WITHIN THE COMPANY  WITHIN THE COMMUNITY  WITHIN SOCIETY

**PayPal**

**Focusing on Employee Well-Being and the Worker Financial Wellness Initiative**

Companies that focus on employee financial wellness can position themselves to advance racial equity – something PayPal began to do when President and CEO Dan Schulman conducted an audit of the financial health of his company’s hourly and entry-level workforce in 2018. Through this audit, it became clear that many of these workers – nearly two-thirds – were barely making ends meet, despite being paid at or above market rates. With a goal to democratize access to financial services, PayPal’s mission was becoming a reality for its customers, but not its employees.

Wealth creation is critical for a healthy economy and democracy, with a greater net disposable income (NDI) allowing individuals to save more and invest more. In addition to bolstering individual financial health, increased worker pay can contribute to the financial health of companies because employees often become more productive and committed to their jobs when they are financially secure. Recognizing the importance of employee well-being, PayPal developed an employee financial wellness program, aiming to increase workers’ financial health and raise the NDI for its hourly and entry-level employees to 20 percent. PayPal has lowered the cost of health-care benefits, made every full-time employee a shareholder, raised wages, and offered new financial learning and counseling programs. And last year, PayPal also partnered with Even to offer an early wage benefit for employees experiencing cash flow challenges between bi-weekly paychecks, raising the minimum estimated NDI for its hourly and entry-level U.S. workers to 18 percent – up from as low as four to six percent.

Building on these efforts, PayPal joined forces with JUST Capital in 2020, with support from the Good Jobs Institute and the Financial Health Network, to launch the Worker Financial Wellness Initiative, drawing on PayPal’s experience and the partners’ expertise. JUST’s polling found that paying a living wage is the number-one action companies can take toward achieving racial equity (with support from 89 percent of Black Americans and 84 percent overall) due to the general overrepresentation of people of color in hourly and entry-level positions. The Initiative’s partners are recruiting companies to commit to a wage audit of their lowest-paid workers as an initial step in a financial wellness process. You can learn more about the Worker Financial Wellness Initiative here.
PayPal’s ingredients for success

Economic empowerment is core to PayPal’s mission and Schulman committed to fulfilling this mission internally – providing critical support from leadership in advancing worker financial health. Building on this support, and to ensure that employees knew how to take advantage of their company’s new benefits, the benefits team held financial trainings and workshops on financial well-being. PayPal also continues to evolve the program and make adjustments as needed. In the early months of the pandemic, the company recognized that many of its employees have been impacted in ways that could not have been anticipated, so the company issued a second “wellness grant” of equity awards. Ongoing, PayPal continuously gathers data and feedback, sets updated goals, and tracks progress of the program.

How PayPal’s approach is advancing racial equity

While PayPal did not initially approach its employee financial wellness initiative with a racial equity lens, the program builds upon the company’s continued focus on racial and gender pay equity and many of its actions demonstrate what a racial equity strategy can look like. The racial wealth gap is one of the starkest displays of structural racism in the United States, manifesting in severe financial insecurity for communities of color. Black Americans make 14.9 percent less than their White counterparts (as of 2019), and only five percent of Black workers have a retirement plan. By paying a living wage, providing employees with paid time off to vote, and extending benefits to hourly employees, PayPal is combatting the pay inequity and lack of savings opportunities that marginalized populations face. As companies consider strategies to narrow the racial wealth gap, they should be sure to review disaggregated data to identify existing gaps and disparities that need to be addressed in order for all employees to benefit equally.

As a result of its initiative, PayPal has seen benefits beyond monetary gain, including increased employee retention, enrollment in 401k plans, employee stock purchase plans, health-care benefits, and positive sentiment toward the company. PayPal’s efforts show that improving employee financial wellness benefits not only employees, but business success overall.

PayPal’s collaboration with JUST Capital – the Worker Financial Wellness Initiative – continues to build upon these signs of progress, providing C-suite leaders with the tools to conduct their own worker financial wellness assessments. Through this Initiative, companies have access to resources including private learning opportunities, direct assistance on developing an assessment, and details on best practices to improve employees’ financial well-being. Companies that democratize financial services are taking a step in the right direction toward shifting workplace norms, advancing equity, and closing the racial wealth gap.

PayPal’s efforts to close the racial wealth gap

In 2020, PayPal made a commitment to fight not just racial, but economic injustice, reallocating philanthropic dollars to more effectively address structural problems. The company initially pledged $530 million (recently expanded to $535 million) to invest in underrepresented communities and help close the racial wealth gap. The initiative – designed to support Black businesses at risk of closing due to the Covid-19 pandemic and invest in Black and Latinx-led community banks, credit unions, venture capital funds, and startups – consisted of the following:
$15M in grants to support Black-owned businesses impacted by Covid-19.

$5M to 20 leading nonprofits across the U.S. – both national and local in scope – that support and empower Black-owned businesses and help provide on-the-ground support.

$500M in an Economic Opportunity Fund for minority-led high-growth start-ups, venture investing, and depository holdings in minority-owned banks and credit unions.

$15M to enhance Diversity, Inclusion, Equity, and Belonging programming at PayPal and fund research on issues related to racial equity.

Leaders at PayPal made it a priority to consult community stakeholders before developing this commitment, in an effort to understand differing needs and identify the best ways to serve them. Companies looking to move the needle can redesign their philanthropic programs to address root causes of racial inequality within their communities. In this example, PayPal saw the disproportionate impact that the pandemic was having on small, Black-owned businesses and sought to increase business ownership for underserved communities as a means of inter-generational wealth creation and to build thriving communities in the long term. Designing strategies to address root causes such as the lack of access to capital is paramount to creating a more inclusive financial services industry.