

THE Digital Hustle

Gig Worker Financial Lives Under Pressure

United States

SPOTLIGHT

OCTOBER 2020



flourish

A Venture of The Omidyar Group

The United States gig economy grew strongly over the past decade as businesses opted for a flexible work model and workers followed suit out of preference or necessity. In parallel, a growing number of on-demand digital platforms emerged, linking gig workers to work such as ridesharing, food delivery, and task-based gigs.

Many who turn to these types of hourly and on-demand digital gig work are living on the edge, piecing together part-time and temporary work and struggling to achieve financial stability without employee benefits or a steady income. This population has faced unique obstacles throughout the COVID-19 crisis and ensuing economic dislocation.

The hardship these workers face is not new, but the current economic crisis exacerbated workers' struggles and has shone a light on the lack of financial resilience much of the U.S. workforce faces today. As the country continues to grapple with the COVID-19 crisis, we have an opportunity to understand the challenges that gig workers face, examine their coping mechanisms, and highlight areas where fintech solutions can help to better address their needs.

As a global fintech investor committed to helping people improve their financial lives, Flourish Ventures seeks to better understand the impact of the pandemic on gig workers. We partnered with the digital worker platform Steady and research firm 60 Decibels in July and August 2020 to hear from nearly 700 people across five U.S. cities.

— This *United States Spotlight* represents the fifth report in *The Digital Hustle*, our global research series. Full results are available on our interactive dashboard: app.60decibels.com/flourish-gigeconomy2020



COVID-19 Impact on Livelihoods & Well-being



Gig workers have been hard hit by the COVID-19 pandemic, with 68% reporting a decline in total income.

“ I’m not able to work. I tested positive for COVID-19 and am now isolated. I would like to work from home but I don’t have a computer and my phone has been shut off.”

– Atlanta, GA

Monthly Income During the COVID-19 Crisis



Primary COVID-19 Concerns

Across all respondents, 89% are concerned about COVID-19, which remains both an economic crisis and a health crisis for gig workers. At the time of our survey, 45% of respondents listed ability to work as their top concern, and 29% listed their personal health or a family member’s health. Concern about the economy as a whole placed a distant fourth among survey respondents.



45%
Ability to work / earn an income



29%
My health or my family’s health



13%
Access to basic needs



7%
The economy

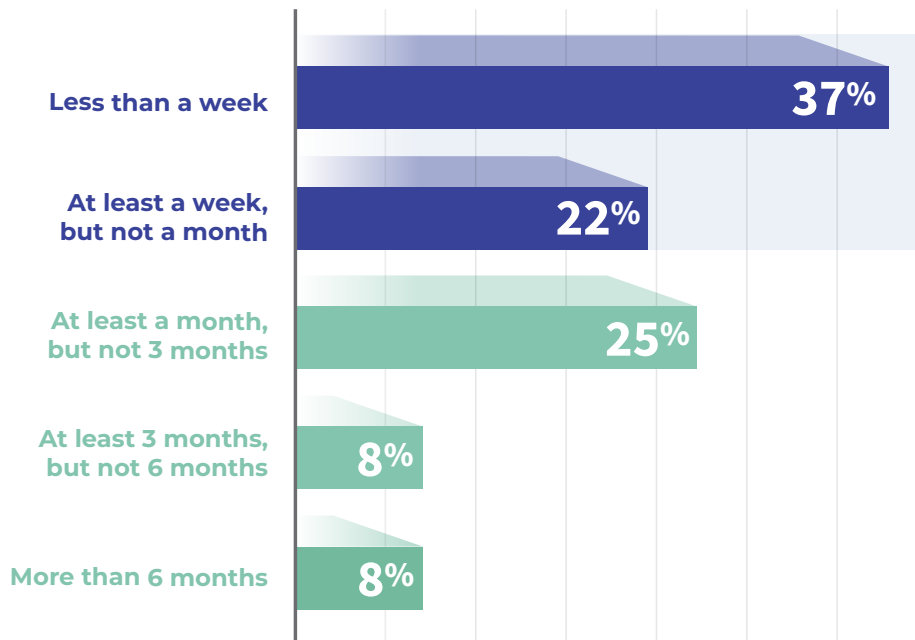
Financial Resilience

Gig workers are living on the edge, with a majority of respondents stating that they would struggle to get by for a month if they lost their main source of income.

