

Gig Economy

APRIL 2019

INDEX™

It is estimated that gig workers
accounted for more than
\$1.4 trillion of total U.S. income in 2018.

- **40%**
Share of U.S. gig workers
earning more than **\$100,000** per year
- **32%**
Share of U.S. gig workers
with **highly specialized skill sets**

A QUARTERLY REPORT ABOUT THE **INS AND OUTS** OF THE GIG ECONOMY

Gig Economy

INDEX™

ACKNOWLEDGMENT

The Gig Economy Index™ was done in collaboration with Hyperwallet, a PayPal service, 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.

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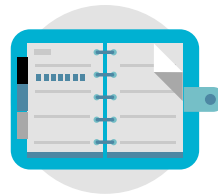
ABOUT

Summary **Statistics**

GIG WORKERS' COLLECTIVE EARNINGS FOR 2018 WERE ESTIMATED TO EXCEED **\$1.4 TRILLION.**

32.6%

Share of surveyed workers who participated in the gig economy in Q4 2018



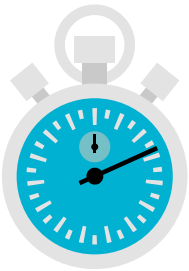
51.3%

Share of the gig workers who sourced gigs through digital marketplaces who were compensated via PayPal



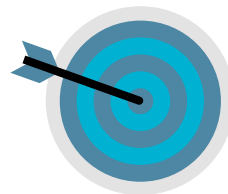
70.0%

Share of gig workers who were paid via direct deposit were "very" or "extremely" satisfied with how they were paid



38.4%

Share of gig workers who pursued ad hoc employment because of its flexibility



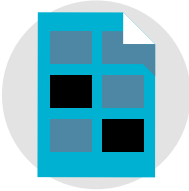
76.9%

Share of gig workers paid in cash who used cash to make daily purchases



76.7%

Share of gig workers who performed nonseasonal work



24.1%

Share of gig workers with college degrees



19.4%

Share of gig workers who were not employed outside the gig economy



26.8%

SHARE OF THE GIG WORKERS WHO SOURCED GIGS THROUGH DIGITAL MARKETPLACES WHO WERE INSTANTLY COMPENSATED FOR THEIR WORK

Introduction

The word “gig” originated in the music industry, with some using it to describe the type of employment jazz musicians enjoyed during the pre-1920s swing era.¹ The scope of what gigs encompass has changed dramatically in the past century, though, and has since come to refer to short-term work opportunities.

Such work is now mainstream. Many participate in the gig economy by running errands found on digital marketplaces or driving for ridesharing firms, but an increasing share are now pursuing specialized consulting jobs in accounting and recruiting, among other fields – and often juggling multiple positions at the same time.



¹ Frazer, J. How the gig economy is reshaping careers for the next generation. Forbes. 2019. <https://www.forbes.com/sites/johnfrazer1/2019/02/15/how-the-gig-economy-is-reshaping-careers-for-the-next-generation/#94d4b8849ada>. Accessed April 2019.

The share of gig workers with highly specialized skills rose to 32.3 percent in Q4 2018, marking a 12.2 percent increase over the previous quarter. This growth comes as more business, management and finance professionals begin to pursue ad hoc jobs.

At the same time, the portion of gig economy workers with nonspecific skills decreased by 9.0 percent, declining from 37.8 percent in Q3 2018 to 34.4 percent in Q4. Fewer people are pursuing gig work for its flexibility, according to our findings, with more doing so to pursue full-time opportunities and earn higher incomes. The share of gig workers bringing in upwards of \$100,000 per year rose from 30.0 percent in Q3 2018 to 40.0 percent in Q4, in fact.

Digital marketplaces' roles are evolving when it comes to sourcing skilled, high-paying gig jobs, too, moving from simply playing matchmaker to actually influencing how and when gig workers get paid. Those who sourced their gigs via such platforms were more likely than others to receive compensation via PayPal and direct deposit, and less likely to be paid via cash or check.

Gig workers who sourced gigs through digital marketplaces in Q4 were also paid faster, with the one-quarter that used platforms paid weekly compared to just 20.5 percent of those that did not. Meanwhile, 26.8 percent reported being paid instantly.

Some \$1.4 trillion was made in payments to gig workers, both on and off digital platforms in Q4, but how, exactly, are such marketplaces influencing their payments and expenditures? More importantly, what role are they playing in the gigs that workers pursue?

PYMNTS, in collaboration with Hyperwallet, a PayPal service, sought to answer these questions in this edition of the Gig Economy Index™. Our team surveyed more than 10,000 U.S. professionals, approximately 3,000 of whom were gig workers, and analyzed their responses to understand gigs' roles in their lives, defining "gig" as any type of ad hoc employment, regardless of where or how it was found. This edition focuses on changes that occurred between Q3 and Q4 2018.



Our research shows the gig economy's composition is changing in four major ways:



Record employment levels are changing its composition, with more highly skilled and fewer non-specialized workers in Q4 2018 than ever.

We saw an increase in gig workers who needed very specific skill sets to perform gig work, and a corresponding rise in digital marketplace usage. Nearly one-third were engaged in jobs that required “very specific” skills in Q4 2018 – an all-time high – while the portion requiring nonspecific skill sets declined.



Gig workers' shifting demographics led to a decline in the number of people seeking seasonal gigs.

The share looking for seasonal work decreased from 35.6 percent in Q3 2018 to 32.6 percent in Q4, as did the share working to save for life events, support hobbies, put funds aside for discretionary purposes, pay bills or develop skills. We also witnessed an interesting participation decline in certain sectors that saw wider economy employment increases, per figures from the Bureau of Labor Statistics (BLS).² This was particularly true in construction, with 52,000 jobs created in Q4 2018. Taken together, these patterns suggest that gig workers who had previously completed gigs for additional income or in select sectors had dropped out of the economy – at least for now.



Digital marketplaces continued to play a critical role for skilled, career gig workers.

The portion of gig workers who simultaneously work seasonally and use digital marketplaces decreased from 27.1 percent in Q3 2018 to 16.4 percent in Q4, but that number increased for those who are simultaneously nonseasonal and used marketplaces, rising from 35.1 percent to 38.4 percent during the same time frame. Nonseasonal gig workers who use digital marketplaces were also more educated in Q4 – yet another possible indicator of their changing composition. The portions with high school (37.3 percent), college (41.6 percent) and graduate school (37.6 percent) educations all hit highs.



PayPal and direct deposit usage rates were up, but paper checks' were down.

At 39.5 percent, PayPal was gig workers' most common compensation tool in Q3 2018, and its popularity only increased in Q4 (41.9 percent). As its acceptance continues to surge, that of paper checks is on the decline. Checks are now the fourth-most common way gig workers receive compensation, with usage dropping to just 36.7 percent in Q4 2018.

² Author unknown. The employment situation – January 2019. Bureau of Labor Statistics. 2019. <https://www.bls.gov/news.release/pdf/empsit.pdf>. Accessed April 2019.



The following pages will delve further into the gig economy, providing actionable insights into who modern gig workers are and how both the surging demand for their skill sets and the rise of digital marketplaces are impacting their professional lives.

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38.4%
of gig workers
in Q4 2018 both worked
nonseasonal gigs and
sourced their work via
digital marketplaces.

”

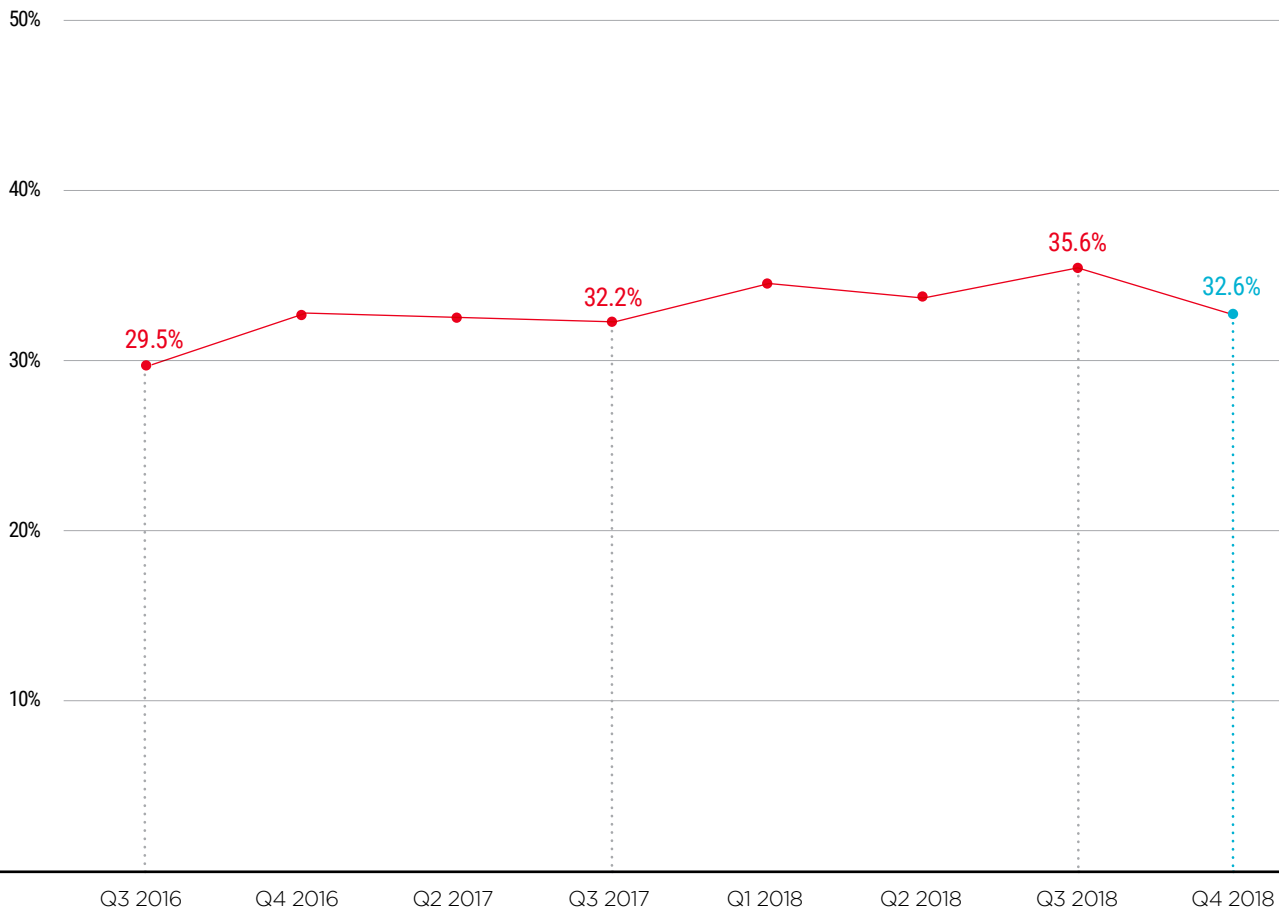
Participation:

Who are modern gig workers?



The gig economy encompasses a wide variety of jobs across multiple sectors – agriculture, logistics, construction, education, business and arts and media, among myriad others – so it’s no wonder that participation tends to oscillate between highs and lows. After peaking in Q3 2018, with a record 35.6 percent of respondents noting they had worked in the gig economy, PYMNTS’ analysis saw the total number of gig workers decline by a slight three percentage points.

FIGURE 1:
Gig economy participation
Share of surveyed workers participating in the gig economy, by quarter³

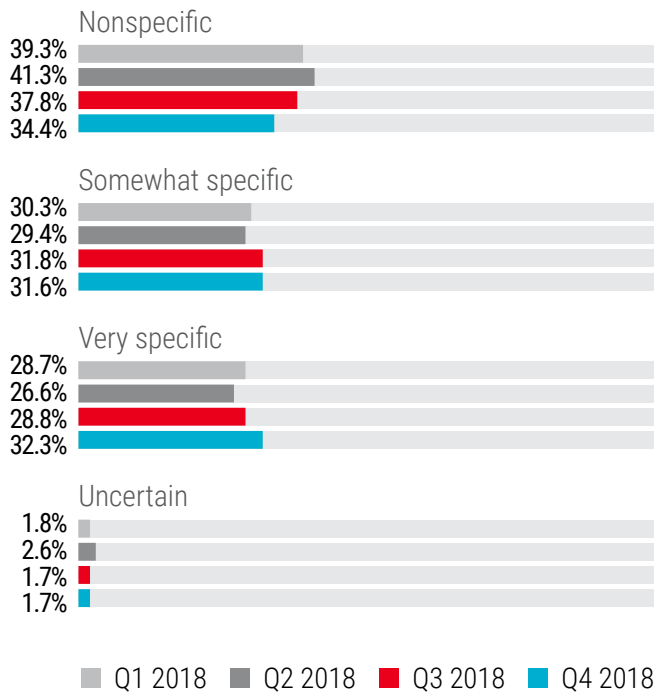


³ This data was collected through a series of regularly issued surveys during the following financial quarters: Q3 2016, Q4 2016, Q2 2017, Q3 2017, Q1 2018, Q3 2018 and Q4 2018.

FIGURE 2:

Skill level required for gigs

Specificity of the skill set required to complete gig work, by quarter

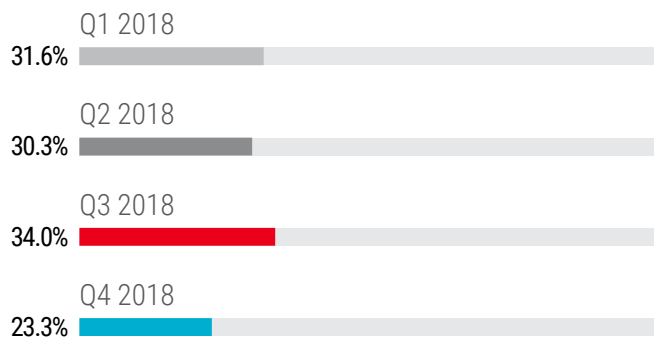


“
32.3%
of gig workers
**needed very specific
skill sets** to perform
their work in Q4 2018.
”

FIGURE 3:

Seasonal gig workers' participation

Share of gig workers with seasonal gigs, by quarter



This shift underpins an increase in the portion of highly skilled gig workers, a figure which improved from an all-time low of 26.6 percent in Q2 2018 to 32.3 percent in Q4. At the same time, the share of those whose gigs did not require specific skill sets decreased from 37.8 percent to 34.4 percent, a 9.0 percent quarter-over-quarter decline.

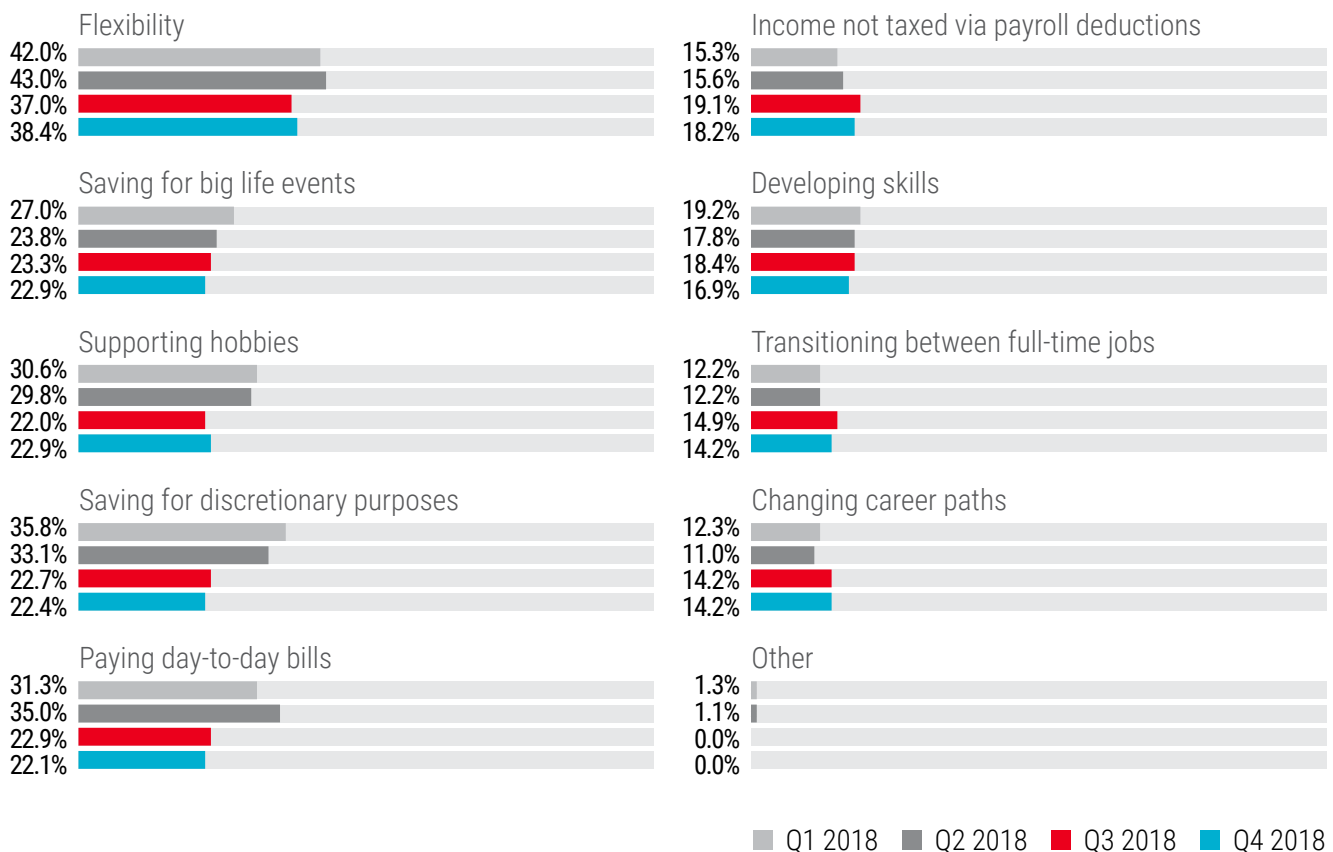
A decrease in the share of workers performing seasonal gigs also caused overall gig economy participation to dip this quarter. This portion was lower in Q4 2018 than we've seen since we began studying the gig economy in October 2016, having declined from 34.0 percent in Q3 to just 23.3 percent. Fewer seasonal workers must impact total participation, after all.

