

# Why workers are demanding **Earned Wage Access** and what you can do about it

Western PA Chapter of the APA

May 10<sup>th</sup>, 2023

# Disclaimer

Before taking any actions on the information contained in this presentation, employers should review this material with internal and / or external counsel



This presentation is **NOT**:

- Legal Advice
- The final word on today's topics
- A political opinion



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# Key takeaways from ADP's Earned Wage Access Market Research

- There is broad interest in Earned Wage Access (EWA) from workers in every age group, at every educational level and at every income level
- Employers that offer EWA perceive it to be a distinct advantage in recruitment & retention
- Workers and employers favor EWA models that provide flexibility and minimize disruption to existing payroll processes

# ADP's Earned Wage Access Market Research Study



January  
2022



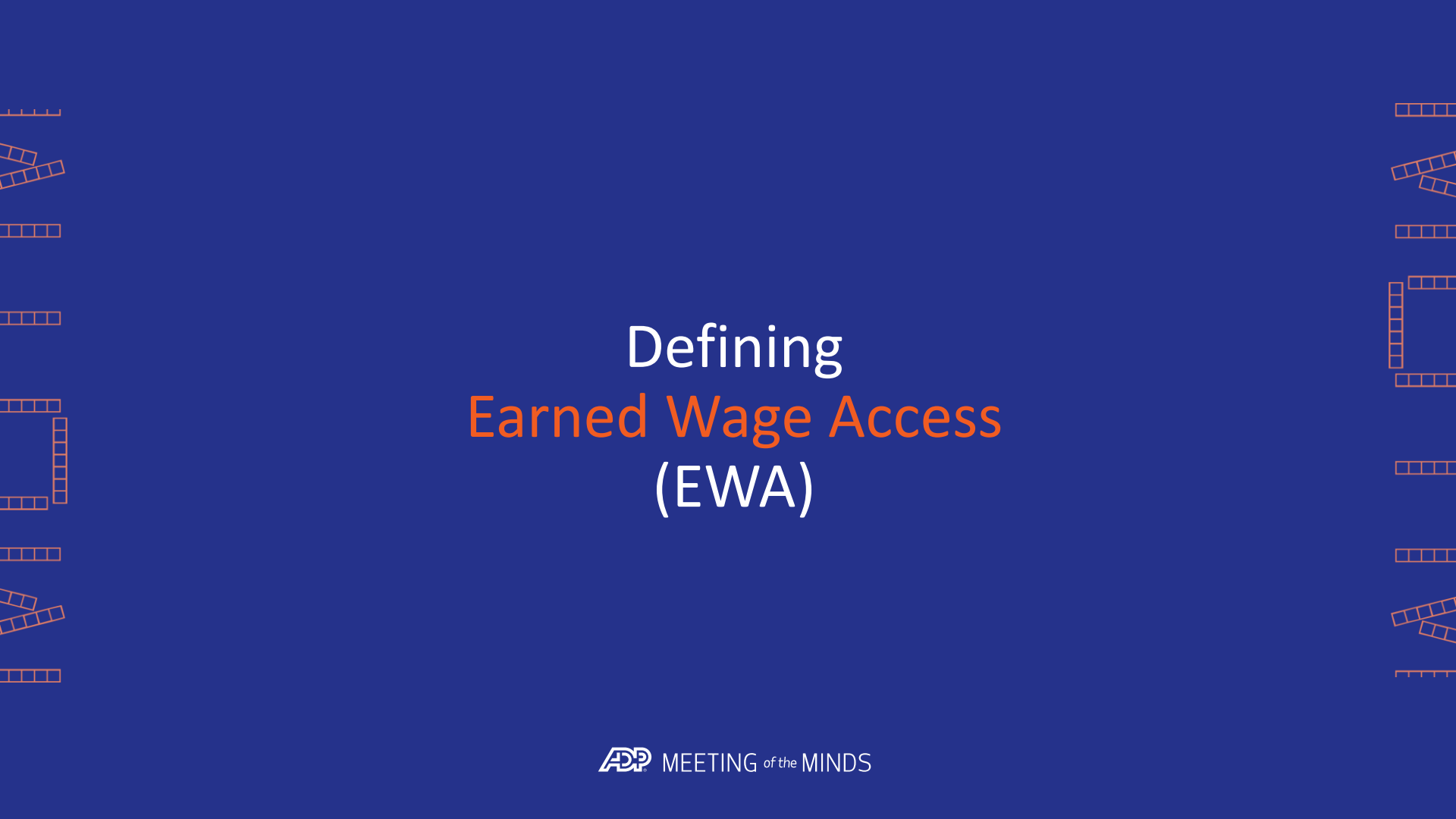
600  
Businesses



1,000  
Workers

# Agenda

- Defining Earned Wage Access (EWA)
- Employer Attitudes towards EWA
- Employers that OFFER EWA
- Employers that DO NOT OFFER EWA
- Worker Attitudes Towards EWA

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# Defining Earned Wage Access (EWA)

69% of Workers say that they are likely to request their wages early, at least once, within the next 12 months



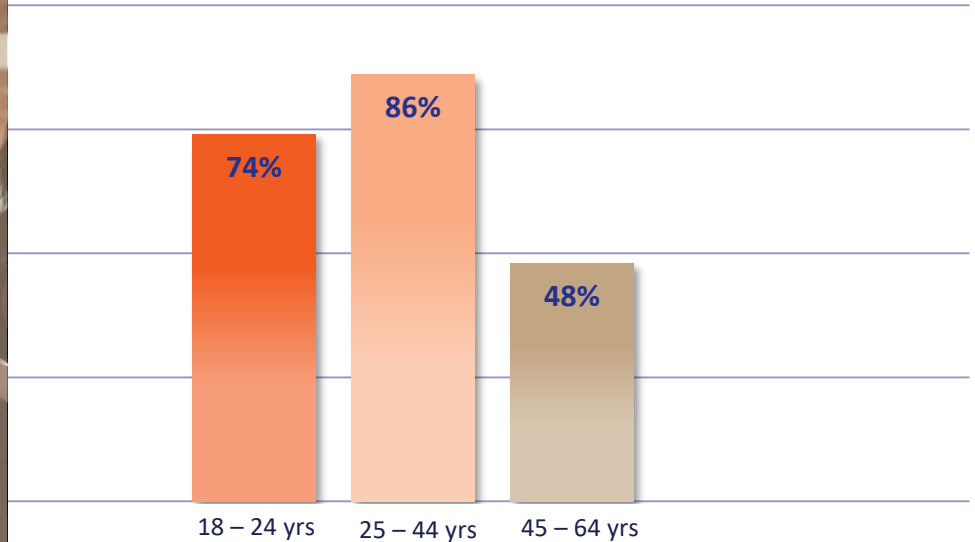
# There is variability in likelihood of requesting wages early, depending upon the age of the workers



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# Millennials and Gen Z workers are much more likely to request their wages early



# What is Earned Wage Access (EWA)?

- EWA is not a pay advance or loan
- It is earned wages, unearned wages do not qualify
- Earned wages accrue and are calculated based on hours worked
- An EWA transaction is when a worker checks the available wage balance and then makes a withdrawal
- Withdrawal can be anywhere from 0 to 100% of the available wage balance
- An EWA transaction occurs between paydays

