While many employers are embracing electronic payroll distribution systems (EPDS), a poor implementation strategy can threaten the successful migration to electronic payroll. With good planning and adherence to best practices, you can ensure success in your move to electronic payroll.

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Introduction

Most employers today recognize the value of electronic payroll distribution.

Paper paychecks are costly to process and distribute, and a small percentage of paychecks invariably have problems that require administrative resources to sort out. For instance, paper paychecks can be easily lost or stolen. Sometimes, paychecks end up at the wrong location on pay day. And occasionally, employees simply fail to pick them up. When an employee does not pick up a paycheck—even a paycheck for a very small amount—employers are required to fulfill an escheatment procedure, which is a cumbersome process that transfers unclaimed paycheck funds to the state.

Companies today usually offer their employees Direct Deposit as an option. Employees who accept this method of payment will see the money due to them each pay period electronically transferred to their bank account. This is a lower cost, more secure way for employers to distribute payroll, and employees like it because it saves them from going to the bank to deposit or cash a paycheck. Creating a “NACHA file” to process direct deposits through the ACH System is much easier and more efficient than administering paper checks.

However, even companies that offer this payment option cannot entirely avoid dealing with paper paychecks. Some employees do not opt for Direct Deposit. In some cases, they simply prefer paper checks, but in many cases—particularly in businesses that rely on low-paid service workers, hourly workers or transient workers—many of these employees do not have bank accounts or any formal banking relationship. In fact, according to the FDIC, 8.2 percent of U.S. households are “unbanked,” and another 20.1 percent of U.S. households are “underbanked.” As much as employers would like to get away from issuing paper paychecks, there always seem to be some workers who receive their pay in this way.

There is, however, a widely available alternative to company-issued paper paychecks that works even for employees who do not have bank accounts. Known as Electronic Payroll Distribution Systems, or EPDS, these systems involve the use of two innovations in payroll distribution:

- the payroll debit card, or “paycard,” which works just like a bank debit card; and
- the “convenience check,” which is a paper paycheck that is self-issued by the employee, not the employer.

Underlying these innovations is a “Prepaid Access” (formerly known as “Stored Value”) account, with the paycard and/or the convenience check as devices to access the funds in the account. Once the EPDS is implemented, paying employees becomes as simple as Direct Deposit because the accounts that underlie these innovations have routing and account numbers, so they can easily be added to the employer’s NACHA file.

Today, “paycard” programs are very popular within the U.S. payroll marketplace, and a proliferation of providers has developed to satisfy market demand. However, in a legal and regulatory landscape as complex as that which they face, U.S. employers are wise to remember three important tenets: “Buyer Beware,” “The Devil is in the Details” and “What Seems Too Good to be True Usually Is.”
“Paycard” Programs are Different than Electronic Payroll Distribution Systems

The idea seems straightforward enough—get rid of checks and give all employees a paycard. That way, the employer is “100 percent electronic:” employees who had previously chosen Direct Deposit were already paid electronically, and now employees who were paid by paper check get paid electronically to their paycard. The problem is, the solution is not that simple. To understand why, it’s important to have an understanding of the intricate wage-payment laws of the 50 states. There are, of course, endless details in those laws that keep lawyers busy, and each state has its own laws, but the following is true:

- **All** states permit employees to be paid by paper paycheck;
- **Most** states permit employees to be paid by Direct Deposit to their own bank account, *if the employee consents*;
- **Some** states permit employees to be paid by paycard, *if the employee consents*; and
- **A few** states allow a “default” to paycard, *if the employee has been given the opportunity (and time) to elect Direct Deposit.*

In addition to state laws, the Federal Reserve Board’s Regulation E says that employers may not require an employee to receive his or her wages electronically at a particular financial institution as a condition of employment.

