Even

Earned Wage Access: A Guide to Getting It Right

A Toolkit for Understanding, Evaluating, and Choosing Responsible EWA that Helps Both Employees and The Business

Contents

Earned Wage Access: A Guide to Getting It Right

When employers choose to offer earned wage access, their goal is generally twofold: help workers, and help the business. But while all earned wage access products will deliver on their base promise — providing on-demand pay for workers — not all of them will actually help employees or the business. In fact, some of them could cause harm. This guide will provide you, with everything you need to understand, evaluate, and select an earned wage access solution that fits your employees' needs and your company's goals.

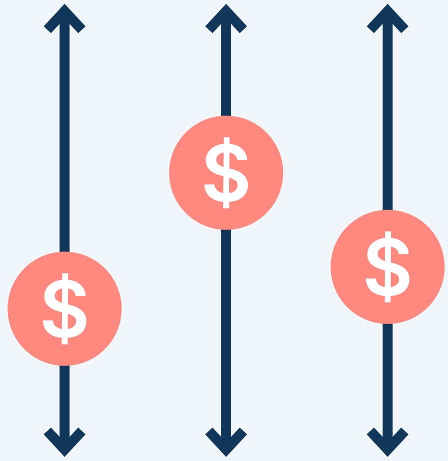
KEY TAKEAWAYS

- Small differences in EWA providers' cost models can have surprisingly big impacts on your employees.
- The way an EWA vendor's business incentives are aligned are a strong indicator of employee outcomes.
- Choosing a responsible earned wage access solution will lead to stronger outcomes for workers and your business.
- Evaluating vendors across pricing, business model, feature set, and regulatory-compliance is critical.

01

An exploration of EWA and its price points

Various features, different costs, and lots of options: What does it all mean for your employees?



Differences in EWA pricing models

When looking for benefits to offer employees, earned wage access (EWA) is an increasingly popular option. By giving employees access to their own earned wages prior to payday, EWA helps workers manage cash flow emergencies using their own resources — money they've already earned — instead of resorting to harmful solutions like overdraft fees, payday loans, or short-term credit.

There are several providers of this service, but it can be hard to tell how different EWA solutions differ from one another. Some EWA providers offer just one feature — access to earned wages — while others have a few add ons, or even offer a comprehensive set of features for money management.

How EWA pricing works

Which direction a vendor takes its product in is closely related to its business model, as well as its pricing. Importantly, all these variables have impacts on the people who are using EWA: your employees. Here are the most common pricing structures found among earned wage access vendors.

Employer-sponsored EWA

Employer-sponsored EWA means businesses offer earned wage access to their employees as a financial benefit, similar to how offering traditional benefits such as health care or retirement works. This ensures employees don't pay high fees in their moment of need, including for cash pick-up or same-day deposit.

Transaction

The transaction model means an employee pays a fee each time they access their earned wages. Fees can vary depending on how quickly the employee wants access to funds. For example, if they opt for instant transfer instead of waiting for next-day deposit, they will have to pay a higher fee. "Tipping" models also fall into the transaction category, with variable fees and limited transfer options.

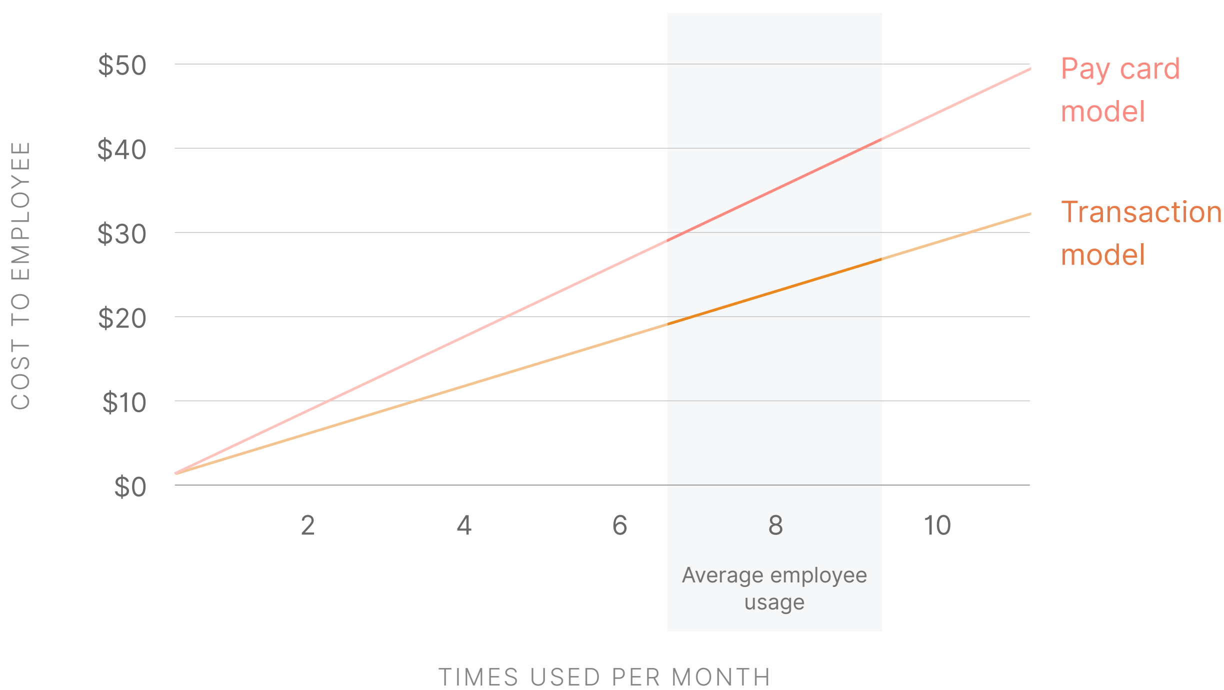
Pay card

A pay card model is sometimes used to characterize EWA as "free." While it's true that taking an advance on earned wages is free in and of itself, there are sometimes additional fees for receiving the EWA funds in an external account or moving money from the debit card to an external account. Not all pay card EWA providers offer cash pick-up options, and some rely on fee-based ATMs for cash access.

