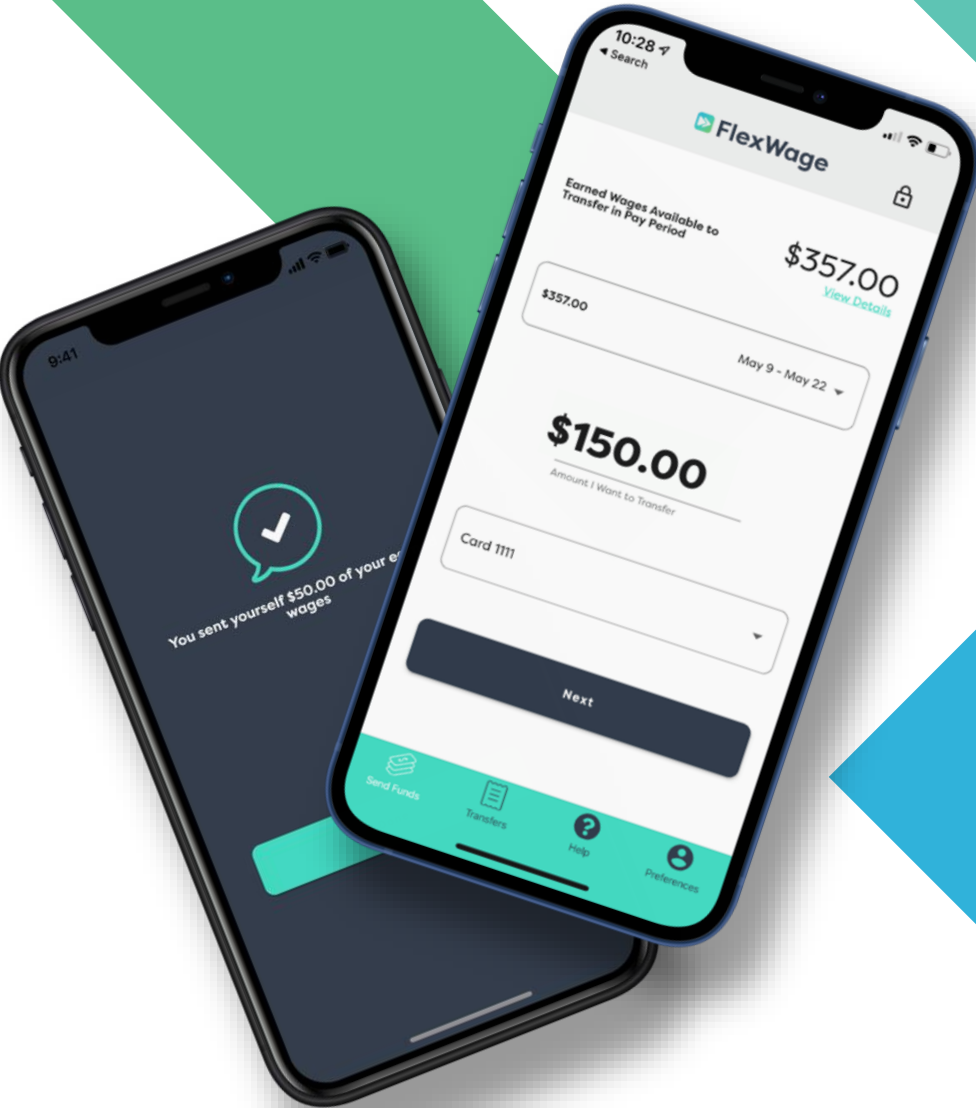
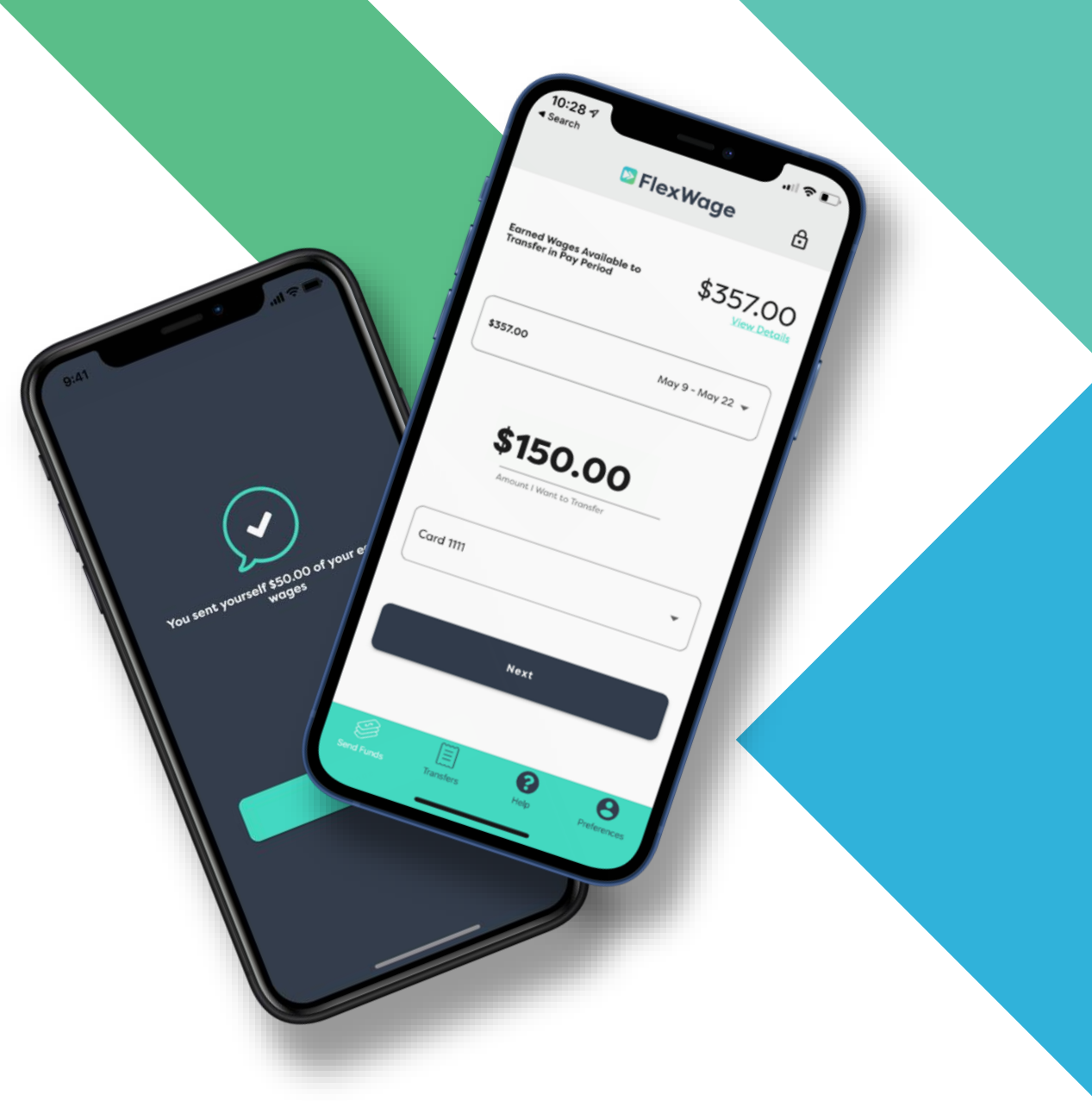