“ I do any side jobs I can find. I support myself and it is a struggle every day just to keep a roof over my head.”

– Chicago, IL

Q: If you lost your main source of income, how long could you continue to cover living expenses without borrowing money?



Nearly 3 out of 5 workers could not cover household expenses for a month without borrowing money if they lost their main source of income.

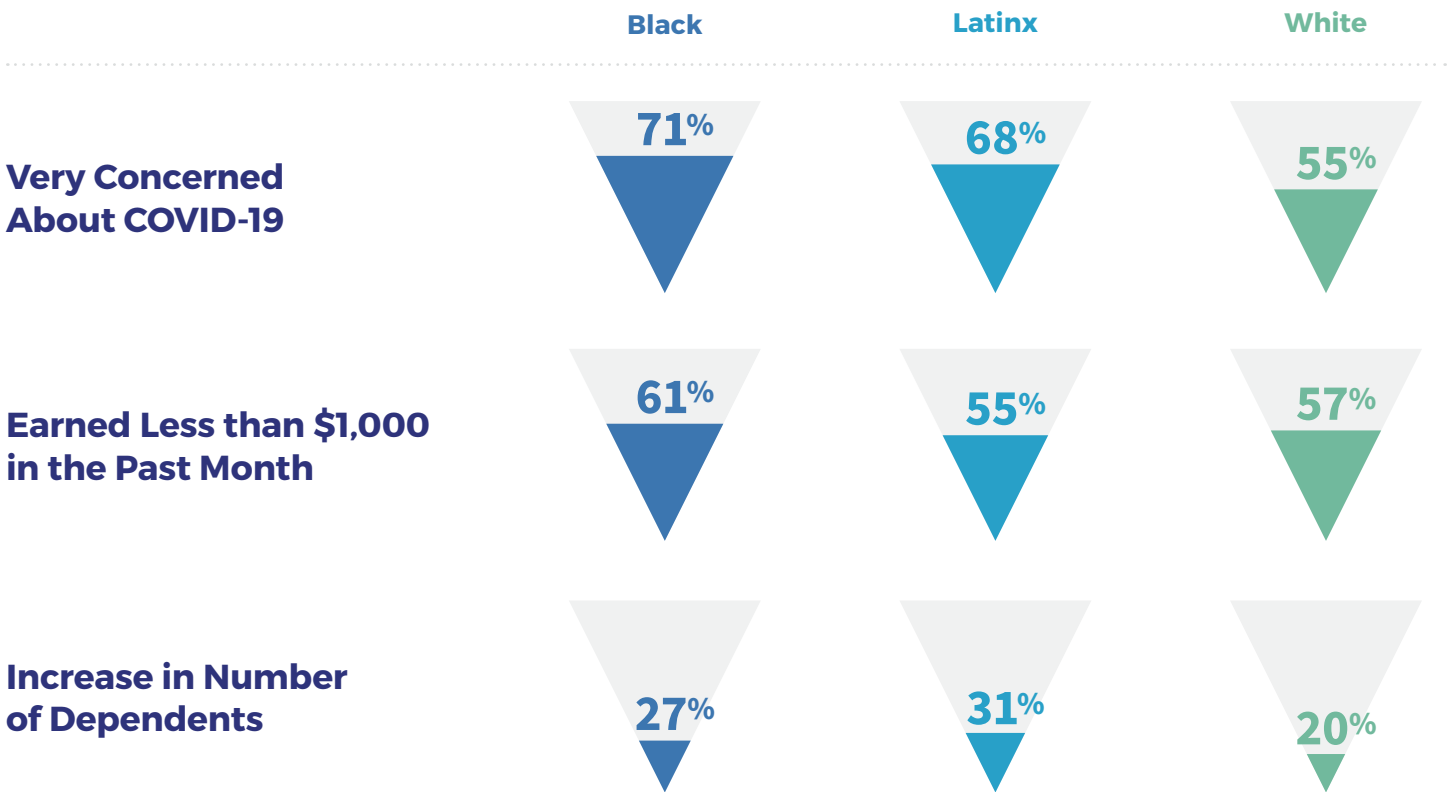
“ Since COVID-19 hit I haven’t been able to go to my job or find new work. I’m a single father with no support so sometimes my son and I can’t eat and we have to sleep in churches.”

