



Strengthen Your Financial Well-being Strategy With a Salary Advance App

White Paper

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How to make a Salary Advance App the core of your financial well-being strategy

A Salary Advance app such as fastP.A.Y.E allows staff to access a proportion of their salary without having to wait until payday. One of the top 10 reasons employers offer their staff this facility is to improve financial well-being.

According to a fastP.A.Y.E survey, 46% of staff experience increased stress during the week before payday. Many employers are now building their financial well-being strategy for their colleagues around a Salary Advance App. Services such as fastP.A.Y.E can reduce stress even for people who may only need it twice a year and provides a useful flag for HR intervention amongst the [4% of the UK population](#) who have "problem debt".

fastP.A.Y.E have built their model around financial well-being. Some of the key features we have include:

Employer control

A Flexible Wage App has to support your strategy; therefore, you need control over all key decisions such as how often payments are made, how much they amount to and ensuring messaging is in line with company values. Our system is designed to give you that control.

Not charging people on National Minimum Wage

We believe that charging someone to access their pay when they are on Minimum Wage and showing that deduction on the pay slip goes against the spirit of the service and that any advice this is legal is likely to be challenged by HMRC and could lead to a fine. We also believe such charges do not assist with financial well-being and so do not agree to charging employees on the Minimum Wage, instead charging only the employer.

Not having to borrow the money to fund the Salary Advance

Our model doesn't rely on borrowing money to pay your employees. As there are no interest payments to meet, we can be flexible and agree a model that supports your financial well-being strategy.

Integration into workforce management and HR software

fastP.A.Y.E was founded and is owned by [ShopWorks](#), a workforce management company which has many years' experience supporting some of Britain's best known businesses. We understand the processes for approving work and updating payroll and HR systems and have integrated this into all of the major suppliers. This in-depth knowledge allowed us to design fastP.A.Y.E so it can identify which of your staff are on Minimum Wage, whether they have exceeded their contracted hours, and whether the shift has been signed off as complete.

So, how are companies building a financial well-being strategy around a Salary Advance App?

Our core belief as to how our service can support financial well-being is that it must be offered to all of the workforce, including those who may only need access to a few hundred pounds early once or twice a year.

This is a healthy use of a Salary Advance system. However, the increased awareness an employer gains of unhealthy behaviour, such as using the service on the first day of every month it becomes available and to the maximum amount allowed, provides opportunity for the employer to leverage helpful interventions and support.

With 4% of the UK population considered to have "[problem debt](#)", it's likely that some within your workforce will fall into this category. Those with such debt access credit without your knowledge from a number of sources including credit cards, overdrafts and payday loans, all of which exacerbate their problem debt. With UK overdraft rates due to rise to 40% AER in April 2019, this problem will only worsen.

Our staff can request an advance through their line manager, isn't that sufficient?

Probably not because the people with a regular need for this service are unlikely to feel comfortable approaching their line manager multiple times a year. If they are one of the 4% of the UK population with "problem debt", you may be asking them to approach their line manager every month. In a fastP.A.Y.E survey, only 17% of

respondents felt they could ask their employer for an advance on their salary. 68% felt they couldn't do this at all, with 15% being unsure. That 68% who couldn't ask their employer will include lots of people who only want to use the service once or twice a year, as well as those with problem debt.

We believe you need a transparent and rules-based process set by the employer which defines how much people can access of their salary, without separate approval. We also believe it should be self-service and automated to avoid embarrassing discussions with line managers. These rules should be designed to ensure that, as an employer, you are helping to solve problems, not make them worse.

For example, limiting the amount of drawdown to one payment a month with a cap of say £150 from their basic pay or contracted hours should solve around 80% of the issues staff experience, without causing them to be short at the end of the month. Access to funds above this level could be linked to working additional shifts so that staff who are seeking extra funds to pay bills can work to solve their problem within the monthly pay period, as opposed to borrowing and deferring the problem until the following month.

What is the first step to developing a financial well-being strategy?

We have included plenty of data on our site, from our own surveys, official UK government bodies and other Salary Advance App providers. However, this is generic data, a better place to start would be to compile a financial well-being survey of your own. That way you can understand the real impact on your workforce and design a strategy that meets their needs.

