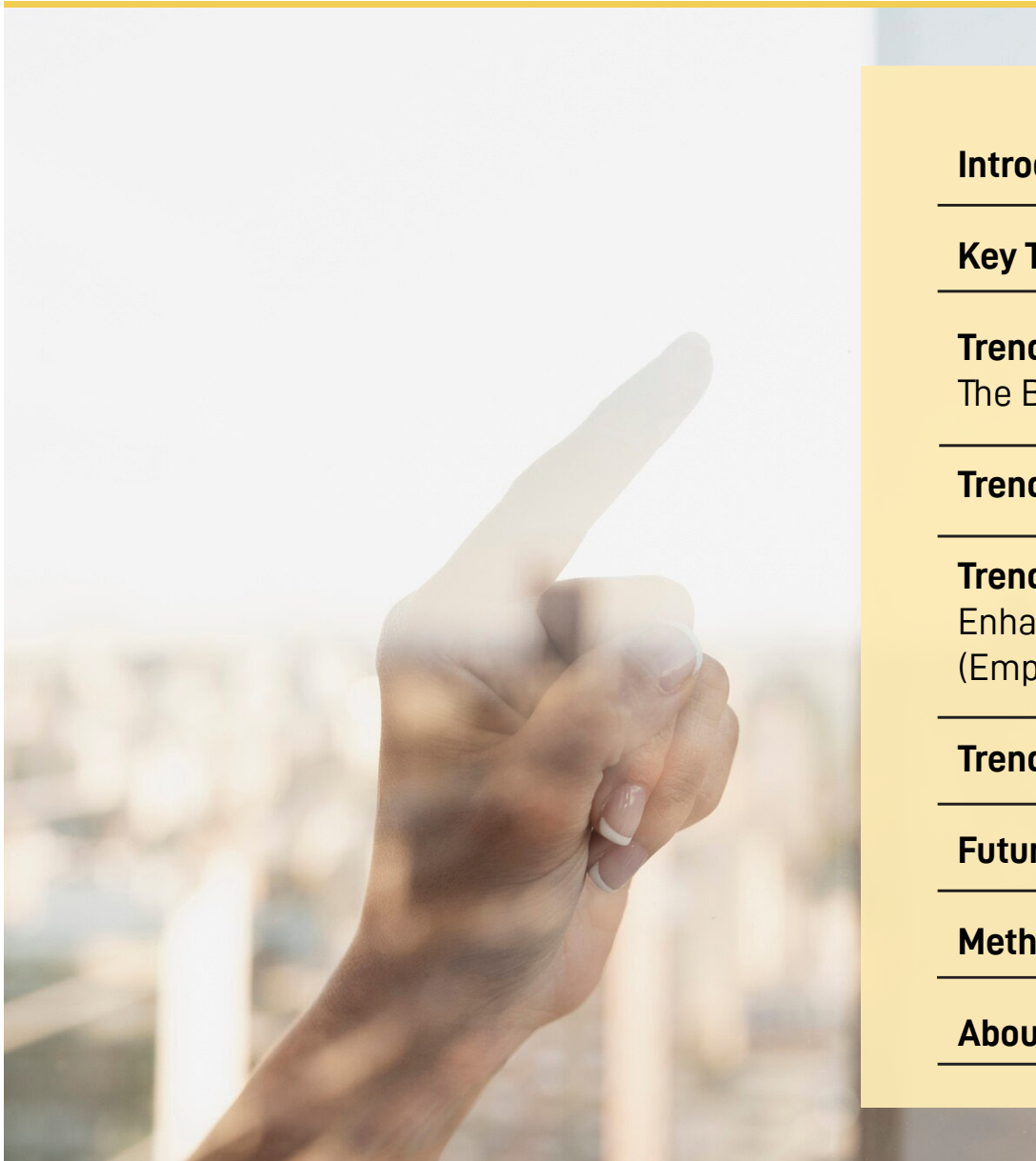




Embracing Financial Wellbeing 2024

Empowering your Journey to Financial Freedom

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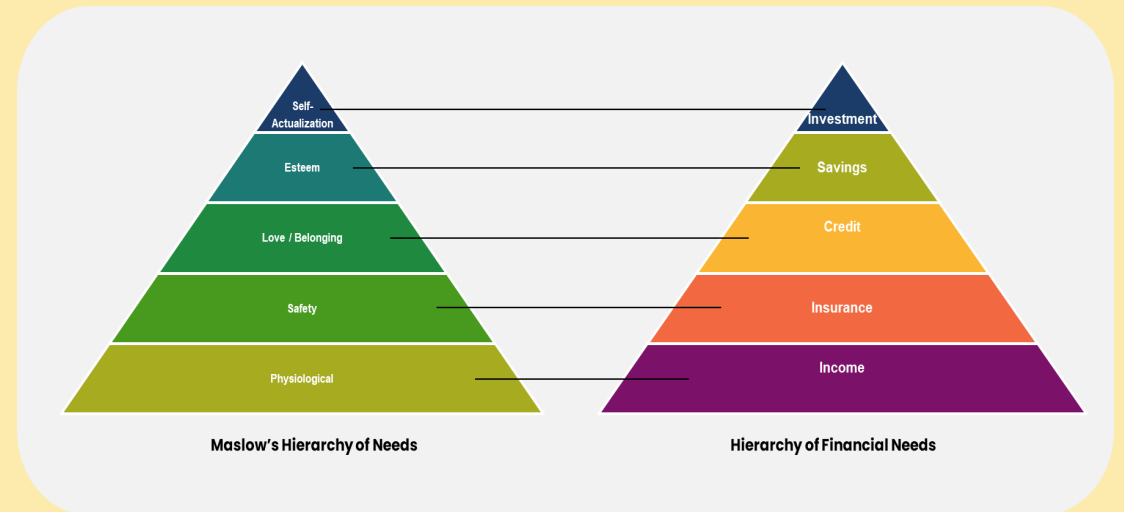


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Introduction

Financial wellbeing is a complex and multifaceted concept that encompasses various aspects of one's financial situation, behavior, and emotions. It is the ability to meet current and ongoing financial obligations, feel secure about the future, and make choices that allow one to enjoy life.

Maslow's Hierarchy of Needs, a psychological framework that categorizes human needs into a pyramid, closely **parallels financial needs**. At the base, physiological needs like food and shelter require basic financial resources. As one ascends the hierarchy, the need for safety aligns with financial security—having stable income and savings. Social needs, such as belonging and self-esteem, connect to financial independence, enabling freedom and choice. At the peak, self-actualization reflects the fulfillment of personal and financial aspirations, where money becomes a tool for realizing one's potential and contributing to a greater purpose.



Millennials and Gen Z, though tech-savvy and socially conscious, face significant financial challenges such as student debt, low wages, and high living costs. They struggle to save for long-term goals and are vulnerable to financial shocks. Financial inclusion can help them overcome these obstacles, enabling them to achieve financial security and freedom, aligning their financial decisions with their values and aspirations. As organizations recognize the impact of financial wellbeing on employee performance, they are increasingly investing in supportive programs.

