By Amy Logan

Payroll debit cards are a great way to save money while paying unbanked employees. But since it’s a relatively new payroll option, some companies want to investigate the total value of a paycard program and employee approval rates, according to a recent survey.

In an APA member survey sponsored by FSV Payment Systems, 963 of 1,128 e-mail survey respondents said they were either very familiar or somewhat familiar with payroll debit cards, or paycards. But even though it can be very cost-effective, only 19% (212 respondents) said they currently offered the paycard option to their employees.

Paycards have caught the attention of many companies that hire younger employees for seasonal or temporary staffing purposes. Often the younger employees do not have bank accounts, and therefore cannot benefit from direct deposit. Paycards are ideal for these employees as they can be loaded electronically and used like a debit card.

Approximately 45.6% of respondents said they had evaluated a paycard program in the past. After their evaluations, 57.4% said they either have already implemented a paycard program or plan to do so. In fact, another 27.6% of those surveyed said they planned to evaluate the implementation of a paycard program within the next 6 months (8.9%) or sometime next year (18.7%).

There are many factors that could affect their decisions. For example, if they discovered there was a significant cost reduction in implementing paycards over cutting paper checks, 23.1% of respondents said their companies would be more likely to go with paycards. Likewise, if they discovered this was a significant benefit to those employees without bank accounts (28.9%), or efficiency improvements could be made to their distribution and logistical operations (16.4%), or they could reduce the time and effort it took to deal with bank reconciliations (15%) or even reduce the chance for payroll check fraud (12.7%), respondents said their companies would seriously consider adding a paycard option to their payroll offerings.

Top concerns regarding the implementation of paycards included employee acceptance (36.6%), cost (22.6%), legal compliance (21.5%), technical integration (16.6%), and "other" (2.7%). Most, if not all of these concerns, can be allayed through research and employee evaluations.

With fewer and fewer employees receiving paper paychecks (62.4% of respondents said less than 25% of their employees currently receive paper paychecks), paycards are a very viable option for the future.

To learn more about paycards, visit www.fsvpaymentsystems.com, read the feature on page 32, flip to the Paycard Providers Buyer’s Guide on pages 29-31, and go to www.americanpayroll.org and click on the Paycard Portal link.

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