



International
Labour
Organization

Global Centre
on Digital Wages
for Decent Work



Employers
Confederation
of the
Philippines



▶ Responsible wage digitization for small enterprises in the Philippines

Trainer's guide





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► Foreword

In the Philippines, according to the 2021 Financial Inclusion Survey of the Bangko Sentral ng Pilipinas, salaries in the private sector were still received in cash by 70 per cent of their payees. Furthermore, it was also indicated that 4 out of 10 working adults (or about 18 million adults) are still unbanked or financially excluded, which disproportionately affects lower-income classes, including workers in the informal economy and agriculture sector, the youth, those who are unemployed and less educated, and micro, small, and medium enterprises (MSMEs).

Considering that about 90 per cent of total enterprises in the Philippines are micro and around 8 to 9 per cent are small and medium, the digitization of wage payments – into bank accounts, digital wallets, mobile money accounts, or prepaid cards – presents a significant opportunity to advance financial inclusion and contribute towards the realization of a cash-lite society in the country. Moreover, the digital payment of wages presents opportunities to improve the efficiency and transparency of payroll services and strengthen sustainable business practices.

It is essential that the adoption of digital wage payments is done in a responsible manner. This means respecting national laws – paramount of which in the country is the Labor Code of the Philippines – and internationally recognized human rights, fundamental principles and rights at work, and relevant international labour standards – particularly ILO Convention 095 on the Protection of Wages. It is also aligned with the UN Principles for Responsible Digital Payments.

While enterprises in general recognize the benefits of digital wage payments, they often lack the awareness, capacities, and resources to make the transition, are not able to meet the stringent and costly requirements of financial institutions, and feel the hesitance from their workers due to the insufficient networks of banks, ATMs, or cash out points, limited digital and financial literacy, and uneasiness in dealing with financial service providers.

It is in this context that the ILO's Global Centre on Digital Wages for Decent Work, through the ILO Country Office in the Philippines, and the Employers Confederation of the Philippines (ECOP) have partnered to accelerate the adoption of digital wages in the Philippines through social dialogue between and among stakeholders in government, employers and workers organizations, and the financial sector as well as the development of capacities of MSMEs. In the frame of this collaboration, the ILO has introduced a new training programme on responsible wage digitization for small enterprises in the Philippines. The programme provides small businesses with the know-how, tools, and strategies to enable them to digitize their wage payments successfully and in a responsible manner, benefitting both the enterprise and their workers. It presents an overview of the use and benefits of digital payments for small enterprises, with a specific attention to digital wages, emphasizes the importance of a responsible transition, and guides the participants through the steps to implement this, including elements of human resource management such as setting up a payroll system, registering employees, and issuing payslips.

This initiative of the ILO's Global Centre and ECOP is being implemented in support of the National Strategy for Financial Inclusion 2022-2028 and consistent with the Labor and Employment Plan 2023-2028, the MSME Development Plan 2023-2028, and the Philippine Development Plan 2023-2028.

Through this training, we hope that local enterprises will be better equipped to embark on their wage digitization journey and able to adopt digital wage payments in a responsible manner towards their improved sustainability and greater resilience.

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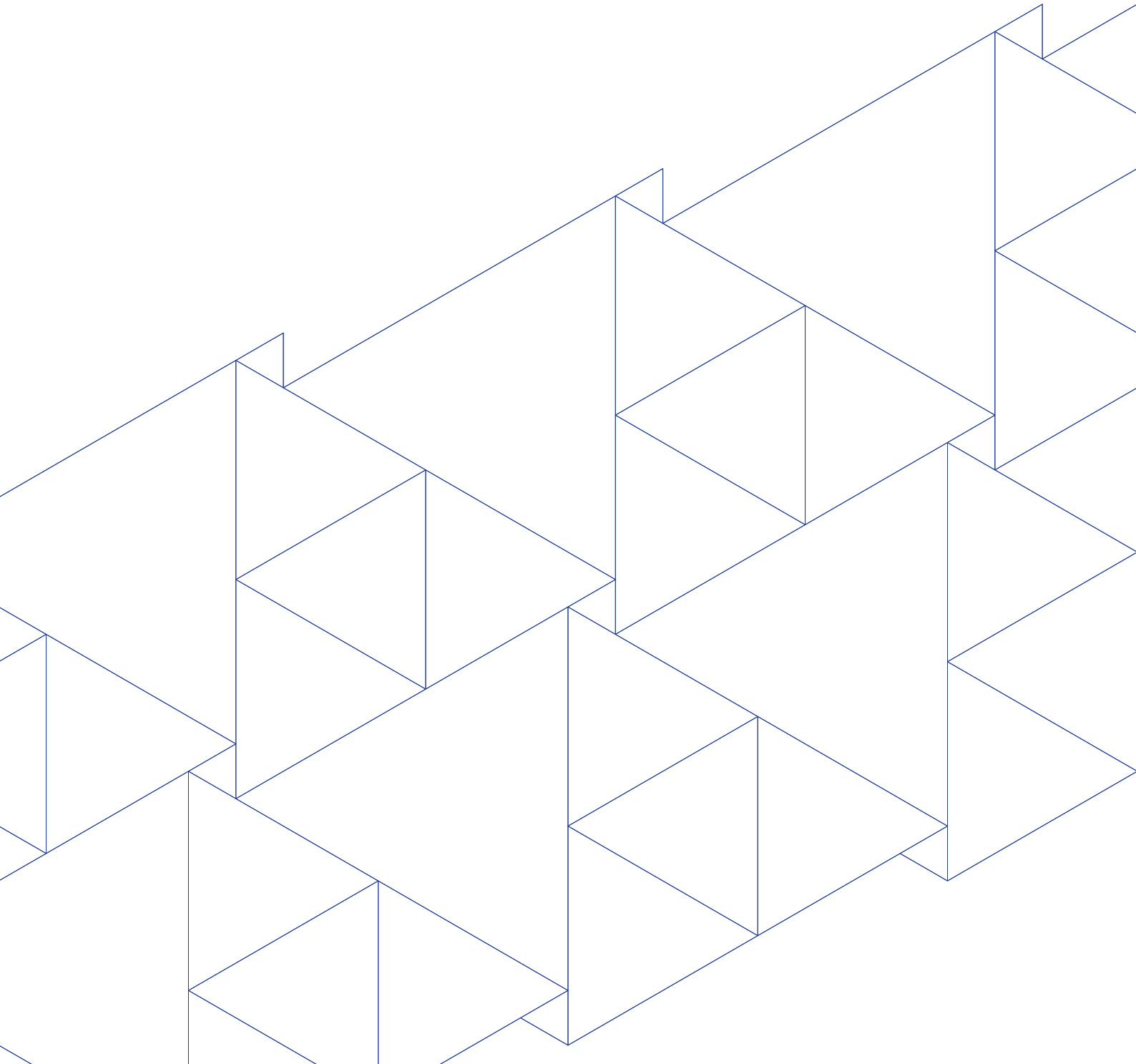
We wish to express our appreciation for all who participated in the Validation and Training of Trainers Workshop on Responsible Wage Digitization and the Training on Responsible Wage Digitization for Small Enterprises in the Philippines in various regions of the country.

We are grateful for all the support extended to us by our key partners from the Philippine government, particularly the Bangko Sentral ng Pilipinas, the Department of Labor and Employment, and the Department of Trade and Industry.

The training is part of the "Supporting the Transition to Responsible Digital Wage Payments Among SMEs in the Philippines" project, which benefitted from the overall guidance of ILO Country Office Director Khalid Hassan and ECOP Director-General Jose Roland Moya and the support of the ILO CO-Manila team and ECOP Secretariat.

► List of abbreviations

ATM	Automated teller machine
BDA	Basic Deposit Account
BIR	Bureau of Internal Revenue
BSP	Bangko Sentral ng Pilipinas
DOLE	Department of Labor and Employment
DTI	Department of Trade and Industry
FSP	Financial service provider
HDMF	Home Development Mutual Fund
HR	Human resource
ID	Identification
ILO	International Labour Organisation
KYC	Know-Your-Customer
MSMEs	Micro, small, and medium enterprises
PhilHealth	Philippine Health Insurance Corporation
SMEs	Small and medium enterprises
SSS	Social Security System



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Foreword

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▶ Introduction

Digital wage payments have the potential to enhance the efficiency and transparency of payroll systems, boosting the performance of enterprises and improving well-being of women and men workers. The transition to digital wage payments also empowers workers by increasing control over their wages and access to financial services, such as savings, credit, and insurance, leading to additional economic opportunities and greater resilience to economic shocks.

Small businesses are an engine of global economies and job creation worldwide, responsible for around two thirds of employment and 35% of gross domestic product in both developed and developing countries. Many workers in small businesses, particularly in developing economies, receive their wages in cash, and small enterprise owners and workers often face challenges to transition to the digital economy and to have access to financial services. Rapid assessments and studies on digital wages in the Philippines, Indonesia, Peru, and Mexico suggest that small enterprises recognize the benefits of digital payments and are in general willing to adopt digital wage payments. The evidence also shows that the transition to responsible digital wage payments is not an easy journey for small enterprises and often comes with challenges.

This training is designed to provide small enterprises with the know-how, tools, and strategies to enable a successful and responsible transition to digital wage payments, benefitting both enterprises and their workers. The course provides an overview of the use and benefits of digital payments by small enterprises, and of digital wages in particular; the importance of a responsible transition to digital wages; steps to implement a responsible wage digitization, including elements of human resource management, such as setting up a payroll system, registering employees and issuing pay slips; as well as advice on how to engage with financial service providers and how to support workers through the transition.

Learning objectives

By the end of this training course, participants will:

1. Understand how digital wage payments fit in the overall digital transformation of small enterprises and the advantages of doing so.
2. Understand how responsible digital wage payments contribute to sustainable enterprises and workers' wellbeing and identify key benefits and challenges for enterprises and workers in their country context.
3. Be equipped to plan and carry out various steps required to digitize wage payments responsibly.
4. Be able to take practical steps to establish a payroll system, understanding the basic requirements for issuing payslips and registering employees.
5. Understand how to engage effectively with financial/payroll service providers to identify digital wage payment solutions and other financial services adapted to their needs.
6. Be able to support their women and men workers throughout the transition to digital wages.

¹ International Labour Organization - ILO (2019). [Small matters: Global evidence on the contribution to employment by self-employed, micro-enterprises and SMEs, p. 1 – 2.](#)

² Ayyagari, Meghana & Beck, Thorsten & Demircuc-Kunt, Asli. (2007). Small and Medium Enterprises Across the Globe. Small Business Economics.

³ International Labour Organization – ILO (2021). [Small goes digital: how digitalization can bring about productive growth for micro and small enterprises.](#)

⁴ For more information on the rapid assessment, please visit the [Knowledge Platform](#) of the ILO Global Centre on Digital Wages for Decent Work.



Target audience

The course is designed for owners and management staff of small enterprises (approximately 10 to 50 staff members). Given the participatory methodology used for the training, groups should be around 25 participants.

The programme was designed for small enterprises at all stages of the digitization process, including those that continue to pay wages in cash, those in the process of digitizing wage payments, and small enterprises that already pay wages digitally. Small enterprises which have already transitioned to digital wages frequently continue to face challenges in the process and may not yet do so in a fully responsible way.

The definition of small enterprises varies depending on the country. The target audience should be adapted for specific contexts of implementation. However, trainers should consider that for micro enterprises (typically less than 10 staff members) or medium-sized enterprises (from 50 to 250 staff members), the content of the training material may need substantial adaptation.



Methodology

This course is based on a participatory methodology and uses a combination of activities, including group exercises, presentation, case study analysis, role plays, and action planning. The training makes use of practical case studies, and participants are encouraged to share their own experiences, challenges, and strategies.



Duration

The course includes 6 learning sessions and has been developed to last a total of 405 minutes. It should ideally be delivered in one day, but it was designed to allow for flexible training schedules, depending on the small enterprises' needs in each context.

Training outline

Session	Duration	Objective
Session 1: Why should I pay wages digitally?	90 min	<ul style="list-style-type: none"> ◦ Explore the digitization of business payments across a range of functions, including sales, paying suppliers and tax payments, as well as wage payments. ◦ Learn about the main benefits and risks linked to wage digitization.
Session 2: Preparing for responsible wage digitization	90 min	<ul style="list-style-type: none"> ◦ Recognize the importance of a responsible transition and the characteristics of responsible digital wage payments. ◦ Review the basic legal/regulatory framework related to wage payments in the country. ◦ Examine a simple roadmap for responsible wage digitization for small enterprises. ◦ Understand that the actual route taken by small enterprises will vary.
Session 3: Digitizing the payroll system	75 min	<ul style="list-style-type: none"> ◦ Learn the basic steps of a simple payroll system. ◦ Carry out a simple exercise to analyse the potential time and cost savings of implementing digital wages for their own enterprise, as well as learn from case studies of other small businesses. ◦ Understand how to create documents for recording workers' information, keeping track of attendance and/or production, developing a payroll sheet and issuing payslips. ◦ Learn the basic requirements for wage calculations, payroll record keeping, as well as the features that pay slips should contain and the legal requirements in the country. ◦ Learn about the benefits of registering workers to social security schemes and the steps for doing so in their country.
Session 4: Selecting and working with financial service providers	60 min	<ul style="list-style-type: none"> ◦ Explore various digital payment methods (bank accounts, pre-paid cards, mobile wallets and mobile money accounts) and understand the advantages and disadvantages of each. ◦ Identify and apply key criteria for choosing a financial service provider (FSP). ◦ Learn about common services provided by FSPs, the support workers' might expect, and how to ensure that services respond to the needs of women and men workers.
Session 5: Supporting workers through the transition	60 min	<ul style="list-style-type: none"> ◦ Understand common challenges faced by workers during the transition to digital wages. ◦ Discuss the importance of consulting workers at the beginning and throughout the transition to digital wages. ◦ Understand the possible risks for workers and the importance of supporting women and men workers, particularly the most vulnerable, in transitioning responsibly from cash to digital wages. ◦ Learn basic information, practices, and tools to support workers through these challenges.
Session 6: Action planning	30 min	<ul style="list-style-type: none"> ◦ Plan next steps in the participant's transition to responsible digital wages for their small enterprise. ◦ Know about the tools and support available for small enterprises and for workers.

