

dailypay.

Debunking the 4 Biggest Myths About Earned Wage Access





Earned wage access, sometimes called on-demand pay, allows employees to access their pay between paydays and gives them more financial flexibility. Like with any innovative product, there can be misconceptions about its functionality. The truth, however, can be quite different.

Some common assumptions employers have about earned wage access are:

- It's difficult to implement
- It can be a payroll/ administrative burden
- It's a product that employees will misuse
- It's not an urgent priority for the company

Despite these misconceptions, earned wage access has appeal, including among companies that haven't yet offered it to their employees. A recent study by Hanover Research and DailyPay, a leader in earned wage access, found that:¹

- 93% of HR and Payroll leaders at companies with 1,000+ employees that *don't* have an earned wage access solution today, find it appealing.
- 91% of companies with 1,000+ employees that *don't* have an earned wage access solution today are likely to adopt one.

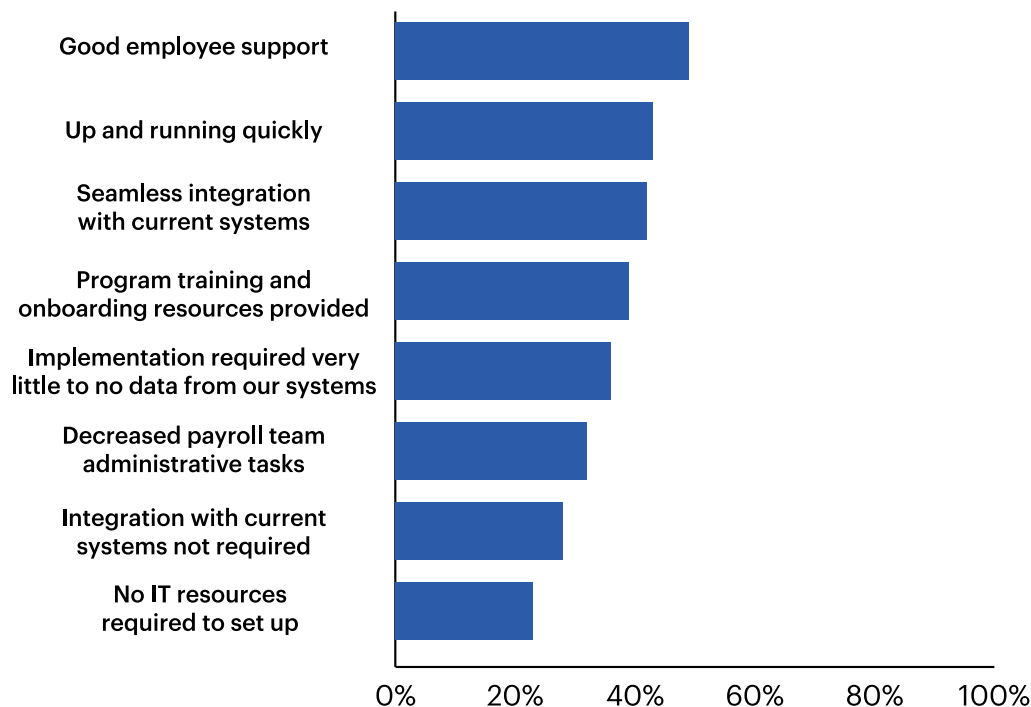
¹ Hanover Research, June 2023

Truth #1: Employers Find DailyPay Easy to Implement

Some employers believe that it is a challenge to implement earned wage access when in truth most find it quite easy. Hanover Research found that 88% of companies offering earned wage access thought the implementation process was at least somewhat easy.²

The main reasons 88% of employers found earned wage access implementation easy were because:³

- There was good employee support (49%)
- It was up and running quickly (43%)
- It had a seamless integration with their current systems (42%)



The notion of easy implementation is also supported by the results of the recent [Arizent Study](#), commissioned by DailyPay in September 2023. According to the study, 82% of employers who offer DailyPay say it was easy to implement.⁴

Don't just take our word for it, here's what employers had to say:⁵

- ***"Their support service is top of the line and the program is value added to all of our other benefit offerings."***
- ***"No effort on our part and it's a great benefit to our staff."***
- ***"Easy to implement, easy to administer, provides a great opportunity for team members to gain access to their earnings when they need it."***

² Hanover Research Study: Companies with EWA Solutions, September 2023

³ Hanover Research Study: Companies with EWA Solutions, September 2023

⁴ DailyPay Employer Experience Research, Arizent study commissioned by DailyPay, September 2023

⁵ DailyPay Employer Experience Research, Arizent study commissioned by DailyPay, September 2023

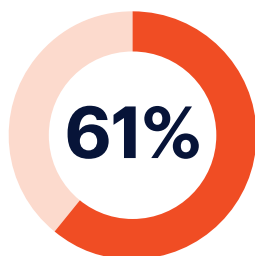
DailyPay [integrates with over 180 HCM, payroll and time management systems](#) to deliver its industry-leading earned wage access product to millions of users, so they can strengthen their business and motivate employees.