# Earned Wage Access

Powered By  
FlexWage OnDemand Pay





# What Is EWA?

Earned Wage Access (EWA)  
Financial Wellness Benefit

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

is a voluntary financial wellness benefit that allows employees **access to their earned wages** between pay periods.

*EWA is also known as instant pay, earned income, early wage access, accrued wage access, and on-demand pay.*



# The Challenges

- ▶ **Financial stress** is hurting employee productivity
  - When you're stressed about money, you're not doing your best work
- ▶ **Attracting** and **retaining** employees is hard in a competitive labor market
  - Employees want financial wellness benefits

## Employer Value

- **Compelling** voluntary employee benefit at a low cost
- **Enhances** employee recruitment, retention, and satisfaction
- **Drives adoption** of electronic pay, reducing costs and hassles
- **Streamlines** non-recurring payments with direct pay

Earned Wage  
Access  
**Delivers Value**

## Employee Value

- **Real-time** payment solution for income and expense volatility
- **Eliminates** costly NSF overdraft and predatory loan fees
- **Reduces** financial stress and improves quality of life
- **Low-cost** core financial access with Paycard
- **Long-term** assistance with financial planning and budgeting

# Why Is EWA Needed?

The slide features several large, overlapping geometric shapes in shades of blue and green, primarily located on the right side and bottom left corner, creating a modern, abstract background.

C-Suite and Executive Concerns





# CFOs

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► **83% of CFOs and  
finance leaders**

say hiring and retaining talent is very  
important to growth - more even than the  
CHRO





top operational challenge:

► **WORKER SHORTAGES &  
EMPLOYEE TURNOVER**







# CROs

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top operational challenge:

► **HIRING & RETAINING  
TALENT**



# Employees & Financial Stress

Market Trends



# 92%

---

of employees are

► **STRESSED ABOUT  
THEIR FINANCES**





# 8.1 HRS

---

lost per week in

► **PRODUCTIVITY**

due to financial stress







# WAITING

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for funds is

## ► NOT AN OPTION

Users want faster payments because  
the need is immediate for:

**Food, Gas, Utility Bills**

PwC Employee Financial Wellness Survey 2023



# EWA Benefits

Market Statistics





# EWA IS

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## ► A LIFELINE

for those without credit. The most likely courses of action if EWA service was not available:

(36%) borrow

(24%) delay payment

(13%) sell something

(12%) bounce a check

(10%) payday loan

**American Banker** Earned Wage Access Survey April 2021





# EWA IS

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## ► USED FOR

(33%) rent/mortgage

(32%) help with cashflow

(27%) bill due before payday

(17%) unexpected bills

(22%) general purchases





# 66%

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of employees working for companies that didn't offer EWA said they would be

