



PYMNTS



November 2022

The Rise Of Digital And Early Access Compensation

Money Mobility Tracker® Series

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**Money Mobility
Tracker® Series**

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Acknowledgment

The Money Mobility Tracker® Series is produced in collaboration with Ingo Money, and PYMNTS is grateful for the company's support and insight. PYMNTS retains full editorial control over the following findings, methodology and data analysis.

Need To Know

Early Wage Access: A Tool In The Fight Against Inflation

More than half — 55% — of consumers say their pay is falling behind in the race against inflation. Forty percent of respondents in a recent [survey](#) received a raise in the last year, but even half of those who obtained an increase said it was not enough to keep pace with the cost of living.

Another recent [poll](#) reported that nearly three-quarters of Americans are living paycheck to paycheck, and one in five would like to access some or all of their wages as they earn them instead of waiting for a fixed payday. A recent [study](#) on the impact of same-day pay tripled this latter estimate, finding that 60% of American workers want on-demand access to daily earned wages.

According to a recent [survey](#),



40%

of employed respondents obtained a raise in the past 12 months.



13%

obtained a better-paying job.



8%

received both a pay raise and a better-paying job.



39%

received neither a raise nor a better-paying job.

Nevertheless, half of those whose income increased said it was not enough to keep up with the cost of living.

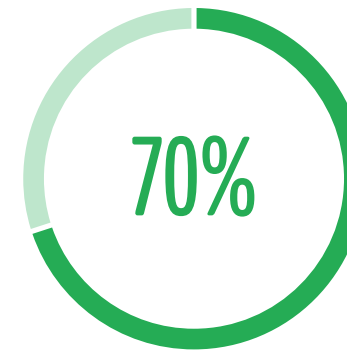
Need To Know

Banks are adding early wage access to their lineups.

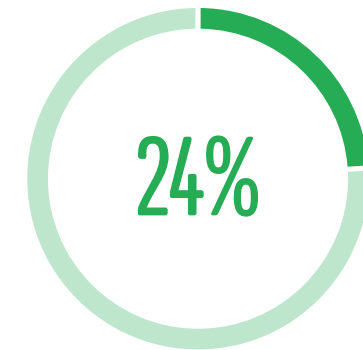
Banks are increasingly looking to add early wage access programs to their offerings. Regions Bank recently [announced](#) an early pay offering, which will enable customers to gain access to their paychecks up to two days early, in addition to other enhancements designed to boost customers' financial well-being.

Other banks that have initiated early wage programs [include](#) Citizens Bank and Fifth Third Bank. According to a March Citizens Payments Pulse survey of 200 midmarket treasury executives, 70% of banks already offered earned wage access in some form and 24% expected to implement it shortly.

Banks are adopting early wage access programs.



**offer earned
wage access of
some kind.**



**intend to offer
it soon.**

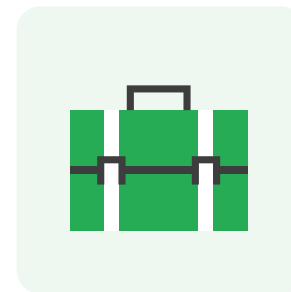
Need To Know

Now is the time for organizations to tune up their payroll procedures.

Amid consumer anxiety, employees say they want more from payroll — including financial wellness benefits. A recent PwC [survey](#) found that more than three-quarters of financially stressed employees said they would be drawn to a different employer that cares more about their financial welfare.

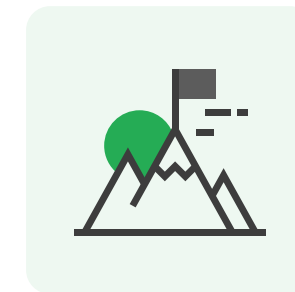
Another recent [report](#) suggested that employees' evolving expectations are on the brink of sparking a payroll revolution, but companies have work to do to catch up. This work would entail modernizing their systems to fulfill payroll's place in their business-critical strategies. The report found that 27% of payroll professionals said inefficient processes are a major pain point.

