



# DailyPay, LLC Testimony

**TO:** North Dakota House Committee on Industry,  
Business, & Labor  
**FROM:** *Ryan Naples of DailyPay, LLC*  
**DATE:** January 20, 2025  
**SUBJECT:** House Bill 1393

**Position: Oppose.**

**Testimony:**

Good morning, Chairman Warrey and House Industry Business and Labor Committee Members.

I'm Ryan Naples from DailyPay and I am testifying in opposition to House Bill 1393. We're the country's largest employer-integrated earned wage access, or EWA company. My colleague Andrew Welch is attending the hearing today in-person and I am available to help answer any questions as needed.

Enclosed in this testimony are the independent research papers sponsored by DailyPay between 2021 and 2023 that examined EWA impacts on consumer financial health. It is clear from these studies that EWA in its current form and DailyPay in particular helps workers and their employers.

Thank you for the opportunity to provide this information and testimony in opposition to HB 1393. We encourage a **Do Not Pass Recommendation** for HB 1393. I would be willing to try to respond to any questions.

XXXXXXXXXXXXXX



SEPTEMBER 2021

# EARNED WAGE ACCESS USE AND OUTCOMES

FINDINGS FROM A SURVEY OF  
DAILYPAY CUSTOMERS

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LESLIE PARRISH

IMPACT REPORT

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IMPACT REPORT

SEPTEMBER 2021

## EARNED WAGE ACCESS USE AND OUTCOMES

Findings From a Survey of  
DailyPay Customers

LESLIE PARRISH

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## IMPACT POINTS

- This report provides insights on how an earned wage access (EWA) offering from DailyPay is used and the outcomes reported by its users. EWA companies such as DailyPay partner with employers to provide their employees the option to access any portion of their accumulated net wages at any point during the pay period rather than waiting until the scheduled payday.
- The EWA market has grown quickly over the past few years; Aite-Novarica Group estimates that about US\$9.5 billion of wages were accessed in this manner in 2020. EWA companies note that consumers often use this service to solve timing issues between bill due dates and paydays or unexpected expenses that crop up during a pay period. The revenue model for EWAs varies by company, with many charging a flat fee per access to the employee, employer, or a combination thereof.
- Aite-Novarica Group surveyed over 1,000 DailyPay users in May 2021 to better understand the strategies undertaken by respondents before DailyPay, the extent to which DailyPay use impacted the use of those prior strategies, and any changes respondents perceive related to their financial condition.
- Before using DailyPay, most respondents used one or more expensive strategies to deal with financial shortfalls, difficulty paying bills or loan payments, and timing issues between paydays, including payday loans and overdrafts to a bank account. A significant share also asked friends or family for money, which—while potentially free—may come with an emotional burden. Notably, respondents were much more likely to have used payday loans or incurred overdraft fees than the general population.
- Once respondents began using DailyPay, the vast majority were able to curb their use of (arguably) inferior or expensive alternatives. A majority of respondents believe that DailyPay has allowed them to worry about money less, budget and plan better, and reduce debt.

## INTRODUCTION

Many consumers face timing mismatches between the day they are paid and their bill due dates. Others lack even a modest amount of savings that they can quickly tap into if an unexpected expense pops up. When these issues arise, these consumers may turn to costly strategies to make ends meet. Over the last decade, a growing number of companies have started to offer EWAs in partnership with employers to help solve these issues.

This report examines the user experience for customers of a leading EWA provider, DailyPay. After a brief overview of the company's offering, Aite-Novarica Group reports on the strategies consumers used before using this EWA service, their reasons for using DailyPay, and the changes in their financial circumstances that users attribute to this product.

## METHODOLOGY

The insights in this report are informed by an Aite-Novarica Group online survey of 1,114 DailyPay users in May 2021, sponsored by DailyPay. Survey participation was promoted via an email sent by DailyPay to its customers, and those who completed the survey were entered to win one of several US\$100 Amazon gift cards. Survey results have a 95% confidence interval with a 3-point margin of error. As survey respondents are all DailyPay users, the results reflect only this product rather than the entire earned wage access market. Additional details on the demographic profile of survey respondents, which are generally consistent with DailyPay's overall customer base, are outlined in the Appendix.

## THE MARKET

The EWA market has experienced exponential growth in recent years, as a growing number of companies have begun to offer varied versions of this solution. Employers are increasingly interested in offering such an option as they witness the strain financial insecurity can cause their employees and as these solutions become more mainstream. Aite-Novarica Group estimates the EWA industry now provides an estimated US\$9.5 billion annually in wages before employees’ scheduled paydays. As this industry matures, a variety of stakeholders have become interested in understanding how consumers are using accesses, the impact of their use on those consumers’ behavior and overall financial condition, and what regulatory context is most appropriate for this novel product (Table A).

TABLE A: THE MARKET

MARKET TRENDS	MARKET IMPLICATIONS
Many consumers have trouble budgeting and making ends meet.	A significant share of consumers run out of money before payday, experience timing issues between when their bills come due and when they are paid, or don't have adequate savings to deal with an unexpected expense.
A growing number of technology companies are offering EWAs in partnership with employers.	Most EWA companies were founded over the last decade. They gained momentum in recent years as they convinced employers of how they could help solve for the precarious nature of employees’ finances.
EWAs have proven popular among employees as their employers increasingly partner with EWA providers that facilitate access to wages.	In 2020, Aite-Novarica Group estimates that employees accessed US\$9.5 billion in earnings through EWAs. This represents a nearly 200% increase since 2018.
As the number of EWA companies and users has grown, stakeholder groups and regulators alike seek to understand EWA’s impact.	EWA is a new type of product; thus, it has been debated whether an existing regulatory framework should apply or a new one should be created. The effect of its use and whether consumers are using it to substitute away from more costly alternatives or layering it on was unclear.

Source: Aite-Novarica Group

## DAILYPAY'S OFFERING

DailyPay is one of several leading companies offering earned wage access through partnerships with employers. Founded in 2015, DailyPay provides up to 100% of net wages earned at any point during a pay period for a fee ranging from US\$1.99 to US\$2.00 per access; the fee depends on how quickly the consumer wants access to the funds. Employers that elect to provide this service to their employees can set rules for the share of total net earnings that can be accessed and can opt to subsidize the cost of access for their employees. Table B outlines further details of the DailyPay product.

TABLE B: DAILYPAY EARLY WAGE ACCESS SOLUTION

ACCESS AMOUNT	FEE	ACCESS DEPOSIT OPTIONS	OTHER SERVICES
Up to 100% of accumulated net wages; average access is US\$100	US\$1.99 (next day) or US\$2.99 (instant) fee, paid by employer, employee, or in combination	Can be deposited into any bank account or onto a prepaid card	Features that facilitate saving, disbursements of off-cycle payroll payments, and instant bonus payments

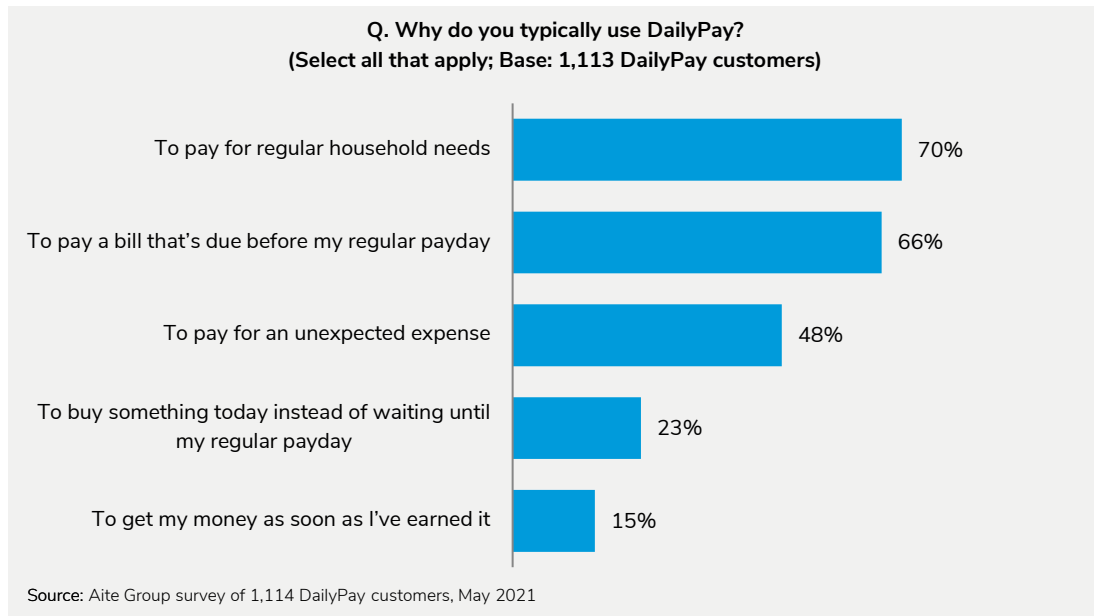
Source: DailyPay



## A SHIFT IN FINANCIAL COPING STRATEGIES

DailyPay users most commonly use EWA to deal with everyday expenses. Two-thirds of survey respondents noted that they use DailyPay to pay a bill that is due before their payday, and 70% use DailyPay to pay for regular household needs throughout the month (Figure 1). Fewer consumers use DailyPay for expenses that were unexpected or to make purchases early rather than waiting until their traditional paycheck arrives. Only about one in six users cited the desire to just generally receive funds as they were earned as a reason for using DailyPay.

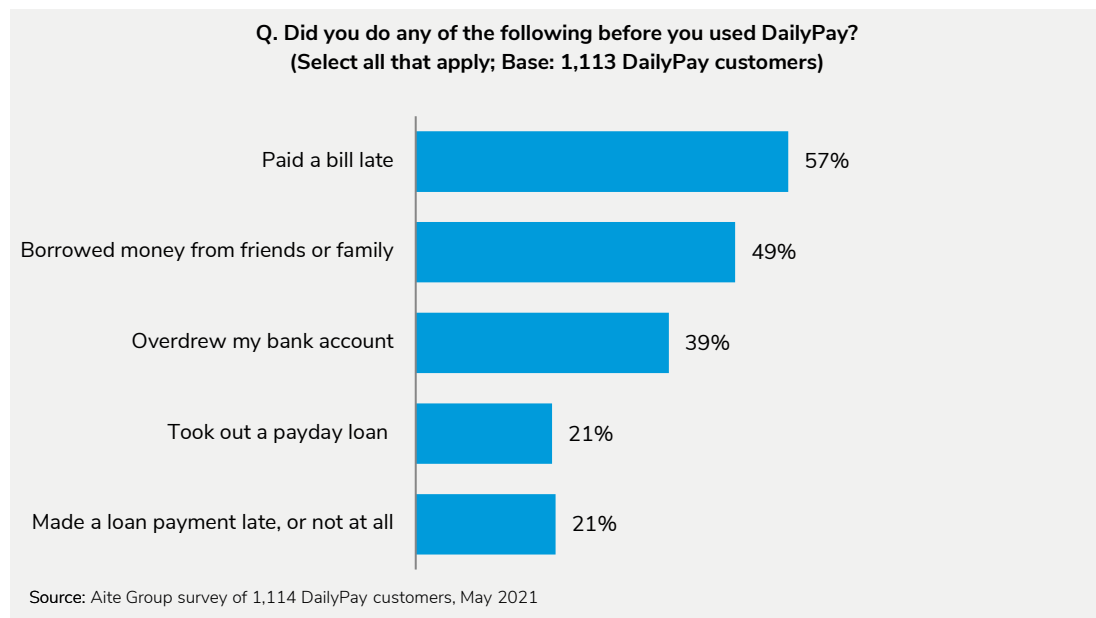
FIGURE 1: REASONS FOR DAILYPAY USE



Before using DailyPay, survey respondents used a variety of strategies to deal with expenses between paydays (Figure 2). Over half (57%) of respondents paid bills late, and about half (49%) borrowed funds from friends or family. While fewer note overdrawing a bank account or using payday loans before DailyPay, the share that did report these strategies is well above the share of U.S. adults. For example, an estimated 30% of all U.S. consumers overdraw a bank account at least once annually (with just 8%

overdrawing more than 10 times over the course of a year),<sup>1</sup> and an estimated 6% of U.S. consumers use payday loans.<sup>2</sup> The strategies asked about in the survey are considered to be inferior alternatives to DailyPay, either because they are more expensive or—in the case of asking friends or family for help—may carry an emotional burden.<sup>3</sup>

FIGURE 2: STRATEGIES BEFORE USING DAILYPAY



As is evident from Figure 2, many survey respondents report that they used more than one of these strategies. For example, about one in seven respondents note that they were taking out payday loans and overdrawing their bank account before using

<sup>1</sup> For more information on the share of consumers who incur overdraft fees, see “A Closer Look: Overdraft and the Impact of Opting-In,” Consumer Financial Protection Bureau, January 19, 2017, accessed July 29, 2021, [https://files.consumerfinance.gov/f/documents/201701\\_cfpb\\_Overdraft-and-Impact-of-Opting-In.pdf](https://files.consumerfinance.gov/f/documents/201701_cfpb_Overdraft-and-Impact-of-Opting-In.pdf).

<sup>2</sup> According to the Consumer Financial Protection Bureau’s Making Ends Meet survey, 5.7% of consumers took a payday loan in the 12 months prior to June 2020. See Figure 2 in “Consumer Use of Payday, Auto Title, and Pawn Loans,” Consumer Financial Protection Bureau, May 5, 2021, accessed July 29, 2021, <https://www.consumerfinance.gov/data-research/research-reports/consumer-use-of-payday-auto-title-and-pawn-loans-insights-making-ends-meet-survey/>.

<sup>3</sup> In terms of cost, a US\$300 payday loan typically has a US\$45 fee. If due in two weeks, this equates to an APR of 391%. Similarly, overdraft fees are typically around US\$34 per incident. Being late on a credit card or other loan may not only cause a consumer to be charged an additional fee but can also lower their credit score.

DailyPay. The financial and emotional toll may have been further magnified for these consumers, placing them in an even more precarious position.

## SUBSTITUTION AWAY FROM INFERIOR ALTERNATIVES

For each of these strategies noted in the survey, respondents were asked how frequently they used it before using DailyPay. Then, respondents were asked whether they added on DailyPay while continuing to use the strategy or were able to substitute DailyPay for it. Overall, respondents consistently reported a reduction or end to the use of these arguably more costly alternatives with the availability of DailyPay.

### Frequency of Previous Strategies

Those respondents who used one of the strategies prior to using DailyPay tended to use it quite frequently to deal with their financial situation. Two-thirds of respondents who reported that they either had trouble paying bills or making on-time loan payments had this issue every month (39%) or most months (28%) before they used DailyPay (Figure 3). Similarly, over half of respondents (56%) who previously asked friends or family for money did so at least once per month (Figure 4).

FIGURE 3: PREVIOUS FREQUENCY OF BILL AND LOAN PAYMENT DIFFICULTY

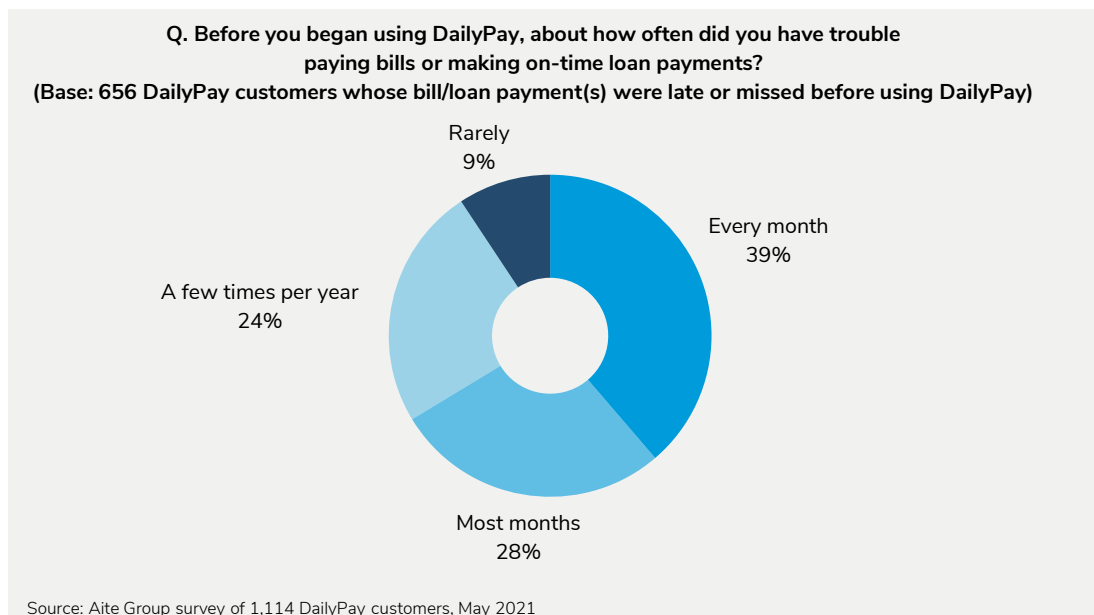
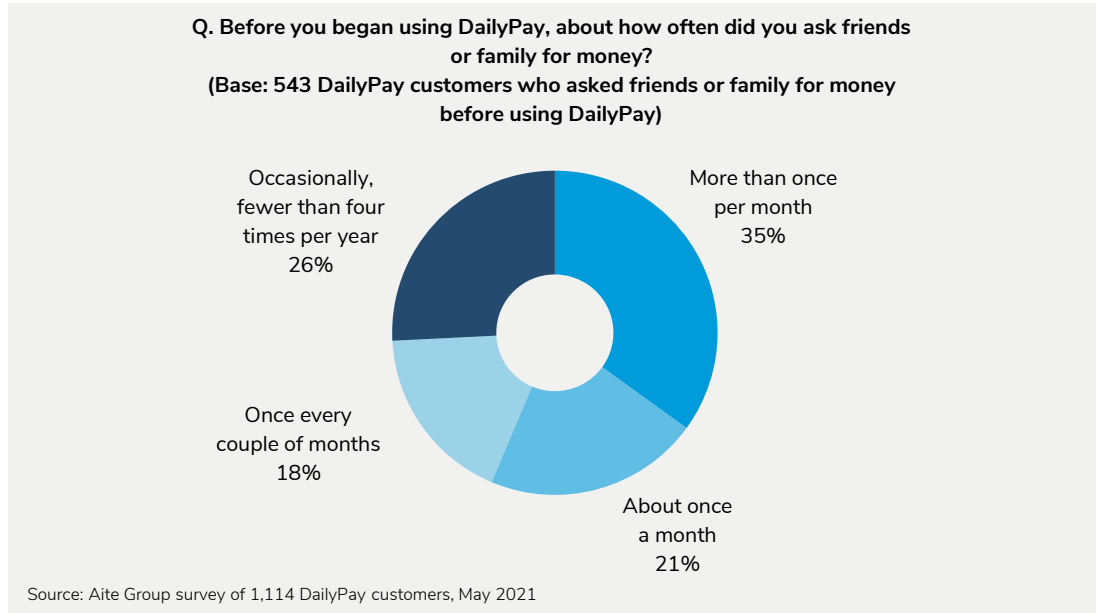


FIGURE 4: PREVIOUS FREQUENCY OF REQUESTS FOR FRIENDS OR FAMILY HELP



Payday loan borrowing and overdraft fees were also regular occurrences for respondents who previously used these strategies. For example, over a quarter (28%) of respondents who used payday loans were indebted every month, and an additional 17% were in payday loan debt much of the year (Figure 5). The frequency of overdrafts was perhaps the most pronounced among these strategies, with 38% of respondents who overdrawing their account more than once a month, and another 21% experiencing an overdraft monthly (Figure 6).

FIGURE 5: PREVIOUS FREQUENCY OF PAYDAY LOAN USE

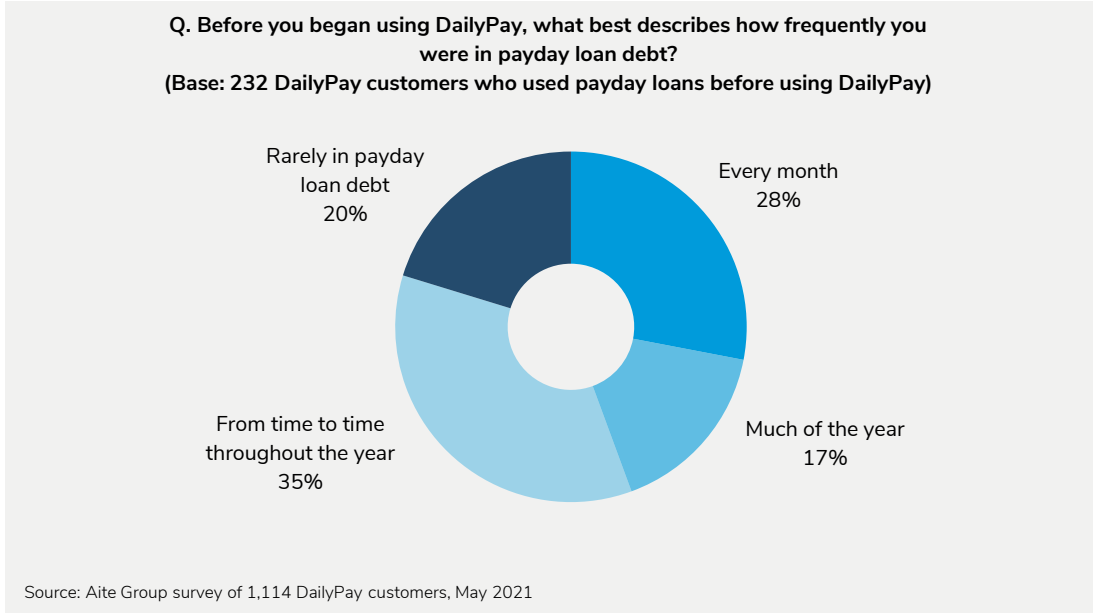
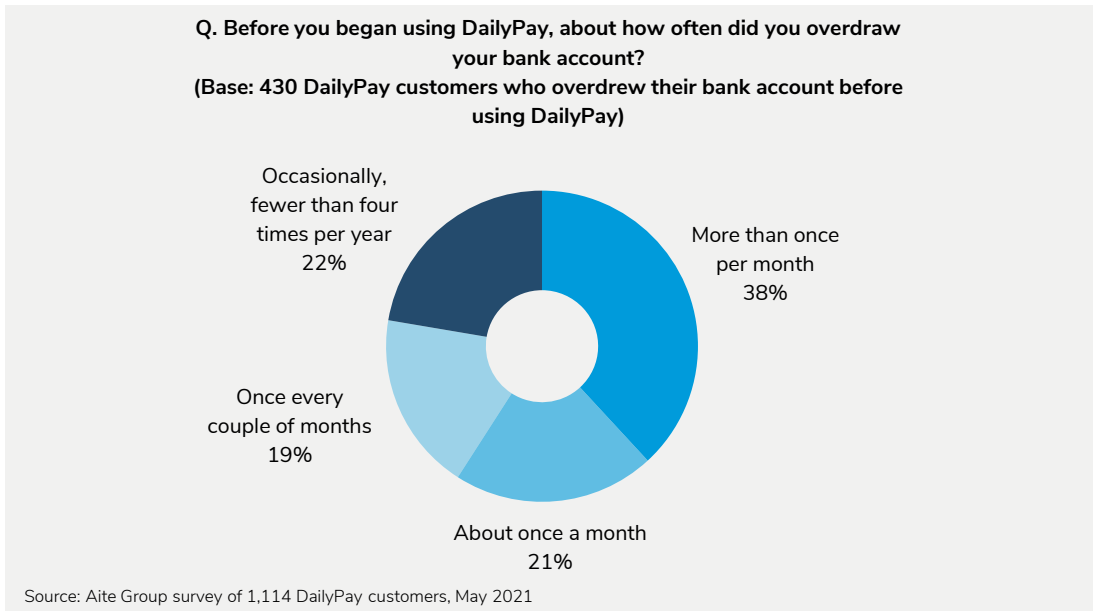


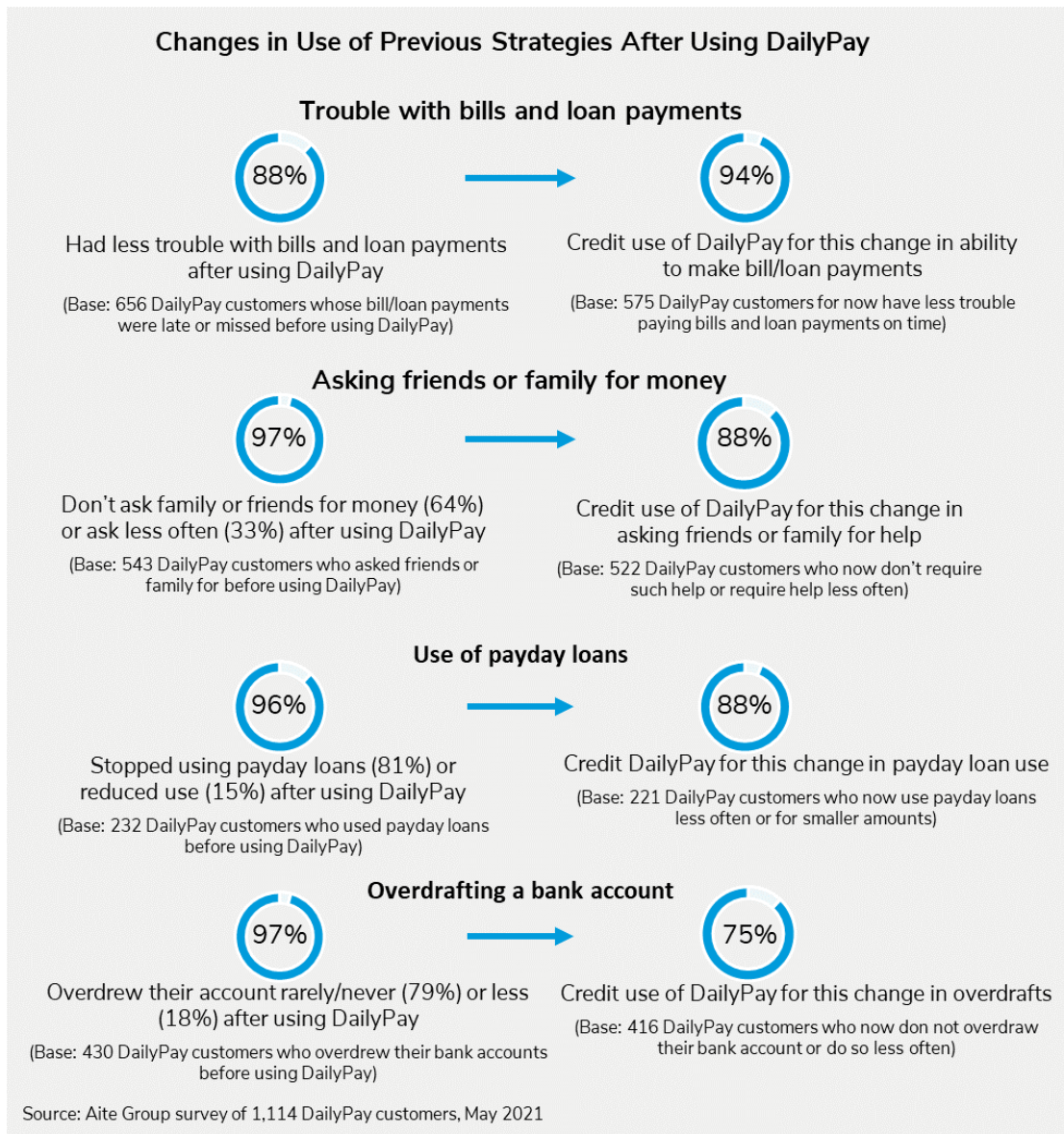
FIGURE 6: PREVIOUS FREQUENCY OF OVERDRAWN BANK ACCOUNT



### Changes After DailyPay

Once respondents started using DailyPay, a large majority changed their use of those previous strategies, either reducing their use or stopping it entirely (Figure 7). When asked whether DailyPay was the catalyst for this changed behavior, most respondents attributed the change to DailyPay rather than another factor, such as a change in income or expenses.

FIGURE 7: CHANGES IN USE OF PREVIOUS STRATEGIES AFTER USING DAILYPAY

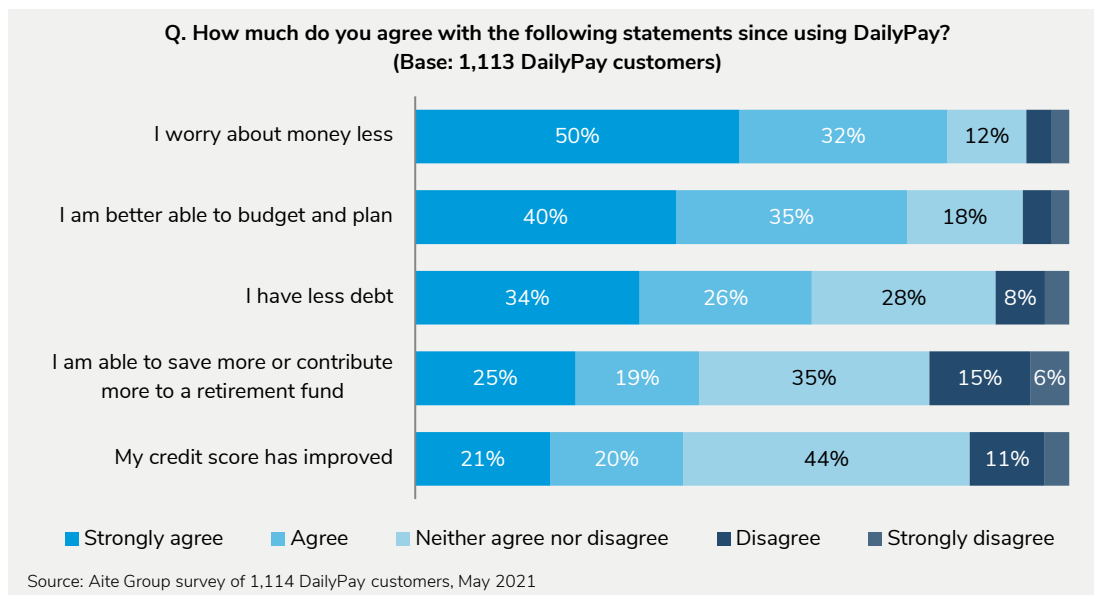


## PERCEIVED CHANGES TO FINANCIAL CONDITION

Given the substitution that many survey respondents made away from costlier alternatives when DailyPay became an option, users were asked to what extent they agreed or disagreed with statements related to their financial well-being. A large majority of users note that they worry about money less and are better able to budget a plan, and over 60% agreed with the statement that they were able to reduce their debt (Figure 8).

Somewhat fewer respondents believed that they were able to save more (either for short-term needs or retirement) or that their credit score improved as a result of using DailyPay. This is likely due to the fact that these changes would be secondary effects of DailyPay use: for example, if a consumer incurred fewer late or overdraft fees and—after becoming more financially stable—was then able to start saving or slowly rebuild their credit through on-time loan payments. Aite-Novarica Group hypothesizes that many consumers switching from costly alternatives to DailyPay first need to stop the immediate financial crisis and then gradually make longer-term investments in their financial well-being.

FIGURE 8: CHANGES IN FINANCIAL OUTLOOK SINCE USING DAILYPAY

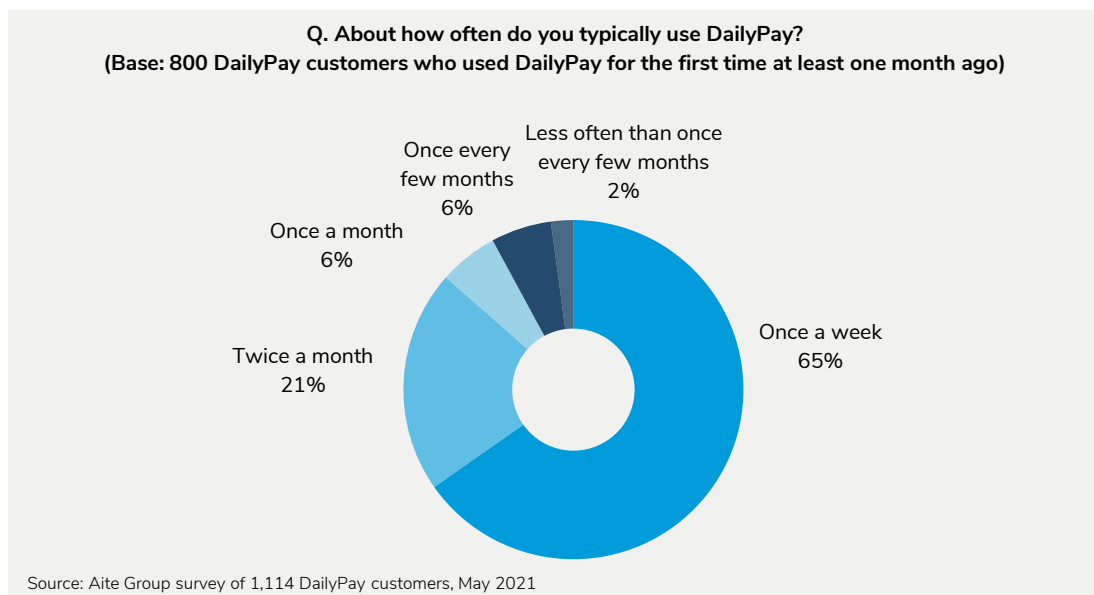


## PERCEPTIONS OF FREQUENT AND INTENSE DAILYPAY USERS

DailyPay customers can use an EWA at any time during their pay period, so long as they have accumulated earned wages. The survey asked respondents about their frequency of use and the intensity of that use, in terms of the share of total net pay they typically access in a given pay period when DailyPay was used.

About two-thirds (65%) of DailyPay users report that they use EWAs weekly, while another 27% note that they use it once or twice per month (Figure 9).

FIGURE 9: FREQUENCY OF DAILYPAY USE

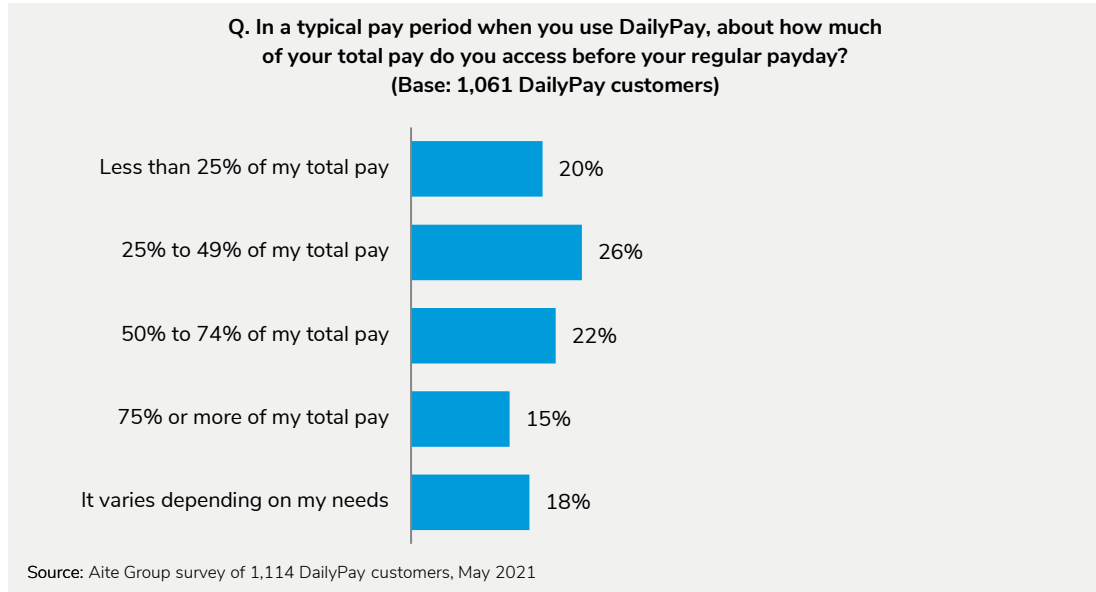


Results were more varied in terms of the total share of net wages accessed, with 46% of respondents stating that they typically access less than half of their total earnings in a given pay period and 37% accessing 50% or more (Figure 10).<sup>4</sup> The remainder of users noted that the intensity of their use varied across pay periods. These users were somewhat more likely to also report that their household income varied each month, which may be one driver of this usage pattern.

<sup>4</sup> While DailyPay allows users to access up to 100% of their accumulated net wages, some employers have imposed restrictions on the percentage of wages that can be accessed early. Thus, some respondents may not have the option to select the higher intensity categories.

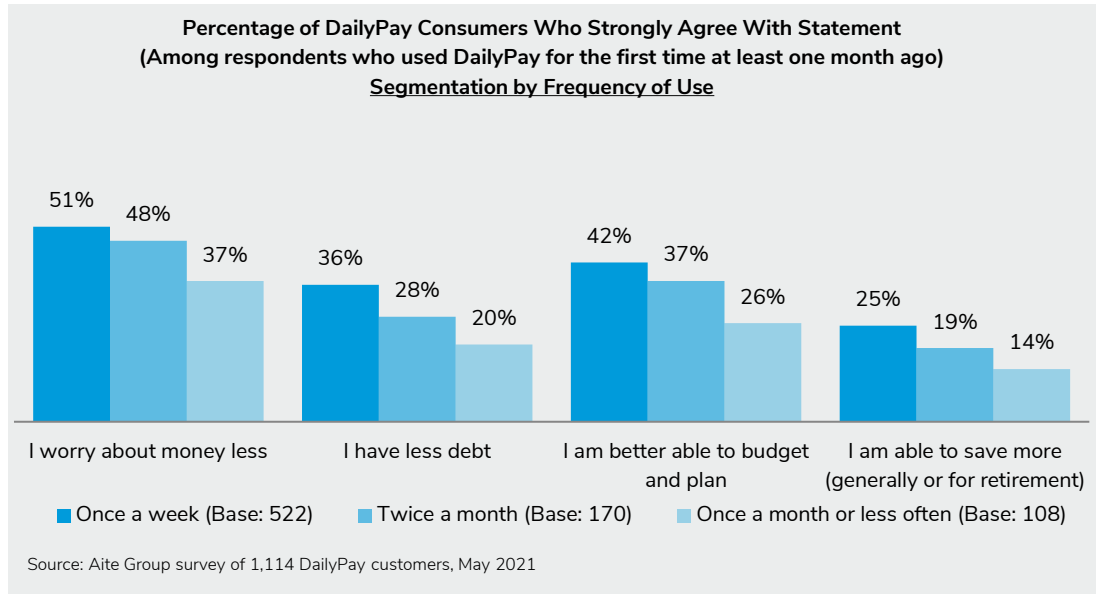


FIGURE 10: INTENSITY OF DAILYPAY USE



Aite-Novarica Group compared the most frequent and intense users of DailyPay to their peers to see if the financial outcomes they report after using DailyPay differed in a statistically significant way. As shown in Figure 11, those who use DailyPay once per week were more likely to strongly agree with several statements regarding their changed financial condition relative to those who use the product no more than once per month. Thus, we do not see evidence that more frequent use is linked to worse outcomes as it relates to user sentiment of their financial condition.

**FIGURE 11: FINANCIAL OUTCOMES REPORTED BY FREQUENT USERS, RELATIVE TO LESS FREQUENT USERS**

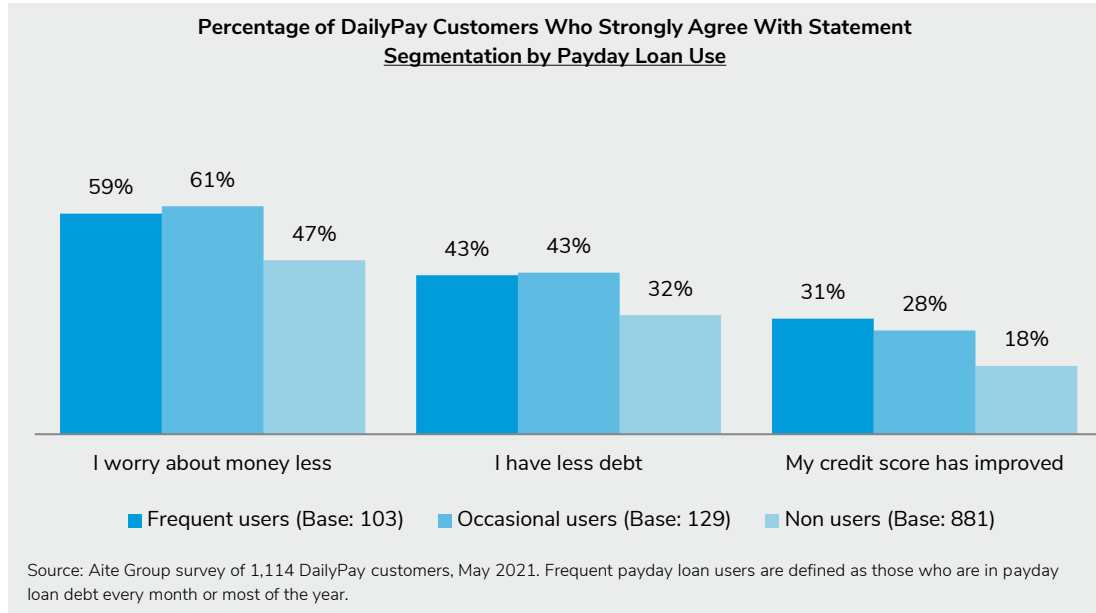


## IMPACT OF DAILYPAY ON PRIOR PAYDAY LOAN BORROWERS AND OVERDRAFTERS

As those consumers who were the most frequent users of payday loans and those who repeatedly overdrew their accounts are arguably among the most financially fragile, Aite-Novarica Group looked at these subsets of respondents to understand their perceived outcomes relative to others who did not use these products as extensively or at all.