Truth #2: Earned Wage Access Has Little Effect on Payroll

Another common misconception about earned wage access is that it poses an ongoing burden on payroll teams after it is launched. This doesn't have to be the case, with industry-leading earned wage access providers offering a model that requires no additional work or changes to existing processes.

With DailyPay's full-funding model, the end-to-end earned wage access process is fully managed and executed by DailyPay, ensuring that no cash flow changes or burdensome payroll reconciliation is required. Unlike other models, DailyPay pre-funds both early and remainder pay and connects to the existing payroll process through the employee's direct deposit. This enables employees to access their money as they earn it and allows payroll to keep their existing payroll run schedule.

In giving more pay flexibility to employees, earned wage access solutions like DailyPay may even lessen the payroll team's workload. According to the Hanover Research Study:



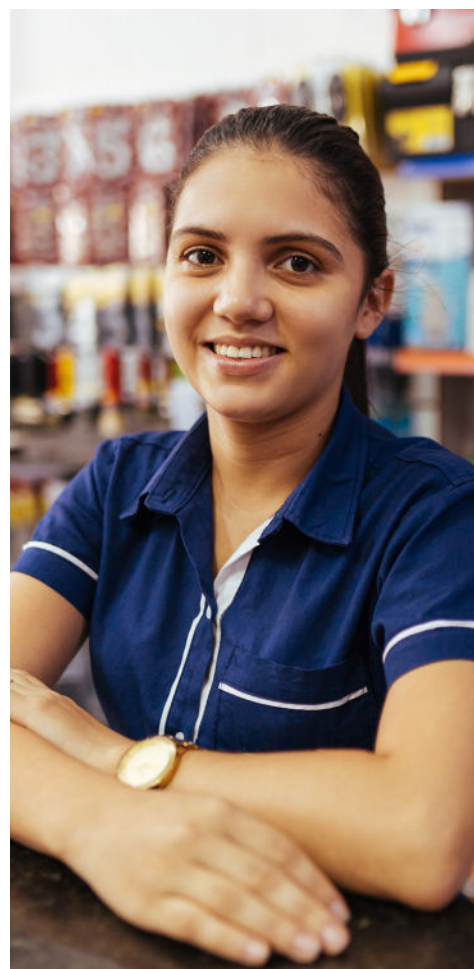
of companies that offer earned wage access say their payroll team's workload is lessened or unchanged.⁶

DailyPay is built with employers in mind, offering a suite of products that address the common pay-related problems companies face every day. In addition to earned wage access, DailyPay offers employer tools like Reward and Cycle, to streamline disbursement processes and help employers save money.

One client's direct feedback on this topic:

- ***"This has cut down on the need for our Payroll Team to have to produce manual checks."***⁷

With the right EWA vendor, employers can unlock the program's full benefits without having to worry about extra work or burdensome processes.



⁶ Hanover Research Study: Companies with EWA Solutions, September 2023

⁷ DailyPay Employer Experience Research, Arizent study commissioned by DailyPay, September 2023

Truth #3: Most Employees use Earned Wage Access Responsibly

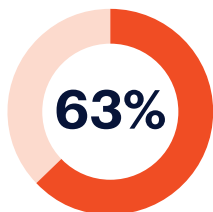
Employees misusing earned wage access is another concern held by some employers considering the benefit. Hanover Research asked employers an open-ended question: "Why do you not believe the employees at your organization would use the benefits of earned wage access responsibly?" One answer that stuck out was:

"If they had instant access to their paychecks those employees who can't budget properly would run through their money before they could pay their bills."⁸

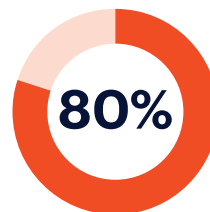
This concern is valid, but data suggests that earned wage access is most commonly used for important everyday costs - items employees may have struggled to pay for if they had to wait through a two-week pay cycle. A survey by the Mercator Advisory Group found that most employees who use earned wage access are using their pay to cover immediate needs. The top three categories listed were:⁹

- Food and groceries (78%)
- Utilities (64%)
- Transportation or car insurance (54%)

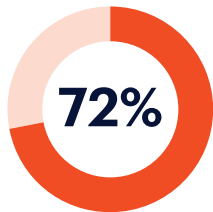
Life happens on the daily – not on a two-week cycle – and benefits like DailyPay can help employees take the important first steps toward achieving financial stability. The Arizent study found that:¹⁰



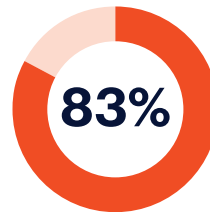
63% of DailyPay users feel that DailyPay gives them more time to think of other things in their lives besides money.