► **INTERESTED**

if their employer were to offer it







# 75%

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of Millennials would give

► **PRIORITY**

to a job offer with an employer that  
offers earned wage access





# 79%

of employees would be willing to

► **SWITCH**

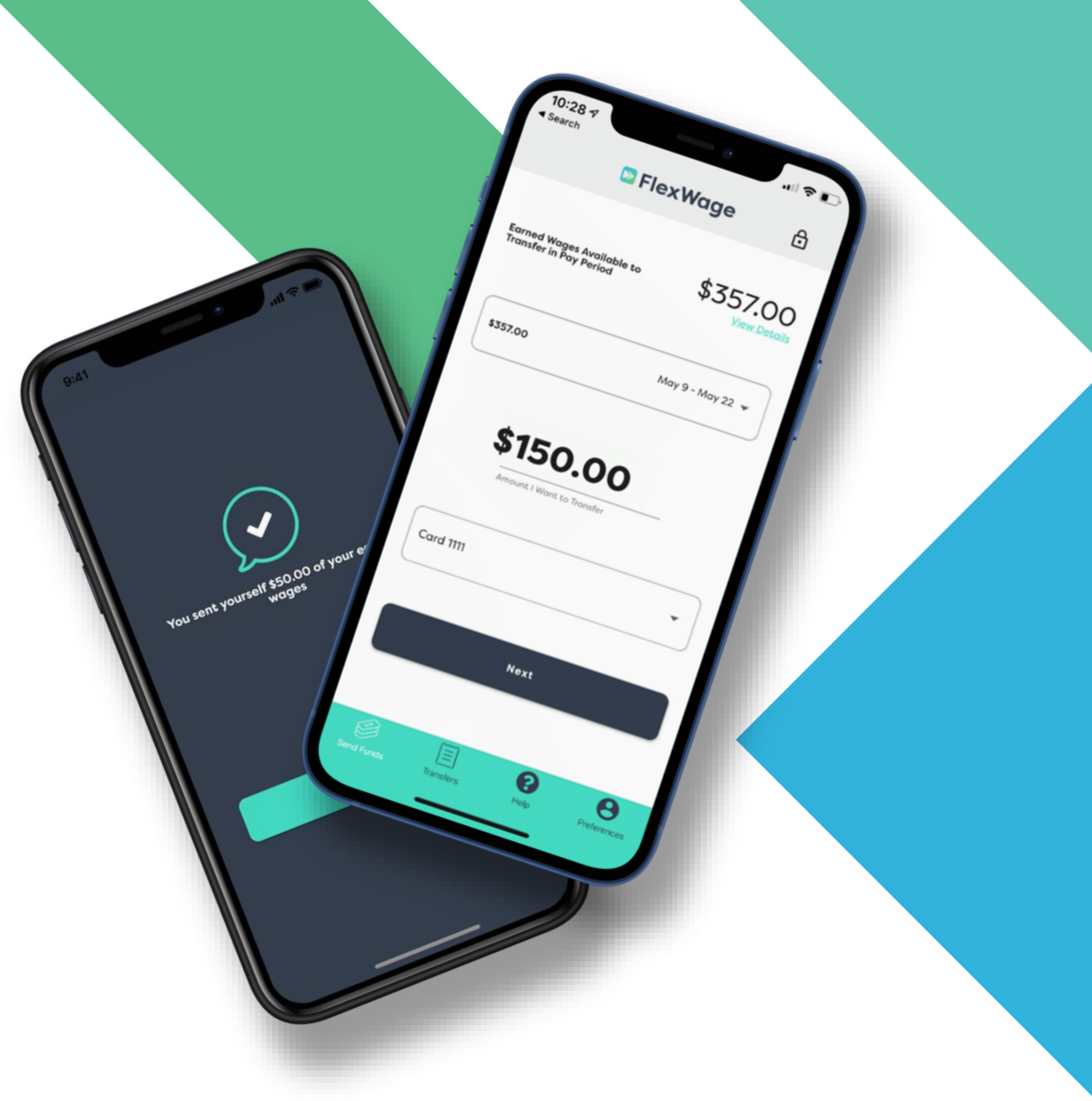
to an employer who offers EWA

Visa Industry Study 2020



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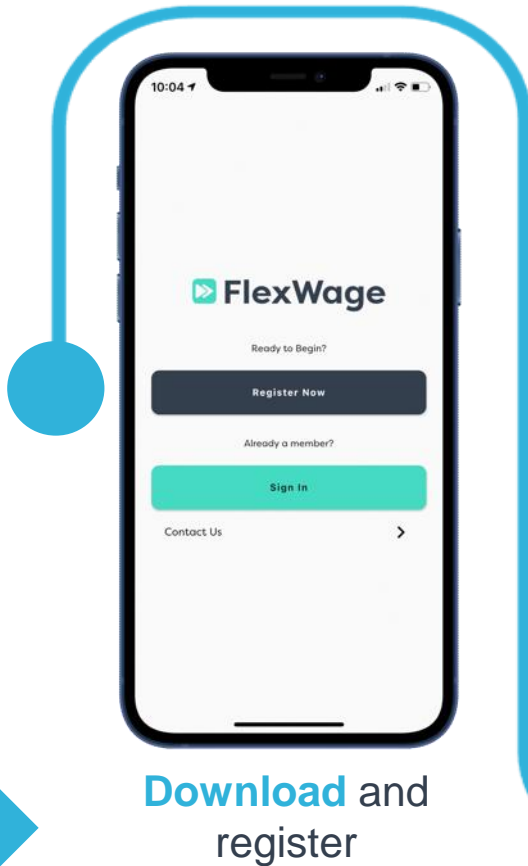