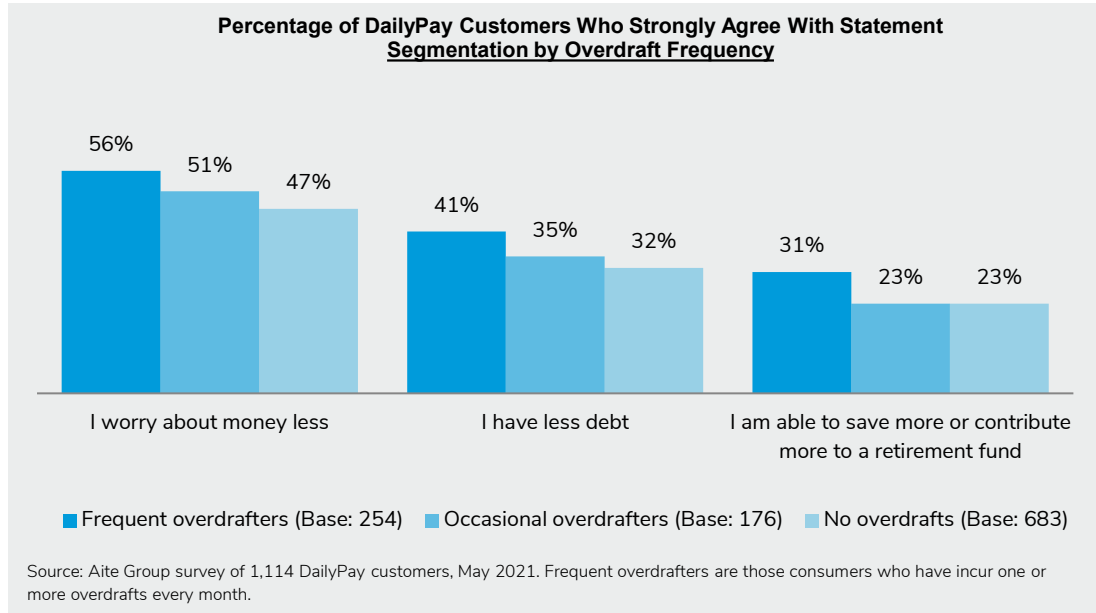
As noted earlier, those consumers who were in payday loan debt either every month or most of the year made up nearly half (45%) of all respondents who noted that they used payday loans before turning to DailyPay. These frequent payday loan users were significantly more likely to strongly agree with statements that they now worry about money less, have less debt, and have an improved credit score than their peers who did not take out payday loans prior to using DailyPay (Figure 12).

FIGURE 12: FINANCIAL OUTCOMES BY PRIOR PAYDAY LOAN BORROWING FREQUENCY



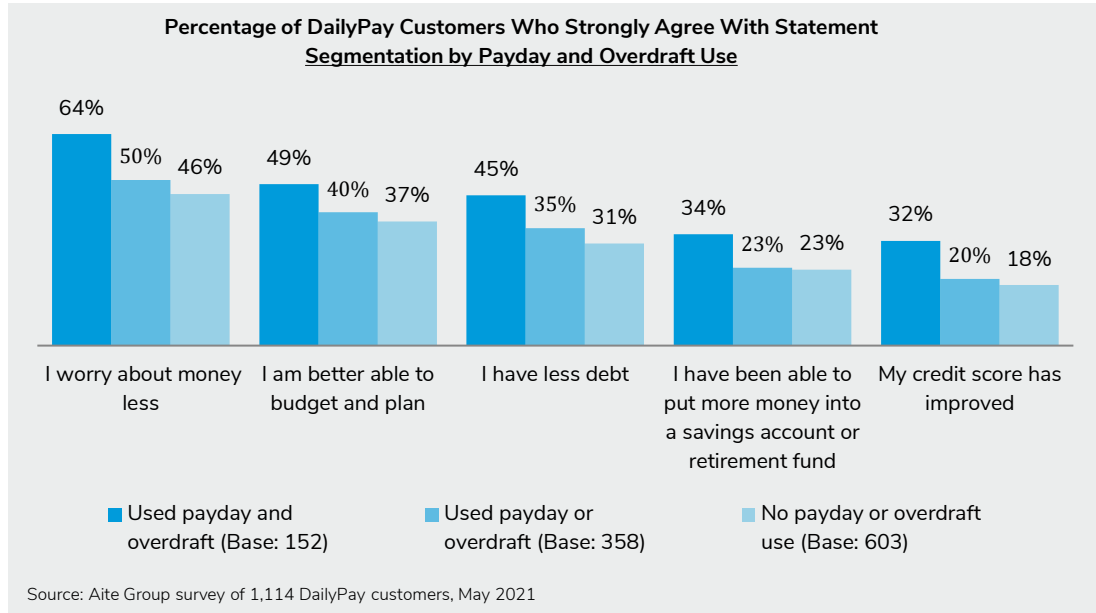
Similarly, Aite-Novarica Group compared those consumers who previously overdrew their bank account at least once per month to those who either overdrew less frequently or did not experience overdrafts. Similar to the experiences of those with prior frequent payday use, the most frequent overdrafters were more likely to strongly agree with statements about improved financial outcomes than those who overdrew less frequently or not at all. (Figure 13).

FIGURE 13: FINANCIAL OUTCOMES BY PRIOR OVERDRAFT FREQUENCY



As noted earlier, 14% of survey respondents used payday loans and also incurred overdraft fees before starting to use DailyPay. These consumers expressed similar sentiments about their improved financial condition, with significantly higher levels of agreement on several dimensions of financial well-being compared to respondents who only used payday loans or incurred overdraft fees (but not both) and those who did not have a prior history of payday loan borrowing or overdraft fees (Figure 14).

FIGURE 14: FINANCIAL OUTCOMES FOR PRIOR USERS OF PAYDAY LOANS AND OVERDRAFT



The findings in Figure 12, Figure 13, and Figure 14 suggest that DailyPay customers who are more financially vulnerable before using EWA perceive the greatest benefits of switching from their previous strategies to DailyPay.

## CONCLUSION

### EWA providers:

- **First, stop the bleeding.** Many employees face precarious financial conditions due to timing mismatches between their income and expenses or a lack of savings. Alternatives to high-cost credit or penalty fees can help them regain control of their finances. EWAs that are structured and priced appropriately can serve as one such alternative.
- **Once stabilized, facilitate customers' continued path toward financial stability.** Once these employees are on a more stable financial footing, they may be receptive to other tools and services from their EWA provider that allow them to save and improve their credit.
- **Continue efforts to understand usage and outcomes.** While the EWA market has grown considerably in recent years, it is still in its early stages. Employers, regulators, consumer advocates, and other stakeholders (in addition to EWA providers themselves) still need to better understand who makes up the EWA customer base, how these products are used, and the impacts on myriad customer segments.

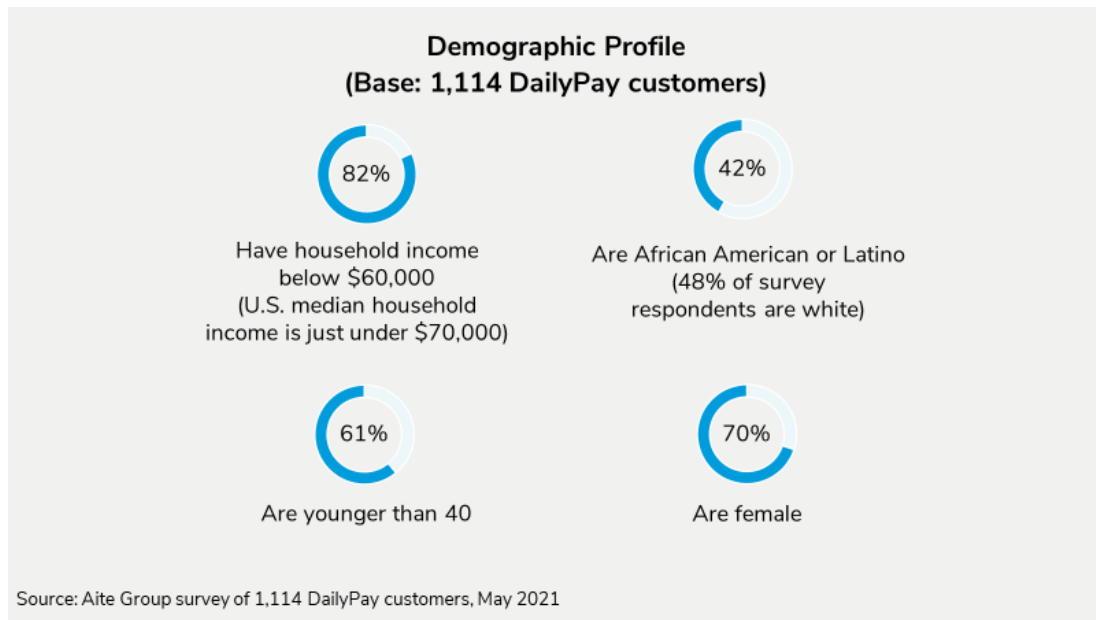
### Other EWA stakeholders:

- **Engage with EWA providers to assist with users' financial wellness journeys.** EWA providers are interested in helping their customers save and build credit. Organizations with expertise in these areas should consider partnerships with EWA providers to distribute these tools to a captive audience.
- **Develop data-driven recommendations for the future of the market.** Since this is still a relatively new product offering, much remains to be learned about customers' needs and outcomes. More research can help inform policy discussions, allowing EWA providers to refine their offerings intelligently.

## APPENDIX: SURVEY RESPONDENT PROFILE

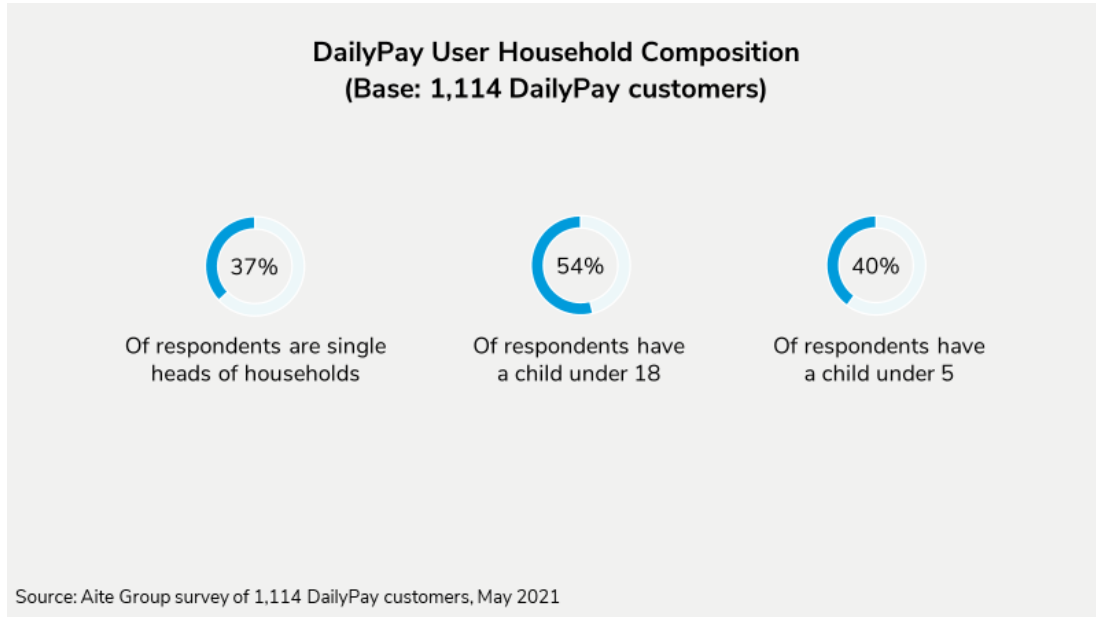
Relative to the general U.S. adult population, DailyPay users who participated in this survey are more likely to be younger, female, non-white, and lower-income (Figure 15). DailyPay notes that this demographic profile is consistent with its overall customer base.

FIGURE 15: DEMOGRAPHIC PROFILE



Over half of survey respondents have a child, and at least one child in the household is relatively young. About four in 10 respondents are single heads of households (Figure 16).

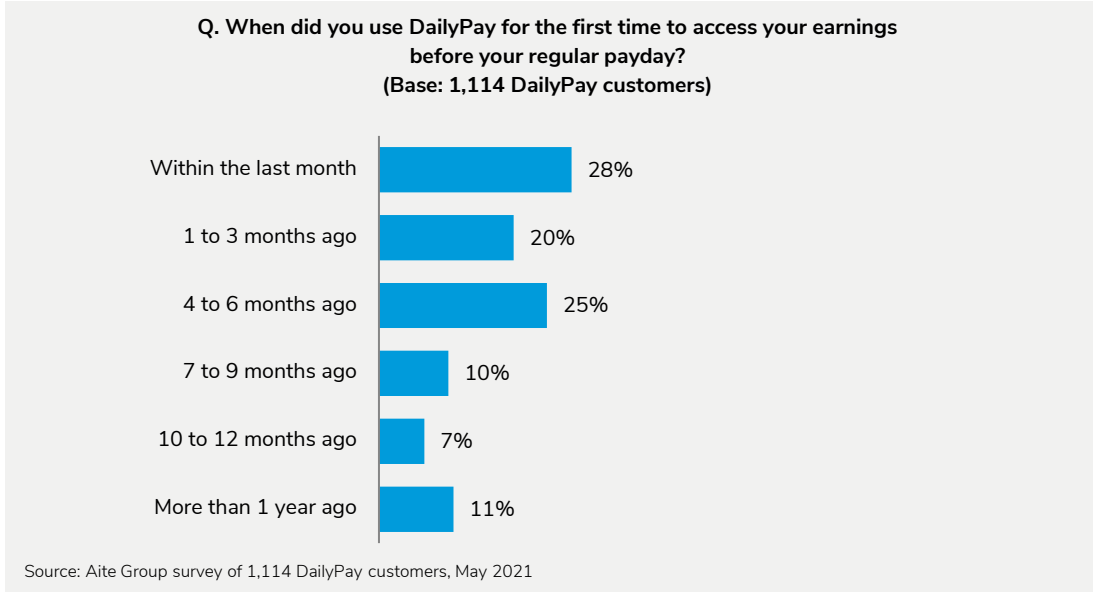
FIGURE 16: DAILYPAY USER HOUSEHOLD COMPOSITION



Most of the survey respondents only had access to DailyPay through their employer for a relatively short period of time. For example, nearly half (48%) had used DailyPay for the first time within the last three months (Figure 17). This is likely driven by the fact that employers offering DailyPay generally experience higher employee turnover rates, especially among those employees who are more junior and paid hourly, which seems to align with the respondent base.

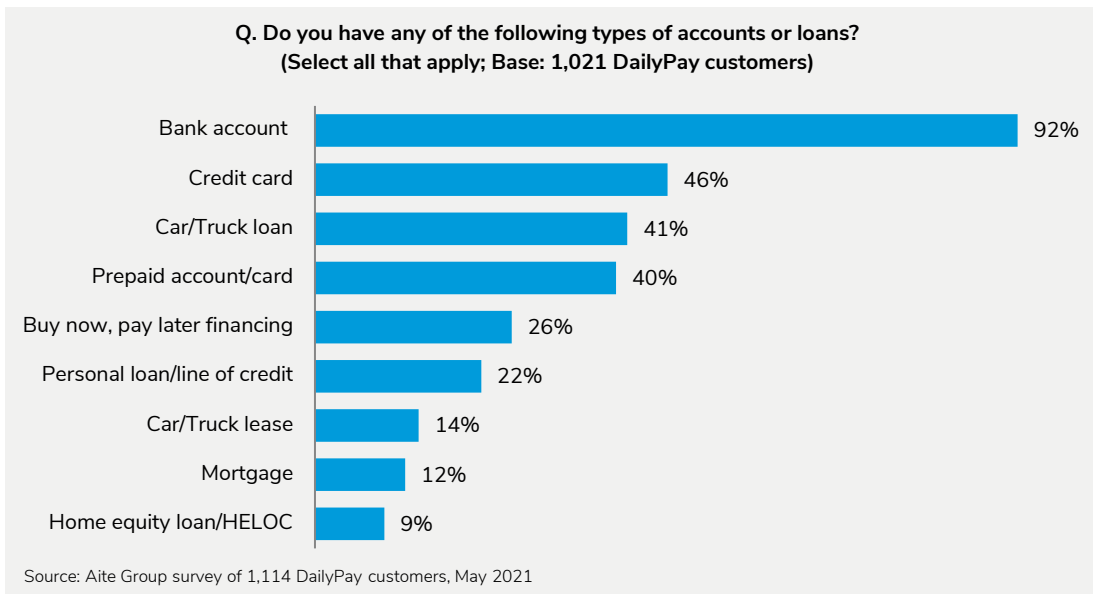


FIGURE 17: DISTRIBUTION OF DAILYPAY TENURE



Likely driven by factors such as their income and age, DailyPay survey respondents were less likely to have certain types of financial products, such as mortgages, and more likely to have a prepaid card (Figure 18).

FIGURE 18: TYPES OF FINANCIAL ACCOUNTS AND SERVICES



## RELATED AITE-NOVARICA GROUP RESEARCH

[Making Ends Meet: On-Demand Pay and Employer-Based Loans, February 2021](#)

[Uncertainty Is Certain: Consumers' Financial Outlook at Mid-Year 2020, July 2020](#)

## ABOUT AITE-NOVARICA GROUP

Aite-Novarica Group is an advisory firm providing mission-critical insights on technology, regulations, strategy, and operations to hundreds of banks, insurers, payments providers, and investment firms as well as the technology and service providers that support them. Comprising former senior technology, strategy, and operations executives as well as experienced researchers and consultants, our experts provide actionable advice to our client base. The quality of our research, insights, and advice is driven by our core values: independence, objectivity, curiosity, and integrity.

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# DailyPay Employee User Experience Research 2023

Research for DailyPay

# Research Overview

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This research was conducted by Arizent and Employee Benefits News on behalf of DailyPay. The primary objective of the research is to understand how employee users of DailyPay use the service and the impact this has on their behavior and relationship with their employer.

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## Methodology

- This research was conducted online during August 2023 among 10,283 employees. This survey was fielded by DailyPay to current users.
- DailyPay managed the distribution of the survey, guaranteeing the confidentiality of respondent identities (and data would only be displayed in aggregate). User data pertaining to age, industry, and app activity was appended for analysis.

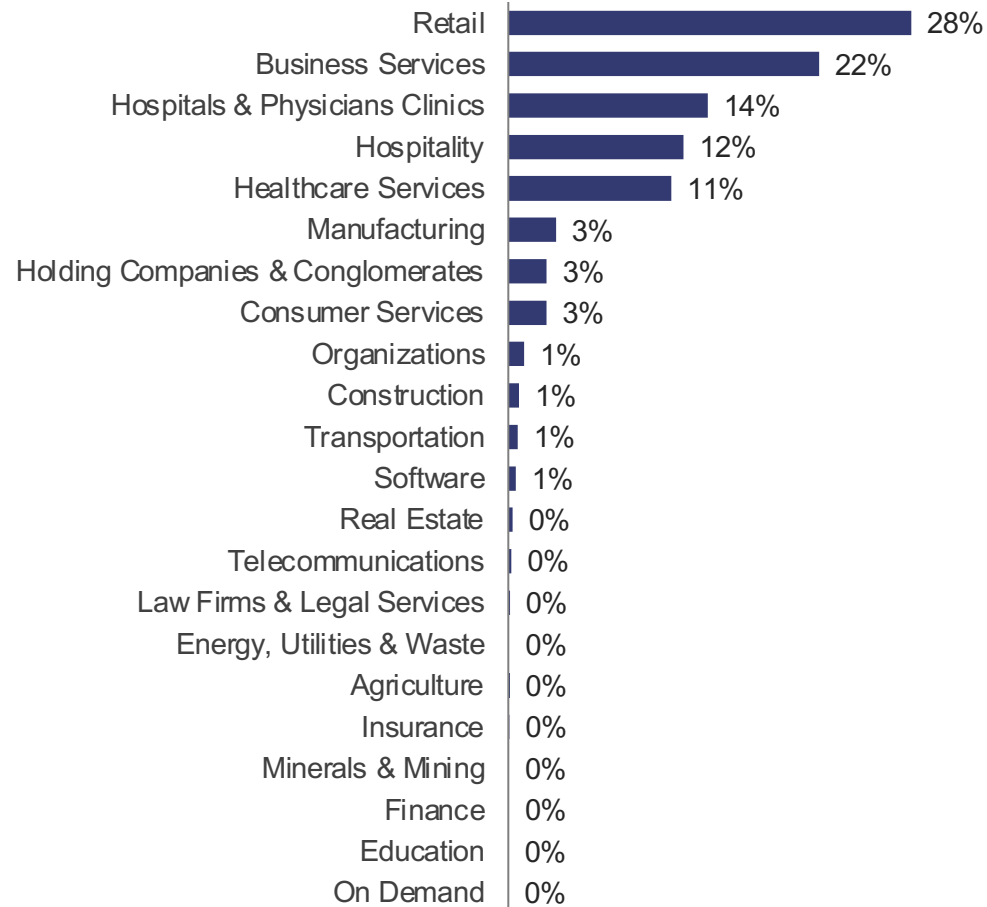
# Industry Profile



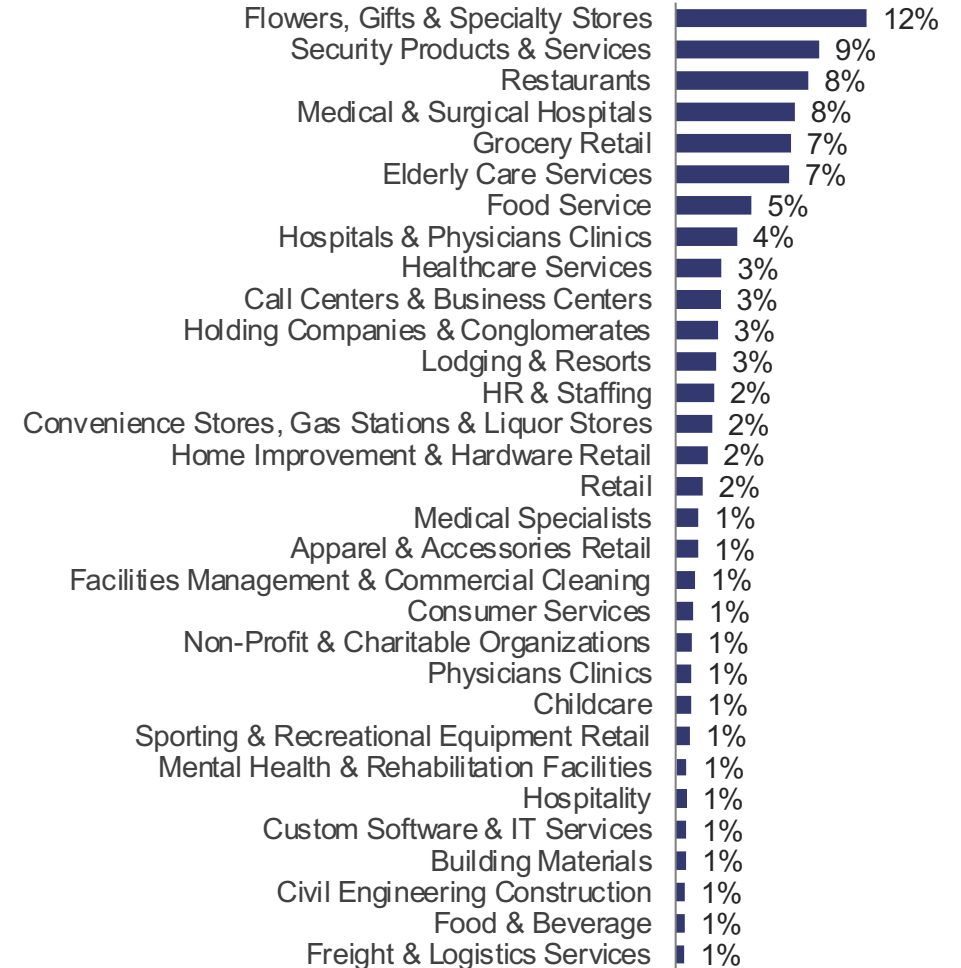
Base: Total Respondents: n=10,283

# Industry Profile

## Industry (Appended)



## Sub-Industry (Appended)

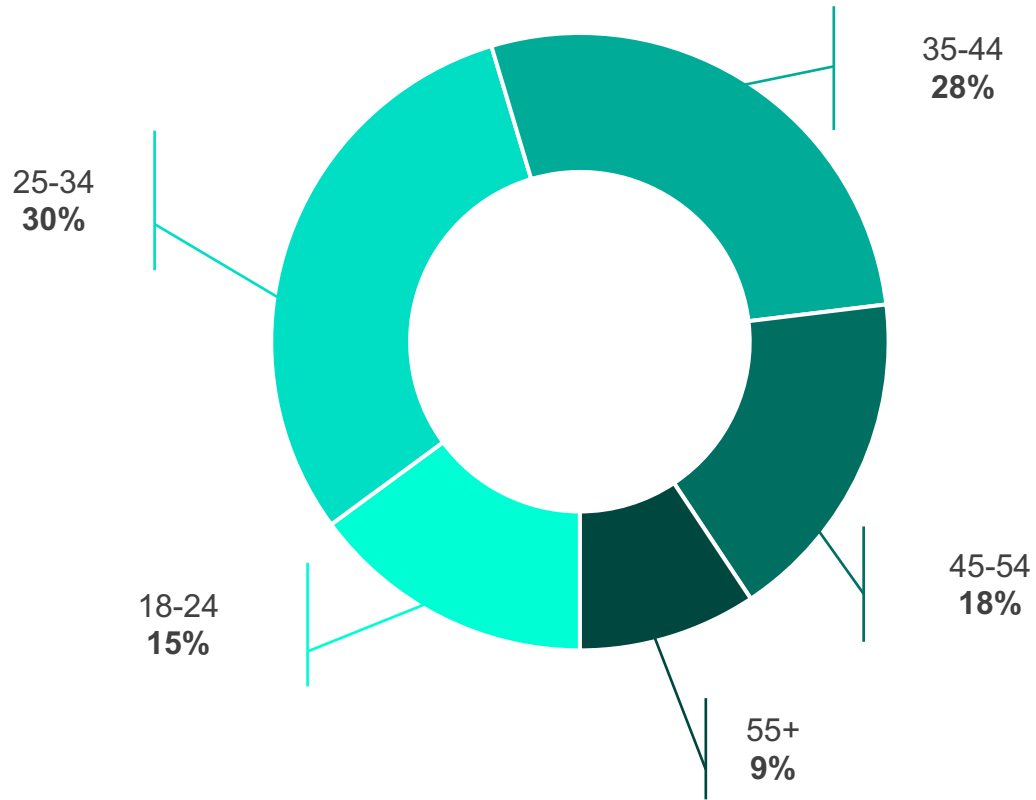


Base: Among respondents with an industry tag:n=9724

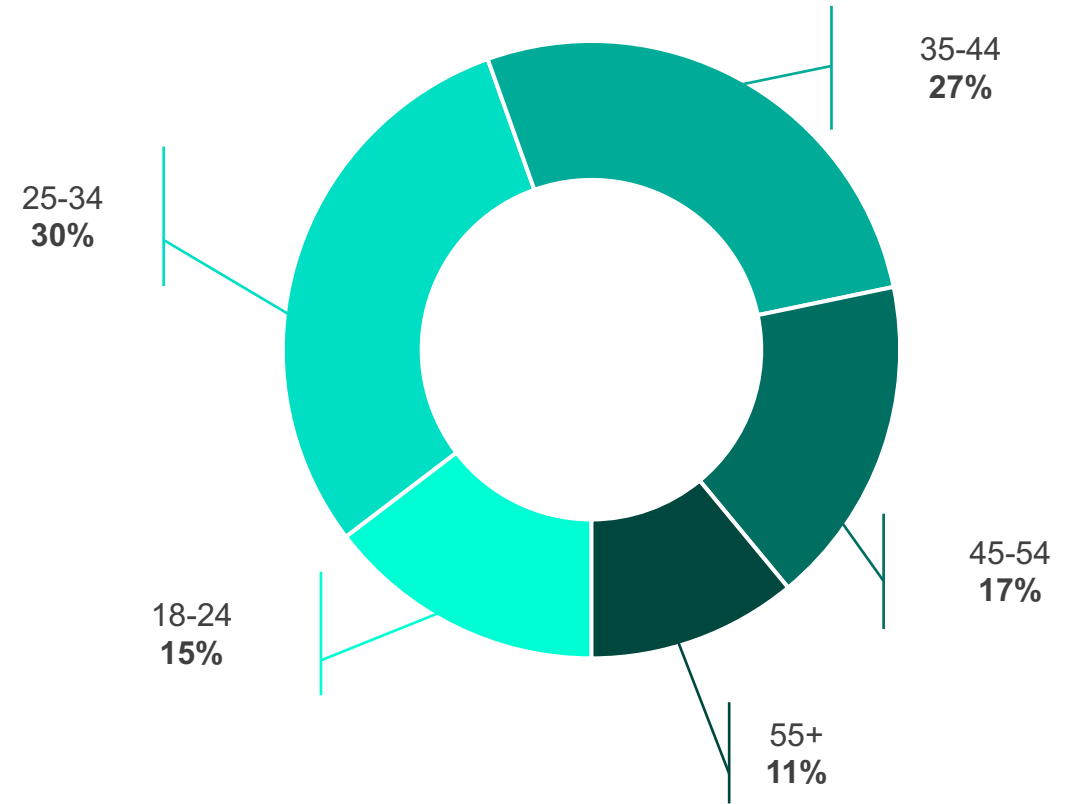


# User Profile

Age Group (**Self-reported**)



Age Group (**Appended**)

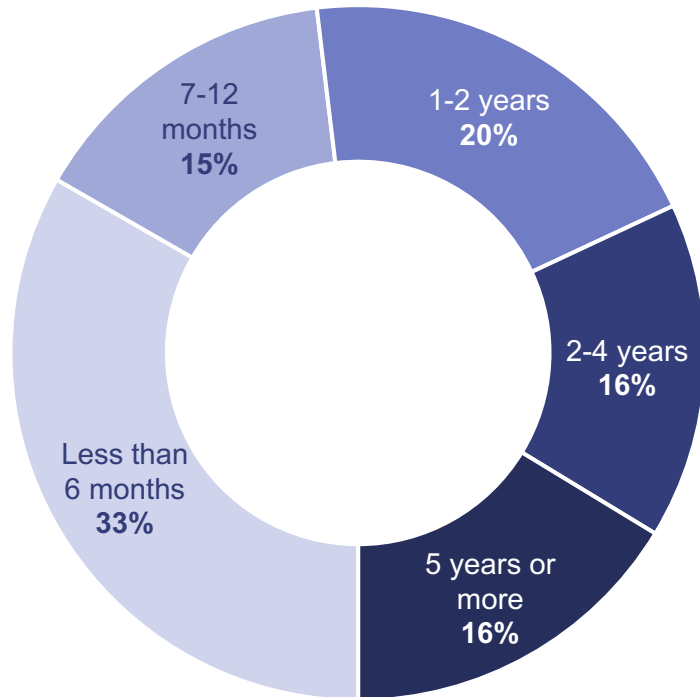


LEFT BASE: Total Respondents: n=10,283; RIGHT BASE: Among respondents with an age tag: n=10141

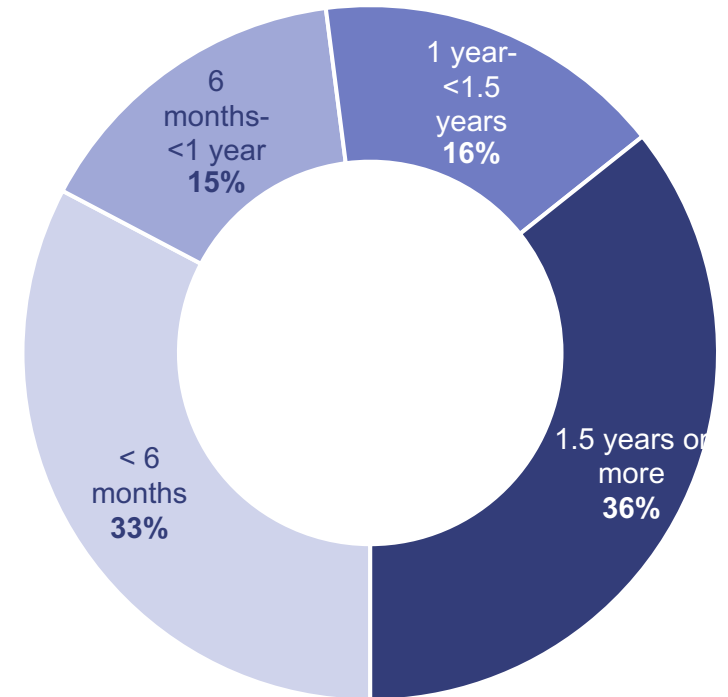


# User Profile

Length of Time Using DailyPay (**Self-reported**)



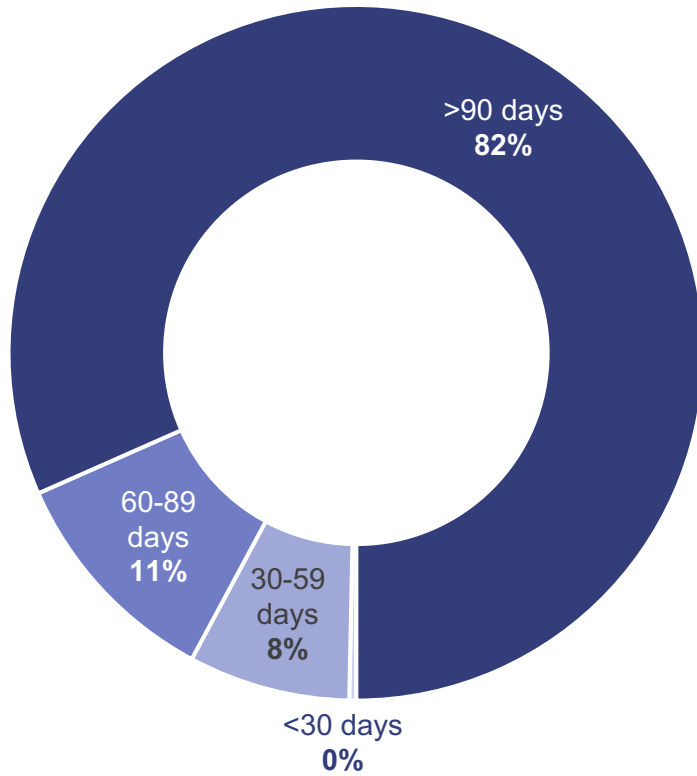
Length of Time Using DailyPay (**Appended**)



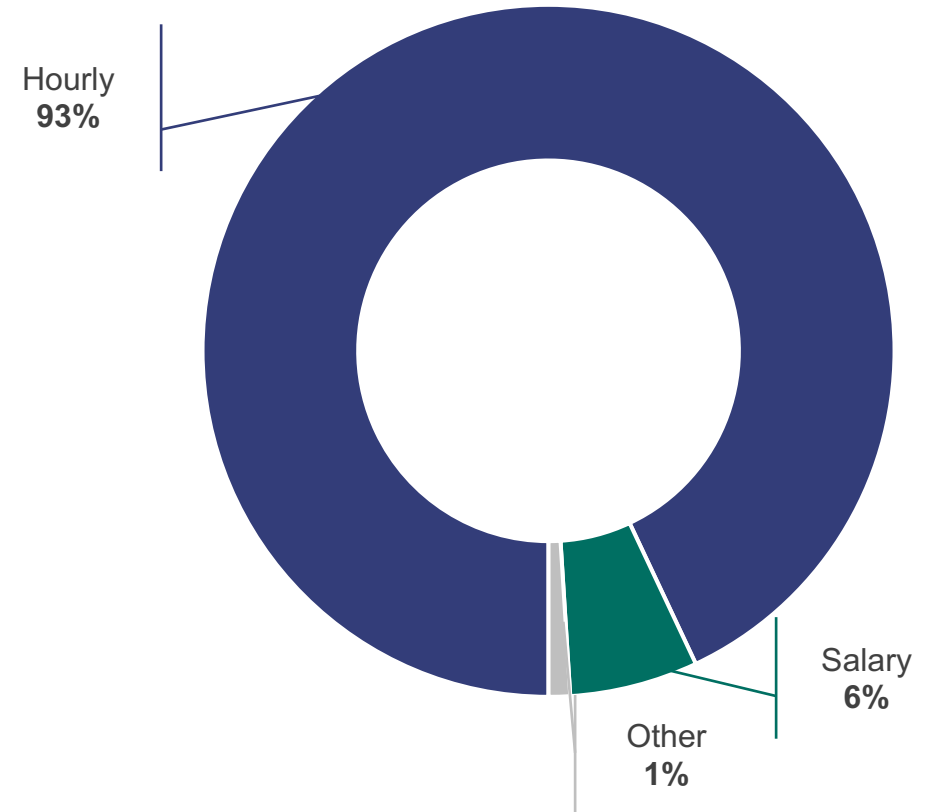
LEFT BASE: Total Respondents: n=10,283; RIGHT BASE: Among respondents with a length of time using DailyPay tag: n=10050

# User Profile

Days Since Enrollment in DailyPay  
(Appended)



Pay Structure



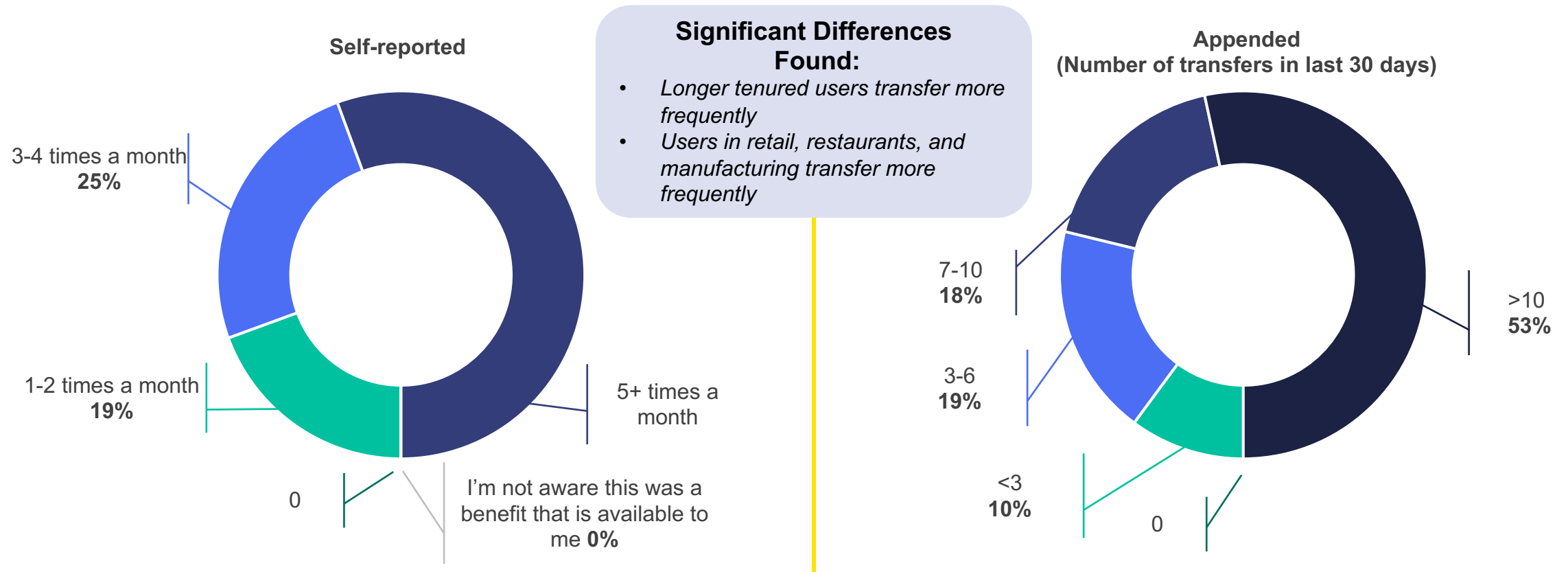
LEFT BASE: Among respondents with a length of time using DailyPay tag: n=10050; RIGHT BASE: Total Respondents: n=10,283



# **Detailed Findings**

# More than half of respondents transfer money from DailyPay to their account or paycard at least five times per month

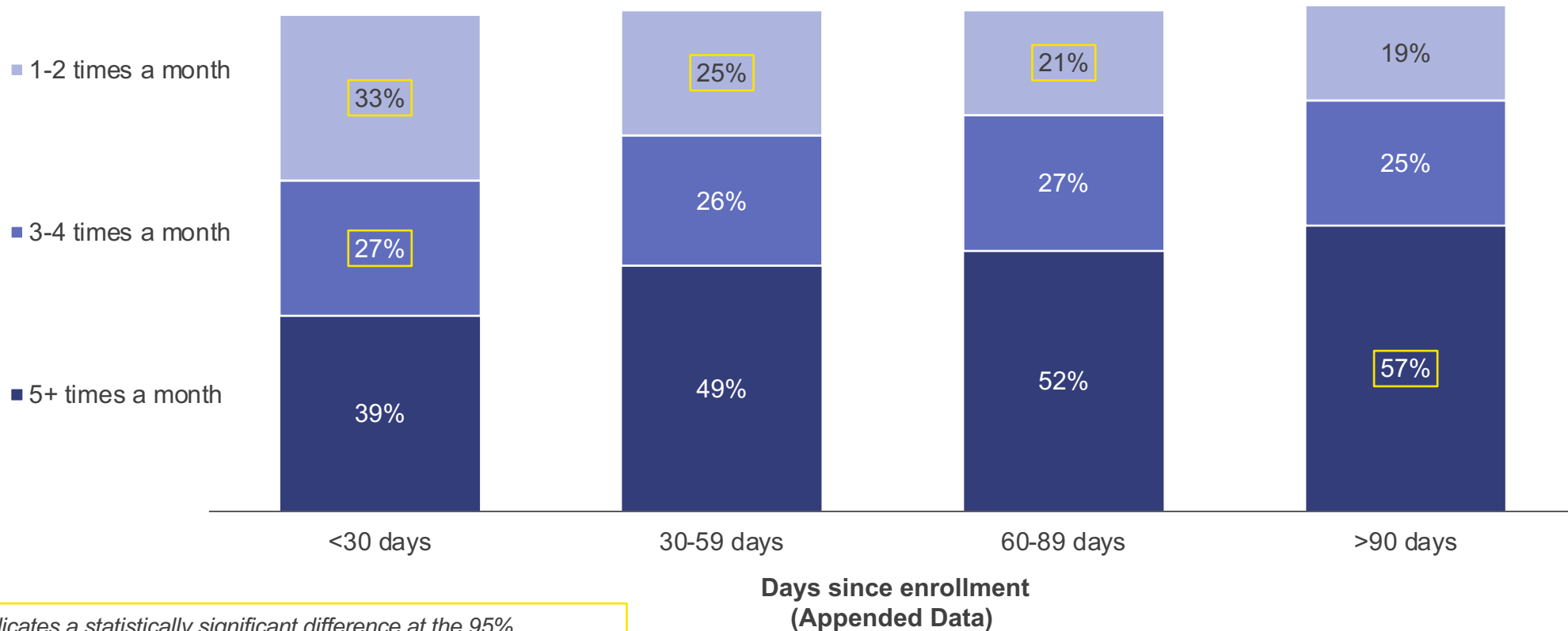
*Roughly how many times in a typical month do you transfer money from your DailyPay account (i.e. transfer money to your bank account or paycard before payday)?*



