determine if the platform companies would be affected by the recommendations.

Affected by recommendations

Industries

- Private ride-hailing/taxi
- Food delivery
- Logistics and courier

Device-to-device (D2D) model

- Exerts a "significant level of management control" over platform workers
- Data-driven, real-time platform to match platform workers with consumers, ability to influence prices

Unaffected by recommendations

Industries

- Staffing/recruitment
- Influencer marketing

B2B model

- On-demand matching of workers they hire to consumers that require their services.
- Have minimal control over scope of work, which workers get hired and fees; up to their clients.

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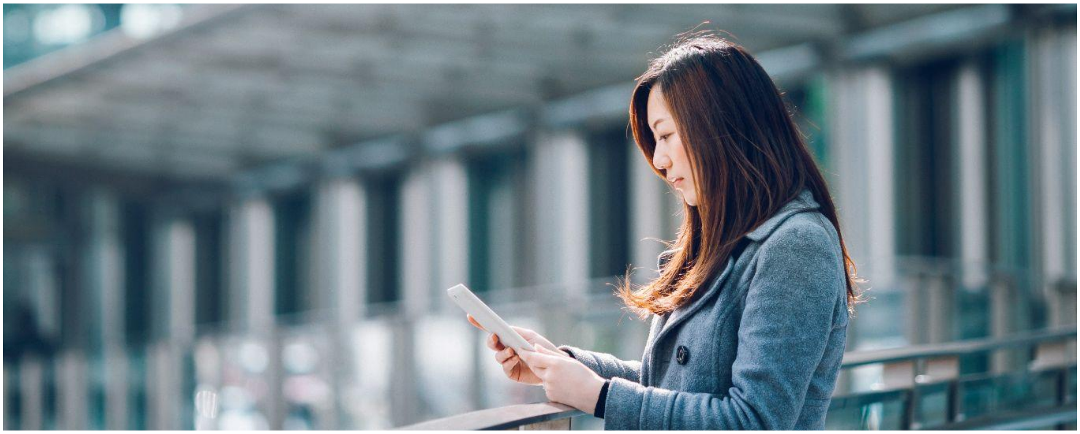


[4] Strengthening Protection for Platform Workers, Advisory Committee on Platform Workers

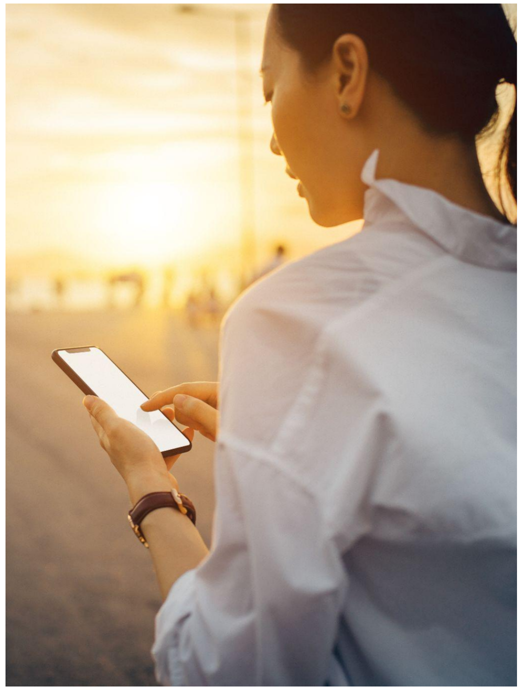
Path to financial freedom and protection

Financial Freedom Index

The Financial Freedom Index is a study commissioned by Singlife, with the objective of understanding the current perception of financial freedom amongst individuals in Singapore. The Index captures the extent to which individuals feel financially free, reflecting their emotions and sentiments towards their financial situation.

The self-administered survey was conducted online from December 2022 to January 2023. It involved 3,000 Singaporeans and Permanent Residents (PRs) aged between 18 and 65 years representing diverse income levels and life stages[5].

The Index is based on a single direct question, using a scale of 1 to 10, where 10 represents "Extremely financially free" and 1 denotes "Not at all financially free." Participants were asked to rate how financially free they felt. The survey also asked 25 questions, categorised under 6 key themes that contribute to financial freedom.



Financial freedom indicators

Retirement	Income Streams/ Stability	Managing Unexpected Events	Spending/Saving & Goal Setting	Managing Recurring Expenses	Giving Back
1. I have sufficient savings to tap into when I retire to maintain my lifestyle. 2. I have the choice to stop working/retire whenever I want to. 3. I can estimate how much I would need to retire. 4. I have started planning the steps I need to take towards retirement.	5. I have alternative streams of income on tap of my main income. 6. I have passive income streams. 7. I have a growth trajectory for my career/job situation. 8. I feel secure and stable with my job situation. 9. My income growth is consistently higher than the increase in my household expenses.	10. I am able to maintain my current lifestyle in the event of unexpected circumstances for at least 12 months. 11. I have sufficient savings/emergency funds to tap into in unexpected situations. 12. I have the ability to settle my hospital bills if I fall ill. 13. I have the ability to settle the hospital bills of my dependents if they fall ill.	14. I am able to meet my monthly savings goal after paying my monthly bills/loans. 15. I am able to put my financial knowledge into how I manage my money and am in full control of my personal finances. 16. I have more than enough savings/ money to spend on my needs and wants. 17. I can estimate how much is needed to maintain my lifestyle in the period before I stop working.	18. I can pay off my loans most/all of the time 19. I can pay off my monthly bills in full most/all of the time. 20. I can provide for my dependents comfortably. 21. I have the ability to manage rising costs/inflation. 22. I do not have to rely on others financially for my needs and wants today. 23. I do not expect to rely on others financially for my needs and wants in the future.	24. I expect myself to have enough money for the rest of my life and that my loved ones will also receive some inheritance from me should I pass on. 25. I have enough money to give back to society on a regular basis.

[5] Financial Freedom Index 2023 (2023), Singlife

Path to financial freedom and protection

Methodology on Financial Freedom Index survey for platform workers

Apart from the earlier Financial Freedom Index study, Singlife conducted a separate quantitative survey with 500 Singaporean and Permanent resident (PR) platform workers, the Financial Freedom Index for platform workers.

This independent survey, targeted at the platform workers, aimed to gain insights into their motivations for remaining in this industry, the challenges they confront, and the effects on financial independence.

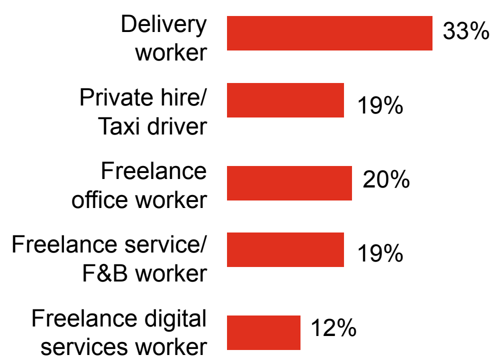
This research sheds light on their pain points, offering valuable guidance for the industry to enhance worker well-being. Singlife then drew comparisons against the results of the Financial Freedom Index study to compare the perception of financial freedom of the platform workers against the general Singapore population.