– San Francisco, CA



Black and Latinx Workers Impacted Most

Black and Latinx communities have been disproportionately impacted by the crisis. This is evident in respondents' high levels of concern and the heavier burden of supporting additional financial dependents. Black workers have also been hit hardest financially, with 61% now earning less than \$1,000 per month.

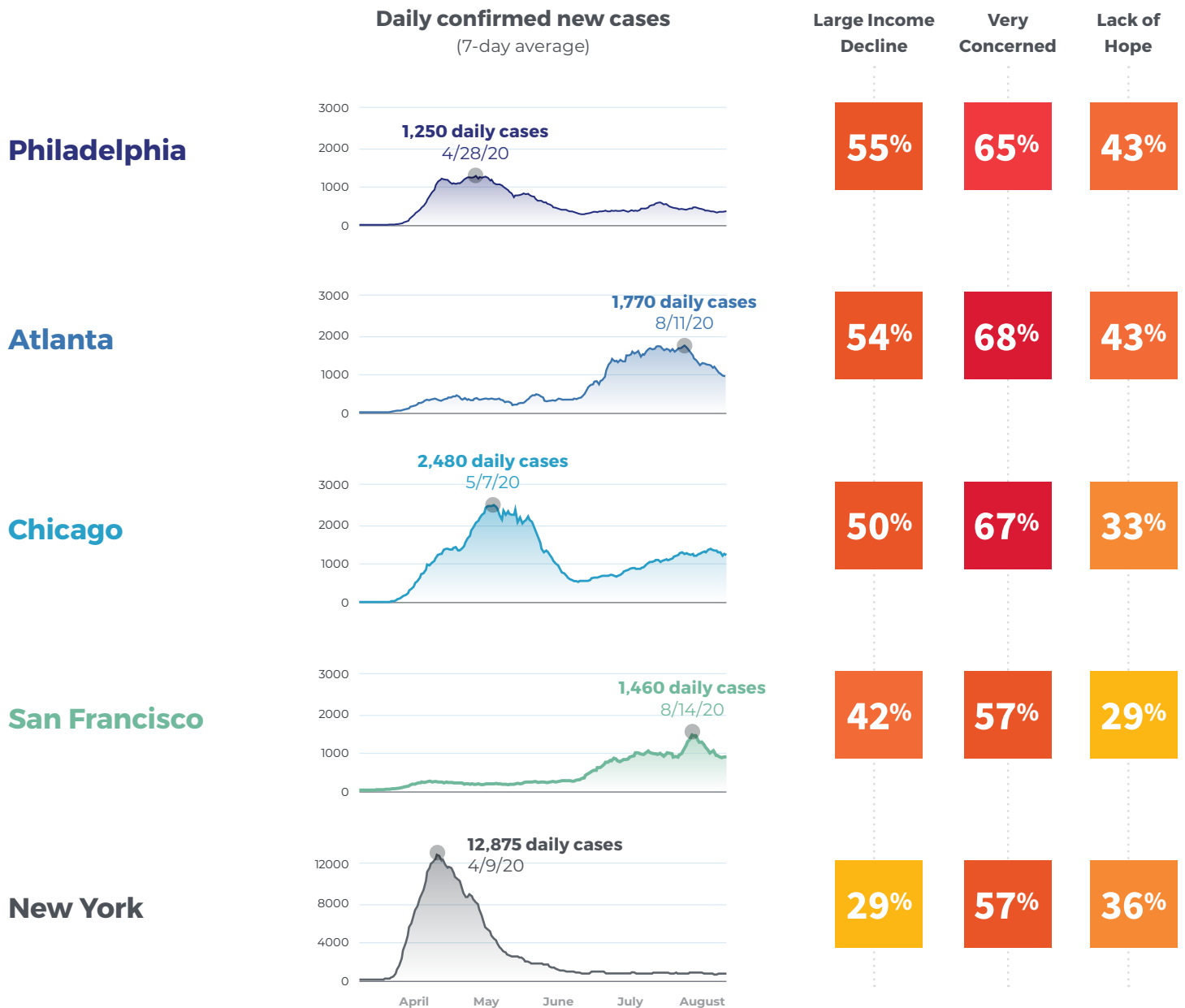


“ Hope is waning by the day. I pray for a miracle.”

– New York, NY

Impact Varies Meaningfully by City

Worker sentiment and financial impact vary meaningfully by city, possibly due to variance in infection rates, lockdowns, and re-opening timelines. At the time of our survey in July and August 2020, more than half of workers reported a large decline in income in Philadelphia, Atlanta, and Chicago. Correspondingly, workers in these cities were very concerned about the virus and many reported no sources of hope. In contrast, San Francisco workers reported a somewhat more positive outlook, though many reported a large income decline. New York workers reported less economic hardship and lower levels of concern.

