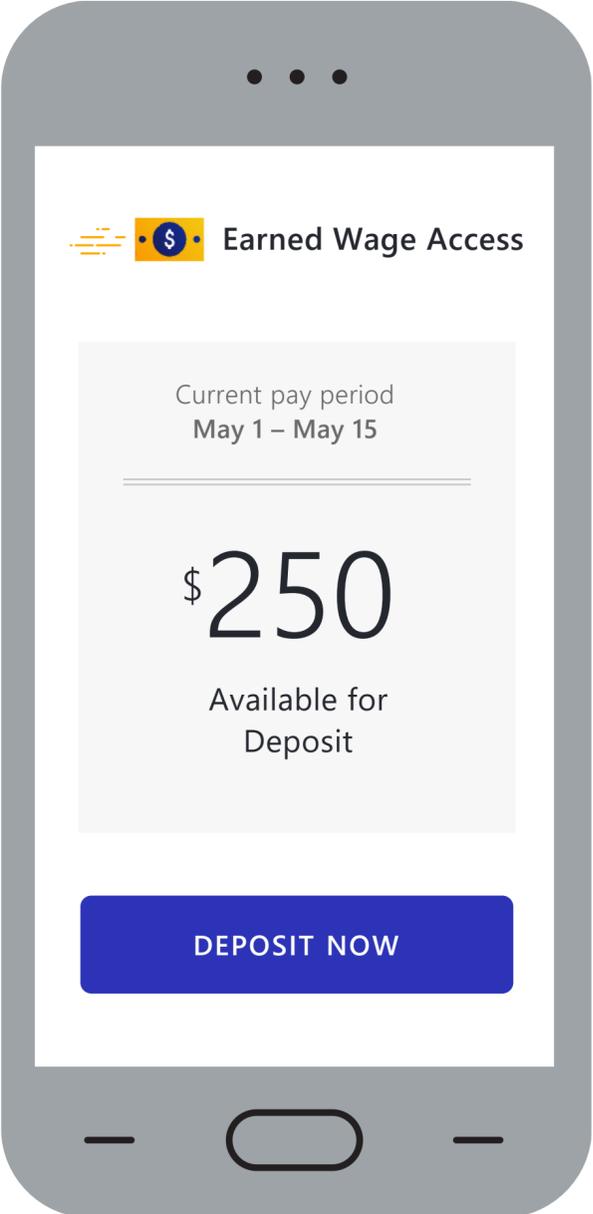


Visa Insights 2019

Earned Wage Access

The impact on employee engagement, health and financial wellness



VISA

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Foreword

Employees have received their paychecks in the same scheduled manner for decades. However, expectations for real-time payments¹ combined with socioeconomic trends are fueling **a change to the traditional pay schedule.**²



Your earned
income



Access before
payday



Real-time
funds

Research from CareerBuilder shows that roughly 8 out of 10 U.S. full-time workers are living paycheck to paycheck.³ This financial stress, combined with the highest employee turnover rate in ten years,⁴ has brought to the market a quickly growing solution — **Earned Wage Access** (EWA).

Earned Wage Access, a service typically provided by fintechs, provides employees early access to their earned wages to help them make ends meet. While cost may vary by EWA provider, a small fee that is disclosed upfront is often charged for the service. Employees are able to choose from the payout methods offered which can include a reloadable card or an instant payout option, i.e. Visa Direct — Visa's real-time push payments platform⁵ that enables funds to be delivered at any time, 24/7/365.

In 2019, Visa commissioned research with Ask Your Target Market (AYTM) to better understand the opportunity and appeal of Earned Wage Access in the United States. Findings cover a wide array of topics including current savings rate, related toll on employees' health and productivity levels, and the associated impact of Earned Wage Access on employee engagement.

We hope you will find these insights valuable and helpful as you shape and deepen your company's employee benefits strategy.