Businesses lost large numbers of employees during the Great Resignation, and few wish to spare that amount of talent again. Failure to adopt early wage access could [result](#) in workforce attrition.



75%

of employees are looking to change jobs.



43%

of employees say process improvement is a motivator to stay at a current employer.

News And Trends

More Employees Demand Earned Wage Access

With 72% of Americans [living](#) paycheck to paycheck, a growing number of employees and workers want access to their wages before payday. A survey conducted by the American Payroll Association (APA) found that 40% of Americans would find it very difficult to meet their obligations if their paychecks were delayed a week.

The ability to pay employees on demand has never been more important. To meet this demand, more employers are turning to earned wage access, which allows workers to access their wages as they are earned instead of receiving a lump sum each payday.

A recent APA [poll](#) asked Americans how hard it would be to meet their financial obligations if their paychecks were delayed one week.

40%

said it would be very difficult.

32%

said it would be somewhat difficult.

15%

said it would not be very difficult.

11%

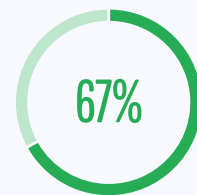
said it would not be at all difficult.

2%

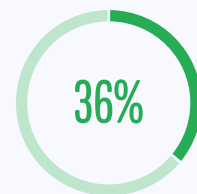
said they did not know.

News And Trends

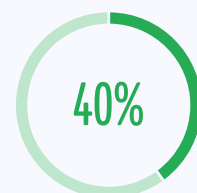
Instant disbursements offer businesses a powerful way to boost consumer loyalty.



of consumers would be somewhat or much more likely to continue a relationship with a company that offered instant payments without charge.



of consumers would be somewhat or much more likely to continue a relationship with a company that offered direct deposits that took three to five days.



of consumers would be somewhat or much more likely to continue a relationship with a company that offered many payment options but not instant payments.

