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# Financial Security and Emergency Savings Among Non-Traditional Workers

The Case of Etsy Sellers



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# Acknowledgments

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## BlackRock's Emergency Savings Initiative

BlackRock announced a \$50 million commitment to help millions of people living on low- to moderate-incomes gain access to and increase usage of proven savings strategies and tools—ultimately helping them establish an important safety net. The size and scale of the savings problem requires the knowledge and expertise of established industry experts that are recognized leaders in savings research and interventions on an individual and corporate level. Led by their Social Impact team, BlackRock is partnering with innovative industry experts [Common Cents Lab](#), [Commonwealth](#), and the [Financial Health Network](#) to give the initiative a comprehensive and multi-layered approach to address the savings crisis. UPS, Uber, Mastercard, Etsy, Brightside, Arizona State University, and Acorns have joined BlackRock's Emergency Savings Initiative to help their employees, customers, gig workers, and college students take the essential first step towards long-term financial well-being.

Additional information is available at [savingsproject.org](#).



The Financial Health Network is the leading authority on financial health. We are a trusted resource for business leaders, policymakers and innovators united in a mission to improve the financial health of their customers, employees, and communities. Through research, advisory services, measurement tools, and opportunities for cross-sector collaboration, we advance awareness, understanding and proven best practices in support of improved financial health for all.

Additional information is available at [finhealthnetwork.org](#); follow on Twitter at [@FinHealthNet](#).

## Etsy

Etsy's mission is to Keep Commerce Human. People make Etsy possible. We provide a meaningful space for sellers to turn their creative passions into opportunity. We enable buyers to discover unique items made with care. And we treat our employees and our community with respect. We're here because the world needs less of the same and more of the special.

Additional information is available at [etsy.com/mission](#).

## commonwealth

Commonwealth strengthens the financial opportunity and security of financially vulnerable people by discovering ideas, piloting solutions, and driving innovations to scale. For nearly two decades, Commonwealth has designed effective innovations, products, and policies enabling over half a million people to accumulate more than \$2 billion in savings. Commonwealth understands broad changes require market players to act. That's why we collaborate with consumers, the financial services industry, employers, policymakers, and mission-driven organizations. The solutions we build are grounded in real life, based on our deep understanding of people who are financially vulnerable and how businesses can best serve them.

Additional information is available at [buildcommonwealth.org](#); follow on Twitter [@buildcommwealth](#).



The Common Cents Lab (CCL) is a financial behavior research lab within the Center for Advanced Hindsight at Duke University. CCL gathers and develops insights about what influences decisions to spend, save, borrow, and earn, and then leverages those insights to encourage behavior that aligns with people's financial goals. In the last three years alone, CCL has partnered with over 50 organizations including Credit Unions, Banks, Tech Companies, Non-profits, Local Governments, and more, to re-design their products and services to measurably improve the financial health of more than half of a million people in the United States. Together we help their customers lead happier, healthier, and wealthier lives.

Additional information is available at [commoncentslab.org](#); follow on Twitter [@commoncentslab](#).

# BlackRock's Emergency Savings Initiative

## Introduction

**Emergency savings** is central to financial security, but many Americans struggle to set money aside, particularly as the nature of work evolves.

In a survey conducted as part of BlackRock's Emergency Savings Initiative, **Etsy found that their sellers struggle with emergency savings.** As the nature of work changes, new financial challenges will continue to emerge across the economic system, but advancing technology and collaborative efforts like BlackRock's Emergency Savings Initiative present a key opportunity to support non-traditional workers.



# Etsy Sellers and The Changing Nature of Work

Work is changing faster than ever. As more people take on non-traditional work, what do their unique situations mean for employers and gig economy platforms?<sup>1</sup>

As self-employed microbusinesses, Etsy sellers face many of the same challenges as many independent contractors and gig economy workers.

**Etsy partnered with BlackRock's Emergency Savings Initiative to conduct a survey to deepen their understanding of sellers' financial needs and concerns, with a focus on emergency savings.**



**The survey garnered 1,762 responses from Etsy sellers across the U.S.**

## Non-Traditional Work

Non-traditional work has its advantages, such as increased autonomy, but moving towards independent work also introduces unique challenges.



