

Gig Economy

NOVEMBER 2017

a PYMNTS.com HYPERWALLET collaboration

Index™

44%

of gig workers receive 40 percent or more of their income from gig economy jobs.

84%

said they'd do more gig work if they were paid faster.

69%

would not quit their gigs for a full-time job.

A QUARTERLY
REPORT ABOUT THE

INS AND OUTS

OF THE GIG ECONOMY

“Gig economy workers are projected to account for more than **\$677 billion** of total U.S. income in 2017.”

Gig Economy

a PYMNTS.com



HYPERWALLET

collaboration

Index™

ACKNOWLEDGMENT

The Gig Economy Index™ was done in collaboration with Hyperwallet and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](https://pymnts.com) retains full editorial control over the findings presented as well as the methodology and data analysis.

TABLE OF CONTENTS

Gig Economy
Index™

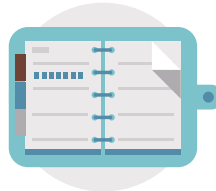


- 04 SUMMARY STATS**
A snapshot of some of the most important data points from our most recent Gig Economy Index research
- 06 OVERVIEW**
A high-level look at gig employees, including their diverse backgrounds and their overall economic impact
- 09 WHO ARE GIG EMPLOYEES?**
In-depth analysis of the demographics of gig workers, including their age, education and income level
- 15 HOW GIG EMPLOYEES DO THE WORK**
Analysis of the different demographic factors influencing popularity of jobs in the gig economy
- 27 WHY WORK A GIG**
A look at the various payment methods used to process payroll for gig employees
- 30 DEEP DIVE:**
Casual vs. Committed Gig Employees
- 34 FEATURE STORY:**
With the Gig Economy Booming, Job Marketplaces Find A New Role
- 37 WHAT'S NEXT?**
A look at the workers' perspectives on their future in the gig economy
- 39 Q&A**
Insight from Brent Warrington, chairman and CEO at Hyperwallet Systems, Inc.
- 40 ABOUT**
Information on PYMNTS.com and Hyperwallet

SUMMARY STATISTICS

84%

SAID THEY'D DO MORE
GIG WORK IF THEY
WERE PAID FASTER.



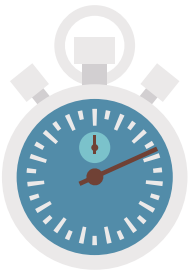
37%

OF GIG WORKERS SPEND
ALL OF THEIR WORK TIME
ON ONE GIG JOB.



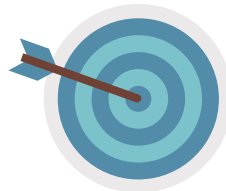
17%

OF GIG EMPLOYEES WORK
IN PROFESSIONAL SERVICES,
AND 19 PERCENT WORK IN
TRANSPORTATION SERVICES.



51%

ARE PAID WITHIN
ONE WEEK.



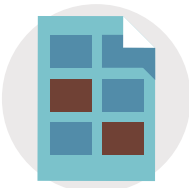
40%

GET PAID BY
GIG ENTITIES.



44%

OF RESPONDENTS RECEIVE
40 PERCENT OR MORE OF
THEIR INCOME FROM GIG
ECONOMY JOBS.

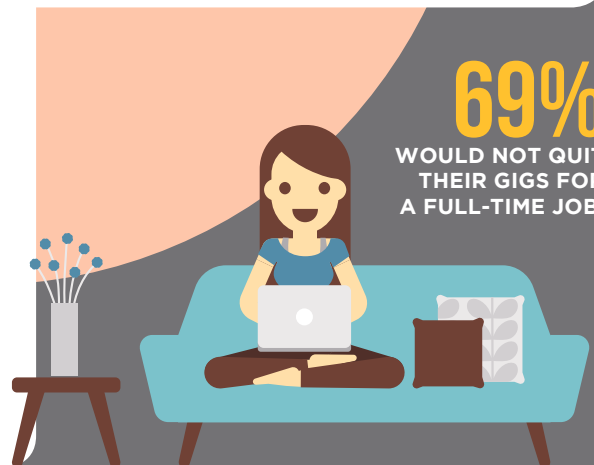


56%

SAID MAKING MONEY IS THE
MOST IMPORTANT FACTOR
FOR GETTING A GIG.

69%

WOULD NOT QUIT
THEIR GIGS FOR
A FULL-TIME JOB.



GIG ECONOMY WORKERS ARE PROJECTED TO ACCOUNT
FOR MORE THAN **\$677 BILLION** OF TOTAL U.S. INCOME IN 2017.

Observers have made a number of predictions about the future of work: automation, fewer jobs, telework — the list goes on and on. But one piece of that future is already here. Forget the office-based employee who trudges in with a packed lunch and sits in a cubicle from 9:00 a.m. to 5:00 p.m., throwing back mug after mug of coffee. A new type of employee is already making an impact on the modern economic landscape: the gig worker.

Gig workers are people who provide ad hoc services over a period of time or on demand. This work model affords individuals far greater flexibility — the freedom to be their own bosses. In 2016 alone, 34 percent of the American workforce was made up of freelancers — a number projected to grow to 43 percent by 2020.¹

But, despite the benefits of trading the office for the coffee shop, gig employees also have their own struggles: an unpredictable work schedule and a lack of benefits, among others. For every story of a gig employee who loves his or her new, flexible lifestyle — setting his or her own hours, sleeping until noon or working from anywhere — there is another story of gig employees struggling to make ends meet. In fact, as our report shows, gig workers come in very different types. Some have found gig work lucrative, while others are working gigs because they have no other choice.

In fact, gig workers have become such a large part of the workforce that legislators are beginning to pay attention.

In early October, Washington State Representative Monica Stonier introduced a bill requiring companies to provide benefits for gig economy workers.² The bill would mandate that companies using 50 or more gig employees create a pool of funds to contribute to the cost of employee benefits.

And Washington isn't the only place proposing such legislation. New York City has already unveiled a bill protecting gig employees from wage theft. We expect more legislation to come, too, as the non-profit Freelancers Union and freelancing platform Upwork predict gig employees are the way of the future and that office jobs will go the way of the dodo.³

Hyperwallet and PYMNTS.com are partnering to better understand workers in the gig economy: who they are, what services they supply and the percentage of their overall income their gigs represent.

We conducted a survey and received **2,888 survey responses**, **1,958** of which were disqualified because respondents didn't work in the gig economy. The **930** respondents who had participated in the gig economy within the last three months answered a variety of questions revealing who they were, what they did, how they were paid, why they worked in the gig economy and their future plans.

All data, unless noted otherwise, is original and proprietary.

¹ White, John. How the rapid rise of the gig economy is changing the way we work. Inc.com. Date unknown. <https://www.inc.com/john-white/the-rapid-rise-of-the-gig-economy-is-changing-the-way-we-work.html>. Accessed Oct. 2017.

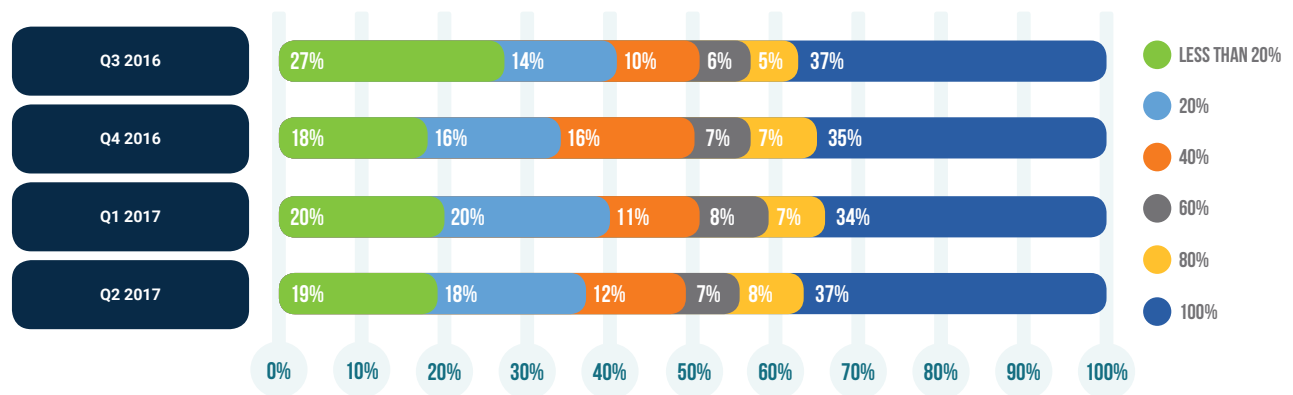
² Abello, Oscar Perry. Lawmaker proposes floating benefits for gig economy workers. Next City. October 17, 2017. <https://nextcity.org/daily/entry/lawmaker-proposes-floating-benefits-for-gig-economy-workers>. Accessed Oct. 2017.

³ Abello, Oscar Perry. Lawmaker proposes floating benefits for gig economy workers. Next City. October 17, 2017. <https://nextcity.org/daily/entry/lawmaker-proposes-floating-benefits-for-gig-economy-workers>. Accessed Oct. 2017.

OVERVIEW

In this quarter, we see continued growth in the number of hours individuals are contributing to the gig economy. In fact, the number of people who dedicated at least 60 percent of their work time to gig jobs jumped from 48 percent in Q3 2016 to 52 percent this quarter, Q3 2017.

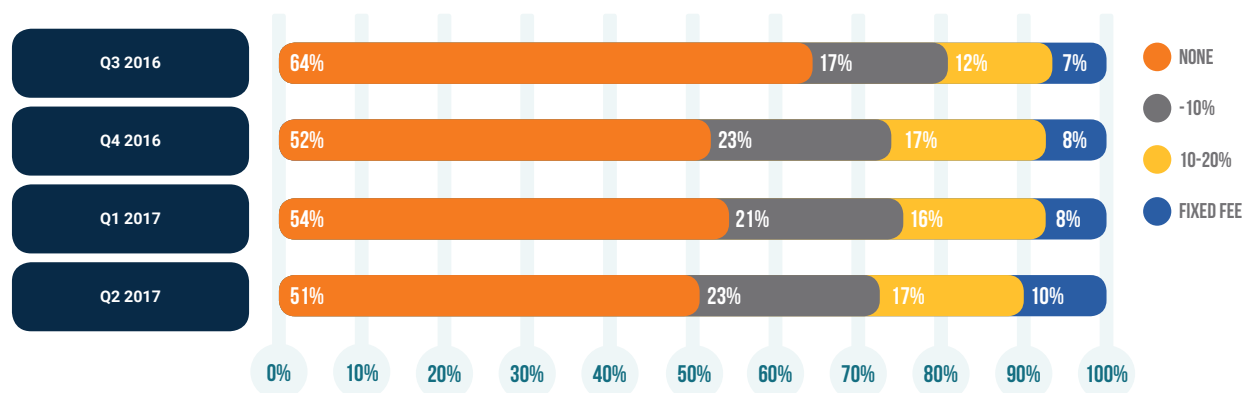
Figure 1: Quarterly Comparison of Work Time Spent in Gig Economy



Another growing trend is that gig employees are increasingly combining gigs and part-time jobs. This jumped from 14 percent during Q3 2016 to 15 percent this quarter.

However, while gigs are growing in popularity, gig entities seem to be doing worse at paying gig employees. The number of gig employees who lost no income to their payment method dropped from 64 percent to 51 percent over the course of a year. Meanwhile, the percent of gig employees who have seen their fees increase has jumped in all brackets. Interestingly, though, most gig employees still express satisfaction with the way they are being paid. In fact, 96 percent mentioned being very satisfied with their payment mechanisms.

Figure 2: Quarterly Comparison of Income Lost Via Payment Method



To better understand gig employees, we divided them into five main personas:



We'll dive into their statistics later in the report, but here's a basic overview.

Goal Gig Workers make up 40 percent of gig employees. They tend to be highly educated with middle-to-high incomes, and 47 percent of them have at least have a four-year college degree. They make up half of people earning between \$100,000 and \$125,000 per year.

Hobby Gig Workers tend to earn more than the average and are relatively younger. Overall, Hobby Gig Workers are highly educated and work in Health & Fitness, Professional and Personal Services. Most of them value the flexibility gigs offer and do not want a full-time job. Overall, they seem to be the happiest with their lifestyles.

Stop-Gap Gig Workers make up 33 percent of all gig employees and tend to have lower incomes and less education. They make up 38 percent of gig employees with a high school diploma or less, as well as 45 percent of people earning below \$20,000 per year. Stop-Gappers tend to favor gigs in Household Services and in the Travel & Hospitality industry. However, 44 percent of them say they do not like their lifestyles, and many are seeking full-time jobs.

Career Gig Workers account for 10 percent of gig employees and are relatively more concentrated in the Labor/Workforce. When it comes to happiness with overall lifestyle, Career Gig Workers are almost as happy as Hobby Gig Workers. They plan to keep their gigs, which makes sense, given they don't work other types of jobs. They also value the flexibility of the gig economy more than the other personas.

Finally, Part-Time Gig Workers make up 5 percent of gig employees and half of those between 18 and 20 years old. They are typically students who need a flexible schedule and tend to favor gigs in Delivery and Household Services.

In addition to examining types of gig personalities, we took a closer look at how gig employees do their work. Overall, many gig employees work a full-time job (42 percent), while 29 percent work just one main gig. Another 26 percent supplement their gigs with other jobs.

Thirty-seven percent of gig employees spend all their time on their gig. However, 49 percent spend less than half of their time on a gig.

Interestingly, gig employees who spend less than 20 percent of their time on a gig tend to have the highest incomes. Meanwhile, people who spend all their time on a gig make up 47 percent of the lowest income bracket.

When it comes to accepting payments, the proportion of respondents who receive all their payments from a gig entity is decreasing. And, despite gig workers wanting faster payments, the trend is indicative of a decline in payment speed. Last quarter, 63 percent of gig employees were paid within a week of service. That number has dropped to 51 percent this quarter, indicating payments are coming in even later than before.

Beginning this quarter, we added PayPal as a response to our questions about how gig workers get paid. We're glad we did, too, as 35 percent of gig employees said they were receiving payments through PayPal.

Speaking of payment, gig employees' reasons for working gigs tend to fall into two categories: to pay bills or add to savings. Lower income gig workers need the money to make ends meet. Thirty-two percent of gig employees with annual incomes below \$40,000 said covering everyday expenses was the most important factor. For those with higher income, saving for discretionary purchases was a main driver, with 26 percent of people with incomes exceeding \$60,000 citing it as their main reason for taking gig work.

To get an even better understanding of the differences between gig workers, we also took a deep dive into the differences between casual and committed gig employees.



Casual Gig Worker

Individuals who spend 20 percent or fewer of their working hours in the gig economy and gain 20 percent or less of their total income from it.



Committed Gig Worker

Individuals who spend 80 percent or more of their working time in the gig economy and gain 80 percent or more of their total income from it.

Female Committed Gig Workers tended to be mothers who were currently unable to swing a full-time job, but also needed the money. Meanwhile, women without children were more inclined to be Casual Gig Workers and were more inclined to have a smaller need for money than Female Committed Gig Workers. On the other hand, Male Committed Gig Workers tended to be young and students. In comparison, Male Casual Gig Workers often have children and are working short-term gig for flexibility and in pursuit of a hobby.

On the whole, the gig economy appears prepared for further growth. Forty-three percent of gig employees said they liked the lifestyle and 56 percent said they liked the extra money for paying bills, discretionary savings and big life events. Only 12 percent of gig employees said they would quit their gigs if they obtained full-time jobs.

Given that the future looks bright for the gig economy, our biggest questions are centered on how gig entities will evolve to meet the ancillary needs of gig employees, including worker benefits. We've already seen major players like Uber and Lyft make strides to improve their gig employees' lives. With the added pressure from legislators to improve working conditions for gig employees, we're hoping for a future in which the industry becomes a viable alternative to full-time work — even, or especially, for those who have no other options.

WHO ARE GIG EMPLOYEES?

Like regular employees, gig employees encompass a diverse group of people. In past iterations of this Index, we've reported on demographics including age, education and income. This quarter, for ease of understanding, we've segmented gig employees into five different profiles.

Forty percent of gig employees are Goal Gig Workers. The second largest group is made up of Stop-Gap Gig Workers (33 percent). While gig employees are a growing part of the population, the majority of them are still relying on full-time jobs or searching for full-time jobs. Slightly less than one-third are going after gigs as their main source of income.

