The Workplace Wellbeing Study 2020.

Introduction.

This is our third year of Hastee's ongoing efforts to understand how businesses and their employees fare when it comes to financial wellbeing at work. We invested in our first instalment of the Workplace Wellbeing Study in 2018 to benchmark and understand the attitudinal and behavioural impact of high-cost credit and rigid pay cycles on workers at all levels and try to understand the business impact of workers' financial stress.

Our first year of this study revealed stark findings that unveiled a widespread reliance on high-cost credit at all levels of the workforce; business productivity was suffering from a lack of concentration amongst workers who were struggling with financial stress and a widespread lack of support or financial wellbeing initiatives from employers. Uncovering these hidden pressures that are just so little spoken about encouraged us to repeat the study in 2019, and now another year later we have uncovered similar results.

The picture in 2020 has been exacerbated by the impact that coronavirus has had on how UK workers have worked, earned, saved, spent and stressed about finances.

The fundamental essence of our technical solution is based on the insights from this annual report, listening to our forward-thinking clients and our joint efforts to solve an antiquated problem that we can now solve. It is the reason we were born and why we exist. We must fix something that, clearly and evidently, objective research has identified as a real problem.

Just like we have done in previous years, we used a 2,000 strong representative sample of employed adults from across the UK to take this year's temperature.

Large majority of workers are relying on high-cost credit in 2020

In light of the pressures created by the pandemic, from keeping teams connected and happy to reducing the costs of turnover or the challenges of remotely sourcing talent, wellbeing has become more important now than ever. The evidence is overwhelming and clear. Wellbeing helps businesses and their HR teams tackle three key challenges: attracting the best talent; reducing staff turnover; and supporting healthy productivity.

So what's the good news from this years' results? Businesses have become quicker to embrace forward-thinking initiatives to nourish wellbeing in several key areas: 38% of businesses now offer mental health support (for example, by offering training, classes or crucial counselling) and a quarter (25%) are operating parallel physical health programmes.

The stark news? Employee financial wellbeing support remains drastically underrepresented. **Fewer than one in five (18%) workplaces offer financial wellbeing advice.** This is despite the fact that (as much evidence has concluded) **financial stress deeply impacts the workforce.**

"Your team's wellbeing has never been such a critical part of your business as it is now: this latest round of research underlines that, beyond the obvious challenges we've had to tackle this year, perhaps even more effort and focus now needs to be placed on supporting them."

James Herbert, Hastee - Founder & CEO

18%

fewer than one in five workplaces offer financial wellbeing advice.

The stigma associated with discussing financial difficulties (often the root cause of stress) has created a striking **wellbeing-blind spot for workers and businesses.**

To tackle this, it's key to rethink rigid pay cycles and place a renewed emphasis on financial wellbeing built around boosting individual worker's access to liquidity. Taking key steps to overcome financial stress will bolster workplace satisfaction, happiness and productivity across all demographics and pay scales. And with pioneering technologies, we can all help solve this problem.

In 2020....

Last year's Workplace Wellbeing Study found that 82% of the workforce relied on high-cost credit between pay days. That was up from 78% in 2018.

This year that reliance has fallen (though it remains a significant majority) to 63% of workers. This may in part be due to reduced travel costs and needs during the COVID-19 lockdown: last year 60% of 18-24-year-olds, for example, could not reach work due to being unable to afford travel.

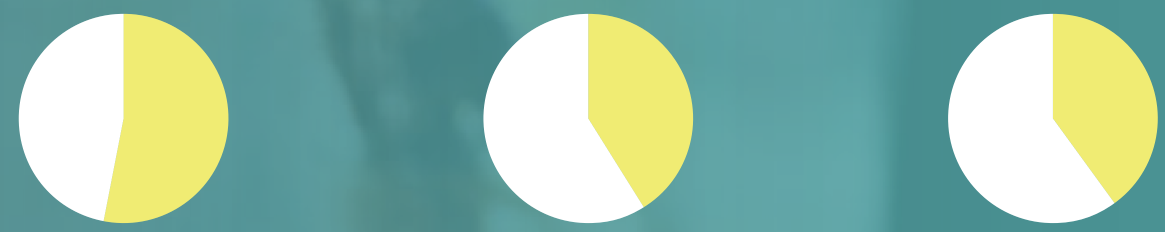
Yet, **it remains clear that for the vast majority financial uncertainty is an ongoing reality.** And, worryingly, the proportion of workers seeking particularly high-cost and risky credit such as payday and doorstep loans has increased since 2019.

Across the board, workers continue to experience difficulty with high-cost credit options.

