

WHITEPAPER

Earned Wage Access: A Powerful, Cost-Effective Financial Wellness Tool

On-demand pay produces tangible value for both employees and employers.



Financial wellness benefits give employees greater peace of mind, which can improve job satisfaction and increase engagement. For employers, this means lower turnover and greater productivity, reducing recruitment and onboarding costs and fueling business growth. However, finding the right financial wellness benefit or benefits — that deliver significant value to a diverse set of employees at a low cost — has proven difficult. One financial wellness benefit, earned wage access (EWA), or on-demand pay, fits this description and allows employees to access the money they’ve already earned before payday. As a result of its low-cost/fits-all status, EWA has become an increasingly popular option for employers looking to support the financial well-being of their employees.

To better understand the effect of EWA on employees’ finances and the return on investment for employers, Arizent and Employee Benefit News partnered with DailyPay to survey employees and employers who use DailyPay’s EWA service. The findings suggest that EWA usage improves their financial habits and drives greater job satisfaction. Employers report almost universal satisfaction with the benefit, and one-third have linked their EWA offering to improvements in employee turnover.

EWA programs offer advantages beyond early access to pay

By offering early access to paychecks, EWA programs address an immediate source of potential financial anxiety by allowing users to manage their cash flow. The peace of mind and reduced need for costlier sources of liquidity, such as payday loans or high-interest credit card debt only tell part of the story, however. Many employees use their EWA app to stay up to date on how much they’ve earned in a pay period. More than six in 10 (63%) users log in to DailyPay daily to track their earnings and 93% use that information to make spending and financial decisions.

This information is particularly useful for hourly employees, whose income tends to vary by pay period. Knowing exactly how much they have earned to date during a pay period can inform their budgeting decisions and help them determine when to pursue extra shifts. Among workers earning an hourly wage, 93% say they use DailyPay to track their earnings at least once a week. That’s not to say these insights aren’t useful for salaried workers: 83% of salaried users check in once a week or more to view up-to-date earnings.

This level of interest across different types of employees has produced a high level of engagement. More than half (53%) of the employers we surveyed count DailyPay among the top three benefits employees use. And for 70%, it's the top-ranked benefit they offer.



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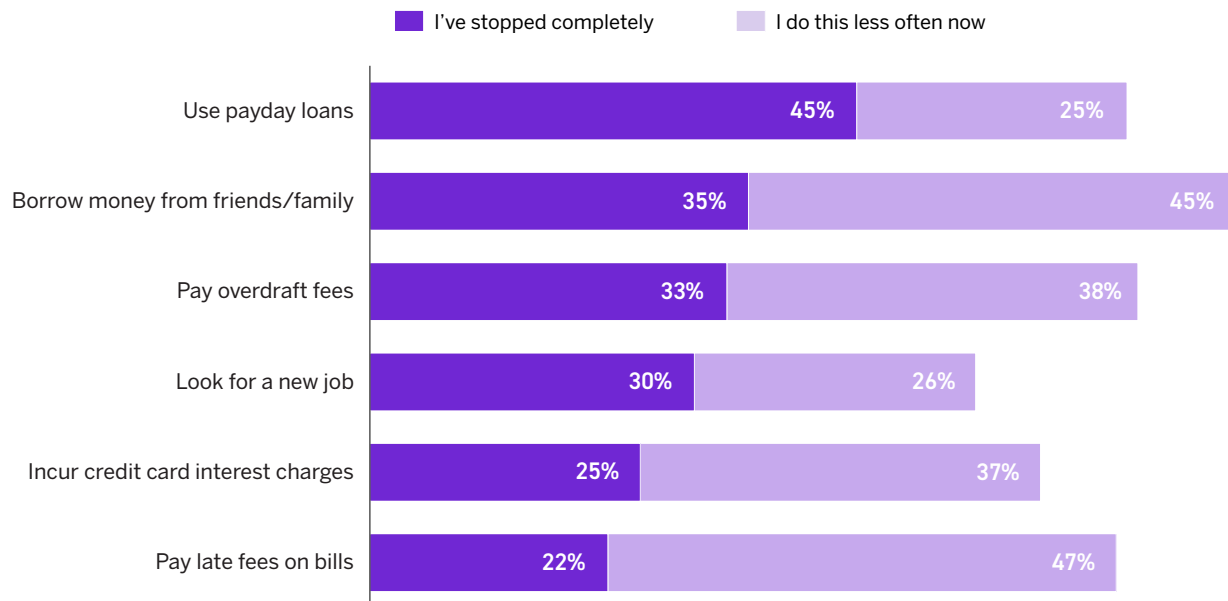
EWA programs improve employees' financial wellness

