

A woman with long, wavy red hair is sitting at a table in a cafe, smiling as she works on a laptop. She is wearing a dark purple V-neck t-shirt. The background is a blurred cafe interior with white chairs and tables. The overall mood is positive and professional.

The Workplace Wellbeing Study 2019

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Introduction

In 2018 Hastee set out to uncover how businesses and their employees fare when it comes to financial wellbeing in the workforce. That first instalment of the Workplace Wellbeing Study measured the impact of high cost credit and rigid pay cycles on workers at all levels and explored the business impact of workers' financial stress in the workforce.

Significant findings included a widespread **reliance on high cost credit at all levels of the workforce**; business productivity suffering from a lack of concentration among workers struggling with financial stress; and a widespread lack of support or financial wellbeing strategies from employers.

So significant were the report's findings that **Hastee chose to repeat the study in 2019** to measure if and how the impact of financial stress on workers and employers has changed since 2018. In June 2019, data was collected from a sample of 2000 employed adults from across the UK.

78%

Of UK workers relied on high cost credit between pay days

More workers are relying on high cost credit than last year

Wellbeing has become an essential element of cultivating a happy, engaged and productive workforce. It has risen to the top of the HR agenda with businesses using wellbeing to solve three common challenges: attracting the best talent, reducing staff turnover and supporting healthy productivity.

But one of the most significant wellbeing issues that impacts both workers and their employers is often undetected by employers. **Financial stress deeply impacts the workforce** but employers are widely unaware of this issue because workers simply don't like to talk about their personal finance woes, and in honesty, employers often tend to dodge the subject too.

Last year's Workplace Wellbeing Study found that **a significant proportion of the workforce (78%) rely on high cost credit between pay days**, highlighting an issue with traditionally rigid pay cycles that don't really fit with today's financial demands. This issue wasn't just prevalent among younger workers or those on lower salaries but **workers at all levels** and across all salary bands - **even those in senior positions who take home more pay**.

In 2019...

This year's Workplace Wellbeing Study finds the problem has not gone away. In fact, people are using high cost credit more. A third of workers admit that they feel they often need to borrow money and the volume of workers using high cost credit has actually increased from 78% in 2018 to 82% in 2019.

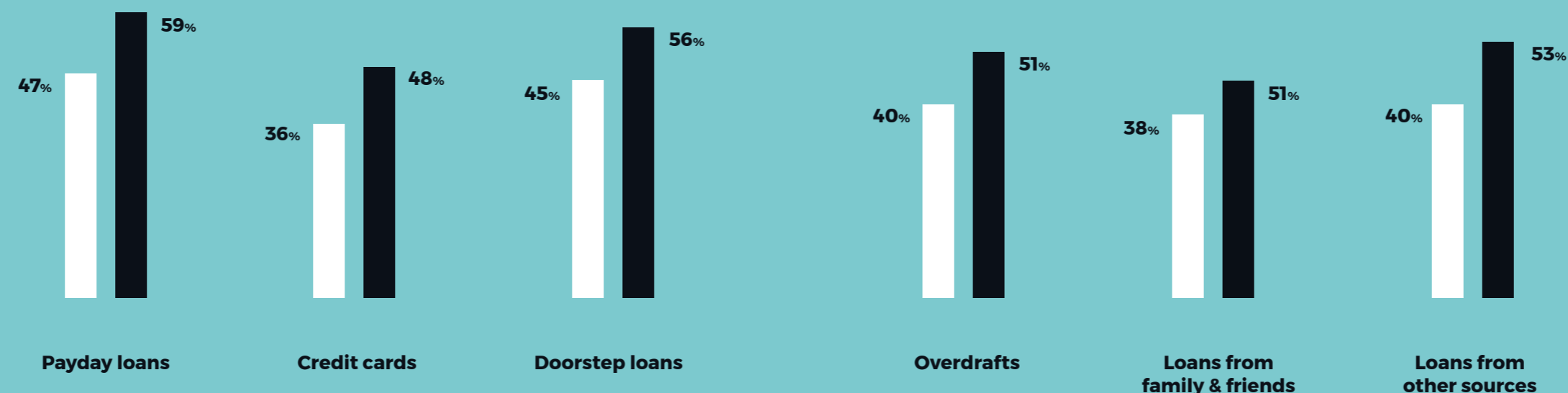
High cost credit is **most used by 18-44 year olds** in a variety forms including **credit cards, overdrafts** and **payday loans**, suggesting that workers within this age range struggle to manage their finances more compared to older workers.

