Rising Inflation Leads More Workers to the Gig Economy, Citing Increased Expenses and Fuel Costs

April 14, 2022

Second annual Gig Payments Report from Branch and Marqeta finds faster payments continue to be a top priority for gig workers, with over a third (35%) of respondents quitting full-time employment to join the gig economy.

MINNEAPOLIS & OAKLAND, Calif.--(BUSINESS WIRE)--Apr. 14, 2022-- Branch, the leading workforce payments platform, and Marqeta (NASDAQ: MQ), global modern card issuing platform, today announced findings from the second annual Branch x Marqeta Gig Payments Report, a joint study on the work and payments preferences of gig workers. Surveying over 1,000 workers who turned to gig and 1099 work in the last six months, the study found that over 80 percent of respondents (85%) have recently increased or planned to increase their gig work, with 58% citing inflation as the primary reason for seeking more work.

Workers surveyed cited higher pay, scheduling flexibility, and faster payouts as their top incentives for taking on gig work. Higher pay topped the list at 67% with scheduling flexibility (60%) and faster payouts (59%) neck-and-neck for second and third place respectively. Forty-seven percent of those surveyed rely on gig work for at least half of their income. With rising inflation cited as impacting both work and personal expenses for 57% of respondents, many surveyed said access to cash more quickly is critical to meet financial needs. The most costly expense for workers surveyed is fuel (61%), followed by equipment/supplies (9%).

“We’ve learned that the traditional pay cycles are increasingly outdated for today’s workers. They require faster payments to better manage life’s expenses, especially amid growing inflation and rising gas prices that have had a significant impact on their work this year so far,” said Vidya Peters, Chief Operating Officer at Marqeta. “By enabling faster access to wages with modern cards, we can help grow the gig economy through enhanced financial security for its growing workforce.”

"Workers have increasingly turned to the gig economy to have greater speed and flexibility over when they work and how they get paid," said Branch Founder and CEO Atif Siddiqi. "As contractors navigate challenges such as inflation, managing expenses, and running their own businesses, instant payments paired with cash flow management tools can empower this next wave of entrepreneurs."

The profile of the independent worker has shifted to reflect the ongoing pandemic. Gig workers are choosing the food/grocery delivery sector (50%) and cleaning/home repair services (12%) as their primary industries, as rideshare decreased significantly from 10% of respondents in 2021 to 5% this year. The Great Resignation trend is also fueling gig work, with 35% of respondents citing they’ve quit, or plan to quit, full-time employment in the past year to join the gig economy.

Additional findings include:

Flexibility and Speed Reign Supreme for Payments

- Workers prefer greater flexibility in when they get paid. Sixty-eight percent of survey respondents prefer to be paid the same day they work, with 39% preferring right after each job and 29% at the end of the day.
    - Additionally, 80% of respondents would be more likely to choose one gig platform over another if it could pay them instantly without fees.
    - Faster payments continue to provide workers relief, with 90% associating faster pay with greater financial peace of mind.

Struggling with Everyday Expenses

- Among top financial concerns, gig workers ranked home/rent affordability at the top of the list (72%), followed by utility bills (60%). Third was groceries (53%) and autocare/transportation (41%), as many likely rely on their vehicles to participate in the gig economy.

Managing a Growing Business

- Despite many technological advances and the advent of gig work itself, many surveyed workers still report relying on low-tech methods to manage their business expenses.
    - Collecting receipts - 46%
    - Writing down expenses in a notebook - 42%
    - Keeping all expenses on one card - 35%
    - Tracking with a spreadsheet - 25%
    - Using tools provided by the gig platform I work with - 20%
    - Using an application/software - 18%
- Thirty percent of respondents run independent businesses and pay or reimburse other workers, with cash (36%), check (23%) or peer-to-peer apps such as Cash App and Venmo (23%), or ACH (18%). Nearly all (91%) of respondents growing their businesses said it’d be helpful to have a centralized way to manage business expenses and reimbursements for workers.

Crypto Confusion

- When asked if crypto payment options would make them more likely to select a gig platform, workers were hesitant:
  - 44% said they were neutral - it wouldn't have a positive or negative impact.
  - 28% said it'd make them less likely to select a platform.
  - 28% said it'd make them more likely to work with a platform.

About Branch

Branch is the leading workforce payments platform that partners with businesses to accelerate payments and empower working Americans. Businesses turn to Branch for a more cost-effective, faster way to pay workers and reduce the costs of paper checks and paycards. Employees and independent contractors that sign up with Branch can receive a zero-fee bank account, free instant access to earned wages, rewards, and personal finance tools to help them manage their cash flow between paychecks. Branch partners with some of the nation's leading payroll and workforce technologies to support companies in retail, restaurant, trucking/logistics, last-mile delivery, manufacturing, and healthcare. Branch has been honored with a Webby Award — Best Financial Services, Fintech Breakthrough Award, Gartner Eye on Innovation: Financial Services, Star Tribune's Top Workplaces in Minnesota, and Great Place to Work Certification. To learn more about Branch, visit https://www.branchapp.com and follow us on Twitter, Facebook, and LinkedIn.

About Marqeta

Marqeta's modern card issuing platform empowers its customers to create customized and innovative payment cards. Marqeta's platform, powered by open APIs, gives its customers the ability to build more configurable and flexible payment experiences, accelerating product development and democratizing access to card issuing technology. Its modern architecture provides instant access to highly scalable, cloud-based payment infrastructure that enables customers to launch and manage their own card programs, issue cards and authorize and settle transactions. Marqeta is headquartered in Oakland, California and is enabled in 39 countries globally. For more information, visit www.marqeta.com, Twitter and LinkedIn.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements expressed or implied in this press release include, but are not limited to, statements relating to the work and payment preferences and habits of workers, including gig workers, and Marqeta's COO and Branch's CEO's quotations regarding the potential preference, adoption, and capabilities of certain payment and cash flow management tools.. Actual results may differ materially from the expectations contained in these statements due to risks and uncertainties, including, but not limited to, the following: the effect of uncertainties related to the global COVID-19 pandemic on U.S. and global economies and demand for Marqeta and Branch's respective services and products; the risk that Marqeta and Branch respectively are unable to further attract and retain their respective customer bases; the risk that consumers and workers will not perceive the benefits of Marqeta's and Branch's respective products and services; the risk that Marqeta's and Branch's respective products and services do not operate as intended; the risk that Marqeta's and Branch's respective products and solutions will not achieve the expected market acceptance; and the risk that competition could reduce expected demand for Marqeta's and Branch's respective services. Detailed information about these risks and other factors that could potentially affect Marqeta's business, financial condition and results of operations are included in the "Risk Factors" disclosed in Marqeta's Annual Report on Form 10-K for the year ended December 31, 2021, as such risk factors may be updated from time to time in Marqeta's periodic filings with the SEC, available at *www.sec.gov* and Marqeta's website at *http://investors.marqeta.com*. The forward-looking statements in this press release are based on information available to Marqeta as of the date hereof. Marqeta disclaims any obligation to update any forward-looking statements, except as required by law.

View source version on businesswire.com: https://www.businesswire.com/news/home/20220413006071/en/

Media:
James Robinson
530-913-0844
jrobinson@marqeta.com

Source: Marqeta