

House Bill 99: Earned Wage Access Licensing

January 30, 2025

Companies run payroll on their schedule. EWA gives employees flexibility to access their earned pay when they need it

Payroll is Periodic: 2 in 3 people are paid only once or twice a month. EWA empowers employees to manage their cash flow to cover everyday essentials and unexpected expenses before payday



11%

of companies
run payroll
monthly



36%

of companies
run payroll
biweekly



32%

of companies
run payroll
weekly

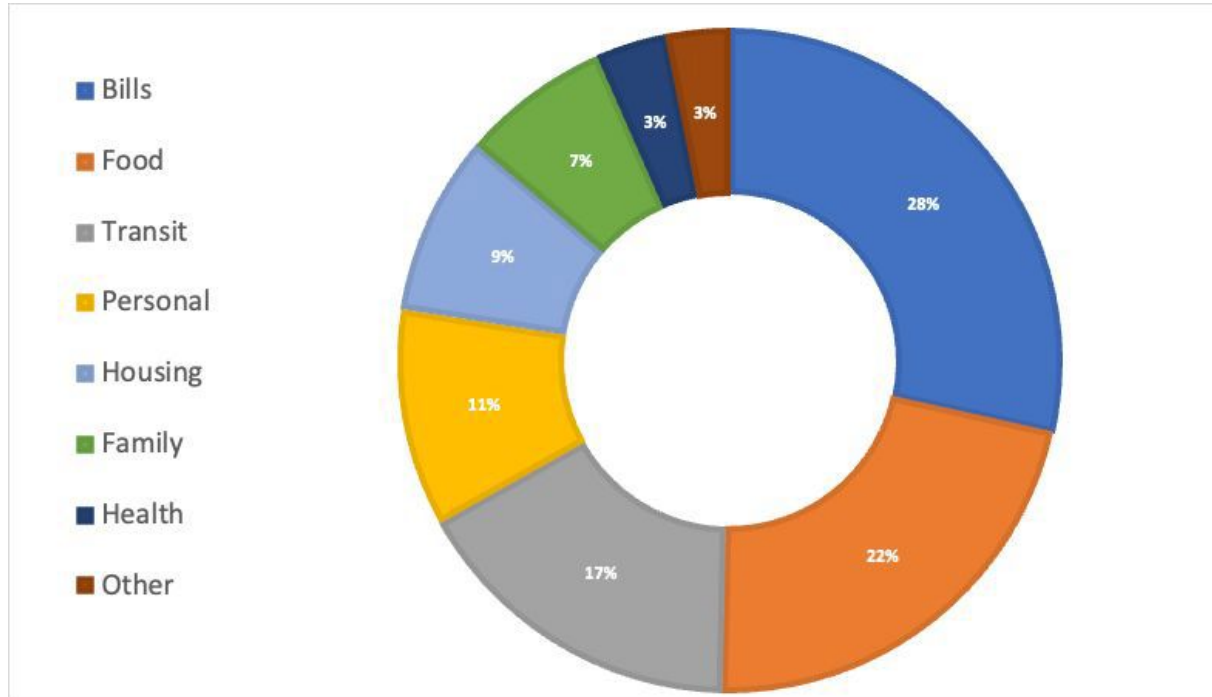


≈0%

of companies
run payroll daily

Typical Employee Usage

Users are accessing their pay to pay for important everyday essentials



1 DailyPay User Data May 2022- May 2023.. Transfer reasons as reported by users with approx 10% of users reporting. Fractions of percentages are rounded to the nearest whole number)

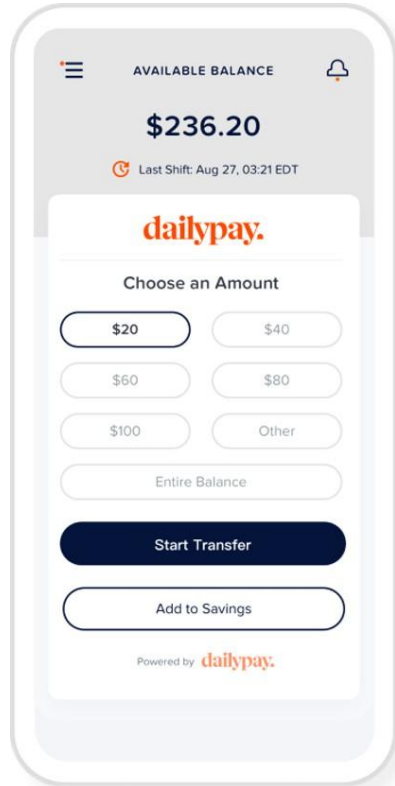
What is earned wage access (EWA)?

