

A rapid! PayCard-Sponsored Trendline Survey: Survey Respondents Say Their Staff Could Benefit From Paycards

BY CLINT HALE

For unbanked employees—and the employers that handle their payroll—paycards are becoming more commonplace. But how much do employers actually know about their employees' banking habits and, thus, their need for paycards?

More than 1,500 respondents answered questions concerning employee banking habits, lost or stolen checks, payroll check fraud, and other topical issues in a rapid! PayCard-sponsored Trendline Survey e-mailed to APA members in March. According to their estimates, the respondents have plenty of people on the payroll who—because they don't have a bank account—might be best served by using a paycard.

UNBANKED EMPLOYEES

Though checking and savings accounts are readily available in a plethora of financial institutions, 39% of respondents surveyed estimated that 50% or fewer of the employees on their payroll actually have a checking or savings account.

Nearly 45% of respondents could not pinpoint one particular reason why their employees were unbanked, and instead selected “all of the above” when presented with the following reasons: want to avoid monthly bank fees; fear of bank fees for bouncing checks; transient, move too often; convenience, don't want the hassles; and general mistrust of banks.

LEVEL OF CONCERN

Unbanked employees who don't use pay-

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cards are likely to cash their paychecks and carry the cash around in their purse, wallet, or briefcase. This can prove risky, as cash—unlike a paycard—can't be replaced if stolen or misplaced.

This was not lost on respondents, 57% of whom labeled themselves “very concerned” or “somewhat concerned” that their employees might lose their cashed paycheck. More than 22% of respondents, meanwhile, were “not concerned at all” by the risk of loss or theft. The latter respondents' lack of concern was somewhat justified, as 91% said fewer than 5% of their employees have ever reported a lost check or requested a replacement check during a typical month.

PAYROLL CHECK FRAUD

Employers who still provide paper checks are at risk of becoming victims of payroll check fraud. Of the more than 1,500 respondents, 42% said such fraud had never occurred within their company, while 42% said it had taken

place “very infrequently.” Nearly 10% admitted that payroll check fraud occurs at their company approximately once a year, while a smaller percentage (1%) said payroll check fraud occurs at their company either monthly or during every payroll cycle.

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Vendors interested in tracking trends through market research find that the “Trendline Survey” is a useful tool and an exceptional awareness-building vehicle. Those who respond to these surveys help

APA and our vendors keep a finger on the pulse of the payroll industry, and help ensure we have the latest and most comprehensive information regarding various industry trends.

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