While Goal Gig Workers, by definition, picked up gigs for the extra income, they were also the only group reporting they were working gigs because of a major life event or for discretionary purposes. Interestingly, 63 percent of them said they appreciated the flexibility in their schedules — but it's possible that Goal Gig Workers felt this way because it allowed them to keep a full-time job and supplement their income.

Figure 3: Persona Distribution, As Percentage of Total

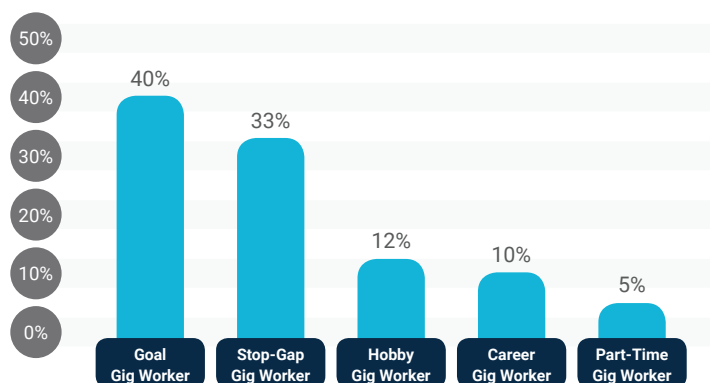
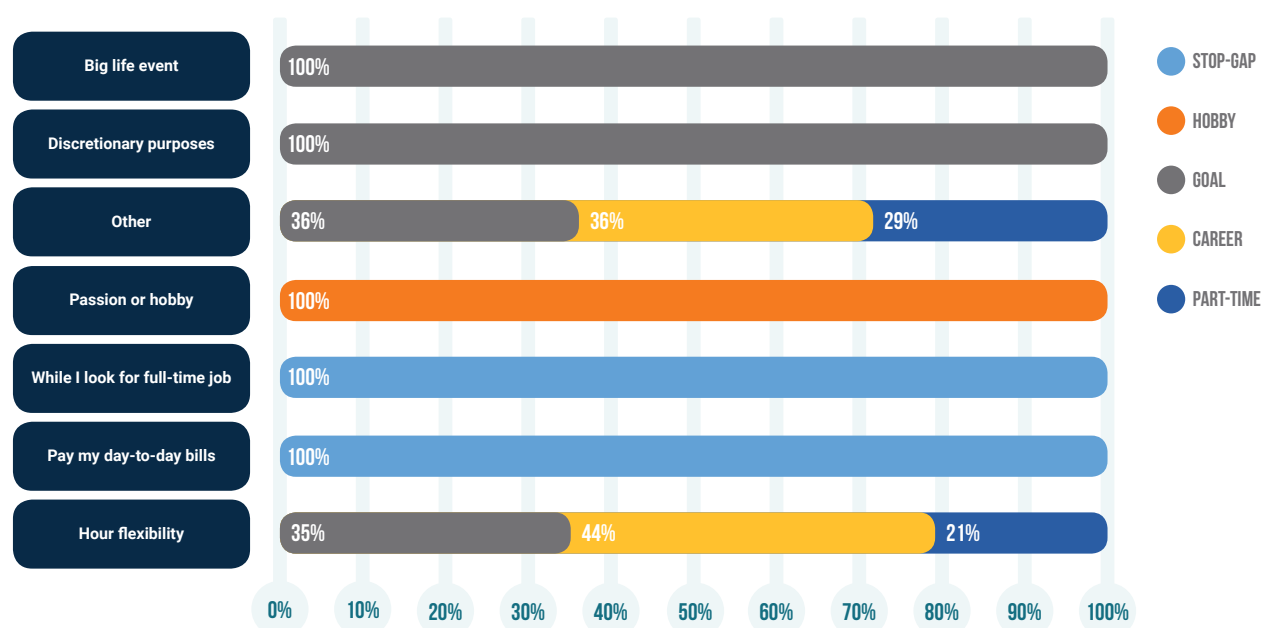


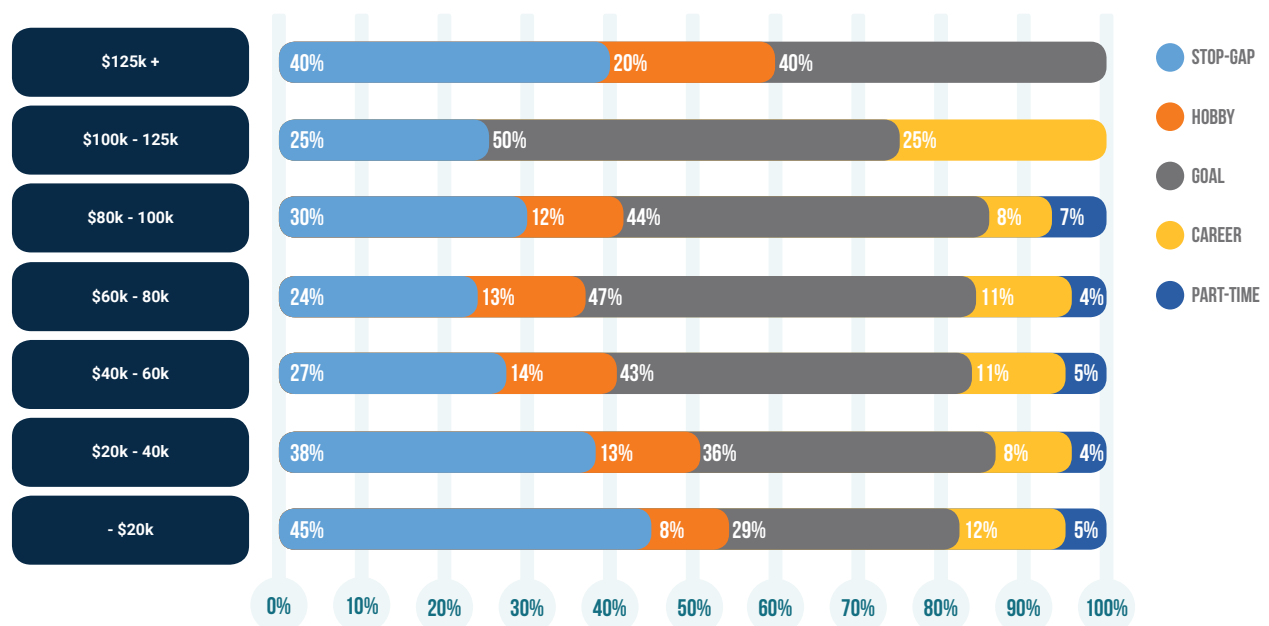
Figure 4: Factors That Made People Become Giggers



WHO ARE GIG EMPLOYEES?

Speaking of income, 40 percent of gig workers earning more than \$125,000 are Goal Gig Workers. Meanwhile, only 29 percent of gig workers earning less than \$20,000 are Goal Gig Workers. They make up 40 percent of those earning over \$100,000 and 45 percent of the lowest. Hobby Gig Workers also comprise 20 percent of the highest income bracket, but only 8 percent of the lowest income bracket. However, Career Gig and Part-Time Gig Workers appear to be having a hard time. They don't make it into the highest income bracket, though they have a solid presence in the lowest.

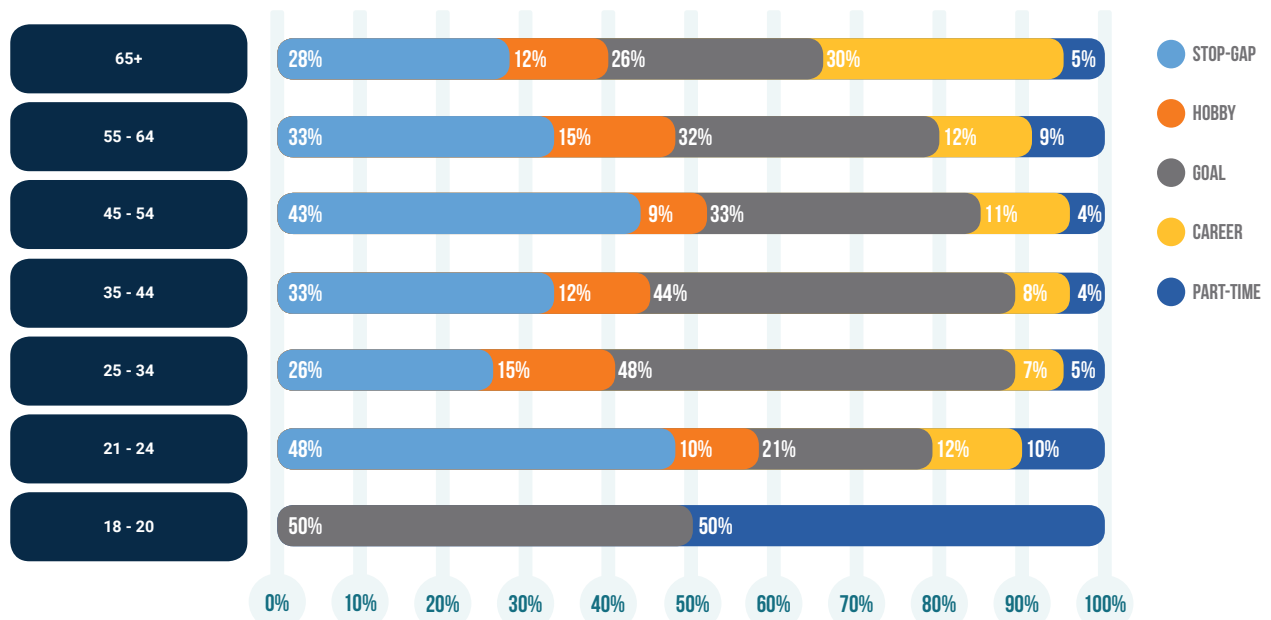
Figure 5: Gig Economy Personas by Income



Age may be part of the reason Part-Time and Career Gig Workers are earning less. In comparison to the overall gig population, Part-Time Gig Workers tend to be younger, with 11 percent younger than 24. Goal Gig Workers are also a young bunch, with 39 percent of them younger than 34. Meanwhile, Career Gig Workers have no presence in the youngest age bracket, though they make up 30 percent of the oldest. Stop-Gap and Goal Gig Workers have a large presence among ages 21 to 64.

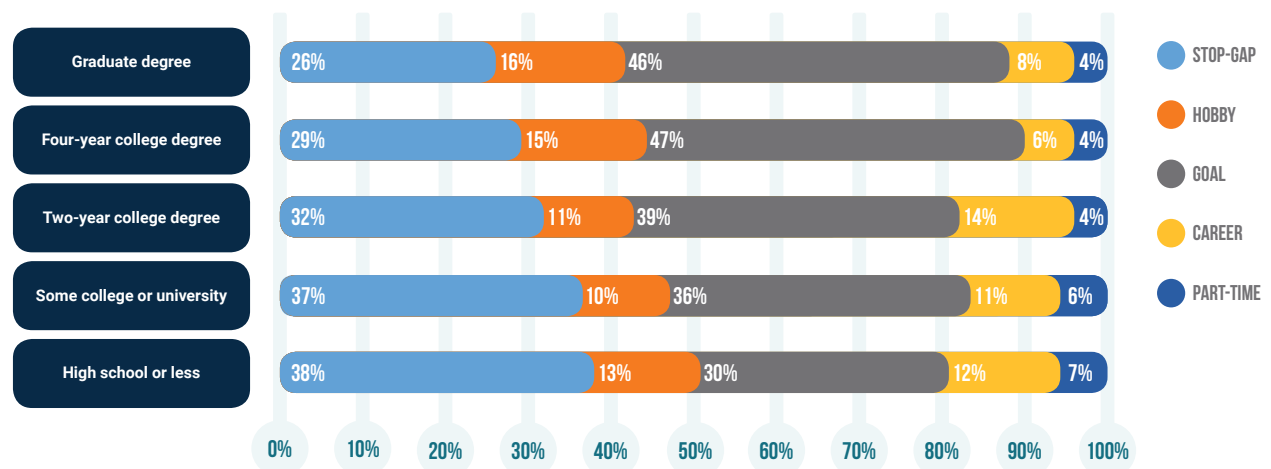
WHO ARE GIG EMPLOYEES?

Figure 6: Gig Economy Personas by Age



Similar trends are apparent for gig worker education levels. Goal Gig Workers tend to have very high levels of education, comprising 46 percent of the highest education bracket and only 30 percent of the lowest. Meanwhile, Career Gig Workers fill out 12 percent of the lowest education bracket but only 8 percent of the highest. Stop-Gap Gig Workers also have a larger presence in the lower education brackets (38 percent) and a smaller one in the highest (26 percent).

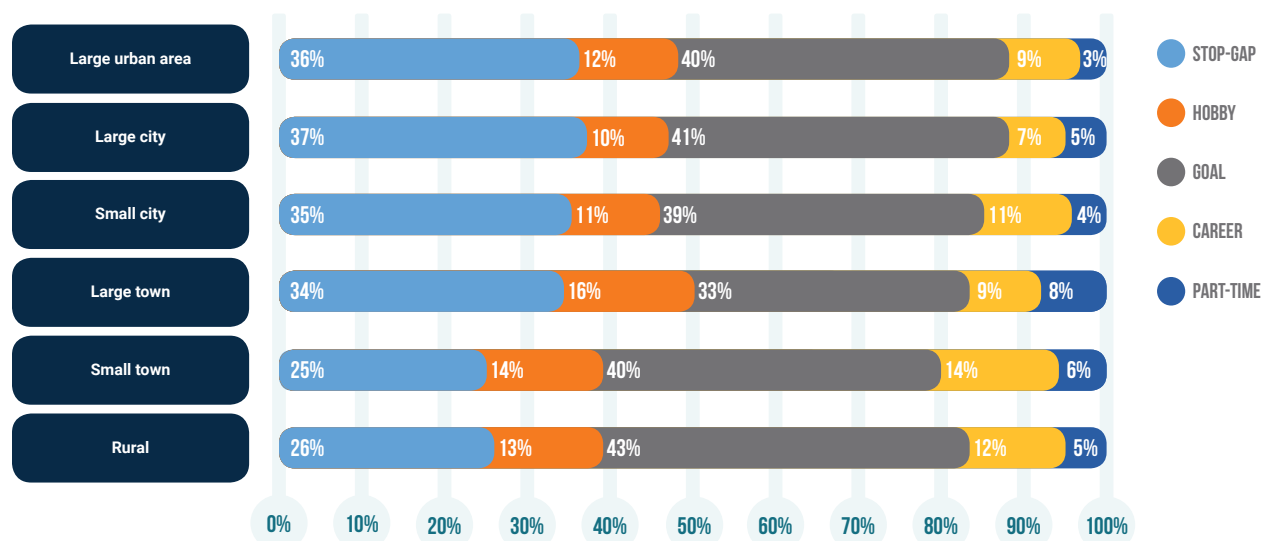
Figure 7: Gig Economy Personas by Education



WHO ARE GIG EMPLOYEES?

Geographically, the five personas seem to be equally distributed among types of locations. Stop-Gap Gig Workers seem to have a somewhat larger presence in large urban areas, while Goal Gig Workers seem to have a slightly larger presence in rural ones. Meanwhile, Hobby giggers tend to be concentrated in large towns.

