

Earned Wage Access: Changing Pay for Good

November 2024

What is Earned Wage Access?

What is earned wage access (EWA)?

Contracts: Employers sign contracts with EWA Providers (like DailyPay)

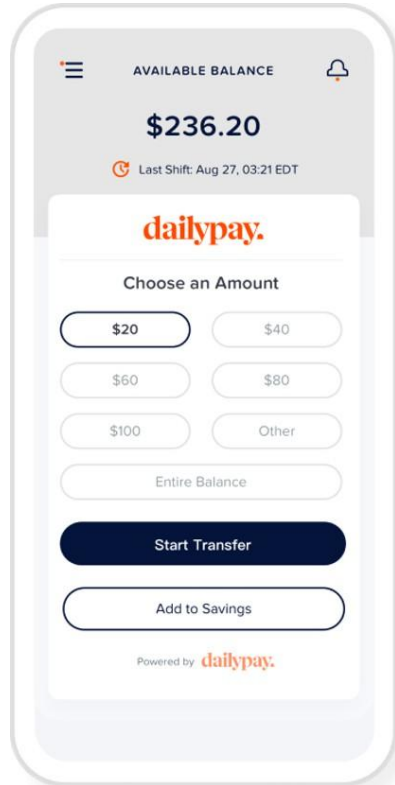
Payroll Integration

Voluntary Download by Workers: Not required

Net Pay Visibility

Workers Can then Access Earned

Wages: Before payday *(if they choose)*



How does EWA work?

An EWA Vendor integrates with an employer's time & attendance system to collect hours worked & gross earnings



The EWA Vendor tracks hours worked and makes a portion of the income earned available to the employee before their scheduled payday.



If an employee chooses to access their already earned but unpaid wages at one point 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; the employee receives those wages on payday minus wages they access early

Simple & Transparent Fee Structure

DailyPay's Fee Structure for Employees

\$0

Standard Delivery 1-3 business days transfer to savings or checking account¹

\$0

Instant transfer to “Friday” Debit card²

\$2.99- \$3.49

Expedited Delivery Instant transfer³

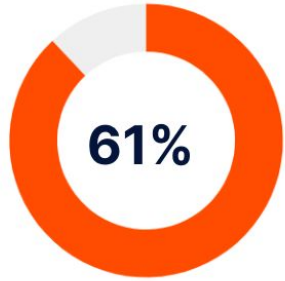
- This service is entirely voluntary, as is the expedited transfer fee
- These two “no fee” options are offered by nearly every single EWA provider operating today
- Employees pay the fee
- No origination fees, credit checks, or any other hidden fees or gimmicks

1 - Approximately 92% of DailyPay users nationwide have access to \$0 standard delivery. 100% access coming soon.

2 - Requires setting direct deposit for regular paychecks to the Friday Card.

3 - Expedited delivery fees varies by employer.

Why Do Employees Need DailyPay?



Americans are living paycheck to paycheck.¹



8 in 10 consumers earning less than \$50,000 a year are unable to cover their future bills until their next paycheck arrives.¹



4 in 10 high-income Americans earning more than \$100,000 say they're in the same position.¹

Populations including under or unbanked people, recent immigrants, low income, and recent grads have resorted to predatory payday loans in their times of need.

DailyPay not only is a payday loan killer but provides a better way for all to pay bills on time with transparent, low-cost/no-fee options and is accessible to all.

Sources:

¹[More than 60% of Americans are living paycheck to paycheck](#), CBS News August 2023

dailypay.

DailyPay Offerings

Benefits to Employees

- Access to earned but unpaid pay through direct employer integration
- Visibility into hours worked and pay earned
- Savings tool
- Free 1:1 Financial Counseling through a third party

Benefits to Employers

- Recruitment Tool
- Improvement in Employee Retention

Positive Employer Impacts

Good for payroll



↑ Digitization of Pay
Adopting a modernized pay experience has helped clients stay ahead of market competition



↓ Time Clock Corrections
DailyPay has proven to improve time clock compliance for our partners by an average of **15% - 30%**



↓ Paper Checks
DailyPay partners see a 40% reduction in paper checks

Good for the business



↓ Turnover
DailyPay partners see **45% average reduction** in turnover among DailyPay users vs. non-users



↑ Recruiting
Our partners **fill open positions** in half the time (**52% faster**).



↑ Engagement
Employees are **3x more likely to pick up additional shifts** with DailyPay.



↓ Absenteeism
Data shows that DailyPay users **no call/no show 38% less than non-DailyPay users**

2021 Research: DailyPay as a Substitute for Costly Alternatives

DailyPay commissioned the Aite-Novarica Group in 2021 to conduct a study of its nationwide EWA customer base. The results found that employees who use DailyPay either stop or significantly reduce their use of payday loans, overdraw their accounts less and had less trouble with bills and loans payments.

