



# Global Earned Wage Access (EWA)

Strategic Benefits for Employers and Financial Well-being for Employees

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# Introduction

Accessing services on demand using smart devices has become the norm today, and people expect the same experience as consumers and employees. Bi-weekly or monthly pay cycles do not cut it anymore, as the need for control and financial flexibility for a better pay experience gains traction among employees.

This need is exacerbated by an acute talent shortage and significant attrition worldwide. According to Everest Group's Key Issues Survey 2021, 75% of the workforce is looking for a change from their current jobs. To attract and retain talent, enterprises must come up with solutions to engage their employees better and differentiate themselves in the marketplace.

Instant pay is the key, and Earned Wage Access (EWA) – which allows employees to access a portion of their income ahead of the fixed bi-weekly or monthly payday – is one such solution that enterprises can offer to alleviate employees' financial concerns and ensure improved financial well-being. In turn, enterprises could reap benefits such as better talent attraction and retention and improved productivity.

This study examines the factors driving EWA solutions, the significance and benefits of a global EWA program, and the key considerations and best practices to keep in mind when rolling out such a solution to employees.

The study includes insights from primary and secondary research across roughly 15 EWA vendors.

## Executive summary

Earned wage access or on-demand pay solutions allow employees to access a portion of their accrued income ahead of the fixed payday schedule, 24/7, using a mobile app. The solutions work with a company's existing payroll and time and attendance modules – either through integrations or data exchange via files – to calculate or estimate the employee's earnings to date.

### Understanding the distinction between prevalent models for EWA solutions

EWA solutions generally run on two business models:

- **Employer-enabled or B2B:** The employer enrolls with the EWA solution, integrates the solution with payroll, and offers EWA as an employee benefit or a low-cost option. On the scheduled payday, the employee gets the remaining salary
- **Direct-to-employee or B2C:** Employees can download an EWA mobile application, submit proof of income, and, when required, access a portion of their income through the application. This model is similar to a digital cash advance, or a payday loan, and may lead to overdraft or interest charges

This report studies the B2B model and not B2C/direct-to-employee services.

The B2B model can be of three types depending on fee distribution between the employer and the employee:

- **Employer sponsored:** The employer pays all fees associated with the solution provider, including per-month per-employee fees and/or transaction fees. In this case, the solution is completely free for employees
- **Distributed/Split between the employer and the employee:** The employer partially pays or reimburses the per-month per-employee fee or the transaction fee, while the employee pays the remaining amount
- **Charged to the employee:** The employee pays the transaction fee every time they withdraw wages using the EWA solution

Few enterprises currently leverage EWA as a paid benefit. Most choose to pass on the charges to the employee through transaction fees. However, the model where employers pay or reimburse the charges partially or fully for EWA is gaining traction as an attractive benefit for employees.

The B2B model can be of two types depending on the employer's involvement in funding:

- **Employer-funded:** The EWA service is 100% funded by the employer and offered as an employee benefit. If integrated with payroll, HCM, and time and attendance systems, it allows simple and compliant processing of funds
- **EWA vendor-funded:** The vendor funds early payments, which require a reconciliation process at the end of the pay cycle. To enable this model globally, a vendor must comply with legal requirements across all countries of operation, including securing funding partners, which can be a difficult and complex process. Hence, these services are predominantly regional or country based

**Vendor landscape**

- EWA providers are primarily concentrated in the US, followed by Europe and Australia – most vendors operate in a single country or region. Smaller, local players operate in APAC, Middle East and Africa (MEA), and Latin America (LATAM), but they are relatively new in the market and have more transactional EWA capabilities than the holistic offerings of vendors in more mature markets
- Very few providers are able to offer this capability at a global scale
- Payroll vendors are taking an increasing interest in providing EWA solutions for differentiation. While some payroll vendors partner with pure-play EWA vendors, others are developing proprietary capabilities

The tables below summarize the EWA vendor landscape.

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North America	LATAM	MEA	Europe	APAC	ANZ
<ul style="list-style-type: none"> <li>• Branch</li> <li>• Ceridian Dayforce</li> <li>• CloudPay NOW</li> <li>• Dailypay</li> <li>• Immediate</li> <li>• Payactiv</li> <li>• Payfare</li> <li>• Rain</li> <li>• Wagestream</li> <li>• Zayzoon</li> </ul>	<ul style="list-style-type: none"> <li>• Minu</li> <li>• Monto</li> <li>• Payflow</li> </ul>	<ul style="list-style-type: none"> <li>• CloudPay NOW</li> <li>• FlexxPay</li> <li>• Floatpays</li> <li>• Paymenow</li> <li>• Smartwage</li> </ul>	<ul style="list-style-type: none"> <li>• Ceridian Dayforce</li> <li>• CloudPay NOW</li> <li>• Payflow</li> <li>• Salary Finance</li> <li>• Salarify</li> <li>• Wagestream</li> </ul>	<ul style="list-style-type: none"> <li>• Circopay</li> <li>• CloudPay NOW</li> <li>• Gajiges</li> <li>• Rain</li> <li>• Refyne</li> </ul>	<ul style="list-style-type: none"> <li>• CloudPay NOW</li> <li>• Mumba</li> <li>• Paytime</li> <li>• Wagestream</li> </ul>