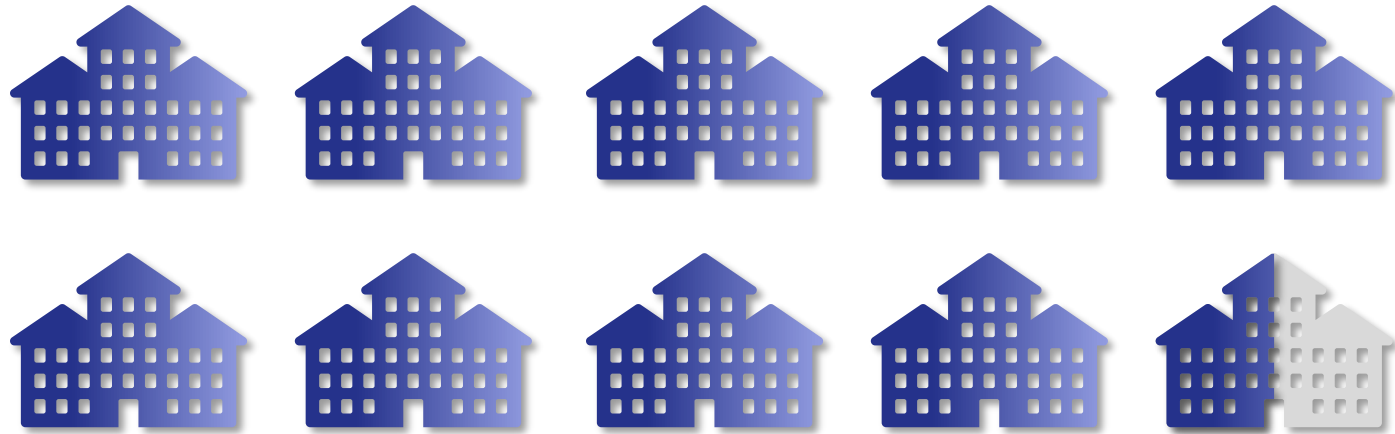
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# Employer Attitudes towards Earned Wage Access

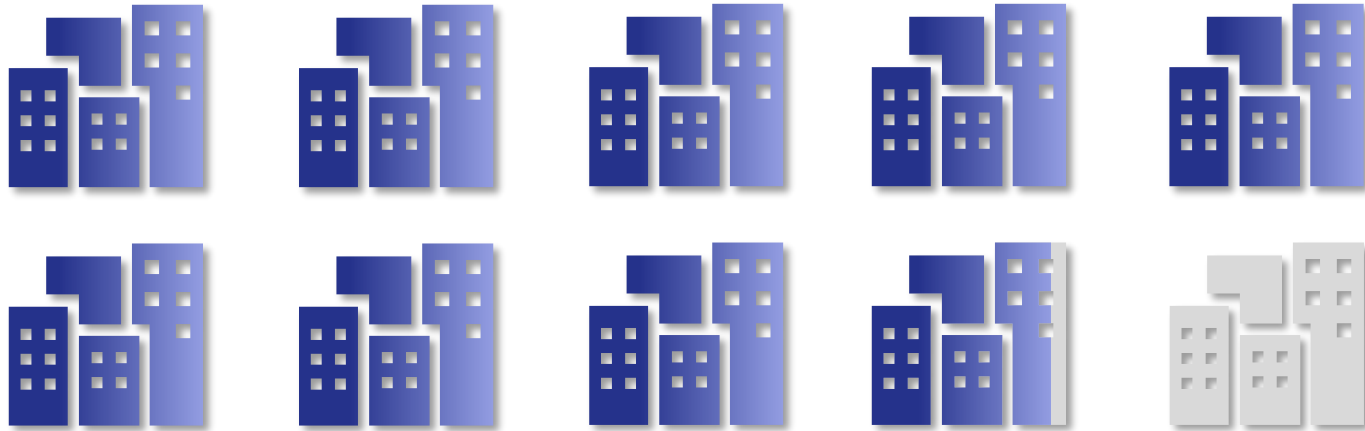
# 90% of Employers have some awareness about flexible pay options



