



All You Need to Know

About Earned Wage Access




Tapcheck





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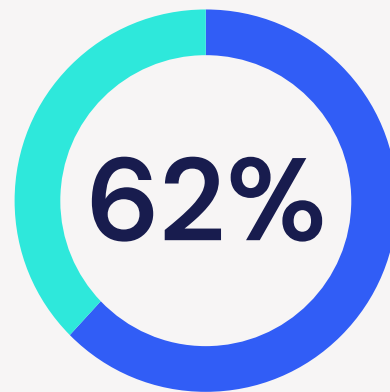
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Overview

Gig work, side-hustles, inflation: in today's dynamic business landscape, American workers have a lot to navigate. To many, getting ahead of expenses or staving off debt has become nearly impossible.

When it comes to getting paid, the traditional bi-weekly pay cycle doesn't offer flexibility that many families need. Employees might work multiple jobs or pick up shifts to make extra cash. And employers that compete to hire and keep workers, particularly in hourly-wage jobs, need to meet workers where they are.



Nearly two-thirds of American workers live paycheck-to-paycheck.¹

Surprise expenses like car repairs can send ripple effects through a family budget for months. No wonder most Americans report feeling stressed about money.

Earned Wage Access (EWA) solutions have surged in popularity in recent years. They grant employees access to a portion of their earned wages before the end of a traditional pay cycle and give workers more control over payday. In the past, if workers needed "quick cash," they were often lured to payday lenders who took 25 cents off the dollar.

Why Two Weeks is Too Long

Impact on Employees

Low and middle income (LMI) workers are taxed by the two-week pay cycle. Most of the 2.8 million Americans who use public transportation to get to work are LMI workers, and this daily expense can drain bank accounts that are only refilled twice a month. When it's harder to get to work, absentee and understaff rates skyrocket.

LMI employees that don't have cash between pay periods expose themselves to debt overload, poorer performance at work, and deep stress. This trickles down to employers through absenteeism, sapped productivity, and turnover.

Impact on Employers

When employees are subject to financial stress, they're less productive at work and more likely to miss shifts based on some of the factors above.

Employers now also face competition for workers from rideshare and food delivery apps, where drivers can get instant "cash-out" offers at the end of the day. In a high-turnover industry like quick-serve restaurants, owners are already dealing with employee shortages – 60% reported they lacked the staff to meet customer demand.

12 million²

Americans annually turn to "alternative financial services" to meet basic needs

69% of workers³

who use alternative financial services need the cash for direct necessities

\$225.8 billion⁴

annually in turnover-related costs. That works out to \$1,685 per employee.

96% of absenteeism⁵

is related to work stress, family care, or mental health

80% of all payday loans aren't repaid⁶

before the next payday



2: Center for Financial Services Innovation, "2016 Financially Underserved Market Size Study" Pew Trusts, (November 2016),

3: Payday Lending in America: Who Borrows, Where They Borrow, and Why, Pew Trusts, 2012

4: Worker Illness and Injury Costs U.S. Employers \$225.8 Billion Annually, CDC Foundation 2015

5: Ibid.

6: How Do Payday Loans Work?, InCharge Debt Solutions, 2024

Traditional Alternatives to the Two-Week Pay Cycle

Expenses don't wait for payday. Even working multiple jobs and picking up shifts doesn't always guarantee workers will be able to absorb financial surprises. When cash is short, workers will turn to a variety of alternatives, many of which only perpetuate the cycle of borrowing.

Borrowing from Family or Friends

In a pinch, it's often easiest to go to the closest people. But even if well-meaning family members and friends are happy to extend a loan, it can be difficult to ask for and awkward to owe money to a loved one. There are even tax implications for both the lender and the borrower.

Credit Card Debit

Credit cards are the most-commonly used form of payment in the United States, and much of that spending leads to debt – Americans owe \$1.15 trillion in credit card debt in 2024. When workers can't pay for a necessity, they put it to the card and add to a growing pile of debt.