Base: Total Respondents: n=10,283

# Users who have been enrolled in DailyPay for over 90 days are more likely to be transferring funds 5+ times per month

*Roughly how many times in a typical month do you transfer money from your DailyPay account (i.e. transfer money to your bank account or paycard before payday)?*

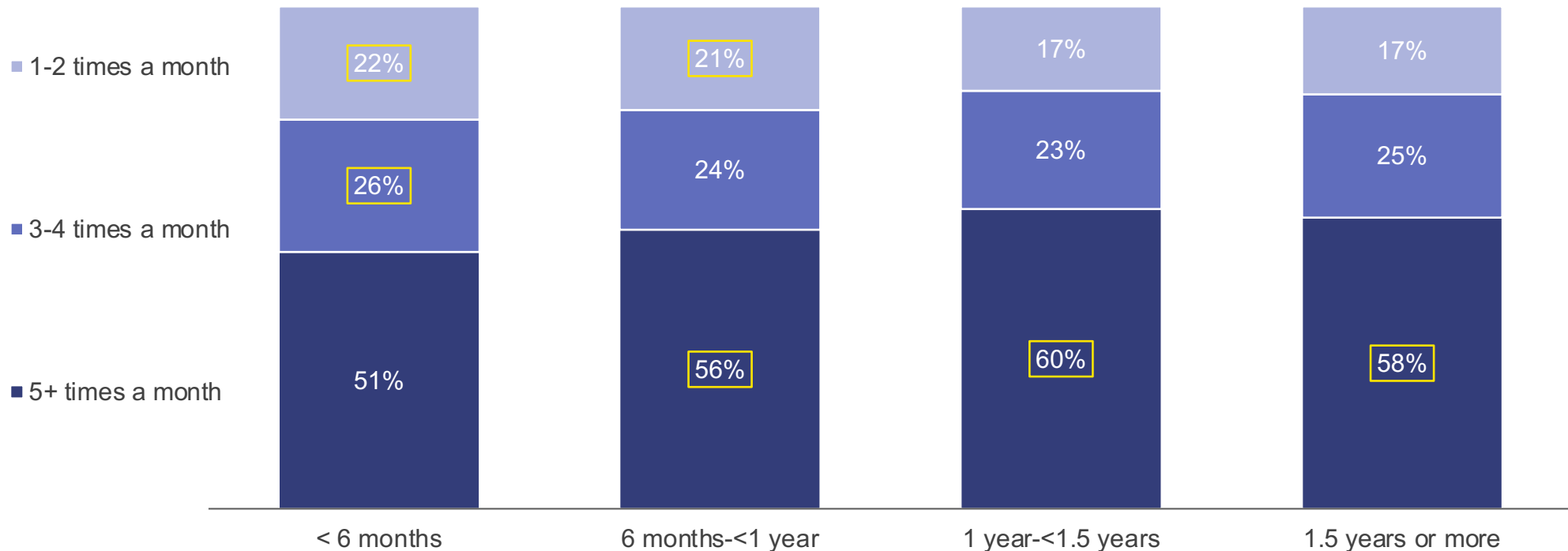


Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: By Days since enrollment in DailyPay: <30 days: n=33, 30-59 days: n=756, 60-89 days: n=1058, >90 days: n=8203

# Users of 6 months or longer are more likely to make transfers 5+ times per month

*Roughly how many times in a typical month do you transfer money from your DailyPay account (i.e. transfer money to your bank account or paycard before payday)?*



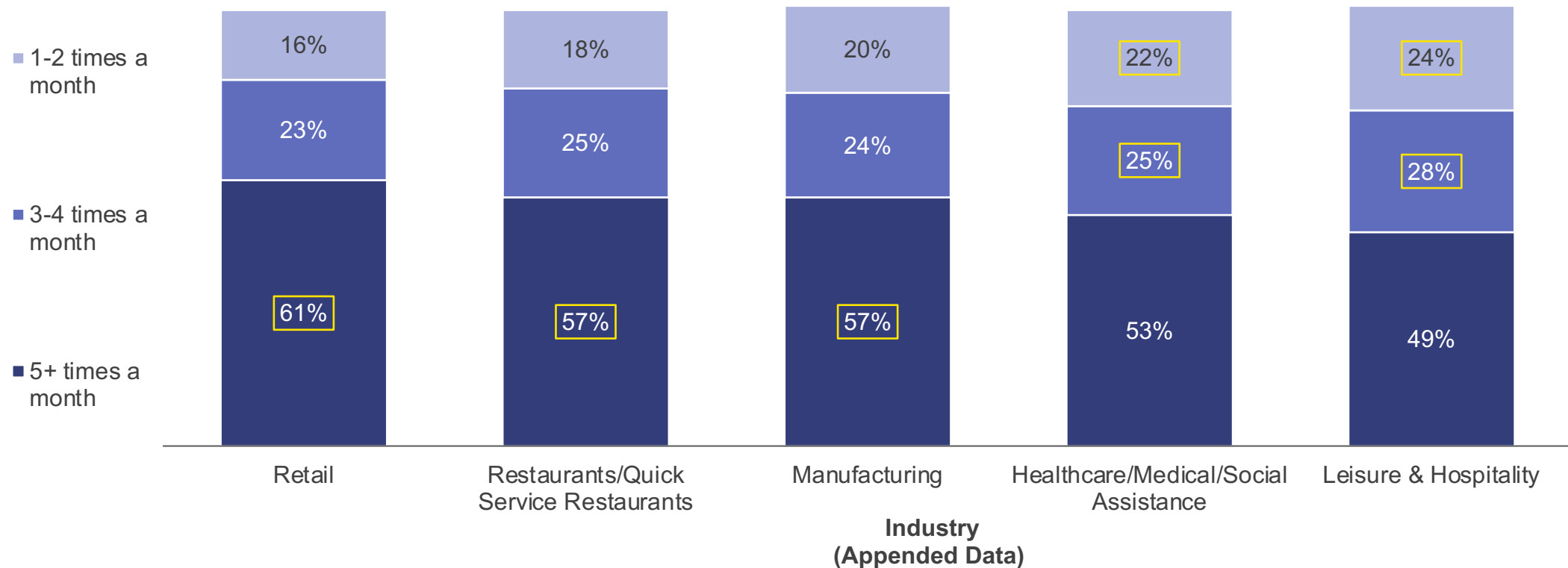
Length of time enrolled  
(Appended Data)

Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: By length of time enrolled: < 6 months: n=3288, 6 months-<1 year: n=1532, 1 year-<1.5 years: n=1643, 1.5 years or more

# Users in retail, restaurants, and manufacturing are more likely to make 5+ transfers per month

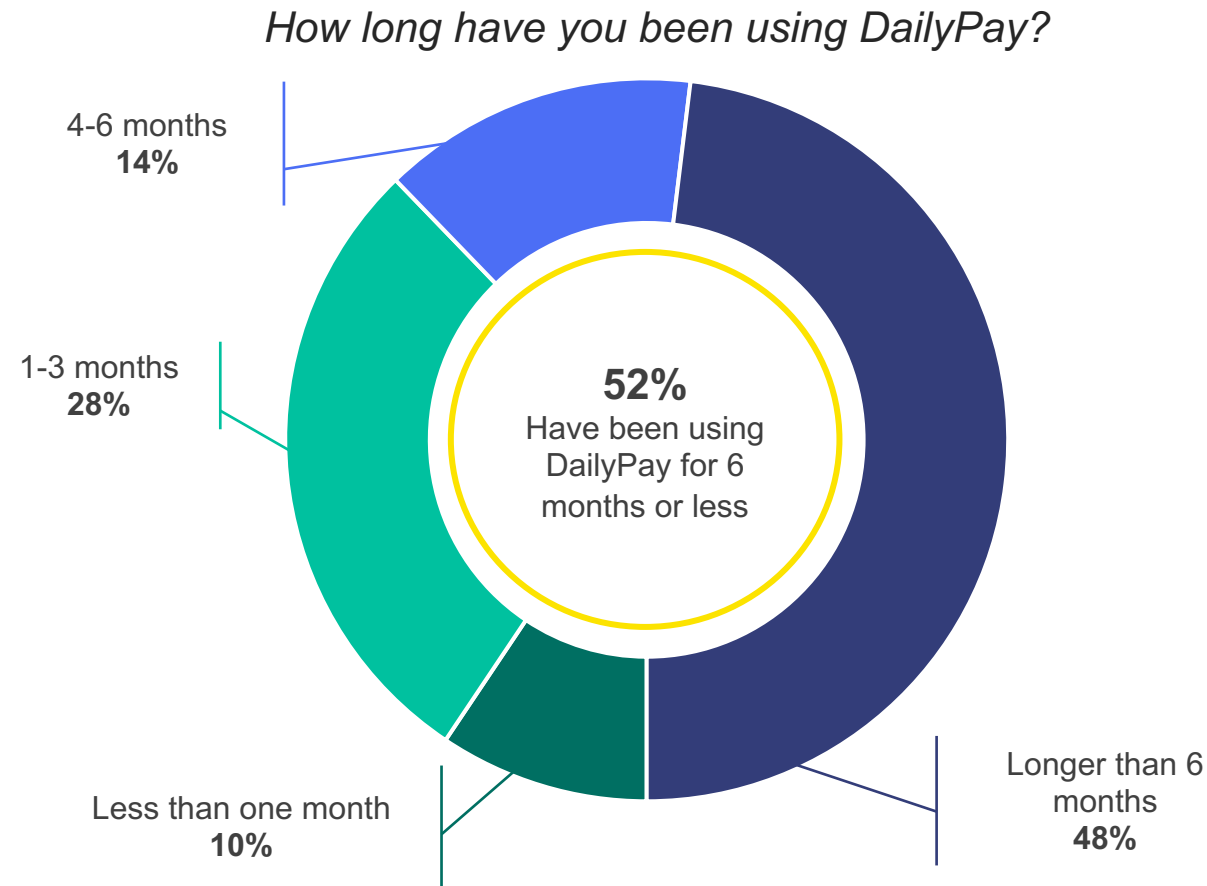
*Roughly how many times in a typical month do you transfer money from your DailyPay account (i.e. transfer money to your bank account or paycard before payday)?*



*Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.*

Base: Among users who fall into one of these key target industries: Retail: n=2731, Restaurants/Quick Service Restaurants: n=821, Leisure & Hospitality: n=367, Healthcare/Medical/Social Assistance: n=2456, Manufacturing: n=322

# About half are new users, having used DailyPay for six months or less



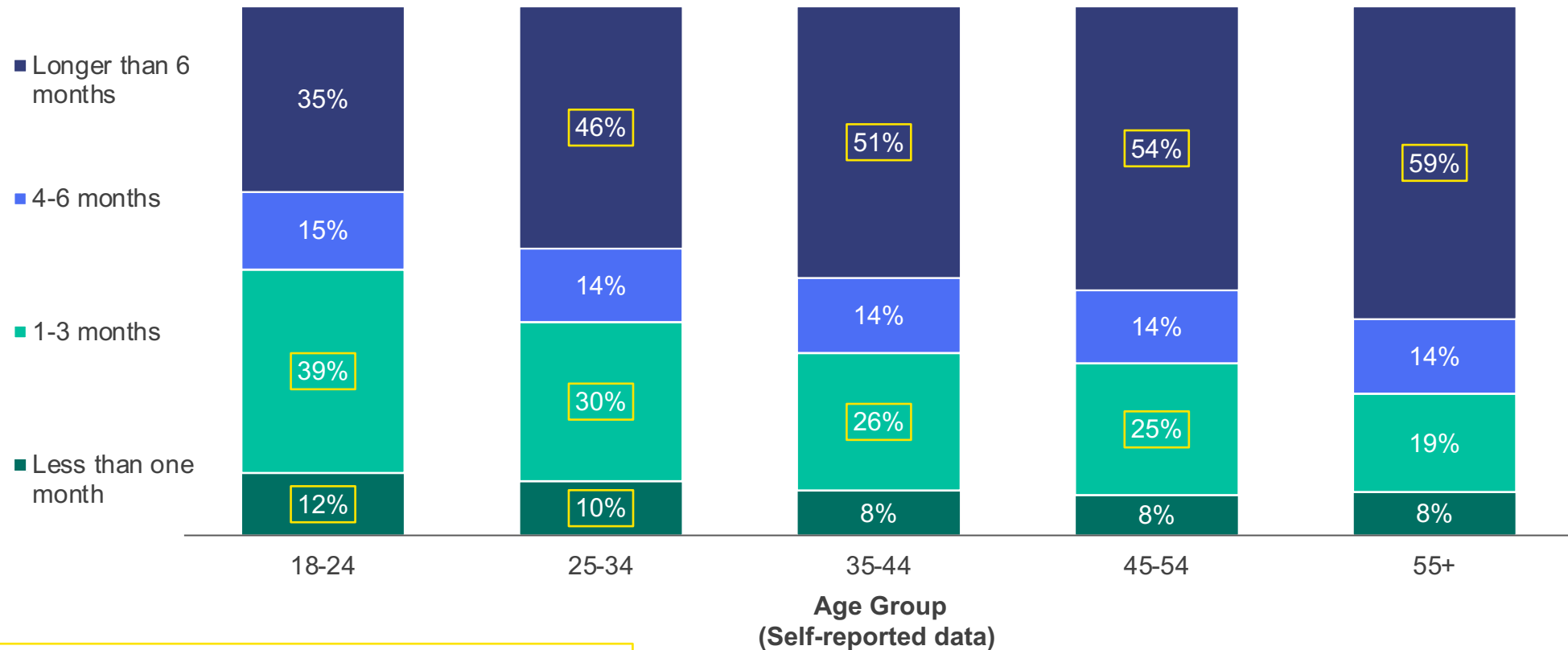
## Significant Differences Found:

- *Older users have been using DailyPay for longer*
- *Leisure & hospitality, manufacturing, and restaurant workers tend to be newer users*



# Older users have been using the DailyPay app for longer

*How long have you been using DailyPay?*

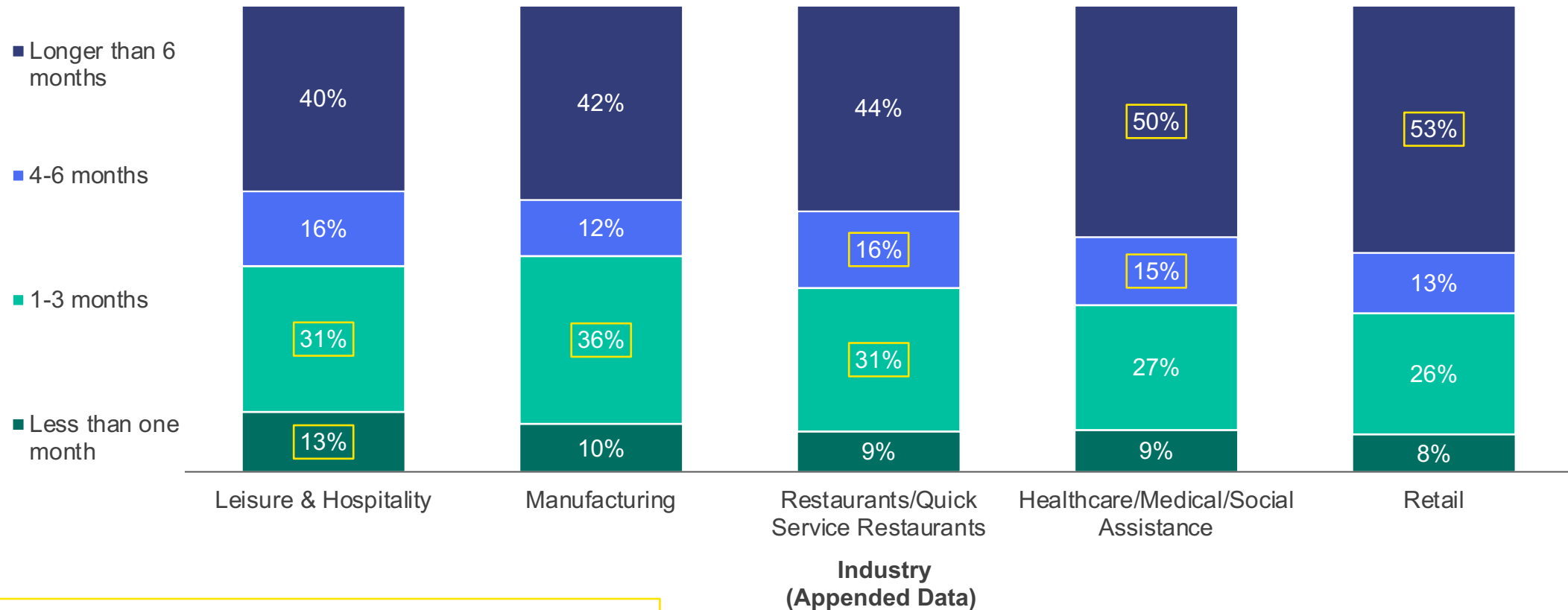


*Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.*

Base: By Age group: 18-24: n=1485, 25-34: n=3032, 35-44: n=2758, 45-54: n=1751, 55+: n=1115

# Most leisure & hospitality, manufacturing, and restaurant workers have been using DailyPay for 6 months or less

How long have you been using DailyPay?

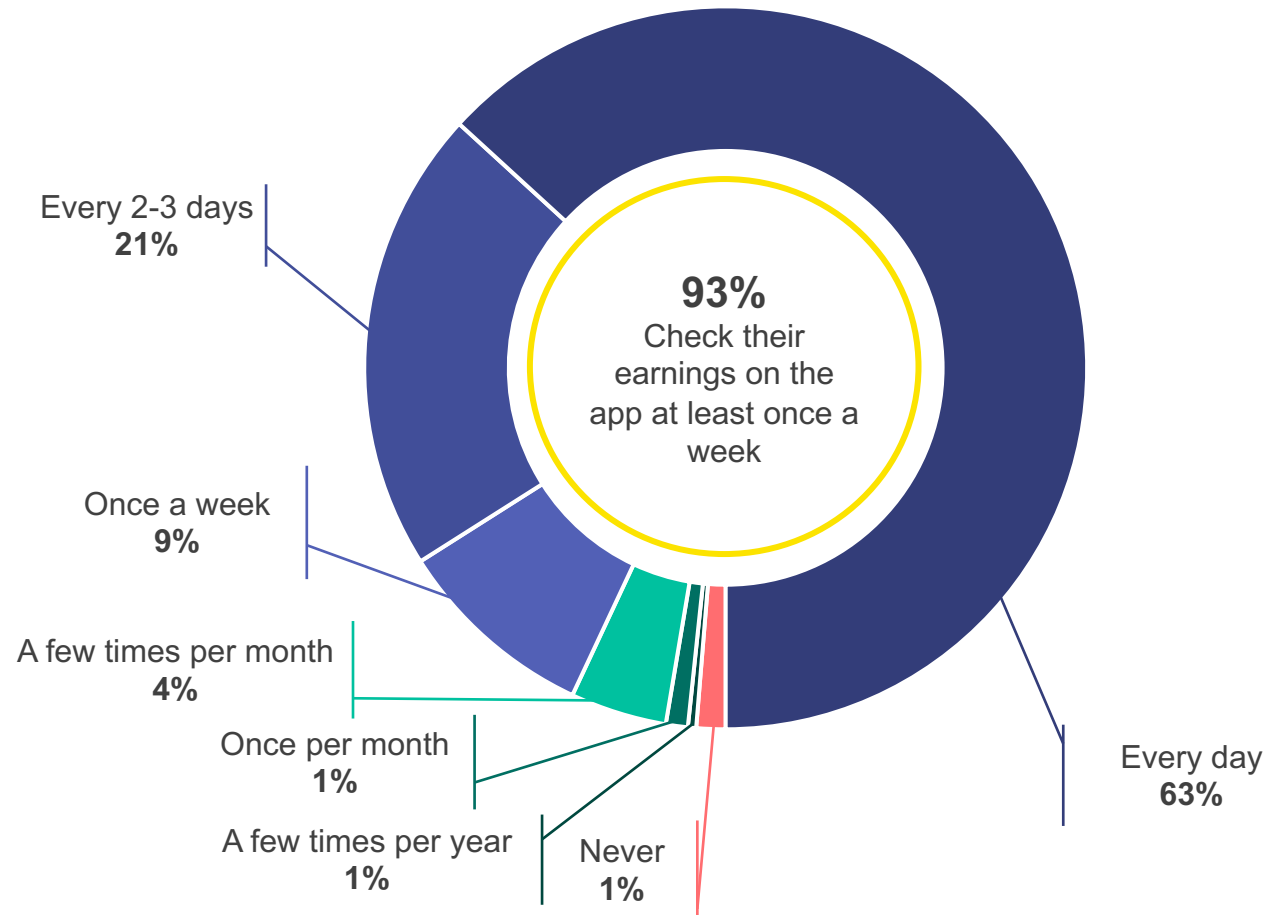


Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: Among users who fall into one of these key target industries: Retail: n=2731, Restaurants/Quick Service Restaurants: n=821, Leisure & Hospitality: n=367, Healthcare/Medical/Social Assistance: n=2456, Manufacturing: n=322

# 6-in-10 users track their earnings daily

*About how often do you check the DailyPay app to track your earnings?*



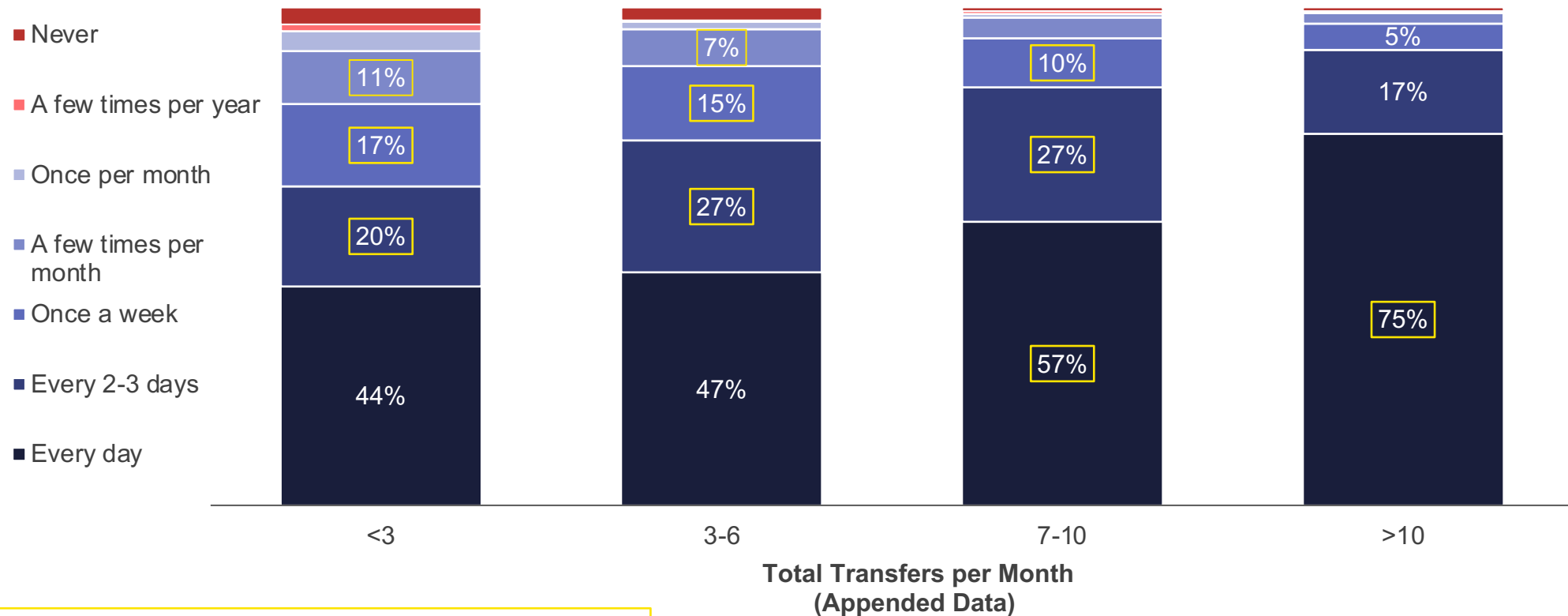
## Significant Differences Found:

- *Users who transfer more often also check their earnings more often*
- *Users under 55 are more likely to track their earnings with DailyPay*
- *Non-salaried users check their earnings more often*
- *Restaurant and retail workers check their earnings more often*

Base: Total Respondents: n=10,283

# Users who make more than 6 transfers per month are more likely to check the DailyPay app daily

About how often do you check the DailyPay app to track your earnings?



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

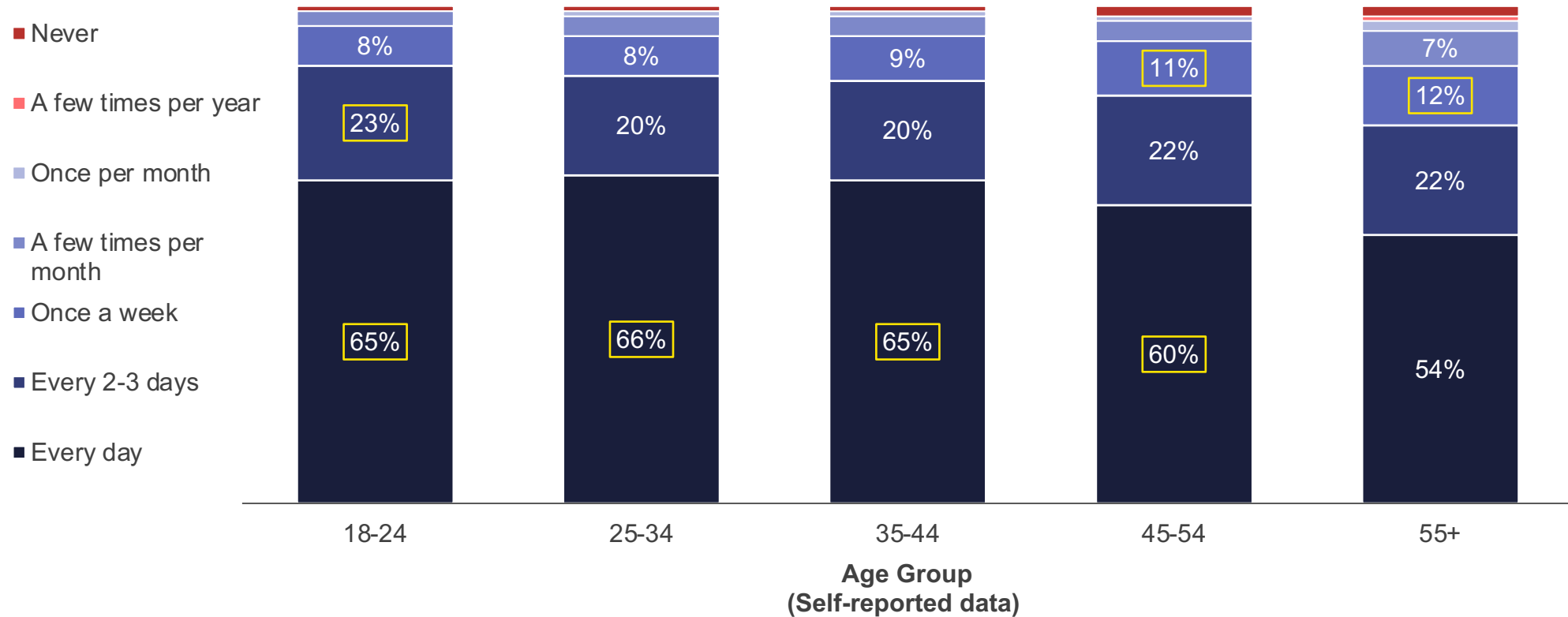
Labels not shown for values less than 5%

Base: By Total transfers per month: <3: n=1041, 3-6: n=1920, 7-10: n=1833, >10: n=5489



# Users under 55 are more likely to check their DailyPay app daily to track their earnings

About how often do you check the DailyPay app to track your earnings?



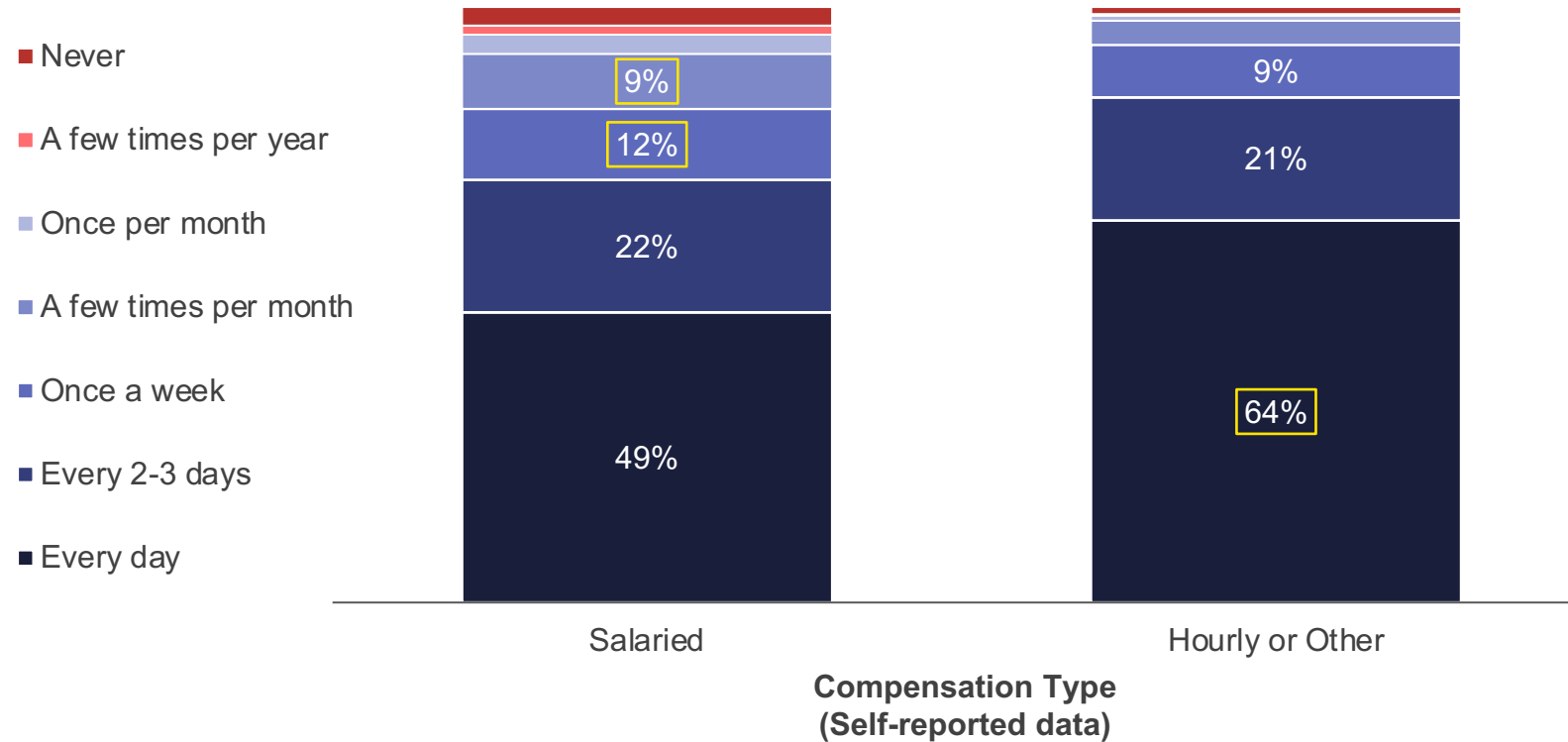
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 5%

Base: By Age group: 18-24: n=1485, 25-34: n=3032, 35-44: n=2758, 45-54: n=1751, 55+: n=1115

# Non-salaried users check their DailyPay app to track earnings more often than salaried users

*About how often do you check the DailyPay app to track your earnings?*



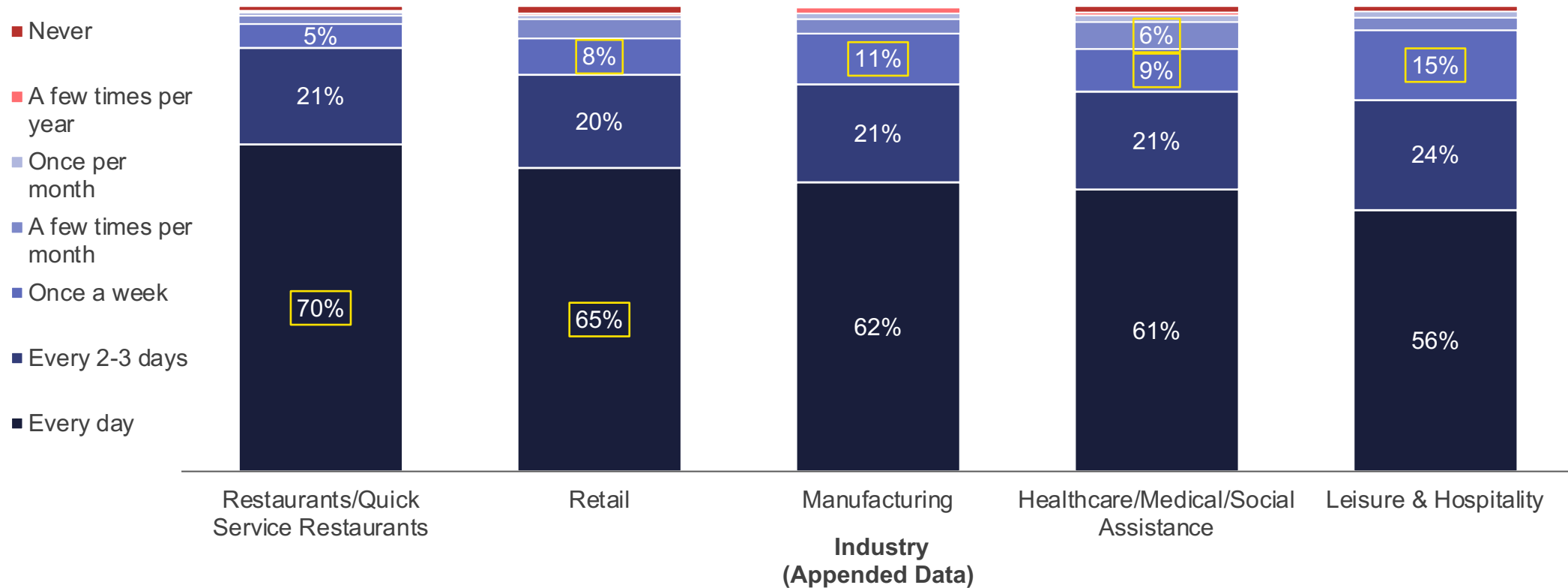
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 5%

Base: Among all respondents by compensation type: Salaried: n=609, Hourly or Other: n=9674

# Restaurant and retail workers are more likely than others to check their DailyPay app every day to track their earnings

About how often do you check the DailyPay app to track your earnings?



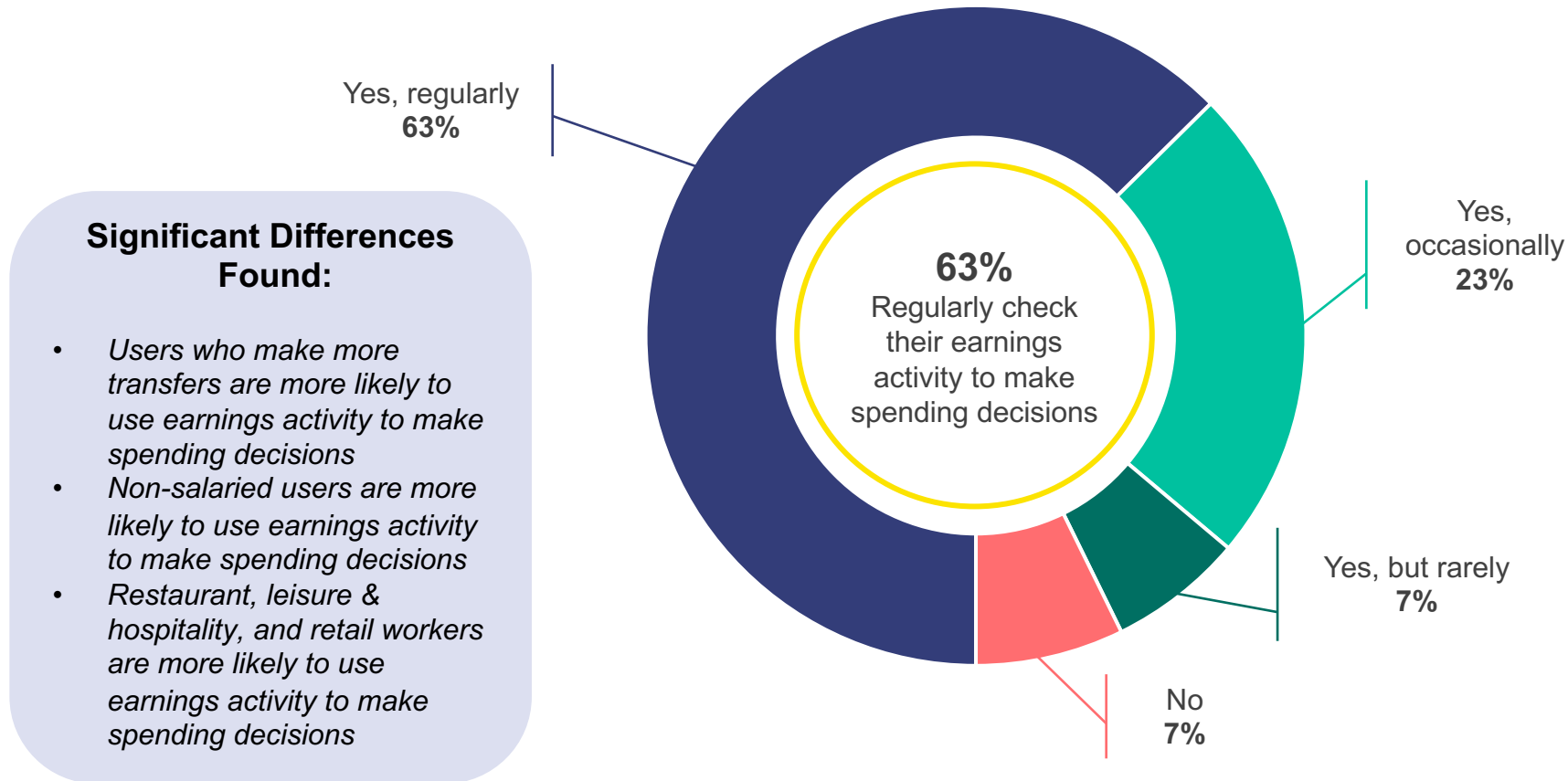
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 5%

Base: Among users who fall into one of these key target industries: Retail: n=2731, Restaurants/Quick Service Restaurants: n=821, Leisure & Hospitality: n=367, Healthcare/Medical/Social Assistance: n=2456, Manufacturing: n=322

# 9-in-10 users check their earnings activity to make spending and financial decisions

*Do you check your earnings activity in DailyPay to help you make spending and financial decisions?*

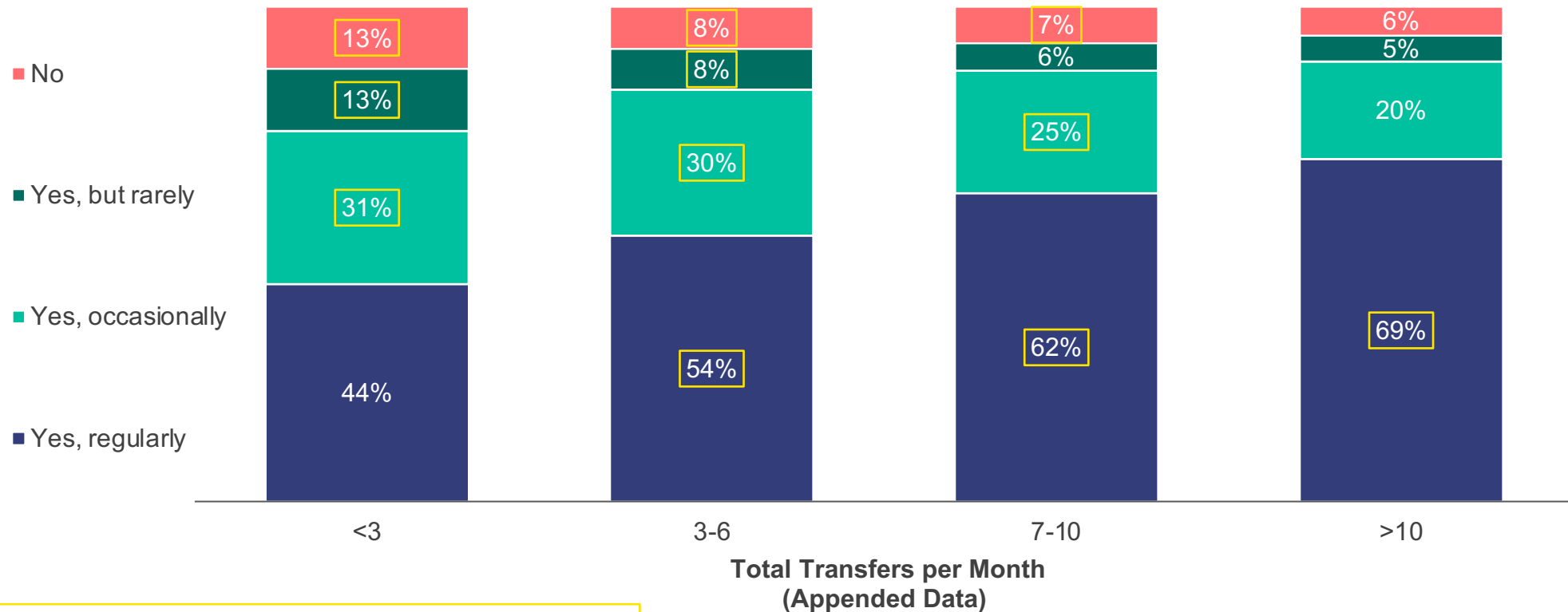


Base: Total Respondents: n=10,283



# Users who make more transfers per month are more likely to check their earnings activity to help them make financial decisions

Among respondents who check the DailyPay app at least a few times per year  
 Do you check your earnings activity in DailyPay to help you make spending and financial decisions?