Training agenda

TIMING	SESSION
8:30 - 9:00	Welcome and registrations
9:00 - 10:30	Session 1: Why should I pay wages digitally?
10:30 - 10:45	Coffee break
10:45 - 12:15	Session 2: Preparing for responsible wage digitization
12:15 - 13:15	Lunch
13:15 - 14:30	Session 3: Digitizing the payroll system
14:30 - 15:30	Session 4: Selecting and working with financial service providers
15:30 - 15:45	Coffee break
15:45 - 16:45	Session 5: Supporting workers through the transition
16:45 - 17:15	Session 6: Action planing Closing and evaluation

Session 1: Why should I pay wages digitally?

Duration

- ▶ 90 minutes

Materials

- ▶ Stickers for name tags
- ▶ Projector
- ▶ Power point slides
- ▶ Flipchart, markers
- ▶ Handout 1: Digital payments self-assessment



Preparation

- ▶ Be sure to review relevant information on the state of digital payments in the country.

Preliminaries

Opening (lecture, five minutes)



Welcome the participants to the course and provide name tags. Introduce yourself briefly, as well as any other facilitators and support staff. Take a moment to thank the appropriate organizations and partners involved in organizing the training. Share the learning objectives for the day and the agenda, including the timings of breaks and any housekeeping topics.

Icebreaker (plenary activity, 15 minutes)



Ask everyone to stand up, and make sure that the room is set up in a way that they can move around. Ask all participants who have a bank account to form one group. When the first group has formed, ask all participants who have a bank account and a mobile money account to form another group in another part of the training space. Ask participants who own or work for/with SMEs that are already paying wages to some staff through bank accounts, mobile money accounts, or pre-paid cards to form a group. Ask participants who own or work for/with SMEs that are already paying wages digitally for all workers to form a group.

Setting expectations (plenary discussion, five minutes)

Ask everyone to take a seat and invite participants to each share their name and one key point that they hope to learn in this training. Write down the answers on a flipchart or on post-it notes. Keep this session fast paced, without rushing the participants. Once you finish, clarify any expectations that are outside of the training scope.

Learning objectives



- ▶ Explore the digitization of business payments across a range of functions, including sales, paying suppliers and tax payments, as well as wage payments.
- ▶ Learn about the main benefits and risks linked to wage digitization.



What are digital payments?

(lecture, 10 minutes)

Present the definition of digital payments and provide some examples.

What are digital payments ?

- ▶ Digital payments are defined as “a transfer of value from one payment account to another using an electronic device (such as a mobile phone or computer) and communications channel (such as a mobile wireless channel)” by the Better Than Cash Alliance. Digital payment channels can include mobile banking, digital wallets and pre-paid cards among others.

Explain some important reasons behind the shift to digital payments, by telling participants that the world is becoming increasingly digital, with increasing ownership of mobile and smart phones, availability of internet and mobile data, ability to pay electronically, and competition and options in digital financial and payment services. These changes are accelerating the transition to digital payments. In this context, enterprises are choosing to digitize their payments. Some of the reasons behind this shift are:

Reason	Finding
Cost saving	Moving from cash and check to digital payments significantly reduces cost to businesses: as much as by 50 per cent for salaries and 30 per cent for suppliers.
Transparency	Digital payments improve traceability which reduces losses from payments to incorrect recipients, as well as human errors associated with handling cash.
Speed and security	Digital payments can be instantaneous, reducing the time the payee must wait to receive the payment and lowering the risk of loss, theft, or use of counterfeit notes associated with managing cash.
Financial inclusion	Digital payments to employees or small businesses support the use of other formal financial services.
SME growth	Using digital payments improve efficiency at the enterprise level and fosters SME productivity and growth.



Provide some country-specific information on the digital payments ecosystem and explain to participants the national context in which enterprises are choosing to digitize their payments.

Signs that the market is moving towards digital payments (plenary discussion, 10 min)

Explain that you will now carry out a rapid assessment exercise as a group to see how ready the market is for digital payments in the city or area where the training is taking place. Go through the points one by one using the animation on the slides:

Signs that the market is moving towards digital payments

- ▶ A supplier has already approached you asking you to pay them electronically.
- ▶ Most of your employees probably already have their own bank accounts or are using mobile money.
- ▶ Most of your employees may not yet have bank accounts but they live in urban areas.
- ▶ The risk of holding cash on premises to make payments concerns you more and more.
- ▶ Your concerns about fraud related to cheques or cash payments are rising.
- ▶ The government requires or strongly encourages businesses to pay taxes digitally.
- ▶ Your bank has approached you in the last six months to make you aware of new options or improved services which it wants to offer you.
- ▶ You heard of new digital payment services or digital bank offers in the last six months.
- ▶ You are aware that some competitors are using electronic payments to their suppliers and employees.
- ▶ Compliance and enforcement of labour and/or tax laws is becoming stricter in your country.

Ask participants to put up their hand if the point applied in the case of their business. For each point where you see at least half the hands go up, mark up one point on a flip chart. Participants can also keep their own personal score.

At the end, see how many points out of ten applied to the group. Mention that this exercise is designed to give a rough idea of how advanced the market is. If most of the points applied, it is urgent that enterprises digitize payments. If only a few applied, the market is less developed, but there are still opportunities to digitize some payments.

Digital payments self-assessment (individual exercise, 15 minutes)



Give out a copy of **Handout 1: Digital payments self-assessment** to each participant and give them five to ten minutes to fill it out individually. You can circulate responding to any questions. Once the five or ten minutes are up, ask a couple of participants to share their observations from the exercise and any opportunities which it highlighted. Remind participants of the previous exercise and ask them to discuss the gaps that they identify regarding their engagement with digital payments in relation to the market.

Remind participants that digital payments are not only about wage payments. Enterprises can use them for a range of transactions:

- ▶ Payments to suppliers
- ▶ Payments by customers
- ▶ Tax payments
- ▶ Wage and benefit payments
- ▶ Social security contributions
- ▶ Bills and service payments
- ▶ Rent payments

What are digital wage payments?

(lecture, five minutes)



Point to participants that this issue will be discussed in the following sessions.

What are digital wage payments?

- ▶ Digital wage payments or digital wages are wages paid using electronic or digital means, such as transfers to bank accounts, pre-paid or payroll cards, or mobile money accounts. It is important to move from cash to digital wages in a responsible manner to ensure that employers and workers benefit from the transition.
- ▶ Wage digitization has been ongoing in many countries, including among small enterprises, and it presents important benefits. Digital wages are generally found to be faster, more secure, more transparent, and more efficient than cash. They also have advantages in crises like the COVID-19 pandemic.

What are the benefits and challenges of digital wage payments to small enterprises?

(group activity, 25 minutes)



Divide participants in three groups and provide each of the groups with flipchart paper. Ask the groups to draw a line dividing the paper in two sections. Tell the groups to choose one member to be notetaker. On the right-hand side of the paper, the notetaker will write what the group considers to be the benefits of digital wage payments to enterprises. On the left-hand side, the notetaker will write down the challenges. Give the groups five minutes to complete the exercise.

After five minutes, ask participants to rotate groups, except for the notetakers. They should read the benefits and challenges listed by the previous group and ask the notetaker to add ideas that were not considered. Give them three minutes for the second round. After three minutes, ask participants to rotate again and repeat the exercise. Give them only two minutes for the last round.

After the last round, open a plenary discussion asking notetakers to report on the benefits and challenges they listed. Compare their results and complement the discussion, if necessary, highlighting any benefits and challenges that have not yet been covered:

Benefits of digital wage payments to enterprises

- ▶ Efficiency of payroll.
- ▶ Transparency, accuracy and safety of the payments.
- ▶ Greater compliance with requirements of buyers (social certification) leads to better access to markets.
- ▶ Greater compliance with legislation is critical for participating in public procurement, accessing public financing mechanisms and/or enterprise development services by government
- ▶ Improved relationship with financial service providers facilitates access to additional financial services and products (credit lines, payment services, etc.)
- ▶ Benefits to men and women workers' overall and financial well-being leads to greater productivity.

Challenges of digital wage payments to enterprises

- ▶ Lack of know-how, time and resources to transition to digital wage payments
- ▶ Cost of digital payroll services (set-up and transaction fees etc.)
- ▶ Lack of financial and digital infrastructure around the business premises (ATM, bank branches, bank/mobile money agents, interoperability, internet and mobile connectivity etc.)
- ▶ Costs for the workers (cash out an/or transfer fees, account maintenance fees, minimum balance requirements etc.)
- ▶ Workers' preference for cash
- ▶ Lack of digital and financial literacy of workers
- ▶ Regulatory constraints

Wrap up of the session

Remind participants that digital wage payments have many benefits, including to workers, but also pose challenges and risks. This is the reason why it is important that the transition is done responsibly. Point to participants that this issue will be discussed in the following sessions.

▶ Handout 1: Digital payments self-assessment

Which of the following payments do you already carry out through digital payments?

Payment type	Are payments made digitally?				Planning to digitize? (Y/N)	Notes and ideas
	All	Most cases	Few cases	Not at all		
Payments to suppliers						
Payments by customers						
Tax payments						
Wage and benefit payments						
Social security contributions						
Bills and service payments						
Rent payments						

How far are you in your journey to digital payments in your enterprise? (Tick the relevant box.)

Question	Yes	No	Unsure
Is the enterprise owner committed to adopting digital payments?			
Have you set targets for digitizing payments that are still carried out in cash?			
Are you aware of the range of payment tools and service providers available in your region or country?			
Have you assessed the costs (in terms of time and money) of carrying out certain payment types in cash versus digitally?			
Have you discussed the possibility of digital payments with a financial service provider or payment service?			
Have you discussed the possibility of transitioning to digital payments with important stakeholders for your enterprise, like employees, suppliers or important customers?			

Session 2 - Preparing for responsible wage digitization

Duration

- ▶ 90 minutes

Materials

- ▶ Projector
- ▶ Power point slides
- ▶ Flipchart, markers
- ▶ Handout 2: Key issues for responsible digital wage payments
- ▶ Handout 3: Roadmap for responsible digitization of wage payments

Preparation

- ▶ Make sure to have relevant information on the legislation regarding wage payments in the country. Annex I provides support with national sources and information.
- ▶ Make sure that you are familiar with the benefits of responsible digital wage payments before conducting the session. Take some time to carefully review the ILO Brief on promoting responsible digital wage payments, which explains the benefits for enterprises, women and men workers, as well as for governments.
- ▶ Introduce the session by reminding participants that digital wage payments should be beneficial not only for SMEs but also for workers and that is the reason why it must be done in a responsible manner. Present the objectives of this session and outline in basic terms what responsible digital wages are.

Learning objectives

- ▶ Recognize the importance of a responsible transition and the characteristics of responsible digital wage payments.
- ▶ Review the basic legal/regulatory framework related to wage payments in the country.
- ▶ Examine a simple roadmap for responsible wage digitization for small enterprises.
- ▶ Understand that the actual route taken by small enterprises will vary.



How can digital wage payments be made responsible?

(lecture, 10 minutes)

- ▶ It is important to move from cash to digital wages in a responsible manner to ensure that employers and workers benefit from the transition. Basically, to be responsible means to respect:
 - ▶ National laws and regulations, fundamental principles and rights at work, and the principles of relevant international labour standards; and
 - ▶ Relevant principles, guidelines, and good practices concerning (digital) financial inclusion and financial consumer protection.



Briefly outline the legal requirements for the method of wage payment in the country. Give some time for participants to ask questions and to respond to their concerns.

Features of responsible digital wage payments

(lecture, five minutes)



Distribute **Handout 2: Key issues for responsible digital wage payments**. Summarize the key issues that should be furthermore, you can review the UN Principles for Responsible Digital Payments (see Annex II) and relate these to the key issues for responsible digital wage payments when explaining to training participants. Explain the key issues in this way:

- ▶ **Choice:** Workers can choose means of payment, financial service provider and their services.
- ▶ **Accessibility and security of income and assets:** Workers are paid regularly and can access their money safely, easily, and when they need to. Workers receive full pay without additional deductions. Financial services suit workers' needs. Workers can cash out their full wage without or with reasonable fee. Workers are protected against fraud and misuse. There is a recourse mechanism in case of problems with the digital wages and financial services. Workers are protected against insolvency of the financial service provider.
- ▶ **Transparency and privacy:** Workers receive clear, accurate and not-misleading information on their digital wages and associated financial services. Workers' personal and financial data must be protected.
- ▶ **Fair opportunities and treatment:** Workers are not discriminated at employment, receive equal pay and are treated fairly by employers and financial service providers.
- ▶ **Enabling conditions:** Financial infrastructure (including networks of ATMs, agents, and merchants accepting digital payments) is sufficiently developed. Workers have good digital and financial literacy (this is an aspect that often needs to be strengthened). The policy and regulatory framework are conducive.

