



The Importance of Financial Wellbeing for Employees

Employee wellbeing has typically focused entirely on the mental and physical aspects of health, but recent research has highlighted the important part that financial wellbeing plays in how employees feel and how productive they are.

It's an issue that affects us all, whether we are a full-time member of the team or part of the fast-growing gig economy, and it's becoming clear that the previous broad-brush approach applied to employee wellbeing has overlooked this critical part of the overall picture.

Happy staff are productive staff

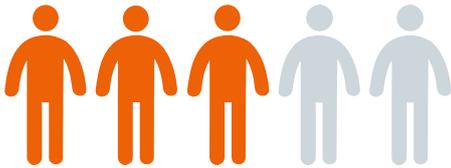
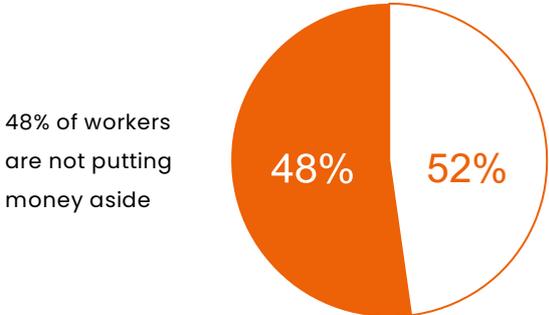
New evidence shows that the few companies already acting on the belief that financial wellbeing is important to their staff are proving that a happy staff is motivated staff. They are reporting productivity levels rising, with absenteeism down and staff retention up.

Time for a new approach

Traditionally, an employee's personal finances have been considered an off-limits topic for employers. But this is changing – 38% of employees surveyed confirmed that they would move to an employer that had their financial wellbeing as a priority.⁽¹⁾

There is evidence too that the current crop of measures isn't enough, including the many discount schemes offered as part of the benefits package. A recent survey by The Chartered Institute for Personnel and Development (CIPD) found that employees valued these least when considering a job offer. Similarly, the offering of financial education to employees within their package is considered to not go far enough.

Against this backdrop, financial distress among employees is worryingly high. The Social Market Foundation (SMF) research found that 48% of workers are not putting money aside and are having to deal with the stress of not having a financial safety net. Shockingly, three in five employees reported that they couldn't manage an unplanned expenditure of £500.



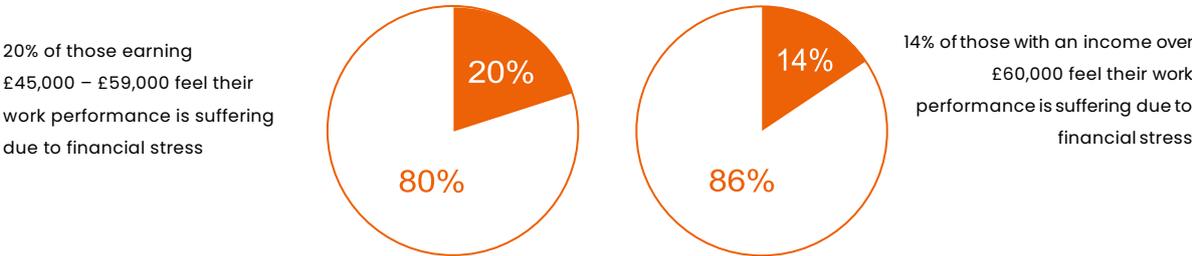
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1. Barclays survey, Financial Well being

Money worries are a fact of life for many employees

Our ‘live for today’ mentality puts an alarming proportion of employees in a precarious and vulnerable position, meaning that the smallest incident can impact their wellbeing. This in turn will have a direct impact on their productivity and therefore on their employer. Both CIPD and SMF research supports this, finding that one in four workers have claimed that money worries affected their ability to do their job, and one in twenty are missing work due to financial stress.

And contrary to popular belief, it is not just the low paid who are affected. Surveys show that 20% of those earning £45,000 – £59,000 and 14% of those with an income over £60,000⁽²⁾ report that their work performance is suffering because of financial stress.



Employers must act now

Financial stress and insecurity is a growing trend, and one that must be addressed by employers for their own sake as much as their employees’.

CIPD research shows that over a quarter of employees feel less financially secure now than at the start of 2016, and the SMF has noted that the proportion of workers reporting that they face financial difficulties nearly doubled over the decade to 2013/14. It is likely that this situation will only become worse with The Bank of England Monetary Policy forecasting further rises to interest rates. This is particularly worrying when you consider that rates are at historically low levels and have been for so long that many people now consider this to be the norm.

A win-win situation

Based on the evidence and good sense, it’s clear that any employee benefits package needs to go beyond mere financial education and deliver a solution. By supporting those whose financial wellbeing is most at risk, the employer gains a more productive business. Everyone wins. The bottom line is that financial strain has no barriers; it affects everyone. And it is only by removing its stigma and working together that we can create a happier and better performing workforce.

2. CIPD Financial Well Being the employee view



Solution

Left alone to solve these issues employees have increasingly been turning to payday loan companies. As these companies offer loans the simple process of applying can have much wider implications. Applying for any loan leaves a 'footprint' on an individual's credit record. Where that relates to a payday loan many mortgage providers and landlords view this negatively. This can result in a rejection for a mortgage or a future landlord refusing to rent the property. So even ignoring the interest rates charged there are many reasons why an individual should not use these arrangements.

The financial stress brought about by unplanned expenditure needs a fast resolution so as not to affect an employee's work. Whether the issue is merely a short-term cashflow blip or something more significant that may require a more long-term financing what is clear is that by removing the issue and therefore the stress as soon as possible is critical. Pay Me Today offers a facility that allows employees an advance on their wages already earned. It is not a loan so leaves none of the negative footprints associated with payday loans. There are no interest payments just a clear administration processing fee at point of advance.

This new, and unique, service immediately removes the stress and allows the employee the time to consider all their options and if a longer-term financial restructuring is required, they now have the ability to research this properly and obtain responsible funding that will not impact their credit rating.

Recent research shows this to be the single most important factor underpinning employee financial well-being.