



How COVID-19 Accelerated the Critical Need for a Daily Pay Benefit

REALIZING HOW A GLOBAL CRISIS HELPED TO DEFINE THE NEW FUTURE OF PAY

BY

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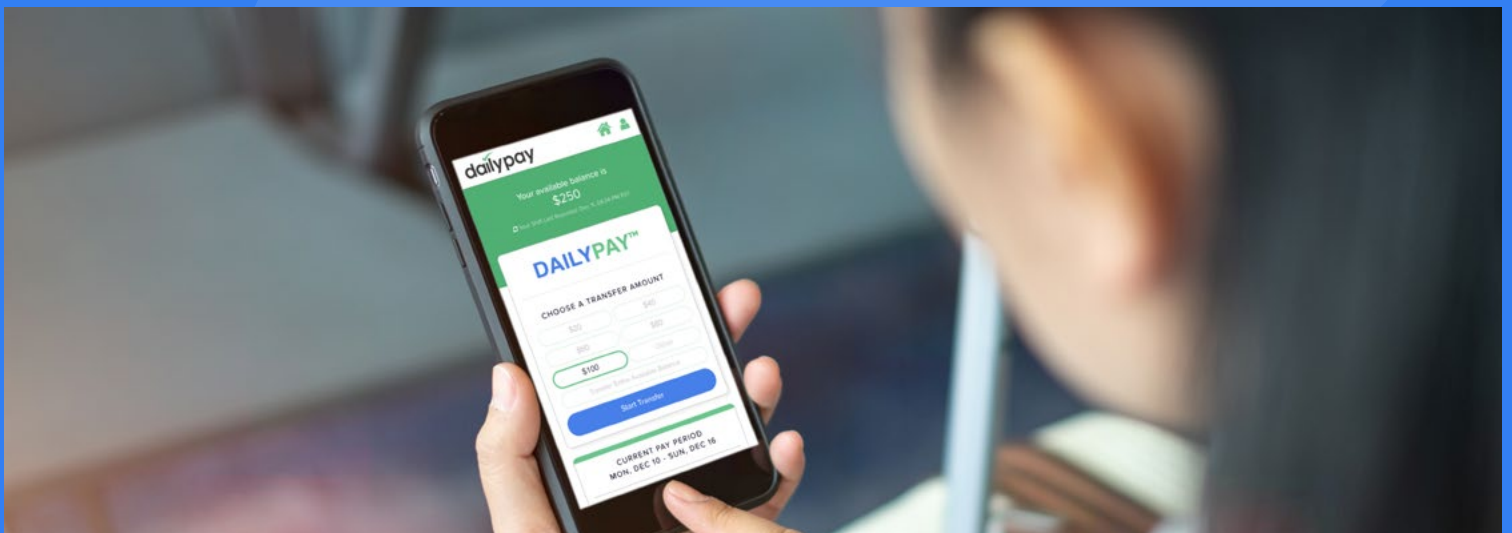
Introduction

As the dark cloud of the global pandemic slowly lifts, America is waking up to a new world with new challenges. But with great challenges comes great innovation.

For the first time in recorded history, the world hit the pause button for months at a time. Family time was reintroduced. Parents and children reconnected. As we were forced inside to insulate ourselves from the world, we all got a chance to take a hard look at our lives. And take a look at how we do business.

The reality is that business in America will never be the same. The workplace as we once knew it has been shattered. For months, living rooms became the new boardrooms. We found a new way to work and to thrive. But the economics changed along with it. Companies now must focus on operational efficiency and doing more with less. Any way to create cost savings while maintaining an effective and engaged workforce becomes all the more imperative.

Empowering the American worker with the DailyPay experience creates a new and deeper bond with their employer. With the financial flexibility and freedom of an on-demand pay benefit, the American worker can refocus on their future in a new world with hope, optimism and financial wellness.



How the Workforce Sees Employers, Pre- and Post-COVID-19

Prior to COVID-19, the workforce experience was being shaped by the demands of the younger generations — millennial and Gen Z — and their preferences. A good deal of the experience economy and the experience (EX) movement originated with millennials (born 1980-2000). They currently comprise 50% of the workforce and by 2025 will dominate with 75%. Millennials' lives are driven by experience. A major 2019 Gallup survey about millennial preferences found that more than 3 in 4 millennials (78%) would spend money on a desirable experience or event over buying something, and 55% of millennials say they're spending more on events and live experiences than ever before. More than 8 in 10 millennials (82%) attended or participated in a variety of live experiences compared with older generations (70%).



