



International
Labour
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Global Centre
on Digital Wages
for Decent Work



▶ **Earned wage access**

A global study on benefits and risks

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Global Centre on Digital Wages for Decent Work

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► Foreword

Since its creation in 2021, the ILO Global Centre on Digital Wages for Decent Work has developed a focused research agenda as a key part of its implementation strategy. Through country and sector-specific assessments, as well as studies on wage digitization experiences across diverse contexts, the Global Centre has worked to identify the key drivers and barriers to responsible digital wage payments, especially in developing countries. These research activities inform the Global Centre's advocacy and shape its strategy and engagement with stakeholders.

This study on Earned Wage Access (EWA) brings a new dimension to the Global Centre's research agenda by exploring a financial product made possible through the digitization of wage payments. As the report highlights, EWA is a technology-enabled service that relies on fully digitized payroll systems and illustrates how payroll data can facilitate not only access to finance, but also the development of more tailored financial services. By leveraging payroll data to better assess risk, financial service providers can potentially offer more affordable and relevant financial products to both workers and enterprises.

These opportunities are not without risks, as explored throughout this report. As more workers begin receiving wages digitally and using digital financial services more frequently, it is critical to ensure regulatory and consumer protection frameworks are in place. Equally important is strengthening the financial and digital literacy of workers and their organizations, and raising employers' awareness of their key role in supporting workers' transition into this evolving digital finance ecosystem.

This report provides an overview of EWA services and assesses their potential benefits and risks for both workers and employers. It also examines how they interact with labour and financial regulations. The findings are intended to support regulators, employers' and workers' organizations, and enterprises considering offering EWA to their workforce. We also hope it helps strengthen the Global Centre's dialogue with financial service providers on how to design EWA services and other products that truly respond to the financial realities and needs of workers.

Craig Churchill
Social Finance Unit Head

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Surveys with end-users, conducted in collaboration with 60 Decibels, played a crucial role in shaping the findings of this report. The authors appreciate the collaboration of Tripti Singh, Pradyot Komaragiri, and the 60 Decibels team for their partnership.

Several versions of this report were developed before publication to incorporate feedback from colleagues and external reviewers. The findings were presented to members of the ILO's global teams of Wage Specialists, Enterprise Specialists, and researchers, whose insights significantly enriched the final version. The written report was further refined through the careful revisions and contributions of Alice Jacobsohn, Craig Churchill, Emily Trant, Leora Klapper, Maria May, Matias Espinosa, and Rafael Peels. Their suggestions were integrated to the fullest extent possible by the authors.

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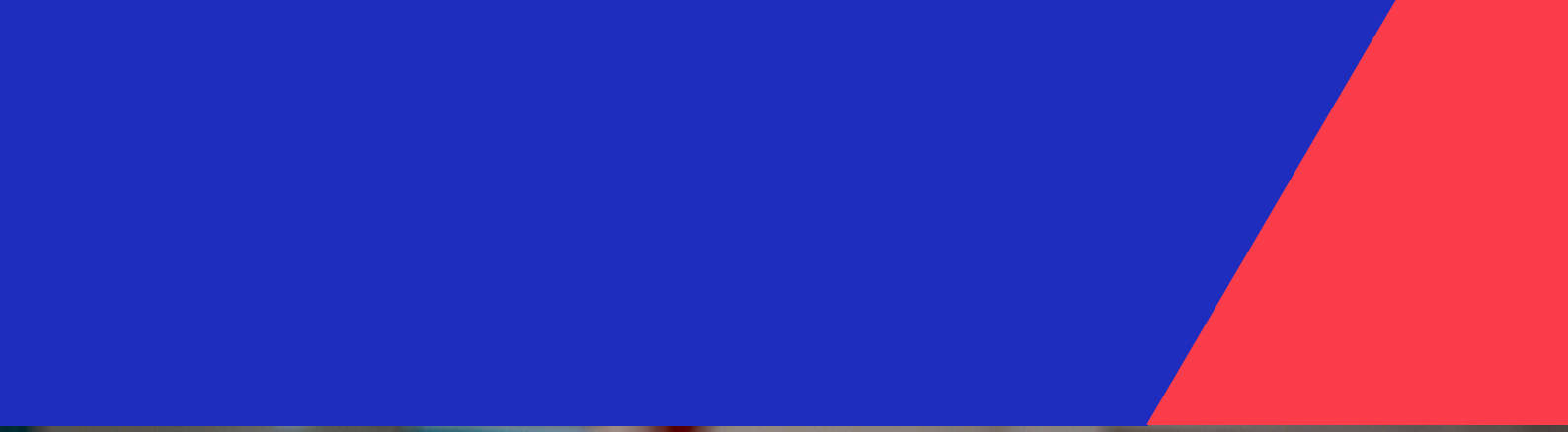
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▶ Abbreviations

ACPR	Autorité de Contrôle Prudentiel et de Résolution
API	Application Programming Interface
APR	Average Percentage Rate
CIPP	Chartered Institute of Payroll Professionals
CFPB	Consumer Protection Financial Bureau
CRL	Center for Responsible Lending
DFPI	Department of Financial Protection and Innovation
EBMO	Employer and Business Membership Organizations
EWA	Earned Wage Access
FCA	Financial Conduct Authority
MaPS	Money and Pensions Service
OECD	Organization for Economic Cooperation and Development
OJK	Otoritas Jasa Keuangan
UNSGSA	United Nations Secretary-General's Special Advocate



▶ Executive summary

Earned Wage Access (EWA) services enable workers to access a portion of their earned wages before the usual payday. These services are provided by third-party companies in partnership with employers. Since their emergence in the early 2010s, EWA services have seen significant growth, particularly in the United States and the United Kingdom. Recently, the **market for these services has expanded into developing countries**, driven by both international players and emerging national and regional providers.

Interest in EWA as a research topic is growing, with academic and institutional reports contributing to debates on its business models, impacts, and regulatory challenges, though most studies focus on developed countries. This report expands the discussion by incorporating **perspectives from employers' and workers' organizations, ministries of labour, and financial regulators**, and by exploring EWA's adoption and impact in developing countries.

Methodology

At the **global level**, existing literature on EWA services was reviewed and interviews were conducted with global stakeholders, such as trade union representatives, national government actors, and international service providers, among others. Regulatory practices were analyzed in several countries and a non-exhaustive mapping of 69 EWA providers was put together.

In-depth research was conducted in four countries: **India, Indonesia, Mexico and Nigeria**. This included interviews with EWA service providers, financial sector industry associations, business associations, trade unions, regulatory authorities and employers partnering with EWA service providers. A small number of focus group discussions (FGDs) were conducted with workers using the service. In addition, the report also benefits from findings of **mobile phone surveys with EWA users** conducted by **60 Decibels** with the technical support of the ILO in three countries - India, Malaysia and Vietnam.

Key findings on EWA models

The **operating models, fee structures and business strategies of EWA services differ enormously**. Nevertheless, an important trend can be seen as EWA services have expanded into developing countries, where per-transaction fees shouldered by workers were by far the most common model.

Fee levels among some EWA providers are concerning. While some services have comparatively low fees, others report average percentage rates (APR) exceeding 300%, a finding consistent across various studies. Such high fees raise doubts about the service's standing relative to other financial options, such as payday loans, to which it is often compared. **Transparency is also crucial**. If fees vary unpredictably, it can lead to confusion and distrust among workers.

EWA services are increasingly integrated into broader service portfolios. Many of the provider mapped for this study have expanded their offerings to include employee benefit packages, financial wellbeing tools, and other financial services. HR and payroll management companies have also begun incorporating EWA solutions into their portfolios. **Financial wellness tools**, which help workers make informed financial decisions, are offered by many EWA providers, as they seek to address the perceived risk of workers' financial mismanagement throughout the pay cycle.

Benefits and risks

EWA is popular among workers who use the service, but greater clarity is needed regarding its use.

While often perceived and marketed as a solution for emergencies, evidence suggests it is most commonly used to cover daily expenses. The study suggests a range of benefits and risks to workers. EWA can enhance workers' financial well-being and health, offering a more affordable alternative to costly financial options. Additionally, it provides greater convenience and a sense of privacy and dignity compared to borrowing from family, friends, or employers. Risks include the potential for repeated use, escalation to more predatory loans, limited awareness of fees and conditions, and insufficient financial and digital literacy among workers.

Employers are crucial partners in providing EWA services, but their involvement in the countries studied was limited.

Consequently, some employers were unaware of the challenges and risks their workers faced when using the service. EWA offers several potential benefits to employers, including improved worker retention and increased productivity. However, without proper involvement in the service provision, employers may encounter significant risks related to system integration, salary calculation errors, and regulatory compliance, which could damage their reputation with workers.

From the perspective of service providers, EWA represents a business opportunity. However, they must navigate risks such as non-repayment of advanced wages, data security issues, and regulatory challenges. To mitigate these risks, many providers establish criteria for eligible client companies and limit the proportion of the salary that can be advanced.

Regulatory challenges

The unclear regulation of EWA services is a challenge for providers, employers, and workers and requires **greater coordination among financial, consumer protection, and labour authorities.** A key issue is whether EWA is classified as a loan or a money transfer service, an issue already addressed in various forms by regulators in the United States and some European countries. Adherence to wage payment provisions in international labour standards and national labour legislation is also a concern, particularly regarding the requirements for paying wages in full, directly to workers, and in legal tender, as well as clauses regulating usury and money lenders. Addressing these regulatory uncertainties is crucial to protect all involved and to provide clarity for employers interested in offering the service to their workers.

Conclusions

The potential impact of EWA largely depends on how it is offered. The report recommends not only the coordination of various government bodies in developing regulatory frameworks but also the greater use of **social dialogue initiatives.** This approach could ensure that EWA services are provided responsibly, maximizing benefits and mitigating risks. While international recommendations on digital wage payments and financial services are a good starting point, additional **independent research, knowledge-sharing, and collaboration** between providers, workers' and employers' organizations are crucial for developing effective guidelines for EWA provision and use.

▶ Introduction

► What is earned wage access?

Earned wage access (EWA) is a financial service that allows workers to access a part of their earned wages ahead of the usual payment date. EWA is offered by financial service providers, in partnership with employers, and is designed with the objective of providing workers with financial flexibility.

Earned wage access has been marketed under various names, including “on-demand pay,” “early wage access,” “flexible pay,” “paycheck advance,” “payroll advance,” and “pay-as-you-earn,” among others. Likewise, different services and credit products have also been labeled as “earned wage access.” For the purposes of this report, the selected and analyzed EWA services share the following characteristics:

- **Partnership model:** Collaboration and contractual arrangements between financial service providers and employers in delivering the service. This report does not consider existing EWA services offered directly to workers by financial service providers (also referred to as “direct to consumer” models).
- **Access to earned wages:** Restricted to wages already earned, excluding services allowing workers to advance future earnings.
- **Technology integration:** Use of digital tools to enable real-time data sharing on workers’ earned wages between employers and financial service providers.