The volume of workers using high cost credit has gone up

78%
2018

82%
2019

Across the board, workers said they experience difficulties with high cost credit options. The volume of workers that scored their experiences with different high cost credit options as 'difficult' has increased since 2018.



2018

2019

Those earning over

100k

are the most likely to say they are negatively affected by buy-now-pay-later schemes

Worryingly, 38% of workers have applied for a high cost credit option knowing that they would struggle with repayments. This highlights the requirement for a safe, ethical way to help people manage their finances without resorting to borrowing and having to pay back interest.

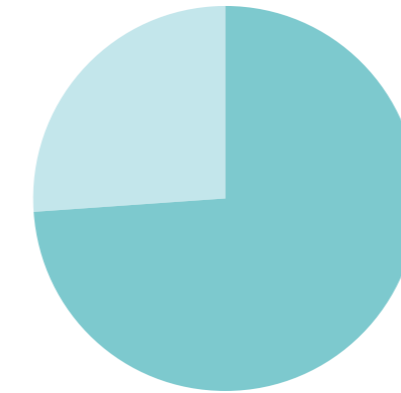
Buy-now-pay-later schemes have become more widely available in recent years and 56% of millennial workers (those aged 18-34) say that these schemes encourage them to spend money they don't have. While buy-now-pay-later may seem like a generous and convenient offering from retailers, it could be damaging users' abilities to responsibly manage cashflow.

Perhaps the most surprising research finding for some will be that those earning over £100k are the most likely to say they are negatively influenced by buy-now-pay-later schemes (77%). This supports what we have always said - financial wellbeing is not an issue faced exclusively to low earners, it is a cash flow concern that is felt by workers across the board.

56%

of those aged 18-34 say that buy-now-pay-later schemes encourage them to spend money they don't have

Financial stress is on the rise and productivity is suffering.

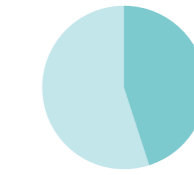


74%

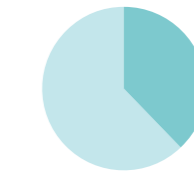
Of workers have been affected by personal finance related stress in 2019

Workers said it impacts their sleep (45%), social lives (38%), relationships (34%) and health (32%). Importantly, workers report that financial stress affects their performance at work (27%). All of these areas combined, undoubtedly has an impact on how well people are able to function and concentrate at work.

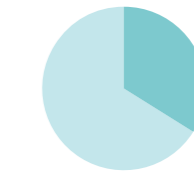
The frequency at which workers get paid is having a bigger impact on their lifestyle decisions than it did in 2018. In 2019, 62% of workers in said it had an impact on their lifestyle choices compared with 54% in 2018. This could also impact wellbeing at work since feeling happy and fulfilled can increase productivity.