The **2024 joint study between SHRM and Nobias** explores the **concept of value-based financial wellbeing and its significance in the modern workplace**. The study collated survey and one-one interview responses from over 58+ CHROs and Senior stakeholders across varied sectors ranging from IT, Pharma and Healthcare sharing insights on strategies to enhance financial wellness in alignment with company values, aiming to benefit both employees' well-being and business success.

Key Trends

Financial Education – Security – Independence: The Building Blocks

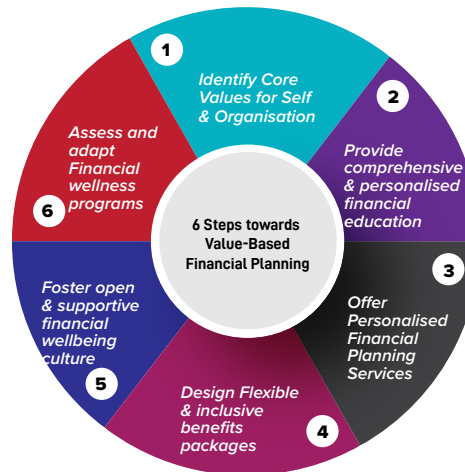
Integrating **Education with Organizational Support** to maximize Impact.

38% showcased Financial Vulnerability. Need for a Multi-facted Approach towards building a Robust Financial Security Net.

53% worried about how much they owe to others. Financial Independence represents the Pinnacle of Financial Wellbeing.



Value-Based Financial Wellbeing



Financial Inclusion: Driving Force for Enhanced Employee Experience – Productivity – Retention (EX–EP–ER)

35% Not aware from where people in a community can get financial counseling and free tax filing assistance.

Keys to Inclusive Financial Inclusion:

1. Enabling Equal Access
2. Promoting Awareness
3. Building Confidence

Tech-Enabled Financial Planning

Key Trends

1. Personalized Financial Tools
2. Data-Driven Insights
3. Enhancing Financial Literacy
4. Streamlining Financial Processes

Financial Education – Security - Independence *The Building Blocks*



Integrating Education with organizational support to maximize impact.

