

Gig Economy

Index™

MAY 2018

A QUARTERLY
REPORT ABOUT THE
INs AND OUTs
OF THE GIG ECONOMY

37.2%

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

84.3%

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

75.7%

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

“ Gig economy workers are projected to
account for more than **\$1.4 trillion** of the total
U.S. income in 2018. ”

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

05

INTRODUCTION

07

WHO ARE THE GIG WORKERS?

09

GIG WORK AND SEASONALITY

13

WHAT'S IN IT FOR THE GIG WORKER?

15

WHAT DISCOURAGES PARTICIPATION IN GIG ECONOMY?

17

THE REAL WORK OF GIG WORKERS

21

THE RISE OF DIGITAL MARKETPLACES

28

WHO HIRES GIG WORKERS AND HOW ARE THEY PAID?

36

DEEP DIVE:

The Gig Economy Skill Set

40

MARKET POTENTIAL

41

FEATURE STORY:

Freelancer.com And Escrow.com
Aim To Ease Gig Workers' Financial Woes

43

METHODOLOGY

45

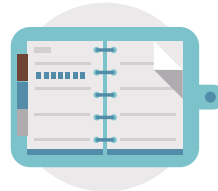
ABOUT

SUMMARY STATISTICS

GIG WORKERS' YEARLY
COLLECTIVE
EARNINGS TOTALS
\$1.4 TRILLION.

35%

OF OUR SAMPLE
WORKS IN THE
GIG ECONOMY.

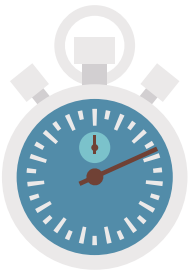


19%

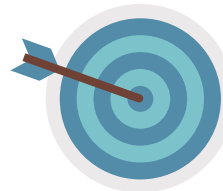
SAY THE MAIN REASON
THEY HAVE A GIG JOB IS
TO MAKE EXTRA MONEY
OR COVER DAY-TO-DAY
EXPENSES.



MORE THAN **14%**
OF GIG WORKERS WORK IN
ART, DESIGN, ENTERTAINMENT,
SPORTS AND MEDIA.



ALMOST **30%**
OF THE GIG WORKERS
WHO WORK FOR
BUSINESSES ALSO DO
SO FOR CONSUMERS.



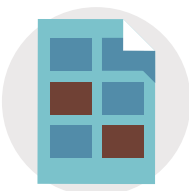
59.1%

OF GIG WORKERS USE
DIGITAL MARKETPLACES TO
FIND NEW OPPORTUNITIES.



6%

SAY THEY DO GIG WORK TO
EXPAND THEIR SKILLS.



49%

OF OUR SAMPLE
WORKS FOR
INDIVIDUAL
CONSUMERS.



53%

SAY THEY WERE HIRED
INSTEAD OF REGULAR
EMPLOYEES.



41%

OF GIG WORKERS SAY THEY WERE HIRED BECAUSE THEY
HAVE UNIQUE SKILLS TO COMPLETE AN AD HOC PROJECT.

INTRODUCTION

Gig work's proliferation has been alternately portrayed as a liberating revolution for workers and a road to exploitation and poverty. The truth of the matter is far more complex, and PYMNTS has been exploring the nuances and analyzing various dimensions of the gig economy since 2016. We dig even deeper in this report, examining the roles seasonality, digital marketplaces, worker training and other elements play in the gig economy. There is at least one certainty in this debate: The gig economy is becoming larger and more important in the wider U.S. economy every day.

In fact, 35 percent of our survey respondents worked gigs — ad hoc work provided over a set time or on demand — in the past year. This represents a steady increase in gig work since Fall 2016, and the numbers are in line with other recent studies. One, by Upwork and the Freelancers Union, projected that freelancers will make up more than 50 percent of the U.S. workforce within 10 years.¹

Our research shows that gig work has moved well beyond driving for Uber and the odd job listed on TaskRabbit. People are completing ad hoc projects across a spectrum of industries — from landscaping to design and engineering — and are present in nearly every category used by the U.S. Bureau of Labor Statistics (BLS).² Gig work is the most prevalent in art, design, entertainment, sports and media, with 14 percent of gig workers working in the field compared to 1.8 percent of regular employees. One explanation is the growing popularity of digital marketplaces, websites and apps that can not only connect workers with clients but also facilitate payment, taxes and other administrative elements.

¹ Author unknown. Freelancing in America 2017. Upwork. 2017. <https://www.upwork.com/j/freelancing-in-america/2017/>. Accessed April 2018.

² Stangler, Cole. December jobs report: How many gig economy workers are there, really? IB Times. 2016. <http://www.ibtimes.com/december-jobs-report-how-many-gig-economy-workers-are-there-really-2255765>. Accessed April 2018.



INTRODUCTION

We found that the gig economy isn't so much supplanting the regular job market as it is evolving with its own unique characteristics. One of these is seasonality, or work done at certain times of the year. While only 7 percent of non-gig employees work on a seasonal basis, 32 percent of gig workers do. The gig economy also appears to be opening opportunities for non-skilled workers, with our research indicating that ad hoc employment has allowed those with low skill levels to work in more advanced occupations. We also see some with advanced degrees doing gig work well below their skill sets.

We've also attempted to get into both gig and non-gig workers' heads. What motivates them? Is it money or the flexibility? For the majority who remain on the sidelines of the gig economy, what's keeping them from joining in? We analyzed more than 10,000 survey responses, dividing the respondents into two groups: gig workers and non-gig workers. We believe our analysis of the answers received will offer vital insights into the current state of the gig economy.

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



WHO ARE GIG EMPLOYEES?

According to Q4 2017 data, 35 percent of our respondents participated in some form of gig work in the past year. That's up from the 30 percent noted in Q3 2017 and the 33 percent in the same period of 2016. Of those surveyed, 23 percent were currently working a gig and 12 percent had done so in the past year.

So, who are these gig workers? Perhaps contrary to the conventional attitude, most are anything but slackers. More than half have full-time regular jobs, and only 15 percent rely solely on gig work.

FIGURE 1 The proportion of the workforce engaged in gig work is increasing
Total percentage of gig workers in our sample

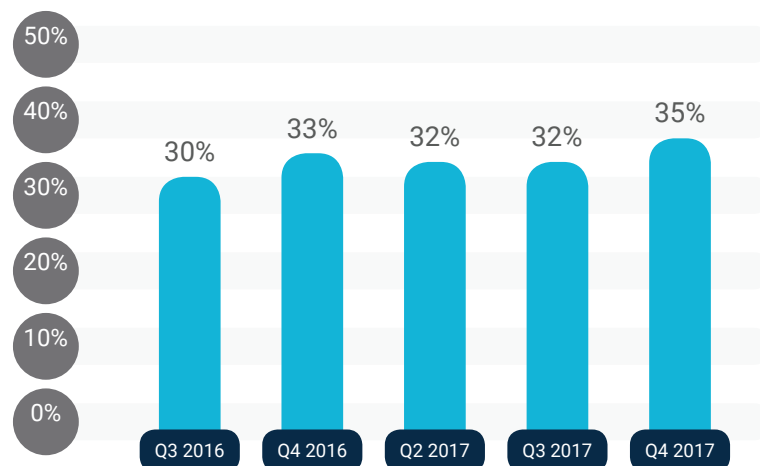
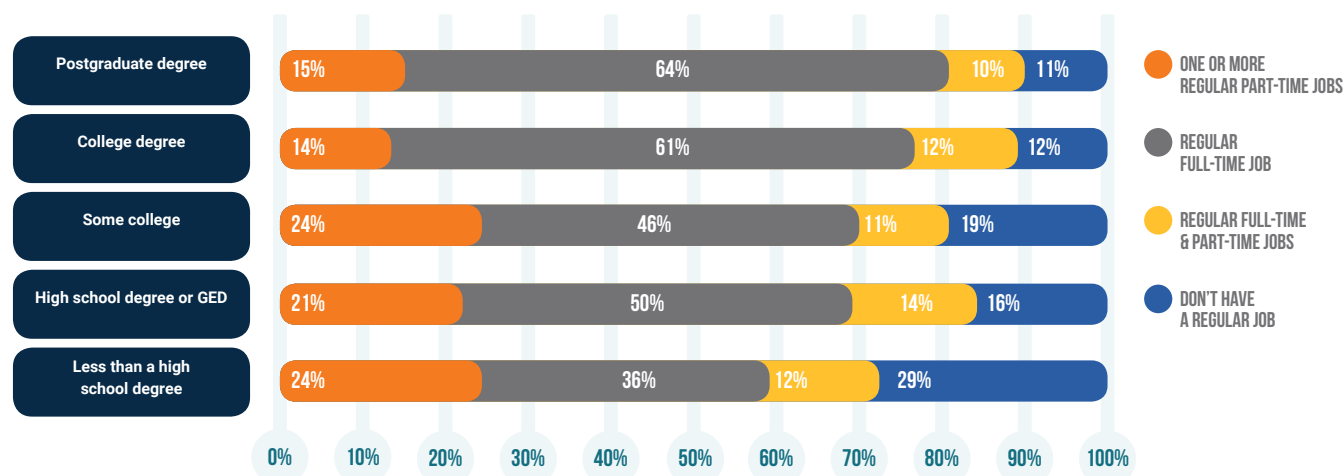


FIGURE 2 Gig work is correlated with lower education levels
Breakdown: gig workers by education levels



WHO ARE GIG EMPLOYEES?



FIGURE 3 Most gig workers also maintain regular, full-time jobs
Breakdown: gig workers, by employment status

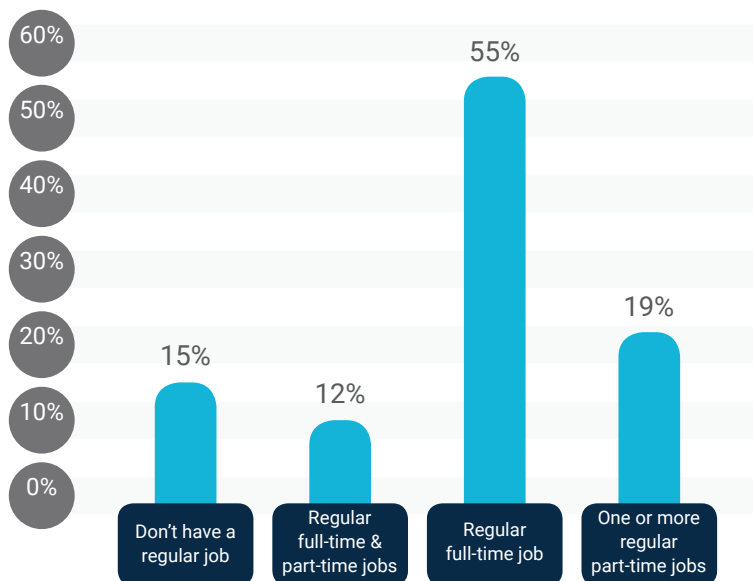
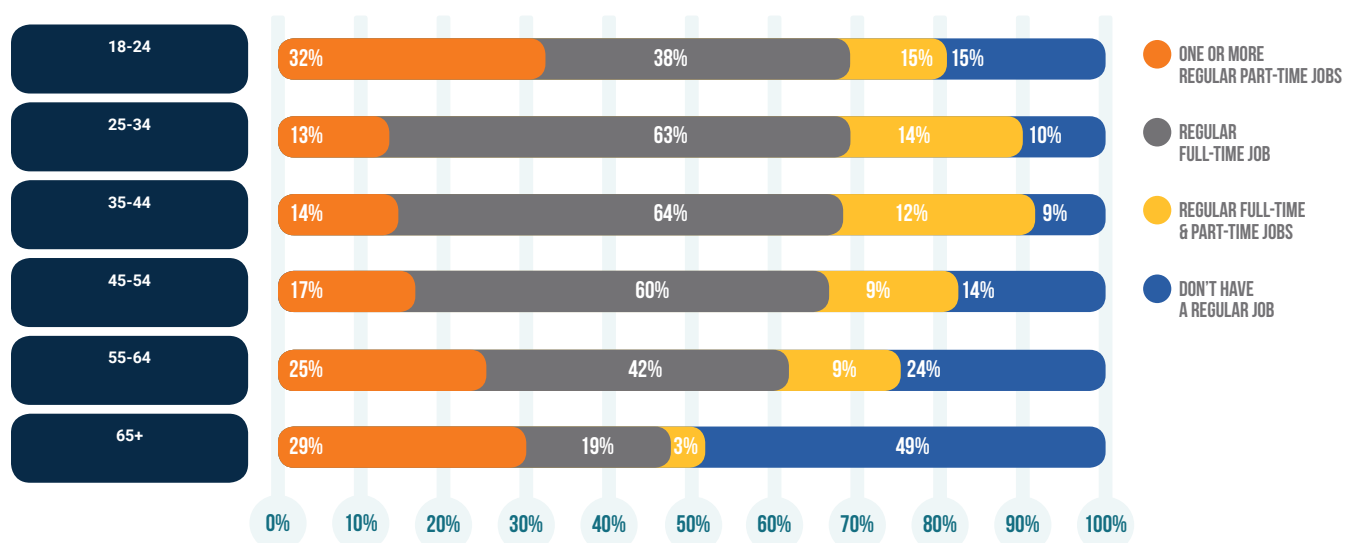


FIGURE 4 Workers who rely solely on gig work tend to be older
Breakdown: employment, by age



According to our findings, less educated and older workers are more likely to work exclusively in the gig economy, and to do so without full-time jobs. This shows that gig workers cannot be painted with a broad brush, as their skills, occupations, levels of participation and motivation vary widely.

GIG WORK AND SEASONALITY

As the song goes, “To everything, there is a season.” So it is with much of gig work, too, as gigs are much more likely to be seasonal in nature than regular jobs. Our research has shown that the number of people doing gig work increases in the fourth quarter of the year, likely corresponding with the holiday season. It could be that people take on gigs to ensure they can put gifts under the tree, or simply that there are more retail gigs available during the busy shopping season.

Seasonality is an elastic concept, however. Some gigs correspond to a sports season, including selling souvenirs outside a stadium, but others might include working during construction season — a limited timeframe in the colder parts of the U.S. Only 7 percent of non-gig workers work on a seasonal basis, but 32 percent of gig workers do.

So, about which types of seasonal work are we talking? Respondents identified several of the most common categories as linked to weather, such as landscaping and construction. It bears noting that 34.7 percent said their seasonal work fell into the “other” category. “Other” reflects the very long tail of the gig economy, with people tutoring, coaching, engineering, performing financial operations, babysitting, writing and more. Among the examples offered by respondents were “A lot of different things,” “I do financial operations,” “Flex work social media” and “Writing articles for newspapers.”

