

# Earned Wage Access and Financial Wellness Solutions (EWA & FWS) State of the Market Report 2023

November 2022: Complimentary Abstract / Table of Contents



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- ▶ Talent Excellence ITS
- ▶ Technology Skills and Talent
- ▶ Trust and Safety
- ▶ Value and Quality Assurance (VQA)
- ▶ Work at Home Agent (WAHA) Customer Experience Management (CXM)

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## Introduction

Talent shortage and changing expectations have increased the need for improved employee experience. As payroll is an important aspect of an employee's journey, employee expectations for flexibility and support in this context are on the rise. Earned Wage Access (EWA), which changes the paradigm of bi-weekly or monthly payroll, and instead makes earnings available instantly, can alleviate financial concerns and improve the pay experience. Particularly for diverse types of workers, such as hourly workers, gig-workers, independent contractors, and freelancers, these solutions can make payroll administration easier and reduce wait times. Another use case for EWA is the disbursement of off-cycle payments, such as rewards, bonuses, tips, reimbursements, and last-day payments.

With employers allocating high importance to financial well-being for their talent attraction and retention strategy, tools that allow employees to set financial goals, educate them regarding various financial terms and policies, reduce debt by automated savings and loan repayment, and enable employees to improve financial status are being offered by EWA providers as a value-added service or differentiator to complement their EWA offering and provide a holistic solution.

**In this research, we present key trends and drivers for the Earned Wage Access and Financial Wellness Solutions (EWA & FWS) market in the US. The report components include analysis of the following:**

- Drivers and challenges
- Market overview
- Solution trends
- Technology provider landscape
- Outlook for 2023

### Scope of this report



**Coverage**  
Across all industries and buyer segments in the US



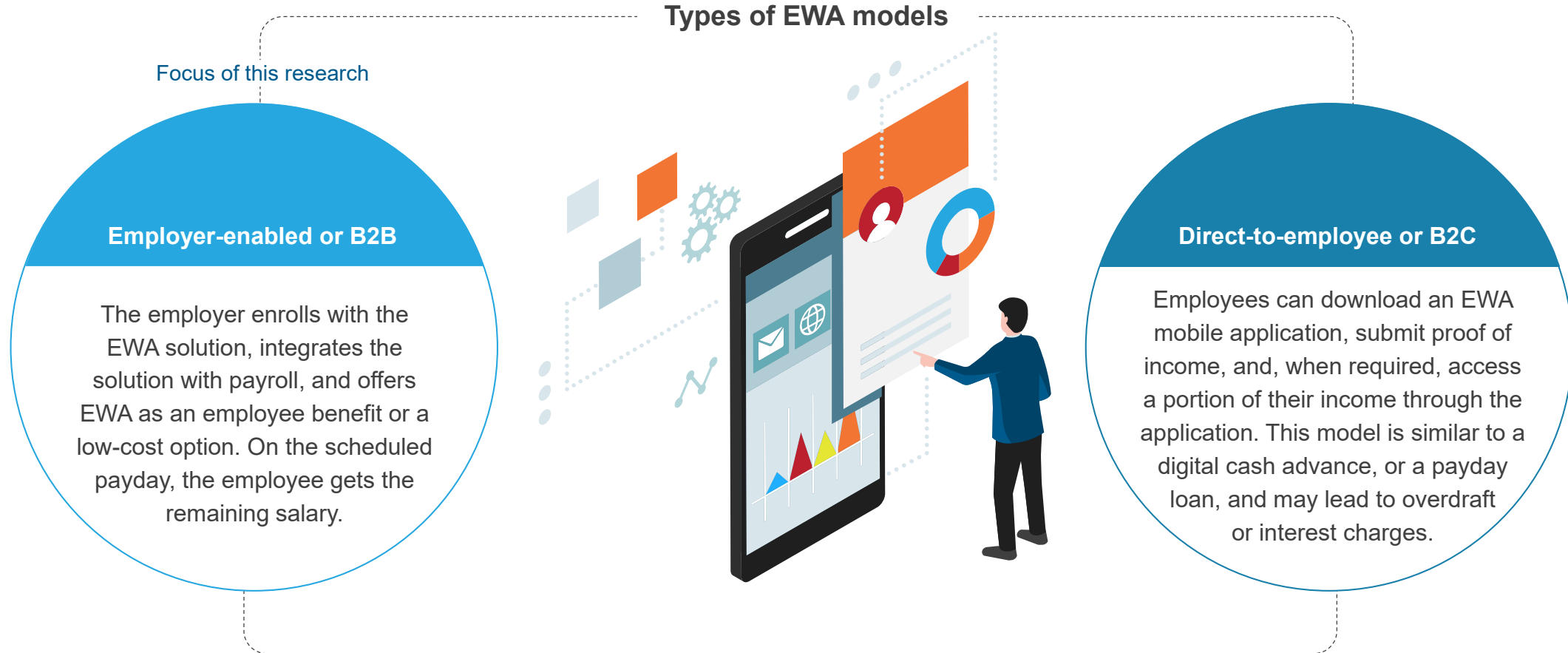
**Technology providers**  
Coverage across 15 providers that help enterprises offer their employees EWA & FWS