These defining characteristics may help identify similarities and differences with other popular financial products or payroll practices, such as payday loans, employer-managed salary advances and workplace loans.

In this report, employers partnering with EWA service providers are also referred to as “**client enterprises**,” while workers accessing the service through these partnerships may be referred to as “**end users**.”

► Why an ILO study on EWA?

As EWA services expand in both developed and developing countries, interest in it as a research topic is increasing. Academic papers and institutional reports from government bodies, associations, and private sector entities have contributed to an insightful debate about EWA services' business models, their impact on end users, and the challenges they pose to regulators. However, most of these studies still focus on providers and users in developed countries, especially the United States and the United Kingdom.

Perspectives vary substantially. Several reports and academic papers have explored the market and various business models of EWA services [1] and their strategic value as a worker engagement and retention tool [2]. Other publications have stressed the risks and costs associated with the service [3], its similarities and differences to payday loans [4], and the need for greater clarity in regulation [5]. However, most research conducted so far focuses on the liquidity needs of workers living paycheck to paycheck and the role that EWA services can play as an alternative to existing formal and informal sources of finance, as well as its potential impact on financial well-being [6].

EWA services intersect with several issues relevant to the ILO's mandate. In particular, they are closely connected to the work of the [ILO Global Centre on Digital Wages for Decent Work](#), which promotes the responsible transition from cash to digital wage payments. For the Global Centre, understanding the drivers and barriers of wage digitization is crucial, as is assessing the benefits and risks of the financial services it enables for workers, including EWA.

This report synthesizes key findings from existing literature on EWA while contributing two critical ILO perspectives to the discussion. First, it goes beyond information gathered from end users, client enterprises, and EWA service providers to highlight the viewpoints of selected employers' and workers' organizations, ministries of labour, and financial regulators. By incorporating their perspectives, the report aims to enrich the debate with issues not yet explored, such as the potential role of social dialogue and the importance of framing regulation not only from a financial consumer perspective but also through a labour lens.

Secondly, the report aims to broaden the discussion on EWA services by examining their adoption and impact in developing countries, where research remains limited. Wage digitization has seen significant growth in low- and middle-income countries, with the percentage of wage earners paid into an account rising from 42% in 2014 to 63% in 2021 [7]. This trend has fueled the growth of the digital financial services market and has the potential to expand workers' access to a broad range of financial products, as EWA services exemplify.

However, while financial inclusion and access to services like EWA offer potential benefits, they also present risks. Costs and fees, for instance, can be notably high, especially for lower-income workers and vulnerable groups—a concern explored further in the next chapter. This report aims at presenting a balanced understanding of EWA services, assessing their benefits and risks for workers, employers, and providers, as well as the challenges faced by financial and labour regulators.

[1] For insights into the potential market and business models of EWA services, see: Alvarez-Evangelista (2023), Everest Group et al. (2022), J.P. Morgan (2022), and Parrish (2021).

[2] For discussions on EWA's strategic value as an employee engagement and retention tool, refer to: KPMG (2020), Murillo et al. (2022), and Visa (2019).

[3] For a comprehensive analysis of EWA costs in the United States, see Constantine et al. (2024). Reports prepared by the California Department of Financial Protection and Innovation (2023) and the Consumer Financial Protection Bureau (2024), also explore costs and risks. Risks for end users are further examined by Cuttino (2021) and Lux and Chung (2023).

[4] The parallels between EWA services and payday loans are discussed by Cuttino (2021). Insights into their distinctions are provided in articles by Isberg (2019) and Ennis (2019).

[5] Regulation of EWA services in the U.S. is analyzed in depth by Cuttino (2021) and Lux and Chung (2023).

[6] Issues related to liquidity, financial well-being, and the role of EWA as an alternative to formal and informal financial sources are central to the work of Berdie and Patil (2023), Donner and Siciliano (2022), Nest Insight et al. (2023), and Wagestream (2023). The issue is also discussed by several of the papers previously cited.

[7] For data on wage digitization trends, see the Findex Database, Demirgüç-Kunt et al. (2022). For the bibliography on EWA services in developing countries, in addition to the surveys with end users commissioned by individual EWA providers, such as Paymenow (2022) in Africa, it is important to highlight J.P. Morgan (2022), Murillo et al. (2022), and Good Business Lab (2024).

► Methodology

The methodology employed a combination of bibliographical review, interviews with key informants at the global level, and in-depth research in four selected countries. At the global level, semi-structured interviews were conducted with representatives from an international workers' organization and an employer, as well as a business membership organization (EBMO) based in the United States. An extensive desk review was carried out to identify good regulatory practices, which was further complemented by interviews with regulatory authorities from the United States and France.

To gain insights into the global landscape of EWA services, a non-exhaustive mapping identified 69 providers in operation globally. Interviews were conducted with nine providers in national and regional markets across diverse geographies, including Brazil, France, Malaysia, the Philippines, South Africa, Spain, the United Kingdom, and the United States. A workshop with EWA service providers was organized to validate findings.

The in-depth research was conducted in India, Indonesia, Mexico and Nigeria. These countries were selected due to the relatively advanced stage of their EWA markets and the availability of local stakeholders to participate in the research. It involved conducting interviews with local EWA providers, workers' organizations, EBMOs, and regulatory authorities. Client enterprises were also engaged through in-depth interviews to explore their experiences in offering these services to their workers. Additionally, a small number of focus group discussions (FGDs) were conducted with workers in these enterprises to capture their perceptions. Additionally, the findings are also complemented by a series of surveys conducted in partnership with [60 Decibels](#) [8], capturing insights from end users of EWA service providers in India, Malaysia and Vietnam.

Gaps in the interviews reflect the challenges in identifying key informants who were in a position to contribute to a study on a relatively new and evolving subject. These gaps highlight the emerging nature of EWA services and underscore the exploratory approach taken in this report.

► **Table 1: Number of key stakeholder interviews, in-depth interviews with client enterprises, and focus group discussions with workers – Global and selected countries**

Types of interview	Global	India	Indonesia	Mexico	Nigeria
Regulatory authorities (ie. Ministries of Labour, Central Banks, Financial Consumer Protection authorities)	2	1	-	2	1
Employer and Business Membership Organizations	1	2	2	1	1
Workers' organizations	1	1	1	-	1
EWA service providers	9	1	3	3	2
In-depth interviews with client enterprises	-	2	3	-	-
Focus group discussions with workers	-	1	3	-	-

[8] 60 Decibels is a social impact measurement company that employs survey techniques to capture real-time data and insights directly from end users of financial services. The surveys conducted by 60 Decibels with EWA service providers received technical support from the ILO, but were carried out independently of the research for this report and will be published separately.

▶ **How does EWA work?**

▶ The landscape of EWA services

Earned Wage Access services boomed in developed countries, particularly the US, during the pandemic. They have now expanded into developing countries but remain relatively nascent.

EWA services have experienced significant growth since their inception in the early 2010s, with a surge during the COVID-19 pandemic [9]. This is particularly notable and well-documented in the US, where approximately seven million workers accessed USD 22 billion in EWA withdrawals in 2022, a 90% increase from the previous year [10].

While the United States remains the pioneer in EWA services, a growing number of providers are expanding into European markets, drawn by the region's strong potential [11]. In Europe, pay cycles are typically longer—usually monthly—and labor markets tend to exhibit high levels of formalization, with a substantial proportion of workers employed in medium and large enterprises.

Several providers have emerged in Europe in the last few years. Wagestream, founded in the UK in 2018, boasts a global reach with more than 3 million workers using the service across 1,000 employers. Payflow, founded in Spain in 2020, has over 100,000 users and 175 employers, with plans to expand its services. In France, providers such as Stairwage have also documented substantial growth, leveraging the specificities of French wage payment legislation.

More recently, the market for EWA services has begun to expand into developing countries, driven by both international players and the emergence of new regional players, such as Paywatch in Southeast Asia and Paymenow, which began in South Africa and is now present across the African continent.

Providers operating in national markets, such as Refyne in India, Wagely and GajiGesa in Indonesia, and Advance in the Philippines, have experienced rapid growth, attracting substantial investments and expanding their client base. In Latin America, Minu, a Mexico-based employee wellness company with over 300 enterprise customers reported a fivefold increase in revenue between 2021 and 2022.

These international expansions underscore the adaptability and relevance of EWA services across diverse geographical and industrial contexts [12]. Key sectors where EWA providers are typically active include retail, private security, cleaning and facilities management, manufacturing, food and beverage, hospitality and technology.

Our desk review has identified 69 EWA providers operating in more than 30 countries, though the actual number is likely higher. No comprehensive list of providers could be found. Estimates for the total number of users and the volume of resources distributed are also limited. However, interviews with providers [13] suggest that while growth is significant, it remains uneven across regions and is still nascent in most developing countries.

[9] Lux and Chung, 2023. KPMG, 2020.

[10] This is the most recent estimation from the Consumer Financial Protection Bureau (2024). For a previous, widely cited estimation, see Parrish (2021).

[11] Everest Group et al., 2022.

[12] Lux and Chung, 2023.

[13] For details about the providers interviewed, refer to the following section on methodology.

▶ Operating models

There is considerable variation in the operating models of EWA providers.

The key aspects of these models include varying levels of integration with payroll system and data sharing between providers and employers; alternatives for disbursing salary advances to workers and deducting it from paychecks; the source of funds used by providers; strategies to communicate with workers; and support procedures.

Level of integration with payroll systems

EWA services are typically offered in two primary ways [14]:

- **Fintech companies may integrate the EWA service into current payroll systems**, essentially acting as technology providers. The integration of EWA services with a firm's payroll system can take various forms [15]. The software of the EWA service provider can be integrated with an employer's existing payroll system, or the service can be activated if the provider already manages the firm's payroll.
- **EWA providers can function as intermediaries**, gathering information from employers regarding earned wages, transferring funds directly to employees, and subsequently being reimbursed by the employer on payday.

Distribution of funds

There are also two options for disbursing the funds to workers:

- **Rechargeable card**, an option that can be less cumbersome in terms of system integration [16].
- **Direct payout to a worker's account**, typically the same bank as the salary payment is made to. In some countries in which mobile money is prevalent, payments can be made directly to mobile money accounts.

Workers typically request the salary advance through the provider's application. Some providers offer reverse billing, meaning they cover the data costs required to access the application. This is particularly important for workers who may lack airtime to use the application. It is also relevant in countries where smartphone ownership is limited, and workers might borrow a smartphone from a family member or friend. Reverse billing ensures they can access the application without incurring additional costs.