In an era where financial security and independence are increasingly crucial, organizations are recognizing the importance of foundational financial education. Financial education has been the cornerstone of financial wellbeing, empowering employees with the knowledge and skills necessary to manage their finances effectively.

This trend underscores the essential building blocks for employees to achieve financial stability and autonomy.

Various research studies indicated that financial education is one of the most common financial wellbeing offerings among employers, with over 75% of organizations providing some form of it, however, the quality and effectiveness of financial education varied widely across organizations, depending on the content, delivery, and frequency of the programs. Organizations are investing in comprehensive financial education programs that cover basic financial principles, budgeting, saving, investing, and retirement planning. These programs are designed to equip employees with the skills needed to make informed financial decisions, thus fostering a sense of control and confidence in their financial futures

However, data also reveals that only less than 30% of organizations across measure the impact of their financial education programs on employee behavior and outcomes.

To **maximize the impact of financial education**, organizations are integrating financial education programs with broader support systems, such as:

1. **Offering access to financial advisors,**
2. **Creating interactive tools for budgeting and planning, and**
3. **Encouraging regular financial check-ins.**

Combining education with practical resources ensures that employees can apply what they learn in their everyday financial decisions.



Beyond the usual onboarding process, we advocate for continuous financial education, particularly for younger staff members right from the induction level onwards. When our employees understand their finances, they are not just better workers—they are better parents, better partners, and better citizens.

Jaikrishna B
President Group HR,
Amara Raja Group



In order to create a financial resilience strategy within an organization, the first step is to sensitize the concept of financial wellbeing within the organization, as many employees may not have a context for why an employer would focus on financial building.

Sonal Kapur Sinha
Head HR,
Esme Consumer

A multi-faceted approach towards building a robust financial security net.

The SHRM – Nobias survey responses showcased varying levels of financial preparedness among the respondents: While 62% did indicate a positive financial health, a considerable **38%** (disagree / not sure) **showcased financial vulnerability**, putting them at greater risk in the event of unexpected financial challenges.

In recent years, there has been a growing recognition of the need to address financial stress that impacts both physical and mental health, through comprehensive strategies that promote economic wellbeing.

Organizations are increasingly focused on helping employees build a robust financial safety net, so that they can manage their expenses, save for emergencies, and plan for future financial needs.. This involves a multi-faceted approach by organizations ensuring that employees are well-equipped to handle unexpected financial challenges, including:

Creating Emergency Funds: Providing guidance on how to set realistic savings goals, prioritize essential expenses, and develop disciplined saving habits.

Understanding Insurance Options: Playing a vital role in educating employees about various insurance options, including health, life, disability, and property insurance. By offering workshops, resources, and personalized consultations, they ensure employees understand the benefits and limitations of each type of coverage.

Planning for Unforeseen Expenses: Beyond savings and insurance, teaching employees on anticipating and planning for unforeseen expenses that may arise. This involves financial literacy programs that cover budgeting techniques, risk management strategies, and contingency planning.

Going Beyond Tax Compliance: Financial wellbeing encompassing multiple facets of an individual's financial health needs to extend past mere tax compliance, so as to include not just fulfilling present financial responsibilities but also creating budgets, formulating investment strategies, managing debt, and planning for various life stages to ensure future security and enhance overall quality of life.



Planning for financial difficulties like bankruptcy and being prepared is crucial. Building financial resilience by combining risk management and stable investments during economic volatility is the need of the hour. Emphasis should be on awareness, information dissemination, and habit change during uncertain times.

Satish Rajarathnam

Head of People + Culture, IT & Administration,
RCG Global Services

Financial Independence represents the pinnacle of financial wellbeing.

~53% Worried about how much they owe to others...

Suggesting that there is a significant concern about the debt / financial obligations that is prevalent across.

Such Financial stress leads to employees experiencing decreased morale, productivity, and increased health issues, absenteeism and turn over rates. Legal and reputational risks may also arise if employees' financial struggles result in unethical behavior or if the organization is perceived as neglecting employee welfare.

