

Embedded Digital Payouts for HR Platforms



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Introduction:

Embedded digital payouts for HR platforms



Rethinking the impact of employee rewards and recognition

Today's traditional HR platforms face a critical challenge: their rewards and recognition capabilities are failing to meet the evolving expectations of employees and employers alike. User expectations for intuitive and frictionless financial interactions are higher than ever, and employees demand quick and easy access to rewards and financial benefits.

And with nearly 60% of employees planning to seek new job opportunities within the next 12 months,¹ the need for dynamic, engaging, and personalized employee engagement strategies becomes ever more pressing.

The key to addressing this challenge lies in the adoption of embedded digital payout solutions. Embedded digital payouts are a specific application of embedded finance,

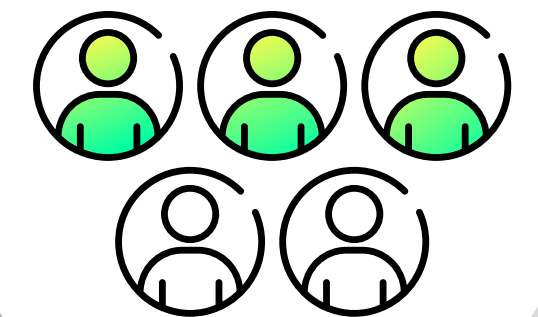
which, in the context of HR technology, enables the management and delivery of instant, personalized financial rewards to organizations' employees.

By adopting embedded digital payouts, HR technology platforms can align and enhance their rewards and recognition capabilities with the modern workforce's expectations for prompt and meaningful recognition.

This seamless integration addresses critical challenges within HR functions, such as the disconnection between business operations and financial transactions, inefficient manual payment processes, low employee engagement with existing incentive schemes, and the inflexibility of conventional banking solutions.

60%
OF EMPLOYEES

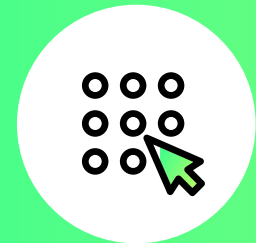
are planning to seek new employment within the next 12 months.¹



1. <https://www.bankrate.com/personal-finance/job-seekers-survey/>

What you'll find in this guide:

This guide, tailored for C-level executives, product leaders, and partnership strategists, explores the transformative impact of embedding digital payouts specifically designed for rewards and recognition within HR platforms. **If you're tasked with any of the following responsibilities, this guide is for you:**



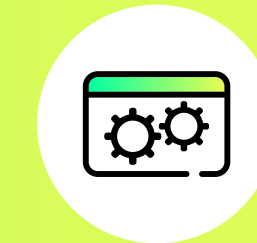
Evaluating the HR technology market:

Gain insights into how digital payouts offer a unique value proposition to set your platform apart in a competitive landscape.



Addressing customer satisfaction:

Learn how digital payouts improve rewards and recognition efforts, directly impacting user satisfaction and customer loyalty.



Advancing technological capabilities:

Explore how integrating digital payouts can upgrade your platform, making it more appealing and functional for customers.



Optimizing ROI in HR tech investments:

Learn how digital payouts can drive higher engagement and retention, leading to better returns on your tech investments.

Key Terms:

A closer look at embedded digital payouts, rewards and recognition, and employee engagement.

To fully appreciate the transformative impact of embedded digital payouts within HR platforms, it is crucial to explore how they integrate with broader concepts of rewards and recognition and employee engagement. This section explains how these three elements are essential in crafting a modern workplace that values speed, personalization, and employee satisfaction.

Embedded digital payouts

Embedded digital payouts represent a sophisticated application of embedded finance specifically tailored for the HR technology sector. This technology streamlines the management and distribution of instant, personalized financial rewards to employees directly within the HR platform.

By integrating various reward options—such as digital gift cards, prepaid cards, charitable donations, and even cryptocurrencies—HR software becomes a more powerful tool, enabling immediate

and personalized rewards without external processing hassles.

This means directly integrating various reward options—such as digital gift cards, prepaid cards, charitable donations, and cryptocurrencies—into the HR software, facilitating immediate and personalized rewards without needing external processing.

The seamless integration of these payouts significantly enhances the efficacy of rewards and recognition programs,

providing a direct value-add that can set a platform apart in a crowded marketplace, potentially increasing market share and boosting customer loyalty through heightened convenience and immediacy.

Incorporating this technology means providing a tangible value-add that can distinguish your platform in a crowded market. By meeting the modern workforce's demand for immediacy and convenience, you could potentially increase market share and customer loyalty.