**Assessment**  
Assessing EWA and FWS technology providers' products and support. Operational information as of December 2021 and product information as of March 2022

## Prevalent models and differentiation

EWA solutions generally run on two business models: employer-enabled or B2B and direct-to-employee or B2C.



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



## Scope: B2B earned wage access and financial wellness solutions



### Core capability

- Employees can access part/all of their earned wages ahead of the monthly or fortnightly pay cycles
- The EWA solution is in collaboration with the employer
- The calculation of the early-paid wages is done by the EWA platform
- While paying on demand, there is limited/no manual intervention required from the HR/payroll/employer
- EWA solutions should not be considered as borrowing / loan mechanisms for the employee



### Other capabilities

- Offered as part of payroll solution
- Cash flow / working capital management, funding by technology provider
- Training/adoption support
- Analytics and reporting for employers
- Wallet/Paycard availability

### Financial wellness features (for employees)



Analytics on withdrawal patterns and spending behavior



- Personal and household budgeting
- Financial goal setting
- Emergency and short-term savings
- Financial crisis management



- Student loan repayment
- Consumer credit building
- Consumer debt reduction



Financial coaching and guidance

## Overview and abbreviated summary of key messages

In this report, we analyze the trends, drivers, and key investment themes of the Earned Wage Access and Financial Wellness Solutions market. We focus on the trends driving adoption, challenges in the marketplace, the key solution areas, market analysis for size and growth, as well as industry coverage and the competitive landscape. We also examine the consideration factors for EWA & FWS selection and technology provider priorities.

Some of the findings in this report, among others, are:

### Drivers and challenges

- Talent groups such as millennials and GenZ, which now constitute a bigger proportion of the workforce, have different priorities and motivations and expect their employers to meet their requirements
- There is a widespread misunderstanding that more frequent and on-demand payroll cycles require greater effort from the payroll and admin teams – actually, automated pay cycles reduce this burden

### Market overview

- The EWA & FWS market is expected to have steady growth of 60-70%, as more enterprises adopt EWA & FWS amid present talent shortage and increasing employee expectations for financial flexibility
- Due to the nature of the solutions, industries with higher number of hourly or contingent workers see greater adoption rates. The top five industries include: hospitality, healthcare, professional services, CPG retail, and transport and logistics

### Solution trends

- There is need to understand the various components of an EWA solution to make the right provider selection. The major factors are: geographic coverage, fee distribution, speed of payment, pricing model, funding, and payment mode
- Providers are focusing on creating super-apps to cater to all the financial needs of an individual, while also developing functionalities for better employer-employee engagement.

### Technology provider landscape

- Dailypay had the highest market share in 2021; Payactiv and Payfare followed with reasonable market shares. The majority of providers are concentrated in the US, followed by Europe and Australia. Most of these are single-country providers
- The market consists of pure-play providers as well as payroll providers with EWA offerings. Payroll providers offer these solutions either by partnering with other pure-play providers or by developing proprietary capabilities



# This study offers four distinct chapters providing a deep dive into key aspects of the EWA and FWS market; below are four charts to illustrate the depth of the report

## Drivers and challenges



Generational shift in the workforce

Implementation and change management

The need for a modern pay experience

Perception of a limited target segment

New workforce models

Misconception of extra workload for payroll teams.