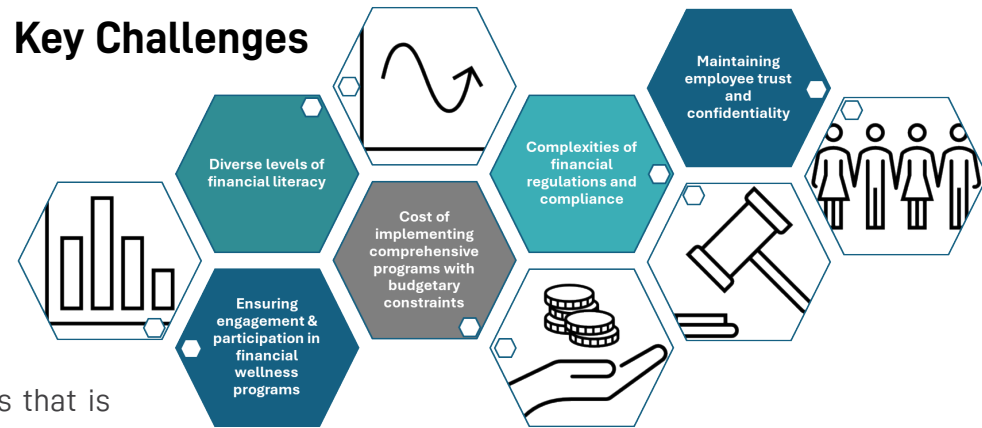
Organizations face several challenges to effectively ensure financial independence, including diverse levels of financial literacy, ensuring engagement & participation in financial education initiatives, and cost of implementing comprehensive financial wellness programs with budgetary constraints. Furthermore, navigating the complexities of financial regulations and compliance as well as maintaining employee trust and confidentiality adds another layer of difficulty.

Despite these challenges, organizations play a crucial role in promoting financial independence by prioritizing **financial education, security, and inclusion** among their workforce. Some of the initiatives include:

- **Educating employees** about investment options, retirement savings, and debt management that will empower empowers them to plan for long-term goals and retire comfortably.
- **Promoting financial inclusion** through equal access to financial resources and support, regardless of the background as well as promoting financial wellness programs that address unique needs of diverse employee groups.

Investing in these initiatives reflects a commitment to the holistic wellbeing of employees and underscores the strategic value of a financially literate and secure workforce.

Key Challenges



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At Pega we have been recognizing the diverse financial needs of our multi-generational workforce and have been customizing our benefits to help individuals prepare for life-changing events or surgeries ahead. We are also strengthening our support systems and resources, such as Employee Resource Groups (ERGs), Employee Assistance Program (EAP) support lines, and partnerships with banking institutions, to raise awareness and provide counseling on financial assessment, budgeting, and planning.

Smriti Mathur

VP People India & Global Talent Advisory Partner,
Pega Systems

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Fostering an environment that supports financial health within companies, providing employees with financial education, and utilizing technology to offer individualized advice are key for financial security in the pharmaceutical industry.

Dr. S Anand Reddy

General Manager L&OD,
Hetero Drugs

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There is a need to simplify financial concepts and personalizing financial advice to suit individual circumstances. Further, there was a need for more communication and education to help people better understand financial planning and the various instruments available to them, rather than relying on word – of – mouth advice.

Rajesh Rai

Vice President – People & Head HR - APAC, GlobalLogic

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One of the educational initiatives we practice is getting bankers to not just sell financial instruments like savings account, credit card etc., but also talk about savings plans, and various product available across different stages of our employees lifecycle. The end goal is to encourage employees to plan and manage their finances effectively.

Padmanabhan S

Chief HR Officer, MSN Laboratories

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Given the demographic of around one billion people residing in rural areas that we cater to, we ensure they are informed about financial safety measures and key guidelines, starting with our team, whose comprehensive training process is centered on how to deliver financial education, beginning with self-awareness.

Atul Tiwari

Chief HR Officer, Spice Money

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Survey Summary on Financial Confidence & Knowledge

I know where people in my community can get financial counseling and free tax filing assistance.



I know where to get help if I have an issue with a financial product or service



I feel confident about helping people begin to manage financial challenges



I understand how credit works



I don't worry about being able to pay my bills and expenses



I am confident about how to make sure the information on my credit report is correct