FIGURE 5 Percentage of non-gig work that is seasonal
Seasonal non-gig work

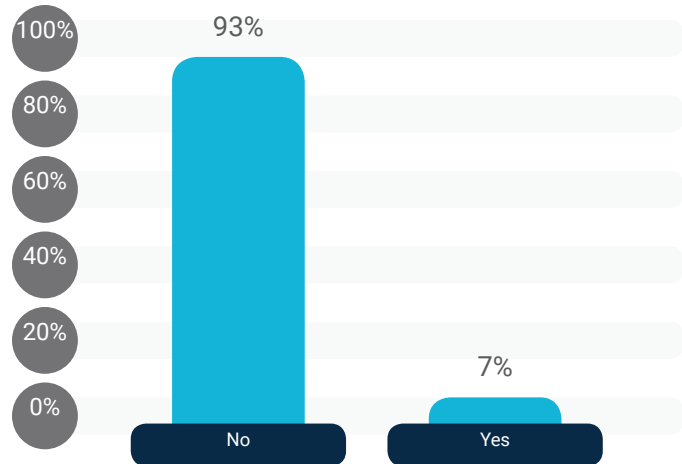


FIGURE 6 Percentage of gig work that is seasonal
Seasonal gig work

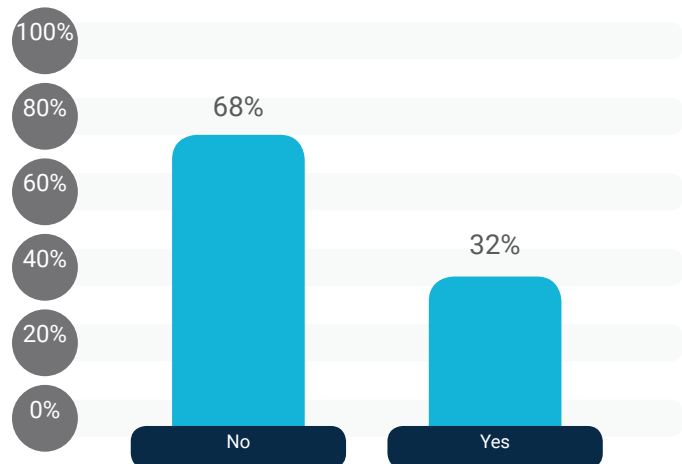


FIGURE 7 In which industry is your primary gig job?
Type of seasonal gig economy job

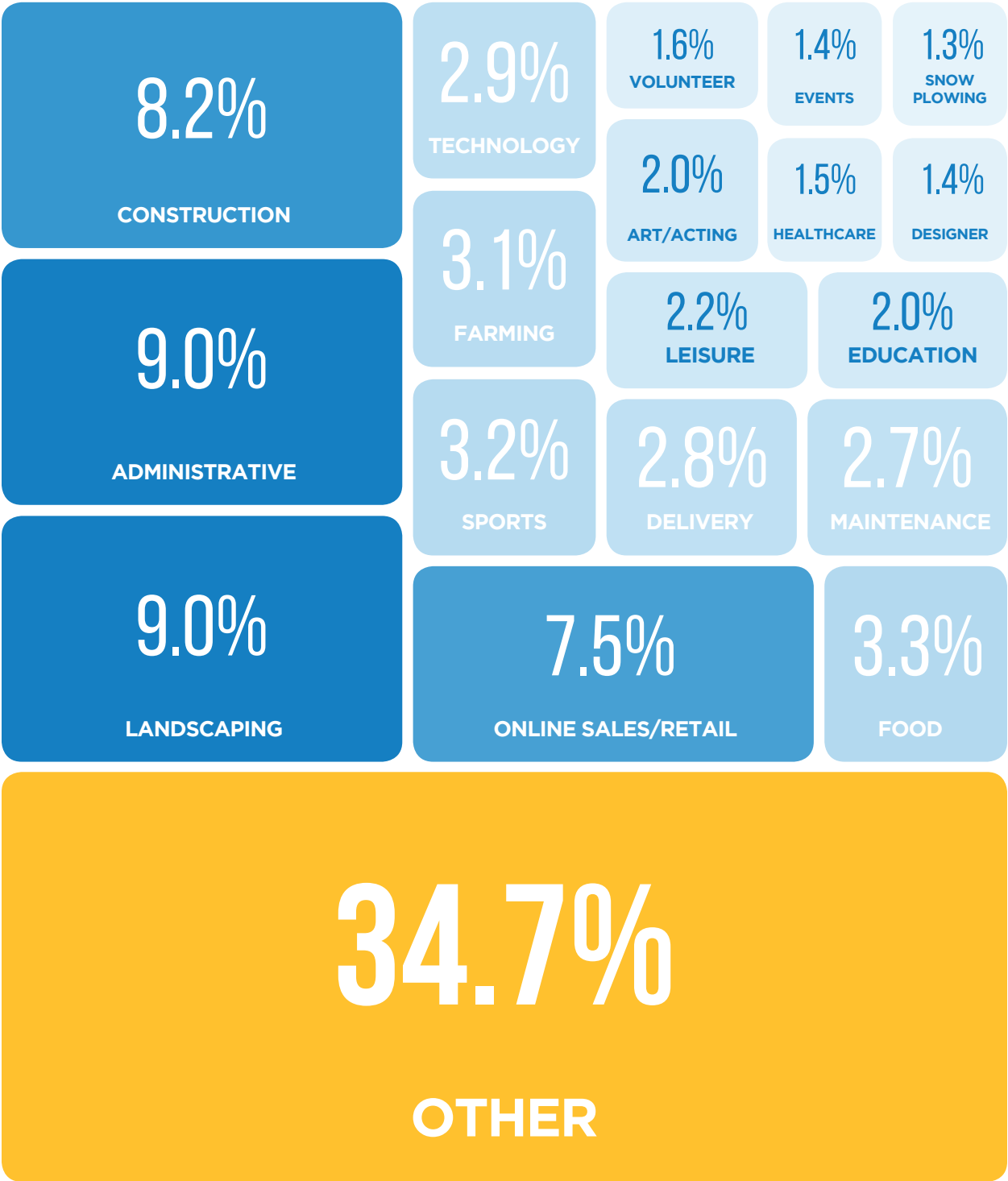
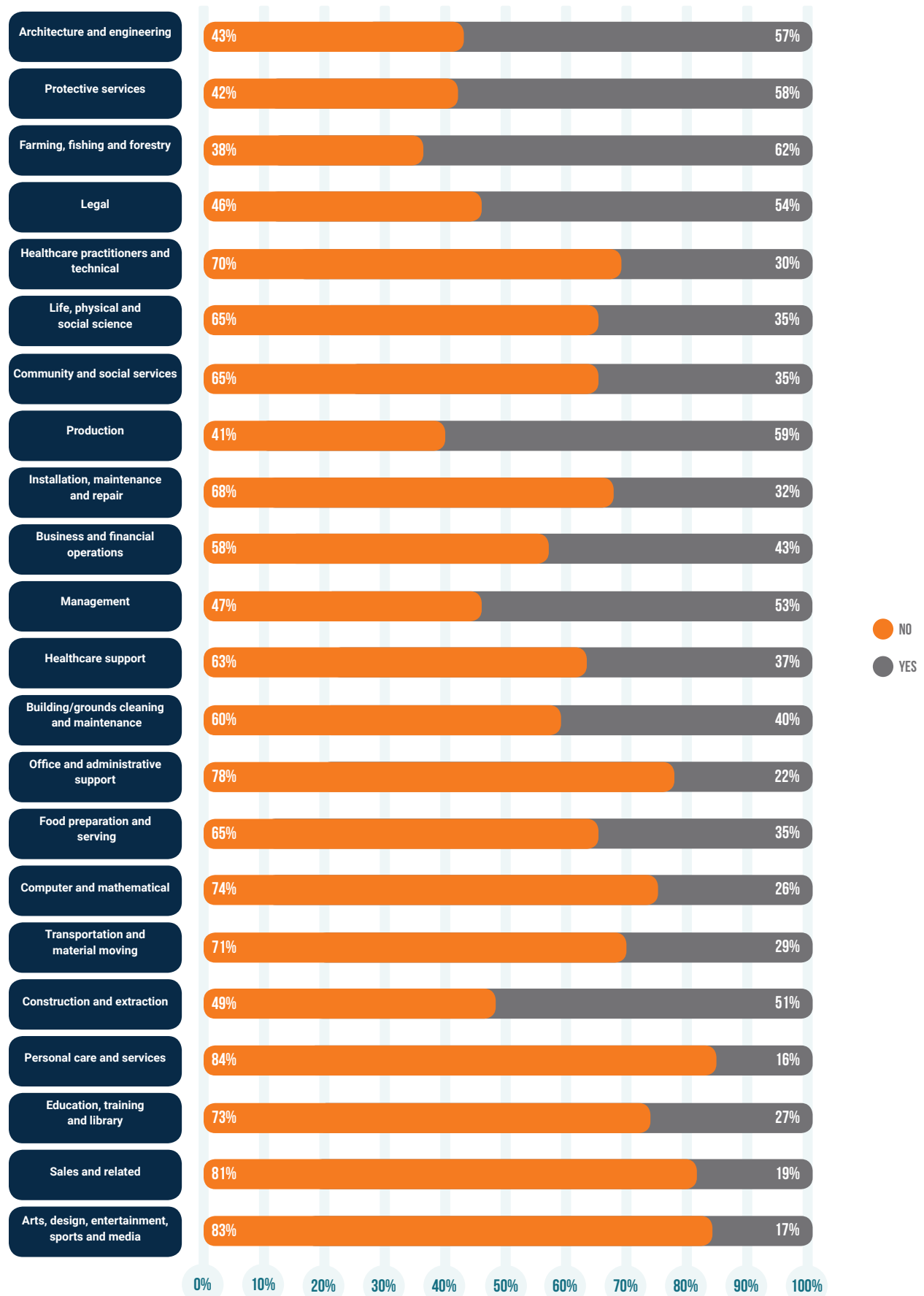


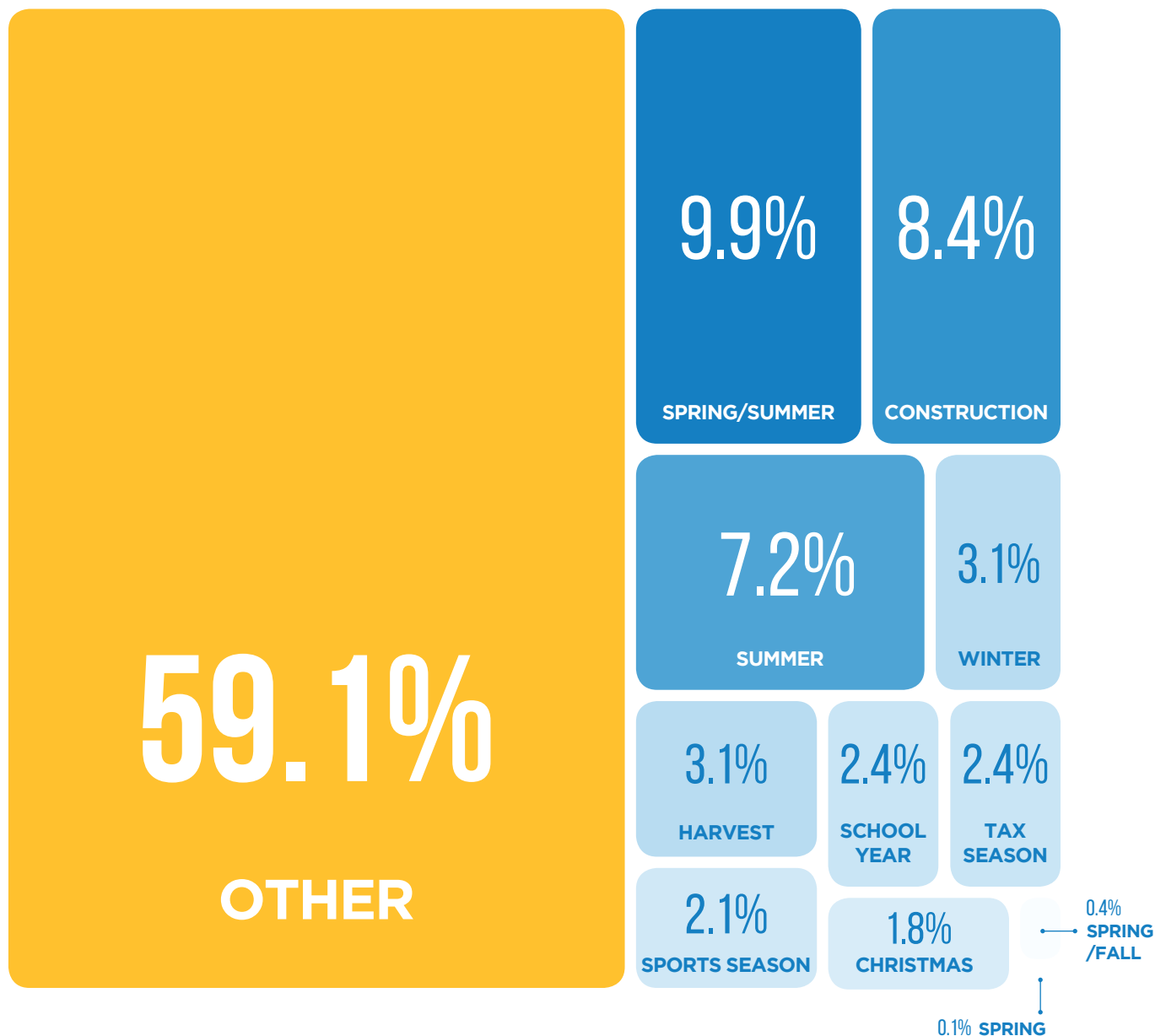
FIGURE 8 The extent to which a gig worker relies on the internet to find gigs varies by industry
Digital marketplace usage, by job field



Certain industries are highly seasonal in nature. Fishing and farming employs the most seasonal workers at 62 percent. Fifty-nine percent work on a seasonal basis within the production sector, which includes a variety of manufacturing-related activities, and 58 percent do so in protective services, which includes security guards, police and firefighters.

Gig workers have broad ideas about what constitutes seasonality. It's conventional for some — winter or spring, for example — or refers to a time when work is most plentiful in an industry, such as construction or tax filing. As shown in Figure 9, many respondents chose “other” in response to the question.

FIGURE 9 How gig workers define seasonality
Seasonal gig work, by segment



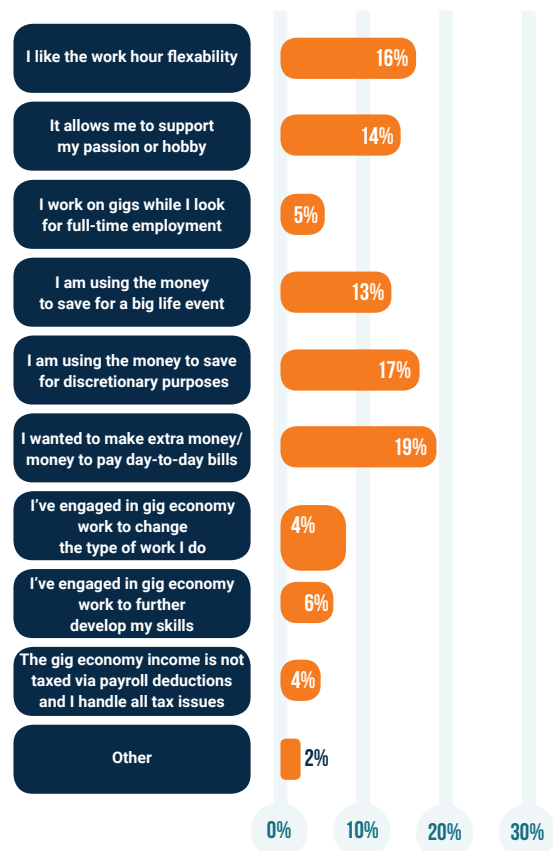
WHAT'S IN IT FOR THE GIG WORKER?

Why do people take gig economy jobs? It isn't all about the money, though that is certainly a large part of it. The most common reasons workers gave for taking on gig work is that it puts more spending money in their pockets, followed by flexibility and being able to set one's schedule. These have remained leading motivations since PYMNTS began tracking the gig economy in 2016.

To drill a little deeper into these workers' motivations, we've broadened the options in our latest analysis to include incentives like tax benefits or career growth. Money and flexibility remain kings, but nearly 6 percent of respondents said they perform gig work to expand their skill sets — highlighting a perhaps overlooked benefit of the gig economy.

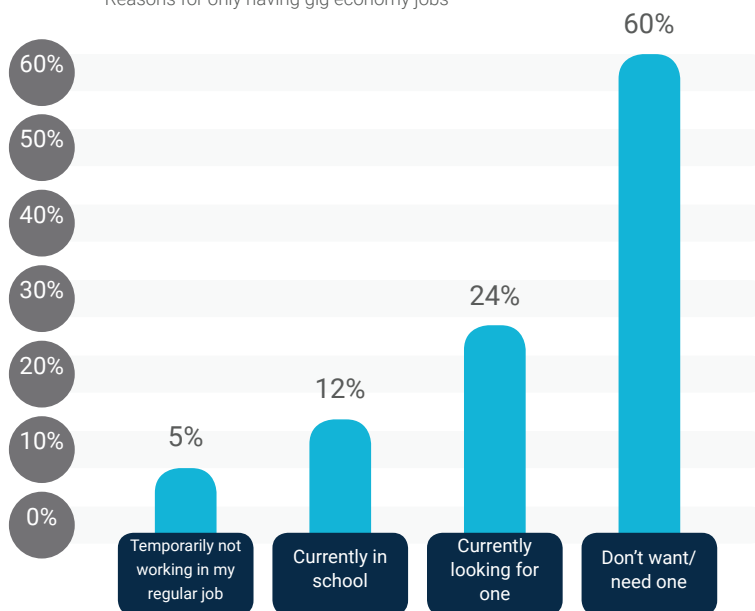
Gig workers have vastly different attitudes toward ad hoc work, depending on their employment status. Many who work exclusively in the gig economy appear to be true believers, whether out of principle or necessity. Most do not want or need a regular job, and only 24 percent are looking for one.

