New Study Reveals Gig Workers Need Unique Benefits to Reduce Financial Challenges

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Research collaboration by Commonwealth, Green Dot, Gig Wage, and Steady focuses on which financial tools and resources can help reduce impact of income volatility among gig workers

AUSTIN, Texas--(BUSINESS WIRE)--Nov. 22, 2022-- Despite rapid growth of the U.S. gig economy, the majority of gig workers remain underserved as they face a variety of unique and pressing financial challenges, and lack effective tools to help them achieve financial stability. According to new research led by nonprofit Commonwealth and supported by Green Dot Corporation (NYSE: GDOT), Gig Wage, and Steady, most of today's gig workers face persistent income volatility and have little or no savings for emergency expenses. Additionally, the study focused on what employer benefits may be most effective in reducing the impact of income volatility on gig workers.

"The U.S. gig economy has seen dramatic growth and expansion, accounts for a significant portion of our jobs, and plays an important role in many of our lives," said Greg Quarles, CEO, Green Dot Bank. "We are proud to partner with Commonwealth to learn more about the needs and challenges of this critical segment of workers and consumers so that we can build tools and experiences to better serve and empower them, both directly and through our partners."

The research report, "Evaluating the Impact of Income Volatility Benefits on Gig Workers," evaluated the impact of one of three financial interventions randomly assigned across two cohorts of gig workers. Participants were eligible for up to $1,000 in funds through either a weekly stipend, emergency grant, or emergency loan over a four-month period. Key findings of the Financial Benefits Project pre-pilot included:

- **Gig workers have little to no savings for emergency expenses.** Between the two cohorts, around 70-80 percent of gig workers had $1,000 or less in savings, and more than 40 percent had no savings at all.
- **$1,000 provided short-term financial relief and reduced stress.** At the start of the program, most participants did not have the resources to manage a $1,000 expense. For many, the $1,000 interventions provided short-term financial relief and reduced stress.
- **Financial hardships were frequent and expensive.** Three in four gig workers (76 percent) surveyed after receiving weekly stipends had experienced a financial hardship of more than $1,000, with a third (32 percent) experiencing three or more. 79 percent said their financial hardship prevented them from working.
- **Financial support needed for necessities**. Across all three interventions, gig workers cited their top financial hardships as paying rent, utilities, auto, or other basic expenses.

"Gig work has gained traction and appeal for a number of reasons — not the least of which is the flexibility and agency it can provide workers," said Timothy Flacke, Co-Founder and Executive Director, Commonwealth. "But non-traditional work can create financial challenges. This important pre-pilot demonstrates that more research into the unique financial needs of gig workers is needed."

"Economic empowerment is everything. This research and data are foundational to unlocking key insights to building technology and services that can truly provide a financial social safety net to tens of millions of everyday hard-working people," said Craig J. Lewis, Founder & CEO, Gig Wage. "Understanding how money moves through the gig economy and how gig workers receive and spend their money is critical to solving the challenges that plague so many underserved, underbanked, and credit invisible individuals. This study is a great step in the right direction to help inform all constituents from Capitol Hill and academia to corporations and independent contractors alike."

"This research further reinforces the fact that millions of non-standard workers are facing incredibly precarious financial situations — and demonstrates the potential of cash assistance programs in helping address that challenge," said Adam Roseman, CEO, Steady. "This is about providing both employers and policymakers with the data and tools to better help those workers chart a path to financial stability."

The Financial Benefits Project pre-pilot evaluated 138 gig workers across two cohorts, with 51 percent identifying as African American/Black, 74 percent identifying as female, and 62 percent earning less than $40,000 a year. Compared to service-sector employees, a greater percentage of gig workers earn less than minimum wage, have lost earnings from technical difficulties, have used SNAP benefits, and are not able to cover utility payments in full.[1] Due to these barriers to financial security, gig workers are often unable to build emergency savings and are caught in a cycle of financial insecurity.

View the full report from Commonwealth here.

