

# A buyer's guide to on-demand pay

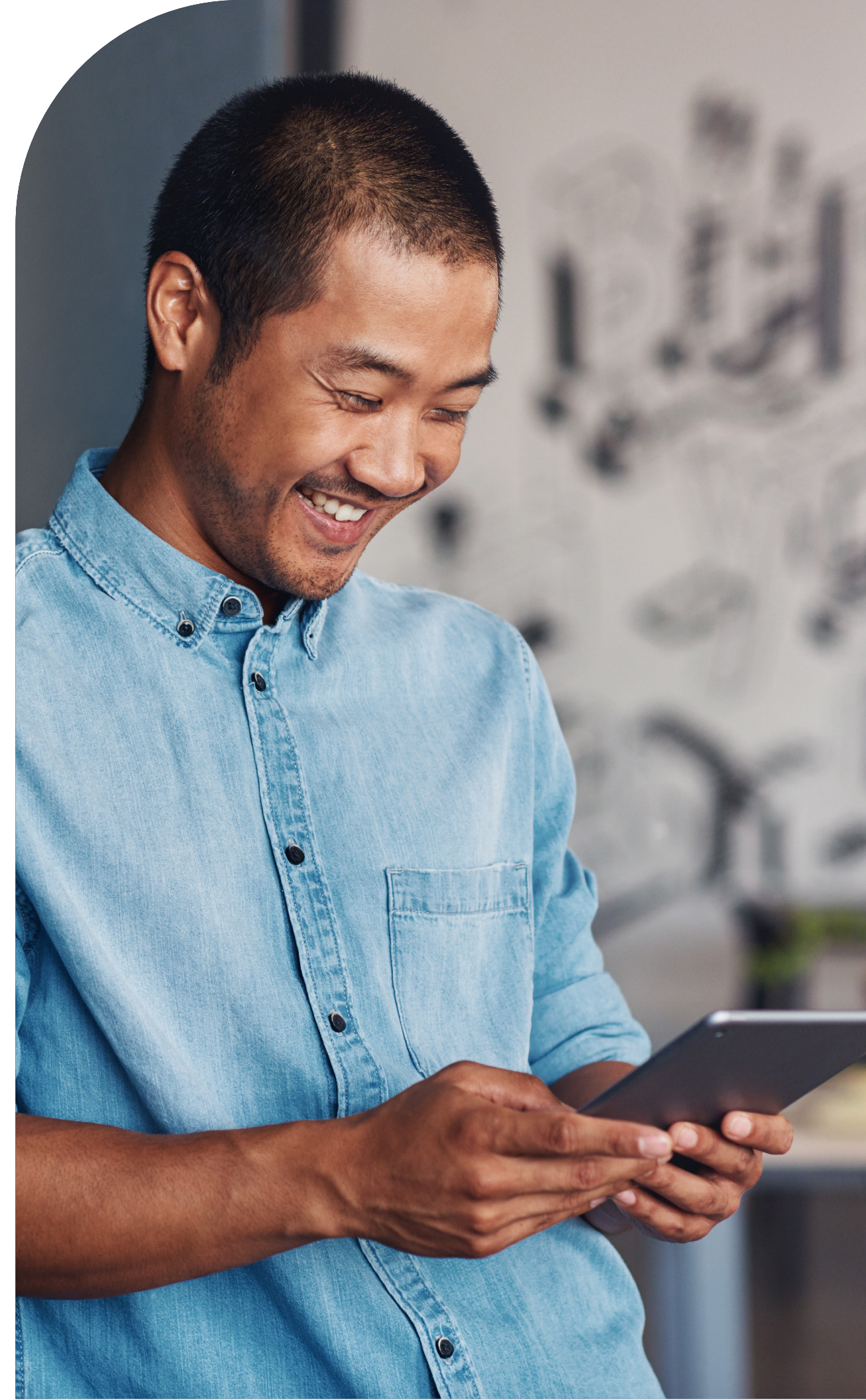
Identifying the right solution to create your  
modern payroll experience



CERIDIAN

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# Introduction

## The hidden cost of employee financial stress

There are obvious costs attributed to financial stress, like health and overall well-being. However, it's more than just a personal matter – financial stress affects employees' performance and costs your organization money. According to a recent study, 82% of American employees are spending work hours thinking about their personal finances<sup>1</sup>. The study attributes a dollar figure to that productivity loss, it's estimated to cost North American employers US\$664B.<sup>2</sup>

Although the impact on productivity is significant for employers, it isn't the only risk. Employee financial stress also impacts how your people make career decisions. Personal finances are at the forefront of decision-making when it comes to accepting certain positions, or spending time to upskill, halting their contribution to growth and development.