[1] Deloitte: Real-Time Payments Are Changing the Reality of Payments (August 2015) [2] PYMNTS.com: Why Employers Are Embracing Early Wage Access (April 2019) [3] CareerBuilder: Living Paycheck to Paycheck is a Way of Life for Majority of U.S. Workers (August 2017) [4] Forbes: Employee Turnover Is The Highest It's Been In 10 Years. Here's What To Do About It. (February 2018) [5] Visa requires fast-funds enabled issuers to make funds available to their recipient cardholders within a maximum of 30 minutes of approving the transaction. Actual fund availability varies by financial institution and region. Please refer to your Visa representative and the Visa Direct Original Credit Transaction Global Implementation Guide for more information.

Executive Summary

Financially healthy employees means **more engaged employees**.¹ With Earned Wage Access (EWA), employees can have access to their earned income when they need it the most.

Our research shows that **84% of employees** worry about finances while at work.² This can not only impact employee health,³ but can also impact employee turnover and productivity rates.⁵

Source: Earned Wage Access Preferences Survey (April 2019). Commissioned by Visa and conducted by AYTM among 1,000 employees across the United States. ? [1] Q16: Assume an employer can provide you access to your earnings before payday. Once requested, you will receive the earnings in your bank account within 30 minutes - including weekdays, nights, weekends, and holidays. How much do you agree or disagree with each of the following statements about this employer: I would be interested in working for an employer who provides this service. [2] Q7: How much time do you spend at work each week thinking about or dealing with personal financial issues? [3] Q8: Do you feel your personal financial issues are impacting your health? [4] Q9: How much money do you have saved up for unexpected expenses [5] Forbes: Early Access To Wages, A Prized Benefit, Costs Employers Little Or Nothing (April 2019).

KEY FINDINGS

44%

of employees have less than \$500 saved for unexpected expenses⁴

68%

of employees feel personal financial issues are impacting their health³

95%

of employees would be interested in working for an employer who provides EWA¹

IMPLICATIONS



Employees are looking for access to their income to help them **make ends meet**



Employees' health issues may **impact productivity** and increase healthcare cost



Employees **value employers** who offer Earned Wage Access



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Research and Findings

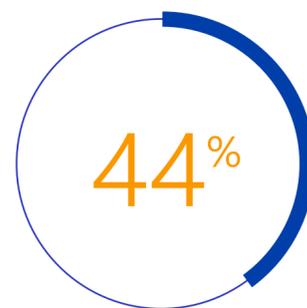
In 2019, Visa commissioned research with Ask Your Target Market (AYTM) to **understand the opportunity and appeal** of Earned Wage Access for employees and employers in the United States.

Research and Findings

Almost half of employees have less than \$500 saved for unexpected expenses¹

This effect is more pronounced **among employees making the median household income of \$61k²**.