Employees use the information they get from their EWA app to improve how they manage their finances. More than eight in 10 (83%) employees credit DailyPay with helping them understand how much they've earned each day. As a result, 72% say it's helped them feel more confident in their finances.

Behind these broad self-assessments are measurable improvements in users' financial lives, particularly when it comes to using fewer high-cost loan products. According to survey results, access to DailyPay supported a decrease in the frequency of payday loan use among 70% of employees who previously relied on these products.

Further, nearly half (45%) of DailyPay users report no longer using payday loans at all. Likewise, many respondents who previously either borrowed money from friends and family or incurred bank overdraft fees, late fees on bills and credit card interest charges now do so less frequently or not at all (see Figure 1).

Figure 1: Change in Frequency of Negative Financial Experiences with EWA Programs



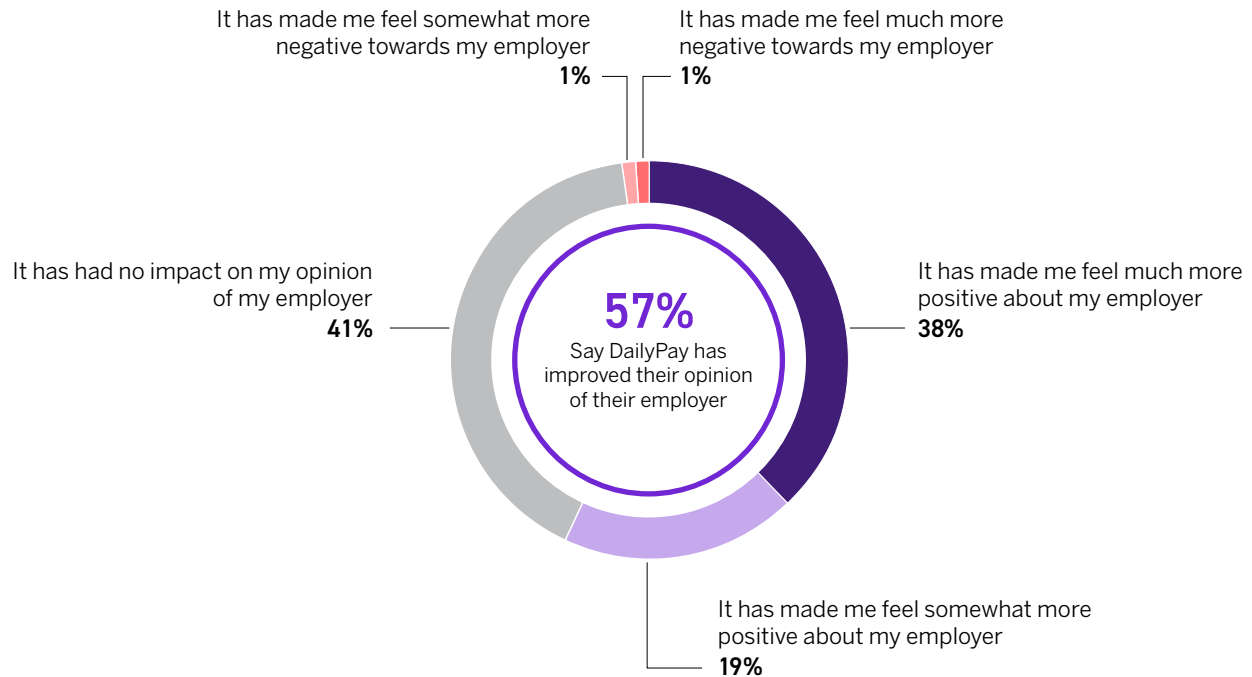
Source: Arizent/Employee Benefit News, 2023

Employees who have experienced these improvements tend to attribute them to their use of an EWA benefit. In fact, a majority named DailyPay as the primary or only reason they saw a reduction in their negative financial experiences.