Payday Loans

Perhaps the most notorious form of quick cash is the payday loan. A borrower can take \$300 from the lender, pay a \$45 fee, and receive \$255 in cash. But the borrower still owes the full \$300, which will be collected from their next paycheck. And if the borrower comes up short again, they might take another loan to cover what they owe.

Direct-to-Consumer Programs Are No Better Than Payday Loans

Given the importance of transparency when it comes to finances, it's crucial to know the nuances of different EWA programs and how they compare to other alternatives like payday loans. Not everything branded as "EWA" are true earned wage access programs and it pays to know the difference.

The safest form of mid-pay cycle cash is through employer-sponsored earned wage access programs. Connected directly to the employer's payroll, they also calculate tax deductions and withholdings to ensure employees never transfer more than their standard paycheck. This way, workers never reach a payday and owe money.

These programs often charge a small, ATM-style fee (\$2-4) for a transfer and they never accrue interest. On payday, employees still receive a paycheck, minus any early transfers they'd taken.



Direct-to-Consumer EWA

These types of apps might sound the same as earned wage access, but there is a critical difference. Early wage access programs do not work with employers. This means they are not connected to the employer's payroll system, so in this case, "wages" are just estimates. Users can download these apps to get cash, but still must repay the advance from their bank account. They're also encouraged to "tip" the platform, adding \$10-15 of gratuity on top of the advance.

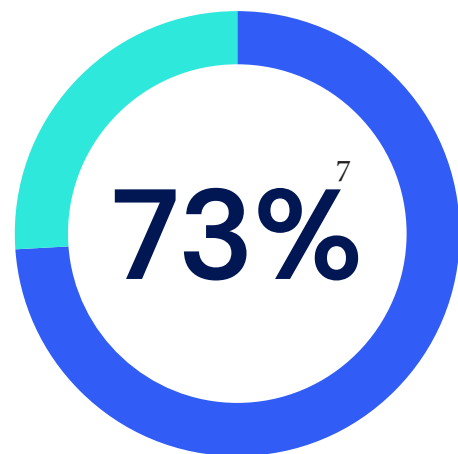
Employer-Sponsored EWA

Earned Wage Access tools allow employees to access a portion of the wages they have actually earned before their scheduled payday. Integrated into an employer's payroll and time-keeping systems, the EWA provider calculates earned wages through timeclock punches and payroll data. The EWA can then offer an available balance of wages earned for employees to transfer as needed.



EWA programs are helping to upend payday loans or other short-term lending options. EWA programs only offer earned wages, thereby avoiding high-interest rates and debt traps.

Financial Stress Impacting Productivity



of Americans say that finances are the biggest stressors in their lives. And when employees are stressed about money, they can't think about much else.

According to the National Bureau of Economic Research, financial stress leads to cognitive "scarcity," a phenomenon in which stressed workers will perform worse on mental acuity and performance tasks, maintain less focus, and make poorer decisions.

The average worker spends 6 hours per week stressing about finances

According to research that showed stress directly hindered their output and likelihood of promotion.