Figure 8: Gig Economy Personas by Area Size

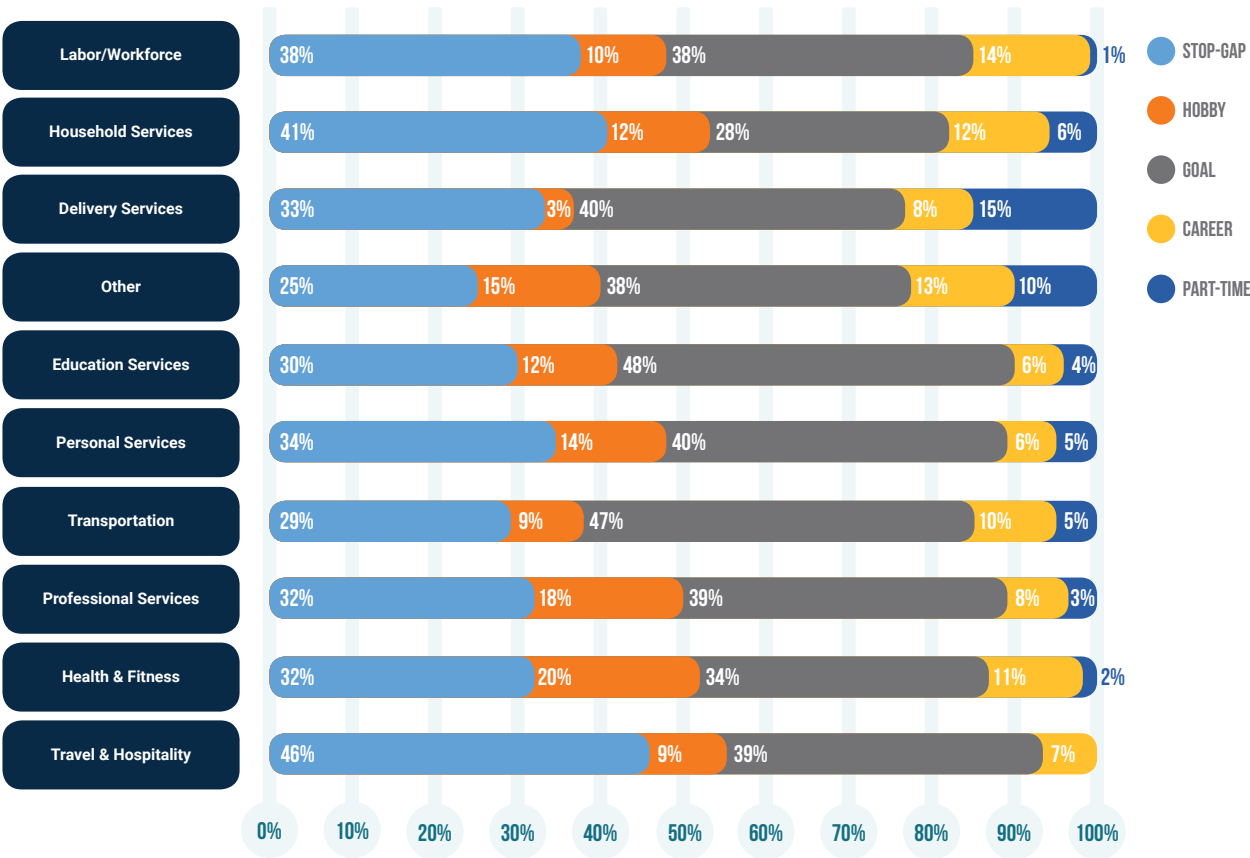


While the different personas don't seem to be correlated with location types, they are correlated with industries. Overall, Goal Gig Workers make up a large portion of education services (48 percent). Meanwhile, Stop-Gap Gig Workers comprised 46 percent of the gig employees in Travel & Hospitality, and Hobby Gig Workers have a greater representation in Health & Fitness, Professional and Personal Services. A large portion of lower-skilled industries like Labor/Workforce and Household Services are powered by Career Gig Workers who represent 14 percent and 12 percent of the workforce, respectively.



WHO ARE GIG EMPLOYEES?

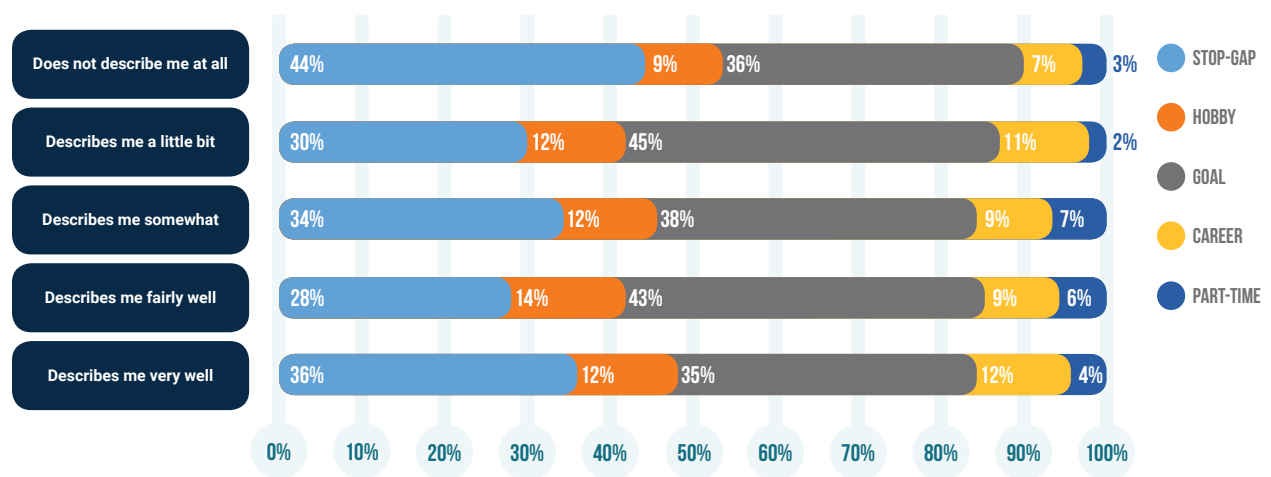
Figure 9: Gig Economy Personas by Industry



WHO ARE GIG EMPLOYEES?

Overall, Career and Hobby Gig Workers are most satisfied with their lifestyles and plan to keep working in the gig economy. Career Gig Workers value the flexibility that comes from working in this type of job. Meanwhile, 44 percent of gig workers who reported not liking their lifestyle were members of the Stop-Gap Gig Workers group, and many are seeking full-time employment. In addition, 36 percent of those who have no plans to keep their gigs long-term come from the Goal Gig Workers group.

Figure 10: "I Like the Lifestyle and Plan to Keep My Gig Economy Job"



HOW GIG EMPLOYEES DO THE WORK

But how do gig employees work? How many gigs do they juggle, how much time do they spend on gigs, what percentage of their income is derived from gigs and, most importantly, how are they paid?

Forty-two percent of gig employees work a full-time job, while 29 percent work just one main gig. Another 26 percent supplement their gigs with other gigs or part-time jobs.

Overall, giggers who worked full-time jobs in addition to their gigs tended to have the highest income levels, comprising 44 percent of the highest income bracket. Gig employees who worked only gigs tended to have a lower income than other gig workers. They made up 37 percent of the lowest income bracket. By comparison, giggers who worked a full-time job made up 26 percent of the lowest income bracket.

Figure 11: Other Jobs

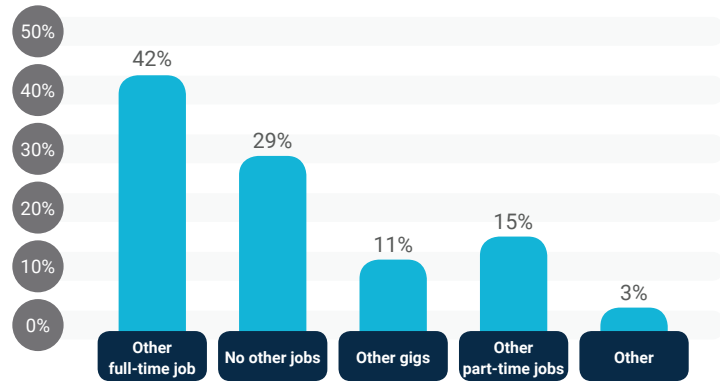
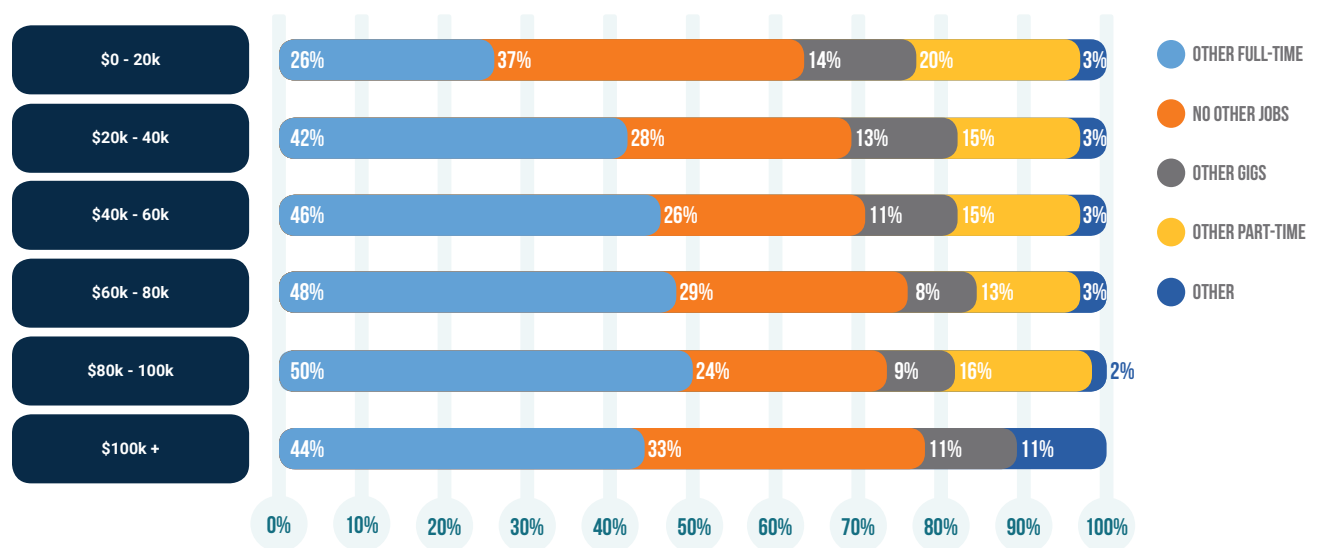


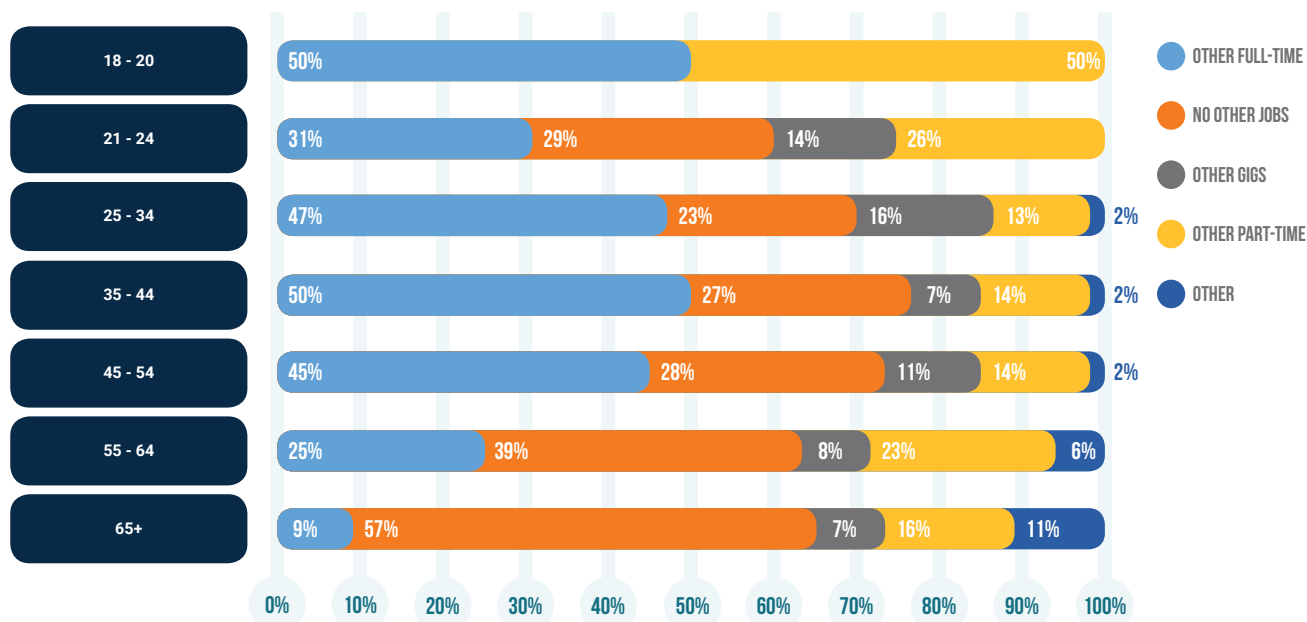
Figure 12: Gig Economy Work Type by Income



Gig employees in the youngest age bracket were split evenly between gig employees who also worked full-time jobs and those who worked part-time jobs. Meanwhile, of the gig employees in the oldest age bracket, 57 percent were gig employees who only worked gigs.

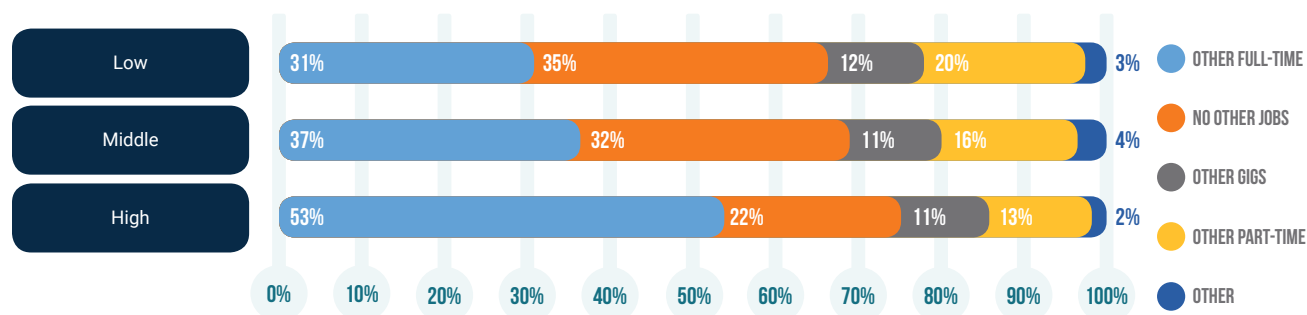
HOW GIG EMPLOYEES DO THE WORK

Figure 13: Gig Economy Work Type by Age



Gig employees who worked full-time jobs tended to have the highest education and made up 53 percent of the that bracket. By comparison, these gig employees only comprised 31 percent of the lowest income bracket. Giggers who only worked gigs made up 35 percent of the lowest income bracket, however, and 22 percent of the highest income bracket.

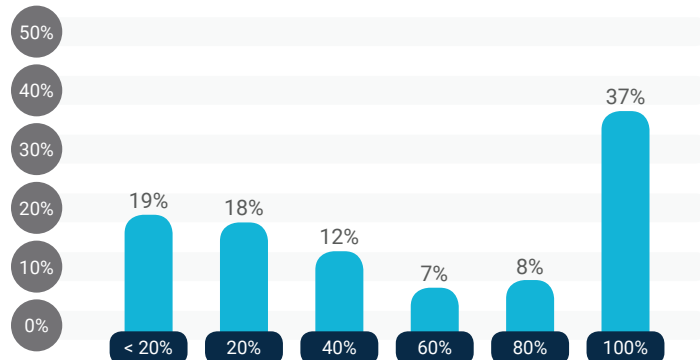
Figure 14: Gig Economy Work Type by Education



While most gig employees have full-time jobs they pair with their gigs, 37 percent of gig employees spend all their time on their gigs. However, 49 percent reported spending less than half their time on a gig.

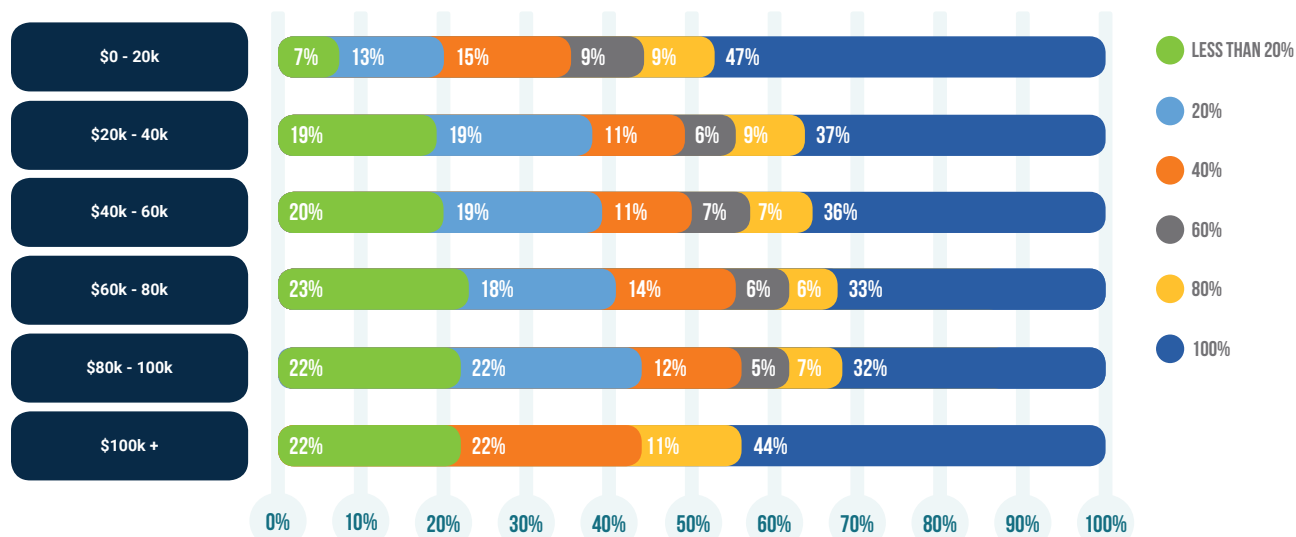
HOW GIG EMPLOYEES DO THE WORK

Figure 15: Time Spent on Gig Economy



Interestingly, gig employees who spend less than 20 percent of their time on a gig tended to have the highest incomes. They comprise just 7 percent of the lowest income bracket, but 22 percent of the second highest and highest income brackets. Meanwhile, people who spend all their time on gigs make up 44 percent of the highest income bracket and 47 percent of the lowest. This leads us to infer that full-time jobs still tend to pay better than the gig life.