I am not worried about how much money I owe



I have enough money set aside for emergencies and goals



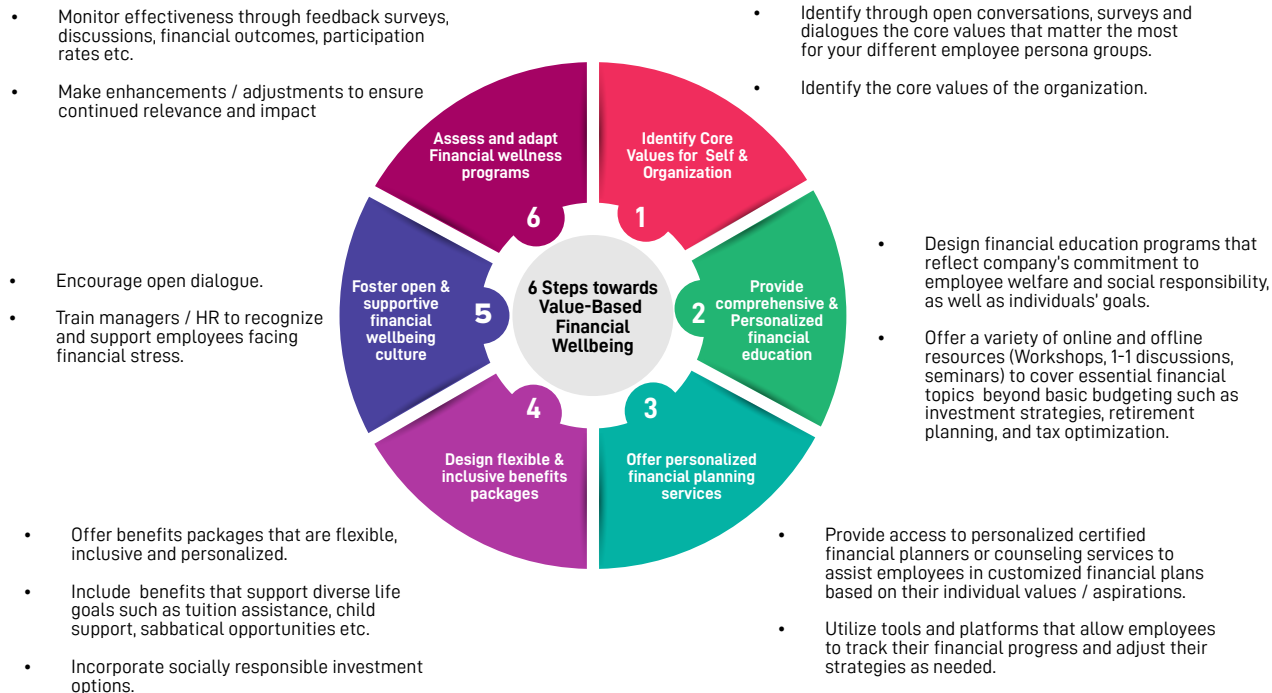
■ Agree ■ Disagree ■ Not Sure/Doesn't Apply

Value-based Financial Wellbeing



Aligning financial decisions & strategies reflect core values & long-term life goals!

Instead of focusing solely on accumulating wealth for immediate financial needs, this approach of value-based financial wellbeing emphasizes the importance of making financial choices that reflect an individual's or organization's beliefs, priorities, and desired quality of life. Organizations are adopting holistic approaches that integrate financial wellbeing into their overall mission, fostering a supportive and values-driven work environment



We've categorized individuals to better explain various financial strategies, for instance, introducing an employee-friendly pay structure that offers tax advantages to enhance take-home pay. Given the volatility in the pharmaceutical industry, we also inform our employees about the risks of bad financial planning. Additionally, we provide assistance for outpatient medical care to our employees.

Padmanabhan S
Chief HR Officer, MSN Laboratories



The approach to financial wellbeing differs basis individual's income and financial situation. We introduced the Samriddhi program, which aims to help employees improve their financial situation, health, and skills.

The program involves bringing in experts from various fields to help employees understand how to become self-sufficient in funding for non-emergent events. This program is not a one-size-fits-all solution and that the approach varies based on the individual's needs and circumstances.

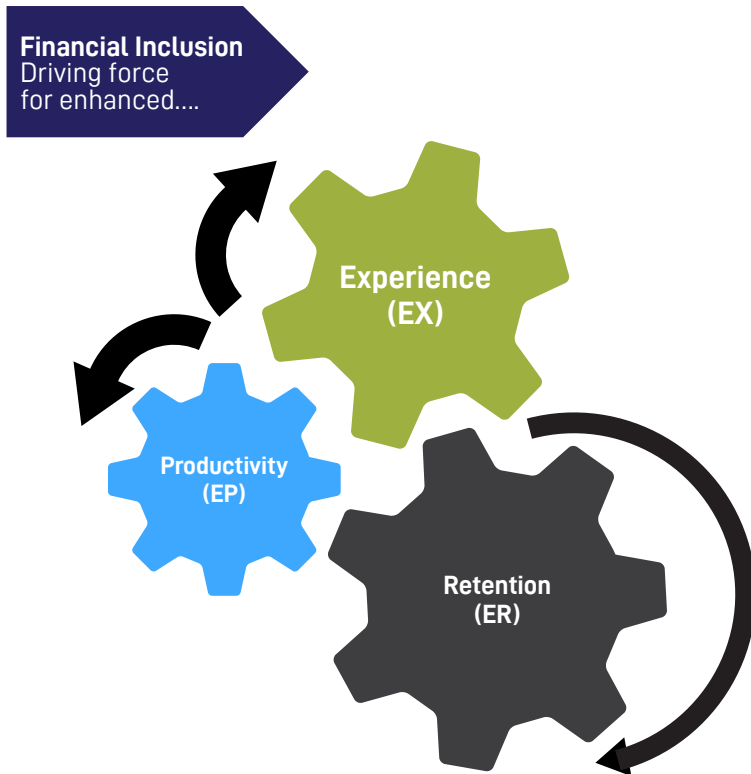
Sonal Kapur Sinha
Head HR,
Esme Consumer

Financial Inclusion

A driving force for enhanced Employee Experience, Productivity and Retention



Key Trends



~35%

Not aware from where people in a community can get financial counseling and free tax filing assistance.
Not confident about helping people begin to manage financial challenges.