With payday loans

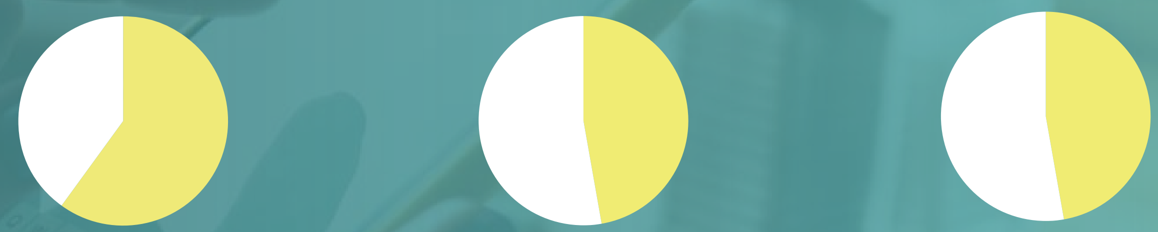
47% in 2018 | 59% in 2019 | 63% in 2020

With doorstep loans



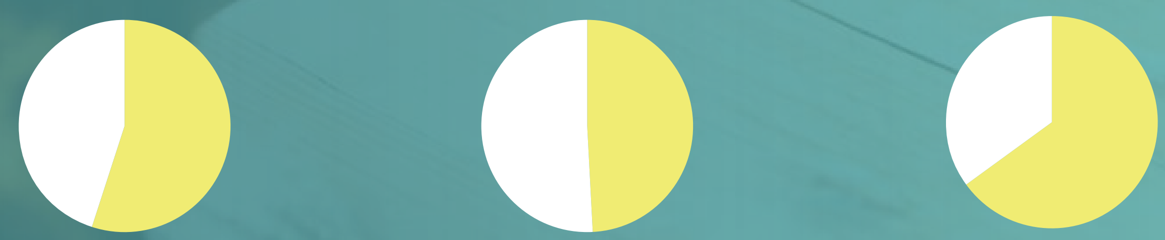
47% in 2018 | 59% in 2019 | 60% in 2020

With loans from other sources



40% in 2018 | 53% in 2019 | 53% in 2020

With overdrafts



45% in 2018 | 51% in 2019 | 35% in 2020

In 2020 continued....

With credit cards

36% in 2018

48% in 2019

42% in 2020

With loans from family or friends

38% in 2018

51% in 2019

32% in 2020

48%
With buy now pay later schemes.

45%
With store cards.

43%
With personal loans.

42%
With credit cards.

81%

of those earning over 100K have applied for high-cost credit knowing they would struggle with repayments.

While reliance on certain forms of credit, like overdrafts, has fallen since last year, it's concerning that **59% of workers have applied for high-cost credit knowing they would struggle with repayments.**

This last statistic represents an increase of 20% from 2019 and suggests that whilst the overall numbers relying on high cost credit is lower than 2019, those having to resort to it may be more desperate with such a majority (59%) knowing they will struggle to repay. It highlights the increasing need for ethical, safe ways for people to manage their finances without having to resort to damagingly high-interest options. Given an overall reduction in the amount of people using high-cost credit, it suggests a higher proportion of those doing so this year are putting themselves at risk.

Younger workers are the most likely age group to have done so, with 80% of 18-24-year olds having to resort to this option, compared to just 26% of those over 65.

That said, our latest research reveals that when it comes to pay scale, **higher-earners are more likely to have applied for high-cost credit** whilst knowing they are likely to struggle with repayments. Specifically, 82% of those earning in the £75,001 - £100,000 bracket and 81% of those earning over £100,001 admitted to this. **What's clear is that high-cost credit isn't simply a low-income problem.** Indeed, high earners are not immune to the pull of high-cost credit in the form of 'buy-now-pay-later' schemes. 58% of those earning over £100,000 believe such schemes encourage them to spend money they don't have; up from 56% in 2019. Of those who agreed they often needed to borrow money, the largest percentage (at 28%) were from those earning between £75,001 - £100,000.

Our research suggests that both younger workers starting off their career, and higher earners with an increased likelihood of high fixed costs (such as a mortgage), can become reliant on high-cost credit.

Exacerbating the issue is the growing prevalence of 'buy-now-pay-later' schemes: 53% of workers suggest these encourage them to spend money they don't have, rising to 57% of 18-24-year olds and 59% of 25-34-year olds.

The evidence remains clear: reliance on high-cost credit is a persistent challenge for UK workers and financial wellbeing is not an issue faced by low-income or young earners alone. **Access to liquidity continues to impact earners on every level.**

59%

of 25-34 year olds say buy-now-pay-later schemes encourage them to spend money they don't have.

Chronic financial stress is hurting workers and businesses.

In our third year of this study, our research has revealed two thirds (66%) of workers have been affected by personal finance-related stress. This stress has several knock-on impacts:

28% noted that finance-related stress has impacted their sleep; one in five (19%) revealed it has impacted their social life; and 14% even said it has had a direct impact on their overall health.

Finance-related stress is a cause for alarm not only on an individual level but also for the whole workplace: the UK government's Health and Safety Executive suggests that stress can cause arguments, high staff turnover, sickness or absence, decreased performance and increase the likelihood of grievances. Who wants this in their business?

Areas affected by personal finance-related stress:

28%
Sleep.

19%
Social life.

15%
Relationships with partners.

14%
Health.

13%
Concentration at work.

12%
Stress from the infrequency of pay.

12%
Not having enough funds to pay for a commute or groceries.

11%
Relationships with family.

7%
called in sick due to financial stress.