Employers can choose offer workers the ability to access some or all of the net pay they have earned to date, within a given pay period.

A third-party EWA provider partners with an employer to offer this voluntary service.

Also called “on-demand pay.”

This is entirely voluntary for employees.



How does EWA work?

An EWA Vendor (like DailyPay) integrates with an employer’s time and attendance system



The EWA Vendor keeps a running tab of net income that all employees have earned and can access during a pay period



An Employee chooses to take access to pay already earned at one or more points during the pay period, disbursing their earned wages into a bank account or other destination



The EWA Vendor tracks the employee’s wages that remain at the end of the pay period; paycheck reduced accordingly

Simple & Transparent Fee Structure

Employer Fee	Employee Fee		
\$0	\$0	\$0	\$2.99- \$3.49
No fee to the Employer	Standard Delivery 1-3 business days transfer to savings or checking account ¹	Instant transfer to Friday card ²	Expedited Delivery Instant transfer ³

- Two no-fee options for Employees
- Employees can *choose* to pay a small, flat, ATM-like fee for an instant transfer to a checking account
- Fees are clearly disclosed in the agreement and at the time of transfer
- No “tips”, membership fees, subscription fees, or other such fees

1 - Approximately 100% of DailyPay users in VT have access to \$0 standard delivery.

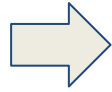
2 - Requires setting direct deposit for regular paychecks to the Friday Card.

3 - Expedited delivery fees varies by employer. In VT – 23.4% have access to a \$2.99 fee, 76.7% have access to a \$3.49 fee.

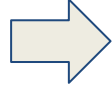
The DailyPay Difference



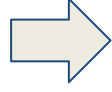
dailypay.



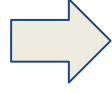
No origination fees and no mandatory fees



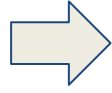
No request for a “tip”



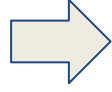
\$0 for 1-3 Business Day ACH transfers



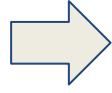
\$0 for instant transfers to DailyPay’s debit card



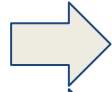
\$2.99 to \$3.49 for instant transfers (*No other fees*)



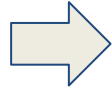
No recourse on any unsettled EWA amounts



No debt collection on unsettled EWA amount



No late fees on unsettled EWA amounts



No interest on unsettled EWA amounts

DailyPay's Vermont Users



dailypay.

+2,800 employees in Vermont use DailyPay

DailyPay has **1.8 million users** nationwide

126 Vermont businesses have partnered with DailyPay to provide EWA to their employees

\$148 average transfer amount for Vermont workers

36% adoption rate nationally by the employees who work for our client partners.

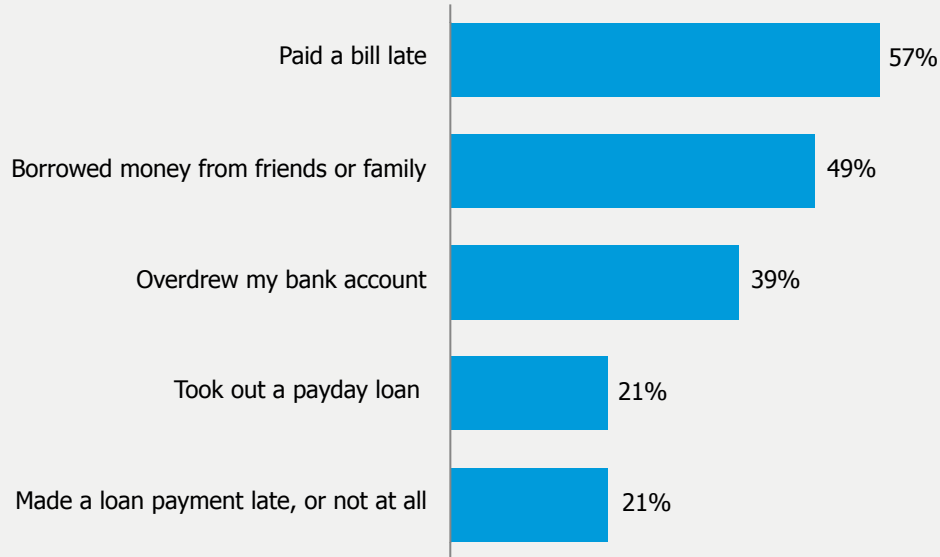
Nationally **66%** of platform users each month then **take a 3 month to 1 year break** from using our platform after making a single transfer.