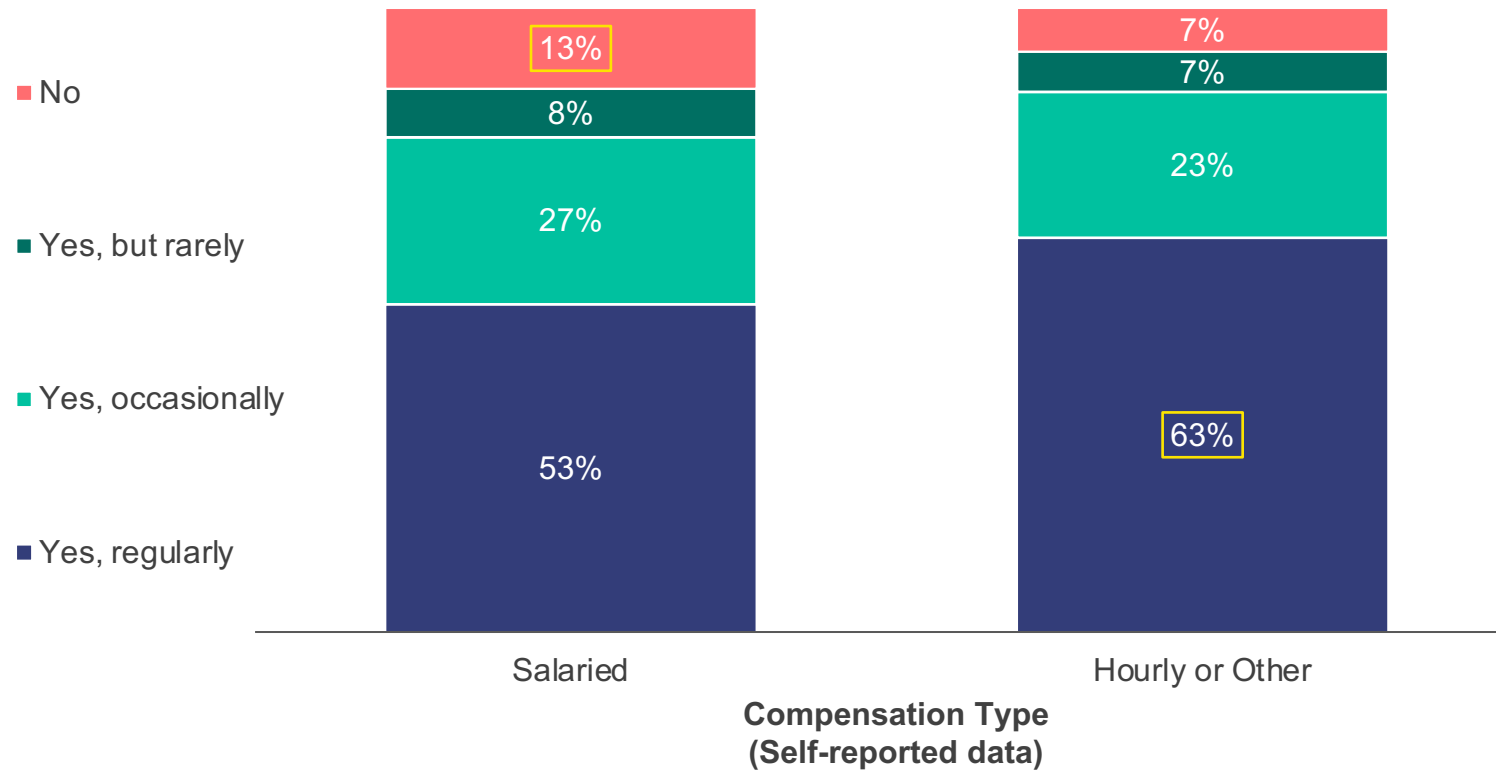
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: Among respondents who check the DailyPay app at least a few times per year: n=10149; By Total transfers per month: <3: n=1006, 3-6: n=1871, 7-10: n=1820, >10: n=5452

# Non-salaried users use tracked earnings information to make financial decisions more often than salaried users

## AMONG USERS WHO TRACK EARNINGS

*Do you check your earnings activity in DailyPay to help you make spending and financial decisions?*



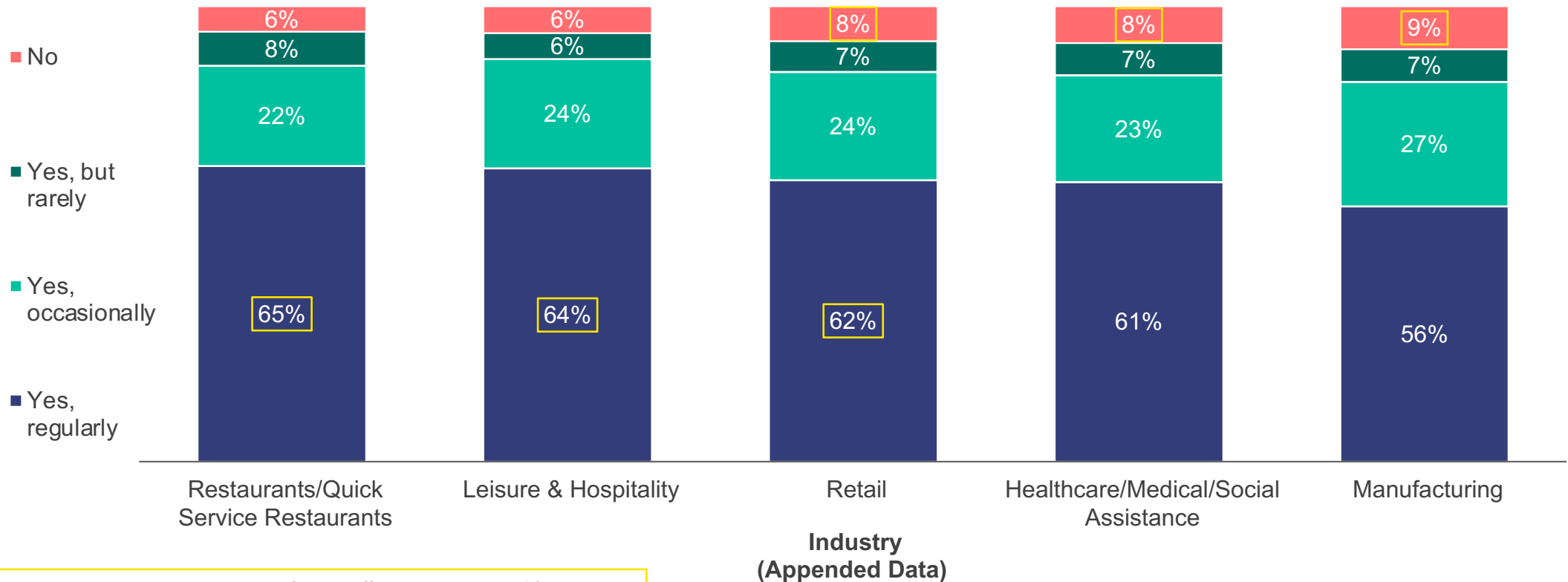
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 5%

Base: Among users who check their earnings on DailyPay by compensation type: Salaried: 590, Hourly or Other: n=9559

# Restaurant, leisure & hospitality, and retail workers are more likely to regularly check their earnings activity to make financial decisions

Among users who track earnings with DailyPay at least a few times per year  
 Do you check your earnings activity in DailyPay to help you make spending and financial decisions?

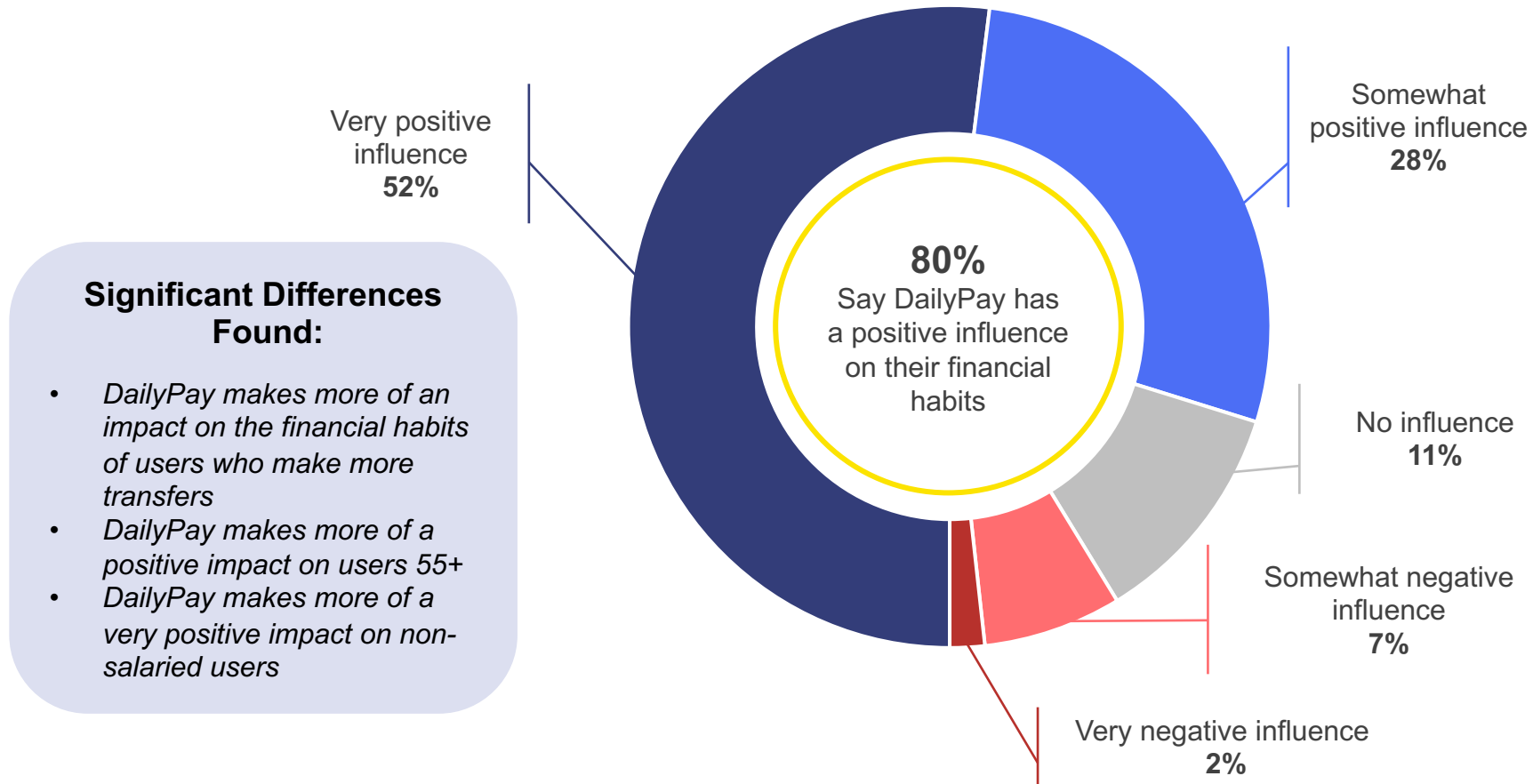


Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: Among users who fall into one of these key target industries AND check their DailyPay app to track earnings: Retail: n=2689, Restaurants/Quick Service Restaurants: n=813, Leisure & Hospitality: n=363, Healthcare/Medical/Social Assistance: n=2422, Manufacturing: n=321

# DailyPay has a positive influence on the financial habits of 8-in-10 users

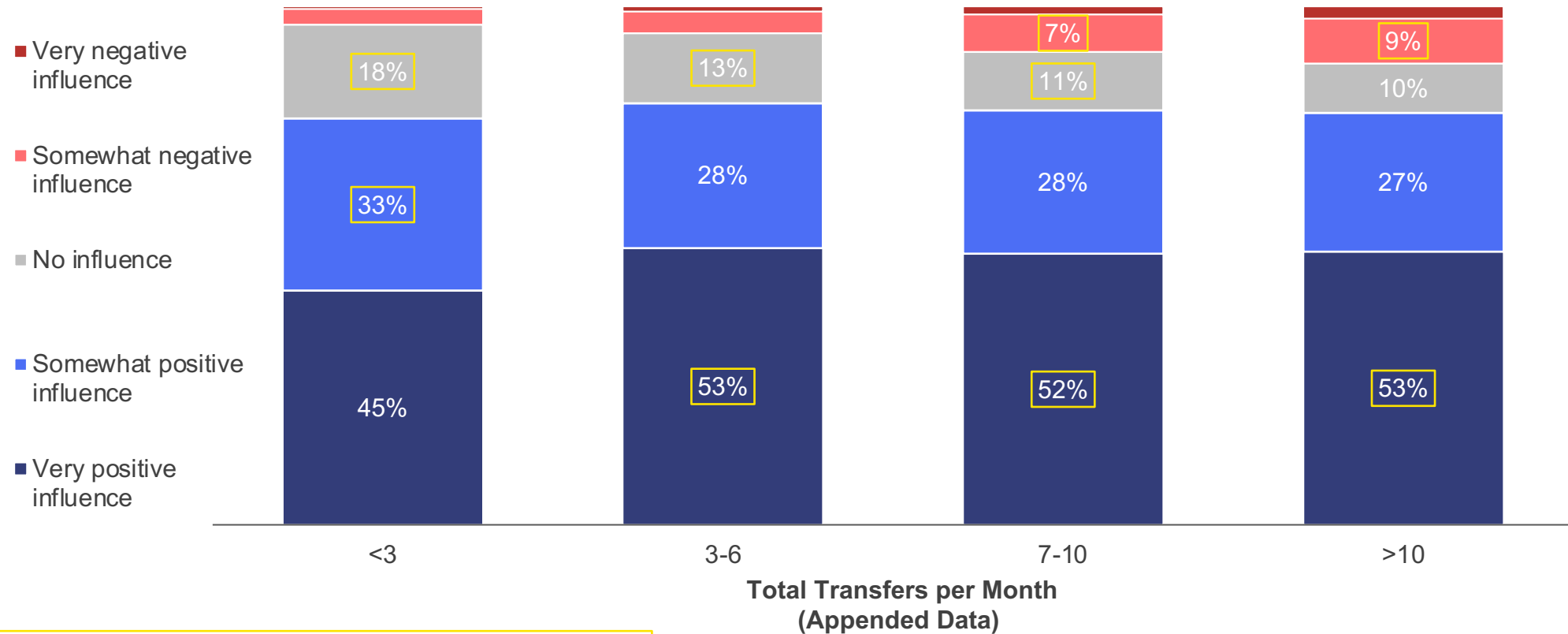
What kind of influence has DailyPay had on your financial habits?



Base: Total Respondents: n=10,283

# Users who make more transfers per month say DailyPay has more of an impact on their financial habits

What kind of influence has DailyPay had on your financial habits?



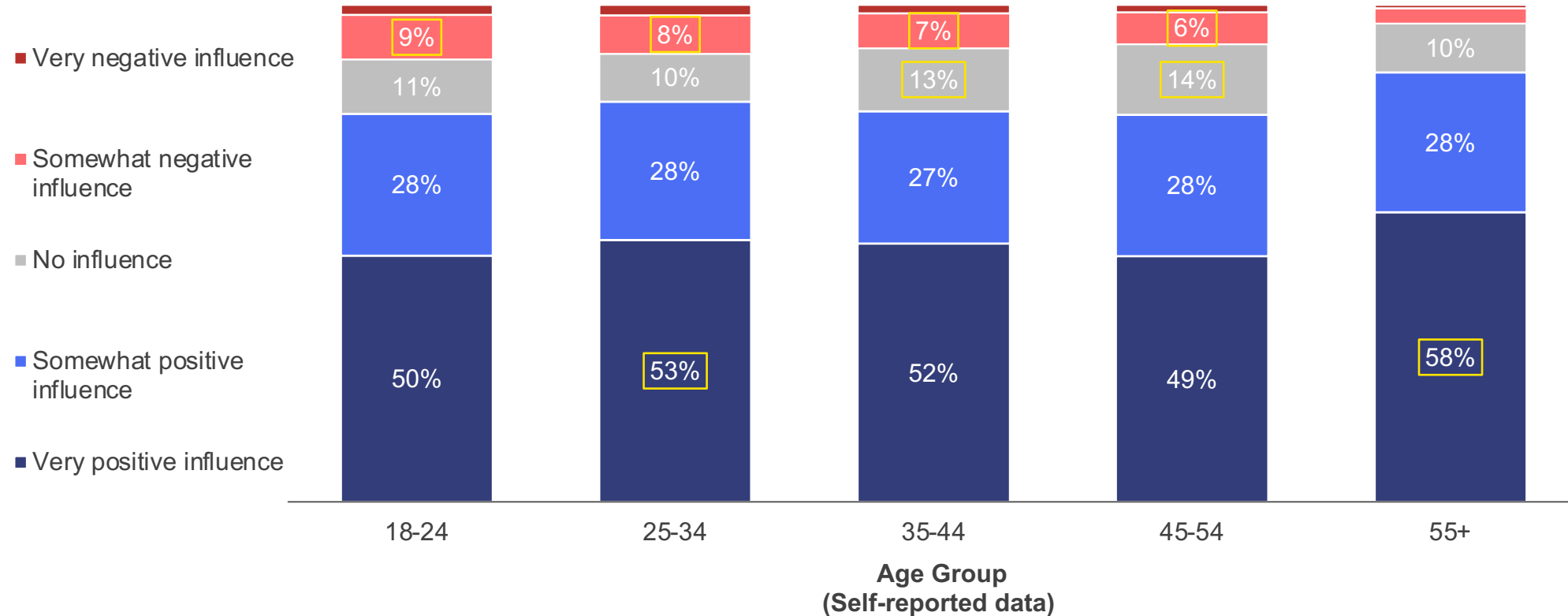
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 5%

Base: Among all respondents: n=10283; By Total transfers per month: <3: n=1041, 3-6: n=1920, 7-10: n=1833, >10: n=5489

# Users 55 and older are more likely to report DailyPay has had a very positive influence on their financial habits

What kind of influence has DailyPay had on your financial habits?



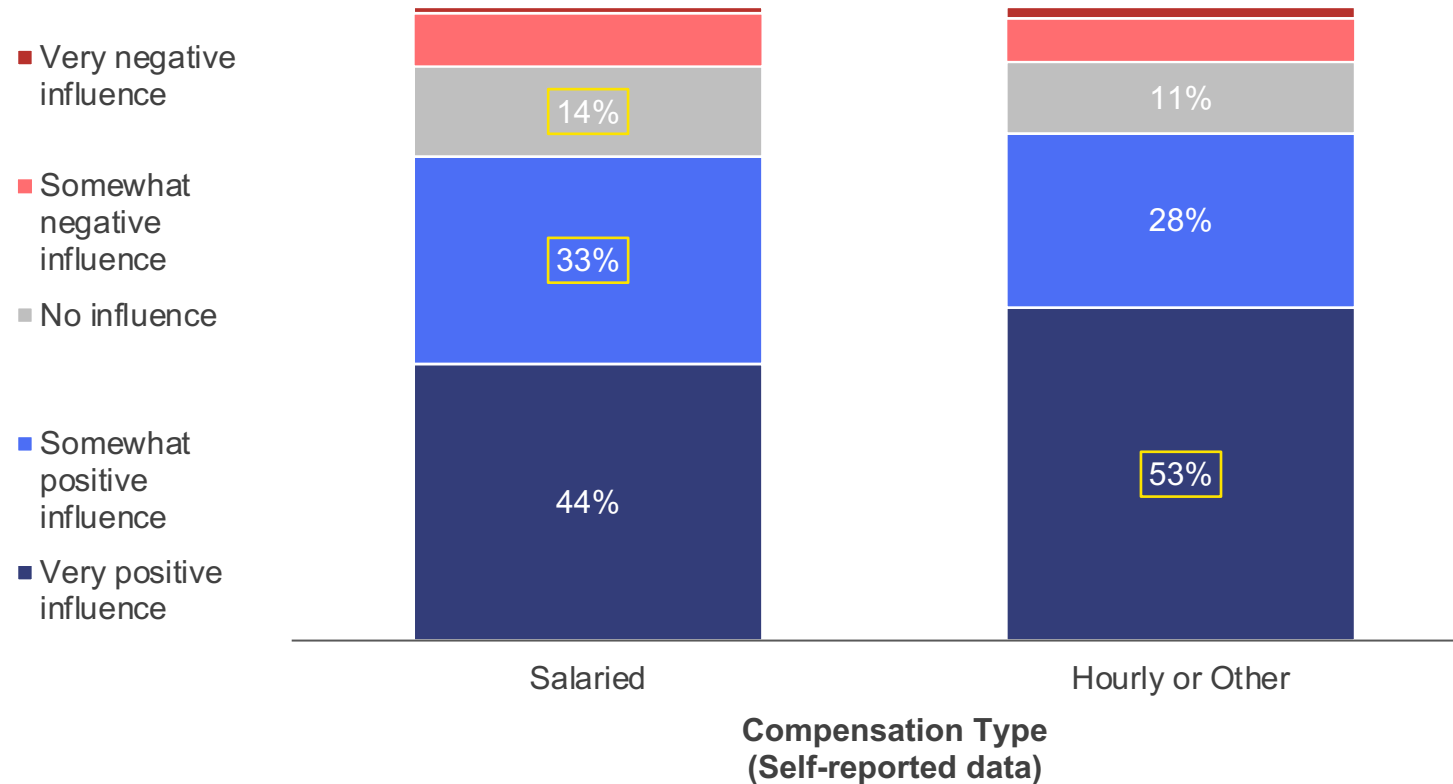
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 5%

Base: By Age group: 18-24: n=1485, 25-34: n=3032, 35-44: n=2758, 45-54: n=1751, 55+: n=1115

# Non-salaried users are more likely than salaried users to say DailyPay has had a very positive impact on their financial habits

What kind of influence has DailyPay had on your financial habits?



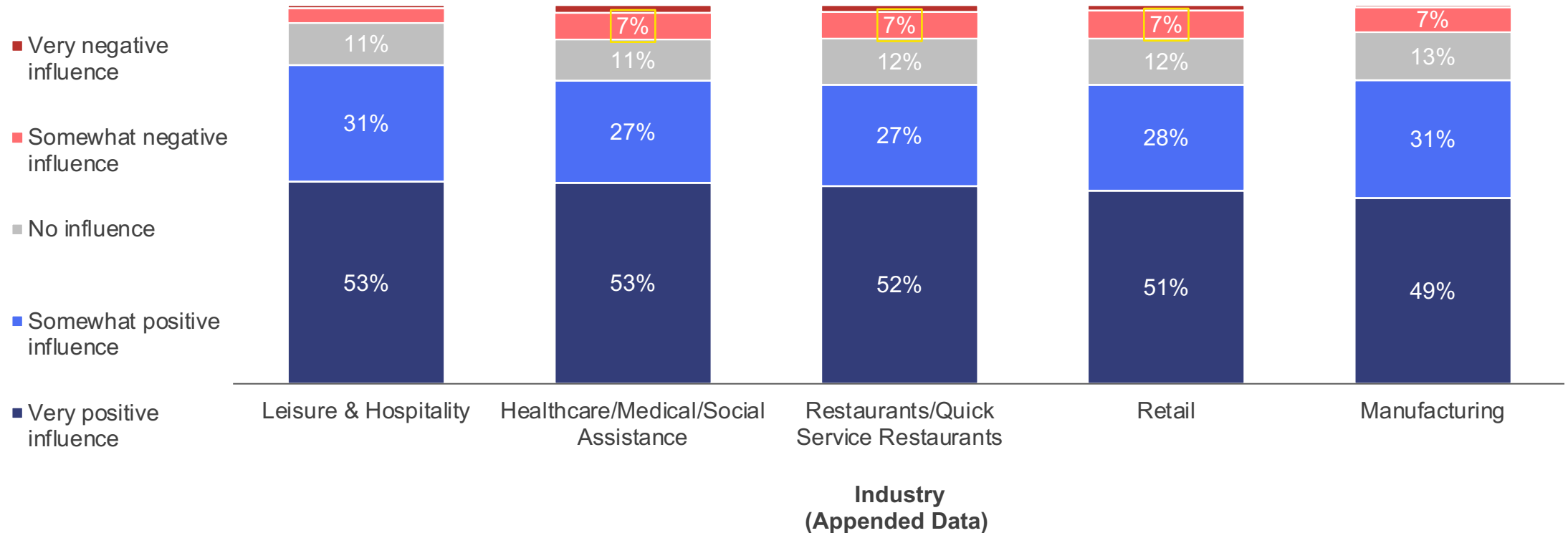
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 5%

Base: Among all respondents by compensation type: Salaried: n=609, Hourly or Other: n=9674

# Impact of DailyPay on the financial habits of users is consistent across industries

What kind of influence has DailyPay had on your financial habits?



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 5%

Base: Among users who fall into one of these key target industries AND check their DailyPay app to track earnings: Retail: n=2689, Restaurants/Quick Service Restaurants: n=813, Leisure & Hospitality: n=363, Healthcare/Medical/Social Assistance: n=2422, Manufacturing: n=321



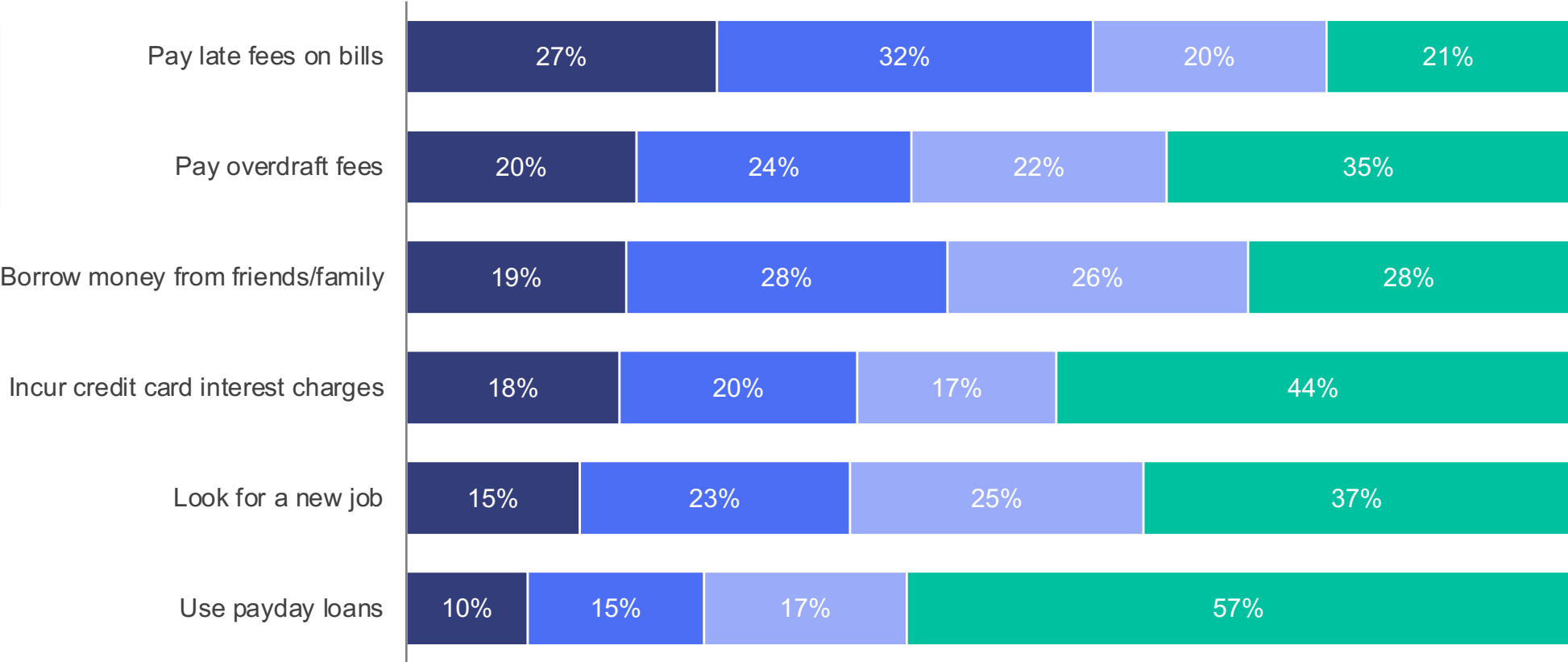
# Before using DailyPay, nearly a third of users were regularly paying late fees on bills and 2-in-10 were regularly paying overdraft fees

Before you had DailyPay, how often would you say that you did the following things?

■ Regularly ■ Occasionally ■ Rarely ■ Never

**Significant Differences Found by:**

- Age
- Compensation type
- Industry



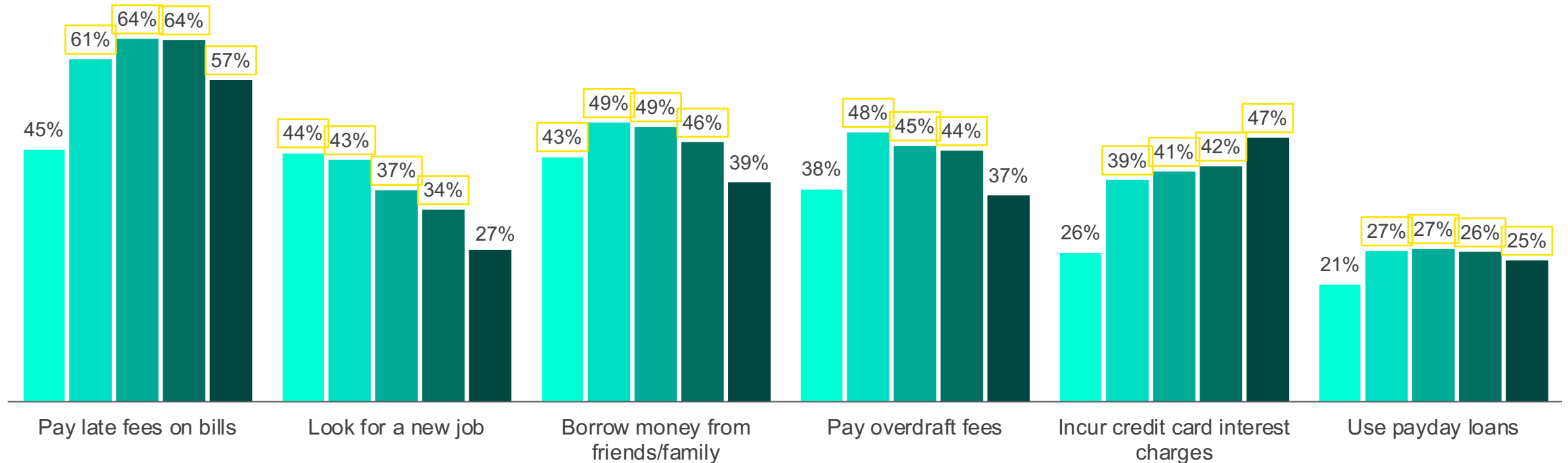
Base: Total Respondents: n=10,283

# Employee behavior before using DailyPay varied by age group

Before you had DailyPay, how often would you say that you did the following things?

% WHO DID EACH ACTIVITY REGULARLY OR OCCASIONALLY

Age Group (Self-reported data) ■ 18-24 ■ 25-34 ■ 35-44 ■ 45-54 ■ 55+

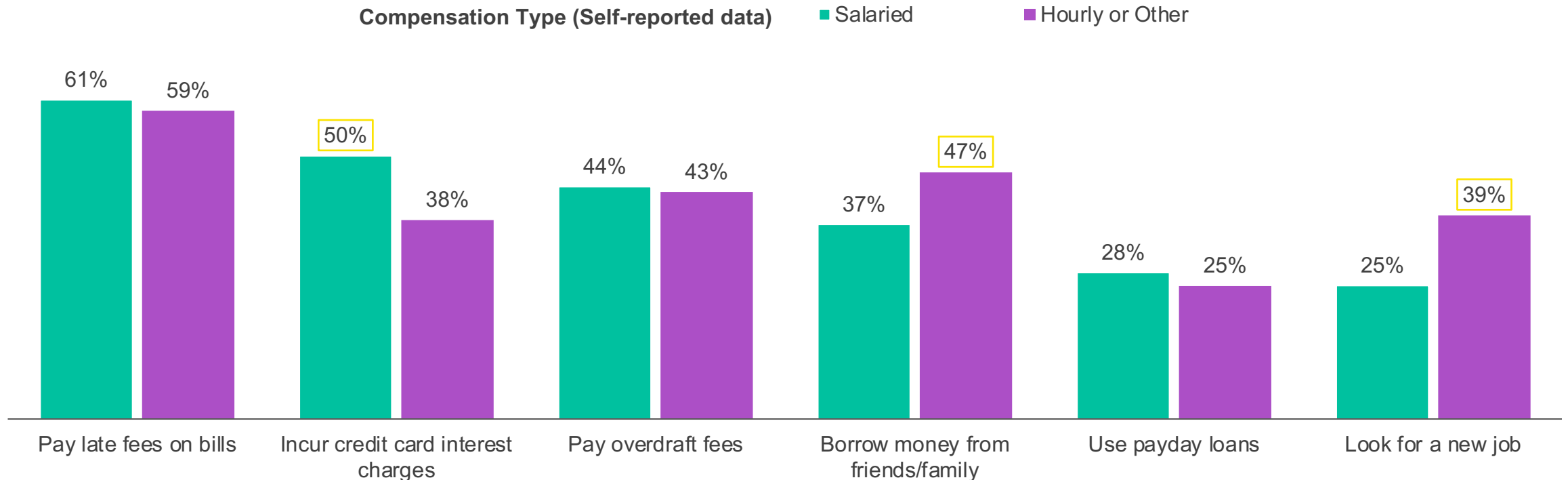


Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: By Age group: 18-24: n=1485, 25-34: n=3032, 35-44: n=2758, 45-54: n=1751, 55+: n=1115

# Before having DailyPay, salaried employees were more likely to incur credit card interest charges while non-salaried employees were more likely to borrow money from family/friends and/or look for new jobs

Before you had DailyPay, how often would you say that you did the following things?  
% WHO DID EACH ACTIVITY REGULARLY OR OCCASIONALLY



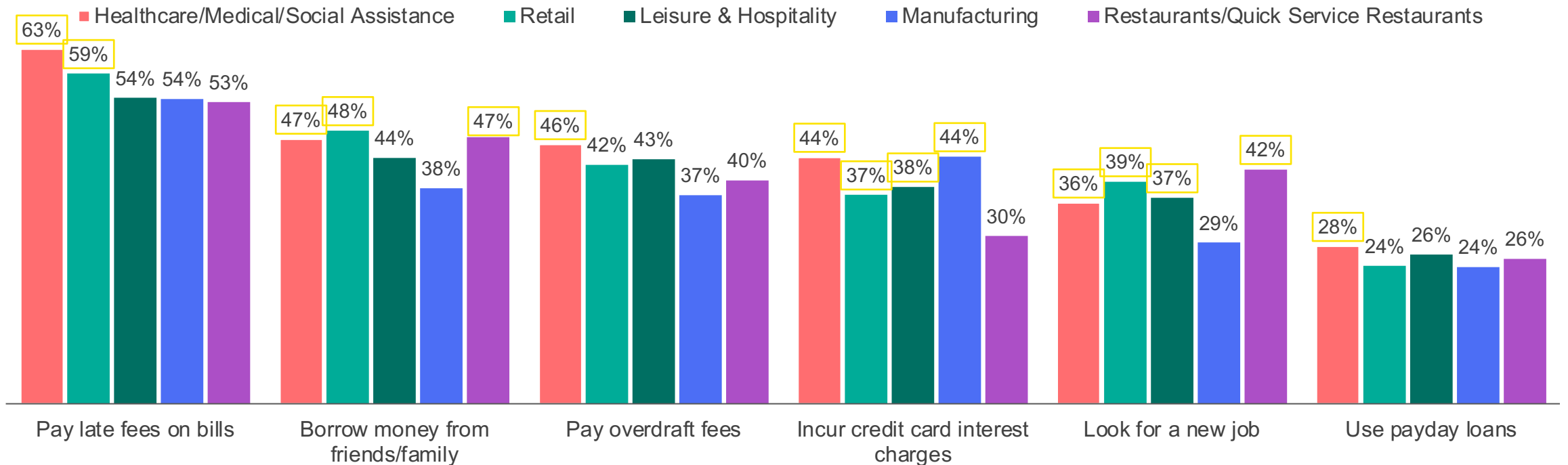
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: Among all respondents by compensation type: Salaried: n=609, Hourly or Other: n=9674

# Employee behavior before using DailyPay was somewhat varied by industry

Before you had DailyPay, how often would you say that you did the following things?  
 % WHO DID EACH ACTIVITY REGULARLY OR OCCASIONALLY

Industry (Appended Data)

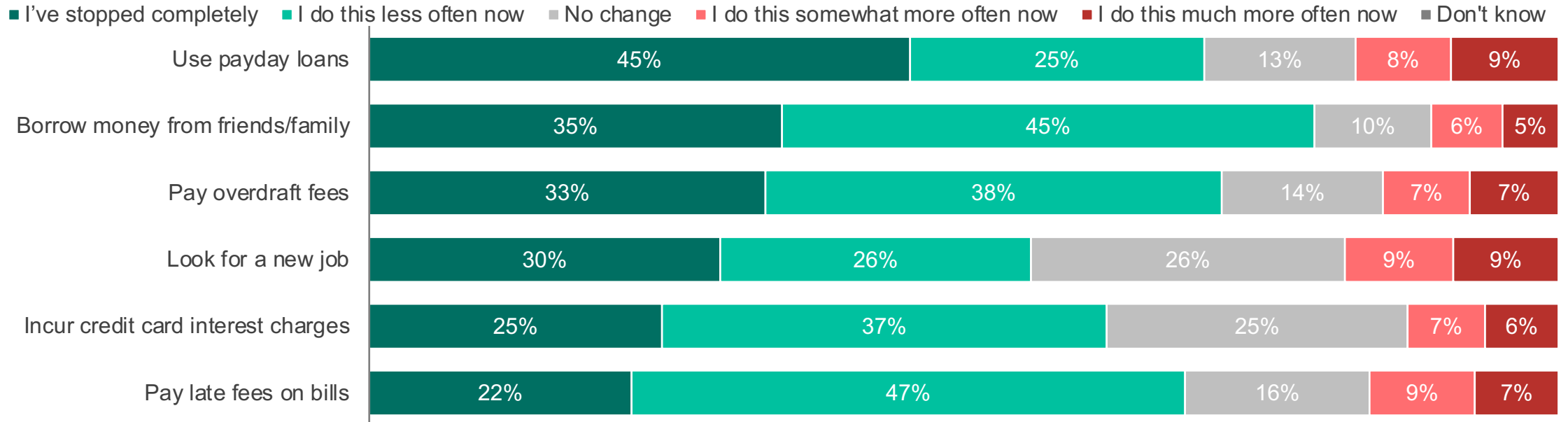


Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: Among users who fall into one of these key target industries AND check their DailyPay app to track earnings: Retail: n=2689, Restaurants/Quick Service Restaurants: n=813, Leisure & Hospitality: n=363, Healthcare/Medical/Social Assistance: n=2422, Manufacturing: n=321

# 4-in-10 DailyPay users have decreased their use of payday loans since becoming users; 3-in-10 have stopped all together

Among those who previously regularly or occasionally did the following before using DailyPay  
 Since you started using DailyPay, how, if at all, has the frequency that you take the following actions changed?



**Significant Differences Found by:**

- *Transfers per month*
- *Age*
- *Compensation type*
- *Target industry*

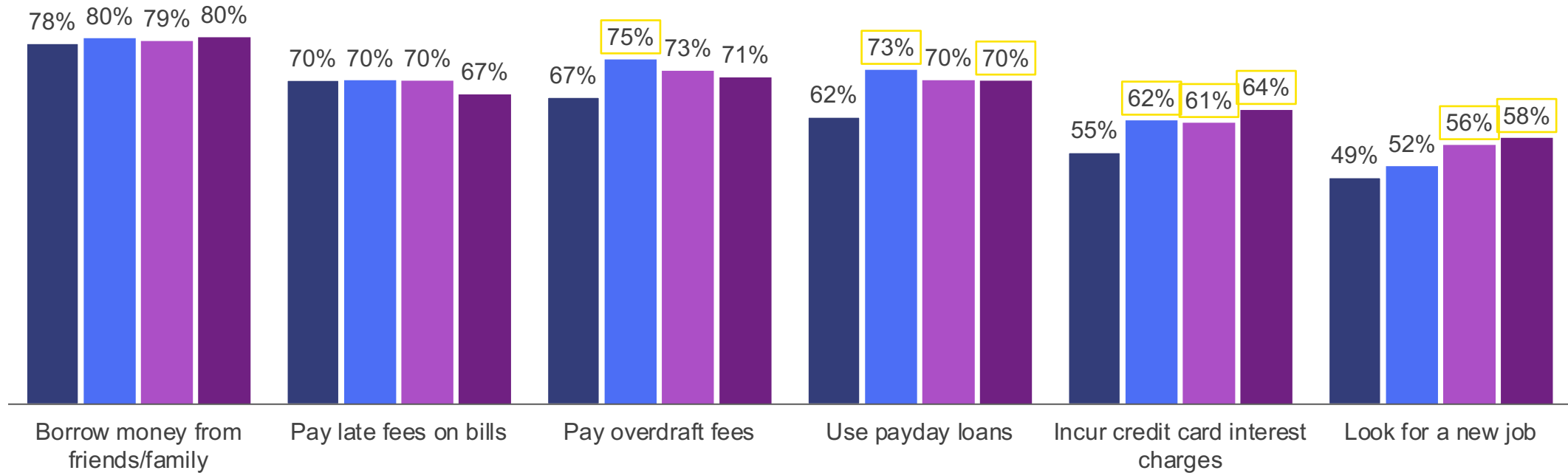
Base: Among those who previously did the activities in each line item before using DailyPay; base varies by line item

# The number of transfers per month a user makes is linked to personal finance and behavior outcomes

Among respondents who did each activity regularly or occasionally before using DailyPay  
 Since you started using DailyPay, how, if at all, has the frequency that you take the following actions changed?