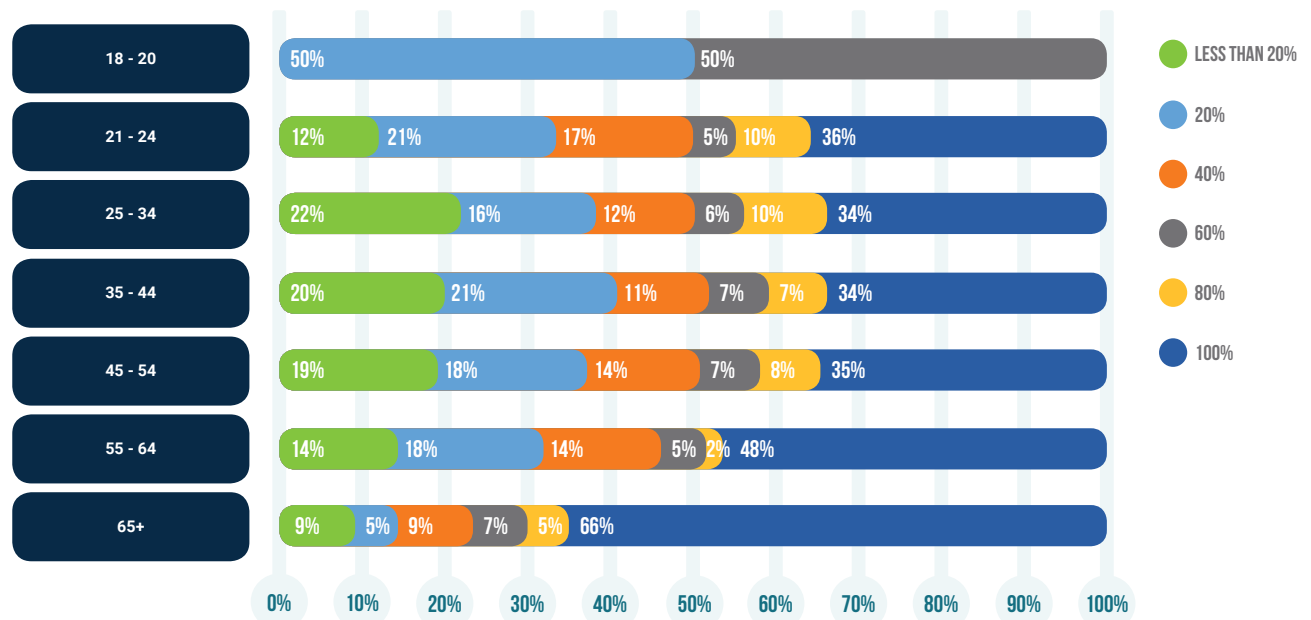
Figure 16: Gig Economy Time Spent by Income



Older giggers tend to spend all their time on gigs, with 66 percent of the oldest age bracket doing so. Meanwhile, 50 percent of the youngest age bracket spends 20 percent of its time on gigs. It appears gigs might be a way for retirees to generate income, while younger workers may be looking at gigs as a way for pay bills as they pursue educational and vocational degrees.

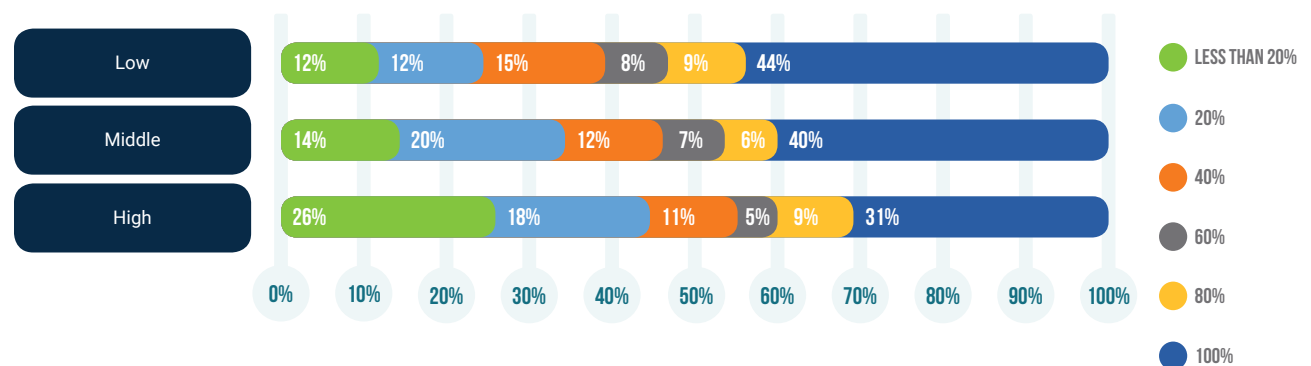
HOW GIG EMPLOYEES DO THE WORK

Figure 17: Gig Economy Time Spent by Age



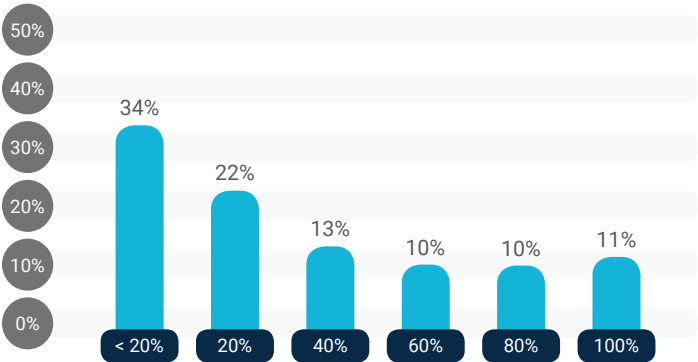
Spending less time on gigs is correlated with having a higher education level. Twenty-six percent of the highest education bracket is comprised of gig workers who work a full-time job. Meanwhile, these gig workers only make up 12 percent of the lowest education bracket. Conversely, gig workers who spend all their time on a gig make up 44 percent of the lowest education bracket and 31 percent of the highest.

Figure 18: Gig Economy Time Spent by Education



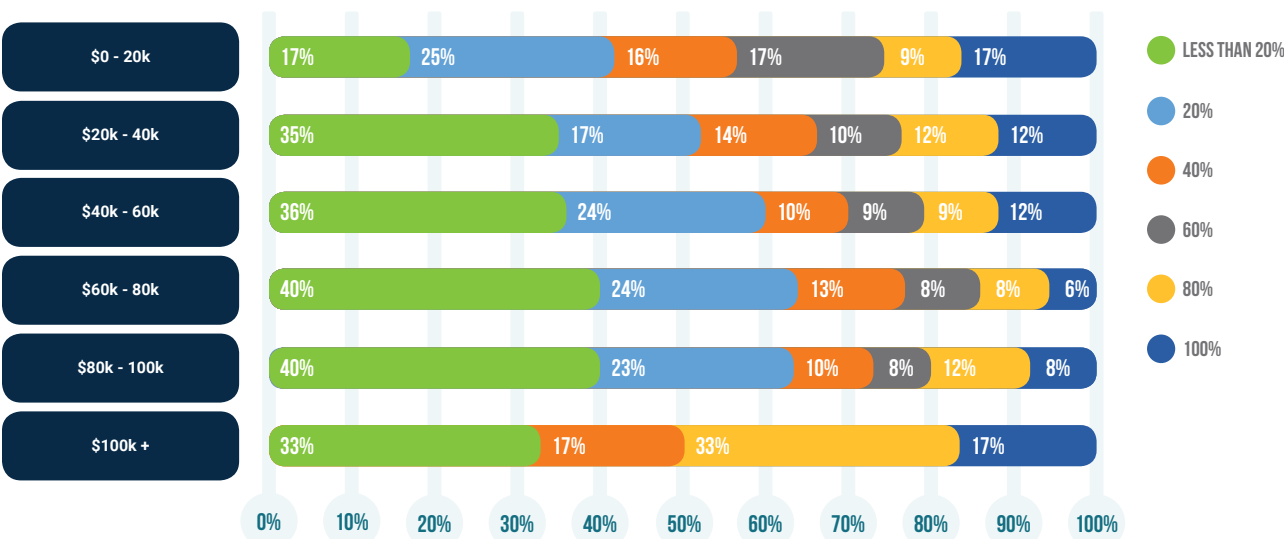
While 37 percent of gig employees spend all their time working gigs, just 11 percent of gig employees make all their income from them. In fact, 34 percent make less than 20 percent of their income from gigs.

Figure 19: Income from Gig Economy



Fascinatingly, the two major groups of gig employees who make up the highest income bracket are those who spend less than 20 percent of their time working gigs and those who spend 80 percent of their time working gigs. Meanwhile, gig employees who spend all their time working gigs have a bimodal distribution, making up 17 percent of the lowest and highest income brackets.

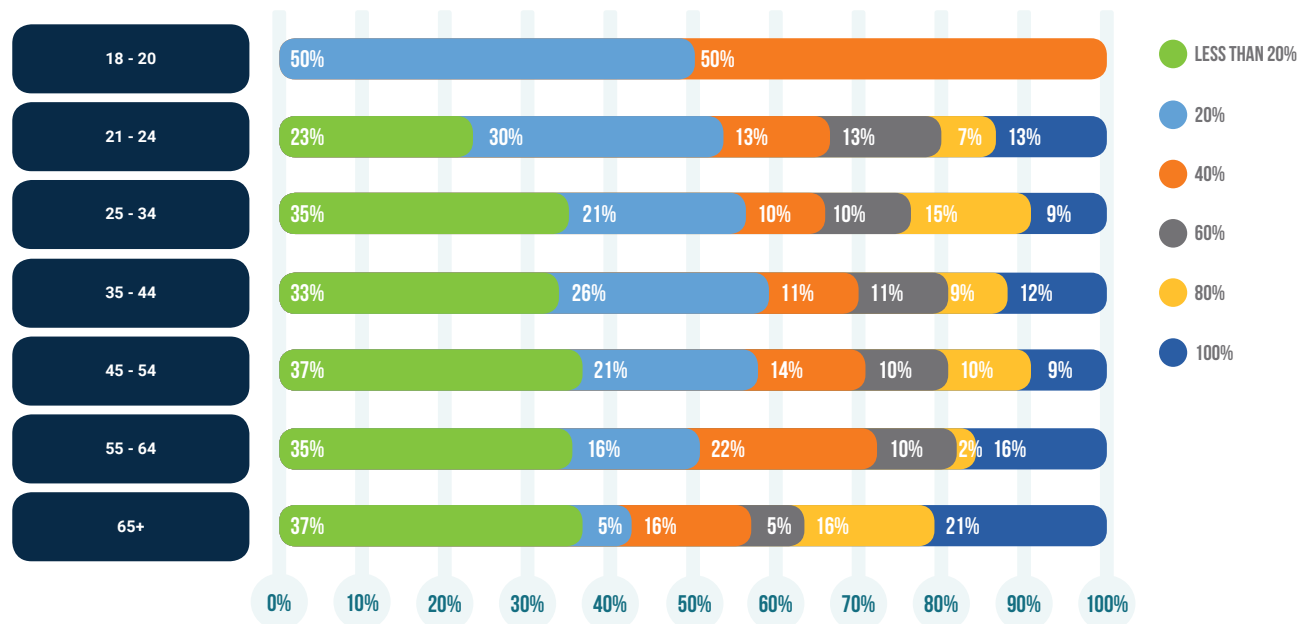
Figure 20: Gig Economy Income by Income



Gig employees making less than 20 percent of their income from gigs tended to be older. They comprised 0 percent of the youngest age bracket and 37 percent of the oldest. Meanwhile, people making 20 percent of their income from gigs made up 30 percent of the 21 to 24 age group, and just 5 percent of the oldest.

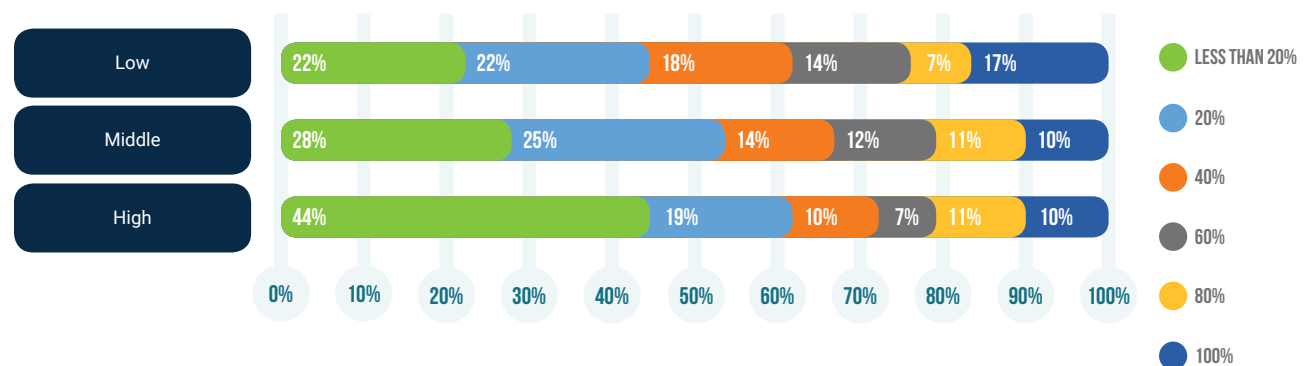
HOW GIG EMPLOYEES DO THE WORK

Figure 21: Gig Economy Income by Age



Gig workers who made less than 20 percent of their income on gigs tended to be the most highly educated. They made up 44 percent of the highest education bracket and only 22 percent of the lowest. By comparison, gig employees who made all their income from gigs made up 17 percent of the lowest education bracket but only 10 percent of the highest.

Figure 22: Gig Economy Income by Education

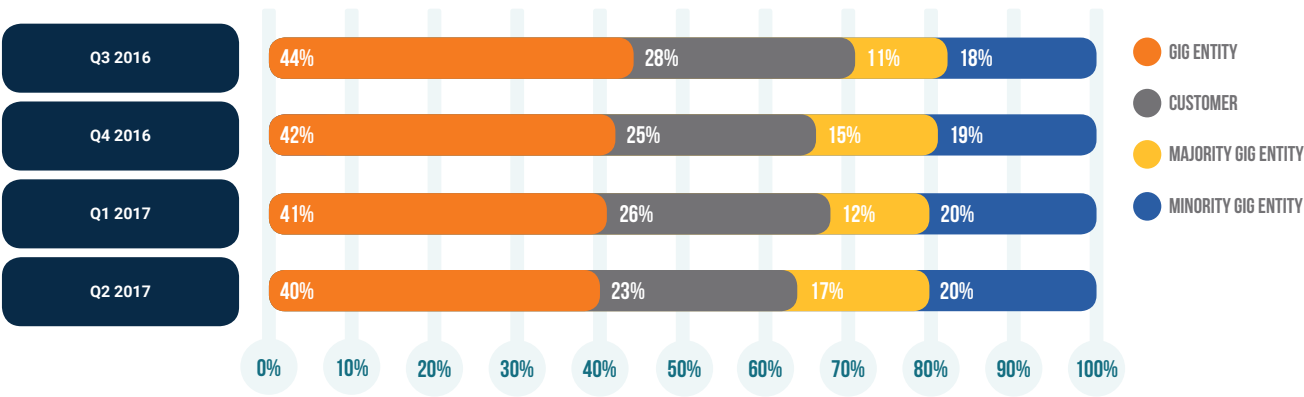


PAYMENT MECHANISMS

When it comes down to it, most gig employees are working their gigs for money. So, how are they paid for their work – and who pays them?