82%

**OF MILLENNIALS ATTENDED OR PARTICIPATED
IN A VARIETY OF LIVE EXPEREINCES
COMPAIED WITH OLDER GENERATIONS**

At work, they want to have a purpose. Millennials believe compensation must be fair, but they're motivated more by mission and purpose than paycheck. Purpose and personal development drive this generation, and they expect opportunities to learn and grow. When millennials get this type of support, business units can realize a 34% reduction in absenteeism and a 19% improvement in quality. When they don't, they tend to leave their jobs, quitting for a "career growth opportunity." And this becomes costly. Replacing millennials can cost 150% of each employee's annual salary.



**REPLACING MILLENNIALS CAN COST 150%
OF EACH EMPLOYEE'S ANNUAL SALARY.**

Section One

Generation Z is also part of the experience movement. “They’re the most digitally literate generation to date. While millennials may have grown up during the internet’s heyday, Gen Z has never known a world without it. As a generation, they are always ‘switched on.’ Every aspect of their lives is connected to the digital world,” says a survey from real estate shopping developer Revo. “This allows them to see and experience pretty much everything everyone else is, ultimately feeding their need to continuously hunt down the next big experience. They are a generation defined by their constant FOMO (Fear of Missing Out).”

They currently make up 25% of the workforce. Where millennials want purpose, Gen Z wants flexible schedules and remote work options. This doesn’t mean they’re lazy; they just typically blur the line between their work and home lives.

During the COVID-19 crisis, we saw this demand for experience come to life as employers were challenged to think like a millennial or Gen Z employee and create experiences to help others cope. Many employers showed their brilliance! They created positive remote workforces, leveraging video, games, virtual coffee dates, mindfulness support and even personal trainers.

In a post-COVID-19 economy, the workplace experience will remain of critical importance. It won’t just be a nice-to-have, it will be at the forefront. We expect that now, having had a taste of remote work and productivity freedom, millennials and Gen Z will strive to create an even more experiential in-person workplace, guided by self-discipline mixed with creativity and personal control over every aspect of their work environment.



How Payroll Changed During the Pandemic Work Experience

Throughout the COVID-19 crisis, the one critical element of the crisis that was top of everyone's mind was if, when and how fast employees would get their pay. We witnessed the act of pay move from something transactional and cold to a powerful experience not just for employees, but for their families as well.

This transformation of “pay” to a pay experience was the result of a light being shone on areas of the business that people hadn't viewed the same way in the past, for example, the limitations not of only paper checks, but also of the extended pay cycle as a whole. With a lack of in-office personnel to actually run the paper checks, delays in mail delivery and concerns about human handling of checks, particularly by someone infected with the virus, paper checks were cautionary and often delayed. And waiting for the traditional payday amid a crisis such as this often proved overly burdensome, especially when food items, paper products and other essentials were in short supply. At the same time, some employers needed to quickly ramp up their workforce, due to increased demand for their services, including health care, supermarkets and delivery services. Employers discovered another opportunity for a pay experience: offering a first-day pay benefit, such as DailyPay, increased their ability to both attract and retain vitally needed workers. Workers who had been displaced and needed money were able to answer the call for these in-demand jobs and receive their pay on their first day on the job.

In support of this shift to a world leveraging a pay experience, DailyPay released The DailyPay Workforce Index, which analyzes data based on changes in hourly staff and working hours across four different industries — hospitals, call centers, supermarkets and Quick Service Restaurants (QSR). This index was created to educate and inform the media about trends resulting from the COVID-19 crisis, verifying that while some industries are reducing hours or workforce, others were staffing up to meet demand.

Section Two

As a result, DailyPay also discovered that 43% of employees using DailyPay were accessing their pay early for COVID-19-related expenses, a 400% spike in number over three days.

WHAT OUR USERS SAID

“In the last week, I’ve had to use my DailyPay so I could buy essentials, like toilet paper, hand sanitizer and masks because I work at a gas station. **DailyPay has helped me so much in prepping for the coronavirus so I don’t get sick and so I can serve customers.”**

“While I was unsure about the hoarding pandemic on top of COVID-19, I wasn’t able to go buy diapers and wipes for my son, but **with DailyPay I was able to go get wipes when they were stocked and not have to wait for payday and possibly run out.”**

“[DailyPay] Helped to buy cleaning supplies and gas to pick my daughter up from college due to COVID-19.”

Clearly this pandemic demonstrated the responsibility of employers to meet the experiences demanded by employees for easier access to their pay. As the world begins to emerge from the unexpected emergency that was COVID-19, we hope that this powerful realization is not forgotten, and that the necessary steps are taken to avoid similar financial crises in the future.