[14] Murillo et al., 2022.

[15] KPMG, 2020.

[16] Visa, 2019.

Deduction of advanced salary

There are two primary methods of processing the eventual deduction of the sum that was advanced from the worker's subsequent salary:

- **Payroll deduction:** on the following payday after the worker has used the EWA service, the employer deducts the early pay amount from the worker's payday sum and channels it to the EWA provider.
- **Payroll settlement:** the EWA provider requires the participating worker to have a settlement account or to use the provider's payroll card. On the following payday after the worker has used the EWA service, the worker's wages are directly deposited to the settlement account by the employer. The provider then deducts any early wage amount already paid to the worker, crediting the balance to the their existing personal bank account or card [17].

Sources of fund for salary advances

EWA providers may either use their own funds to disburse advances to workers or require funds from employers [18]. When providers finance the advanced wages themselves, they often depend on external financing to sustain the operation. However, public information on this aspect remains scarce, despite its critical importance in understanding the service's design and potential impact. Information regarding funding sources, financing arrangements with employers, and the terms and interest rates involved when external financing is required would enhance understanding of the potential scalability of EWA services across diverse markets. It would also shed light on the challenges providers face in offering the service at an affordable cost to workers.

Data sharing

EWA providers are typically able to integrate with widely used payroll systems. Data sharing is often carried out through secure file-sharing systems, which may be updated regularly via Application Programming Interfaces (APIs) or on a daily basis. The EWA provider, in turn, provides a file to the employer before payroll is finalized, detailing the salary amounts advanced. This enables the employer to reconcile payments and include the information on workers' payslips.

Interviews indicate that integrating an EWA service with a client enterprise can be a complex process due to the sensitive nature of the information shared. Significant preparation is often required, particularly in establishing legal and data security agreements, which can take several months to finalize. This point raises critical data protection concerns, which are addressed in a subsequent chapter.

[17] ADP, 2023.

[18] Everest Group, 2022; ADP, 2023

Communication with workers

Information about the EWA service is typically communicated to workers by employers through their established communication channels, using materials supplied by the EWA provider. This may include information presented on payslips, distributed through leaflets, or sent via SMS and email. Once a worker is enrolled, additional details can be accessed through the application.

There is limited information regarding employers' practices in consulting or engaging with workers, including the role of workers' organizations. Greater attention to issues such as worker involvement in selecting EWA providers, negotiating terms and conditions, and shaping the onboarding process could improve the service's design and adoption. This point is further discussed subsequently.

Complaints and support procedures

Complaints and support procedures vary considerably, with some workers unaware of how to address problems with EWA services.

Effective communication on support procedures is a critical aspect in the implementation of EWA services. Workers interviewed often had incomplete or varying understanding of what they ought to do in case of problems or complaints with EWA services. For example, workers in one company did not consistently understand that they should report problems to company HR, and this lack of information was particularly pronounced among male workers. In all cases, however, there were considerable doubts around whether HR would be able to resolve their problems.



▶ EWA service packages

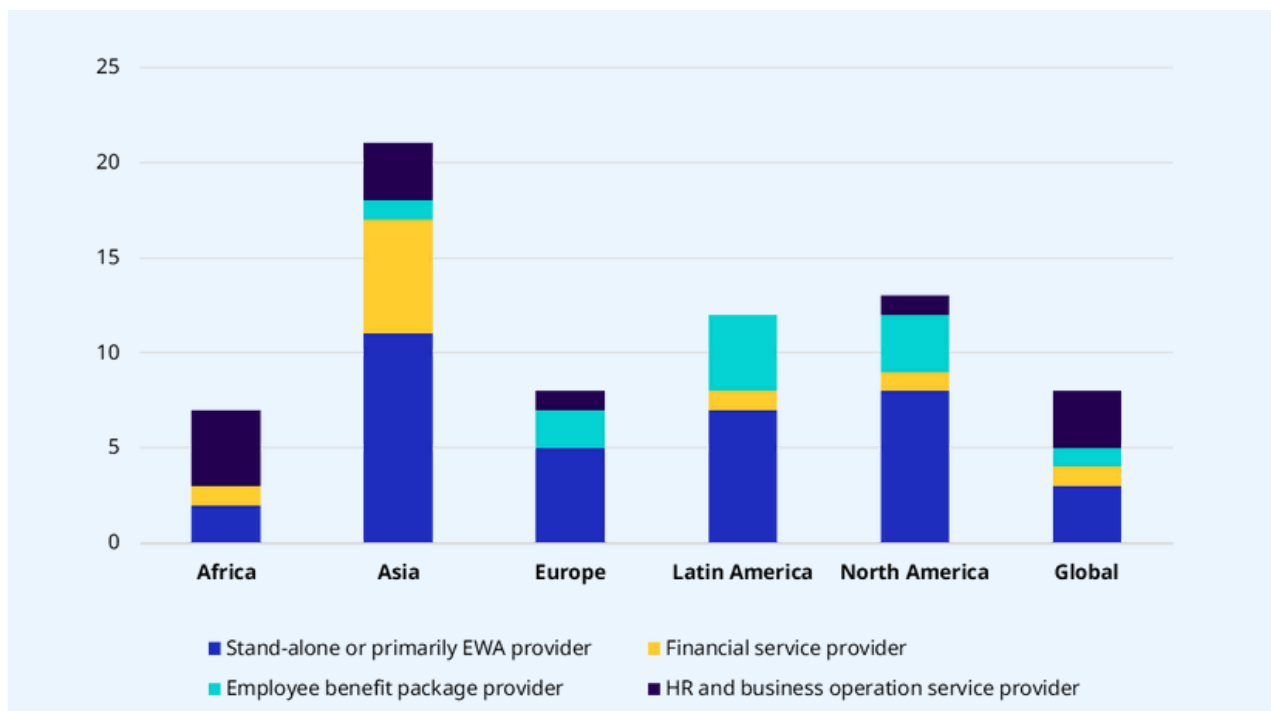
EWA services are increasingly integrated into broader service portfolios. Among the 69 providers mapped for this study, 36 focus primarily on EWA services. However, many have expanded their offerings to include employee benefit packages, financial wellbeing tools, and other financial services. Similarly, HR and payroll management companies have begun incorporating EWA solutions into their portfolios.

Regional trends vary (**Figure 1**). In Africa, EWA services are more commonly integrated into HR management portfolios, while in Asia, they are often bundled with other financial services, particularly credit products. Although EWA initially emerged through standalone providers, its integration with other services reflects the sector's growth and the search for more sustainable models. Some interviewed providers reported challenges with stand-alone EWA services, citing limited transaction volumes and low user engagement.

Depending on the type of provider, EWA services are packaged in different ways:

- **HR and business operation service providers:** EWA services are commonly offered as part of broader HR service portfolios. Other services offered include accounting, customer management and HR and payroll functions.
- **Employee benefit package providers:** Many providers offer EWA alongside other employee benefits, such as medical services, insurance and health and fitness services.
- **Financial services providers:** Some fintechs offer EWA as part of broader financial service portfolios, which may also include personal loans and savings services, as well as financial education.

▶ **Figure 1: Distribution of mapped providers by region and type of operations**



► Fee structures

EWA service providers adopt different fee structures, pricing strategies, and cost-sharing models between workers and employers. These variations can influence user behavior, fee levels and transparency.

Fees for EWA services can be structured in various ways (**Figure 2**). Among the providers analyzed in this research, the vast majority utilize a per-transaction fee—typically a flat charge applied each time the service is used. Less common are subscription fees, which are charged periodically and grant access to a broader range of services, and expedited delivery fees, which accelerate wage advance disbursements for an additional cost. The tipping model, often seen in direct-to-consumer EWA services, is far less prevalent in employer-partnership models, which are the focus of this study. In addition, some variations on existing pricing structures have emerged, including embedded finance, gift cards and incentives, which allow for the service to be offered without any fees to the employer or worker.

These alternative fee structures offer significant advantages to workers and providers, however they also come with challenges. Embedded finance models are theoretically attractive for providers in developing countries, where interchange fees are relatively high. However, digital payments' acceptance is generally lower in these markets, and the model is therefore difficult to implement. Only one provider offering such a model in Mexico was identified in the four countries included in this study.

Gift cards and in-application purchases with advanced wages also allow workers to benefit from the service at no cost. However, it is important to note that workers face limitations in what can be accessed. In some cases, the available vendors may be more expensive than smaller local markets, shops, or restaurants where workers might otherwise shop or dine.

In addition, when employers are also vendors partnering with the EWA provider to offer gift cards within the application, they may have the option to restrict the vendors their workers can access when using the EWA service. This enables retailers to prevent their workers from using advanced wages to obtain vouchers for competitors. Such practices require careful consideration regarding workers' rights to freely decide how to use their wages [19].

Some providers do offer a combined model, through which workers have the option to either advance their wages to their account (with a fee) or to access advanced wages as vouchers (typically without a fee for the worker).

Beyond how fees are structured, another key consideration is how the cost of EWA services is shared between employers and workers. In developed countries, EWA is increasingly positioned as an employee benefit and a component of corporate sustainability strategies [20]. As a result, employer-sponsored models are becoming more common. Some employers fully cover all fees, while others adopt a hybrid model, where employers partially cover transaction costs, and users pay the remainder or for optional services like expedited delivery. Providers offering EWA as part of a broader service portfolio, such as digital HR and payroll management companies, may provide it free of charge to differentiate themselves from competitors.

