

# *DailyPay*: Earned Wage Access That Improves Worker Financial Health

National Conference of Insurance Legislators  
November 2023

**daily**pay.

# Companies run payroll on their schedule. EWA gives employees flexibility to access their earned pay when they need it

Payroll is Periodic: 2 in 3 people are paid only once or twice a month. EWA empowers employees to manage their cash flow to cover everyday essentials and unexpected expenses before payday



11%

of companies run payroll monthly



36%

of companies run payroll biweekly



32%

of companies run payroll weekly



≈0%

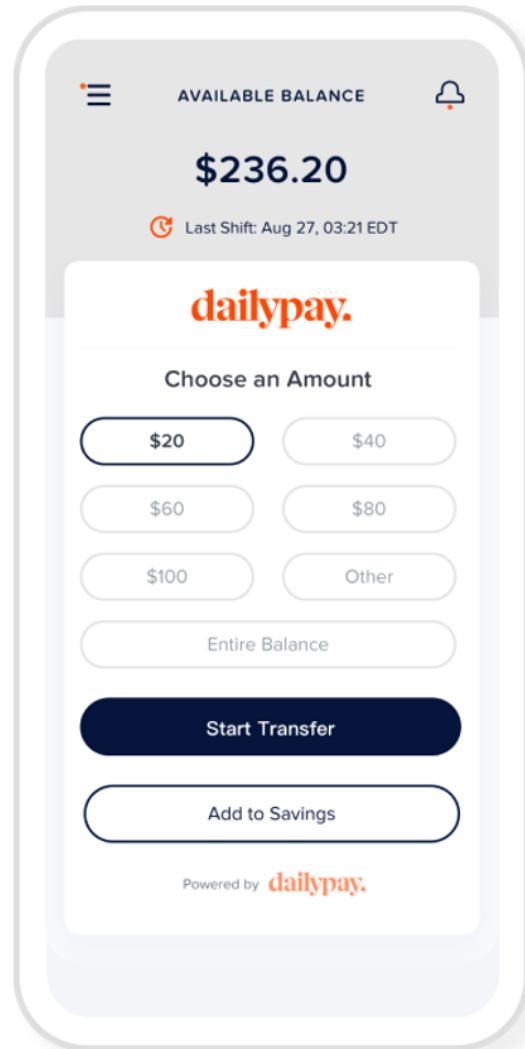
of companies run payroll daily

# WHAT IS EARNED WAGE ACCESS (EWA)?

Employers can offer workers the ability to access some or all of the net pay they have earned to date, within a given pay period

A third-party EWA provider partners with an employer to offer this voluntary service

Also called “on-demand pay”



# HOW DOES EWA WORK?

An EWA Vendor (like DailyPay) integrates with an employer’s time and attendance system



The EWA Vendor keeps a running tab of net income that all employees have earned and can access during a pay period



An Employee chooses to take access to pay already earned at one or more points during the pay period, disbursing their earned wages into a bank account or other destination



The EWA Vendor tracks the employee’s wages that remain at the end of the pay period; paycheck reduced accordingly

# Simple & Transparent EWA Fee Structure

**\$0**

Standard Delivery 1-3  
business days transfer to  
bank account<sup>1</sup>

**\$0**

Instant transfer to  
DailyPay's Friday card<sup>2</sup>

**\$2.99-\$3.49**

Expedited Delivery Instant  
transfer<sup>3</sup>

- Multiple no-fee options
- Employees might pay a small flat ATM-like only fee if they make an instant transfer
- Any fees are clearly disclosed in the agreement and at the time of transfer
- No membership, subscription or other such fees

1 – Available to 93% of DailyPay users. Nation-wide roll on-going.

2 – Available to 37% of DailyPay users and linking paycheck direct deposit to card is necessary.

3 – DailyPay's \$3.49 Instant Delivery Fee Varies by Employer. 56% have access to a \$3.49 instant transfer fee, and 43% have access to \$2.99 pricing.

