



Get ahead with Embedded Payments

How we help wage advance providers deliver
a winning solution with embedded payments,
powered by Modulr



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It's **tough to stand out** in a competitive market, but wage advance providers have to do it.



The wage advance market (which includes earned wage access and wage advance loans) is evolving into a highly competitive, price sensitive space. Providers are under growing pressure to innovate and deliver value so they can attract and retain customers in a fast-paced business environment.

Those that offer the largest range of integrated products and services will undoubtedly benefit from the most traction in the market but delivering the high level of payments flexibility that users would like requires wage advance providers to have total control of a complex financial ecosystem. They need to be able to make payments into any UK or EU account, and fast, while handling potentially complex reconciliation. Many wage advance providers are challenged with the high cost and risk of building and managing payments in house. They lack access to instant payments, causing users dissatisfaction as traditional payment processes are slow and inefficient, with manual errors causing major problems.

Without full control over payment flows, providers struggle with complex reconciliation and meeting employer tax liabilities and reporting requirements. Few have the right regulatory or technological infrastructure to instantly create employer accounts in which to deposit wage advance

loans and provide a seamless, truly embedded experience. In attempting to overcome their challenges, many wage advance platforms choose to work with payment partners to plug them into the relevant payment schemes but not all payment partners are equal – if yours is still relying on traditional transactional banking, then your payments won't be as fast or efficient as they could be.

One feature which has the potential to set any given wage advance provider apart from the rest is embedded payments – seamless payment and account functionality integrated directly into their solution. But most providers don't have (or know they need) embedded payments as part of their proposition. Every wage advance provider wants the ultimate in seamlessness, but the high cost and risk of building and managing payments in-house stands in the way, as does the lack of regulatory ability. As a result, it's difficult to offer a truly end-to-end solution.

But, if you're looking to increase payments efficiency and add more value to your long-term customer relationship, then you need look no further.

In this guide we'll show you how to become the a stand-out wage advance provider (spoiler alert: the trick is to partner with an embedded payments provider!).



The **demand** for a winning wage advance journey



Nowadays, we're all used to joined-up user experiences, both in our personal and professional lives. We want our processes and interactions to be as friction-free and intuitive as our last (and best) customer experience and requesting our wage in advance is no exception.

All too often, employee financial stress is compounded by having to wait days for requested advances to reach their bank account (especially if requested outside banking hours or around bank holidays). This is simply unacceptable for both employers and employees, with financial health so intrinsically linked to employee wellbeing and productivity. What's more, many wage advance providers are still challenged with how to make funds instantly available to employees without traditional bank accounts.

In a world where our customer journeys are increasingly joined-up, it seems counterintuitive that wage advance providers have to bounce between their platforms and banking portals in order for earned wage advances and salary balances to be paid out.

Payment files are traditionally used to bridge the separate systems because they are the only compatible method of exchange with legacy bank accounts, but the system is fraught with inefficiencies.

It's a long process even before we consider the manual time

taken to fix file errors, incorrect value inputs, doublechecking and dealing with payment rejections resulting from inaccurate data capture. The lack of approvals workflows on many platforms further increases the risk of inaccurate payments, and there's a higher risk of misdirected payments due to payee bank details not being verified before an advance is paid.

Reconciling individual wage advance pay-outs and the associated fees becomes time consuming and onerous, and the manual nature of data-input increases the likelihood of error.

It's a solution that's far from ideal.

Any wage advance provider that can remove these pain points and enjoy a straight through link to Faster Payments as part of a seamless, hassle-free solution could have a distinct operational advantage. But many platforms are challenged with delivering this level of payments integration and functionality. That's because there are huge costs and risks associated with building and launching payments in-house, let alone the regulatory and operational burden they bring.

Most wage advance providers have just accepted payments will never be a part of their tech stack.

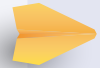
Until now.



How to **stand out** from other providers with embedded payments



Imagine if you could easily embed payments directly into your proposition. They'd be fully integrated meaning you could execute wage advance payments seamlessly and easily, eliminating file uploads and the associated security risks. And, you'd be able to take advantage of automation to cut down on admin hassle and enjoy access to payment solutions not easily accessible via traditional transactional banking.



Eliminate payment complexity: By embedding payments, you'll save valuable time by removing manual processes and the risk of error, and you can use this time to focus on developing other value-added services and growing your proposition. You'll also be equipping yourself with the technological and infrastructural tools you need to scale at will and adapt meet the expectations of changing business and employee demands.