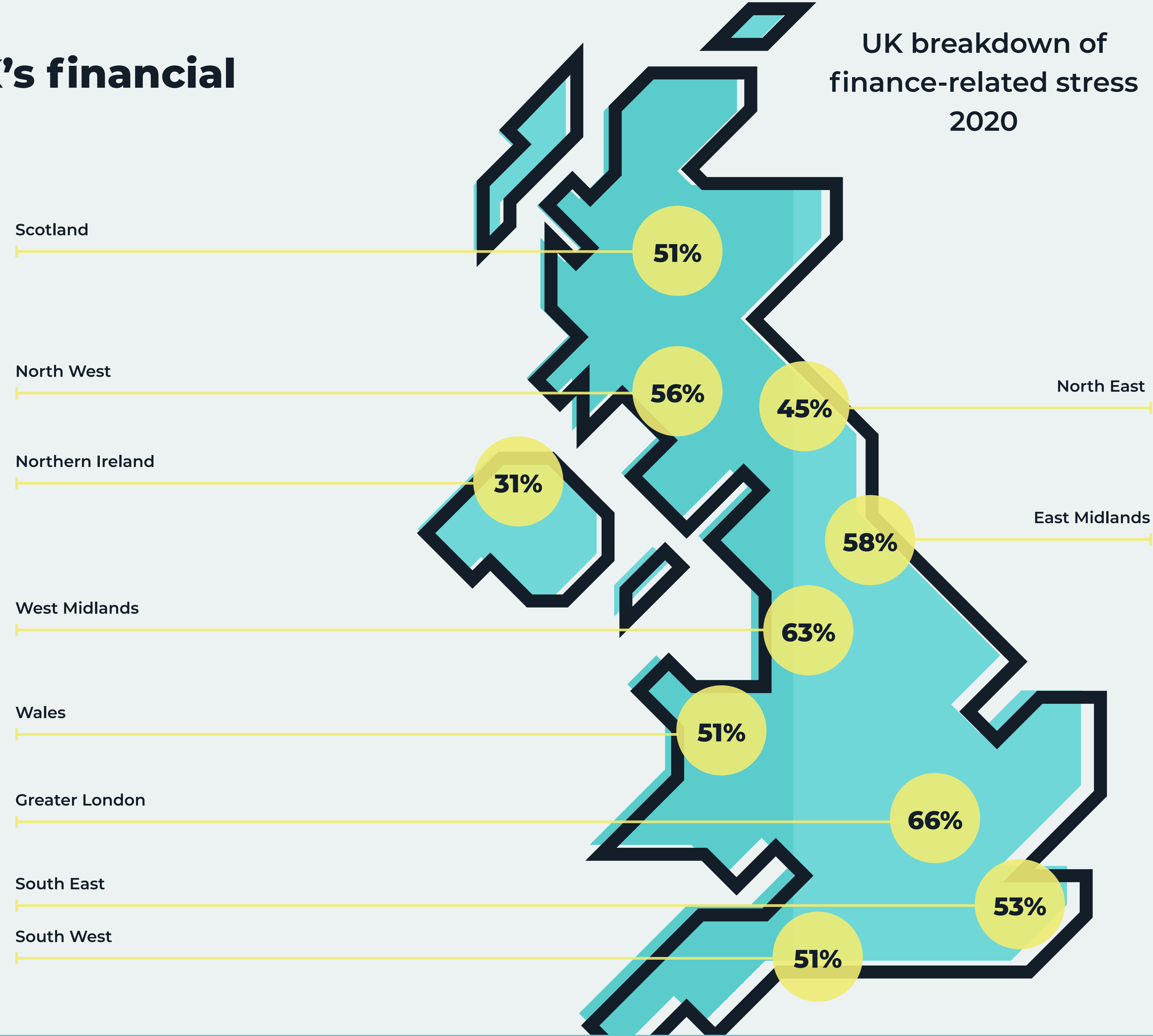
Mapping the UK's financial wellbeing.

There is no doubt that financial wellbeing or stress continues to impact workers across the UK. Last year, we found that in every region of the country, 79% or more of all workers reported having some level of pay-related stress, with this rising to as high as 88% for those based in Northern Ireland and 85% of those in London.

This year we've taken a deeper dive into regional nuances.

Overall, personal finance-related stress continues to affect vast swathes of the population: as a particular focal point, two thirds (66%) of Londoners report that finance-related stress is having an impact on other aspects of their lives and 63% of the West Midlands saying the same.

UK breakdown of finance-related stress 2020



With the highest likelihood of finance-related stress, almost half (43%) of Londoners want more frequent pay options; more than any other part of the country. This correlates with Londoners facing the fastest-increasing cost of living (house prices and rents are double the UK average). With a lack of pay-related flexibility and such high living costs, 46% of Londoners turn to high-cost credit more than once a quarter - more than any other part of the UK.

Looking beyond London, it feels like workers everywhere are calling for flexible pay. In the North East, three quarters (76%) stated it could have stopped them using high-cost credit during the COVID-19 pandemic.

For workers looking to maintain liquidity, cushion unexpected costs or simply gain more flexibility and control over their finances, pay frequency was crucial. Over 70% of all workers in every region we surveyed said they would take pay frequency into account when looking at a new job.

Businesses around the country must understand that finance-related stress impacts both individuals and organisations. How a business approaches financial wellbeing and pay frequency could well make the difference between securing great new talent or falling behind the competition.

A capital challenge.

Londoners are the most likely to...

Have to source high-cost credit every quarter or more.

Experience financial-related stress.

Stay with an employer who offers flexible payment options.

UK breakdown of workers considering pay frequency when job hunting

90%	Northern Ireland	90%	West Midlands
84%	Greater London	81%	North West
81%	East of England	80%	North East
80%	Yorkshire/ Humberside	80%	East Midlands
80%	South West	78%	Scotland
74%	South East	72%	Wales

Pay frequency influences workers' employment choices.

Pay frequency continues to be a key concern for employees and has serious implications for hiring and retention.

This year's report found that a massive 81% of workers take pay frequency into consideration when looking for a new job. Businesses which don't take steps to implement more flexible payment solutions (which can be done at zero cost to the business) risk losing out on discerning talent.

Further, flexible payment options improve retention: 52% of workers said they would be more likely to stay with an employer offering these benefits. Younger workers are even more likely to stay with a job based on pay frequency: the figure rises to 75% of 18-24-year olds and 65% of 25-34-year olds.