FIGURE 10 Several factors encourage workers to seek gig employment
The most important factor encouraging gig economy work



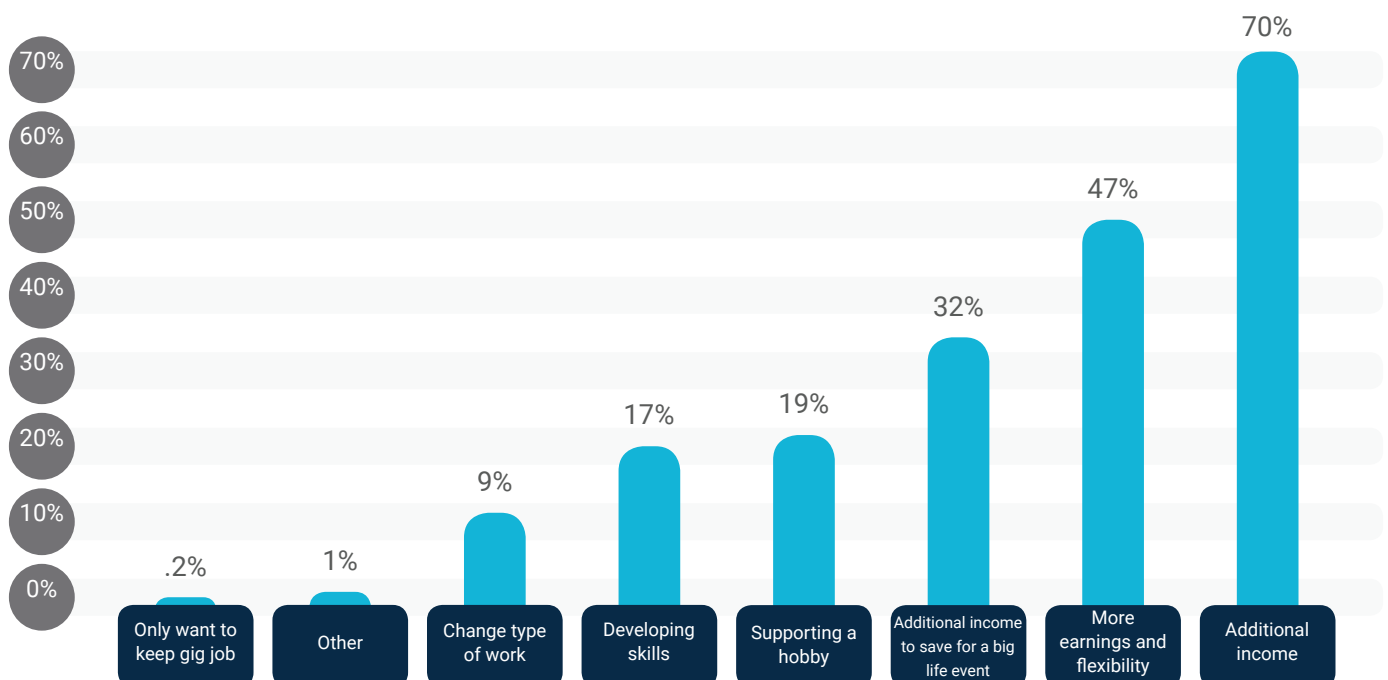
WHAT'S IN IT FOR THE GIG WORKER?

FIGURE 11 Why gig-dependent workers lack alternative employment
Reasons for only having gig economy jobs



Conversely, only 0.2 percent of those with regular jobs would only want to work at their gig jobs. They view gigs as ways to earn additional income or have more flexibility.

FIGURE 12 Why workers with regular employment maintain gig jobs
Reasons for both gig economy and regular jobs



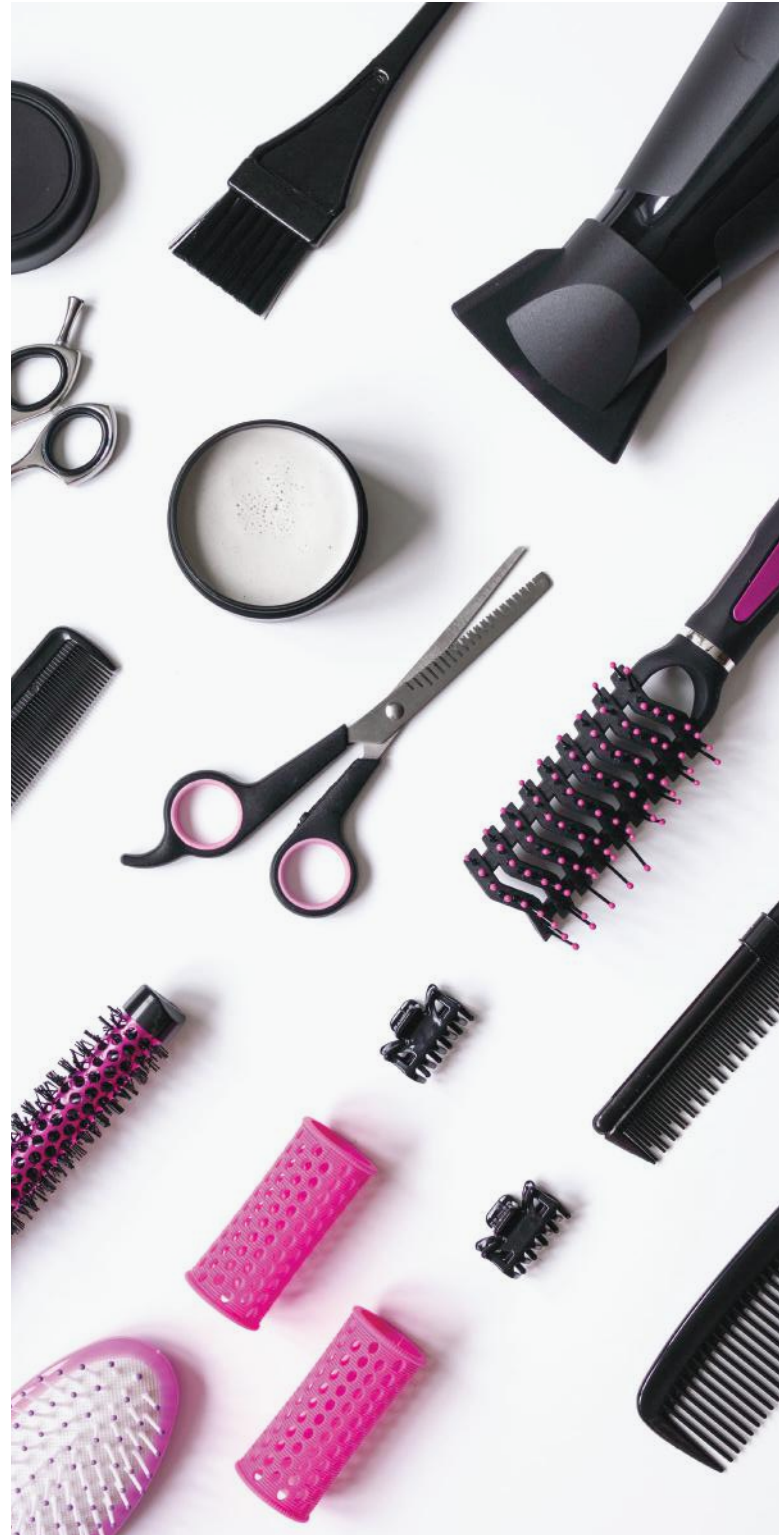
WHAT DISCOURAGES PARTICIPATION IN GIG ECONOMY?

While the proportion of those participating in the gig economy has been steadily increasing, 65 percent of respondents do not hold gig economy jobs. The most common reason for non-participation is a lack of awareness about or interest in gig economy work. In fact, more than 38 percent of all respondents without gig jobs said they had not heard about them or did not know how to get one. This would suggest that more than one-third of all people would like to get a gig job if they could find one. Another common reason was that they did not need the money, underscoring that most work gigs to supplement their paychecks.

Those with higher incomes tend to be more aware of the gig economy than those on the lower end of the economic spectrum. Fourteen percent of respondents making \$150,000 or more said they had never heard of gig economy jobs and 5 percent said they did not know how to obtain such work, as did 22 percent of those making less than \$25,000.

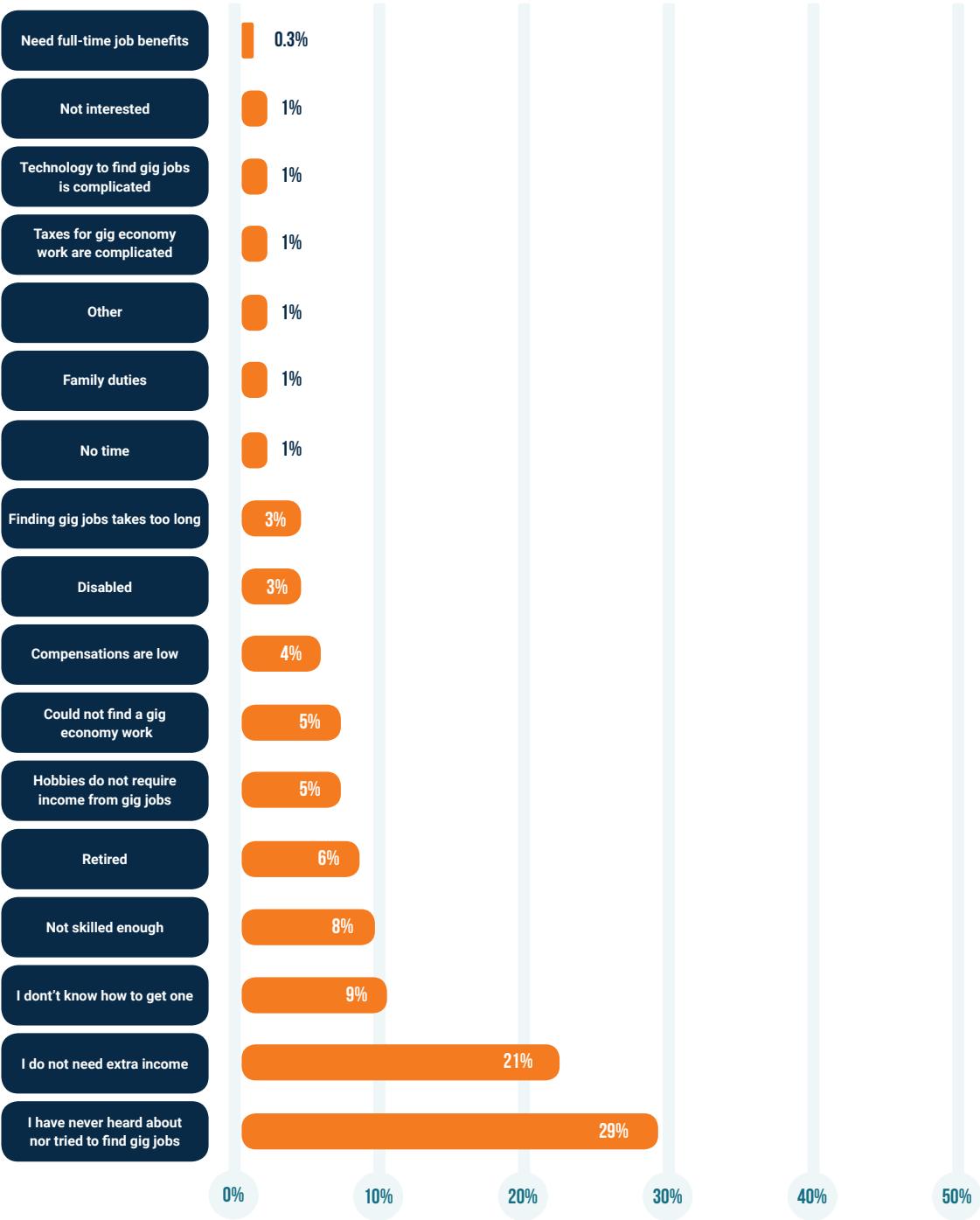
Those aged 55 and older were the least likely to know about the gig economy, not surprising given the novelty of the phenomenon and that they're more likely to be retire. Meanwhile, just 14 to 15 percent of those under 44 had not heard of gig economy jobs.

Education also corresponds with gig economy awareness. Twenty-four percent of those with only a high school diploma were unfamiliar with the gig economy, as were only 11 percent of those with post-graduate degrees.



WHAT DISCOURAGES PARTICIPATION IN GIG ECONOMY?

FIGURE 13 Why workers with regular employment do not seek gig work
Main reasons for not participating in gig work



THE REAL WORK OF GIG WORKERS

The gig economy has, in many ways, become synonymous with ridesharing firm Uber and other tech-centered ventures. Our research shows a sector that's much more gig-centric than transportation, though, and it's creative fields like art, design, entertainment, sports and media. This won't be news to the aspiring filmmaker laboring as a production assistant on a commercial or the would-be novelist working on copyediting projects while hoping to catch her big break. More than 14 percent of gig workers serve in this space, compared to just 1.8 percent of regular employees.

Though the gig economy is not all ridesharing and other such services, transportation is a much more common line of work among gig workers than it is with regular employees. There are also fields in which gig work has not yet made significant inroads. This includes the more than 12 percent of regular jobs in the office and administrative sector completed by only 4.8 percent of gig workers. Having to show up at an office might defeat the purpose for many ad hoc employees, however.

Our research shows gig work isn't necessarily unskilled work. Fifty-five percent of those who work on an ad-hoc basis in fields like architecture and engineering said their work required very specific skills. Many working in fields related to education, training and libraries also said specific skills were required. The transportation and moving sector has the highest proportion of non-skilled workers at 63 percent, followed by sales and farming, and fishing and forestry.



FIGURE 14a In which industries do non-gig workers find their jobs?
Primary job descriptions for non-gig workers

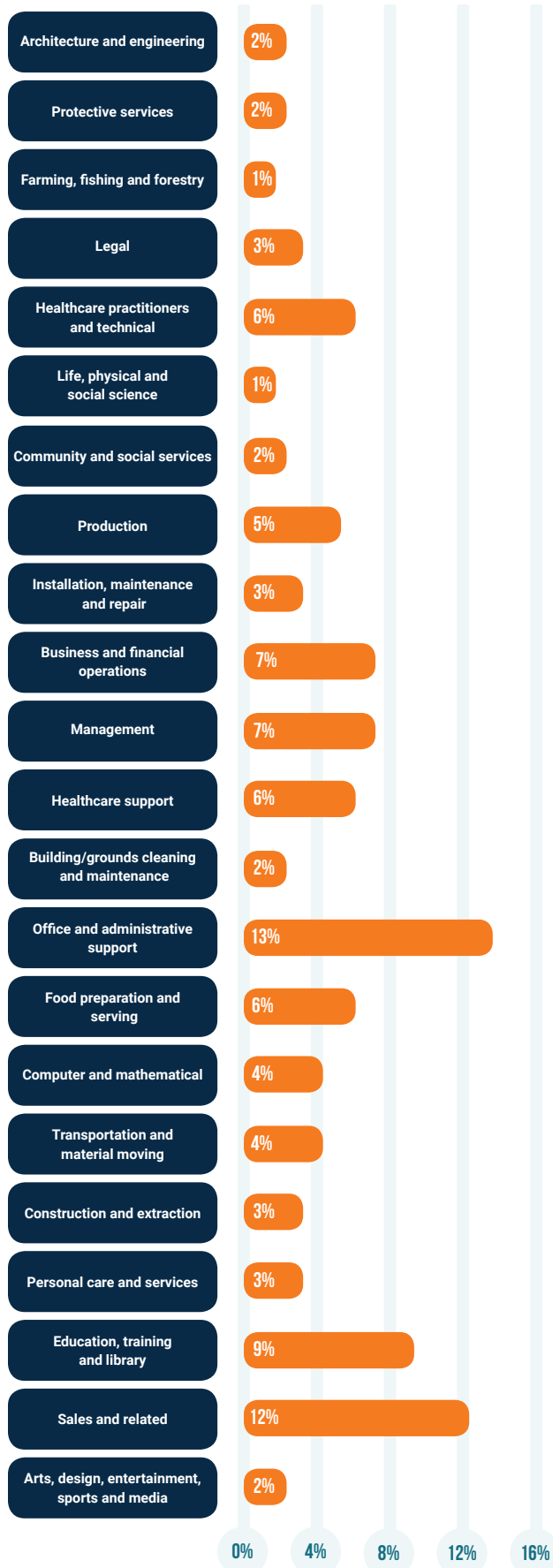


FIGURE 14b In which industries do gig workers find their regular day jobs?
Primary job descriptions for gig workers with regular jobs