**% WHO DO THIS LESS OFTEN NOW OR HAVE STOPPED COMPLETELY**

Total Transfers per Month (Appended Data)    ■ <3    ■ 3-6    ■ 7-10    ■ >10

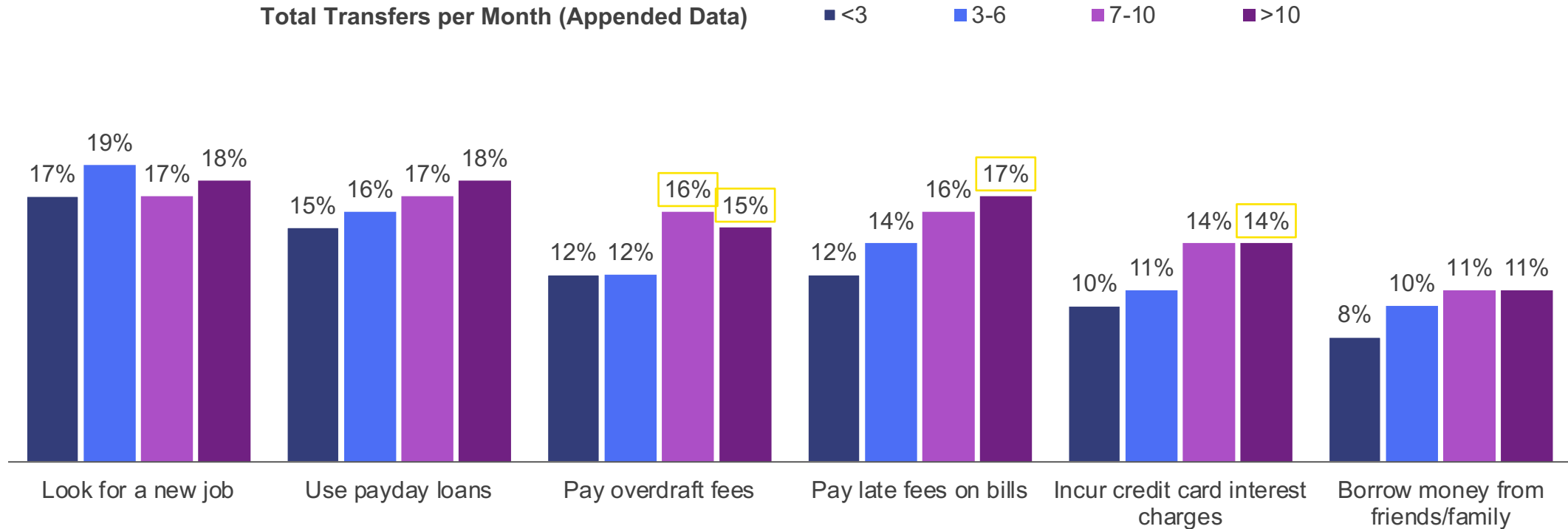


Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: Among respondents who did each activity regularly or occasionally before using DailyPay: Bases vary by activity

# Users who make more transfers per month are more likely to pay overdraft fees and incur credit card interest charges since becoming users

Among respondents who did each activity regularly or occasionally before using DailyPay  
 Since you started using DailyPay, how, if at all, has the frequency that you take the following actions changed?  
**% WHO DO THIS MORE OFTEN NOW**



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

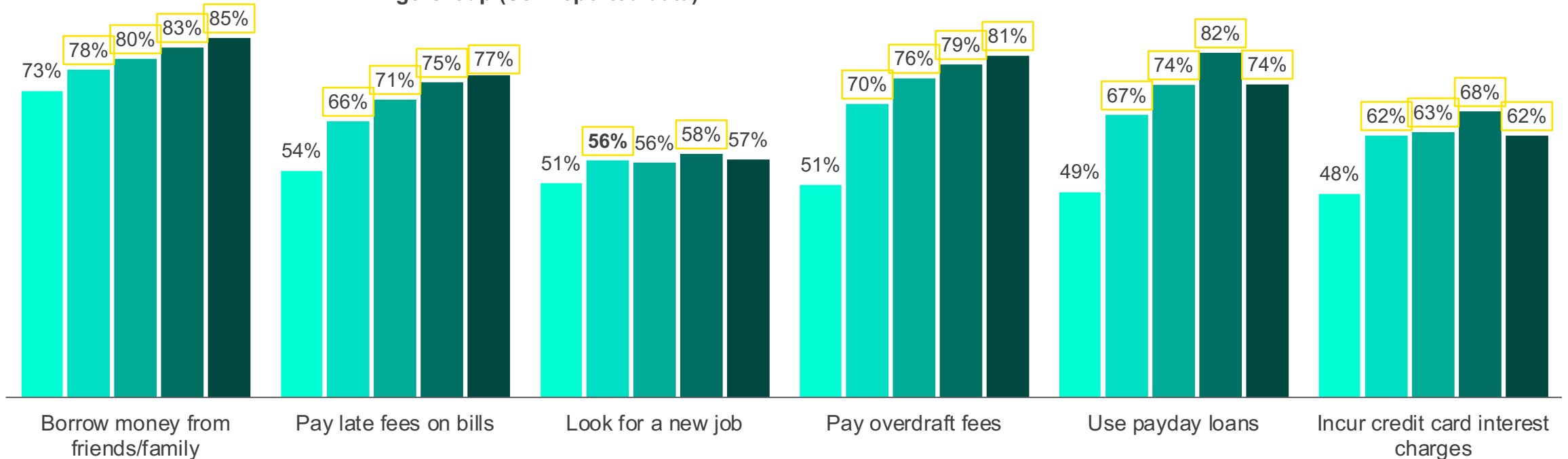
Base: Among respondents who did each activity regularly or occasionally before using DailyPay: Bases vary by activity

# Since starting using DailyPay, older users are more likely to have decreased engagement with many of the following activities

Among respondents who did each activity regularly or occasionally before using DailyPay  
 Since you started using DailyPay, how, if at all, has the frequency that you take the following actions changed?

**% WHO DO LESS OF EACH ACTIVITY OR HAVE STOPPED ENTIRELY**

Age Group (Self-reported data)    ■ 18-24   ■ 25-34   ■ 35-44   ■ 45-54   ■ 55+



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

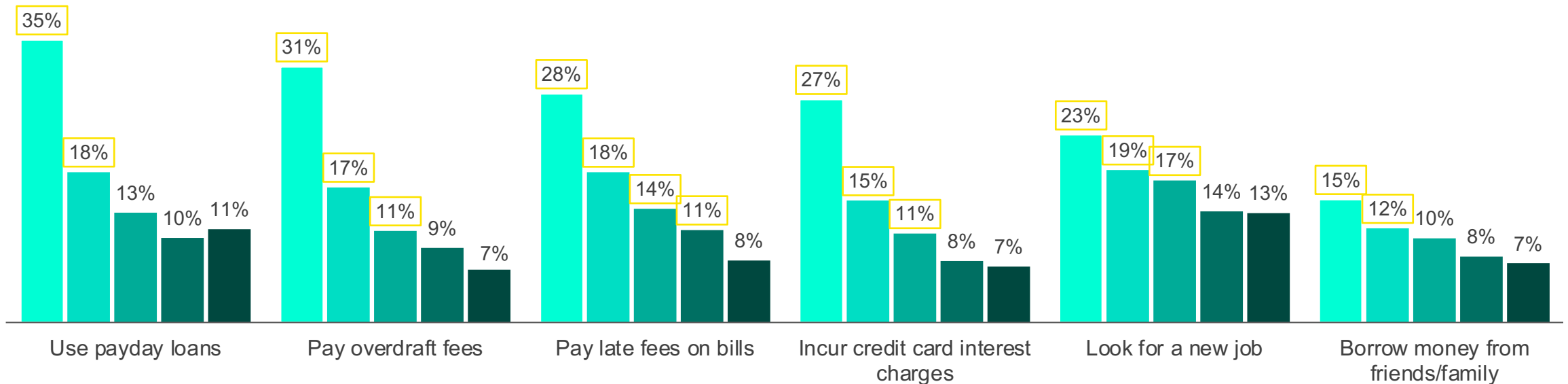
Base: Among respondents who did each activity regularly or occasionally before using DailyPay. Bases vary by activity



# Since starting using DailyPay, younger users are more likely to have increased engagement with all of the following activities

Among respondents who did each activity regularly or occasionally before using DailyPay  
 Since you started using DailyPay, how, if at all, has the frequency that you take the following actions changed?  
**% WHO DO EACH ACTIVITY MORE OFTEN NOW**

Age Group (Self-reported data)    ■ 18-24   ■ 25-34   ■ 35-44   ■ 45-54   ■ 55+



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: Among respondents who did each activity regularly or occasionally before using DailyPay: Bases vary by activity

# Salaried users are more likely than non-salaried users to have reduced or stopped many of the following activities since starting to use DailyPay

Among respondents who did each activity regularly or occasionally before using DailyPay

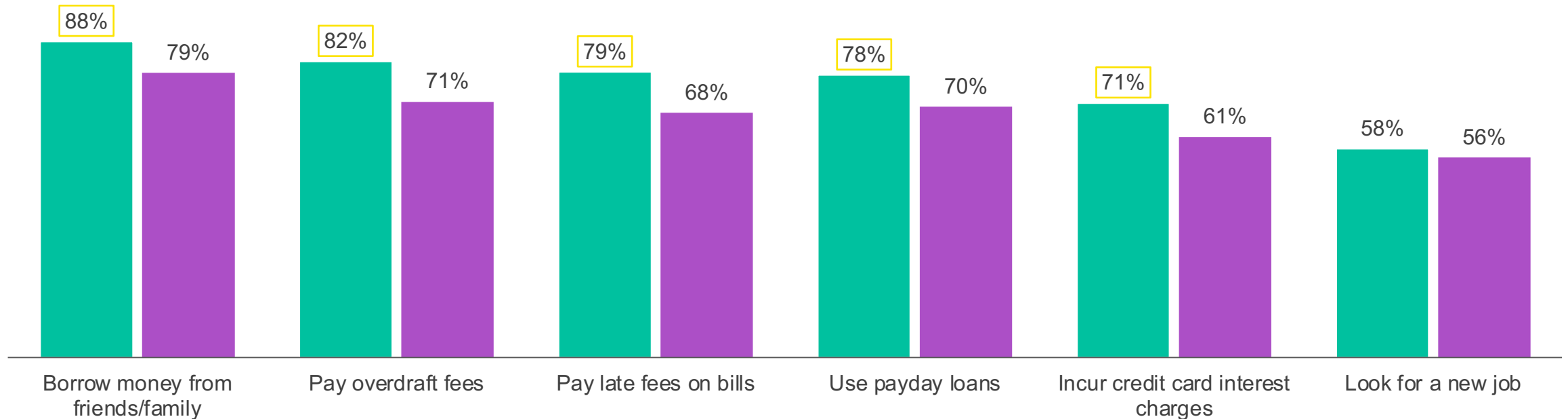
Since you started using DailyPay, how, if at all, has the frequency that you take the following actions changed?

**% WHO DO LESS OF EACH ACTIVITY OR HAVE STOPPED ENTIRELY**

Compensation Type (Self-reported data)

■ Salaried

■ Hourly or Other



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

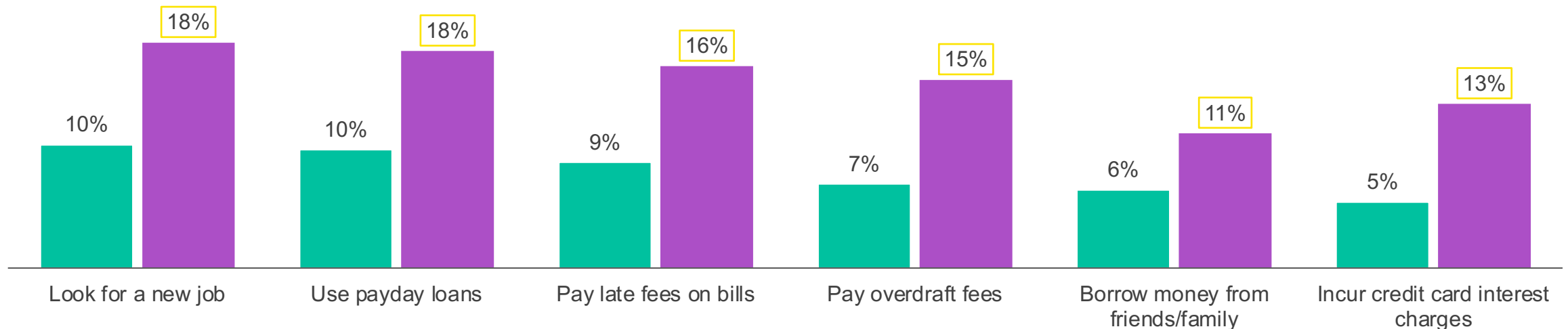
Base: Among respondents who did each activity regularly or occasionally before using DailyPay: Bases vary by activity

# Non-salaried users are more likely to report an increase in each of the following activities since starting to use DailyPay

Among respondents who did each activity regularly or occasionally before using DailyPay  
Since you started using DailyPay, how, if at all, has the frequency that you take the following actions changed?

**% WHO DO MORE OF EACH ACTIVITY NOW**

Compensation Type (Self-reported data) ■ Salaried ■ Hourly or Other

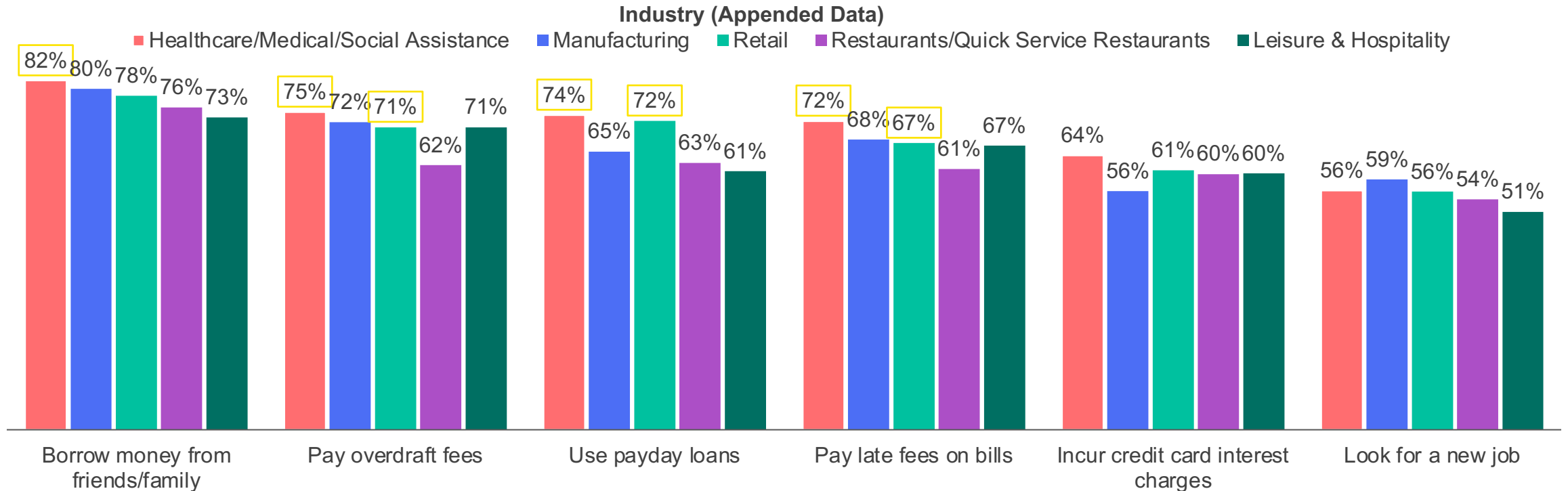


Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: Among respondents who did each activity regularly or occasionally before using DailyPay: Bases vary by activity

# Healthcare and retail workers are more likely to report reduction/cessation of many of the following activities since becoming DailyPay users

Among respondents who did each activity regularly or occasionally before using DailyPay  
 Since you started using DailyPay, how, if at all, has the frequency that you take the following actions changed?  
 % WHO DO LESS OF EACH ACTIVITY OR HAVE STOPPED

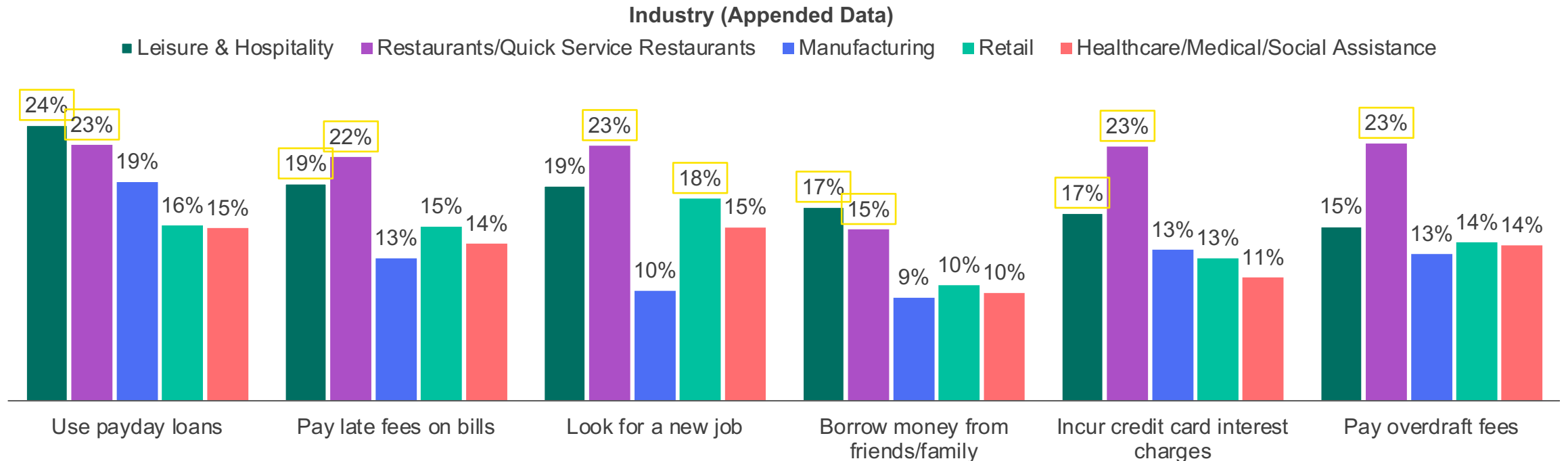


Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: Among respondents who did each activity regularly or occasionally before using DailyPay: Bases vary by activity

# Restaurant and leisure/hospitality workers are more likely to increase engagement with the following activities since becoming DailyPay users

**Among respondents who did each activity regularly or occasionally before using DailyPay**  
*Since you started using DailyPay, how, if at all, has the frequency that you take the following actions changed?*  
**% WHO DO MORE OF EACH ACTIVITY NOW**



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

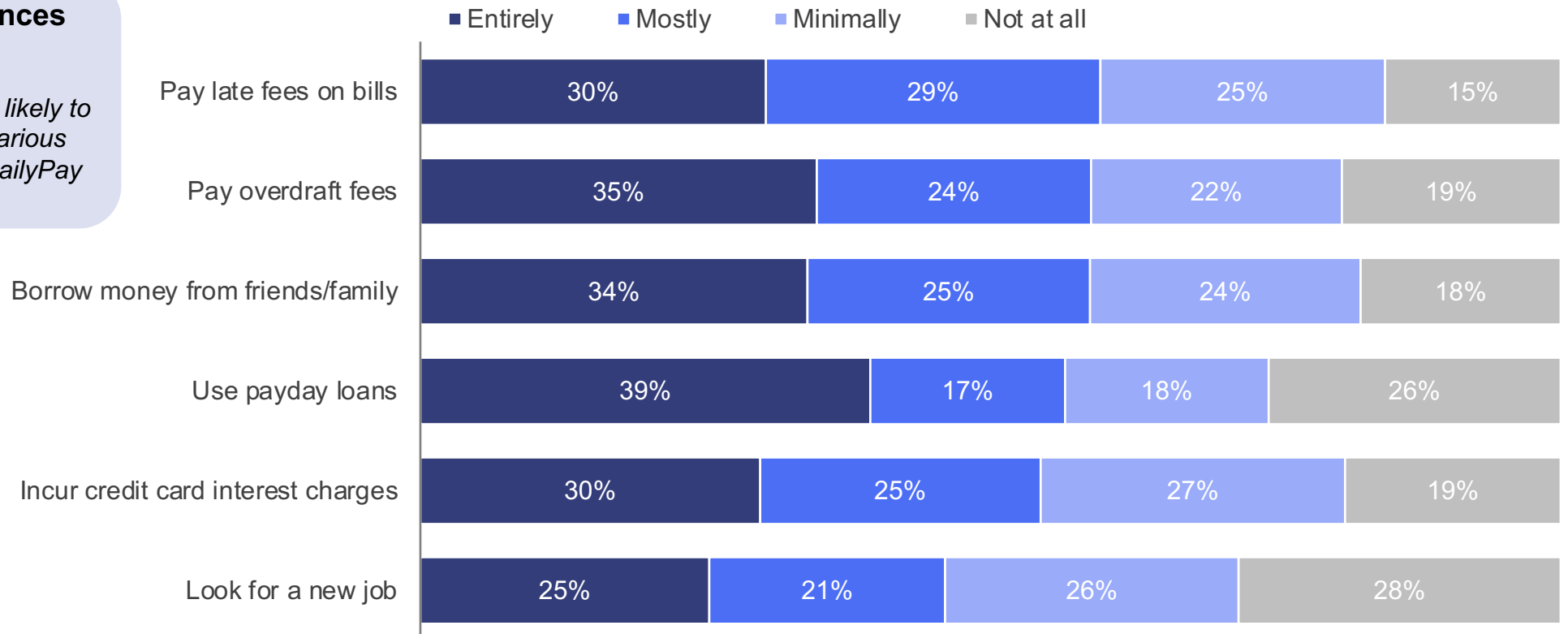
Base: Among respondents who did each activity regularly or occasionally before using DailyPay: Bases vary by activity

# Over half of users who pay less late fees on bills since becoming DailyPay users attribute most or all of that improvement to the app

Among users who engage in less of each item listed since starting to use DailyPay  
 You said you do the following things less now that you started using DailyPay. To what extent is that due to using DailyPay?

## Significant Differences Found:

- Newer users are more likely to attribute reduction in various behaviors entirely to DailyPay

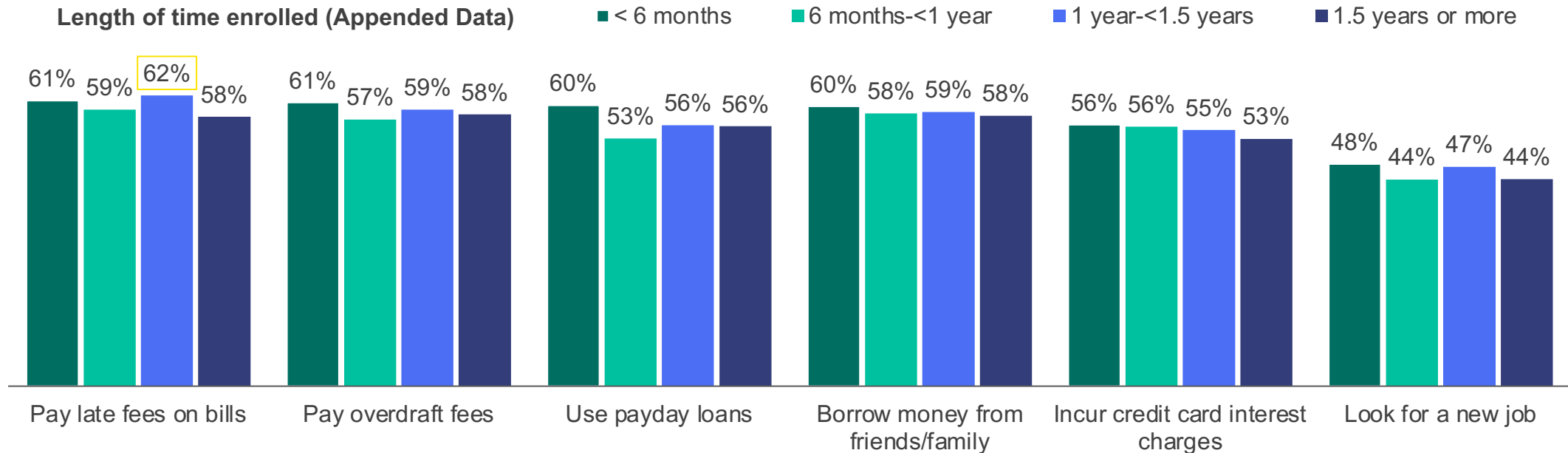


Base: Among those who engage in less of the items listed; Base varies by line item

# Users of all tenures are equally likely to agree that reduction of the following behaviors is due to using DailyPay

Among users who self-reported reduction in each activity  
 You said you do the following things less now that you started using DailyPay. To what extent is that due to using DailyPay?

**% WHO ATTRIBUTE THIS REDUCTION ENTIRELY OR MOSTLY TO USING DAILYPAY**



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

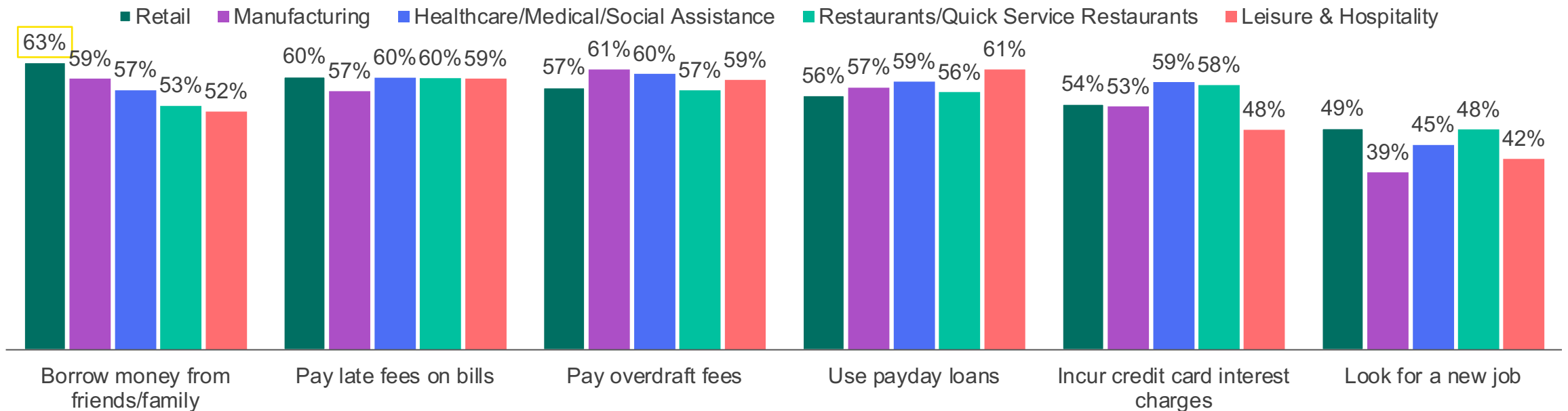
Base: Among users who self-reported reduction in each activity: Borrow money from family and friends: n=3730, Pay late fees on bills: n=4036, Use payday loans: n=1776, Pay overdraft fees: n=3104, Incur credit card interest charges: n=2364, Look for a new job: n=2103

# DailyPay is equally impactful to reducing the following behaviors across industries

Among users who self-reported reduction in each activity  
*You said you do the following things less now that you started using DailyPay. To what extent is that due to using DailyPay?*

**% WHO ATTRIBUTE THIS REDUCTION ENTIRELY OR MOSTLY TO USING DAILYPAY**

Industry (Appended Data)



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

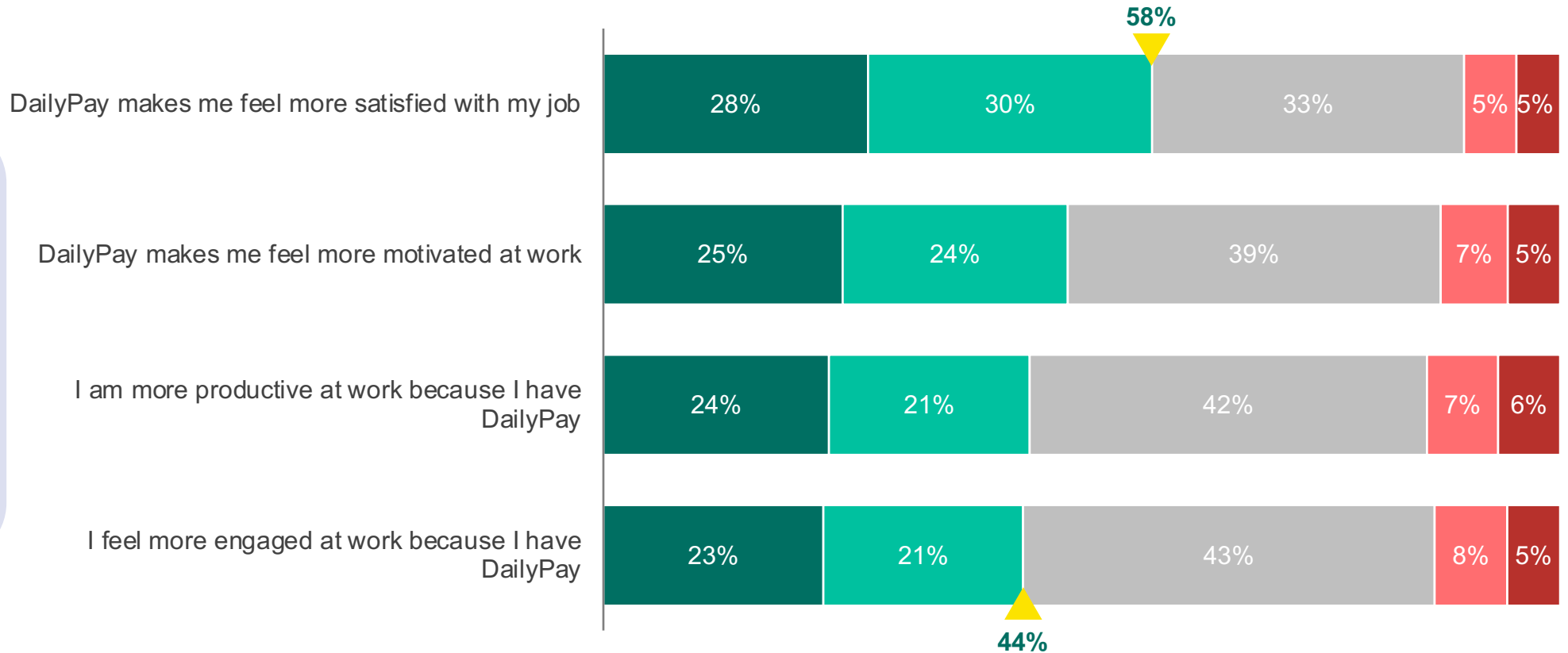
Base: Among respondents who did each activity regularly or occasionally before using DailyPay: Bases vary by activity



# Nearly 6-in-10 users are more satisfied with their job due to DailyPay, nearly half are more motivated, and 4-in-10 are more productive

To what extent do you agree or disagree with the following statements?

■ Strongly Agree   
 ■ Agree   
 ■ Neither Agree nor Disagree   
 ■ Disagree   
 ■ Strongly Disagree



## Significant Differences Found by:

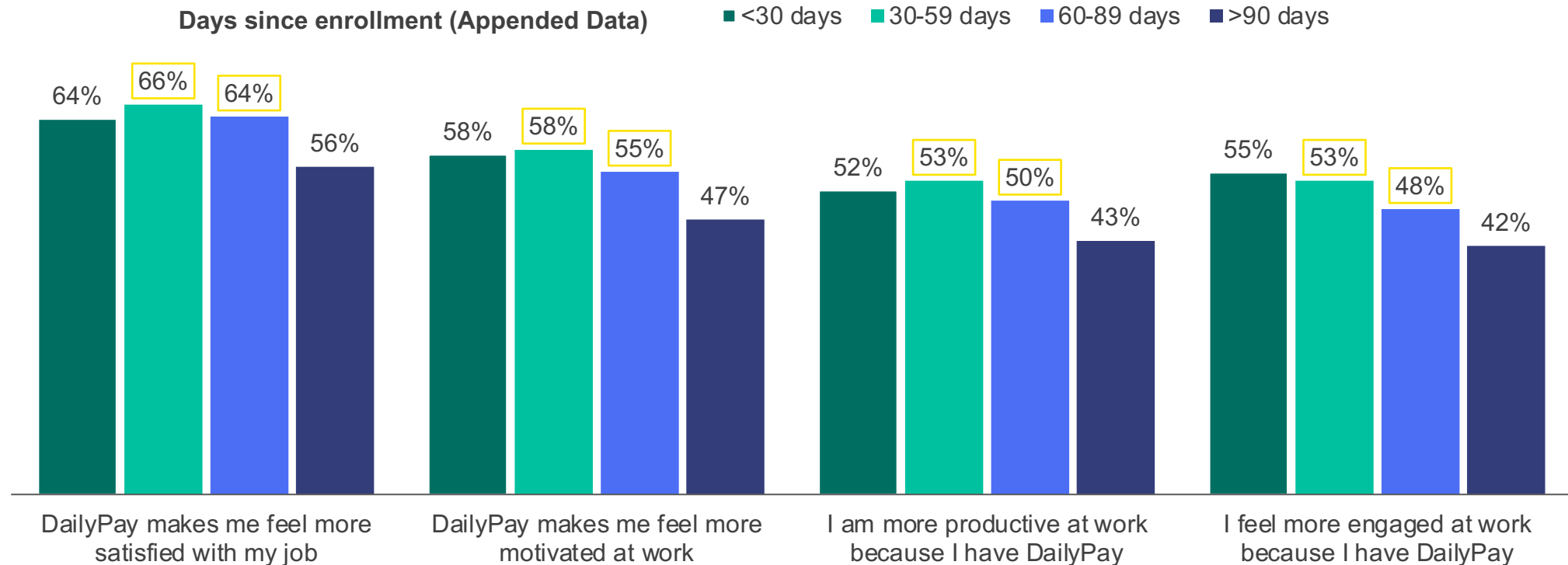
- Days since enrollment
- Length of time enrolled
- Transfers per month
- Age
- Compensation type
- Target industry

Base: Total Respondents: n=10,283

# Users enrolled for less than 90 days are more likely to agree that DailyPay improves their job satisfaction, motivation, productivity, and engagement

To what extent do you agree or disagree with the following statements?

**% STRONGLY AGREE OR AGREE**

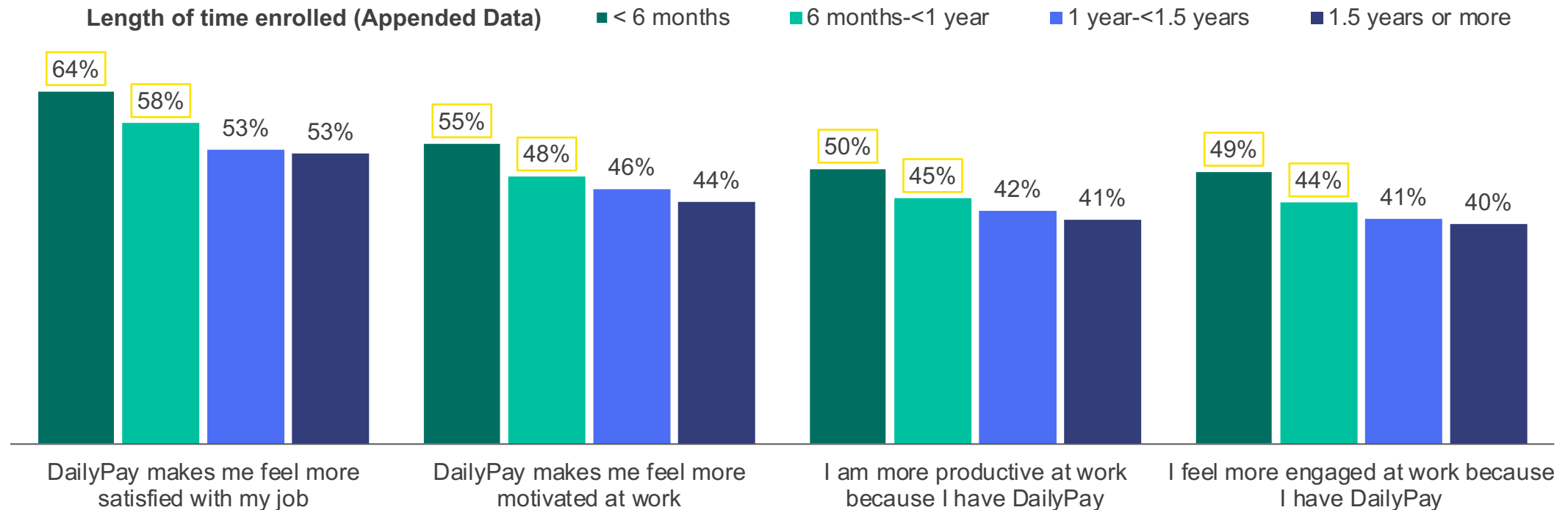


Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: By Days since enrollment in DailyPay: <30 days: n=33, 30-59 days: n=756, 60-89 days: n=1058, >90 days: n=8203

# Newer users are more likely to agree that DailyPay makes them more satisfied with their job, more motivated, productive, and engaged

To what extent do you agree or disagree with the following statements?  
**% WHO STRONGLY AGREE OR AGREE**



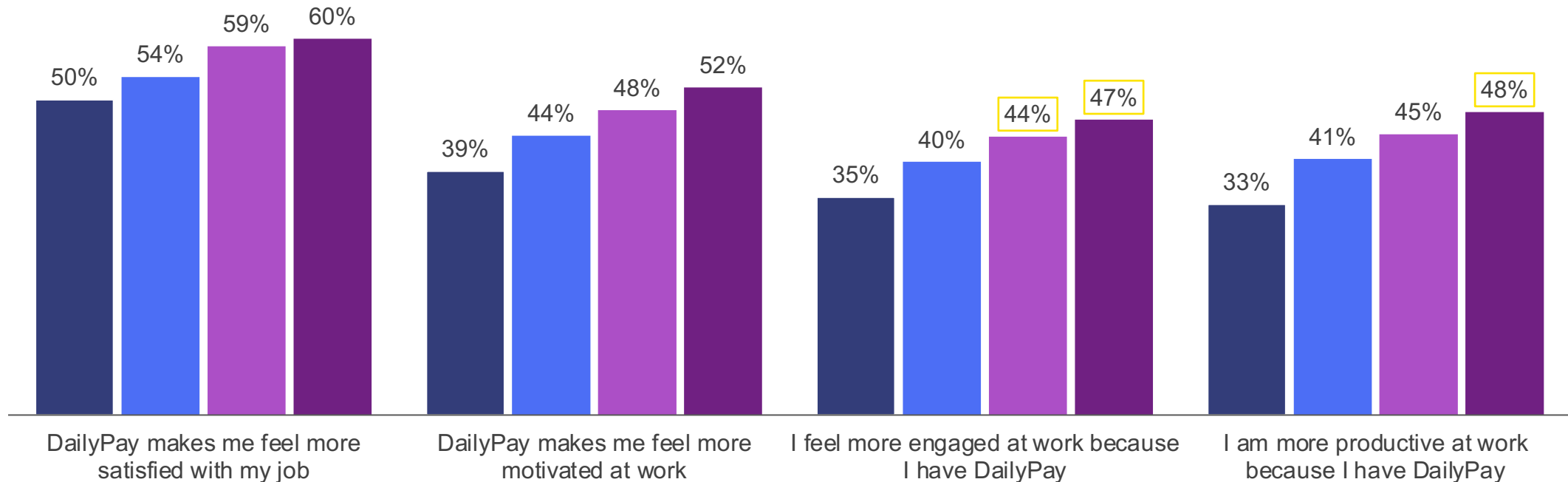
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: By length of time enrolled: < 6 months: n=3288, 6 months-<1 year: n=1532, 1 year-<1.5 years: n=1643, 1.5 years or more

# Users who make more transfers per month are more likely to agree they are more satisfied, motivated, engaged, and productive at work because of DailyPay

To what extent do you agree or disagree with the following statements?  
 % STRONGLY AGREE OR AGREE

Total Transfers per Month (Appended Data)    ■ <3    ■ 3-6    ■ 7-10    ■ >10



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

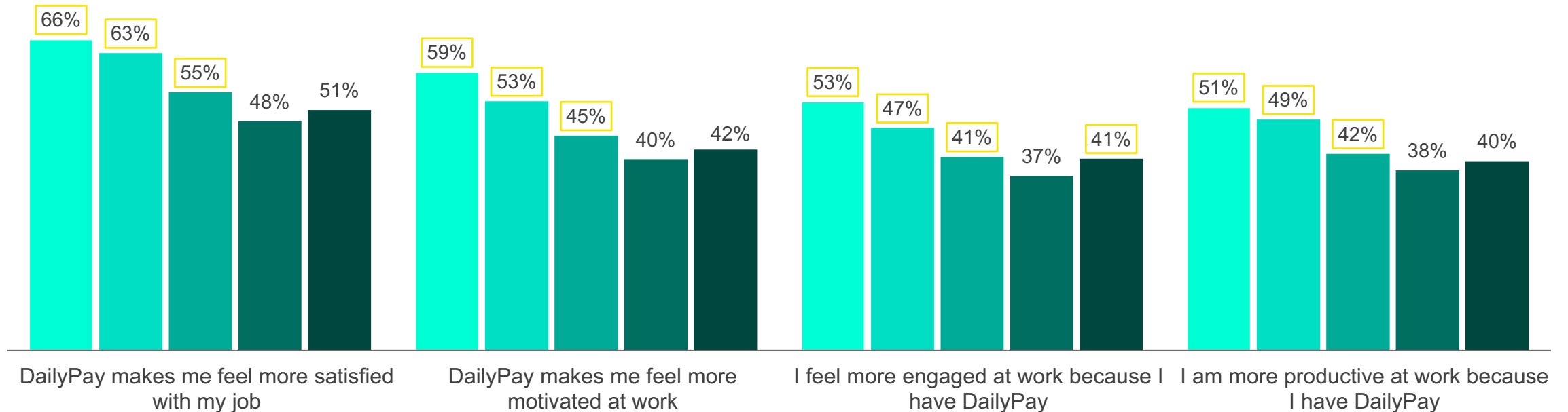
Base: By Total transfers per month: <3: n=1041, 3-6: n=1920, 7-10: n=1833, >10: n=5489

# Younger users are more likely to agree with positive sentiments about how DailyPay impacts their work performance and satisfaction

To what extent do you agree or disagree with the following statements?