Employers with employees in multiple states can take a piecemeal approach to electronic payroll distribution by looking at each state and implementing and maintaining state-specific processes, or they can implement and maintain processes that work across all states in which they operate. With the latter approach, key requirements can be distilled down to the following:

- Employers cannot mandate that employees be paid by Direct Deposit (legally, because employee consent is required; practically, because not every employee has a bank account)
- Employers cannot mandate “paycards” (for two legal reasons: employee consent is required, and Regulation E makes it unlawful to require an employee to receive their wages electronically at a particular financial institution, which, in the case of a paycard, is the financial institution that issued the paycard)

Thus, if neither Direct Deposit nor paycard can be mandated, paper paychecks must still be offered to employees who elect neither Direct Deposit nor paycard. In an effort to reach 100 percent electronic payroll, the target population is employees who currently receive paper checks. If they cannot be mandated to elect Direct Deposit or paycard, and human nature proves that the status quo requires the least effort, it is highly unlikely that an employer will reach 100 percent electronic payroll. Offering “Paycard”—and making efforts to make it as appealing to employees as possible—will certainly increase an employer’s electronic payroll payments. However, the benefits of electronic payroll are not fully realized when the inefficiencies of offering paper paychecks discussed above still exist. The difference between 100
percent electronic payroll, and even just a few percentage points less, is more significant than it may seem: if an employer must still have the fixed costs associated with the processes and procedures to offer paper paychecks at all, the variable-cost difference between producing 100 checks and 10,000 is less significant.

Therefore, taking state and federal law into account, it becomes evident that claims of achieving "100 percent electronic" payroll—and that the same benefits are realized even just a few percentage points less—should rightly be met with a raised eyebrow.

**Why Electronic Payroll Distribution Systems?**

Despite "paycard" being a hot term in the payroll space, we have discussed that paycards alone are unlikely to enable 100 percent electronic payroll because a paper paycheck must still be the default for employees who elect neither Direct Deposit nor paycard. This is where electronic payroll distribution systems that include convenience checks come into place. With such a solution in place, instead of receiving a company-issued paper paycheck, employees who receive payment into an EPDS account see their accounts credited for the amount of their wages. The employee can make purchases using the paycard just like any other debit card, or withdraw cash from the account balance at automated teller machines (ATMs). If an employee still prefers a paper paycheck, they simply authorize a convenience check that can be cashed or deposited. The employee’s paycard and/or convenience check is used to debit funds from this account. Properly designed by the EPDS provider, the employee always has access to their funds by paper check, thus enabling compliance with wage-payment laws across the 50 states.

For efficiency, EPDS providers may track balance details of employee accounts in a structure that pools funds of all employee accounts into large accounts held at the issuing financial institution for the benefit of ("FBO") employee account holders. Properly structured, this model allows the employee’s account to be in his or her own name and to be FDIC-insured.

All together, it would seem, the paycard and convenience check options, coupled with Direct Deposit, enable employers to enable 100 percent electronic payroll distribution, and completely eliminate company-issued paper paychecks.

*Well... yes and no.*

The fact is, the accounts that underlie paycard-only programs and full EPDS are issued by financial institutions, and, thus, are governed by banking regulations—most notably those promulgated by the USA PATRIOT Act and the Bank Secrecy Act. Key is that the issuing financial institution must form a reasonable belief about the identity of the individual employee through a "Customer Identification Program" (CIP) adopted by the issuing bank, which includes obtaining the employee’s name, physical address, date of birth, and Social Security number; systematically verifying the identity of the employee using that information; and keeping a record for a number of years.

To an employer, this may seem simple enough, and not something about which they should have much concern. That is true, unless it affects the employer’s ability to reach 100 percent electronic payroll.