Here are some tips on compiling a survey:

- Make it anonymous
- Make sure that every question is necessary
- Ask one question at a time
- Keep it short and simple

- Ask direct questions
- Avoid leading and biased questions
- Ask about the impact money has on their lives such as:
 - Do they miss work because of a shortage of money?
 - Does money cause stress?
 - Are they comfortable to ask their employer for an advance?
 - Do they use payday loans, overdrafts or credit cards to “get through to payday”?
 - How often do they use payday loans, overdrafts or credit cards to “get through to payday”?

What are the key elements I should look for in a Salary Advance App that is designed around financial well-being?

When choosing a Salary Advance App to support your strategy, you need to make sure that you can configure it to support your staff and your agreed approach. Here are some key areas you may want to consider:

Control when it is accessed

Your Salary Advance App should give you the ability to configure the times it is available. Your financial well-being strategy may be aimed at only offering a guaranteed access in the last ten days before pay day. Conversely, you may wish to have access open all month. Either way, this should be dictated by your financial well-being strategy, not by the supplier of the Salary Advance App.

Control the number of times a month it is accessed

With current payroll cycles and monthly billing for such items as rent and utilities, your employees will need the majority of their salary around payday. Allowing unfettered access to the service could make any financial issues worse.

Control the amount that can be drawn down

Similar to the number of times it is accessed, the monthly maximum should be set by the employer and meet your strategy.

Control the marketing messages

Some Salary Advance Apps will market directly to your staff, if you can't control that messaging, you can't be sure it is consistent with your financial well-being strategy.

Does the App know what salary your team are on?

If the Salary Advance App doesn't integrate into your HR or Workforce Management System, it can't differentiate between someone on the National Minimum Wage and a higher earner. This is important for your pricing strategy.

Control costs for accessing the App

Because some Salary Advance App suppliers borrow the money to lend to your staff, they have to charge your employees every time the service is used, even charging those on National Minimum Wage. You should consider the impact of a £1.75 charge for low paid workers. In addition to the impact on your employees' financial well-being, we believe that charging someone to access their pay when they are on Minimum Wage and showing that deduction on the pay slip goes against the spirit of the service and that any advice that it is legal is likely to be challenged by HMRC and could lead to a fine. At fastP.A.Y.E we won't agree to charging employees on National Minimum Wage, instead we charge the employer for the transaction. We also offer the employer the option to pay all or some of the fees. Because our model doesn't rely on us borrowing money to lend to your employees, we can provide a much more flexible service.

Separate basic pay and additional hours

At fastP.A.Y.E we separate basic pay or contracted hours from additional shifts or overtime. This allows you to set rules to limit access to basic pay which could make a debt issue worse over time. It also means you can encourage employees to take on extra hours by allowing overtime or additional shifts to be drawn down as soon as they have been confirmed in your systems, further helping to reduce their debt.

Reporting

Can you get the reports you need from the back end so you can make the right interventions to support your strategy?

What sort of Intervention strategies are other companies using?

The use of the Salary Advance App will provide significant insight into which of your employees are using it for conventional reasons, and which are using it in a way that is indicative of a debt problem.

- We recommend you document your intervention strategy and apply it consistently across the board.
- Other companies are implementing a phased intervention approach along the following lines:
 - An alert could be sent to notify employees of additional shifts that are available every time the Salary Advance App is accessed, along with an appropriate financial well-being message.
 - If someone uses the Salary Advance App every month for a certain number of consecutive months – they could be approached by the relevant HR business partner.
 - If the employee does have an issue with debt, the HR business partner could discuss ways to reduce the problem such as the possibility of extra shifts, more contracted hours, or any other intervention within the company's capability.
 - A further stage of intervention could be a low interest loan to help remove debt at excessive levels.
 - Introduction to an approved debt councillor could be reserved for more serious cases.
- At fastP.A.Y.E we don't set the intervention strategy, our whole approach is designed around giving the employer maximum control so they can build the Salary Advance App into their strategy.

If you would like to find out more information on how fastP.A.Y.E can work for your financial well-being strategy, please get in touch with us:

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