EWA programs improve job satisfaction, engagement, productivity and turnover

EWA-driven improvements to an employee's financial wellness also translate into value for their employer, starting with improved employee satisfaction. Among users of DailyPay, 57% say it has improved their opinion of their employer (see Figure 2). Roughly the same number (58%) report being more satisfied with their job.

Figure 2: Change in Employees' Perception of Employers after EWA



Source: Arizent/Employee Benefit News, 2023

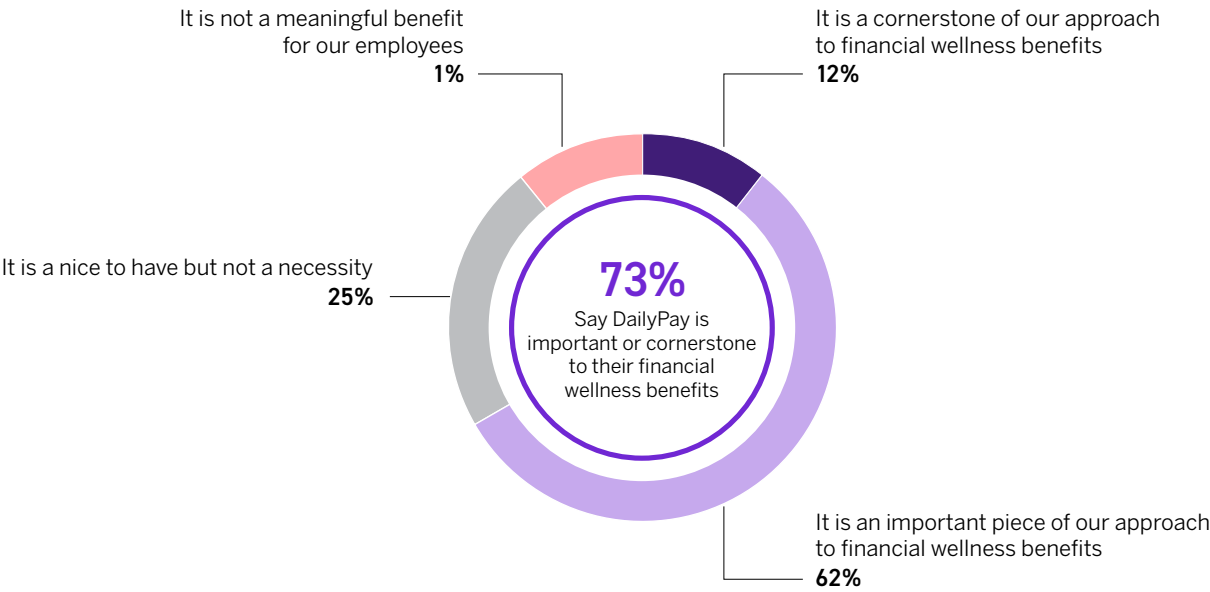
These gains in goodwill show up across a range of other consequential metrics as well. Nearly half (49%) of DailyPay users say they are more motivated at work. More than four in 10 (45%) describe themselves as more productive. And 44% note being more engaged. Essentially, employers gain a more effective workforce, potentially reducing HR and hiring issues and fueling business growth.

Our employee survey suggests that the value of EWA to employers can go beyond the well-known effects of a highly satisfied and engaged staff. The practical advantage of immediate access to earned wages can also make taking on additional work more enticing. More than half (55%) of our employee respondents report picking up at least one extra shift per week because they can access the money they'll earn before payday. This increase in engagement can reduce the need to hire and train additional staff during busy times of the year.