# DailyPay's Users Nationwide

**daily**pay.

**962** employers<sup>1</sup> partner with DailyPay to provide EWA to their employees

**1.4 million** enrolled users

**1.3 transfers** taken per week on average by our users

**\$108** average transfer amount

Users are **3.5x** more likely to use the app to check their shifts and pay balance than to take a transfer

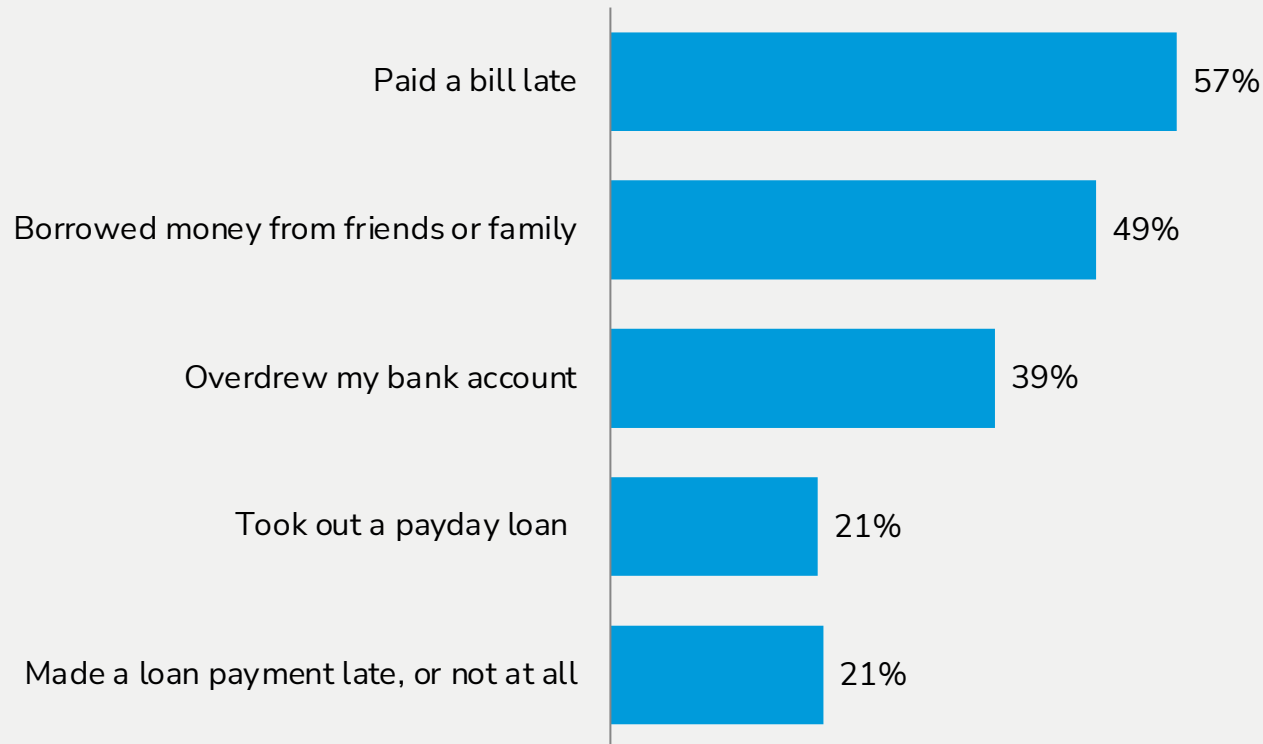
**Free 1:1 Financial Counseling** through the Coordinated Assistance Network, a non-profit financial counseling & coaching organization

Data as of September 26, 2023

<sup>1</sup> DailyPay is partnered with some of the largest employers in the US including Target, Hilton, Adecco, Krogers, and Dicks Sporting Goods.

# STRATEGIES *BEFORE* USING DAILYPAY

Q. Did you do any of the following before you used DailyPay?



Source: Aite-Novarica Group / DailyPay survey of 1,114 DailyPay customers, May 2021

This population is historically much more reliant on expensive alternatives than the average population.