EWA only as a 100% employer-sponsored benefit	Fees are distributed between the employer and the employee OR paid by the employee	Payroll vendors with proprietary EWA	Payroll vendors offering EWA through partnerships
<ul style="list-style-type: none"> <li>• CloudPay NOW</li> <li>• Everee</li> </ul>	<ul style="list-style-type: none"> <li>• Branch</li> <li>• Ceridian Dayforce</li> <li>• Clair</li> <li>• Dailypay</li> <li>• Finfit</li> <li>• Immediate</li> <li>• Payactiv</li> <li>• Payfare</li> <li>• Rain</li> <li>• Tapcheck</li> <li>• Wagestream</li> </ul>	<ul style="list-style-type: none"> <li>• Ceridian Dayforce</li> <li>• CloudPay NOW</li> <li>• Everee</li> <li>• Links International</li> </ul>	<ul style="list-style-type: none"> <li>• ADP</li> <li>• Alight</li> <li>• OneSource Virtual</li> <li>• PayAsia</li> <li>• Paychex</li> <li>• Ramco</li> </ul>

**Enterprise considerations for best-in-class EWA implementation**

- Take a programmatic approach to global EWA implementation
- Evaluate the technology integration requirements and collateral payroll benefits
- Give due importance to change management and adoption of EWA programs
- Ensure that the EWA vendor can provide relevant assurances over data security, privacy, and compliance

EWA solutions offer a win-win situation for all stakeholders involved – employers can access a low-cost solution that generates goodwill for them, while employees can access wages they have earned, whenever required. Due to evolving employee expectations around control, flexibility, and fairness, and the fast pace of consumer FinTech and instant services expansion, EWA solutions are expected to displace the notorious payday loans and become the new norm for payroll. In conclusion, employers that sponsor the EWA on behalf of their employees can gain a definite edge in the war for talent as this model is better positioned to support employee well-being.

## A modern pay experience for next-generation talent

The COVID-19 pandemic shifted the work model to an anytime, anyplace, anywhere model based around three megatrends – flexibility in working hours, new forms of employment (permanent and contingent), and a diverse and globally dispersed workforce. Thus, to attract, engage, and retain talent, enterprises need to ensure that they align with these megatrends, understand employee pain points, and redesign experiences, including payroll, to adapt to the changing workplace and workforce dynamics.

Below we look at the factors driving enterprises to revamp the payroll experience for employees:

- **Generational shift in the workforce:** Currently, the workforce comprises talent across five generations. According to Everest Group research, millennials and Gen Z will account for more than 65% of the workforce by 2025. These talent groups have different priorities and motivations and expect their employers to meet their requirements. While millennials are driven by purpose, Gen Z professionals desire flexibility and security, particularly financial security
- **The need for a modern pay experience:** Younger working-age populations are digital natives. They have grown up amid paperless transactions and quick resolutions at their fingertips. Additionally, as consumers, they are habitual to instant gratification and have similar expectations from their employers – fast and flexible payments and a seamless digital experience
- **New workforce models:** In recent times, the proportion of the temporary workforce, such as contingent workers, gig workers, and freelance consultants, has increased in the overall talent mix due to changing skill requirements, the need for flexibility, and the elimination of strict geographical boundaries. Part-time or hourly workers have also significantly increased in sectors such as healthcare, retail, and hospitality. Payroll operations that are hassle-free and more frequent than the bi-weekly or monthly cycle are better suited for this section of the workforce
- **Financial flexibility:** Living expenses, education loans, housing, etc., consume a substantial share of the paycheck for working individuals and can result in a liquidity crunch, especially if an emergency expense arises. EWA can be a boon for such workers and help manage unexpected expenses, in addition to allowing them to align pay dates with their personal financial commitments
- **Sense of fairness:** Above all, today's workforce, whether millennials or Gen Z, truly believes that it deserves access to the wages that it has already earned. Enterprises that can offer this access, by redesigning the employee payroll experience, without compromising on accuracy and efficiency, will fare better in the war for talent

The consumerization of our working lives and changing expectations for a modern pay experience have set the stage for the global adoption of EWA.

## Global EWA solutions

### Overview

EWA solutions allow employees to access a portion of their accrued income, ahead of the fixed bi-weekly or monthly payday. The solutions work along with existing payroll and time and attendance modules and calculate or estimate the earnings of the employee to date. These solutions are generally available as a mobile application, which employees can easily access, and allow a bank passbook-like setting, wherein employees can see their daily earnings and withdraw an amount as defined by the employer or the EWA vendor.

Notably, B2B EWA solutions are not an advance or a payday loan – they are solutions that enable employees to access wages that they have already earned and are entitled to. Thus, they effectively allow employees to choose their own payday and hence, represent a major shift in how employees are paid for the work they do. Instead of receiving pay at fixed intervals – typically the end of the week or month – employees can draw wages they have already worked for as they are accrued, in much the same way as they would accrue paid leave entitlement.

Global EWA solutions go a step further with this concept – they are available across an organization's countries of operation and offer the additional benefits of scale, uniformity of employee experience, and global visibility.