What does this mean for your employees?

While there are several differences among these models, there's one important thing to keep in mind: When using pay card and transaction model EWA products, employees end up paying higher costs — sometimes much higher — than they would with an employer-sponsored model, just to access their own wages.

Employee monthly cost for Earned Wage Access by provider model



Based on publicly disclosed usage numbers from multiple vendors.

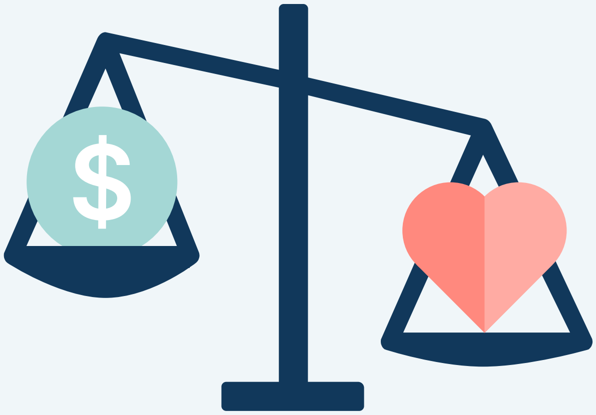
Publicly reported data from multiple EWA vendors shows that most employees use EWA about once per week. Using this frequency as a baseline, a transaction model vendor would make $14.95 in fees from your employee over the course of the month. A pay card model provider could take as much as $24.95 in fees. But fully employer-sponsored EWA doesn't cost employees anything regardless of usage frequency. Even partially employer-sponsored EWA costs employees a fraction of what transaction or pay card models do.

When evaluating EWA vendors, be sure to look closely at their pricing models, and what employees could end up paying in different circumstances. The amount a vendor charges, and when those fees come into play, sends strong signals about the business' motivations, which in turn affects outcomes.

02

Who’s coming out on top?

The pricing structure employed by EWA vendors gives insight into its business incentives.



Charlie Munger, businessman, investor, and philanthropist, once said "Show me the incentives and I will show you the outcome." The differences in how EWA providers charge employees are no mistake; each vendor has a carefully designed pricing structure that supports its business model. Some are more expensive than others, and this boils down to a matter of the provider's motivations and incentives — which in turn have a strong influence on the outcomes.

Transaction and paycard models

Since EWA providers using the transaction model charge a fee each time an employee accesses earned wages, these providers are incentivized to keep employees using EWA as frequently as possible. The more your employee uses EWA, the more money the provider makes. Transaction model EWA products sometimes also include "tipping," a feature which gives your employees the illusion of choice. But this feature usually lacks transparency on an appropriate "tip" amount, and users can easily misconstrue where the "tip" is ending up. Most employees won't have insight into the market value of these features; in addition, sometimes the default tip is set very high, and a product's design can move the user along so quickly that they miss that information, and they may not realize they have the opportunity to make the tip lower. This all results in the employee paying more than they should — when that money could be going towards bills or savings instead.

> With transaction and pay card models, the more employees use EWA, the more the provider profits.

Meanwhile, pay card model EWA providers require employees to use a provider-issued debit card in order to access advanced wages. If the employee wants to receive their wages in a different account, the provider may charge additional fees. This creates more hurdles for employees when it comes to spending their own wages. To avoid fees the employee is forced to use the EWA provider’s card. If they want to consolidate their funds into the debit card they already use for everyday expenses, which may be tied to their budget or other services, they’ll be hit with fees. This adds either complexity or fees to what may already be a complicated and stressful financial situation for your employee.

Employer-sponsored models

With transaction and pay card models, the more employees use EWA, the more the provider profits. This incentive on the provider’s part to encourage more frequent EWA use, and even potential reliance on the product, is what ends up costing employees more money. But perhaps more importantly, it’s detrimental to employees’ long-term financial wellness.

Employer-sponsored EWA is the only model that does not inherently incentivize providers to encourage employees to use on-demand pay more often. In fact, employer-sponsored EWA providers like Even strive to decrease how often employees access their wages by integrating tools such as automatic budgeting, emergency savings, and pay projection. This suite of benefits helps employees climb the financial ladder, building their resilience no matter where they are in their journey. As employees gain financial confidence and stability, they reduce their reliance on EWA in the long run.

> An employer-sponsored EWA provider's business model has to be aligned with employees' best interests — not just what makes the most money.

