

SUMMARY

PayPal and the Financial Wellness Initiative

THE CHALLENGE

In 2019, PayPal learned through an internal survey that nearly two-thirds of its global customer service workers ran out, or nearly ran out, of money between paychecks.

THE SOLUTION

PayPal's leadership team dug into their employees' financial needs to develop a financial wellness plan. In late 2019 the company implemented a four-point financial wellness initiative designed to benefit all hourly and entry-level employees:

1. Raise wages to improve financial outcomes.
2. Reduce required employee contributions to health care premiums by 60% while expanding benefits.
3. Make everyone a shareholder of PayPal by granting equity shares valuing \$3,100 on average to 8,600 employees who had not been granted equity before and a second equity grant to nearly 12,000 employees.
4. Provide a no-cost financial coaching program to drive financial wellness and learning.

The Financial Wellness Initiative was estimated to cost the company tens of millions of dollars in the first year alone. The PayPal leadership team believed that this initiative was the right thing to do and that ultimately it would save the company money: for every one percent reduction in attrition, the company would save \$500,000 a year from reduced recruiting, onboarding and training as well as through higher productivity.

THE RESULTS

The Financial Wellness Initiative was a success. By 2021, PayPal's operating margins had increased nearly 4%. The effects of its financial wellness plan were in part to thank for the increased profitability:

- PayPal's average turnover at its customer service centers fell from 19.4% in 2019 to 7.3% by 2020. Notably, PayPal experienced its greatest attrition gains from female employees.
- Over two-thirds of PayPal's hourly and entry-level workers enrolled in the company's 401k plan.
- Employees reported higher job satisfaction scores and engagement scores on internal surveys.
- During COVID, PayPal added several programs to the Financial Wellness Initiative that met unique needs during this time, including a Crisis Leave program, income supplements, and additional equity "wellness grant" awards.

PayPal has continued to add services and benefits to its financial wellness program that respond to the mix of employee needs.

CASE STUDY SOURCE

[MIT Sloan School of Management](#)

ADDITIONAL INFORMATION

[Financial Wellness at PayPal](#)