Data as of April 18, 2024

Confidential Treatment Requested

Strategies *before* using DailyPay

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



Source: Aite-Novarica Group / DailyPay survey of 1,114 DailyPay customers, May 2021

This population is historically much more reliant on expensive alternatives than the average population.

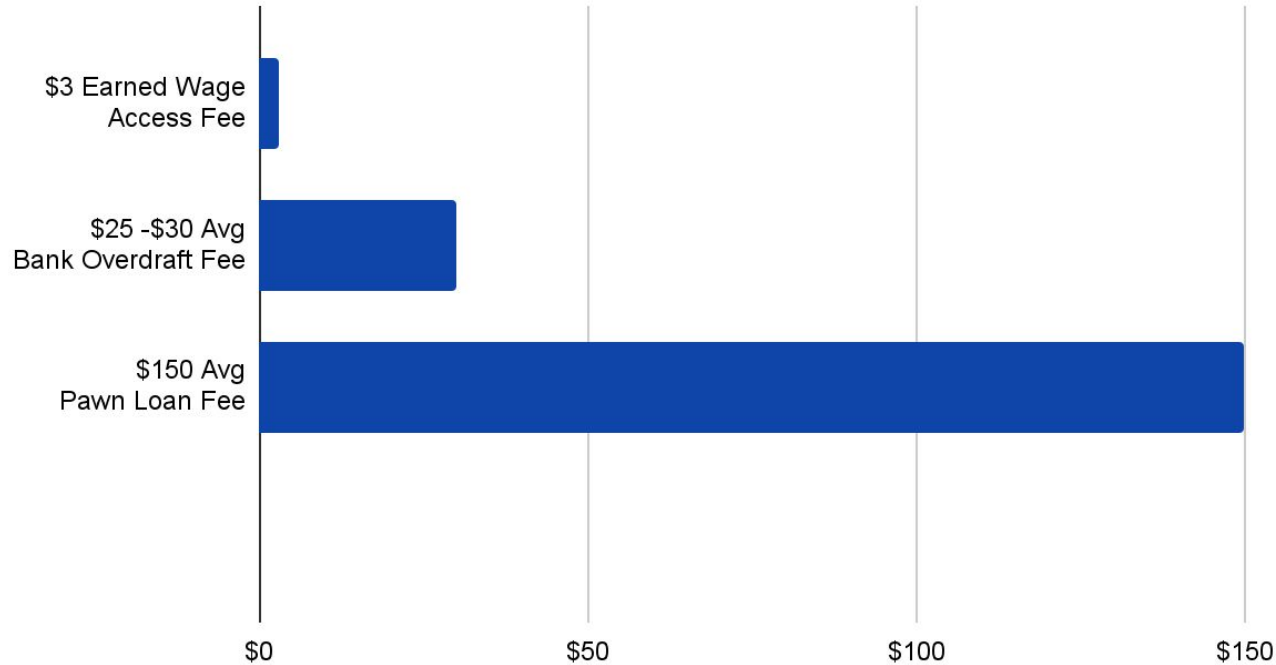
General population context:

- **9%** of all accounts are overdrawn more than ten times annually;
(Source: CFPB)
- About **5%** of all consumers have been payday borrowers in the last 5 years
(Source: Pew)

Heavy reliance on expensive alternative strategies and predatory financial products *prior* to DailyPay.

Earned Wage Access Fee is only \$3.50

Nation Average Loan fees VS. EWA Fee

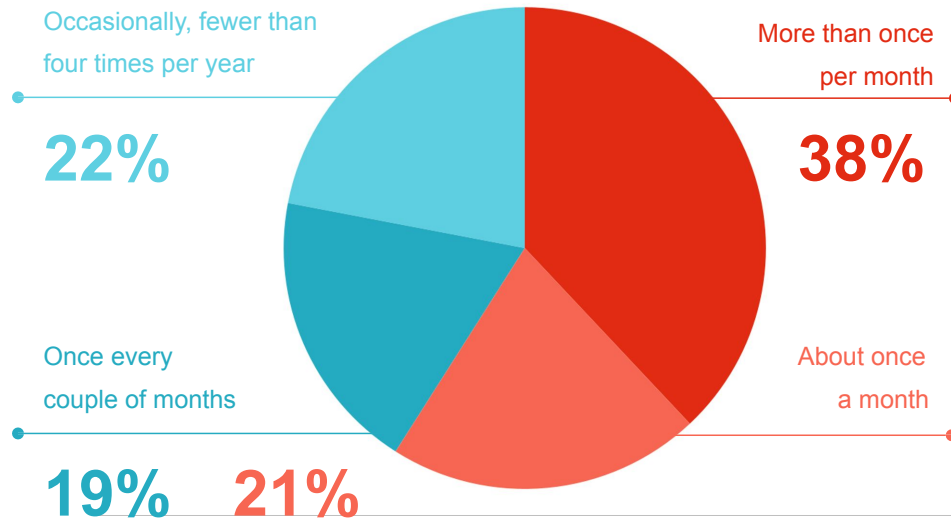


Compared to the national loan averages of banking overdraft fees and pawn loan fees, **EWA's flat fee of only \$3.50** proves to be a sustainable and affordable alternative to receive your earned wages in a timely manner without the burdened interests or costs.