The selection of platform workers for the survey was from various industries, with 33% coming from the food delivery segment. The age profile of these platform workers surveyed is more towards the younger generation, with 58% below 35 years of age.

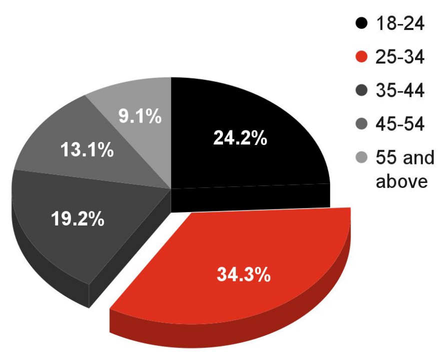
Additionally, qualitative interviews with nine platform companies were conducted to capture their perspectives on the proposed recommendations regarding work-related injury compensation and increased CPF contributions. This comprehensive approach ensured a holistic understanding of the platform economy's dynamics and points towards potential improvements.

The subsequent sections highlight some of our key findings and insights identified through the surveys and interviews conducted.

Types of Platform Work



Age profile of platform workers



Growth of platform industry

Key trends affecting platform work

Key trends affecting platform work

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Growth of gig economy

The changing landscape of work has led to a significant rise in the gig economy, a trend that is expected to continue growing in the coming years. This growth is particularly evident in the realm of platform workers, who have embraced the flexibility of remote work arrangements. Unbeknownst to the world, the pandemic has served as a catalyst for the expansion of the gig economy, offering a lifeline to those initially impacted by the crisis, prompting them to turn to freelancing as a means of income generation during these unprecedented times.

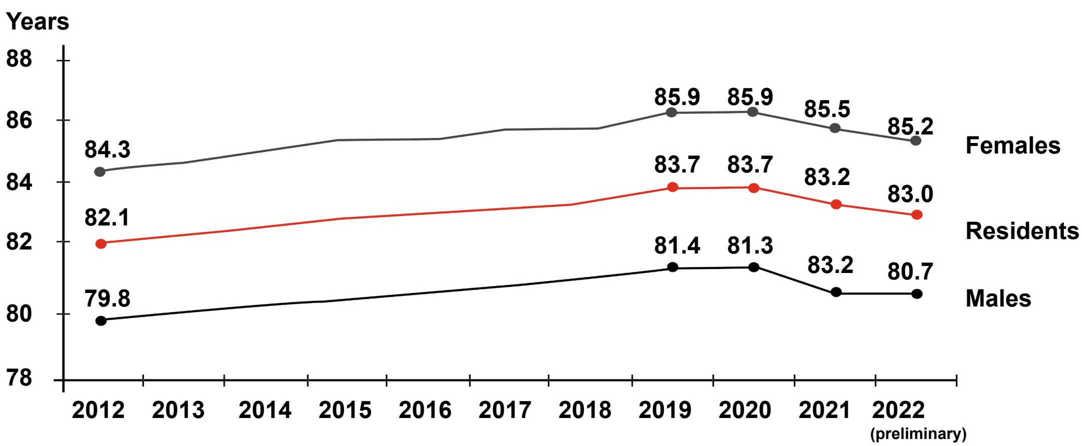
A growing number of individuals are moving away from the traditional confines of a 9-to-5 job and are actively seeking alternative ways of working within the gig economy. They recognise the numerous benefits associated with this model, including the ability to diversify their sources of income and enjoy greater flexibility in their work arrangements.

Increasing life expectancy

Barring infant deaths, road accidents, air pollution-related fatalities, cardiovascular or chronic respiratory diseases, and those linked to unsafe water or inadequate hygiene practices, Singapore has one of the world's lowest mortality rates. Extensive analysis of governmental data projections indicates that by the year 2030, a significant proportion, amounting to a quarter of Singaporean citizens, will have reached the age of 65 or above[6].

Consequently, this demographic shift will result in a growing number of individuals approaching retirement age, subsequently requiring access to savings. Moreover, it is noteworthy that the average life expectancy for Singaporeans has risen to a remarkable 83.8 years[7], signifying the overarching trajectory towards a markedly ageing society over the impending years.

Chart 1: Life expectancy of birth of Singapore's resident population



Source: Singapore Department of Statistics: Complete Life Tables for Singapore Resident Population, 2021-2022

[6] Complete Life Tables for Singapore Resident Population, 2021-2022 (2022), Singapore Department of Statistics
[7] Population in Brief 2022 (2022), Strategy Group in the Prime Minister's Office

Key trends affecting platform work

Growing cost of living

The cost of living in Singapore remains high, claiming the top position as one of the most expensive places to reside in. While Singapore has long been coveted for its quality of life and employment opportunities, it has become increasingly challenging to lead a comfortable life within the city. In a recent survey conducted in 2022 by the Economist Intelligence Unit (EIU) to determine the world's costliest cities, Singapore once again claimed the top spot alongside New York[8]. It is noteworthy that Singapore has ranked at the top of this list for eight out of the past ten years.

Healthcare facilities are also witnessing a further surge, exacerbating an already high financial burden[9]. Singapore faces the dual challenge of an increasing ageing population and the rising expenses associated with their care. Consequently, the government must budget for the costs of supporting and providing medical subsidies to the elderly. In response, it was announced in 2022 that an increment in goods and services tax (GST) would be necessary to generate additional funds. These funds will be utilised to establish more hospitals, polyclinics, and other healthcare facilities to cater to the needs of the elderly.

Top ten positions

City	Geography	Index (New York = 100)	Rank
Singapore	Singapore	100	1
New York	US	100	1
Tel Aviv	Israel	99	3
Hong Kong	Hong Kong	98	4
Los Angeles	US	98	4
Zurich	Switzerland	94	6
Geneva	Switzerland	91	7
San Francisco	US	85	8
Paris	France	84	9
Copenhagen	Denmark	83	10
Sydney	Australia	83	10

Source: EIU.

[8] Worldwide Cost of Living (2022), The Economist Intelligence Unit Limited Fighting Healthcare Inflation in Singapore
[9] Inflation, rising healthcare costs among key threats to financial goals, say Singapore residents in poll, 2023, Straits Time

Key trends affecting platform work

Rising inflation

The impact of global inflation reverberates across the country, resulting in surging prices for essential commodities such as real estate, petrol, gas, electricity, and food. The year 2021 witnessed the strengthening of the US dollar against various global currencies due to interest rate hikes initiated by the Federal Reserve (the US Central Bank). Consequently, companies worldwide are resorting to layoffs, cost-cutting measures, and reductions in employee benefits whenever feasible.

While expenses continue to rise at home, for individuals and businesses alike, wages have not witnessed a commensurate increase. Salary growth in 2023 is projected to reach approximately 4.0%, higher than previous years. However, when juxtaposed against Singapore's inflation rate of 5.5%, it falls short[10]. This scenario compounds the challenges faced by residents, who find themselves in a precarious situation with possible insufficient disposable income and inadequate savings.