Interestingly, we also saw a shift in the reasons gig workers gave for seeking gigs. The share who said they did so to help save for life events dropped from 23.3 percent in Q3 2018 to 22.9 percent in Q4, a total decrease of 0.4 percentage points. Similarly, the portion saving for discretionary purposes dipped 0.3 percentage points, the share using gig work to pay day-to-day bills declined by 0.8 percentage points and those using it to develop their skills declined 1.5 percentage points.

This suggests that seasonal gig workers had already met their personal finance goals in Q4 2018 and, therefore, stopped working to earn supplemental income.

These declines occurred earlier in the cycle than normal, meaning it was unlikely that the dip resulted from the post-holiday season's decrease in available retail opportunities. Rather, it likely came from wider job market employment trends.

FIGURE 4:
Reasons for gig economy participation
 Reasons gig workers gave for working gigs, by quarter



“

38.4%
of gig workers
pursued ad hoc
employment
for its **flexibility.**

”

This came as no surprise. Gig job participation declined in certain sectors in Q4 2018, even while employment increased in the wider economy – sometimes in the same industries. Construction was one example, with 52,000 jobs created in Q4 2018, but a decrease seen in related gig work – from 4.2 percent in Q3 2018 to 3.2 percent in Q4.⁴

One thing was certain: Workers’ demographics were evolving in countless ways, and other gig economy aspects were changing with them.

⁴ Author unknown. The employment situation – January 2019. Bureau of Labor Statistics. 2019. <https://www.bls.gov/news.release/pdf/empst.pdf>. Accessed April 2019.



Digital marketplaces'

evolving role



Digital marketplaces continue to play an important role in how gig workers source jobs, but Q4 2018 saw an overall decline in usage. This was not because the platforms had decreased in popularity, but rather that fewer seasonal workers had taken on ad hoc positions.

The share of seasonal gig workers who use digital marketplaces also declined, from 27.1 percent in Q3 2018 to 16.4 percent in Q4, but not all gig workers were moving away from them. Usage was on the uptick for nonseasonal personnel who use digital marketplaces – those pursuing ad hoc roles year-round – with 38.4 percent sourcing jobs

using digital marketplaces in Q4. This represented a 9.4 percent increase from Q3, indicating year-round gig workers are likely on the incline.

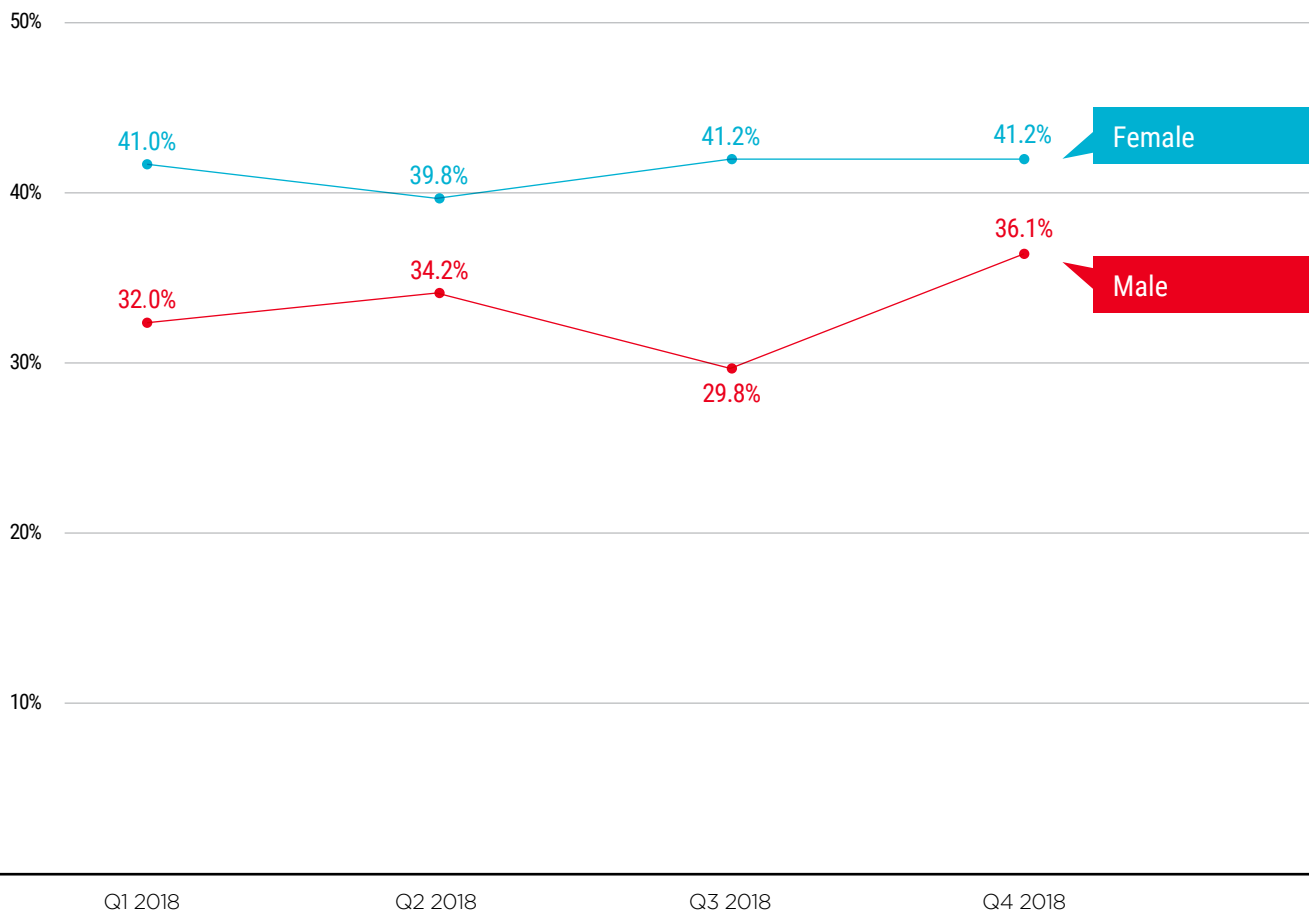
One demographic group seemed to be driving this trend: male, nonseasonal gig workers who used digital marketplaces to source gigs. This group's platform usage jumped from 29.8 percent in Q3 2018 to 36.1 percent in Q4, an impressive 21.1 percent increase.

These factors point to one conclusion: The composition of nonseasonal gig workers who also use digital marketplaces is beginning to reflect the demand for increased nonseasonal work.

FIGURE 5:

Nonseasonal gig workers' distributions

Share who worked gigs year-round and sourced through digital marketplaces, by gender





Interestingly, the practice of sourcing nonseasonal gig work through digital marketplaces is surging in popularity alongside the proportion of college-educated workers joining the gig economy. Generally speaking, participants are now better educated, better trained and have more specialized skill sets. The share of gig workers with high school educations jumped from 36.6 percent in Q3 2018 to 37.3 percent in Q4, for example, while those with college degrees increased from 39.1 percent to 41.6 percent and the portion with graduate degrees rose from 25.1 percent to 37.6 percent.

FIGURE 6:

How seasonal and nonseasonal gig workers use digital marketplaces

Share of gig workers who simultaneously source their gigs via digital marketplaces, by quarter