Offering a financial wellness benefit, such as on-demand pay (also referred to as earned wage access), provides employees with greater peace of mind and helps improve their financial well-being, while helping to drive efficiency, retention, and productivity for your organization.

The right on-demand pay solution will deliver quantifiable value to your business by helping to alleviate employees' financial stress, increase productivity, and mitigate the administrative impact on payroll teams. This guide can help you have the right conversations inside your organization and guide your team toward the best-fit solution.

### This guide will help you:

- Understand what on-demand pay helps you achieve
- Know what to look for when evaluating on-demand pay partners
- Strategically evaluate if a third-party or native solution is right for you
- Guide the conversation with key-decision makers in your company
- Determine which on-demand pay provider is the best fit for your organization



# 82%

of American employees  
are spending work hours  
thinking about their  
personal finances.<sup>1</sup>



# Getting started

## Driving retention with a great employee experience

Employees today expect a modern experience at work – one that moves at the same pace as real life. They want self-service at their fingertips and information available in real time. Despite the desire for everything on demand, many organizations are burdened with payroll processes stuck in the past.

The evolution of pay is here with on-demand pay, and it's not just a nice-to-have anymore. It's an employer brand differentiator and an efficient way to gain talent loyalty. Organizations need to stay ahead of the curve by offering pay aligned with a great employee experience. Ceridian research conducted by SSRS on Dayforce Wallet users shows that 81% of surveyed workers are more likely to choose an employer offering on-demand pay. What's more, 20% say they wouldn't work for an employer that didn't offer on-demand pay.<sup>4</sup> Employees' expectations are shifting, and they're becoming more selective of employers that fit their lifestyle needs and compensation goals.

### What are the benefits of on-demand pay?

Offering on-demand pay can help organizations drive performance and lower costs by improving retention and helping you attract top talent.

18% of employees said their financial stress in the last 12 months significantly impacted their work productivity

**PWC FINANCIAL WELLNESS SURVEY**  
2022





### **Decrease absenteeism**

Offering on-demand pay has a direct impact on reducing absenteeism. A recent study of Dayforce Wallet users showed that 56% of employees aged 18-29 felt more inclined to pick up extra shifts/work because they knew they would have access to those wages by the end of their shift.<sup>5</sup> Empowering employees to access their pay immediately after a shift can help your managers ensure shift coverage, mitigate the risk of missed shifts and absenteeism, and limit the need for third-party staffing agencies.

### **Attract top talent**

Attracting top talent is a challenge for many organizations, especially when 60% of workers are considered a flight risk.<sup>6</sup> Offering on-demand pay helps make your organization an employer of choice, increasing your competitive advantage. It also demonstrates your commitment to your employees' financial well-being.

With a more attractive offering, your organization can reduce time-to-hire significantly. Dayforce Wallet metrics have shown a 13% decrease in time-to-fill open positions among organizations using the solution.<sup>7</sup>

### **Improve productivity**

When your people are weighed down by financial stress, they naturally become less engaged professionally. Employers can play a role in alleviating employees' financial stress, and it doesn't have to impact the bottom line.

Offering employees holistic benefits, including resources like on-demand pay, can help alleviate financial pressure and provide employees with tools to navigate their financial obligations and goals. When employees' financial needs and expectations are met, they may become more engaged in their role and loyal to their employer – increasing both their productivity and overall performance.

### **Increase retention**

The right financial wellness offering can help improve retention by increasing employee satisfaction. Modernizing your employee experience can help build trust with your people by demonstrating your organization's commitment to employee wellness – directly impacting retention. For example, Dayforce Wallet customers have seen 25% less turnover among hourly workers.<sup>8</sup>

65% of Dayforce Wallet users surveyed said they would recommend their employer because they offer it<sup>9</sup>

# What to look for in an on-demand pay partner?

Deploying on-demand pay to your team shouldn't require a significant budget or stressful implementation. It's important to focus on creating a streamlined and reliable journey for your people, so there isn't any disruption to your regular payroll processes or funding schedule.

