

From HRMG Solutions – experts in payroll, time collection and human resource solutions

Would You Like Paper or Plastic?

The Benefits of Electronic Payroll Paycards

In recent years, businesses have enjoyed tremendous savings in payroll costs by offering direct deposit programs and encouraging employees to participate. In fact, the employee adoption rate of direct deposit is very high. However one challenge remains - extending the convenience and cost savings of electronic payroll to employees who do not have a bank account (“unbanked”) and thus cannot accept direct deposits. In this article, we’ll discuss the value of Electronic Payroll Cards as an alternative to issuing paper paychecks to your “unbanked” employees.

What is a Payroll Card?

A payroll card holds a stored value and functions just like a debit card. An employee who receives payroll on a paycard is able to access cash at an ATM, pay bills, buy groceries, make online purchases, and use the card just about anywhere a debit card is accepted. In fact, they’re often branded with Visa or Mastercard and are widely accepted by merchants, banks, and other institutions.

For employers, payroll paycards work in exactly the same way that direct deposit does. A paycard program blends into your existing payroll process without additional hardware or software required.

The Benefit to Employers

The primary benefit of offering paycards is to eliminate the processing costs of issuing paper paychecks to unbanked employees. According to research, there are about 28 million people that are unbanked in the US with another 44 million that have very little access to financial services. The cost of issuing paper paychecks to these employees is estimated to be about \$1 to \$2 per employee per pay period including the cost of paper stock, security features, envelopes, check handling, and printing supplies. There is also a replacement cost and potential bank fees for lost or stolen paychecks.

The Benefit to Employees

Unbanked employees often use a check cashing service that charges a fee in the neighborhood of 5%. With a payroll paycard program, those fees are eliminated putting more money in your

employees' pockets. Plus, they'll gain the convenience of using a debit card while eliminating the risk of carrying cash. In fact, the convenience of paycards also extends to employees currently using direct deposit who sometimes opt to receive a portion of their pay on a paycard as a means of providing funds to relatives or to track and budget spending on nonessential items.

Introducing Sage Payroll Paycards

Sage offers a Payroll Paycard program that will save you money while offering your employees the convenience of a safe and secure method of payment. It works the same way as direct deposit and requires no additional systems, hardware, or software.

[Contact us](#) if you'd like to learn more about the Sage Payroll Paycard program.



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