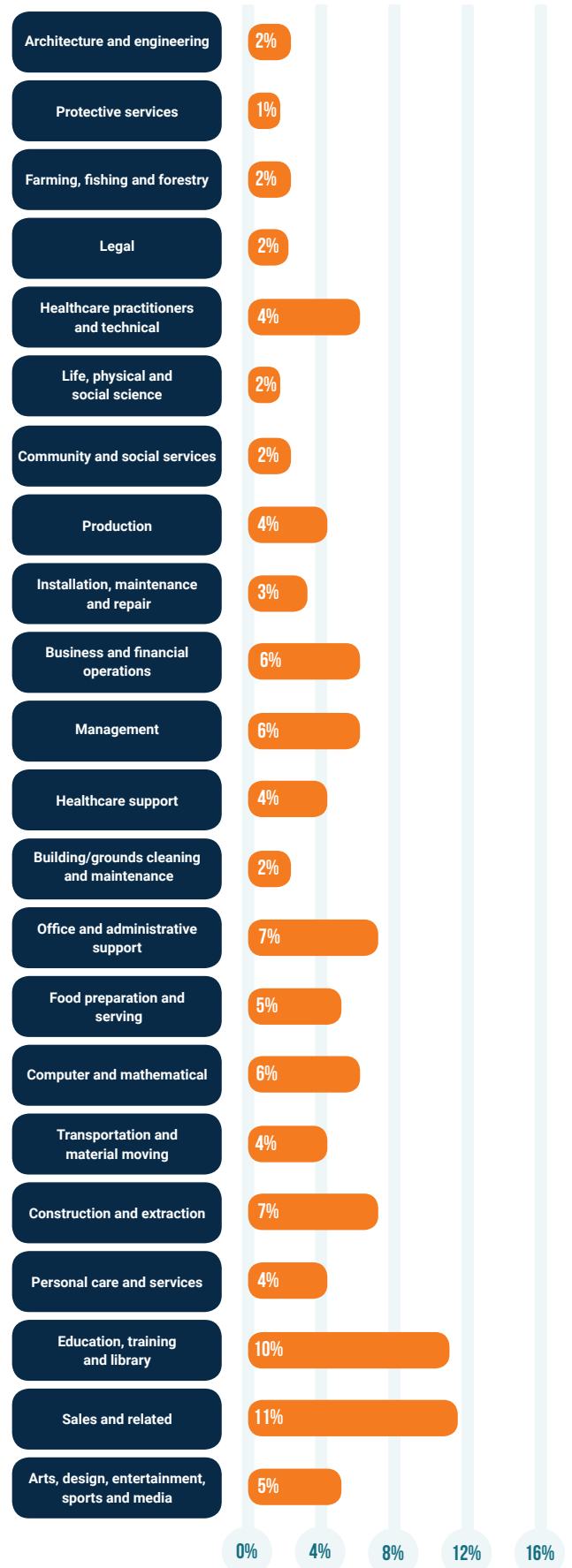


FIGURE 14c In which industries do gig workers find their gig jobs?
Primary job descriptions for gig workers

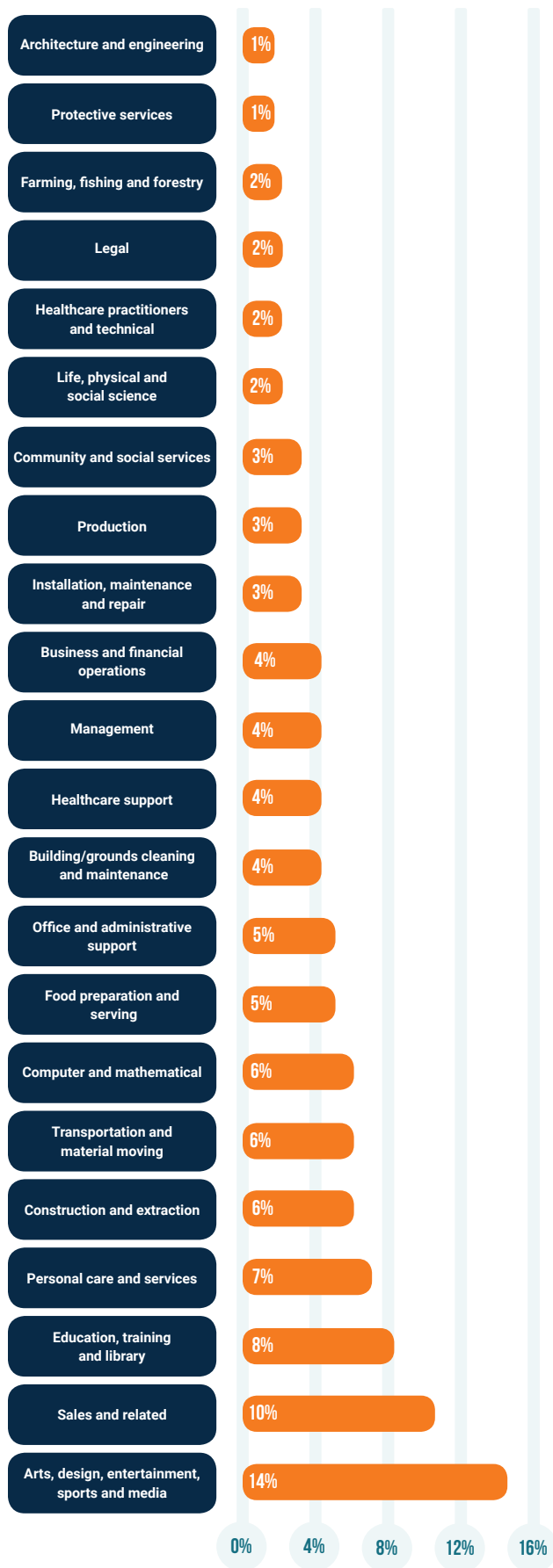
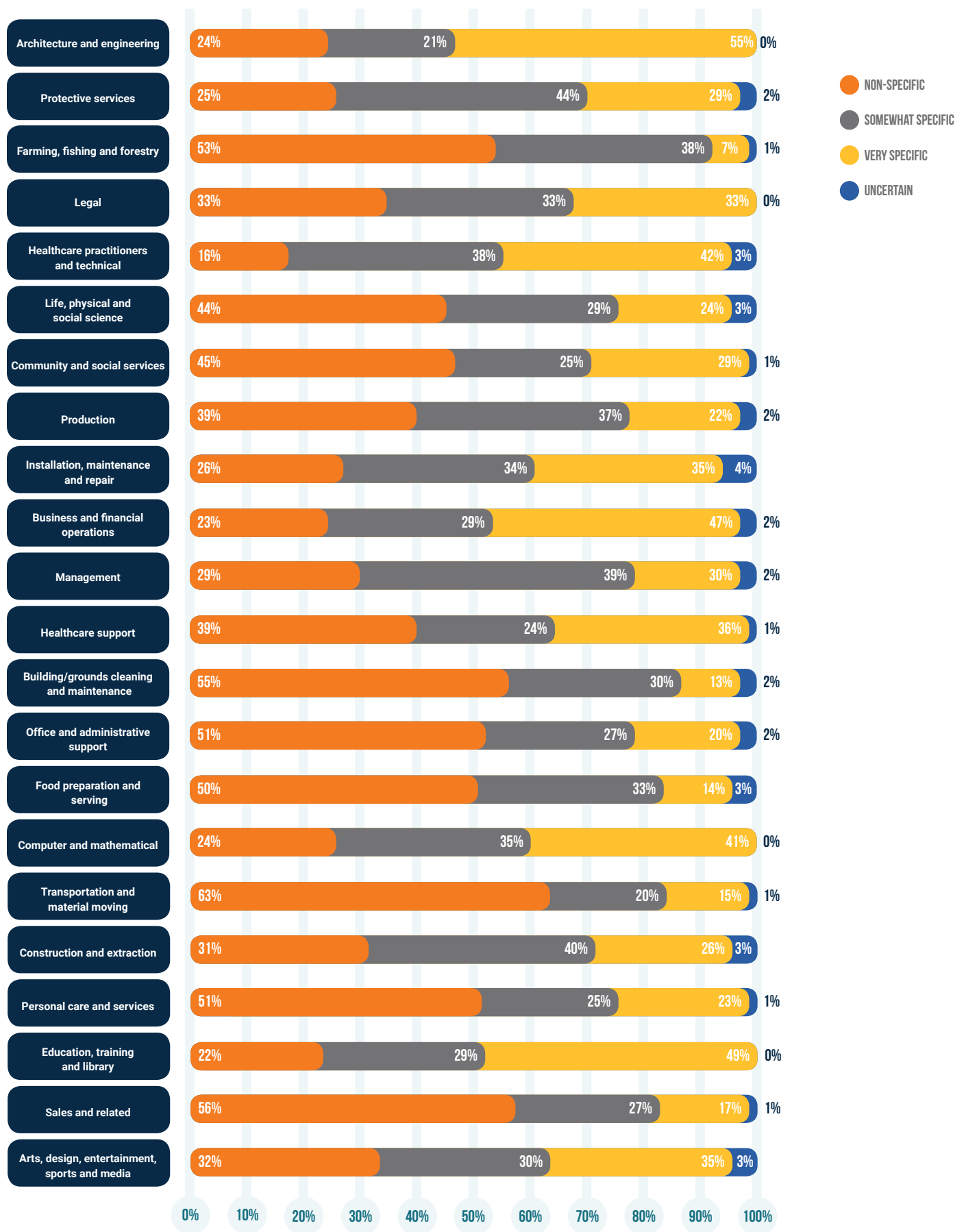


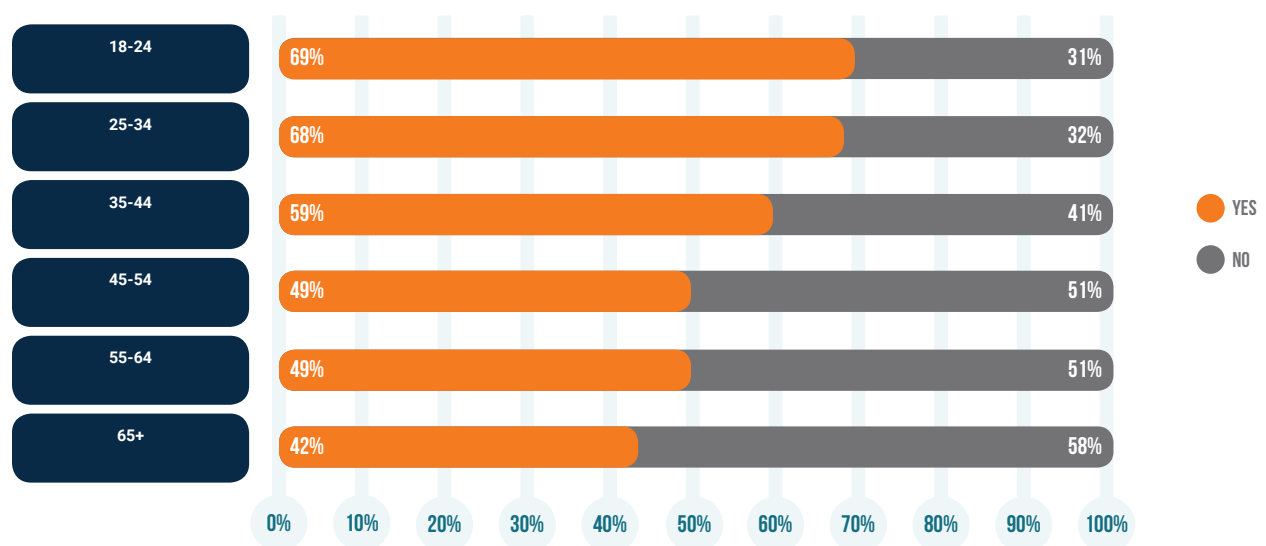
FIGURE 15 Which skills qualify workers for their gig jobs?
Skills required for primary gig economy job



THE RISE OF DIGITAL MARKETPLACES

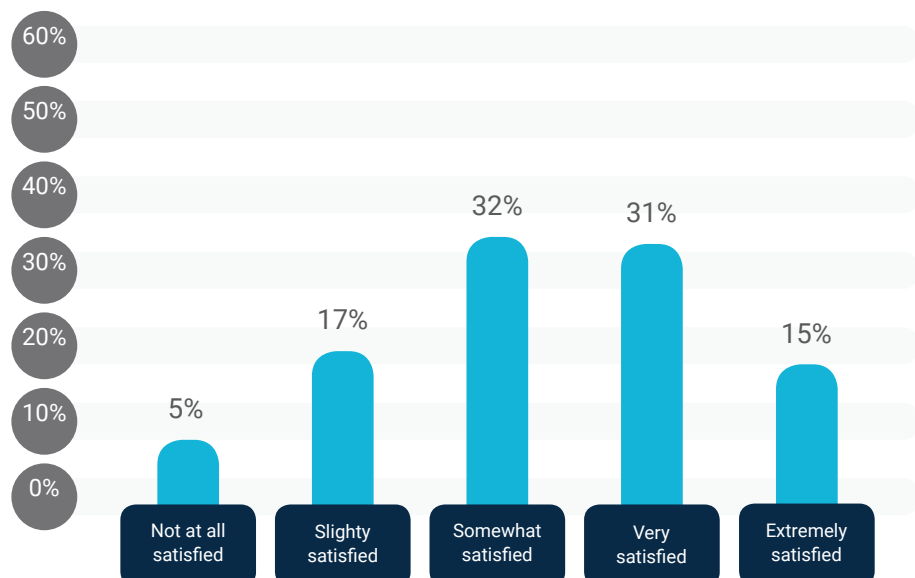
Growth in use of online platforms is closely associated with the gig economy, allowing for the meteoric rise of Uber and Lyft, among others. Digital marketplaces have proliferated across many sectors, and there are now sites like freelancer.com, manpower.com and Upwork that help workers in many lines of work — from manual laborers to software engineers — find jobs and facilitate elements like payment and taxes. Our research shows nearly 60 percent of gig workers use these marketplaces to find new gig opportunities and, not surprisingly, that usage tends to be more prevalent among younger gig workers.

FIGURE 16 Which age groups tend to find their gigs online?
Digital marketplace usage, by age



More than 55 percent of gig workers rely on a single entity to help them find their gigs, and nearly half are very or extremely satisfied with their sourcing methods.

FIGURE 17 Are gig workers happy with the organizations that find them gigs?
Satisfaction with gig work sourcing method



Whether a worker possesses a high degree of skill does not appear to impact his usage of digital marketplaces. Skilled workers tend to use a greater number of entities to find work, however.

FIGURE 18 Workers of all skill levels use digital marketplaces to find gigs
Digital marketplace usage, by skill

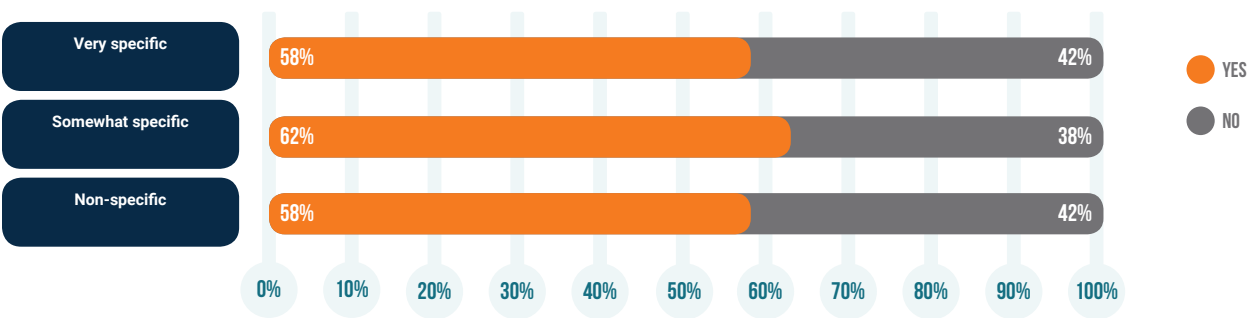
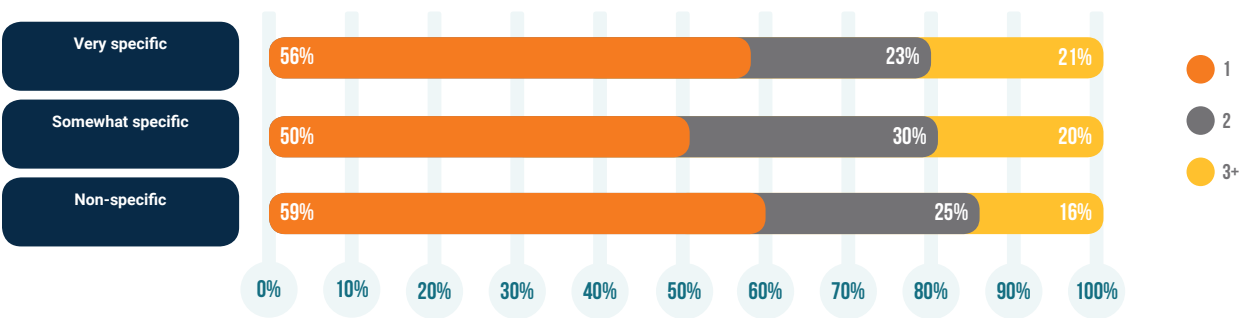


FIGURE 19 The more specified the skill level, the fewer sources a worker uses to find gigs
Number of source entities, by skill



Digital marketplaces have made strong inroads into some unlikely industries, too. Farming, fishing and forestry have a high proportion of gig workers using digital marketplaces, followed by production and protective service. There is also a stronger tendency for gig workers in fields like management and architecture/engineering to use multiple digital marketplaces to find jobs.