# How It Works

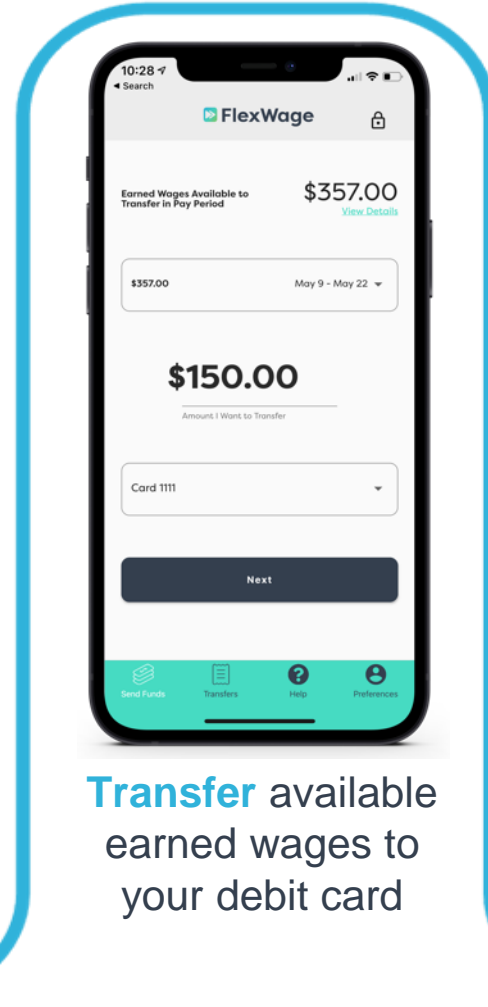
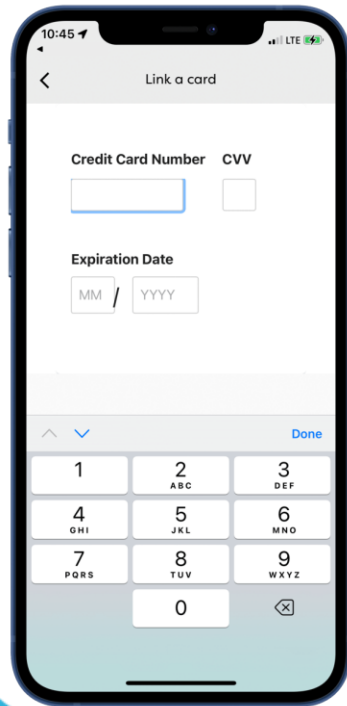
Earned Wage Access (EWA)  
Powered by FlexWage OnDemand Pay



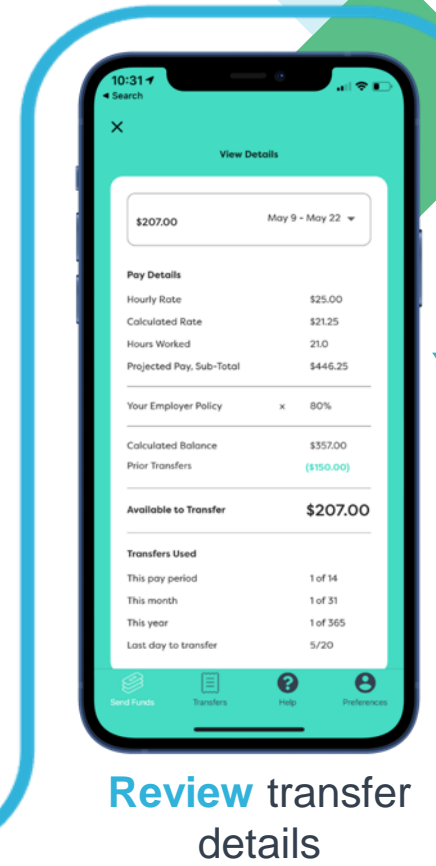
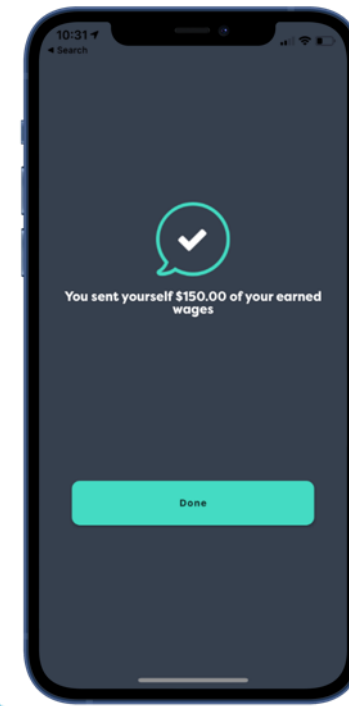
# Easy To Use