Soaring real estate market

Singapore's real estate and rental market is experiencing an unprecedented upsurge, defying the global slump despite government measures to curb it. In 2022, despite the introduction of calibrated cooling measures and a more stringent interest climate, the cost of Built-to-Order flats by the Housing Development Board (HDB) has surged considerably over the years, affecting retirement savings as a significant proportion of housing ownership relies on Central Provident Fund (CPF) utilisation. While housing prices in other Asian markets such as Hong Kong, and the United States (US) experienced declines, Singapore bucked the trend. Despite rising interest rates, demand for Singapore's housing inventory remained steady. The growth rate of home prices reached a high of 3.8% in the third quarter of 2022, following a 3.5% increase in the previous three months[11].

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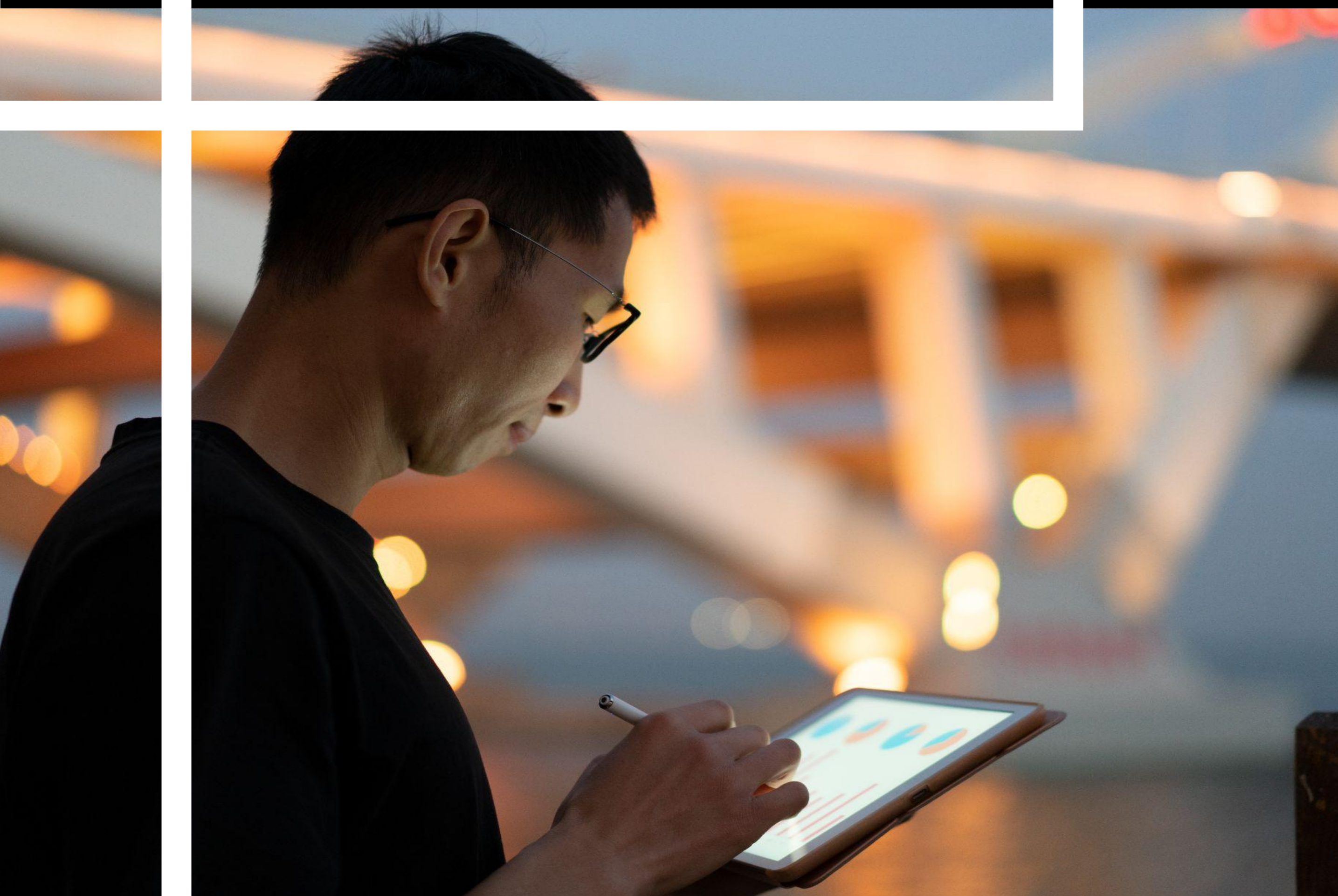
[10] Workers in Singapore expected to see higher salary increase in 2023 (2022), ECA International
[11] Singapore Housing Market Defies Global Downturn And Curbs Amid Soaring Rents (2022), Forbes

Growth of platform industry

Paving the road ahead



Platform workers: Financial Empowerment and Protection

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Reactions to the recommendations

In November 2022, the Singapore Government accepted the recommendations of the Advisory Committee on Platform Workers circled around social protection for self-employed individuals working for online platforms. Following which, the Government would work closely with the stakeholders, including the platform companies and workers, to progressively implement these changes from the later half of 2024[12].

To improve the housing and retirement adequacy of the platform workers, part of the proposed solutions include a need for CPF contributions to be made for platform workers, at an aligned contribution rate between the platform companies and workers. The CPF contributions are made compulsory for platform workers which are 30 years old and below. Platform companies are also now required to provide the same level of work injury compensation as required by the Work Injury Compensation Act (WICA) of Singapore.

Platform workers

While the platform workers are meant to be the main beneficiaries of these recommendations, they face unique challenges as well. Many of the platform workers are facing financial pressures, and do not have much financial savings set aside for the future. Retirement is a faraway horizon and many of them were unable to set aside sufficient funds to prepare for the longer term.

Compared to general Singaporeans, less platform workers deem financial freedom to be something very important to them as opposed to their current pressing needs, and 28% of the platform workers have never thought about financial freedom before.

Platform companies

With the timeline in mind, the platform companies would need to quickly understand the impact of the requirements, assess and consider the operational challenges to existing processes, and to implement new processes to bring about these changes.

The proposed legislative changes on CPF contributions would mean that platform companies now need to operationalise and ensure that there is a proper mechanism in place to track the CPF contributions of the workers using their platform.

Additionally, whilst many of these platform companies have existing protection and benefits for their platform workers, changes would still have to be made to ensure that the "gig-WICA" coverages meet the new requirements.

Summary

Proposed changes are welcome for both the platform workers and companies, notwithstanding some challenges:

Platform workers - CPF benefits would help in retirement, but might not support their short-term needs.