# 95% of Employers say it is important to use a reliable name for Earned Wage Access

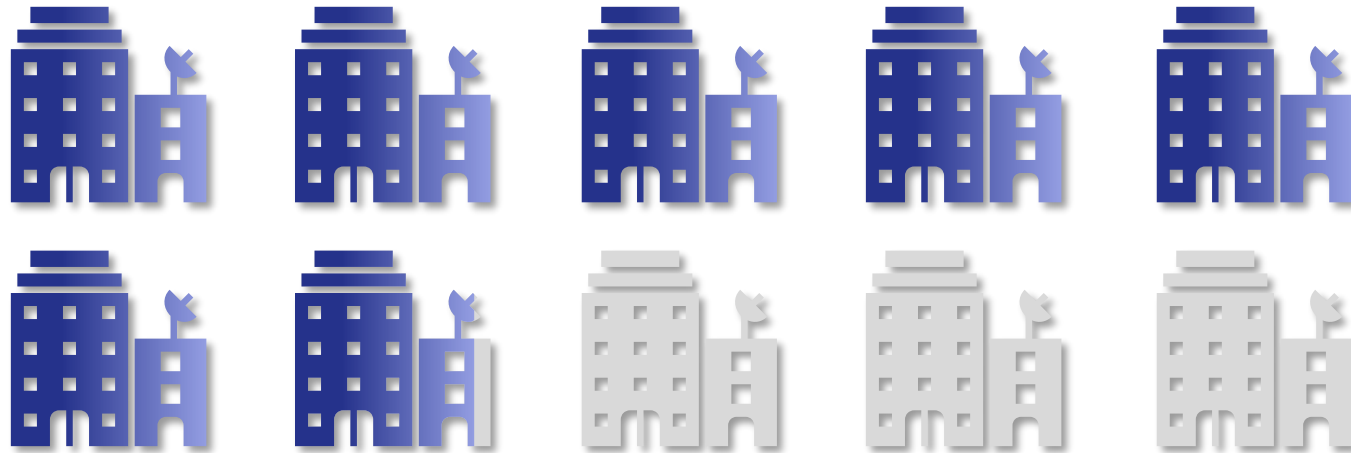


# 89% of Employers say it is important that they work with their payroll provider to offer EWA

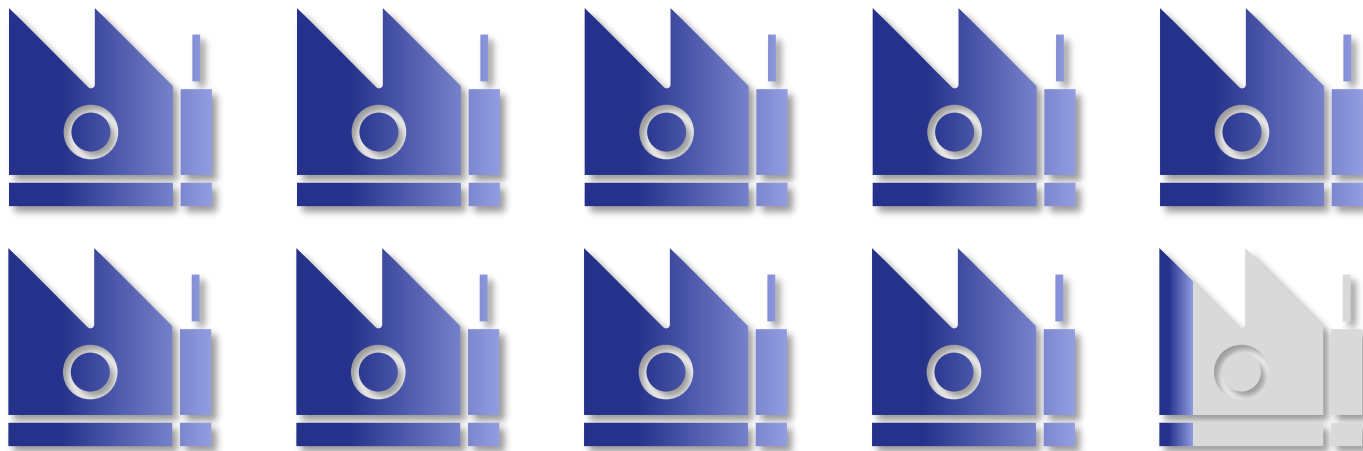




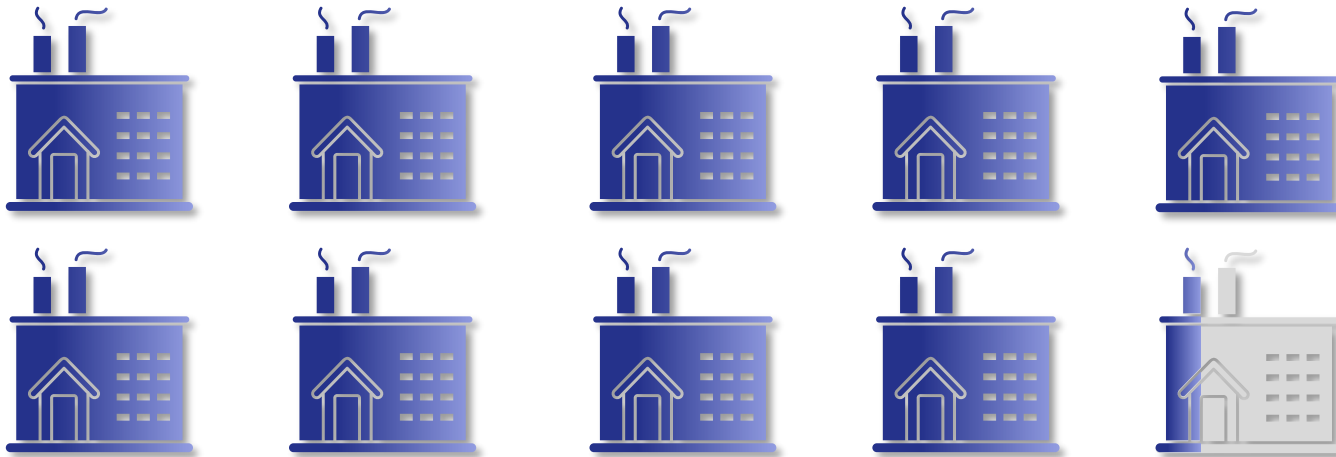
# 69% of Employers say they are okay with their workers being charged a fee for Earned Wage Access



92% of Employers say there should be a limit on the number of EWA transactions allowed, with 1 to 2 per pay period being the preferred frequency



92% of Employers say only a portion of accrued wages should be available for early access, with 25% to 75% being preferred range





# Employers that **OFFER** Earned Wage Access

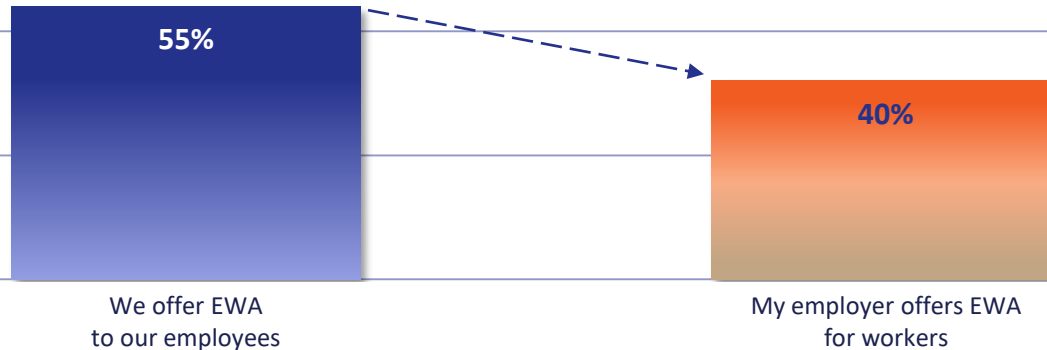
# 55% of Employers say they offer Earned Wage Access to their workers today, BUT ...