Yet despite young workers' interest in pay frequency, our latest results show this isn't tied to lower earnings. In fact, those earning more are more likely to stick with employers offering flexible pay: with over 74% of those earning between £75,001-£100,000 and 68% of those earning over £100,000 saying so.

75%

of 18-24 year olds are more likely to stay with a job with flexible pay.

74%

of those earning between £75,001-£100,000 are more likely to stay with a job with flexible pay.

Why is this important?
Our latest data shows that 44% of UK workers are reliant on credit cards or other forms of credit before the end of the month. The largest percent of whom (11%) need to turn to credit between 11-14 days after pay day. For those on monthly pay, that means just two weeks into the month they begin to struggle with their liquidity.

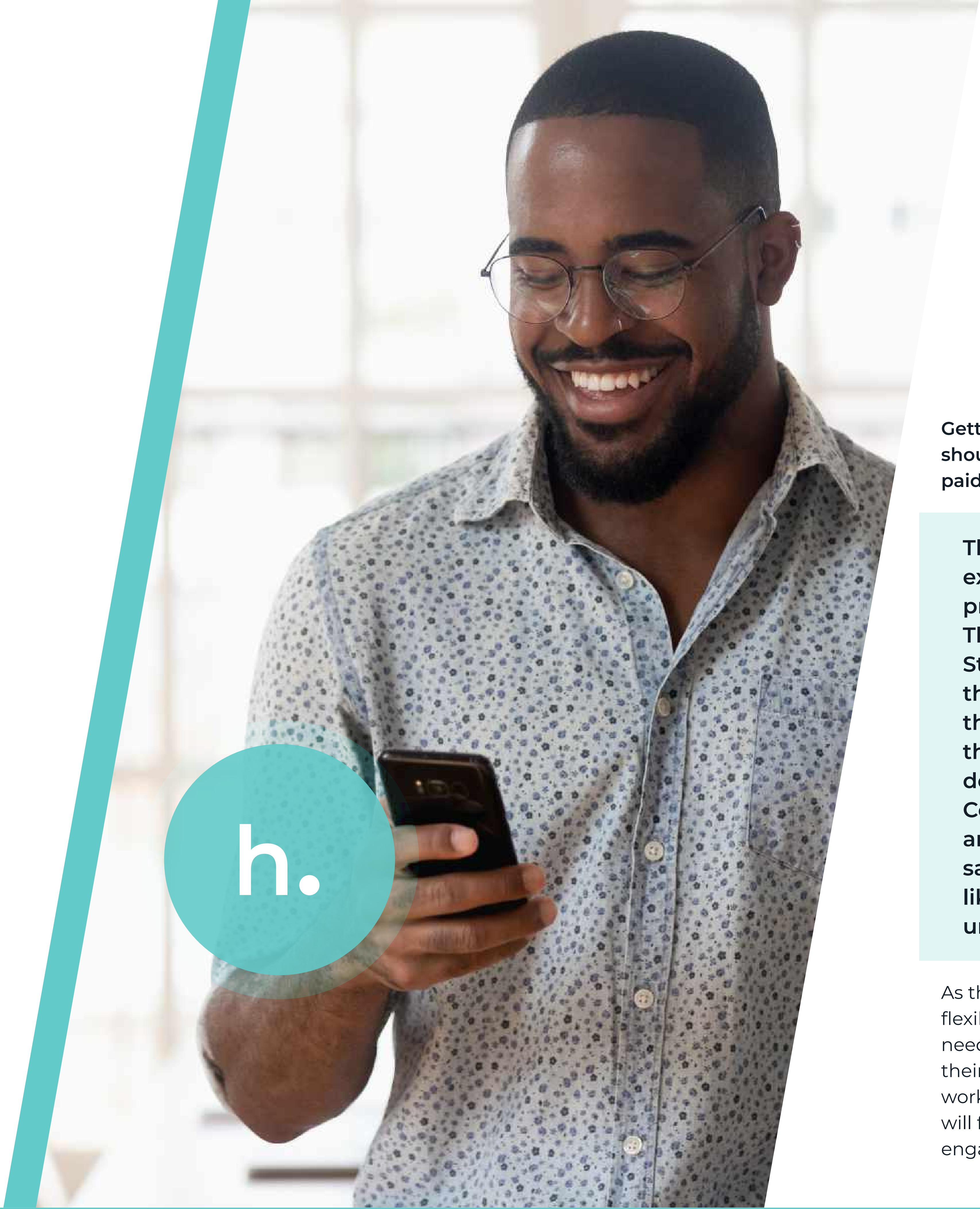
Give your team the choice and flexibility to help themselves.

Younger workers are the most likely to have to regularly source high-cost credit.

Over half (58%) of 18-24-year olds turn to high-cost credit once a quarter or more, with 38% requiring it every month or more. This contrasts with just 12% of the 55-64 demographic who seek high-cost credit monthly.

Further, those aged 18-34 are most likely to have used high-interest ‘buy-now-pay-later’ schemes and payday loans, potentially due to the need for rapid liquidity without the long-term implications of credit cards or overdrafts. With high interest rates, these schemes risk trapping young earners in cyclical debt, just as they begin their careers.