EWA solutions generally run on two business models:

- **Employer-enabled or B2B:** The employer enrolls with the EWA solution provider, integrates the solution with payroll, and offers the solution as an employee benefit (employer sponsored) or a low-cost option (employee pays a small transaction fee). On the scheduled payday, the employee gets the remaining salary
- **Direct-to-employee or B2C:** Employees can download an EWA mobile application, submit proof of income, and, when required, access a portion of their income. This model is similar to a digital cash advance, or a payday loan, and may lead to overdraft or interest charges

It must also be noted that employers' involvement in the process is critical. An employer-enabled or B2B model can have some additional factors to consider, such as early payment funding and reconciliation processes. B2B models can be of two types depending on these aspects:

- **Employer-funded:** The EWA service is 100% funded by the employer and offered as an employee benefit. If integrated with payroll, HCM, and time and attendance systems, it allows simple and compliant processing of funds
- **EWA vendor-funded:** The vendor funds early payments, which require a reconciliation process at the end of the pay cycle. To enable this model globally, a vendor must comply with legal requirements across all countries of operation, including securing funding partners, which can be a difficult and complex process. Hence, these services are predominantly regional or country based

For employee financial well-being, we consider the B2B model provided as an employer-sponsored benefit to be a better option to attract, empower, and retain talent.

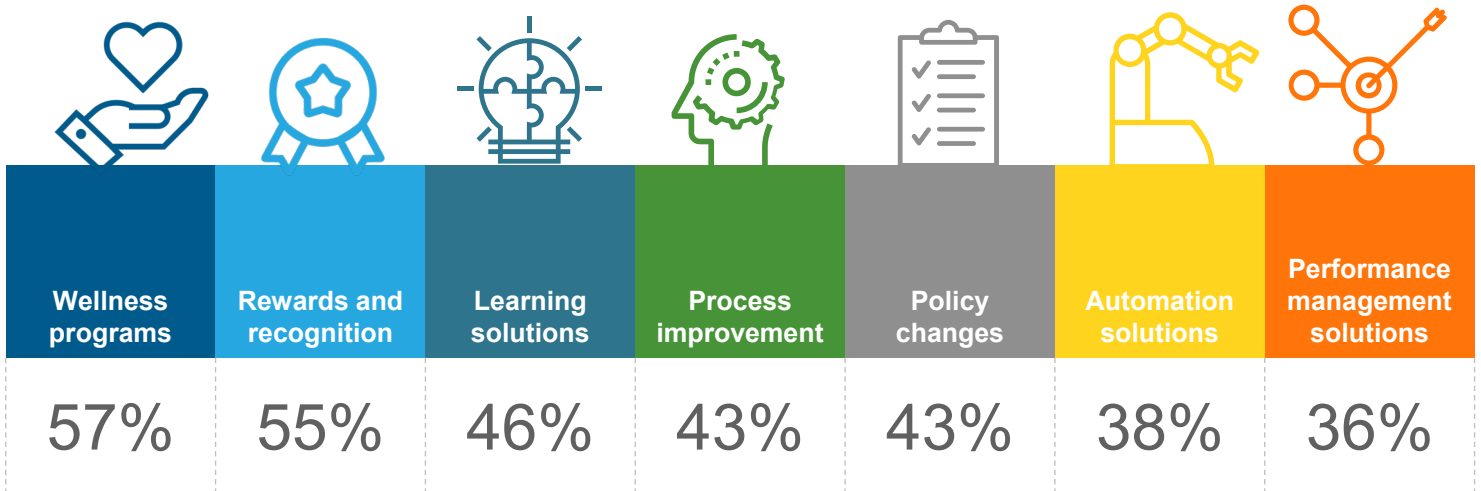
Wellness programs such as EWA and Financial Wellness Solutions (FWS) are high-impact initiatives that can greatly improve employee experience, as the exhibit below depicts.

**EXHIBIT 1**

Programs impacting employee experience

Source: Everest Group (2022)

% of respondents saying impact is high (6 or 7 on a 7-point scale)



**Components of EWA and FWS**

The payroll function is typically change-averse considering the criticality and complexity of the processes involved. Hence, organizations wanting to introduce any changes to the function should implement a solution that impacts these processes minimally and improves employee experience significantly.

While access to earned wages on demand is key to the solution, other aspects define how the solution can be used in an organization.

Below we look at the various aspects of an EWA solution.

**EXHIBIT 2**

Key aspects of an EWA solution

Source: Everest Group (2022)



**Geographic coverage**

**Global**

- The solution can provide EWA to employees at a global scale, across continents
- The solution provides a unified experience and global insights on employee financial well-being

**Local/Regional**

- The solution provides EWA only in a single country or continent
- Global enterprises cannot offer this to their entire employee





## Pricing model

### Per employee per month

- In some employer-sponsored solutions, the employer pays a per-month per-employee fee for providing the EWA benefit to its employees

### Per transaction fee

- This model is typical in cases where the employee pays the fee; however, it can also be used in cases where the employer sponsors the solution as an employee benefit
- The solution is available at a flat fee per transaction (irrespective of the withdrawal amount) or at a percentage transaction cost of the withdrawal amount (rarely)

### Other models

This may be a mix of pricing models for different scenarios. This may include a merchant interchange component, where transactions may be free for withdrawal to the affiliated wallet or paycard but chargeable for transfers to personal bank accounts or for cash withdrawals. Or the offering could be chargeable for a few initial transactions per pay cycle and free thereafter.

## Fee distribution

### Employer sponsored

- The employer pays all fees associated with the solution, including per-month per-employee fees and/or transaction fees
- The solution is completely free for employees

### Distributed/Split between the employer and the employee

The employer partially pays or reimburses the per-month per-employee fee or the transaction fee, while the employee pays the remaining amount

### Charged to the employee

The employee pays the transaction fee every time they withdraw wages using the EWA solution



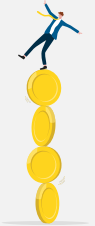
## Speed of payment

### Instant

- The solution can allow instant transfer of the withdrawal amount to a vendor-affiliated wallet, pay card, or personal card/account
- Some EWA vendors levy a charge associated with withdrawals to certain personal bank accounts, usually a flat fee per transaction

### Delayed

- It allows the transfer of the withdrawal amount within a certain period, such as 1-3 working days
- This model is generally cheaper than instant payment



## Payment mode

### EWA vendor's wallet

The EWA vendor provides access to earned wages through an affiliated wallet. Direct deposits are made to the wallet, and purchases or payments can be made using the wallet balance. Sometimes, cashbacks and incentives may also be offered on transactions by affiliated merchants.