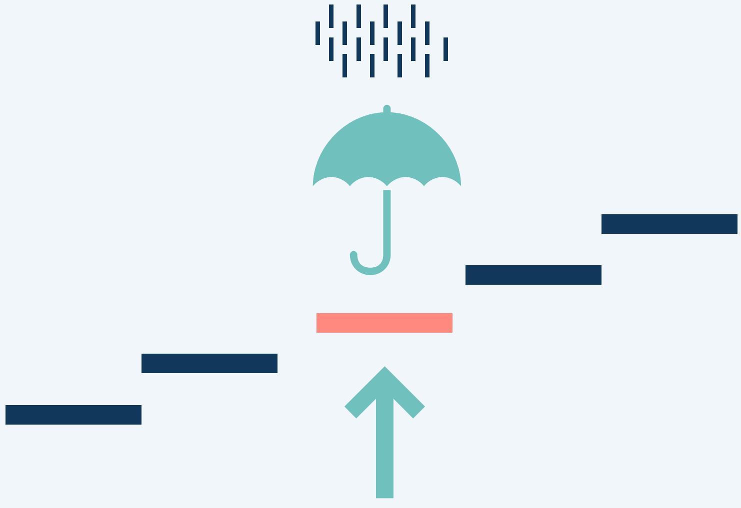
But how does employer-sponsored EWA make money if it's not incentivizing higher EWA use and charging fees for it? For employer-sponsored EWA to be sustainable, its non-EWA features must provide enough value for employees to want to keep using the app. Employers then see measurable improvement across retention, productivity, and engagement thanks to a more financially resilient workforce. In other words, employer-sponsored EWA has to align with employees' best interests — not just what makes the most money.

If your goal is to help employees build financial wellness and stronger financial futures, an EWA solution where the provider has a vested interest in employees continuing to use EWA may not be the right solution. It’s more likely that a vendor that provides EWA, and also helps employees move away from a place where they need to rely on it, will benefit your workforce in the long term. To understand why, it helps to learn the basics of financial wellness.

03

EWA is a stepping stone, not a destination

The best solution is one that gives your employees EWA when they need it, and a long-term outcome of not needing it at all.



Earned wage access is an essential financial product, especially for people living paycheck to paycheck as 74% of American workers do.[7] It's important because when people encounter financial shocks, and they have no savings to fall back on, many of the options available to them will make their situations far worse. Looking at our own members' on-demand pay use, we know that 53% of them are using earned wage access for bills, and 38% use it to pay for essentials such as gas, rent, and groceries. Without EWA in their corner, these workers would have had to turn to far more harmful options.

Those options are offered by financial products and institutions that turn a profit on peoples' moments of crisis, making billions of dollars annually in fees and interest. In 2017 alone, Americans paid over $34 billion[8] in overdraft fees. As of 2018, the payday loan industry was worth $9 billion[9] thanks to the fact that the average consumer ends up paying back $793 for a $325 loan.[10] EWA is a powerful tool that lets employees avoid cyclical debt traps, and meet the needs of small financial emergencies with their own money.

> "Makes life a little easier when you have the option to access your money instead of going to a loan company and paying interest in high fees."
>
> – LATASHA JACKSON, EVEN MEMBER

But a financial wellness product shouldn't just help people avoid harm. It should help them build stronger financial lives, and give families more control over their futures. To understand how products can build financial wellness, start by looking at how the experts define it.

What does financial wellness mean?

The concept is broad and can go by a few different names. For example, the Consumer Financial Protection Bureau (CFPB) defines financial *well-being* as having four parts:[11]

1. Control over daily and monthly finances
2. The ability to absorb a financial shock
3. Being on track to meet financial goals
4. The freedom to make choices and enjoy life

Similarly, the Financial Health Network uses financial wellness as a way of assessing "whether people are spending, saving, borrowing, and planning in a way that will enable them to be resilient and pursue opportunities over time."[12] This is measured with key indicators, including paying bills on time, having sufficient liquid savings, having a manageable debt load, and planning ahead for expenses. When people are making progress in all these areas, they're on the path to better financial health.

FINANCIAL HEALTH NETWORK

Spend **Save** **Borrow** **Plan**

What kind of EWA products build financial wellness — and how can you tell?

While many earned wage access products are marketed as financial wellness solutions, not all of them meet the criteria. For example, while all EWA products help employees avoid fees and penalties associated with other financial products, their impact usually ends there. At the same time, many employers do offer budgeting and financial counseling benefits which can be useful for employees. But the real impact happens when all these services are combined; when employees have an all-in-one solution to access earned wages, *and* build savings, plan for expenses, and get bills paid on time.

> A financial wellness product shouldn't just help people avoid harm; it should help them build stronger financial lives over time.

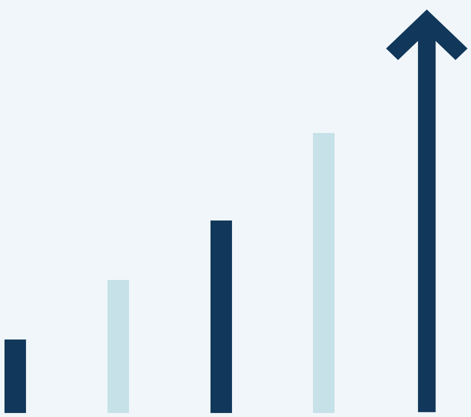
This is also where an EWA provider's business incentives come back into play. If a vendor is making more money when employees use EWA frequently, it's in that vendor's best interest to keep employees in a place where EWA is a necessity. Even if the vendor offers features to ostensibly help employees make progress — like savings, or bill pay — these won't help if that employee is stuck in a cycle of needing EWA. This is antithetical to financial wellness; employees with control over their finances, who have access to emergency savings, and are planning ahead for expenses are less likely to need EWA.

The only way to offer earned wage access in a truly responsible way is to provide it in tandem with tools for employees to build savings, manage spending, and pay bills on time.