**39% of Americans**

**are unable to handle a \$400 unexpected expense.<sup>4</sup>**

Lack of emergency savings is a national challenge—liquid, short-term savings is a critical first step toward financial security.

The gig economy is expected to grow to

**43%**  
of the workforce by 2020.<sup>2</sup>

Commonwealth found that non-traditional workers are significantly more likely to have volatile incomes and less likely to have access to benefits than traditional workers.<sup>3</sup> By combining income across multiple sources, non-traditional workers face greater instability in their financial lives.

As more people work outside traditional employment and face financial challenges, they would benefit from all actors working on financial security and, specifically, emergency savings. Many employers and gig platforms have already started to recognize the toll that the emergency savings gap takes on their workforce and their bottom line.<sup>5</sup>

<sup>1</sup> The definition of non-traditional work extends to those who supplement full-time employment with independent work and those who rely on self-employment income exclusively, such as those who find work via online platforms, contract agencies, or sell goods or services on- or offline.

<sup>2</sup> Patrick Gillespie, "Intuit: Gig Economy is 34% of US Workforce," May 24, 2017, [CNN Business](#)

<sup>3</sup> *The Changing Nature of Work: Amplifying the Voice of the Financially Vulnerable Worker*, [Build Commonwealth](#)

<sup>4</sup> Board of Governors of the Federal Reserve System, *Report on the Economic Well-Being of U.S. Households in 2018*, May 2019, [The Federal Reserve](#)

<sup>5</sup> Anne Tergesen, "Employers Help Workers Build Household-Emergency Funds," June 13, 2019, [The Wall Street Journal](#)

# About Etsy Sellers

The Etsy marketplace hosts 2.5 million creative entrepreneurs, 83% of whom are women, and who together sold almost \$5 billion worth of goods in 2019.<sup>6</sup> For 30% of sellers, their creative business is their sole occupation, with the remainder using their Etsy business as an important source of supplemental income. Even among those with additional occupations, many are self-employed in their other work: only 31% of sellers have traditional full-time employment. As such, they are very much part of the changing nature of work.

For **30%**  
of sellers, **Etsy is  
their sole source  
of income.**

Etsy sellers, like non-traditional workers throughout the economy, are a diverse set of people working in varying circumstances. Etsy sellers are also unique among non-traditional workers in several important ways. Etsy sellers operate as retail business owners, creating and curating their own products and setting their own prices. Their success depends on their ability to create, curate, and market their products. In this way, they are more similar to the creative freelancers who have operated offline for some time, well before the explosive growth of the on-demand platform economy.

Etsy sellers are also paid at point of sale for each good they sell. This income type differentiates them from both the classical freelancer, who is paid by the hour, and the modern gig worker, who is paid per ride or per task.

**69%**

of Etsy sellers **do not  
have traditional full-  
time employment.**



## Impact of Financial Stress on Creativity

For sellers, creativity and business management go hand in hand. For example, a thriving jewelry or screen-printing business is the product of both innovative design and strong business acumen. While this unique combination of skills is an asset to sellers, it may also make them more vulnerable to the effects of financial insecurity. Research has shown that financial stress weakens performance on complicated mental tasks, which could detract from sellers' ability to focus on and creatively grow their business.<sup>7</sup> Financial insecurity may potentially negate any productive skills or attitudes that a person brings to their work.<sup>8</sup>

On average, people spend **13 hours per month** at work worrying about personal finances.<sup>9</sup>

Moreover as micro business owners, Etsy sellers' personal and professional finances are difficult to separate, and so personal financial issues can have business repercussions.<sup>10</sup> Because small business owners rely on their own credit score and loan access to grow their business, their personal financial insecurity may prevent them from investing in their own businesses.<sup>11</sup>



<sup>6</sup> Based on Etsy.com marketplace results for 2019. Does not include Reverb.com, Etsy's wholly owned subsidiary.