% STRONGLY AGREE OR AGREE

Age Group (Self-reported data) ■ 18-24 ■ 25-34 ■ 35-44 ■ 45-54 ■ 55+



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: By Age group: 18-24: n=1485, 25-34: n=3032, 35-44: n=2758, 45-54: n=1751, 55+: n=1115

# Non-salaried users are more likely to agree DailyPay makes them more satisfied with their job & more motivated, productive, and/or engaged

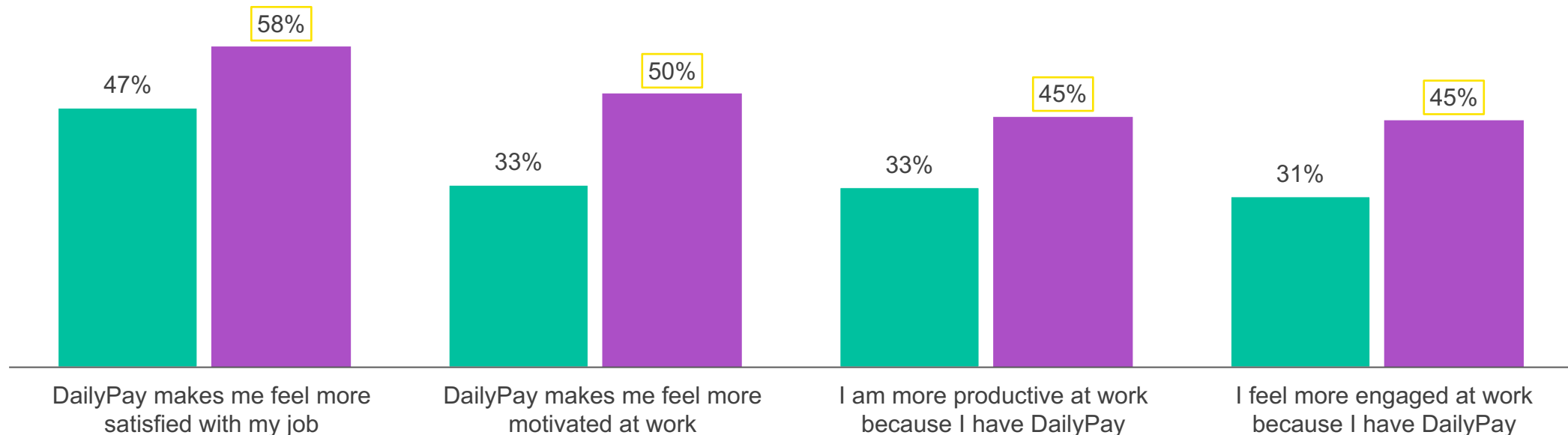
To what extent do you agree or disagree with the following statements?

% WHO STRONGLY AGREE OR AGREE

Compensation Type (Self-reported data)

■ Salaried

■ Hourly or Other



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

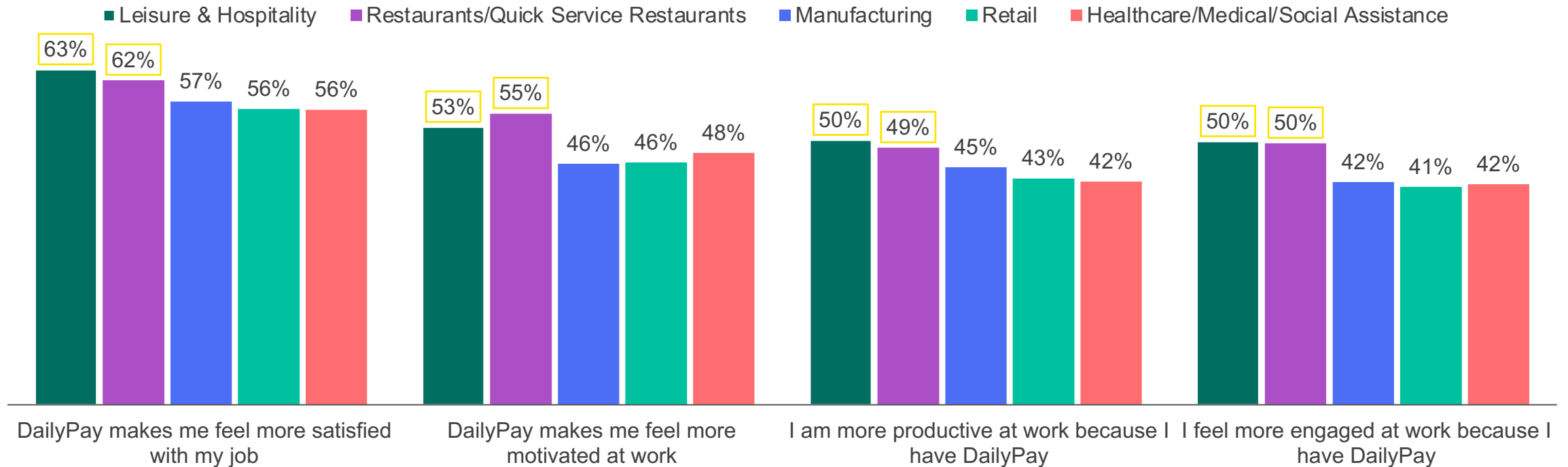
Base: Among all respondents by compensation type: Salaried: n=609, Hourly or Other: n=9674

# Restaurant and leisure/hospitality workers are more likely to agree that DailyPay improves their job satisfaction, motivation, productivity, and engagement

Among respondents who did each activity regularly or occasionally before using DailyPay  
 To what extent do you agree or disagree with the following statements?

**% WHO STRONGLY AGREE OR AGREE**

Industry (Appended Data)



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: Among users who fall into one of these key target industries: Retail: n=2731, Restaurants/Quick Service Restaurants: n=821, Leisure & Hospitality: n=367, Healthcare/Medical/Social Assistance: n=2456, Manufacturing: n=322

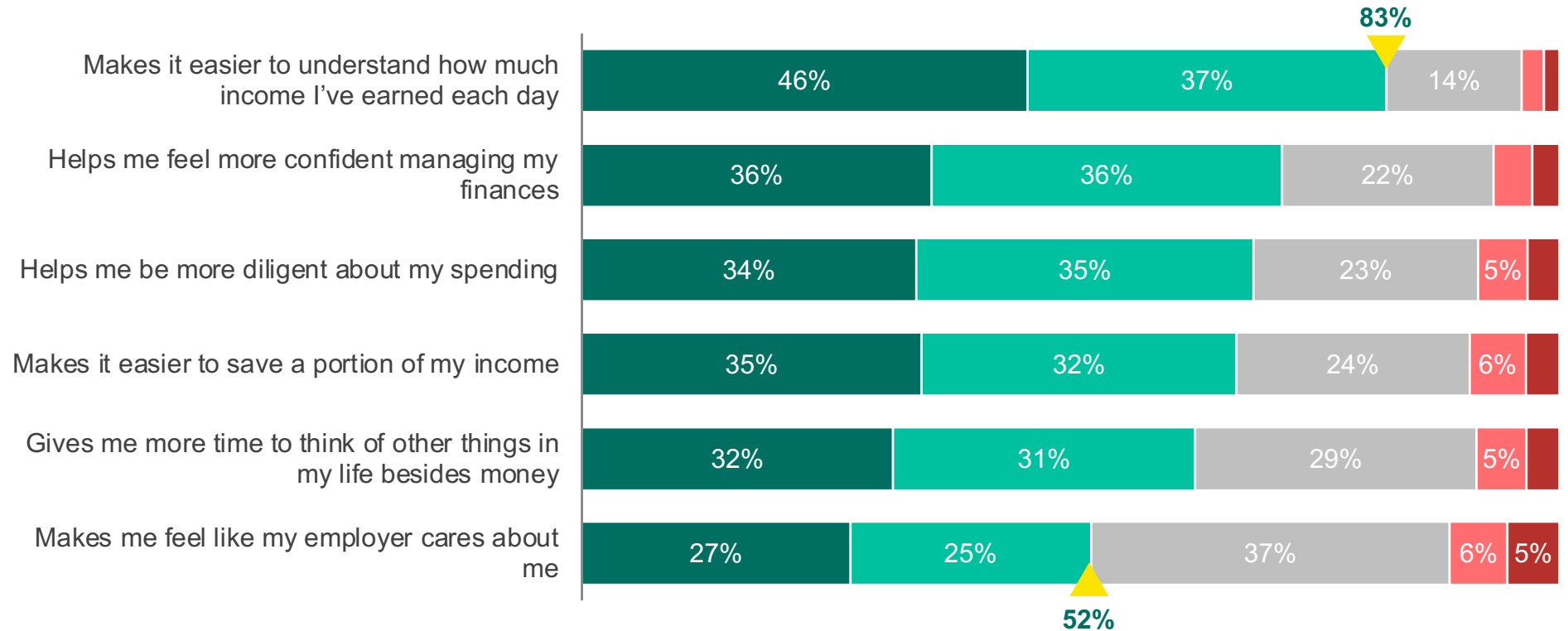
# 8-in-10 agree DailyPay helps them understand how much they earn daily; over half say DailyPay makes them feel like their employer cares about them

To what extent do you agree or disagree that DailyPay is helping you with the following things?

■ Strongly Agree ■ Agree ■ Neither Agree nor Disagree ■ Disagree ■ Strongly Disagree

## Significant Differences Found by:

- Days since enrollment
- Length of time enrolled
- Transfers per month
- Age
- Compensation type



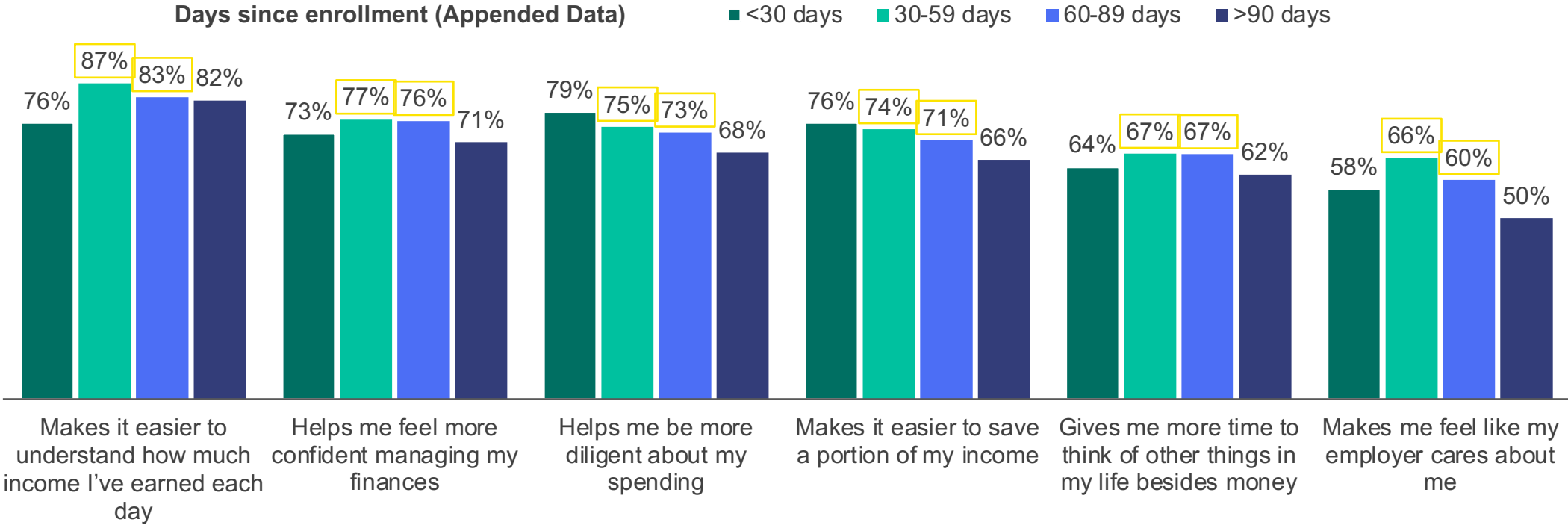
Data labels not shown for values less than 5%

Base: Total Respondents: n=10,283



# Users enrolled for 30 - 90 days are more likely to agree DailyPay improves several factors of financial wellness and makes them feel their employer cares

To what extent do you agree or disagree that DailyPay is helping you with the following things?  
**% STRONGLY AGREE OR AGREE**

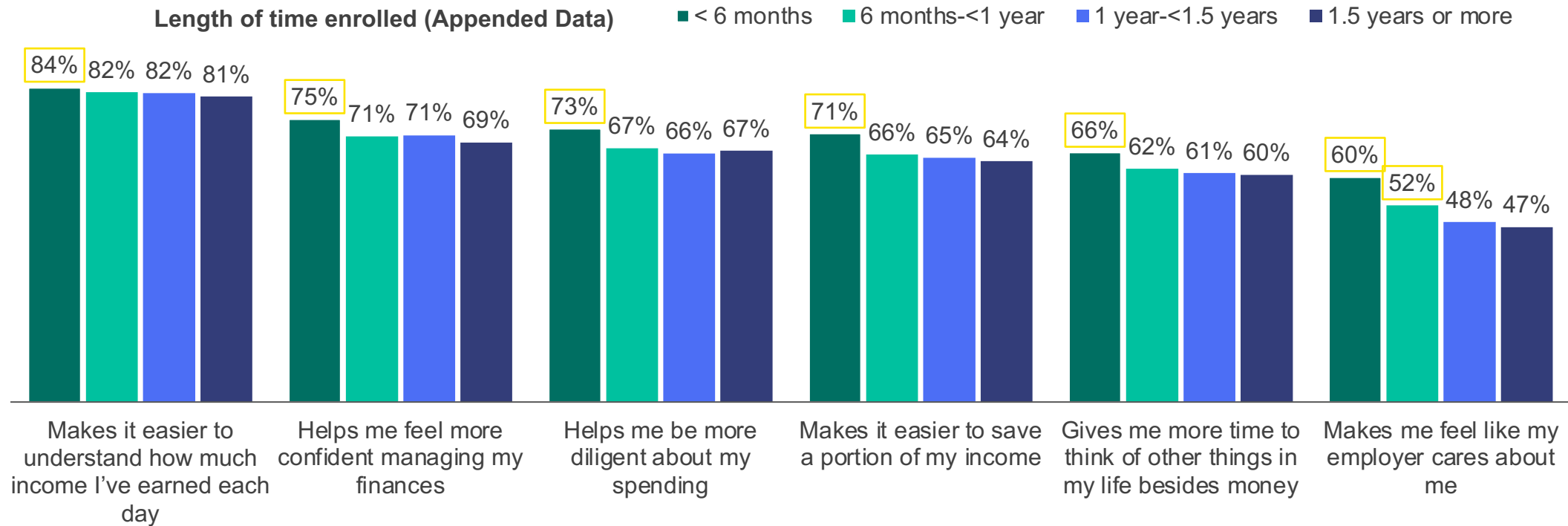


Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: By Days since enrollment in DailyPay: <30 days: n=33, 30-59 days: n=756, 60-89 days: n=1058, >90 days: n=8203

# Newer users are more likely to agree DailyPay improves several factors of financial wellness and makes them feel their employer cares

To what extent do you agree or disagree that DailyPay is helping you with the following things?  
**% WHO STRONGLY AGREE OR AGREE**

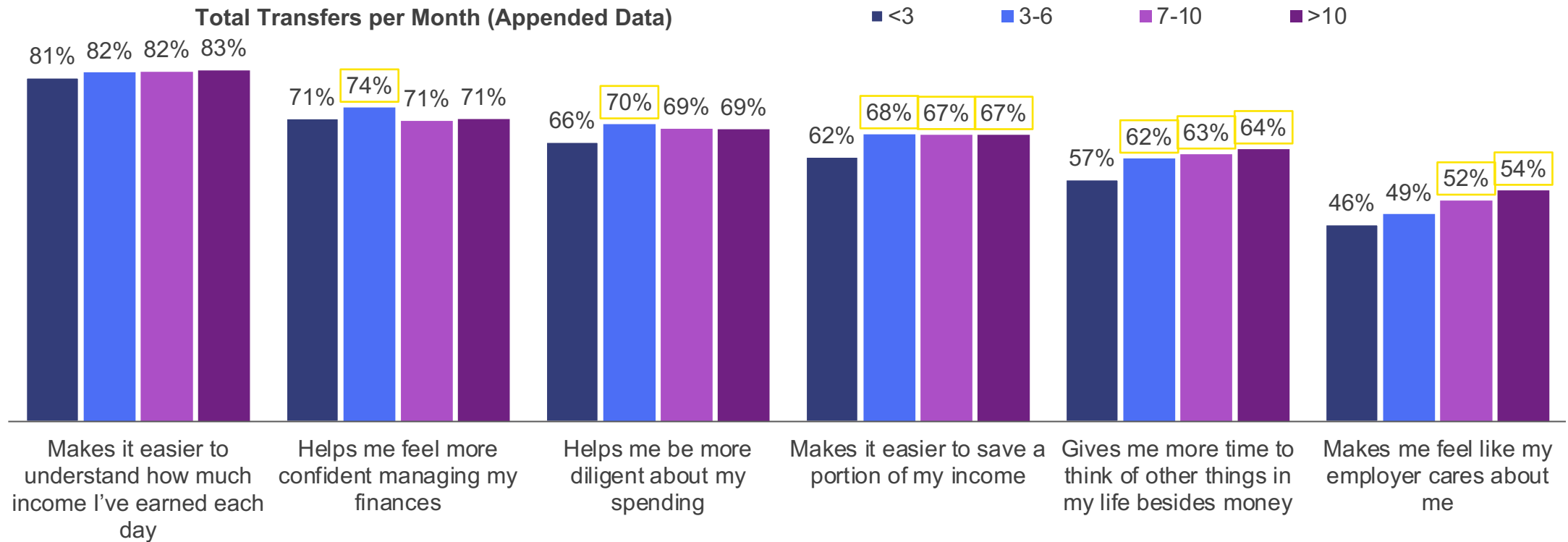


Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: By length of time enrolled: < 6 months: n=3288, 6 months-<1 year: n=1532, 1 year-<1.5 years: n=1643, 1.5 years or more

# Users who make more transfers per month are more likely to agree DailyPay makes it easier to save, gives them time to think of other things, and makes them feel their employer cares

To what extent do you agree or disagree that DailyPay is helping you with the following things?  
 % STRONGLY AGREE OR AGREE



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

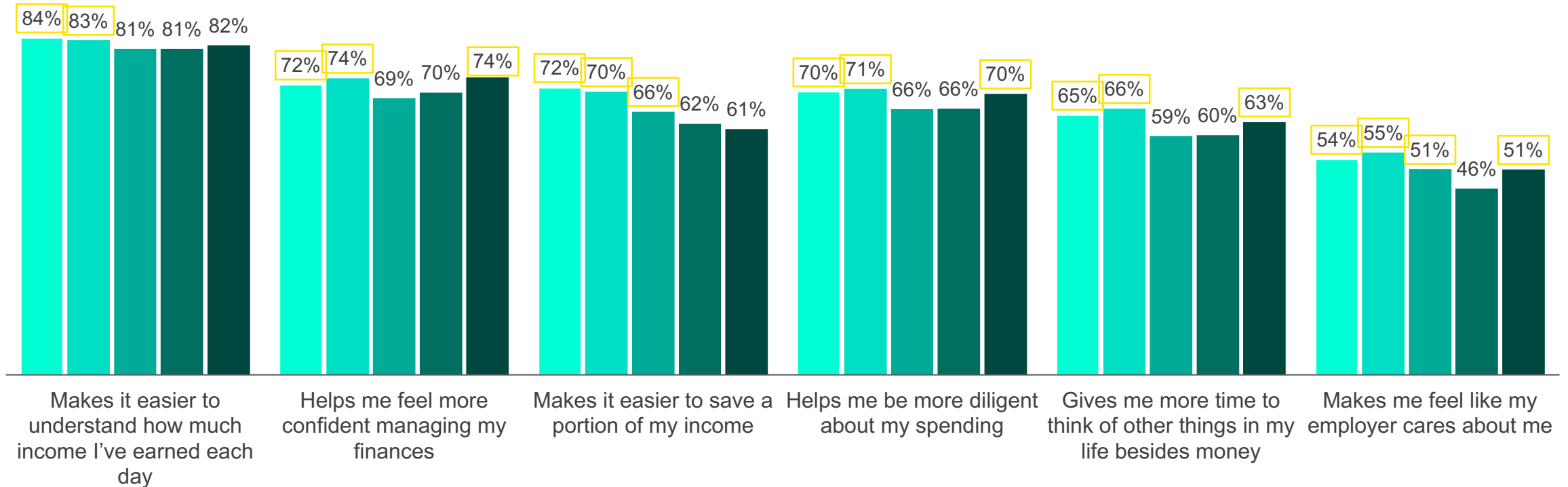
Base: By Total transfers per month: <3: n=1041, 3-6: n=1920, 7-10: n=1833, >10: n=5489

# Age groups differ on how much they think DailyPay helps them with financial wellness and makes them feel their employer cares

To what extent do you agree or disagree that DailyPay is helping you with the following things?

% STRONGLY AGREE OR AGREE

Age Group (Self-reported data)    ■ 18-24 ■ 25-34 ■ 35-44 ■ 45-54 ■ 55+

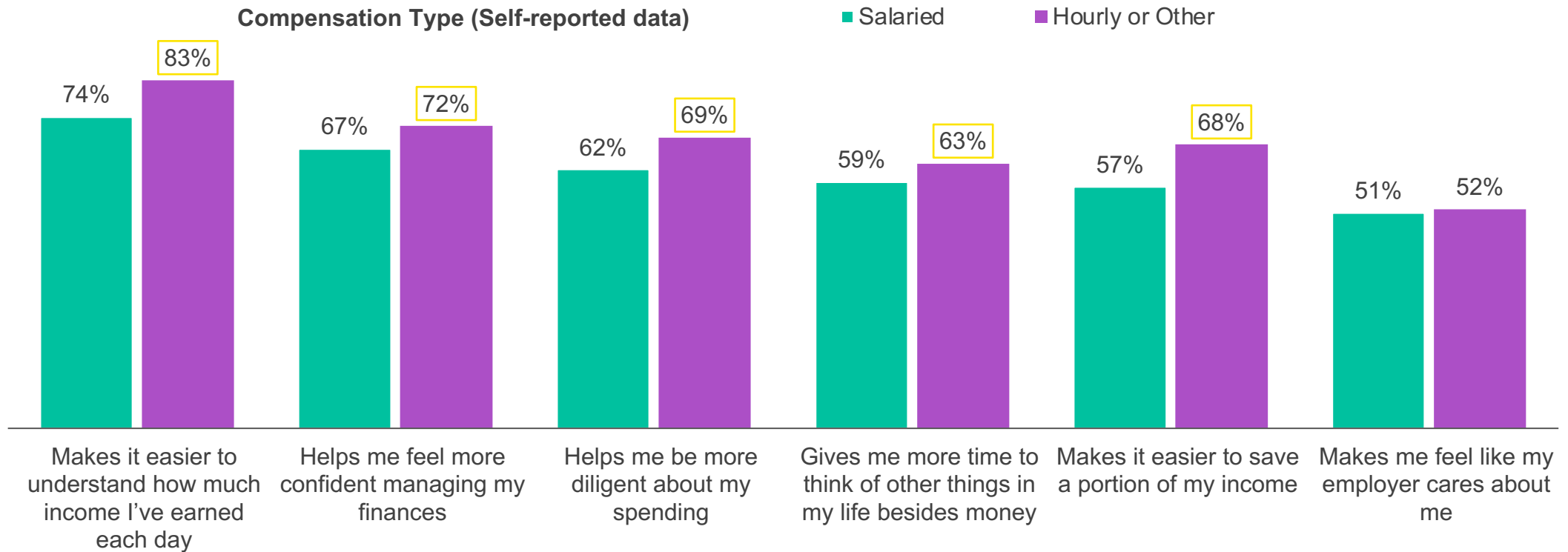


Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: By Age group: 18-24: n=1485, 25-34: n=3032, 35-44: n=2758, 45-54: n=1751, 55+: n=1115

# Non-salaried users are more likely to agree DailyPay makes it easier to manage many aspects of financial wellness

To what extent do you agree or disagree that DailyPay is helping you with the following things?  
% WHO STRONGLY AGREE OR AGREE

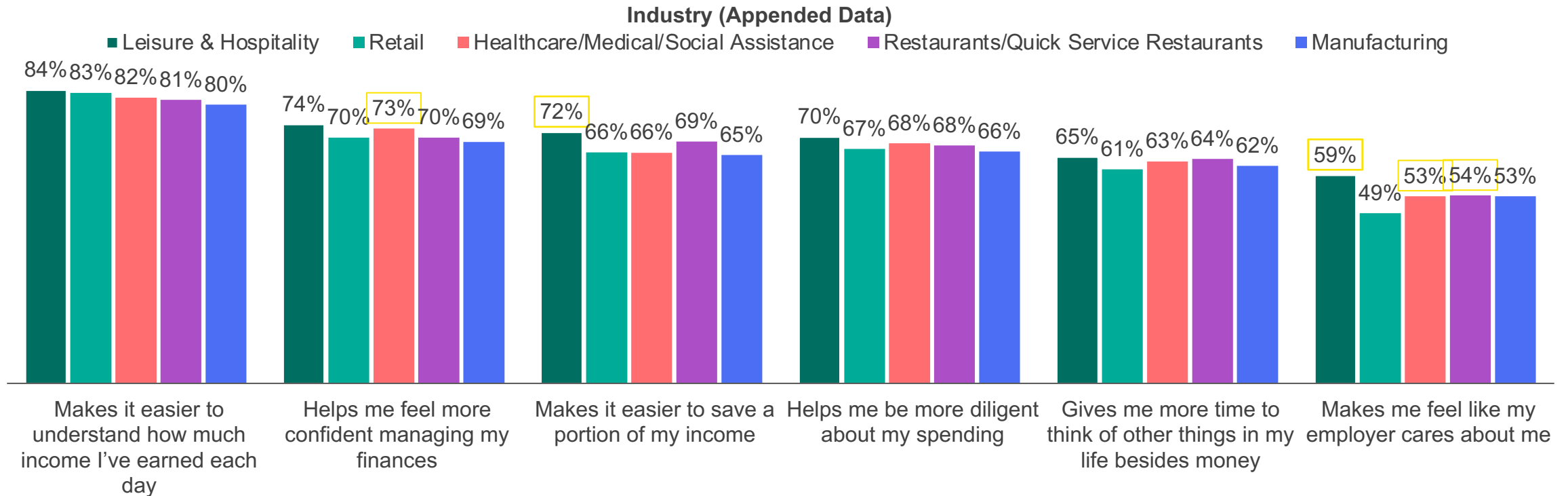


Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: Among all respondents by compensation type: Salaried: n=609, Hourly or Other: n=9674

# Users across industries widely agree that DailyPay improves various aspects of their financial wellness

To what extent do you agree or disagree that DailyPay is helping you with the following things?  
**% WHO STRONGLY AGREE OR AGREE**



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: Among users who fall into one of these key target industries: Retail: n=2731, Restaurants/Quick Service Restaurants: n=821, Leisure & Hospitality: n=367, Healthcare/Medical/Social Assistance: n=2456, Manufacturing: n=322

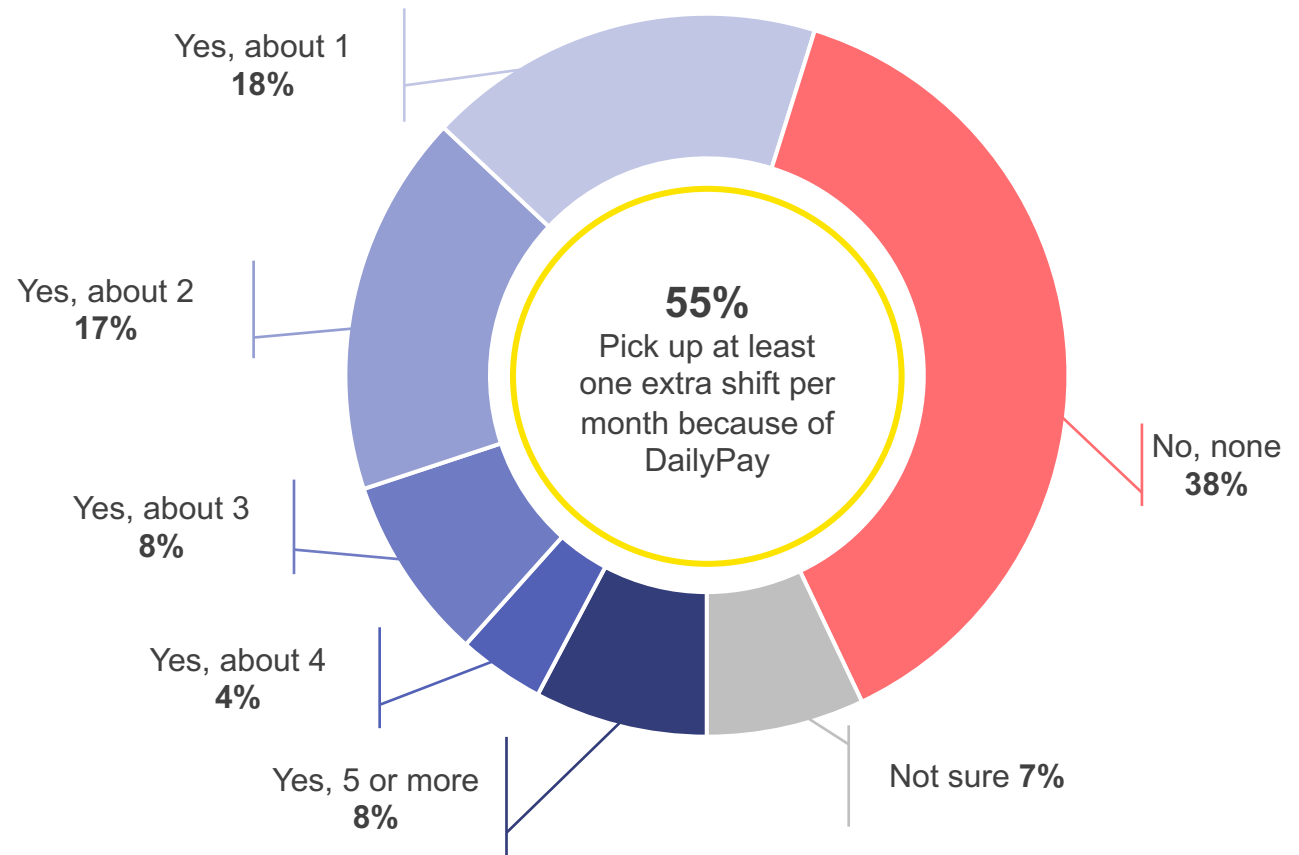
# Over half of DailyPay users pick up at least one extra shift per week because they know they can access earned pay ahead of payday

*In a typical month, do you take any extra shifts based on knowing that you can access your earned pay ahead of scheduled paydays?*

On average, users who pick up extra shifts per week because of DailyPay pick up **2.4** extra shifts per month

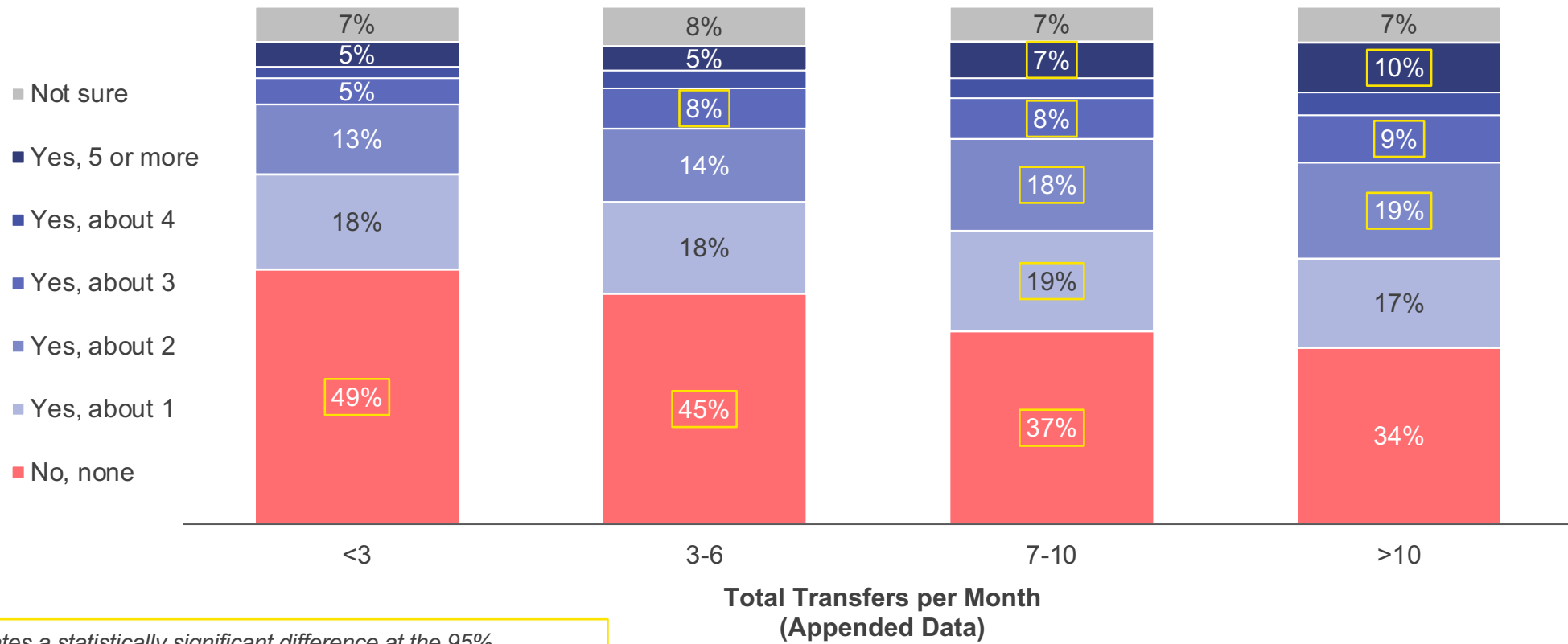
## Significant Differences Found:

- *Users who make more transfers are more likely to pick up shifts*
- *Younger users are more likely to pick up shifts*
- *Non-salaried users are more likely to pick up shifts*
- *Restaurant workers are more likely to pick up shifts*



# Users who make more transfers per month are more likely to pick up extra shifts knowing they can access their wages ahead of payday

*In a typical month, do you take any extra shifts based on knowing that you can access your earned pay ahead of scheduled paydays?*



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

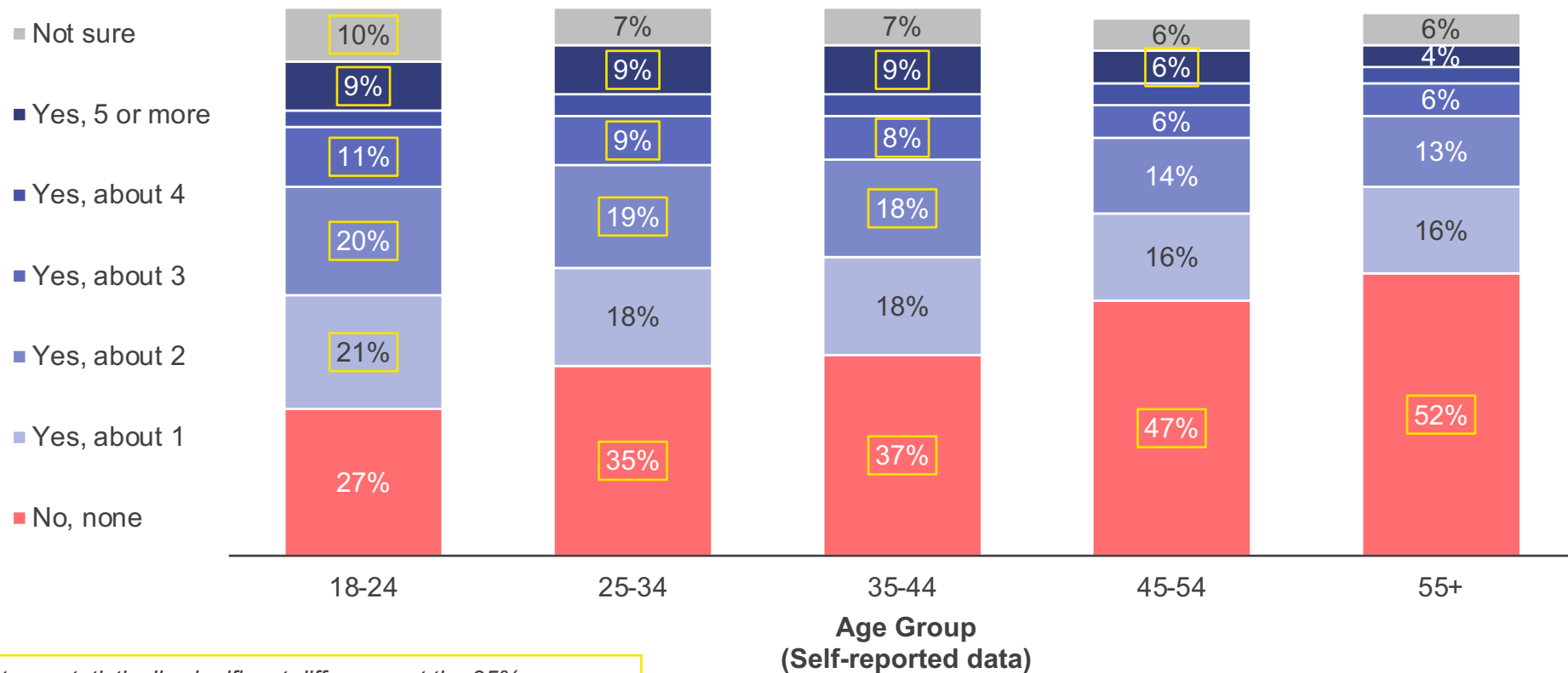
Labels not shown for values less than 5%

Base: By Total transfers per month: <3: n=1041, 3-6: n=1920, 7-10: n=1833, >10: n=5489



# Younger users are more likely to pick up shifts knowing they have earned wage access

*In a typical month, do you take any extra shifts based on knowing that you can access your earned pay ahead of scheduled paydays?*



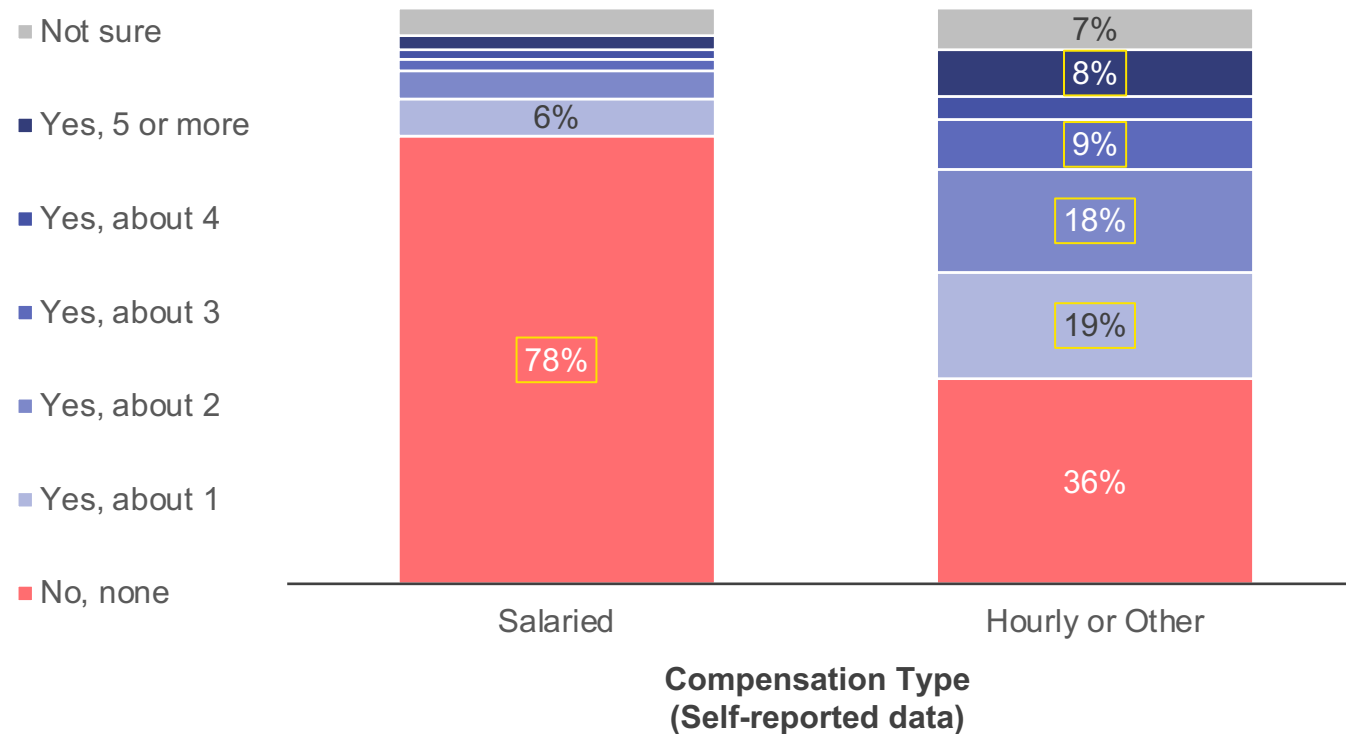
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 5%

Base: By Age group: 18-24: n=1485, 25-34: n=3032, 35-44: n=2758, 45-54: n=1751, 55+: n=1115

# Non-salaried users are more motivated to pick up shifts due to earned wage access

*In a typical month, do you take any extra shifts based on knowing that you can access your earned pay ahead of scheduled paydays?*



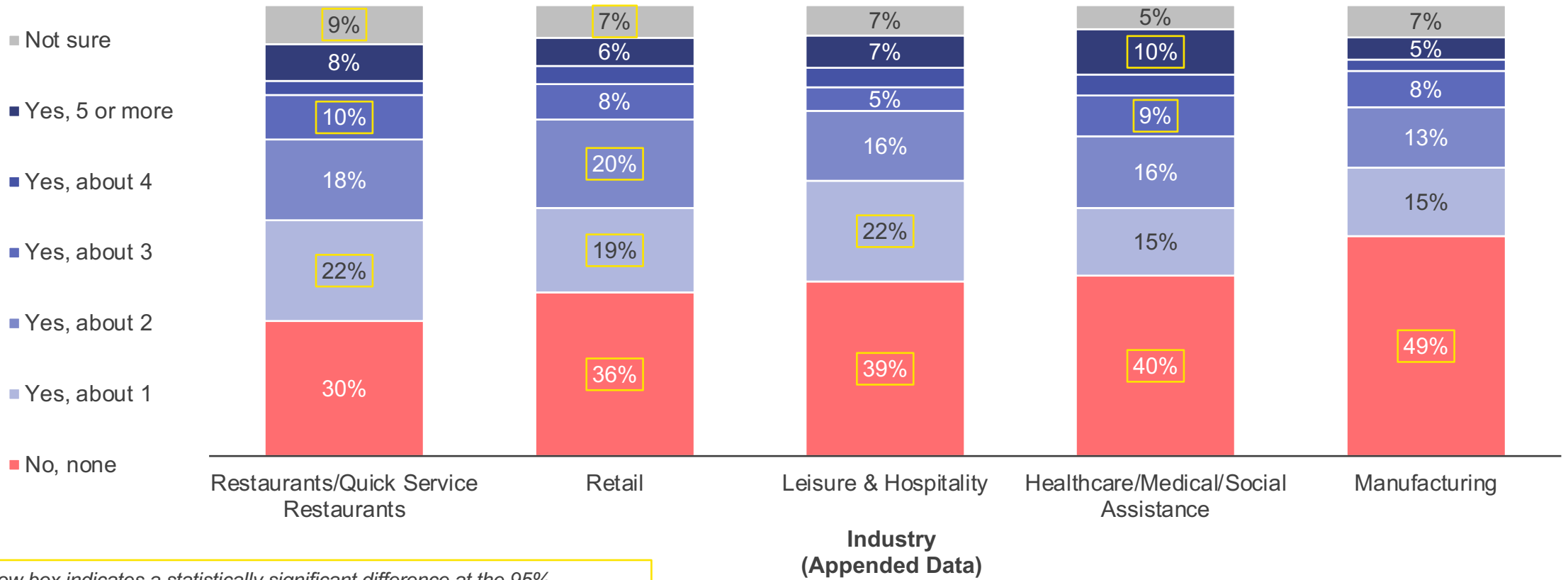
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 6%