About Green Dot

Green Dot Corporation (NYSE: GDOT) is a financial technology and bank holding company committed to giving all people the power to bank seamlessly, affordably, and with confidence. Green Dot's technology platform enables it to build products and features that address the most pressing financial challenges of consumers and businesses, transforming the way they manage and move money and making financial empowerment more accessible for all.

Green Dot offers a broad set of financial services to consumers and businesses including debit, checking, credit, prepaid, and payroll cards, as well as robust money processing services, tax refunds, cash deposits and disbursements. Its digital bank GO2bank offers consumers simple and accessible mobile banking designed to help improve financial health over time. The company's banking platform services (or "BaaS") business enables a growing list of the world's largest and most trusted consumer and technology brands to deploy customized, seamless, value-driven money management solutions for their customers.

Founded in 1999, Green Dot has powered more than 33 million accounts directly, and many millions more through its partners. The Green Dot Network of more than 90,000 retail distribution locations nationwide, more than all remaining bank branches in the U.S. combined, enables it to operate primarily as a “branchless bank.” Green Dot Bank is a subsidiary of Green Dot Corporation and member of the FDIC[2]. For more information about Green Dot’s products and services, please visit www.greendot.com.

About Gig Wage

Gig Wage is the first FinTech payroll platform created specifically for the 1099 economy and builds comprehensive technology products that take into consideration how money moves through the entire gig ecosystem, not just how it gets to workers. Gig Wage’s proprietary technology is shaping the modern financial infrastructure for the future of work by tackling the complex challenge of handling contractor payroll, payments, and compliance.

Gig Wage considers accounts receivable, banking, accounts payable, consumer spending and, above all, the people that the money impacts. The company’s unique technology enables employers to instantly pay 1099 workers with more control, flexibility and scale, while simultaneously offering independent contractors a convenient and efficient way to receive payments.

Founded in 2014 by Craig J. Lewis and headquartered in Dallas, TX, Gig Wage has raised $16 million from Green Dot Corp. (NYSE: GDOT), Silicon Valley Bank, Foundry Group, Continental Investors, Techstars, Revolution’s Rise of the Rest Seed Fund, and more.

About Steady

Steady was founded in 2017 to make data work for the non-standard workforce. Today, the platform helps nearly 6 million members earn, on average, over $5,500 more per year. We also address systems-level change to improve financial outcomes for the workers we serve. From our work in providing emergency cash grants to expanding benefit access to uncovering data on the effectiveness of policy solutions, we help employers, governments, and financial institutions make their systems work better for non-standard workers. By extracting insights from data on more than 1.5 billion enriched financial transactions and over 151 billion enriched deposits, we help streamline benefits administration, quantify earnings, expand access to credit, reduce fraud, and increase equity for the workers who now make up one-third of the U.S. labor force. To learn more about our data and solutions, please visit www.steadyIQ.com.

About Commonwealth

Commonwealth is a national nonprofit, building financial security and opportunity for financially vulnerable people through innovation and partnerships. Black, Latinx, and female-led households disproportionately experience financial insecurity due in large part to longstanding, systemic racism and gender discrimination. Addressing these issues is critical to Commonwealth’s work of making wealth possible for all. For nearly two decades, Commonwealth has designed effective innovations, products, and policies enabling over one million people to accumulate more than $7 billion in savings. Commonwealth understands that broad changes require market players to act. That’s why we collaborate with consumers, the financial services industry, employers, policymakers, and mission-driven organizations. The solutions we build are grounded in real life, based on our deep understanding of people who are financially vulnerable and how businesses can best serve them. To learn more, visit us at www.buildcommonwealth.org.

[1] Economic Policy Institute: National survey of gig workers paints a picture of poor working conditions, low pay

[2] Green Dot Bank also operates under the following registered trade names: GO2bank, GoBank and Bonneville Bank. All of these registered trade names are used by, and refer to, a single FDIC-insured bank, Green Dot Bank. Deposits under any of these trade names are deposits with Green Dot Bank and are aggregated for deposit insurance coverage up to the allowable limits.

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