04

Real-life results for employees

If your goal is to help your workforce, you'll need to be able to measure success. Here's how to do it.



As an employer looking for an EWA product that builds financial health, naturally you'll be wanting to understand what success looks like and how to measure it. But financial health isn't directly observable. Just like physical health, it's a concept used to describe a constellation of symptoms. Doctors evaluate their patients by checking a few vital signs; things like temperature, respiratory rate, and blood pressure. While those vitals can't tell doctors everything going on inside a human body, they are indicators of the underlying thing being explored: overall health.

The same goes for financial health. A set of key indicators, when observed together, all point to the same underlying concept. Some likely indicators are things like overdraft fees, payday loans, and credit card balances — but it turns out that the simplest way to measure the financial health of an employee is to just ask them. This is in part because a major component of financial well-being is one's own feelings about their situation.[13]

Three quarters of Even's members say using our product has had a positive effect on their financial health.

As part of its work as a leading authority on consumer financial health, The Financial Health Network has built on previous survey instruments to design a new self-evaluation survey for financial health: The Employer's Toolkit for Measuring Financial Health. This is an effective way for employers to measure their employees' financial health for three reasons:

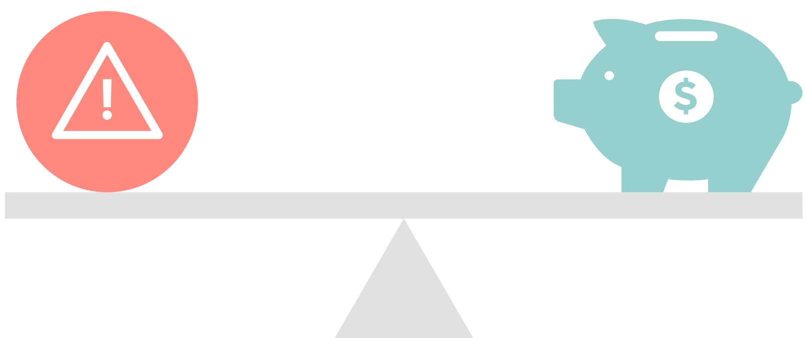
1. **It's simple.**
   The final output of the survey classifies each employee as being *Vulnerable, Coping,* or *Healthy*. The survey uses these three, easy-to-understand classifications instead of grades, scores, or other confusing indicators.

2. **It's actionable.**
   The survey focuses on self-evaluations in four areas: spending, saving, borrowing, and planning. Getting detailed data on how employees are doing in each of these areas can help businesses decide which component(s) of financial health they want to support.

3. **It has wide acceptance.**
   Over 100 companies are members of the Financial Health Network, including Capital One, Bank of America, and JPMorgan Chase & Co., many of which already use the survey with their employees. Employers can benchmark themselves both nationally, or against other companies in their industry.

From theory to practice

Multiple research bodies agree that financial wellness begins with a strong foundation of savings. For example, the Aspen Institute notes that "short-term cushions are key to longer-term financial security and well-being."[14] More specifically, they note that "short-term financial stability means having enough of a financial cushion, broadly defined, to cope with everyday financial shocks while still progressing towards financial goals."



Building on this research, both Commonwealth and BlackRock Emergency Savings Initiative encourage employers to help employees with financial wellness by providing ways to build emergency savings.[15, 16] Given the unanimous agreement from foremost experts that emergency savings are a key indicator of financial wellness, *measuring* savings should give an indication of financial wellness progress.

> "For someone who will easily spend their savings, this is perfect for me. I've never saved anything past $100 and now I have over $500!!!"
>
> – KIARA AMUNDSON, EVEN MEMBER

In Even's case, our app has 468,000 active monthly users, 51% of which are using the app daily. Our members have saved more than $50 million through the Automatic Savings feature which is available alongside Instapay — Even's on-demand pay, or earned wage access feature — in the same app.

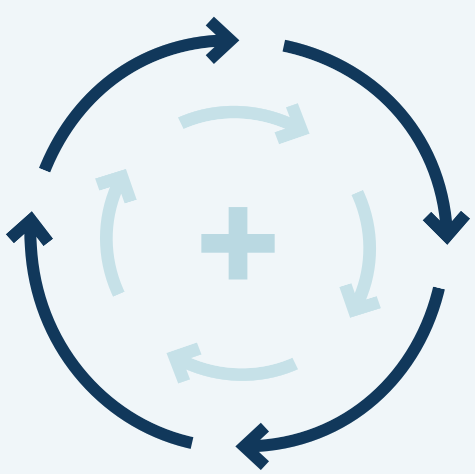
In fact, usage trends show that newer cohorts of members are significantly more likely to use Even's savings features, and less likely to use Instapay. A full 27% of our members don't use Instapay at all, yet they continue to use the app actively and pay the monthly fee to use Even's features that help them plan, budget, and save. As a result of building stronger savings, and having access to their own wages, our members have avoided more than $150 million in interest and fees — from credit cards, overdrafts, and payday loans — by using Even.

Together, these indicators paint a picture of improved financial wellness stemming from the use of an earned wage access solution. As further evidence, 75% of our members say that Even has had a positive effect on their financial health. When searching for the right solution to help your employees access pay on demand and build financial wellness, ensure the vendor has the correct toolset to help employees in the areas that the experts recommend.

05

Return on investment for your business

Reducing stress and helping employees build financial resilience has multiple benefits for your bottom line.



