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September 2024

Pay Without Delay: How Faster Payroll Improves Employee-Employer Relationships

Money Mobility Tracker® Series

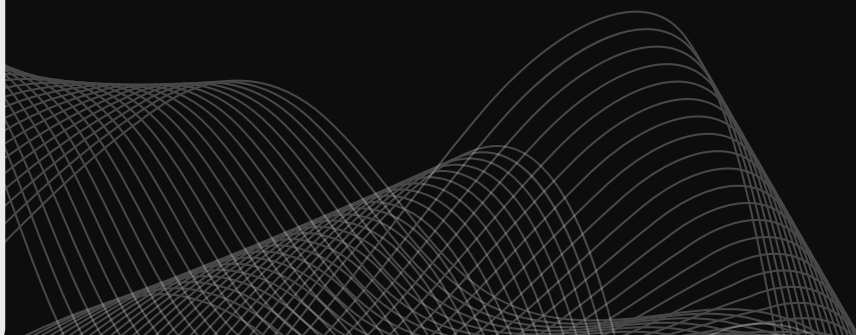
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AUGUST 2024

Money Mobility
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Staff turnover remains a persistent struggle for companies, costing them millions of dollars to train and onboard new employees. Implementing instant payroll solutions could be the key to reducing costly turnover by promoting staff retention and fostering loyalty.



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Acknowledgment

The Money Mobility Tracker® Series is produced in collaboration with Ingo Payments, and PYMNTS Intelligence is grateful for the company's support and insight. PYMNTS Intelligence retains full editorial control over the following findings, methodology and data analysis.

Introduction

Workers are growing increasingly frustrated with the slow pace of traditional payroll and outdated biweekly pay periods, especially in today's economic climate, where many live paycheck to paycheck. For gig workers, freelancers and contractors, the wait for payment is even worse, as they often wait longer than standard pay cycles, putting their livelihoods and businesses at risk. Indeed, payday delays could have devastating consequences if unexpected expenses arise between pay periods.

To improve employees' financial well-being, employers can offer instant, on-demand payroll, allowing workers to access pay as it accrues rather than waiting for the standard payday. This boost in financial security can strengthen employee loyalty, reduce turnover and ultimately save employers on training and onboarding costs.



Legacy Payroll Challenges

Workers Struggle With Waiting for Wages

The wait for pay is a perennial struggle for employees and contractors alike. Many who seek faster payment alternatives, such as payday loans, often find themselves facing even greater financial troubles.



58%

Share of global gig, freelance and contract workers who say the **current payment infrastructure** is insufficient

Legacy Payroll Challenges

Late payments can have devastating financial consequences.

A recent study of global gig, contract and freelance workers found that 58% believe that the current payment infrastructure is insufficient due to [high fees](#), slow payments and currency conversion issues. As a result, 65% of freelancers reported losing or sacrificing wages by having to decline cross-border work in incompatible currency. One-third reported waiting three to five days to get paid, while 15% experienced delays of more than five days.

Some workers resort to risky alternatives like payday loans to access funds faster, but this often leads to even greater financial hardship. In fact, 93% of [payday loan borrowers](#) regret their decision, and 80% find themselves in worse financial straits than before. On average, borrowers pay \$520 in interest and fees for an initial loan of \$375.

A large portion of freelancer invoices are paid late.

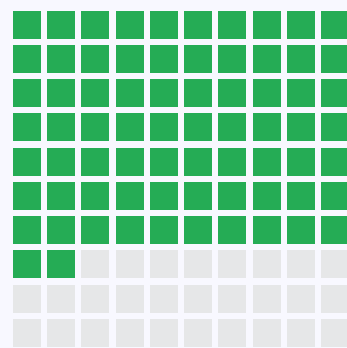
Twenty-nine percent of invoices are [paid late](#), with 25% paid more than 14 days past the due date and 10% paid more than a month late. High-earning freelancers, such as software developers, tend to face late payments more often than their lower-earning counterparts, like photographers. For example, software developers are paid late 29% of the time, compared to 24% for photographers. Additionally, female freelancers experience late payments more frequently than males, with 31% of their invoices paid past the due date versus 24% for men.

Employees' Desire for Instant Payroll

Workers Demand Faster Payroll

Gig workers, freelancers and employees are all clamoring for instant payroll to avoid the financial hardships that come with traditional pay periods.

72%



of consumers pick instant payouts when given the option.

Employees favor instant payment options.