FIGURE 20 The number of job sources a gig worker uses varies by industry
Number of entities used, by industry

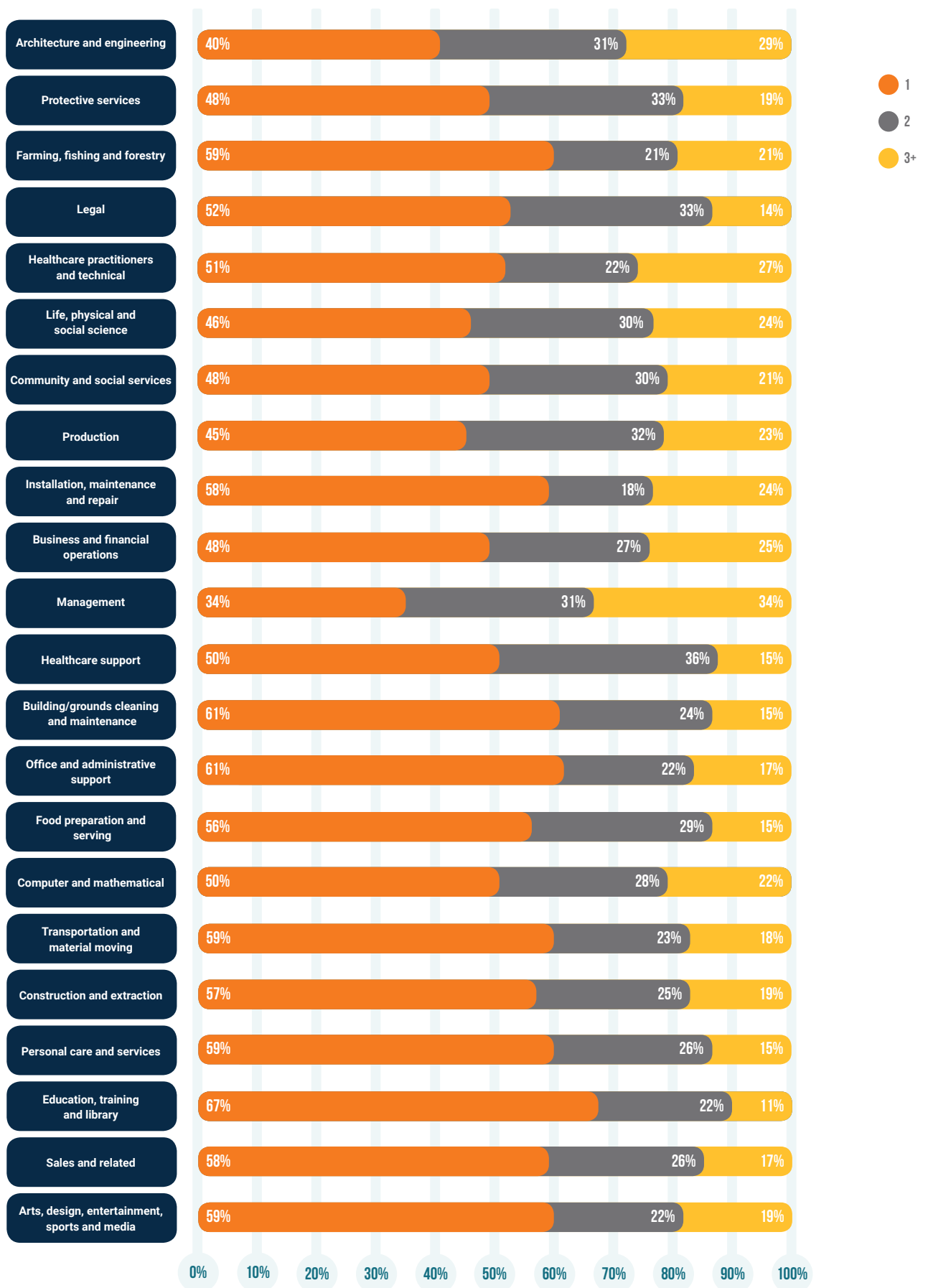
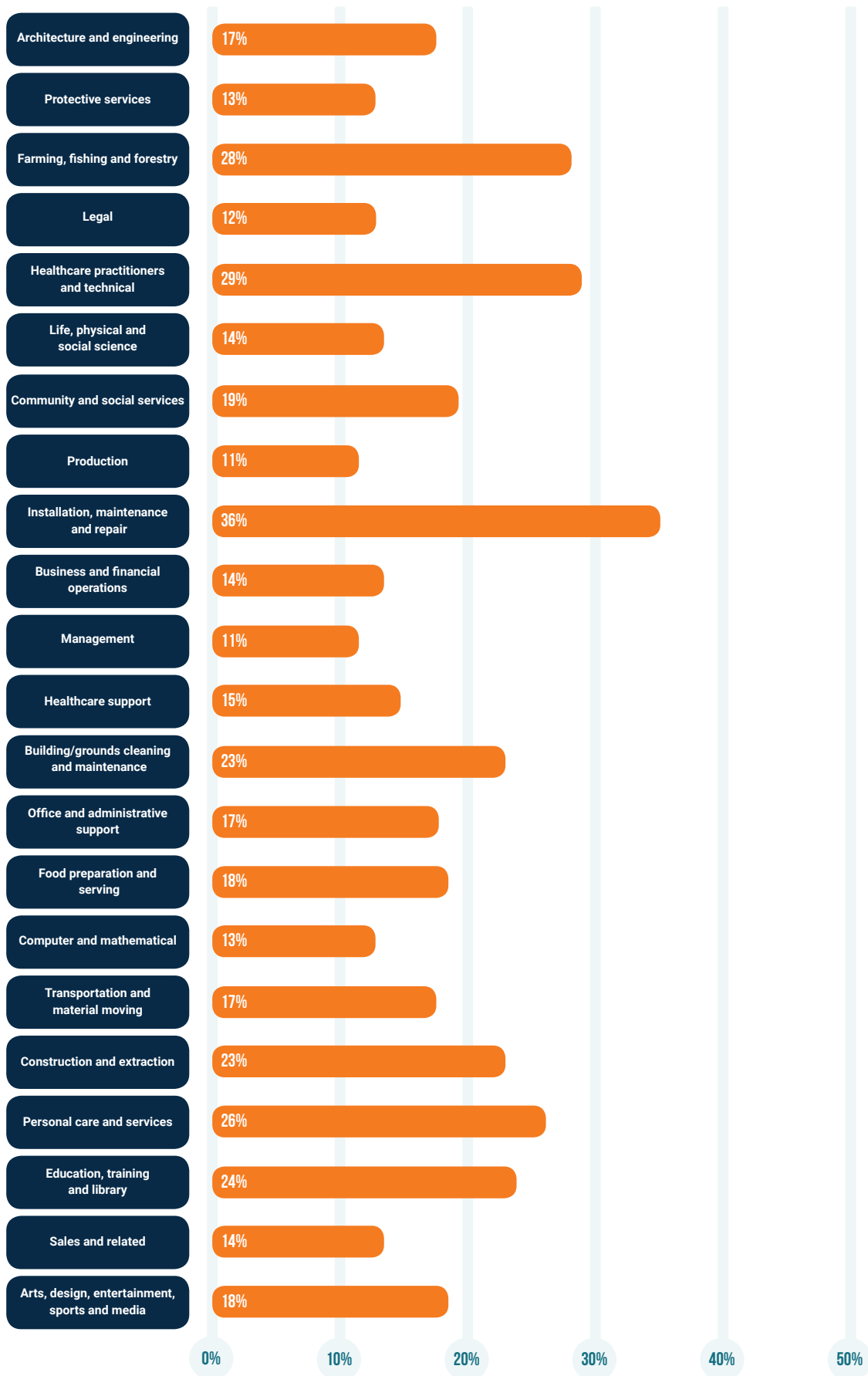


FIGURE 21 How satisfied are gig workers with digital marketplaces as a job source?
Satisfaction with digital marketplace



Why do gig workers use digital marketplaces? The most common reason, cited by more than one-third, is that they help identify potential clients in real time — not just prospects that might pan out down the road. That payments can be handled via the marketplace was also an important consideration.

Reason	Percentage
Offers leads in real time	36%
Customer acquisition in real time	33%
Leads that have agreed to an acceptable price	31%
Paid through the marketplace	31%
Marketplace handles taxes via payroll deductions	15%
Other benefits	12%
Opportunity to obtain healthcare coverage	12%
Provision of healthcare coverage	10%
Other	1%

© 2018 PYMNTS.com All Rights Reserved

FIGURE 23 Some gig workers are paid via online channels
Payment through the digital marketplace, by industry

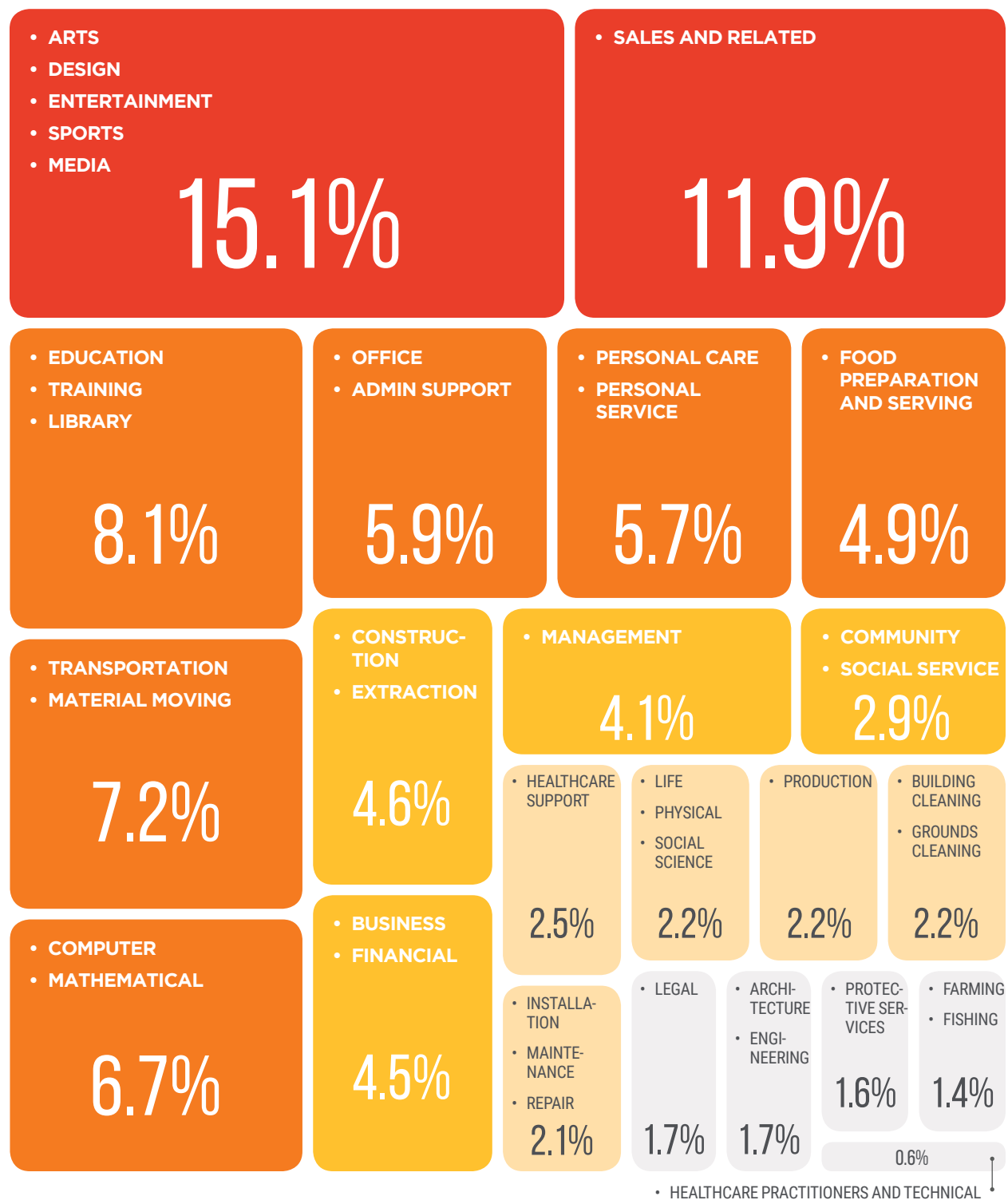
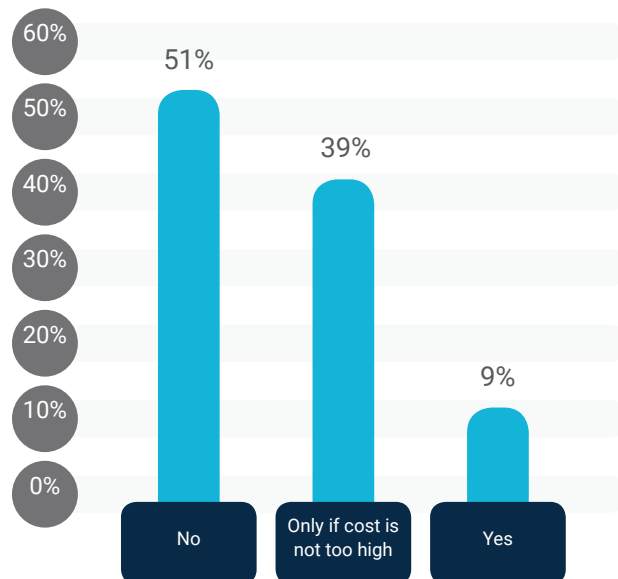


FIGURE 24 Some gig workers remain skeptical of digital marketplaces as a job source

Percentage of gig workers willing to use digital marketplaces if they provided valuable features



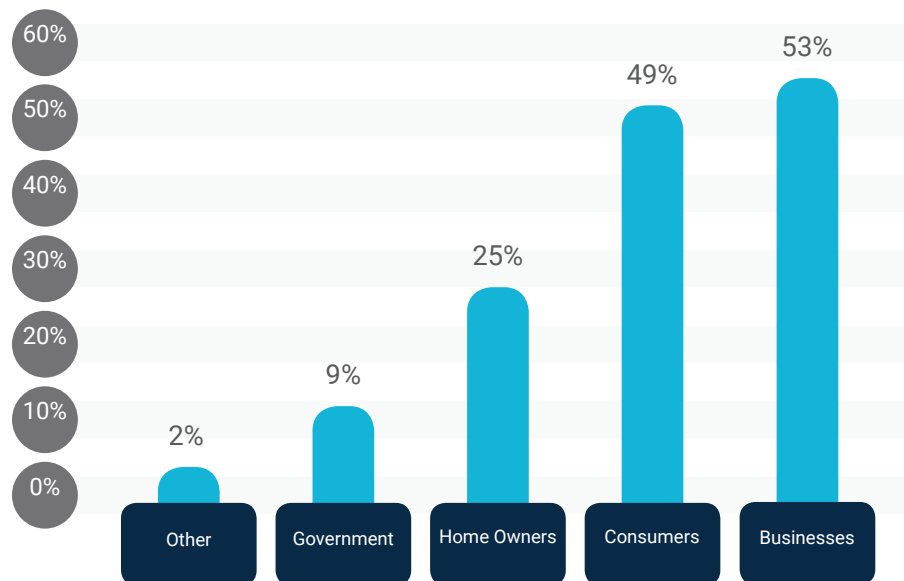
Gig workers who do not use digital marketplaces remain skeptical of their value. More than half wouldn't use them even if they provided valuable features, and 39 percent said they would use them only if they didn't cost too much.



WHO HIRES GIG WORKERS AND HOW ARE THEY PAID?