Platform companies - Operational requirements in ensuring that the CPF and WICA requirements are properly implemented to meet the needs of the platform worker

[12] Government Accepts Recommendations by the Advisory Committee on Platform Workers to Strengthen Protections for Platform Workers (November 2022), Ministry of Manpower (MOM)

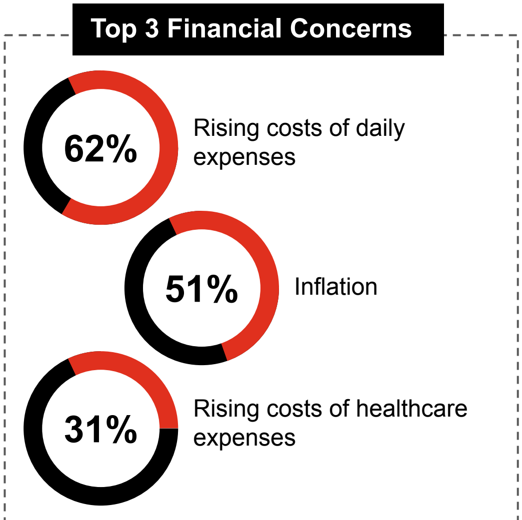
Platform workers: Financial Empowerment

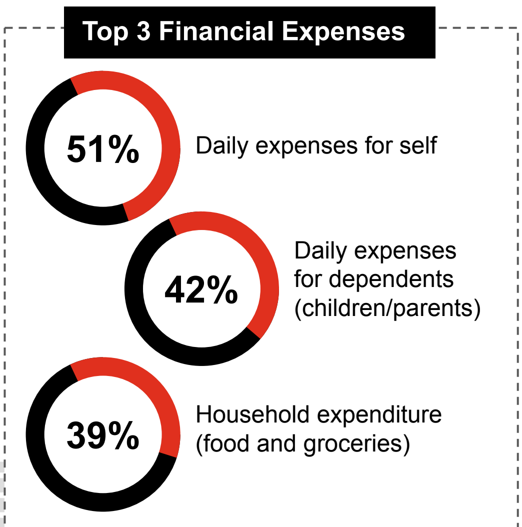
Immediate stresses and concerns

A source of financial stress which emerged for the platform workers is the pressure to keep up with the rising costs of daily expenses, especially with irregular income. Inflationary increases have further exacerbated their concerns. In 2022, the trend of inflation went up by 6.1% compared to 2021, and such significant increases have not been seen in the past 10 years.[13] 62% of the platform workers surveyed cited that the rising costs of daily expenses form their top financial concern. This is evident from the fact that a significant proportion of their financial expenses comprise basic and household needs.

Alongside the impact of the increasing costs of daily expenses and necessities, irregular income is another factor which piles on the financial pressure faced by these platform workers. 4 in 5 of these platform workers earn a monthly personal income of SGD 4,000 and lower, even though 48% of the platform workers clock in more than 40 hours per week. Further, 81% of them rely on it as their only source of income.

Half of the platform workers who work > 60 hours a week do not make enough to meet their savings goal after paying for monthly expenses.





[13] Understanding Inflation & Monetary Policy (n.d.), Monetary Authority of Singapore (MAS)

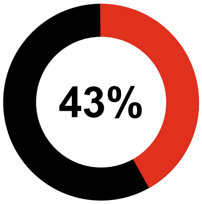
Platform workers: Financial Empowerment

Immediate stresses and concerns

The survey indicates that, from the platform workers' perspective, financial freedom is mostly driven by their ability to meet immediate daily needs, slightly differing from the broader general population that defines it through comfortable retirement and having excess funds.

Inflation therefore has a more significant impact on platform workers than the general Singaporean population. This also underscores the importance of having an almost instant access to their daily wages to maintain a healthy cash flow.

Of all the factors that contribute to the feeling of financial freedom, managing rising costs and inflation carried the most weight for platform workers in Singapore, at 15.1%.



Of platform workers are stressed about their finances

Top 3 factors that contribute the most to feeling financially free

	For Platform Workers		For The General population
#1	I have the ability to manage rising costs/inflation	#1	I have the choice to stop working/retired whenever I want to
#2	I expect to have enough money in my lifetime and my loved ones will receive inheritance should I pass on	#2	I have enough money to give back to society on a regular basis
#3	I have a growth trajectory for my career/job situation	#3	I have more than enough saving/money to spend on my needs and wants

Comparatively, this same factor of managing rising costs and inflation is a significantly lower contributor towards the feeling of financial freedom for the general Singaporean population, at only 5.1%. This shows that the ability to manage rising costs exerts 3 times more impact on platform worker's financial freedom, as it does on the general population.

The factors driving financial freedom are also more widely distributed for the general population than platform workers. This indicates that financing daily needs, or the inability to, would cause greater fluctuations in platform worker's financial freedom, than it does for the average Singaporean.

In fact, the average platform worker rated themselves 50 out of 100 in terms of how financially free they feel. This is about 10 points lower than the financial freedom score of the average Singaporean.

Platform workers: Financial Empowerment

Saving for rainy days

Based on a survey conducted in March 2023, 44% of Singaporeans feel that there is a need for them to save up for rainy days and 26% for medical needs.[14] Despite that, amongst platform workers, only 12% have sufficient savings/emergency funds to tap into in unexpected situations, and 19% are able to meet their monthly savings goals after paying bills.

This highlights 2 key issues: the significant gap in coverage arising from unexpected events, and also the challenge for platform workers to keep up with their savings goals. In fact, only 13% of the platform workers, as opposed to 34% of the general Singapore population, view that they have more than enough savings and money to spend on their needs and wants.

Among platform workers who work more than 60 hours a week, 49% of them still do not make enough to have savings left after paying off their monthly expenses.

> Right now I don't have enough cash left, but I want to get back to saving for my children because the kids need something to start up. I hope that the money can help them.

T, Ride-hailing driver

4 in 5 platform workers earn less than $4K per months This is not accounting for rental and petrol costs that delivery workers and private hire/taxi drivers have to pay for.

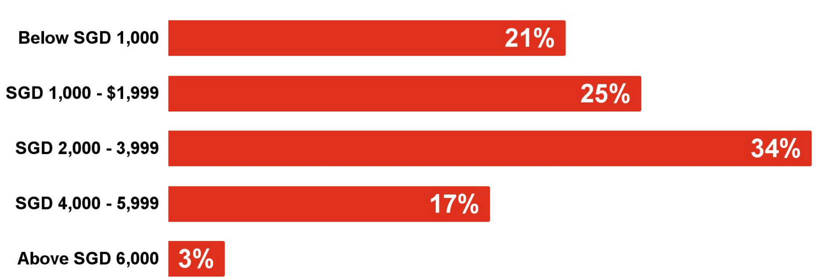
A part of that could be due to the unseen costs of platform work. For example, ride-hailing drivers have to account for car rental as well as rising petrol prices.

Petrol prices continued to climb in Singapore, with the 95-octane petrol now rising to close to S$3 a litre in August 2023[15]. Such rising costs would significantly reduce the ability of the platform workers to have substantial savings after paying off expenses. A full tank of petrol, which costs about S$70 previously, would now cost close to S$100[16]. Additionally, based on the rates quoted on a private hire website[17], a private car rental could cost between S$50 to S$100 per day, depending on the model of the car rented. This translates to S$1,500 to S$3,000 a month on rental alone.

> People think we earn a lot, but we don't. We just put in more hours. We earn about $15-$20 per hour.

T, Ride-hailing driver

Monthly income from platform work

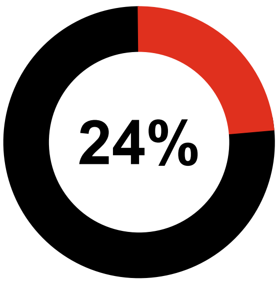


[14] Keeping retirement planning on track can be a struggle, say Singapore residents in survey (May 2023), The Straits Times
[15] Pump prices continue to rise, with 95-octane heading to $3 per litre (August 2023), The Straits Times
[16] Rising petrol prices batter earnings of private-hire car and taxi drivers, as some consider quitting (March 2022), TODAY
[17] Fleet rental rates, Lion City Rentals

Platform workers: Financial Empowerment

The retirement dream

22% of the platform workers have selected saving for retirement as their primary financial goal. For the age groups of 35 years and older, this becomes much more of a concern, with 25% to 34% of the platform workers indicating that saving for retirement is their primary financial goal. For the younger platform workers, their key financial goals are towards purchasing a home and saving for future emergencies.