### EWA vendor's paycard

The EWA vendor provides access to earned wages through a paycard in partnership with organizations such as Visa, or Mastercard. Purchases/payments can be made through the paycard, in addition to cash withdrawals or instant transfers. Merchant cashbacks may also be offered on transactions.



Some vendors may mandate that employees open a separate checking account to access their earned wages

**Employees’ personal card or bank account**

The payment can be done in two ways :

- The EWA vendor direct deposits the requested withdrawal amount into the employee’s personal account or to their chosen credit/debit card
- The EWA vendor allows transfer from the affiliated wallet or card to the employee’s personal account. This may incur fees for the employee



**Funding**

**Employer-funded**

- The employer directly funds earned wage payments. This requires the employer to estimate and set aside a provision for early payments to ensure smooth cash flow management
- However, our research indicates that the capital required to fund early payments is negligible

**EWA vendor-funded**

- In this model, the vendor initially funds earned wage payments, which are reconciled with the employer during the regular pay cycle
- It has no impact on an employer’s cash flow; however, it can be difficult to implement across countries, and there might be concerns around whether this is considered a loan

**Financial wellness components**

With enterprises trying to support employees’ financial well-being, many EWA solutions are incorporating financial wellness tools to empower employees to manage their finances better.

As interest in the EWA space increases, EWA solution vendors will increase investments in financial wellness modules to differentiate themselves. Some of the financial wellness components in which vendors are investing are depicted in the exhibit below.

**EXHIBIT 3**

**Financial wellness components**

Source: Everest Group (2022)



The most common areas on which EWA vendors are focusing are spending behavior and consumer attitudes, financial coaching and guidance, and financial goal setting and automated savings, as described below:

- **Spending behavior analytics:** EWA vendors also provide employees with spending reports and analytics to better track their personal and household expenses, as well as temptation purchases, thereby helping them to better manage their finances
- **Financial coaching and guidance:** Financial literacy is vital to enabling financial well-being. Many EWA vendors have modules for financial coaching and guidance, some of which also allow the employer to push training material for the benefit of their employees
- **Financial goal setting and automated savings:** EWA apps also allow employees to set financial goals, as well as set aside a portion of their income automatically to achieve that goal. This feature boosts financial health while ensuring that employees retain short-term savings for a rainy day

In addition to these three areas, incentives and perks are also emerging as a key focus area for EWA vendors. In partnership with local gas stations, restaurants, pharmacies, and other retail merchants, EWA vendors offer cashbacks, rewards, and loyalty points for active platform users.

## Benefits of a global EWA solution

EWA solutions are a win-win for all stakeholders involved – employers facing a marketplace with talent shortage can access a low-cost solution that generates goodwill, while employees can gain control over their earned wages and personal cashflows. Below we explain these benefits for employers and employees in detail.

### Benefits for employers

The benefits of EWA solutions for employers are:

- **Employer branding for talent attraction and retention:** In a post-pandemic world, talent shortage and attrition are real challenges for employers. Employers are, thus, positioning their talent strategies around employee well-being and experience. EWA is a differentiated offering that provides employees an improved experience, as well as supports their financial well-being; thus, enterprises can offer it to build their brand and attract and retain talent. Employers are even listing EWA as a benefit when posting job descriptions as a pull factor for recruitment activities. For example, for roles such as caregivers in the healthcare industry or housekeepers in the hospitality industry in the US, employers include EWA as a listed benefit
- **Uniform employee experience for global organizations:** For enterprises with operations across countries, the need for fairness extends to employee benefits too. By offering an EWA benefit to all employees, irrespective of geography, organizations can brand themselves as fair-opportunity workplaces that provide earned wages globally and instantly, as deserved
- **Perceived value versus cost:** Employees are more inclined to work for organizations that offer the flexibility to withdraw their earned wages, and retention rates for such organizations are typically higher than others. This is supported by Everest Group's findings from ongoing conversations with large, global enterprises. The benefit costs the employer only a few dollars per employee per month

and can work as a real differentiator for employers, as the perceived value of the benefit is much higher than that for other benefits, for example, dental insurance

- **More accurate time and attendance records:** If employees want to access their earned wages on time, they also need to record their hours spent working and complete timesheets accurately and regularly. This practice can improve organizations' T&A records and provide better visibility to HR
- **Operational efficiencies for off-cycle payments:** Payroll admin teams can use the EWA app to make off-cycle payments via digital disbursements, which would have otherwise taken significant time and effort. This includes termination payments, settlements, bonuses, rewards, or emergency advances
- **Easy deployment and no-impact operations:** EWA vendors can integrate with existing payroll and time and attendance modules to create a seamless experience. Exchange of information and calculations are done via automation or pre-configured algorithms to ensure that payroll runs are not impacted. The implementation duration typically does not take more than a few weeks, depending on factors such as existing HCM/HRIS systems, API integrations required, and change management requirements
- **Global analytics and visibility:** A globally unified EWA system offers the opportunity to view withdrawal patterns enterprise-wide, as well as slice and dice data points across demographics, including geography, department, gender, and ethnicity. This allows the organizational leadership and talent management teams to make better-informed strategic decisions. The EWA solution offers enterprises the ability to view the withdrawal patterns of employees and not spending patterns, eliminating any privacy concerns. Even with withdrawal patterns, access is strictly controlled to ensure employee behavioral activity is not monitored

The exhibit below depicts that EWA and FWS benefits are well-aligned with the top priorities for payroll teams, thereby strengthening the business case for their adoption.