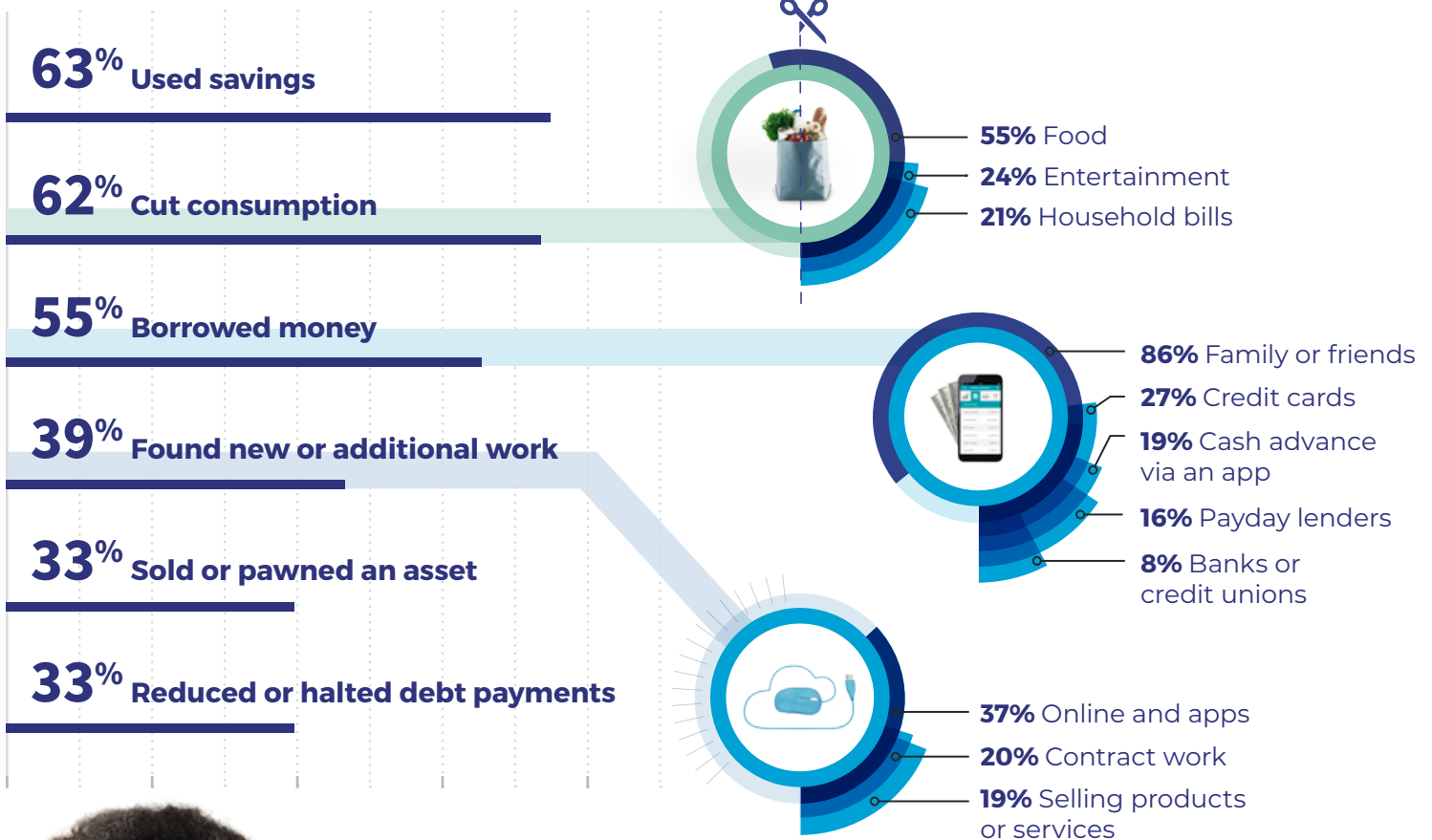


Source: [The New York Times](#) —Daily confirmed new coronavirus cases by metropolitan statistical area.

Coping Mechanisms

Gig workers have shown grit and resilience as they strive to cope with the economic impact of the COVID-19 crisis. While 63% of respondents are using savings and 55% are borrowing money, most respondents are cobbling together loans from multiple sources, with a heavy reliance on friends and family. 39% have found new or additional work, with more than a third of new work coming from online or app-based platforms. In many cases, families are going to grim lengths to make ends meet. Of the 62% who have reduced consumption, half had to cut back on food.