While there are many reasons top employers seek out an earned wage access solution, there's a singular motivating factor that we see the most: helping their employees while also helping the business.

PRIORITIZING YOUR BENEFITS

The top company initiatives EWA is fitting into right now

- HR transformation initiatives
- Total Rewards Index
- Culture renovation
- Post-COVID re-scaling
- Employer brand impact
- Employee retention strategies
- "Great Place to Work" listings
- Defining employee experience
- Employee wellness programs
- Reducing voluntary turnover

Source: GDS HR Insight Summit 2020

Why addressing financial stress is good for business

PricewaterhouseCooper's 2018 wellness study found that 35% of employees reported being distracted by finances while at work;[17] of those employees, 49% admitted[18] spending three or more working hours each week dealing with personal finances. In PwC's *Special report: Financial Stress and the Bottom Line* it was revealed that 12% of financially stressed employees miss work occasionally due to financial stress,[19] with 31% saying their productivity has been affected.[20]

Employers report that the problem could be even worse. In a survey conducted by the International Foundation of Employee Benefit Plans, 60% of employers report that financial stress affects their employees' ability to focus, and 34% report absenteeism and tardiness.[21] Another study published in the *Journal of Financial Counseling and Planning* found that financially stressed employees are less likely to be productive, and that stress as a reason for absenteeism has increased over 300% since 1995.[22]

Employee financial stress has a dramatic effect on business

↑ Absenteeism	↓ Engagement	↓ Productivity
2x more likely to miss work due to financial issues	**5x** more likely to be distracted by finances at work	**3x** more likely to spend 5+ hours at work dealing with finances

Source: Kent Allison, "Employee Financial Wellness Survey: 2017 Results," *PwC,* April 2017

For an employer with 10,000 workers, that adds up to 3,000 distracted employees, and 1,380 workers spending more than three hours per week dealing with financial stress, all of which leads to losses of up to $3.3M per year.[23] And that doesn't even include the 12% of employees who admit missing work from time to time — PwC estimates that could cost as much as another $166,000 per year for an employer of 10,000.[24]

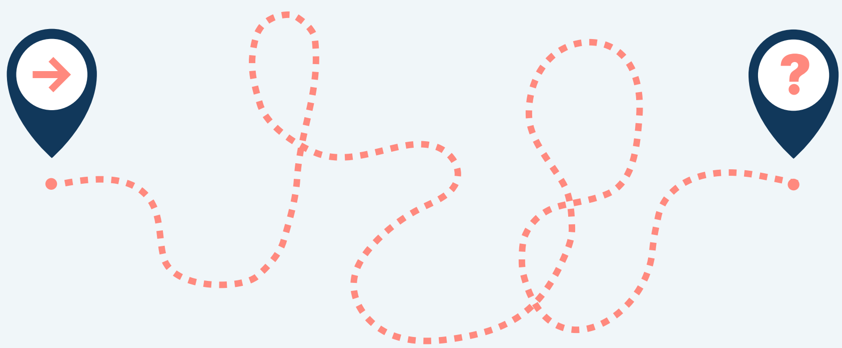
At the same time, multiple research bodies such as the Aspen Institute and the Financial Health Network, have identified "reliable short-term savings" as the most important precursor to long-term financial stability.[25, 26] And while financial education or literacy programs come to mind as a potential solution, they fail to address all the external factors people are facing, and therefore have proven to be largely ineffective.[27] What employees need is a tool that addresses real, immediate needs, helps them avoid predatory financial products that waste their precious income on fees and interest, and lets them track spending and build savings at the same time. This is when financial stress will become a thing of the past.

When that happens, all the lost focus, engagement, and productivity — as well as the associated profit losses — will become a thing of the past, too. Perhaps most importantly, employees who aren't financially stressed stay at their jobs longer, which saves their employer money. It turns out that turnover is expensive; the Society for Human Resource Management (SHRM) reported that 41 million people voluntarily quit their jobs in 2018, which was up 8% from 2017.[28] That may not sound high, but it adds up if you consider that to replace an employee, it costs about 16% of their annual wage.[29] Other estimates put this cost-estimate even higher; in 2017, Employee Benefits News reported that employee turnover can cost as much as 33% of an employee's annual salary.[30]

06

Can EWA be built in house?

Building your own EWA solution is possible, but comes with significant complications.



For larger employers, a burning question may be popping up: Why couldn't an established company with strong payroll and HRIT functions just build earned wage access in house? The truth is that building and administering EWA is more complicated than it seems — so complicated in fact that Walmart, the largest and possibly best-resourced employer in the country, chose an outside vendor[31] over building it in house. Here's why.

It's a burden on payroll and finance teams

Payroll and finance teams aren't just two of the most crucial components of a business — they're also under the most pressure and stress. If you're part of a payroll team, you're well acquainted with the responsibility of regular weekly, bi-weekly, or semi-monthly payroll processing, and accustomed to taking several days just to prepare for a single payday. Your team has to meticulously manage reconciliations, adjustments inclusive of off-cycle payrolls, adjustment checks, terminations, and more.

For payroll teams, the clock never stops ticking and timing is everything, because employees need to get paid on time — plus, federal and state tax agencies are expecting timely tax deposits. If someone was to ask your payroll team to take on earned wage access — depositing a custom portion of an employees' unpaid wages into a bank account — you would be going through this process hundreds, or even thousands of times per week on an ad-hoc basis.