Base: Among all respondents by compensation type: Salaried: n=609, Hourly or Other: n=9674

# Restaurant workers are most likely to pick up extra shifts because they have earned wage access

*In a typical month, do you take any extra shifts based on knowing that you can access your earned pay ahead of scheduled payday?*



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 5%

Base: Among users who fall into one of these key target industries: Retail: n=2731, Restaurants/Quick Service Restaurants: n=821, Leisure & Hospitality: n=367, Healthcare/Medical/Social Assistance: n=2456, Manufacturing: n=322

# Over half say having earned wage access has improved their opinion of their employer

*How, if at all, has having access to your earned pay before scheduled paydays changed your opinion of your employer?*

It has made me feel somewhat more positive about my employer  
**19%**

It has had no impact on my opinion of my employer  
**41%**

It has made me feel somewhat more negative towards my employer  
**1%**

It has made me feel much more negative towards my employer  
**1%**

It has made me feel much more positive about my employer  
**38%**

**57%**  
Say DailyPay has improved their opinion of their employer

## Significant Differences Found:

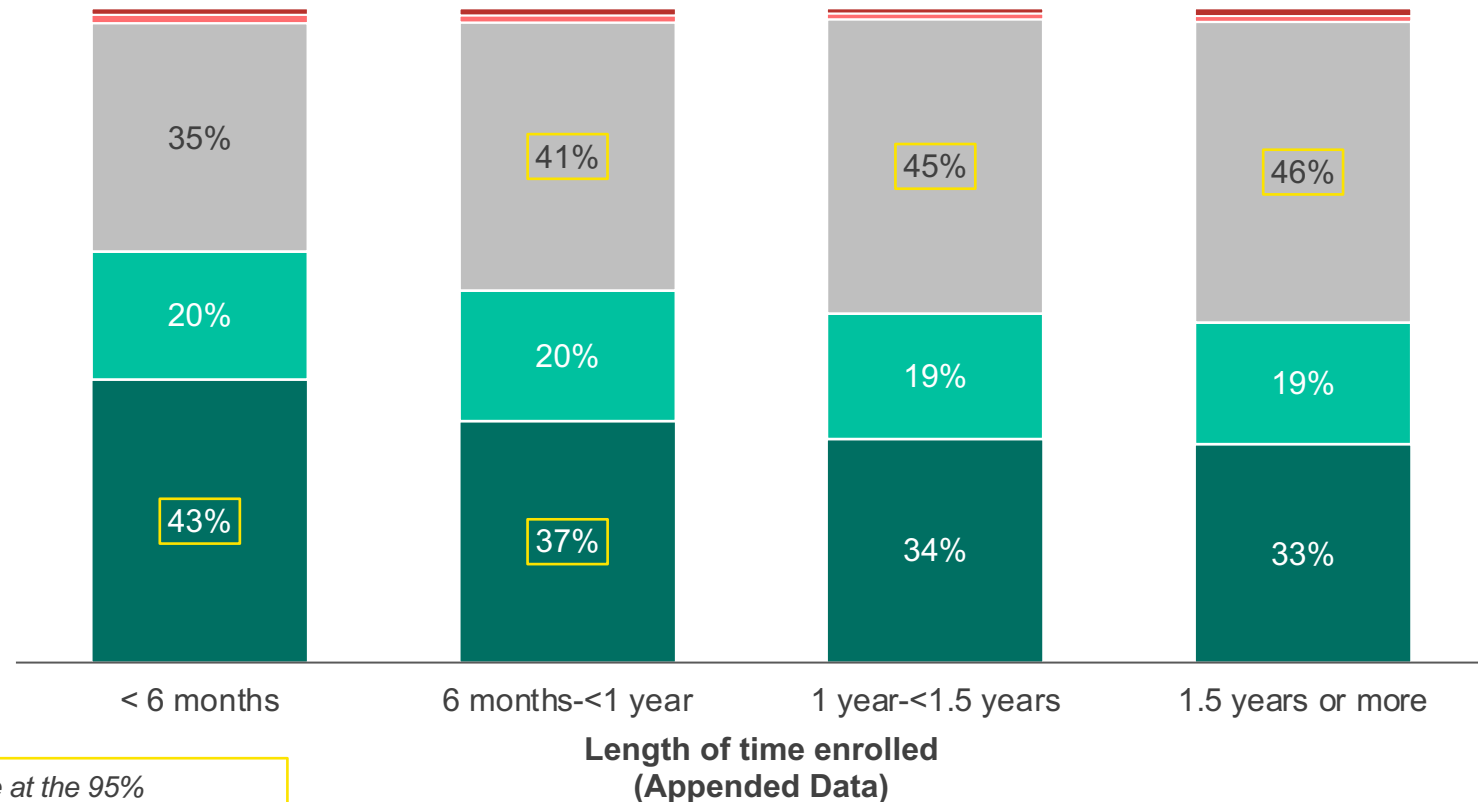
- *Younger users are more likely to feel much more positive about their employer due to EWA*
- *Non-salaried users are more likely to feel more positive about their employer due to EWA*
- *Leisure & hospitality and restaurant workers are more likely to feel more positive about their employer due to EWA*

Base: Total Respondents: n=10,283

# Users of 6 months or less are more likely to report feeling much more positive about their employer than more tenured users

*How, if at all, has having access to your earned pay before scheduled paydays changed your opinion of your employer?*

- It has made me feel much more negative towards my employer
- It has made me feel somewhat more negative towards my employer
- It has had no impact on my opinion of my employer
- It has made me feel somewhat more positive about my employer
- It has made me feel much more positive about my employer



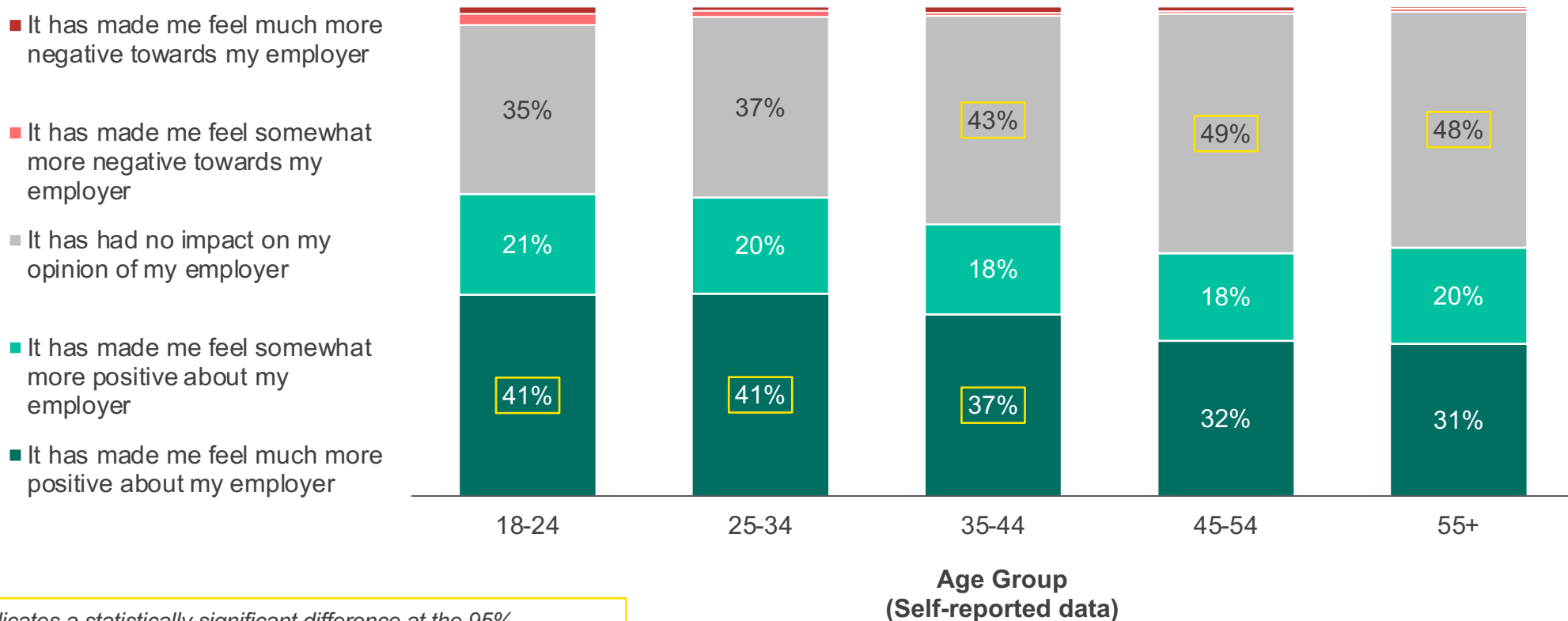
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 5%

Base: By length of time enrolled: < 6 months: n=3288, 6 months-<1 year: n=1532, 1 year-<1.5 years: n=1643, 1.5 years or more

# Younger users are more likely to say earned wage access has made them feel much more positive about their employer

*How, if at all, has having access to your earned pay before scheduled paydays changed your opinion of your employer?*



Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

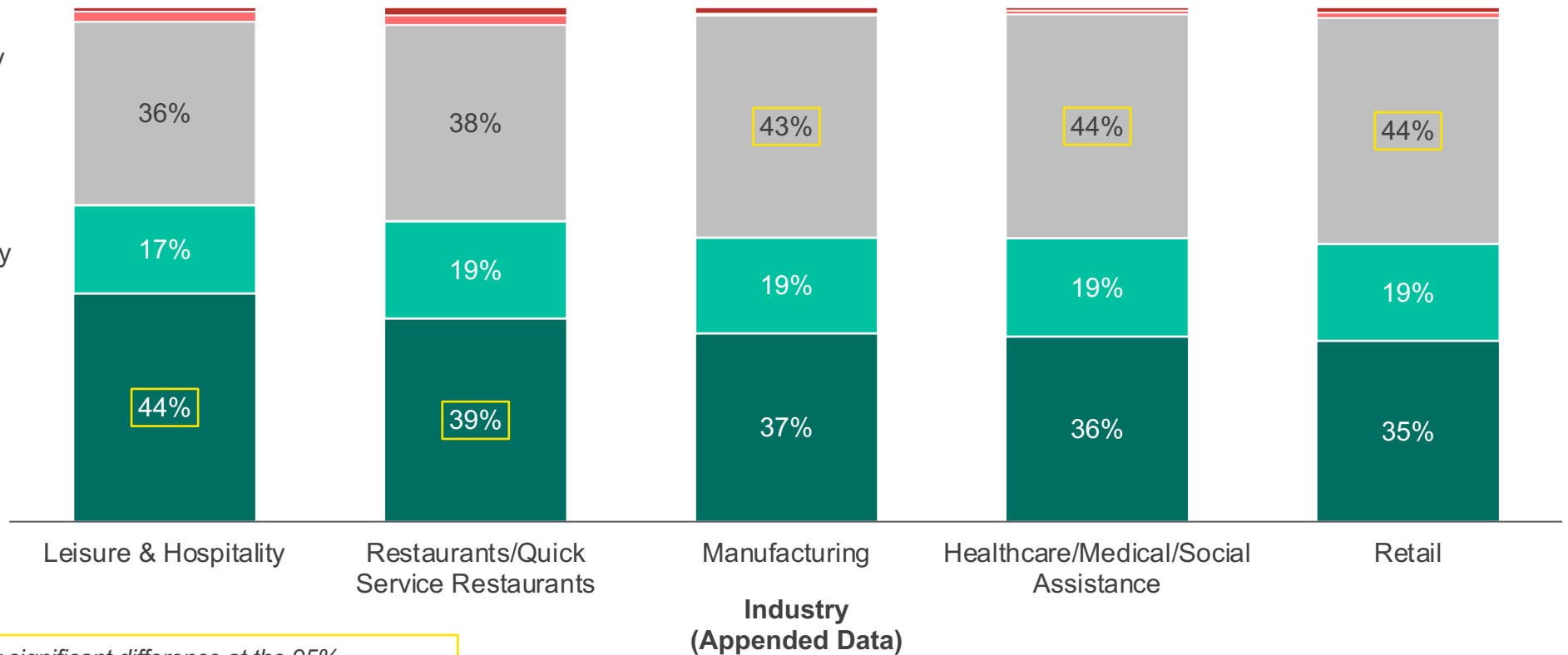
Labels not shown for values less than 5%

Base: By Age group: 18-24: n=1485, 25-34: n=3032, 35-44: n=2758, 45-54: n=1751, 55+: n=1115

# Leisure & hospitality workers and restaurant workers are more likely to report having earned wage access has made them feel much more positive about their employer

*How, if at all, has having access to your earned pay before scheduled paydays changed your opinion of your employer?*

- It has made me feel much more negative towards my employer
- It has made me feel somewhat more negative towards my employer
- It has had no impact on my opinion of my employer
- It has made me feel somewhat more positive about my employer
- It has made me feel much more positive about my employer



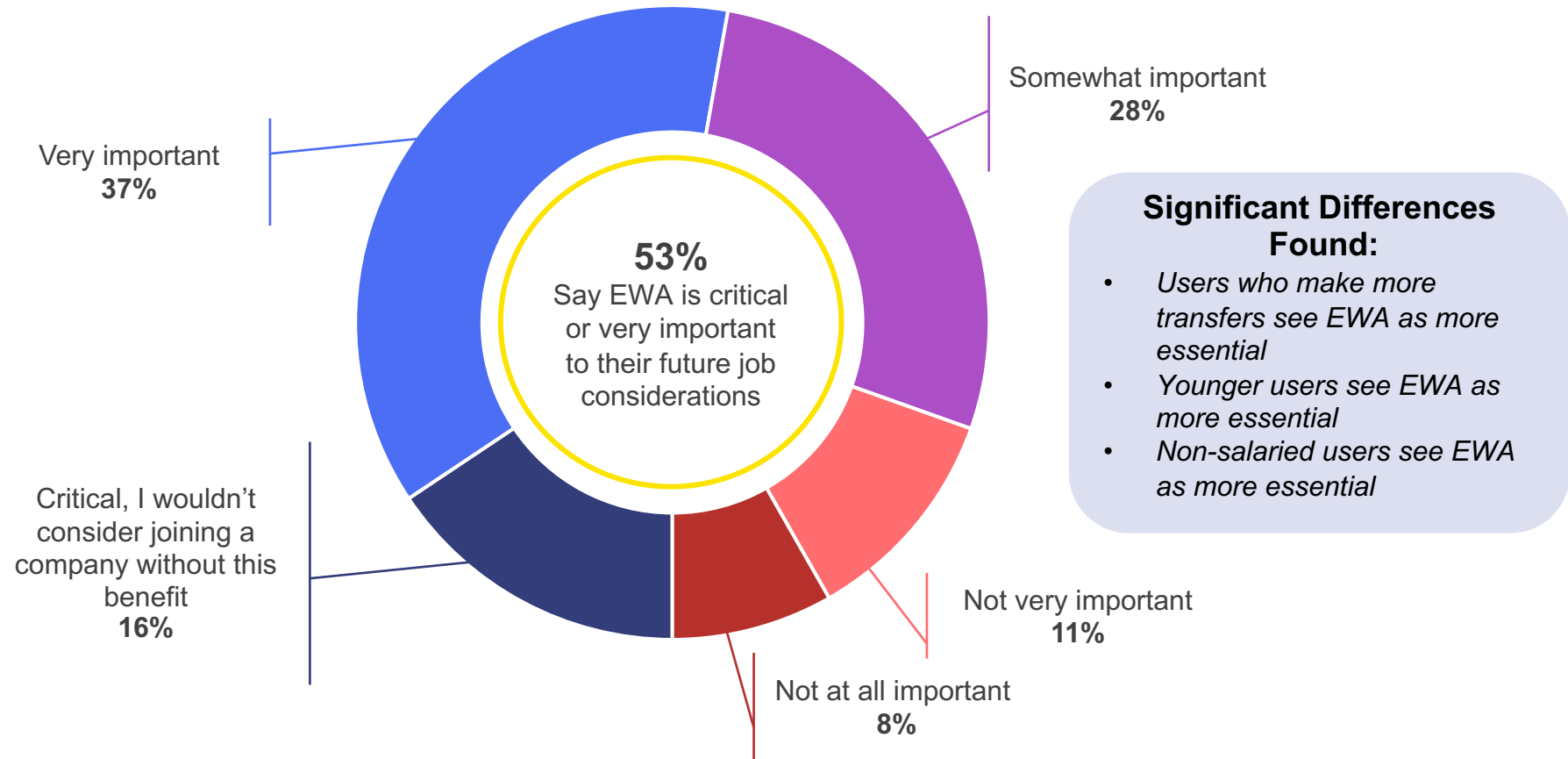
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 5%

Base: Among users who fall into one of these key target industries: Retail: n=2731, Restaurants/Quick Service Restaurants: n=821, Leisure & Hospitality: n=367, Healthcare/Medical/Social Assistance: n=2456, Manufacturing: n=322

# Earned wage access is critical or very important to their future job considerations for over half

*If you were looking for a new job, how important would it be to you that a new employer offered the ability to access your earned pay ahead of scheduled paydays?*

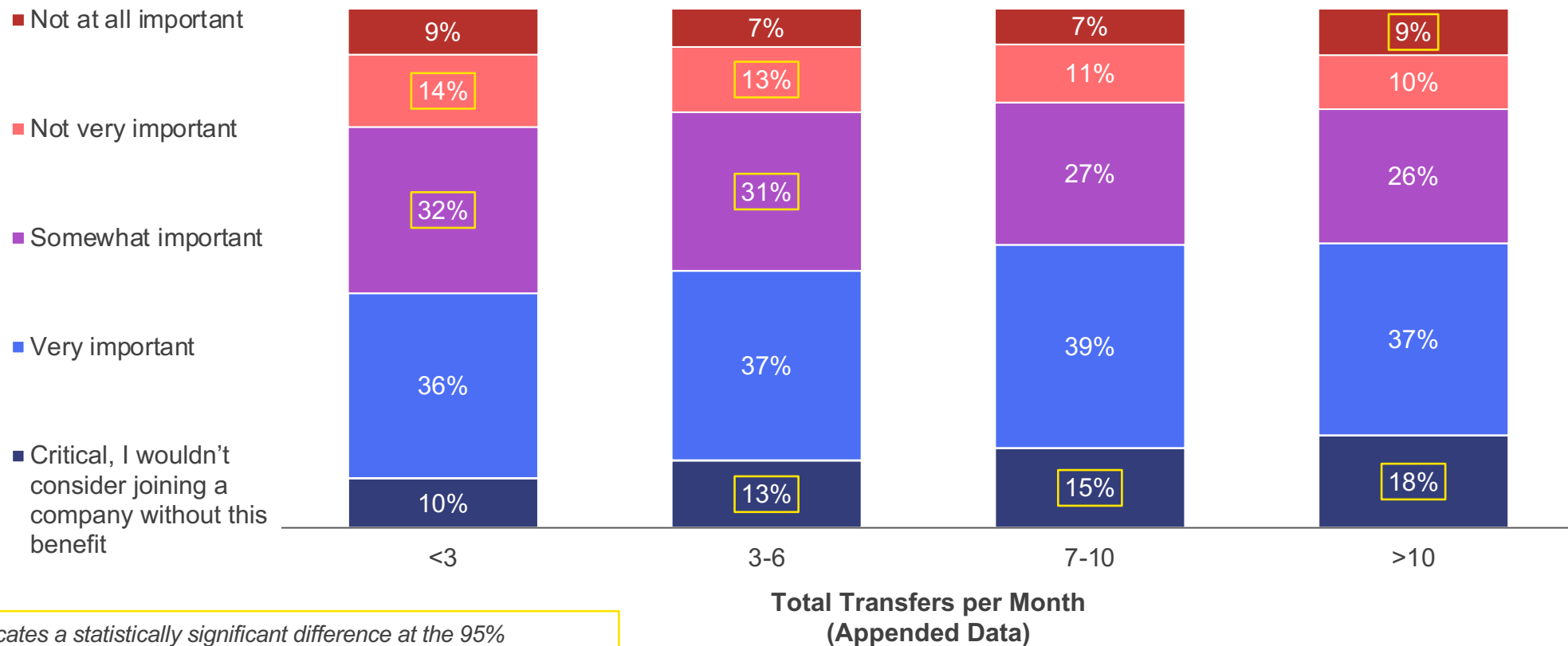


Base: Total Respondents: n=10,283



# Users who make at least 3 transfers per month are more likely to say earned wage access is critical to future job prospects

*If you were looking for a new job, how important would it be to you that a new employer offered the ability to access your earned pay ahead of scheduled paydays?*



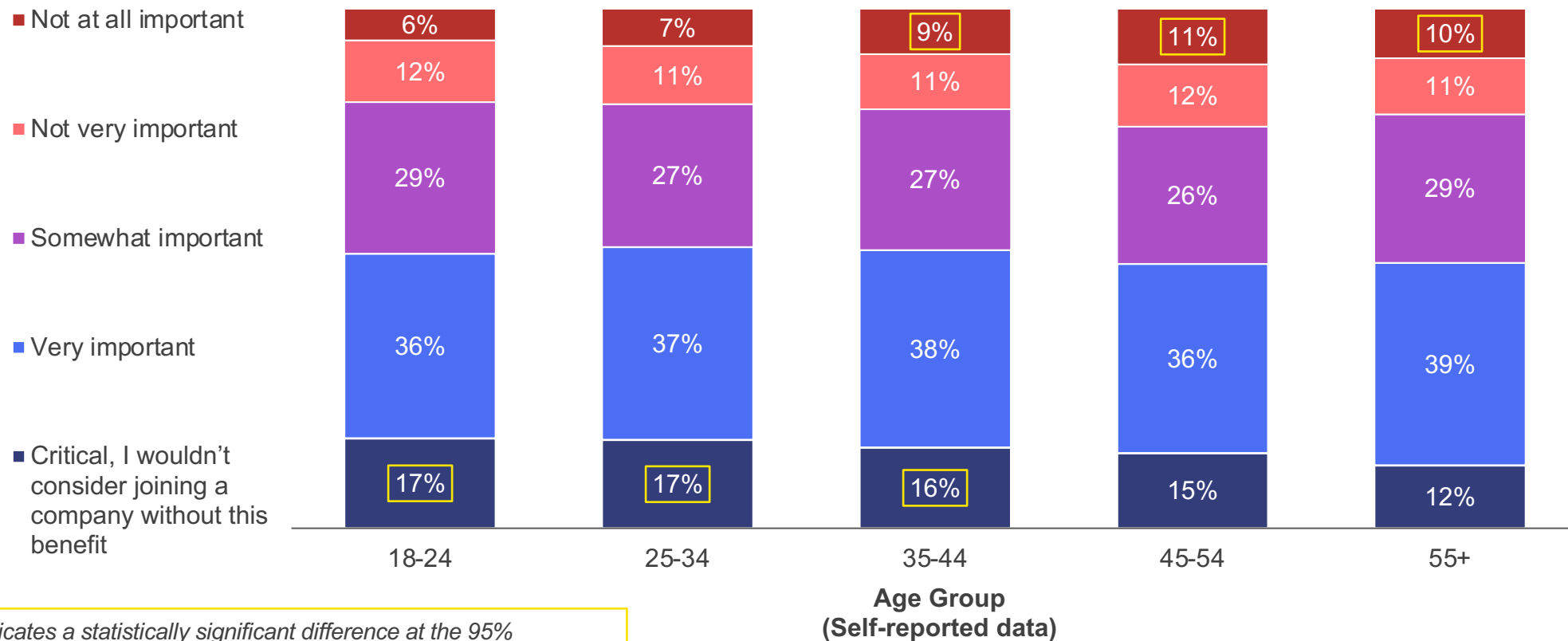
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 5%

Base: By Total transfers per month: <3: n=1041, 3-6: n=1920, 7-10: n=1833, >10: n=5489

# Younger users are more likely to consider earned wage access critical to future job prospects

*If you were looking for a new job, how important would it be to you that a new employer offered the ability to access your earned pay ahead of scheduled paydays?*



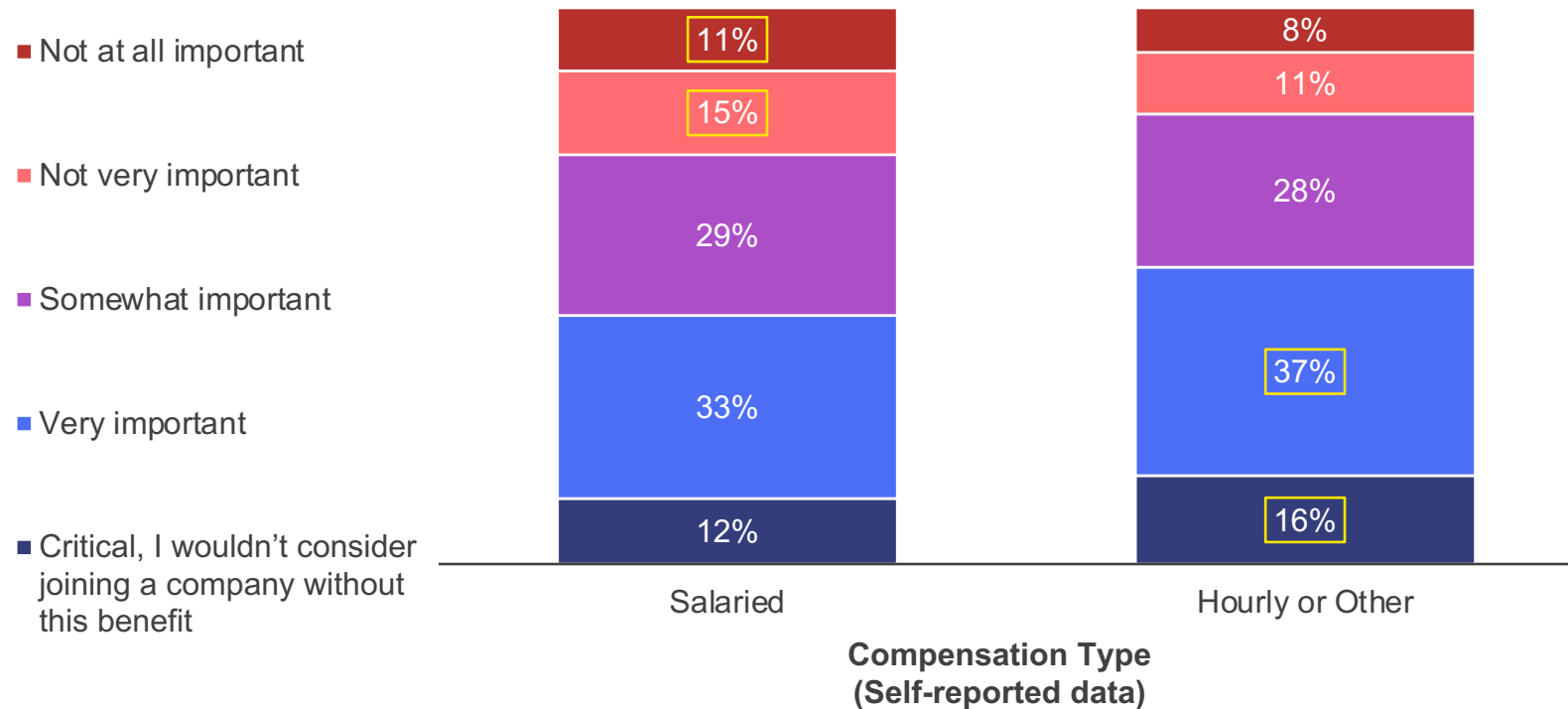
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 5%

Base: By Age group: 18-24: n=1485, 25-34: n=3032, 35-44: n=2758, 45-54: n=1751, 55+: n=1115

# Non-salaried users are more likely to say earned wage access is critical to future job prospects

*If you were looking for a new job, how important would it be to you that a new employer offered the ability to access your earned pay ahead of scheduled paydays?*



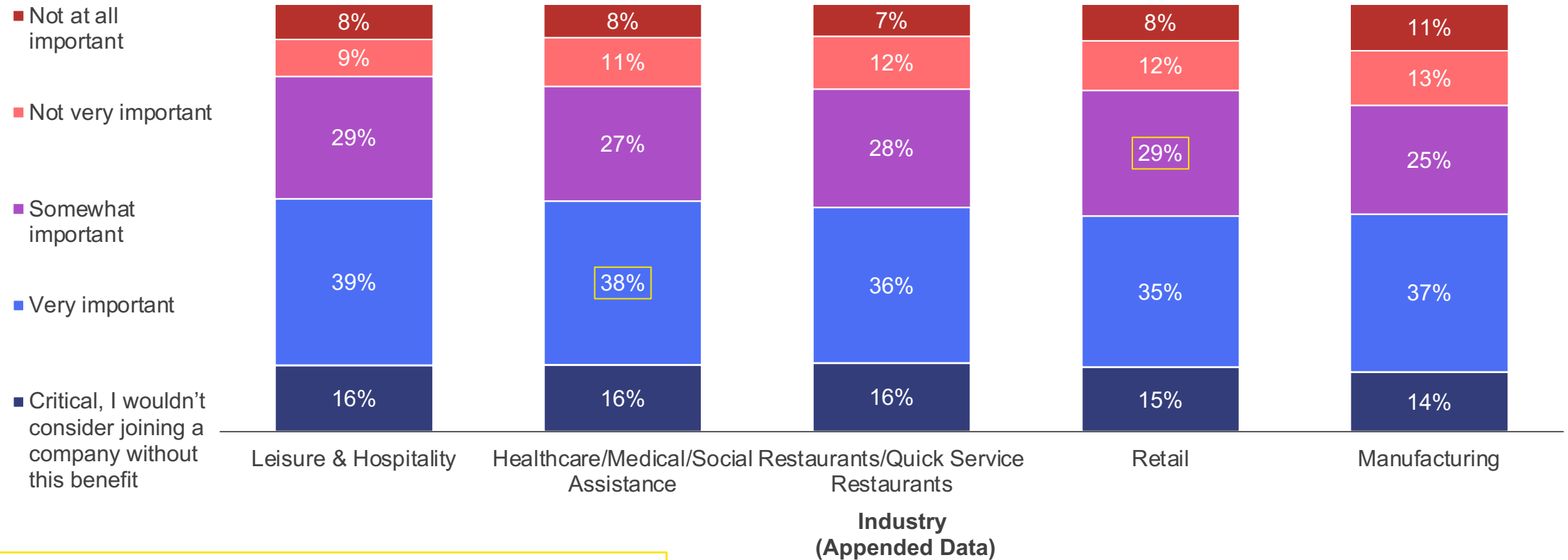
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 6%

Base: Among all respondents by compensation type: Salaried: n=609, Hourly or Other: n=9674

# Earned wage access is important to the future job prospects of users across industries

*If you were looking for a new job, how important would it be to you that a new employer offered the ability to access your earned pay ahead of scheduled paydays?*



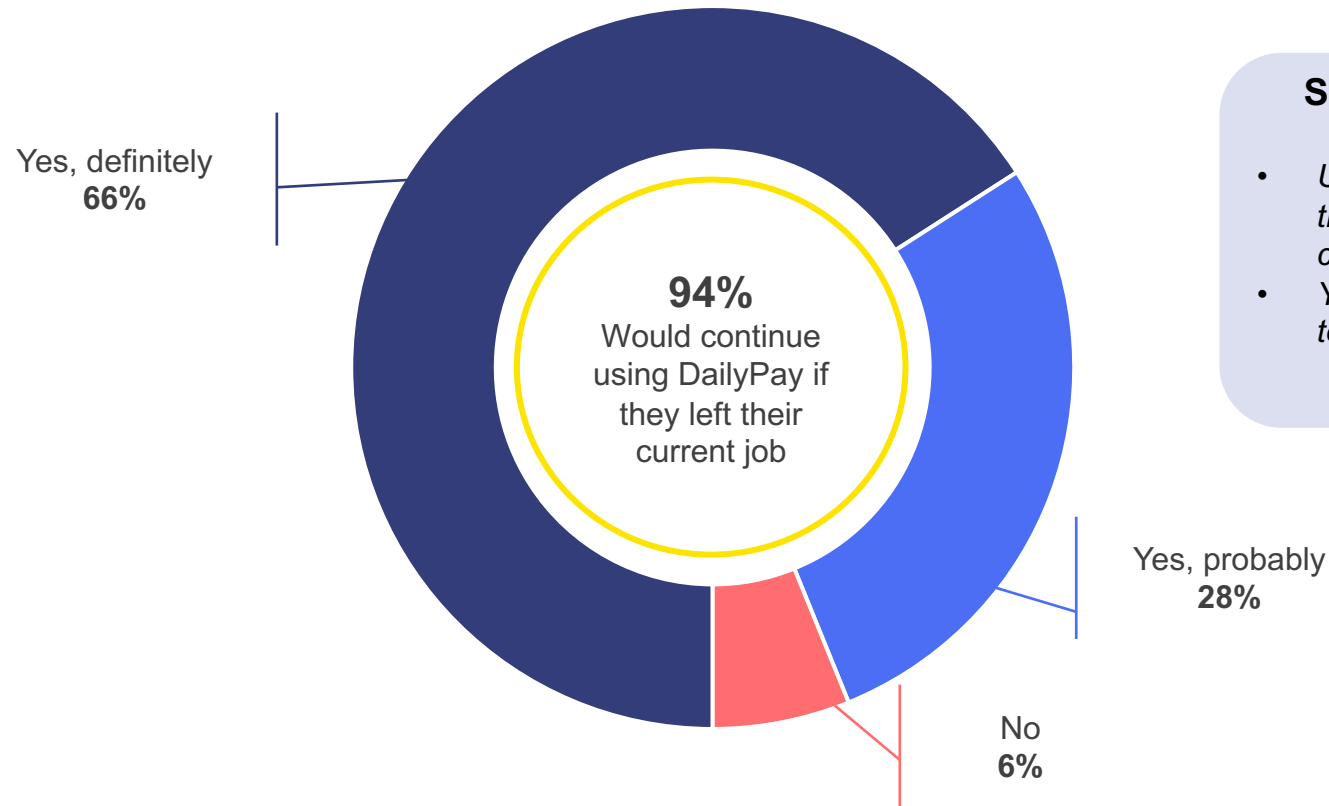
Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Labels not shown for values less than 5%

Base: Among users who fall into one of these key target industries: Retail: n=2731, Restaurants/Quick Service Restaurants: n=821, Leisure & Hospitality: n=367, Healthcare/Medical/Social Assistance: n=2456, Manufacturing: n=322

# 9-in-10 users would still likely use DailyPay after leaving their current job if they had the option

*If you had the option to continue using DailyPay, would you still use it if you left your current job/company?*

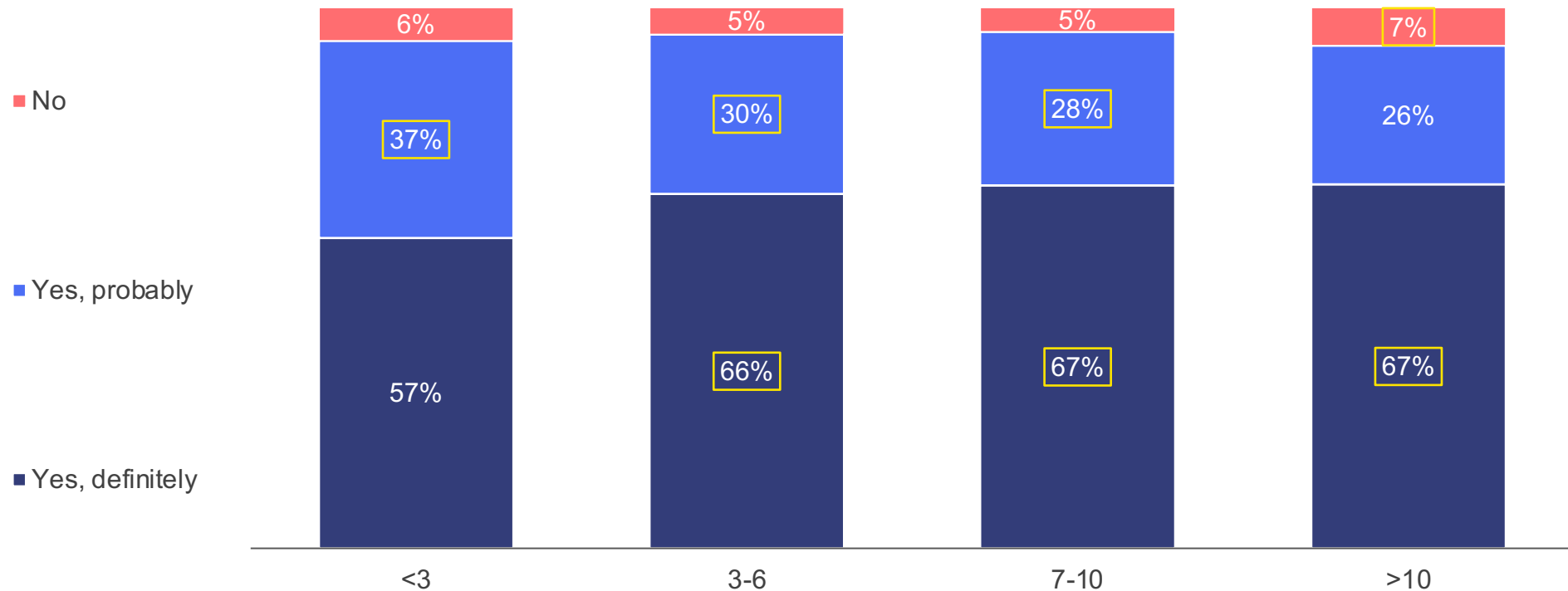


## Significant Differences Found:

- *Users who make more transfers are more likely to continue using DailyPay*
- *Younger users are more likely to continue using DailyPay*

# Users who make at least 3 transfers per month are more likely to definitely want to use DailyPay if they left their current job if they had the option

*If you had the option to continue using DailyPay, would you still use it if you left your current job/company?*



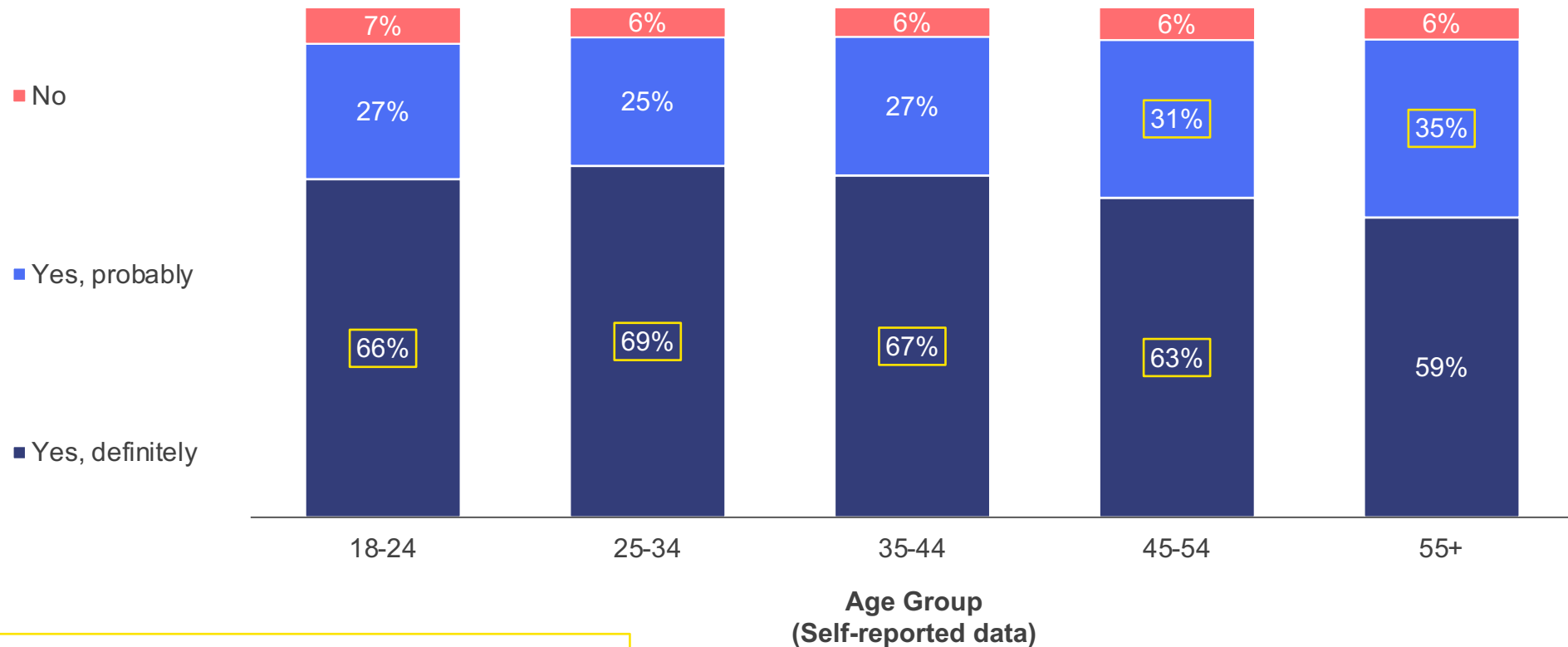
Total Transfers per Month  
(Appended Data)

Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.