95% of users stopped using payday loans (81%) or reduced use (15%) after using DailyPay

88% attribute this change in the use of payday loans to DailyPay

97% overdraw their account rarely/never (79%) or less (18%) after using DailyPay

75% attribute this change in the use of overdrafts to DailyPay

88% had less trouble with bills and loan payments after using DailyPay

94% attribute this change in ability to make bill/loan payments to DailyPay



See Leslie Parrish, Aite-Novarica, *DailyPay Use and Impacts: A Summary of Survey Findings* (Aug. 2021), available at <https://www.dailypay.com/wp-content/uploads/daily-pay-use-and-outcomes-aite-report.pdf>. Aite-Novarica is a widely respected data research company that partners with clients in many industries to provide market insights.

Confidential Treatment Requested

Financial Health Network Research: December 2023

EWA Perceptions & User Experience

Key Findings:

- **Participants did not consider EWA to be a loan**, but their own already earned wages.
- **EWA viewed by users as a better solution than high cost alternatives** (like loans, credit card interest, overdraft fees) **and a more dignified solution** (not having to ask family or friends for money)
- **EWA increased participants' ability to pay bills on time**, yet underlying issues still exist– insufficient income.
- Nearly all had **positive experiences** with EWA, and plan to continue using it as needed.

2023 Research: DailyPay as a financial wellness tool

In 2023, an Arizent study¹ commissioned by DailyPay, surveyed employees using DailyPay on their perceived cost savings since using DailyPay.

80% of DailyPay users reported a positive influence on their financial habits.

72% of DailyPay users reported feeling more confident about managing their finances.

93% of DailyPay users check the app for their earnings to make spending decisions.

83% of DailyPay users say DailyPay helps them better understand their earned income.

¹ The Arizent study was an online survey of 10,283 active DailyPay users conducted between 8/17/23 - 8/31/23.

Enterprise-Grade Data Security



Architecture

- Mandatory AES-256 encryption for data in transit and at rest
- Firewalls & Access Controls
- Cloud based servers



Certifications

- SOC 2 Type 2 compliant
- PCI-DSS certified
- ISO 27001 certified



Business Continuity

- Failover redundancy
- Disaster Recovery Planning



Reliability

- Automated nightly backups of all data
- Cloudwatch, Datadog, ElasticSearch & ScoutAPM data logging and monitoring



Closed Network

- Service never requires full SSN or online banking credentials
- No storing of debit card information on DailyPay server

Nevada's First in the Nation EWA Law

SB 209 Signed in July 2023

Nevada

How We Helped to Pass the Country's First EWA Legislation



3.1 Million People
State Population, 2020 Census



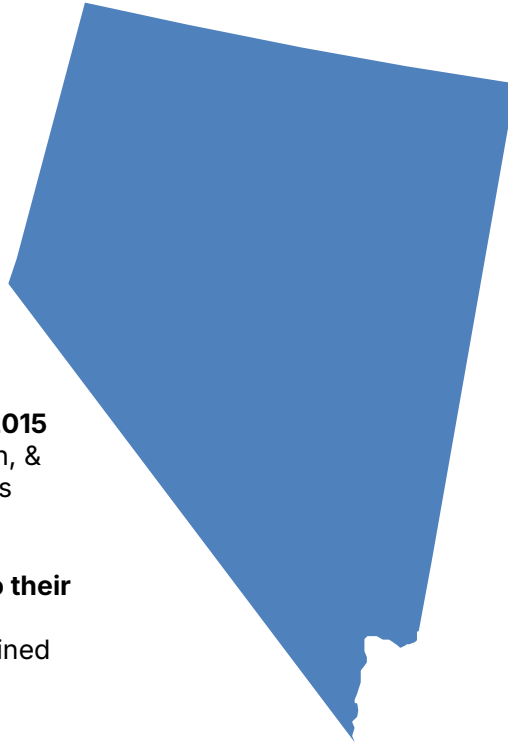
5,900+ DailyPay Users Made
Unique Transfers in Feb 2023



100,000+ EWA Users Total Since 2015
DailyPay, PayActiv, ZayZoon, EarnIn, &
MoneyLion Combined Total Users



**600 Total Businesses Offered EWA to their
Employees Since 2015**
DailyPay, PayActiv, & ZayZoon Combined



**Legislative Session Meets
Every Other Year**
2019, 2021, 2023, etc.



Split Partisan Control of State Government
Republican Governor Joe Lombardo
Democrat Senate (13-8) & Assembly (28-14)



"Purple" State (Not "Strong D" or "Strong R")
2.2 Million Registered Voters
32% No Party, 31% Dem, 29% Rep, 8% Other



Important President Biden Swing State
Biden, 703k, 50.06% (33k Vote, 2.39%
Victory)
vs. Trump, 669k, 47.67%

First in the Nation Consumer Protections**



dailypay.