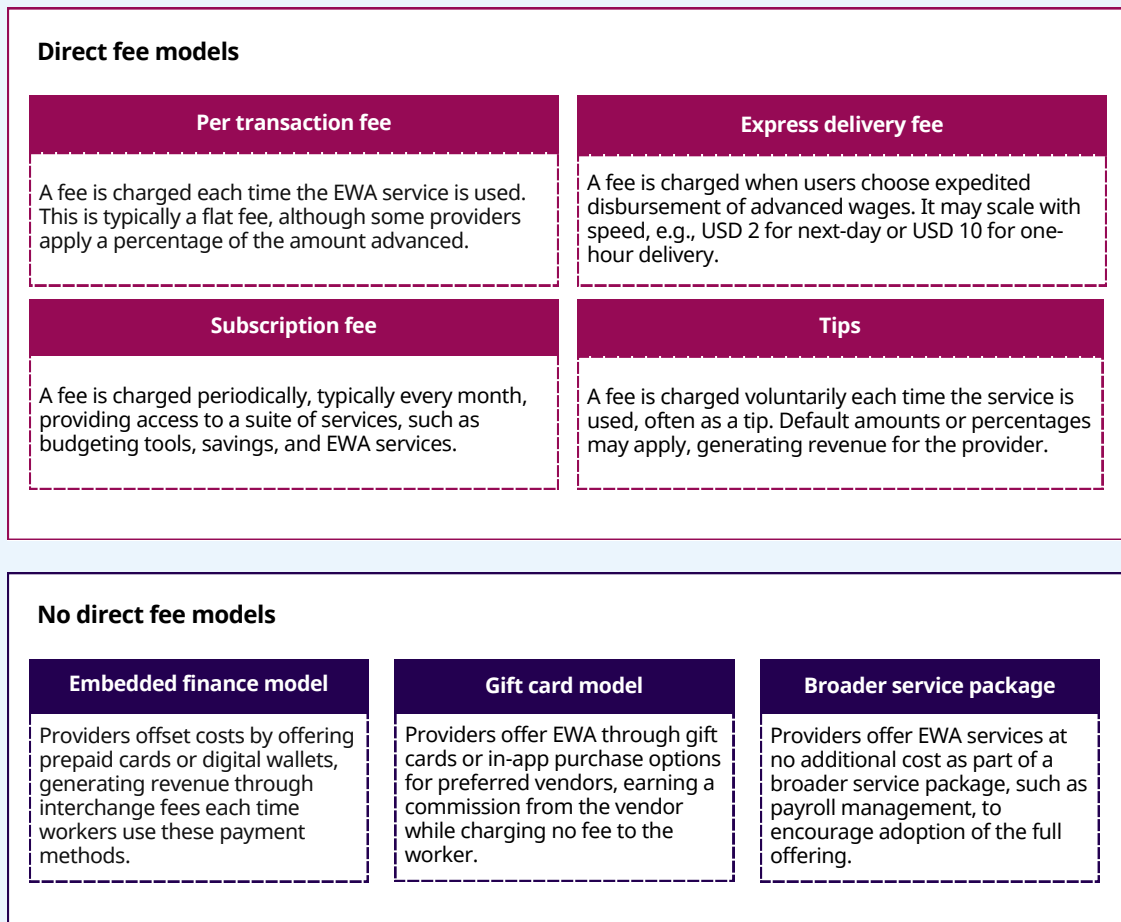
[19] The Protection of Wages Convention, 1949 (No. 95) of the ILO outlines provisions regarding workers' rights to freely dispose of their wages. While interpretations of Articles 6 and 7(1) of Convention No. 95 may raise concerns regarding the above mentioned practice, there is no official interpretation on the ILO's position regarding the standing of EWA services in relation to international labor standards to this date. Convention No. 95 has been ratified by 100 countries.

[20] JP Morgan, 2022.

The pandemic influenced this development, prompting providers to explore new models such as monthly subscription fees for employers or sponsored wage advances. This evolution reflects a transition from employee-driven demand to employer-initiated EWA services designed to attract and retain staff. In the United States, in particular, large employers hiring low-skilled workers—including major service industry organizations and retail giants—have adopted EWA services as part of efforts to improve employee retention [21] and as cost-efficient employee benefits [22], often at affordable or no cost to workers.

In developing countries, our research suggests that this trend is less evident. Workers are generally responsible for covering the full fees charged by EWA service providers, with more limited efforts to implement cost-sharing strategies with employers or adopt models that allow for more affordable fees. In fact, EWA providers often specifically market their services as an opportunity for employers to offer a benefit for their workers at zero cost to the company. Across the four countries studied, 7 of the 8 EWA providers interviewed charged workers directly.

► **Figure 2: Fee models for EWA services**



[21] Murillo et al., 2022.

[22] Pavithra, 2020; Groenfeldt, 2019.

Fee structures influence provider incentives and have different effects on both workers and enterprises. Four key issues are of particular concern:

1. Impact of fee structures on users' behaviors

Depending on their business models, EWA service providers may encourage different behaviors among users [23]. For example, per transaction fee models incentivize providers to encourage frequent use. Subscription fee models may lead users to access the service regularly to get the most value from their subscription. Expedition-fee models may encourage users to maximize withdrawals to limit transactions, though this doesn't always result in lower total costs. Employer-sponsored models, particularly with a fixed fee, typically don't incentivize regular use, as employers often limit how often workers can access the service.

The choice of vendor depends on the services offered and pricing models and should consider workers' specific needs and usage patterns. Further research is needed to understand how these business models and incentives affect both employers and workers, as well as their financial well-being.

2. Fee transparency

Workers are generally willing to accept a small fee for using EWA services, but need transparency. Flat fees or clearly defined fee bands are easy to understand and, as long as they are low, are often considered fair. In contrast, variable fees—especially when difficult to understand—create challenges in planning and lead to tensions among workers. In one company, workers reported being unable to predict how much they would be charged until they initiated a transaction, making it hard to decide when and how to use the service. They also noted differences in fee levels over time and among workers, even when the amounts withdrawn were the same. While providers may justify this variation based on factors like risk or time spent in employment or using the service, it creates uncertainty and tension among workers, especially when these variations are not well understood or explained.

3. Fee levels

Fee levels in some cases raise significant concerns. EWA services are often presented as a more affordable alternative to short-term credit. However, when EWA services are used to advance smaller sums, fees from certain providers may be considered high. While comparing these fees to short-term credit interest rates can be challenging, some analysts annualize EWA fees in relation to the amount withdrawn to provide a comparison with the APR of other short-term credit alternatives.

In India, for example, workers have reported fees as high as 14% of the amount withdrawn for sums that would otherwise be paid within a month. If advanced two weeks ahead of the pay date, this fee equates to an APR of 369%. Similar findings have been reported in other regions. The California DFPI reported that the average APR for EWA services exceeds 330% [24], while the Center for Responsible Lending [25] found that advances repaid within 7 to 14 days carried an average APR of 367%. These rates are similar to the cost of many payday loans (see **Box 1**), raising critical questions about how EWA fees compare to those of other financial services.

4. Total fees in frequent usage patterns

Frequent usage patterns, as highlighted by various studies, can lead to substantial total fees for users. For instance, a study by the Financial Health Network found that most users take two or more consecutive advances across multiple periods, which can result in accumulating significant fees over time. Additionally, complex and opaque pricing models, such as those incorporating tips, expedite fees, and subscription fees, can further drive up the total cost. This underscores the importance of transparency in fee structures [26]. The lack of transparency is partly due to the fact that EWA services in many countries are not classified as credit, which means they are not subject to the same disclosure requirements as traditional credit products.

[23] Even, 2021.

[24] California Department of Financial Protection and Innovation, 2023.

[25] Constantine et al., 2024.

[26] Berdie and Patil, 2023.

▶ **Box 1: Earned wage access and payday loans**

EWA services and payday loans both address short-term financial needs, providing access to funds typically repaid on payday or aligned with income schedules. Comparing them is complex, as payday loan regulations, business models, cost structures, and collection methods vary across countries—including cases with highly informal markets and limited regulation. A comprehensive global comparison would require considering these factors, an analysis beyond the scope of this study.

In countries where payday loans are regulated, such as the United States and the United Kingdom, the similarities and differences between payday loans and EWA services have been more thoroughly examined, contributing to a clearer understanding of key issues.

In these countries, studies highlighting differences often present EWA as a more affordable and less risky alternative. Firstly, EWA services connect directly with employers for real-time wage verification, while payday loans rely on consumer-provided income statements. EWA typically charges a flat per-transaction fee, making costs more predictable and often lower than payday loans, which have high interest rates. EWA advances are based on earned wages and require no credit application, unlike payday loans, which may exclude those with poor credit. EWA providers also tend to avoid aggressive practices like debt collection or repeated withdrawal attempts. Lastly, EWA services do not involve rollovers, a common payday loan issue that leads to cycles of repeat borrowing.

Those who emphasize the similarities between both products highlight the many risks of payday loans that may also apply to EWA services. Firstly, even with flat fees, EWA costs can sometimes match those of payday loans. In addition, both assess repayment ability based solely on wage statements, ignoring other financial obligations. While EWA providers face less risk since repayment comes directly from employers, frequent use can still lead to financial distress for workers. Finally, neither product typically reports repayment history to credit bureaus, limiting consumers' ability to build credit scores and access other financial services.

As EWA services expand globally, examining their similarities and differences with payday loans, in light of each market's unique characteristics, can inform their design and implementation in a more tailored and effective way.

Sources: For distinctions between EWA services and payday loans, refer to Isberg, 2019 and Hawkins, 2021. For similarities and common risks, see Cuttino, 2021. There is an extensive body of research on the risks of payday loans, including studies by Morgan et al., 2008; Morse, 2011; Bhutta, 2014; Gathergood et al., 2019, and others.



► Financial wellness and other tools

EWA providers are integrating additional services aimed at helping workers make more informed financial decisions and providing access to financial management tools.

Globally, growing interest in the EWA sector is prompting providers to invest in comprehensive service packages tailored for end users as a means of differentiation. These packages often feature what providers call "financial wellness" platforms - and less commonly, "financial well-being" or "financial health" platforms (see **Box 2**)- offering a variety of services, as outlined in **Figure 3**.

In the countries included in this study, extensive financial wellness platforms were less common. However, some EWA providers did offer additional related services. For example, in India and Brazil, interviewed providers offer personalized financial counseling to help workers manage their income effectively. In Mexico, another provider has implemented overdraft protection features to prevent users from falling into debt. EWA services were also combined with additional loan services (in India) or credit cards (one case in Mexico).

Most providers offer some level of training, information or support to help workers use the EWA service and most offer at least some level of financial education support. Of the providers interviewed in this study, all reported offering such training.

The level of support varies significantly, ranging from simple information provision to more proactive financial education approaches. One provider has integrated a gamified financial education system into its EWA offering. Workers start at a tier granting access to only 10% of their earned wages. As they complete financial education activities through an online application, workers progress to higher tiers, gaining access to a larger proportion of their wages and reduced fees. The maximum wage advance at the highest tier is capped by the employer. This model has two key advantages: it incentivizes workers to improve their financial management skills and addresses employers' concerns about the misuse of advanced wages.

Despite providers largely offering training and financial education support, it often fails to reach workers effectively. Workers at one company reported only receiving a flier from their employer on good financial management, which they felt was insufficient. At a factory in India, there was a significant discrepancy in support between day-shift and night-shift workers, with night-shift workers reporting no communication or support regarding the EWA service.

► **Figure 3: The range of services included in financial wellness platforms**



Sources: information adapted and expanded from KPMG, 2020.