How Gig Workers are Adapting

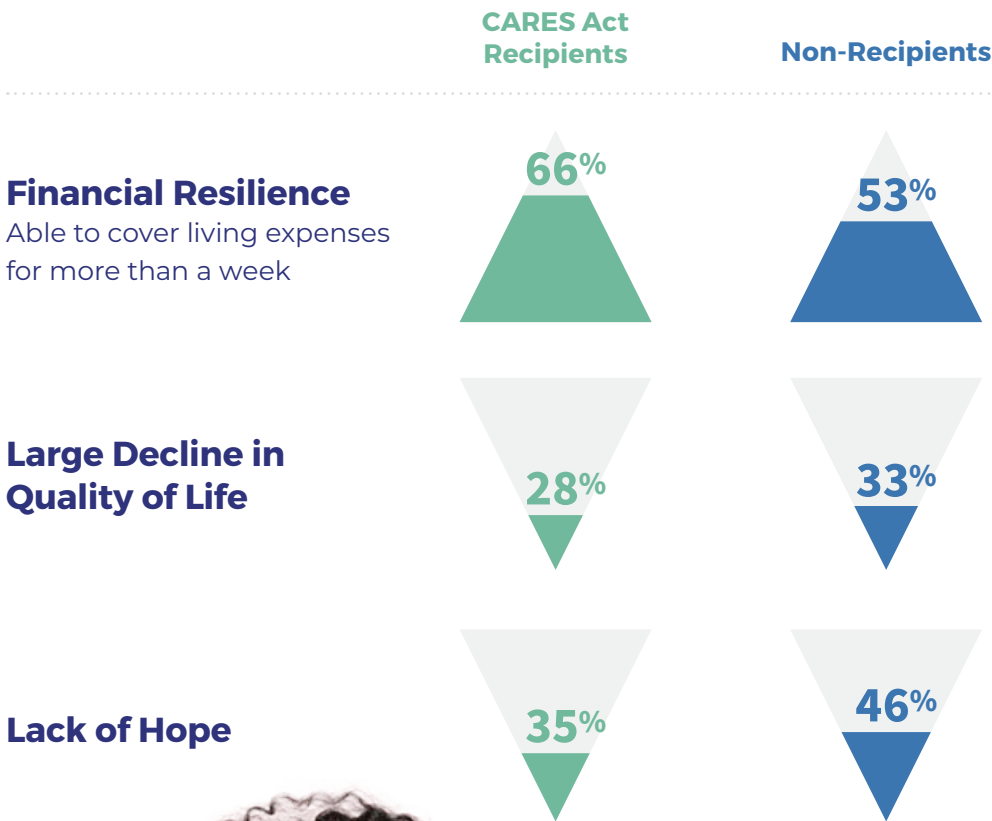


“ I do whatever work I can find, mostly small gigs. It’s not enough to support myself, let alone my family.”

– San Francisco, CA

The CARES Act Alleviated Some Hardship

Government relief payments through the CARES Act appear to have been a lifeline for many. 77% of respondents received financial aid through the CARES Act. While still struggling, these recipients had stronger financial resilience, less decline in quality of life, and a greater sense of hope.



