



Payments Insights

How Earned Wage Access Will Help Employers Through the Big Quit

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In a tight labor market, additional perks often attract new employees and help retain existing workers. Allowing workers to access earned wages on their own schedule, on demand and in real time, is one benefit many forward thinking employers are offering today.

We're in the midst of The Great Resignation, where employees are voluntarily resigning from their jobs en masse. Some are launching their own businesses or leaving toxic work environments, while others are resigning for higher positions, better salaries, or some much-needed downtime. Mid-career workers aged 30-45 are **powering the Big Quit** with the biggest turnovers in the tech and healthcare industries, both of which saw workers caught in a cycle of increased workloads and consequent burnout during the pandemic.

Understanding Employee Expectations in 2022

Competition is tight for employment, and retaining your workforce is critical to running your company smoothly. Employers can attract and retain employees with high-value incentives and benefits that elevate their lives inside and outside the workspace. One way to do that is by offering financial wellness products as part of your benefits package. Financial wellness is about being in good monetary health so you can meet current and future financial commitments without feeling financially insecure.

As work culture and priorities shift post-pandemic, professionals expect employers to make more of a difference in their lives. Half of all workers believe that employers are at least partially responsible for **worker financial wellness**, and studies show that financial wellness programs help to reduce stress and increase loyalty to their employer. In the absence of financial security, employees struggle with motivation and productivity at work, which can impact an employer's bottom line. Financially-stressed employees are also twice as likely to look for new employment, according to a recent **PwC financial wellness survey**.

What Financial Wellness Can Do for Employers

Earned Wage Access (EWA), an instant payment method, which provides workers daily, weekly, or on-demand access to wages earned, is proving popular with employers and employees alike. Today, **10 percent of companies** have adopted EWA programs, including mega employers such as Walmart, McDonald's, and Uber. Gartner research suggests that by 2023, 20 percent of companies with a majority workforce of hourly employees will adopt earned wage access programs.

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Companies that offer EWA see big boosts in applicants for open positions and a sharp reduction in the time it takes to fill them, with applications **nearly doubling** and positions filling up in half the time. Earned wage access is such a high-value demand that it can even incentivize applicants to apply to jobs with **lower salaries**. Not only do EWA programs impact worker decisions to accept or reject employment, they also **sway workers to switch jobs**.

EWA benefits also ease employee financial frustrations and tensions at work considerably, with strong improvements in **employee productivity**, and impressive reductions in turnover and absenteeism, by 50 percent and 25 percent, respectively.

Why Employee Demand for EWA Is Rising

Two-thirds of Americans live **paycheck to paycheck**, and many **fall short of cash** to pay bills and buy groceries in between traditional pay cycles. As much as half the workforce would **rather be paid weekly** and one study found that 80 percent preferred **daily payments**. Nearly as many say early access to their earned wages helps them budget better, and it reduces financial anxiety. Employees with EWA benefits also report being in better financial health by saving more and spending less.

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Employees with earned wage access are also in a better position to handle personal emergencies and surprise costs like hospital bills and car repairs without having to turn to expensive payday loans.

What Employers Can Do

HR departments interested in introducing earned wage access to their organizations should reach out to their banking and payroll partners to see what products and services they have. Here are some questions you could ask:

- What variety of EWA products and different pricing models are offered?
- How does EWA fit into the overall payroll process?
- How are employee taxes and benefits handled if employers sign up for EWA?
- What changes or differences should employers expect in approval processes specifically, and the payroll cycle generally?

One tool that enables EWA providers to get funds to an employer on a daily, or on-demand, basis is real-time payments. Today, there are over 250 financial institutions reaching 61% of demand deposit accounts (checking and savings accounts) on the RTP® network, the real-time payments system, that enables innovative payroll offerings such as EWA. Many of these financial institutions are working with payroll firms to offer earned wage access. Employers interested in assessing and comparing their options can find more information on the RTP network [here](#).