Percentage (%) of platform workers not saving for retirement at all

The focus and priorities of platform workers are very different from that of the general Singapore population. Retirement is a major concern for the platform workers as only 7% of the platform workers indicated that they had the choice to stop working and retire whenever they wanted to. In contrast, 30% of Singaporeans specified that they had the choice to do so.

Despite having the goal of retiring by 62 years old, a quarter of the platform workers are not able to save for retirement at all. The older platform workers have less expectations of retiring early, and are putting aside more money each month for retirement. Less than 20% of the respondents in the age buckets of 45 years old and above have not managed to save for retirement at all. On average, these groups of platform workers have only managed to save up and set aside S$410 to S$460 each month for retirement. As they age, the dreams of early retirement fades away for these platform workers.

Only **1 in 10** platform workers have begun planning towards retirement and are able to estimate how much they would need to retire comfortably.

Primary financial goal, by age group

	18-24 years old	25-34 years old	35-44 years old	45-54 years old	55 years +
Saving for retirement	16%	17%	25%	30%	34%
Purchasing a home	21%	26%	12%	7%	0%
Saving for emergencies / emergency funds	23%	17%	12%	12%	9%
Ensuring I have sufficient money for medical & healthcare expenses	12%	9%	5%	7%	18%
Paying off my housing mortgage	3%	11%	16%	10%	2%
Saving for my children's education	1%	5%	23%	10%	5%
Paying off my personal debts/loans	11%	9%	2%	4%	5%
Paying off my car loan	3%	2%	2%	16%	14%

Platform workers: Ensuring adequate protection

Insurance protection gap

Based on the PwC's Insurance 2025 and Beyond report, the global protection gap has widened across all sectors, reaching US$1.4tn in 2020. It is projected that the protection gap could reach US$1.86tn by 2025, with Asia Pacific contributing to 50% of the risks that are uninsured.[18]

In Singapore, only employees are covered under the Work Injury Compensation Act (WICA). As platform workers are not considered employees of platform companies, the existing WICA requirements do not apply. While most platform companies do provide personal accident coverage and cash payouts in the event of hospitalisation, these are currently not mandated nor standardised in the industry, and could be limited for platform workers.

With the revised recommendations by the Advisory Committee on Platform Workers, the platform companies would be required to provide the platform workers on their platform with adequate protection and accord them with the same level of work injury coverage and protection as what local employees are entitled to. To achieve that, platform companies are working with the government to create a tailor-made WICA programme for platform workers. These revised recommendations seek to ensure adequate financial protection in case of workplace injury suffered by the platform workers.

Food for thought

Most insurance coverages have minimal protection for loss of income if sick or hospitalised, and only offer a fixed amount of payout which is small in comparison to the platform workers' daily income.

Some platforms also have waiting periods before the payouts would kick in.

For some platform workers, they are only covered when they have an in-force and valid with the platform (i.e. For delivery to areas outside their zone, they would need to return back to the zone for more jobs, and that return trip is not covered by the platform if they do not have another active job on hand).

> I got into a very bad accident and had to rest at home for two weeks. That time [my platform owner] gave me $20 a day to cover [loss of income], but it's too little to make of anything.

T, Ride-hailing driver

> Gojek is supportive of expanding job protection for platform workers. However, given the multi-homing nature of gig workers, these new measures would be best administered centrally by authorised regulators that have access to the full data sources for each platform worker. This would enhance efficiency, rather than have each platform replicate resources, technology and manpower for a fraction of each platform workers' output.

Representative from Gojek, Ride Hailing Platform

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[18] PwC Insurance 2025 and Beyond (n.d.), PwC

Platform workers: Ensuring adequate protection

Existing protection

The platform companies have provided varying levels of support as part of their existing schemes. This cuts across different risk types and varying levels of insurance coverage. A summary table of the existing protection provided to their platform workers are summarised in the table below.

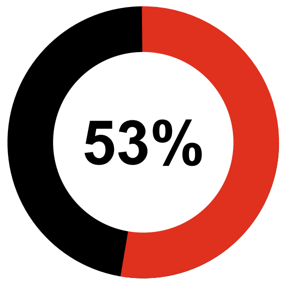
However, platform workers still have low awareness of the existing coverage schemes available to them. 53% of those working for ride-hailing/ food delivery platform companies that provide coverage thought that they did not have any insurance coverage from their platform owner, despite attempts from these platforms to educate workers on the coverage schemes. Those who were aware of the existing insurance coverage provided felt that it was well-intentioned but insufficient for their needs.

There are also coverage gaps, where some riders and drivers are only covered when they have an in-force and valid agreement to complete deliveries on behalf of the platform they are working for.

For example, a delivery platform worker who travels to a less busy area to make a delivery would later have to venture out into a busier area to increase their chances of getting their next job. Any accident or injury that occurs during that journey to find more jobs is currently not covered by the platform company's existing schemes.

The traditional WICA model broadly covers injuries and occupational diseases that happen to employees at work or as a result of work.

It is therefore not a good fit for the platform industry in its current form given the unique nature of platform work, where workers have neither a fixed workplace nor working hours.



Of platform workers from the major food delivery and ride-hailing platforms say they do not have insurance coverage from the platform companies

> "If you drop off an order without another order on hand and you're far out, you need to go back [to a hot-spot]. They won't assign you an order if you're too far. [And] insurance only covers if you have an order on hand.

S, Delivery Rider

Insurance protection and coverage	Food delivery platforms	Ride-hailing platforms
Personal accident	Death/total permanent disability coverage ranging from SGD 20K to SGD 70K Medical expenses ranging from SGD 1K to SGD 13K	Between nil to SGD 15K in the event of death/total permanent disability Medical expenses ranging from nil to SGD 1K
Hospital cash	Between 14 days to 60 days, with pay-outs ranging fro SGD 30 to SGD 55 per day	Between nil to 60 days, with pay-outs up to SGD 80 per day
Medical leave	Between nil to 14 days	Between nil to 60 days, with pay-outs up to SGD 80 per day
3rd Party liability	Between nil to up to SGD 1.5 million in the event of injury/property damage to others	Nil

Concerns from the players: CPF

The platform workers' need

While the platform companies agree that enhancing the workers' CPF is a positive step, mandating CPF contributions could reduce appeal in platform work.

Firstly, making the 17% employers' contribution mandatory for platform companies could dampen the demand for platform services in Singapore. The additional cost of CPF contributions for the platform workers would be borne by platform companies, which could drive up their operating costs. These increased costs may in turn be shared with vendors and end-customers, ultimately increasing the cost of using such platforms. This could potentially reduce the usage of such platform services by vendors and end-customers, which reduces the availability of jobs for platform workers and decreases their income.