When we first began this report in Q3 2016, 44 percent of gig employees were paid by their gig entity and 28 percent directly by the customer. Since then, this has dropped to 40 percent of giggers paid by the gig entity and 23 percent paid directly by the customer. Giggers are increasingly being partially paid by the gig entity – whether the majority or a minority of the earnings.

Figure 23: Quarterly Comparison

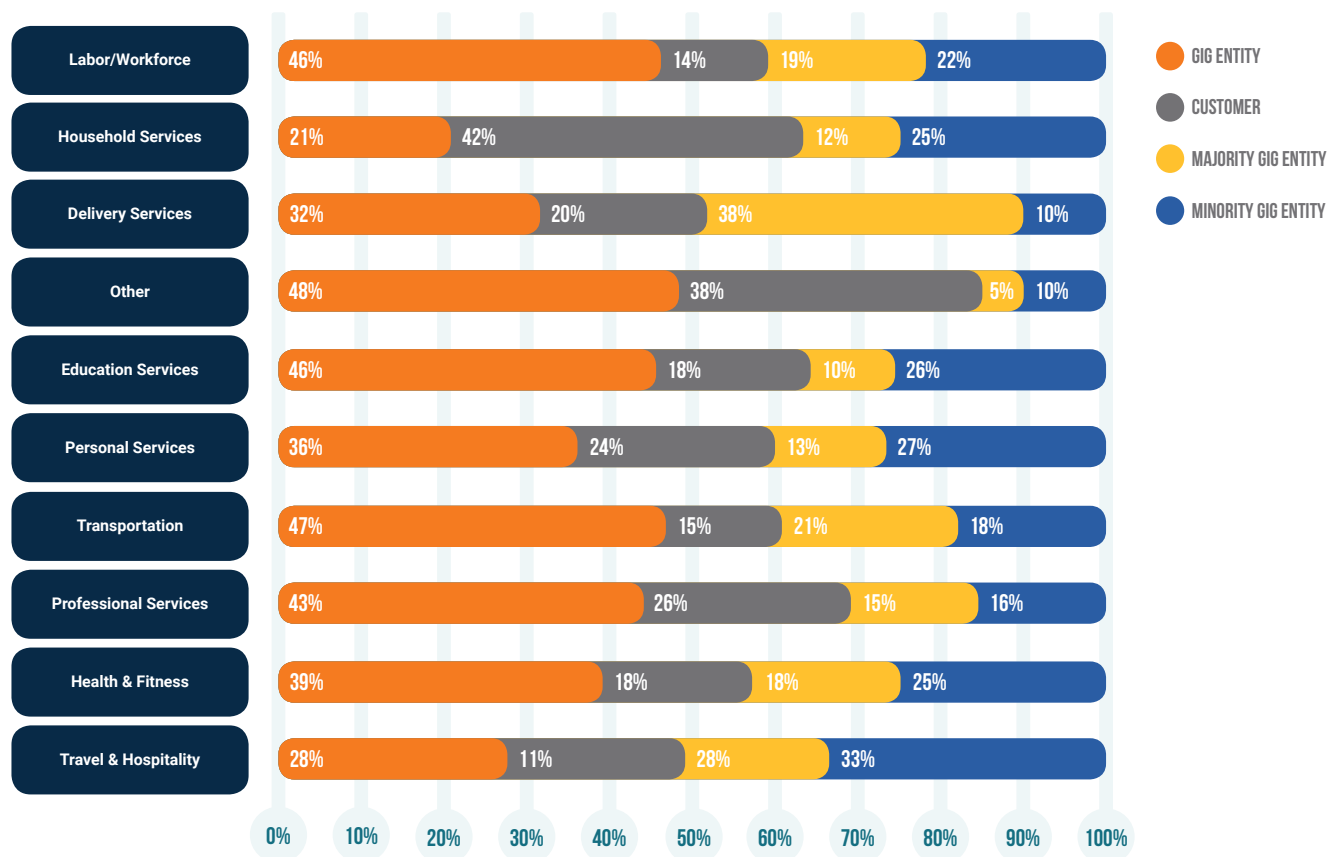


At 47 percent, gig employees working in the Transportation industry have the highest proportion of employees being paid directly by gig entities. They are followed by workers in Labor/Workforce and Education services, 46 percent of which are paid directly. Meanwhile, 42 percent of gig employees in Household Services are paid directly by the customer.



HOW GIG EMPLOYEES DO THE WORK

Figure 24: By Industry – Q2 2017



Last quarter, 54 percent of gig employees were paid by direct deposit. That number has dropped this quarter to 39 percent. The percentage of gig employees paid by check has dropped from 28 percent to 19 percent, and those paid by cash from 28 percent to 26 percent. So, how are gig employees getting paid? We added the option of PayPal to our survey this quarter, and 26 percent of gig employees reported they received payments through the payment platform.

In general, gig employees who work in industries requiring fewer qualifications (such as Household Services or Labor) tend to be paid in cash. On the flipside, Professional Services gig employees tend to be paid through methods requiring banking, and just 25 percent are paid in cash.

HOW GIG EMPLOYEES DO THE WORK

Figure 25: Quarterly Comparison of Payment Method

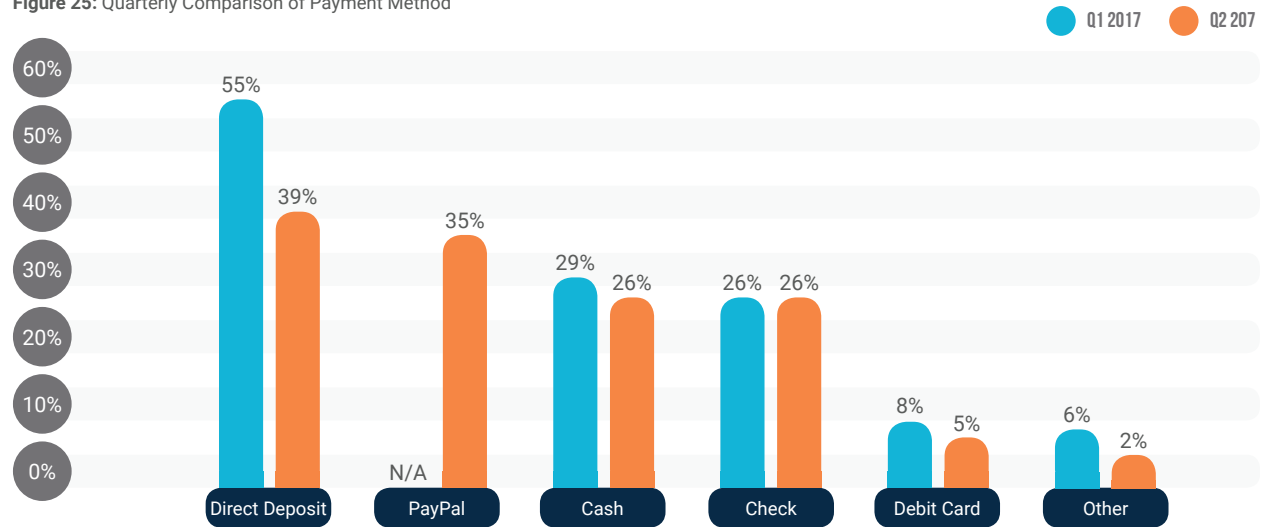
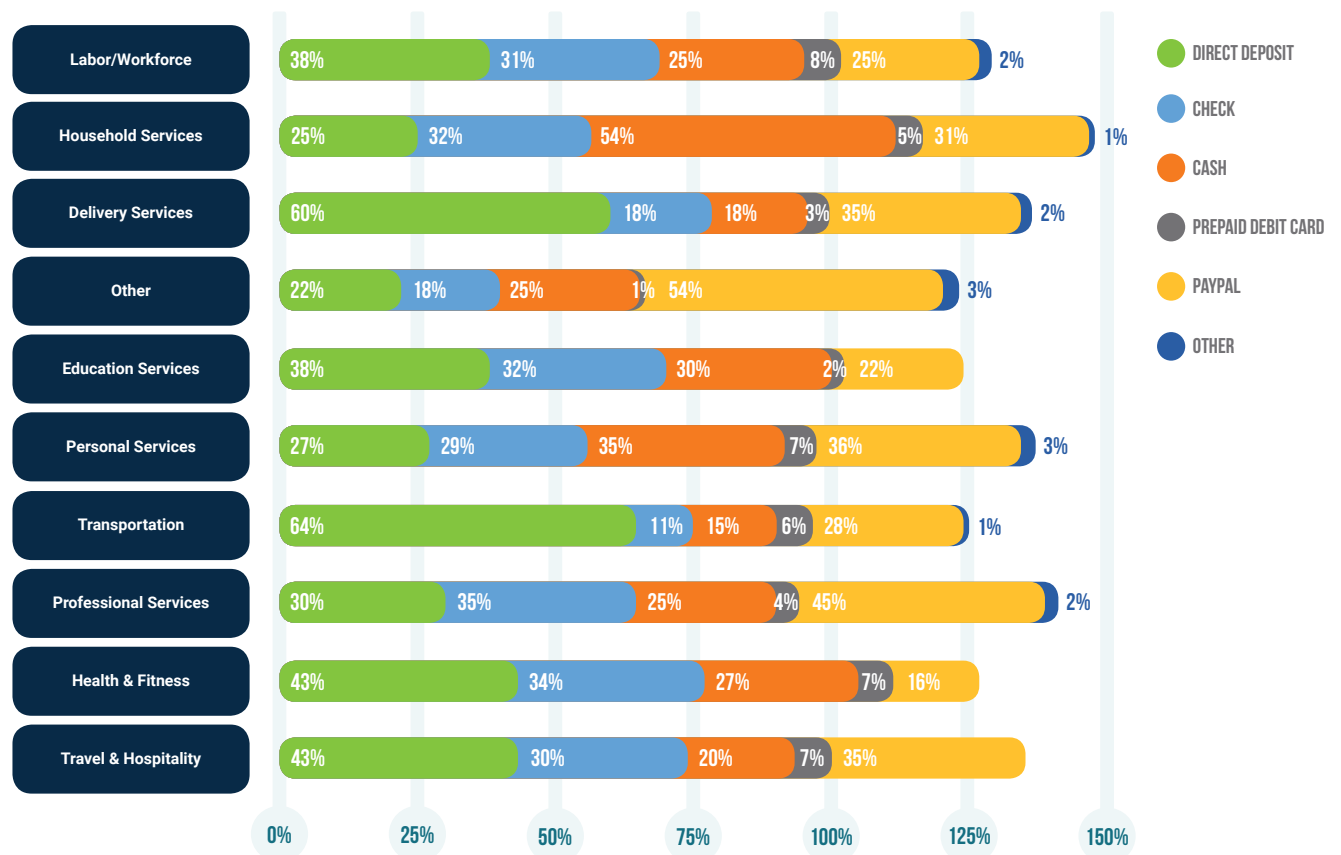
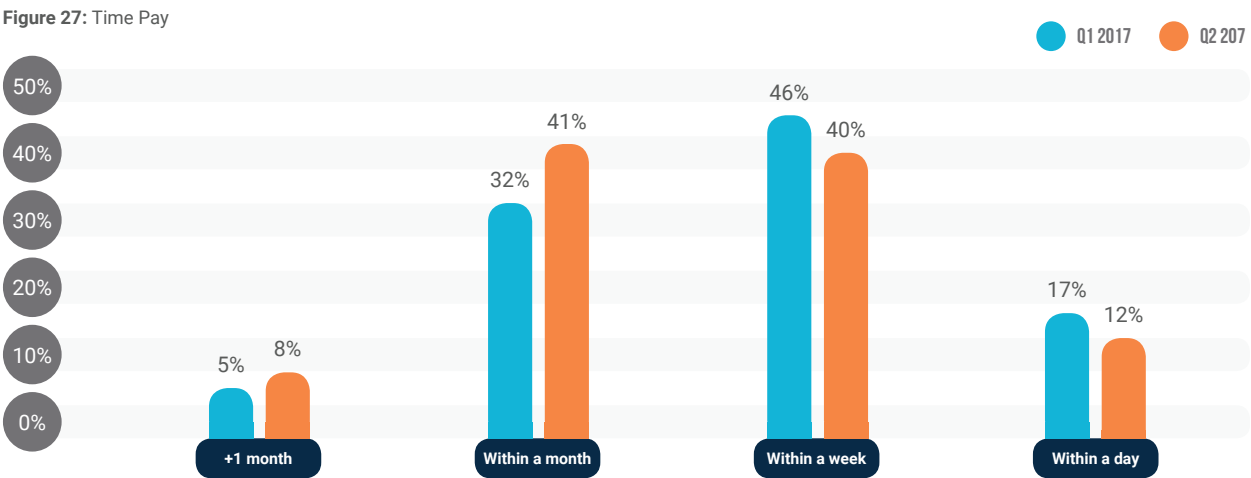


Figure 26: How Workers Are Getting Paid, by Industry – Q2 2017



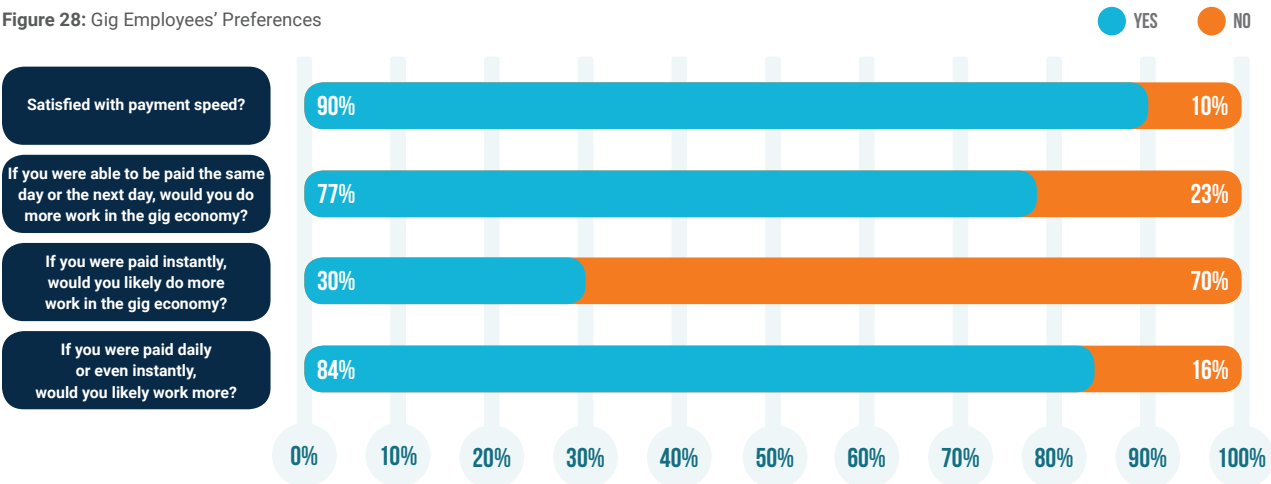
HOW GIG EMPLOYEES DO THE WORK

In addition to adding another option for payment methods to our survey, we also revised our options for payment speeds and received a more granular view of gig life. Forty percent of gig employees are paid weekly, compared to last quarter's 46 percent. Last quarter, 32 percent of gig employees reported being paid within the month, and this quarter the number has increased to 41 percent. Clearly, when it comes to speed of payments, there's a lot of room for improvement.



All in all, gig employees are extremely satisfied with how quickly they are being paid, with 90 percent reporting as such.

Seventy-seven percent of gig workers said they would perform more work if they received same-day or next-day payment. Out of the remaining 23 percent, 30 percent would take on more work if they were paid instantly. Overall, 84 percent of gig workers would do more work if they were paid faster.