Quick payments boost loyalty

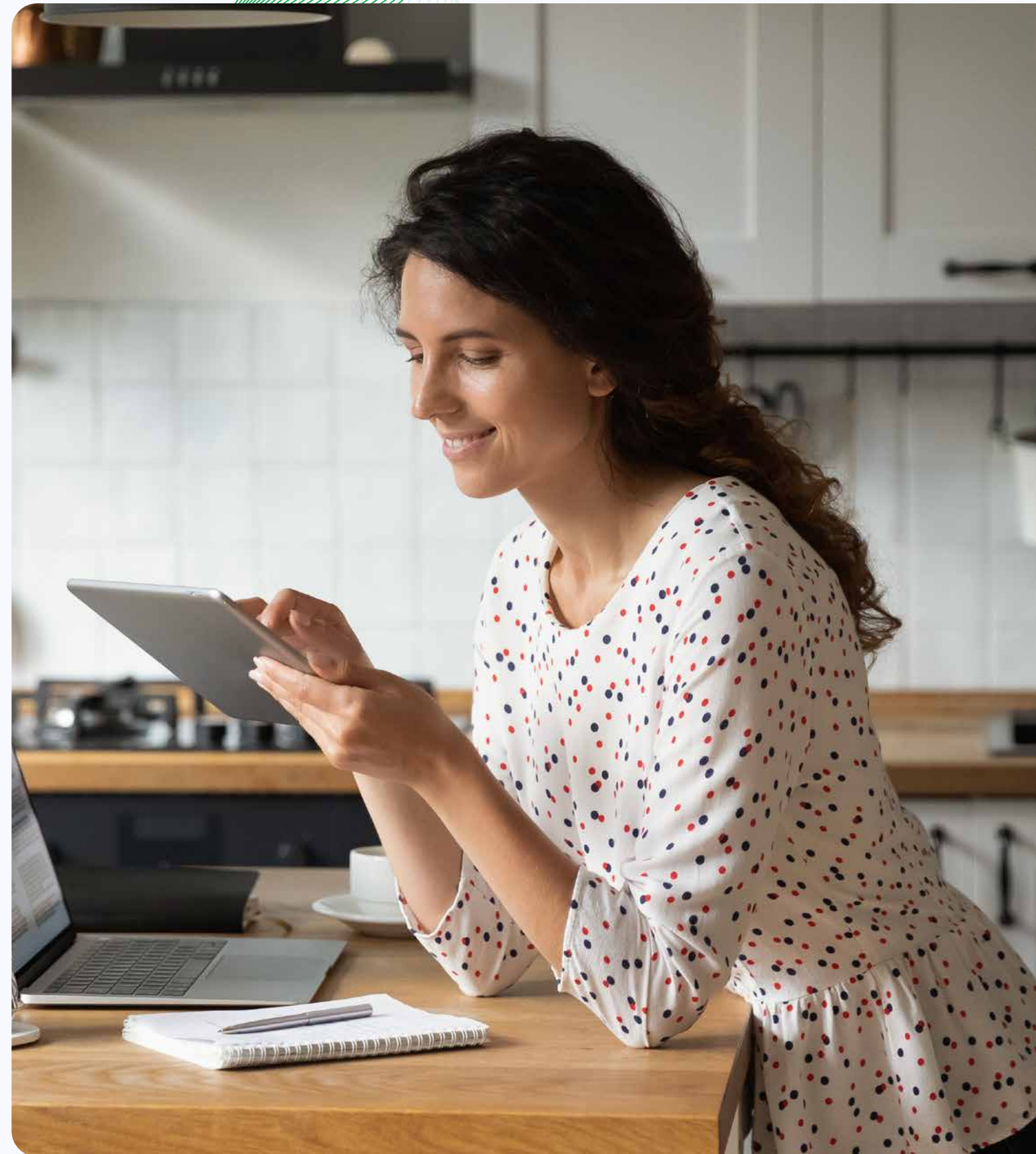
Instant disbursements not only find favor with consumers but also turn out to be an important way to boost their loyalty. Recent PYMNTS [research](#) finds that instant disbursements, whether from the government or from private entities, create a positive perception of the sender, but many recipients are not given this choice. Only 17% of those surveyed received disbursements over instant rails in the past year, led by purchase-related disbursements such as rebates, manufacturer incentives and refunds. Although this rate is the highest yet recorded, it still leaves a large portion of consumer demand for instant payments unmet.

News And Trends

Chase implements early paycheck program

Secure Banking customers at Chase will now have early access to their paychecks. Chase, JPMorgan Chase & Co.'s consumer and commercial banking brand, [announced](#) in October that Secure Banking customers will be able to access payroll, tax refund, government benefit and pension direct deposits up to two days early.

The bank's consumer banking CEO, Jennifer Roberts, said in a statement that the decision was made to provide extra flexibility to consumers who rely on their paydays to help them cover unexpected expenses and [avoid](#) potential late fees.