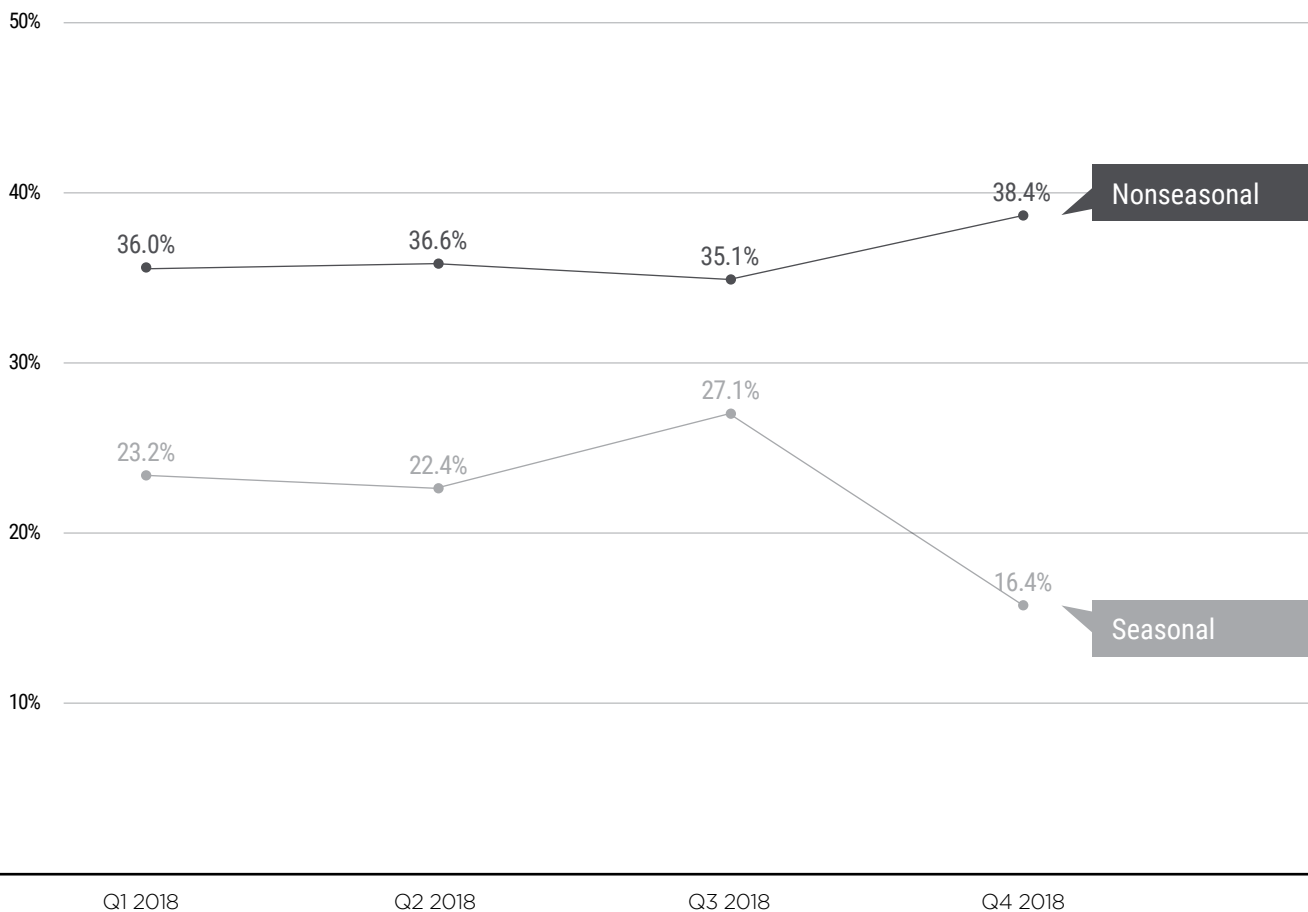


FIGURE 7:

Gig workers' education levels

Breakdown of nonseasonal gig workers who also use digital marketplaces by quarter and education

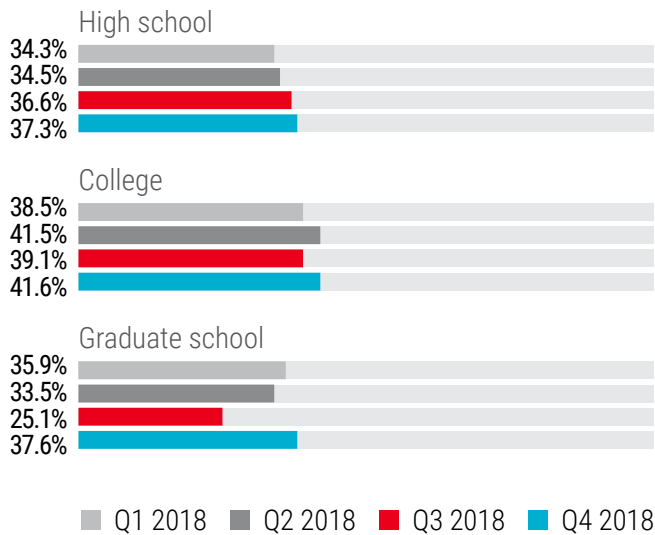
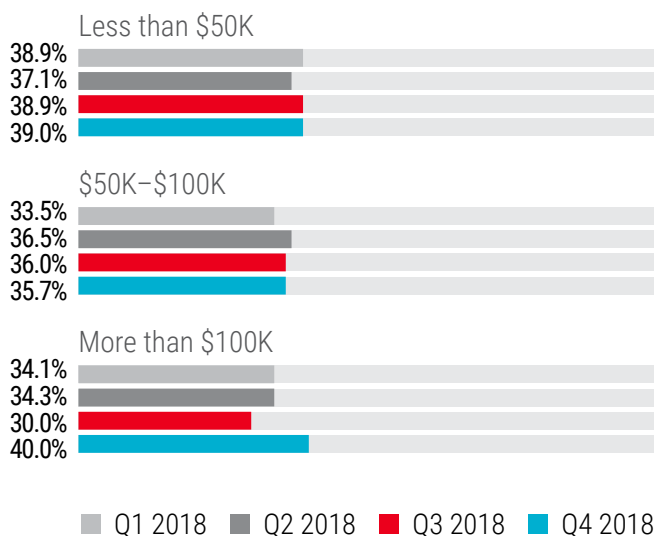


FIGURE 8:

Gig workers' income levels

Annual incomes of nonseasonal gig workers who also use digital marketplaces, by quarter



The portion of nonseasonal gig workers who simultaneously use digital marketplaces and are not employed outside the gig economy also saw their annual incomes increase. The proportion using such platforms and earning more than \$100,000 rose to 40.0 percent in Q4 2018, for example, up from 30.0 percent in Q3. This made sense, as workers with higher education levels are more likely to earn higher incomes – something that speaks to the rising demand for skilled gig employees, gig economy participation's evolution and how modern careers might look. It also suggests that full-time employment is no longer the only path toward high annual incomes.

The portion of nonseasonal gig workers simultaneously use digital marketplaces and are not employed outside the gig economy *also* rose, from 33.4 percent in Q3 2014 to 39.3 percent in Q4. This indicates that such workers are relying more



37.6%
of nonseasonal
gig workers who
also used digital
marketplaces had
graduate degrees
in Q4 2018.





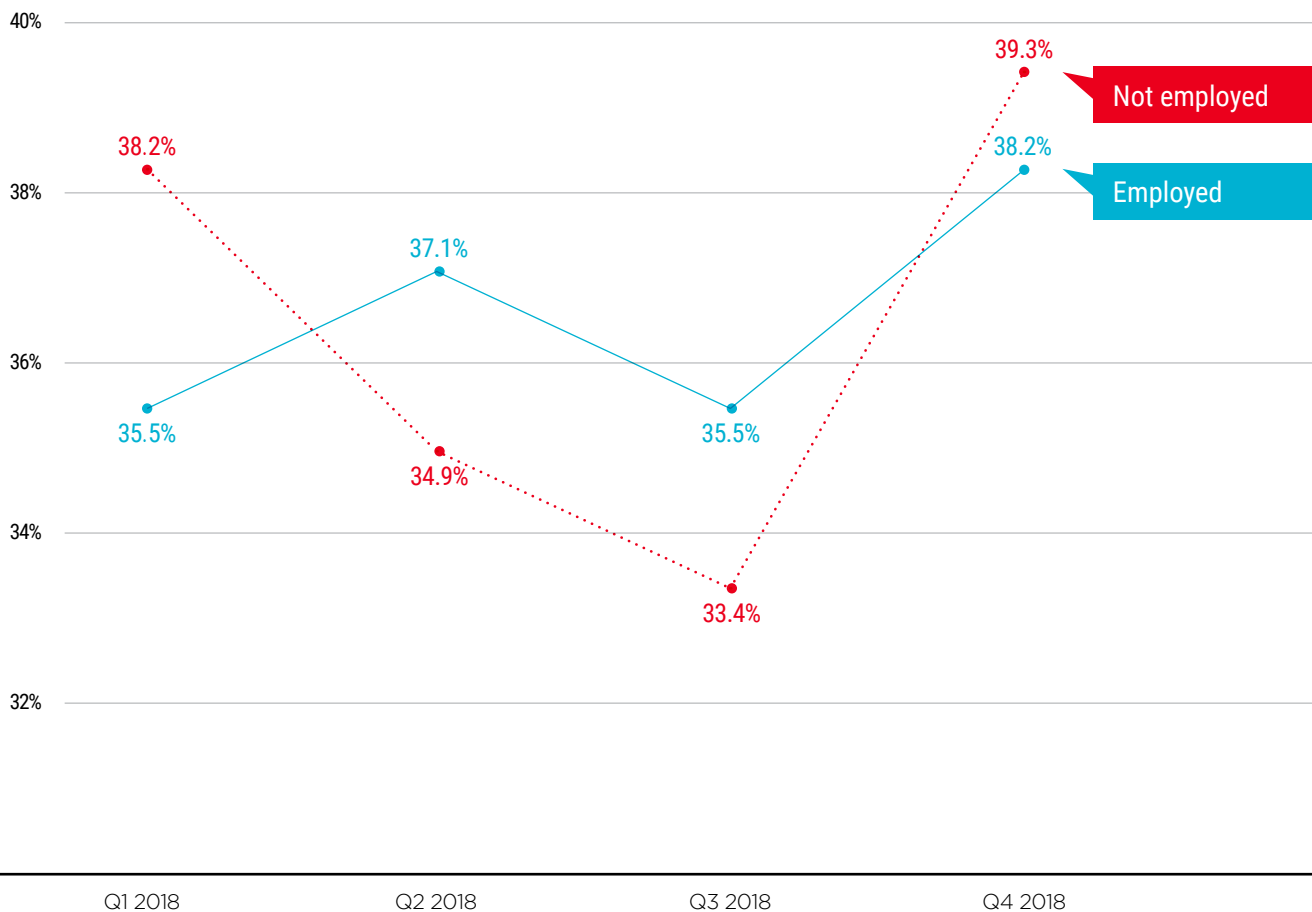
on gigs for their primary incomes, rather than as secondary sources to the paychecks received from regular, full-time jobs.