Case analysis: Responsible approaches to wage digitization

(case study, 30 minutes)



Divide participants into groups of around four. Present the first case and give the groups five minutes to discuss together whether the case is responsible or not. Then, ask each group to report back just one idea to the whole group. After each group has shared, explain why the case is not fully responsible, even if they may be common practices in SMEs. Allow some time for discussion if participants disagree or wish to share relevant experiences. Repeat the process for the following cases, giving participants five minutes each time to discuss.

▶ Situation 1: Bank charges workers for withdrawal transaction



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▶ A janitorial company which employs twenty cleaners has just launched its digital wage payment system. Soon after the wages are disbursed digitally for the first time, workers gather at the company's office. They complain because when they cashed out their wages at the ATM, they were charged a high fee, so they received less than the amount on their pay slip. They are unhappy because they were told there would be no difference in pay because of digital wages.

▶ **Did the enterprise take a responsible approach? What could have been done differently?**

Discussion: This situation highlights the importance of accessibility for workers, as well as that of full pay without deductions. Low-income workers should have the possibility to cash out their full pay without a fee, or with a reasonable fee. In practice, workers are often able to make at least one withdrawal at a bank, ATM or agent without any fees or charges. Enterprises may negotiate for their workers to be able to make several withdrawals without any fees, including in return for payroll deposits. This enables workers to keep their money safe in their account and withdraw only when needed.

▶ Situation 2: Workers want to be paid to their existing accounts



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▶ A food processing company decided to digitize wage payments. The management staff organizes a meeting with the financial service provider to open bank accounts for the workers. Ten of the workers say that they already have a bank account from previous jobs and want their wages to be paid on their existing accounts. This is not convenient for the enterprise, so it requires workers to open new accounts.

▶ **Did the small enterprise owner take a responsible approach to the transition? What could have been done differently?**

Discussion: This situation highlights the importance of workers' choice and engagement. Digital wage payments are responsible when workers are allowed to choose the financial service provider in which their wages are deposited. In practice, when the financial sector is insufficiently developed, this condition is difficult to meet in the short term, but enterprises should engage with financial service providers to accommodate workers' choices as far as possible. The financial sector evolves very quickly so it is possible that new options are available in the medium-term. In addition, this situation highlights the importance of engaging with workers to understand their needs and preferences. Early engagement with workers could have avoided this situation.

▶ Situation 3: Worker falls for phishing scheme



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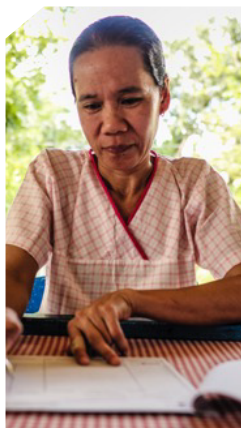
▶ A grocery store is paying its workers' wages to mobile money accounts. A few days after payday, a women worker gets to work in tears because her wage has vanished. She says that her cousin called and asked her to send some money urgently. He gave her his mobile money number and she sent the money. The next day, when she called her cousin, he told her that he never called her, and she realized that she sent her wage to someone else.

▶ **Did the small enterprise owner take a responsible approach to the transition? What could have been done differently?**

Discussion: This situation highlights the importance of security of income and protection against fraud. Responsible digital wage payments are responsible when workers' funds are protected against fraud and misuse. Enterprise owners or managers and partner financial service providers should ensure that workers are made aware of the risks of using their digital wages and associated financial services, through (digital) financial education. They should also ensure that effective recourse mechanisms are in place at the level of the financial service provider and the government to address issues of fraud and misuse.

Note for the facilitator: You can change the type of company mentioned in the cases on these slides to make it more relevant to the economic sectors in which most participants are involved.

▶ **Situation 4: Worker receives damaged bank notes**



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▶ A small enterprise has just launched its first digital wage payment. Soon after, a women worker cashes out her wage from a mobile money agent near her workplace and goes home. When she gets home, she notices that five bank notes are torn. The next day she returns to the mobile money agent to complain but he says this is none of his business. She does not dare to insist. She is frustrated because she cannot use the bank notes and it represents an important sum for her.

▶ **Did the small enterprise owner take a responsible approach to the transition? What could have been done differently?**

Discussion: This situation highlights the importance of fair treatment. Digital wage payments are responsible when workers are treated fairly in their relationship with their employers and with financial service providers. Enterprise owners or managers and partner financial service providers shall ensure that effective complaint and recourse mechanisms are in place at the level of the enterprise and of the financial service provider during the wage digitization process and beyond.

Technical school’s case study
(group activity, 20 minutes)



Point to participants that once the decision has been taken to digitize wages, it is recommended that they follow a roadmap to ensure the transition is done in a responsible manner. Divide participants in 3 to 4 groups and present the case of a technical school in the Philippines, using the interview clip of its president, to illustrate the steps towards wage digitization.

<https://www.youtube.com/watch?v=-CTtqCmWiMw>

Ask the groups to identify the main messages. After watching the video clip, give the groups five to seven minutes to identify the steps that the enterprise followed to digitize wage payments. A member of each group should present the findings to all the participants.

During the discussion, highlight the following aspects:

Step	Description
Step 1	Meet with all the workers and inform them about the enterprise’s move to transition to digital wage payments. Discuss different modes of digital wage payments and pros and cons of each. Ask for feedback.
Step 2	Scout for possible financial service providers and select the one that offers the features and services that suit the needs of the enterprise. (In the case studied, the enterprise chose the bank with which it already engages as the bank offers good products and services to them and to other micro and small enterprises).
Step 3	Conduct dialogue once again with workers and agree on digitization of wage payments and on the steps towards it so no one is left behind and everyone is on board. Share clear information on the terms of digital wage payments (amounts, frequency, digital mode).
Step 4	Once implemented, continue seeking feedback to maintain and enhance responsible digital wage payments.

In plenary, ask the participants what challenges the enterprise may have faced if it had not followed these steps.

Let the participants reflect and share their views. Mention that evidence in the Philippines and other countries, shows that the main challenges include workers' misunderstanding of what it means to be paid digitally, resistance from the workers, the choice of a digital wage payment solution that may work for the enterprise but not the workers (or vice versa). It leads to dissatisfaction and complaints from workers. In some cases, it has led enterprises to revert to cash.

Stress that while continuous dialogue with workers is essential to a smooth transition to digital wage payments, it also contributes to improving the relationship between owners, management, and workers.

The next activity will explore further the steps to be followed to address these possible challenges and ensure a responsible transition.

A roadmap to responsible digitization of wage payments

(group activity, 25 minutes)



Keeping the same groups from the previous activities, hand out sets of the roadmap with the disassembled pieces to each group ("**Handout 3: Roadmap for responsible digitization of wage payments**") and explain the puzzle game. Participants should be asked to organize the pieces within the frame of phases and stakeholders (management, engagement with financial service providers, and engagement with workers). Give participants 15 minutes to arrange the pieces according to their corresponding phases and stakeholders in the correct order. Ask one group to volunteer to present their version of the roadmap and check if the other groups agree or have suggestions to complete or edit.

Present the roadmap with the phases and steps in the "correct order". Emphasize that this only serves as a rough guide. There is no one correct path, and SMEs may need to address the steps in a different order. However, the roadmap is a useful tool to make sure that you consider all the relevant steps before you begin digitizing wage payments.

Ask all groups who have arranged the steps in a slightly different way to raise their hands and then ask a couple of groups to explain the reasons behind the order they chose. Allow some discussion on the pros and cons of going about the steps in this order. Where some participants have already carried out wage digitization, you can discuss whether there were any additional steps they had to carry out or any they missed.

Remember: Participants might point out that support and financial education for workers, as well as consultation with workers, can and should take place at any point in the process. This is true and both should be ongoing, but they are particularly important at the points highlighted in the roadmap.

Wrap up of the session

Ask participants what they think is their next step in the roadmap that has been discussed. Link to the next session, by explaining that it will focus on the management aspects of the transition, focusing on the payroll process. Inform them that Session 4 will focus on the engagement with financial service providers and Session 5 on the engagement with workers.

▶ Handout 2: Key issues for responsible digital wage payments



Choice

- ▶ Workers have choice on the digital means of wage payment, the financial service provider and the financial products and services.



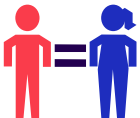
Accessibility and security of income and assets

- ▶ Digital wage payments are done in full and in an adequate and timely manner.
- ▶ Financial services are adequate to the needs and means of employers and workers.
- ▶ Employers and workers are protected against fraud, misuse, and insolvency.



Transparency and privacy

- ▶ Information for workers on their wages is appropriate and easy to understand.
- ▶ Information for employers and workers on financial services is complete, accurate and non-deceptive.
- ▶ Employers' and workers' data and privacy are protected.



Fair opportunities and treatment

- ▶ Workers are treated equality and have the same opportunities.
- ▶ Access and treatment of employers and workers as financial consumers is equal.
- ▶ Dispute prevention and resolution systems are effective.



Enabling conditions

- ▶ Policy, legal, regulatory, and supervisory environment is conducive and actors rely on social dialogue.
- ▶ Infrastructure is available and ready to use.
- ▶ Enterprises and workers have the necessary capacities for digital wage payments.

▶ Handout 3: Roadmap for responsible digitization of wage payments

Develop an action plan			
	Management	Engagement with service providers	Engagement with workers
Phase 1: Engaging	Decide person/team responsible for leading the transition	Identify financial and/or payroll service providers and select one according to key criteria	Organize a meeting to engage workers in the transition
Phase 2: Setting-up	Establish a simple payroll system and define key documents	Select the digital payroll and wage payment solution and train HR/finance staff	Facilitate account opening for workers or registration of preferred account
Phase 3: Launching	Set up a simple dispute resolution and feedback mechanism	Request service provider to be available on/around launch date to provide support to enterprises and workers	Train workers on how to receive and access their digital wages and to use their digital financial accounts safely
Launch meeting			
Phase 4: Improving	Adapt the process according to feedback from workers and management team	Engage with providers to improve the digital wage payment solution if needed and assess the benefits and risks of additional services	Provide continuous support and financial education to workers, particularly the most vulnerable amongst them

Session 3: Digitizing the payroll system

Duration

- ▶ 75 minutes

Materials

- ▶ Projector
- ▶ Power point slides
- ▶ Flip charts or a piece of large flip chat paper for each small group (of 5-6 participants per group)
- ▶ Handout 4: Calculating potential gains from the transition to digital wages
- ▶ Handout 5: Offers from digital payroll service providers

Preparation

- ▶ Make sure to have relevant information on the legal requirements for payslips and workers' registration to social security and tax authorities in the country. Annex I provides support with national sources and information.

Learning objectives

- ▶ Learn the basic steps of a simple payroll system.
- ▶ Carry out a simple exercise to analyse the potential time and cost savings of implementing digital wages for their own enterprise, as well as learn from case studies of other small businesses.
- ▶ Understand how to create documents for recording workers' information, keeping track of attendance and/or production, developing a payroll sheet and issuing payslips.
- ▶ Learn the basic requirements for digitizing the payroll process and the key issues when selecting a digital payroll service provider.
- ▶ Learn about the benefits of registering workers to social security schemes and the steps for doing so in their country.



The importance of a payroll system

(lecture, 10 minutes)



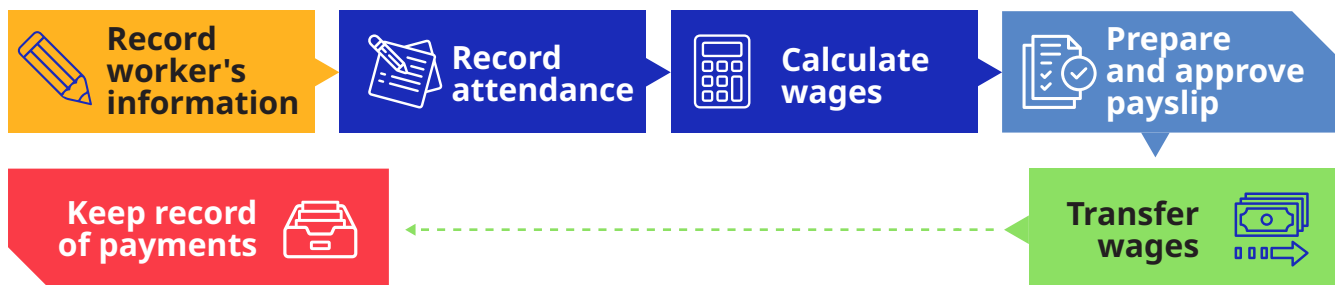
Present the objectives of this session. Explain the importance of setting-up a payroll system and its six basic steps. Note that setting up a payroll system can be challenging, especially for SMEs hiring employees with different types of contracts and working arrangements. Keeping track of payroll information for full-time workers paid monthly is very different from what is need in the case of casual workers hired by the hour or on a piece-rate basis.

Regardless of the type of contract, it is important to collect and organize information on the workers and keep track of their attendance and/or production in order to calculate wages and issue payslips properly, making sure that payments are done correctly and minimizing the risk of disputes on the total amount due.

The payroll system involves a series of activities, from the registration of workers’ information to the record keeping of the payment transactions and related documents.

Organizing the payroll system leads to substantive gains of efficiency to enterprises and reduces the risks involved in human resources management. There are many solutions offered by payroll service providers, including digital ones using mobile phones apps.