“ **The Senate needs to decide on the CARES Act now!**”
– Philadelphia, PA



“ **The CARES Act gave me hope. It’s time for something to replace it.**”
– Atlanta, GA

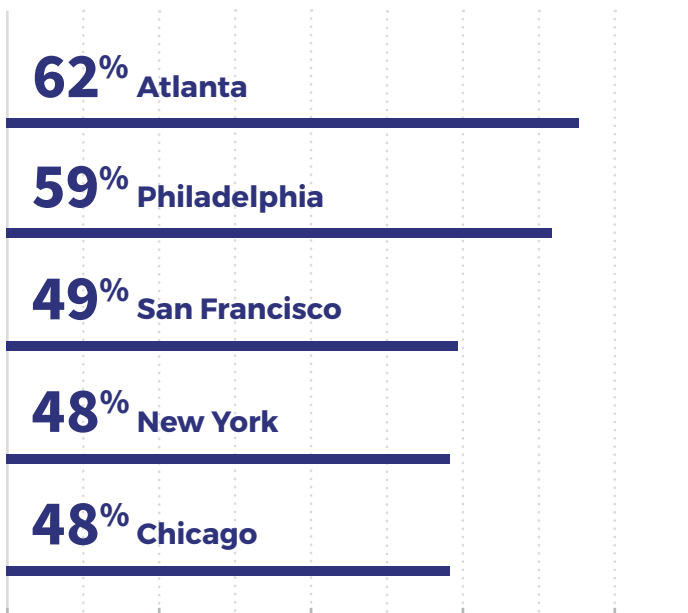
Despite Challenges, Many Seek Unemployment Benefits

More than half of respondents have applied for unemployment benefits since the COVID-19 crisis began, although most struggled to navigate the application process.

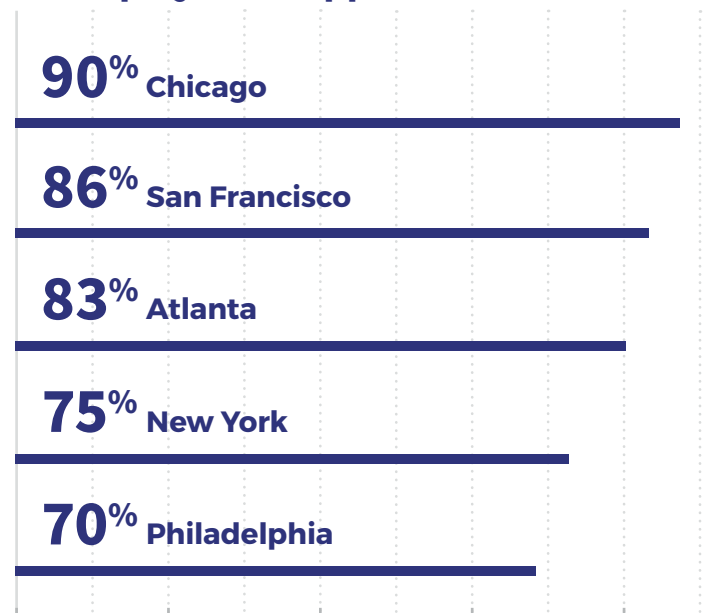
“Unemployment checks are the only thing that are keeping me from losing everything.”
– Atlanta, GA