General population context:

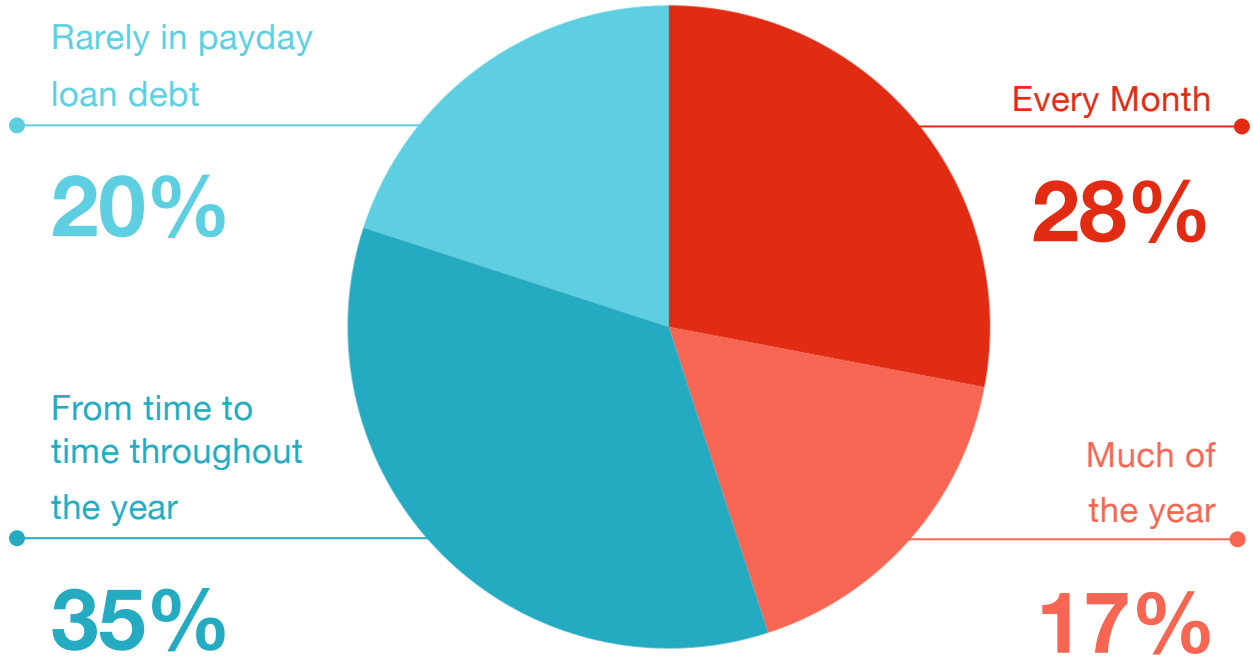
- **9%** of all accounts are overdrawn more than ten times annually; (Source: CFPB)
- About **5%** of all consumers have been payday borrowers in the last 5 years (Source: Pew)

Heavy reliance on expensive alternative strategies and predatory financial products *prior* to DailyPay.

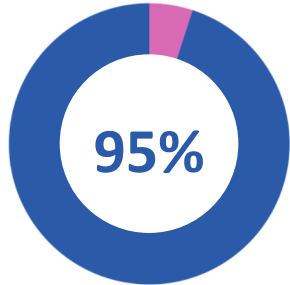
# PAYDAY LOAN USE:

## BEFORE

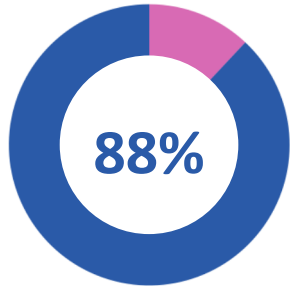
Before you began using DailyPay, what best describes how frequently you were in payday loan debt?