The six steps of the payroll system



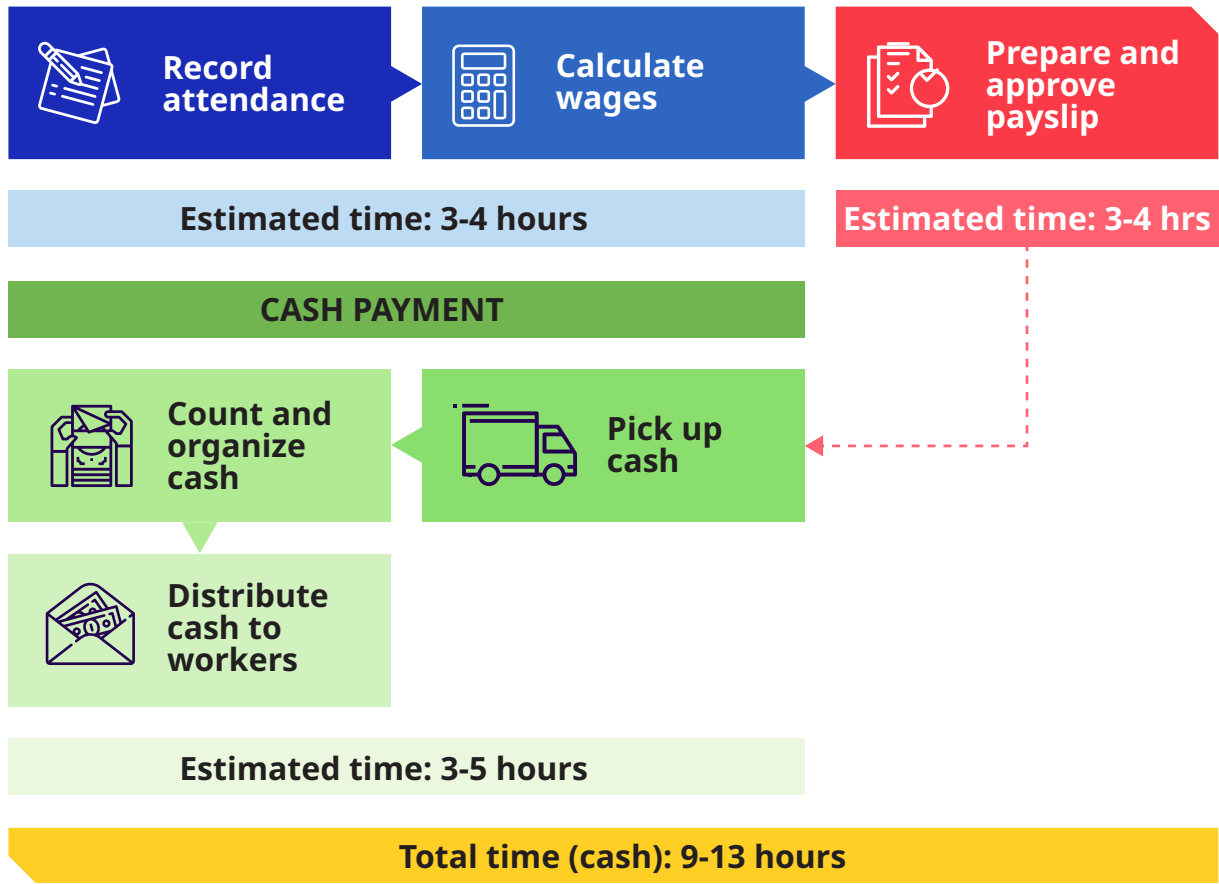
Calculating potential gains from the transition to digital wage payments

(individual exercise, 10 minutes)

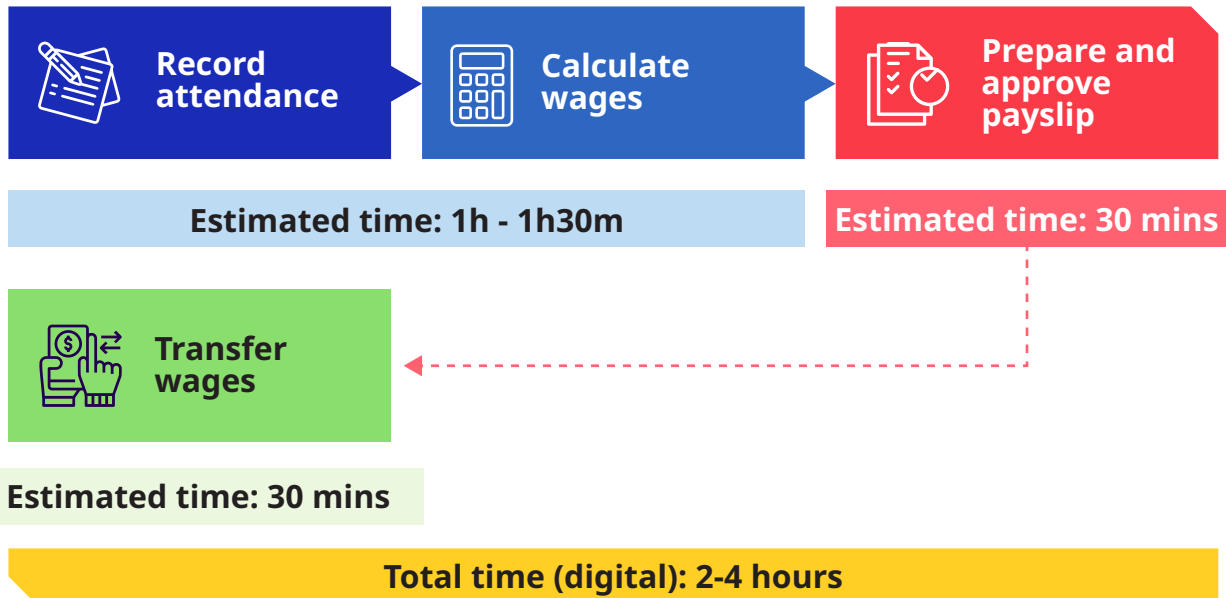


To understand the benefits and establish the business case for each SME, it is important to carry out a simple analysis of the possible savings in terms of time and costs when digitizing the payroll and the wage payments. To illustrate this process, share an example of the cost-saving opportunities of the digitization for small enterprises. These estimations are based on interviews with smaller companies (10 to 50 employees) in Indonesia and the Philippines.

Case 1: non-digital payroll system and wage payment in cash



Case 2: digital payroll system and digital wages



Handout 4: Calculating potential gains from the transition to digital wages

Give participants five minutes to carry out the exercise, mapping out the payroll and wage digitization they could conduct in the future or have conducted in the past. At the end, ask two or three volunteers to share the difference they calculated in time and costs, as well as any point in the analysis that surprised them.

This analysis is very important to help business owners or managers to understand the benefits for their own enterprises and decide whether it is the right time to digitize their wage payments for them. The next sessions will guide the business owners/managers through the digitization process.

Remember: There are often hidden costs that businesses do not consider, such as the transportation costs to go to a bank to collect cash to make wage payments. It may also represent a substantive decrease on the number of people involved in the wage payment process. These costs may not initially appear significant but may add up, so make sure that participants include them.

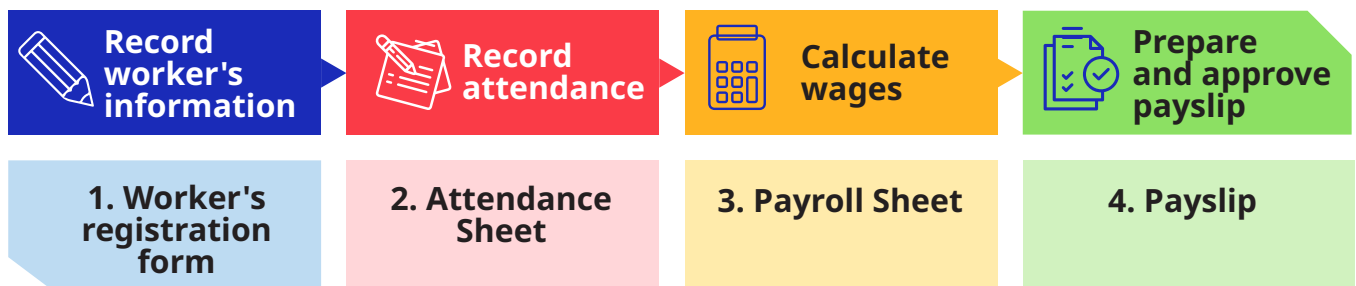
You will also need to stress that participants will need to work with estimates for now and can improve this analysis later. They may not have time to complete the analysis now and may need to leave gaps to complete later, but this is no problem, and participants can take the exercise away to finish.

Designing the payroll documents

(group activity, 25 minutes)



Use the animations on the slide presentation to discuss with participants the basic documents of the payroll system.



Then, divide participants in four groups. Ask each group to use the flipcharts to design the template of one of the documents. Group 1 should design the workers’ registration form, Group 2 the attendance sheet, Group 3 the payroll sheet and Group 4 the payslip. Give them ten minutes to work on their design. Remember that it is likely that participants already use these documents, so make sure they feel free to discuss from their own experience.

After the activity, each of the groups should select a member to report in plenary their suggested design. The templates included in this session can be used as examples to guide you as a moderator of the discussion in plenary, but consider that it is more relevant to work from their own experience with the payroll process. The only exemption is the group working on payslips since most countries have specific legislation for this document.

Make sure to take some time to explain to participants the importance of payslips:

The importance of payslips

Payslips can be important when applying for a loan, renting a home, or applying for a visa

- ▶ Generate trust with workers
- ▶ Avoid disputes and misunderstanding
- ▶ Resolve any mistakes
- ▶ Demonstrate that legal requirements have been fulfilled
- ▶ Allow workers to demonstrate that they are employed

 If it is the case, outline the legal requirements for payslips in the country. Give some time for participants to ask questions and to respond to their concerns.

Choosing a digital payroll service provider

(case study, 20 minutes)



Divide participants in groups and present the DeliciousSalad case study.

▶ **DeliciousSalad needs a payroll service**



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- ▶ DeliciousSalad is a salad bar that currently employs 30 workers, among cooks, waiters and waitresses, cleaners, delivery workers and management staff. Most of them work full time and are paid monthly into bank accounts. But some of the cooks, waiters and waitresses, cleaners and delivery workers are hired on a need-basis, according to the expected number of clients in a given day or week. These are casual workers, paid daily or weekly, either in cash or into their mobile money account and not registered to social security. DeliciousSalad is a growing business and the manual payroll system used by the HR manager is leading to more and more mistakes. The manager is concerned and wants to suggest a digital payroll solution to the owner of DeliciousSalad.
- ▶ **Let’s help the HR manager decide which payroll service provider to suggest!**

Distribute to each group copies of **Handout 5: Offers from digital payroll service providers**. Ask them to discuss advantages and disadvantages of each provider and, based on that, select the provider that they think is more suitable to DeliciousSalad. Give the groups 10 minutes to work on the exercise and ask one volunteer from each group to present their decision in plenary.

Benefits of registering workers to social security

(plenary discussion, 10 minutes)



One of the takeaways of this session is the importance of including information for the payment of social security contributions to workers. It is likely that some of the participants hire their workers informally, without registering them in social security schemes.

The main objective of this training is to promote the transition to digital wages, but it is important to take the opportunity to explore with participants the benefits of registering workers into social security.

Introduce the subject by briefly reminding participants that social security IDs were among the information suggested for the worker’s registration form. Ask them about their perception on the benefits of contributing to social security. Invite them to a discussion on the subject.

Bring up the situation following situation, regarding DeliciousSalad and ask participants about their opinion regarding the questions presented (around 10 minutes).

▶ **Fire at the restaurant**



▶ A fire happens at the kitchen of DeliciousSalad. The fire was controlled before reaching the offices and the saloon, but most of the cooks were unfortunately injured. It was a very busy day and the HR manager had asked two casual workers to help in the kitchen. As you may remember, the casual workers at DeliciousSalad are not registered to social security.

What happens now?

- ▶ What are the impacts of this situation on the permanent cooks? What about the casual workers?
- ▶ What are the advantages for both the permanent cooks and the employer considering that social security is in place?
- ▶ What are the impacts on the employer regarding the situation of the casual workers?

Ask participants to share their ideas on the benefits of social security for workers and small enterprises. Remind them that social security protects workers in case of maternity or paternity leave, unemployment, work accidents, illness, disability, old age, etc. There are two forms of social security: contributory schemes in which workers and employers pay regular contributions; and non-contributory schemes, usually aimed at the poorest and most vulnerable, who do not make contributions.

Social security is a universal right that aims to prevent poverty and vulnerability. Employers are legally bound to provide access to social security for their workers, and also to benefit from it themselves. Social security has important benefits for both workers and small enterprises:

Benefits for workers	Benefits for small enterprises
<ul style="list-style-type: none"> ▶ Income security and access to health care. ▶ Better life chances for the whole family. 	<ul style="list-style-type: none"> ▶ Improved health of workers. ▶ Increased labour and business productivity. ▶ Higher worker satisfaction and loyalty. ▶ Reduced risk of conflict and legal problems.



Present to participants where they can find additional information on how to register employees in the social security and tax systems in the country.

Wrap up of the session

Remind participants that the payroll system must follow the minimum criteria presented in the session, but that it should also be developed according to their needs and possibilities. Remember that there are emerging digital payroll alternatives and mention that for smaller enterprises, a gradual approach may work well. Link to the following session by telling them that some financial service providers also offer digital payroll services directly linked to digital wage payments. Session 4 will explore how to select and work with a financial service provider.