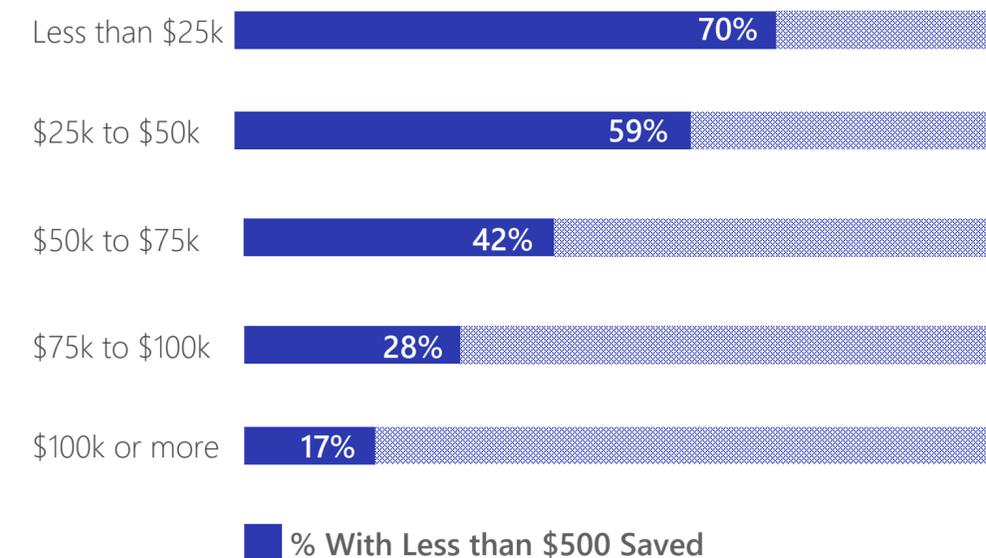
PERCENT OF EMPLOYEES WITH LESS THAN \$500 SAVED¹



Source: Earned Wage Access Preferences Survey (April 2019). Commissioned by Visa and conducted by AYTM among 1,000 employees across the United States. [1] Q9: How much money do you have saved up for unexpected expenses? [2] CNBC: US median household income climbs to new high of \$61,372 (September 2018).