Companies considering in-house EWA will also need to think about the finance team, who works hard to monitor the dedicated payroll account, a balanced general ledger, and additional reconciliations — and then starts the process all over again for the next payroll cycle.

> A large company would need to reserve millions of dollars to ensure they can accelerate payments to employees who access their pay early.

By taking on EWA, finance teams will be facing a whole new level of workload and stress when it comes to auditing and reconciling the traffic within the payroll bank account. By enlisting a vendor to manage the workload instead, you'll be creating a seamless and enhanced experience — not just for the employees wanting to use EWA, but also for teams that want to provide that benefit without upending their day-to-day jobs.

Managing the program carries high costs

Any company wanting to build EWA in house should assume they'll need to scale up the finance and payroll teams and hire more personnel to handle the legal, compliance, and risk management components. It's important to consider whether you have an appropriate headcount and salary budget in place for this.

Aside from additional headcount costs, there are the liquidity demands associated with funding the earned wage advances themselves. A large company would need to reserve millions of dollars to ensure they can accelerate payments to employees who access their pay early. You'll also take on additional monetary risk: Advance repayments are not guaranteed. Employee turnover or mistimed ACH collections can result in direct payroll-related losses.

From a technical perspective, establishing the back-end systems and infrastructure to accurately support thousands of earned wage advance requests and distributions is no small feat. This would require adding significant engineering resourcing to build an app or other mechanism for employees to make the actual request, and any additional tooling needed by payroll to manage multiple payment windows each day.

Finally, providing earned wage access comes with a large set of compliance- and regulatory-related concerns — and these are often even more burdensome when it's the employer providing the service. Covering these in sufficient detail requires its own chapter.

CUSTOMER QUOTE

PayPal

Debbie Rodriguez, Sr. Manager, Global Payroll Transformation at PayPal, explains why her organization partnered with Even instead of building EWA internally:

"When we looked into potentially creating an early wage access program in-house, we realized that we weren't staffed in way that could implement and maintain the program. We knew we could get up and running much sooner and with less initial and long-term effort and cost by partnering with Even. The financial wellness of our employees is incredibly important to PayPal, so we are anxious to make this great benefit available to our employees as quickly as possible given the challenging times in which we live. Additionally, we believe that the financial education and toolset that Even includes are key to financial wellness, and a more robust offering than the early wage access alone."

07

Compliance considerations

Taxes, laws, regulations, and guidelines: all the things to understand before offering EWA

Because earned wage access is dealing with employees' paychecks, which in turn are wrapped up in various state and federal laws and regulations, offering EWA is a highly complex activity from a legal and compliance perspective. Whether you're considering offering it in house, or looking at external vendors, here's an outline of the things you should be paying close attention to.

Legal complexity of offering EWAs

For any vendor you speak with, ensure they're prepared to provide their approach to all of these topics in great detail, and demonstrate that their approaches are informed by the most recent laws, regulations, and guidelines.

Wage garnishments

Does the vendor understand which states do and don't define EWA as wage assignment under garnishments, and if payroll deductions are restricted for such purposes? Separately, the vendor should be able to explain how it prioritizes garnishments over EWA.

Taxes

The guidance provided by the Internal Revenue Service (IRS) when it comes to earned wage access and taxes is currently limited. This means that as an employer, you'll want to choose a vendor that's knowledgeable regarding withholding, depositing, and reporting of taxes associated with on-demand pay. The entity funding the earned wage access — whether it's the employer or the vendor — has implications for the strength of the tax law arguments supporting favorable EWA treatment.

In-house compliance expertise

A vendor will need to ensure its product is compliant and aligned with state wage-and-hour laws, federal and state consumer financial product laws, and employment laws — in all 50 states. You will want to see if and how the vendor adjusts its operations on a state-by-state basis to accommodate the differences between states, and how well socialized throughout the rest of the company those considerations are. A vendor should also be active on advisory councils and within industry groups to stay aggressively current on regulation and policy changes as well as shifting market landscapes.

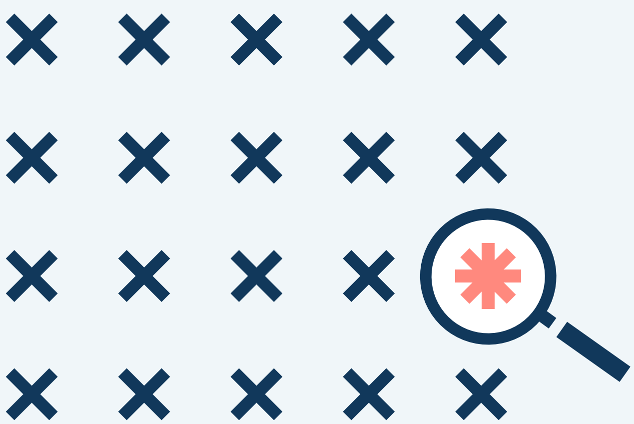
Third-party vendors are the most effective choice

Implementing a responsible earned wage access program is an important first step to helping employees secure financial wellness. But given its complexity, EWA is a difficult benefit for employers to roll out completely in house. Outside EWA vendors are experts in all the things that make the offering so complex: building a useful product, being compliance and legal experts, reconciliation management, and even providing the capital itself. Choosing a vendor to take this on allows you to provide this service while taking pressure off your existing teams, and eliminating the need to build out new ones.

08

Choosing a solution

Areas to focus on and questions to ask while finding a responsible earned wage access solution for your employees.