▶ **Box 2: Financial wellness, financial well-being and financial health**

Financial wellness, financial well-being, and financial health typically describe the same overarching concept but can be adapted and applied in various ways depending on the context. In the EWA space, financial wellness usually refers to Human Resources-led programs, often in collaboration with providers, aimed at enhancing workers' financial lives. In contrast, financial well-being and financial health are broader terms used to describe the potential benefits of EWA services for workers.

Internationally, the concept of financial well-being has been defined by the Organization for Economic Cooperation and Development (OECD) as “being in control, feeling secure, and having freedom regarding one’s current and future finances, based on objective and subjective factors.” Financial well-being is also the preferred term of the Consumer Financial Protection Bureau (CFPB) in the United States and the Money and Pensions Service (MaPS) in the United Kingdom, with slight variations in focus and integration into policy goals.

Recently, the concept of financial health has gained prominence with the United Nations Secretary-General’s Special Advocate (UNSGSA) focusing on this area. The UNSGSA’s definition of financial health incorporates many elements of financial well-being while highlighting confidence and resilience. According to the UNSGSA, financial health is “the extent to which a person or family can smoothly manage their current financial obligations, absorb financial shocks, stay on track to reach their goals, and maintain confidence in their financial future.”

Financial well-being, or financial health, is increasingly recognized as a key factor to be considered in the world of work. For employers, the prevailing assumption is that workers’ financial distress can undermine their performance, ultimately affecting productivity. For workers, evidence shows that income, labor status, and access to social protection play a major role in shaping financial well-being.

Sources: CFPB, 2015. MaPS, 2020. OECD, 2020 and 2024. Rise, 2024. UNSGSA, 2024.

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▶ **Benefits and risks of EWA**

▶ The perspective of workers

EWA services are popular among end users, but greater clarity is needed regarding their use case. While often perceived and marketed as a solution for emergencies, evidence suggests they are most commonly used to cover daily expenses.

EWA tends to be popular among end users and is rapidly adopted. Interest in using EWA is particularly high among platform workers or those with hourly pay, with one study showing that 94% of hourly workers believed access to their pay before payday would be highly beneficial [28]. [Surveys with end users conducted in partnership with 60 Decibels](#) for this study revealed similar findings, with 60% to 80% of respondents reporting an overall improvement in their perceived quality of life and 16%- 32% reporting significant improvements after using EWA, with variation depending on the provider [29].

In general, where EWA services are offered, adoption is rapid [30], and usage is frequent. Among employees with access to EWA in the United States, 62% of those surveyed by ADP reported using it at least every other pay period [31]. In the end-user surveys conducted in partnership with 60 Decibels, usage was even higher, with 67% to 91% reporting using it at least once a month.

The frequent use of the service raises questions regarding its use cases. EWA is often positioned as a service that helps workers manage financial emergencies, but the most frequently-cited use of the service was not for emergencies, but rather to meet daily needs (see **Box 3**).

End-user surveys revealed that 50% to 78% of participants rely on EWA for regular household expenses. Other significant use cases are work-related costs, such as fuel for motorbikes in the case of platform economy workers (see **Box 4**) and transportation expenses for typical wage earners. When EWA was used for emergency reasons, health expenses ranked high.

Findings from focus group discussions with workers in India and Indonesia support the end-user survey results. Most participants accessed EWA to cover daily expenses rather than emergencies. Occasionally, EWA was used for productive activities, such as contributing to family farming. In addition, some workers reported using EWA services to access money on behalf of friends or family, an aspect that may alliviate immediate financial pressures, but raises questions about the sustainability of relying on EWA to meet the needs of multiple household members.

The following sections outline the benefits and risks for workers, employers, and EWA service providers. The findings are drawn from existing literature, interviews, focus group discussions, and surveys conducted in partnership with 60 Decibels. The evidence collected spans various geographies and socioeconomic groups, with mixed and still limited results on impact. The report highlights the most commonly identified benefits and risks throughout the research. However, due to methodological limitations, these findings should be considered provisional and should be further explored through additional research.

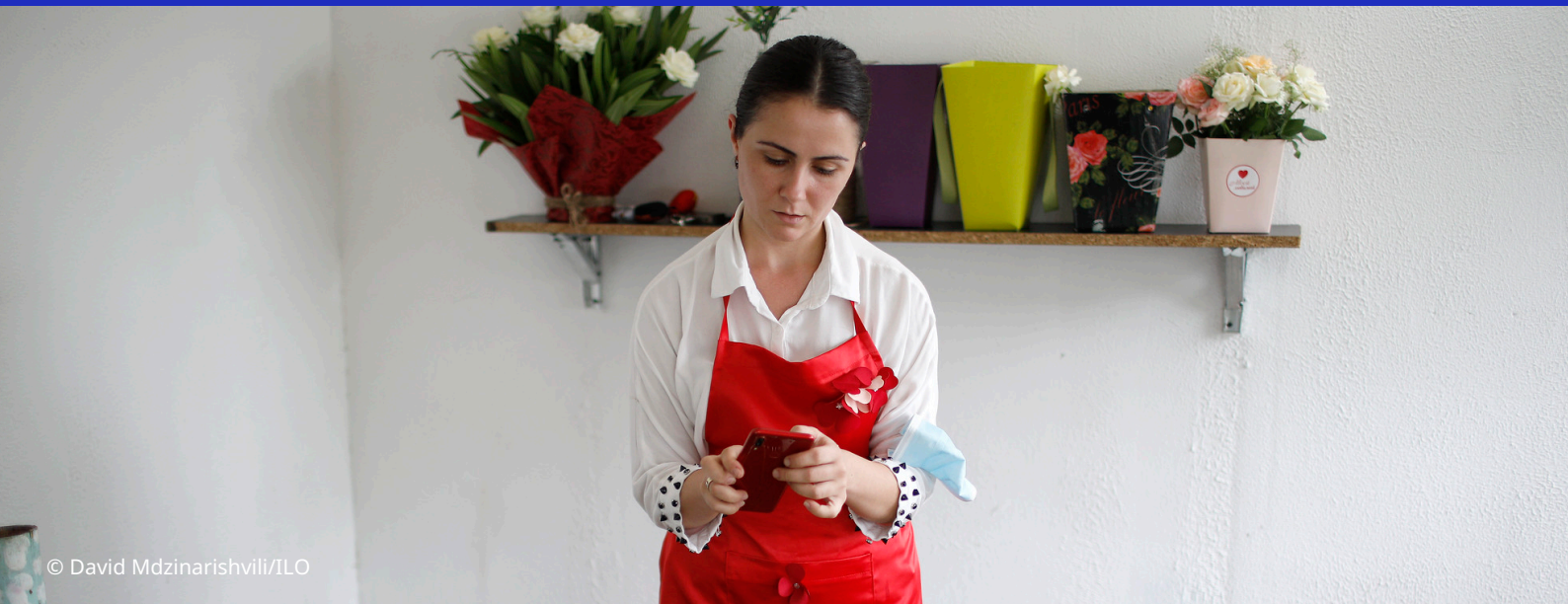
[27] ADP, 2022.

[28] KPMG, 2020.

[29] The surveys in this report were conducted with end-users of EWA providers in India (KarmaLife), Malaysia (Paywatch), and Vietnam (Ekko). These will be referred to as 'end-user surveys.' For survey methodology, see the respective documents linked above or in the bibliography.

[30] ADP, 2022 and Murillo et al., 2022.

[31] ADP, 2022.



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► Box 3: Earned wage access and workers' liquidity needs

The prevalence of regular expenses among EWA service use cases raises questions about the mechanisms behind its impact on workers' financial lives. Research on the relationship between paycheck frequency, workers' liquidity needs and financial behavior has explored various issues relevant to understanding EWA services.

Evidence suggests that more frequent wage payments may positively impact workers' welfare by helping them better match income and expenses through increased liquidity. This can reduce the need for short-term credit, such as overdrafts, credit card borrowing, payday loans, or informal lending sources for the unbanked. It may also help workers avoid short-term strategies that could negatively affect their long-term financial health, such as non-payment or delayed payment of bills, which can impact credit scores.

Higher payment frequency may also influence consumption patterns, though the evidence on this is not straightforward. From one perspective, it could lead to increased consumption due to the "perception of wealth effect," where workers spend more and save less. For lower-income workers, this might result in smaller paychecks at the end of the month, potentially leaving insufficient funds for significant expenses like rent.

Conversely, higher payment frequency may promote consumption smoothing and increased savings, particularly for workers with a higher propensity for immediate consumption. By reducing the amount paid each cycle, workers may gain better control over their wages and improved financial management, especially if linked to savings options. This mechanism is particularly relevant for low-income workers, as evidence strongly suggests they benefit the most from more frequent payments.

As EWA services provide workers with access to liquidity, their design should consider the broader impact of liquidity on workers' financial lives. A deeper understanding of long-term service use patterns, effects on consumption habits and savings, and the influence of users' financial literacy and wage payment frequency legislation are critical. These elements can help inform providers, employers, and policymakers on how to mitigate the risks and maximize the positive impact of EWA services.

Sources: Parsons and van Wesep, 2013. Baugh and Correia, 2022. Donner and Siciliano, 2022. Berdie and Patil, 2023. Wagestream, 2023. The data used in these papers refer exclusively to the United States and the United Kingdom.

Benefits for workers

Improved financial well-being and health

EWA services may help workers manage financial emergencies and address mismatches between salary and expenses [32], fostering greater financial control, resilience, and independence (see **Box 3**).

End-user surveys, conducted with 60 Decibels, were encouraging. For one provider in India, 82% of users reported better financial management, with 36% experiencing a significant improvement. Additionally, 76% found it easier to handle unexpected expenses, with 33% noting a significant improvement. Savings balances also increased, with 52% of users reporting growth, including 8% seeing a significant rise. Similar trends were observed in Malaysia and Vietnam, though with less positive outcomes.

Focus groups in India and Indonesia reported enhanced financial independence and security. Workers noted improved mental health and a sense of empowerment, knowing they had a reliable resource for immediate financial needs without relying on external help. For some, EWA served as an important safety net for themselves and their families.

Gender differences are also relevant. A study by the Good Business Lab in India [33] highlighted the greater financial strain on women and the potential of EWA services to meet their needs.

Alternative to costly and potentially harmful loans

EWA services can help workers avoid predatory and higher-risk financial options, steering them away from costly alternatives such as short-term loans, which often carry high interest rates and fees [34]. It may also be an important alternative for workers with limited access to traditional financial service providers.

Interviews and focus groups in Indonesia further highlight that workers perceive EWA as a safer alternative to online loans, which often impose significant burdens through harassment and threats when payments are delayed. Workers with access to EWA report a reduced dependence on these online loans.

End-user surveys also suggest that EWA may be displacing other financial options. Across providers in India, Malaysia and Vietnam, between 60% and 87% of workers reported relying exclusively on EWA services, with the second most common source being family and friends. Paying off debt was also identified as a relevant use case of EWA services, for up to 26% of the end users.