Gig workers' increasing financial reliance on ad hoc jobs signals a wider cultural shift in gig economy attitudes, too. More workers are perceiving gigs as reliable sources of income, and a greater share are choosing not to maintain regular, full-time jobs at all. These educated workers with specific skill sets are instead jumping head-first into the gig economy, and digital marketplaces are continuing to play an imperative role in this journey. In fact, these platforms' place in helping gig workers find their jobs is evolving.

FIGURE 9:

Gig workers' employment statuses

Employment statuses of nonseasonal gig workers who simultaneously use digital marketplaces, by quarter



The payments connection:

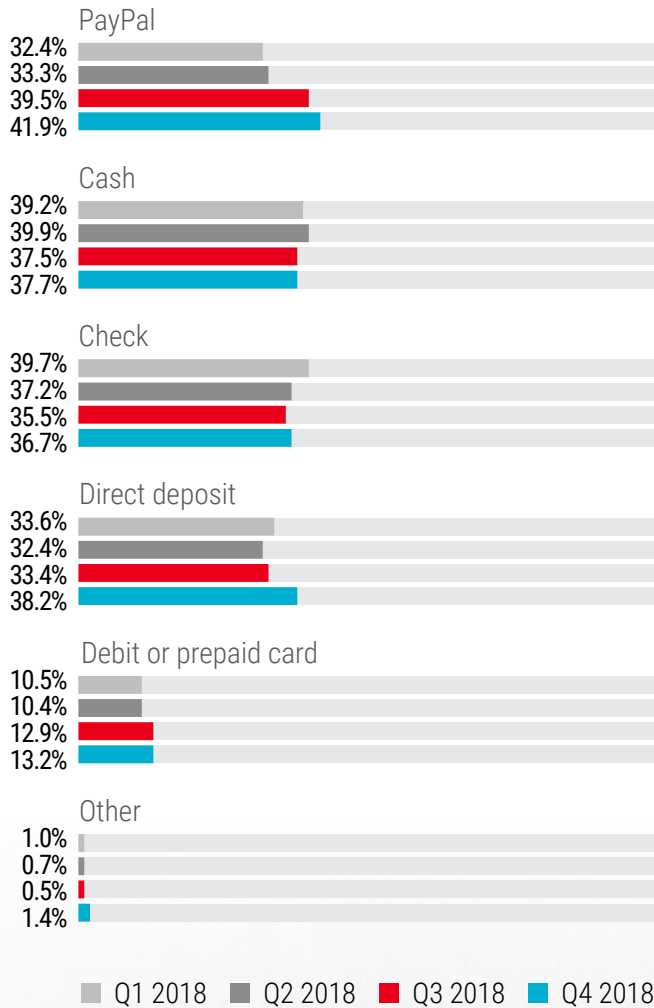
Gig workers' need for speed



FIGURE 10:

Primary gig payment methods

How gig employees were compensated for primary gig work, by quarter



Digital marketplaces are more than platforms through which gig workers can find jobs. They are also an important part of how and when these workers are compensated.

PayPal was the most popular digital marketplace payment method in Q3 2018, and became even more so in Q4. Its usage among gig workers increased from 39.5 percent to 41.9 percent during that time frame, followed by preferences for direct deposit, cash and then check. Direct deposit usage also improved, jumping from third- to second-most popular, while paper checks were pushed to fourth place. We found that 36.7 percent of gig workers were paid by check in Q4 2018, compared to 35.5 percent in Q3.

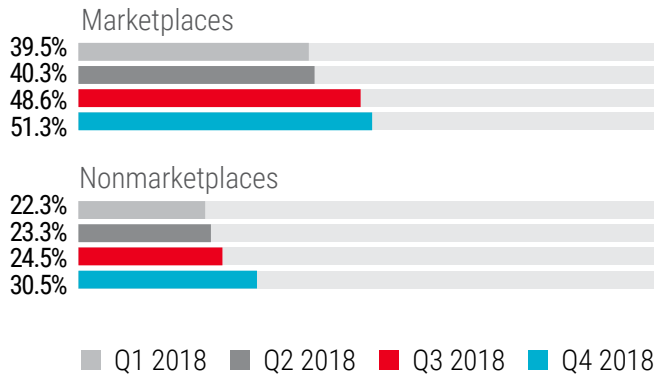
PayPal has been growing more popular over the last four quarters, and there is no sign that this trend is coming to an end. Driving the payment platform's continued surge is the fact that digital marketplaces are also growing more prevalent. PayPal is commonly provided by digital job platforms, meaning usage is likely to grow as highly skilled workers flock to marketplaces to source gigs that fit their specific skill sets.



FIGURE 11:

PayPal usage in digital marketplaces

Share of gig workers who used PayPal, on and off digital marketplaces



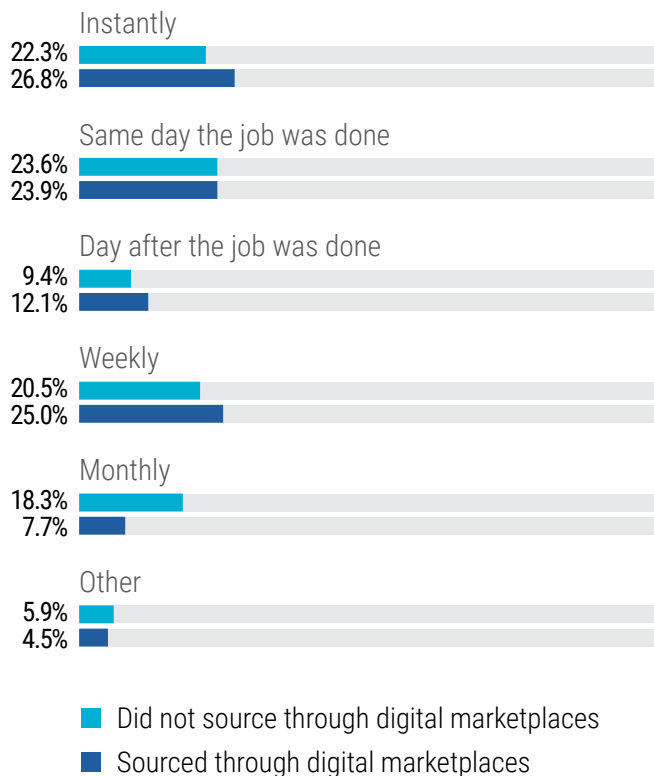
This is not to suggest that digital marketplaces are increasing in popularity solely because they make it easier to find gigs that require highly specific skills. Those who used them were not only more likely to be compensated via PayPal or direct deposit, but also to be paid faster and more often than nonmarketplace gig workers.

As much as 26.8 percent of those who used digital marketplaces were paid instantly in Q4 2018, a figure that tops the 22.3 percent found among those who did not. Another 23.9 percent who used digital marketplaces reported being paid on the same day, compared to 23.6 percent of nonusers, and 12.1 percent and 9.4 percent, respectively, reported next-day compensation.

FIGURE 12:

How quickly gig workers were compensated in Q4 2018

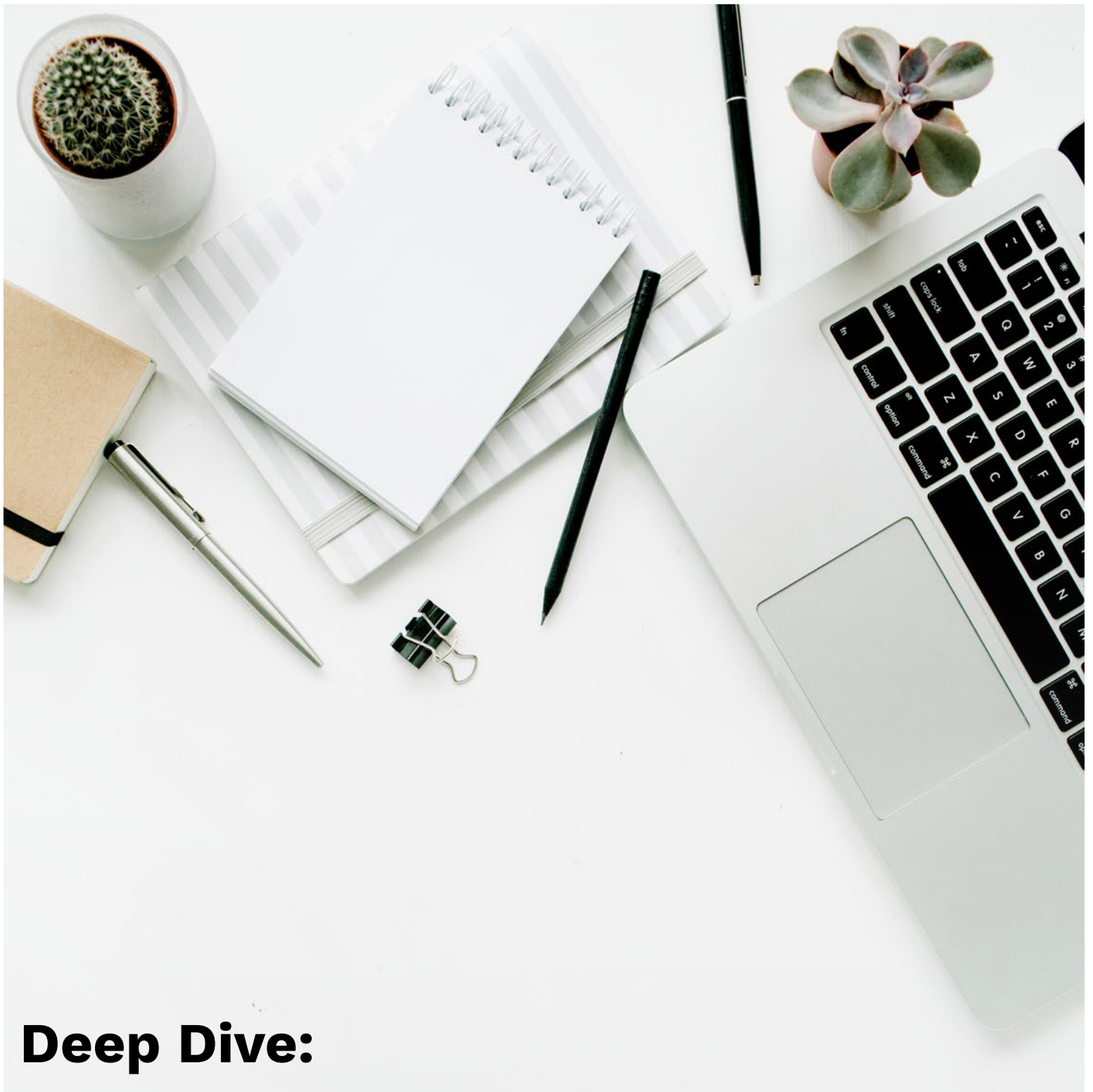
Frequency at which gig workers received compensation, by digital marketplace usage