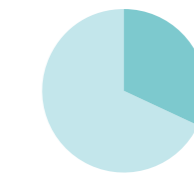
45%
Sleep



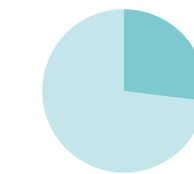
38%
Social lives



34%
Relationships



32%
Health



27%
Performance at work

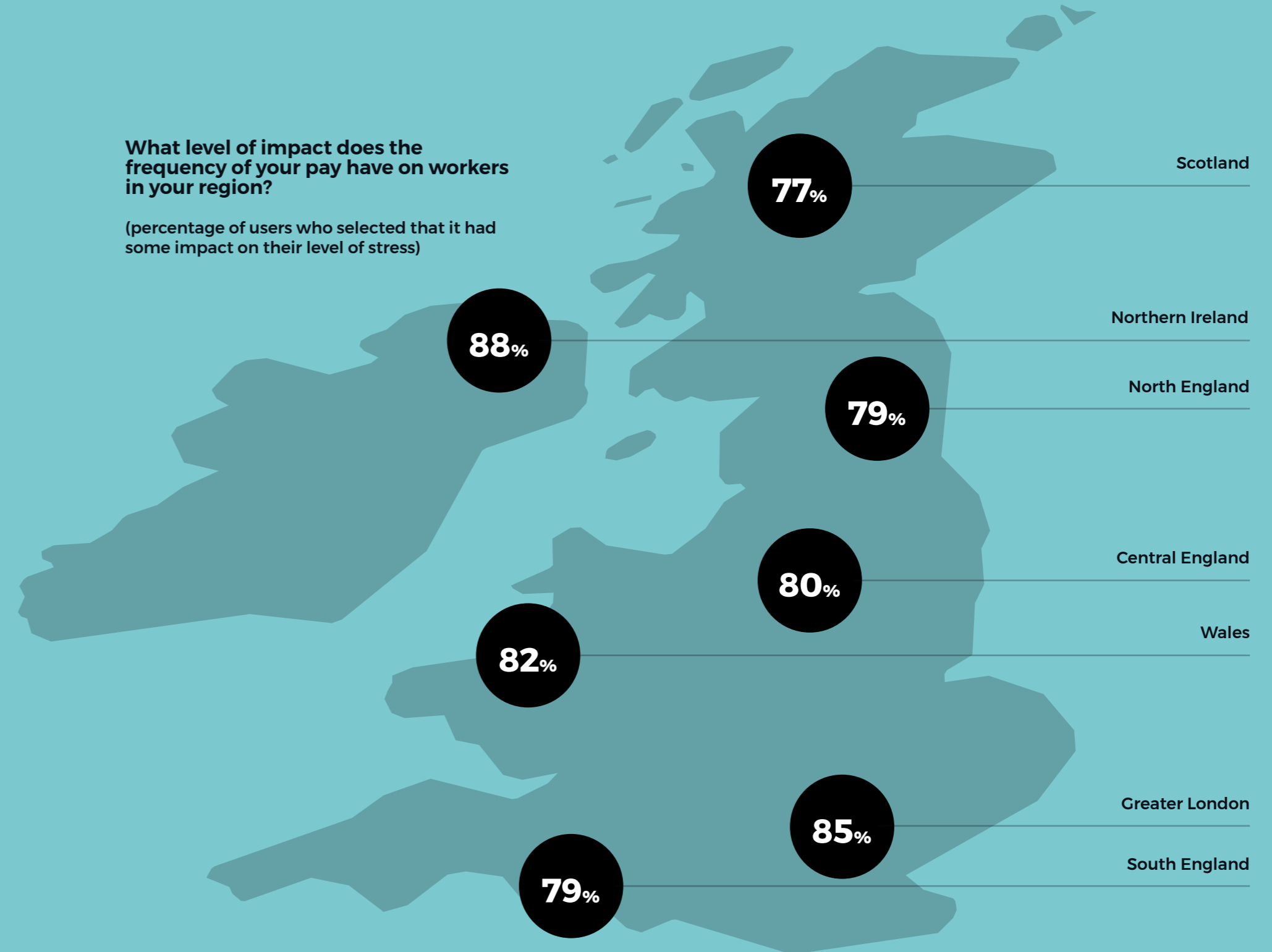


The impact of pay frequency

Workers are feeling stressed as a result of the frequency at which they get paid compared to last year. **57% said it had an impact in 2019** compared with 50% in 2018. This is most common among workers aged 18-44, again highlighting how the younger end of the workforce struggles more when it comes to balancing their finances.