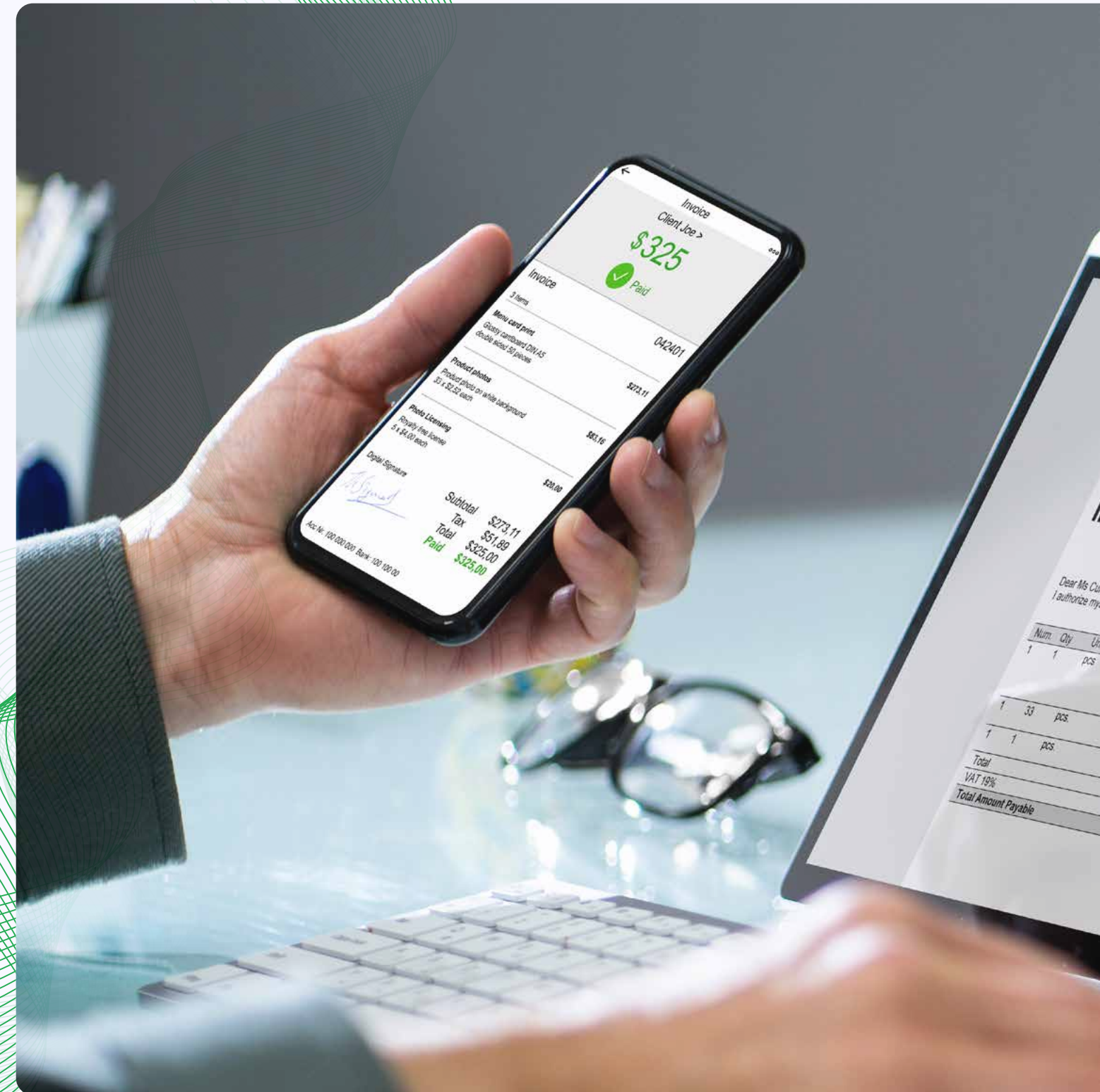


PYMNTS Intelligence

How Early Wage Access Can Equal Loyalty

The business world has transformed over the last few years as the global pandemic spurred a move away from centralized teams and toward a more agile, global workforce. Now inflation is [straining](#) many workers' budgets.

The need for greater flexibility and ease in paying workers has never been greater. In recent years, more employers and third-party payors have [adopted](#) programs that allow employees to receive their earned wages on the same day that they perform the work. To build loyalty and [retain](#) talent, providing early wage access and prompt payment can mean the difference between success and failure for employers.



PYMNTS Intelligence

Why now is the early wage access moment

A [survey](#) of more than 9,600 United States workers conducted earlier this year found that their financial health has been in decline since the pandemic's onset, with more employees now living paycheck to paycheck. These include more than half of workers earning less than \$50,000 per year, single parents and those in poor physical health. The share of paycheck-to-paycheck employees even doubled among those earning greater than \$100,000 per year from 18% in 2019 to 36%.

Gig workers have been hit especially hard by the pandemic.