▶ Handout 4 – Calculating potential gains from the transition to digital wages

1. NON-DIGITAL: time currently (or previously) spent on the payroll process

Step	Time spent
Record workers' attendance and performance	
Calculate salaries	
Prepare and approve payslips	
Total time spent on manual payroll	

Step	Time spent
Pick-up cash	
Count and organize cash	
Distribute cash to workers	
Dispute settlement	
Total time spent on wage payments in cash	

Other costs (financial costs, security issues, office material etc.)

2. DIGITAL: (estimate) time spent on the wage payment process

Step	Time spent
Record workers' attendance and performance	
Calculate salaries	
Prepare payslips	
Total time spent on digital payroll	

Step	Time spent
Bank transfers	
Dispute settlement	
Total time spent on digital wage payments	

Other costs (financial costs, internet connection, computers.)

▶ Handout 5 – Offers from digital payroll service providers

Main features:

- ▶ Up to 50 employees.
- ▶ Offers wage calculations upon information attendance and production information provided by users.
- ▶ Issues an Excel or Pdf file that can be used to pay wages manually.

FASTPAYROLL

ONLY PHP50.00
(per worker/month)

**FRIENDLY
PAYROLL**

ONLY PHP300.00
(per worker/month)

Focused on user experience!

- ▶ Up to 100 employees.
- ▶ Includes features for permanent and casual employees.
- ▶ Wage calculations based on attendance and production sheet provided by users.
- ▶ Offers flexibility to easily connect to your preferred financial service provider.

- ▶ Unlimited number of employees.
- ▶ Wage calculations, including taxes and social security contributions.
- ▶ Integrated attendance and production sheet to easily keep track of workers' time and productivity.
- ▶ Calculates extra payments: overtime, bonuses and tips.
- ▶ Offers integrated services with selected financial service providers for automatic payment of wages.
- ▶ Modular approach for SMEs. Services can be added at your pace.

THEPAYROLLMACHINE

FROM PHP 500.00
(per worker/month)

Worker's registration form (sample)

Worker's Registration Form	
Personal information	
Name:	Gender:
Date of birth:	City and country of birth:
Address:	Phone number:
Civil status:	Spouse name:
Emergency contact:	Child name:
Functional information	
Date of admission:	Job title / contract type:
Period of contract:	Days of leave:
Salary (PHP):	Work hours:
Deductions:	Health / insurance
Method of payment:	Account number:
Social security ID or number:	

Attendance and production sheet (sample)

Name of worker						
Date	Week day	Time In	Time Out	Lunch break	Total hours	Extra hours
01.06	Mon					
02.06	Tue					
03.06	Wed					
04.06	Thu					
05.06	Fri					
06.06	Sat					
08.06	Mon					
09.06	Tue					
10.06	Wed					
11.06	Thu					
12.06	Fri					
13.06	Sat					
15.06	Mon					
16.06	Tue					
17.06	Wed					
18.06	Thu					
19.06	Fri					
20.06	Sat					
22.06	Mon					
23.06	Tue					
24.06	Wed					
25.06	Thu					
Monthly total						

Payslip (sample)

Pay slip for XYZ Company			
Employee's name:		Date:	
Classification:	Enter job title/contract type	Pay period:	
Wage calculations			
Ordinary wages/hourly rate	No. of hours	@ (rate)	PHP
Overtime	No. of hours	@ (rate)	PHP
Allowances:	List any allowances received		PHP
Gross wages:			PHP
Less deductions:*	Taxes:		PHP
	Social security contribution:		PHP
	Other deductions:		PHP
	List here...		
Total deductions:			PHP
Net wages (Gross wages total deductions)			PHP

Session 4: Selecting and working with financial service providers

Duration

- ▶ 60 minutes

Materials

- ▶ Projector
- ▶ Power point slides
- ▶ Flipchart, markers
- ▶ Stickers (such as small, coloured circles)
- ▶ Handout 6: Financial service provider case study

Preparation

- ▶ Spend some time researching providers of payroll solutions in advance so that you can give good, up-to-date information and support the discussion in steps 1 and 2.

Learning objectives

- ▶ Explore various digital payment methods (bank accounts, pre-paid cards, mobile wallets and mobile money accounts) and understand the advantages and disadvantages of each.
- ▶ Identify and apply key criteria for choosing a financial service provider (FSP).
- ▶ Learn about common services provided by FSPs, the support workers' might expect, and how to ensure that services respond to the needs of women and men workers.



Options for digital wage payments

(plenary discussion, 10 minutes)



Outline the objectives of the session and then begin a plenary discussion on the different options for making wage payments in the country. Note down each option suggested on a flipchart. Once you have finished the discussion, outline some of the most common options. Check whether any of these have been missed during the discussion and any which are relevant to the country to the flip chart as well.

Digital wages can be paid through different methods:



- ▶ A financial institution account: An account with a traditional or digital bank or other financial institution, such as a financial cooperative.



- ▶ A digital wallet: A digital tool that allows you to access your account and makes payments. Typically, you need an account at a financial institution to use a digital wallet.



- ▶ A mobile money account: Mobile money accounts are accessible through your phone and you can typically sign up with just an ID and a phone number. They generally have more limited functions than financial institution accounts.

Now, give each participant two stickers and ask them to come up to the flipchart and put a sticker next to the two options which they feel are most promising or relevant for small enterprises. Once everyone has put up their stickers, count the stickers and circle the three options with the most stickers. Point out that all the options are relevant, but we will continue analysing just these three for the rest of the session.



Check in advance that all these payment types are available in the country and that they are legal methods of salary payment. If any are not, remove them from the training material.

Remind: The distinction between digital wallets and mobile money accounts can be confusing and there is some overlap in the two terms. Digital wallet is a broader term, which can apply to wallets linked to accounts from traditional financial service providers. Mobile money providers are newer players, and you typically only need an ID and mobile phone number to open a mobile money account. Give local examples of both where possible.

Assessing possible payment methods

(group activity, 30 minutes)



Now, divide the participants into six groups. Allocate half of the groups to think as SME owners and the other half to put themselves in the shoes of workers in SMEs. Designate one "worker group" and one "enterprise group" to each of the payment options. Give each group a piece of flipchart paper and give them 10 minutes to discuss the advantages and disadvantages of the method from their designated perspective (as workers or enterprise owners).

After the time is up, bring both groups working on each option together. Give them five minutes to share their conclusions and choose one person to present on behalf of the combined group. Each presenter should highlight to the plenary the pros and cons for workers and enterprises of their assigned payment option.

Note to the facilitator: Use the information below to comment on the presentation of the groups. Make sure all pros and cons are taken into consideration in the discussion.

▶ **Financial institution account**

Cons	
FOR ENTERPRISES <ul style="list-style-type: none"> ▶ Experienced in wage payment services. ▶ Widely available. ▶ May have existing accounts and services. 	FOR ENTERPRISES <ul style="list-style-type: none"> ▶ Costs of services. ▶ May not have services adapted to the needs of small enterprises.
FOR WORKERS <ul style="list-style-type: none"> ▶ Possibility of face-to-face interaction ▶ In-person and digital services 	FOR WORKERS <ul style="list-style-type: none"> ▶ Possible costs (including card fees, account maintenance, and cash out/transfer fees). ▶ May require a minimum balance. ▶ May not be widely available outside of urban centres. ▶ Queues to cash out at branches and ATMS (although correspondents may also be available).

▶ **Digital wallets**

Pros	Cons
FOR ENTERPRISES <ul style="list-style-type: none"> ▶ Enterprises may already use mobile wallets widely to accept payments from customers. ▶ Convenient and easy to use for entrepreneurs with good digital skills. ▶ Typically provided by and connected to accounts with traditional financial institutions like banks, which may be more trusted and have better support services. 	FOR ENTERPRISES <ul style="list-style-type: none"> ▶ Possible costs. ▶ Payroll services and in-person support may not be available or may be more limited. ▶ Challenges with workers with limited digital literacy. ▶ Possible transaction and balance limits too low for business payments.
FOR WORKERS <ul style="list-style-type: none"> ▶ Possibility to spend directly in local establishments if mobile money payments widely accepted. ▶ Convenient and easy to use for those with good digital skills. 	FOR WORKERS <ul style="list-style-type: none"> ▶ Possible costs. ▶ Correspondents may not have sufficient available cash. ▶ Lower confidence in relatively new services (although typically connected to a better-known institution). ▶ Need for mobile phone ownership and digital literacy.

▶ **Mobile money accounts**

Pros	Cons
FOR ENTERPRISES <ul style="list-style-type: none"> ▶ Enterprises may already accept payments from customers in mobile money, especially in countries where its use is widespread. ▶ Convenient and easy to use for entrepreneurs with good digital skills. 	FOR ENTERPRISES <ul style="list-style-type: none"> ▶ Lack of confidence in new technology and providers. ▶ Payroll services and in-person support may not be available or may be more limited. ▶ Challenges with workers with limited digital literacy. ▶ Possible costs. ▶ Possible transaction and balance limits that are too low for business payments.
FOR WORKERS <ul style="list-style-type: none"> ▶ Possibility to spend directly in local establishments if mobile money payments widely accepted. ▶ Convenient and easy to use for those with good digital skills. 	FOR WORKERS <ul style="list-style-type: none"> ▶ Possible costs, correspondents may not have sufficient available cash. ▶ Lower confidence in new technology and providers. ▶ Need for mobile phone ownership and digital literacy.

Small enterprises tend to only know about traditional banks, which often only offer payroll solutions which are too expensive for them. They are less likely to know or trust new digital providers. It is therefore important to spend some time researching providers in advance so that you can give good, up-to-date information here.

Selecting a financial service provider

(group activity, 20 minutes)



Introduce the session by explaining that financial institutions are service providers, and therefore enterprises can and should select them as carefully as any other service that they buy. Note the importance of taking women and men workers' needs and preferences into account when deciding.

Divide the participants into new groups of around five participants and give a copy of "Handout 6: Financial service provider case study" to each group. Explain the instructions for the activity, as outlined on the case study handout. Give the groups 10 minutes to discuss, moving around the groups to make sure that everyone has understood the case and the activity. After 10 minutes, go around the groups asking each to share one question it came up with, without repeating questions. Keep going until there are no more new questions, or until each group has shared at least two questions.

To finalize the activity, explain the key criteria for selecting an FSP, emphasize links between these categories and the questions that the groups shared:

- ▶ **Costs for the enterprise:** set up fees, account opening fees, cost of cards for workers, transaction costs per worker per pay transaction.
- ▶ **Costs for the workers:** cash out fees, transfer fees, annual account maintenance fees, possible annual fee for card, card renewal fee in case of loss or theft.
- ▶ **Accessibility:** network of cash in/cash out points, including ATMs, bank branches, and agents.
- ▶ **Available support to the enterprise:** training and support to enterprise owners and managers during wage digitization.
- ▶ **Available support to the workers during digitization and on pay day:** training, support, troubleshooting, hotline etc.
- ▶ **Support and services for workers beyond wage digitization:** digital and financial education, additional financial services, such as savings.

To finalize, ask participants to think about which they think is the most important of the six categories. Go through each category, asking for a show of hands for those who think it is the most important category. Conclude that the answer will depend on the enterprise, and that, although costs are usually top of mind, other factors can be equally important. Encourage participants to use this list of questions as a reference when they engage with FSPs.

Wrap up of the session

Remind participants that it is crucial that workers are also considered in their selection of a FSP, so that they can access and use their digital wages in a convenient, safe, timely and affordable manner. The next session will focus on how to engage with workers to ensure a responsible transition.

▶ Handout 6 – Financial service provider case study

You are the manager of a small clothing manufacturer, Luckiest Apparel Co, Ltd, which has 40 permanent workers, with additional temporary workers during some periods of the year when large orders are received. Your company is planning to digitize worker's wages. The business owner has tasked you with selecting the financial service provider with the best offer for the company, but you also want to make sure the digital wages fully benefit your workers. After all, you know that you'll be the one dealing with complaints if the workers have problems with the service.

Today you have a meeting with a financial service provider that has a digital wage solution to offer. Spend a few minutes planning the questions that you should ask to cover the key areas:

- ▶ Accessibility – proximity to the enterprise and for the workers, convenience and ease of use for workers.
- ▶ Costs and conditions – fees and other costs for the enterprise and for the workers, requirements for opening and maintaining an account for workers.
- ▶ Availability and quality – availability of specific products for small enterprises and for vulnerable groups, quality of services, access to other products and services.
- ▶ Support and training services – availability and quality of support services during the transition.
- ▶ Transparency and protection – transparency of price and conditions of financial services, and quality of information provided.
- ▶ Reputation – reputation and trust in the financial service provider, social and environmental responsibility.

Are there areas that you think are more important than others? What are, in your opinion, the most important questions to ask?

Support document – Questions to ask a financial service provider

If necessary, use this document as reference for the plenary discussion, introducing the questions listed below for a more comprehensive approach.