Two Licences: (1) B2B; (2) Direct to Consumer

****A “No Cost” Option:** must be offered to all

Clearly Disclose Any & All Fees

Provide all proceeds on a **non-recourse basis** including **no debt collection****

Codifies the industry standard **ban on late fees, penalty fees, & interest****

****Right to cancel** at any time **without** incurring **any fees** is guaranteed

****Strong tip disclosure rules:** no hiding in T&C

****Reimburse overdraft fees** caused by provider error

Data Disclosure + 4 Year Sunset: to assess if more consumer protections are needed

Bipartisan Support



dailypay.

June 15, 2023

Signed by Republican Governor

June 3, 2023

Passed (Supermajority) Democratic Assembly,
35-7

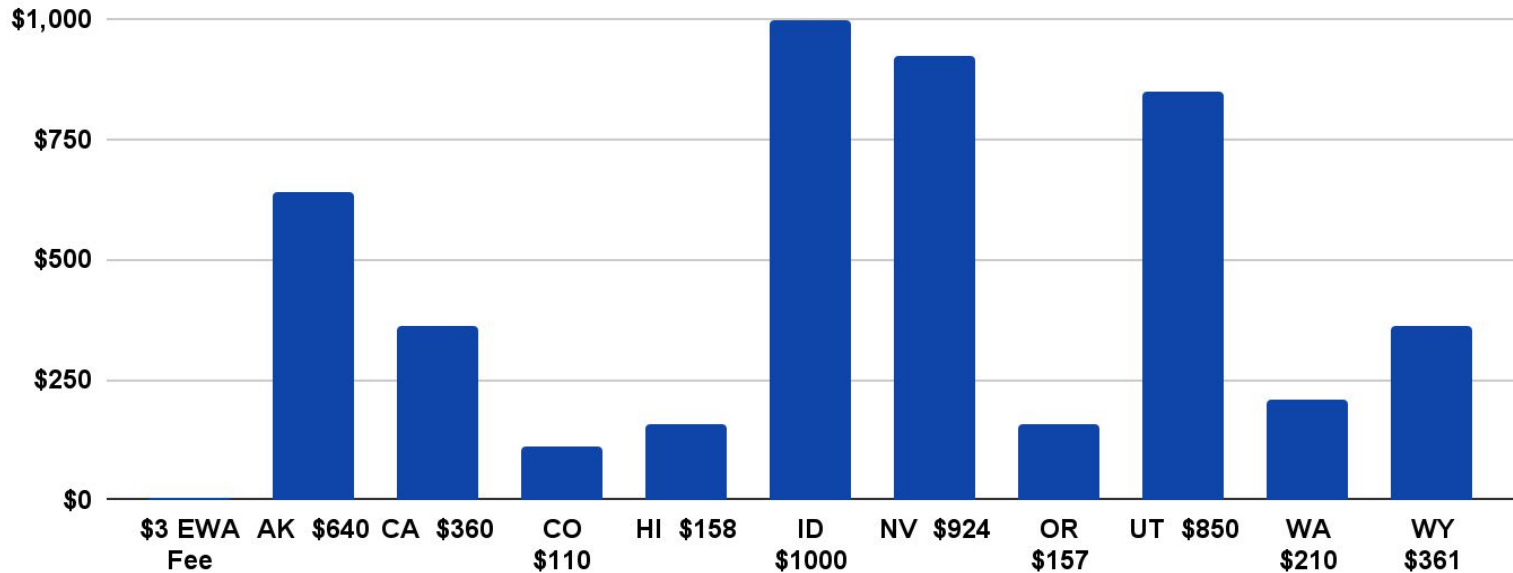
May 23, 2023

Passed Democratic Controlled Senate,
19-1

**Why is EWA good for
people?**