<sup>7</sup> Dina Fine Maron, "Poor Choices: Financial Worries Can Impair One's Ability to Make Sound Decisions," August 29, 2013, [Scientific American](#)

<sup>8</sup> In one study, nursing assistants struggling with financial insecurity were less careful and attentive towards patients, despite being equally empathetic and skilled as financially secure aides. Carrie Leana, Jirs Meuris and Cait Lamberton, "More than a Feeling: The Role of Empathetic Care in Promoting Safety in Health Care," March, 2018, [Russell Sage](#)

<sup>9</sup> "Inside Employees' Minds™: Insights on Financial Wellness," 2017, [Mercer](#)

<sup>10</sup> Laura Cummings and Alejandra Ruales, "Addressing the Financial Health Needs of Small Business Owners," July 18, 2018, [Financial Health Network](#)

<sup>11</sup> "4 Ways That Your Personal Finances Can Affect Your Small Business," July 30, 2018, [Fora Financial](#)

# Commonwealth Survey Results

Commonwealth, an industry expert in BlackRock's Emergency Savings Initiative, conducted the survey of Etsy sellers to better understand their unique financial needs and concerns. The data tell a nuanced story that in many ways is unique to the Etsy seller experience.

Along some measures, Etsy sellers are more financially secure than the average American. Etsy sellers are more likely than the average American to be able to afford an emergency expense (by paying with cash or money currently in a bank account). We also included questions from the Financial Health Network's 2018 Pulse Survey to better understand how Etsy sellers differ from the national population. In comparison, Etsy sellers are slightly more confident than the average American that they're doing what they need to to meet their financial goals and are more likely to be able to cover 1-5 months of expenses with their current savings.<sup>12</sup>

However, despite most sellers having faced an emergency expense in the past year, a significant number are not currently savings for emergencies. When asked about their main financial concerns, Etsy sellers reported that paying off debt topped the list, followed by saving for emergencies. With the financial difficulties that come with running a small business, this finding is hardly surprising; a business owner's personal finances and business finances can be closely intertwined, and so any loans taken out or savings spent to maintain or grow the business can cause personal financial hardship.<sup>13</sup> However, despite most sellers having faced an emergency expense in the past year, a significant number are not currently savings for emergencies. Sixty-one percent of Etsy sellers have had an emergency expense over \$400 in the past year, with 23% of those most recent emergency expenses costing over \$2,000. Car and medical expenses are the most common types of expenses. However, almost a third of sellers (30%) are not currently saving for emergencies. Those who are saving for emergencies do so primarily in savings accounts (57% of all respondents), checking accounts (27%), and through investment products (16%; e.g., certificates of deposit).

Thirty-seven percent of sellers have occasionally varied or highly unpredictable income. Moreover, lower income sellers are more likely to face volatility: 63% of sellers with a household income under \$50,000 report variable income, in comparison to 21% of sellers with a household income of \$50,000 or more.

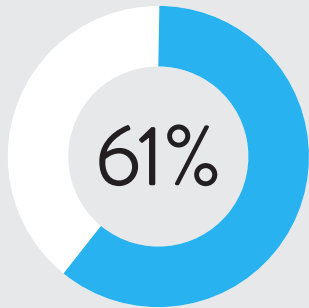
**37%**  
of Etsy sellers  
have mixed income  
(occasionally varied or highly  
unpredictable).

**The difficulty of  
overcoming financial  
emergencies may  
be exacerbated by  
income volatility.**

<sup>12</sup> Thea Garon, Andrew Dunn, Katy Golvala, Eric Wilson, *U.S. Financial Health Pulse: 2018 Baseline Survey*, 2018, [Financial Health Network](#)

<sup>13</sup> Laura Cummings and Alejandra Ruales, "Addressing the Financial Health Needs of Small Business Owners," July 18, 2018, [Financial Health Network](#)

# Emergency Expenses are Common for Etsy Sellers



of Etsy sellers have had an emergency expense over \$400 in the past year.