Here's what to look for when evaluating on-demand pay providers:

## **No hidden fees for employees or employers**

It shouldn't cost employees to access a company benefit promised to them at time of hire, nor should it cost the employer to provide employees' access to what they have already earned. Ideally your on-demand pay solution should have no on-going fees and zero hidden maintenance costs.

## **Low-touch and efficient implementation**

A low-touch implementation is critical to ensuring buy-in from key stakeholders, like your payroll and HR managers. Plus, quick and easy implementation helps accelerate the activation process among employees, and ensures they have access to the benefit as soon as possible. A solution designed to alleviate stress for your

employees shouldn't come at the expense of your payroll administrators and managers. Ask yourself what current customers are saying about their implementation experience with different on-demand pay providers. It should be the easiest thing on their plate.

## **Configurable to your organization's needs**

Finding a solution that is highly configurable will allow you to set controls for employees, like the amount of available funds and number of times an on-demand pay request is made per pay cycle. You should also get access to real-time reporting and earned wage access usage insights.

The right provider will allow you to configure parameters around the timing and proportion of earnings made available for withdrawal, to minimize the impact on your existing processes. Ideally, you'll also have access to data and insights on how your employees are using the benefit.

## **Compliance focus**

Organizations should look for a native on-demand pay provider to allow for accurate, real-time data that only allows employees access to their earned net pay. As an employer, this makes

compliance easier and gives you peace of mind with an always-on payroll engine.

The concept of on-demand pay might prompt a few questions for your payroll administrators. How are taxes handled for on-demand payments? Are garnishments and flat fees, such as child support, accounted for? Will offering access to earnings on demand create even more audits and post-pay corrections for the team? The right vendor will have thought of these things and will have a compliance engine or mechanism built in to account for deductions, taxes, and garnishments automatically. Your payroll administrators should have visibility into zero-to-gross-to-net payroll calculations throughout the pay period and in real time – as time entries are captured – with deductions and taxes already accounted for.

## **No additional steps or interference with payroll**

Avoid a decrease in productivity by partnering with a provider that doesn't require additional steps to your payroll process to roll out earned wage access to your employees. There should be no extra effort or attention needed by your team to handle on-demand pay requests.



## Comparing a third-party integration to a native solution

Consider how implementing a solution native to your payroll (i.e. no integrations necessary at any point) can positively impact your company's productivity and efficiency above adopting a third-party integration.

	Third-party integration	Native solution
<b>Implementation</b>	Long implementation process and more stress on your people as they must configure new technology.	Smooth and fast implementation experience, so you can set your people up on their financial wellness journey sooner.
<b>Integrations</b>	Increased risk of complications in how your existing payroll technology shares data with the new solution(s).	No integrations, only seamless implementation - eliminating the potential risk(s) of additional steps, failure points, and on-going maintenance.
<b>Admin experience</b>	Increased time spent manually correcting data between the payroll system and the on-demand pay app at the time of the withdrawal, due to a failure point(s) of the integrated data share.	Less time refreshing and reconciling data, reducing the risk of post-pay reconciliations.
<b>User experience</b>	<p>Lack of insight into real-time payroll data frustrates employees and can harm trust, especially if workers aren't confident in data accuracy and are worried they will need to pay wages back later.</p> <p>Increased stress and decreased productivity among your people, since a lot of their time is focused on navigating complications between technology.</p>	<p>Provides employees with peace of mind that their available pay is always accurate.</p> <p>Reduces the risk of having to repay employers for an overdraw, by only offering exact earned wages.</p>



# Navigating your conversation with key stakeholders

You've found your top on-demand pay providers and it's time for your team to decide.

You know the value and impact on-demand pay can have on your organization and now it's time to present your solution of choice and secure buy-in from your decision makers.

Here are tips to keep in mind to help guide your conversation:

## Revisit current pain points

Begin your business case by reminding your team of the organization's pain points and how they impact the bottom line. Revisiting these issues will help create a sense of urgency, maintain strategic focus throughout your pitch, and increase the likelihood of making a timely decision.