## AFTER



Stopped using payday loans (81%) or reduced use (15%)



credit DailyPay for this change



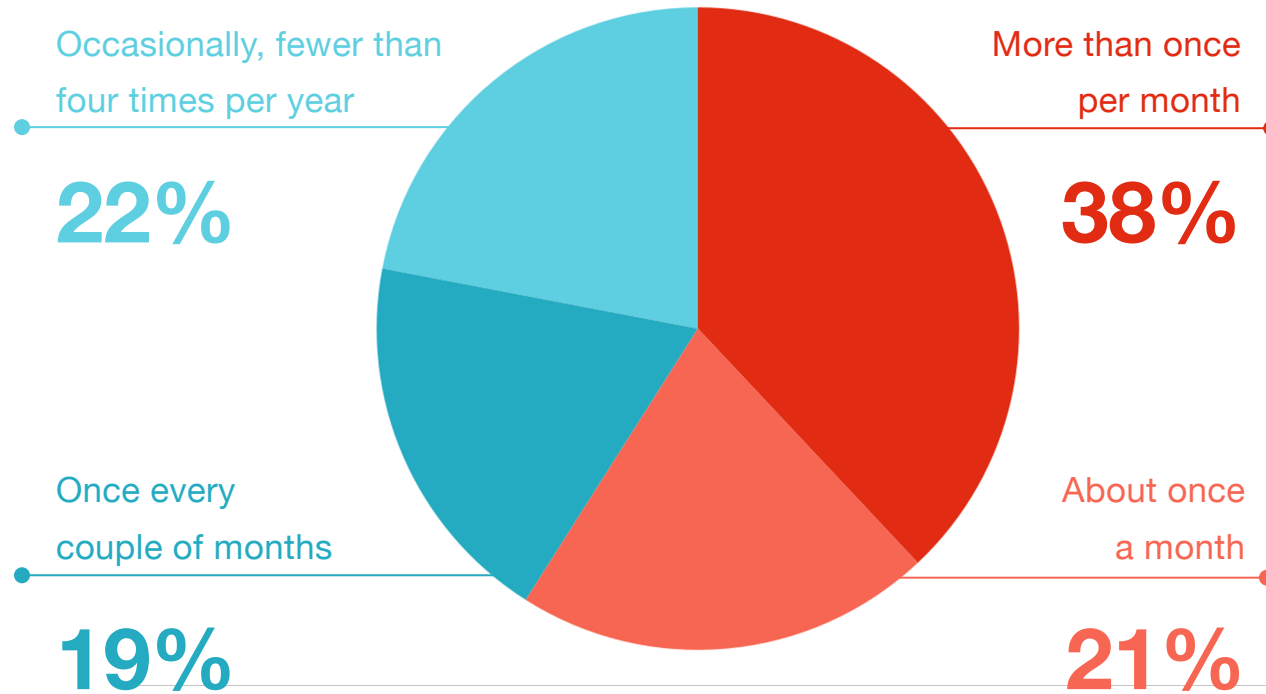
Data above shows why DailyPay is a “payday loan killer.”

# OVERDRAFTS: DAILYPAY IS AN OVERDRAFT FEE KILLER

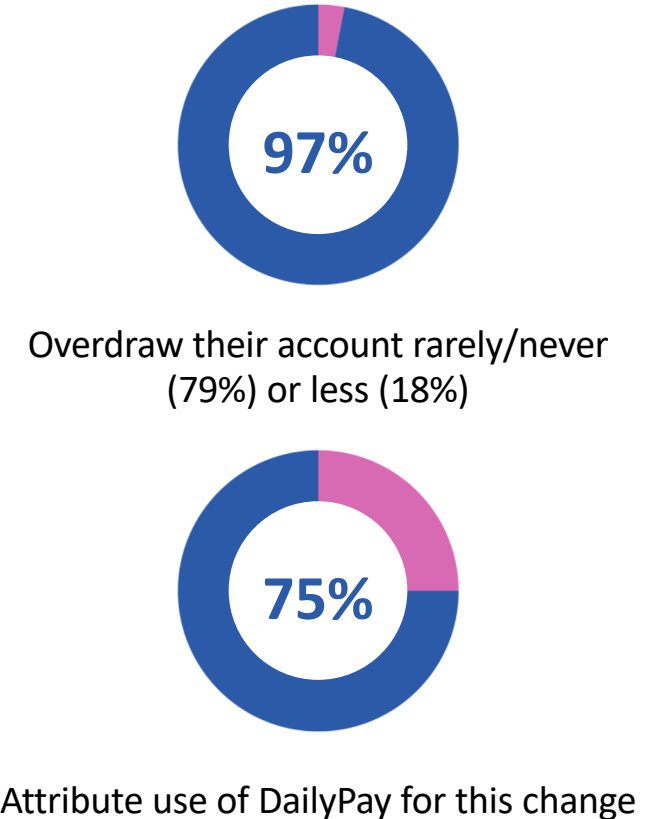
Source: Aite-Novarica/DailyPay, 2021  
Data response for those who reported previous reliance on overdraft