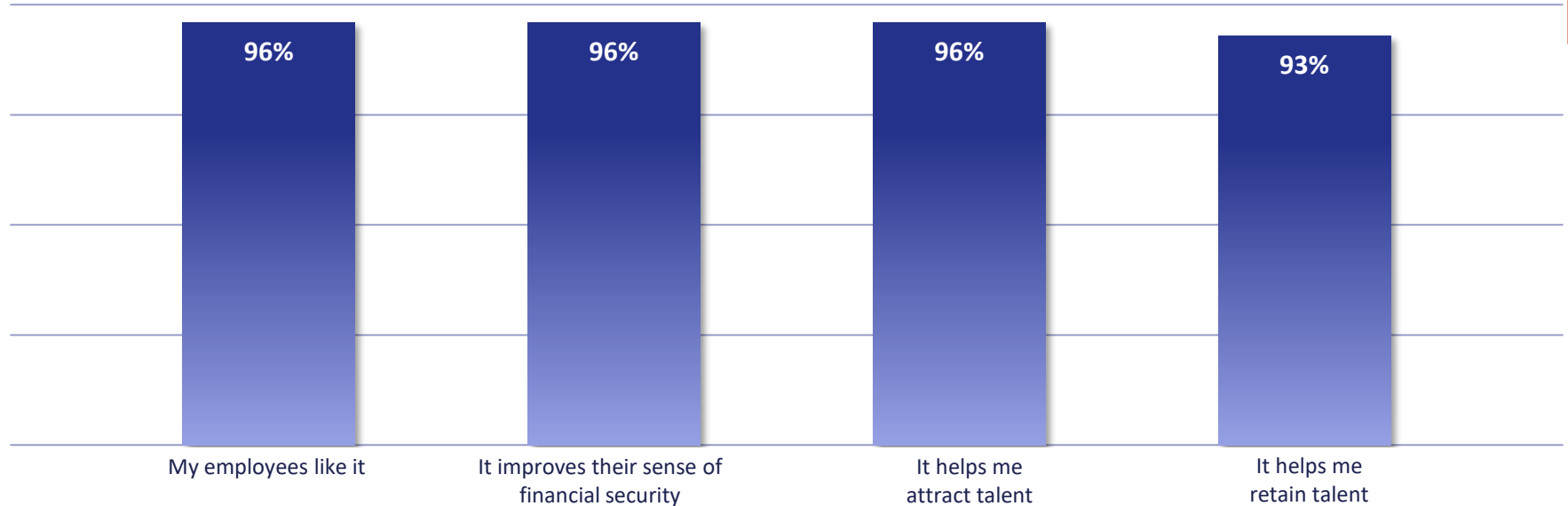
55%

We offer EWA  
to our employees

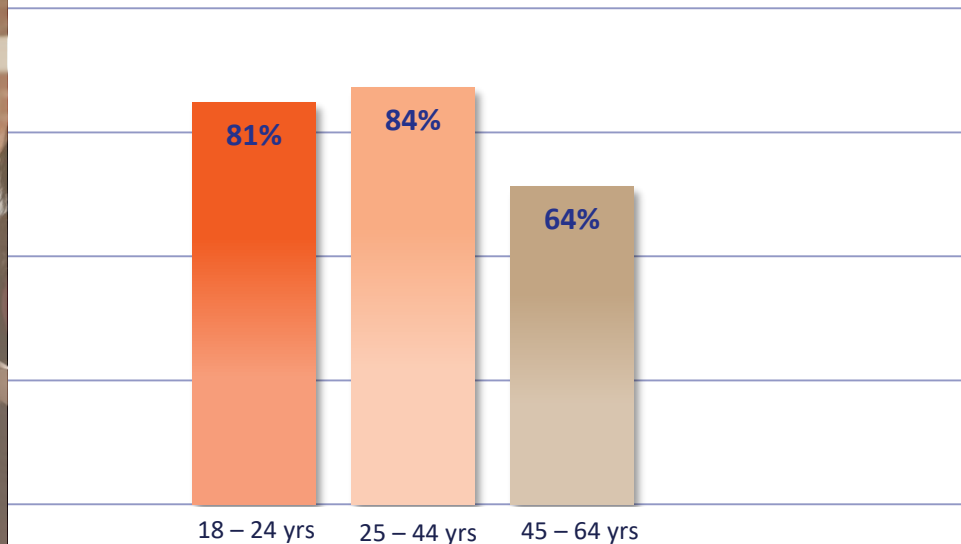
# Only 40% of Workers say that their employer offers Earned Wage Access today



# Employers offering EWA overwhelming say that their workers like it and it helps with talent attraction & retention



# 79% Workers have used Earned Wage Access at least once when their companies have offered it



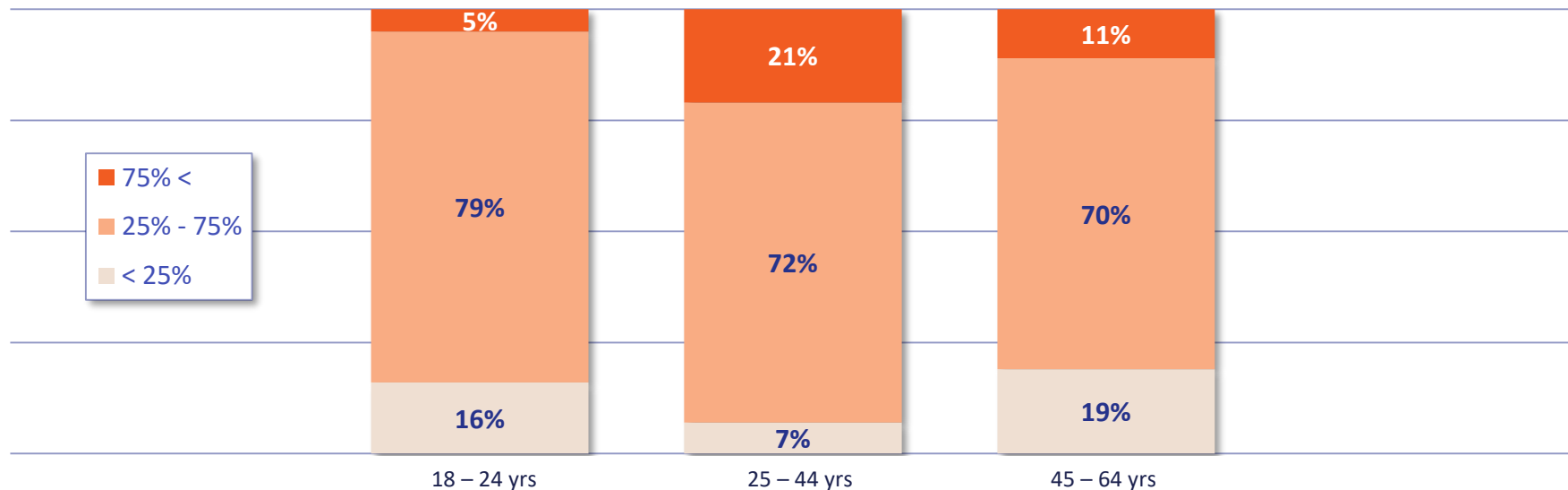


# Different generations offer different rationales as to why they use Earned Wage Access

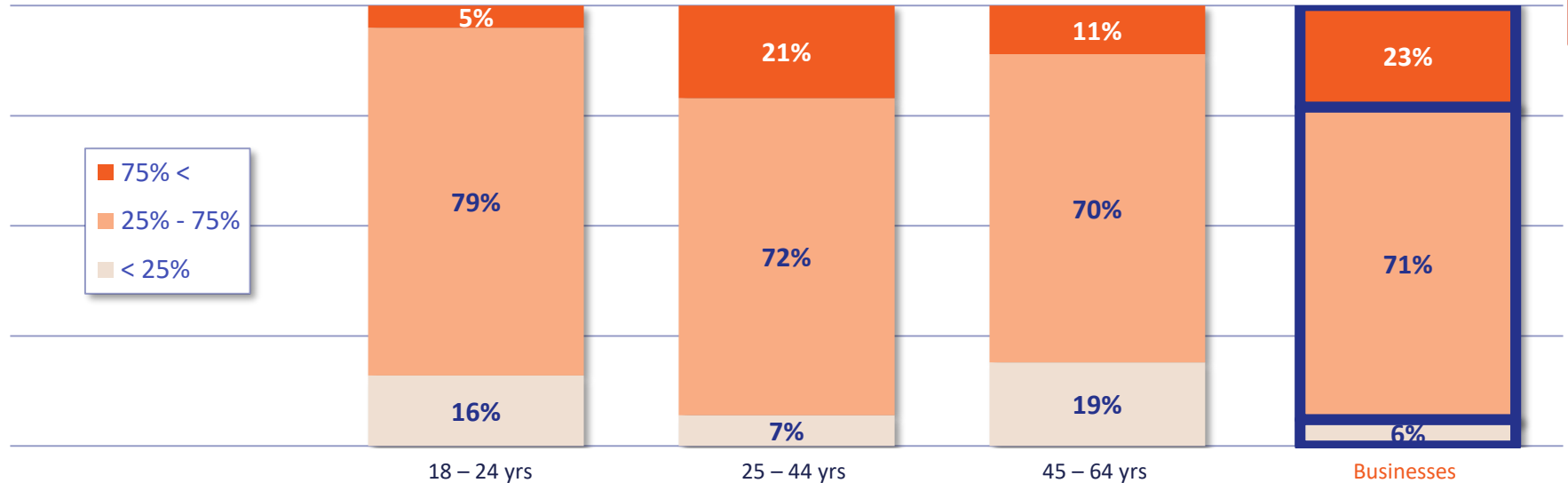



Reasons (Ranked in order)	18 – 24	25 - 44	45 - 64
An expense related to my family		X	X
Paying a bill		X	X
Buying groceries	X	X	X
Reduce my stress around having enough cash until payday	X		
Paying a loan	X		
An emergency medical expense			X
Paying rent	X		
A trip or vacation		X	