The evaluation of any new employee benefit is no small task: There are costs and adoption forecasts to map out, technical hurdles, and legal considerations just to name a few. With financial benefits, especially earned wage access, it's also crucial to ensure you're bringing the right solution onboard for your employees. Any good HR leader wants to provide benefits that make employees' lives better, not more complicated.

To help navigate all the details and questions involved with choosing the right EWA solution for your workforce, we've created a framework for decision making. Below, we summarize everything you should keep in mind regarding a solution's incentives, motivations, outcomes, user experience, deployment, and information security.

Incentives

When evaluating any financial product, it's important to be clear on how everyone gets paid. This evaluation is even more important when you're making a financial decision for someone else; in this case, for your employees.

> "Show me the incentive and I will show you the outcome."
>
> – CHARLIE MUNGER, VICE CHAIRMAN, BERKSHIRE HATHAWAY.

Ask any vendor you're working with how they make their money. Do they make their money on the use of their EWA product, via transaction, banking, card, or ATM fees? If so, then they are not incentivized to lower the frequency with which your employees are using EWA. Payday loans operate similarly; those providers don't gain profits when borrowers pay back quickly. They make the most money when people keep borrowing, rolling loans over into new ones and collecting fees. The product is deliberately designed to maximize use to maximize profits.

In contrast, other vendors make money by helping their customers make financial progress, typically with an employer-sponsored EWA model. Vendors using transaction or pay card models may tell you their transaction fee is to cover their cost of providing the capital. And they're right — it does cost money to provide someone access to their wages early.

Need a refresher on types of earned wage access? Skip back to Chapter 1

The result is that if your company has a goal to make your employees' lives easier, you'll want to look at vendors who make their money when employees make progress. You can identify this kind of vendor by verifying that they don't make more money when employees use EWA more frequently.

Motivations

There are many reasons employers might be exploring a program to provide early access to earned wages for employees:

- To help employees build stronger financial lives
- To delay or relieve pressure to raise wages
- To meet employee demand to pay more frequently without disrupting existing payroll and finance teams or processes

Understanding why you're going down this path is a crucial step in making the right decision about who to go down the path with. And you don't have to have only one reason — but when choosing a vendor, it's important to align with one who most directly speaks to your motivations in exploring EWA.

Outcomes

Entrepreneur Neil Patel suggests that the most successful businesses focus on One Metric That Matters (OMTM). This same OMTM principle can be applied to financial health. There are lots of ways to measure financial health and financial progress: It could be as simple as not ending up with zero dollars at the end of the month. It could be saving for back-to-school clothes for your kids. It could be having a savings account for the first time in your life. It could mean paying all your bills on time.

But for an EWA program with the goal of building financial health for employees, the OMTM is as simple as this: savings. If an employee has extra money, they can deploy that money to make progress in life.

ONE METRIC THAT MATTERS (OMTM)

The OMTM is a single metric that you care most about at a given point in time. Here's why it matters:

1. It answers the most important question you have.
2. It forces you to draw a line in the sand and have clear goals.
3. It brings the entire project into focus.
4. It inspires a culture of experimentation.

Source: Neil Patel, https://neilpatel.com/blog/single-startup-metric/

As an employer, be sure to ask your potential EWA vendors to show you their end user savings statistics. If they don't have them, or they deflect your question, then you're not talking to the right vendor that aligns with the motivation to create financial progress for your employees.

User experience

Let's say you've chosen an EWA vendor, and you're eager to roll out a new benefit to help your workers. But for it to help, employees need to actually use it. Adoption rates in the single digits are generally considered good by benefits professionals. But with nearly 75% of the working population living paycheck to paycheck,[32] you find yourself in a tough spot: You've done the hard work to offer a solution that can help, but just aren't sure anyone will use it.

> For an EWA program with the goal of building financial health for employees, the single most important metric is savings.

The key is finding an EWA solution that's so useful and so engaging that it's an entirely different employee experience than most voluntary benefits. To do that, ask potential vendors about their rollout plans, adoption strategies, and metrics. As a concrete example of why this matters: Benefits are used all year by your employees, but are traditionally only communicated and offered during onboarding and open enrollment. In the case of earned wage access and financial wellness, this limits both visibility and access to a solution that employees truly need.

Another approach: For a solution to work, your employees need to use it. Ask your vendor how they support adoption among your employees — their answers will help you understand which vendors do and do not know how to roll out at scale.

Modern benefit providers should be your partner in communicating with your employees in modern ways. This includes non-traditional methods like social media targeting in addition to your quarterly newsletter from HR. It only makes sense to go down the EWA route with a vendor who can prove that the juice is worth the squeeze.

Deployment

You've picked a vendor, you have an adoption plan, and now it's time to put it into action. Choosing a vendor who has deployed at scale and in all the markets in which you operate is critically important. Have they gone through the regulatory process of justifying their approach? Have they integrated with your type of systems before? Do they offer a no-lift integration? Do they require employees to use their pay card or debit card? These are all important questions you must ask when evaluating a vendor.

Look for vendors with successful deployments at large employers under their belt, especially in highly regulated fields such as financial services and healthcare. You'll also want to ensure that the vendor can operate in all 50 states. Ideally your vendor should support any existing paycard infrastructure and the existing banking relationships of employees — and it should be able to do so with a no-lift integration to get employees access to earned wages as quickly as possible. Deployment is critical; there are no greater stakes than an employee's pay and the moment when they need it early for an emergency.