Topic	Questions
Proximity to the enterprise	Does the FSP have a branch near the enterprise to facilitate future engagement?
Reputation and trust in the financial service provider	<p>What is the reputation of the FSP? Ask yourself: Have I heard about any problems related to this FSP in the news or through social media? Do I know anyone (including another enterprise) who has had a problem with the FSP? What kind? How was it solved?</p>
Availability of specific products for small enterprises and for vulnerable groups	<p>Does the FSP already offer payroll services to other small enterprises? Are the FSP's payroll services suitable for small enterprises? Are there any limitations (such as minimum balances of transaction sizes) that make the services unsuitable for a small enterprise?</p> <p>Does the FSP already offer products or financial services to the low-income population? To low-income women? To low-income people who cannot read or write well?</p> <p>Does the FSP understand the needs and preferences of this segment of the population, and do they have the system in place to offer adequate products and services?</p>
Transparency of price and conditions of financial services, and quality of information provided	<p>Are the price and conditions of the financial services, including the digital payroll solution, made available?</p> <p>Does the FSP have communication materials for their products and services (website etc.)? If yes, do they provide the required information promptly? Is the information easy to understand?</p>
Quality of services	<p>What is the FSP's customer care policy?</p> <p>How does the FSP solve issues with its clients, in this case with the enterprise and its workers?</p> <p>Does the FSP have a helpline? How does it work?</p> <p>What other recourse mechanisms does the FSP have?</p>
Social and environmental responsibility	<p>Do the FSP's financial products live up to ethical standards? Which ones? Does the FSP support any philanthropic actions? If so, what kind?</p>
Costs for the enterprise	<p>What are the fees to set up the payroll services at enterprise level? What are the transaction fees per worker for the enterprise?</p>

Availability and quality of support services during the transition	<p>What training and support services will be provided for workers as they begin to receive digital wage payments?</p> <p>Does the FSP offer any digital and financial education to workers?</p>
Requirements for opening and maintaining an account for workers	<p>What documentation do workers need to provide to open an account?</p> <p>What are the charges to open an account and to receive a bank/ATM card?</p> <p>Is it a one-time cost or annual?</p> <p>Is there a minimum deposit for opening an account and keeping it open?</p>
Proximity for the workers	<p>Are there cash-out points near the workplace, workers' homes or in another convenient location?</p> <p>(Cash-out points include a bank branch, agent, ATM, mobile money agent or banking correspondent)</p>
Convenience and ease of use for workers	<p>What are the opening hours of the branch or agents?</p> <p>How long is the wait to be served at and around payday?</p> <p>How does the FSP ensure ATMs and agents have enough liquidity at and around payday? Will full amounts be available for the workers? Do workers receive a notification when digital wage payments have been made? When and how?</p> <p>Do workers receive account statements? How and how often?</p> <p>Can workers do transactions on their account using their phone or online? (Checking balance, transferring money, and so on)</p>
Costs and access to digital wages for workers	<p>What are the costs for a worker to cash out his or her digital wages (cost per withdrawal)?</p> <p>What are the fees to transfer funds to another account, including at the same financial service provider?</p> <p>Are there any fees if the worker uses an ATM or an agent in another province, or of another financial service provider?</p> <p>Is there a minimum and maximum amount that a worker can withdraw each time?</p>
Access to other products and services	<p>Once a worker has an account and receives his/her digital wages, will he/she be able to access other financial services, such as savings or credit? What would be the terms and conditions?</p>

Session 5: Supporting workers through the transition

Duration

- ▶ 60 minutes

Materials

- ▶ Projector
- ▶ Power point slides
- ▶ Flipchart, markers
- ▶ Handout 7: Staff meeting roleplay guide for enterprise and bank representatives
- ▶ Handout 8: Staff meeting roleplay guide for workers

Preparation

- ▶ Make sure to have relevant information on the support services for workers in the transition to digital wage payments in the country. Annex I provides support with national sources and information.

Learning objectives

- ▶ Understand common challenges faced by women and men workers during the transition to digital wages.
- ▶ Discuss the importance of consulting workers at the beginning and throughout the transition to digital wages.
- ▶ Understand the importance of supporting women and men workers, particularly the most vulnerable, in transitioning responsibly from cash to digital wages.
- ▶ Learn basic information, practices, and tools to support workers through these challenges.



Roleplay activity: Supporting workers transitioning from cash to digital wages (role play activity, 30 minutes)

Share the objectives for the session. Then, explain to participants that they will now carry out a role play activity. Ask for one volunteer to play the role of the enterprise owner, another to play the role of the business manager, and a last volunteer to play the role of a bank salesperson. The rest of the participants will take the role of women and men workers.

The enterprise owner, business manager and bank salesperson should join a group to prepare for the role play. Provide them each with a copy of **"Handout 7: Staff meeting roleplay guide for enterprise and bank representatives."**

The remaining participants will also gather to prepare the roleplay. Provide each person in that group with a copy of **"Handout 8: Staff meeting roleplay guide for workers."** Give both groups ten minutes to discuss and prepare the role play and spend some time with each responding to any questions.

Once the ten minutes are up, bring the groups together, and ask the enterprise owner to kick off the staff meeting. The role play should last 20 minutes. Let the participants know when they have just five minutes left.

After conducting the role play, ask a few participants to share what they learned from the exercise. What went well? Did workers get their questions answered? What could the enterprise and the FSP have done differently to ensure the needs of workers were understood and met? And the needs of women workers in particular?

Remind participants how important it is to involve workers in each step of the process, to understand their preferences and their needs, and to address their concerns.

Digital wages from the workers' perspective (lecture, 5 minutes)



Explain to participants the key benefits and challenges of digital wage payments for workers. Remind participants that the benefits for enterprises were discussed in the first session. Emphasize that workers, in particular vulnerable workers such as women, migrants and older workers, will likely have concerns and face additional challenges in transitioning to digital wages, and it is important to involve them and support them throughout the process.

Benefits	Challenges
<ul style="list-style-type: none"> ▶ Faster (no need to queue at the workplace to receive wages) ▶ Safer (reduces risks of loss, theft, etc) ▶ Reduces pressure to give money to family/-friends/ colleagues ▶ Reduces temptation to spend on unnecessary items (withdraw only amount needed) ▶ Easier to save ▶ Might help in accessing other financial services (savings, credit, transfers, payments) ▶ Provides proof of wage payment (useful to identify possible errors in the wage payment and to access other financial services) ▶ Facilitates management of personal finances 	<ul style="list-style-type: none"> ▶ Fees (to maintain accounts, cash out money, make transfers, replace cards etc.). ▶ Low availability of ATMs, agents or bank branches near my home or workplace. ▶ ATMs not working properly (power cut, out of cash). ▶ Queues at the ATM, agent or bank branch ▶ Not possible to make digital payments for daily expenses near my home or workplace. ▶ Operating systems and customer service may not be available in worker's language or worded and presented in a simple and accessible way. ▶ Challenges using ATMs or mobile services.

Helping workers benefit from digital wages

(plenary discussion, 25 minutes)



Workers may need support in accessing their wages, managing and reducing costs, using digital wages securely, and using digital wages and financial services with confidence. For each of these points, ask participants to suggest ways in which enterprises could support workers. After each discussion, use the animation in the presentation to bring up suggestions and highlight any that have not already been mentioned.

ACCESS – Support in accessing wages



- ▶ Provide a detailed explanation of how workers will be able to access their pay. For digital services, provide a demonstration (can be conducted by the FSP).
- ▶ Share with workers the physical and digital points of contact for the FSP. Consider safety in accessing these points, especially for women workers.
- ▶ Share complaint and trouble-shooting mechanisms with workers.
- ▶ Meet with women and men workers after the first digital wage payment to address initial challenges and concerns.

COSTS – Support in managing and reducing costs



- ▶ Discuss with workers which fees, if any, they should expect to incur, why these fees are in place, and how to minimise them (ask for information and guidance from the FSP or for the FSP to visit and explain to workers).

SECURITY – Support using digital wages securely



- ▶ Discuss common scams and teach workers basic security measures around protecting their cards, online passwords and PIN codes.
- ▶ Provide workers with details of who to contact immediately at the FSP in case of security concerns, lost cards and so on.
- ▶ Information can be shared in posters at the workplace or through pamphlets, which may be provided by the FSP.

CONFIDENCE AND USE – Support using digital wages with confidence



- ▶ Discuss the benefits of digital wages and digital financial services with workers, including greater control over their finances.
- ▶ Provide or help workers access financial education.
- ▶ Appoint women and men financial education champions among the workers who can share experiences of financial services and good financial practices.
- ▶ Share details of nearby shops and services where workers can transact digitally.



Present to participants support services available to workers at global (ILO financial education resources) and country levels. Be sure to use the information available at Annex I to share some relevant local resources.

Wrap up of the session

Remind participants that the transition to digital wage payments requires that support is provided to employees and that the needs of workers will vary from one to another. Hence, it is critical that they are consulted at the beginning and throughout the digitization process.

▶ Handout 7 – Staff meeting roleplay guide for enterprise and bank representatives

Enterprise owner

You are the manager of a small clothing manufacturer, Luckiest Apparel Co, Ltd, which has 40 permanent workers, with additional temporary workers during some periods of the year when large orders are received. Your company is planning to digitize worker's wages and you are confident that this will be advantageous for both your enterprise and workers. You planned with the business manager to hold a meeting with all staff to explain the transition and introduce the financial service provider.

Business manager

You are the business manager of a small clothing manufacturer, Luckiest Apparel Co, Ltd. You are convinced that digital wages will benefit the enterprise and you see important benefits for the workers too, but you are more wary about the transition. You know that it may not be easy for all workers at the start and are aware that you may spend a lot of time dealing with initial concerns and complaints. It's important to you that this meeting is a success and gets this transition off on the right foot with workers.

Sales representative for the financial service provider

You are the sales representative for financial service provider DigiWages. Your job is to promote digital wages to workers, and you have an aggressive sales target. Your bank does not usually serve small enterprise workers, but they recognize that small enterprises represent a huge market and want to make sure that the transition is successful with their initial small enterprise customers. You are excited to be promoting the new arrangements to the workers and hope to also interest them in other services provided by the bank. However, you don't have much experience outside of large corporations and their workers, which make up the majority of the bank's customer base.

Instructions

Set up the workshop space to resemble a staff meeting, arrange the chairs for staff. Prepare your messages and how you will run the meeting. You can use the meeting agenda below or adapt it as you prefer.

Agenda:

- ▶ Welcome workers to the townhall and tell them how excited you are about the wage digitization that is going to take place.
- ▶ Introduce the financial service provider DigiWages that you have selected.
- ▶ Inform workers that they won't have to queue to receive their wages in cash anymore. It will save them time and create time savings for the enterprise.
- ▶ Share the timeline of the transition from cash-based to digital wage payments (one month).
- ▶ Ask the financial service provider to tell workers how easy and convenient the transition will be.
- ▶ Ask if workers have any questions.

▶ Handout 8 – Staff meeting roleplay guide for workers

You are workers at a small clothing manufacturer, Luckiest Apparel Co, Ltd, which has 40 permanent workers, and additional temporary workers during some periods of the year when large orders are received. You have heard that the company is planning to digitize worker's wages but have not yet received much information.

Some workers, especially those with higher digital and financial literacy, are comfortable with the change. Others are wary and have lots of questions. Some are more argumentative, opposing the change or upset that workers have not been consulted earlier. Discuss which stance group members plan to take, making sure there are a range of attitudes which will be played out in the group.

As a group, you want your questions answered before you can be convinced that digital wages will benefit you. Benefits for the enterprise don't concern you, and some members of the group are willing to threaten negative consequences if the answers you are given are not satisfactory.

You want to know the following:

- ▶ What good is the move to digital wages for workers, if you can only pay your utilities and food in cash?
- ▶ You have heard that some workers got less money for their work when they were paid digitally. Is this true?
- ▶ You have heard that workers in other enterprises need to queue for a long time to cash out their money on payday, and some are harassed in the process, in particular women. Is this true?
- ▶ Why hasn't the enterprise consulted the workers earlier?
- ▶ The closest ATM is five km away, how can you get your wage without paying extra for transport?
- ▶ You have heard that agents charge extra for withdrawing money. Is this true?
- ▶ You are not sure that you can trust the FSP. You have heard of many people who had financial problems with their bank or mobile account, including cases of fraud and over-indebtedness. How can you know whether this FSP is to be trusted?
- ▶ How are you going to be able to send money back home?
- ▶ How are you going to be able to repay the loan you have taken from a co-worker or a neighbour if you are paid digitally?

Discuss in the group if you have other questions you'd like answered.

Before the meeting, make sure everyone feels ready and remember not to let one or two participants dominate the discussion.

Session 6: Action planning

Duration

- ▶ 30 minutes

Materials

- ▶ Projector
- ▶ Power point slides
- ▶ Flipchart, markers
- ▶ Handout 9: Action plan

Preparation

- ▶ Make sure to have relevant information on support for enterprises in the country. Annex I provides support with national sources and information. Add any additional sources of support which you might be aware of in the country.

Learning objectives

- ▶ Plan next steps in the participant's transition to responsible digital wages for their small enterprise.
- ▶ Know about the tools and support available for small enterprises and for workers.



Developing an action plan (individual exercise, 10 minutes)



Share the objectives of the session. Give each participant a copy of **“Handout 9: Action plan”** and ask them to think about which stages they have completed and which they still need to work on. Ask participants to fill out the action planning table, focusing their time on the steps which they feel are most important to them at this stage. Ask them to be as specific and practical as possible.

Coaching (activity in pairs, 10 minutes)



Ask participants to pair up for the next exercise. Each person in the pair will have 5 minutes to share their plans for just one of the steps in the action plan. They can talk about the practical action they plan to take and any challenges they foresee. The other member of the pair will provide feedback and ideas based on their own experience and learning during the course. Tell participants when the time is up and ask them to switch roles, again focusing on just one step in the action planning table.

If you have time, you may wish to ask one or two pairs to share some observations from their discussions in plenary.

Recap (lecture, 5 minutes)



Share the sources of support for enterprises in implementing digital wages.



Prepare the relevant information on sources of support in the country. It is important to add any additional national sources of support. These could include resources, training or support provided by business associations, local or national government, NGOs or others.

