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## How Hospitality Companies Can Benefit From Implementing Earned Wage Access Capabilities

With the hospitality workforce expected to shrink over the next five years, retain good workers by offering the benefits they want.

Jim Colassano

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Atrium Hospitality, one of the country's largest hotel operators, partnered with DailyPay to offer EWA to thousands of hotel associates nationwide.

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It's no secret the hospitality industry is facing a recruitment and retention challenge as it tries to bounce back from pandemic-related job losses.

Moreover, roughly 43 percent of hospitality workers are also more likely to be low-

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One of the keys to attracting and retaining workers in the hospitality industry is to understand what the labor force really wants. Today's younger workers have come of age in a world where "now" has reached the full potential of its meaning, while more mature workers now expect these instant experiences as well. Providing a responsible "now" experience with respect to pay is a simple but effective motivator that can strengthen the hospitality industry's recruitment and retention efforts. With higher inflation and a rising cost of living, many workers feel limited by the traditional pay cycle of biweekly or monthly payments. One survey reported that as many as 72 percent of restaurant workers would find it "very helpful" to have access to their earned wages before payday.

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Earned wage access (EWA) is an arrangement that offers workers access to a portion of their earned wages between pay cycles. EWA provides employees more flexibility to

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those who use an earned wage access tool need to be aware that even small service fees can add up over time.

## How EWA Works

On-demand pay providers work with employers and payroll processors to give employees early access to their earned wages. Providers use timesheet data to confirm the hours worked and wages earned. Employers can disburse these advances via direct deposit to worker bank accounts often through the RTP® network, the nation's first real-time payments system that is operated by The Clearing House (TCH). Earned wages can also be added to a prepaid or reloadable card issued by the employer or payroll processor. Either way, the advance is automatically repaid or deducted from the next paycheck.

Introducing EWA as an added benefit to the employment package has seen promising results for companies looking to boost their recruitment and retention rates. Here are two ways hospitality companies can benefit from implementing earned wage access capabilities:

## EWA Helps Attract and Retain Talent

For starters, a majority of workers are more willing to switch to employers already offering EWA. On-demand pay also improves employee tenure and reduces employee turnover because workers with EWA benefits feel more secure and experience less financial stress. One study found that workers in the transportation industry who use DailyPay, an EWA provider, have an average tenure of 233 days, while those who don't will leave after just 138 days.

During the past few years, employees are increasingly requesting EWA as an additional benefit, ranking in desirability with vacation days and parental leave. Some hospitality companies are starting to catch on. Just last year, [Atrium Hospitality, one of the country's largest hotel operators, partnered with DailyPay](#) to offer EWA to thousands of hotel associates nationwide.

## Discussing Financial Wellness in the Workplace

EWA may seem like a panacea for financial woes, but employees may be tempted to take advances frequently, leaving little to work with when they receive their next paycheck. With that in mind, it's extremely important for employers to pair the benefit with financial guidance and literacy in a comprehensive financial wellness package that helps workers reap the benefits of EWA without causing further financial stress.

Employers can also cap the frequency and size of advances per pay period, so worker advances are limited. In most cases, employers can lead conversations with their

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companies with two paths — jump on the bandwagon now, while EWA is still a relatively novel but highly desirable benefit, or play catch-up in a saturated market.

## About the Author

*Jim Colassano is the senior vice president of product development and strategy at The Clearing House, bringing over 25 years of experience in all facets of the payments and cash management business.*

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