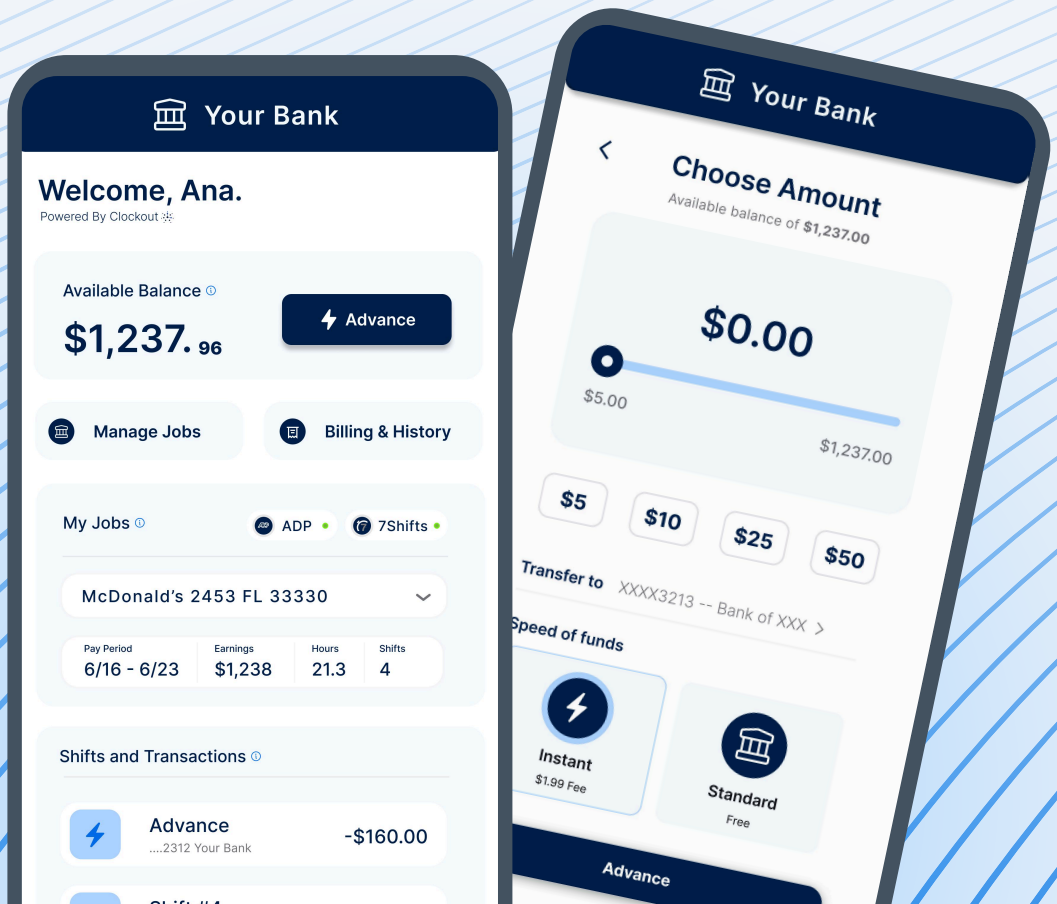




Winning the Deposit Race: How Embedded Earned Wage Access Drives Core Deposit Growth and Loyalty

Volume 3/3: Why Clockout is the Best EWA Solution for Banks & Credit Unions



Why Clockout is the Best EWA Solution for Banks & Credit Unions

With the case made that EWA can be transformative for financial institutions, the next question is: **How can a bank or credit union actually implement this?** Building a solution from scratch could be complex – it involves connecting to payroll systems, advancing funds, ensuring compliance, and integrating into digital banking platforms. That's where specialized providers like Clockout come in. Clockout is an earned wage access platform purpose-built for banks and credit unions, offering a turnkey, white-label solution. Here's why Clockout is uniquely positioned to help FIs launch EWA successfully:

Seamless Core & Digital Banking Integration

Clockout was designed to embed effortlessly into existing banking infrastructure. Banks don't need to reinvent the wheel or overhaul their systems to offer EWA. Clockout provides pre-built integrations with major core processors and digital banking platforms:

- **Core Banking Integration:** Clockout is part of the vendor integration programs for big core providers. For instance, Clockout has integrations with Jack Henry (SilverLake & Symitar), Fiserv, and others. This means the heavy lifting of connecting the EWA service to the core ledger, authentication, and transaction processing is already handled. If a bank uses one of these cores, Clockout can plug in with minimal custom development.