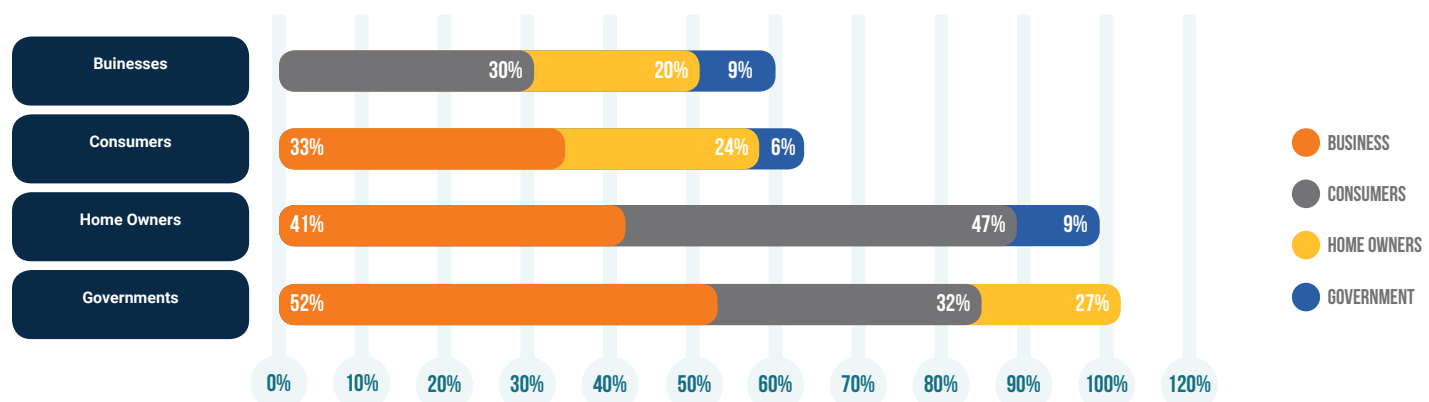
It may not be surprising that gig workers are mainly employed by businesses. More notable is that nearly half of their clients are consumers or homeowners. This corresponds with the nature of gig work, though, as a homeowner might be interested in having someone landscape his yard but not in hiring a full-time groundskeeper.

FIGURE 25 Which entities hire gig workers?
Entities hiring gig workers



In the case of gig workers working for companies, slightly more than 53 percent believe they were hired instead of a regular employee because contracting a gig worker was more economical. At the same time, 40.8 percent of gig workers believe they were contracted because the companies with which they work have ad hoc projects for which they are uniquely suited.

FIGURE 26 Which entities are hiring gig workers?
Employer overlap in the gig economy

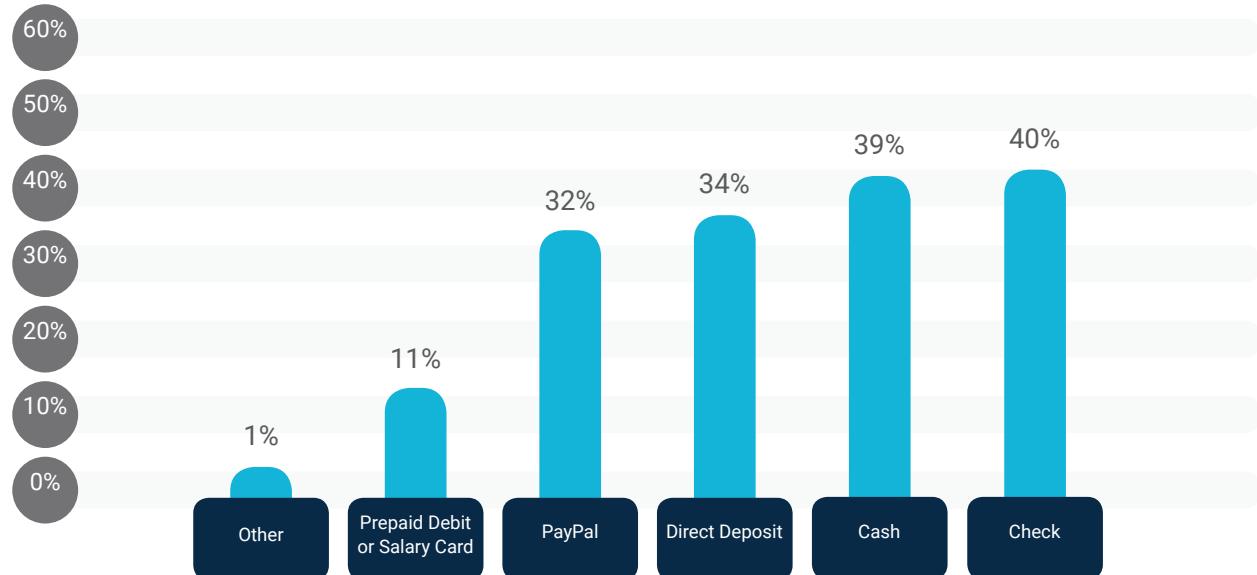


WHO HIRES GIG WORKERS AND HOW ARE THEY PAID?

While the mainstream workforce tends to stick with a particular class of employer — business, consumer or government, for example — gig workers are less likely to adhere to this. Almost 30 percent who work for businesses also do so for consumers, and 33 percent who work for consumers also work for businesses.

How are gig workers paid? The most common methods are check or cash, with nearly 40 percent reporting being paid with hard currency — a unique and compelling incentive for many gig workers. The second-most common are direct deposit and PayPal, cited by nearly one-third of respondents. Cash kept its crown in terms of preference, however, cited by nearly 72 percent, with direct deposit a close second.

FIGURE 27 How clients pay their gig workers
Gig payment methods



Despite a range of novel payment methods available today, cash and direct deposit remain the most popular payment options among gig workers. When asked which method they would prefer as an alternative to how they're currently paid, a significant portion of respondents indicated they liked traditional payment options. PayPal was also popular, especially among those who currently use direct deposit, and cryptocurrencies like bitcoin were preferred by a small but significant percentage of respondents — beating out digital wallets like Apple Pay and Google Pay.



WHO HIRES GIG WORKERS AND HOW ARE THEY PAID?

FIGURE 28 How happy are gig workers with their payment methods?
Satisfaction, by payment method

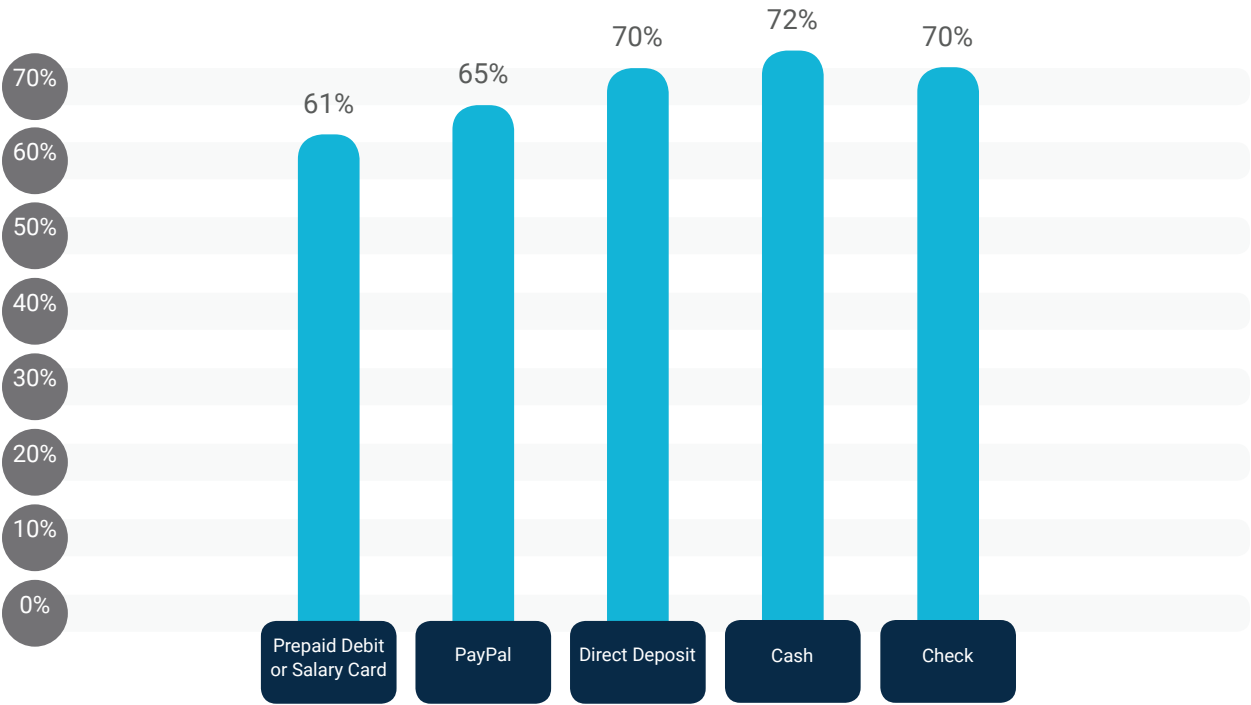
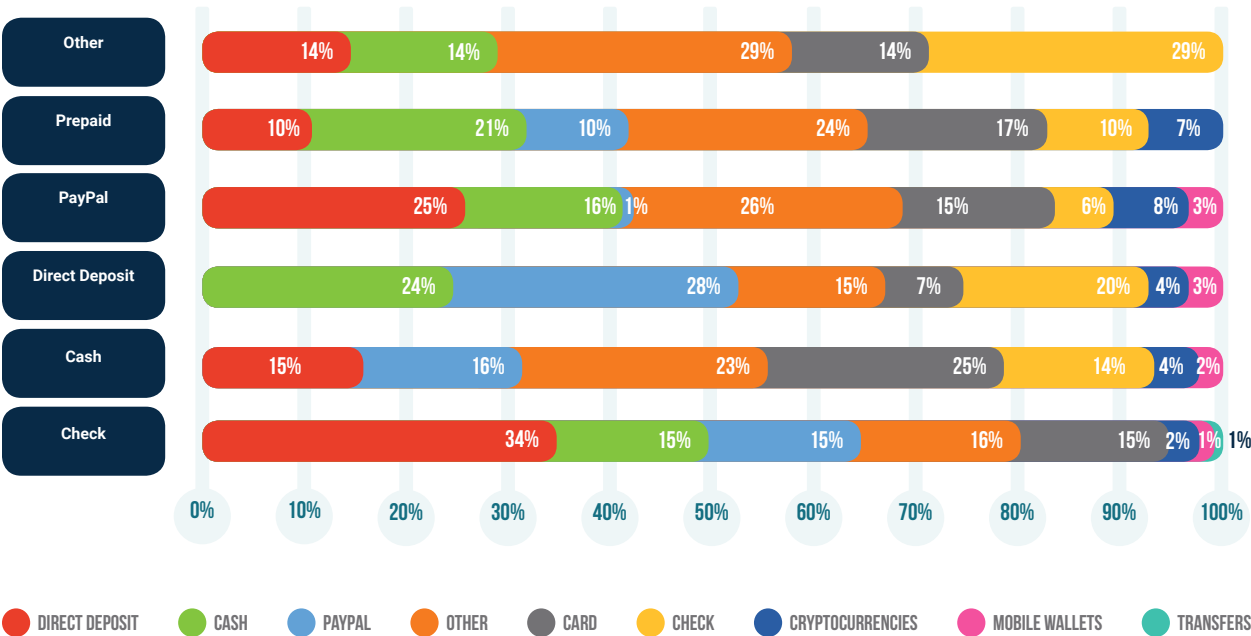


FIGURE 29 How do gig workers want to be paid?
Payment methods workers would like to have, based on their current payment methods



Clients tend to have their own payment habits, however. Consumers and homeowners most commonly pay in cash and check, while government agencies and larger businesses use direct deposit and check. These are also the entities most likely to offer prepaid debit or salary cards.

FIGURE 30a Which methods do miscellaneous clients use to pay their gig workers?
Payment methods, by employer (other)

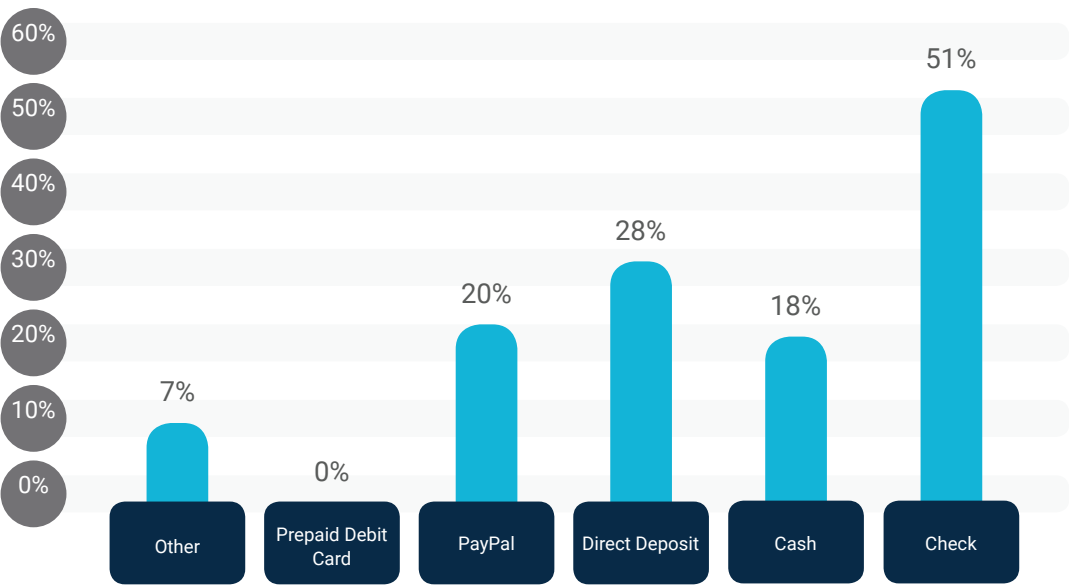


FIGURE 30b Which methods do government clients use to pay their gig workers?
Payment methods, by employer (government entity)

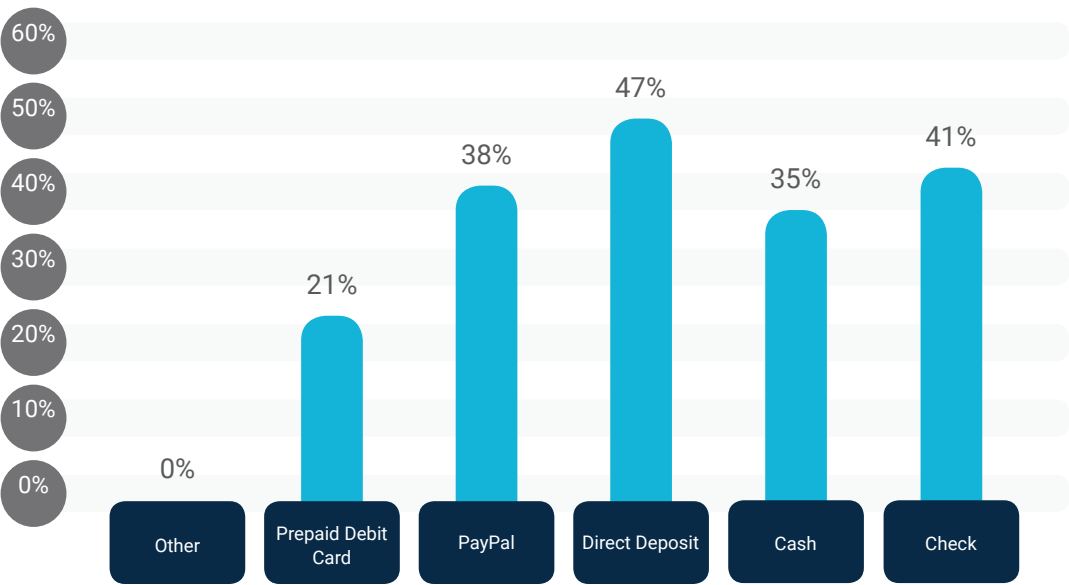


FIGURE 30c Which methods do enterprise companies use to pay their gig workers?
Payment method, by employer (enterprise companies)