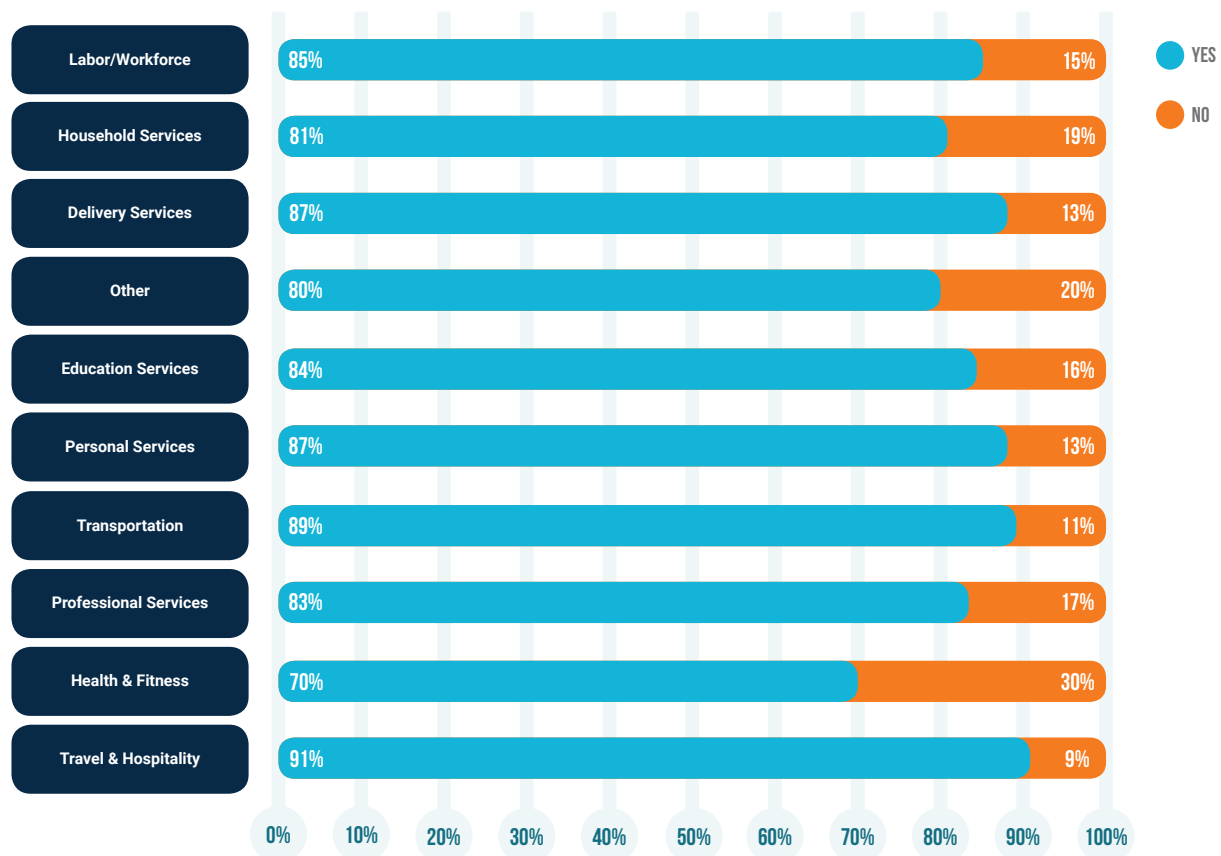
HOW GIG EMPLOYEES DO THE WORK

The desire to be paid instantly seems particularly important in the Travel & Hospitality industry with 91 percent of gig employees reporting they would do more gig work if instant payment was offered. Meanwhile, 83 percent would perform more work if they were paid the same day or the day after.

Eighty-nine percent of employees in the Transportation industry also said they would do more work if they could be paid instantly. By comparison, 81 percent of Household Services gig workers would work more if they received same-day or next-day payments.

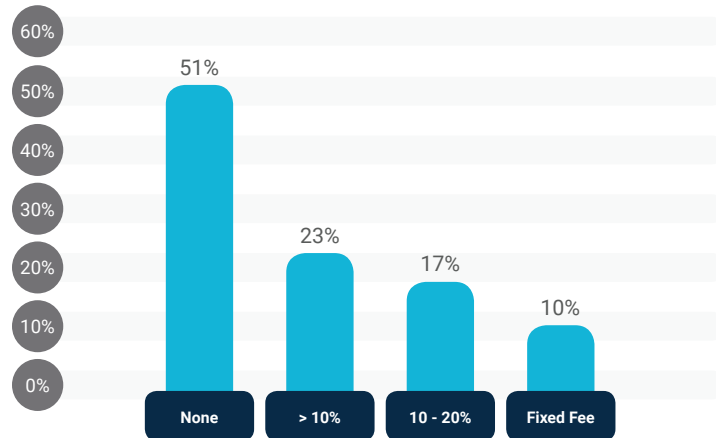
In the Delivery services industry, 87 percent said they would work do more gig work if they were paid instantly and 82 percent said they would work more if they were paid same day or the next.

Figure 29: Gig Workers Who Would do More Work if Paid Instantly, Same Day or Next



Overall, 51 percent of gig employees reported they had not lost any income to payment mechanisms. This is seemingly an improvement, especially considering just 64 percent of gig employees reported they hadn't lost any income to payment mechanisms last year. That said, 23 percent lost 10 percent of their income to payment mechanisms, 17 percent lost a whopping 10 to 20 percent and the remaining 10 percent were charged a fixed fee. While gig entities are doing well on timely payment for services, they could step up their game when it comes to charging fees.

Figure 30: Income Lost Via Payment Mechanism



Even so, the overwhelming majority of gig employees reported being happy with their payment mechanisms, with 97 percent saying they were satisfied. Perhaps gig entities don't need to cut down their fees. Or, perhaps, because gig entities have uncovered a new form of employment, gig workers don't mind being charged a fee to earn revenue they wouldn't have had otherwise.

WHY WORK A GIG

Figure 31: Most Important Factor Encouraging Gig Economy Entrance

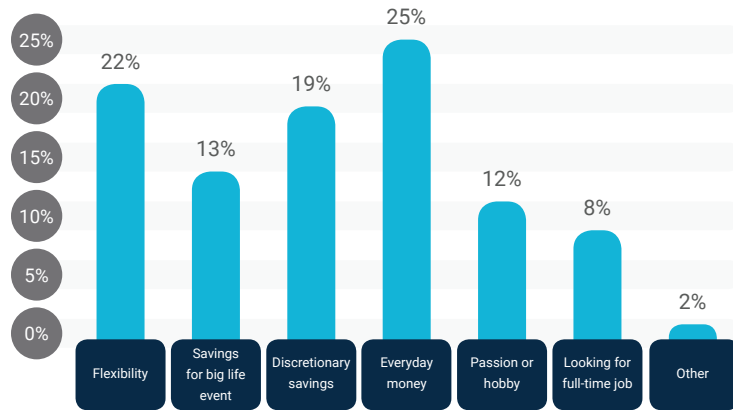
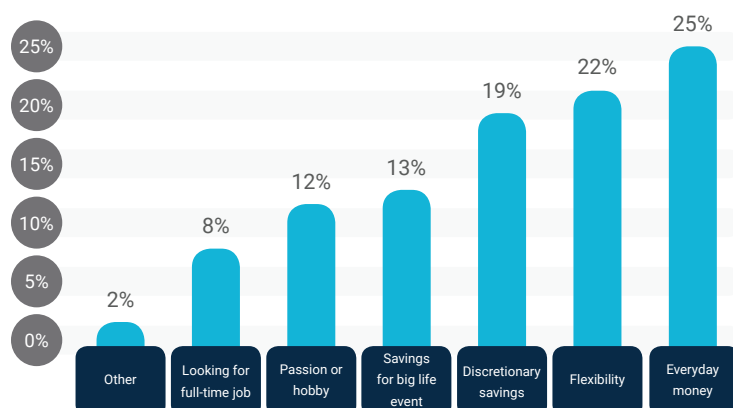


Figure 32: Reasons - Q1 2017



Figure 33: Reasons - Q2 2017



So, what drives a gig worker to walk away from the 9 a.m. to 5 p.m. office cubicle or, at the very least, start supplementing it with something else?

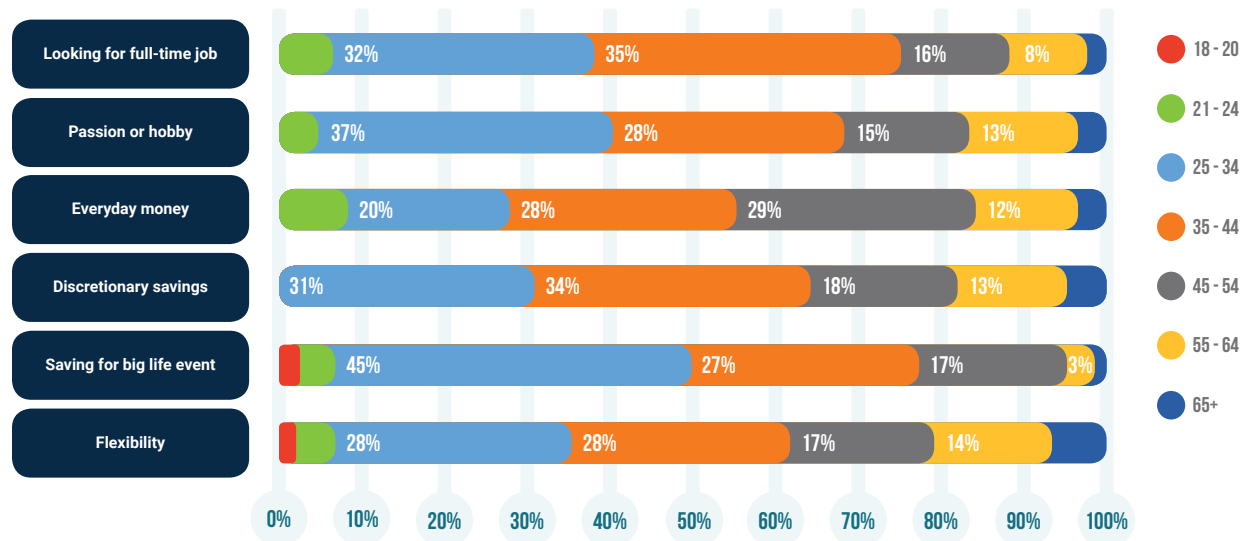
For one-quarter of our respondents, it was having more spending money and 22 percent reported having more flexibility. And, for about 19 percent, it was having more money to add to savings. Just 12 percent mentioned their gigs helped them support their passion or hobby.

Last quarter, 50 percent of gig employees said they worked a gig because they needed money to pay for bills. However, as we added a few new options to our question this time around, that figure has dropped to 25 percent this quarter. Nineteen percent said they needed discretionary funds, and 13 percent mentioned saving for a big life event such as a wedding.



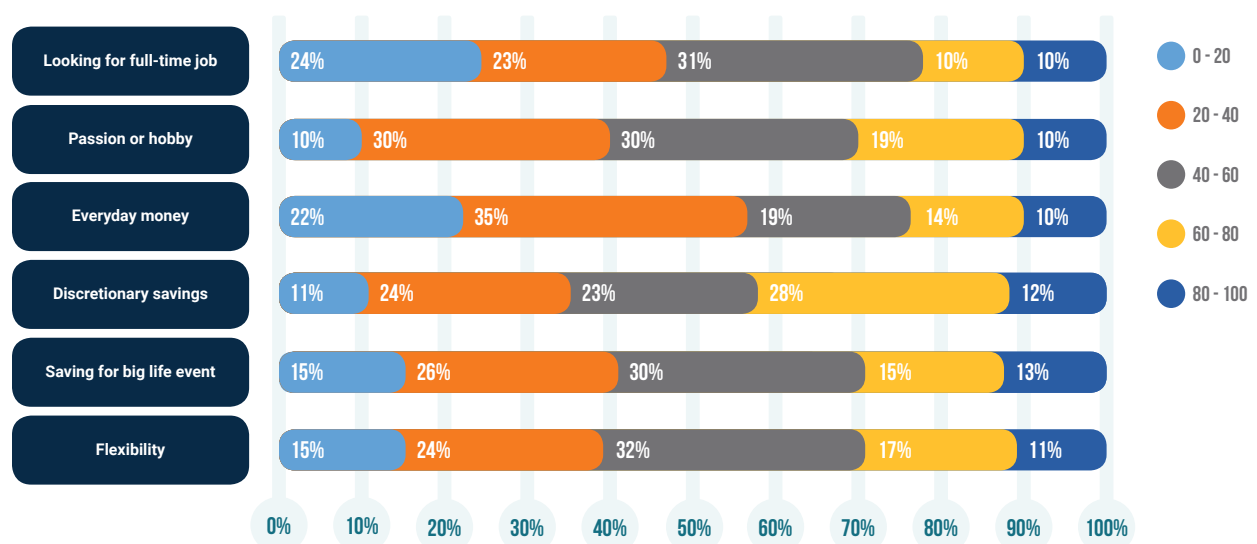
The reasons for getting a gig vary by age. In particular, 45 percent of gig employees who are saving for a major life event were in the 25 to 34 age range, potentially saving for marriage or for a down payment on a house.

Figure 34: Age, by Reasons for Getting a Gig



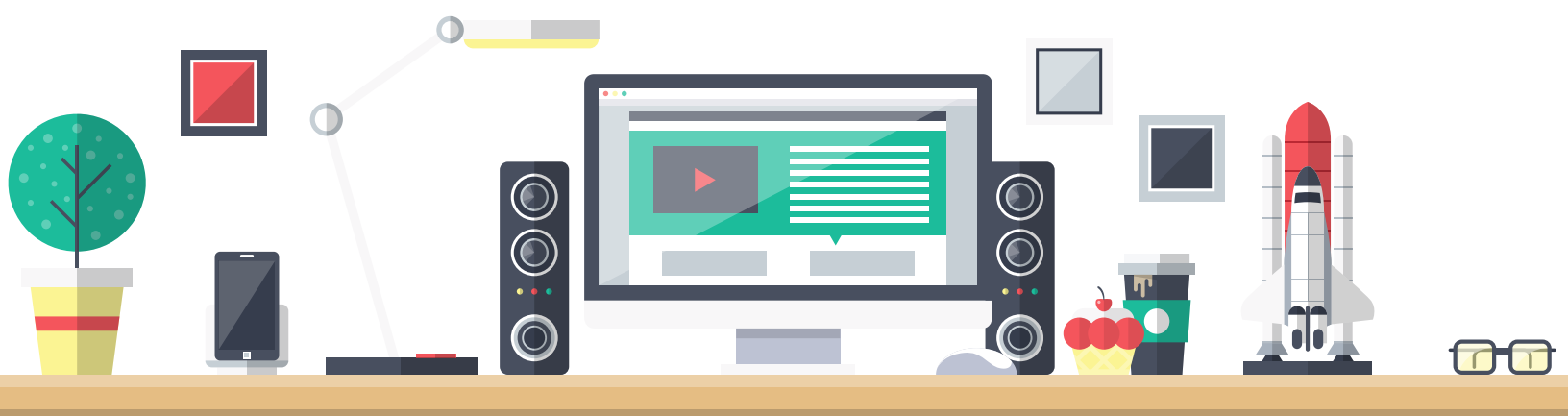
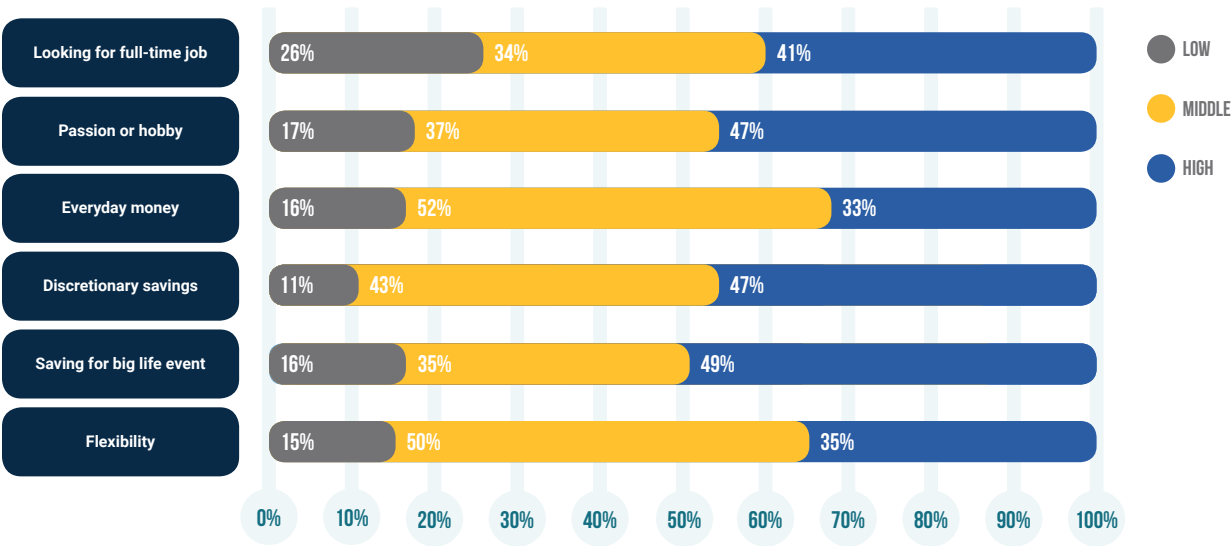
Gig employees in the lowest two income brackets made up 57 percent of those who wanted everyday money. However, gig employees in the highest two income brackets made up 40 percent of those who wanted to add to their discretionary savings.