FAQ:

What is embedded finance?

Embedded finance refers to integrating financial services within non-financial software platforms. It allows businesses to offer banking, payment, and financial management tools directly within their existing ecosystem to enhance their user experience by providing seamless access to financial services.

How does embedded finance work?

Embedded finance providers have already established partnerships with banks and other financial institutions. They offer APIs (Application Programming Interfaces) to facilitate seamless communication between systems. This technology allows HR platforms to quickly and efficiently add services like embedded digital payouts.

Rewards and recognition

Building upon the capabilities provided by embedded digital payouts, rewards and recognition programs are the mechanisms through which organizations acknowledge and celebrate employee achievements, contributions, and milestones. These programs range from formal award ceremonies and significant financial bonuses to informal shout-outs and small tokens of appreciation.

The core purpose of rewards and recognition is to boost employee morale, loyalty, and engagement² by demonstrating that the organization values and appreciates their hard work and dedication. Rewards and recognition programs are typically tailored to the workforce's preferences and needs, ensuring

that they resonate on a personal level and have a meaningful impact.

The effectiveness of these programs hinges on their ability to be timely and personally relevant to the employees, which embedded digital payout technologies can significantly enhance. For instance, an employee achieving a key milestone could receive an instantaneous reward through the platform, boosting morale and reinforcing their value to the organization in real-time.

Leveraging embedded digital payouts to power more personalized, impactful reward and recognition programs can strengthen client partnerships and open new growth channels.



65%

of employees think rewards play a role in their decision to stay with their employer.

Employee Perspectives:
Effective And Efficient
HR Rewards &
Recognition, Runa.

2. <https://www.gallup.com/workplace/236441/employee-recognition-low-cost-high-impact.aspx#:~:text=Workplace%20recognition%20motivates%2C%20provides%20a,company%2C%20leading%20to%20higher%20retention>

Employee engagement

The ultimate goal of integrating advanced reward systems like embedded digital payouts into HR platforms is to foster employee engagement, which represents employees' emotional commitment and enthusiasm towards their work and company. Engaged employees exhibit higher productivity, motivation, and loyalty, directly contributing to the organizational

bottom line—they are also more loyal and less likely to seek opportunities elsewhere.

Rewards and recognition programs are critical tools for enhancing employee engagement by acknowledging and reinforcing the behaviors and contributions that drive success.³ By using embedded digital payouts to power dynamic and

responsive rewards and recognition programs, HR platforms can significantly enhance employee engagement. Each act of recognition, tailored to the individual's preferences and delivered without delay, contributes to an environment where employees feel genuinely appreciated and integral to their team's success.

