

# Introduction to - On Demand Pay

## 1. Introduction

In today's dynamic corporate environment, employee retention, engagement, and financial wellness are no longer peripheral concerns. They are critical drivers of organizational performance and long term success. As businesses operate under increasing economic pressure and heightened competition for talent, employers must go beyond traditional compensation structures to address the real, everyday financial realities of their workforce.

A few years ago, the concept of on demand access to wages was unfamiliar to many organizations. Today, it has evolved into one of the most sought-after employee benefits globally, and increasingly across Nigeria. This shift reflects a growing recognition of how cash flow challenges directly influence employee behavior, productivity, and loyalty. When implemented with the right provider, On Demand Pay delivers meaningful value for employees and strategic advantages for employers.

With mounting data highlighting the financial vulnerability of Nigerian workers, On Demand Pay has moved from being an innovative perk to a priority on employers' benefits agendas. Forward thinking organizations now understand that financial wellness is not merely a personal issue. It is a business imperative.

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## 2. What Is On Demand Pay (Earned Wage Access)?

On Demand Pay, also known as Earned Wage Access (EWA), is a financial service that allows employees to access a portion of wages they have already earned, but not yet received, before their scheduled payday.

This distinction is important:

- It is not a loan
- No interest is charged
- No future debt is created

Employees are simply accessing their own earned income, on their own schedule. By enabling early access to earned wages, EWA provides immediate financial relief and significantly reduces reliance on high interest payday loans, informal borrowing, or emergency salary advances. This approach modernizes payroll by aligning it with real world cash flow needs, rather than rigid monthly pay cycles.

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### **3. Background and Context**

**This document outlines the strategic and operational case for implementing Earned Wage Access within corporate organizations, supported by research from PwC, KPMG, and FSD Africa.**

**According to PwC research on Nigerian employees and MSMEs, financial stress is widespread and materially affects workforce outcomes. Beyond personal hardship, financial stress leads to lower productivity, reduced job satisfaction, increased absenteeism, and higher employee turnover, all of which carry direct and measurable business costs.**

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### **4. The Data: A Crisis of Mental Bandwidth**

**Cross sector research explains why many traditional retention and engagement initiatives fail to deliver sustained results:**

- **58 percent of Nigerian employees experience high financial stress (PwC)**
- **45 percent report negative impacts on physical and mental health due to financial pressure (FSD Africa)**
- **43 percent of Nigerian adults cannot meet basic monthly expenses without borrowing before payday**
- **The cognitive tax: Financially stressed employees are five times more likely to be distracted at work, with nearly half spending more than three working hours per week resolving personal liquidity issues (PwC Employee Financial Wellness Survey)**

**This is not a motivation problem. It is a liquidity problem that quietly erodes performance.**

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### **5. The Business Case: ROI of On Demand Pay**

#### **5.1 Impact on Employees (Retention and Engagement)**

- **71 percent of workers would choose a job specifically because it offers flexible pay access**
- **Immediate relief from predatory lenders charging up to 300 percent APR**
- **Support during medical, transport, and family emergencies**

- **Restoration of dignity and autonomy by replacing informal borrowing with earned access**

## **5.2 Impact on Employers (Profitability and Growth)**

- **Up to 45 percent reduction in employee turnover**
  - **Up to 49 percent increase in productivity by reclaiming time lost to financial stress**
  - **26 percent reduction in absenteeism, particularly near month end**
  - **52 percent faster hiring cycles as On Demand Pay becomes a key recruitment differentiator from 2025 onward**
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## **Strategic Steps to Successfully Implement On Demand Pay in Nigeria**

- 1. Understand EWA and select the right operating model**
  - 2. Understand the full cost structure beyond “free” claims**
  - 3. Implement with strong governance, security, and scalability**
  - 4. Deliver an employee first rollout and support experience**
  - 5. Measure outcomes and continuously optimize performance**
  - 6. Position Earned Wage Access as a structured employee benefit**
  - 7. Advance financial inclusion, equity, and fairness**
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### **Step 1: Understand EWA and Select the Right Operating Model**