The difference was even greater when we considered the share of gig workers who were paid the same week. Twenty-five percent of those that sourced gigs on digital marketplaces were paid within a week, compared to 20.5 percent who did not use the platforms.

Gig workers' cash flows tend to be unpredictable and therefore difficult to manage, making faster payments particularly appealing. Any platform allowing gig workers to more quickly receive compensation helps alleviate financial uncertainty and offers faster relief. As such, PayPal's quick payment services may be playing a role in its own increasing popularity with this group.

Either way, digital marketplaces are helping ensure that gig workers get paid faster – often instantly or within a day of completing the work – which could improve future adoption.



Deep Dive:

Paying and being paid
in the gig economy

How consumers pay businesses and how those firms pay consumers are quite different. Consumers can use a variety of methods because merchants make strong efforts to accept the payments they prefer and want to use. It's why brick-and-mortar businesses still accept cash and check, though debit and credit cards have moved to the tops of most consumers' wallets. It's also why online merchants are embracing digital wallets: Consumers are using them and eliminating digital purchasing frictions — especially via mobile devices.

Businesses typically pay consumers using a much narrower set of options, however. These methods are largely driven by who's making the payment, their relationships with their consumers and the nature and frequency of the transactions.

Take how businesses pay their workforces. Most full- and part-time employees are “on the company's payroll,” and generally paid via direct deposits to their bank accounts. Project-based workers are paid differently, not “on the payroll” in the traditional sense and also not onboarded and paid by HR departments. Instead, they are hired and compensated by the accounting departments that man-

age them as vendors. Companies' vendor payment processes dictate how and when such payments are made, typically via paper checks triggered by invoices and based on preset terms.

Digital platforms have begun to change this payment dynamic, though, giving gig workers more choices in how they receive payments. These marketplaces help businesses source talent and often shift reimbursements away from their accounting departments. They are also recognizing gig workers' need to be paid more efficiently, and exploring how to do so using the same methods recipients use to buy items or pay bills.

We thought it would be interesting to explore this dichotomy, including how gig workers are paid, the ways they pay and how both influenced their payment preferences in Q4 2018. This led us to discover some interesting insights.

Gig workers who were compensated in cash were more likely to pay for their purchases with cash than any other payment method, with 76.9 percent of them doing so. Similarly, those paid via debit cards were likely to pay with debit cards (56.8 percent), and those paid via paper checks were likely to pay with checks (39.1 percent).





The same is true for PayPal, as gig workers who were paid via the payment platform were most likely to use it to make purchases: 65.4 percent paid via PayPal in Q4 2018, up from the 64.8 percent seen in Q3. They were also more likely to pay with prepaid and debit cards, with 59.7 percent doing so.

TABLE 1:

Payment methods gig workers used to pay for goods and services

Share who used select methods to make purchases, by compensation method

	Payment methods for gig workers					
	PayPal	Cash	Check	Direct deposit	Prepaid card	Other
Payment types for everyday goods and services						
Cash	59.7%	76.9%	67.5%	60.0%	61.9%	52.8%
Debit cards	56.0%	48.3%	49.3%	59.9%	56.8%	50.3%
Credit cards	45.2%	44.4%	52.5%	53.5%	46.5%	48.2%
PayPal	65.4%	45.2%	38.3%	46.0%	59.7%	34.0%
Check	19.2%	29.0%	39.1%	21.1%	26.2%	16.0%
Apple Pay	18.7%	13.3%	12.2%	17.8%	21.6%	3.2%
Samsung Pay	9.0%	8.2%	6.0%	7.4%	15.4%	0.4%
Other digital wallets	7.5%	7.0%	8.2%	7.2%	10.5%	13.4%
Cryptocurrencies	5.9%	3.7%	3.9%	4.9%	10.5%	0.0%
Other	0.9%	0.8%	0.8%	1.2%	0.7%	21.6%

TABLE 2:

Change in gig workers' compensation methods

Share who received compensation via select payment methods, by quarter

	Payment types for everyday goods and services				
	PayPal	Cash	Check	Debit cards	Credit cards
Q3 2018: Primary gig payment method					
PayPal	64.8%	60.3%	25.8%	60.9%	46.2%
Cash	39.3%	80.2%	29.6%	62.0%	44.5%
Check	36.0%	69.2%	37.2%	59.8%	54.2%
Direct deposit	39.3%	61.5%	25.4%	69.9%	54.7%
Prepaid card	55.1%	64.5%	36.2%	66.7%	51.9%
Q4 2018: Primary gig payment method					
PayPal	65.4%	59.7%	19.2%	56.0%	45.2%
Cash	45.2%	76.9%	29.0%	48.3%	44.4%
Check	38.3%	67.5%	39.1%	49.3%	52.5%
Direct deposit	46.0%	60.0%	21.1%	59.9%	53.5%
Prepaid card	59.7%	61.9%	26.2%	56.8%	46.5%

At the same time, we noted a dip in gig workers' reliance on other payment methods for retail purchases. Those paid via PayPal used fewer checks, credit and debit cards, possibly a function of the platform's growing merchant acceptance and that it can now be used to pay bills. The more places it is accepted, the easier and more likely it is that workers paid via PayPal will use it to make purchases in their daily lives.

That said, PayPal is not the payment method with which gig workers reported being the most satisfied. The differences are slight, as just 3.5 percentage points separate consumers' first- and third-most satisfactory methods. It is still notable, however, with 70.1 percent of the gig workers paid via direct deposit and 69.5 percent in cash reporting being "very" or "extremely" satisfied.

