

Improving Retention with Financial Wellness

wagestream.co.uk



Peter Briffett
pb@wagestream.co.uk
+44 7789 202872

The Problem:

UK families don't have enough savings

- 55% of UK families could not cover a £250 unplanned expense
- These families are penalized £3.4B/year:
 - £1.2 billion Unarranged overdraft fees
 - £2.2 billion Predatory payday loans (1000%+ APR)
- Employers want to help, but have no scalable solution for payroll cash advances
- Everything today is instant, but in the UK, 85% of workers are still paid once per month

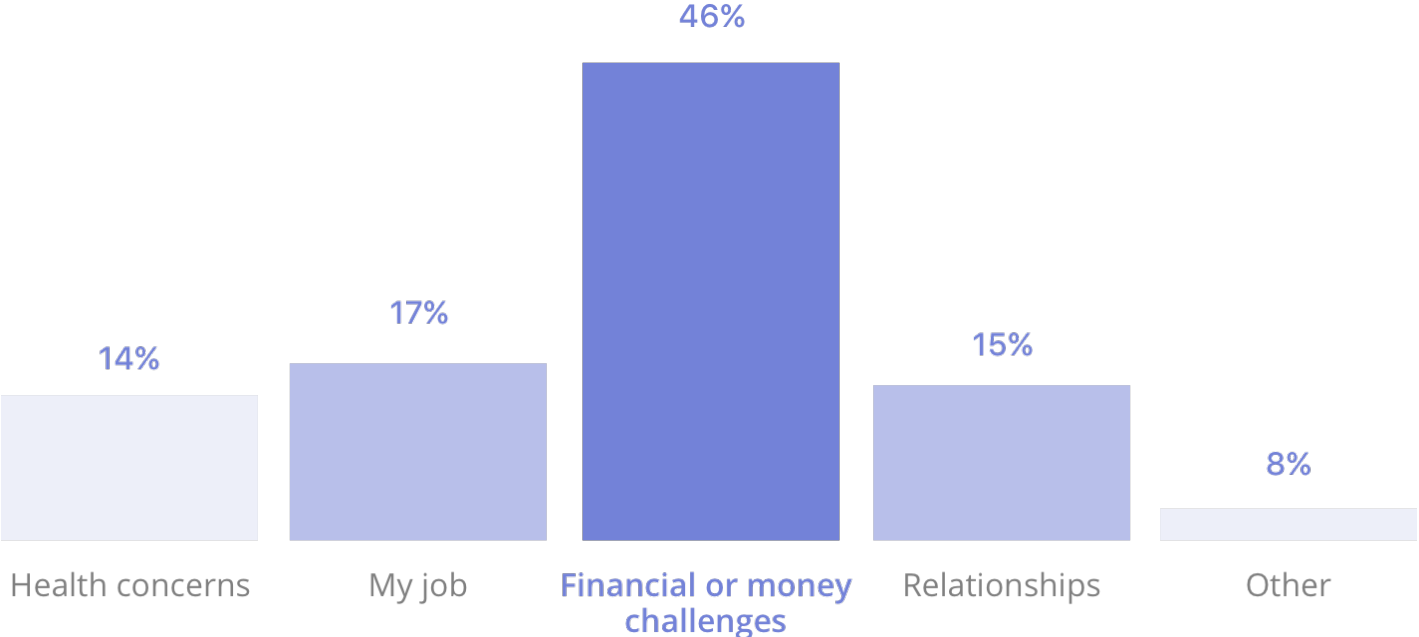
The Cycle of Debt

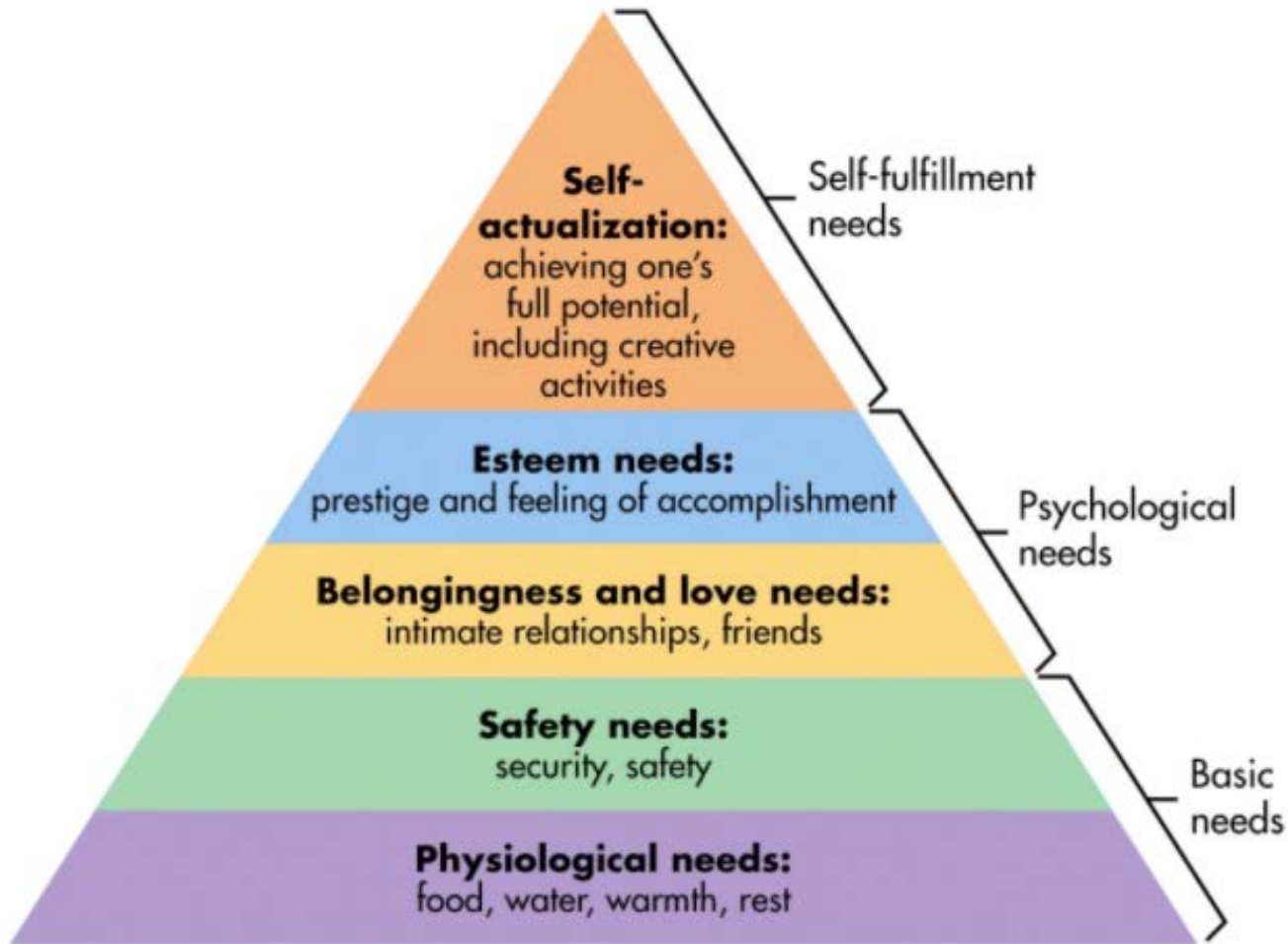


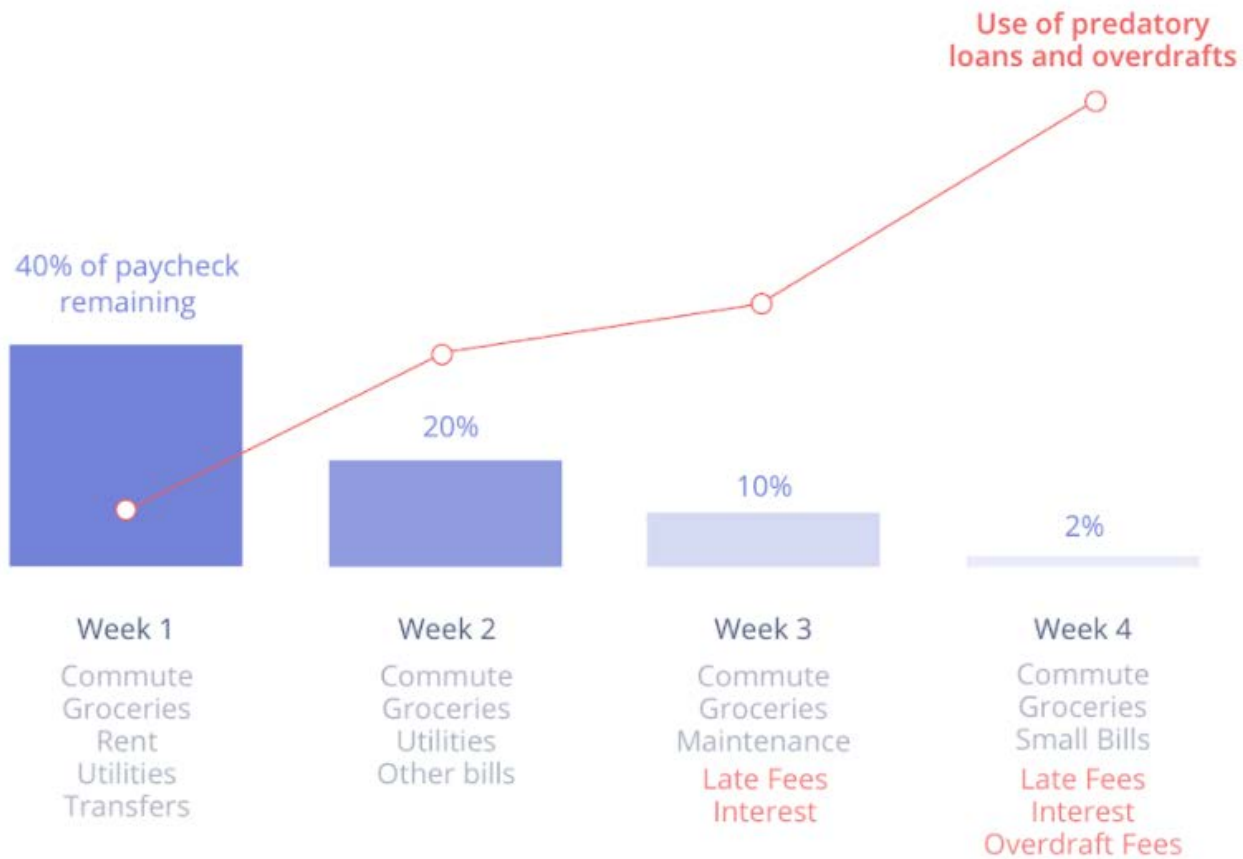
Sources:

ASHE 2017, Office of National Statistics
<https://www.moneyadviceservice.org.uk>
<https://www.experianplc.com>
<https://www.verdict.co.uk>

Your biggest employee issue







UK households on unstable income five times more likely to turn to high-cost credit, new research finds

Zero hours contracts and part time work is pushing people into payday loans

Complaints about loans see sharp rise

By Kevin Peachey
Personal finance reporter

© 30 May 2018

[f](#) [t](#) [m](#) [e](#) [Share](#)



NHS workers top list of those applying for payday loans

NHS workers' representatives say it is a 'terrible state of affairs' for staff to be forced to take on loans with interest of up to 1,325%



Watchdog criticised over 'disappointing' action on high-cost credit

FCA will require banks to alert customers but falls short of capping fees that affect 19 million customers



Exorbitant fees mean banks are charging more than payday loan lenders



KEY FACT



Almost
80%
of employees are
not satisfied with the
efforts of their employer
when it comes to
managing their finances

- 1 in 5 said they would value broader financial guidance, debt management and counselling if they were in financial hardship
- A sustainable solution is not just about 'paying more'

The top 3 positive impacts employers want their benefits programme to have:

Improve employee engagement	81%
Improve talent retention	54%
Improve employee health and wellbeing	46%

