

Four Big Benefits of Offering PayActiv to Your Employees

PayActiv is a financial technology solution that gives employees on-demand and real-time access to earned income plus many financial services including electronic bill pay, a budgeting and savings tool, prescription discounts and financial literacy and financial counseling through a holistic financial wellness platform.



HARVARD Kennedy School

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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 by Todd H. Baker and Snighda Kumar

Reducing turnover, increasing productivity, and lowering healthcare costs are priorities for all businesses. Studies have shown that personal financial stress of employees is tied to job performance, health, absenteeism, and turnover. Todd Baker's research shows that employer-sponsored fintech based benefits (PayActiv) can provide more efficient, less costly, and more inclusive liquidity for working American families and significantly reduce employee turnover and save millions of expense dollars annually for employers.

01

PayActiv helps low-wage workers escape high-cost lending traps.

The study shows by comparing the cost of accessing \$200 using the PayActiv earned wage access option with the cost of a bank overdraft or a payday loan, PayActiv is less than 1/7th the cost of these alternatives. Moreover, PayActiv is not a loan, therefore every employee is eligible because credit underwriting is never applied. The study further concludes that by using PayActiv in lieu of overdrafts and payday loans over time can help improve credit profile of users and help them join traditional financial systems.

02

PayActiv can improve health outcomes.

Research demonstrates that financial stress does real damage by shortening lives, worsening health and impairing decision-making—especially financial decision-making—among stressed people. Todd Baker concludes that when users have low-cost fintech solution like PayActiv to help with short-term small-dollar financial shocks, it materially improves their financial resiliency and health.

03

PayActiv can improve morale and productivity.

The paper presents evidence that the employer channel is best for disseminating FinTech products to low-income working families because of its potential to reach very large numbers of workers quickly with effective and sometimes subsidized liquidity and financial management solutions. The Employer centric approach also generates financial benefits to employers because an effective financial wellness solution leads to better recruitment, improved engagement, lower turnover, lower absenteeism and better productivity.

04

PayActiv lowers employee turnover rates.

The study compared attrition rates among employees who were enrolled and active users of PayActiv (have used it more than once) and found 19% lower turnover rates among active users. The study also states that if the comparison was done of active users with all employees, including those who did not enroll, then the improvement in turnover rates would be even higher.

The study by Todd Baker of MRCBG, Harvard Kennedy School, conducted analysis on approximately 6700 individual data points from 6 companies, all of whom were enrolled in PayActiv for at least 9 months. Today, Walmart plus over 200 businesses in retail, aging care, restaurants, manufacturing, call centers, and other service industries offer PayActiv to their employees.