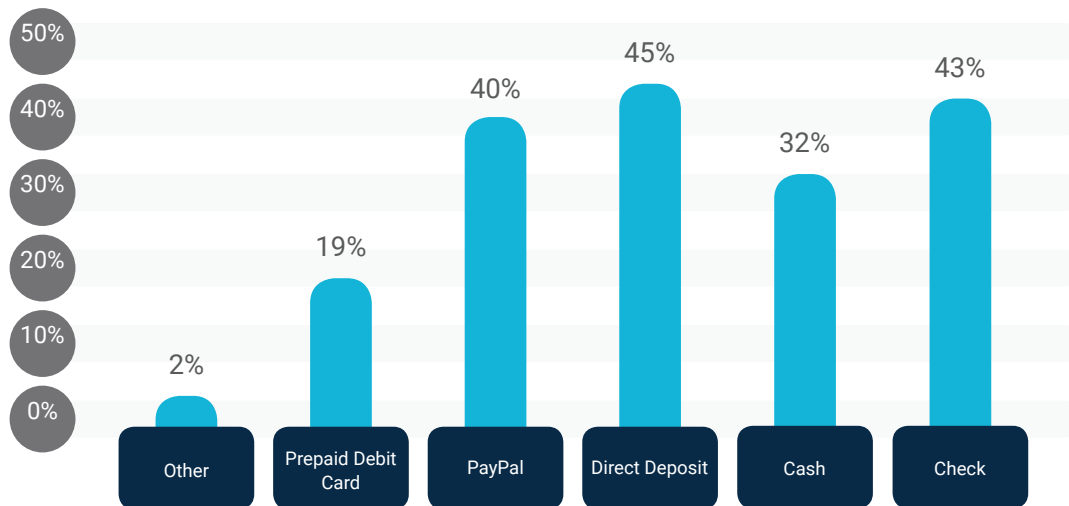


FIGURE 30d Which methods do businesses use to pay their gig workers?
Payment methods, by employer (small businesses — \$10M to \$50M in annual revenue)

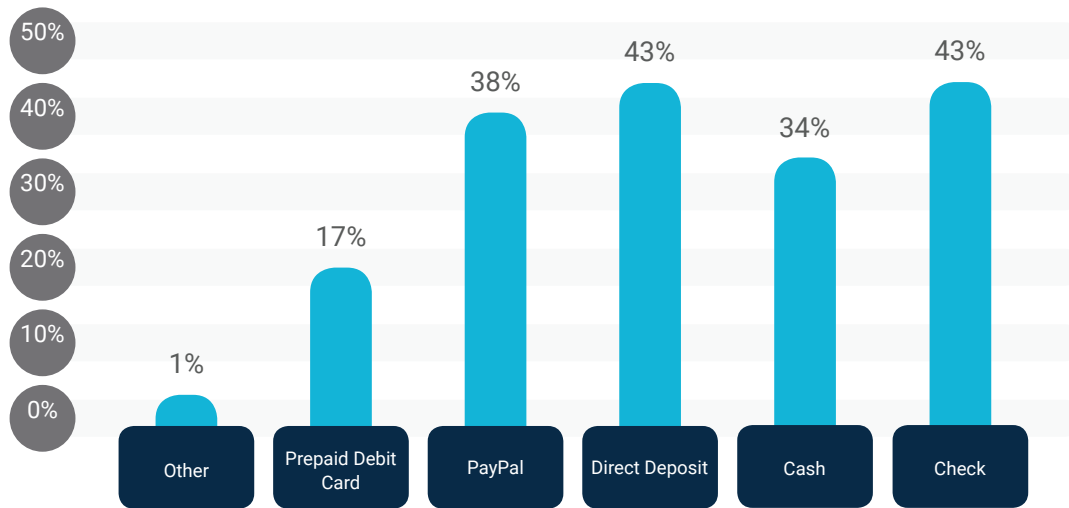


FIGURE 30e Which methods do businesses use to pay their gig workers?
Payment methods, by enterprise (small businesses — less than \$10M in annual revenue)

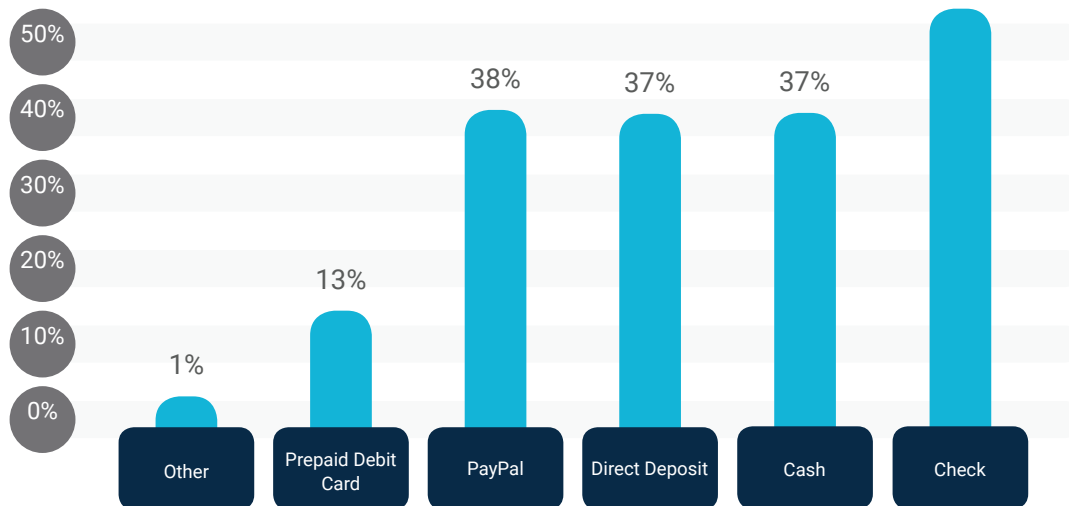


FIGURE 30f How do businesses owned by larger enterprises pay their gig workers?
Payment methods, by employer (small businesses of business enterprises)

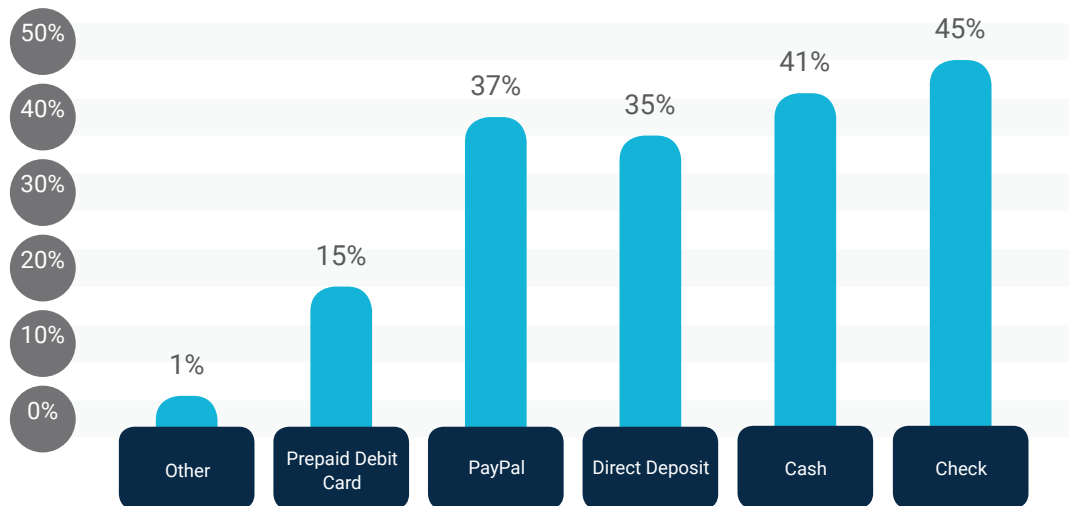


FIGURE 30g How do individual homeowners pay their gig workers?
Payment methods, by employer (individual homeowner)

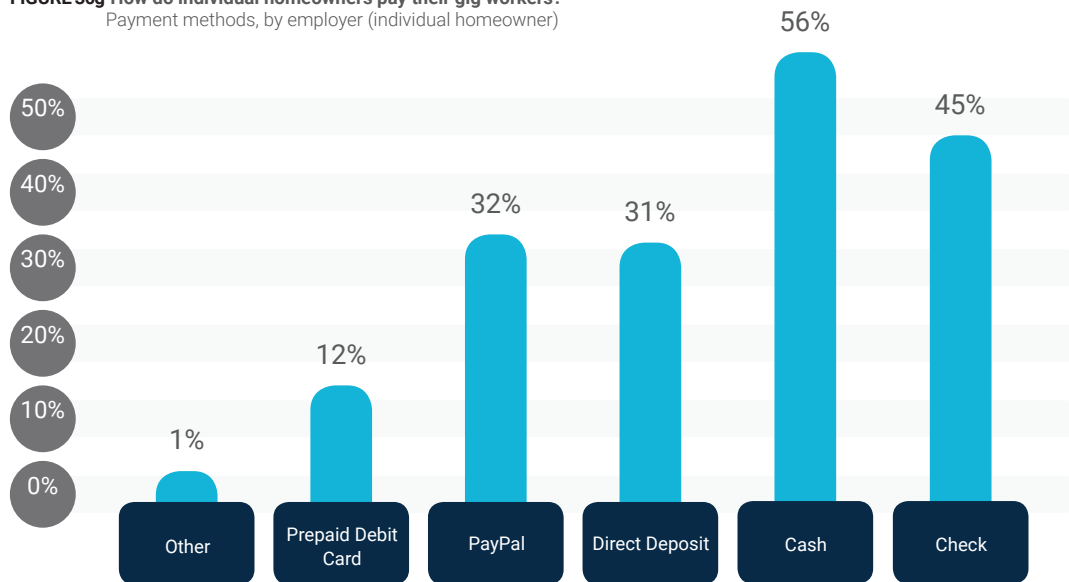
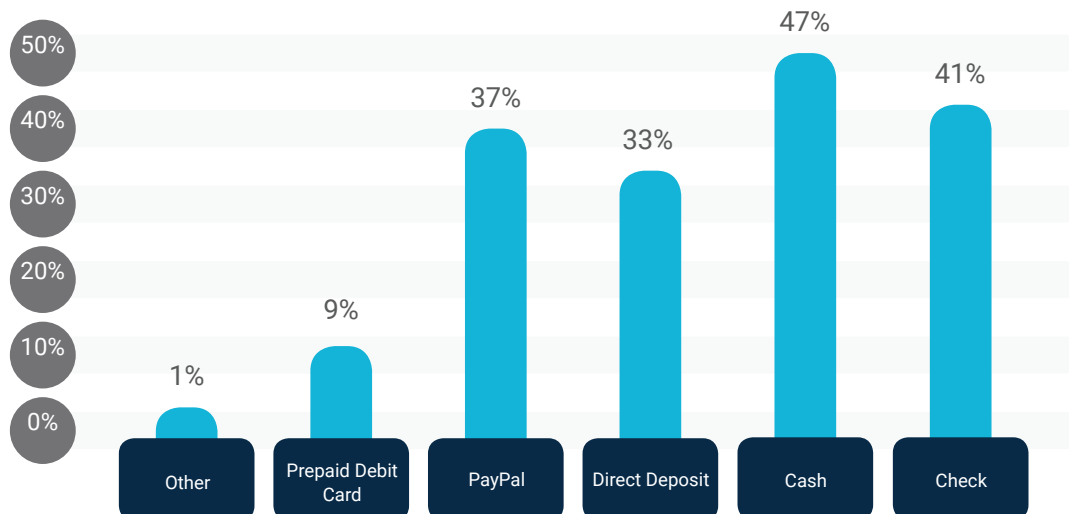


FIGURE 30h How do individual consumers pay their gig workers?
Payment methods, by employer (individual consumers)



WHO HIRES GIG WORKERS AND HOW ARE THEY PAID?



A prime motivation for gig workers is extra spending money, so it may come as no surprise that the ability to be paid instantly or the same day is a powerful incentive. Nearly 85 percent of gig workers said they would do more work if they could be paid in this manner.

Attraction to this incentive fades for older workers and those with higher incomes, however. For these, gigs are more often a means to make extra money than to make ends meet.

FIGURE 31 Same-day or instant payment affects gig workers’ willingness to do more work
Breakdown: payment speed as a motivator, by age

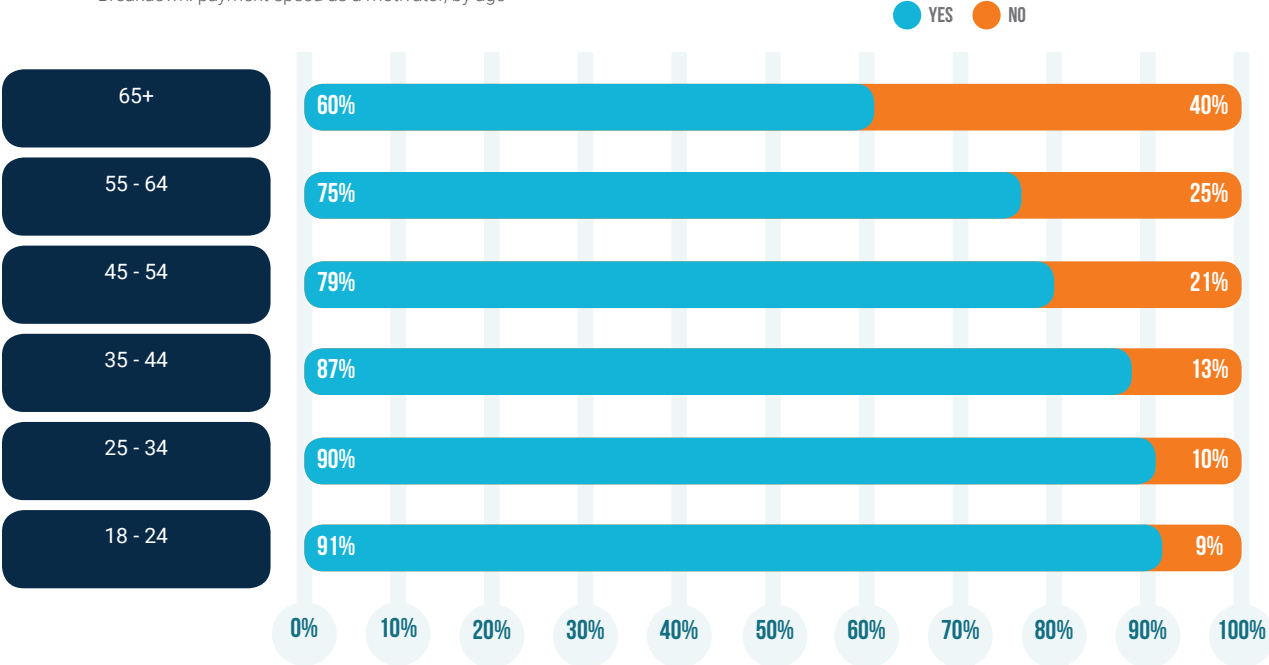
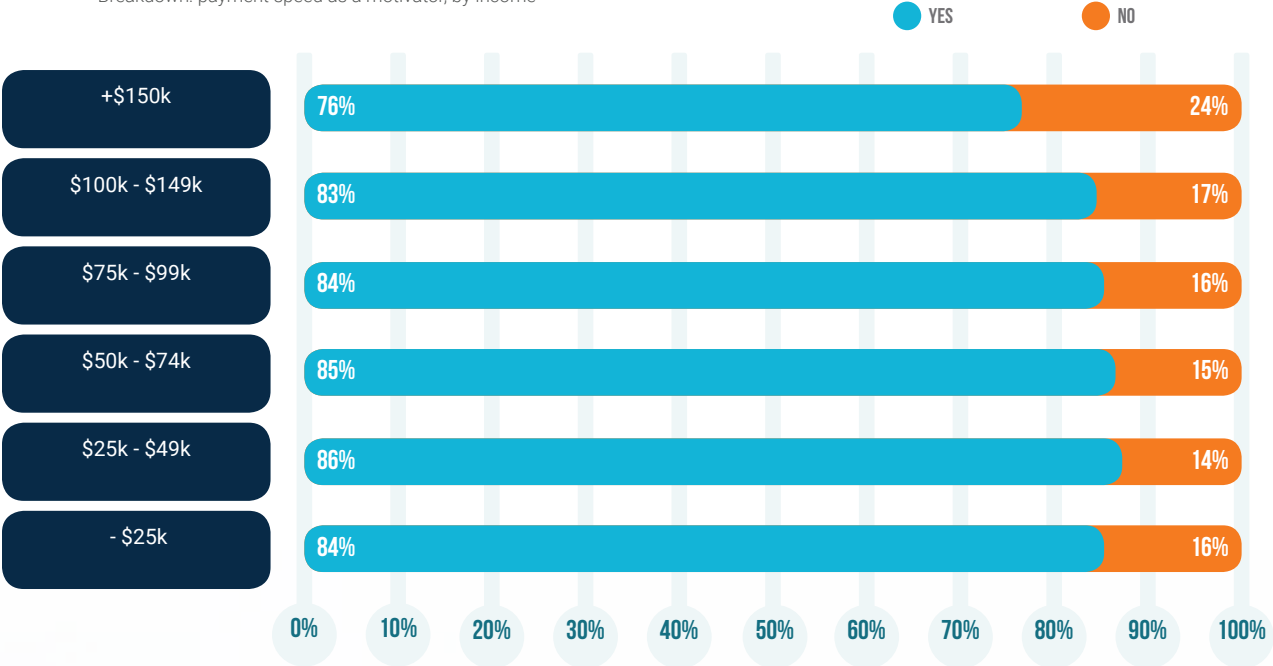


FIGURE 32 Same-day or instant payment impacts gig workers' willingness to do more work
Breakdown: payment speed as a motivator, by income



The attractiveness of an immediate-pay option correlates with the use of digital marketplaces. Ninety percent of gig workers who said they would do more work if they could be paid faster were paid through such marketplaces.