Alignment of benefit strategy to people strategy:







Very closely aligned	15%
Somewhat aligned	59%
Not at all aligned	15%
Don't know	11%

UK
Companies
have been
slow to
respond






How employers fund their wellness programme vs how engaged their employees are:

	Employers offering wellness pot	Employers not offering wellness pot
Employees are extremely engaged with benefit programme	33%	8%
Employees extremely engaged with company culture	36%	10%
Employees extremely engaged with company as a whole	30%	11%

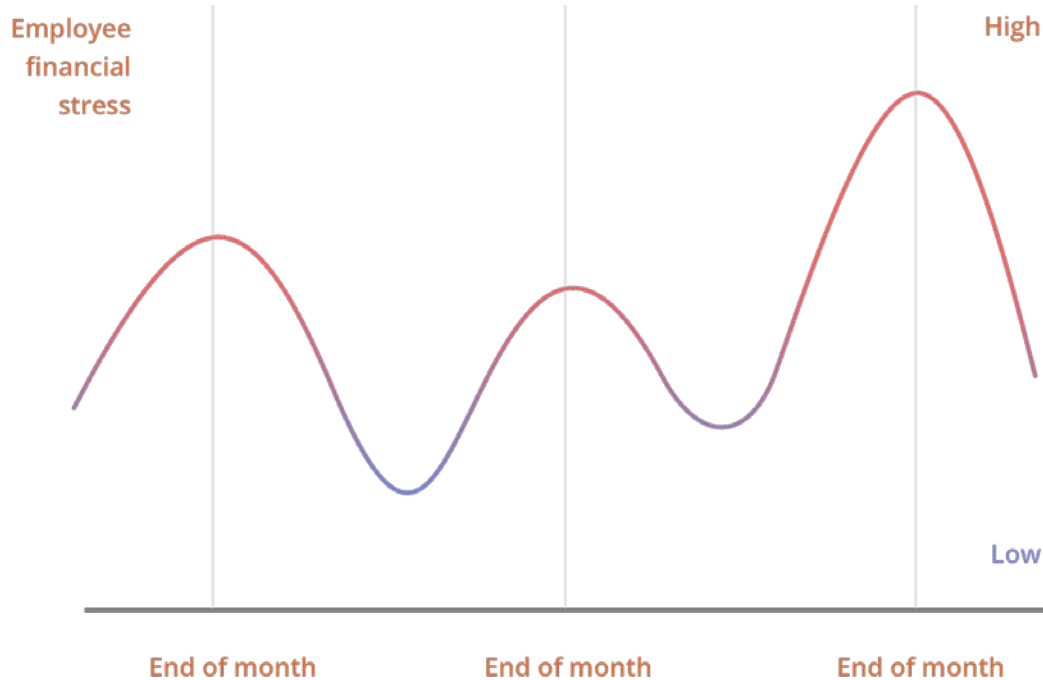
Current World

Business	Coverage	About	Business Type
	UK	Cash advance to Self Employed [incl gig economy], to smooth out flux in earnings. Fixed 1% of salary cost. FCA approved, founded 2016, 2m euros raised.	Advance
	UK	Responsible salary deduction loan business offering 3 & 5yr loans at 4.9% - 9.9% APR, with a financial advice hub. Over 100+ employers signed up, 700,000 users. FCA approved, founded 2014, raised c£149.5m [incl Goldman Sachs].	Loan
	UK	Lender - online lending platform linked to payroll, lending upto 20% of salary [APR from 3.9%]. Recently launched savings product and entered the US.. Clients include retail and the public sector. Targeting organisations 500+ employees. FCA approved, founded 2015, \$59m raised [L&G, Bright Bridge Ventures]. BC Group	Loan
	UK	Consumer Investment platform [3 funds] with a monthly subscription fee [£1], 0.45% platform and 0.23% fund provider fee. Founded 2015, \$4.8m raised [Oxford Capital, Samos].	Investment
	UK	Next Gen salary App that supports personal budgeting and financial management. Built off Barclays account, Fixed monthly subscription model [£3.99]. Founded 2014, \$3.1m raised [Kima Ventures, Wayra, Equity Crowdfunding].	Financial Management
	Global	E-Money innovator. Card based financing solutions clients include Provident, AA, Tesco, STA Travel, ISIC. Founded 2006,	Loan
PAY DAY LENDING [Various]	UK	The payday lending market was valued at £2.5bn [10m loans, 1.6m customers] in 2013 before FCA regulation. The market in 2016/17 was valued at c£1bn [760k borrowers] with average loan values of £300 and APR's from 129% - 1295%	Loan Sharks