36%

of self-employed workers said the number of late payments has increased during the pandemic.



28%

of self-employed workers said they have been paid late during the pandemic.

The pandemic has also served as a double-edged sword for the gig economy, at once increasing opportunities in this sector but also increasing late payments. More than one-third of the self-employed [reported](#) more instances of late payments during the pandemic, leaving 15% of freelancers unable to cover basic living expenses.

PYMNTS Intelligence



Early salary access can help employees

Economic hardship is taking a toll on workers, especially when unforeseen expenses create short-term cash flow shortages before regular paydays. As a sign of the times, the United Kingdom's Financial Conduct Authority (FCA) [made](#) recommendations on the recent development of Employer Salary Advance Schemes. Under such programs, workers can [register](#) for advances using an online portal or app to obtain a portion of their wages prior to the next scheduled payday. Because this is money the employee has earned, it is not considered credit.

While the FCA cautioned against the risks to employees of overusing the service and recommended transparency around fees charged, it generally held that these programs can help consumers avoid high-cost debt, such as credit cards and payday loans, to tide themselves over until their regular paydays. Recent [research](#) from CPA Practice Advisor found that 60% of U.S. workers want their employers to allow them to access wages as they are earned.

PYMNTS Intelligence

Payroll: Beyond cutting paychecks

The economic climate, changing work models and workers' expectations are transforming company payrolls. In a recent PwC [survey](#), 76% of respondents under financial stress said they could easily be persuaded to switch to an employer that showed greater concern for their financial needs.

Payroll now has to focus on hybrid work requirements, such as regulatory compliance and [managing](#) cross-border payroll, while also helping to attract and retain talent. A recent Ceridian [survey](#) found that 27% of employers planning to offer early wage access are doing so to increase employee satisfaction and engagement. An EY [study](#) also found that 67% of organizations currently have a payroll strategy, up from 61% in 2019.

As the role of payroll expands, its priorities are changing. Businesses are involving payroll teams more deeply in employee experience, compliance and cost reduction, all of which align with early wage access.



74%
Compliance



42%
Cost reduction



32%
Employee experience

Earned wage access can help employees and customers stay financially fit, does not create extra costs or debt and can help encourage loyalty in a high-turnover labor market. This makes it a winning strategy for both employers and workers.