# Workers typically withdraw between 25% to 75% of available wages during an Earned Wage Access transaction, regardless of generation



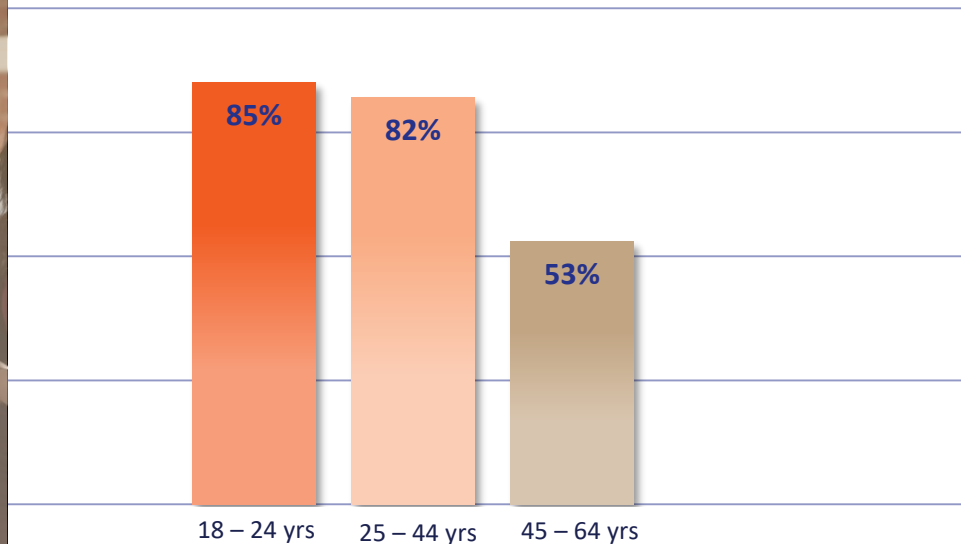
# The portion of wages commonly withdrawn lines up with the portion that employers say *should* be withdrawn



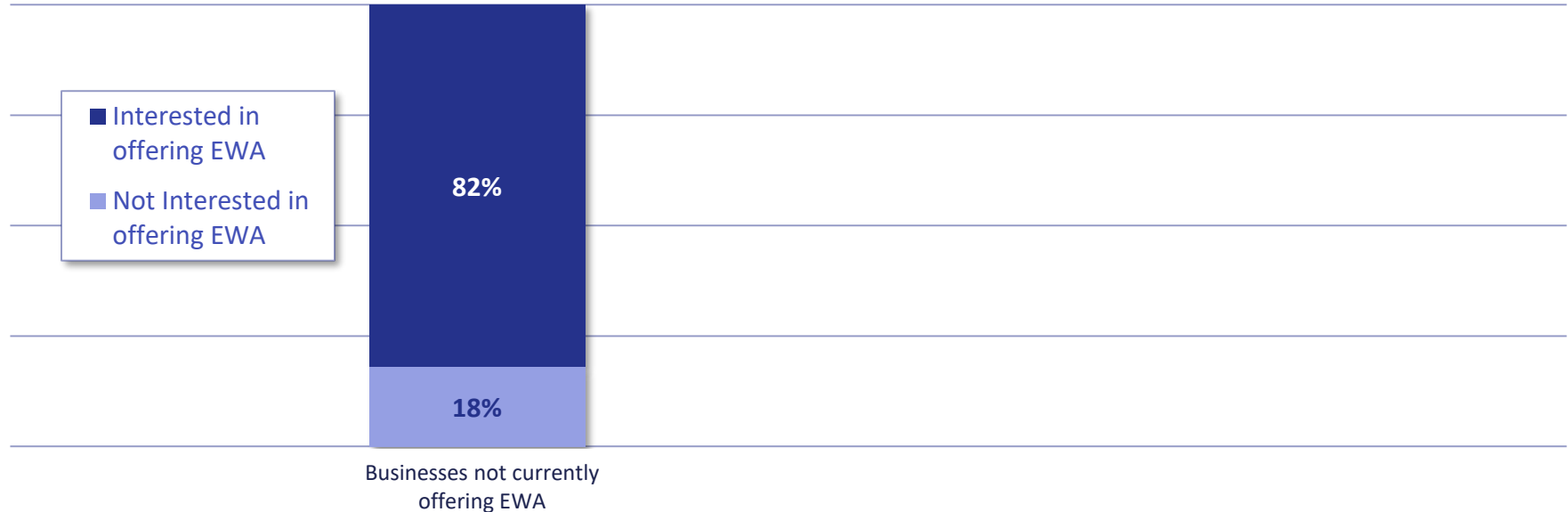


# Employers that **DO NOT OFFER** Earned Wage Access

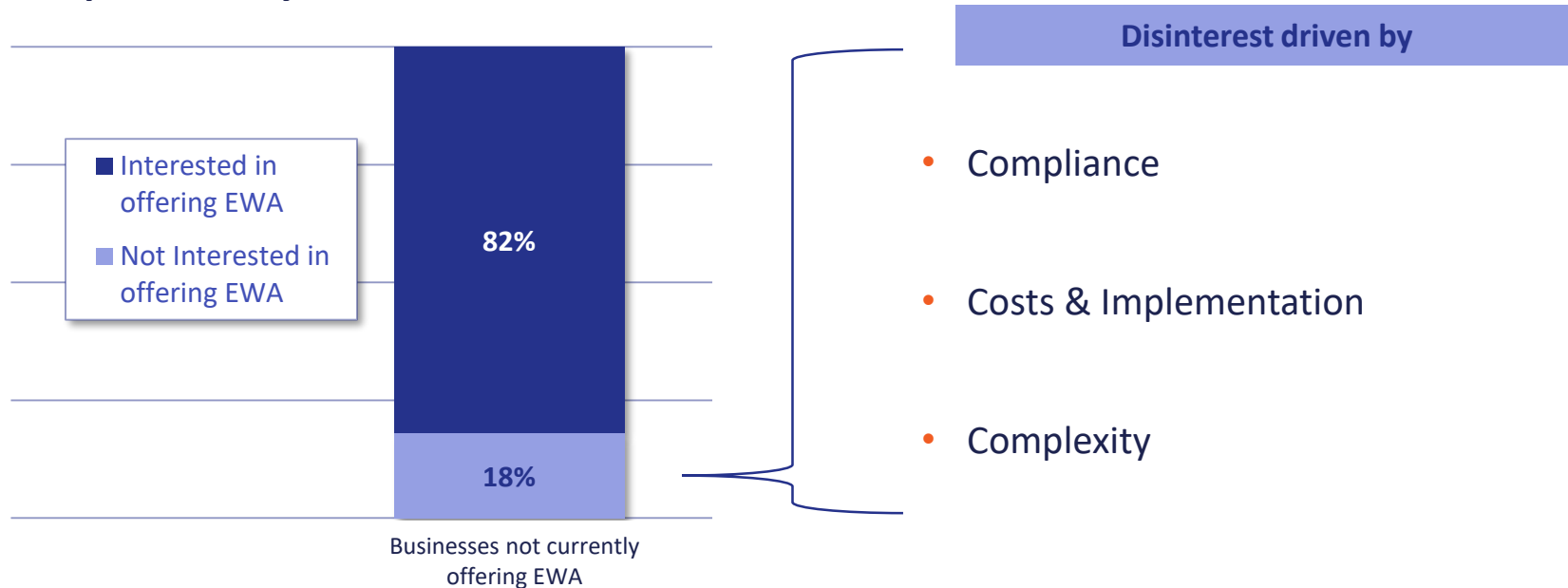
# 66% of Workers working for employers that do not currently offer EWA are interested in using Earned Wage Access