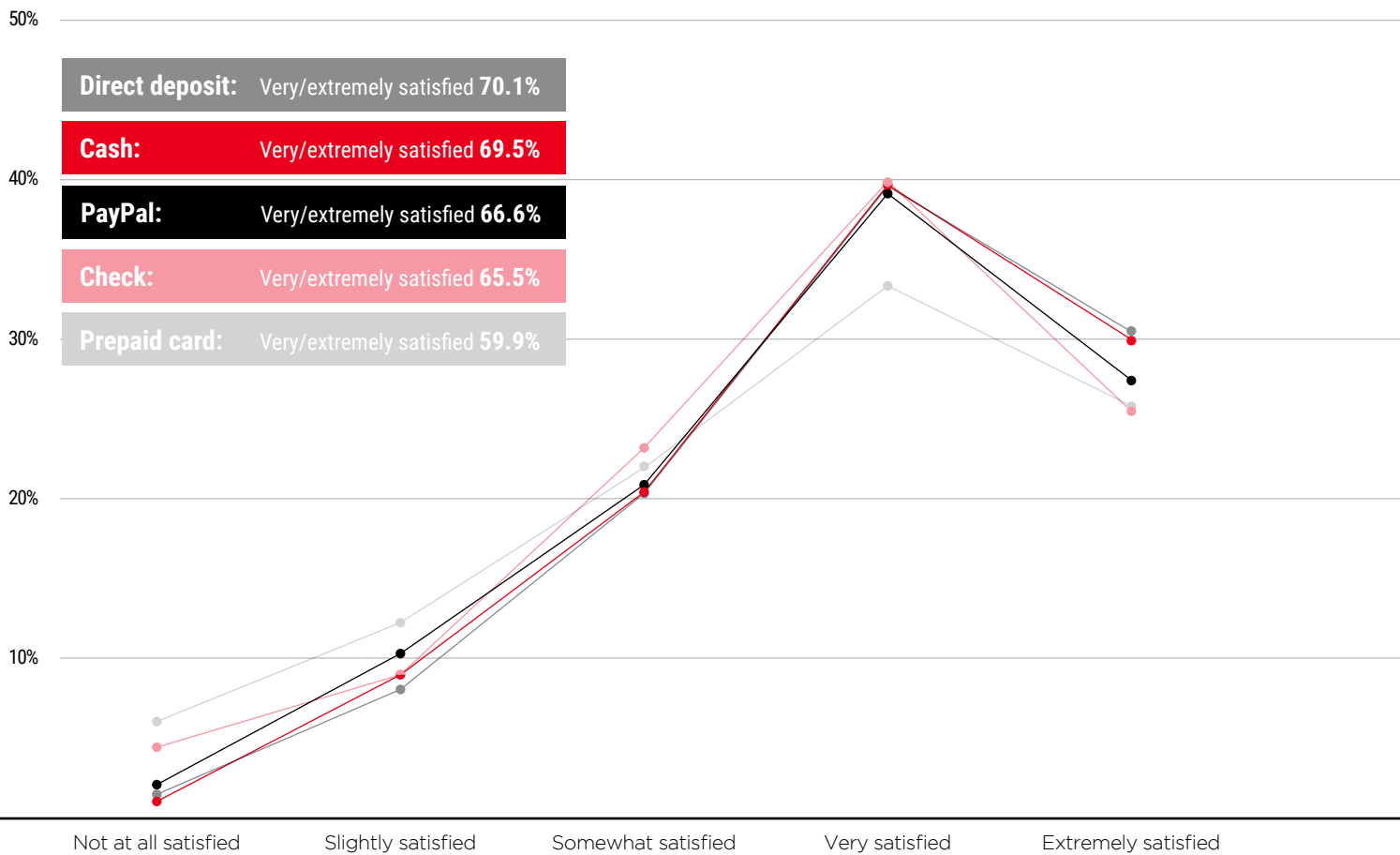


PayPal came in third place, with 66.6 percent of gig workers saying they were “very” or “extremely” satisfied with compensation through the platform. Direct deposits and checks give consumers immediate access to the funds in their bank accounts, enabling them to spend that money wherever they’d like.

FIGURE 13:

Gig workers’ satisfaction with how they receive primary gig job payments

Share who report varying compensation method satisfaction levels, by level



HOW **GIG WORKERS** LIKE TO BE PAID

Gig workers' preference for compensation via checks remains a puzzle, yet demographics provide important clues. Overall usage is on the decline, but the large portion of gig workers who report being satisfied with checks tend to be over the age of 45, earn annual incomes exceeding \$100,000 and more commonly prefer to pay and be paid via paper check as they age.

As much as 44.4 percent of gig workers aged 65 and older are paid via paper checks, and 41.5 percent use checks to pay for goods and services in their daily lives. Figures for those between 55 and 64 years of age are 43.0 percent and 28.7 percent, respectively, and 42.3 percent and 26.1 percent, respectively, for gig workers in the 45-to-54 bracket. Most of these individuals use other payment methods to pay for the things they buy, but can probably still find and use their checkbooks to pay some of their bills, if needed.

Satisfaction with being paid by checks could be more related to the type of work gig workers do. Those who are satisfied are typically older, and thus may not have the same immediate need for funds as those who are more satisfied with direct deposits, for example. Getting and depositing checks isn't as frustrating for older generations as it is for the younger gig workers who are more likely to use gigs to pay bills rather than to supplement their incomes.

“

44.4%
of gig workers
aged 65 and older
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paper checks
in Q4 2018.

”



TABLE 3:

Who pays and gets paid via different payment methods, by age

Share compensated through select methods and using select payment methods to make purchases

	Age					
	18-24	25-34	35-44	45-54	55-64	65+
Methods used to pay gig workers						
PayPal	52.9%	45.9%	47.4%	33.5%	30.9%	25.3%
Cash	43.2%	39.4%	34.1%	37.0%	34.7%	36.3%
Check	34.8%	33.3%	31.6%	42.3%	43.0%	44.4%
Direct deposit	36.8%	43.5%	39.7%	35.0%	33.8%	33.5%
Prepaid card	16.3%	16.7%	13.8%	12.8%	6.2%	5.3%
Other	0.8%	0.8%	2.0%	1.2%	1.1%	4.6%
Methods gig workers use for everyday purchases						
Cash	60.7%	59.1%	58.1%	63.9%	61.2%	65.6%
Debit cards	49.0%	51.6%	54.7%	51.7%	48.1%	44.2%
Credit cards	36.5%	43.2%	49.0%	47.4%	57.9%	54.4%
PayPal	46.8%	43.5%	48.8%	39.5%	42.1%	31.8%
Check	18.0%	16.9%	22.2%	26.1%	28.7%	41.5%
Apple Pay	21.8%	17.4%	12.1%	11.3%	4.9%	3.1%
Samsung Pay	6.8%	8.5%	6.4%	6.3%	2.7%	3.5%
Other digital wallets	10.6%	6.9%	5.5%	4.1%	3.5%	3.7%
Cryptocurrencies	4.4%	5.7%	4.3%	2.4%	0.9%	1.3%
Other	0.2%	1.2%	1.8%	2.0%	0.6%	2.3%



Gig workers' income levels and the types of gigs they perform also appear to play major roles in determining which payments methods they use to make purchases. How they are paid varies by sector, with construction – one of the most pro-check, pro-cash industries in the gig economy – leading the way in paper check payments at 59.0 percent of gig workers Q4 2018. A high share (47.4 percent) were compensated in checks in Q4, but getting paid via debit card was remarkably rare at just 14.0 percent.

Paper checks were also popular in arts, design, entertainment, sports and media with 43.0 percent of gig workers in the industry receiving them in Q4 2018 and 52.0 percent being compensated via cash.

“






52.9%
of gig workers
between the ages
of 18 and 24 were
compensated via
PayPal in Q4 2018.

”

TABLE 4:

Methods through which gig workers were paid for their work

How workers in select industries were compensated, by payment method and quarter

						
		Arts and entertainment	Business and finance	Computers and math	Sales and related	Construction and extraction
Q1 2018	PayPal	42.9%	30.8%	48.7%	37.8%	18.7%
	Cash	44.6%	29.2%	30.6%	27.9%	62.1%
	Check	46.4%	48.3%	35.8%	31.8%	46.7%
	Direct deposit	30.1%	37.5%	29.5%	36.3%	21.0%
	Prepaid card	8.8%	15.0%	11.4%	12.0%	12.1%
Q2 2018	PayPal	45.1%	40.0%	43.0%	38.1%	23.5%
	Cash	44.9%	26.4%	27.9%	27.9%	64.7%
	Check	47.0%	44.0%	40.2%	31.4%	51.2%
	Direct deposit	29.2%	40.8%	36.3%	35.6%	20.6%
	Prepaid card	10.8%	14.4%	12.3%	7.9%	8.8%
Q3 2018	PayPal	46.4%	41.8%	57.6%	44.5%	25.5%
	Cash	45.8%	25.3%	33.6%	30.0%	60.7%
	Check	43.1%	40.5%	32.1%	29.4%	52.4%
	Direct deposit	30.1%	39.2%	29.8%	32.3%	26.2%
	Prepaid card	8.9%	19.0%	16.4%	10.0%	16.6%
Q4 2018	PayPal	52.9%	41.9%	46.1%	54.9%	26.5%
	Cash	52.0%	27.1%	30.5%	21.8%	59.0%
	Check	43.0%	35.0%	37.6%	27.2%	47.4%
	Direct deposit	31.4%	44.2%	42.4%	32.4%	21.4%
	Prepaid card	9.9%	18.6%	15.6%	13.2%	14.0%

Check and cash usage plummets in both sales, business and financial operations and computers and mathematics, as these professionals were more likely to be paid via direct deposits. We found that 44.2 percent of those working business and finance gigs were compensated via direct deposit in Q4 2018, as were 42.4 percent of those in computers and mathematics. These industries were also more likely to be paid via PayPal than paper checks.

There is a clear reason why gig workers in computers, math, finance and sales might more frequently

be paid via direct deposit and PayPal, while those in construction saw checks or cash: The groups sourced their gigs from different places. The Q3 2018 edition of the Gig Economy Index™ noted those who sourced via digital marketplaces tended to have highly specialized skill sets – including training in computers, math and finance.⁵

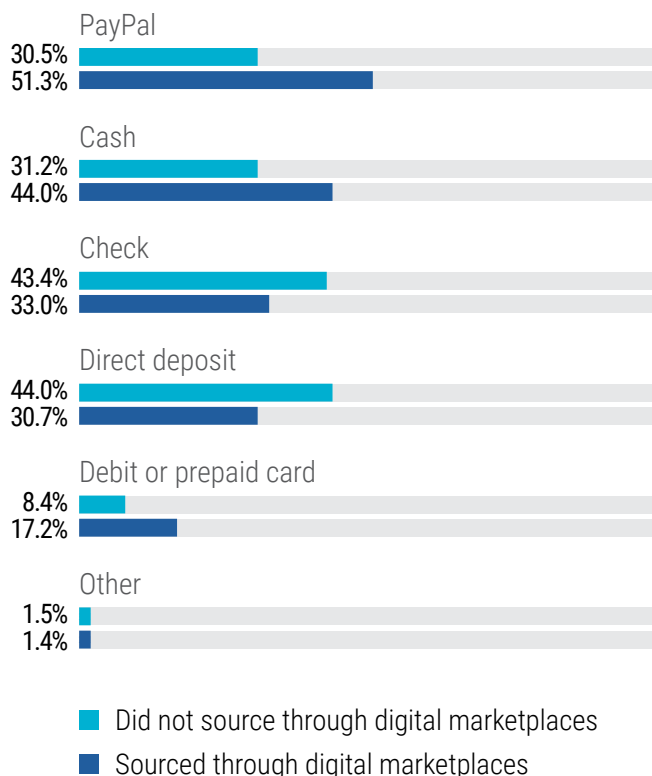
Furthermore, gig workers using digital job platforms also tend to be compensated via direct deposit and PayPal. Marketplaces make the options available, and workers use them to gain near-instant access to their hard-earned cash. They often have to wait up to a week for checks or cash to arrive in the mail, by comparison.