As we discussed above, because state wage-payment laws prohibit the mandate of Direct Deposit (thus, that the employee have a bank account in which to receive Direct Deposit), the path to 100 percent electronic payroll requires that 100 percent of an employer’s employees qualify for an EPDS account that allows access to funds by paper (convenience) check. In other words, if the employee does not have a bank account in which to receive Direct Deposit, and the employer does not offer company-issued paychecks, the employee must qualify for an EPDS account that allows...
access to funds by paper check. If an EPDS provider cannot ensure that all of an employer’s employees qualify for an account, they cannot enable 100 percent electronic payroll. Understanding how the EPDS provider complies with CIP verification requirements is key, because that is how banks qualify individuals for accounts, and EPDS accounts are no exception. Although complicated, this may be the single most important piece for an employer to understand to avoid going down the path with a provider that disguises the difference between 100 percent payroll, and something even a few percentage points less, with “smoke and mirrors.”

There are several key advantages of using an EPDS. They include:

• Employers benefit from EPDS through reductions in payroll-administration costs related to printing and distributing paper checks, and managing issues related to lost, stolen, misrouted, and uncashed checks.
• For employees, especially those who rely solely on the paycard or may be "unbanked," they get to enjoy benefits similar to those of having a debit card with a bank.
• Employees don’t have to worry about losing cash that they are carrying around, nor do they ever have to wonder if the paycheck is actually going to show up at their place of work on payday. They no longer have to deal with the inconvenience of cashing or depositing a company paycheck. Paycards are faster, easier, and safer than paper checks—and the balances are FDIC-insured.

For both employees and employers to fully realize these benefits of EPDS, employees must accept this method of payment. As an employer, the key to employee acceptance is based on how proficiently you implement the electronic payroll distribution system at your company. The rest of this paper will focus on best practices for ensuring employee acceptance of the EPDS.

Planning an EPDS

Introducing an EPDS solution into your payroll process is not difficult, but due to the sensitive nature of payroll and employee relations, it does require some advanced planning.

Keys to successfully rolling out an EPDS solution include the following:

• Executive buy-in and an executive level champion of the change to an EPDS;
• A definition of success for the program;
• A clear statement of the reasons for making the change;
• A communications strategy that clearly states the program and its benefits to both management and employees;
• An employee welcome kit that simplifies enrollment in the program; and
• A corporate commitment to adhering to the plan.

Though standards for managing projects vary widely from one company to another, best practices suggest that an EPDS project should have clearly defined timelines, roles and responsibilities, and definitions of success.

Also, having a champion and an executive sponsor are critical to the success of an EPDS project. Someone needs to own the transition to EPDS. Chances are, it will be the departmental unit or person that manages payroll, though the project champion could be someone from HR or another stakeholder group. The champion, or champions, must then find an executive sponsor. EPDS is too big a shift in corporate practice to allow it to be promoted and managed solely by a middle or lower level group. A senior executive, such as the Chief Financial Officer, must be a public advocate for the migration to EPDS.
Defining Success for EPDS

What constitutes a successful transition to EPDS? If the transition is managed properly, the organization should experience positive outcomes within a short period of time after the shift. The basic goal of an EPDS project is to move 100 percent of employees to an electronic form of payroll distribution, whether it is Direct Deposit or EPDS. Ideally, this move should be accomplished in a short time frame. In reality, it can be challenging to convert all existing employees to the new system. However, as you stick with your program, you will not only sign up new employees for electronic payroll distribution, but also easily transition the die-hard paper paycheck recipients.

Ideally, there should be a cutoff date, after which no employee can receive a company-issued paper paycheck. A successful migration will move all employees to EPDS, but with a minimal amount of stress and confusion. A suggested practice is to measure employee and management satisfaction with the way the transition is being carried out. Using a simple survey, the project owners can gain a quantitative understanding of how well they are doing at managing the change to the EPDS.

The Reason for Change

It’s important early in the process to draft a “Reason for Change” statement. This statement not only helps organize thinking around the move to an EPDS, but it establishes the language management can officially use to explain the program to everyone in the organization.

The “Reason for Change” statement, which must be brief and easily understood, should explain what is happening with EPDS, why it matters, and when to expect the change to occur. It should be addressed to employees, but encompass management thinking about what employees value.