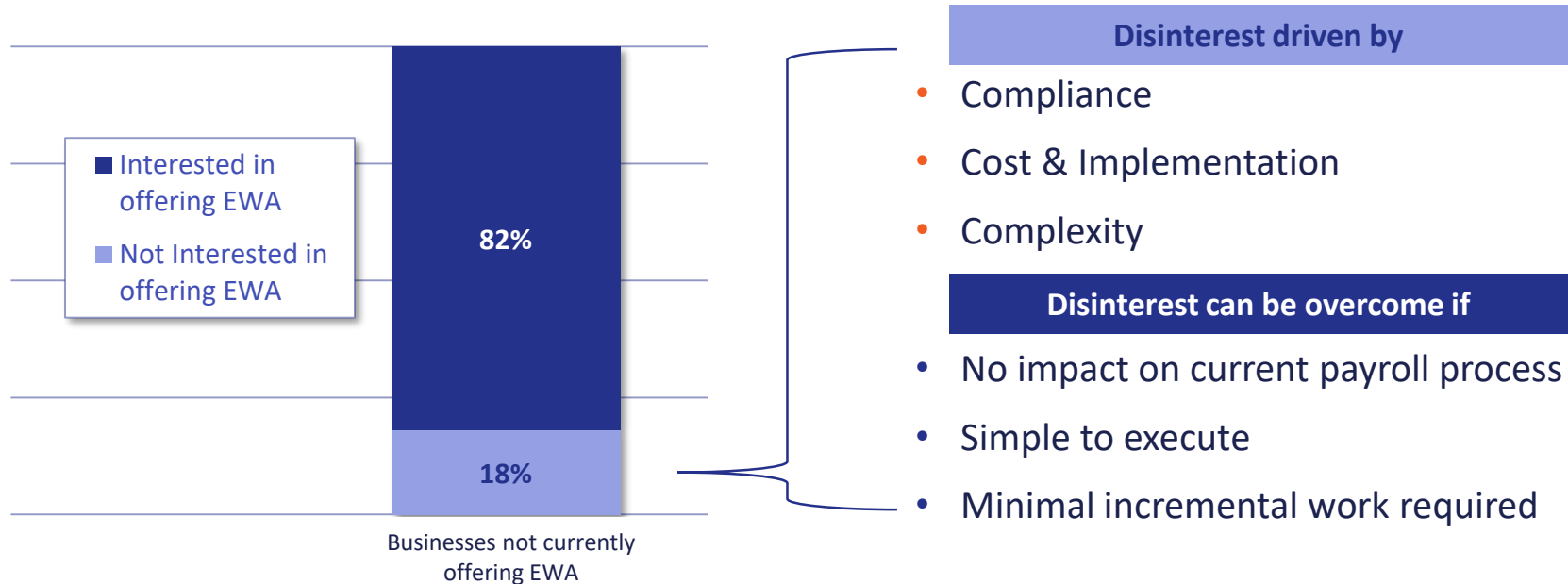
# 82% of Employers that do not currently offer EWA are interested in offering Earned Wage Access



# Employers that do not currently offer EWA and are not interested in offering it cite the 3 C's as primary concerns, BUT ...



# Their concerns can be overcome if there is minimal to no impact on the existing status quo







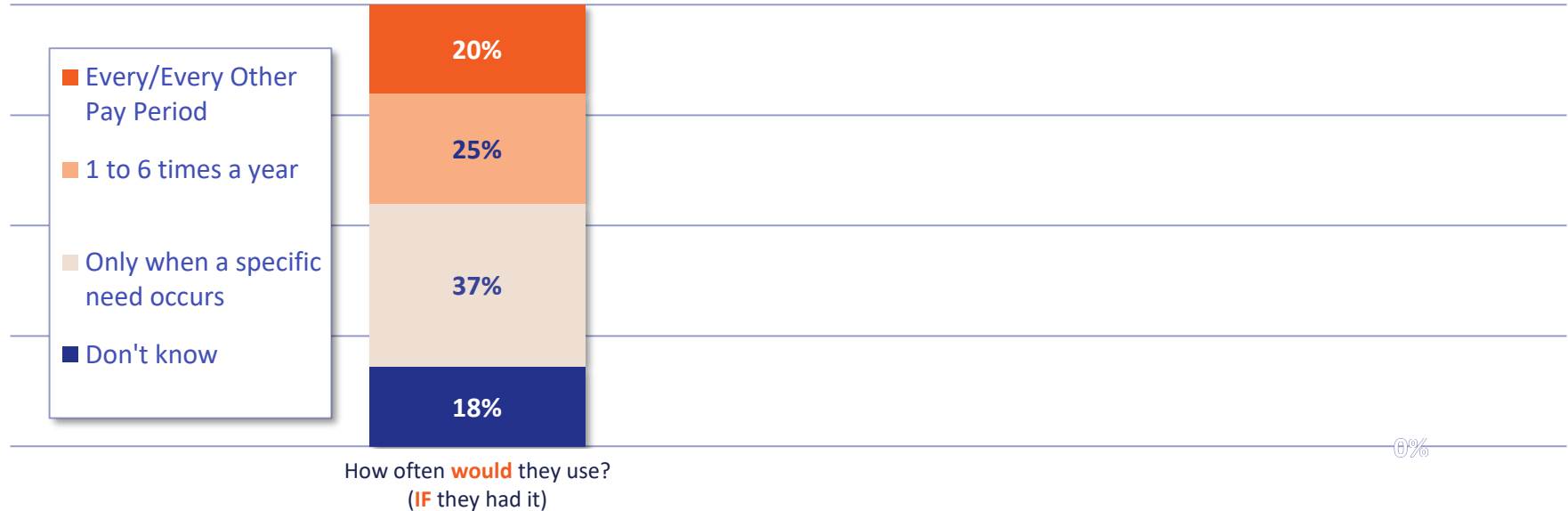
# Worker Attitudes towards Earned Wage Access