2.7x
MORE LIKELY

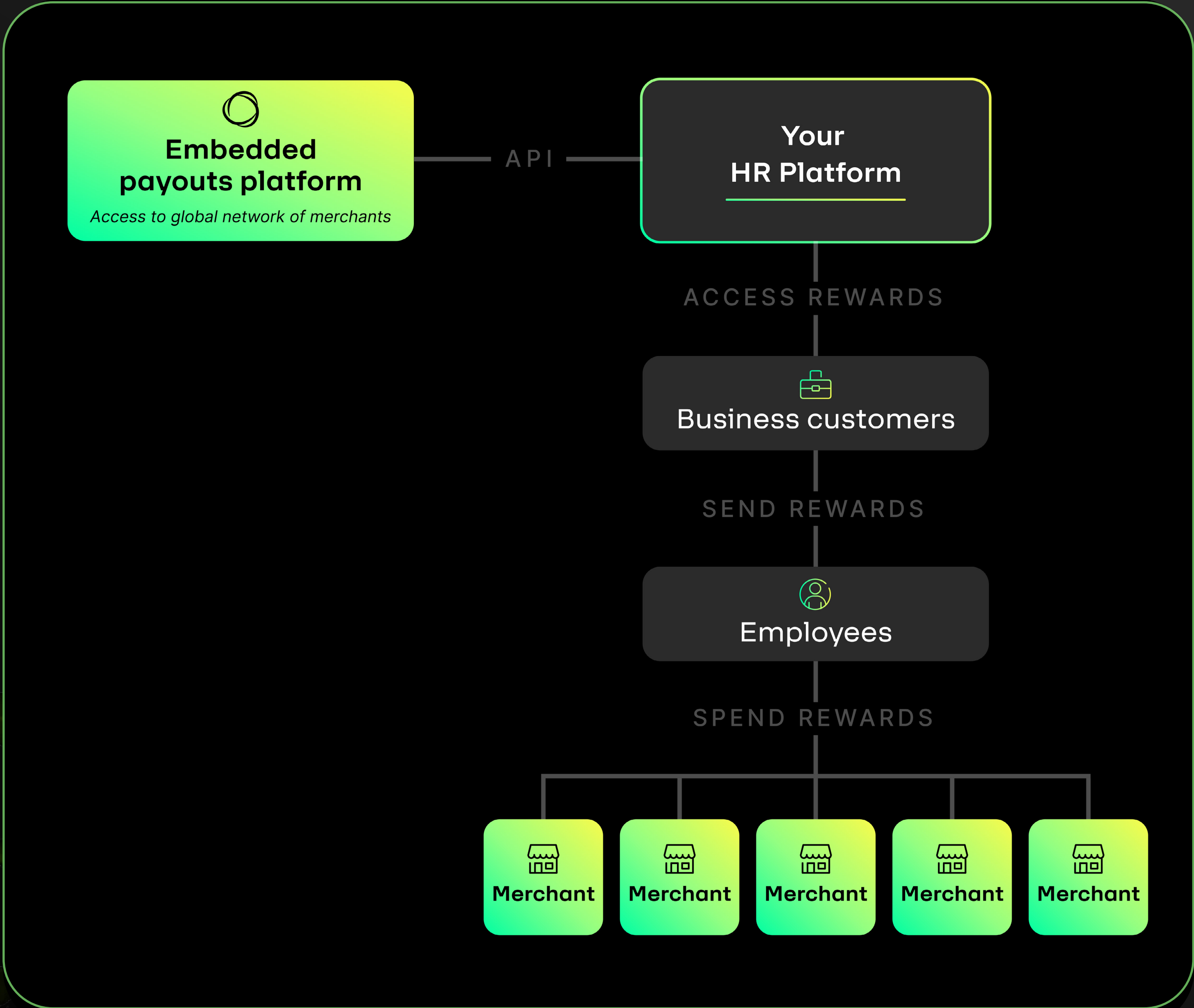
Employees who believe they will be recognized are more likely to be highly engaged.

The Importance of Employee Recognition: Statistics and Research, Quantum Workplace.

3. <https://www.quantumworkplace.com/future-of-work/importance-of-employee-recognition>

How embedded payouts work for HR platforms

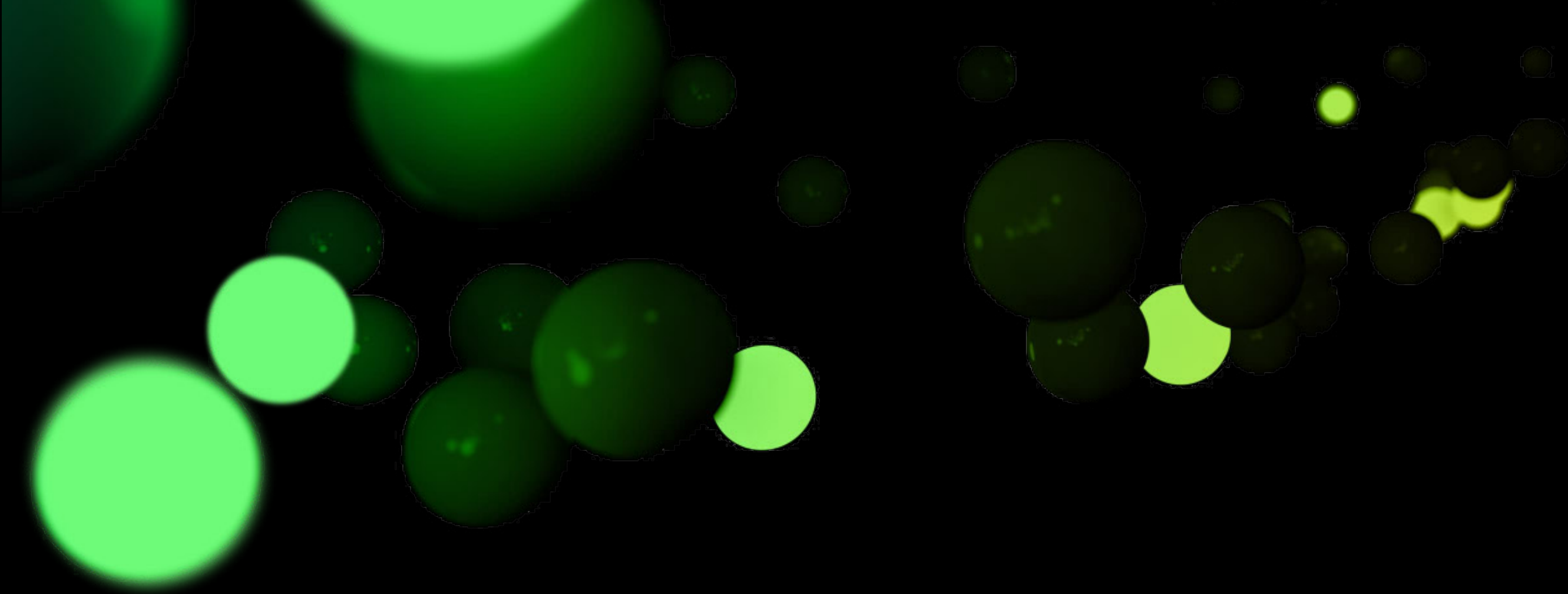
Embedded digital payouts streamline the management and distribution of instant, personalized financial rewards to employees directly within the HR platform.