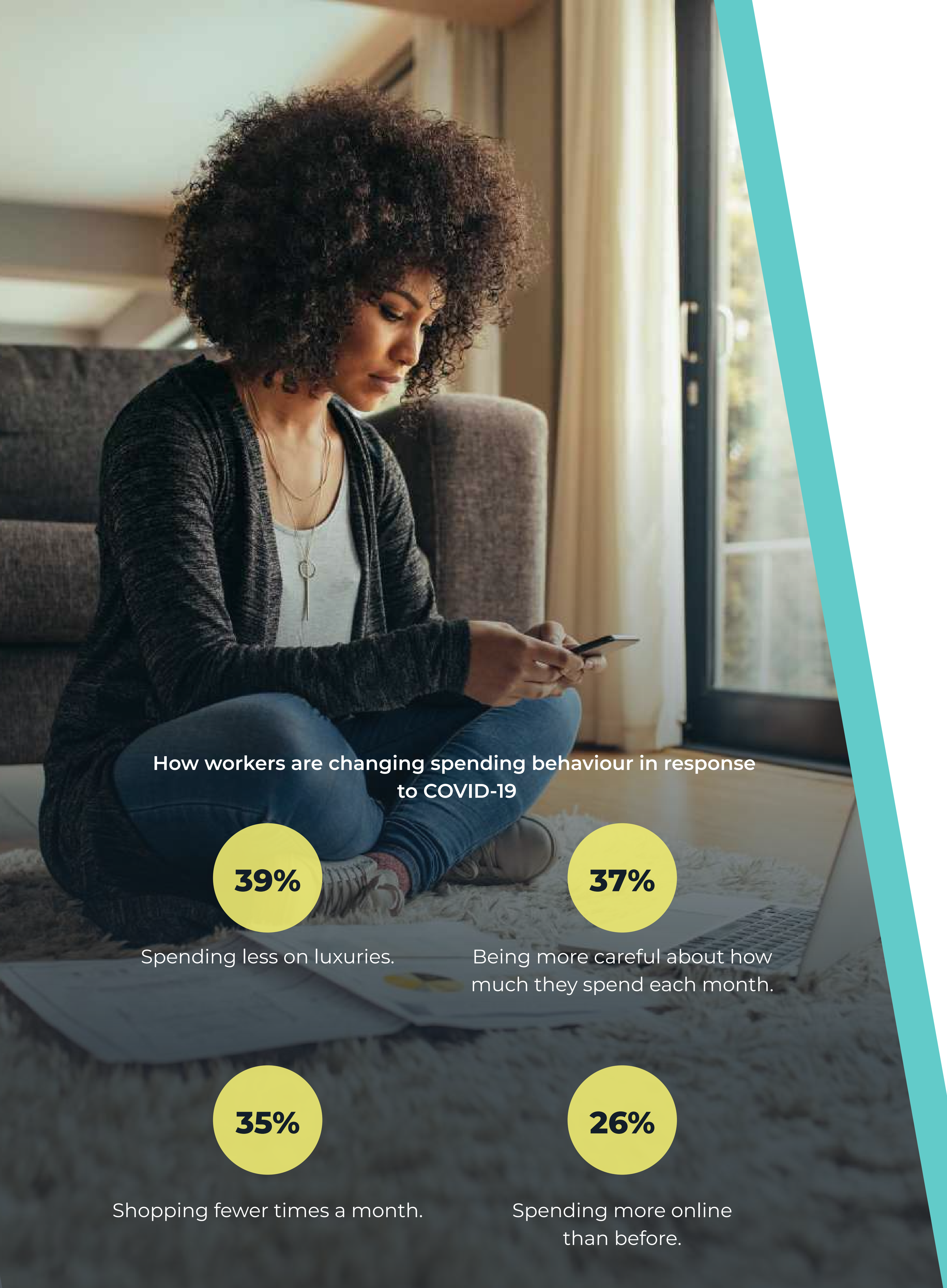
Looking at the need for credit, more than one in five (22% and 23% respectively) of the 18-24 and 25-34 age groups seek it for everyday expenditures. This suggests younger workers in particular could benefit from regular real-time access to their earnings, simply to make ends meet.



Getting paid is the reason we work: why should you work every day and only get paid at the end of the month?

The lockdown this year exacerbated financial pressure on younger groups. The Office of National Statistics (ONS) data shows that under-30s spend 58% of their income on essentials: these largely cannot be deferred during lockdown. Conversely, older groups are more likely to have saved money on activities like holidays which were unavailable.

As the economy re-opens, giving flexible access to earnings to those who need it most (i.e., those at the start of their careers; looking for new jobs; and working during significant life stages) will fundamentally build a happier, more engaged and more loyal workforce.



The impact of COVID-19 on financial wellbeing.

2020 has been an unprecedented year. The impact of the COVID-19 pandemic upon wellbeing, both general and financial, has been life-changing. But as our world evolves, so do our beliefs and expectations. Your workforce is your engine to thrive and achieve your goals. They are what make you who you are and what you want to be.

As we release this latest research, 9.6 million jobs from 1.2 million different employers were furloughed in the UK as part of the government's job retention scheme, equating to more than one in four workers. While this was a huge support for businesses, workers and the economy; for many it also represented a pay cut, with many workers receiving 80% of their usual salary.

In light of this shifting landscape, according to our research, 66% of workers have changed their spending habits during the pandemic, indicating a seismic change in how individuals approach and manage their finances.

With such increased pressures, 41% of workers indicated they have increased their use of credit, overdraft, or loan options during the pandemic. On top of this, over a quarter (27%) could not afford to make an essential purchase due to lack of available funds - rising to nearly half (42%) of those aged 18-24.

42% of those aged 18-24 couldn't afford an essential purchase during the pandemic.

Pandemic financial pressures are causing such issues in spite of workers striving to reduce costs.