# Millennials and Gen Z workers believe that they should have more of a say in deciding when they access their pay

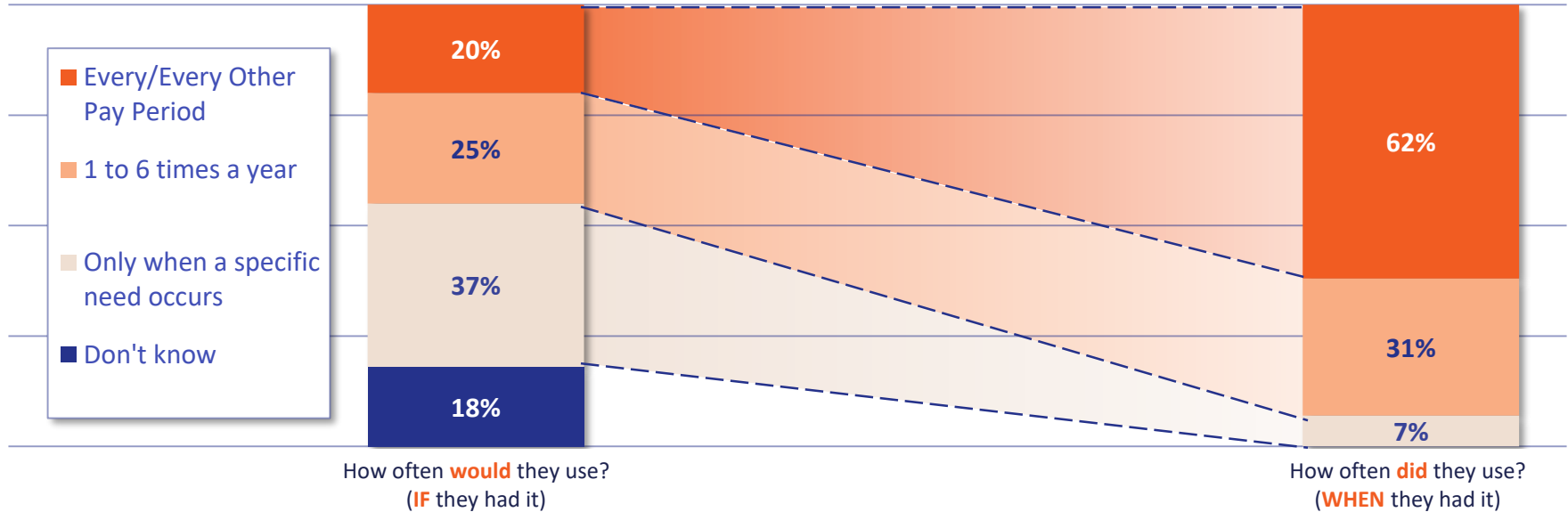


Who should have more say regarding when I access my pay?	18 - 24	25 - 44	45 - 64
Me	X	X	
My employer			X

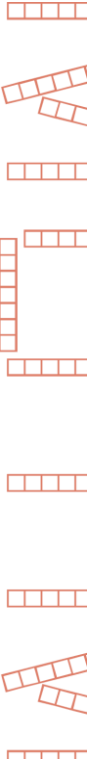
# There is an unrealized need among workers for Earned Wage Access because they underestimate how often they would use it ...



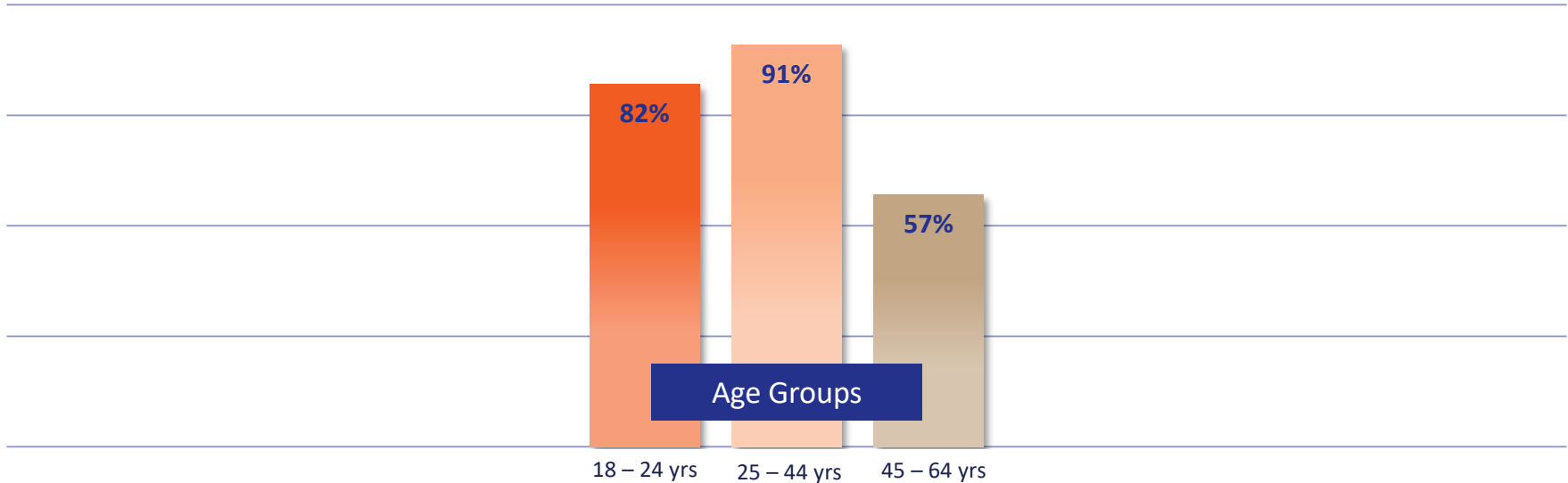
# Compared to how often they do use it when it is made available to them



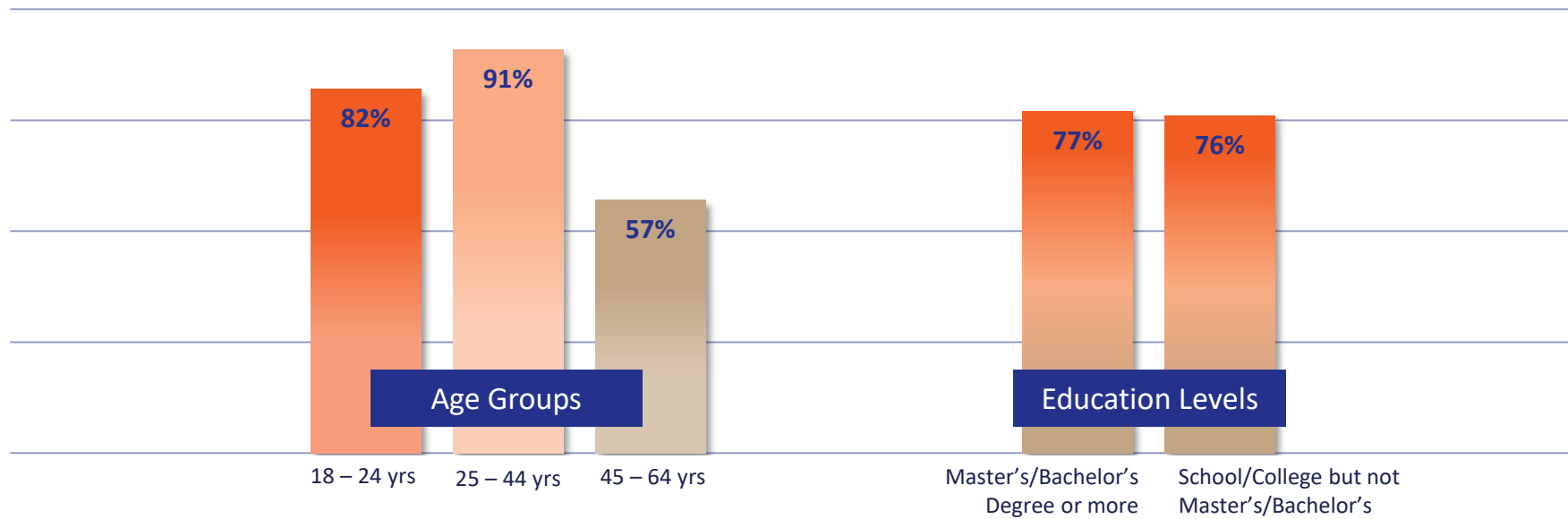
# 76% of Workers say it is important for their employer to offer EWA