Financial inclusion is emerging as a critical factor in enhancing employee experience (EX), productivity (EP), and retention (ER).

Here are the key themes that's been observed from our discussion with Leaders:

Enhancing Employee Experience

By providing access to financial resources and support, organizations can help employees overcome financial barriers and improve their overall experience within the organization. Initiatives such as financial literacy programs, access to affordable financial products, and personalized financial advice contribute to a more supportive and engaging work environment.

Boosting Productivity

Financial stress can negatively impact employee productivity. When employees are financially secure, they are better able to focus on their work and perform at their best. Financial inclusion programs that address common financial challenges, such as debt management and savings, help reduce financial stress and enhance employees' ability to concentrate on their tasks. This, in turn, leads to increased productivity and better work outcomes.

Improving Retention

Offering competitive financial benefits, such as retirement plans, savings programs, and financial education, demonstrates a commitment to employee welfare and can increase loyalty and retention.

Studies indicate that Organizations prioritizing financial inclusion are better positioned to attract and retain top talent.

It is essential for HR managers to understand the costs of hiring a replacement, including recruitment fees, training, on-boarding, and time to productivity. This knowledge enables them to champion strategies that reduce turnover and boost employee satisfaction, such as career development programs, competitive compensation, and wellness initiatives.

Enabling equal access – awareness – building confidence: Key to creating Inclusive Financial Culture.

To drive financial inclusion, organizations must create a culture that values and supports diverse financial needs.

Key Actionables:



Tailoring interventions to specific groups of people and appointing champions to lead these groups is utmost important. This approach would not only increase engagement but also improve service delivery and confidence scores. Financial wellbeing contributes to a sense of security and purpose for employees, which can enhance their job satisfaction and performance.

Sonal Kapur Sinha
Head HR,
Esme Consumer

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Our goal is to build a legacy where every employee feels financially secure and confident in their decisions. This is not just about today; it's about creating a future where financial wellness is deeply rooted in our culture, benefiting generations to come.

Jaikrishna B

President Group HR,
Amara Raja Group

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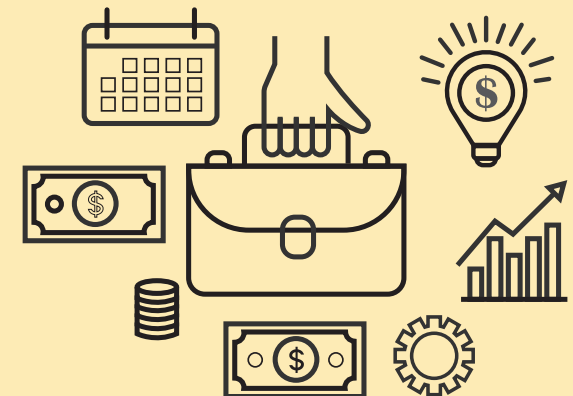


At Pega, we believe that fostering a culture of Inclusion enables us to achieve greater success by ensuring everyone feels a shared sense of belonging and is valued for their unique identity. Our PegaUp! program is centered on four pillars that enhance our employees' overall well-being: physical, emotional, personal, and financial wellness.

Smriti Mathur

VP People India & Global Talent Advisory Partner,
Pega Systems

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Tech Enabled Financial Planning



Empowering individuals with tech-enabled personalized financial insights.

A key trend observed in this study is the role of technology and how it is revolutionizing financial decision-making by providing tools and resources that enhance financial planning and management.

1. Personalized Financial Tools

Technology is enabling the development of personalized financial tools catering to diverse individual needs. These tools include budgeting apps, investment calculators, and retirement planning platforms that offer tailored advice based on users' financial situations.

By providing personalized insights and recommendations, technology is helping employees make informed decisions and manage their finances more effectively.

2. Data-Driven Financial Insights

Leveraging data analytics is a key aspect of tech-enabled financial decision making. Organizations are using data to gain insights into employees' financial behaviors, preferences, and needs.

This allows for the creation of targeted financial programs and resources that address specific challenges and goals. Data-driven insights enable organizations to offer more relevant and effective financial support.

