

APA Congress Day 1: Paycards are the future of pay

There are now more employees who are millennials and Generation Z-ers than baby boomers—and using paycards can be an effective strategy for recruiting them, according to George Mavrantzas, VP, Special Projects at Global Cash Card.

Mavrantzas spoke at the American Payroll Association's 36th Annual Congress, which is being held this year at National Harbor, Md., outside Washington, D.C.

Know your employees

Millennials and Gen Z-ers are not the same. Millennials were born between about 1982 and 1994; Gen Z-ers were born in 1995 or later.

Among many characteristics that separate these post-boomer generations, millennials are tech dependent, but Gen Z-ers are tech and mobile savvy, Mavrantzas pointed out. Gen Z came of age during the Great Recession, so they're more frugal than their predecessors.

Further, these generations aren't walking around with wads of cash in their pockets—the most they carry is \$20 or \$50. Your pay program should accommodate both generations, he added.

Pitching paycards

While paycards have traditionally been pitched to employees who can't get bank accounts, Mavrantzas noted that millennials and Gen Z-ers could get bank accounts if they choose. It's that they choose not to. *Upshot:* It's all leading to increased use of paycards and even newer technologies, such as mobile pay through smartphones.

If Mavrantzas' research is correct, you'll have to pitch a little harder to these generations.

Baby boomers' use of electronic pay options, primarily direct deposit, far outstrips these younger generations—80%, compared to 28%. In fact, 80% of Gen Z-ers are now getting paper checks. Presumably, they're using remote deposit capture to deposit their checks.

But as Mavrantzas pointed out, any paper check costs you money.

Your main challenge, he said, is to explain how to use paycards effectively. This includes, for example, bill pay (not many of these employees visit ATMs, he said), financial management, alerts and mobile features.

Disturbingly, Mavrantzas noted that millennials and Gen-Zers pay an average of \$5 to cash checks that aren't deposited remotely. Five dollars over time isn't chump change. Stressing the cost savings should be part of your pitch, he added.