PERCENT OF EMPLOYEES ACROSS HOUSEHOLD INCOME BANDS WITH LESS THAN \$500 SAVED¹

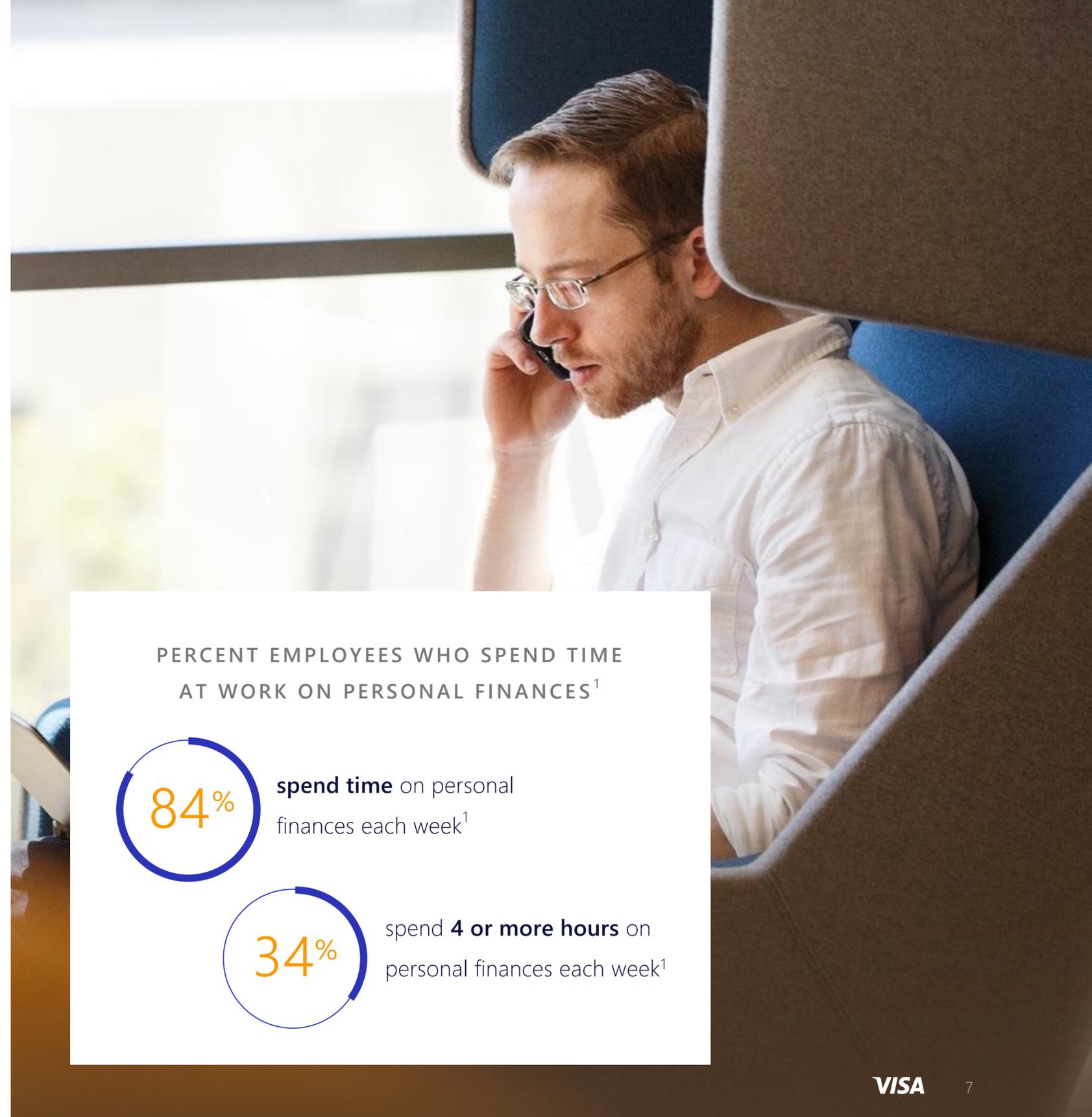


Research and Findings

Employees can spend a significant amount of time at work on personal finances¹

More than **8 out of 10 employees** spend time at work thinking about or dealing with finances each week.¹ This time employees spend on their personal finances takes away from their work productivity.

Source: Earned Wage Access Preferences Survey (April 2019). Commissioned by Visa and conducted by AYTM among 1,000 employees across the United States. [1] Q7: How much time do you spend at work each week thinking about or dealing with personal financial issues?



PERCENT EMPLOYEES WHO SPEND TIME AT WORK ON PERSONAL FINANCES¹



Research and Findings

Employees across household income bands spend time at work on their personal finances¹

Roughly **80% to 90% of employees across income bands** say they spend time at work thinking about or dealing with their personal finances.¹

PERCENT WHO SPEND TIME AT WORK ON FINANCES ACROSS HOUSEHOLD INCOME BANDS¹



Less than \$25k



\$25k to \$50k



\$50k to \$75k



\$75k to \$100k



\$100k or more

Source: Earned Wage Access Preferences Survey (April 2019). Commissioned by Visa and conducted by AYTM among 1,000 employees across the United States. [1] Q7: How much time do you spend at work each week thinking about or dealing with personal financial issues?

Research and Findings

Financial stress impacts employees' health

This stress can lead to **health-related issues**¹ and **reduced productivity**² costing nearly \$500 billion a year across the country.³

Source: Earned Wage Access Preferences Survey (April 2019). Commissioned by Visa and conducted by AYTM among 1,000 employees across the United States. [1] Q8: Do you feel your personal financial issues are impacting your health? [2] Q7: How much time do you spend at work each week thinking about or dealing with personal financial issues? [3] Forbes: Early Access To Wages, A Prized Benefit, Costs Employers Little Or Nothing (April 2019).



EMPLOYEES WHO FEEL PERSONAL FINANCES IMPACT THEIR HEALTH¹



68%

of employees feel personal financial issues are **impacting their health**¹



More than **1 in 10**

employees feel personal financial issues **very significantly impact** their health¹

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Research and Findings

Employees are looking to use their early earnings for essential items

Our research shows that employees would use the earnings to help offset the cost of essential items such as **groceries, utilities and gas bills**.¹

Source: Earned Wage Access Preferences Survey (April 2019). Commissioned by Visa and conducted by AYTM among 1,000 employees across the United States. [1] Q14: If provided early access to your earnings, how might you typically use these funds? (Select all that apply.) [2] Q11: How much of your earned money would you want to access before payday?

HOW EMPLOYEES WOULD USE EARLY EARNINGS¹



Research and Findings

Providing Earned Wage Access can improve employee engagement

With the **highest turnover in ten years**,¹ employees are at an advantage to demand better alternatives. Research shows that the ability to access earned wages prior to payday can aid in recruitment, engagement and retention rates.²

[1] Forbes: Employee Turnover Is The Highest It's Been In 10 Years. Here's What To Do About It. (February 2018). [2] Earned Wage Access Preferences Survey (April 2019). Commissioned by Visa and conducted by AYTM among 1,000 employees across the United States. Q16: Assume an employer can provide you access to your earnings before payday. Once requested, you will receive the earnings in your bank account within 30 minutes - including weekdays, nights, weekends, and holidays. How much do you agree or disagree with each of the following statements about this employer: I would be interested in working for an employer who provides this service. I would be willing to work a longer period of time for an employer who offers this service. I would be willing to switch to an employer who offers this service if an opportunity was available.