## BEFORE

Before you began using DailyPay, about how often did you overdraw your bank account?



## AFTER



AITE estimated that customers who previously overdrew their bank account twice per month that switch to EWA will save **\$660 annually**. (Assumes 2 overdrafts per month replaced by weekly \$2.99 EWA transaction)



# SUBSTITUTION SAVINGS: PAYDAY AND OVERDRAFT

Customers previously in **payday loan debt** every month or most of the year that switch to EWA will save:

**\$624 to \$930 annually**

Assumptions:

Consumer used to take out a \$300 payday loan with a \$45 fee each pay period (every 2 to 4 weeks) in each month in which they had payday loan debt

Now takes an EWA every week at a cost of \$2.99 per transfer

Customers who previously **overdrew their bank account** twice per month that switch to EWA will save:

**\$660 annually**

Assumptions:

Consumer used to overdraw their bank account and incur a \$34 fee twice monthly

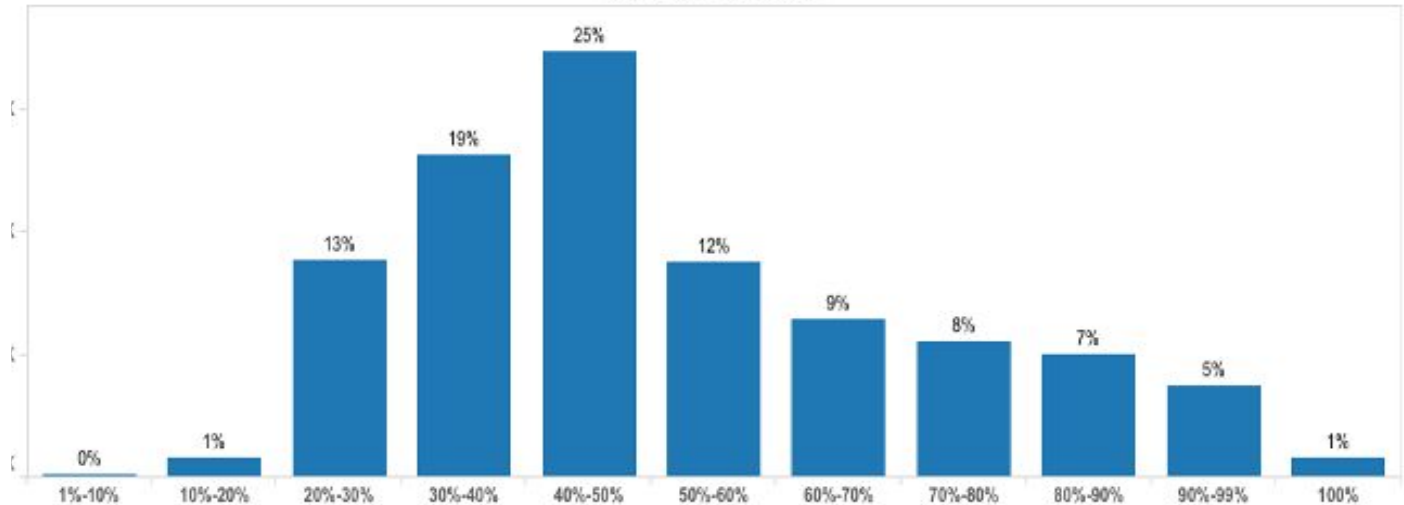
Now takes an EWA every week at a cost of \$2.99 per transfer