- **Digital Banking (Online/Mobile App) Integration:** Modern banks often use digital banking platforms like Q2, Narmi, or their core's online banking module. Clockout offers modular components that drop into the bank's existing mobile app or online banking interface. The result is an in-app EWA experience – customers see it as just another feature in their banking app (not a separate app to download). Deploying our solution is “a matter of an install, not an implementation”. For example, through Clockout's partnership with Q2, a bank can enable Clockout EWA in under 15 days, something extremely fast for Financial Institutions.
- **Quick Deployment:** Because of these ready integrations, a bank can go live with EWA extremely fast. Clockout boasts that through their Q2 partnership, FIs can deploy in under 15 days, which is remarkably fast for a new financial product. Even outside of Q2, our integration approach emphasizes minimal disruption – “rapid installation, swift deployment” is a key promise. This is critical: it lowers the barrier to entry for offering EWA, allowing even mid-sized or smaller institutions with lean IT teams to add the feature without a lengthy project and use of resources.
- **Scalability and Reliability:** Clockout handles the backend – connecting to 1,600+ payroll systems to verify employment and income, managing the funds disbursement and recovery, diverting the Direct Deposit and tracking all transactions. For the bank, this means not having to build or maintain those connections. Clockout's system is built to scale across many clients, so the bank can be confident in uptime and performance as user adoption grows. Essentially, the bank leverages Clockout's fintech capabilities while focusing on its core competencies.

Regulatory Compliance & Security Built-In

Financial institutions have to be extremely careful with any new product to ensure it meets regulatory requirements, especially one that touches payroll and lending-like activities. Clockout's solution is built with bank compliance in mind:

- **Not a Loan – Compliance Stance:** Earned wage access, when structured properly, is generally viewed (by providers and many regulators) not as a loan but as an advance/fee-based service, which can avoid lending regulations. However, this is a grey area under active discussion by regulators like the CFPB (which in 2023 proposed treating some EWA as credit). Clockout, as a bank-focused provider, stays on top of this and structures its program to be compliant with existing guidance. For example, Clockout likely ensures that the EWA it facilitates is connected to confirmed earned wages and is repaid via the payroll deposit, aligning with models that have been given regulatory sandbox approvals in some states. Also, we are expecting the Earned Wage Access Consumer Protection Act to pass in the house of representatives, giving a clear Federal Guideline for the service. By choosing Clockout, a bank is getting a partner that manages these nuances and can adjust as regulations evolve.
- **Data Security:** Payroll and income data are sensitive. our solution is “fully secure and compliant from day one”. We handle all data connections in a secure manner and comply with data protection regulations as we are SOC2 Type II certified. For banks, using a vetted provider reduces the risk compared to building a custom solution that might have unseen vulnerabilities.

- **Risk Management:** Clockout's expertise in connecting to payroll APIs and verifying employment in real-time helps mitigate the risk of non-repayment. We have algorithms to determine how much can be safely advanced (often a portion of accrued wages) and to flag any potential issues. This ensures the program remains sustainable and safe for the Institution. We use several datapoints to check on the customer's creditworthiness without the need for credit checks, the bank has total customization capabilities to build their own EWA Risk Management program within the Admin Dashboard that we provide to monitor the service.
- **Regulatory Reporting and Fair Use:** For the bank, offering EWA via Clockout can be presented as a customer-friendly initiative, aligning with regulatory themes of improving consumer financial health. Clockout would also provide reporting on usage, fees, and outcomes, which the bank can use to monitor for any signs of customer harm (like too-frequent usage) and ensure it's truly helping. If regulators ask, the bank can show that their EWA program has safeguards: limits on how often and how much wage can be accessed (the ADP study showed most employers prefer limiting to 1–2 advances per pay period and 25–50% of wages; a bank might implement similar limits for consumer protection).
- **Compliance with Banking Regs:** As a solution for banks, Clockout will integrate with KYC/AML processes (ensuring only verified account holders use the service), and will ensure that advances and repayments are transparent on statements (important for Reg E disclosures, etc.). By white-labeling through the bank, it also means the EWA service is covered under the bank's existing compliance regime, which is robust – but Clockout helps by handling the specifics of the EWA transactions in a compliant manner (e.g., if fees are charged, they'd be clearly disclosed; the customer agreement would be properly structured).