Strategic Advantages:

Why digital payouts
matter for HR platforms





In a tech-saturated market where high costs and integration complexities⁴ often dampen the promise of tools like AI, blockchain, and VR, HR leaders want solutions that deliver innovation, practicality, and efficiency.

Here lies the chance for HR tech platforms to differentiate themselves by offering cost-effective and impactful solutions, ensuring that technological investments translate into tangible benefits such as enhanced productivity, improved quality, and heightened employee satisfaction. And with 89% of HR leaders boosting their technology

budgets, embedding digital payouts becomes a strategic opportunity to tap into this growing investment pool.⁵

The integration of embedded digital payouts, alongside effective rewards and recognition programs within HR platforms, isn't just about enhancing functionality—it's about strategically advancing the core business objectives of any HR technology company. Here's how these integrations translate into tangible benefits that are crucial for decision-makers in this space.



4. <https://www.pwc.com/us/en/tech-effect/cloud/hr-tech-survey.html>

5. <https://www.gartner.com/en/human-resources/trends/2024-hr-technology-imperatives>

Strategic advantages



1. Differentiating in a competitive market

In the HR sector crowded with over 1,600 products, the ability to offer something unique becomes invaluable.⁶ Embedded digital payouts provide this edge by enabling HR platforms to offer instant, personalized rewards, distinguishing your product from others. This capability not only attracts new users looking for innovative solutions but also retains existing clients who benefit from the enhanced employee experience your platform delivers.

2. Enhancing operational efficiency

Companies can significantly reduce the administrative overhead associated with external reward systems by automating the rewards process and embedding it directly within the HR platform. This streamlined approach not only cuts costs but also accelerates the reward process, leading to quicker employee gratification and improved morale. The direct result is an increased return on investment through higher employee productivity and reduced turnover rates.

3. Driving customer loyalty and satisfaction

Embedded digital payouts impact not just the operational aspects of an HR platform but also the emotional and relational facets of a business. By enabling companies to quickly acknowledge and reward their employees' achievements, these platforms foster a positive work culture that is likely to increase employee loyalty and satisfaction. Happy employees often translate to happy customers, as they are more likely to deliver better customer service and champion the company's products and services.

6. <https://www.gartner.com/en/digital-markets/insights/stand-out-in-your-category-with-hr-buyer-insights>

Strategic advantages



4. Opening new channels for growth

The flexibility offered by embedded digital payouts allows HR platforms to explore new markets and demographics. For example, younger workers or those in tech-savvy industries may prefer rewards in the form of cryptocurrencies or digital goods. By catering to these preferences, HR platforms can capture a broader audience, paving the way for expansion into new sectors that value innovation and customization.

5. Accelerating go-to-market strategies

By forging strategic partnerships with banks and financial institutions, embedded finance providers offer ready-to-use APIs that ensure seamless integration and handle the intricacies of compliance, regulation, and data security. This robust framework significantly reduces the stress and workload for HR tech companies, enabling them to implement advanced financial services in a fraction of the time and at a substantially lower cost compared to developing these capabilities in-house.

6. Tapping into new revenue streams

Incorporating embedded digital payouts enables HR tech platforms to introduce premium features, such as instant payouts and global currency exchange options that offer new avenues for monetization. With these functionalities, platforms can command higher subscription fees or offer these features as add-ons, generating additional revenue while enhancing their competitive edge.