New World

Business	Coverage	About
	USA	Wage advance business, market leader. Founded 2015, \$6.5m raised [RPM Ventures, Inspiration Ventures].
	USA	Financial Wellness platform. Payroll cards <u>and</u> wage advance proposition for short term responsible lending. Founded 2009, \$3.5m raised. Partnered with Neighbourhood Trust Financial Partners to develop budgeting and cashflow management tools
	USA	Financial Wellness platform linked to employer benefit schemes. Flat transaction fee charged. Founded 2011, \$13.5m raised [softbank].
	USA	Active Hours re-branded. Employers on the platform include Apple, AT&T, Home Depot, Pizza Hut, <u>Lowe's</u> , Starbucks, Walmart etc. Founded 2012, raised \$65m [Matrix Partners, Ribbit Capital, March Capital Partners].
	USA & Canada	Founded 2015, \$4m raised [ITC Capital Partners, Kinetic, Real Ventures]. Employee Wellness platform with wage advance capabilities [advance up to 50% of earned pay]. Mastercard supported

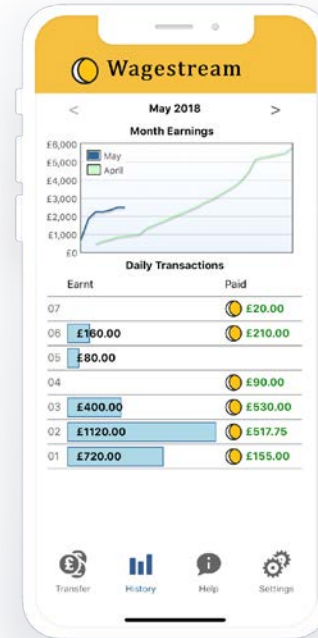
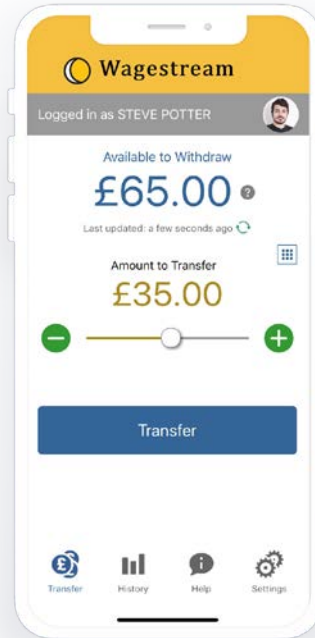
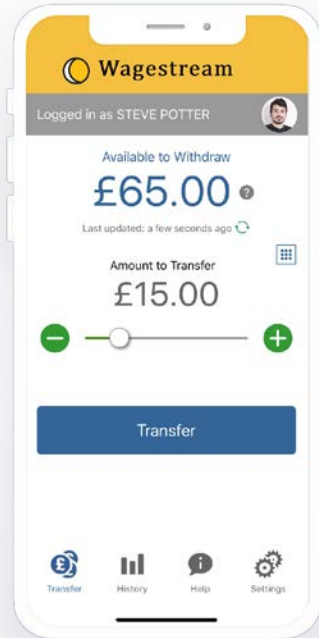
Can you even out payment dates to end Employees Financial Stress?



Technology that enables your employees to pay bills on time, avoid late fees, and pay for unexpected expenses.

Product: Mobile app for workers

A solution that instantly impacts your employees' financial welfare



40% Increase in Staff
Retention

100% Increase in job
applicants

10% Increase in Productivity

No changes to your normal
payroll



in partnership with