A recent PYMNTS Intelligence study found that while just 36% of freelancers and consultants are paid via instant methods most often, 72% of all consumers chose instant payments when given the option. Moreover, 78% of consumers reported high satisfaction with instant payment options, and 22% said they would be willing to pay a fee for immediate access to their earnings. This willingness to pay could help offset the costs of implementing a real-time payroll system, allowing employers to share some of the financial burden with employees who opt in.

Employees' Desire for Instant Payroll



Healthcare workers need instant payroll to ease their financial stress.

Healthcare workers, including a [growing number](#) of gig workers, are in critical need of earned wage access. New research shows that 57% of [healthcare workers](#) are under financial stress, and 34% report running out of money between paychecks. Nearly half say paying bills on time is challenging under traditional payroll plans.

The study also finds that 82% of healthcare workers believe receiving pay more frequently than twice per month would be helpful, and 48% say earned wage access could improve their financial situation. Implementing instant payroll in the healthcare sector could address these needs and alleviate financial burdens.

Improving Employee-Employer Relations

Instant Payments Bolster Employee Relations

Providing instant payroll to help workers overcome financial hardships can significantly strengthen their relationships with employers. This in turn can reduce turnover and lower onboarding and training costs, saving money in the long run.



Share of truckers receiving **instant payments** who appreciate the speed and peace of mind instant payments offer

Improving Employee-Employer Relations

Instant payroll is keeping truckers satisfied and on the road.

Currently, the national shortage of truck drivers stands at roughly 80,000, and that figure is expected to swell to 160,000 by the decade's end. To keep more truckers on the road, some trucking companies have begun offering instant payments, and it appears this initiative is working. In fact, a recent PYMNTS Intelligence study revealed that 91% of truckers who receive [instant payments](#) say they appreciate the speed and peace of mind they provide. In addition, nearly 37% would be willing to pay for the convenience of receiving instant payments, compared to roughly 29% of consumers in general. Besides speed and peace of mind, 75% of truckers say they prefer instant payments for their overall convenience, the study found.

Restaurants are reaping the rewards of instant payroll.

One example is restaurant point-of-sale solution provider Shift4, which has partnered with tip management software company Kickfin to offer [real-time payouts](#). The integration allows restaurants using Shift4's SkyTab program to automatically calculate tip pools or shares and send payouts straight to employees' bank accounts. SkyTab determines tips based on role, shift, hours worked and sales category, disbursing payouts within seconds.

“As an all-in-one restaurant platform, SkyTab has helped tens of thousands of restaurants modernize and optimize their operations,” Jay Shavitz, Shift4 senior vice president of SkyTab product, said in a press release. “Kickfin is a valuable addition to our marketplace, helping SkyTab customers realize significant time and cost savings by simplifying and improving the tip payout process.”

Call to Action

Improving Employee Satisfaction by Accelerating Payouts

Instant payroll can greatly strengthen businesses' relationships with workers by addressing one of their most pressing needs: timely compensation. By offering on-demand pay, employers demonstrate a commitment to their workers' financial well-being while fulfilling the unique needs of the gig economy. This approach not only gives gig workers immediate access to earnings but also fosters trust and loyalty, encouraging them to return for future opportunities.

Instant payroll also mitigates the financial instability often associated with contract work. By granting immediate access to earnings, employers help freelancers manage their day-to-day expenses more effectively, reducing financial stress and improving job satisfaction. This sense of financial security can enhance workers' perception of their employers and strengthen the overall relationship.

Finally, instant payroll improves worker productivity. With 85% of gig workers indicating they would work more frequently if [paid faster](#), instant pay serves as a powerful incentive. This mutually beneficial arrangement leads to a more motivated and reliable workforce, giving employers the benefit of improved worker retention and a competitive edge in attracting top talent.

About

PYMNTS INTELLIGENCE

[PYMNTS Intelligence](#) is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists include leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multilingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

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[Ingo Payments](#) is the money mobility company. Our mission is to give people and businesses instant, digital and secure access to their money. We provide embedded API and iframe-supported payment solutions and deliver fully digital, cloud-based platforms that bridge the gap between legacy payments infrastructure and new payments technologies to deliver modern, bespoke payment experiences. Whether it's instant account funding, payments or payouts, businesses can count on Ingo to tailor our platform and services to meet their needs. Headquartered in Alpharetta, Georgia, Ingo employs more than 240 professionals and serves some of the largest brands in North America.

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