**The success of any On Demand Pay program begins with clarity. EWA is not a salary advance, loan, or credit product. It is structured access to earned wages before payday.**

**Nigeria’s workforce is highly diverse, ranging from shift based factory workers and field staff to salaried corporate employees. As a result, no single EWA model fits all organizations.**

#### **Core EWA Models**

- **Shift Based Pay: Immediate payment after each completed shift**
- **Same Day Pay: Daily access to earned wages through payroll or attendance integration**

- **Controlled Earned Wage Access:** Employees withdraw up to a capped percentage, typically 50 percent
- **Weekly or Biweekly Pay:** Scheduled payments via wallets or pay cards

### **Recommended Hybrid Model for Nigeria**

**A combination of shift based, same day, and controlled EWA to maximize inclusion and adoption.**

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### **Step 2: Understand the Full Cost Structure Beyond “Free” Claims**

**While EWA is often described as free, every model carries costs that must be clearly understood.**

#### **Employee Costs**

- **Transaction fees per withdrawal**
- **Optional subscription fees**
- **Card or wallet maintenance fees, where applicable**

#### **Employer Costs**

- **One time implementation fees**
- **Payroll and HR integration support**
- **Optional attendance and time tracking integration**
- **Optional employee fee subsidies**
- **Ongoing service and support fees**

#### **Strategic Insight**

**The objective is cost efficiency, not cost elimination. Productivity gains and reduced turnover should exceed implementation costs.**

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### **Step 3: Implement with Strong Governance, Security, and Scalability**

**The EWA provider should manage complexity while employers retain governance.**

**Key considerations include:**

- **Payroll and attendance data sources**
- **Withdrawal limits and payroll cutoff rules**

- Approval workflows where required

#### **Security and Compliance**

- Minimal data collection
  - Secure API based data exchange
  - Full NDPR compliance
  - No unnecessary storage of sensitive data
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#### **Step 4: Deliver an Employee First Rollout and Support Experience**

Adoption determines impact. Employees must understand, trust, and value the solution.

Key elements include:

- Simple enrollment
- Clear communication on benefits and limits
- Branded education materials and FAQs
- Continuous onboarding for new hires

#### **Support Models**

- In house support
- Vendor managed support
- Shared responsibility models

Best practice in Nigeria requires round the clock support, as financial emergencies are time sensitive.

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#### **Step 5: Measure Outcomes and Optimize Performance**

EWA should be managed as a performance initiative, not a static benefit.

Metrics to track:

- Adoption and usage
- Employee satisfaction
- Absenteeism

- Retention and hiring speed
  - Productivity and engagement
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## **6. Earned Wage Access as a Structured Employee Benefit**

**EWA should be positioned as a flexible benefit, similar to health insurance or pension contributions. Employers can choose their level of responsibility based on culture, cost tolerance, and workforce needs.**

### **Employer Responsibility Models**

#### **1. Employer Sponsored EWA**

**The employer covers all costs, offering employees free access to earned wages. Best suited for large organizations competing aggressively for talent.**

#### **2. Co Sponsored EWA (Recommended)**

**Costs are shared between employer and employee, balancing adoption and sustainability.**

**Best suited for mid to large organizations.**

#### **3. Employee Paid EWA**

**Employees opt in and cover most costs.**

**Best suited for SMEs and early stage adoption.**

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## **Step 7: Advance Financial Inclusion, Equity, and Fairness**

**EWA addresses structural financial challenges in Nigeria by:**

- Reducing dependence on predatory lending
  - Supporting unbanked and underbanked workers
  - Lowering financial stress for women, junior staff, and contract workers
  - Promoting dignity and autonomy in wage access
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## **Conclusion**

**By offering Earned Wage Access, employers can meaningfully support financial wellness while building a more inclusive and resilient workplace. EWA is a strategic decision that improves retention, engagement, and productivity.**

**Adopting On Demand Pay allows organizations to create a more supportive work environment and achieve stronger long term outcomes.**

**Thank you for considering Earned Wage Access. We look forward to discussing how this solution can support your organization's goals.**