As the economic impact of COVID-19 continues, surely workers need flexible, low-cost access to liquidity? **59% state that early access to pay would have stopped them requiring high-cost credit during the pandemic.**

With many facing squeezed wages, it's more important than ever that workers are given the flexibility they need to address sudden impacts (like the pandemic) and avoid being forced into high-cost credit options. It's time to rethink the way we support our workforces: for us, it's about how we provide an effective solution to pay that benefits both staff and business owners.

Employers need to catch up on financial wellbeing.

We are beginning to see more workplaces taking positive steps to provide workers with the mental and physical wellbeing support they need.

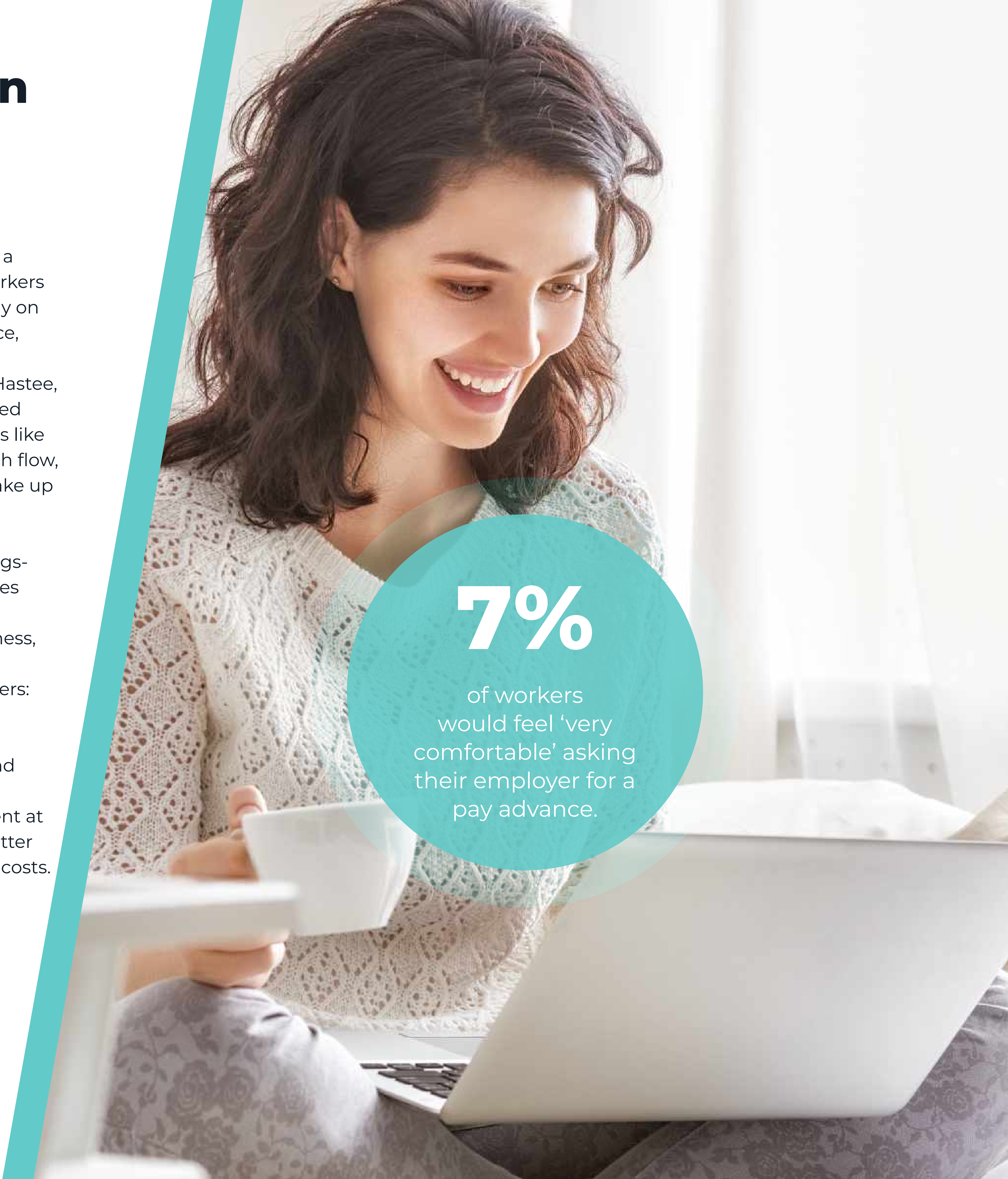
However, too little is still being done when it comes to financial wellbeing and education. For many businesses, this isn't due to a lack of care, but a lack of awareness. Workers continue to find it difficult to talk about finances, particularly with their employers. We look at this later in the report.

Tackling the social stigma around discussing financial struggles, empowering workers to be able to access their pay in real time, and thus improving their ability to stay liquid throughout the month, is achievable.

Struggling to discuss money is perhaps a traditional trait of good British manners. But it doesn't help people when they need support. We need a more adaptive mind-set to encourage talking about and managing finances.

Employers can level-up their financial wellbeing offering by using a third party at zero cost. This has the added advantage of workers being more comfortable dealing with a third party (than their employer) when managing personal finances. A solid earnings-on-demand technology, offered as a workplace benefit that enables workers to take a portion of their earned pay on demand, increases employee choice, financial flexibility and wellbeing. Employers who have on-boarded Hastee, for example, have reported increased retention too. What's more, services like Hastee's don't impact business cash flow, no matter how many employees take up the offering.