▶ Handout 9 – Action plan

Step	Done?	Next action	Who?
Assess benefits and risks for your enterprise			
Develop an action plan for digitization			
Engaging			
Decide person/team responsible for leading the transition			
Identify financial and/or payroll service providers			
Organize a meeting to engage workers in the transition			
Setting-up			
Establish a payroll system and register workers			
Select service providers according to key criteria			
Facilitate account opening for workers or registration of preferred account			
Preparing to launch			
Plan a simple dispute resolution and feedback mechanism			
Prepare key information on support services available to the enterprise and to workers			
Train workers on the basic features and usage of digital accounts and financial services			
Launch meeting			
Improving			
Adapt the process according to feedback from workers and management team			
Engage with providers to learn and assess the benefits and risks of additional services			
Provide continuous support and financial education to workers			

▶ Key messages

Emphasize that responsible wage digitization is a process that takes time. This training is one of the first steps in the process, but participants should not expect to solve everything today.

Summarize some key final messages of the training:

- ▶ Digital payments are the future of payments everywhere, because they are faster, safer, convenient, and more transparent. They are coming to small enterprises as well.
- ▶ Digital wages have clear benefits but also challenges, it is important to digitize responsibly to ensure the transition really benefits enterprises and women and men workers.
- ▶ A step-by-step approach is most likely to be successful; it is important to spend sufficient time planning and preparing key documents to support the digitization process.
- ▶ Inclusion and engagement of workers and other stakeholders are essential for success in wage digitization. Communication cannot be overdone.

Evaluation and closing (5 minutes)

Thank participants for their willingness to share, participate, and learn. Ask them to fill in the evaluation form and return these to you as they leave.

▶ Annex I: Country-specific information

Legal requirements for wage payments

Information on methods of payment

In the Philippines, the Labor Code of the Philippines is the legal framework that regulates the payment of wages in the country, as outlined in Book III (Conditions of Employment) and its Implementing Rules and Regulations. This is further supplemented by the Wage Rationalization Act of 1989 (Republic Act 6727) and the Handbook on Workers' Statutory Monetary Benefits issued by the Department of Labor and Employment (DOLE).

Among the key legal provisions regarding wage payments are:

- ▶ No employer shall pay the wages of an employee by means of promissory notes, vouchers, coupons, tokens, tickets, chits, or any object other than legal tender, even when expressly requested by the employee.
- ▶ Wages shall be paid at least once every two (2) weeks or twice a month at intervals not exceeding sixteen (16) days. No employer shall make payment with less frequency than once a month.
- ▶ Payment of wages shall be made at or near the place of undertaking, except as otherwise provided by such regulations as the Secretary of Labor and Employment may prescribe under conditions to ensure greater protection of wages.
- ▶ Any person, company, corporation, partnership or any other entity engaged in business shall file and register annually an itemized listing of their labor component, specifying the names of their workers and employees below the managerial level, including learners, apprentices and disabled/handicapped workers who were hired under the terms prescribed in the employment contracts, and their corresponding salaries and wages.
- ▶ Any person, company, corporation, partnership or any other entity engaged in business shall file and register annually an itemized listing of their labor component, specifying the names of their workers and employees below the managerial level, including learners, apprentices and disabled/handicapped workers who were hired under the terms prescribed in the employment contracts, and their corresponding salaries and wages [Annual Establishment Report on Wages].

DOLE has also issued Labor Advisory No. 26 (series of 2020), which sought to encourage and enable all private establishments to timely pay wages and other monetary benefits through transaction accounts, so as to afford employees access to formal financial services for the promotion of their welfare, reduce costs and risks of physical cash disbursements, and promote digital payments as a safer alternative to the physical exchange of bills and coins.

In particular, it promoted the use and/or opening for workers of a Basic Deposit Account (or a BDA, which is an interest or non-interest-bearing bank account with a minimal initial deposit (no more than 100 pesos), no minimum maintaining balance, no dormancy charges, maximum balance of P50,000.00, and with simplified know-your-customer (KYC) requirements, as prescribed by the BSP), e-money account, or financial services access points (ATM, bank branches, e-money/cash agents) for the payment of their wages and other monetary benefits.

The Advisory highly encourages employers in the private sector to explore and/or undertake the following initiatives in support of the payment of wages through transaction accounts:

- ▶ Communicating to their employees the benefits of using transaction accounts for receiving wages and other remunerations;

- ▶ Assisting employees who have no existing transaction accounts in opening one for the purpose of receiving wages;
- ▶ Providing employees who have existing transaction accounts the option to receive their wages and other monetary benefits through the same;
- ▶ Requiring partner banks or e-money issuers to provide information on features of transaction accounts and updated list of nearest financial service access points for the benefit of employees;
- ▶ Ensuring that opening, maintaining, and use of transaction accounts shall in no case result in any additional expenses/fees or diminution of wages and other monetary benefits received by employees;
- ▶ Ensuring compliance with wage protection regulations; and continuing issuance of payslips (or record of payment of wages and other monetary benefits and deductions for a particular period) to employees.

References

Labor Code of the Philippines

<https://blr.dole.gov.ph/2014/12/11/labor-code-of-the-philippines/>

<https://bwc.dole.gov.ph/downloads/labor-code-of-the-philippines-as-amended>

Book III (Conditions of Employment)

<https://blr.dole.gov.ph/2014/12/11/book-iii-conditions-of-employment/>

Implementing Rules and Regulations (IRR) of Book III

<https://chanrobles.com/implementingrulesofthelaborcode3.html>

<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/2/85819>

Wage Rationalization Act

<https://nwpc.dole.gov.ph/issuances/republic-act-6727-wage-rationalization-act/>

<https://www.officialgazette.gov.ph/1989/06/09/republic-act-no-6727/>

Handbook on Workers' Statutory Monetary Benefits, 2023 edition:

<https://bwc.dole.gov.ph/downloads/2023handbook>

DOLE Labor Advisory No. 26-20: Payment of Wages and Other Monetary Benefits Through Transaction Accounts

<https://www.dole.gov.ph/news/labor-advisory-no-26-20-payment-of-wages-and-other-monetary-benefits-through-transaction-accounts/>

Relevant information on payroll

Legal requirements for payslips

Rule X, Section 6 of the IRR of Book 3 of the Labor Code specifies that every employer shall pay his/her employees by means of a payroll wherein the following information and data shall be individually shown:

1. Length of time to be paid;
2. The rate of pay per month, week, day or hour, piece, etc.;
3. The amount due for regular work;
4. The amount due for overtime work;
5. Deductions made from the wages of the employees; and
6. Amount actually paid.

Every employee in the payroll shall sign or place his thumbmark, as the case may be, at the end of the line opposite his name where a blank space shall be provided for the purpose. His signature shall be made in ink, or his thumbmark placed with the use of the regular stamping ink and pad.

Time records — Every employer shall keep an individual time record of all his employees bearing the signature or thumbmark of the employee concerned for each daily entry therein by means of any of the following methods: (a) Through the use of Bundy clock by means of which an employee can punch in his individual card the time of arrival and departure from work; (b) Through the employment of a timekeeper whose duty is to time in and out every employee in a record book; and (c) By furnishing the employees individually with a daily time record form in which they can note the time of their respective arrival and departure from work.

Entries in the filing of time records. — All entries in time books and daily time records shall be accomplished in ink. All filled-up Bundy clock cards, timekeeper's books and daily time record forms shall be kept on file in chronological order by the employer in or about the premises where the employee is employed, and open to inspection and verification by the Department of Labor and Employment as provided in this Rule.

Time records of executives. — Managerial employees, officers or members of the managerial staff, as well as non-agricultural field personnel, need not be required to keep individual time records, provided that a record of their daily attendance is kept and maintained by the employer.

Place of records. — All employment records of the employees shall be kept and maintained by the employer in or about the premises of the workplace. The premises of a workplace shall be understood to mean the main or branch office of the establishment, if any, depending upon where the employees are regularly assigned. The keeping of the employee's records in another place is prohibited.

Preservation of records. — All employment records required to be kept and maintained by employers shall be preserved for at least three (3) years from the date of the last entry in the records.

Examples of (digital) payroll providers

Sprout: <https://sprout.ph/>

Cloudcfo: <https://cloudcfo.ph/services/payroll-services/payroll-system-hris/>

GreatDayHR: <https://greatdayhr.ph/>

OneCFO PH: <https://www.onecfo.ph.co/>

PayrollHero: <https://payrollhero.com/>

SweldoMo: <https://www.sweldomo.ph/>

Eezi: <https://www.eezi.com/>

Useful guides on doing payroll:

<https://sprout.ph/articles/onboarding-101-employee-registration-philippines/>

<https://www.moneymax.ph/personal-finance/articles/employee-registration-bir-sss-pagibig-philhealth>

<https://cloudcfo.ph/blog/payroll/payroll-updates-2023>

<https://www.sweldongpinoy.com/>

How to register employees in the social security and tax systems

Wages in the Philippines are paid inclusive of income tax and social protection contributions. These are remitted by employers on behalf of employees to the Bureau of Internal Revenue (BIR) for withholding income tax, Social Security System (SSS) for social security contributions, Home Development Mutual Fund (HDMF, or Pag-IBIG) for housing financing support, and Philippine Health Insurance Corporation (PHIC, or PhilHealth) for health and medical assistance.

An employer must be registered with the concerned government agencies before registering its employees in the same. Both employer and employee have a corresponding share in SSS, Pag-IBIG, and PhilHealth contributions for each worker. Income tax are withheld every payday (normally twice a month), while social protection contributions are remitted monthly.

Social security benefits are composed of a package of benefits under the Social Security System (SSS for private sector employees/workers) in the event of death, disability, sickness, maternity, old age and unemployment. Work-related death, disability and sickness also receive benefits under the Employees' Compensation (EC) Programs. The SSS covers all employees including kasambahays (or domestic workers) not over sixty (60) years of age and their employer.

The Home Development Mutual Fund, otherwise known as Pag-IBIG (Pagtutulungan sa kinabukasan: Ikaw, Bangko, Industriya at Gobyerno) Fund is a mutual provident savings system for private and government employees and other earning groups, supported by matching mandatory contributions of their respective

The National Health Insurance Program (NHIP) is a compulsory health insurance program of the government established to provide universal health insurance coverage and ensure affordable, acceptable, available and accessible health care services for all citizens of the Philippines. The NHIP covers all Filipinos pursuant to Republic Act No. 11223 or the Universal Health Care (UHC) Act.

References:

On withholding tax: <https://www.bir.gov.ph/WithHoldingTax>

On SSS contributions: <https://www.sss.gov.ph/sss-contribution-table/>

On Pag-IBIG: <https://www.pagibigfund.gov.ph/index.html>

On PhilHealth: <https://www.philhealth.gov.ph/>

Support services to enterprises and employees/workers

Bangko Sentral ng Pilipinas

Financial Education Learning Modules and Tools

<https://www.bsp.gov.ph/Pages/InclusiveFinance/FinancialEducationLearningModules.aspx>

Financial Education Learning Resources

<https://www.bsp.gov.ph/SitePages/InclusiveFinance/LearningResources.aspx>

Financial Education Learning Events

<https://www.bsp.gov.ph/Pages/InclusiveFinance/LearningEvents.aspx>

Financial Inclusion Portal

<https://www.bsp.gov.ph/SitePages/InclusiveFinance/InclusiveFinance.aspx>

Consumer Assistance Channels and Chatbot

<https://www.bsp.gov.ph/Pages/InclusiveFinance/ConsumerAssistanceChannelsChatbot.aspx>

Financial Inclusion

<https://financialinclusion.gov.ph/>

Department of Labor and Employment

Bureau of Working Conditions

<https://bwc.dole.gov.ph>

Department of Trade and Industry

Bureau of Small and Medium Enterprise Development - Negosyo Center Online

<https://dtinegosyocenter.online/>

Tech Tools for MSMEs

<https://www.dti.gov.ph/covid19/tech-tools/>

Philippine Trade Training Center - eLearning Portal

<https://e-learning.pttc.gov.ph/>

Digital payment service providers in the Philippines

Useful information on financial institutions (from the BSP)

Directory of Banks and Non-Bank Financial Institutions

<https://www.bsp.gov.ph/SitePages/FinancialStability/DirBanksFList.aspx>

List of Banks offering Basic Deposit Accounts (BDAs)

<https://www.bsp.gov.ph/Lists/Directories/Attachments/18/BDA.pdf>

List of BSP-supervised Electronic Money Issuers

<https://www.bsp.gov.ph/Lists/Directories/Attachments/7/emi.pdf>

Transfer Fees through Digital Channels (PESONet, InstaPay)

<https://www.bsp.gov.ph/PaymentAndSettlement/Fees.pdf>

InstaPay Participants

<https://www.bsp.gov.ph/PaymentAndSettlement/Instapay%20Participants.pdf>

PESONet Participants

<https://www.bsp.gov.ph/PaymentAndSettlement/PESONet%20Participants.pdf>

QR Ph Participants (Person-to-Merchant)

<https://www.bsp.gov.ph/PaymentAndSettlement/QR%20Ph%20P2P%20Participants.pdf>

QR Ph Participants (Person-to-Person)

<https://www.bsp.gov.ph/PaymentAndSettlement/QR%20Ph%20P2P%20Participants.pdf>

Bills Pay PH Participants (QR, non-QR)

<https://www.bsp.gov.ph/PaymentAndSettlement/Bills%20Pay%20Ph%20Participants.pdf>