Figure 35: Income, by Reasons for Getting a Gig



Adding to savings also tends to be the domain of the highly educated. Forty-seven percent of gig employees who wanted to add to their savings were highly educated, compared to 11 percent who belonged to the lowest education bracket. In comparison, 26 percent of gig employees who reported working a gig while looking for a full-time job belonged to the lowest education bracket.

Figure 36: Reasons for Getting a Gig, by Education



DEEP DIVE: CASUAL VS. COMMITTED GIG EMPLOYEES

During our analysis, we identified two main types of gig workers: Casual Gig Workers and Committed Gig Workers.

Overall, we noticed a variation in gender. More males tend to be Committed Gig employees (35 percent) compared to females (24 percent).

Female Committed Gig Workers were often mothers who couldn't swing the rigidity of a full-time job. However, male Committed Gig Workers tended to be young and students. While they may not spend a large amount of time on their gigs, gigs make up the bulk of their working hours and income.

Meanwhile, women without children tended to be Casual Gig Workers, and they usually work in Professional Services such as accounting, photography or taxes. Male Casual Gig Workers, on the other hand, often have children and were working short-term gigs for flexibility in their schedules or in pursuit of a passion or hobby.



Casual Gig Worker

Individuals who spend 20 percent or fewer of their working hours in the gig economy and gain 20 percent or less of their total income from it.



Committed Gig Worker

Individuals who spend 80 percent or more of their working time in the gig economy and gain 80 percent or more of their total income from it.

Figure 37: Exclusive Giggers and Gig Employees by Gender

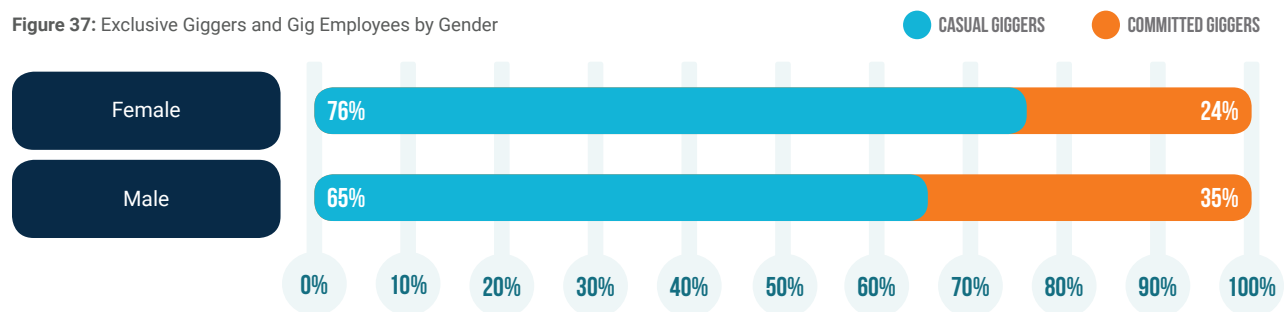
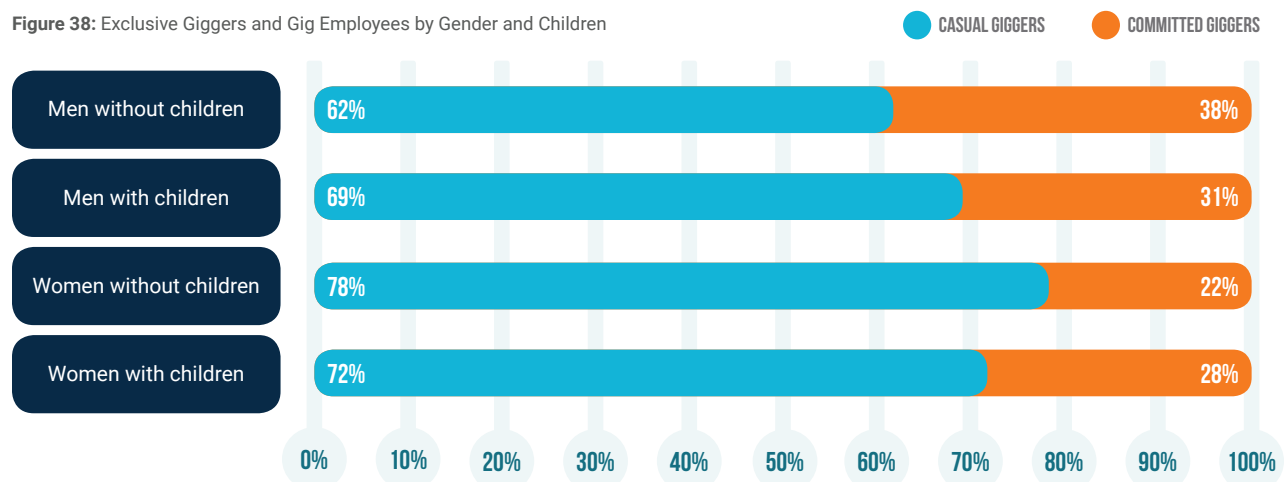
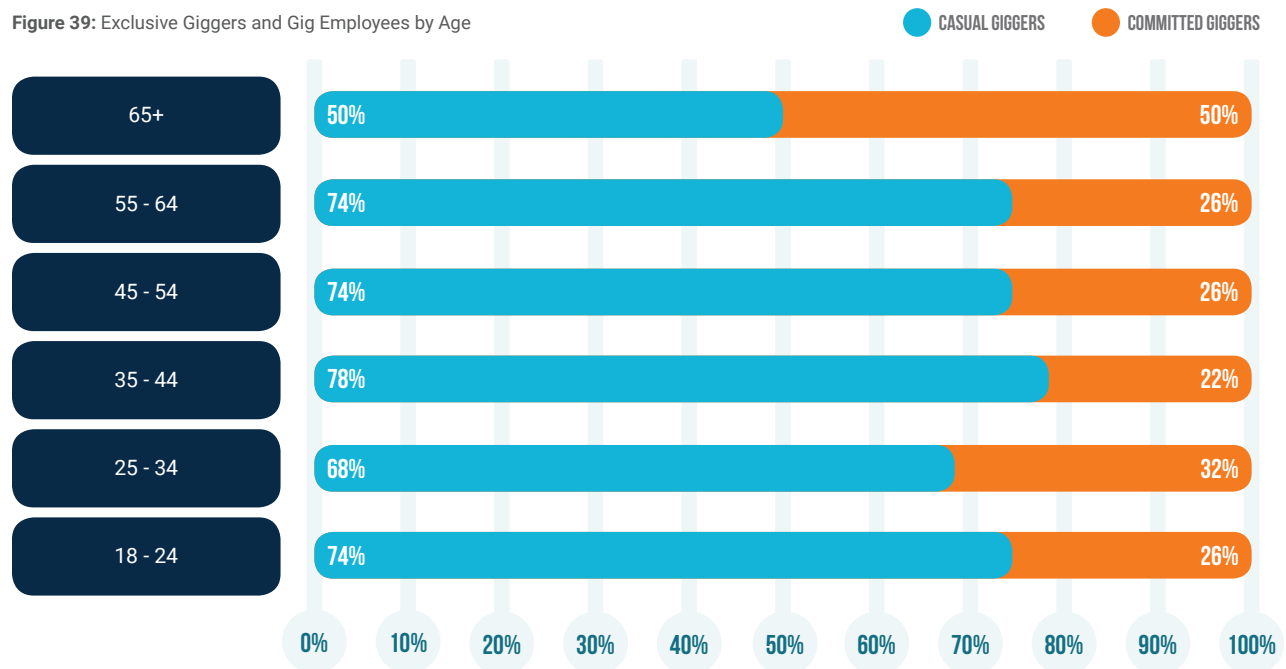


Figure 38: Exclusive Giggers and Gig Employees by Gender and Children



Unsurprisingly, 64 percent of Casual giggers make up the majority of the 18 to 25 bracket compared to 36 percent of Committed giggers. This might be because much of the 18 to 24 age bracket is composed of students who may not have the time to be Committed Gig Workers. However, Committed giggers tend to make up a minority of age groups except for the 65+ age bracket. This shows gigs are attractive to the older population who may have retired from full-time work but still want either the stimulation of the work, the income or both.

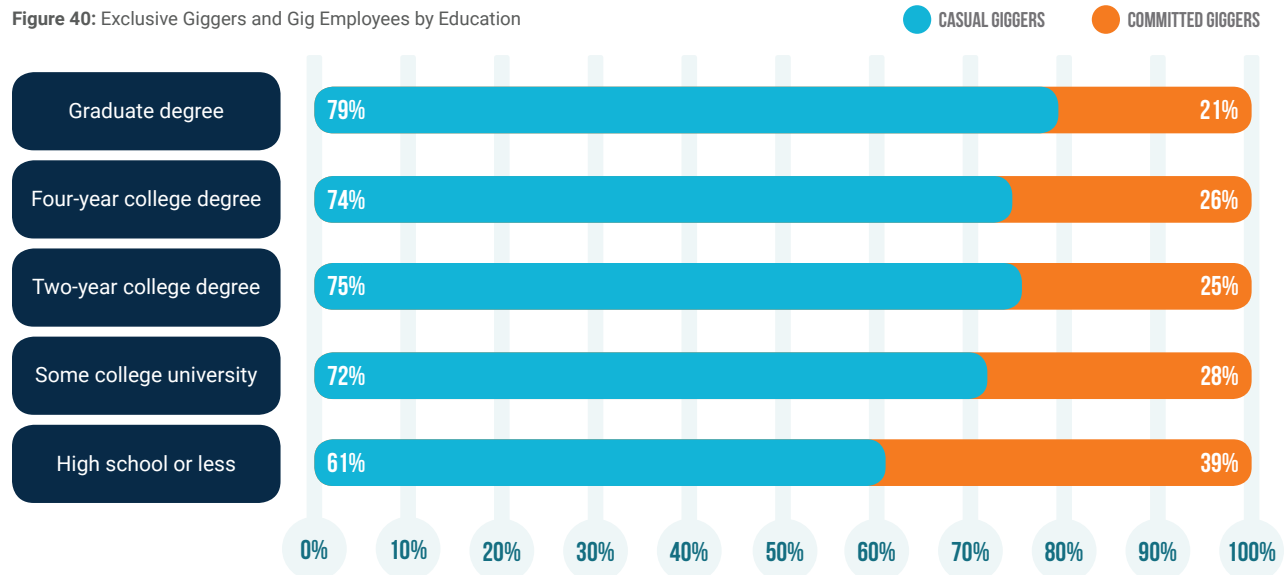
Figure 39: Exclusive Giggers and Gig Employees by Age



Casual Gig Workers often have higher education levels. Seventy-nine percent of gig workers with graduate degrees are Casual Gig Workers. In comparison, 21 percent of gig workers with graduate degrees are Committed Gig Workers. Meanwhile, 39 percent of gig workers with high school diplomas or less are Committed Gig Workers. This may be because many jobs in the gig economy require fewer qualifications, while workers with more qualifications have the option of looking for higher paying, full-time work.

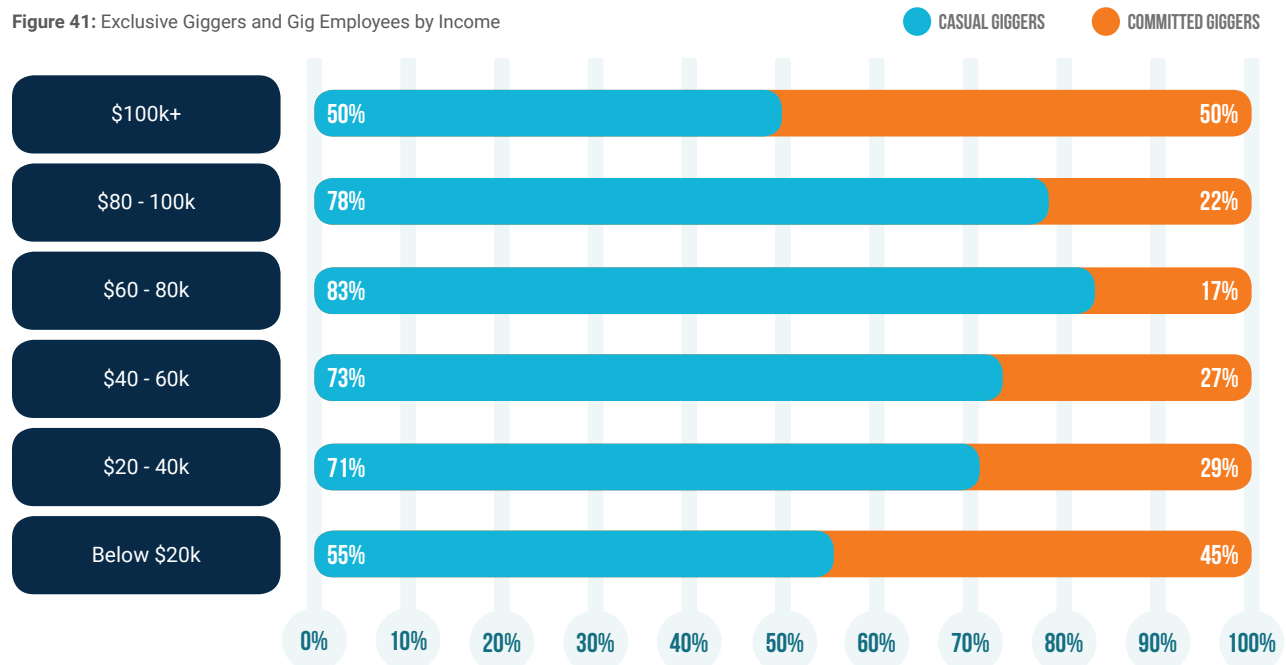


Figure 40: Exclusive Giggers and Gig Employees by Education



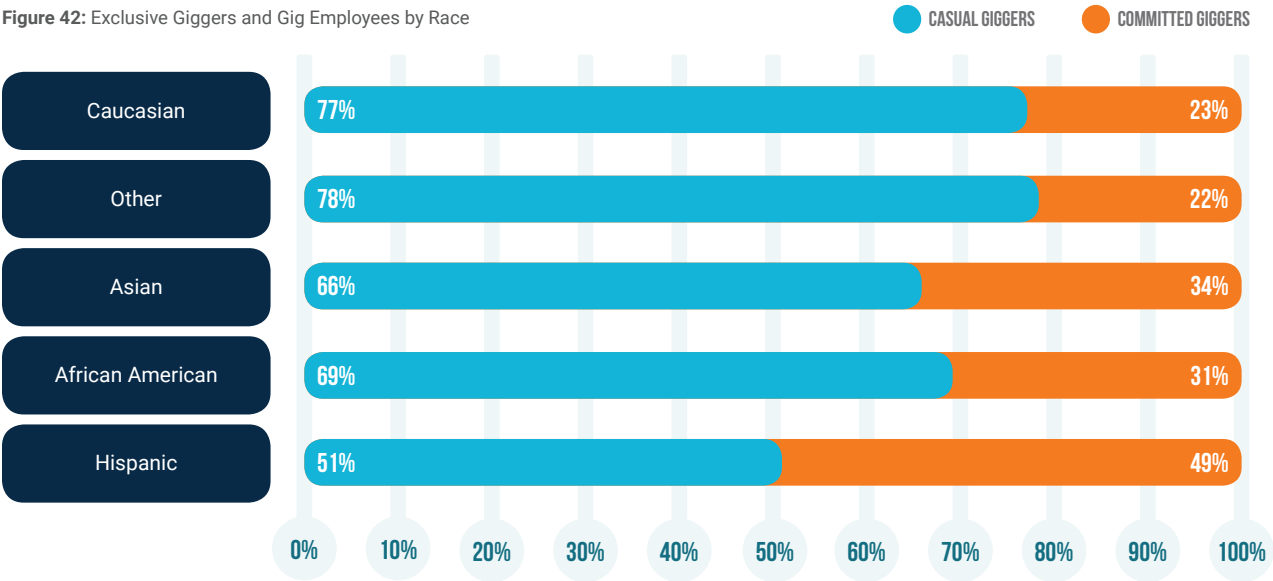
There is a positive correlation between income and Casual Gig Workers, according to our data. Sixty percent of gig employees making more than \$100,000 are Casual Gig Workers. Meanwhile, 55 percent of gig employees earning less than \$20,000 (the lowest income bracket) are Casual Gig Workers. As we noted above, gigs tend to require fewer educational qualifications and are thus paid less.