80% of users surveyed feel DailyPay has had a positive influence on their financial habits.



72% of DailyPay users feel that DailyPay helps them feel more confident in managing their finances.



83% of DailyPay users feel the app helps them understand how much they earn daily.

Not only does the data show that DailyPay users are using the product responsibly, but using DailyPay also helps them manage their current and future finances. Access to their pay helps them combat costly bill payments and overdraft fees, with 49% of users saying DailyPay helps them avoid late fees or overdraft fees.¹¹

Alleviating these stresses also benefits the employer. According to PWC's 2023 Employee Financial Wellness Survey, financially stressed employees are twice as likely to be looking for a new job than employees who are not financially stressed, they are also five times more likely to admit personal finance issues have been a distraction from work.¹² By implementing earned wage access you are directly addressing this distraction, helping employees be more engaged, motivated, and happier at work.

⁸ Hanover Research, June 2023

⁹ Customer Perceived Savings Report, Mercator Advisory Group commissioned by DailyPay, 2022

¹⁰ DailyPay Employee Experience Research, Arizent study commissioned by DailyPay, September 2023

¹¹ DailyPay User Survey, November 2022

¹² PWC's 2023 Employee Financial Wellness Survey, January 2023

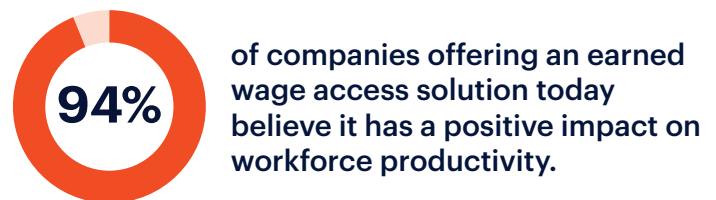
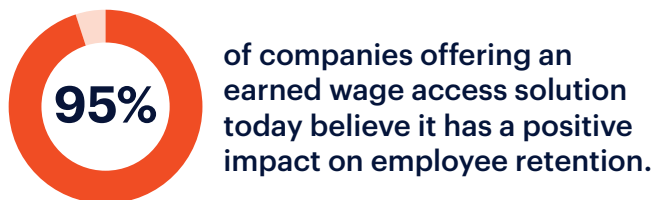
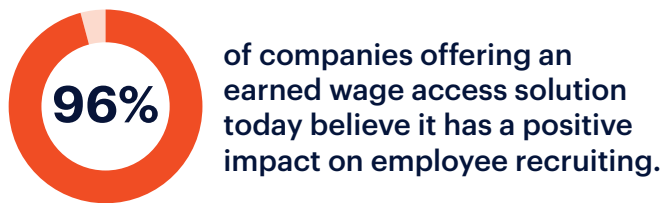
Truth #4: Earned Wage Access Will Help Move Your Business Priorities Forward

One of the last major misconceptions about earned wage access is that employers think implementing earned wage access is not an urgent priority. However, Roughly 14.5k employers in the US have already implemented EWA and this number is expected to grow by ~50% in the next year.¹³ Many employers don't realize that earned wage access could help the other priorities they have as a business.

According to Hanover Research, some of the main workforce management priorities for companies with 1,000+ employees that don't have an EWA solution today are:¹⁴

- Increasing employee engagement: **45%**
- Increasing productivity of the existing workforce: **43%**
- Creating and maintaining a pool of qualified candidates: **40%**
- Retention of current employees: **38%**

Earned wage access solutions, like DailyPay, can help move these exact priorities forward. A recent Hanover Research study found:¹⁵



Earned wage access can help employers retain and attract top talent while keeping current staff engaged and productive.

DailyPay is an essential benefit to offer if employers want to ease their employees' financial burdens, with 73% of employers who offer DailyPay saying it is an important piece or cornerstone to their approach to financial wellness benefits.¹⁶

It's time that all employers realize that earned wage access like DailyPay can help their business goals along with their employees' financial needs.

¹³ Everest Group, EWA market analysis for the US market, January 2024

¹⁴ Hanover Research, June 2023

¹⁵ Hanover Research Study: Companies with EWA Solutions, September 2023

¹⁶ DailyPay Employer Experience Research, Arizent study commissioned by DailyPay, September 2023

The more you know about Earned Wage Access the better.

In conclusion, earned wage access can positively impact your business along with empowering your employees. Implementation is proven to be close to effortless and your payroll team will see little to no effect on their jobs. Earned wage access can be a tool to help employees reach financial stability. Additionally, earned wage access can help employers achieve their current priorities and business goals. Follow in the footsteps of great companies like Adecco, HCA Healthcare, and Ikea and implement DailyPay today.

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