PERCENT OF EMPLOYEES INTERESTED IN EARNED WAGE ACCESS (EWA)²



95%

are interested in **working for an employer** who provides EWA



89%

would be willing to **work a longer period of time** for an employer who offers EWA



79%

would be willing to **switch to an employer** who offers EWA

Research and Findings

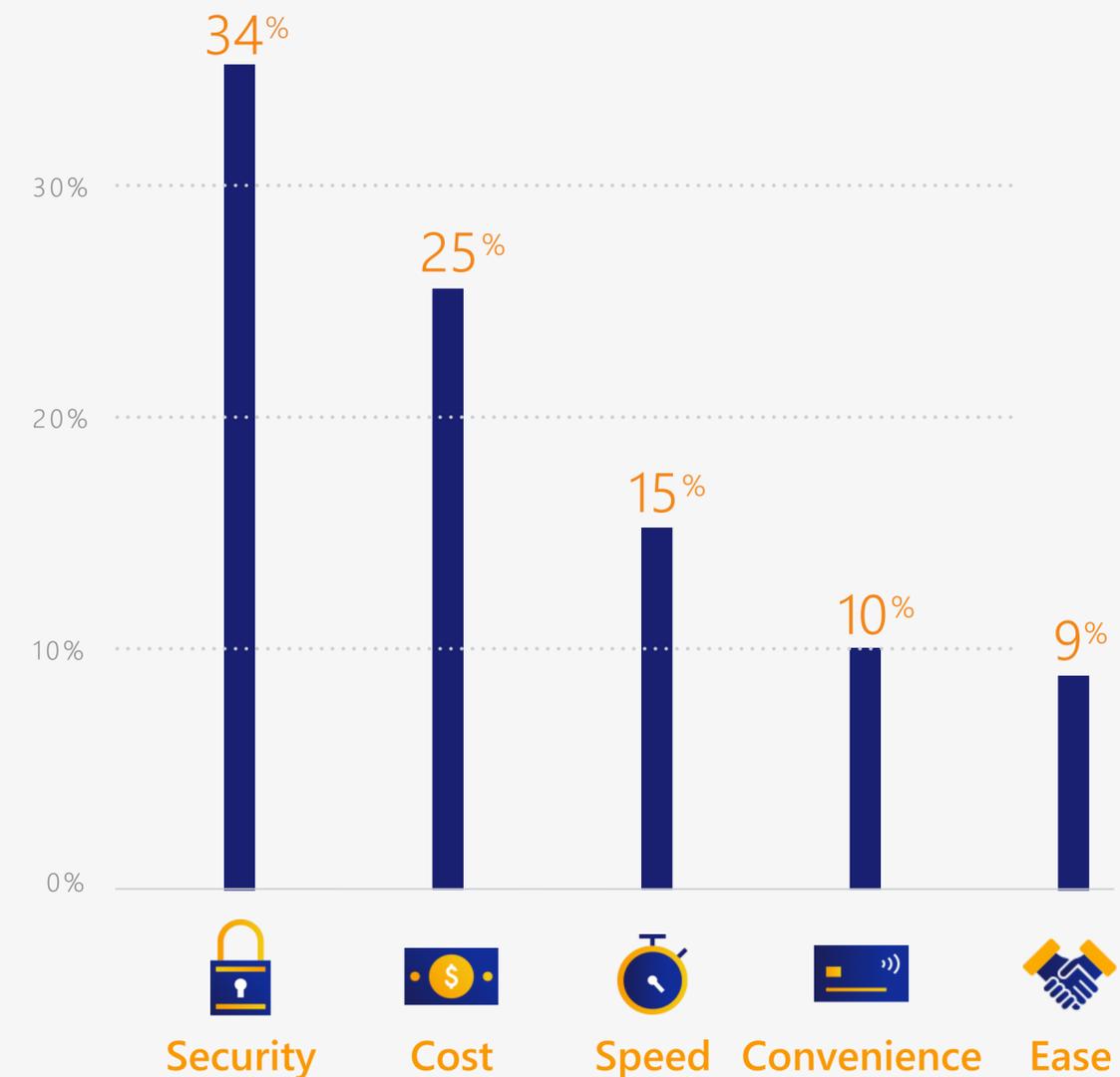
Employees consider five key criteria when choosing how to receive early earnings

