

payactiv

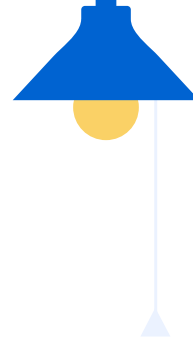
Four Big Benefits of Offering Earned Wage Access

Why Earned Wage Access?

Studies have consistently shown that personal financial stress is inextricably linked to poor work performance, a plethora of health issues, increased absenteeism, and employee turnover—all of which directly impact businesses' bottom line.

Today, 82% of employees worry more about their finances than their health. With growing awareness around the effects of financial ups, downs, and unknowns, businesses are looking for holistic solutions to employee financial stress.

Introducing Earned Wage Access, a solution which gives employees immediate access to the money they have already earned.



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The Power of Earned Wage Access

While the benefits of Earned Wage Access are intuitive for the employee vis-a-vis more efficient, less costly, and more inclusive liquidity, the value proposition for businesses lacked empirical research.

To clear the air, Todd Baker, a research fellow at the Harvard Kennedy School of Government conducted a landmark study on the impact of Earned Wage Access on both businesses and their employees.

After an in-depth analysis of over 6,700 individuals across 6 businesses, Todd's research found that Earned Wage Access reduces employee turnover by at least 19% and increases employee productivity, engagement and morale. Since the average cost of replacing a single employee now exceeds \$4,000, a marked reduction in turnover means millions of dollars in savings for businesses.

The next section summarizes the study's findings and how Earned Wage Access provides value for both businesses and their employees.

1

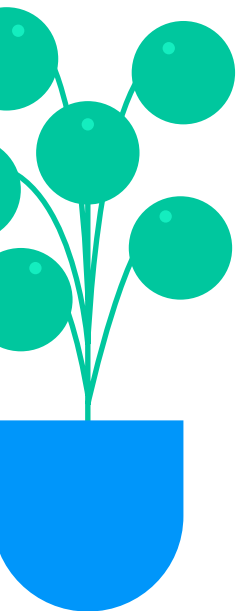
Earned Wage Access helps low-wage workers escape high-cost lending traps.

Comparing the cost of accessing \$200 using the Payactiv earned wage access option with the cost of a bank overdraft or a payday loan, Payactiv was less than 1/7th the cost of these alternatives. This was even before Payactiv changed its fee structure. Using the Payactiv payroll card reduces fees to zero, and just \$1 per day of use otherwise. Moreover, Payactiv is not a loan, therefore every employee is eligible because credit underwriting is never applied. The study further concludes that by using Payactiv in lieu of overdrafts and payday loans over time can help improve credit profile of users and help them join traditional financial systems.

2

Earned Wage Access can improve health outcomes.

Research demonstrates that financial stress does real damage by shortening lives, worsening health and impairing decision-making—especially financial decision-making—among stressed people. Todd Baker concludes that when users have low-cost fintech solution like Payactiv to help with short-term small-dollar financial shocks, it materially improves their financial resiliency and health.



3

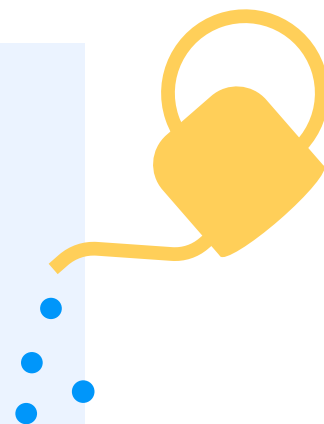
Earned Wage Access can improve morale and productivity.

The paper presents evidence that the employer channel is best for disseminating FinTech products to low-income working families because of its potential to reach very large numbers of workers quickly, with effective and sometimes subsidized liquidity and financial management solutions. The Employer-centric approach also generates financial benefits to employers, because an effective financial wellness solution leads to better recruitment, improved engagement, lower turnover, lower absenteeism, and better productivity.

4

Earned Wage Access lowers employee turnover rates.

The study compared attrition rates among employees who were enrolled and active users of Payactiv (have used it more than once) and found 19% lower turnover rates among active users. The study also states that if the comparison was done of active users with all employees, including those who did not enroll, then the improvement in turnover rates would be even higher.



Conclusion

Todd Baker's research finds that employees using Payactiv, on average, stay longer with their employers, are more engaged at work, and are healthier, as evidenced by reduced absenteeism. Not only does EWA help employees in immediate financial crises, it also provides employees with a safety net on their journey towards long-term financial wellness. Free from financial stress, employees are more engaged and healthier.

For businesses, this crucial benefit translates into greater productivity and less turnover. The improvement in turnover, absenteeism, and productivity translates into millions of dollars for businesses.

From the Fortune 500 to SMBs, Earned Wage Access is rapidly growing in adoption - with 3 out of 4 employees wanting on-demand access to their Earned Wages. That's why Payactiv, the leading provider of Earned Wage Access is live in 1500+ businesses and used by over 1 million employees at businesses like Walmart, Alorica and Wendy's.



3 out of **4**
employees want
Earned Wage Access

Baker, Todd H. & Kumar, Snighda. (2018, May) The Power of the Salary Link: Assessing the Benefits of Employer-Sponsored FinTech Liquidity and Credit Solutions for Low-Wage Working Americans and their Employers. Harvard Kennedy School. https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/working.papers/88_final.pdf

Baker, Todd H. (2017, May) FinTech Alternatives to Short-Term SmallDollar Credit: Helping Low-Income Working Families Escape the High-Cost Lending Trap. https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/files/75_final.pdf

About Payactiv

Payactiv, a Certified B-Corp, is a livelihood platform that gives employees on-demand access to earned but unpaid wages, and a suite of other services designed to help employees live the lives they've earned. Businesses that partner with Payactiv see significant cost reductions through increased recruitment, engagement and retention. Payactiv is the winner of the Innovative Payments Association's Consumer Champion Award for 2020, Finovate's 2020 Award for Excellence in Sustainability. Payactiv has also won best in class awards in both FinTech & HRTech, and is the provider of Earned Wage Access to Walmart.

Learn more at www.payactiv.com.