Hastee is an award-winning earnings-on-demand technology that enables workers to take a portion of their accrued pay at no cost to the business, increasing flexibility and wellbeing while maintaining privacy for workers: employers can't see how users are spending their money. Helping users to see, access, and understand their earnings improves financial responsibility, drives up engagement at work and enables employees to better manage budgets and unexpected costs.



You don’t have to do it all yourself.

Employees in 2020 face multiple challenges when it comes to financial wellbeing and are significantly in favour of greater flexibility and control over their credit.

Yet for employers, this might not always be a priority (or even clear to them). A separate survey last year suggested that half of employers consider talking about money in general to be taboo.

This latest research reveals that discussions regarding finances between workers and their employers are equally problematic. 48% of workers are uncomfortable speaking to their employer about finances face-to-face. Over half (52%) are not comfortable asking for a pay advance, with only 25% saying they would be able to justify such a request to a boss.

Progress on financial wellbeing at work has stalled, with these figures remaining aligned with those found in our report last year.

A culture of silence on money matters means that businesses may not be aware of their workers’ financial needs.

However, overall, 39% of workers are open to discussing finances with a third party. New technologies present a route forward for businesses that wish to support workers’ needs and simultaneously navigate sensitive cultural challenges when it comes to talking about money.

Digital finance tools are thriving for individuals; it’s time employers embrace them.

We firmly believe that businesses should be proactively boosting the financial literacy of their workforce and offer purpose-built tools to provide financial liquidity.

Digital money management tools are a key way to support workers, protect businesses and improve recruitment and retention.

Workers are increasingly fluent in financial apps (particularly challenger banks, where use has doubled since last year’s report) and are embracing the benefits of real-time access to, and control over, their finances.

Workers are turning towards digital financial tools of their own accord; businesses are lagging behind. We were surprised that only 18% offer any kind of financial wellbeing support.

33%

Of workers are using challenger banks.

25%

Are using budgeting apps.

17%

Are using credit score and reporting apps.

11%

Use micro investing apps.

Employees are uncomfortable speaking to employers about finances

48%
Feel uncomfortable speaking face-to-face about finances.

52%
Feel uncomfortable asking employers for a payment advance.

50%
Feel uncomfortable justifying access to advance payment.

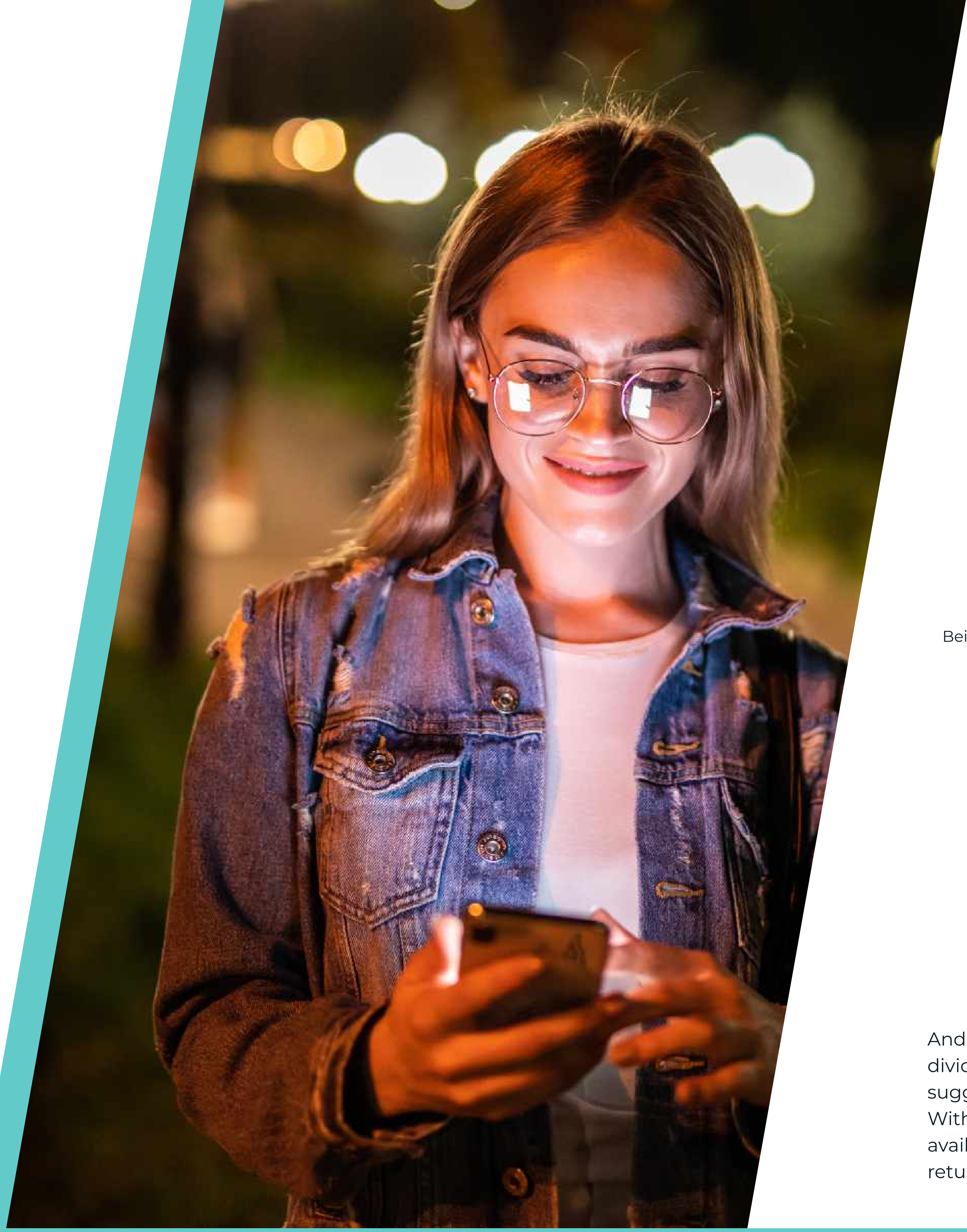
The benefits of digital money management tools.