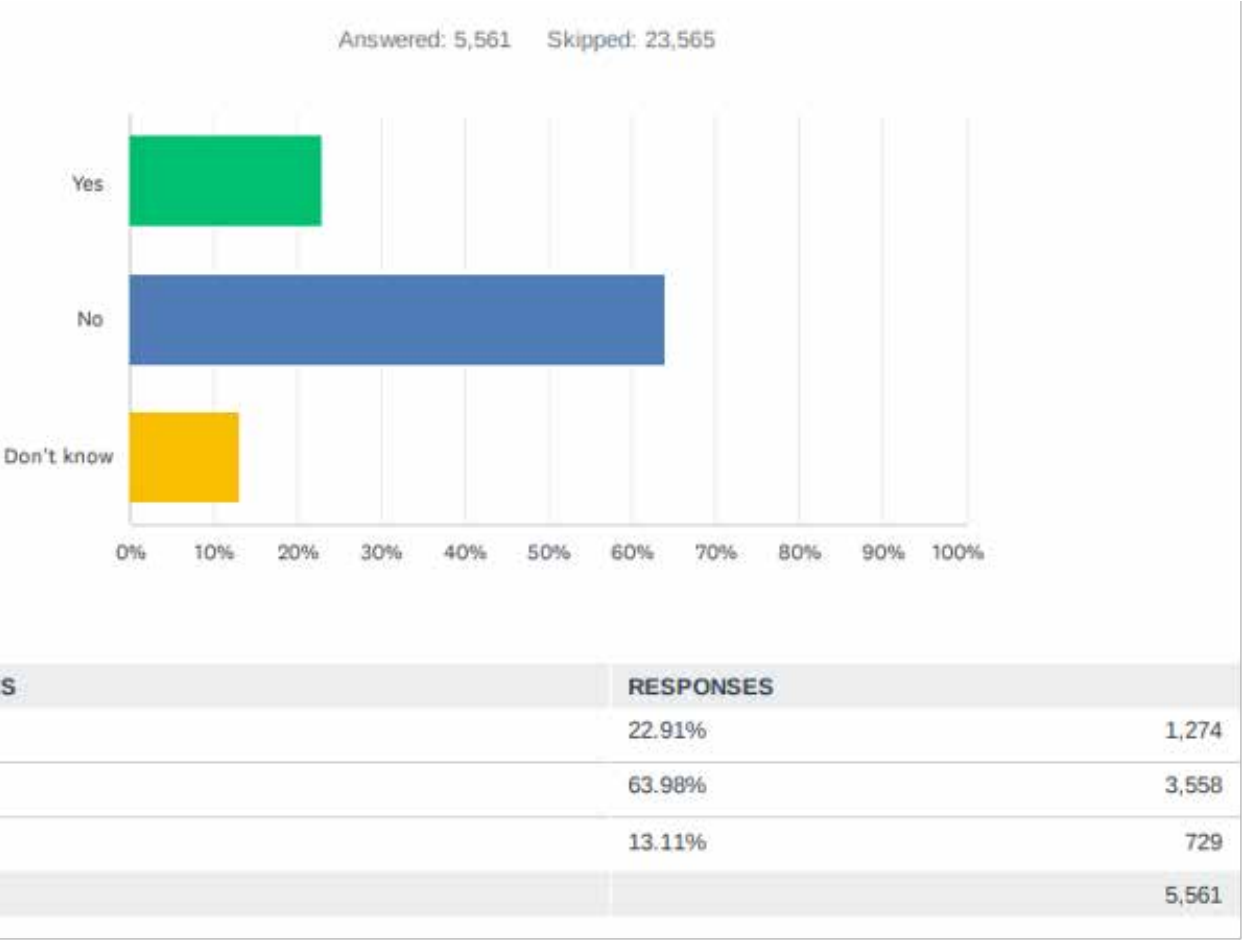
Chart Of The Month

Will Workers Pay For EWA?

The APA conducts a yearly survey on the state of getting paid in the U.S. This year’s [survey](#) sought to learn whether early wage access programs are important enough to consumers that they would pay for them. Nearly one-quarter of consumers said they were.

Source: American Payroll Association. Getting Paid In America. 2022.
<https://www.nationalpayrollweek.com/>. Accessed November 2022.
N = 5,561: Completed answers.

Would you be willing to pay a fee to have your wages available on demand as you earn them?



Insider POV

Faster Deposits Benefit Gig Workers



BEN MENDELSON
Director of
product management

“Regardless of whether someone needs access to their money faster, there’s an emotional desire to get the thing that you’ve earned.”



PYMNTS talks with Ben Mendelsohn, director of product management at Fifth Third Bank, about how faster direct deposits have an appeal for workers of all stripes.

Fifth Third’s journey to early wage access offerings began with immediate funds on check deposits, according to Mendelsohn. Once FinTechs and other companies began offering faster direct deposit access and similar products, it was not much of a leap for Fifth Third to take its progress in early funds availability and expand it to serve more customers. Regardless of where it is coming from, everyone wants to have the money they are owed available to them as soon as possible. As such, products that allow for quick access to funds appeal to customers across the economic spectrum.

Insider POV

Some companies offer early wage access as an employee perk, but the desire for faster funds availability has a broader audience. Fifth Third's product was born out of first-party research that noted the growth in the number of 1099 and gig workers, Mendelsohn said. Focus groups showed that many gig workers were already paying fees to their client companies to get their money faster, such as through real-time debit rails. Since Fifth Third already had the groundwork for faster processing of automated clearing house payments, the bank was able to expand the offering to cover a wide range of direct deposits, even government benefits.