#### EXHIBIT 4

Top priorities for payroll teams

Source: Everest Group (2022)



## Benefits for employees

Employees benefit from an EWA solution in many ways:

- **Increased control and flexibility:** With EWA, employees can manage their living expenses and financial commitments at a time of their choosing, instead of having to wait for payday. Once they have worked and earned their pay, employees can get paid, instantly, as is fair
- **Improved productivity and reduced mental stress:** During times of financial need, employees could suffer from stress from worrying about their financial troubles. This stress can distract them from work, hampering them from performing optimally, and even lead to absenteeism. An EWA solution can act as a safety net for employees, as they can be confident that they do not have to run around to find money at the time of need
- **Access to earned wages for unplanned expenses:** An unexpected need for even a few hundred dollars can be difficult to absorb at times, and the option to quickly withdraw wages for the hours/days worked can make all the difference to employees. They do not have to resort to taking out exorbitant loans to cover these expenses due to the control and financial flexibility these solutions provide them
- **Reduced usurious credit card debt:** Living expenses and bills can take up a large share of an employee's paycheck, leaving little for emergency or seasonal expenses. In the absence of other options, employees may use credit facilities simply to bridge a gap until payday despite having earned their wages, which can lead to a never-ending cycle of expenses due to higher interest or overdraft charges. By accessing their earned wages, employees can pay back their credit card debt faster or use credit cards on fewer occasions, thus breaking the cycle and achieving a better credit status
- **Financial literacy:** Many EWA vendors offer financial coaching for employees, as well as allow employers to push information or training. These solutions also help employees view their earnings, study their spending behavior, keep track of credit or loans, and budget for household and personal expenses. This allows employees to have a better understanding of their current financial status, set financial goals, and utilize resources that allow them to achieve these goals
- **Ease of access:** EWA solutions are generally available in a mobile application format, allowing employees to access their wages in an easy-to-consume and interactive manner. With all the information – such as accrued wages, spending behavior, credit details and financial training – available at their fingertips, employees can benefit from the application

“ We know unexpected bills and short-term cashflow challenges can create a lot of stress for our teams. With pay on demand, all our team members are able to access their wages the very next day after working, removing that stressful wait until payday.

– Moji Neshat, General Manager, Nando's Singapore

## The EWA vendor landscape

Fast-paced transformations in the workplace, workspace, and workforce are rapidly upscaling the EWA vendor landscape. As more vendors realize the market’s potential, they are expanding the solution across geographies, pricing models, and capabilities. In the sections below, we look at the EWA market across these dimensions.

### Vendor distribution by geographic coverage

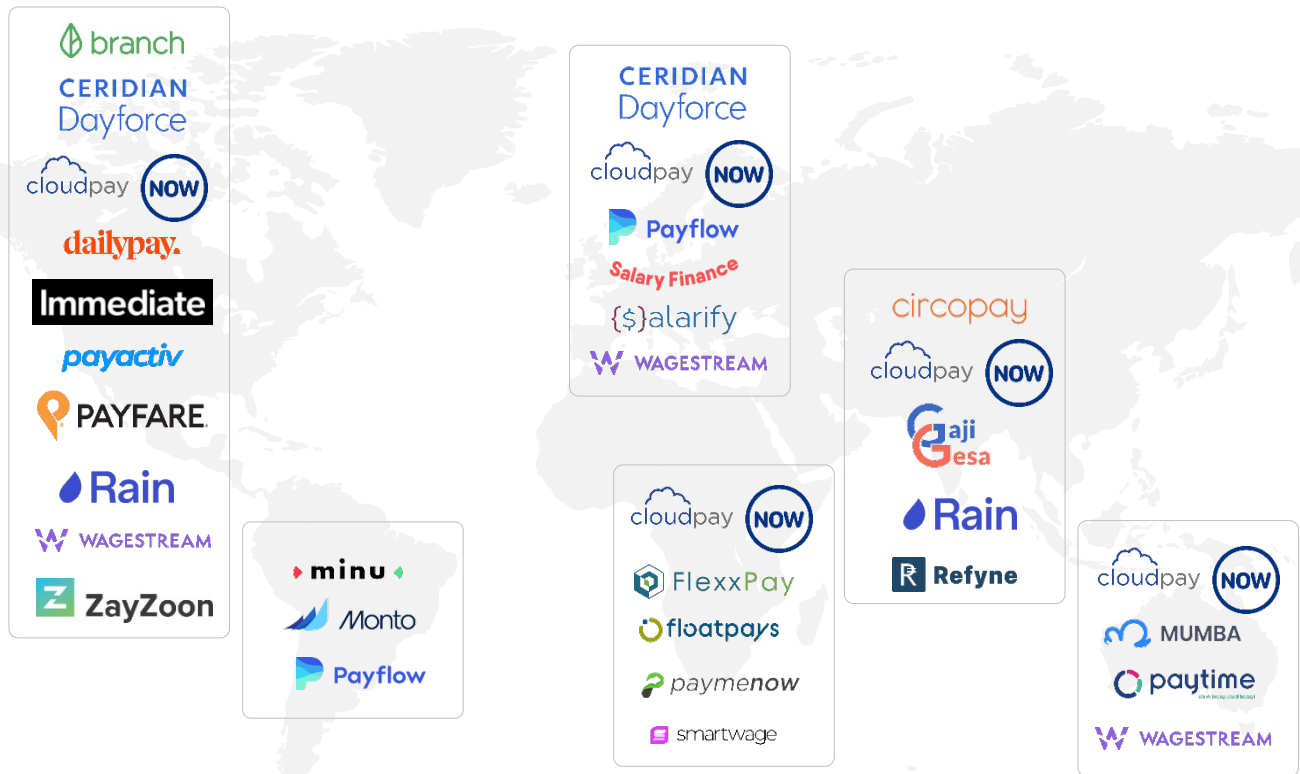
The exhibit below illustrates the distribution of vendors with proprietary EWA capabilities by geographic coverage.