Things are different in construction and arts and entertainment as gig workers in both sectors must be physically present to do their jobs. In these cases, it is simply easier for their employers to hand them paper checks or cash, meaning they get to receive their wages immediately and in person.

This digital-versus-paper divide shows up again when we consider how gig workers with varying incomes are compensated. Those with specialized skill sets tend to earn more money and source gigs through digital job platforms more often. As a result, we see more gig workers with higher incomes getting paid via digital payments – PayPal in particular – than cash or check. Again, this stems from the platform’s ubiquity when paying workers online.

FIGURE 14:

How gig workers were compensated on- and offline
Share of gig workers who were paid in select ways, by digital marketplace usage



⁵ Gig economy index. PYMNTS. 2018. <https://www.pymnts.com/gig-economy-archives/>. Accessed April 2019.

TABLE 5:

How gig workers are paid via different payment methods, by annual income

Share compensated through select methods and using select payment methods to make purchases

	Income					
	\$0-\$25K	\$25K-\$50K	\$50K-\$75K	\$75K-\$100K	\$100K-\$150K	\$150K+
Q3 2018						
PayPal	41.5%	40.6%	36.9%	40.4%	44.0%	47.8%
Cash	39.0%	37.8%	38.1%	39.3%	36.3%	37.0%
Check	32.6%	34.8%	38.0%	35.1%	38.0%	40.9%
Direct deposit	32.0%	40.4%	39.2%	39.8%	39.7%	32.9%
Prepaid card	10.1%	10.5%	11.2%	16.8%	14.3%	16.1%
Other	2.4%	1.4%	2.6%	0.8%	1.1%	0.8%
Q4 2018						
Cash	70.6%	65.3%	60.0%	59.4%	57.4%	55.1%
Debit cards	57.7%	56.6%	56.8%	49.4%	47.1%	38.0%
Credit cards	31.2%	40.6%	45.9%	48.0%	54.8%	49.9%
PayPal	35.9%	47.5%	43.3%	37.3%	44.4%	49.9%
Check	16.5%	21.4%	21.8%	20.6%	26.1%	29.2%
Apple Pay	6.1%	8.7%	10.6%	15.0%	17.7%	18.2%
Samsung Pay	1.9%	4.7%	5.8%	6.2%	8.8%	7.5%
Other digital wallets	5.0%	4.7%	5.8%	8.0%	6.2%	6.8%
Cryptocurrencies	1.3%	2.4%	2.8%	5.8%	4.9%	3.5%
Other	2.1%	1.5%	1.4%	1.2%	0.8%	1.3%

That said, there wasn't much difference between the portions with different incomes paid via direct deposit, cash or check in Q4 2018.

We did see a difference in how gig workers of varying incomes made payments, however. Cash was the most popular among those earning under \$50,000 per year, with 65.3 percent in the \$25,000-to-\$49,900 bracket and 70.6 percent of those earning less than \$25,000 saying they use cash to make purchases. This group was just as likely as the others to be compensated via cash, far more likely to pay with it and tended to keep its hard-earned funds the way it got them: in pockets.

These gig workers' preferences for cash may indicate they are unbanked or underbanked. As noted in PYMNTS' November 2018 Financial Invisibles Report, consumers with lower income levels tend to have reduced access to traditional financial products like checking accounts.⁶

Meanwhile, those who earn more than \$75,000 per year commonly use credit cards, PayPal, paper check and Apple Pay. In fact, the higher their incomes, the more likely gig workers are to use one or more of these digital payment methods.

⁶ Financial invisibles report. PYMNTS. 2018. <https://www.pymnts.com/financial-invisibles-report/>. Accessed April 2019.



Conclusion

The gig economy is here to stay, but not necessarily in the form it's always had. Rather, the sector continues to evolve alongside the workers who take part in it. In Q4 2018, this meant a space in which highly educated workers with highly specialized skill sets could gather to both find work and be paid as quickly as possible.

Digital marketplaces have continued to play a pivotal role in these trends' development, helping educated workers find ad hoc jobs that fit their training – and ensuring they are quickly compensated. Unsurprisingly, this has meant that PayPal and its quick payments have continued to rise in popularity as a primary payment method.

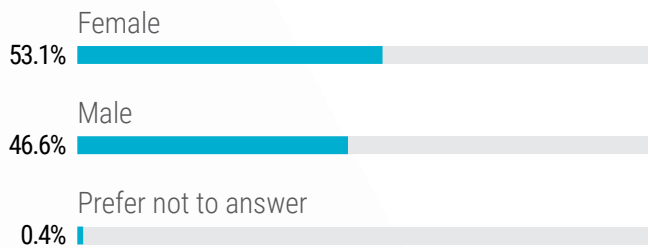
As the gig economy grows – and its demographics shift from seasonal work to supplementing full-time jobs to skilled professionals building careers – it's likely that our notions of a “traditional career path” will also continue to evolve.

Methodology

This survey, conducted between Jan. 11, 2019, and Jan. 19, 2019, analyzed the responses of 10,051 U.S.-based participants. We broke their responses into four categories based on age, gender, education and income. More than half were women and 46.6 percent were men.

FIGURE 15:

Breakdown of total respondents
By gender

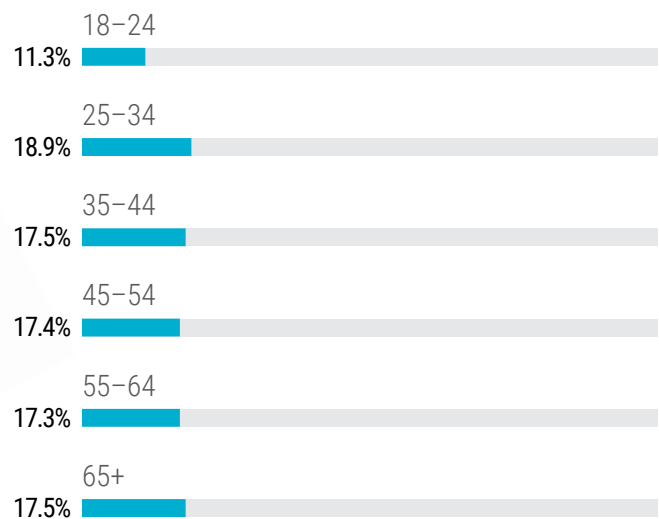


Respondents aged 18 to 24 represented 11.3 percent of our sample, and the highest share – 18.9 percent – fell into the 25-to-34 bracket.



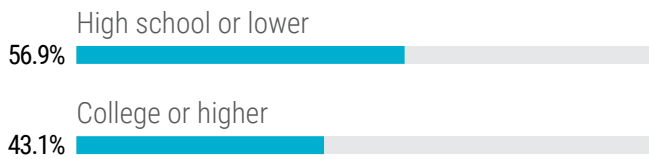
FIGURE 16:

Breakdown of total respondents
By age



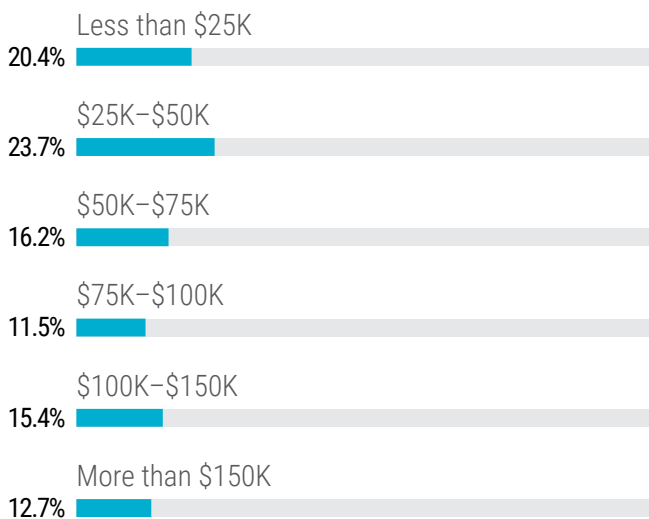
Respondents with below a college education represented the majority, with only 43.1 percent possessing college degrees.

FIGURE 17:
Breakdown of total respondents
By education levels



Middle- and low-income households made up the bulk of our sample.

FIGURE 18:
Breakdown of total respondents
By household income



About



Hyperwallet, a PayPal Service, is a global payout platform providing growing organizations with a fast, efficient and transparent way to distribute funds to payees almost anywhere in the world. Trusted by enterprise, eCommerce and on-demand platforms, Hyperwallet makes it easy to deliver payment experiences through a single integration. Firms can put payees in control with a range of convenient payment methods, enhanced financial management tools, integrated payment tracking and user-friendly compliance and identity verification offerings. Hyperwallet has offices in San Francisco, Austin, London, Sydney, and Vancouver. Learn more at www.hyperwallet.com.

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

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