Workers using digital money-management tools report many benefits; from saving money to reducing their stress.

This years' research revealed that almost a third (31%) of workers use digital money-management tools to save money and a quarter (25%) to keep track of budgets. On top of this, 22% feel more engaged with their finances and 18% more in control when using digital money-management tools, suggesting the important role they play in improving financial wellbeing. This is a critical proof point.

Both the NHS and mental health charity, MIND, draw a direct link between stress and money issues. MIND suggests budgeting, managing finances and checking bank balances by using apps can all help with keeping financial stresses in check.

Recognising the concrete correlation between financial stress and overall health is key for businesses looking to improve their wellbeing initiatives, boost staff happiness and increase retention alongside productivity.



Top benefits of a digital money management tool, according to workers

31%

Tracking spending

31%

Saving money

25%

Being more efficient with managing finances

25%

Budgeting

22%

Feeling more engaged with finances

And, investment in wellbeing pays dividends: for every £1 spent, Deloitte suggests employers see a £5 return. With some financial wellbeing services available at zero cost to businesses, the returns are even greater.

Earnings on demand is the way forward.

Almost a third of workers (29%) said they would be interested in receiving their pay through an app and businesses stand to benefit from a digital-first future: nearly **a quarter (23%) of workers feel that on-demand access to pay will make them feel more engaged and productive at work.**

39% of 18-24-year olds and 36% of 15-34-year olds see a direct correlation between work productivity and on-demand access to pay

Significantly, these figures rise dramatically amongst younger demographics. This year's research signalled that **future workforces will increasingly demand access to digital money-management tools from their employers.**

For Generation Z just entering the workforce, along with younger millennials, it's apparent that managing money digitally is second nature. Overall, mobile banking is expected to outpace physical branch visits by 2021 and 71% of all banking customers will use mobile apps by 2024. The expectation today of younger, 'early-adopter' groups is that workplaces keep up with the challenger banks and other tools they've become accustomed to using when managing their finances. We forecast this will only increase.

41% of 18-24-year olds and 39% of 25-34-year olds would be interested in receiving their pay via an app

It is also clear that high-earners, likely in senior positions, would benefit from increased liquidity and easy access to funds. 38% of those on salaries over £75,001 per year and 35% of those on over £100,001 are interested in receiving their pay via an app. Further, 35% of each of these high earning brackets also state that access to earnings-on-demand would make them feel more productive and engaged at work.

For both businesses and their employees at every level, it is imperative that financial wellbeing initiatives are made a priority.

Additionally, 37% of those earning £75,001 - £100,000 and 35% of those earning more than £100,000 would be more likely to stay with an employer offering flexible payment options. So too would 32% of 18-24-year olds, showing that both for the higher earners and those just starting their careers, flexible pay is a cause that unites around a third of the workforce from across different demographics.

By putting financial wellbeing on the agenda, **business will gain a happier, more engaged and productive workforce with a culture that attracts and retains key talent. Meanwhile, workers will be less stressed, have greater access to and control over their finances and won't have to fall-back on high-cost credit.** That is the essence and conclusion of this third year of research. The evidence is clear.

With just 18% of workers stating that their workplaces offer any financial wellbeing support, there is a long way to go to get there.

However, with earnings on demand apps available to businesses at no cost and zero impact to cash flow, it's easier than ever for businesses and workers to embrace and reap the benefits of the pay revolution.

Comments by Dr Paul Litchfield CBE OStJ FRCP FFOM

Financial insecurity is one of the key drivers of impaired wellbeing in our society. It seems bizarre, that in one of the most affluent nations on earth, people should be worried about having enough money to feed their children - yet that is the reality for many. A third of UK citizens have savings of less than £600 and one in ten have nothing set aside for a rainy day.

The problem is not confined to those living solely on benefits. Many people across all income groups struggle to meet unexpected bills and have to resort to high cost credit which can, all too easily, drag them into a destructive spiral of debt.

The coronavirus pandemic has brought into even sharper focus the inequalities in our society: at the start of lockdown, the nation's wellbeing fell to its lowest ever recorded level and it was the young and those on low incomes who were disproportionately affected. Many drivers of wellbeing have improved since then, but financial stress has remained stubbornly high, affecting one in three of our fellow citizens.

The lesson from previous economic crises is clear: employers that show empathy for the problems their people are facing and take practical steps to support them are more successful than companies that don't. Simple, low cost interventions can make all the difference to those who are struggling. The case for taking action is incontrovertible on both a human and a business level.

Dr Paul Litchfield CBE OStJ FRCP FFOM
Chair – What Works Centre for Wellbeing

About Hastee

Hastee is an award-winning earnings on demand technology, offered as a workplace benefit that enables workers to take a portion of their earned pay, on demand, increasing choice and financial flexibility. It's an ethical alternative to taking on debt from sources of credit and is designed to stop the cycle of accumulating interest fees facing those borrowing money month to month.

About the research

This survey was conducted among 2,005 workers in the UK by Sapio Research in August 2020.

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