**General impact / savings hold true for other inferior alternatives**

# Typical Employee Paycheck Access

In September 2023, the average transfer amount is \$108, below is how that relates to employee paychecks as a whole

Percent of paycheck remaining on pay day<sup>1</sup>



None of our users transfer 100% of their pay before payday



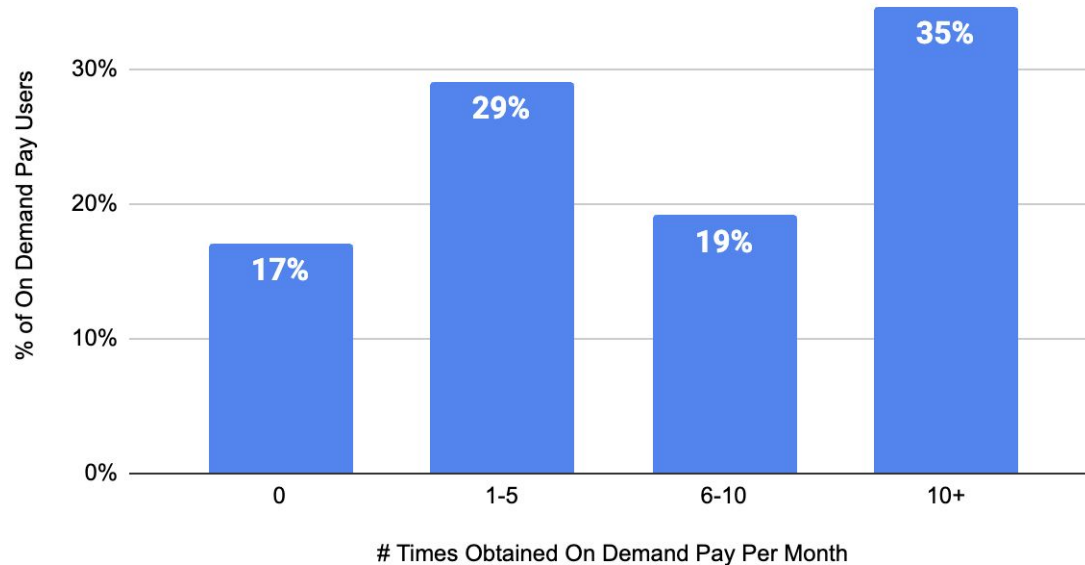
<sup>1</sup> DailyPay User Data as of May 2023, based on transfers of available balance. Fractions of percentages are rounded to the nearest whole number

**Confidential Treatment Requested**

# Typical Employee Usage Per Month

Employees are transferring the funds they need to manage their finances before payday

## Average Monthly Transfer Frequency<sup>1</sup>



# EWA is a Solution When People Need It

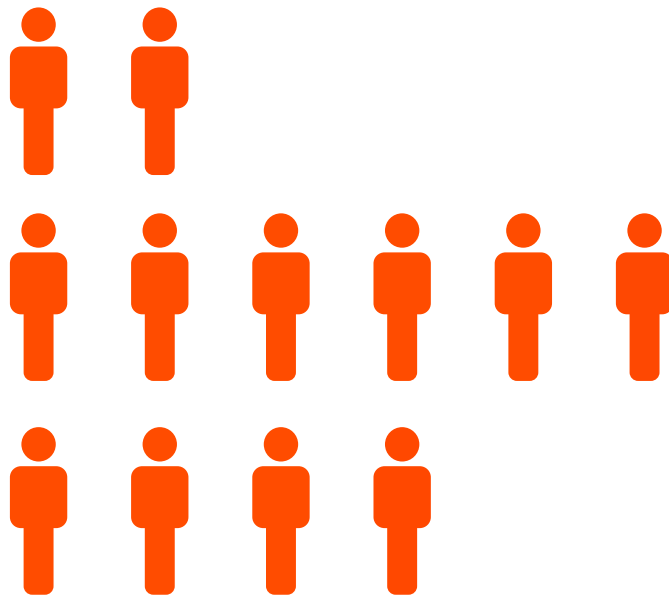
**50%** of our high frequency monthly users do not use the app as frequently after 4 weeks