Enable real-time payments: With the right provider, embedded payments are almost instant. You can access networks such as Faster Payments and SEPA Instant, allowing them to make and amend wage advance payments right up until the deadline.



Create an all-in-one solution: Embedded payments eliminate the need to bounce between systems. Being able to stay in one place to complete all tasks is the 'one-stop' level of ease you and your employees are looking for.

The key to getting your wage advance platform to this level of slick is partnering not just with an embedded payments provider, but with the right embedded payments provider.



How to find an **Embedded Payments platform** that can help you get ahead



They should bear the regulatory burden for you

The payments landscape is, understandably, a highly regulated space. And, for many wage advance platforms, the investment, time and expertise required to meet the raft of regulations and gain access to the payment schemes directly is just too costly and laborious. Instead, they look to partner with authorised payments providers that have done the regulatory heavy lifting for them.

Ideally, you'll find a payments provider that has direct settlement access to the Bank of England. Having direct access means they're not reliant on a third party or a directly connected commercial bank to submit payments or settle payment obligations on their behalf. And they should be able to provide greater clarity on the location and protection of funds.

They should free you from having to rely on traditional banks for Faster Payments

However slick a payments services provider appears to be, if it's still ultimately relying on traditional banks for Faster Payments, then it won't be as efficient as it could be. That's because Faster Payments via banks are costly, subject to cut off deadlines and require manual processes.

Partner instead with a payments provider that can plug directly into the Faster Payments scheme, as opposed to having to rely on another bank for indirect access. Without an operational reliance on a third-party bank's systems and policies, there'll be fewer stakeholders for them, and fewer points of possible failure for you.

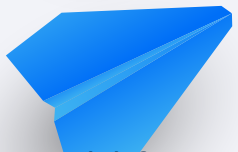
A directly connected payments services provider will ultimately be in control of delivery and better positioned to innovate and offer a best-in-class service.



They should make your UX seamless

One of the biggest operational advantages a wage advance provider can leverage is its user experience. The right embedded payments provider will help you to deliver fully integrated, invisible and instant payments that support rather than obstruct the workflows they have been designed for.

Look for a payments provider that can remove the manual processes of intricate payments – that can manage and simplify the flow of payroll funds out, the repayment of loans in and the payment of fees (from both employers and employees). This becomes much easier if your payments partner can offer not just the payments but also the underlying account infrastructure. The ability to have individual employee accounts will make deductions against payroll, and the subsequent reconciliation, a far easier and enjoyable process for all involved.



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They should provide monetisation opportunities

With the increased visibility and insight into employee spending patterns that the combination of embedded payments and payment accounts brings, wage advance platforms can better fulfil their potential and offer the raft of financial products (eg: savings pots) that could make their platform truly indispensable. For example, they could offer the option of employer loyalty schemes to reward good financial habits. Or they could provide loaded virtual or physical payment cards so that advanced wages can be drawn down and spent directly, so broadening their proposition to include those employees without a bank account. In this way, a wage advance provider could really become a one-stop shop for financial wellbeing.

And, all this added functionality will only serve to make a wage advance proposition stickier – that's to say so indispensable that it would mean a considerable investment for employers to switch. And that's even if they'd want to switch, considering how convenient it would be to have all their employee financial wellbeing tools in one place.

Why partner with Modlur?

At Modlur, we make it easy for wage advance providers, like you, to incorporate payments into their platforms, without the need to become payments experts or regulated themselves. That's because we're one of the few non-bank payment service providers to have direct access to the Bank of England as well as access to other EU and UK payment schemes. We package up this payment scheme access together with our regulatory permissions and API infrastructure to enable providers to embed payments directly within their propositions, as part of a unified and integrated journey. In this way, managing, making and reconciling payments can finally be merged into a simple, cost saving and streamlined process, without manual exports or file uploads. You can centralise and pay earned wage advances on time, every time, and all with minimal effort. Our API also enables multiple payments to be managed together so you can import, view, approve or cancel payments in batch.

And, we deliver all of this alongside a partner experience that is second to none, which has resulted in us becoming the digital payments partner of choice for leading wage advance providers like Wagestream and payroll providers such as BrightPay. When you partner with us, you receive support throughout the whole implementation process – we include dedicated project management and marketing assistance to ensure that your enhanced proposition is positioned in the most impactful way, and that your customers understand how you can meet their needs, and the needs of their employees.