How Payroll Can Evolve Into the Pay Experience

Benefits. Employee experience. Workforce engagement. Job satisfaction. None of these things ever had much to do with payroll. But that, too, is changing, both as a result of COVID-19 and the changing demands of an evolving workforce and a “new normal” way of living. As we begin to enter the recovery phase of this pandemic, employers will need to pay serious attention to these demands.

As we all return to work, one of the heroes of the post-COVID-19 work experience could very well be payroll.

“Employees value ease of accessibility,” said Gary Webb, marketing and communications director at FMP Global. “By allowing them to easily access current and historical payslips in one place with mobile apps, employees have effortless access to their pay information. This minimizes the need for employees to go to their payroll team for information and filter through mounds of paperwork when requested. We live in a digital world, and it’s important to provide digital avenues for employees – providing mobile app accessibility to HR programs leads to a better payroll and employee experience.”

That’s just the digital side of the equation. That side – which has produced payroll apps and more transparency for the pay process – has helped move payroll away from an emotionless transaction and toward an experience. But that’s not the extent of “payroll as an experience.”

Technology and employee experience dynamics have added more flexibility to the payroll process. Some of this can be seen in savings programs and the predictive analytics that some companies build into payroll. However, even this is not the full extent.

As previously described, the newest area of the payroll experience comes through on-demand pay access. By enabling employees to access their earned pay as they see fit, the workforce starts to see payroll as a provider of options rather than a biweekly digital transaction.

Section Three

FOUR ESSENTIAL ELEMENTS OF PLANNING AND INTEGRATING A PAYROLL EXPERIENCE FOR EMPLOYEES

1. WELLNESS/PREPAREDNESS:

By giving the workforce the option of accessing their pay, employees can avoid high-interest credit cards or personal loans if they find themselves in a financial bind. A payroll transaction has no options. On-demand access provides many.

2. DIFFERENTIATED:

Simple on-demand access is a benefit just like health care. However, as it gains momentum, it will be table stakes. Companies need to put their own brand on the pay experience. New features in on-demand pay include options for saving, before payday.

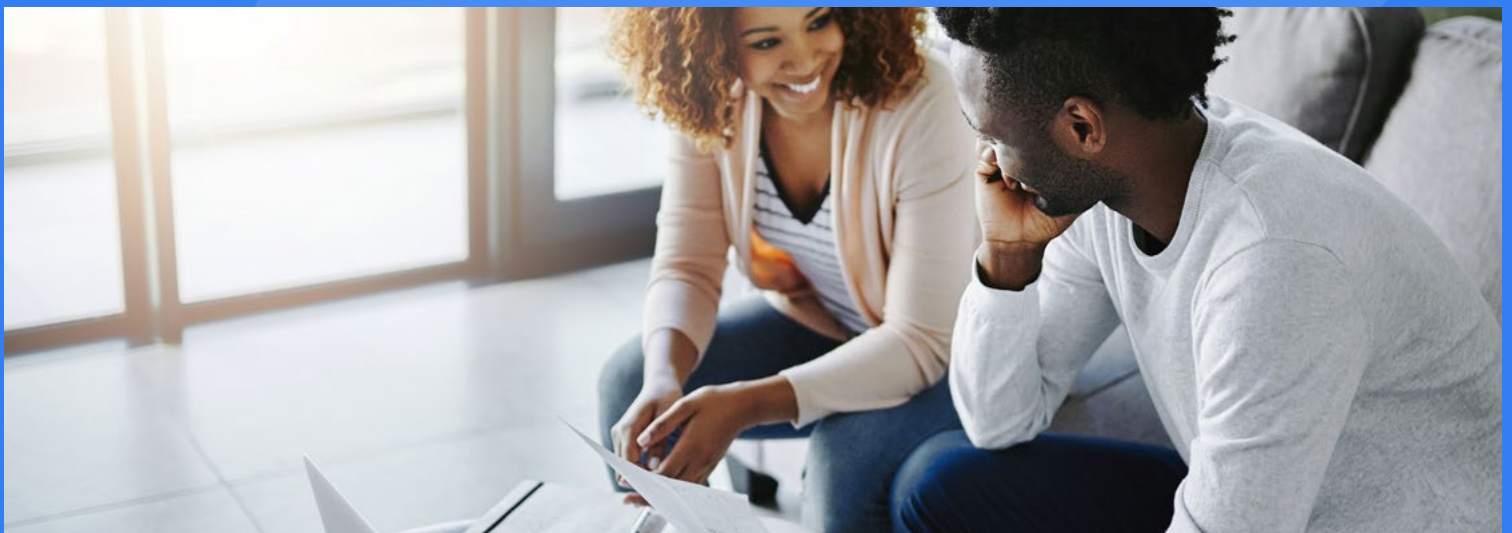
3. INTEGRATED:

On-demand pay platforms should integrate seamlessly into payroll technology and payroll staff needs, with minimal cost and payroll staff effort

4. COMPLIANT:

Almost every state has rules and regulations for what is considered a loan. Some payroll platforms have already run afoul of these regulations. Clean and simple access and transparent, per transaction fees are essential.