Revolutionizing Financial Decision Making:

1. Personalized Financial Tools

2. Data-Driven Insights

3. Enhancing Financial Literacy

4. Streamlining Financial Processes



Tech-based financial planning enables employees to focus more on strategic aspects of their finances.

3. Enhancing Financial Literacy Through Technology

Online educational platforms, webinars, and interactive tools provide employees with access to financial education resources that are easily accessible and engaging.

By incorporating technology into financial literacy programs, organizations are able to reach a broader audience and offer more flexible learning options.

4. Streamlining Financial Processes

Tech-enabled solutions significantly streamline financial processes, simplifying the way employees manage their finances. Automation tools designed for expense tracking, bill payments, and investment management help reduce the administrative burden, allowing for more efficient financial management. By automating these tasks, technology not only alleviates the time-consuming nature of financial administration but also enhances overall financial efficiency.

As a result, employees are empowered to save time and focus on more strategic aspects of their finances.



The importance of deploying technology is to understand individual financial pain points, structuring policies and measures based on granular information and creating a feedback loop for personalized financial experiences.

Dr. S Anand Reddy
General Manager L&OD,
Hetero Drugs



Incorporating tailored financial guidance into organizational tech platforms enables the ability to inform employees about investment choices and encourage sound saving practices. Organizations should use technology to provide personalized financial solutions by leveraging data acquisition and insight generation to develop customized financial strategies.

Satish Rajarathnam
Head of People + Culture, IT & Administration,
RCG Global Services

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We launched a new program to address employee retention and financial stability. The program, referred to as a "wealth plan," provides employees with a lump sum payment at the start of each year, increasing each year for four years. This payment is intended to help employees cover growing expenses due to family or personal reasons, without requiring a salary increase. The program has been successful in reducing attrition and creating a sense of loyalty among employees

Atul Tiwari

Chief HR Officer, Spice Money

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Three principal approaches for employees, namely, earning more through their own peak performance, prioritizing relevant personalized benefits offered, and making use of technology are the priority areas.

Rajesh Rai

Vice President – People & Head HR – APAC, GlobalLogic

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Future Proofing Practical Actions



Five key trends and innovations which will shape the financial wellbeing landscape of the future:

TREND 1

Digital Financial Education: Digital platforms and apps to make financial education more accessible and customizable, allowing employees to offer instant financial literacy resources and mentoring, with AI and machine learning personalizing the learning experience.

TREND 2

Comprehensive Financial Wellness Initiatives: Future financial well-being programs will address holistic needs by integrating mental, physical, and fiscal support, offering financial literacy, stress-reduction tools, and wellness incentives.

TREND 3

Personalized Financial Planning: Advances in data analytics will drive personalized financial planning, enabling employers to offer tailored financial plans that boost employee engagement and financial management effectiveness.

TREND 4

Emerging Technologies: Blockchain, cryptocurrency, and emerging technologies will reshape financial well-being, with employers offering education and investment options while secure digital transactions and smart contracts streamline processes and boost security.

TREND 5

Community and Peer Learning: Social networks will enable peer-to-peer learning, with individuals sharing experiences and employers creating forums to foster collaborative financial literacy and support.

Future of financial wellbeing is poised to be significantly transformed by advancements in technology as well as evolving workforce demographics, and economic landscapes

The current global landscape, marked by market fluctuations and economic shifts, impacts investments, savings, job security, and healthcare costs, influencing overall financial stability.

Conclusion

Enhancing financial literacy is not just an educational goal but a vital investment in societal and economic stability.

Financially literate individuals possess the skills and knowledge needed to manage their finances effectively, leading to informed decision-making, debt avoidance, and wealth accumulation. This, in turn, fosters a more stable and equitable financial system.

For employees, financial literacy is crucial in building financial resilience, enabling them to better navigate economic uncertainties, plan for the future, and reduce financial stress. Employers who invest in financial literacy programs not only support their employees' well-being but also contribute to a more productive and engaged workforce.

Moreover, leveraging AI and machine learning techniques can provide valuable insights into employee spending patterns, offer timely alerts on significant financial events, and recommend personalized financial goals. These technologies can enhance financial literacy initiatives by delivering tailored, data-driven advice, further empowering employees to achieve financial security and resilience.

It is essential for educators, policymakers, businesses, and technology providers to collaborate in promoting financial literacy, ensuring that everyone has the tools needed to thrive in an increasingly complex financial landscape.

HR leaders' engagement in managing employee finances goes beyond just salary, benefits, and incentives. By providing personalized counseling on budgeting, investments, and debt management, HR can help employees take control of their financial futures while promoting a financially healthy workforce aligned with the organization's goals.