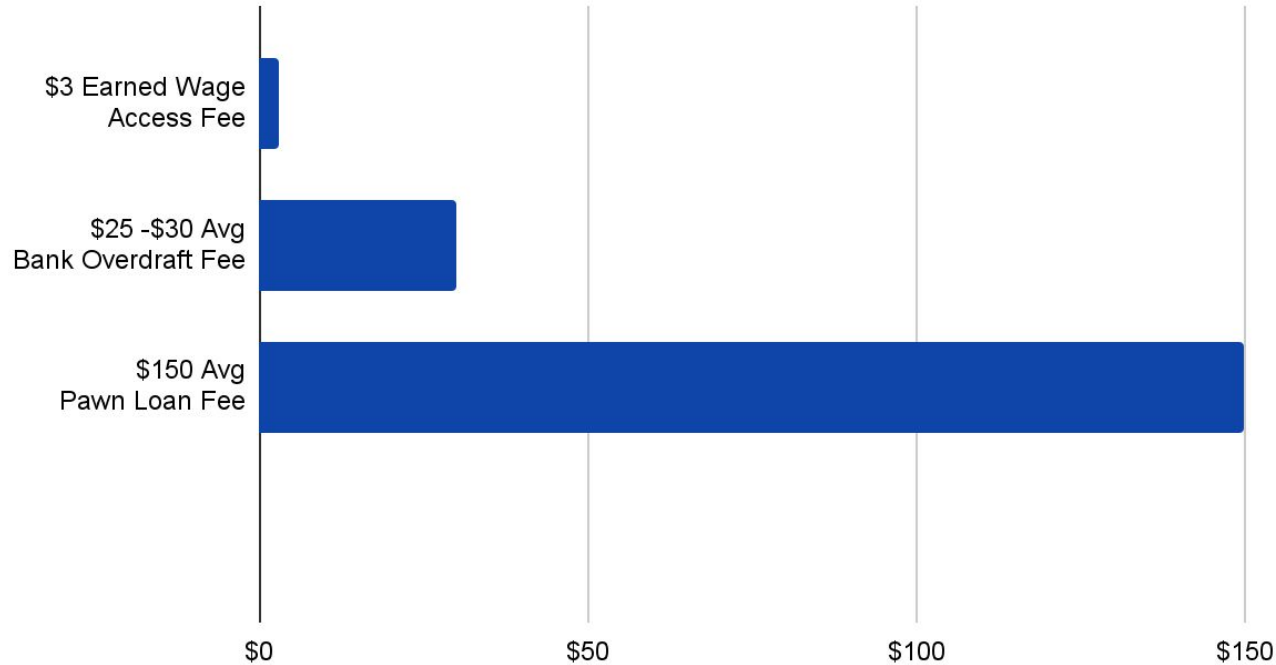
Cost of Financial Alternatives to EWA

PAYDAY & HIGH COST INSTALLMENT LOANS PER \$500 BY STATE



Earned Wage Access Fee is only \$3

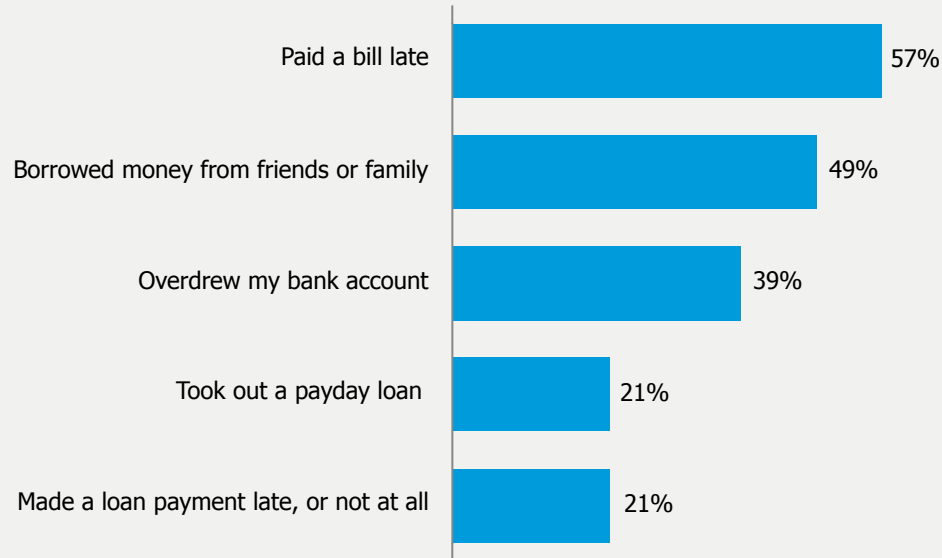
Nation Average Loan fees VS. EWA Fee



Compared to the national loan averages of banking overdraft fees and pawn loan fees, **EWA's flat fee of only \$3** proves to be a sustainable and affordable alternative to receive your earned wages in a timely manner without the burdened interests or costs.

2021 Research: *Before* using Earned Wage Access

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



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 EWA.

Q & A

Contact Information

Ryan Naples, Director of Public Policy

Ryan.Naples@daily pay.com

Nancy Coleman-Chavez, Public Policy

Manager for Western States

Nancy.Coleman-Chavez@daily pay.com