




BRINGING DIRECT
DEPOSIT TO THE
UNBANKED



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- Adam Rust,
managing director of WiseWage

“Expensive,” “time consuming” and “slow.” All those time-tested descriptors for the paper check paint a problem that’s hard to dispel when employees simply do not have another way to accept their payroll payments.

That’s a reality for more than 15 million [unbanked Americans](#) who don’t have bank accounts or the associated routing numbers to supply for direct deposit. For small businesses wanting to ditch the check, that means that building a better, cheaper payroll system isn’t always quite as simple as asking employees for their direct deposit information.

Organizations like non-profit owned payroll services provider [WiseWage](#) are hoping to ease that burden. The organization offers a portal to solutions that help small business owners provide direct deposit to any worker, regardless of his or her banking status or financial history.

In a recent interview with PYMNTS, Adam Rust, managing director of WiseWage, discussed how companies can find the right solutions to lower payroll costs while still meeting unbanked workers’ payments and financial services needs.

“At some point in time, the employers just decide they’re going to do direct deposit and they’re not going to keep writing checks every two weeks,” Rust said. “They’re just through with it. They want to get over to direct deposit, [but] they have workers that are saying ‘But I don’t have an account, you have to give me a check.’”

Finding the right disbursements fit

Bringing unbanked employees into the digital payments fold takes more than a one-size-fits-all approach. After all, they each have varying financial needs.

WiseWage works to solve that problem by helping employees sign up for both payroll and debit card solutions. The company's offerings include a payroll card and five debit cards options, with the latter linked to Federal Deposit Insurance Corporate (FDIC)-insured, free or low-cost bank accounts.

Rust believes payroll cards are a strong solution for larger companies, which can then use them quickly to extend direct deposit to a wide swath of workers.

WiseWage works to provide interested companies with a sheet of these payroll cards, each printed with the routing and account number details needed to establish direct deposit. This helps companies set new hires up in the payroll system almost immediately, so long as they have those workers' approval.



**EMPLOYERS WANT TO GET THIS DIRECT DEPOSIT
PROBLEM SOLVED,
AND QUICKLY.**



For small companies, though, the initial work to begin offering a payroll card program can be burdensome, Rust explained. The most efficient solution for these groups is to instead direct employees to select and sign up for specific debit cards linked to a bank account. After completing the set up process, workers can provide employers with card and account information and be added to direct deposit even before their cards arrive in the mail.

"That's a big virtue when you are in your payroll office and are an employer hoping to finish this sign-up process,"

UNDER THE HOOD

Payroll cards have stolen the spotlight in discussions on bringing unbanked workers into the direct deposit payroll. Though many have found payroll cards to be an attractive option, they aren't the best method for every business. Rather than accept a one-size-fits-all mindset, though, many companies would do well to look inside the disbursements fitting room and find the solutions that best suit their needs. In a recent interview with PYMNTS, Adam Rust, managing director of WiseWage, explained how companies can decide whether to help employees get payroll card or debit cards.

"The payroll card has been the classic service for some time for businesses to solve the problem of unbanked workers, but it's really something that takes some size. Businesses have to be of a certain size to justify the amount of work that it takes to get a card, do all the paperwork, do the [know your customer] KYC with the bank, things like that.

Our site tries to make that point — there's a video on there that says you should figure out how many workers you are going to need to bank, and the larger businesses they see that point. For the smaller businesses, we're trying to dissuade them from going to a payroll card, then discovering that it's going to take contracts and a month of waiting to get those accounts going."

- Adam Rust of [WiseWage](#)



Rust said. “If you can get that information and plug it into your payroll software, it’s all in one step.”

Companies can also post notices directing employees to WiseWage’s website, which features information and pre-populated forms to facilitate sign up for the worker’s choice of card. In some cases, employees can even sign up via a mobile app.

Filling out offerings

WiseWage aims to offer a variety of debit card choices, each fitting a different niche for companies that decide debit cards are their best option.

One popular card allows workers with recurring direct deposits to receive their full earned wages two days early, as many times as they like, which Rust said can ease the strain for those living paycheck-to-paycheck. Other cards provide free credit reporting, budgeting tools or savings accounts, among other features.

More recently, the company is seeing higher demand for cards from North Carolinian farming groups, populations which tend to rely on immigrant employees living and working under temporary legal status provided by the H-2A program.

The workers are often unbanked, and they often seek features like comprehensive Spanish language offerings and remittance services with lower fees than those charged by MoneyGram, Western Union and other major players, Rust said. Meeting language needs is especially challenging.

“There are really very few examples of accounts out there that are fully in Spanish,” he said. “There might be some

marketing materials in Spanish, but once you get into the customer service on the web page, what’s in writing is in English. It became a ‘We have to have this,’ for our organization.”

But, across all the varying offered cards, there are some commonalities. Rust’s top concern for any card featured on WiseWage’s site is that it come with no overdraft fees – something that can result in punishing costs leading consumers to decide that being banked is too expensive an endeavor. As such, each of the cards offered must come with no overdraft fees, no transaction fees and a no credit offering, all to safeguard workers’ financial health, he said.

Industry uptake

The organization’s direct deposit-enabling solutions have drawn interest from a variety of industries, including construction, personal nursing, vocational rehabilitation and restaurant, cafeteria and hospitality, Rust said.

WiseWage’s very first customer was a disaster relief agency that wanted to be able to quickly hire workers – and enable them to use their money right away – during operations in response to a hurricane.

No matter what industry they come from, Rust explained, the disbursement pain point for most employers is usually the same.

“Their problem is about time – they want to get this direct deposit problem solved, and quickly,” he said.

For paper checks, it seems time might finally be running out.