White-Label & Customizable UX (Maintaining the Bank's Brand)

Clockout is offered as a white-label solution, meaning the bank's customers see it as part of the bank's services, not a third-party app. This is crucial for brand consistency and customer trust:

- **Branded In-App Experience:** Clockout's components are fully customizable to match the bank's brand. Fonts, colors, logos – the EWA interface will look native to the bank's own app or website. This way, the customer feels the service is provided directly by their trusted institution. A seamless user experience ensures higher adoption and satisfaction. It feels “baked in” rather than bolted on. We ensure that customers will **“feel it's a natural part of your digital banking and not a separate entity”**.
- **Flexibility:** Because Clockout provides an SDK and has vast integrations with Digital Banking Cores, banks can choose how to introduce the feature. For example, it might appear as a new tab in the mobile app (“Get Paid Early”) or as an option in the checking account menu. The bank can tailor any explanatory text, FAQs, or educational modals to speak in their own voice, possibly referencing their commitment to financial wellness.
- **End-to-End Bank Control:** The bank still owns the customer relationship. Clockout is behind the scenes. This is different from referring customers out to, say, a fintech app. All the engagement happens within the bank's environment. The bank also sets the parameters of the service (with Clockout's guidance): e.g., whether to charge a fee, how much, any limits, etc. Clockout's solution likely allows for these configurations. It truly becomes the bank's EWA program, powered by Clockout's technology.

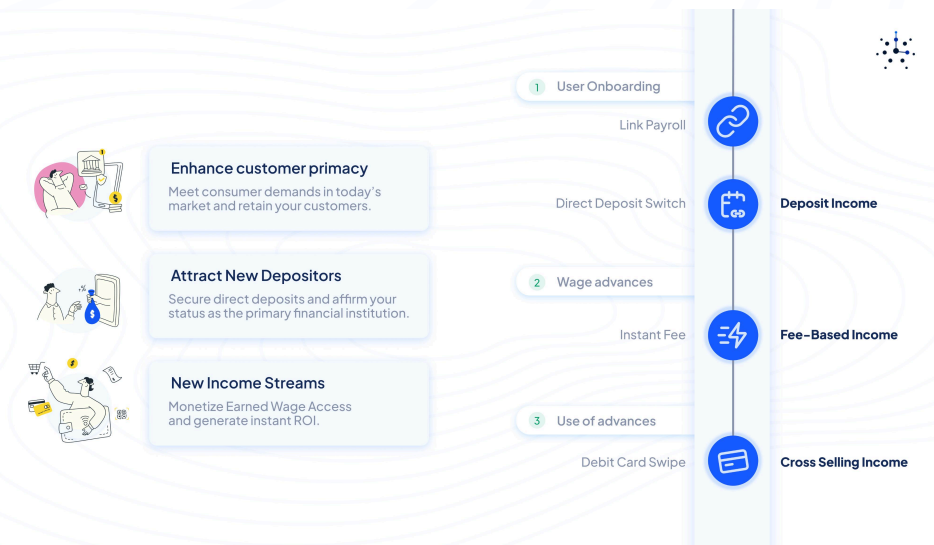
Revenue Generation & Business Model Alignment

We touched on revenue potential generically, but specifically, Clockout can help banks generate revenue and tailor the model:

- **No Upfront/Minimal Cost Until Usage:** Clockout being SaaS means a bank doesn't invest heavily in development. Our partnerships involve little or no upfront cost; instead, we charge a small monthly fee per active user. This aligns the costs with actual usage and revenue – a low-risk approach for the institution. The bank isn't spending millions hoping people use it; they pay as people use it, ensuring profitability or at least cost-neutrality.
- **Fee Transaction Model:** Clockout operates on a model where the bank can charge a fee per advance, and that revenue is 100% property of the bank. **The key is that the bank has a path to earn non-interest income from the service.**
- **Drive Primary Accounts:** We emphasize deposit growth as a benefit, something that has big financial value for a bank. By highlighting this, we distinguish ourselves from generic EWA providers by aligning the solution with core banking metrics (like deposit growth, retention) rather than just usage stats. A CEO of a bank cares about deposit growth and lowering cost of funds; We frame EWA in those terms – e.g., “Incentivize customers to switch their payroll direct deposits to your bank, increasing your deposit base”. This strategic alignment is key to why we are the best solution for banks: it speaks the language of bank ROI, not just fintech cool factor of innovation to fulfill a KPI that doesn't drive revenue.

27. Winning the Deposit Race – Why Clockout is the best EWA Solution for FIs

- **Differentiation in Competitive Market:** By adopting Clockout, a bank can stand out locally or regionally. Many community FIs don't have such advanced features yet. Clockout markets that it helps banks "differentiate your offering" and appeal to "modern, tech-savvy consumers". Having a proven vendor-backed solution shortens the go-to-market time, so a bank can leapfrog competitors. If Bank A in town offers EWA and Bank B doesn't, Bank A can capture the customers looking for that service and lower churn with current customers.
- **Attract New (Younger) Customers:** Clockout can help your institution win over younger generations and underbanked individuals by addressing a top pain point. This revenue isn't just from existing customers using EWA; it's from new customers who join because of EWA. The lifetime value of a new young customer could be tens of thousands if they stick with the bank for years of loans and services.



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