The statement should highlight the benefits of the program, including the ability of EPDS to enhance the dependability of pay delivery, especially during disasters. Even a blizzard, for example, though perhaps not a life-threatening disaster, can hamper timely paycheck delivery and cause financial distress for employees. With electronic payroll distribution, the employee can still reliably get paid during a disaster.

The change statement should emphasize that the move is intended to increase the number of options employees have for receiving pay and related benefits of these new options. It may make sense to describe how the move to EPDS cuts costs for the employer and makes them more competitive in the marketplace, which helps with job security. It can also be beneficial to point out the environmental benefits of electronic payroll, as this is a cause many employees care about and want to see their employer take seriously.
Building a Communications Strategy

The communication strategy for informing people about the impending change in payroll distribution practices needs to address the issues of the two core stakeholder groups: management and employees. There are likely to be two communication vehicles, one intended for each group.

The Management-Facing Communications Strategy
The management focused communication deals with the corporate reasons for making the change, as well as specific expectations for managers, suggested processes with employees, and key dates. The management-facing communication about the EPDS project should lay out the corporate reasoning behind making the move away from company-issued paper paychecks. The reality is that most managers may not actually know very much about what is involved in issuing paper paychecks, and the communication with them should give some basic information about the costs, regulations, and security issues inherent in conventional payroll distribution. The goal is to get manager buy-in for the change, as managers are the probable first line of complaint and questioning from employees.

The management communication should also make managers aware of program specifics, such as dates and responsibilities that they will have in the process. For example, while the formal notifications of the change will come from the HR department, or Finance, in most companies it is considered a good practice for managers to reiterate the nature of the change to their direct reports, note the deadlines for employees to make their selection to participate, and be available to discuss the situation if the need arises. And, as managers are often the first people asked specific questions about a change in policy, the communications should brief managers on policies regarding lost and stolen cards, and similar day-to-day details of the EPDS.

The Employee-Facing Communications Strategy
The employee focused communication conveys the specific benefits of EPDS at the employee level. An announcement letter should lead off the employee communication process. The announcement letter contains the core “reason for change” statement and describes key benefits the EPDS provides to employees, such as convenience, security, and guaranteed pay even during a weather disaster. The letter should also lay out, in clear terms, the timeline for the impending change, choices employees will have, and when they will be expected to make a choice. Employee communications should also anticipate and attempt to answer common employee questions.

The goal is to convert all employees receiving a company-issued paycheck with a minimum of stress and confusion, and being clear about upcoming transition dates is a practice that has proven to be effective in communicating the migration to EPDS. Employees should get a firm message that, as of a certain date, there will be no more company-issued paper paychecks. At a given date prior to that, they must make a choice on how they wish to receive their pay.

It’s generally best to repeat the employee-facing communication several times in the period before the change, utilizing multiple messaging channels. Ideally, employees will receive the announcement letter, a printed flier, an email or two, and perhaps also a pre-recorded voice mail reminding them of their new payroll options.

Premier EPDS providers offer turnkey solutions that handle these details and more.
Launching and Operating an EPDS Program

Launching and operating an EPDS program involves two parallel sets of activities: You will be managing a strategy to migrate existing employees to electronic payroll, while at the same time making the EPDS a standard part of the new-hire process.

An important part of signing up employees for the EPDS program is the welcome kit, which is given to each employee who signs up for payment through the EPDS. This welcome kit is a packet that contains the mechanisms in which they can access their funds and all the information employees need to know about the EPDS program they’ve enrolled in. Another key success factor involves training the people responsible for implementing the plan. Employees tasked with the actual provisioning of welcome kits and fielding employee questions about EPDS, must be adequately prepared to handle the process of getting the program off the ground, including managing expectations, keeping facts straight, and reassuring doubtful or nervous employees. The training, which is typically provided by the EPDS provider, should be supplemented with company-specific content so the EPDS program matches the policies and ethos of the employer.