We integrate with



Modulr's Platform

Underpinning this game-changing solution is Modulr's bespoke payments and accounts infrastructure, all of which is managed through a single, flexible and scalable API. This enables the creation of unlimited payment accounts for each employer, and/or employee, which become the source of funds for any earned wage transfers employees request throughout the pay period. Automated reconciliation of data between your wage advance solution and our payments platform removes file upload complexity, creating exact matching values per wage advance entry, with no errors between the two. Payment accounts are connected to all the major payment schemes, for maximum payment connectivity. This enables users to fund accounts via FPS, Bacs and Chaps and pay advances out via the FPS, with associated fees automatically deducted and reconciled. We're also a one-stop-shop for card issuing and control so you can offer unbanked employees the means to draw down their salary advances immediately via a virtual or physical card, negating the need to transfer funds out.

Our direct participation in the Faster Payments network means that payments can be made in real time, 24/7, 365 days a year (unlike Bacs which takes days as opposed to seconds), making late payments a thing of the past. Payments can even be future dated and scheduled to be sent automatically when requested and users can pay, manage and track bulk payments as a batch. You can also benefit from payment innovations such as Confirmation of Payee, the name checking service which helps avoid wage advance payments being accidentally or maliciously misdirected.

With Modulr, wage advance payments can quickly become easier and more profitable to deliver. With so much time saved, you'll be able to focus on running your business and developing new value-added services to make your proposition even more invaluable and indispensable.

How Modulr helped Wagestream

Wagestream – the financial wellbeing app founded with charities, designed for frontline workers and built around pay – aims to make work inclusive and rewarding for millions of employees.

Workers use Wagestream to choose their own pay cycle, manage their budgeting, save for a rainy day, chat to a personal money coach, and get fairer deals on financial products – all in one app.

In addressing the financial needs of the frontline worker both now and in the longer term, Wagestream knew that it needed a partner who could optimise payments at scale, unconstrained by the manual processes and legacy infrastructure of the traditional banking system. One that offered market leading capabilities and unrivalled uptime, reliability and availability, and could facilitate payments into any UK account, and fast.

It's a search that brought Wagestream to Modulr.

Nick Rogers, VP of Engineering at Wagestream comments,

“Modulr has a mature service offering and some really high-calibre, top-tier UK FinTechs as its clients. And that's one of the key things that differentiates it from the competition.”



How it works: a supercharged salary solution

Modulr provides the underlying account infrastructure that underpins Wagestream's flexible pay proposition so that employees at participating organisations can use the Wagestream app to access their pay when they choose. In order for employees to be able to access their earned wages, an account is created on behalf of the employing company which becomes the source of funds. Modulr also provides the ability to create individual accounts for all enrolled Wagestream users who have their net pay sent directly to this account, on their regular pay date.

When employees access their pay flexibly, the Modulr platform transfers out a percentage of their earned wages direct to the employee. On pay day, Modulr then automatically deducts any payments made throughout the month and associated fees, before transferring the remainder of the salary into the employee's personal bank account. This automated process takes a matter of seconds, thanks to Modulr's direct participation into the UK Faster Payments scheme.

"Flexible pay is built upon the premise of being able to send people money quickly. And so being able to use a payment service provider like Modulr is invaluable. Our service offering just couldn't exist without it. Modulr has a set of APIs that we can integrate with incredibly quickly and easily to send payments to any bank account in the UK, in a matter of seconds."

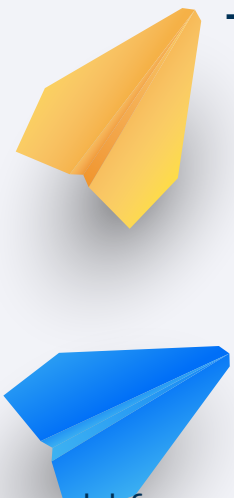
says Nick Rogers, VP of Engineering at Wagestream.



Deliver a premium experience to your customers, with Modulr

Without the ability to offer embedded payments, many wage advance providers are still missing the crucial part of the process. With our payments functionality fully integrated into your platform, we'll help you to create a truly end-to-end solution. We'll help you to improve customer retention and add more value to your customer relationships, and all far more cost effectively and efficiently than you could do alone.

Traditional wage advance payments may lag behind user expectation but, with Modulr as your embedded payments partner, you can put pay to payments pain.



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We integrate with



WAGESTREAM

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