Information security

EWA products involve some of the most sensitive and protected data from both the employer and the employee. The employer shares personally identifiable information (PII) and pay rate information while the employee shares location and banking information. If the vendor handles or stores cardholder data, then they must comply with the PCI standards. If the vendor fails to comply, they (and you) are exposed to serious losses associated with fines or data breaches.

For any vendor you talk to, ask to see their SOC 2 Type 2 report and don't let your vendor pass off their service provider's reports as their own. Ask to see their Business Continuity Plan (BCP) and Disaster Recovery (DR) plan. Ask about the industry standards that they've used to design their program: ISO 27001? NIST CSF? Ask to know who runs their compliance function. Find out if they encrypt all data in transit and at rest. How does the vendor identify, measure, and manage risk? Do they take all reasonable steps to ensure the security of the data they're being trusted with? To protect your business and your employees, it's crucial to cover all these bases.

Earned wage access can be a complex benefit — but it's well worth the effort to help your employees and your business.

To make an informed decision, ensure you have all the answers to these questions.

Questions to ask:

Features & Pricing

- Does the vendor make more money through high EWA use, transaction, banking, card, or ATM fees?
- Are employees required to use a vendor-issued pay card or debit card?

Motivation & Incentives

- Why am I considering implementing EWA? What problem am I hoping to solve?
- Has the vendor gone through the regulatory process of justifying their approach?

Outcomes

- What is the metric that matters most?

Integration & Deployment

- Has the vendor integrated with your type of system before?
- Does the vendor have SOCII, BCP, and disaster recovery plans?
- What are the vendor's data encryption and compliance protocols?

Next steps for employers

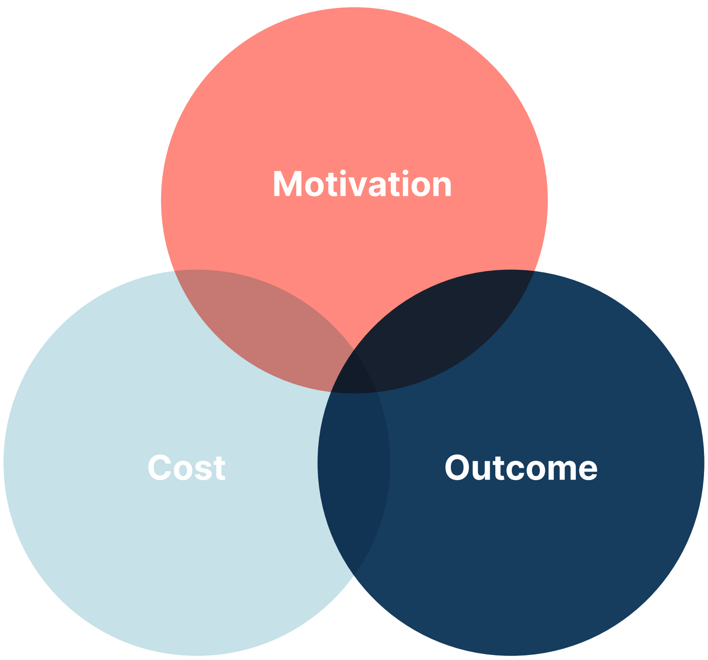
Help your employees, and help your business: Here's how to get started.

In the future, the relationship between employers and employees has the potential to be stronger, more meaningful, and more mutually beneficial than ever before. The events of 2020 have also made it clearer than ever before what employees need to truly thrive: stronger benefits that help them stay safe, healthy, and build strong financial futures by avoiding predatory financial products and saving money.

Earned wage access plays a critical role, because it puts employees on the path to financial wellness; but in and of itself, it can’t achieve financial wellness for your employees. In fact, by choosing the wrong solution, you could inadvertently expose your workforce to an EWA product that inflicts harm instead of providing help.

To choose the right earned wage access solution, be sure to look closely at a vendor’s pricing structure, which is a key indicator of the company’s business motivations. Ensure they can provide proof of outcomes — and be prepared with the knowledge of what outcome you’re seeking for your employees. The data all points to savings, which is what any financial wellness product (which most EWA solutions position themselves as) should demonstrably improve for your employees.

Responsible on-demand pay



Motivation

ALIGNED INCENTIVES

- Employer sponsorship is primary revenue source
- No interest or fees
- Vision & mission

Cost

CLEAR & FAIR PRICING

- Fully or partially employer-sponsored
- No high fees in employees' moment of need
- Platform of financial benefits, not just EWA

Outcome

BUILDS FINANCIAL WELLNESS

- Designed to decrease EWA use
- Actually builds savings
- Tools to plan and organize money

To get started, we recommend using the framework provided in chapter eight to ensure any vendor you're working with provides details and answers in all the areas that could influence your employees.

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About Even

Employees deserve financial wellness. Companies want to help. Even brings it all together. Even helps employers do right by their employees, build goodwill, and achieve long-term financial wellness. The company's approach combines earned wage access (EWA) with instant budgeting, automated savings, and more to help employers build a resilient workforce that can safely resolve cashflow emergencies today, while building for the future. Even is the only on-demand pay provider that operates on an employer-sponsored pricing model with no transactional or hidden fees, so it never profits from a member's cashflow emergency. This means Even is uniquely incentivized to help members become financially well — Even only succeeds when our members succeed. The company serves more than 650,000 active members and is the most popular opt-in employer benefit offered by Walmart, behind only healthcare and 401(k). Even was founded by former Instagram and Google engineers and is headquartered in Oakland, California with offices in Raleigh, NC.

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