What will employees who enroll in the EPDS expect to see? They will receive a welcome kit with the contents of the program. Once the employee is enrolled, he or she calls the customer service phone number and sets a Personal Identification Number (PIN) to activate the program.

Then, nothing happens until payday. On payday, the employer does not need to physically handle the employee’s paycard to issue pay or “charge it up” with paycheck funds. Instead, the employer deposits funds directly into their EPDS account. This may seem obvious, but it is a point worth clarifying in advance with the employee.

Once net pay is added to the account on payday, employees can begin spending it wherever they may be using their paycard, convenience check, or both. Additionally, an employee can receive account information from the EPDS provider online or by phone.

It should be noted that employees must be presented their pay stub information, and many states require that it be available in printed form. Premier EPDS providers offer web-based stub service that employees can use to print out pay stubs on demand, as well as receive electronically online or on their smartphone.

The first pay period with electronic-only payroll is likely to be a time of confusion and questions. Even with the best planning and preparation, there will be situations where employees get mixed up about how to access their funds, questions about their PINs, fees, and concerns about the new process. The department that handles payroll should brace for a lot of activity on the first electronic payday. It’s worth noting the kinds of questions employees ask and the issues they have, because these may become common questions you answer for new employees as you add them to the EPDS.
The Importance of Including Payment Options and Utilizing Compliance Best Practices in Your Payroll Process

As we’ve discussed, employers today operate in an environment of increasingly strict laws and regulations, so smart employers know that legal and regulatory compliance is critical. At the state level, employers must remain in compliance with the requirements of state departments of labor of each in which they operate. At the federal level, employers must comply with applicable laws and regulations ranging from the Federal Reserve Board’s Regulation E, to provisions enforced by the Consumer Financial Protection Bureau and other regulators. When pursuing 100 percent electronic payroll, the single most important step is to avoid the “mandate”—real or perceived—of wage-payment options that may not be mandated, and the best way to accomplish this is to ensure best practices are integrated into the payroll process.

The most critical best practice is to properly present and characterize the wage-payment options to employees, and to obtain their written (or electronic) consent—and wording matters. A written form that offers only “Paycard” or “Direct Deposit” creates risk because true choice does not exist if the only options require consent, and a state department of labor may be sympathetic to an unbanked employee who complains that he “doesn’t want a paycard” or that she “just wants a check.” In addition to using the correct form, it’s important—despite the familiarity of the term—to avoid referring only to “paycard” as your organization’s electronic-payroll initiative, again, even only because of the perception that an option that requires consent may be being mandated. Premier EPDS providers provide the materials and forms for employers to successfully implement a compliant program. They’ve “done the thinking” to make you successful, so you can rely on their expertise rather than wasting time becoming an expert yourself.

Beyond the procedures and processes used to implement an EPDS, an employer must avoid being “lulled”—even inadvertently—into non-compliant use out of convenience. The most common mistake employers make is to require an EPDS for certain types of pay, such as termination wages (especially in states that require immediate payment, such as California), off-cycle pay, and bonuses. These examples are wages just as much as regular pay, so they must be treated as such. Mandating an EPDS for these wages could be construed unlawful as contrary to Regulation E and state wage laws that prohibit the employer from requiring an employee receive electronic payment of wages at a specific financial institution as a condition of employment. This is a nuance that is easy to miss.

Examples such as these prove that “The Devil is in the Details.” Legal and regulatory compliance is inextricably intertwined with wage payment, and taking wage payment fully electronic adds layers of complexity that employers would have not previously had reason to focus on. All EPDS providers are not created equal, so be sure the one you choose understands these critical legal and regulatory details. Talk is cheap, and smoke and mirrors can easily cause even diligent payroll professionals to miss shortfalls of certain EPDS providers. Although compliance is no one’s favorite topic, it is, in no uncertain terms, the most critical piece to consider when implementing an EPDS. Be sure to take a deep dive on compliance issues with your EPDS provider, and be sure you are sufficiently comfortable with what you hear. “Yeah, we’re compliant” is not good enough.
Fees and Security

Employees will need to understand whatever transaction fees exist in the EPDS program. Though this information will be in the welcome kit and various other communications, it is a good practice to have a payroll representative include a fee discussion in the welcome process.