Figure 41: Exclusive Giggers and Gig Employees by Income



Gig economy work seems to be more popular among minorities. Seventy-seven percent of Caucasian gig workers are Casual Gig Workers and 23 percent are Committed Gig Workers. Casual Gig Work is also popular among African American Gig Workers: 69 percent of them prefer Casual Gig Work over Committed Gig Work. Hispanic gig workers are almost evenly distributed with 51 percent working as Casual Gig Workers and 49 percent working as Committed Gig Workers.

Figure 42: Exclusive Giggers and Gig Employees by Race





FEATURE STORY: **WITH GIG ECONOMY BOOMING, JOB MARKETPLACES FIND A NEW ROLE**

In the aftermath of the Great Recession, some [8.7 million jobs](#) were lost. From its ashes emerged a rising workforce that hustled multiple part-time jobs — wherever and whenever it could.

Almost a decade in, no longer fueled by desperation, the gig economy has taken a new shape and form. Today, the \$700 billion-plus economy is powered not just by people who have lost their jobs or students working summer jobs, but increasingly by those who prefer the gig lifestyle. As of Q3 2017, 69 percent of gig workers said they wouldn't quit their gig work for a full-time job,

according to the latest findings of [PYMNTS Gig Economy Index](#).

As more workers trade their traditional 9:00 a.m. to 5:00 p.m. jobs for the ad hoc lifestyle granted by gig work, the gig economy is witnessing new personas emerge within its workforce. Among others, the gig economy is powered by millennials still on their parents' health insurance plans and baby boomers looking to stay busy in retirement, said Jim McCoy, vice president of solutions at the ManpowerGroup.

PYMNTS recently caught up with McCoy to talk about the emerging trends in the gig economy and the shifting attitude toward offering benefits to gig workers.

How gig workers get paid

The majority of gig marketplaces today function solely as matchmaking platforms for gig workers and employers.

No wonder, then, that a mere 29 percent of overall gig workers are paid on a weekly basis, according to the latest Gig Economy Index.

ManpowerGroup has taken a different approach to it, McCoy said. For processing payroll, the Milwaukee, Wisconsin-based company, which employs nearly 600,000 workers each day, treats its freelance contractors as if they're its own employees.

As such, when it comes to processing payments, gig workers are paid weekly through direct deposit via the ACH network, McCoy explained.

However, as more and more workers become part of the gig workforce, there's a growing demand for faster payments. Eighty-four percent of gig workers reported they would do more gig work if they were paid faster, the Index reports. That finding did not surprise McCoy.

"There's something about the velocity of payments [that] tends to get people motivated, because they know that in seven days there's going to be another payment waiting for them," he said.

The need-for-speed concept, McCoy added, is also applicable to recruiting in the gig economy.

"What we find is that the longer you wait between when you make the individual the offer and when you start them on the job, the more likely you're to lose them before the job," he said.

To retain gig workers, paying them for the time leading up to the date they start working goes a long way, he added.

Benefits in the gig economy

Offering benefits to gig workers has become a bone of contention for employers since ride-hailing apps went mainstream.

In July 2017, gig workers in the ride-hailing business came a step closer to acquiring benefits from employers like Uber and Lyft after a North Carolina-based federal court allowed Uber drivers to [challenge Uber's classification](#) of said drivers as independent contractors, *The New York Times* reported.

Whether Uber drivers succeed in their bid for reclassification as regular employees remains to be seen, but the outcome of the lawsuit is likely to have a ripple effect across other industries with a heavy reliance on gig workers.

According to McCoy, offering benefits in the gig economy can be a two-pronged challenge.

First off, he explained, by nature, gig work involves short-term contracting and, as such, Affordable Care Act (ACA) mandates do not necessarily kick in within the timeframe of a gig worker's employment. Secondly, as in the case with Uber and Lyft, a lot of the work is set up so that the burden of acquiring benefits falls on gig

“You are going to see new models around how you get and maintain licenses, or certain certifications.”

workers themselves rather than their employers.

“That is part of the reason that gig work tends to be more attractive to millennials, because many of them can remain on their parents’ healthcare benefits until the age of 26, so that does drive that kind of behavior,” McCoy explained.

ManpowerGroup has taken a different approach to hiring and offering them benefits, he said.

Its approach of hiring gig workers as W2 employees instead of 1099 employees not only allows workers to acquire benefits for their gig work, but also alleviates pressure on employers to treat independent contractors as full-time employees, McCoy said. This hints at the role job marketplaces will likely soon play in offering benefits to gig workers

Meanwhile, the U.S. government is [taking its own steps](#) toward introducing gig worker benefit provisions. In September 2017, Senator Mark Warner, D-Virginia, and Senator Suzan DelBene, D-Washington, introduced the first federal bill aimed at providing benefits to the gig workforce.

The Portable Benefits for Gig Workers Act would set aside \$20 million in grants for nonprofits, state and local governments, a sum intended to help them craft programs offering benefits to such workers.

With the gig economy now [powering](#) more than one-third of the U.S. workforce and growing, offering benefits to its workers is set to take center stage among other labor and employment issues.

But for now, McCoy said, a lot remains up in the air.

The gig economy’s road ahead

Over the years, McCoy said, the gig economy is likely to see development of new business models that will help systematize recruitment of gig workers with different experience levels and expertise.

“You are going to see new models around how you get and maintain licenses, or certain certifications,” he said. “We will [also] see a bifurcation between what would be, say, entry level, high volume gig work, versus, say, professional and specialized gig work.”

One such new model, McCoy highlighted, is already starting to reshape the hiring of workers for summer jobs on ManpowerGroup’s platform.

Seasonal businesses tend to hire from the same pool of candidates and tend to lack specificity around shifts when hiring, which can create an ongoing problem at the peak of their business season, he explained.

ManpowerGroup’s WorkMyWay platform aims to resolve this issue, mapping candidates by their skill sets and geographic locations as well as helping employers check candidate referrals and fill in available shifts.

The platform’s goal is to bring businesses with sizable needs for gig workers together in consortium, so talent is rotated to help fulfill the seasonal needs of businesses, McCoy said. It’s new models like this that are going to play a larger role in matching gig workers with gig roles using their technological prowess.

With technology playing a bigger role in shaping the future of gig economy, it comes as no surprise that the gig economy is projected to power half the U.S. workforce in the near future.

And, with that, perhaps the U.S. workforce is looking at fewer job losses in case of yet another economic downturn.



WHAT'S NEXT

Based on our findings over the past year, we are confident in our assertion that the gig economy is here to stay. Gig employees are mostly happy with their gigs and are determined to continue them in the future. Only 12 percent of gig employees said they would quit their gigs if they obtained a full-time job. By comparison, 42 percent said they liked the lifestyle and 38 percent reported they liked the extra money.

We took a closer look at the gig employees who said they liked the lifestyle. Only 9 percent said they did not like the lifestyle, and 43 percent indicated they liked the gig lifestyle fairly well or very well.

Figure 43: Percentage of People Who Said "It Describes Me Fairly or Very Well"

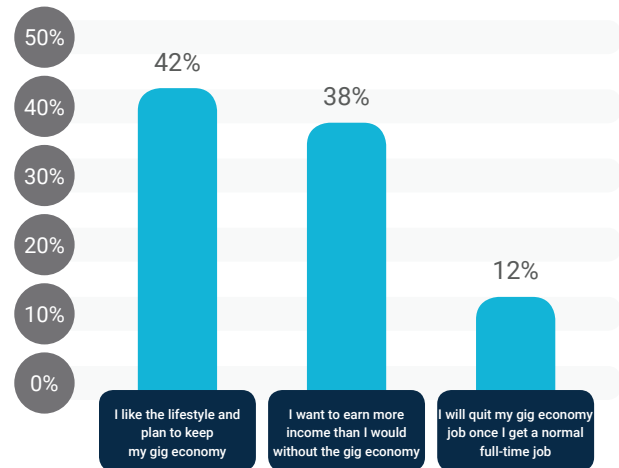
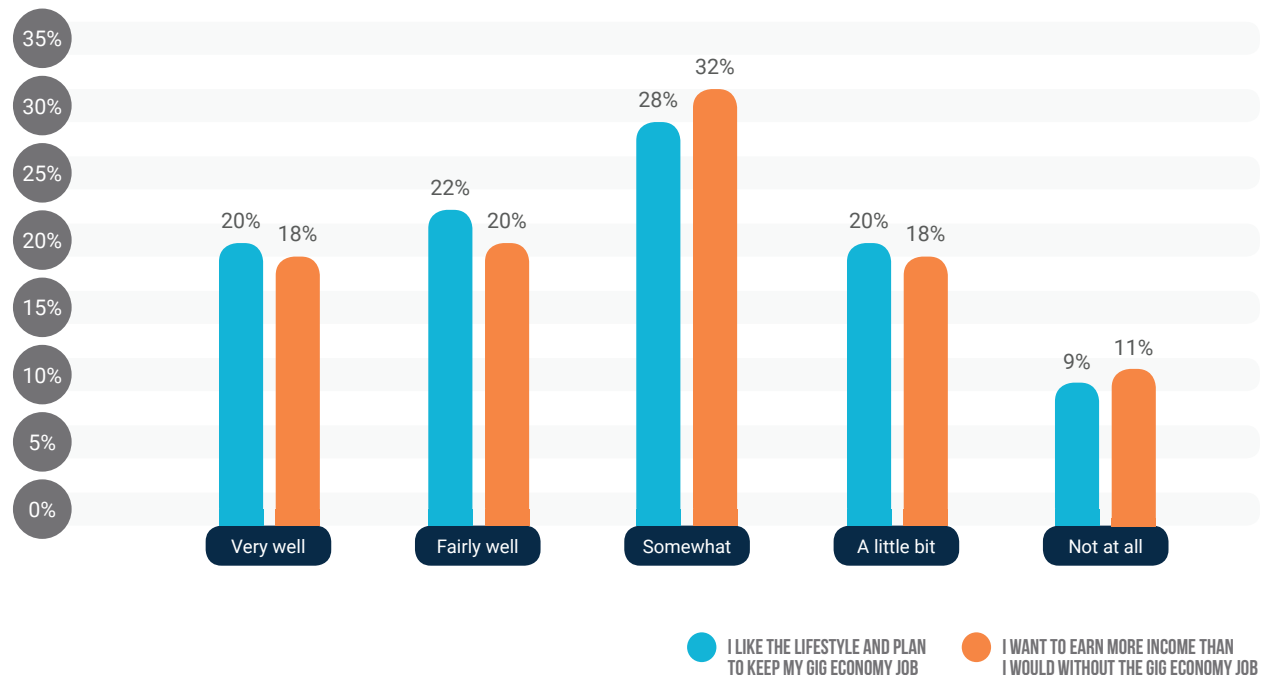


Figure 44: Respondents Describe the Accuracy of the Statement



We took a closer look at gig employees' comments about lifestyle. Forty-three percent of ad hoc workers indicated they liked the gig lifestyle fairly well or very well.

The gig economy has continued to grow throughout our reports and, overall, gig employees seem to be happy with their gigs. The majority say they will not leave their gigs for a full-time job. Yet, it's important to remember not all gig employees feel this way.

There are gig employees who pick up a gig because they enjoy it or think having a little extra income would be nice. However, there are also gig employees who pick up gigs because they have no other options. In particular, the majority of Stop-Gap Gig Workers would prefer to quit their gigs in favor of working stable, full-time jobs. It's increasingly important that gig entities treat their gig workers well, especially as gig work becomes more of an alternative or even a replacement for traditional work.

Gig entities are proliferating quickly. Hopefully, increased competition means these entities will have to improve the experience for gig workers. In fact, some have already begun to make changes. Uber has implemented modifications to make sure a single bad review doesn't topple a driver's entire average, and Lyft increased commissions for new drivers. Gig workers or "taskers" on TaskRabbit's platform are now offered a coverage of up to \$1 million for injuries and property damage under the company's "Happiness Pledge."

Meanwhile, governments are continuing to push for legislation that protects gig workers. If Washington's pool of benefits passes, it will likely pave the way for better treatment of gig employees everywhere.



Q&A WITH BRENT WARRINGTON

CHAIRMAN AND CEO



Q: Gig workers are projected to collectively make nearly \$700 billion in 2017. With the gig economy flourishing, how do you envision the gig payments landscape evolving?

A: Companies are increasingly looking for payments providers who can offer the same experience globally. Just as freelancing today is essentially a borderless experience — e.g., someone from Poland can work for a US business online — so should payments be the same regardless of where you live.

Banks will either adapt their services to the gig economy, or FinTech companies will fill the gap. For example, in the loan/mortgage space, banks typically stay away from servicing freelancers because they can't predict the risk. FinTechs saw the opportunity to develop new risk scoring models that would allow them to provide loans to people without a standard employment contract. In the payments space, I expect we will see increased collaboration between banks and FinTechs, like Hyperwallet, to meet the need.

Q: When it comes to handling payments, how are job marketplaces performing? How can these marketplaces improve upon their payments processing for gig workers and employers?

A: We see significant differences depending on the competitiveness of the specific freelance sub-sector. For example, in ridesharing or delivery services where freelancers can quickly change platforms, these platforms are differentiating themselves through the payments experience. They're making payouts faster, cheaper and more flexible to keep workers engaged.

Q: The latest Gig Economy Index reports 84 percent of gig workers would do more gig work if they were paid faster. Yet, job marketplaces and employers haven't been swift when it comes to embracing faster payment methods. What's the disconnect?

A: We see various reasons. In some cases, liquidity is the big issue. Marketplaces may need to cover the cost of working capital if they want to pay workers sooner. Other times it's the treasury systems, which are not equipped to meet modern expectations for payment speed. Of course, many platforms are responding to the demand and working with providers like Hyperwallet to ensure gig workers are paid faster.

ABOUT



Hyperwallet's payout platform provides growing organizations with a frictionless, transparent and reliable way to manage payments and enhance the payee's experience anywhere in the world. Trusted by enterprise, ecommerce, and on-demand platforms, Hyperwallet makes it easy to pay up to 7 billion people in a singular payment environment. Put your payees in control with enhanced financial management tools, integrated payment tracking technology, and user-friendly compliance and identity verification. Hyperwallet has offices in San Francisco, Austin, London and Vancouver. You can learn more at www.hyperwallet.com.

PYMNTS.com

PYMNTS.com is where the best minds and the best content meet on the web to learn about "What's Next" in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

Feedback

We are interested in your feedback on this report and where we take it over time. Please send us your thoughts, comments or questions at gigeconomy@pymnts.com.

DISCLAIMER

The Gig Economy Index™ may be updated periodically. While reasonable efforts are made to keep the content accurate and up-to-date, PYMNTS.COM: MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED "AS IS" AND ON AN "AS AVAILABLE" BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS.COM SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS.COM RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS.COM SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS.COM HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS.COM AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS.COM is the property of PYMNTS.COM and cannot be reproduced without its prior written permission.

You agree to indemnify and hold harmless, PYMNTS.COM, its parents, affiliated and related companies, contractors and sponsors, and each of its respective directors, officers, members, employees, agents, content component providers, licensors, and advisers, from and against any and all claims, actions, demands, liabilities, costs, and expenses, including, without limitation, reasonable attorneys' fees, resulting from your breach of any provision of this Agreement, your access to or use of the content provided to you, the PYMNTS.COM services, or any third party's rights, including, but not limited to, copyright, patent, other proprietary rights, and defamation law. You agree to cooperate fully with PYMNTS.COM in developing and asserting any available defenses in connection with a claim subject to indemnification by you under this Agreement.