

<https://www.paymentsource.com/news/gig-economy-payroll-players-may-be-well-positioned-for-the-coronavirus-economy>

Gig economy payroll players may be well positioned for the coronavirus economy

By [John Adams](#)

May 14, 2020, 11:24 a.m. EDT



The sharing economy faces its first true crisis, but the payment companies that enable nontraditional payrolls say that the best way to fuel the recovery is to simply be more creative in how people get paid.

In a way, employers would be reverting to an older model that existed long before the word "fintech" came about.

"The biweekly payment cycle that we all know really isn't the original model. People traditionally got paid on the same day they did the work," said Steve Barha, founder and executive chairman of [Instant Financial](#), an Atlanta-based payment company that supports what it calls real-time same day payments for shift workers and contractors. "What we're doing is going back 100 years to solve this crisis by paying people in real time."

By paying people directly as they perform shifts or a contracted task, Barha contends, firms can have more control over payroll expenses while workers have access to their funds more regularly. That can aid both workers and companies, given how fast the coronavirus pandemic has ravaged the economy.



Steve Barha, founder and executive chairman of Instant Financial

“Employees need to access their pay sooner, so they can tie that to when they go to the store or buy something directly,” he said. “The coronavirus has accelerated the timeline for when instant payroll becomes the new norm.”

Real-time salary apps are designed for both full-time traditional workers and gig economy workers, and the virus has created stress for both groups. The business shutdowns have [stressed earnings](#) for workers in a variety of fields, such as hospitality, entertainment and construction.

On-demand earnings won't bring those jobs back, but the concept could ease the pain for those able to weather the crisis. Workers who use real-time earnings apps in most cases receive an alert when their shift or job ends, and they can access a portion of their pay for that period on a prepaid card — in Instant's case, using a Visa card. Instant makes money based on use of the Instant card and does not charge consumers directly for the service.

This payroll model gained steam as gig economy work started to grow over the last half of the 2010s. Companies like Uber and Lyft, for example, use a similar model to offer drivers the option to receive payment after each ride, so that they can buy gas and handle car maintenance as those needs come up.

During the coronavirus crisis, [Domino's](#) began a massive hiring spree to add delivery drivers; it expects to hire a total of 10,000 new employees to meet the heightened demand for its food. It also deployed technology from Branch to offer same-day wages to those drivers, as well as same-day tips and mileage payments.

Other firms offer real-time salary payments, such as Toronto-based Berkeley Payment Solutions. Writing for [PaymentsSource](#) in April, Jonathon Hamburg, founder and CEO of Berkeley, said real-time payments allow businesses to better satisfy non-employee workers, suppliers and partners. By delivering payments immediately through existing payment platforms, firms can retain and serve the needs of contract workers.

Like many young fintech ideas, the real-time payroll model is untested in an economic downturn.

[Instant Financial](#), which was founded in 2015, says it has attracted a series of high-profile users for contract and full-time salaried employees, including franchisees of brands such as McDonald's and Chili's. Checkers migrated to Instant about a year ago because of the option to make half of the salary available instantly via prepaid card, David Bode, director of people support for Checkers, said in an email.

Tipalti, a San Mateo, Calif.-based payment technology firm, in the past month has entered into three partnerships to streamline its ability to send mass payouts in international markets. Tipalti made moves before the crisis to enhance early payment and accounts receivable processing in general anticipation of [gig economy](#) companies consolidating.

Its new partnerships are with FloQast, a financial close management software company that allows accountants to close faster; Affise, a SaaS marketing company for affiliate marketers; and Myers-Holum, which offers data management.

Tipalti plans to combine the technology from these three firms with its payout rails, which serve payroll, supply chain finance and tax documentation for companies that have disparate workforces and heavily use contract workers.

The company updated its strategy to accommodate changes in regulations due to [Brexit](#) and the trade war, and the coronavirus added another wrinkle. In the new environment, Tipalti says it's bracing for not just an increased need for real-time payouts to workers, but spikes in the model for different industries.

"The trends in remote and contract employment have definitely shifted, just as the economy as a whole has," said Sarah Dickens Spoja, Tipalti's CEO, adding that while the economy at large is slowing, there are exceptions such as telehealth, gig-based delivery and online gaming—so gig economy payment strategies need to be flexible, given an expected influx of contract workers from declining industries to business lines that are expanding because of pandemic mitigation.

One of Tipalti's users, virtual world gaming company Roblox, has seen its volume increase 40% during the past two months. Roblox allows developers to create games on its platform and earn money from [in-app purchases](#).

"Even our own SaaS-based business of automating payables has been able to hold steady to serve remote finance teams and their needs to streamline accounts payable functions," Dickens said. "These business models address an immediate need to serve consumers and organizations who are sheltering in place."

Also, companies that sell digital products and services, media, e-commerce, etc., are maintaining or growing payments out to their digital supply chain and freelance workers, Dickens said. "Understandably, those in the travel and brick-and-mortar retail spaces are hurting. People who are also out of work will likely seek even temporary employment with these gig-based marketplaces, so we can expect growth there."

[John Adams](#)