What level of impact does the frequency of your pay have on workers in your region?

(percentage of users who selected that it had some impact on their level of stress)



Pay frequency influences workers' employment choices

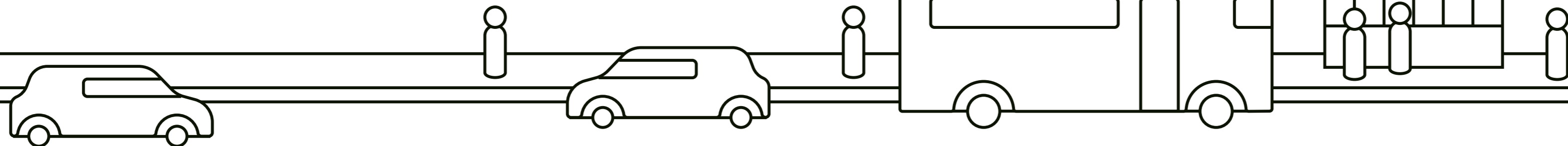
When it comes to attracting the best talent, employers need to take frequency and flexibility of pay into consideration. This is because workers are beginning to expect better access to the money that they're earning.

This year's study found **87% of workers take pay frequency into consideration** when looking for new job which is right in line with the figure recorded in 2018. Employers that aren't utilising solutions that enable them to do this - which can be implemented at no cost - could find themselves losing out to employers that attract new talent by doing so. **The importance of pay flexibility has increased by nearly 10% in the last year** with over **half of workers (54%) saying they would be more likely to stay** with an employer who offers flexible payment compared with 45% who said so in 2018. Workers aged 18-24, 25-34 and 35-44 said they would be more likely to stay with an employer offering flexible payment (67%, 62% and 66% respectively). These findings highlight that it's not just recruitment that employers need to think about - they must also consider how access to pay will impact their ability to retain workers.



Last year we discovered that a third of workers had not been able to make it into work as a result of not having enough funds to pay for their commute due to an unexpected cost.

This year's findings reveal that this has happened more frequently in 2019, with 39% of workers reporting to have missed work due to finances.



Give your team the choice and flexibility to help themselves

Younger workers are the most likely to be unable to make it into work because they didn't have flexible access to their earnings. This was the case for 60% of 18-24-year-olds, 52% of 25-34-year-olds and 51% of 35-44-year-olds in 2019, highlighting that those who have had to miss work would have benefitted from on demand access to their earned wages to help them cover travel costs.

The alternative is payday loans as we know they target that exact situation. Employers giving a responsible alternative to that can only be a good thing for financial and mental wellbeing. In many cases, workers who have not been able to make it into work as a result of not having enough funds might have opted to **call in sick rather than admit to being in financial difficulty**. This would present further financial misery for workers with contracts that don't offer sick pay. Given that **63% of workers would consider turning down a job because of travel costs**, this is clearly a problem employers need to address.

The likelihood of having previously turned down a job because of travel costs is strongest amongst 18-34-year-olds (26% of 18-24-year-olds and 23% of 25-34-year-olds). **By providing a solution that helps workers balance their finances and cover travel costs, employers can attract and retain a younger workforce** that will look to stay with the company and build a career.

It's clear that **flexible pay is a big consideration for a significant proportion of the workforce** (18-44 year olds). Employers need to take this into consideration when it comes to appealing to attracting talent - especially young talent because the competition and recruit skilled young workers has intensified.



9.1%

Increase in graduate vacancies in 2019

A separate report published earlier this year by education research specialists, High Fliers Research revealed that graduate recruitment will rise substantially throughout 2019 with the UK's top employers increasing graduate vacancies by **9.1%**, the highest annual rise in graduate recruitment since the beginning of the decade.

Employers still aren't doing enough

The 2018 report revealed that employers were doing very little to support workers in managing their finances or improving their financial education. This isn't because employers don't care but because they're generally unaware of how financial stress impacts the workforce, and this is because workers aren't talking about it.