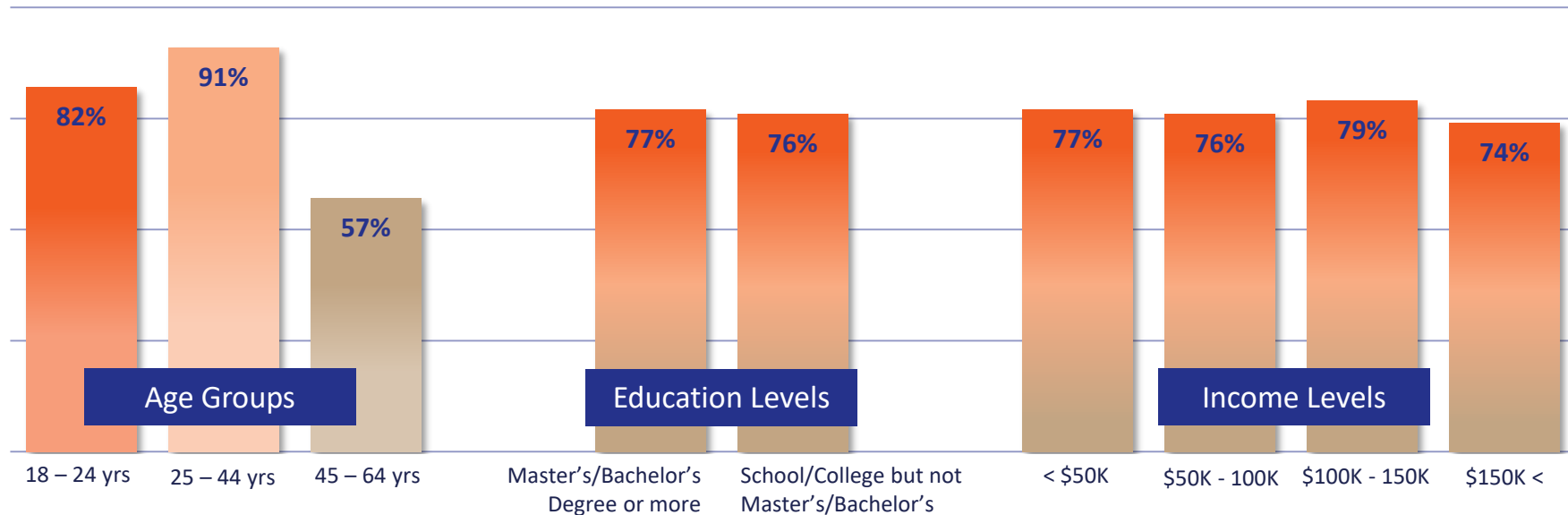
76% workers **across all age groups** say it is important for their employer to offer EWA



# 76% workers across all age groups & education levels say it is important for their employer to offer EWA

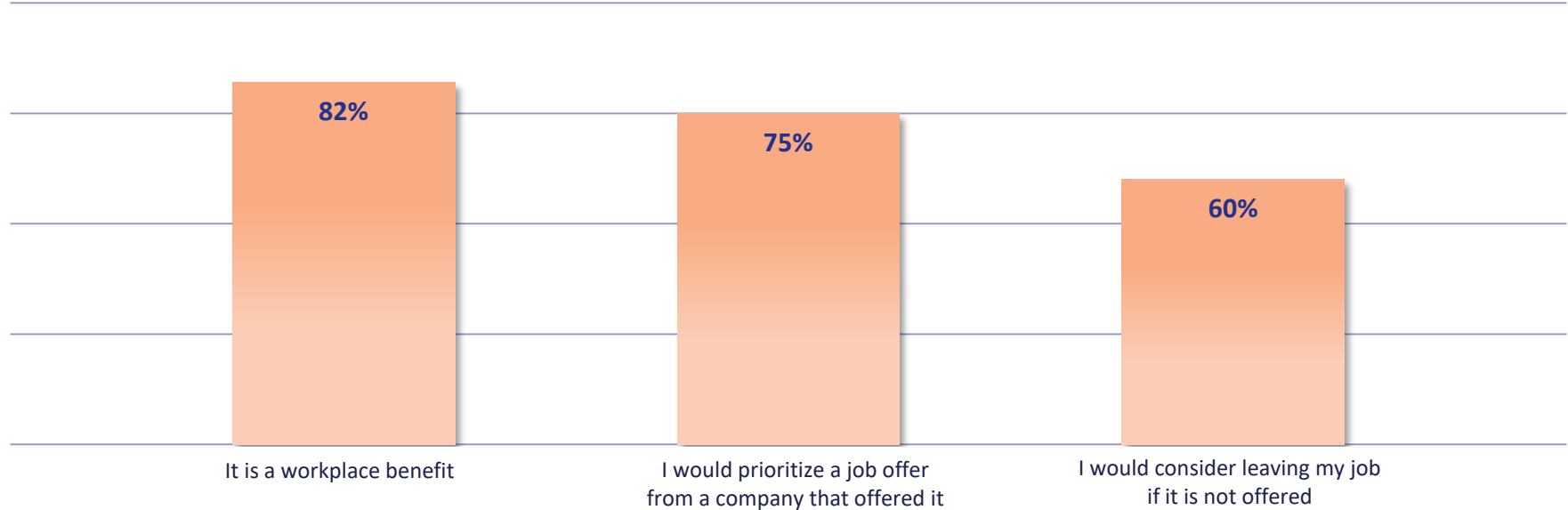


76% workers across all age groups, education levels & income levels say it is important for their employer to offer EWA





# Millennials, specifically, out of all generations, are the most inclined towards Earned Wage Access



# Summary

- There is broad interest in Earned Wage Access (EWA) from workers in every age group, at every educational level and at every income level
- There is an unrealized need among workers for EWA leading to substantial adoption when it is offered
- Millennials most acutely desire this technology and would prioritize job offers from employers that offer EWA and consider resigning if it is not offered
- Employers cite EWA as aiding talent attraction & retention efforts
- Employers would preferably partner with a trusted name and work with their current payroll provider for EWA
- Preferred EWA models for employers would prioritize no change to existing payroll processed, no incremental costs or administrative burden and limits around frequency of EWA transactions and portion of wages available

# Thank You

**Why workers are demanding Earned Wage Access  
and what you can do about it**

**Compliance Considerations When Offering Earned Wage Access**

**<https://www.adp.com/spark/articles/2022/12/compliance-considerations-when-offering-earned-wage-access.aspx>**

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