Base: By Total transfers per month: <3: n=1041, 3-6: n=1920, 7-10: n=1833, >10: n=5489

# Younger users would be more likely to continue using DailyPay if they had the option after leaving their current company

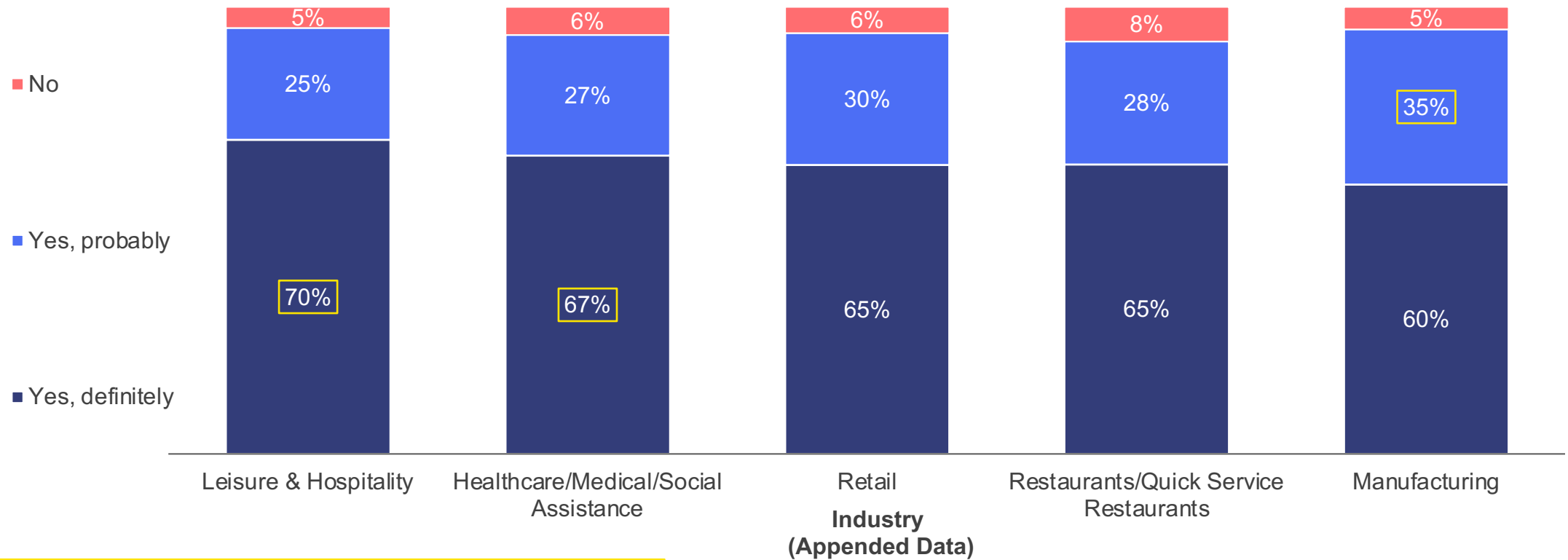
*If you had the option to continue using DailyPay, would you still use it if you left your current job/company?*



Base: By Age group: 18-24: n=1485, 25-34: n=3032, 35-44: n=2758, 45-54: n=1751, 55+: n=1115

# Leisure & hospitality and healthcare workers are most likely to say they'd definitely continue using DailyPay if they left their current company

*If you had the option to continue using DailyPay, would you still use it if you left your current job/company?*



*Yellow box indicates a statistically significant difference at the 95% confidence level between highest and lowest percentages in this category.*

Base: Among users who fall into one of these key target industries: Retail: n=2731, Restaurants/Quick Service Restaurants: n=821, Leisure & Hospitality: n=367, Healthcare/Medical/Social Assistance: n=2456, Manufacturing: n=322



**#leadtheway**

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Research Paper

# Exploring Earned Wage Access as a Liquidity Solution

Findings From a Study of Earned Wage Access Users

NOVEMBER 2023

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## Acknowledgements

We would like to thank our Financial Health Network colleagues Beth Brockland, Angela Fontes, and David Silberman for their thoughtful advice and suggestions on this report. We also appreciate the support of our marketing and communications colleagues Dan Miller and Michael Salmassian in bringing this study to the world.

This report was developed with support from DailyPay. The insights and opinions expressed in this report are those of the Financial Health Network and do not necessarily represent the views or opinions of our partners, funders, and supporters.

**daily**pay.

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## Executive Summary

Earned wage access (EWA) – also known as on-demand pay – is a solution designed to address short-term liquidity needs. With EWA, users can withdraw some or all of their wages as they earn them, ahead of their next scheduled payday. **Employer-integrated** EWA platforms partner with an employer payroll system to access data and provide workers with access to wages before payday, while **direct-to-consumer** platforms use data from a customer’s bank account to provide access to liquidity based on observed deposits and withdrawals. As a relatively new product, EWA is receiving attention from providers, potential users, and policymakers all seeking to better understand its effect on users.

This study builds on the Financial Health Network’s previous research on the topic, which used administrative data from two direct-to-consumer and two employer-integrated EWA providers to understand frequency of use and average costs for users. The Financial Health Network conducted the current study to better understand not only *how*, but *why*, people are using EWA; how it has complemented or changed their financial behavior; and how using EWA is impacting their financial health.

To gather these insights, we collected qualitative data through a three-day online discussion board of 21 users of EWA. Based on users' responses to a series of prompts, the findings and quotes from participants included in this report are not intended to be representative of all EWA users. Rather, we conducted this study to explore and identify themes from the users’ experiences, how they utilize the service, and their perceptions of its impact on their financial health.

## Key Findings

### 1. Participants Use Earned Wage Access To Pay Bills on Time, Cover Unexpected Expenses

Many participants noted that they used EWA to pay bills that were due ahead of their paycheck or cover some other shortfall in paying for daily expenses. When asked about the first time they used EWA, participants described emergency situations or unexpected expenses as reasons for using the product. These situations included unexpected car and home repairs, as well as medical expenses.

### 2. Participants Prefer Earned Wage Access to Available Alternatives

Participants spoke of the benefits that EWA provided – particularly relative to other options that they would use to pay their bills and cover emergency situations while facing liquidity challenges. Consumers in our study generally viewed EWA as better than alternative

short-term credit options available, including payday loans, intentionally incurring late fees or overdraft, or borrowing from friends and family. Some users also felt these alternatives carried a social stigma, while EWA did not. Using EWA allowed users to access the liquidity they needed while still preserving their sense of dignity. Further, nearly all participants in our study did not view EWA as the same or akin to loans, instead asserting that EWA provided wages they had already earned, which was fundamentally different from borrowing against future earnings.

### **3. Participants Express Confusion When Asked for Tips**

While most EWA users in our study spoke highly of the benefits of EWA in supporting their immediate financial needs, they also expressed some confusion with tip-based models. This was especially true when compared with other models with clearer costs, like subscription and fee-based models. Specifically, participants expressed confusion about where voluntary tips went and the amount to leave for a tip.

### **4. Participants Experience Few Issues and Plan To Continue Using Earned Wage Access**

Most participants in this study highlighted positive experiences with EWA, and the majority did not report any issues with their accounts. The minority of users who shared problems or challenges using EWA reported issues related to accuracy of the EWA account, the ability for the EWA app to integrate with their bank account, and the speed at which they received funds. Nearly all study participants reported that they plan to continue using EWA.

### **5. Earned Wage Access Helps With On-Time Payments, but Not Income Insufficiency**

EWA provided participants with more breathing room in their day-to-day spending and during emergencies, yet it was not able to solve the underlying reasons that users faced liquidity challenges – namely, that their income was insufficient to cover their daily expenses and unexpected financial shocks. Further, we see that cyclical use of EWA (taking an advance at least once, and often multiple times, per pay period) is common. It is not clear whether this is driven by ongoing short-term liquidity needs; the downstream financial impact of EWA, like smaller paychecks due to previous cash advances; or both. The majority of participants agreed that the service did improve their well-being, yet they were clear that it did little to address the underlying reasons behind their financial precarity.

There is still much more that providers, policymakers, employers, and consumers must understand about EWA. Through our research, we uncover new lines of inquiry that could increase the positive impact of EWA on users. However, it is equally important that we work toward addressing the underlying financial health challenges that cause users to turn to solutions like EWA in the first place.

## Introduction

Earned wage access (EWA), or on-demand pay, is a growing product category that allows users to access some or all of the wages from their next paycheck before their next scheduled payday. These mobile and web-based platforms aim to address the liquidity challenges that many households across the country face. Recent research from the Financial Health Network found that in 2023, 22% of households were spending more than their income, 29% reported not being able to pay their bills on time, and 43% had insufficient savings to cover at least three months of living expenses.<sup>1</sup> Taken together, these findings show that many households struggle to find the money to pay for day-to-day expenses.

There are a number of products and services that have sought to solve the short-term liquidity challenges that households face. These solutions range from credit cards to short-term loans like payday, pawn shop, auto title, and tax refund loans. Other consumers use overdraft as a form of credit or incur late fees on bills when faced with liquidity challenges. When possible, consumers may turn to friends and family to help.<sup>2</sup>

The underlying issues driving these short-term liquidity challenges are well documented. Many households face a timing mismatch between when they must pay expenses and when they receive income. This is particularly acute for people whose regular expenses exceed their regular income or for people who have limited ways to pay for a financial shock. Research shows that people are willing to pay for quicker, more frequent access to income to meet their immediate liquidity needs. For example, one analysis of account holders' tradeoffs between check depositing and check cashing, which is faster and more expensive, found a significant preference for faster access to funds and a willingness to pay \$11.17 per day for that access.<sup>3</sup> Another analysis of simulated payday loans finds that increasing frequency of payment – even through the use of payday loans – can improve workers' well-being.<sup>4</sup> Other studies show that being paid more frequently and having less income volatility both contribute to improved well-being and financial security.<sup>5,6</sup>

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<sup>1</sup> Kennan Cepa et al., "[Financial Health Pulse® 2023 U.S. Trends Report: Rising Financial Vulnerability in America](#)," Financial Health Network, September 2023.

<sup>2</sup> Research shows that access to friends and family with financial resources to help individuals in times of need is neither equal nor equitable. Further, research shows that the reliance on kin networks for financial support disproportionately impacts Black households and contributes to the Black-White racial wealth gap. See Jermaine Toney & Darrick Hamilton, "[Economic Insecurity in the Family Tree and the Racial Wealth Gap](#)," Review of Evolutionary Political Economy, June 2022.

<sup>3</sup> Ryan C. McDevitt & Aaron Sojourner, "[The Need for Speed: Demand, Regulation, and Welfare on the Margin of Alternative Financial Services](#)," The Review of Economics and Statistics, January 2023.

<sup>4</sup> Christopher A. Parsons & Edward D. Van Wesep, "[The timing of pay](#)," Journal of Financial Economics, August 2013.

<sup>5</sup> Wendy De La Rosa & Stephanie Tully, "[The Impact of Payment Frequency on Subjective Wealth Perceptions and Discretionary Spending](#)," June 2020.

<sup>6</sup> "[How Income Volatility Interacts With American Families' Financial Security](#)," The Pew Charitable Trusts, March 2017.

Increasingly, people have turned to EWA – either provided through employers as a benefit to workers or offered directly to users – to help ease these liquidity constraints. EWA is growing as both a strategy and product segment: One industry analysis noted that between 2018 and 2020, the size of the earned wage access market had tripled to \$9.5 billion, serving over 55 million consumers.<sup>7</sup> Additionally, the Financial Health Network’s FinHealth Spend survey reveals that the EWA market is growing: In January 2023, 7.5% of workers reported that their employer offered EWA, up from 6.1% in November 2021.<sup>8</sup>

### Understanding the 2 Distinct EWA Models

There are two distinct delivery models of EWA, one that is **employer-integrated** and another that provides funds directly, without an employer intermediary (referred to as **direct-to-consumer** (D2C) advance products). Employer-integrated platforms partner with an employer or payroll system, tapping into data about the hours worked and wages earned and providing workers with access to those wages ahead of payday. In contrast, D2C platforms have no direct insight into earnings and instead leverage data from a customer’s bank account, providing access to liquidity based on observed account deposits and withdrawals.

While there are well-founded debates about whether employer-integrated EWA and D2C platforms should be treated as the same or distinct products, this study combines users of both for a few reasons. The user experience is similar with both models: People can access a defined amount of their earnings ahead of payday. When recruiting for our study, we also found that several users reported using more than one EWA product.

Yet EWA is still a relatively new product, and state and federal policymakers are actively engaged in conversations about whether and how to regulate it.<sup>9</sup> As policymakers consider regulations and EWA providers evolve their product offerings, we believe it is critical to better understand how consumers are using EWA and its impact on their financial health.

<sup>7</sup> “Employer-Based Loans and Early Pay: Disruption Reaching Scale,” Aite-Novarica Group, April 2019.

<sup>8</sup> Analysis of the Financial Health Network’s FinHealth Spend survey, a nationally representative survey to understand household usage of a variety of financial products. Difference between 2021 and 2023 reported access to EWA is statistically significant at  $p < 0.05$ . For more details on the survey and methodology, see Meghan Greene, Wanjira Chege, MK Falgout, & Necati Celik, “[FinHealth Spend Report 2023: U.S. Household Spending on Financial Services Amid Historic Inflation and an Uncertain Economy](#),” Financial Health Network, June 2023.

<sup>9</sup> As an example, Nevada was the first state to pass comprehensive legislation to govern EWA, requiring providers be licensed by the state and be subject to specific disclosure requirements to users. It also stipulates how providers can and cannot recoup funds provided to a user that are not repaid by the user, and states that EWA is not considered a loan or money transmission and is not regulated as such. See “[SB 290](#),” Nevada State Legislature.



Previous Financial Health Network research based on administrative data from four EWA providers, two employer-integrated and two D2C platforms, found that EWA users relied on the product with some consistency. According to that data, users took an average advance of \$120 and tended to take more than one advance across semi-monthly periods for an average time period of two months.<sup>10</sup> A study from the California Department of Financial Protection, which relied on California-based administrative data from seven EWA providers (including employer-integrated and direct-to-consumer models), found that the majority of EWA advances were between \$80 and \$100, with the average consumer taking out nine advances per quarter, equivalent to 1.1 advances per semi-monthly pay period.<sup>11</sup> This was similar to the within-pay period frequency seen in the Financial Health Network report, but was consistent over a longer period of time.

The research on EWA is still nascent in understanding how consumers perceive the product and what motivates them to – or dissuades them from – using EWA. Better understanding how consumers are leveraging this product is imperative for providers and policymakers alike. For this study, we investigated two primary research questions:

- What is the experience of EWA consumers, in using both direct-to-consumer and employer integrated solutions? How and why do they start using EWA? If they continue to use EWA, why?
- What is the relationship between EWA use and financial health?

This brief explores consumers' use of EWA services, including when and why they chose to take advances. We look at how users evaluate EWA relative to other options to meet their liquidity needs, how they navigate challenges while using the services, and whether and how they plan to continue using the product. Finally, we examine how EWA users describe the service's impact on their financial health.

## Methodology

The findings from this report are based on qualitative data collection from a three-day online discussion board of EWA users held from June 27 through June 29, 2023. Recruitment of participants was conducted through an online panel (panelists and intercepts) that identified 200 users of EWA products. A subset of users were then invited to participate in a three-day online discussion board. This report includes findings and analyses based on the responses of 21 participants.

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<sup>10</sup> Devina Khanna & Arjun Kaushal, "[Earned Wage Access and Direct-to-Consumer Advance Usage Trends](#)," Financial Health Network, April 2021.

<sup>11</sup> "[2021 Earned Wage Access Data Findings](#)," California Department of Financial Protection and Innovation, 2023.

Participants were asked to respond to a series of online exercises and questions at their convenience over the course of the three days. Responses to some sensitive questions were kept private to moderators and researchers, while other questions and responses were shared with all participants so participants could react to and converse with fellow panelists. Together, this yielded rich insights about the commonalities and differences in users' experiences. Moderators facilitated and probed for elaboration on certain responses and topics as needed. Participants received a \$150 gift card for their participation.

The sample of participants included slightly more users who identified as female than male. Participants also ranged in ages, with more younger users (aged 18-49) of EWA included. Geographically, participants were from all over the U.S., with more from the South and Western U.S. Participants also came from a wide range of races and ethnicities, and they were evenly split between respondents who identified as White and those who identified as people of color. Household income of participants also varied, with about half living in households with less than the U.S. median income and half with income above the median.<sup>12</sup>

**Table 1. Discussion board participant demographics.**

<b>Characteristic</b>	<b>Number of participants</b>
<b>Gender</b>	
Male	9
Female	12
<b>Age</b>	
18-29	6
30-49	10
50 or older	5
<b>Race/ethnicity</b>	
American Indian or Alaskan Native	2
Asian or Asian American	1
Black or African American	3
Hispanic or Latino/a/x	2
Multiracial	3
White	10
<b>Household income</b>	
Less than \$40,000	5
\$40,000-\$74,999	7

<sup>12</sup> Median household income in 2022 was just under \$75,000. See Gloria Guzman & Melissa Kollar, "[Income in the United States: 2022](#)," U.S. Census Bureau.

\$75,000-\$99,999	4
\$100,000 or more	5
<b>Employment arrangements</b>	
Works 1 job	16
Works 2 jobs	5
Works full time for someone else	18
Work part time for someone else	3
Main job is salaried	8
Main job is paid by the hour	13

Participants ranged in their financial health as well. The majority faced liquidity constraints, with few reporting spending less than their income, and half reporting they had savings that would cover less than one month of expenses at their current level of spending. Fewer than half of users in our study reported paying all their bills on time.

**Table 2. Discussion board participant financial health.**

<b>Financial health</b>	<b>Number of participants</b>
<b>Spending habits</b>	
Spending was much less than income	0
Spending was a little less than income	3
Spending was about equal to income	9
Spending was a little more than income	6
Spending was much more than income	3
<b>Savings (excluding retirement accounts) on hand could cover expenses for the following time period</b>	
6 months or more	3
3-5 months	5
1-2 months	2
1-3 weeks	9
Less than 1 week	2
<b>Paying bills over the past 12 months</b>	
Pay all of our bills on time	8
Pay nearly all of our bills on time	6
Pay most of our bills on time	4
Pay some of our bills on time	3
Pay very few of our bills on time	0

We sought to use qualitative data collection methods in order to hear from EWA users about the user journey, how they evaluate the products, what they liked about the EWA service, and what could be better.

## Key Findings

### 1. Participants Use Earned Wage Access To Pay Bills on Time, Cover Unexpected Expenses

Despite its growing use, EWA is still a relatively new product. Given its novelty, it is important to understand how users are learning about the platform and why they decide to use the service. In this study, we were interested in learning both what led participants to begin using EWA, as well as the reasons they continued using the service. These experiences lend insight into the underlying financial circumstances that drive interest in and need for EWA.

#### Connecting to EWA Products and Services

We found that users learned about EWA platforms through advertisements, professional networks, and their employers. In particular, respondents who were using direct-to-consumer EWA platforms reported that they primarily discovered EWA through online ads and targeted marketing, as well as word of mouth. For users who connected to EWA platforms through their employers, most had originally found out about the benefit from their employer and from fellow employees. One user even mentioned seeking out employment after finding out that the employer offered the benefit.

*"I first learned about on-demand pay when I saw a poster at the local McDonald's that they were hiring and offered flex pay as an option... I actually work part time now for them as an extra income just for that reason."*

#### Impetus for First Use: Bills and Emergency Expenses

Two key experiences drove use of EWA products, both initially and over time. First, many participants used EWA to pay bills that were due ahead of receiving their paycheck or cover a shortfall in paying for daily expenses. One participant explained, "I was having difficulty paying my bills. I had credit card bills, rent, food, and general supplies." Another participant used EWA for the first time when her child's daycare ran out of diapers and she needed to provide them before she got paid a few days later. Most often, people mentioned rent, food, credit card payments, car payments, and gas as the daily expenses they used EWA to cover.

In many cases, participants used EWA for the first time because these daily expenses were compounded by emergency situations or unexpected financial shocks. People mentioned that

unexpected car and home repairs and medical expenses led to situations where they couldn't cover their immediate expenses. For example, one participant noted that she turned to EWA after her husband's loss of income stemming from his inability to work following surgery caused them to need funds more readily than previously. Another participant said he had several bills due at once – the mortgage and credit card – and the financial impact was exacerbated by an unexpected home expense, leading him to note that “we needed the income early.”

### **Similar Factors Drive Ongoing Use**

The reasons for first-time and ongoing use of EWA services are similar. Participants discussed either being short on money to cover bills and daily expenses or experiencing emergencies where they needed cash immediately to cover unexpected expenses. Some participants reported using EWA regularly to make ends meet. Talking about the most recent time she used EWA, one participant said, “It was no different than any other time I would use [EWA]. I needed cash right away for food and gas to get to work the next day.” Other participants discussed turning to EWA in more emergent situations, like when they had to purchase an EpiPen for \$300 that their insurance did not cover. Occasionally, users reported using EWA to cover entertainment expenses, like going out to a special dinner for an anniversary or purchasing a new video game.

How frequently participants turned to EWA seemed to depend on whether they used EWA to pay for more regular expenses or for emergency expenses. Users that needed more immediate access to cash to cover daily expenses reported using EWA frequently: often weekly and, for some users, up to every day that they work. In contrast, users who relied on the service solely for large, unexpected expenses used EWA once every few months as needed. Most participants reported a mix of these approaches – using it primarily to cover unexpected expenses, but also turning to it sometimes when bills are due.

## **2. Participants Prefer Earned Wage Access to Available Alternatives**

Participants in our study emphasized that EWA helped them make ends meet. At times, the service helped users address a timing mismatch between when bills were due and when they were paid or make up for an income shortfall. In other cases, it helped users pay for unexpected costs. In particular, participants spoke of the benefits of EWA relative to other solutions that they would use to pay their bills and emergency expenses.

### Providing Options for Accessing Pay

Previous research has shown that more frequent access to income, for the same or lesser amount than less frequent payments, improves subjective well-being.<sup>13</sup> Indeed, income scarcity is associated with higher cognitive loads and stress.<sup>14</sup> This has a real impact on financial health, as more income volatility is associated with lower financial well-being.<sup>15</sup> It is unsurprising, then, that participants in our study, who often expressed the stress of paying bills and unexpected expenses when bank account balances were low, particularly appreciated the ease and speed of EWA.

Though the speed of access to funds was a preferred feature, there were differences in how much users valued this aspect, especially when facing fees for immediate or near-immediate access to funds. While some study participants were willing to pay a fee for immediate access to funds, several participants noted that they would rather wait for funds than pay a fee:

*“The higher the request, the higher the fee... But I never pay it to be deposited immediately. I always do the 24 to 48-hour deposit for free with an optional tip.”*

Other users noted that their willingness to pay for immediate access to funds through EWA depended on their financial situation. One user explained that she tries to wait to receive funds so that she doesn't have to pay a fee, but ultimately it depends “on how quickly I need it. Maybe half the time I will wait for the day, and the other half I need it immediately, so I will pay the fee.” Ultimately, users reported that EWA helped them meet their short-term liquidity needs, and the flexibility on payment timing meant that they could align the service to their financial needs.

### A Better Alternative to Other Liquidity Sources

Study participants generally viewed EWA as better than alternative short-term liquidity options. Researchers are split on whether EWA is in fact a cheaper alternative to other short-term credit sources, depending on which measures are analyzed. Some research emphasizes that the absolute cost in dollars is substantially less than the amount for payday loans or overdraft fees.<sup>16</sup> Other research looks at annualized percentage rates, finding that the effective APR on many EWA advances look similar to rates charged on payday loans.<sup>17</sup>

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<sup>13</sup> Wendy De La Rosa & Stephanie Tully, [“The Impact of Payment Frequency on Subjective Wealth Perceptions and Discretionary Spending,”](#) June 2020.

<sup>14</sup> Anandi Mani, Sendhil Mullainathan, Eldar Shafir, & Jiaying Zhao, [“Scarcity and Cognitive Function around Payday: A Conceptual and Empirical Analysis,”](#) Journal of the Association for Consumer Research, September 2020.

<sup>15</sup> [“How Income Volatility Interacts with American Families’ Financial Security,”](#) The Pew Charitable Trusts, March 2017.

<sup>16</sup> Todd Baker & Snigdha Kumar, [“The Power of the Salary Link: Assessing the Benefits of Employer-Sponsored FinTech Liquidity and Credit Solutions for Low-Wage Working Americans and their Employers,”](#) Harvard Kennedy School, Mossavar-Rahmani Center for Business & Government, M-RCBG Associate Working Paper Series, May 2018.

<sup>17</sup> [“2021 Earned Wage Access Data Findings,”](#) California Department of Financial Protection and Innovation, 2023.

Regardless of whether EWA is in fact comparable to or less expensive than alternatives, study participants perceived it to be a more reasonable – and less expensive – alternative. One participant said:

*"I have tried payday loans, having a credit card, car title loans, gotten loans on my jewelry at a pawn shop. All of these charge fees at an insane interest rate and the fees are almost as much as the money borrowed if you have to pay over time. And it's a temporary fix. Getting advanced wages I have earned through my employer is actually the safer alternative."*

Users often methodically compared EWA to alternatives by comparing fees associated with using EWA to APRs on payday loans. One user noted, "I am unsure of the actual amount [I spent on the fees to use EWA], but they were less than the interest rates of payday loans."

In our study, we found the most common alternative to EWA was credit cards (when not maxed out). Moreover, while some participants also noted using multiple alternative channels to access funds when needed, they saw all alternatives as inferior to EWA. However, some users also noted that because they do not have access to traditional short-term liquidity solutions, they decided to use EWA out of necessity. Some participants also referenced not having the option to borrow from their family and friends who were not financially healthy, either.

*"I don't have many alternatives. Friends and family are struggling just as I am and can't afford to help out. My credit sucks so I can't just apply for new credit cards; the two credit cards I do have are maxed out and waiting to be paid off. I tend to rely on the early payment apps."*

### **A More Dignified – and Fundamentally Different – Option**

Equally as interesting is how users consider EWA to be a more socially acceptable credit alternative. A few participants noted that they experienced a stigma around other options, including payday loans or asking family and friends for funds. Using EWA allowed participants to access the short-term liquidity they needed while still preserving their sense of dignity.

Further, nearly all participants in our study did not view EWA as the same, akin to, or similar to loans. Instead, they viewed EWS as fundamentally different from a loan. In the words of one participant, "I believe [EWA] is different from a loan. A loan gives me access to something I need to earn in the future. EWA gives me access to something I've already earned." This was echoed by other participants who agreed EWA was "payment for work already performed" and "money already earned."

### 3. Participants Express Confusion When Asked for Tips

Although most study participants spoke highly of the benefits of EWA in supporting their immediate financial needs, they also experienced confusion and challenges when they were asked for tips in the platform.

#### A Variable Landscape of Fees and Tips

Both employer-integrated and D2C EWA models can vary in their fee or revenue structures. Transaction-based revenue structures charge fees per use, collect fees for more rapid access to funds, or request voluntary fees (called tips) per transaction. Subscription-based revenue structures charge a fixed monthly fee and may also collect fees for more rapid access to funds.<sup>18</sup> In the case of employer-integrated platforms, these costs can be incurred by the employee, employer, or a mix of the two.<sup>19</sup>

When asked about the fees they pay for EWA, a majority of participants in our study reported they paid between \$1 and \$5 per transaction. A few participants said they paid no fees, either because they always waited to have the funds accessible or because they were not responsible for any fees under their employer's benefit. A few participants reported paying higher fees; the largest fees reported were \$10 per transaction, 12% per transaction total, and \$20 per month for ongoing access.

Participants expressed more confusion regarding tips. A few users reported that the default settings were for high tip amounts, and one participant reported a setting where she accidentally tipped \$40 for a single transaction. There was also confusion about where the tips go once collected.

*"I just assumed that [the tip I leave] either goes into a pot of some sort that is used to advance money to other users or is used to help cover the costs of the service. However, now that you have asked the question, I really don't know for sure where it goes. I don't feel like I was ever given much info about it, or if I was, I didn't take notice."*

While discussion board participants reported much less clarity and the potential to make mistakes under tip-based models, administrative data show that these tip-based businesses may not be collecting more per transaction than non-tip based models. In an analysis of transaction data from three tip-based companies, the California Department of Financial Protection and Innovation found

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<sup>18</sup> "2021 Earned Wage Access Data Findings," California Department of Financial Protection and Innovation, 2023.

<sup>19</sup> Devina Khanna & Arjun Kaushal, "Earned Wage Access and Direct-to-Consumer Advance Usage Trends," Financial Health Network, April 2021.



that users left tips on 73% of all transactions, at an average amount of \$4.09.<sup>20</sup> This data echoes the Financial Health Network’s analysis of administrative data from four companies with varying revenue models (subscription, transaction-based, employer-integrated, and direct-to-consumer), which found that the mean cost per advance was \$4.07.<sup>21</sup>

#### **4. Participants Experience Few Issues and Plan To Continue Using Earned Wage Access**

In this study, we explored whether users experienced challenges while using EWA, either while signing up, accessing their accounts, or receiving funds. To the extent users experience such challenges, understanding them can lend insight into needs for product improvements, as well as potential areas for regulation or oversight. Further, it is vital to know whether consumers are satisfied with the product and whether – or how – they plan to continue using EWA.

##### **Few Report Challenges With EWA Platforms**

The vast majority of participants in this study highlighted positive experiences with EWA, and the majority did not report any issues with their accounts. Among users who reported challenges, EWA account accuracy, the ability to integrate the EWA app with their bank account, and the speed at which they received funds were the primary issues cited. For example, some users reported a lag or inaccuracy between the hours they worked, wages earned, and available funds through the EWA app, which meant they were unable to access their wages when they were earned.

Other users also reported running into technical difficulties, with delays in getting the app to load and in processing disbursements in the time frame promised. This meant that users did not have access to the funds that they expected at that time, creating frustration when they planned to use those funds for a specific expense. One user said they nearly missed a bill due date because of this problem. Even for users who reported these issues, they did not indicate that these experiences led them to stop using the service. Rather, they were technical challenges and headaches, but once resolved, these participants said they continued to use the platform.

##### **Participants Plan To Continue Using EWA**

Nearly all study participants reported that they plan to continue using EWA. Participants explained that there were a few circumstances where they would stop or curtail their use of the service. First, users would stop using EWA if fees became unreasonable. As previously discussed, participants perceived the cost of the service as reasonable and lower than alternatives. While there was no

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<sup>20</sup> [“2021 Earned Wage Access Data Findings,”](#) California Department of Financial Protection and Innovation, 2023.

<sup>21</sup> Devina Khanna & Arjun Kaushal, [“Earned Wage Access and Direct-to-Consumer Advance Usage Trends,”](#) Financial Health Network, April 2021.

agreement on what a threshold of acceptable fees would be for the service, participants were clear that they would stop using the service if costs accelerated.

*"I would consider stopping use if fees/tips/membership got to be outrageous. For instance, if the cost were more than what I received from my pay."*

Users also noted that they would stop using EWA if accessing the funds would put them underwater when payday arrived. One participant noted that when using EWA, "I have to be cautious not to overspend, since my paycheck at the end of the month will be less since I had access to so much of it prior."

Finally, participants hoped they would no longer need to use EWA in the future. Participants wanted to be more financially stable – specifically, to have higher incomes – which would negate their need to rely on EWA to either meet bill due dates or cover unexpected expenses. Users prefer EWA to alternatives to meet their short-term liquidity needs, but they clearly understand this is a tool to make ends meet or cover expenses they would otherwise be unable to pay, rather than supporting their long-term financial health needs.

While few reported issues with EWA and the vast majority plan to continue using the service, participants did offer ideas and suggestions about how to improve the service. These recommendations included reducing fees and tips, providing faster access to funds, integrating with more banks, and improving customer service.

## **5. Earned Wage Access Helps With On-Time Payments, but Not Income Insufficiency**

It is critical to understand whether and how EWA may be impacting users' financial health. There are several aspects to financial health, including whether people are spending, saving, borrowing, and planning in ways that enable them to be financially resilient and pursue opportunities. This study sought discussion board participants' perspectives on how EWA impacted their financial behaviors, habits, and subjective well-being.

### **Making Spending Easier**

Our study found that access to EWA provided users with more breathing room in their day-to-day spending and during emergencies, serving as an adequate tool to address the short-term liquidity needs of users. Participants often discussed that they used EWA specifically to pay bills that were due. Thus, EWA improved users' ability to pay their bills on time, and reduced late fees incurred on those bills.

*"EWA has, on numerous occasions, helped me pay a bill on time by giving me access to enough money in time to pay the bill when I otherwise wouldn't have been able to."*

There were also times when participants used other sources to pay for unexpected expenses, but EWA then ensured that they could cover day-to-day expenses. One participant explained that because they used EWA, "I was able to keep my utilities on after a huge expense that was totally unexpected."

When it came to covering emergency expenses, participants reported that knowing they could use EWA lowered their stress and overwhelm. One participant said that EWA felt like a "safety net," another said knowing they can access their money to pay for unexpected things "eases my mind," and others talked about feeling "relieved."

### **Unable To Address Bigger Economic Challenges**

Despite these benefits, EWA was not able to solve the underlying factors that caused users to have short-term liquidity challenges. For many participants, income was simply insufficient to cover their bills and any large emergency expenses that came up. Indeed, there are still emergency expenses that are too significant for EWA to make a difference. One participant explained, "Having access to on-demand pay doesn't change what I think about having to cover an unexpected \$500 expense. To me, that is an impossible amount for me to have to cover no matter what I do. I would still panic and it's a huge source of anxiety to live from paycheck to paycheck."

Participants reported that these unexpected expenses were still incredibly challenging to manage, particularly in light of their cost of living. Participants wished they had more cushion in their budgets, and others wished they didn't have to draw down from their future paycheck to cover it.

*"Even with access to these services, I would not be able to cover an unexpected \$500 expense. My rent has literally doubled in the past two years while my job only gave me a \$1 raise. We have no savings."*

Because the majority of participants were living paycheck to paycheck, most were not focused on long-term savings. Some participants reported that they would use EWA rather than dipping into any savings to cover expenses, but largely felt there was limited impact on their long-term savings outside of avoiding late fees.

### **Shifting Spending and Borrowing Behavior**

In this study, we were interested in learning how the shift in cash flow enabled by EWA impacted users' financial behavior, particularly their spending and borrowing habits.

With regard to spending, there were two distinct effects of having more immediate access to cash

that participants reported. For some, the ability to receive income more frequently meant that they felt they did not have to monitor their spending as closely as they would if they had less frequent paydays. Conversely, others noted that they planned and budgeted more meticulously, anticipating a smaller paycheck come payday because they took out money ahead of time.

The relationship between EWA access and borrowing behavior is similarly complex. Other research shows that being paid more frequently can improve subjective financial well-being and perceptions of wealth; in response, people may spend more and save less.<sup>22</sup> They may in turn also borrow more. Yet participants describe a real and pressing need for access to cash, and many turn to EWA in lieu of alternatives that, in their minds, are less desirable. Study participants report relying less on those alternatives and more on EWA to meet their borrowing needs.

A concern about EWA is that it may lead to habitual use that consumers cannot escape: as they use EWA and access wages ahead of payday, they face smaller paychecks on payday. If not planned for, these smaller paychecks could have implications for EWA users' ability to cover their expenses in the next pay period if they are not able to reduce expenses in that time. It could encourage ongoing, frequent use of EWA that does not enable users to catch up, get ahead of their spending, or build savings.

For a few participants in our study, we see this concern borne out. Many participants report using EWA frequently – at least once, but often multiple times, per pay period. In some instances, participants shared that because they received smaller paychecks on payday after using EWA, they got behind on bills and ended up needing to use EWA again. Some participants, when they found themselves with smaller than anticipated paychecks, shouldered the blame for not having planned or budgeted effectively. One participant said, “There have been times where I have not prepared well enough for the amount my check would be. That's my own fault for not tracking how much I had actually taken out for on-demand pay before my check.” Another participant felt she was using EWA too much because she ended up with a paycheck for less than \$100 come payday. “At times I am glad it's there, and at times I feel it's a curse,” she said, illustrating the tension that some users face between accessing cash now and waiting to receive a larger lump sum come payday.

### **Perceptions of Financial Health Impact**

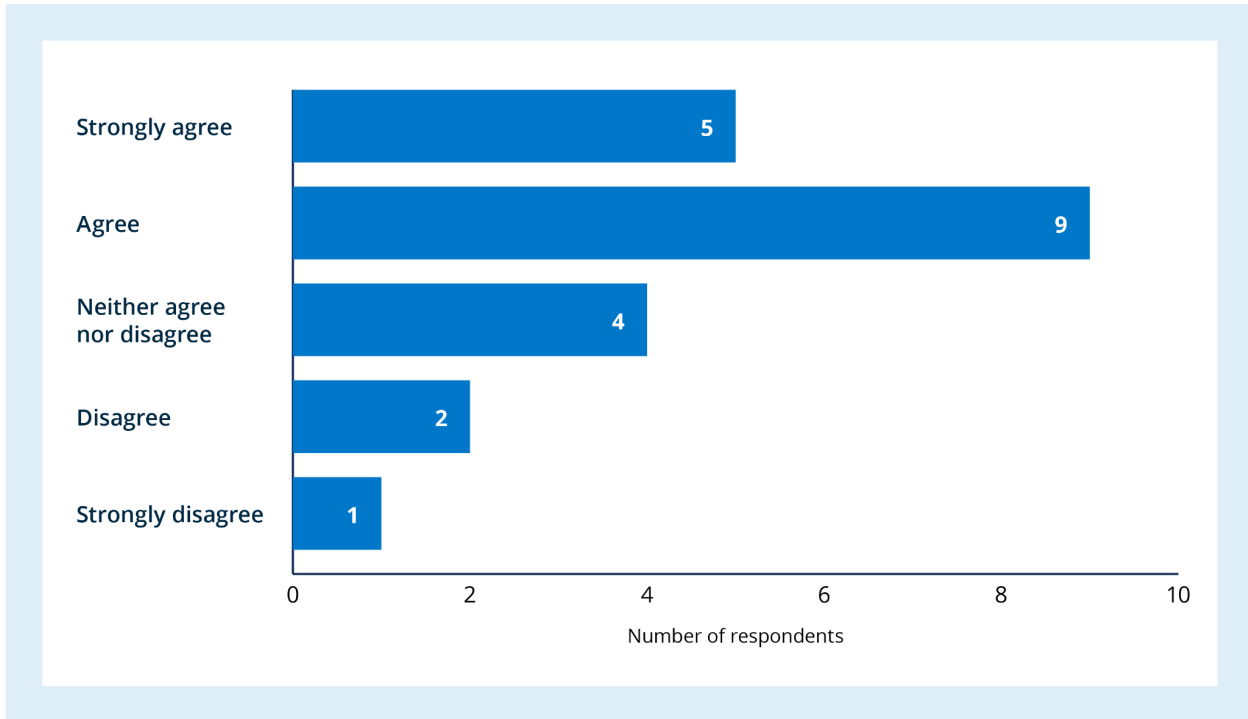
Most of the discussion board participants expressed that they faced hardships, stress, and challenges in managing their financial lives. This study explored participants' understanding of the relationship between EWA use and financial health. When responding to a poll question about whether EWA improved their financial health, roughly two-thirds of study participants felt EWA benefitted their financial health, and only three felt it detracted from their financial health (Figure 1).

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<sup>22</sup> Wendy De La Rosa & Stephanie Tully, [“The Impact of Payment Frequency on Subjective Wealth Perceptions and Discretionary Spending,”](#) June 2020.

**Figure 1. Most participants felt that using EWA has improved their financial health.**

Responses to the poll, “How much do you agree or disagree with the following statement: Using earned wage access/on-demand pay has improved my overall financial health or financial well-being.”<sup>23</sup>



Participants who disagreed that EWA improved their financial health indicated that access to EWA did not address their fundamental challenge: They simply were not earning sufficient income, and EWA did not impact the amount they earned. This was underscored by further discussion about the mechanisms through which EWA impacted participants’ financial health. About half of participants reported that because EWA did not address the underlying problems that caused their liquidity challenges – like having insufficient income and limited savings – the service did little to impact their financial health. The other half felt that because they were better able to cover daily or unexpected expenses, access to EWA had in fact positively impacted their financial health. These participants also mentioned that EWA helped to prevent them from incurring late fees or overdraft fees. Ultimately, we find that users are leveraging EWA as a strategy to cope with financial precarity.

<sup>23</sup> We did not define the term “financial health” for participants. Participants may have interpreted the concept differently than how the Financial Health Network measures it.

## Conclusion

Our study shows that, according to users of the service, EWA is an important and favorable option for addressing liquidity needs. Our study participants are using EWA to meet regular and unexpected expenses and feel that the service is reasonably priced, especially compared to alternatives. For that and other reasons, they reported preferring EWA to alternatives like maxing out credit cards, incurring late fees, and borrowing from friends and families.

However, EWA was not able to solve the underlying financial health challenges that cause these liquidity needs in the first place. Many study participants reported living paycheck to paycheck and that their income simply did not cover their expenses. EWA is a tool to help align income and expenses, but users still grapple with underlying financial precarity.

Thus, as providers evolve their product offerings, policymakers consider regulations to protect users, employers evaluate integrated EWA as a benefit, and people weigh whether to use the service, this study suggests the following new lines of inquiry:

- **Which worker or customer segments could benefit most from faster access to income via EWA?** Misaligned timing between income and expenses was common among our study participants across income levels and demographics. Most participants found that EWA – and the faster access to wages that it provided – was helpful in covering both regular and unexpected expenses. Additional research could investigate when the misalignment between income and expenses is most acute and deepen our understanding of how more immediate access to income can impact financial stressors.
- **How can we increase transparency around EWA product cost, especially tips?** Our study finds some confusion about the fee structure of the service, primarily in terms of voluntary fees (tips), echoing studies with similar findings.<sup>24</sup> Additional research could investigate best practices for fee disclosures and the fairest revenue models that protect consumers.
- **How does EWA compare with other alternatives for short-term liquidity, and when would current non-users choose to use EWA?** Our study participants – all current or recent users of EWA – emphasized that they preferred it to alternatives like taking out payday loans, incurring overdraft fees, and borrowing from friends and family. Additional research could investigate how people who find themselves in similar positions who *haven't*

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<sup>24</sup> See for example, [“Financial Technology: Products Have Benefits and Risks to Underserved Consumers, and Regulatory Clarity Is Needed,”](#) United States Government Accountability Office, March 2023.

used EWA might evaluate the solution relative to alternatives. This could lend additional insight into how EWA fits into the broader market of liquidity solutions.

- **Which other strategies could address underlying liquidity constraints?** Study participants reported being unable to make ends meet because their income is too low to cover their expenses. While EWA can marginally decrease the types of costs incurred by helping study participants avoid late and overdraft fees or higher-cost financing alternatives, it cannot increase the income of users. What other innovations and strategies might boost incomes or alleviate expenses and better support households with liquidity challenges?

Participants in our study said they found EWA to be a helpful and preferred option to address their liquidity needs. As consumers, providers and employers, and policymakers continue to invest in EWA as a solution, it is critical that we continue to further investigate and understand the evolution of EWA and its impact on users' financial health.