Similarly, findings from the Good Business Lab study in India revealed a 30% reduction in informal lending among women who began using EWA services.

[32] ADP, 2023 and Murillo et al., 2022.

[33] Good Business Lab, 2024. Subsequent citations of the Good Business Lab refer to the same source.

[34] Everest Group, 2022 and PayrollOrg, 2024.

Enhanced financial privacy and sense of dignity

Workers that participated in the focus groups in India and Indonesia stressed the social advantages of EWA, which allowed them to avoid harassment in the form of gossip and even bullying, often experienced when requesting a loan from family or friends. EWA was described as alleviating the stress and discomfort associated with having to justify their financial needs to others and the uncertainty of whether their requests for assistance would be fulfilled.

End-user surveys identified a similar trend. Across providers in India, Malaysia and Vietnam, between 52% and 85% of respondents reported reduced stress due to finances and 50% to 86% increased self-confidence after being able to access EWA services.

Convenience and timeliness of the service

Workers in the focus groups in India and Indonesia frequently highlighted the convenience and speed of accessing their wages through EWA, with many noting that they could obtain funds within minutes. This sentiment was echoed in the end-user surveys in India, Malaysia and Vietnam, where 87% to 99% of respondents rated the timeliness of the service as good or very good.

Risks for workers

Repeated use and dependence on the service

Providers, employers, and workers report that some users become repeat users, frequently making multiple withdrawals each month. This trend was observed in end-user surveys in India, Malaysia and Vietnam, with 51% to 60% of workers relying on the service to pay for monthly expenses.

EWA appears to change how workers manage their cash flow (more on **Box 3**). Although this shift is not problematic in itself, when workers shoulder the cost of EWA, this effectively ties them to paying fees to access their salary in advance each month.

Repeat use patterns observed in a study in Mexico show users increasing frequency and amount of withdrawal over time. Around 40% continued regular use, with withdrawal amounts rising from 10% to 15% within six months [35]. Similar trends have been noted elsewhere, indicating potential underlying issues with income and expenses or inadequate pay.

[35] Murillo et al., 2022.

Graduation to predatory or more expensive loans

Repeated use of EWA services may lead workers to engage with additional financial products, potentially affecting their financial stability. This is particularly relevant for providers that also offer personal loans to EWA users.

Research from the Center for Responsible Lending in the United States [36] found a 56% average increase in checking account overdrafts after using wage advance services. While these products provide immediate liquidity, they often result in additional fees and financial strain. Furthermore, 75% of users took out a new advance within a day of repayment, highlighting a cycle of dependency that can diminish earnings and undermine financial stability.

Awareness of fees, conditons and support mechanisms

A small proportion of workers reported challenges with EWA services in end-user surveys in India, Malaysia and Vietnam [37]. The most common issues were withdrawal restrictions, payment delays, and difficulties with the digital application experience.

Focus group discussions in India highlighted that limits on withdrawals reduce the perceived usefulness of EWA. Workers noted that the service is often unavailable up to a week before payday due to HR reconciliation processes. In addition, percentage caps on withdrawals force workers to wait until sufficient earnings accumulate, creating a narrow window for usage. Transparency regarding fees also emerged as a concern. Workers within the same company reported paying different transaction fees without a clear explanation, and the information provided to users varied significantly.

Awareness of support mechanisms may also be improved. End-user surveys in India, Malaysia and Vietnam indicated that only 50% to 62% of respondents were aware of where and how to seek help. Focus group discussions revealed some confusion about the role of employers in resolving issues with EWA services.

Lack of financial and digital literacy

Workers in focus group discussions in India reported making simple errors when using the application. Challenges in understanding the service, fee structures, and navigating provider applications suggest that some may struggle to use the service effectively.

Only a small proportion of end-user survey in India, Malaysia and Vietnam respondents reported utilizing the financial education tools provided by EWA services. This highlights an opportunity for providers to leverage their unique position to enhance financial education initiatives targeted at end-users.

[36] Constantine et al., 2024.

[37] Approximately 8% of respondents reported challenges, with the exception of one provider, where the rate was significantly higher at 33%.

► The perspective of employers

It is typically assumed that employers' involvement in facilitating EWA services should result in better and more tailored services for workers than in direct-to-consumer models. However, the involvement of employers in the countries studied was limited. As a result, some employers were unaware of the challenges and risks faced by their employees when using EWA services.

In developing countries, employer-sponsored models, where employers cover the costs of EWA services for workers, are far less common. This seems to lead to lower overall employer involvement in other aspects of EWA provision, such as vetting services for worker value, handling complaints, ensuring adequate service levels, and providing financial education. Many providers even market their services as requiring minimal employer involvement, aside from providing worker and attendance data and facilitating payroll deductions.

Risks to both workers and employers increase when employers lack a clear understanding of workers' experiences with the EWA service. Despite their key role in providing access, our research revealed significant gaps in employers' awareness of workers' challenges. For example, in one company, workers raised concerns about fee transparency and inconsistencies, but the HR department was unaware. This disconnect leaves workers without a clear way to address complaints and may lead to diminished trust in the employer, and increasing risks for both parties.

► Box 4: Paying workers in the platform economy

Digital platforms are common among the client companies serviced by the EWA providers interviewed for this study. This might seem counterintuitive, as platform economy workers are not always viewed as traditional “wage earners.” However, EWA services are particularly popular among these workers, who have acute cash flow management needs for both personal expenses and work-related costs like fuel and airtime. For many, access to these services is crucial for their ability to continue working.

The provision of EWA services to platform economy workers raises questions about their relationship with contracting digital platforms, particularly regarding the method and timing of payment for completed services. Typically, digital platforms collaborate closely with payment companies and financial institutions to facilitate payments across the chain, from customers to workers.

Payments to workers are often made in batches at regular intervals, most commonly monthly, with a minimum threshold required. While some enterprises have adopted instant payment technologies or higher frequency intervals, in most cases, if a worker chooses to access payment before the scheduled time, a fee may be charged by the payment company, or access may be granted through an EWA provider. In developing countries, the issue is exacerbated by the higher prevalence of unbanked workers in the platform economy sector.

Despite these challenges, the digitalization of payments for platform economy workers offers numerous opportunities. EWA providers and other fintechs have become crucial allies in promoting financial inclusion for these workers, leveraging data technology to facilitate access to suitable financial services.

Benefits for employers

Workers attraction and retention

Evidence from the existing literature suggests that EWA services may help employers attract and retain workers, a point frequently stressed by providers in their engagement with client companies.

In Mexico, for instance, a study revealed that workers using the service exhibit a lower probability of leaving their jobs compared to non-users [38]. In the United States, a survey found that 95% of workers expressed interest in working for companies providing EWA, 89% would be willing to work longer for an employer offering EWA, and 79% would contemplate switching jobs to access EWA benefits [39].

End-user surveys conducted in India, Malaysia and Vietnam yielded similar findings. Respondents rated the likelihood of EWA influencing their decision to consider a new job on a scale of 0 to 10. The average scores ranged from 7.9 to 9.0 across different providers.

Focus group discussions with workers in Indonesia, however, pointed to a different conclusion. Although workers generally considered EWA a benefit of their job, it was not as decisive as wage levels and working environment.

Increased activity for companies employing contract workers

When offered to contract or platform economy workers (see **Box 4**), EWA services may increase activity. Offering instant payouts, as seen in platform companies, can incentivize more workers to be active, driving up company revenue. Additionally, providing immediate pay for services like delivery drivers can improve cash flow and help offset budget constraints [40].

Potential improvements in productivity

Evidence suggests that financial stressors can significantly impact employee productivity, leading to issues such as absenteeism and presenteeism. In the United Kingdom, the Centre for Economic and Business Research found that 10% of workers missed days of work and 18% noted a decline in productivity due to financial worries [41].

EWA services may boost worker productivity by alleviating financial stress, as noted in the previous section [42]. This is supported by evidence from the Good Business Lab study in India, which reported an 8% increase in productivity among women using EWA services.

[38] Murillo et al., 2022.

[39] Visa, 2019.

[40] KPMG, 2020.

[41] Centre for Economics and Business Research, 2021. A growing body of academic literature addresses this topic; see Bashir et. al, 2024 and Hass et al., 2020.

[42] Lux and Chung, 2023.

Risks for employers

Inadequate systems integration and salary calculation errors

Interviews with enterprises suggested that there are challenges achieving seamless integration of EWA with existing HR and payroll systems. Ensuring compatibility is crucial to avoid salary calculation errors that could lead to employee dissatisfaction and liability for overpayments [43].

Legal responsibility to pay workers remains with the employer

In most countries, the legislation considers the employer responsible for the worker receiving full and fair wages, regardless of the use of any services, such as EWA. Therefore, should a service provider fail to transfer part of a salary already released by the employer, for example, the employer could remain responsible for the worker receiving the full amount.

Worsening of workers financial situation

Although EWA services are generally expected to improve workers' financial well-being, there is the possibility that if fees are high, the service is not carefully designed, or if workers have low financial literacy, it could aggravate their financial difficulties. These difficulties have knock-on effects for the employer, including impacts on worker productivity, as discussed above.

Regulatory compliance

Ensuring compliance with labour regulations, data privacy laws and other regulatory requirements can be challenging and may require ongoing efforts to remain up to date and comply with evolving legal developments. This is an especially relevant aspect, given the inexistence of specific regulations on EWA in most countries (see next chapter on government perspectives and regulation).

Reputational risk

Any negative outcomes, such as data breaches resulting in the leakage of consumer information or negative impacts on financial well-being due to overuse or high fees, could reflect poorly on the employer. The extent of this risk depends on how closely the employer associates its name and brand with the EWA offering. Employers utilizing external providers may face lower risks than those providing EWA themselves or actively promoting a EWA solution. Mitigating potential risks involves careful selection of a reputable and financially sound EWA provider [44].

[43] PayrollOrg, 2024.
[44] idem.