Fees vary from one EPDS provider to another. Typically, there are certain services provided free of fees, while others contain fees. Many providers offer one or more fee-free withdrawals per pay period. This way, if the employee wishes to withdraw cash on payday, it is equivalent to cashing a paycheck without fees. After that, there may be fees for ATM withdrawals or other services. However, the best-designed EPDS programs allow employees to always access their funds, and use the service, without ever incurring a fee (including check-cashing fees, prohibited in a number of states).

The paycard works like a debit card. When the employee uses it to make a purchase, they swipe the paycard at the cash register or present their card and sign for the purchase, and the account is debited for the amount of the purchase. To the employee, the paycard should function like any other debit card.

Employers may have concerns about the security of the EPDS materials, and there are some practices that help keep the EPDS as secure as other forms of payroll processing. Employers are typically concerned that something can happen to the employee’s money. Can a card be stolen and used such that the employee loses their money?

There are two aspects to this issue: loss, theft or fraud involving a card that has been issued; and theft or fraud of blank cards and welcome kits. If an issued card is lost, stolen, or subject to fraudulent use, in some cases, the paycard will offer similar protections as a Visa or MasterCard payment card. If the employee should have their card stolen and someone was to use it fraudulently, they would notify customer service that their card has been stolen. The employee should not be liable for fraudulent use of their card, as long as they promptly call and tell the EPDS provider that the card has been stolen.

Regarding loss or theft of the inventory of blank cards at work sites, the better trained the payroll staff is in EPDS, and the more rigorous the employer’s internal controls are, the more effective the employer’s security policies will be. The good news is that if someone just steals a welcome kit, there’s no money to steal. Without employer enrollment activation, it is essentially worthless. However, payroll fraud can occur with EPDS as it can with conventional paychecks. Therefore, the same security policies and controls that employers use around preventing false checks from being issued, such as segregation of duties and third party verification of employee identity, can be applied to the EPDS process as well.

When Employees Leave the Company

If, when employees leave the company, they have a positive balance in the account, they can spend it or withdraw cash until the account reaches zero. After termination and the final pay deposit, the employer is not going to be sending any more money to that account. But on the employee side, the account stays open. Whether they’re employed or not doesn’t impact the status of their card. They can continue to use that card and convenience checks as long as there are funds on in the account. Employees need to be informed about the details of this policy in writing.

If the account is inactive for a long period of time, it will typically be closed by the EPDS vendor, and the vendor is responsible for an escheatment process (one of the many benefits to an employer). In reality, however, experience shows that virtually all paycard accounts are emptied completely soon after an employee’s termination.
Conclusion

Electronic payroll distribution offers a “win-win” for employers and employees. The move to EPDS can typically bring significant savings and efficiencies to the employer in the form of reduced paycheck handling costs. For employees, paycards are more convenient and flexible, as well as more secure.

Making the transition from conventional company-issued paper paychecks to a full EPDS is not a major organizational change, but it is a change that involves a sensitive approach to the payment issue. People tend to be concerned about the reliability, security, and fairness of the way they are paid. As a result, the way the transition to EPDS is managed will have an impact on the success of the program, its level of adoption by employees, and the ultimate financial benefits realized by the employer.