Last year it was clear that there was a social stigma around talking about debt and personal financial struggles and sadly, this is still very much the case. Workers aren't comfortable talking to their employers about their financial troubles. But they would feel comfortable dealing with a third party that can help them manage their finances.

You don't have to do it all yourself

In 2019, more than half of workers feel their employer has a responsibility to offer financial support (53%) yet less than half of employers do so (42%). But employers can't offer a solution if they're unaware of the problem. Half of respondents would feel uncomfortable speaking to their employer about their finances and, compared to last year, a larger percentage of workers (52%) would be uncomfortable asking for a pay advance.

Yet, more than a third of respondents would feel comfortable dealing with a third-party financial wellbeing supplier when it comes to helping them to cope with their financial worries. In 2019, only **14% of employers are offering workers face to face or online personal finance advice**, however this is a marginal improvement on last year (12%).

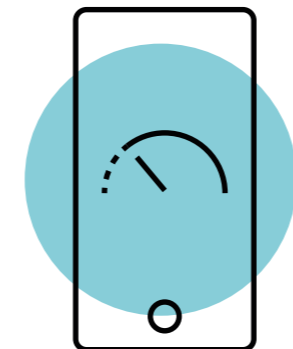
This year's study **reveals a small decline in financial wellbeing programs with just 14% of employers offering them compared to 16% in 2018**. This further illustrates the fact that employers are still widely unaware of the impact financial stress has on both their workers and the business.



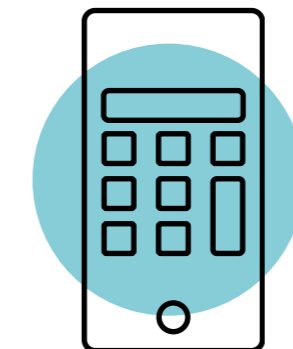
Digital tools will help employers and their people

When it comes to supporting workers and protecting the business in terms of recruitment, retention and productivity, the good news is that **digital money management tools are on the rise**. What's more, individuals using digital tools report positive impacts financially, personally and in their working lives.

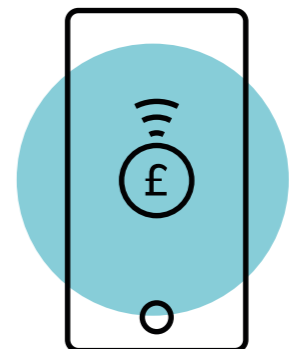
Digital tools are a popular way for workers to manage their finances. **55% of workers currently use mobile apps to make their money go further**. Workers favour the following:



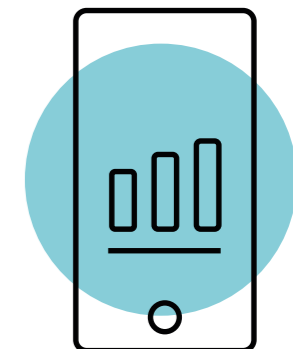
27%
Use credit score and reporting apps



23%
Use Budgeting apps



14%
Use Challenger banks



13%
Use Micro investing apps

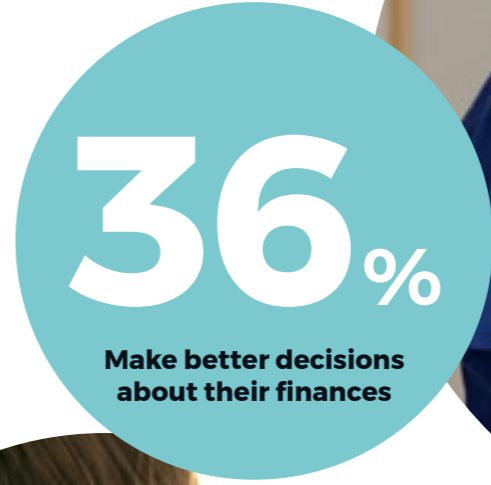
Currently such tools are more frequently used by workers under the age of 44 and this is likely to be because younger people are more confident in using digital products. More education around how to use digital money management tools could help older workers make the most of the resources available to them.