A practical use case of an employee embracing Financial Management trends for optimised financial planning.

Imagine Jane, a mid-level manager at a tech company, who is keen on improving her financial health

TREND 1: DIGITAL FINANCIAL EDUCATION

Jane uses a digital platform and AI-powered app to assess her financial knowhow, creating a personalized learning path. She gains instant access to tailored resources and mentoring sessions, ensuring lessons fit her unique financial needs and learning style.



Here's how she leverages the latest trends in financial management:

Financial Portfolio: Investments
Saving Account, Retirement Account,
Real Estate, Education Savings.



Embracing Financial Wellbeing

TREND 3: PERSONALIZED FINANCIAL PLANNING

Jane's employer provides personalized financial planning using data analytics to tailor a plan for her specific goals, like saving for a house, retirement, or managing student loans. This approach enhances her engagement and financial management.

TREND 4: EMERGING TECHNOLOGIES

Jane explores investments in blockchain and cryptocurrency with support from her employer's educational sessions, helping her understand the risks and benefits. She learns to use secure digital transactions and smart contracts to streamline and safeguard her investments.

TREND 5: COMMUNITY AND PEER LEARNING

However, Jane prefers structured educational programs over informal peer discussions, believing formal training offers more reliable information. She focuses on organized workshops rather than peer-to-peer financial discussions.

SUMMARY

By embracing digital financial education, comprehensive wellness initiatives, personalized planning, and emerging technologies, Jane significantly enhances the financial literacy and well-being of her colleagues. However, her decision to not prioritize community and peer learning reflects her belief in structured learning environments for financial education, as well as tends to lose out on learning from real life insights and gain support from the community.

Methodology

Embracing Financial Wellbeing 2024 study findings are based on responses from **8 CHROs and Senior HR Stakeholders through one-one interviews**. They represented diverse organizations and industry sectors and shared their insights on the following set of questions / themes:

1. Is there a business case for organisations to articulate and communicate their Employees Financial Wellbeing agenda? There are biases in all the information being shared with employees – how do we structure our messaging?
2. If you were to segregate your employees into financially stressed and non-stressed cohorts – would you be able to spot a difference in their productivity and engagement? Is there any correlation between Financial Stress and Mental health?
3. Can assessing financial Stress of employees be the key to unlocking and developing an overall financial wellbeing strategy. What are some of the Financial Alleviation solutions which take Employee Ex into account? What Employee KPIs does Financial Wellbeing impact?
4. How are organisations leveraging technology and data centric approaches to learn about the current state financial wellbeing challenges of employees? What are few AI ML use cases which have enabled and optimized - personalized financial decision making? Any measurable impacts to share?
5. How do we Build Financial Resilience in an Uncertain World? What are few Strategies for Long-Term Financial Security that you'd like to propagate?

Additionally, an **Online Survey** was further rolled out on "Financial Empowerment" and **50 responses** were collated. The survey is predominantly MCQs based on agree-disagree- not sure scale and revolved around the below 8 questions:

1. I have enough money set aside for emergencies and goals.
2. I am not worried about how much money I owe.
3. I am confident about how to make sure the information on my credit report is correct.
4. I don't worry about being able to pay my bills and expenses.
5. I understand how credit works.
6. I feel confident about helping people begin to manage financial challenges.
7. I know where to get help if I have an issue with a financial product or service.
8. I know where people in my community can get financial counseling and free tax filing assistance.

The figures indicated in this report reflect the percentage of respondents opting for the particular response choice, unless categorically stated otherwise.



Acknowledgements



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Advisory Partner, Pega Systems



SHRM, the Society for Human Resource Management, creates better workplaces where employers and employees thrive together. As the voice of all things work, workers and the workplace, SHRM is the foremost expert, convener and thought leader on issues impacting today's evolving workplaces. With 300,000+ HR and business executive members in 165 countries, SHRM impacts the lives of more than 115 million workers and families globally. SHRM provides a platform for thought leadership, sharing of best practices and professional networking within the Indian and global HR communities in order to take the profession higher through continuous and collaborative learning.

For more information about SHRM, visit www.shrm.org.



Nobias is a forward-thinking social impact finance company with a mission to improve wealth equality through financial literacy, creating lasting value for employees, communities, companies, and investors.

Nobias was founded in 2017 in the USA and Nobias Analyst India Pvt. Ltd was founded in 2023 and is a SEBI registered investment advisor (RIA) with a vision to help employees build financial resilience to better navigate economic uncertainties, plan for the future, and reduce financial stress. Nobias has minimised conflicts of interest through its fee-only model and has no commissions, no loan book, no cross-selling, and no bias.

For more information about Nobias, visit <https://nobias.in>