

HOW SAME DAY ACH WORKS FOR ‘THE FORGOTTEN GIG ECONOMY’

You hear a lot about how the gig economy is perfect for Same Day ACH. And it is. But Jessica Koenig also keeps in mind what she calls “the forgotten gig economy.”

“Before there was Uber and Lyft marketplace apps you had consumer direct sales firms with independent sales reps and owner-operator truck drivers. There are plenty of other use cases with independent contractors or sole proprietors that need to get paid, but don’t fit into this app and marketplace phenomenon,” said Koenig, founder and chief product officer at KyckGlobal.

“A lot of what we’re seeing with these companies is that they’re either still issuing checks and that’s it, or they’re utilizing next-day ACH.”

That’s where KyckGlobal comes in. The Atlanta-based firm offers a software solution handling a wide range of disbursement types and automated tax reporting for companies.

“Any of our smaller payment remittance—under \$25,000—we extend and encourage the utilization of Same Day ACH,” said Koenig.

“We’re seeing payers want the opportunity to push Same Day ACH if it’s early enough in the day, and it’s small enough. This allows them to hold the funds in their accounts longer on the corporate side, and simultaneously get funds to the payee much faster. In some cases, it’s a more cost-effective alternative to some of the other payment methods.”

The trucking industry is an example that Koenig has seen frequently. Drivers who complete their run want to be paid quickly, and Same Day ACH could be a viable funding mechanism.

KyckGlobal recently partnered with Aloette Cosmetics to handle commission payments for Aloette’s independent beauty consultants, and Same Day ACH is one of the payment methods being used.

When the per-transaction dollar limit climbs to \$100,000 in March 2020, KyckGlobal will be able to make even more use of Same Day ACH.

“There are a lot of times that payments are small enough when we’re talking about some of these gig workers. But as we go upstream we’re seeing more professional services. Doctors and independent sales reps are getting paid in this method and some of those payments are a bit higher,” said Koenig.



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—Jessica Koenig, founder and chief product officer at KyckGlobal

“For example, not all of these are weekly or bi-weekly payments. Some of them are monthly. So I believe that limit increase will be incredibly helpful in the future for some of these larger disbursements. It becomes a more attractive distribution method for them,” said Koenig.

But for the moment, a lot of what KyckGlobal encounters is companies just wanting to do away with paper.

“We’re really seeing a lot of companies just trying to get off of cutting checks,” said Koenig.

“It’s amazing how much of that is still going on.”

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