EPDS requires thorough thinking about managing change, and the organizational challenges that any kind of change entails. Best practices for assuring success with EPDS include:

- Finding project champions and designated “owners,” as well as a strong executive sponsor.
- The program needs to be ratified by executive management through a “reason for change” statement that succinctly expresses the reasoning behind the move to EPDS. The reason for change statement can generate discussion amongst management, which should lead to resolutions of differences of opinion and pave the way to a solidly back change program.
- Communications to employees and managers need to lay out the advantages of EPDS while keeping the door open for comments and questions.
- Setting a firm date for existing employees to make a selection regarding what kind of EPDS they prefer—Direct Deposit, paycard, or convenience check—and a clear cut-off date for the enrollment selection.
- EPDS should become a built-in part of the new hire process. Relevant information and materials are delivered in a welcome kit that is given to all employees as part of the hire process.

Picking the right provider for EPDS is also a critical success factor. There are a range of offerings available on the market, and not all are created equal. Notable differences between EPDS vendors include fee structures, the level of security and fraud/theft limits placed on accounts, the scope and breadth of the check-cashing network, the availability of a convenience check option that meets the many different state pay compliance regulations, and the experience of a proven track record. Premier EPDS providers recognize the critical importance the legal and regulatory landscape plays in wage distribution, take a thoughtful and serious approach to it, and provide employers with the roadmap to compliant, 100 percent electronic payroll. But, most employers are not experts in EPDS (nor would they be expected to be), but, as mentioned earlier, some providers may use “smoke and mirrors” to disguise shortfalls of their offerings. As with anything, knowledge is power, and knowledge begins by asking the right questions. On the next page, you’ll find examples of important questions to consider in your EPDS provider selection process.
Examples of Important Questions to Ask Your EPDS Provider

1. How does your service comply with the laws of most states that require employers to permit employees to receive a paper paycheck if they wish?

2. Do you have a nationwide network of free check cashers, including in those states that require the employer to provide free check cashing?

3. How do you obtain our employees’ consent to participate in your program? What happens if they don’t consent? Do we have to provide them with company-issued paper checks?

4. If we still have to offer some employees paper paychecks, what percentage of those employees who we already pay by check do you expect to switch from check to your service? What’s the incentive for them to switch rather than stay with the status quo?

5. If we have to have the procedures in place to continue to offer paper paychecks (whether just a few, or dozens/hundreds/thousands), how does your service help us?

6. Can we use your service to pay employees’ wages at termination in states that require those employees be paid “immediately”? What about employees who have not consented to being paid by your service? Can we just pay all of those employees by issuing them a paycard? If so, how does your service comply with state laws and Regulation E that require that employees be able to choose their own account?

7. Do we have to offer Direct Deposit as an alternative to your service? If not, how does your service comply in all 50 states and with Regulation E?

8. How does your service comply with the laws in each state with respect to methods for employees to access their wages free of charge, to-the-penny?

9. Does your program comply with USA PATRIOT Act’s CIP verification requirements using “documents” or “non-documentary methods”?

10. If using documents, what is the process for employees to show documents (e.g., driver’s license, Social Security card, passport, etc.) for verification?

11. If non-documentary, do you utilize an electronic verification process that compares their personal information against public databases or other sources?

12. What percentage of employees fails such an electronic verification, and, thus, are not eligible to receive a paycard?

13. For those employees who are not eligible to receive a paycard because they have failed the electronic verification, and who do not elect to receive Direct Deposit to a personal bank account, do we have to provide them with a company-issued paper check?

14. If so, doesn’t that mean we’ll never be able to achieve 100% electronic payroll?

EPDS can be a great program for an employer. It can also make employees’ lives easier on pay day. Getting EPDS right involves some thinking and planning, and careful execution. With the right partner, an employer that follows these recommended best practices will have the greatest chance of success.
The Global Leader in Electronic Commerce

Around the world every day, First Data makes payment transactions secure, fast and easy for merchants, financial institutions and their customers. We leverage our unparalleled product portfolio and expertise to deliver processing solutions that drive customer revenue and profitability. Whether the payment is by debit or credit, gift card, check or mobile phone, online or at the point of sale, First Data helps you maximize value for your business.

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