**Link** to your debit card



**Receive** confirmation that transfer was made



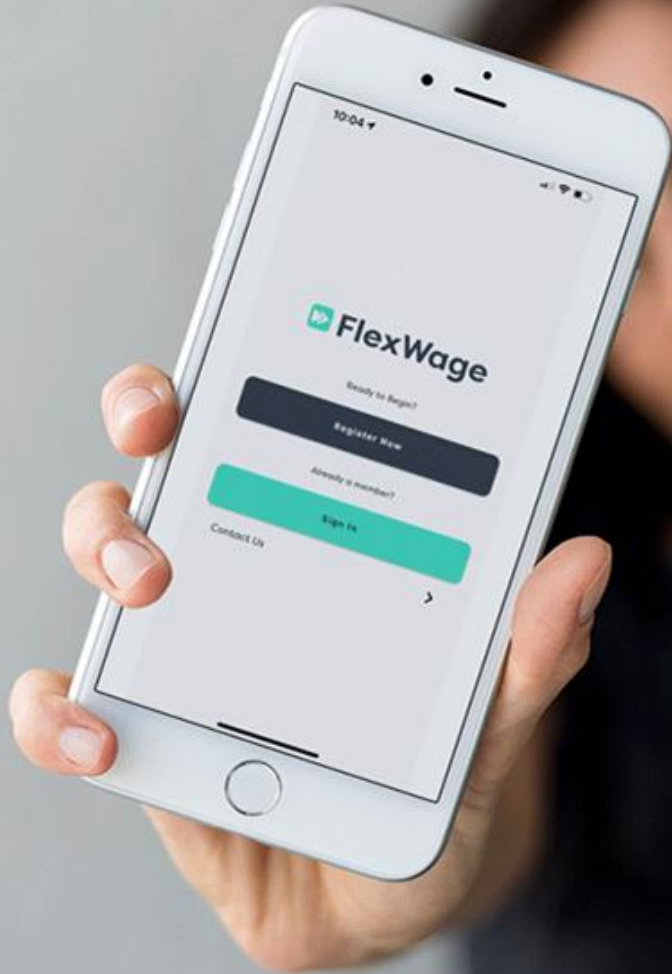


# Easy To Access

- ▶ Employees register via web browser or the OnDemand Pay mobile app




- ▶ The mobile app is intuitive and easy to navigate
- ▶ Onboarding benefit posters, flyers, and other communication tools are used to remind employees to use the OnDemand Pay benefit



# Easy To Register

1. Employee enters their information
  1. Name, last 4 digits of SSN, date of birth, employee number, and email address
2. Select a password
3. Add a debit or pay card
  - ▶ Authenticates to employer's OnDemand Pay application
  - ▶ Employee can register via mobile app or web browser