Security, cost, speed, convenience and ease are the top five priorities for employees.¹

Though cost is a factor in how employees choose to receive early earnings, majority (79%) of those surveyed say they are willing to pay for a service that allows access to their funds in real-time.²

Source: Earned Wage Access Preferences Survey (April 2019). Commissioned by Visa and conducted by AYTM among 1,000 employees across the United States. [1] Q23: Rank these factors in terms of how important each are when choosing how you would want to receive early earnings. Rank from most important (top) to least important (bottom). [2] Q19: What is the most you would be willing to pay for faster access to \$500 in earnings? You will receive the earnings in your bank account within 30 minutes — including weekdays, nights, weekends and holidays. (Assume this fee applies every time you access this amount before your next payday.)

EMPLOYEES' TOP FIVE CRITERIA WHEN CHOOSING HOW TO RECEIVE EARLY EARNINGS¹



Earned Wage Access Summary

Our research shows that almost half of employees have **less than \$500 saved** for unexpected expenses. The lack of available funds needed to pay for necessary expenses — such as groceries, utilities or gas bills — is impacting employees' **productivity** and **health**.

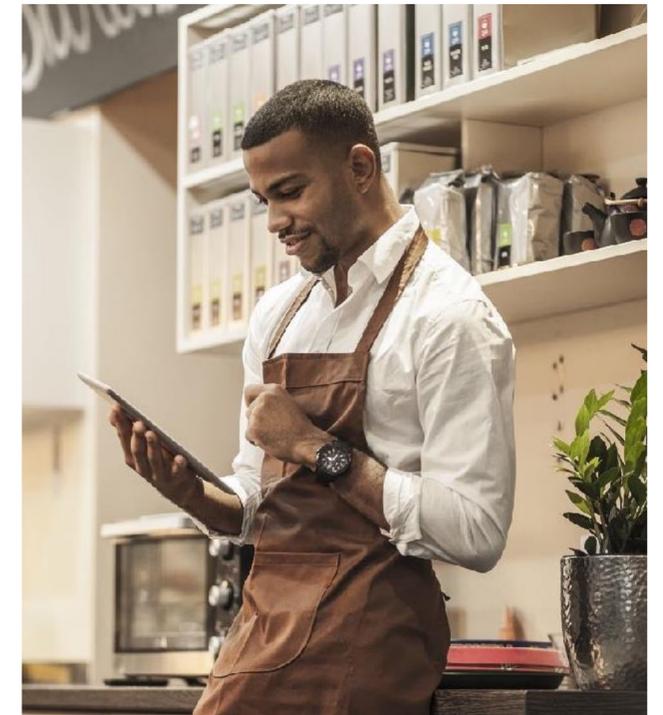
Earned Wage Access (EWA) can help relieve financial pressure by providing employees early access to their earned wages. Offering this service as an employee benefit can help improve

employee retention and engagement as a large majority (79%) of employees surveyed report they are **willing to switch to an employer who provides EWA**.

While providing employees early access to wages is beneficial, ensuring employees can quickly **receive** the funds is key. Such consumer expectations and related technological innovations have led to the rise of real-time payments.¹ As a result, Visa Direct, Visa's real-time payments platform² that enables funds to be

available at **anytime**, is offered as a payout option by many of the leading Earned Wage Access providers.