#### EXHIBIT 5

#### Vendor distribution by geographic coverage

Source: Everest Group (2022)

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Notable vendors (arranged alphabetically)	Ceridian Dayforce	CloudPay NOW	Payactiv	Payfare	Payflow	Rain	Wagestream	Zayzoon
Number of countries with live services	3	18	2	2	5	2	4	2

While the EWA market is rapidly expanding globally, the maturity of EWA vendors varies across geographies. Most vendors are concentrated in the US, followed by Europe and Australia. These vendors typically operate in a single country or region.

Smaller, local companies operate in APAC, MEA, and LATAM; however, they are relatively new in the market and have more transactional EWA capabilities than the holistic offerings of vendors in more mature markets.

Bigger players are focusing on geographic expansion via acquisitions, capability development by region, and the leverage of existing global capabilities. Few providers are able to offer the EWA solution at a global scale.

**Vendor distribution by employee benefit type offered**

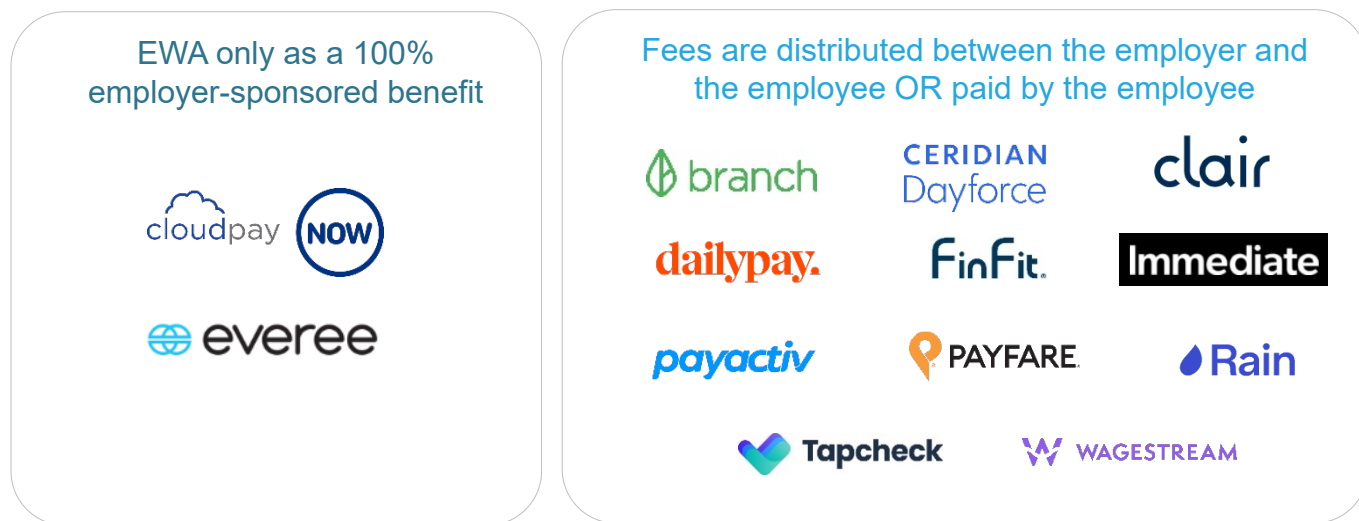
As highlighted before, employers can offer the EWA benefit to their employees in multiple ways (e.g., free benefit, partially paid benefit, or fully paid benefit). EWA solution providers also approach the market in a similar manner, as illustrated in Exhibit 6.

**EXHIBIT 6**

Vendor distribution by employee benefit type offered

Source: Everest Group (2022)

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Some vendors offer their EWA solutions as “only employer sponsored,” while others may allow the charges to be paid partially by the employer or completely by the employee. The choice to either offer the benefit free to their employees by bearing the charges or to pass on the charges to their employees, lies with the employer.

Our findings indicate that many employers choose to pass on the charges to their employees instead of paying for it themselves. An employer that sponsors the EWA charges fully on behalf of their employees can gain a definite edge in the war for talent, as opposed to an employer that passes on the charges to its employees.

