

SUMMARY

PayPal: Raises Employee Financial Security through Comprehensive Financial Wellness Initiative

THE CHALLENGE

PayPal's President and CEO, Dan Schulman, wanted to examine how well the company was meeting its mission – to promote financial well-being through democratized financial services – among its own employees. When PayPal assessed the financial wellness of its employees, it found that two-thirds of its employees, in particular the entry-level and frontline employees, were struggling financially. It also found in its review of applications for the company's emergency relief fund that most of the requests were for everyday expenses such as medical bills, student loan payments, and car repairs. In a 2020 interview, Schulman remarked "The number one responsibility that we have is the health – financial health – of our employees. Nothing is more important to a company than having financially secure, passionate employees working for you."

THE SOLUTION

PayPal launched an employee financial wellness initiative at the end of 2019. As part of the initiative, the company launched a new metric to measure employee financial well-being: Net Disposable Income (NDI). This metric estimates discretionary income after taxes and typical living expenses. It set a goal of at least 20 percent for all employees. To reach this goal, the company reduced the amount hourly and entry-level employees paid for healthcare; provided all employees with equity in the company; assessed and raised wages as appropriate; and made financial education and planning available to all employees. PayPal also continued to make the existing emergency relief fund available to help employees facing sudden and unplanned expenses. More recently, PayPal began offering one-on-one financial coaching, enhancements to retirement plans, and early wage access.

THE RESULTS

- By the end of 2020, the initiative helped raise estimated NDI to 18 percent globally at the same time the company experienced double-digit growth year over year.
- PayPal in partnership with JUST Capital, the Financial Health Network, and the Good Jobs Institute is spearheading the Worker Financial Wellness Initiative, which calls on CEOs to make employee financial well-being a C-suite priority.
- “You take care of your employees and other things naturally flow from that,” Schulman said in an interview with Inc. “They love being a part of that company. They take care of customers better. And all of those things inevitably accrue to the benefit of a company in terms of how it’s trying to serve its ultimate end market.”

CASE STUDY SOURCE

finhealthnetwork.org

ADDITIONAL INFORMATION

mitsloan.mit.edu