How digital payouts shape your platform's future

As a leader in your organization, understanding and implementing these advanced technologies is not just about keeping up with industry trends—it's about actively shaping the future of your business. By embracing embedded digital payouts and enhancing your rewards and recognition programs, you position your company at the forefront of the HR technology evolution, ready to meet the dynamic needs of the modern workforce and secure a competitive advantage in a rapidly evolving market.

“

The [HR platforms] that win will keep the customer at the center of their product roadmap and offering.⁷

The ones that keep adding more without thinking customer-first will suffer from high detractor and churn, putting them at a competitive disadvantage.

**Martin Mignot, Partner
Index Ventures**

7. https://www.linkedin.com/posts/martinmignot_the-global-hr-superapp-battle-is-heating-activity-7120809977031585793-6DMX/?utm_source=share&utm_medium=member_desktop

Challenges and Risks:

The cost of missing out on digital payouts

Many HR technology platforms have yet to implement embedded digital payouts, leading to several challenges across various levels of the organization. This section outlines the key difficulties faced by HR tech platforms, their business clients, and employees, emphasizing the strategic need for integrated digital solutions.

Implementing embedded digital payouts can significantly address these challenges, enhancing efficiency, competitiveness, and satisfaction across all levels of the organization. By adopting such technologies, HR platforms can better meet the needs of modern businesses and their employees, promoting a more engaged and committed workforce.



The impact of ineffective rewards systems

For HR tech platforms

Inability to Stand Out:
Difficult to differentiate from competitors, risking loss of market share.

Missed Revenue Opportunities:
Lack of rewards solution limits potential revenue and growth.

Decreased Customer Satisfaction:
Inadequate rewards solutions lead to decreased satisfaction and increased churn.

For companies

Talent Retention Issues:
Higher turnover due to lack of rewards, increasing recruitment and training costs.

Competitive Disadvantage:
Risk losing competitive edge as other companies offer more appealing rewards.

Operational Inefficiencies:
Reward processes are time-consuming and inconsistent, requiring multiple platforms or manual management.

For employees

Lack of Motivation:
Employees feel unrewarded, leading to increased dissatisfaction.

Decreased Engagement:
Lack of rewards results in lower engagement and feelings of being undervalued.

Perceived Inequity:
Ad-hoc reward practices can lead to perceptions of favoritism and inequity.

Implementing embedded digital payouts can significantly address these challenges, enhancing efficiency, competitiveness, and satisfaction across all levels of the organization. By adopting such technologies, HR platforms can better meet the needs of modern businesses and their employees, promoting a more engaged and committed workforce.

User Benefits:

Why businesses and employees need digital payouts



Globally, businesses face a staggering inefficiency in manual payroll and rewards processing, with more than \$5 trillion spent annually. These outdated methods, characterized by operational challenges and lengthy processing times, are not just cumbersome—they are a barrier to scaling and meeting the needs of the modern, dynamic workforce.

In the digital age, HR platforms are pivotal in helping businesses streamline their operations and enhance workforce management. Embedded digital payouts

are emerging as a strategic necessity for these platforms, providing tangible benefits that directly impact business users.

For businesses utilizing HR platforms, adopting embedded digital payouts is more than an operational update—it's a strategic enhancement that positions them for success in a global, digital-first marketplace. This shift not only addresses immediate operational efficiencies but also aligns with long-term strategic goals, ensuring sustained competitiveness and employee satisfaction.

1 in 3 EMPLOYEES

are satisfied with the type of rewards they receive and how they are administered.

Employee Perspectives:
Effective And Efficient
HR Rewards &
Recognition, Runa

Advantages for HR teams using embedded digital payouts

1.

Reducing system headaches:

The transition to digital payouts eliminates traditional delays, reduces costs, and lifts geographic restrictions, making HR platforms more competitive and cost-effective. This transformation directly benefits business users by enhancing the overall efficiency of HR operations.

2.

Gaining new efficiencies:

By streamlining operations, digital reward systems transform HR departments into strategic assets. By saving thousands of hours ordering, tracking, and managing rewards, HR teams can allocate more time to initiatives that enhance employee well-being and drive organizational culture, leading to a more engaged and committed workforce.⁸

3.

Adapting to economic and employee needs:

With 50% of American consumers believing high inflation increases the value of non-cash incentives, the flexibility of digital, non-cash rewards allows HR teams to customize rewards easily to meet changing employee demands.⁹ This ensures that reward programs remain relevant, aligned with employee values, and responsive to economic conditions.