The benefits of digital money management tools

Workers who have used digital money management tools say they have helped them to save money (37%), track their spending with greater visibility (36%), make better decisions about their finances (36%) and helped them reduce debt (31%).

Both the NHS and mental health charity MIND have highlighted a direct link between financial stress and mental health. MIND's website states: "Poor mental health can make managing money harder and worrying about money can make your mental health worse". Our 2019 research found that workers believe digital money management tools have a positive impact on their state of mind as well as their engagement at work. 70% of workers feel happier when using digital money management tools. This is likely to be because digital tools make them feel more in control of their spending.

In 2019, 69% of workers said digital money management tools make them feel more in control of their future and 68% say it makes them feel less stressed. At work, 66% of workers feel more productive and more than half would feel more engaged when using digital money management tools and this figure rises to 72% in the 25-34-year-old age group.



Earnings on demand is the way forward

In 2018 we found that **38%** of the employed population **would be interested in receiving their pay via a smartphone app**. In 2019 we have found that **63% of millennials would be more likely to stay with an employer that offers flexible pay**. By providing on-demand access to earned pay via a smartphone app, employers can provide workers with the financial relief they clearly want and need.

It's not just workers that will feel the benefit of on-demand access to earned pay. **45% of workers feel that on demand access to their earnings would make them feel more productive and engaged at work**. Employers could see significant increases in productivity across the workforce with 58% of 18-24-year-olds, 55% of 25-34-year-olds, and 58% of 35-44-year-olds agreeing that it would make them feel more productive and engaged.

It's clear that **the requirement for financial wellbeing initiatives has grown since 2018**, yet employers are still doing very little to support workers and provide financial relief. This is most likely down to the fact employers aren't generally exposed to workers' financial woes despite the fact workers expect employers to provide some form of support or relief. Employers would benefit from more education around the impact of financial stress on the workforce and the impact this has on the business. Workers would benefit from greater financial education and access to digital money management tools such as mobile apps that provide access to earnings on demand which employers can implement at no cost with zero impact on business cashflow.



“

As the UK's financial capability charity, we are passionate about seeing people across the UK being empowered to develop the skills, knowledge, attitudes and behaviours needed to manage their money well and make the best financial decisions for themselves and their families. We work in a number of areas and with people of all ages to see this coming about.

We're therefore strongly in favour of innovative and accessible workplace solutions and tools which allow people to plan and budget well, and believe the best ones are those which don't push people towards further situations of lending and debt, as well as having appropriate safeguards in place. Hastee and others are fulfilling this remit well and we welcome their commitment alongside this to wider financial education.

Every day UK employers are better grasping their responsibility to invest in their staff and support them in positive ways which improve their wellbeing, increasing their productivity and effectiveness which then drives better results and retention. Today's employer-employee relationship is increasingly, thankfully, moving towards being about much more than just salaries and names on a payroll!

Erik Porter, Acting Chief Executive, The Money Charity.

About the research

2000 respondents across the UK were questioned by Vitreous World on behalf of Hastee.

@hasteePAY



Join the conversation

#WWS19

About Hastee

Earnings. On Demand.

Hastee is an award-winning employee benefit that enables your workers to receive a portion of their earned pay immediately, increasing their choice and financial wellbeing.

As the workplace evolves, attracting and retaining talent becomes even more of a challenge. As such, we're starting to see a much greater (and much needed) focus on employee wellbeing. But personal finance issues are often overlooked - which is why we're keen to address it head-on, with financial self-management.

Financial wellbeing is at the core of what we do. Our ultimate goal is to give employees flexible budgeting options that can keep up with a modern lifestyle and life's unexpected expenses. But rather than turning to expensive loan alternatives, Hastee provides a smart and efficient way for employees to manage their finances - using money they've already earned, not borrowed. The crucial difference.

Sign up today.
It'll cost you nothing
and your staff will
love you for it.

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