**Various pricing models:** While there are many pricing models, depending on time period, withdrawals, and solution components, vendors typically follow one of the following models:



- Per employee per month, in which EWA services are offered per-employee at a monthly charge
- Per transaction fee, in which a transaction fee is charged each time an employee chooses to withdraw earned wages early
- Other models, in which the service has a partially charge-free component, while some components are chargeable

### Payroll vendor distribution by type of EWA solution

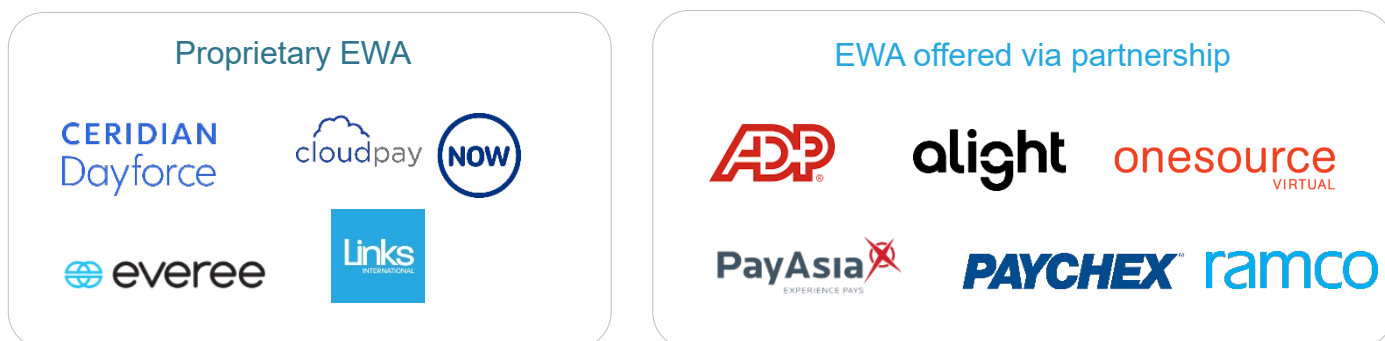
Another notable aspect of this market is the increasing interest that payroll vendors are taking in providing EWA capabilities to differentiate themselves. While some payroll vendors are partnering with pure-play EWA vendors to offer this solution to existing clients, others are developing proprietary capabilities to supplement their existing payroll solutions. The exhibit below depicts payroll vendor distribution by type of EWA solution.

#### EXHIBIT 7

Payroll vendor distribution by type of EWA solution

Source: Everest Group (2022)

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## Key procurement considerations

### Selecting the right partner for global EWA implementation

As discussed earlier, EWA solutions have various components that collectively determine their suitability based on enterprise goals. Only after considering these factors, as described below, should enterprises select the most suitable EWA vendor that is aligned with their business and talent requirements.

#### Core product capabilities

- **Geographic coverage:** Enterprises, especially those with presence across regions, should conduct due diligence to determine the geographic reach of the EWA vendors considered. This check will help ensure that the solution is implemented across countries with ease and employee experience remains uniform throughout
- **Pricing model:** Every pricing model has its own pros and cons. Enterprises planning to globally launch the EWA benefit to their employees must note the two benefits of an employee-sponsored model: the option to configure the withdrawal amount and frequency (allowing flexibility across countries and their regulatory laws) and the opportunity to position themselves as an employer of



choice by providing a paid benefit to employees. A transaction fee model may be regarded as a cost to employees (even though low in price), while an interchange model can be difficult to implement globally considering its dependence on different interchange rates across countries

- **Speed of payment:** As consumer expectations change, employees too have started asking for instant gratification. Thus, the speed of payment is a vital parameter, because if the payment does not happen in a timely manner, it defeats its purpose
- **Payment mode:** Some EWA vendors allow payments through their affiliated channels, such as wallets/cards only. Once a direct deposit is made through these channels, the employee can choose to transfer the funds into their personal account or withdraw it as cash, depending on the vendor's pricing model (free of cost or a flat transaction fee charged to the employee per withdrawal)
- **Funding:** Just as they consider pricing models, organizations must also carefully consider funding models before selecting a vendor, as these could significantly impact the working capital. A vendor-funded model may be an attractive option for single-country EWA solutions but implementing it across countries can be difficult due to legal and regulatory differences across the globe. Similarly, an employer-funded model may require some cash flow in anticipation of the early payment requests. Notably, however, EWA solutions have provisions such as limiting the number of withdrawals or withdrawal amount, which can help with cash flow concerns

### Value-added capabilities

- **Financial wellness:** A suite of financial wellness tools, including analytics and financial coaching, can elevate the employee experience from a merely transactional process to an engaging and nurturing experience, and, hence, enterprises should examine the add-on tools offered in line with their objectives
- **Payroll capabilities:** While many EWA vendors provide integrations with payroll vendors, a vendor with proprietary capabilities for payroll calculations, such as gross-to-net and treasury services may reduce a layer of complexity from payroll operations and can be considered if the enterprise wants to reduce the number of vendors it works with. Additionally, the already compliant nature of payroll vendors' capabilities can eliminate any such concerns, especially in a global scenario

### Other important capabilities

- **Expertise:** An EWA vendor with expertise and capability to serve clients from a particular industry or geography or with a similar level of organizational complexity can make implementation and day-to-day operations much easier for enterprises
- **Data privacy:** Enterprises should also consider the vendor's ability to ensure the confidentiality of and sensitivity to employee payroll information, as well as compliance with varying data privacy and security regulations across geographies
- **Customer support:** Vendor support and consultative capabilities during implementation, seamless customer support, automated support or chatbot capabilities, training support provided to employees for adoption, and the speed and quality of issue resolution are other important factors that enterprises should consider
- **Regulatory compliance:** Different countries have different regulations related to the flow of funds and the nature of advance payments, as well as protective regulations to eliminate predatory policies. Enterprises must consider the vendor's ability to comply with legal and regulatory requirements by country

