



Trim Your Payroll Costs With Electronic Distribution

BY TODD LASHER

Companies nationwide are looking for new ways to cut costs and improve efficiency. Payroll is an easy and often overlooked opportunity for companies to make operational changes that will have a direct, measurable impact on the bottom line.

Electronic pay costs only 10% of the

average cost of processing and distributing paper paychecks. The cost savings by having all employees use electronic pay is significant and provides added productivity as well as increased employee satisfaction. Electronic payroll also helps companies mitigate fraudulent activity that can occur when using paper paychecks.

Despite the benefits of electronic delivery,

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the approach to payroll distribution has varied little over the years. Meet state compliance regulations by offering company-issued paper checks and only seek to reduce payroll costs with an offer of voluntary direct deposit to those employees with bank accounts.

THE COST OF BUSINESS AS USUAL

Direct deposit is widely embraced by employers and employees alike, but adoption still isn't universal. Some companies have not yet adopted electronic pay at all, and instead maintain an archaic and expensive system of paper paychecks. Even some of the most technologically adept businesses continue to struggle with these age-old payroll distribution challenges.

Among those that do offer direct deposit, many companies still have not adopted 100% electronic payroll distribution solutions. This

is particularly true of companies with many unbanked or underbanked employees—people who either do not have an existing relationship with or are underserved by their financial institution.

Millions of individuals in the United States don't have access to—or choose not to have—a traditional checking account. With the current state of the economy, the number of these unbanked individuals may grow in the coming months. These employees typically require a paper paycheck.

Paper pay is costly to employers and employees. These unbanked employees often cash paychecks at check-cashing services where they are required to pay a fee and carry their entire paycheck in cash with them.

A SAFE, CONVENIENT ALTERNATIVE

The ideal solution for payroll departments looking to cut costs is a solution that meets state compliance requirements, addresses the issues of unbanked employees, and enables companies to reach 100% electronic payroll

distribution. For those employees who refuse direct deposit, some new solutions allow employers to provide employees with both a paycard and a self-issued paper check, to comply with current payroll legislation across the country.

The key to success with any electronic payroll distribution program is communication. It is imperative for employers to educate their employees about the many benefits they can receive. Employee acceptance of such programs grows dramatically once they understand the convenience of electronic payroll distribution.

Electronic payroll distribution provides

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immediate access to exact wages on payday. Employees can reload cards easily and use them to make payments anywhere debit cards are accepted. Cards like the Money Network paycard also provide access to cash at thousands of surcharge-free ATMs, retail, and check-cashing locations. The self-issued paper checks offered as a part of this solution also gives employees the ability to write a check when needed.

BIG PAYOFF ON PAYDAY

Eliminating the cost of paper paycheck distribution is the single biggest benefit of 100% electronic payroll distribution. With electronic payroll distribution solutions, all employees are automatically qualified for the program, and a traditional bank account is not required to participate.

As every company strives to be cost-efficient and profitable, it is important to keep employee satisfaction up and costs down. Electronic payroll solutions can accomplish both. ■