In essence, this move could cause a negative circular effect on the entire food delivery and ride-hailing ecosystem.

There are also concerns over the 20% employee contribution to be made by the platform workers. As seen earlier, many of these platform workers are relying on their platform income to cover immediate basic needs, and a further 20% reduction in monthly income would be significant for most. Introducing a 20% CPF contribution also means that platform companies would need to ringfence a certain percentage of the worker's income until the end of the month. That ringfenced amount will only be accessible to workers if their monthly salary is below $500 and is not eligible for CPF contributions.

Given that platform workers prefer having immediate access to their total income to better allow them to finance daily needs, the allure of platform work may fizzle for the sectors affected by the recommendations. The platform industry would expect to see some movement from the delivery and ride-hailing sectors into other sectors unaffected by the CPF mandate, disproportionately affecting companies in the former category.

Platforms contribute 17% more to wages, increasing operational costs. To keep profitability tenable, these costs are shared with vendor and consumers.

↓

Vendors could increase prices or drop off the platform as the cost of operating increases.

↓

Consumers could reduce usage as the cost of delivery are no longer worth it.

↓

Drop in demand for platform services reduces the number of jobs available for platform workers, decreasing their income.

↓

Reduced financial freedom as platform workers now lack short-term financial security.

> When the recommendations were first announced, we asked ourselves if these would benefit our delivery partners meaningfully, specifically in helping them ensure retirement adequacy. While we agreed that they would, we believe that the opinion on whether our delivery partners want mandatory CPF is still quite split.

Representative from foodpanda,
Food delivery platform

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Concerns from the players: CPF

Concerns of the different age groups

Based on the current recommendations from the Advisory Committee, there is a "cut off" age of 30 years old, where it is compulsory for platform workers under that age to contribute to CPF. This rule was created with the assumption that younger workers need to grow their CPF monies for future milestones like purchasing a house and retirement, whereas older workers would have already accumulated sufficient CPF or have paid for their house.

However, in reality, it is hard to determine who has passed certain milestones and determine retirement adequacy based on age alone. Furthermore, some platform workers may be using platform employment as a second source of income, on top of employed work that may already be contributing to CPF. As there are many nuances and different situations involved, blanket CPF rules for certain age groups may overlook the unique needs of each individual.

“

We recognise and understand the reasons for extending CPF to platform workers – especially in helping to ensure their ability to retire comfortably. At the same time, however, as this is progressively rolled out, we need to be acutely aware of the possibility of unintended consequences that come with mandatory CPF contributions for platform workers and ensure the benefits which have made the gig economy an attractive source of income for these individuals is not lost as a result.

Representative from Deliveroo, Food delivery platform

The unseen operational challenges

For the platform companies, there are also other practical considerations that needs to be placed. Firstly, there is no off-the-shelf system that could be used by the platforms. There are no platforms or vendors that have built systems and processes that can be standardised for the nature of the platform work, unlike payroll tools which are readily available for traditional employment. The platform companies would need to incur significant investment costs to develop systems and solutions that could integrate into the existing infrastructure to manage, collect and transfer data and workers’ contributions to the CPF.

Secondly, platform companies would also need to reconfigure salary calculations, including potentially withholding their salary until they can verify whether a worker has earned enough that month to qualify for CPF contributions, and calculate how much needs to be deducted. This would require multiple changes to the back-end operations like the finance protocols, collections and business ledgers, and also the front-end user interface, including how earnings would now be presented.

Lastly, there would be increasing manpower needs to operationalise as well as collect and manage the CPF contributions for the platform workers.

Sufficient time for testing and iteration needs to be considered to ensure a seamless transition into this new model. This needs to be factored into the implementation timelines outlined by the Government.

Concerns from the players: work injury protection

Clarity on the scope

While platform companies are aware that the insurance protection and coverage for the platform workers could be enhanced, there is a need for greater clarity on the scope of coverage, risks and claims procedures for the platform work injury compensation programme to be operationally feasible.

Uncertainties around the underwriting of a future WICA product for platform workers have led to concerns from platform companies around pricing.

Scope of coverage
In comparison with the office employees or individuals with regular working hours, there is greater difficulty in defining the concepts of “at work” and “result of work” for the platform workers. The current WICA covers injuries which are sustained from work related events including travel during work. This definition is broad for the platform workers - how and when protection kicks in for these platform workers need to be clearly defined.

Risk levels
For the platform workers, the risks vary across different jobs and types of vehicles used. For example, travelling via a motorcycle as opposed to a delivery van could have vastly different risks of severe injury. The risks faced by the platform workers at work need to be assessed and factored into the pricing of the platform worker insurance product, rather than a “one size fits all” product.

Claims execution
Currently, under the traditional WICA, employers are directly involved in the claims reporting process for their employees. However, for platform workers, insurance claims is currently managed directly between the platform worker and insurer. The platform companies do not have existing resources to manage the claims reporting processes. Also, with the growing size of the industry, ensuring that the legitimacy of claims could be a challenge for these platform companies as they do not undertake such a role at the moment.

Other challenges - Multi-homing
Apart from the scope and operational challenges, there are also other concerns posted by the platform companies. In this current platform industry, most platform workers work for multiple platforms, and there would be complexity in determining which platform is responsible for compensating total income loss from all platform work.

Furthermore, with the lack of information sharing across platforms, it is hard to accurately assess and calculate the total loss of income from platform work in the event of hospitalisation or falling sick, unless a centralised system is set up for the platform worker to report their income. There are also challenges around the commercial sensitivity of data-sharing across platforms if worker hours, income and rates need to be disclosed for an insurance claim.