## Map back to solutions

Connect your pain points to solutions that your on-demand pay provider of choice solves and how they do it. Focus on proving the value using recent data, customer insights, and visuals that help bring the partnership to life for your organization.

## Outline process details

You've got your team's attention, and now they want to know what the next step looks like. Discuss what the implementation process could involve, the key project stakeholders and the (hopefully minimal) time commitments required from each one. This will help set expectations, address concerns about workload, and demonstrate you've thought about a realistic project timeline.

## Share exact financial cost

Prepare the cost to your organization and the payment structure, if any. If there is no cost to your organization or your employees, be sure to highlight that too.

## Build trust and momentum

Now, it's important to keep the momentum going by spearheading the next steps and offering clear and consistent communication among your team as the new solution nears deployment. Taking the lead to see the implementation through, helps to present you as a committed and reliable team member that gets the job done.





# Making a decision

Your last question for prospects

What makes your solution different than other on-demand pay partners? Here's how Dayforce Wallet stands out.<sup>10</sup>

## Real-time continuous calculation

Dayforce uses continuous calculation, so any changes to time and pay are reflected in real time. Dayforce's real-time payroll engine accounts for applicable taxes, garnishments, and deductions automatically, so your employees can rest assured they are seeing their true available net pay at any given time. Employees simply request a payment with the click of a button in the Dayforce Wallet app, and the funds are deposited onto their Dayforce Wallet Mastercard®.

## A single, native solution

Dayforce Wallet acts as a seamless extension of Dayforce Payroll, with no on-going integrations or disparate data sources to maintain. This creates a low-touch implementation, rolling out in a matter of hours.

The implementation was quick and easy. Print a flyer, set up your payrolls, and rip the band-aid off. As soon as we rolled it out, employees started processing on-demand payments

Director of Project Management, Services industry

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## Ranked highest in North American Compliance Use Case by Gartner

Gartner, the world's leading provider of research and analysis on the global information technology industry, recognized Dayforce as the top leader in North America Compliance, in Gartner's 2022 Critical Capabilities report. <sup>11</sup> This research focuses on the compliance needs of North America-based organizations with over 1,000 employees and recognizes successful providers that are able to satisfy the need to “effectively balance cost of ownership, compliance with U.S. and Canadian requirements, and the ability to handle complex work rules without customization.”

## No fees for employers or employees

Dayforce Wallet is a complimentary add-on bundled with Dayforce Payroll, with no hidden fees.<sup>12</sup>

“[Dayforce Wallet] truly is a product that adds no cost to our operation and adds no complexity or changes to the way we process and run payroll. But it gives a tremendous benefit to our employees who use it.” - Director of Technology and Payroll, Manufacturing industry

## No changes to cash flow

Compared to a third-party on-demand pay provider that may introduce close out periods or disrupt cash flow, Dayforce Wallet is a native solution that has no change to the timing or funding of your payroll process.



The amazing thing about Dayforce Wallet is it doesn't affect your payroll process at all. Ceridian actually fronts the funds when the employees request on-demand pay, and we don't see the money come out of our bank account until the normal impound date for that pay period

Payroll Manager, Manufacturing industry

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## Sources

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- 3, 4, 5, 9: SSRS Research Study on Dayforce Wallet users conducted on behalf of Ceridian, December 2022
- 6: 2023, Pulse of Talent, Ceridian
- 7: 2022, Dayforce Wallet Q2 usage metrics
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- 10: GO2bank does not administer and is not responsible for on-demand pay.
- 11: Gartner, Critical Capabilities for Cloud HCM Suites for 1000+ Employee Enterprises, By Sam Grinter, Chris Pang, Jeff Freyermuth, Ron Hanscome, Helen Poitevin, Ranadip Chandra, John Kostoulas, Emi Chiba and Rania Stewart. Published 31 October 2022
- 12: Please see Cardholder Agreement for complete list of fees.

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# CERIDIAN

At Ceridian, we create innovative technology that organizations around the world use to attract, develop, manage, and pay their people. Our award-winning Dayforce solution helps our customers manage compliance, make better decisions, build great teams, and drive engagement with their employees. Ceridian has solutions for organizations of all sizes.

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