**80%** of our high frequency users are no longer using the app as frequently after 8 weeks

**97%** of high frequency users are not using our app frequently by 12 weeks

**DailyPay does not create a cycle of debt**, this is money already earned, that employees have a legal right once earned

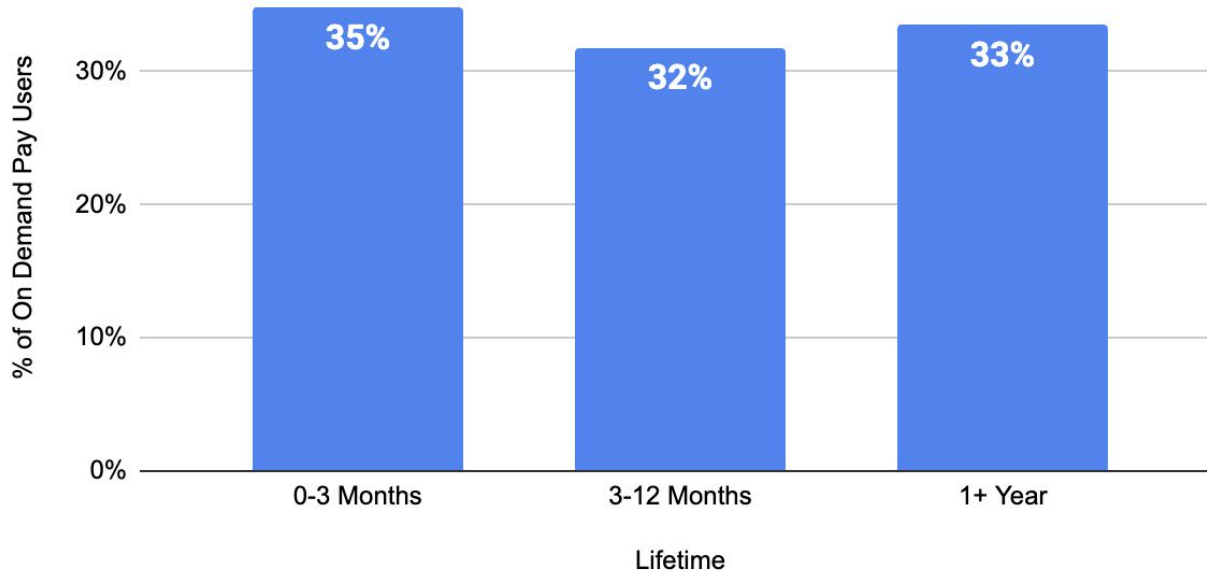
Our high frequency users make up **0.8%** of our total platform users, or roughly 12,000 individuals



# Duration of Platform Use

Despite our name, employees do not use DailyPay every day or even every month

**Distribution of Current DailyPay Users Duration of Use<sup>1</sup>**



# Negative Impacts to Consumers from the Proposed Regulations

*What happens if EWA becomes credit:*

- **EWA providers would be encouraged to limit eligibility & collect on debt:** which is currently non-existent in the EWA industry.
- **Employers would not want to become lenders through direct partnerships with EWA providers:** This reluctance would send workers to less safe alternatives.
- **No EWA-specific consumer protections on tips and reimbursing potential bank overdrafts:** The lending law is not specific to EWA. Other states (NV & MO) have these protections in law.
- **Increased costs to consumers:** Many new fees would be possible and low existing fees would likely be raised.