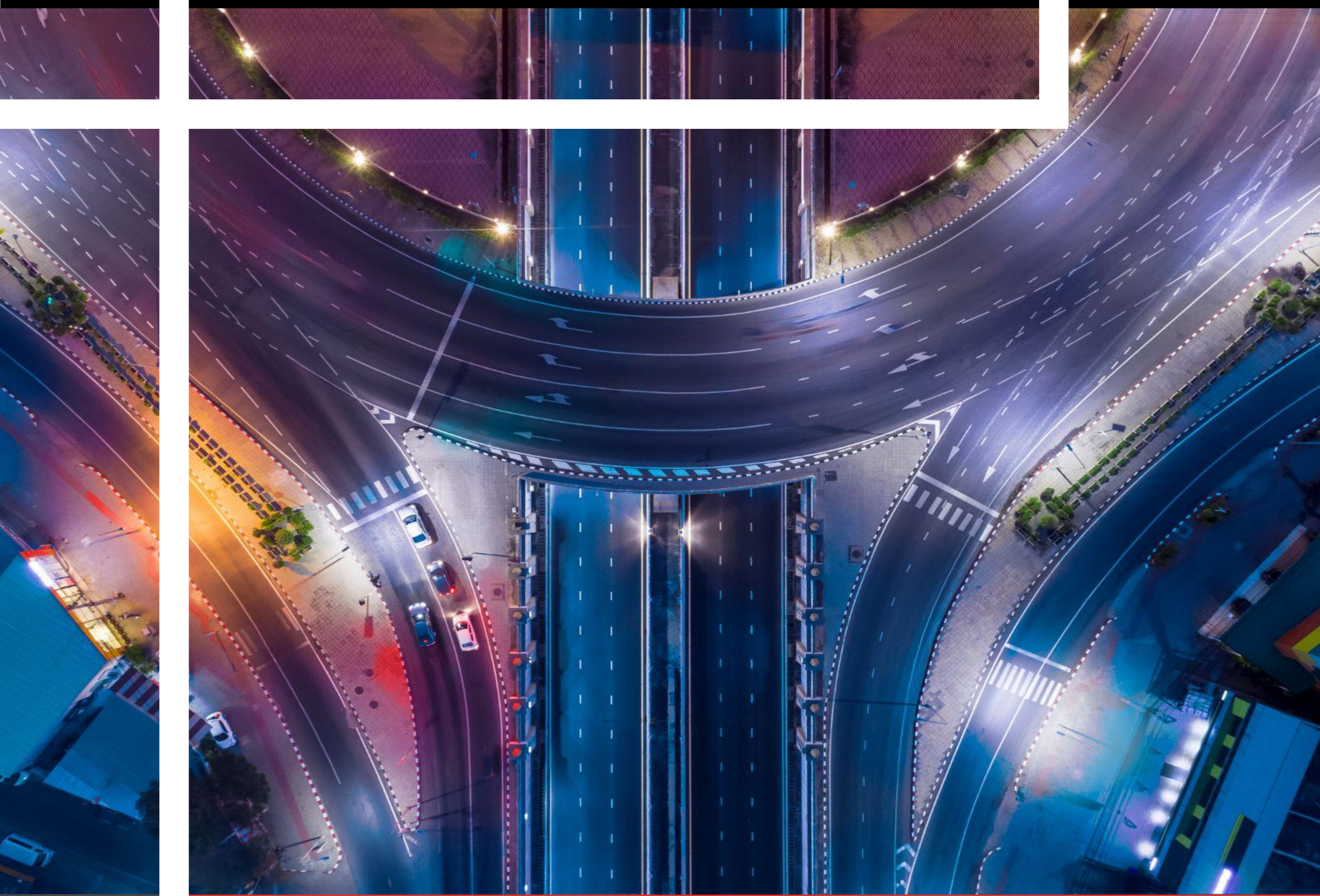
Summary

A successful and sustainable WICA for this industry requires t**houghtful customisation**, which involves an openness from the government to **iterate a version for platform workers**.

> “Platforms do not have visibility of what drivers are earning from other platforms, given that many earn from multiple platforms. There might be commercial sensitivities as well if there’s a need to share such data [for accurate claims compensation] between different private parties, and difficulties with pricing / underwriting this component.
>
> **Representative from Grab, Ride hailing platform**

Our thoughts

Lessons learnt and looking ahead



What we've learnt

What we've learnt

The recommendations and proposed changes by the Advisory Committee for Platform Workers would be adopted in phases, and has significant impact to both the platform companies and the platform workers alike. However, some additional considerations and the fine-tuning of the specific details of how these recommendations would pan out for the industry would be beneficial.

Long-term gains of CPF comes with short term pains

The priorities of the Government is helping the platform workers form a longer term view, where they would be self-sufficient in future planning and even retirement. However, from the platform workers' perspective, having mandatory CPF contributions would affect their short-term and immediate needs as they grapple with the increasing costs of living.

Closing the workplace injury protection gap needs to come at a reasonable expense

Better welfare and protection for the platform workers come at a cost, and these improvements must be feasible for the platform companies and insurers in the long run. Sufficient considerations should be placed over making sure workers are appropriately protected. Operational concerns over the structure of the work injury compensation insurance, as well as the costs, needs to be addressed.

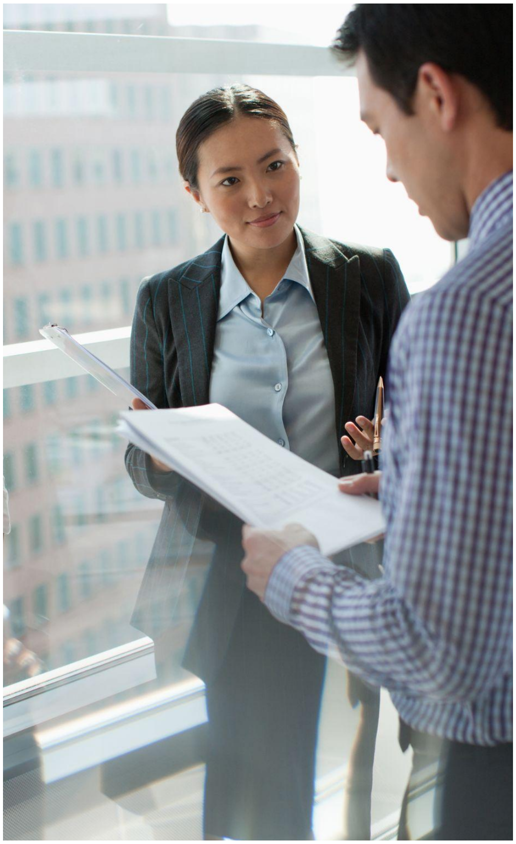
Looking beyond

Apart from the platform workers in the ride-hailing and delivery sectors, there are other platform workers in various sectors who are insufficiently protected and lack financial security. The initial recommendations made for platform workers would need to be reviewed and made relevant for the other sectors as well. This would ensure that the playing field is levelled for all platform companies, as well as ensure that platform workers across all industries are appropriately covered.

Smaller platforms would also face manpower constraints and operational challenges, and would need more financial support from the Government to carry out some of the recommendations.

Conclusion

Putting it all together, the respective stakeholders need to work closely together to ensure that the platform workers receive adequate benefits. This would come at a cost to the platform companies, and concerns would need to be appropriately resolved such that a meaningful scheme can be put in place to improve the financial freedom and protection for the platform workers.



Looking at other markets

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Developments in the region

Within the geographic region, there is a surge in workers in the ride-hailing and delivery business. Even within Southeast Asia, different countries have varying levels of implementation of rules regarding platform workers. Some countries like Philippines and Malaysia are implementing laws on basic benefits for platform workers like insurance and social schemes. Others have, through the local labour unions and advocated by these platform workers, pushed for legislation to mandate the basic benefits for them.

Philippines

In Philippines, a bill, the Protektadong Online Workers, Entrepreneurs, Riders, at Raketera (POWERR) Bill, was filed in October 2022 (Senate Bill No. 1373). The Bill requires platform workers to be treated as workers rather than independent contractors or freelancers. The bill seeks to hold these platform countries responsible for injuries sustained by the platform workers in the course of their work, ensure that they are enrolled in local social schemes and be legally entitled to the minimum wage in the Philippines[19].

Thailand

While no official legislation has been enacted in Thailand, there have been calls from delivery riders to establish minimum labor protection standards, encompassing compensation for work-related injuries, union recognition, and assistance with social security enrollment. The government remains divided with some politicians suggesting a formalisation of protection laws for platform workers, while the Democratic Party suggesting to reinterpret current laws to encompass delivery riders[20].