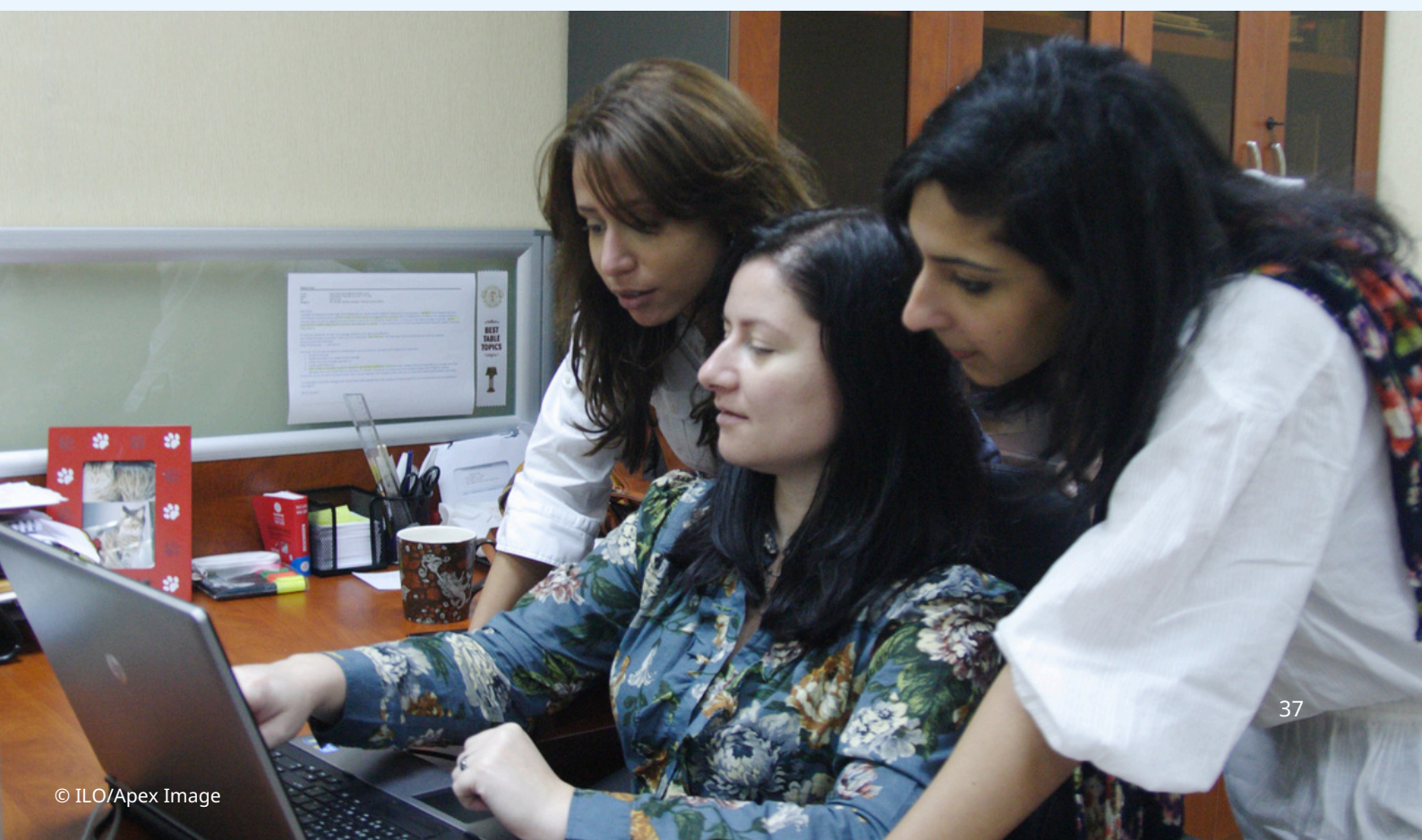
▶ Box 5: The role of social dialogue in EWA provision

Social dialogue, as defined by the ILO, encompasses all forms of negotiation, consultation, or simple exchanges of information among representatives of governments, employers, and workers. It can occur bilaterally between workers and employers or in a tripartite format that includes governments. Typical forms of social dialogue include workplace cooperation, collective bargaining, and tripartite consultation.

EWA services touch on several issues that can be addressed through social dialogue, but the topic is still nascent and relatively new for most workers' and employers' organizations. Initial reactions are mixed and suggest that social dialogue initiatives—at the enterprise level and with government participation—could contribute to the development of guidelines and regulations, paving the way for more effective provision of the service while considering the needs of both workers and enterprises.

One key example is the issue of the frequency of wage payments, which is typically determined by law or through collective bargaining. Interviews with workers' organizations emphasized that social dialogue should decide how and how often workers are paid. Customizing this through a third-party service like an EWA provider risks undermining the balance of relationships between workers and employers. Conversely, interviews with employers' organizations suggested that EWA services should not be seen as affecting the frequency or amount of regular wage payments, as their use is voluntary.

Other examples where collaboration between workers' and employers' organizations could lead to improved outcomes include the protection of workers' data, the choice of provider, and the negotiation of terms and conditions. Without integrating the topic into proper mechanisms of social dialogue, this study found that workers' organizations generally play a minor role in EWA services. In the cases identified by the study where workers' organizations were involved, they often acted to prevent the adoption of the service, usually due to controversies regarding lenders making payroll deductions.



▶ The perspective of EWA providers

Offering EWA services presents a business opportunity for providers. However, they must address risks such as non-repayment of advanced wages, data security concerns, and regulatory challenges.

Offering EWA services is a business opportunity not only for dedicated EWA providers but also for financial, payroll, and HR management service providers looking to diversify and enhance their product offerings. As mentioned before, our analysis indicates that EWA is increasingly being incorporated into comprehensive service packages aimed at either employers and their HR managers or directly at workers.

For dedicated providers, EWA has proven to be an effective entry point into the financial wellness and broader financial services market. For financial, payroll, and HR management service providers, integrating EWA has become a strategic move to enhance client engagement and differentiate their offerings in a competitive market.

While there are clear benefits for providers offering EWA services, it is crucial for them to be aware of and address a range of risks effectively.

The primary risk in EWA provision is the potential non-repayment of wages advanced to workers. This can occur for several reasons: changes in workers' status (such as resignation or a shift to part-time work) might not be communicated to the provider in a timely manner, leading to miscalculations in the amount available for advance. The lack of real-time data exchange on worker attendance, often due to non-centralized or outdated attendance records in client companies, exacerbates this risk. Additionally, client companies might fail to repay correctly calculated advances due to disputes or insufficient cash flow to pay wages.

Providers attempt to minimize these risks in various ways:

- **Setting criteria for eligible client companies.** Providers tend to prefer medium and larger businesses which offer larger numbers of users, but also lower risks of failing to pay providers for advanced wages. As a result, providers often establish a minimum number of workers for companies they will work with. Among providers interviewed for this study, this minimum ranged from 25 to 500 workers. Beyond this, formal risk assessments are not conducted by the majority of providers when onboarding new clients.
- **Limiting the proportion of the salary that can be advanced.** Workers are typically allowed to access only a portion of their earned wages—often 25% or 50%. These limits are usually established in collaboration with employers and are designed to protect workers while also mitigating the risk of non-recovery of the advanced amount from future wages.
- **Recovering unpaid salary advances directly from the workers.** In some countries this would not be legal and most companies reported that they do not recover directly from workers, since this is a practice associated with loans. However, a small number of providers interviewed in countries where the practice is legal did take this approach. It is important to note that this practice also poses a risk to workers, as it can lead to overdrafts and additional fees.

Data security risks are also crucial for EWA providers, as they pertain to legislation requiring employers to maintain high levels of data security for their workers' information. Additionally, although EWA services are not specifically regulated in most countries, providers face regulatory risks in staying up-to-date and compliant with evolving regulations on data security and relevant financial regulations. Furthermore, the absence of specific regulation can lead to confusion in the market, as some players may market other financial products under the guise of EWA, potentially misleading consumers.

▶ **Table 2: Key benefits and risks for workers, employers and EWA providers**

	Benefits	Risks
Workers	<ul style="list-style-type: none"> • Improved financial well-being and health • Alternative to costly and potentially harmful loans • Enhanced financial privacy and sense of dignity • Convenience and timeliness 	<ul style="list-style-type: none"> • Repeated use and dependence on the service • Graduation to predatory or more expensive loans • Awareness of fees, conditions and support mechanisms • Lack of financial and digital literacy
Employers	<ul style="list-style-type: none"> • Workers attraction and retention • Increased activity for companies employing contract workers (or operating in the platform economy) • Potential improvements in productivity 	<ul style="list-style-type: none"> • Inadequate systems integration and salary calculation errors • Legal responsibility to pay workers remains with the employer • Worsening of workers financial situation • Regulatory compliance • Reputational risk
EWA providers	<ul style="list-style-type: none"> • Business opportunity • Attractive service to encourage clients to adopt broader service packages • Entry point into markets for financial wellness and additional financial services 	<ul style="list-style-type: none"> • Incorrect payment or non-repayment of advanced wages • Data security • Regulatory compliance

▶ **Regulatory perspectives**

The unclear regulation of EWA services is a challenge for providers, employers, and workers. Coordination among financial, consumer protection, and labour authorities is essential to address the issue.

Despite the rapid growth of EWA services, the regulatory landscape remains unclear in many countries, creating a legal gray area for this evolving financial product. One of the key legal questions around EWA services in all countries is whether it is defined as a loan – meaning that it is subject to regulatory and legal requirements on lending – or whether it is defined under another category such as money transfer services, usually permitting it to operate under less onerous legal requirements. It is also possible to define EWA services separately in the regulatory framework and to introduce specific regulatory requirements. Another important point is whether legal definitions of EWA services include only employer-linked models or whether direct-to-consumer models are also considered.

Regulation of EWA services varies significantly across the globe. However, in many developing countries, including the focus countries of this study - Indonesia, Mexico, India, and Nigeria - no specific regulation is in place for EWA services. In Indonesia, for example, EWA providers are not regulated by either the Indonesia Financial Services Authority (OJK) or the Central Bank of Indonesia. EWA providers are often simply required to register as a digital platform or payment provider and are not subject to regulation for loans or financial services.

The United States is the country which has grappled with the regulation of EWA services longer than any other country. There, regulation of EWA services varies among states, with some enacting specific laws and others yet to take regulatory action. At the federal level, the Consumer Financial Protection Bureau (CFPB) has been involved in defining and clarifying the regulation of EWA services, emphasizing the need for greater clarity, transparency and regulatory consistency to protect consumers (see **Box 5**).

Other countries have also started to monitor the service and have issued initial statements, communications, or opinions to guide the market. In the UK, the Financial Conduct Authority (FCA) has issued a [statement](#) explaining their views on the risks and benefits of EWA. In France, the authority on prudential control and resolution (ACPR) has published a [communication](#) on the need for fintech providers to register and gain authorization to offer credit, which was partially targeted at EWA providers.



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► Box 5: Regulatory development in the United States

In the US, there is to date no federal law focused specifically on the provision of EWA services. However, the Consumer Financial Protection Bureau (CFPB) has been closely monitoring the topic and has already issued some guiding documents.