Employers are seeing these tangible business values in action. More than seven in 10 (71%) have substantiated improvements in key performance indicators as direct outcomes of implementing DailyPay. For example, 42% have linked DailyPay to a boost in employee satisfaction and 30% have linked the benefit to a drop in their turnover rate.

In light of these benefits, overall satisfaction in DailyPay among employers is high. Indeed, 96% of those who use DailyPay are satisfied with their experience. And nearly 64% are very satisfied. The reasons for these levels of satisfaction include the value employees derive from the benefit and the high level of customer support it offers. Employers also cite ease of implementation and administration on the back end, ease of use for employees on the front end and an overall reduction in payroll workload. The bottom line: Nearly 73% say DailyPay is a critical piece or a cornerstone of their approach to financial wellness benefits (see Figure 3).

Figure 3: DailyPay Is a Meaningful Financial Wellness Benefit for Employers



Source: Arizent/Employee Benefit News, 2023

The right EWA solution is an easy win for both employees and employers

The survey results demonstrate that EWA benefits are broadly relevant to a wide cross section of employees and lead to positive, measurable outcomes for both employees and employers. The right solution can minimize costs for employers and employees, enhancing the ultimate value of the benefit (see sidebar, “What to look for in an EWA solution”). That work includes making implementation as painless as possible, a front on which the industry is making progress. According to 82% of employer respondents, adopting DailyPay’s solution was easy.

“With the right provider and the right service, it’s cost-effective and easy to implement EWA programs that meaningfully improve employees’ lives and produce tangible benefits for employers,” says Gino Palozzi, Chief Marketing Officer at DailyPay.

As a financial wellness benefit, EWA programs offer employers the potential for an easy win. As more employers reach that conclusion, it’s likely that the cost of not providing an EWA benefit could rise significantly in the near future. A total of 94% of employees say, given the option, they would continue using DailyPay if they left their current employer. And more than half (53%) say the presence of an EWA benefit will be critical or very important in any future job considerations. As more people experience these solutions, those numbers will likely rise further.

What to Look for in an EWA Solution

Cost-effectiveness is a necessity for any employer-sponsored benefit. But for an EWA program to truly improve employees' financial wellness, it must be both cost-effective and transparent for employees as well. Here are factors to consider when evaluating an EWA solution:

EMPLOYEE COSTS

- **Subscription fees**
Do employees pay a recurring subscription fee for access to the program?
- **Transaction fees**
What does it cost employees each time they access their pay? Are there no-fee withdrawal options?
- **"Tips" for transactions**
Does the program strongly encourage users to set their own fee for transactions?

EMPLOYER COSTS

- **Implementation fees**
What are the hard costs, such as subscription fees, and soft costs, such as the staff hours it takes to implement a solution?
- **Upgrade and maintenance support**
Are robust and ongoing improvements part of the package?
- **Employee service and support**
Where do employees using the benefit go for help? Does the provider offer an FAQs page and virtual or live support agents?
- **Payroll support**
How easy is it to adapt your current payroll system to the solution? How does the provider support the process?
- **Usage fees**
Are you charged more when your employees use the service more frequently?
- **Employee education and communications**
What will it take to educate employees on using the benefit? Does the provider offer any materials?

Methodology

This research was conducted online by Arizent and Employee Benefits News during August 2023 among 10,283 employees and 84 employers, all using DailyPay's EWA service. DailyPay managed fielding and distribution of the survey, guaranteeing the confidentiality of respondent feedback. User data pertaining to age, industry and app activity and employer data pertaining to industry, function and size were appended for analysis.



About DailyPay

DailyPay, LLC. powered by its industry-leading technology platform, is on a mission to build a new financial system for everyone. DailyPay delivers the industry's leading on-demand pay solution with modern, insight-driven pay strategies that help America's leading employers to activate their workforce and build stronger relationships with their employees, so they feel more engaged, work harder, and stay longer.

For more information, visit www.dailypay.com/press.



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