

New savings tool helps employees avoid 'Januworry'

The first month of the year has inadvertently earned itself the title of "Januworry" - and for good reason. It is the time of year when South Africans feel the pinch after the festive-season splurge.



Source: [Pixabay](#)

And for the businesses who employ them, the knock-on effect of employees' financial stress includes absenteeism, productivity losses and lower performance levels; which directly impacts profitability.

This is according to Simon Ward, founder of leading on-demand pay provider - Floatpays. In an effort to remedy this, the company has launched a savings solution to augment its on-demand access to pay offering, which is designed to help employees build financial wellness.

Cash-strapped employees

Ward explains that, according to research conducted by the US data intelligence platform, Proof of Impact, 76% of South Africans run out of money before the end of the month and 40% of them spend between 41% and 100% of their income paying off debt. The South African workforce is undoubtedly facing unprecedented pressure, compounded by the effects of the pandemic.

"These trying times have accelerated the way we think about financial wellbeing and its connection to the contemporary workplace. Ultimately, improving your employees' financial health improves your bottom line."

Many struggling financially

Research has shown that the negative impact of Covid-19 on the financial position of South Africans has been significant and will be long-lasting. Some employees were forced to take pay cuts to maintain their jobs, while others were retrenched or simply not paid. As a result, South Africans have turned to their emergency savings to stay afloat and meet household expenses. And where people haven't saved for emergencies they are turning to credit, which inevitably traps them in a cycle of debt.



This is where the importance of simple, practical and accessible financial tools, such as on-demand access to pay and savings, can make a significant difference to the quality of life for many South Africans.

The new savings offering from Floatpays aims to prevent the financial hangover that has become synonymous with January. As a licensed financial services provider, Floatpays is able to offer employees an interest-bearing savings account, powered by Standard Bank.

Payroll system payment

Ward explains that employees can make a direct investment from their earnings each month.

“Contributions to the Floatpays savings account are made directly from a person’s earnings via their employer’s payroll system. The employee determines how much they want to contribute each month and can make a single withdrawal against this account on a date set by their employer. This encourages employees to be more discerning around their spending and more invested in building their savings in anticipation of the end of the year,” says Ward.

He adds that the Floatpays’ savings feature builds on their existing offering of On-demand Access to Pay to help employees build financial wellness. The Floatpays platform enables employees to easily and affordably access a portion of their accrued pay, whenever they need it during a pay cycle and not have to wait until payday. Employees pay a transaction fee per withdrawal - there is no interest or hidden fees charged.



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Building financial wellness

“With Floatpays, we wanted to create a holistic solution to helping employees build financial wellness. We knew that this meant we needed to help people reduce their reliance on debt, start saving and learn how to manage their money better. The launch of our savings feature further strengthens our ability to help people become financially well.” says Ward.

Floatpays provides this service at no cost to employers or impact on their cash flow. It is a simple and cost-effective way for businesses to enhance their employee value proposition and ultimately increase the bottom line. “A less financially

stressed workforce is more engaged and productive. Helping build employees' financial wellness should be a top priority for South African employers, especially during these uncertain times."

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