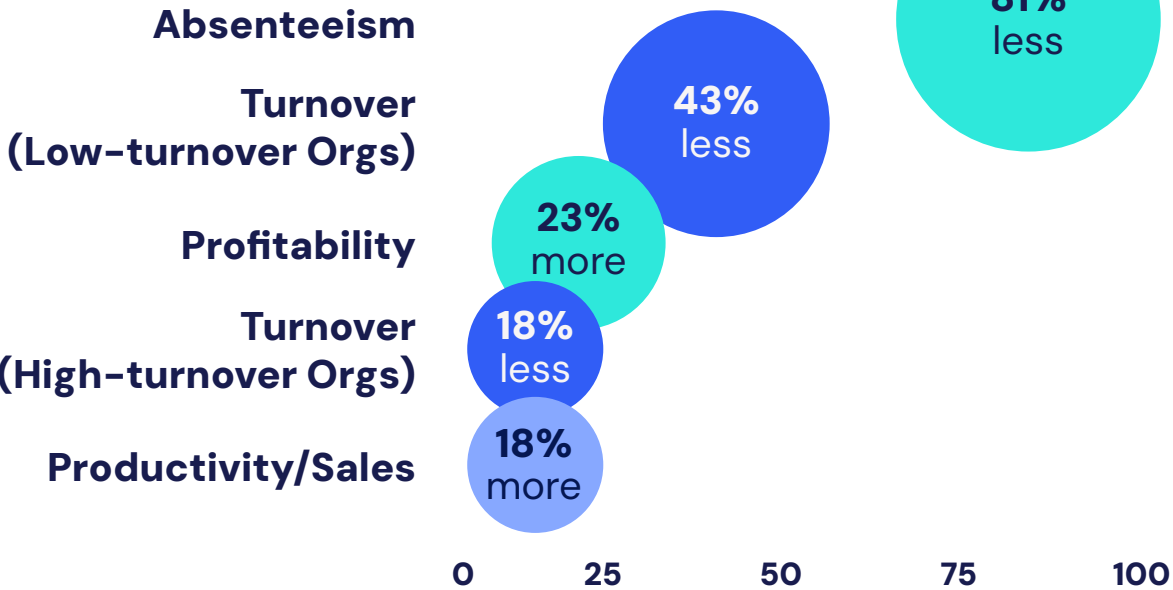
Teams Win When Employees Engage

So, we know that financial stress impacts employee productivity simply because stress saps mental resources. It's easy to make mistakes at work if you're constantly worried about paying for groceries, transportation, childcare, medicine, or housing.

While offering higher wages or extended PTO policies can offset employees' challenges, fiscal realities can make these benefits difficult or impossible for employers to offer.



Showing care and consideration for employees doesn't have to end at issuing paychecks. Instead, employers can offer a suite of benefits that make their employees' lives easier and improve their financial security.



This chart shows the performance difference in each category for the most-engaged employees against their least-engaged counterparts. (The Benefits of Employee Engagement. Gallup, 2013)



How EWA Works

1

Integrate into the company's payroll and timekeeping software

Most EWA platforms operate in similar ways. They integrate into the company's payroll and timekeeping software to calculate employees' earned wages in real-time, and then show a portion of those earned wages as a transferable balance.

2

Employees can access their balance via an app or an online portal

Employees can then access that balance via an app or an online portal, depending on the provider, and transfer their balance to a bank account or debit card for a small, ATM-style fee.

Fees associated with EWA programs will vary. For example, same-day or instant transfers cost \$3–4 per transfer, whereas next-day transfers may cost \$1.95. In some cases, the employer will opt to cover the transfer fees for employees entirely, either as part of a promotion to encourage adoption or to increase employee morale.

3

Employees with EWA available to them can still take their paychecks as normal

Any transfers made from the pay period's wages will be deducted from their paycheck. Proper integration with EWA providers will ensure an employee never sees a negative balance on a paycheck, regardless of how frequently they transferred the wages before payday.

3 Reasons Why EWA is the Right Solution for Your Business



Offering EWA Helps Hiring and Retention

Particularly in hourly-wage industries like fast-food, retention is a constant struggle. In a given year, two workers quit for every one worker that stays.

Offering an EWA program can be a gateway to improving staffing and reducing callouts. In a recent user survey, 62% of respondents said they were more likely to apply to a job because it offered EWA. The impact on retention is even higher: 75% said they would work longer or pick up extra shifts if they were offered on-demand pay.



A Beneficial Tool For Everyone

EWA is not a silver bullet for financial literacy or saving savvy. But the biggest stressors for workers are often looming bills or crushing debt. EWA is a way for workers to ensure they can meet minimum payments or know they can pay their bills on time.

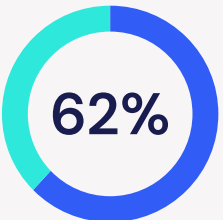
Employers can make a direct impact on their employee's financial security simply by equipping them with the right tools. According to research from Tapcheck, 89% employees held a favorable view of their employers simply because they offered EWA.