Digital banks licensed by the BSP

GOtyme Bank - <https://www.gotyme.com.ph/>

Maya Bank - <https://www.mayabank.ph/>

Overseas Filipino Bank - <https://www.ofbank.com.ph/>

Tonik Bank - <https://tonikbank.com/>

UnionDigital Bank - <https://uniondigitalbank.io/en>

UNO Digital Bank - <https://uno.bank/>

Examples of digital payment financial service providers

Financial institutions

BDO Unibank

<https://www.bdo.com.ph/business/business-solutions/cash-management/for-starting-and-growing-companies>

Bank of the Philippines Islands (BPI)

<https://www.banko.com.ph/> (BanKo)

<https://www.bpi.com.ph/sme-banking/cashflow-management/bizko> (BizKo)

Metrobank

<https://www.metrobank.com.ph/business/solutions/payroll-plus>

Rizal Commercial Banking Corporation (RCBC)

<https://www.rcbc.com/rcbc-boz> (Boz)

<https://www.rcbc.com/disbursement-solutions> (DiskarTech)

Security Bank

<https://www.securitybank.com/business/accounts/payroll-insurance/>

UnionBank

<https://www.unionbankph.com/msme/products>

<https://www.unionbankph.com/corporate/cash-management/cards-solutions>

Digital Wallet

DragonPay

<https://www.dragonpay.ph/>

GrabPay

<https://www.grab.com/ph/pay/>

Lazada Wallet

<https://pages.lazada.com.ph/wow/i/ph/PHCampaign/lazada-wallet>

ShopeePay

<https://shopee.ph/m/shopee-pay>

Mobile Money

GCash

<https://www.globe.com.ph/business/enterprise/business-applications/gcash#gref>

<https://www.gcash.com/business/fds>

Maya

<https://www.maya.ph/business>

Cash Agents

Cebuana Lhuillier

<https://cebuanalhuillier.com/>

M Lhuillier

<https://mlhuillier.com/kwarta-padala/>

<https://mlhuillier.com/ml-payroll-pro/>

PalawanPay

<https://www.palawanpay.com/disbursement-payroll/>

Fintech FSPs

NextPay

<https://nextpay.world/>

Paymongo

<https://www.paymongo.com/>

PearlPay

<https://pearlpay.com/>

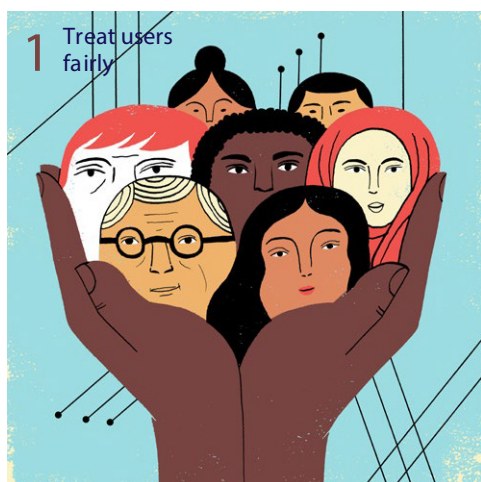
Xendit

<https://www.xendit.co/en-ph/>

▶ Annex II: UN Principles for Responsible Digital Payments

Responsible digital wage payments are digital wage payments that respect the applicable national laws and regulations, internationally recognized human rights, including the fundamental principles and rights at work, and relevant international labour standards. They also respect relevant principles, guidelines, and good practices, notably concerning (digital) financial inclusion and (financial) consumer protection.

The UN Principles for Responsible Digital Payments, developed by our partner **the Better Than Cash Alliance**, provide guidance on how to design, offer, and promote the adoption of responsible digital wage payments.



1. Treat users fairly

How can digital payments be fair for everyone, especially people on a low income or with less digital experience? The unbanked face higher barriers to adoption and might be hesitant about substituting digital payments for their cash. Providers must seek user feedback to ensure their voices are heard. Using and regulating new technologies should consider power imbalances, identify biases, and assess fairness. The goal is for digital payments to be “better than cash” for everyone.

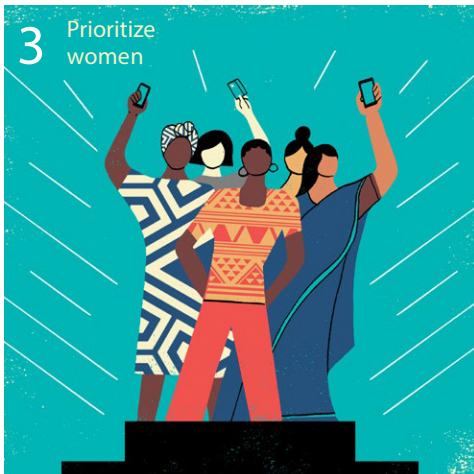
To treat users fairly is to go beyond the status quo. In interactions, this requires a move from shielding customers from losses towards building trust-based relationships. In assessing equity, it requires a shift from blind tech adoption to ethical innovation, as well as a shift of focus from wealthy or tech-savvy consumers to low-income users.



2. Ensure funds are protected and accessible

How can users, especially low-income people, trust their money is safe and always available? They need transparency and control to view, access, and use their funds on demand. Real-time payments minimize loss and service interruptions. Policies to license providers and monitor compliance should follow international standards. If losses occur, clients should be compensated seamlessly through efficient customer support.

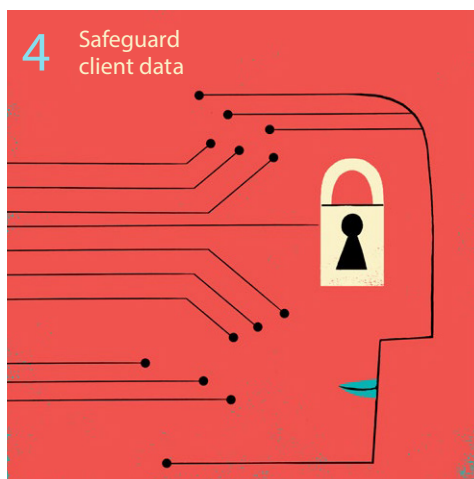
Successfully putting users' funds within their reach means giving them transparency and control of being able to view, access, and use those funds on demand. It also means giving them the confidence that all necessary steps are being taken to safeguard their funds – both proactively, to prevent loss or compromise of their funds in the first place, and reactively, to ensure swift action is taken following a loss of funds.



3. Prioritize women

How can barriers that hinder women's adoption and usage of digital payments be eliminated? Regulations and products need to be re-imagined to ensure equality of access and use. They should reflect women's diverse realities. Their voices should be included in the decision-making and design stages. Data must be collected and analyzed by sex to build gender intentionality into the entire payment experience.

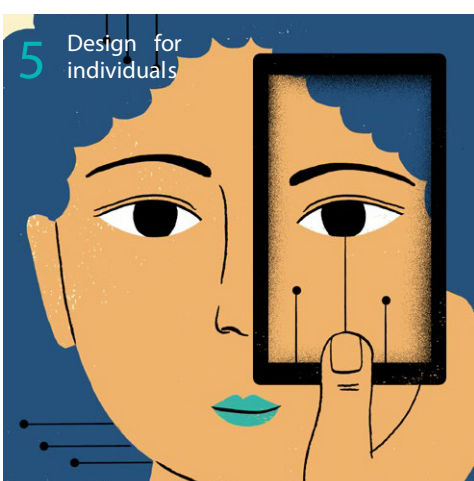
Embedding a gender lens across the responsible Principles is a crucial first step. Yet, closing the gender gap will require transformational measures that prioritize women and redress their systemic exclusion.



4. Safeguard client data

How can users be in control of how their information is collected? Data is often used to improve users' experience, but it might be shared with third parties without consent. Providers must prioritize privacy. They should communicate when, why, and how information is collected using local language, images, voice, or video. Users should have the option to deny sharing of their data.

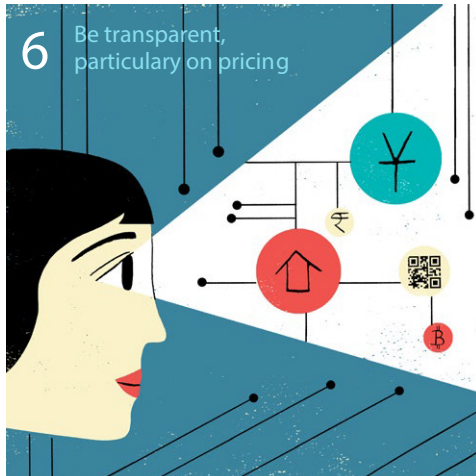
Accountability is the bedrock of data privacy. On that foundation, providers must ensure that user data are only ever legitimately used and shared. Assuming this occurs, users will control how their data are accessed.



5. Design for individuals

How can digital payment products be easy to use for everyone? Sometimes developers design products for proficient users, neglecting the diversity of needs. Digital payment providers can rely on consumer data while also working with civil society representatives of underserved groups to understand individuals' behaviors, preferences, and capabilities. The goal is to design end-to-end digital payment experiences that benefit the user.

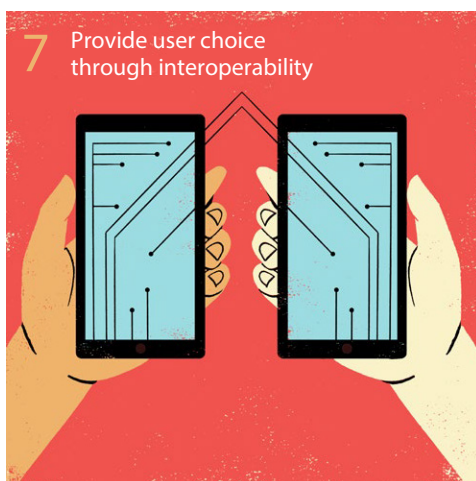
To create a world where digital payments enhance everyone's livelihoods, a deep understanding of users' needs, preferences, and capabilities is essential. Stakeholders should endeavor to design not just products, but end-to-end experiences for digital payments. Doing so is a continuous process, requiring cultural shifts and investments in analysis, learning, and adaptation.



6. Be transparent, particularly on pricing

How can users understand the characteristics and costs of digital payment services? Financial products often come with complex contracts and terms of use. Simple wording should be used to describe features, privacy policies, fees, transaction limits, exchange rates, and actions if unauthorized transactions occur. Messages must be brief, in local languages, and visually appealing or voice-activated to ensure comprehension, especially for low-literacy users.

Being transparent with users means not only disclosing information about the product's own features and terms, but also how the data may be used. This is done with the goal of promoting informed decision-making.



7. Provide user choice through interoperability

How can users make and receive payments to and from anyone? Closed systems prevent users from moving money freely and cheaply across providers. Open systems promote collaborative solutions that optimize speed, security, convenience, and affordability regardless of provider, channel, or device. Governments, companies, and development organizations can invest in shared and open infrastructure to reduce costs and increase access.

Developing a successful open digital payments ecosystem starts with architecture that facilitates the seamless flow of data and funds. It is supported by participatory policy development and governance that suits the context of a specific country or region, protects users interests within that context, and incentivizes the continued participation of providers in the public and private sectors. Most importantly, it requires ecosystem-wide buy-in, collaboration, and collective innovation from banks, PSPs, and agent networks. Such collaboration must unlock value not only for those innovating but also for the end-user. These three streams converge to create an environment with open, competitive payments in which users, and their choices, are paramount.



8. Make recourse clear, quick, and responsive

How can users get their money back quickly if something fails? As more people use digital financial services, complaints and disputes increase. Providers should establish customer support systems, such as 24-hour hotlines, that deliver timely and effective resolutions. When facing a problem, users need to understand what has to be done to fix it.

A successful recourse system makes filing a complaint as easy as making a transaction. Designing in this way requires attention to the four building blocks below. While they follow a linear user journey, these blocks also reinforce each other through interaction. For instance, a predictable and interoperable back end makes it easier to share information with users.



9. Champion value chain accountability

How can users understand who is responsible when issues arise? Many actors exist in a digital payments' ecosystem – from regulators to electricity utilities to platforms or fintech start-ups. Clients need to know that any of these actors will fulfill their role in a trusted, responsible manner if there are data breaches, lost payments, price hikes, or unethical practices.

It is important to define what being responsible means – among all actors – and to establish oversight mechanisms. This includes requiring all actors be identifiable; ensuring all actors in the value chain understand responsible behavior; build mechanisms for due diligence and define role-based access; and define how accountability will be allotted to actors in the value chain.

Learn more at <https://responsiblepayments.org>.

The ILO's Global Centre on Digital Wages for Decent Work addresses the challenges of cash wages and promotes the transition to responsible digital wage payments for the benefits of workers, employers, governments and actors in the inclusive finance ecosystems. The training on Responsible wage digitization for small enterprises in the Philippines, implemented in collaboration with the Employers Confederation of the Philippines, provides small businesses with the know-how, tools, and strategies to enable them to digitize their wage payments successfully and in a responsible manner, benefitting both the enterprise and their workers.

**ILO Country Office
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(CO-Manila) 19th Floor,
Yuchengco Tower 6819 Ayala
Avenue, Makati City 1200
Philippines.

www.ilo.org/manila

**Employers Confederation
of the Philippines**

3rd Floor
Employees Compensation
Commission (ECC) Building,
355 Senator Gil Puyat Avenue,
Makati City 1200, Philippines.

www.ecop.org.ph

ilo.org

**International Labour
Organization
Global Centre on Digital
Wages for Decent Work**

Route des Morillons
4CH-1211 Geneva 22
Switzerland

www.digitalwages.org

www.ilo.org/socialfinance