Applied for Unemployment Benefits

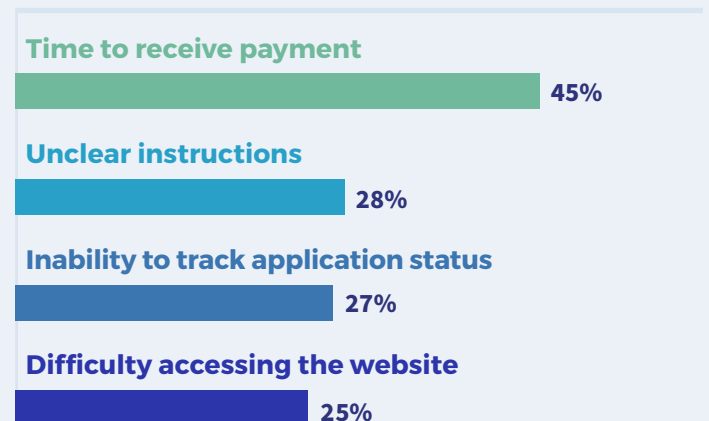


Had Difficulties with the Unemployment Application Process



“I applied for unemployment benefits in March but have not received a response. I am past the point of desperation.”
– Chicago, IL

Top Application Challenges



Looking Forward

As they look beyond the COVID-19 crisis, workers have both hopes and concerns for the future. In order to have sufficient cash to manage day-to-day expenses, earning a livable wage is the number one priority. Also top of mind is the risk of not being able to work due to illness or an accident. As workers look to the future, many have expressed a desire to learn new skills or invest in their own business.

Top Financial Goals

Short-term

1. Find work with better pay
2. Save for the future
3. Pay off debt
4. Learn new skills or complete a degree

Long-term

1. Find work with better pay
2. Grow or start a business
3. Buy or improve my home
4. Learn new skills or complete a degree



“ **My biggest concern is that I could get sick or in an accident and not be able to work. I need to be able to support my family.**”

– New York, NY



“ **This year I hope to gain greater financial stability, find a job that will provide better security in a pandemic, and go back to school for a new degree.**”

– Chicago, IL

Top Financial Concerns

% Very Concerned

- 59% Sufficient cash for day-to-day expenses
- 57% Risk of getting sick or in an accident and not being able to work
- 55% Ability to pay off debt
- 52% Ability to save for retirement
- 47% Risk of car or phone breaking and not being able to work
- 31% Need to learn new skills

The Opportunity for Fintech Solutions

We believe that services offered by fintech providers have the potential to advance economic opportunity and improve gig workers' financial lives. While fintechs are not a cure-all for the financial insecurity and instability these workers face, there remains an important need for solutions that help workers find new and better income sources, access working capital, and build financial resilience. *The United States Spotlight* provides some early insights that may inform how platforms and financial service providers can best serve these needs.



Survey Methodology

Flourish Ventures partnered with digital worker platform Steady and research firm 60 Decibels to conduct an online survey of 695 gig workers in July and August 2020. Respondents were from Atlanta, GA (31%), New York, NY (22%), San Francisco, CA (19%), Chicago, IL (18%), and Philadelphia, PA (10%). 41% were Black, 33% were White, and 13% were Latinx. Underlying data can be viewed at app.60decibels.com/flourish-gigeconomy2020

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Steady is a platform designed to help low-to-moderate-income workers increase their income and gain economic stability. Steady applies proprietary AI models to its members' income data to determine how they earn money and ties that information back to their skills to help them find ways to earn more. steadyapp.com



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