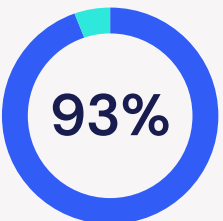
No Implementation Cost To Business

Most EWA programs do not charge employers, either in the integration phase or during the day-to-day usage of the benefit. However, given the ROI of EWA programs, some businesses have opted to cover or subsidize transfer fees for their employees.

With earned wage access, businesses can add a no-cost, high-impact benefit for their employees and one with a track record of success.



of respondents say they are more likely to apply to a job because it offers EWA.⁸



of employers say EWA helps with retention.⁹



turnover rate at QSRs. Fewer than half of all workers are retained after 90 days.¹⁰

8: Tapcheck User Survey, April 2024
9: Ibid.
10: Employee Turnover Intention in the U.S. Fast Food Industry, Bebe 2016

Choosing the Right EWA Solution

Reputation and Experience

Choose a reputable provider with a proven track record of success in the EWA space. Some EWA providers have strong relationships with payroll and timekeeping software providers and enterprise clients while others work mostly with small businesses. Understand each platform's strengths relative to your company's needs.

Integration Capabilities

Since EWA solutions require an integration with payroll software to work properly, make sure the systems work seamlessly together. Some EWA providers limit the systems they integrate to, while others work to expand their integration portfolio. It's crucial that your EWA partner has deep integration expertise to prevent errors or outages that might impact the employee-employer relationship negatively.

Security and Compliance

There are national regulatory requirements on EWA as stated by the Consumer Financial Protection Bureau (CFPB), and regulations vary state-by-state. Understand how your business and your EWA provider keeps up and complies with an evolving regulatory landscape. Additionally, ensure your EWA provider builds safeguards around the use of Personal Identifiable Information (PII).

Financial Wellness and Education

Some EWA providers offer financial literacy tools and education directly in their mobile app, providing guidance on setting budgets, planning for retirement, and investing. Consider EWA solutions that offer ancillary benefits like this to maximize ROI.

Customer Support

When something goes awry with a person's money, they usually want real help from a real person, and fast. Evaluate providers that not only offer online resources but prioritize top-tier user support with real human help. This will save you headaches if and when employees have questions or encounter issues.

Pricing Structure

EWA solutions generally charge small fees to the users to transfer balances. But some fees are higher than others, and you want your employees to find value in the benefit rather than see it as another drain on their pocketbook. In some cases, businesses can opt to subsidize the cost of transfers for their employees.

Did you know that only 57% of Americans are considered financially literate?¹¹

Offer ancillary benefits to engage your workforce with financial education.



Ensuring Adoption and Measuring Success



This no-cost-to-business benefit can begin providing measurable ROI within a few weeks if employees are effectively made aware that EWA is available to them. Include EWA awareness as part of employee onboarding, and make sure payroll, recruiting, and HR departments are equipped with educational resources on the benefit. Most EWA providers are happy to provide marketing materials to drive awareness, such as workplace posters, window decals, and email communication templates for HR departments.

To get tangible results when implementing EWA to your benefits package, consider the following:

- 1 Post EWA awareness materials in high visibility areas
- 2 Include your EWA benefit in job listings
- 3 Track usage rates on your EWA employer dashboard
- 4 Compare retention rates for employees using and not using the benefit
- 5 Track rolling hiring, retention, absentee rates against historic baselines

Wrapping Up

Earned wage access programs won't be a perfect fit for every business. But when properly matched to industry, EWA is a game-changing tool for enhancing employee financial wellness, engagement, and productivity. By offering EWA as a benefit, businesses in high-turnover or competitive industries can differentiate themselves when recruiting staff, reduce turnover costs, and cultivate a culture of trust and transparency.





Contact Us: sales@tapcheck.com

About Us

Tapcheck is the #1 EWA provider for businesses and their employees, bringing the highest precision integration and top-tier customer support to the industry. Tapcheck remains the most accurate, most trusted, and the most committed to financial wellness and empowerment of employees nationwide.

Further Reading

[Insights to help ignite the power of your people](#)

[HomeWell Makes Resounding Return to Tapcheck After Moving to Competitor Platform](#)

[How On-Demand Pay Transformed Employee Satisfaction at Jiffy Lube](#)

