

The Impact of Embedded Finance on the Gig Economy



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Fintech Nation, founded in 2020 by Varun Mittal, democratises economic opportunities and digitises the economy. Its investment platform backs early-stage fintech in SE Asia, while Tawishi Singh leads its think tank for fintech policy. Varun, an author and angel investor, supports the fintech ecosystem through various funds.

The global proliferation of digital platforms has significantly transformed and augmented the prevalence of independent workers actively seeking flexible, on-demand employment opportunities across various sectors, such as ride-hailing, food delivery, ecommerce, and logistics. These independent workers are often known as gig workers.

The gig economy continues to grow at a fast pace globally, even more so after the pandemic, with more and more people preferring remote work flexibility conditions. The pandemic has surprisingly boosted the gig economy growth and has provided, in fact, a lifeline to those initially impacted adversely by the pandemic, who had to turn to freelancing in these unprecedented times.

In the Singapore landscape, there are now over 300,000 gig workers. As such, the ecosystem must understand their financial attitudes, needs, and the faced challenges to provide them with tailored solutions, catering to their niche requirements.

Over time, Singapore has firmly established itself as a leading global financial centre, offering a wide range of benefits to financial institutions, industries, and individuals. It is known for its commitment to setting up an innovative, open, and knowledge-based economy. One of the leading and most successful use cases in the city-nation has been that of fintech and startups, with Singapore taking the stance of being open to innovation. This is demonstrated both by the presence and rise of the local startups, and the infrastructure provided to attract foreign startups, institutional firms, and investments.

“*Personalised workplace benefits will define how gig workers seek and optimise their benefits suite across platforms they leverage for seeking work.*”

When it comes to the gig economy, Singapore has been playing at the forefront as well. While nations globally have been trying to come up with relevant solutions, Singapore has been leading the charge to ensure that this segment’s unmet and unserved needs are met. Whether by setting out an advisory committee to understand the niche needs of this segment or by institutionalising a collaborative and ecosystem-centred network involving platforms, regulators, and financial institutions, they have truly paved the way forward in proactively trying to penetrate this underserved segment better. →

The most appealing aspect for gig workers is their ability to have the discretion and autonomy to select the type of work they would like to be engaged in, based on their criteria. Furthermore, they can work in multiple engagements, without being tied down by a single employer.

It is therefore imperative for these platforms to truly understand the needs of the gig workers, to extend their responsibilities to go above and beyond the boundaries of the traditional employer-employee relationship, and to offer gig workers access to workplace benefits.

For this to truly work, and be sustainable, platforms and financial institutions need to ideate and design the right products, collaborate with relevant ecosystem partners to co-curate where needed, and close the technology gaps, while at the same time ensuring they adhere to the necessary regulatory and compliance requirements.

Embedded insurance is pivotal in addressing information asymmetry and alleviating anxiety by seamlessly integrating insurance into customer journeys. A leading use case of Embedded Finance in this context would be for the gig workers to be able to access insurance through their platform app. The premise is simple, the gig workers are already onboarded to the platform app, and there is a factor of trust between the gig worker and the platform. By offering them access to workplace benefits, these platform companies provide them with a safety net and increase loyalty and stickiness to their platform.

“ *Post Covid, the definition of work has evolved with words entering the lexicon like ‘at will work’, making a departure from traditional employment norms’* ”

While shift-based insurance may be viewed as an interim solution to the existing coverage gap experienced by gig workers, it is a starting point for many. With the work injury compensation legislation coming into effect in late 2024, there is hope that gig workers will soon have access to on-demand coverage and peace of mind as they work.

As we learn and engage more with the gig economy, we truly believe there are more needs to be fulfilled beyond just protection. There is a need to drive financial literacy and awareness, to impart knowledge on managing finances, to plan for retirement and attain financial independence –not just for themselves, but for their families too.

And this cannot happen in silos; relevant bodies such as government, regulatory, policymaking, and industry bodies should continue to be engaged and involved as needed in this movement, to improve the financial independence within the gig economy.

The mission is straightforward: gig workers constitute a vital segment of this ecosystem. The day is approaching when providing them with access to workplace benefits will no longer be considered ‘innovative’ but be synonymous with a traditional employer-employee relationship.