Early pay accessed through a full-service bank has significant benefits over the alternatives available to gig workers. Mendelsohn acknowledged that there are a lot of approaches to faster pay, but those outside the banking space have some significant downsides. Rather than simply having money pushed to a card, workers who have early access to direct deposit funds through a bank such as Fifth Third have all the services and products of an actual bank as well. In addition, early access to direct deposits is tied to the user's account, not to the company making payment. Regardless of which — or how many different — companies a gig worker is paid by, the benefit is the same.

Fifth Third has found that early access to direct deposits is very popular with customers.



More than one million Fifth Third customers have access to early direct deposit.



In 2022, more than \$20 billion in direct deposits have been accessed early by Fifth Third customers.

Source: Ben Mendelsohn, director of product management at Fifth Third Bank

Companies To Watch

Companies Invest In Early Wages For Workers

The Amazon logo, featuring the word "amazon.com" in black with a small orange arrow underneath the "a".

Amazon will begin [offering](#) instant payments to all U.S. employees within its operations, corporate and technology departments. The system, Anytime Pay, grants up to 70% of earned pay on demand, without interest or penalties.

The PNC logo, featuring an orange stylized triangle icon followed by the letters "PNC" in blue.

In February 2022, PNC [launched](#) PNC EarnedIt, which allows customers to offer their employees access to cash as it is earned at any point in the pay cycle. The funds are available via a mobile app.

The Atrium Hospitality logo, featuring a blue stylized triangle icon above the word "ATRIUM" in blue, with "HOSPITALITY" in smaller blue letters below it.

The third-party hotel management group that operates Hilton, IHG and Marriott hotels has started [offering](#) DailyPay's earned wage access to its 7,000 workers in the hope of fostering employee loyalty.

The Amazon logo, featuring the word "amazon.com" in black with a small orange arrow underneath the "a".The PNC logo, featuring an orange stylized triangle icon followed by the letters "PNC" in blue.The Atrium Hospitality logo, featuring a blue stylized triangle icon above the word "ATRIUM" in blue, with "HOSPITALITY" in smaller blue letters below it.

What's Next

Instant Payouts Could Tip The Scales In Worker Recruitment

With nearly half of restaurants facing hiring and retention challenges, instant tip payouts could become an important differentiator for eateries looking to gain and retain workers. Tips can [represent](#) as much as 60% of restaurant workers' income, but current tip disbursement methods are falling short of industry workers' needs and expectations. Neither traditional cash nor credit card transactions lend themselves well to tallying and paying out tip disbursements at the end of every shift. This leaves many restaurants doling out tips in regular payroll cycles — thus postponing workers' access to a significant percentage of their income.

“This is a beautiful example of where ... cloud-based technology and payments can come together and help those independents and large operators compete in an ever-challenging labor environment, giving them ... best-in-class functionality [regardless of the size of the operator].”

DREW EDWARDS
CEO



Drew Edwards, CEO of Ingo Money, told PYMNTS in two recent interviews about how companies Kickfin and 7shifts are [working](#) to remove the frictions of tip payouts by moving these disbursements instantly into employees' banks or wallets of choice digitally. Offering this feature could give restaurants a significant edge in a highly competitive labor market. Edwards predicts that this approach will become table stakes in other verticals as well, including salons and gambling venues.

About

PYMNTS [PYMNTS](#) is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.



[Ingo Money](#) is the money mobility company. Founded in 2001, it provides technology platforms and expert risk management to FinTechs, banks and businesses that enable safe and instant money movement, from any source to any destination. Ingo’s solutions power deposits and transfers for inbound and outbound money flows, cross-platform P2P and digital payouts, with network reach to more than 4.5 billion bank accounts, cards, digital wallets and cash-out locations. This transformation of traditional payments helps businesses reduce cost and delays while dramatically improving the consumer experience. Headquartered in Alpharetta, Georgia, Ingo employs more than 200 professionals and serves some of the largest brands in North America.

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