8. <https://runa.io/customers/case-study-perkbox>

9. <https://runa.io/blog/the-key-to-loyalty-rewards-success>

Advantages for HR teams using embedded digital payouts

4.

Promoting sustainability and global reach:

As a sustainable alternative to physical rewards, digital payouts cater to the environmental expectations of contemporary employees and consumers. Additionally, they ensure that rewards are culturally relevant and delivered in local currency, enhancing international employee engagement and solidifying the company's position as a globally attractive employer.

5.

Aligning with corporate environmental responsibility:

Employees who believe their employers positively impact the world are 11 times more likely to say they plan to stay with their organizations for the long haul.¹⁰ As a sustainable alternative to physical rewards, digital payouts cater to the environmental expectations of contemporary employees and consumers.

6.

Catering to a global workforce:

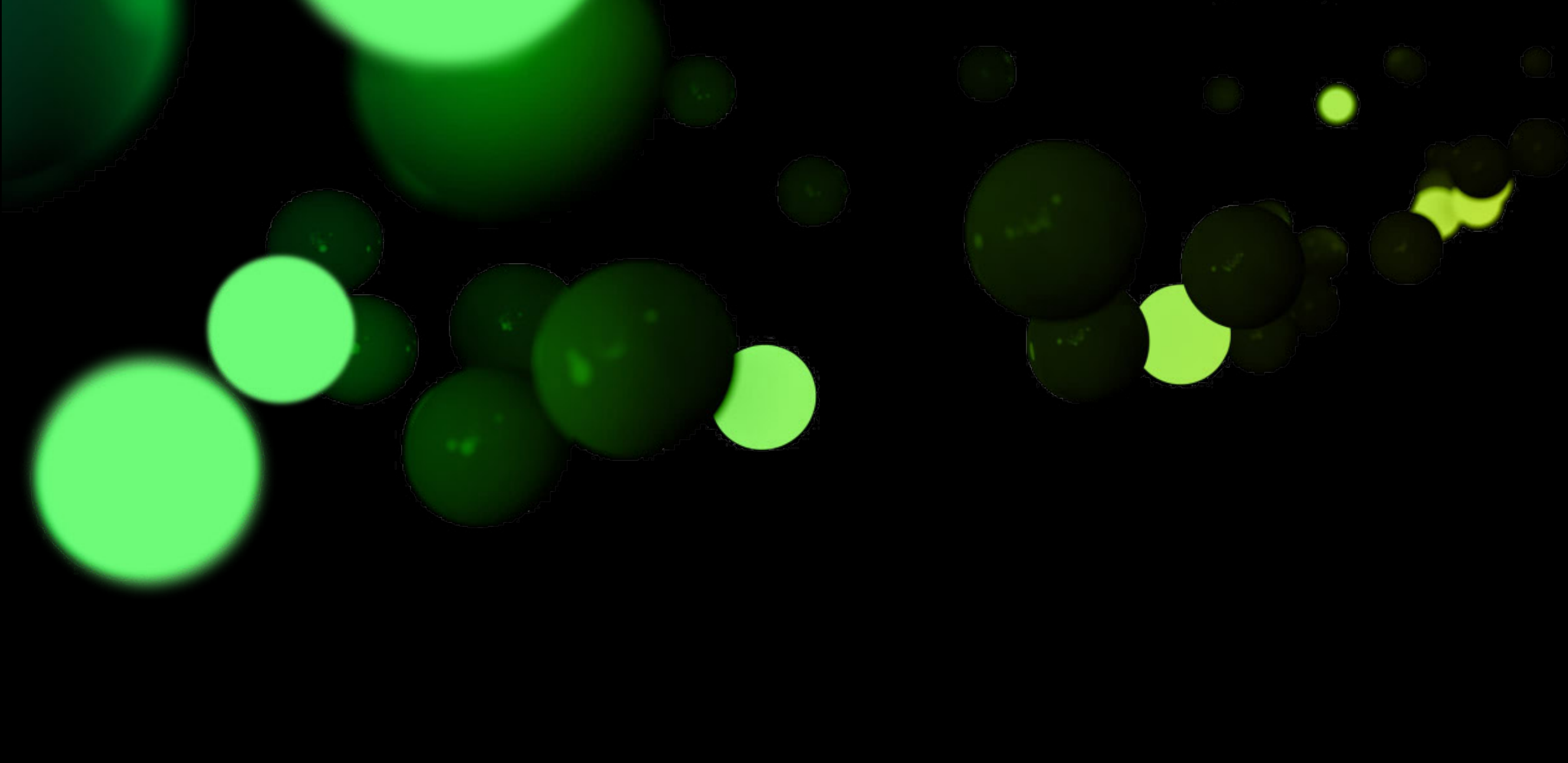
Digital payouts cater to a global workforce, ensuring that employees, regardless of location, receive their rewards in their local currency and in a culturally relevant manner. This enhances international employee engagement and satisfaction and strengthens the company's global brand as an employer of choice.