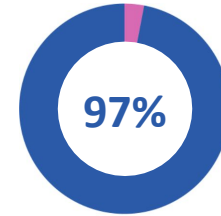
DailyPay is an Overdraft Fee Eliminator:

BEFORE

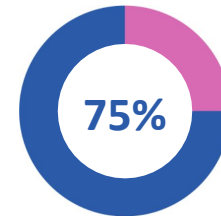
Before you began using DailyPay, about how often did you overdraw your bank account?



AFTER



Overdraw their account rarely/never (79%) or less (18%)



Attribute use of DailyPay for this change

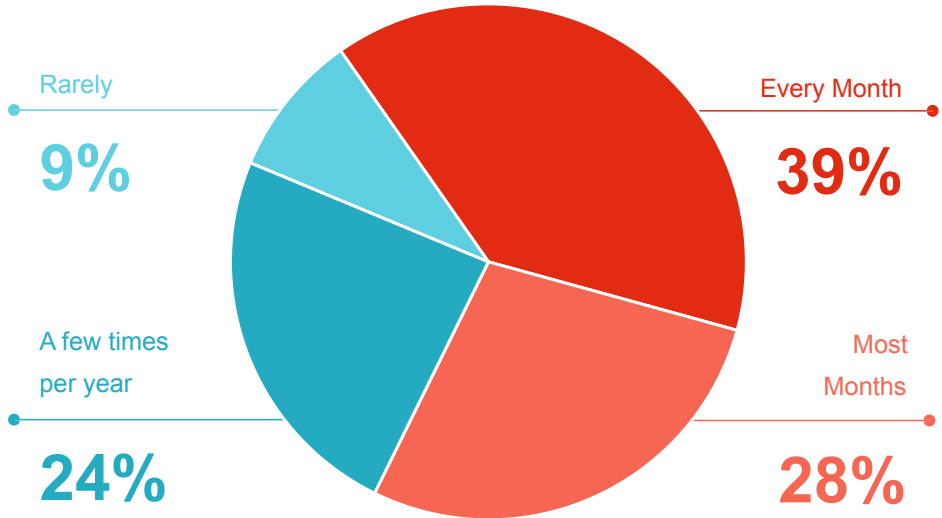


AITE estimated that customers who previously overdrew their bank account twice per month that switch to EWA will save **\$660 annually**. (Assumes 2 overdrafts per month replaced by weekly \$2.99 EWA transaction)

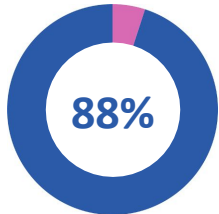
Late Bills & Missed Loan Payments:

BEFORE

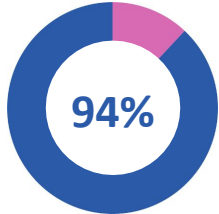
Before you began using DailyPay, about how often did you have trouble paying bills or making on-time loan payments?



AFTER



Less trouble with bills and loan payments



credit DailyPay for this change

Substitution Savings: Payday and Overdraft

Customers previously in **payday loan debt** every month or most of the year that switch to EWA will save:

\$624 to \$930 annually

Assumptions:

Consumer used to take out a \$300 payday loan with a \$45 fee each pay period (every 2 to 4 weeks) in each month in which they had payday loan debt

Now takes an EWA every week at a cost of \$2.99 per transfer

Customers who previously **overdrew their bank account** twice per month that switch to EWA will save:

\$660 annually

Assumptions:

Consumer used to overdraw their bank account and incur a \$34 fee twice monthly

Now takes an EWA every week at a cost of \$2.99 per transfer

General impact / savings hold true for other inferior alternatives

2023 Research: DailyPay as a financial wellness tool

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

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

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

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

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



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

DailyPay has Tangible Value to our Clients



Enterprise-Grade Data Security



Architecture

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



Certifications

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



Business Continuity

- Failover redundancy
- Disaster Recovery Planning



Reliability

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



Closed Network

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

Contact Information

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