Given current socioeconomic trends, and as seen by the highest turnover in ten years,³ employees are looking for better alternatives. Earned Wage Access can not only **increase employee engagement** but also impact employee productivity and health, which can ultimately help **reduce costs for employers**.



Insights, unless otherwise specified, are from the Earned Wage Access Preferences Survey (April 2019). Commissioned by Visa and conducted by AYTM among 1,000 employees across the United States. [1] Deloitte: Real-Time Payments Are Changing the Reality of Payments (August 2015) [2] Visa requires fast-funds enabled issuers to make funds available to their recipient cardholders within a maximum of 30 minutes of approving the transaction. Actual fund availability varies by financial institution and region. Please refer to your Visa representative and the Visa Direct Original Credit Transaction Global Implementation Guide for more information. [3] Forbes: Employee Turnover Is The Highest It's Been In 10 Years. Here's What To Do About It. (February 2018)

Enabling Earned Wage Access

A number of fintechs have risen to the demands of the marketplace. Leading Earned Wage Access providers in the United States include:



As you evaluate the right provider for your business, keep in mind that employees' top five criteria for choosing how to receive early earnings are **security, cost, speed, ease** and **convenience**. Given this, Visa Direct, Visa's real-time¹ push payments platform that enables safe, convenient, and real-time funds transfer, is offered as a payout option by many leading Earned Wage Access providers. Research shows that 96% of employees would feel more **trust**,² feel more **secure**³ and would **more frequently use**⁴ an Earned Wage Access service if it were supported by Visa.

To learn more, visit www.visa.com/VisaDirect or email VisaDirectSupport@visa.com

HOW VISA DIRECT ADDRESSES EMPLOYEES' KEY CRITERIA:



Security

Fraud monitoring and risk detection is provided by Visa's global card network



Speed

Real-time funds availability 24/7/365,¹ including nights, weekends and holidays



Convenience

Easily input accessible debit card credentials



Ease

Enabled by many EWA providers, requiring little effort from employers and employees

[1] Visa requires fast-funds enabled issuers to make funds available to their recipient cardholders within a maximum of 30 minutes of approving the transaction. Actual fund availability varies by financial institution and region. Please refer to your Visa representative and the Visa Direct Original Credit Transaction Global Implementation Guide for more information. [2] Source: Earned Wage Access Preferences Survey (April 2019). Commissioned by Visa and conducted by AYTM among 1,000 employees across the United States. Based on the question: "If the payments company Visa supported the transfer of early earnings...." Q24: Do you feel it would create... [little/lot] [more/less] trust? [3] Q25: Do you feel it would be... [lot/little] [more/less] secure? [4] Q26: Would you use the service [a little/lot] [more/less] often?



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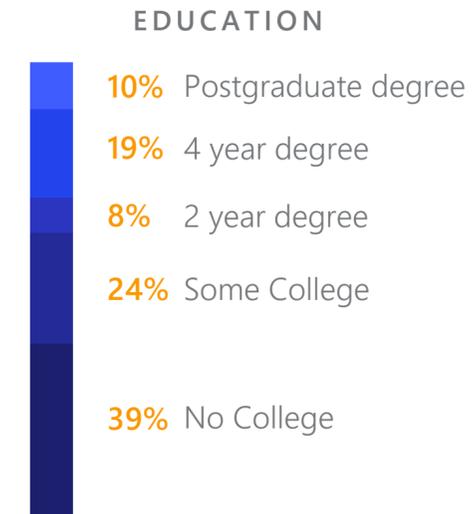
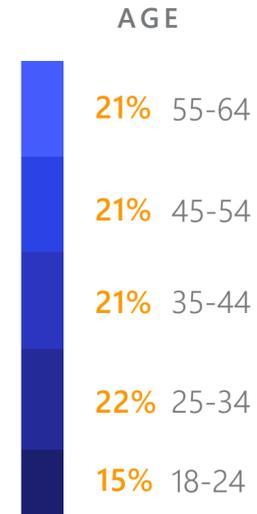
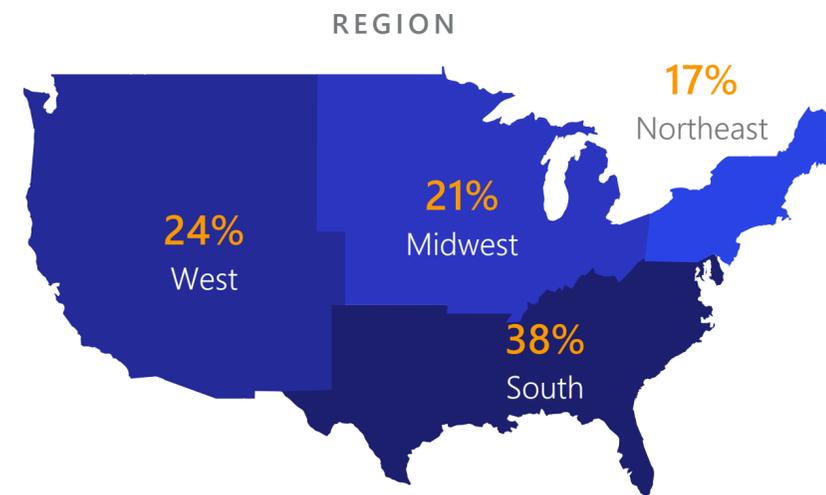
Research Methodology