10. <https://www.greatplacetowork.com/resources/blog/workplace-esg-environmental-social-governance-employee-experience>

Beyond Rewards:

Innovative HR use cases
for digital payouts





Having explored the transformative impact of embedded digital payouts in enhancing rewards and recognition, let's expand our perspective. Why limit such efficiency and personalization to only one aspect of HR functionality?

The same seamless integration that revolutionizes rewards can also streamline a wide array of other essential HR financial transactions, further simplifying operations and elevating the employee experience across various scenarios.

Embedded digital payouts are not just enhancing traditional HR functions—they are transforming them. These payouts

reduce administrative burdens, enhance employee engagement, and provide a flexible, efficient solution to manage various aspects of employee interactions.

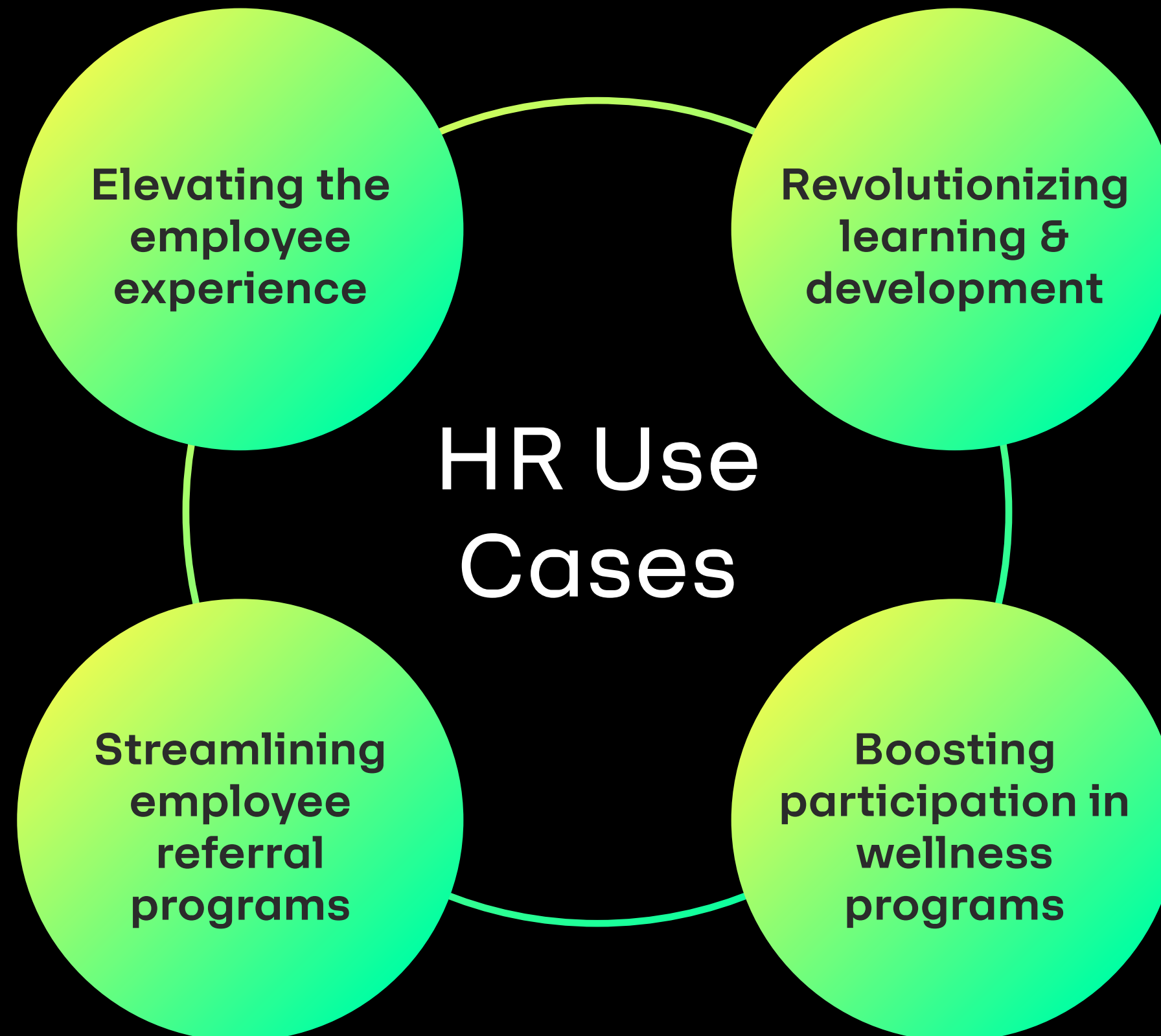
Looking to the future, the integration of embedded digital payouts will be crucial in building more responsive, agile, and employee-centric HR platforms. This technology is key to fostering an empowering and efficient workplace environment, ensuring businesses remain adaptable in a rapidly changing world.



