

# Earned wage access to assist in mental wellness

Earned wage access is a new concept that is designed to help indebted and struggling workers change their relationship with their earnings, reduce their dependence on loans and become financially resilient.



Source: ©lon Chiosea [123rf](#)

It allows workers to withdraw earned wages at any point in an earning cycle, up to a percentage agreed upon by the employer, to meet financial needs or cover emergencies without needing to resort to borrowing.

Too often, workers who run out of money before month-end are forced to turn to family and friends for help. When this becomes untenable, many will turn to loan sharks.

In South Africa, this debt cycle manifests in growing debt at predatory interest rates that slowly erode any chance of escape.

Needing to service this debt means shifting money away from household necessities such as transport and food, which can quickly lead to decreased productivity, absenteeism at work and – in the worst cases – losing a job.

## Financial wellness and mental wellness

During Mental Health Awareness Month 2021 it is worth reflecting on the direct links between financial wellness and mental wellness.

The US Money and Mental Health Policy Institute found in a 2019 study that poor finances often lead to stress and anxiety that can further impact finances – a self-fuelling cycle from which it is difficult to break out.

Other findings from the study showed that 46% of people with debt also had a mental health diagnosis, and 86% with diagnosed mental health issues said debt worsened their condition.

Those with debt were three times more likely to contemplate suicide to escape the debt spiral and those with depression were more 4.2 times more likely to remain mired in the debt spiral.

“It goes without saying that mental health problems in employees have a direct impact on the workplace, typically manifesting through decreased productivity and increased absenteeism,” says Deon Nobrega, co-founder and managing director of Earned Wage Access (EWA) organisation Paymenow.

## **Multidimensional approach**

Paymenow’s multidimensional approach is to both facilitate earned wage access and to gamify in-app activity to help employees learn to manage their money more effectively.

“The Paymenow recent Impact Report reveals that 67% of people using our services have decreased their stress levels since signing up to Paymenow,” say Bryan Habana, Paymenow’s head of business development.

“Having an EWA solution available to your employees gives them a sense of financial security and confidence knowing they have uninterrupted access to their hard-earned cash in case of an unplanned event,” says Habana.

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