## Best practices to follow for a best-in-class EWA implementation

Enterprises need to be mindful of four components as they plan for a successful global EWA rollout:

- **Programmatic approach:** Implementing an EWA solution at a global scale is not easy. Enterprises must ensure that the EWA solution is made available to all employees (part-time, contingent, and salaried), irrespective of country or working model. They must consult with their EWA vendors and approach the implementation in a methodical manner to determine the expansion timeline, sequence of go-live for each country, localized configurations and pricing structures, and features and functionalities that should be made available for employees
- **Technology integration:** To ensure there is no additional burden on the payroll and HR systems, information flow from the payroll and time and attendance modules to the EWA solution should be facilitated in an automated and smooth manner. Any errors in this flow can impact the accuracy and timeliness of wage calculations and trigger discontent among employees. Enterprises can leverage vendor support teams for seamless integration. Moreover, some vendors offer ready implementations for well-known HCM/HRIS systems, allowing quicker upscaling, especially for global rollouts
- **Change management and adoption:** Although EWA is a sought-after benefit among employees, enterprises need to make sure that awareness is high to ensure higher activation rates. The leadership should be involved in discussing financial wellness and educating employees about the benefits of an EWA program. Communications should be transparent and clear. Additionally, employees must be provided with the necessary resources to help them get started and trained on the EWA application
- **Data security, privacy, and compliance:** As payroll data contains sensitive and personally identifiable information, enterprises must realize the importance of data security and privacy while planning their global EWA strategies. They must collect relevant assurances from their EWA vendors to ensure they comply with all data security and privacy norms, across countries of operation



We figured out that we need to seamlessly integrate the payroll system, time and attendance system, and the EWA solution. We haven't really faced any issue after that.

– Director, HR, a global fast-food chain

## Conclusion

With the war for talent intensifying and employee expectations evolving in recent years, enterprises are taking a hard look at improving employee experience through a series of measures, including a seamless, digital, and instant payroll experience to differentiate themselves. EWA solutions can prove to be the next big step in improving employer branding and employee experience. Notably, EWA has already displaced the notorious payday loans. As employers try hard to meet evolving employee expectations around control, flexibility, and fairness, and due to the fast pace at which consumer FinTech and instant services are expanding, EWA will become the new norm for payroll worldwide.



Everest Group is a research firm focused on strategic IT, business services, engineering services, and sourcing. Our research also covers the technologies that power those processes and functions and the related talent trends and strategies. Our clients include leading global companies, service and technology providers, and investors. Clients use our services to guide their journeys to maximize operational and financial performance, transform experiences, and realize high-impact business outcomes. Details and in-depth content are available at [www.everestgrp.com](http://www.everestgrp.com).

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## **Global Earned Wage Access (EWA)**

This is the first global report on earned wage access (EWA) services and the vendor landscape. Since the topic of EWA - or pay on-demand - is attracting so much attention and debate in the payroll and HR community, we think the global view is an important gap to fill, hence this report from Everest Group. Global businesses need global services and patchwork coverage of any strategically important solution, country-by-country or region-by-region, won't support global strategy.

The prevailing confusion over the different types of EWA services that exists makes this report timely. Is EWA an employer-funded employee benefit? Or a service employees buy themselves? Is it a subsidised employee benefit? Do employees understand how they may be charged? As the only global provider of employer-funded EWA/pay on-demand provided as an employee benefit, we at CloudPay obviously want these differences aired and understood for enterprises who may be investigating their options.

Another complication is regulation, and the debate centring around whether under certain models, EWA amounts to a loan. The direction of travel of regulatory body opinion appears to be to make the distinction between pay on-demand/EWA which is a benefit provided and wholly funded by employers to provide pre-payday access to earned wages, and other solutions that may charge the employee and potentially offer a pay advance. The term 'earned wages' is fundamental here, as is the funding model.

CloudPay's EWA/pay on-demand solution, CloudPay NOW, launched in 2021, currently operates live client services in 18 countries, with new services at contract stage that will raise that number to 47 by the end of 2022. 90% of CloudPay NOW users make their withdrawals to their personal debit cards, so that the cash is available almost instantly in their bank accounts. This payment method is made possible by our partnership with Visa Direct, which enables us to make salary payments across the global Visa network as opposed to through multiple banks in the traditional manner. ([More information can be found in this eBook.](#))

The withdrawal pattern we see from current CloudPay NOW users is frequent, relatively small amounts throughout the pay period.\* This suggests it is primarily being used to manage regular living costs almost like a 'digital ATM', rather than to make unusual, one-off payments.

I hope you find this report informative.

**Paul Bartlett**  
**CEO, CloudPay**

\* Number of withdrawals rose rapidly from 2.2 per month at launch to 5.6 per month, and withdrawal amounts dropped from \$130 to \$80.

## **ABOUT CLOUDPAY**

CloudPay provides global managed services that connect all employee pay processes and teams, including payroll, payments, and pay on-demand, through a unified platform available across 130+ countries, and 168 currencies. With 1000+ staff across 11 global offices, CloudPay's experts help global companies implement best practices, navigate change, optimize operations, and improve employee experiences. Employee pay processes have broad business consequences, requiring modern solutions and trusted experts across the globe. Our mission is to break boundaries to create a new standard for global pay. We believe we are defining the modern pay experience.

**cloudpay.com**