Why stop at rewards and recognition?

Imagine transforming every company gathering or team celebration into an event that's both memorable and cost-effective. Embedded digital payouts enable organizations to effortlessly distribute restaurant or food delivery gift cards for both in-person and virtual gatherings. This capability ensures celebrations are enjoyable without the risk of overspending, providing a perfect balance between employee satisfaction and budget control.

Referral programs are vital for attracting top talent, but managing these incentives can be cumbersome. Embedded digital payouts integrate directly into HR platforms, making it effortless to reward employees whose referrals lead to successful hires. This instant reward system not only simplifies the administrative process but also boosts employee engagement and participation in referral programs, driving a culture of growth and collaboration.



Embedded digital payouts are setting a new standard in how companies handle learning and development (L&D) budgets. These systems automate the entire process, from fund disbursement to expense reimbursement, eliminating tedious administrative tasks. By empowering employees with instant access to L&D resources, companies foster an environment of continuous growth and innovation, ensuring their workforce remains competitive and skilled.

Wellness programs are essential for a healthy workplace, but cumbersome benefit access processes can often hinder participation. Embedded digital payouts simplify this by allowing companies to directly send funds for wellness-related expenses, such as gym memberships or fitness classes. This direct access encourages higher participation, leading to a healthier, more productive workforce and contributing significantly to overall employee well-being.

Key Takeaways:

The value of digital payouts for HR platforms

Embedded digital payouts present a significant opportunity for HR tech platforms to enhance their offerings and deliver superior value. Here are the takeaways from our report that will help you leverage embedded digital payouts to drive success in these key areas.



Key takeaways

✔ Strategic differentiation

By integrating embedded digital payouts, HR tech platforms can offer a distinctive feature that meets the demand for instant and personalized rewards. This capability sets the platform apart in a competitive market, attracting new clients and retaining existing ones, ensuring a competitive edge.

✔ Customer satisfaction

Embedded digital payouts improve rewards and recognition programs, leading to higher employee engagement and satisfaction. This directly addresses customer satisfaction gaps, fostering stronger client relationships and reducing churn, ultimately boosting overall client retention.

✔ Product enhancement

Embedding digital payout solutions into HR platforms adds advanced capabilities that meet modern workforce expectations. This technological enhancement not only boosts the platform's functionality but also positions it as a leader in the HR tech space, appealing to tech-savvy clients.

✔ Cost and time efficiencies

Automating reward distribution with embedded digital payouts reduces administrative burdens and costs. This operational efficiency leads to quicker employee gratification, higher productivity, and a better return on investment for organizations using HR tech platforms with embedded payouts.

✔ Revenue creation

Beyond rewards, embedded digital payouts streamline various HR functions like learning and development, referral programs, and wellness initiatives. This versatility enhances the HR platform's value proposition and opens new revenue streams, ensuring long-term growth and relevance.

About Runa

Runa is a leading global fintech building instant payment rails for digital money. With Runa's API, companies can pay the people they serve with digital money, anywhere, instantly. Businesses send payments to consumers who spend at Runa's global merchant network across 50 countries and 4000 merchants.

Runa transforms payments by lowering transaction costs for senders, removing friction for consumers, and increasing basket size for merchants. The Runa payment rail is fully

embeddable within any digital experience, enabling more than 40 million consumers a year to get paid more seamlessly than traditional methods. From Fortune 500 to leading technology scale-ups, Runa makes it easy to reward, incentivize, and disburse globally so you can focus on building your business.

Based in London and New York and supported by a global team, Runa's growth is backed by key investors, including Element Ventures, CommerzVentures, Clocktower Ventures, Volution Capital, 13Books Capital, and SAP. Learn more at www.runa.io.