Among most recent emergency expenses, by far the most common are:



37%

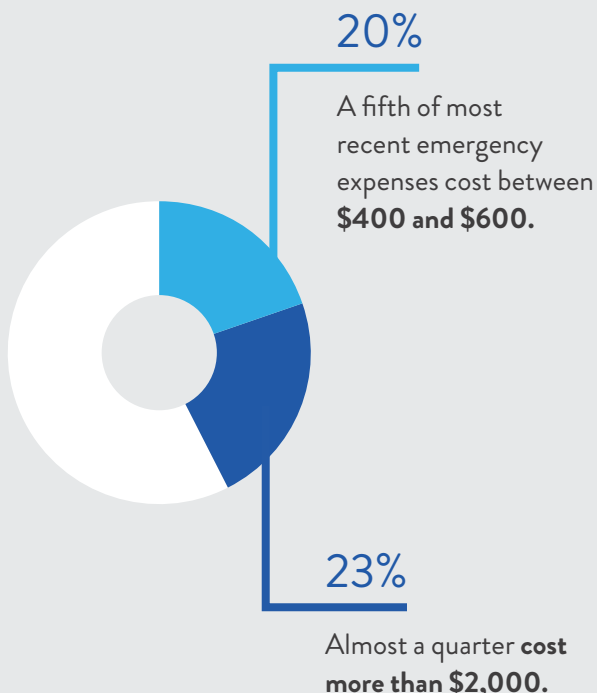
Auto repair and/or repayment



32%

Medical bills and/or prescriptions

## Average cost of sellers' emergency expenses:



20%

A fifth of most recent emergency expenses cost between \$400 and \$600.

23%

Almost a quarter cost more than \$2,000.

However, many sellers are not currently saving for emergencies.



30% are not saving for emergencies.



35% are saving a variable amount each month.



26% are saving a fixed amount each month.



# Sellers Would Like Help from Etsy

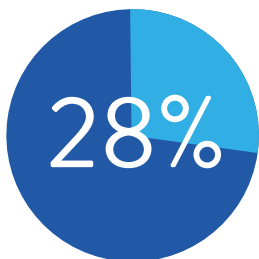


74%

are interested in receiving help from Etsy on **one or more of their current emergency financial concerns.**

Up to 38%

of sellers **are interested in receiving help** to pay off debt, save for a specific purchase or expense, or save for emergencies.



are interested in receiving help **specifically around emergency savings.**

21%

would like help **saving for periods of the year** where they have **less income coming in.**

# Conclusion

The lack of emergency savings is a national challenge that no single group can tackle. Etsy, recognizing this challenge for their sellers, is working with partners to develop solutions that address its sellers' most pressing financial concerns. BlackRock's Emergency Savings Initiative industry experts will be evaluating potential interventions and solution providers to determine the impact on sellers' ability to save for emergencies. To meaningfully and holistically address this challenge, traditional employers, gig economy platforms, financial institutions, fintechs, benefit providers, unions, and others all have a role to play.

The good news is that there are straightforward steps that actors can take to address this problem. As seen in Commonwealth's survey of Etsy sellers, non-traditional workers and sellers would benefit from the support. Some traditional employers, gig platforms, and others facing the impact of financial insecurity on both their workers' lives and their bottom line are already taking steps to address the emergency savings challenge.<sup>14</sup> There is also an opportunity for public-private partnerships to help scale the impact of these private initiatives.

Cross-sector collaboration only strengthens the support that workers can receive. Each partner brings its own skills, expertise, and access to different data sets that become more useful when combined. Non-profit partners bring independent research and deep understanding and knowledge in specific areas. The private sector can leverage their resources and technology to test solutions and begin to scale them to their employees and customers. Finally, governments can bring promising solutions to a wider population and set up sustainable systems to continue supporting people in the long term.

All players can support non-traditional worker financial security. The U.S. has recently seen both advancements in technology to better address financial challenges and a shared commitment to addressing them. With the right partnerships and tools, we can ensure businesses and workers are set up to succeed in the rapidly changing economy.

For further information on **BlackRock's Emergency Savings Initiative** and our work with Etsy, follow the initiative on [savingsproject.org](https://savingsproject.org). For additional questions, contact **Nick Maynard** at [esi@buildcommonwealth.org](mailto:esi@buildcommonwealth.org).

<sup>14</sup> Anne Tergesen, "Employers Help Workers Build Household-Emergency Funds," June 13, 2019, [The Wall Street Journal](https://www.wsj.com/articles/employers-help-workers-build-household-emergency-funds-11557812000)





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