Research on Earned Wage Access surveyed U.S. employees across **industries, household income, region** and **education**.

Research Methodology

Demographics

Visa commissioned AYTM to survey **1,000 employees** who are representative of the demographic distribution of the United States.



Participant Background

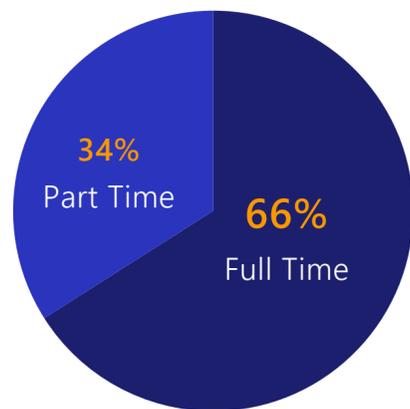
All participants are **employed** and actively use their **debit card**.

INDUSTRIES⁴

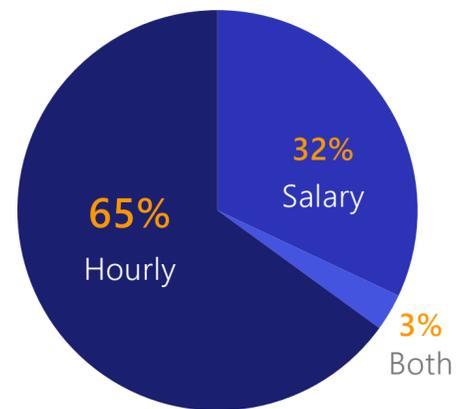
- | | | |
|-------------------------------|-------------------------------|------------------|
| 27% Some other industry | 7% Education | 2% Gig Economy |
| 15% Retail | 4% Government | 2% Public Safety |
| 11% Healthcare | 4% Hospitality | 2% Real Estate |
| 9% Information Technology | 3% Advertising/Graphic Design | 2% Travel |
| 8% Fast Food/Dining | 3% Grocery | 1% Legal |
| 7% Accounting/Finance/Banking | 3% Telecommunication | 1% Military |
| 7% Arts & Entertainment | 2% Consulting | |

Note: Survey results have been weighted to census figures based on gender, age, region, ethnicity, education, and household income. Source: Earned Wage Access Preferences Survey (April 2019). Commissioned by Visa and conducted by AYTM among 1,000 employees across the United States. [1] PQ1: Which of the following describe your employment status? Select all that apply. [2] Q4: Are your standard wages based on a salary or number of hours worked? [3] PQ3: How many times did you use a debit card to make a purchase in the last month? [4] Q6: What industry or industries do you work in? (Select all that apply.)

EMPLOYMENT STATUS¹



SALARY VS HOURLY²



DEBIT CARD USAGE³