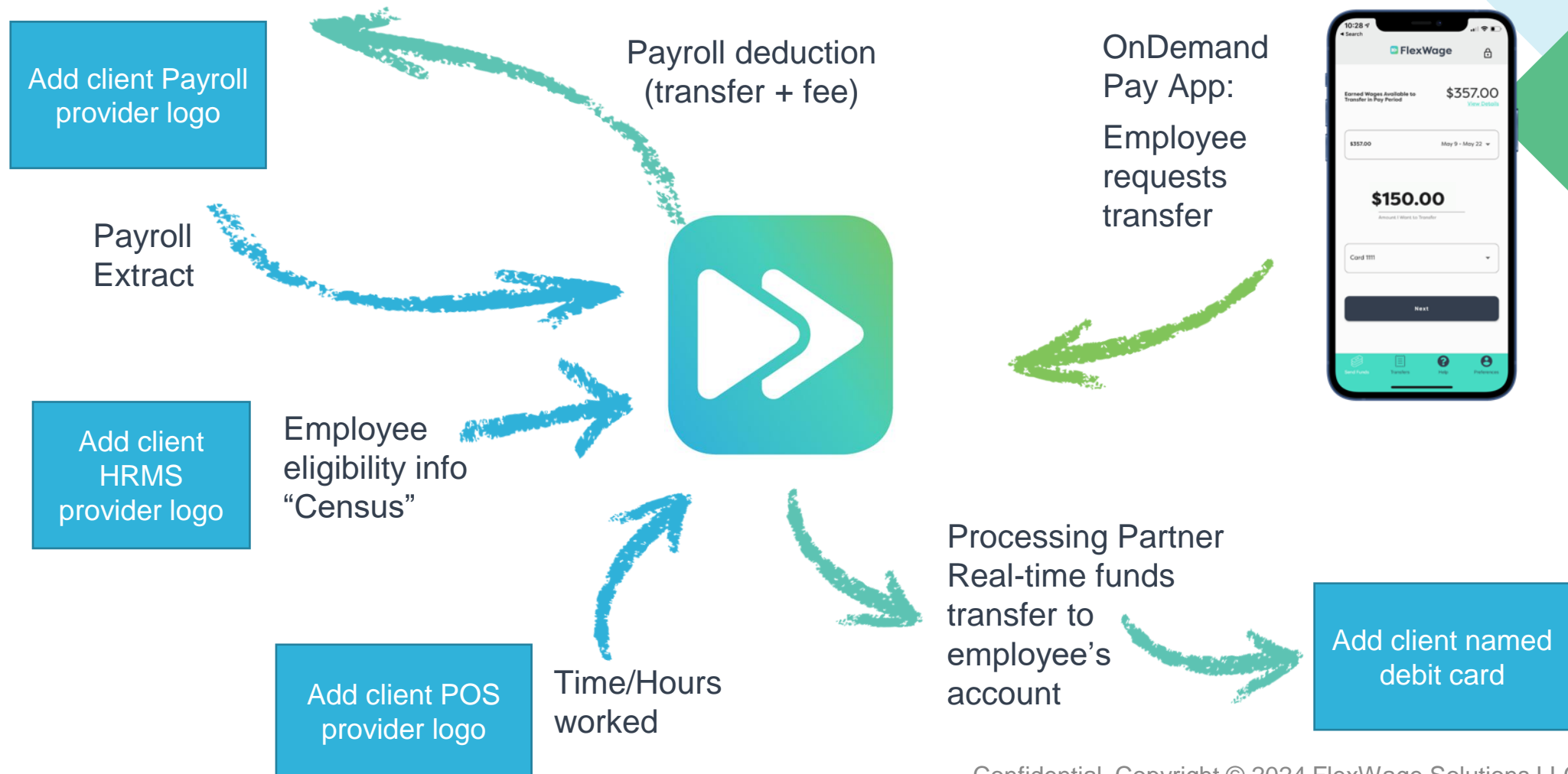
# Accurate Accrued Wage Calculations

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- ▶ Employer payroll/POS systems send employee work hours to the FlexWage OnDemand Pay system
  - Accurate accrual of wages - **NO guessing**
  - Employee pay cycle, payday elections, payment preferences, and direct deposit are **NOT impacted or changed** by OnDemand Pay
- ▶ Employees have access to pay as it accrues throughout the pay cycle
- ▶ OnDemand pay transactions are sent back to employer payroll systems and deducted from the employee's pay
- ▶ OnDemand Pay transaction is **listed on the employee's pay statement**



# OnDemand Pay Data Flow Example







# Employer Controls

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- ▶ Employer determines **who can use** OnDemand Pay
  - FlexWage uses **census data** to define which employee populations are eligible to use OnDemand Pay
    - Data is collected from HRMS or payroll systems
- ▶ **Employer controls** (by employee population):
  - % of calculated net pay available
  - Maximum dollar amount per day
  - Maximum dollar amount per period
  - Maximum number of transfers per period, month, year, day