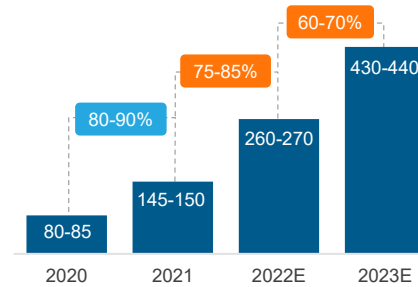
Financial flexibility

Low awareness levels of enterprises and employees

## EWA & FWS market size and growth

EWA & FWS technology provider market size in the US  
Realized revenue in US\$ million

Expected CAGR Actual growth rate



- The market saw a strong growth rate of 80-90% in 2020-21, and the projections continue to remain optimistic
- As the EWA & FWS market is nascent and market saturation is not expected anytime soon, the growth rate is expected to remain strong. Other than the North American market, most geographies have small regional players with transactional capabilities, indicating high growth potential
- In the near-term, recessionary trends due to geopolitical uncertainty may play a part in slowing down new investments in the space, leading to a slightly decreased growth rate
- However, the increasing interest from payroll providers, global expansion, and changing employee expectations may counter to ensure continued momentum toward making this the new norm

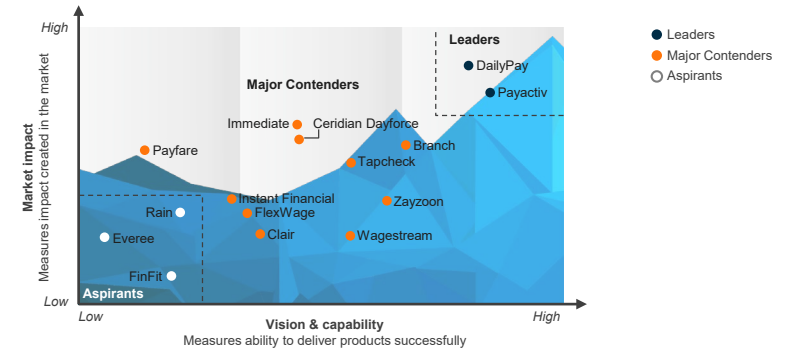
Note: Based on revenue estimates of 15 EWA & FWS technology providers projected out to estimate the total US EWA & FWS technology provider market. This is estimated to be 75-80% of the global EWA & FWS market  
Source: Everest Group (2022)

## Solution trends

Financial wellness capability	Function	Adoption level in applications
Loan repayment management	Automated payments for loan repayment, credit health monitoring	Low <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> High
Financial goal setting	Setting financial goal(s) – can be short-, medium-, or long-term calculators for setting personalized goals	Low <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> High
Automated savings	Setting aside a portion of income periodically toward meeting financial goals	Low <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> High
Personal and household budgeting	Planning and coordination of the income and expenses of individual/household	Low <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> High
Spending behavior analytics	Visual representation of expense categories by spend for easy tracking by customers	Low <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> High
Financial coaching and guidance	One-on-one coaching, financial courses and trainings for financial literacy, and tips to improve financial health and credit score	Low <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> High

## Technology provider landscape

Everest Group Earned Wage Access and Financial Wellness Solutions (EWA & FWS) in the US – Products PEAK Matrix® Assessment 2022<sup>1</sup>



<sup>1</sup> This assessment is based on Everest Group's estimates that leverage its proprietary Transaction Intelligence (TI) database, provider public disclosures, and Everest Group's interactions with buyers as well as inputs from vendors including DailyPay, Payactiv, Branch, and Immediate  
Source: Everest Group (2022)

# Research calendar

## Human Resources Outsourcing

Published Planned Current release

Reports title	Release date
Multi-Process Human Resources Outsourcing (MPHRO) State of the Market Report 2022	August 2022
Digital Adoption Platform (DAP) Products PEAK Matrix® Assessment with Technology Vendor Landscape 2022	September 2022
Earned Wage Access and Financial Wellness Solutions (EWA & FWS) in the US – Products PEAK Matrix® Assessment 2022	September 2022
Employer of Record (EOR) Solutions PEAK Matrix® Assessment 2022	September 2022
Learning Experience Platforms (LXP) – Technology Vendor Landscape with PEAK Matrix® Assessment 2022	September 2022
Multi-Country Payroll (MCP) Solutions PEAK Matrix® Assessment 2022	September 2022
Digital Adoption Platform (DAP) – Technology Vendor Profile Compendium 2023	October 2022
Employee Experience Management (EXM) State of the Market Report 2023	October 2022
Employer of Record (EOR) – Solution Provider Compendium 2023	November 2022
Learning Experience Platforms (LXP) – Technology vendor Profile Compendium 2023	November 2022
Multi-country Payroll (MCP) Solutions – Service Provider Compendium 2023	November 2022
Earned Wage Access and Financial Wellness Solutions (EWA & FWS) in the US – Provider Compendium 2023	November 2022
<b>Earned Wage Access and Financial Wellness Solutions (EWA &amp; FWS) in the US State of the Market Report 2023</b>	<b>November 2022</b>
Digital Adoption Platform (DAP) – State of the Market Report 2023	Q4 2022

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