Malaysia

Malaysia is instituting a policy that mandates self-employed individuals, including gig workers, to participate in the Self-Employed Social Security Scheme (SKSPS). Spearheaded by the Ministry of Human Resources, this initiative aims to extend insurance coverage across all sectors and address the welfare of gig workers who currently lack protective policies or legal safeguards. V Sivakumar, the Human Resources Minister, underscored the absence of coverage for gig economy workers within existing labor laws and their exclusion from minimum wage benefits. The ministry is contemplating dedicated legislation to safeguard gig workers, including those who are self-employed, and is actively promoting registration and contributions to Socso, the Social Security Organisation[21].

China

Shanghai has extended its social insurance and assistance program to encompass gig workers like food delivery riders and taxi drivers, aligning with a nationwide effort to provide social benefits to China's expanding gig economy. This initiative involves city districts enhancing support for the flexible workforce, offering vocational training, social insurance, and employment subsidies. The city government mandates online gig work platforms to establish labor contracts or define rights and responsibilities in written agreements. China's gig economy, projected to constitute over 50% of the GDP by 2025, employs 200 million people (27% of the workforce). However, the lack of legal protection has led to issues, prompting pilot programs for occupational injury insurance in various cities and provinces[22].

[19] 'POWERR Act': Bill calls for gig workers to be recognised as regular employees (2022) HRD Asia
[20] Delivery riders in Thailand want equal benefits (2023) HRD Asia
[21] Malaysia takes steps to protect gig workers' welfare (2023) HRD Asia
[22] Shanghai Plugs Holes in Welfare Net, Gig Workers Now Get Benefits (2023) SIXTH TONE

Looking to the future

The way forward

Recommendations from the Advisory Committee signalled the start of a review of the financial wellbeing and protection benefits amongst the ever-growing population of platform workers.

Singapore is positioning itself as one of the global pioneers in closing the benefits gap for full-time, platform, and gig workers. To ensure the long-term sustainability of these efforts, it is essential to involve various stakeholders.

We explore potential options below:

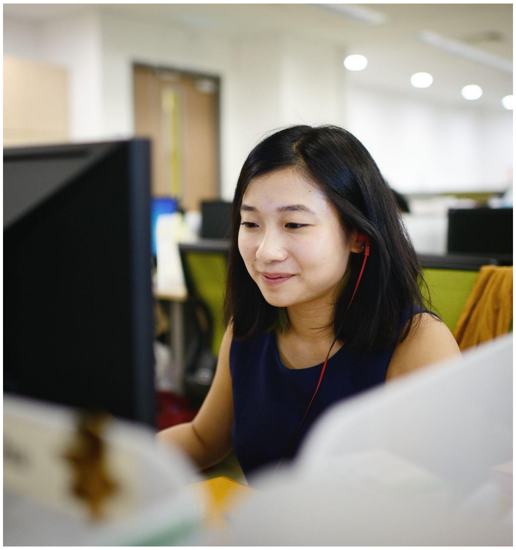
1. Industry-wide insurance coverage

In some regional markets, the government and related agencies lead initiatives to ensure baseline protection for the platform worker industry. For example, in Malaysia, mandatory participation in the Self-Employed Social Security Scheme (SKSPS) is led by the Pertubuhan Keselamatan Sosial (PERKESO), a government-led social security organisation.

Agencies in Singapore can consider replicating the above model to address the protection issues for platform workers to ensure they are accorded baseline protection. Should workers sustain injuries at work, this baseline protection can relieve the cost pressures faced by both platform companies and platform workers.

2. Development of specific WICA coverages and products

Platform workers comprise several sub-groups. It is important to recognise that individuals undertake platform jobs due to different reasons, including having the flexibility of work, supplementary income sources or plugging the temporary income gap in between jobs. Beyond financial concerns, platform workers also face issues such as the lack of health and hospital insurance coverage, financial and mental stress and will need support in the areas of job counselling and upskilling, amongst others.



2. Development of specific WICA coverages and products (continued)

It will therefore be worthwhile to support a collaborative effort encompassing insurers, healthcare providers, job portals, and elective services like mental health providers to identify and address the intricacies of implementing such initiatives. This will help Singapore rightfully address the unmet and unserved needs of platform workers.

3. Empowering platform workers

In 2023, the Singapore government announced two initiatives to improve the financial wellbeing of platform workers: the Platform Workers Work Injury Compensation Network (PWIN) and a new scheme to provide platform workers with employee-like levels of work-injury insurance and contributions to the Central Provident Fund (CPF).

In addition to these baseline safeguards, platform workers can improve their financial wellbeing by attending educational workshops conducted by institutions such as the Institute for Financial Literacy or by seeking relevant information from financial institutions.

Acknowledgement

About PwC

At PwC, our purpose is to build trust in society and solve important problems - this is at the core of everything we do from the value we provide to our clients and society to the decisions we make as a firm.

Our services started with audit and assurance over a century ago. As times change and the issues faced by businesses and individuals evolved, we have developed specialised capabilities in tax, advisory and consulting to help you address emerging new challenges across focus areas like ESG, sustainability and climate change, digital transformation, cyber security and privacy, data, mergers and acquisitions, and more.

In Singapore, we have more than 3,500 partners and staff to help resolve complex issues and identify opportunities for public, private and government organisations to progress. As part of the PwC network of nearly 328,000 people in 152 countries, we are among the leading professional services networks in the world focusing on helping organisations and individuals create the value they are looking for.

About Singapore FinTech Association (SFA)

The SFA is a cross-industry and non-profit organisation. Its purpose is to support the development of the FinTech industry in Singapore, and to facilitate collaboration among the participants and stakeholders of the FinTech ecosystem in Singapore. The SFA is a member-based organisation with over 860+ members. It represents the full range of stakeholders in the FinTech industry, from early-stage innovative companies to large financial players and service providers. To further its purpose, the SFA also partners with institutions and associations from Singapore and globally to cooperate on initiatives relating to the FinTech industry.

The SFA has signed over 50 international Memorandum of Understanding (MoU) in 40 countries and are the first U Associate organisation to be affiliated with National Trades Union Congress (NTUC). Through their FinTech Talent (FT) Programme, launched in 2017, over 300 professionals have been trained in FinTech, including blockchain & cryptocurrency, cybersecurity and regulation. For further information visit https://singaporefintech.org/

About Singlife

Singlife is a leading homegrown financial services company, offering consumers a better way to financial freedom. Through innovative, technology-enabled solutions and a wide range of products and services, Singlife provides consumers control over their financial wellbeing at every stage of their lives.

In addition to a comprehensive suite of insurance plans, employee benefits, partnerships with financial adviser channels and bancassurance, Singlife offers investment and advisory solutions through its GROW with Singlife platform. It also offers the Singlife Account, a mobile-first insurance savings plan.

Singlife is the exclusive insurance provider for the Ministry of Defence, Ministry of Home Affairs and Public Officers Group Insurance Scheme. Singlife is also an official signatory of the United Nations Principles for Sustainable Insurance and the United Nations-supported Principles for Responsible Investment, affirming its commitment to finding a better way to sustainability.

First announced in September 2020 and valued at S$3.2 billion, the merger of Aviva Singapore and Singlife was the largest insurance deal in Singapore then and created one of the largest homegrown financial services companies in the republic.

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