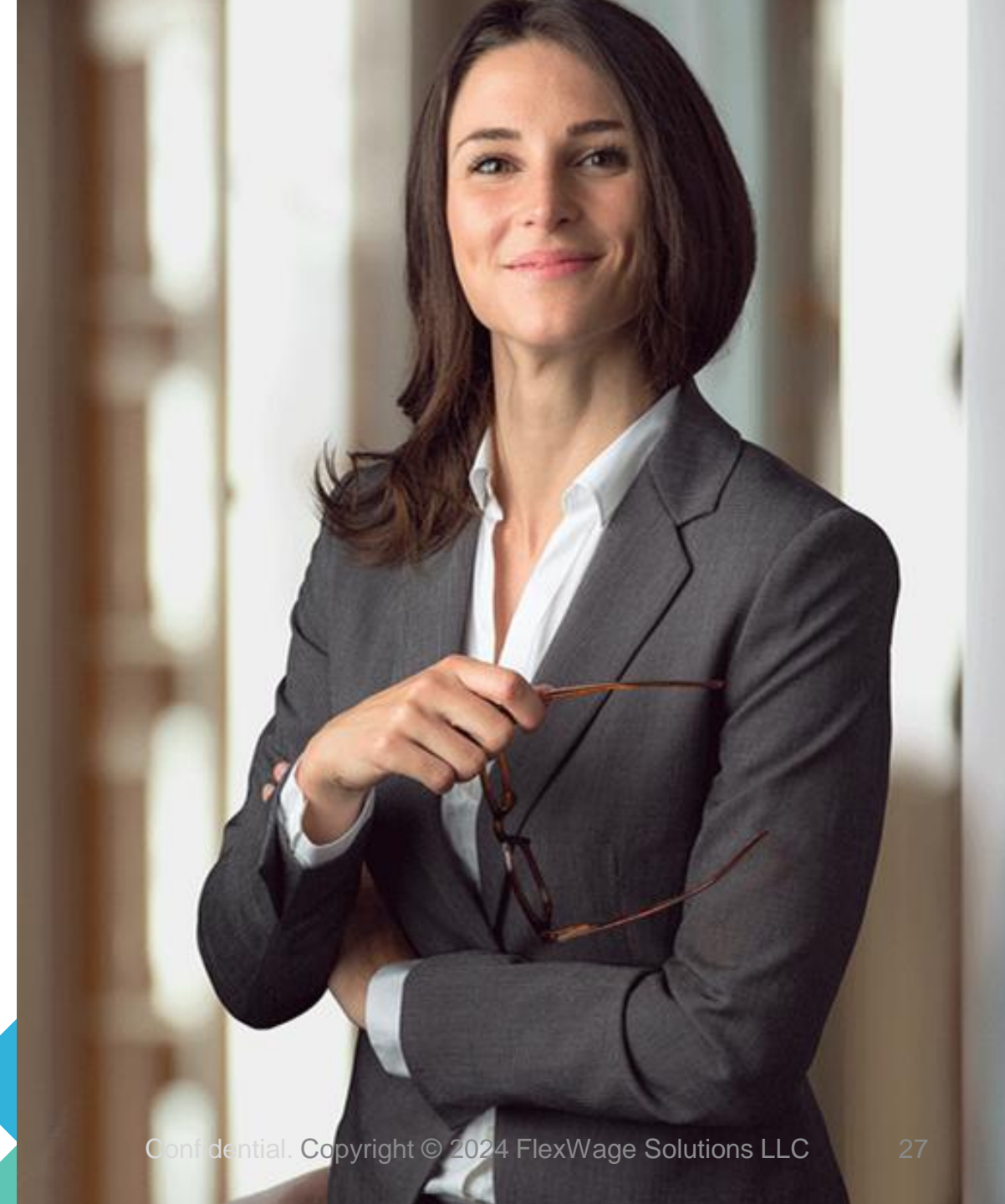




# Easy To Administer

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- ▶ **Automatically integrated** into employer's HRMS, POS, and Payroll systems
- ▶ **Administration support** includes:
  - Daily monitoring of data integration integrity
  - Program statistics reports
  - Overall program management and regular client management meetings
- ▶ Employee support includes **24-7-365** phone support in English or Spanish languages





# First Day Pay Option

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- ▶ OnDemand Pay calculates available pay from employer's payroll/POS system
- ▶ Accurate accrued pay is determined from the employee's **first paycheck**
- ▶ First paycheck includes pay deductions for taxes, health insurance, and garnishments
- ▶ Employer can define a representative first paycheck pay stub to enable **First Day Pay benefit option**



# EWA Employee Use Insights

Most employees will use their EWA benefit **within the first few pay cycles**



On average, employees  
withdraw

**\$184 per transaction**



On average, employees  
use EWA

**2.55x per month**



On average, employees  
access Earned Wages

Access **five to seven  
days before payday**



On average,  
employees who  
access EWA are

**38-39 years old**



On average,  
employees who  
access EWA  
make less than

**\$40K/year**

# Employer Impact

- ▶ “The number of employees asking for assistance between paychecks has **decreased dramatically**. They have their money when they need their money.”
- ▶ “If we ever tried to take this program away, we’d have a **riot on our hands**.”
- ▶ “Easy access to earned wages that is **affordable and easy to use and track**.”







# Employee Impact

- ▶ “With FlexWage, I can access my pay early to fit my bill cycles. It has been **a great help to me and my family.**”
- ▶ “It’s **easy, affordable and guilt free**, not getting tied up in payday loans is a major benefit for my family and I.”
- ▶ “It allows me to handle things right away, **especially in emergency situations.**”
- ▶ “**I love it.** It helps a lot for emergencies. Thank you!”
- ▶ “**Love this app!** If I didn't have this app, I would have been looking for a new job!”

# Regulatory Compliance

Federal and State Laws & Regulations Affecting EWA





# Federal & State Regulatory Compliance

## Consumer Financial Protection Bureau (CFPB) Regulations

1. Payroll card is not linked to a loan (Per CFPB)

## Fair Labor Standards Act (FLSA) Regulations

1. No third-party ACH payments to employees creating potential wage payment delay
2. EWA shown as line-item deduction on wage statement
3. EWA benefit program includes taxes in net wage calculation
4. Taxes paid on the originally schedule pay date

## U.S. and State Department of Labor (DoL) Regulations

1. EWA is an allowable wage deduction (verify terms and conditions and state DoL laws)
2. EWA does not violate DoL wage assignment
3. Payroll card not mandatory (per state DoL mandates)

## Federal and/or State Financing Laws

1. EWA not considered a loan (per state financing laws)
2. EWA repayment and direct deposit withdrawals does not create overdraft fees
3. EWA fees are not considered junk fees (verify state and federal regulatory laws)

## State Money Transmitting Licensing Requirements

1. No issues with licensed money transmittal (per state money transmitting licensing requirements)

# First Of Its Kind CA EWA Legal Opinion



- ▶ FlexWage is **the only solution** on the market that can operate freely and without license in CA

The legal opinion from California's DFPI states that, "for its EWA solution, **neither FlexWage nor its employer partners are subject to licensing requirements** by the California Financing Law (CFL) or California Deferred Deposit Transaction Law (CDDTL).





# KS EWA Legal Opinion

- ▶ FlexWage **does not require** supervised loan license in Kansas.

“This determination is based on employer funding, no advancement of unearned wages, and the lack of a repayment obligation.

Since access to already earned wages are employer funded, FlexWage is **not creating a debt** for the employee. The fee structure for data services to ensure this process was also considered.”