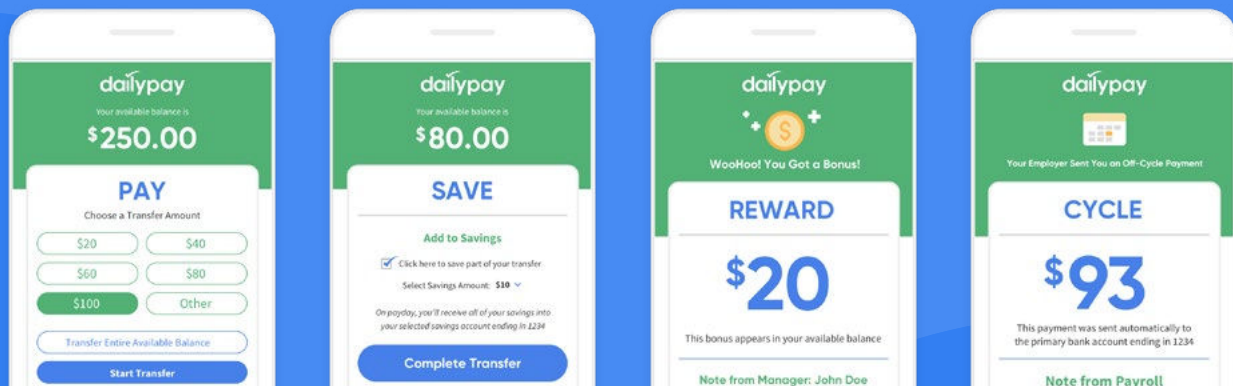
With these four essential elements top of mind, employers should have no problem choosing gainful pay solutions for their employees.



How Society Will Demand a Pay Experience Post-COVID-19

The pay experience is about providing a frictionless, digital and rewarding experience at every moment of the employee journey. It is the starting point for a superior employee experience, a critical component of the employee toolbox that addresses the churn that employees encounter when they transition from their personal lives, where everything is instant and on-demand via myriad apps, to their work lives, which are typically very different. A pay experience is a powerful means to access and control pay that mirrors the same set of experiences that employees have in their personal lives.

DailyPay has created a true pay experience platform with PayEx™. It provides a frictionless, digital and rewarding experience at every stage of the employee lifecycle (recruitment through offboarding). It is the starting point of a superior employee experience that reduces turnover and increases productivity with these experiences:



PAY

Employees control how and when they get paid with instant access to earned income

SAVE

Employees can save their pay in three different ways — scheduled automatically, based on pay period earnings and/or at the time of an instant pay transfer

REWARD

Employers can compliantly reward employees (i.e., for taking on an extra shift when a coworker calls out)

CYCLE

Employers can easily process off-cycle payments (ex. missed shifts/termination pay)

Section Four

In the post-COVID-19 environment, offering a pay experience will augment employers' benefit offerings and provide a superior recruiting tool to rebuild staff that was furloughed or laid off as a result of the pandemic. Many employers will be vying for the same set of employees, and at the same price point, which will necessitate an innovative recruiting approach, such as offering a unique pay experience. We hope this technology will quickly become an integral part of society's improved, highly-personalized "new normal" way of working.

Conclusion

A social reconstruction is now underway — fueled by a new workforce that values experience in every aspect of their lives — expecting less work-life balance and more work-life blend.

In short, the world of work has changed for good. Now, it is up to each of us in the HR and Payroll industries to create good change in our work world. The COVID-19 pandemic has reset the needs and expectations of every working American, from how they value work, to the work they value.

DailyPay offers companies the ability to create a pay experience so powerful that it rebuilds the trust between an employer and an employee by giving the employee control of their earned income and the freedom to make decisions on how to best create a financially stable and secure future for themselves and their families.

The result is the dawn of a new era, a workplace reconstruction where our American spirit and sense of hope will drive a movement that creates a new normal and enables our economies to thrive.