- In November 2020, the CFPB published an [advisory opinion](#) (written guidance to clarify the application of existing and generally applicable laws and regulation). This advisory opinion stated that certain EWA programmes that meet very specific criteria should not be considered credit. Those EWA programmes must be employer-integrated, based only on already-earned wages, provided for free, and funds can only be recovered through payroll deductions. The CFPB has received requests for further guidance, including from the [Government Accountability Office](#) for clarification on schemes that fall outside the recommendations of the advisory opinion issued in 2020.
- In July 2024, following extensive [in-depth analysis](#), the CFPB proposed an [interpretive rule](#) to ensure EWA providers understand their legal obligations, in particular regarding disclosure of costs and fees. The document stressed that EWA products are credit as defined by the Truth in Lending Act, and disclosure obligations apply to products charging certain fees and costs to workers. The CFPB also highlighted the need to facilitate workers' access to their payroll data, which could foster competition in the market.

At the state level, [Kansas](#), [Missouri](#), [Nevada](#), [South Carolina](#), [Utah](#) and [Wisconsin](#) have passed specific legislation on EWA. These laws indicate that EWA is exempt from state consumer lending regulations, however EWA services are subject to certain disclosure and reporting requirements, and typically registration.

In [Connecticut](#), EWA is included in the state's definition of loans. From the beginning of 2024, the state ruled that tips, subscription fees and expedited transfer fees should be treated as finance charges when calculating the APR on a loan. As a result, many EWA providers chose to pull out of the state due to APRs calculated at 300% or more, which were above the maximum rates established in the state's usury and small loan licensing laws.

[California](#) has adopted regulation on several products, including EWA, which carve out a separate product category for EWA services, with registration and reporting requirements and limitations on fees. Other states have made various attempts to introduce legislation on EWA that were not yet approved, but it is expected that further attempts will be seen.

Labour legislation also has an implication on the offer of EWA and should be considered in debates around the regulation of these services. Wage payments are highly regulated and closely tied to policies and legislation on minimum and living wages, social protection, income taxation, and other labour rights. EWA services have significant potential to support workers facing liquidity needs or financial emergencies. However, they should not be seen as an alternative for adequate wages or social protection systems. In fact, their effectiveness may be more limited for workers with very low incomes and poor social protection nets.

Additionally, wage payment frequency—an aspect directly relevant to EWA services—is often legally mandated, or defined in collective agreements, and may have a decisive influence on how these services operate. Some countries, such as France and Spain, have legal requirements for employers to allow workers early access to earned wages. In France, for example, employees have the right to access their earned wages half way through the month. This provides an opportunity for EWA providers, who offer employers a way to outsource the fulfillment of this obligation, an aspect that has been embedded in the business model of certain providers (see **Box 6**).

Minimum wage regulations may also impact the offer of EWA, depending on whether the service is classified as payment to the worker or if the fees are considered a deduction. The [Connecticut Department of Labor](#), for instance, requires employers to seek authorization for payroll deductions when fees are passed on to workers to ensure that wages are not reduced below the minimum wage.

Countries that require real-time information on wages and deductions for tax authorities may also pose compliance challenges for providers and employers if EWA service fees are considered deductions.

In general, the regulatory mapping pointed to greater involvement of financial and/or consumer protection government authorities as the main locus of regulation on EWA services. However, the potential impact of EWA on issues related to labour, including on what concerns international labour standards, suggests that greater coordination between financial and consumer protection authorities and Ministries of Labour should be fostered.

▶ **Box 6: Acompte sur salaire and EWA services in France**

The French *Code du Travail* establishes that wages must be paid monthly but also requires employers to provide an early payment, in the second week, equivalent to half of the monthly salary if the worker requests it ([Article L3242-1](#)). The value of the early payment must correspond to the remuneration for work already done. Employers may not refuse such requests and no justification from the workers is needed.

This requirement, known as “acompte sur salaire”, has been an important component in the business model of EWA providers in France. Stairwage, a French provider, has positioned itself as an alternative for companies interested in outsourcing the management of these early payments, facilitating the disbursement of “acomptes sur salaire” in line with the *Code du Travail*, while enhancing HR and payroll efficiency. Fees for the service are paid by the employers, given that the early payment is a legal requirement. In addition, the provider supports workers’ access to social benefits, sharing information and advice to workers through the app, as well as offering the possibility of collecting salary instalments on demand.

The growing market of EWA providers as outsourcing alternatives for the legal requirement on “acomptes sur salaire” has been noted by French lawmakers. The [Proposition de Loi N. 1130](#), presented to the *Assemblée Nationale* in April 2023, proposes to increase the frequency of early payment of wages to up to three times per month. The document recognizes the role of digital financial service providers in enabling “on-demand” payment of wages.

From the perspective of international labour standards, at least two main ILO Conventions should be taken into consideration. [ILO Convention N. 95](#) on Wage Protection states that wages should be paid directly to workers, in full and in legal tender, and that workers must freely dispose of their income. It also prohibits employers from paying workers using vouchers or coupons. Some of the convention's dispositions, such as direct payment to workers or payment through financial institutions, may be detailed and further qualified in collective agreements or by obtaining workers' consent. In addition, [ILO Convention N. 117](#) on Social Policy (Basic Aims and Standards) mandates measures to protect wage earners against usury, including reducing loan interest rates, controlling money lenders, and promoting borrowing through regulated institutions.

National regulations on EWA should carefully examine how international labour standards may apply to the provision of the service. In particular, countries that have ratified Conventions No. 95 and No. 117 should assess the impact of EWA services in light of their provisions. Furthermore, not only labour ministries, but also employers' and workers' organizations should be involved in the development of regulatory frameworks.

In addition to uncertainties regarding its classification in financial policies (whether it is considered credit or not) and its standing in relation to labour laws, there are consumer protection concerns specific to EWA. These include fee levels, data protection and data sharing agreements between employers and providers, and the responsibility for establishing redress mechanisms. Regarding data protection, regulations should clearly define the requirements and limitations for EWA providers when sharing or monetizing workers' data with financial service providers or third parties. This practice has been used as an alternative revenue source in digital finance markets, allowing providers to waive fees.

As these issues may lead to hesitancy to adopt the service on the part of employers - and to promote it, on the part of employers' organizations - they also present a relevant challenge to EWA service providers. The absence of proper regulation increases the risk of other short-term loan services being mis-labeled as EWA. Providers have therefore been seeking alternatives, including self-regulatory approaches and development of codes of practice (see **Box 7**).

► **Box 7: The Earned Wage Access (EWA) Code of Practice in the United Kingdom**

In the United Kingdom, the Chartered Institute of Payroll Professionals (CIPP) collaborated with seven Earned Wage Access (EWA) providers to develop the [Earned Wage Access \(EWA\) Code of Practice](#). Recognizing the risks associated with EWA, the CIPP brought these providers together to create a standard aimed at delivering good consumer outcomes, and addressing potential harms to end-users. The participating providers committed to adhering to the established standards and undergoing annual independent evaluations to ensure compliance.

The Code of Practice covers various areas, including product design, consumer support, communication, fair treatment of vulnerable groups, oversight and measurement of outcomes, and staff training. EWA service providers are responsible for managing the Code of Practice and its application. The group meets regularly to decide on the admittance and removal of members and on the updating of the document.

▶ **Conclusion**

EWA services may provide important benefits to employers and workers, as well as a profitable business model for providers. The service may represent a cheaper and safer option to managing cashflow shortfalls than more predatory alternatives. It may also provide workers with a greater sense of control over their finances, and a private and dignified way to manage financial needs. For employers, EWA has the potential to improve worker retention and productivity.

However, EWA can also bring about challenges in its provision and use. A portion of workers risk being trapped in an expensive cycle of frequent withdrawals, impacting their productivity and financial well-being. High and opaque fees, particularly when coupled with limited financial and digital literacy, can make it more difficult for workers to manage their finances, and damage the reputation of both the provider and the employer.

The potential of EWA seems to be greatly dependent upon the way it is offered. Employer-sponsored models, which do not charge fees to workers, tend to foster greater employer engagement and reduce risks for workers. However, these models may not be financially viable for all providers and client enterprises. On the other hand, models where workers bear the service costs can be damaging if fees are high and non-transparent, if there are incentives for frequent withdrawals, or if EWA is associated with more predatory financial products, such as high-interest personal loans. It is therefore critical that EWA providers, enterprises, governments, and employers' and workers' organizations ensure EWA services are offered responsibly.

International recommendations on digital wage payments and digital financial services provide a useful starting point for ensuring more responsible EWA service provision. Guidelines as the [ILO brief](#) on promoting responsible digital wage payments, the [UN principles for responsible digital payments](#), and CGAP's [Responsible Digital Finance Ecosystem](#) should be taken into account.

Greater clarity in the regulatory framework is also an important step. The correct approach will vary from country to country, but it is important that measures are in place to protect workers from high and opaque fees, data breaches, abusive cross-selling, to put in place consumer protection mechanisms, and to provide clarity to both employers and workers around what they ought to expect from the service.

In addition, strong policy coordination and a clear understanding of how EWA services intersect with broader labour policies are essential—particularly those related to minimum and living wages, as well as social protection. A deeper understanding is also needed of the potential impact of EWA on workers who face inadequate pay or have limited access to social protection systems.

It is important that all parties play a larger role in ensuring that workers and employers benefit from EWA services. Workers' and employers' organizations should engage in social dialogue initiatives to raise awareness about the benefits and risks of the service to their members. They should also contribute to the identification and sharing of good practices and the development of regulatory frameworks.

At the enterprise level, employers can play a crucial role in ensuring workers have access to no-fee or the most affordable and responsible services available. They can monitor and ensure complaints are resolved, and track the impact on workers to ensure EWA services positively affect financial well-being.

Workers' organizations and their representatives could also play a greater role in selecting EWA providers, raising awareness about the benefits and risks of these services, ensuring favorable terms for workers, and bringing complaints to the attention of employers and providers.

Digital and financial education and training on use of EWA services is key to ensure that workers are able to benefit fully from the service. Although frequently offered in theory, these are not always received by workers in practice. Providers, employers and workers' organizations could provide thorough information and education on EWA services and financial management to workers, in particular the most vulnerable among them.

Finally, additional independent research on EWA services and knowledge-sharing on best practices are essential. This study provides an exploratory analysis and introduction to the topic but does not cover all issues. Further investigation and discussion, in collaboration with EWA providers, enterprises, employers, and workers' organizations, are needed to better understand the service's impact and promote its responsible provision and use.

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The Global Centre on Digital Wages for Decent Work addresses the challenges of cash wages and promotes the transition to responsible digital wage payments for the benefit of workers, employers and governments in every country and economic sector.

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For information and additional resources on digital wage payments: www.digitalwages.org

ilo.org

International Labour Organization
Route des Morillons 4
CH-1211 Geneva 22
Switzerland