# CT EWA Legal Opinion

- ▶ Small loan company licensure will **not be required** by FlexWage to continue offering its earned wage access product in Connecticut
  - “Monies paid to employees before payday are always employer-funded and never paid by FlexWage and constitute earned wages that are never repaid by the consumer to the employer or FlexWage. In this scenario, since **neither FlexWage nor the employer provides a loan of money or extension of credit**, or a purchase or advance of money, to a consumer”





# VT EWA Legal Opinion



- ▶ Lender or money transmitter licensure will **not be required** by FlexWage to offer earned wage access products in Vermont
  - “Based on the information FlexWage has provided, and as more fully discussed below, the Banking Division **would not recommend** that the Commissioner of Financial Regulation (“Commissioner”) require a lender license or a money transmitter license or otherwise take action against FlexWage were it to provide EWA services to Vermont employers and employees as described herein.”

# FlexWage



Background

# Onboarding & Support

Earned Wage Access (EWA)  
Powered by FlexWage OnDemand Pay

Your EWA program is **safe, secure, and compliant**.  
With the FlexWage EWA program, your employees  
get quick and easy access to wages they've earned,  
helping them feel less stress and more in control of  
their finances.





# Three-Phased Launch Program

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- ▶ FlexWage helps you plan and launch your Earned Wage Access (EWA) Program.
- ▶ The Program Launch has three phases:
  1. Pre-Launch
  2. Launch
  3. Management



# Management & Administration Support

- ▶ To support your ongoing promotion of EWA, FlexWage provides you with:
  - Daily monitoring of data integration integrity
  - Administration support to assist with overall program management
  - Monthly client management meetings and KPIs
  - Program statistics reports
  - New features and enhancements





# Training Tools

- ▶ Manager Training Deck
- ▶ OnDemand Pay FAQs
- ▶ Manager Talking Points





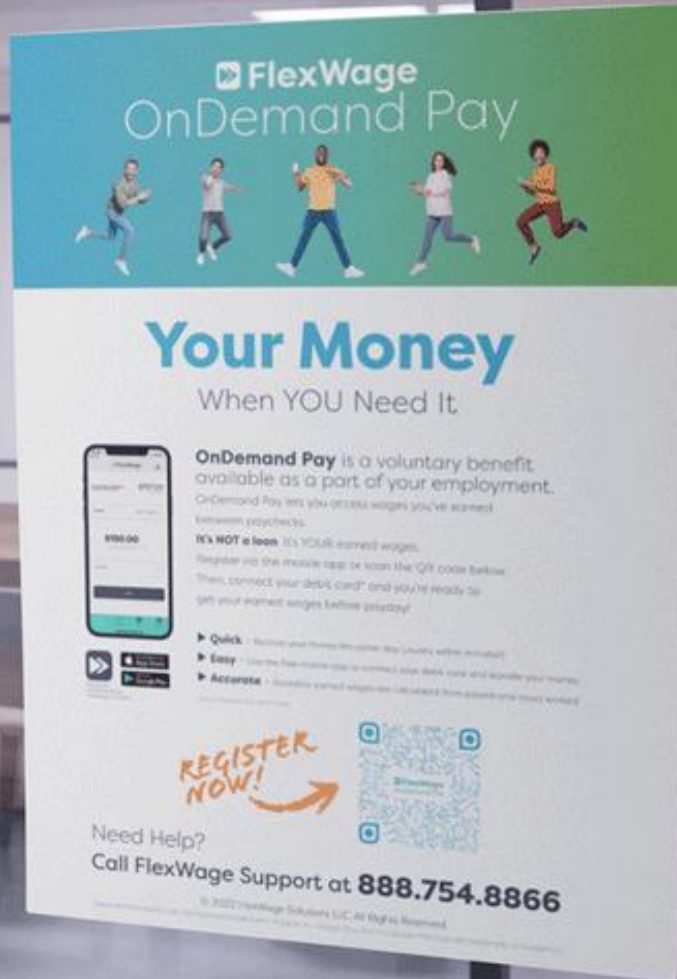


# Engagement Tools

## ► Examples include:

- Employee training decks and recorded webinars
- Employee posters
- Employee flyers
- Email campaigns

► **YOUR** support is **KEY** to employee adoption!







# Support

► **Administration support** includes:

- Daily monitoring of data integration integrity
- Program statistics reports
- Overall program management and regular client management meetings

► Employee support includes **24-7-365** phone support in English or Spanish languages

# FlexWage OnDemand Pay Earned Wage Access



## Responsible

access to accrued wages when needed.



## Accurate

calculations due to interfaces with payroll and time/labor systems.



## Real-time

access to funds via mobile app, web, or telephone. Funds are deducted from payroll deposit.



## Compliant

with and passed scrutiny of CFPB, OCC, NEC, US Treasury, CA DFPI and KS and CT regulators.



## Easy

implementation guided by client management and support teams.

# Contact

- ▶ Jon Anderson
- ▶ 908-370-5577
- ▶ [Jon@m3ssolutions.co](mailto:Jon@m3ssolutions.co)

▶ A registered agent for FlexWage

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FlexWage has more than  
ten years of experience operating  
Earned Wage Access programs  
on behalf of employers  
and licensed partners.