DEEP DIVE: THE GIG ECONOMY SKILL SET

In the regular, non-gig economy, there is an integral relationship between the degree of education and training and the kind of work one does. Doctors and scientists spend years in higher education to obtain the knowledge and skills their professions require. On the other hand, not having specialized skills or training often consigns one to lower-paid work, such as manual labor or food service.

This is less the case in the gig economy, however. While most of those with advanced degrees do work that requires very specific training, and most of those without college degrees do work that does not, 20 percent of gig workers with only high school diplomas (or less) also perform jobs that require specific skills. This would imply that gig jobs may allow people without advanced degrees to vault themselves into more advanced work. Conversely, 26 to 36 percent of those with college and post-graduate degrees do gig work that does not require advanced training.

FIGURE 33 Gig workers' education and skill levels
Skills required for gig jobs vs. formal education

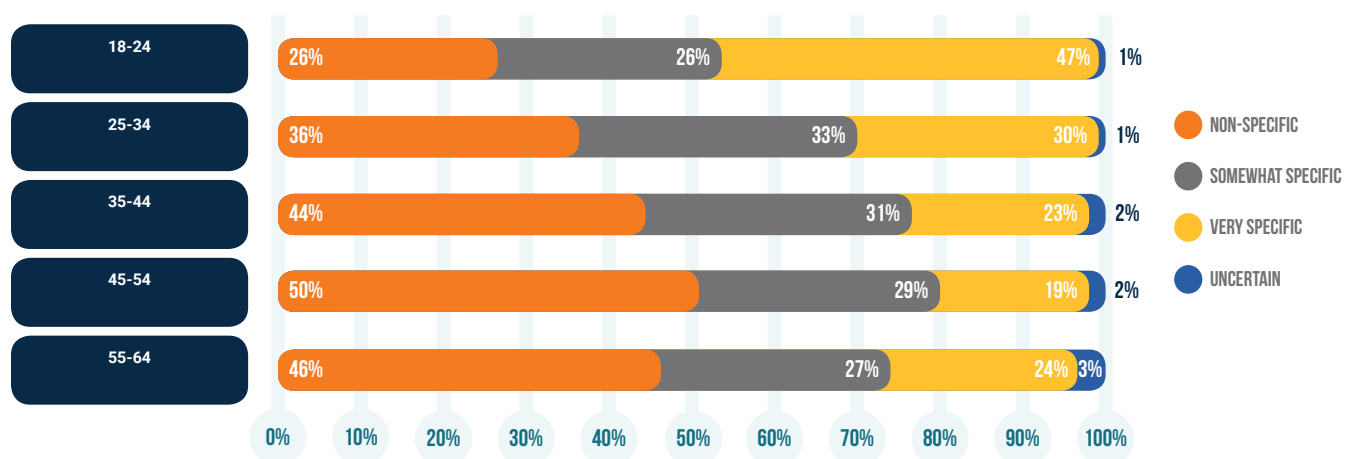


FIGURE 34 Why workers choose gig work
Reasons for participating in the gig economy

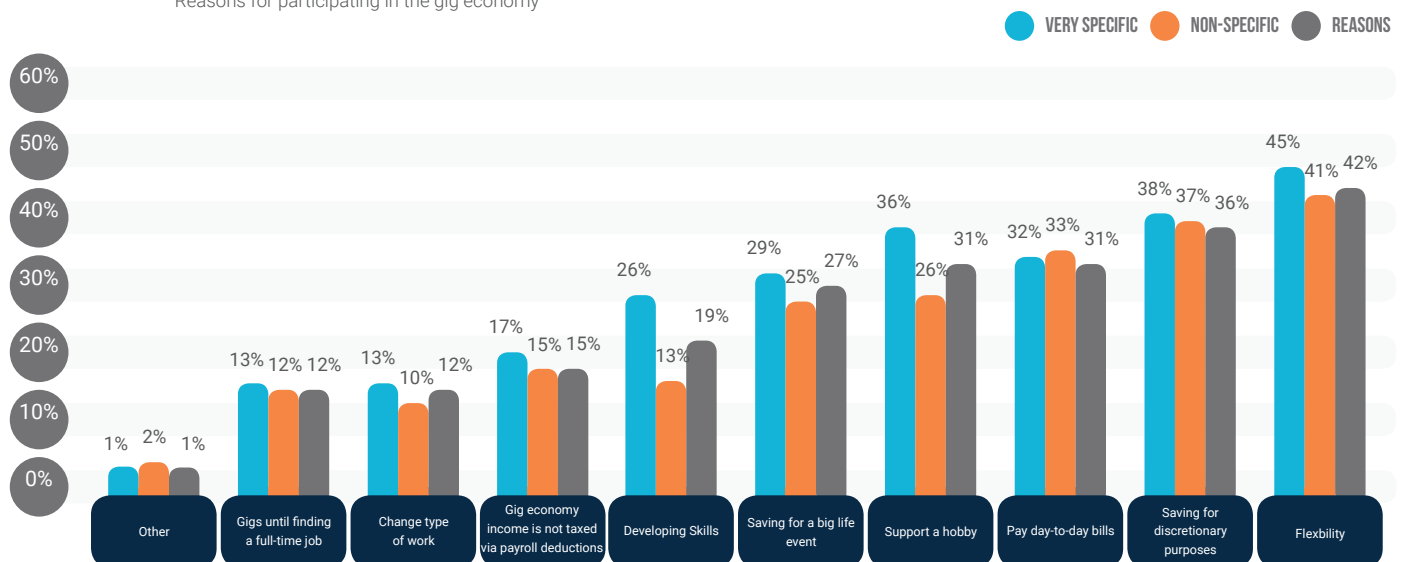
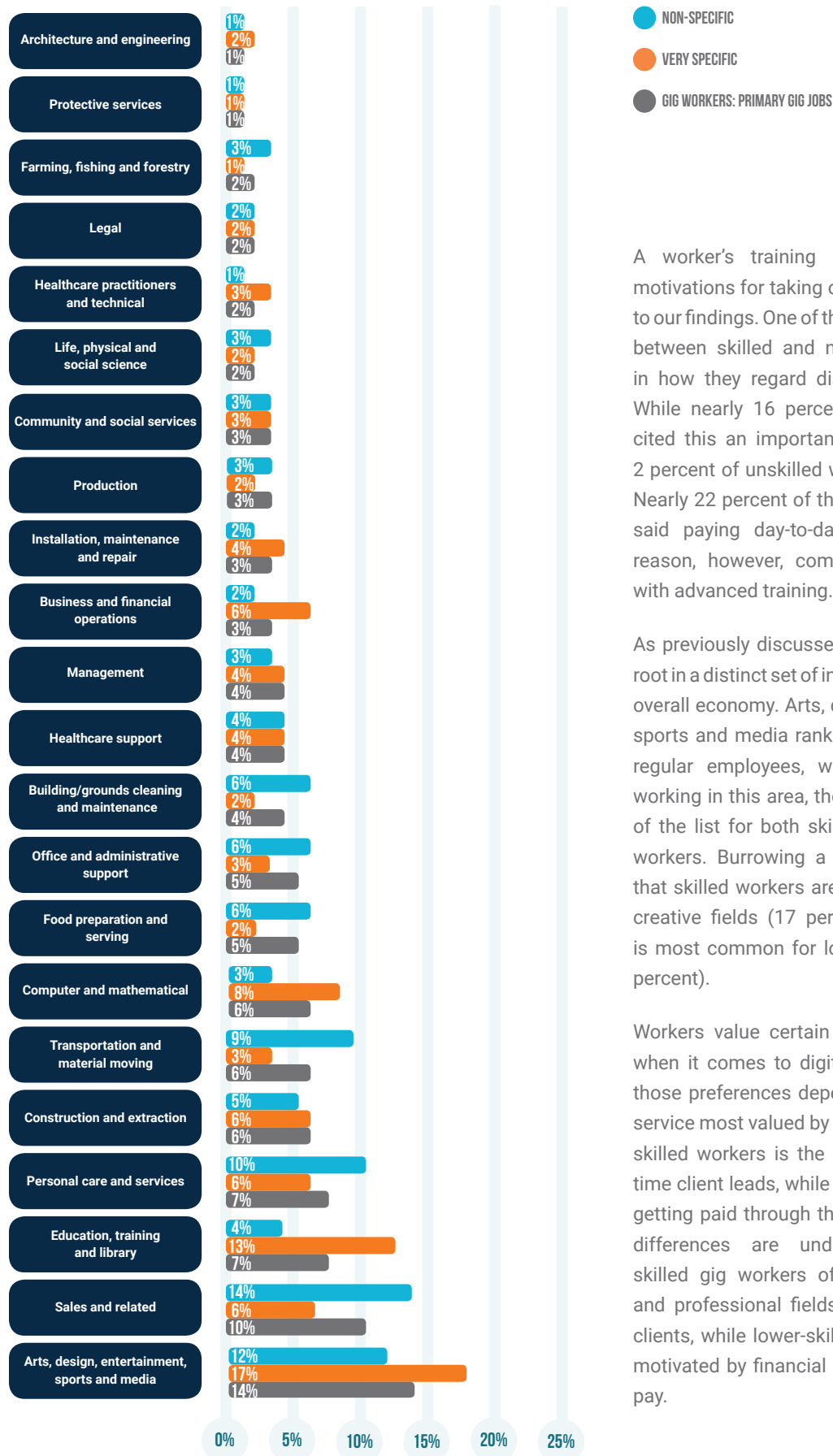


FIGURE 35 How a worker's training affects his motivations for taking on gig work
Gig primary job, by skill set

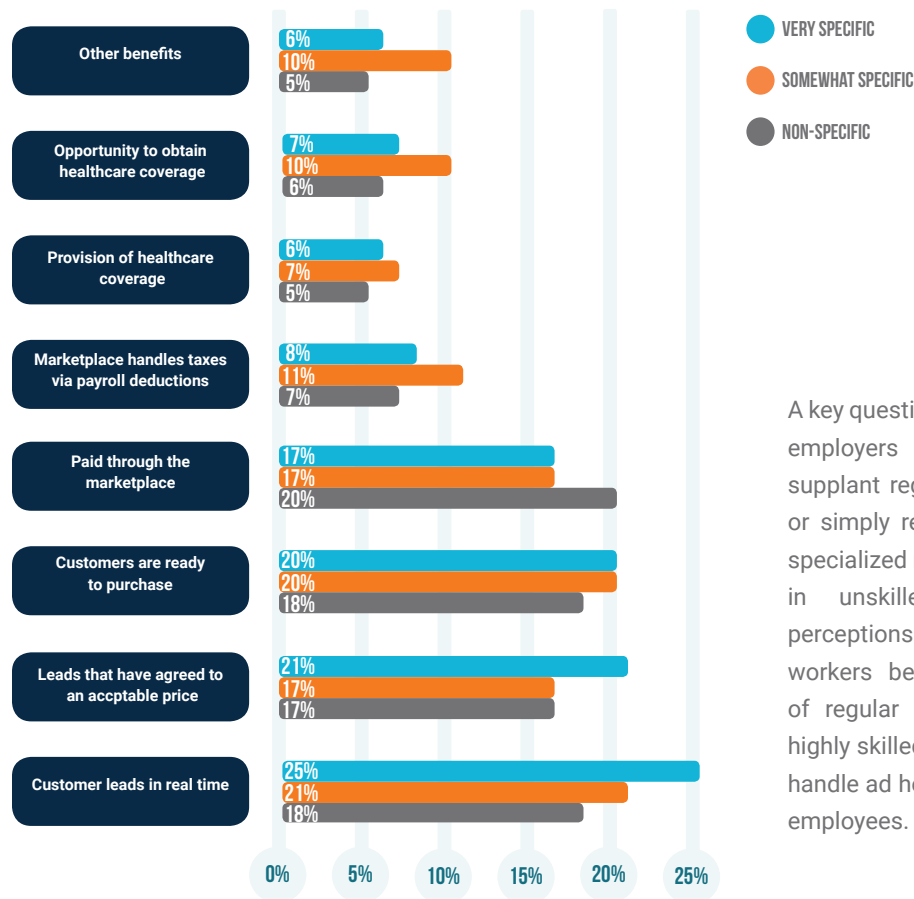


A worker's training level relates to his motivations for taking on gig work, according to our findings. One of the starkest differences between skilled and non-skilled workers is in how they regard discretionary spending. While nearly 16 percent of skilled workers cited this an important incentive, less than 2 percent of unskilled workers did the same. Nearly 22 percent of those unskilled workers said paying day-to-day bills was a main reason, however, compared to 18 percent with advanced training.

As previously discussed, gig work has taken root in a distinct set of industries relative to the overall economy. Arts, design, entertainment, sports and media ranks near the bottom for regular employees, with only 1.8 percent working in this area, though it was at the top of the list for both skilled and unskilled gig workers. Burrowing a little deeper, we find that skilled workers are most involved in the creative fields (17 percent), and that sales is most common for lower-skill workers (14 percent).

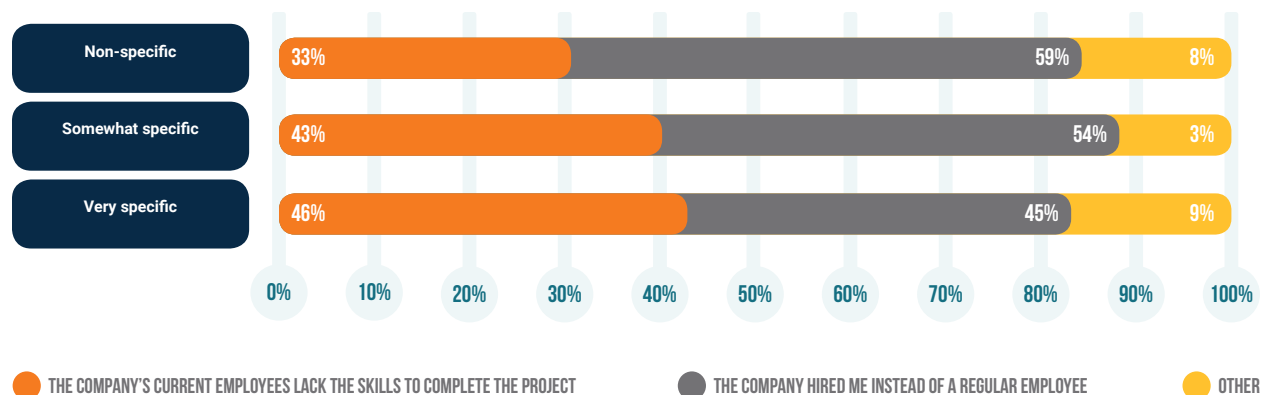
Workers value certain services over others when it comes to digital marketplaces, and those preferences depend on skill level. The service most valued by moderately and highly skilled workers is the ability to source real-time client leads, while unskilled workers cite getting paid through the marketplace. These differences are understandable: Higher-skilled gig workers often work in creative and professional fields that rely on gaining clients, while lower-skilled workers are more motivated by financial incentives like instant pay.

FIGURE 36 Why gig workers use non-internet platforms to find gigs
Services provided, by gig entities



A key question in the gig economy is whether employers turn to temporary workers to supplant regular and costlier full-time hires or simply rely on them to meet ad hoc or specialized needs. Here we see a divergence in unskilled versus skilled workers' perceptions. Fifty-nine percent of non-skilled workers believe they're brought on in place of regular employees, but 54 percent of highly skilled workers believe they're hired to handle ad hoc projects not suited for regular employees.

FIGURE 37 Why gig workers think they are right for their gig jobs
Reasons why gig workers believe they were hired



Finally, there are differences in how skilled and unskilled workers are paid. Skilled workers are primarily paid by check, followed by cash and direct deposit. Non-skilled workers, on the other hand, are mainly paid in cash, followed closely by direct deposit and check. One notable finding is how prevalent PayPal is across skill levels: Approximately one-third of all gig workers report being paid through the online service.

Highly skilled workers boast the highest satisfaction with their payment methods, and non-skilled workers are more satisfied than the moderately skilled.

FIGURE 38 Gig workers of different skill levels are paid differently
Payment method, by skill level

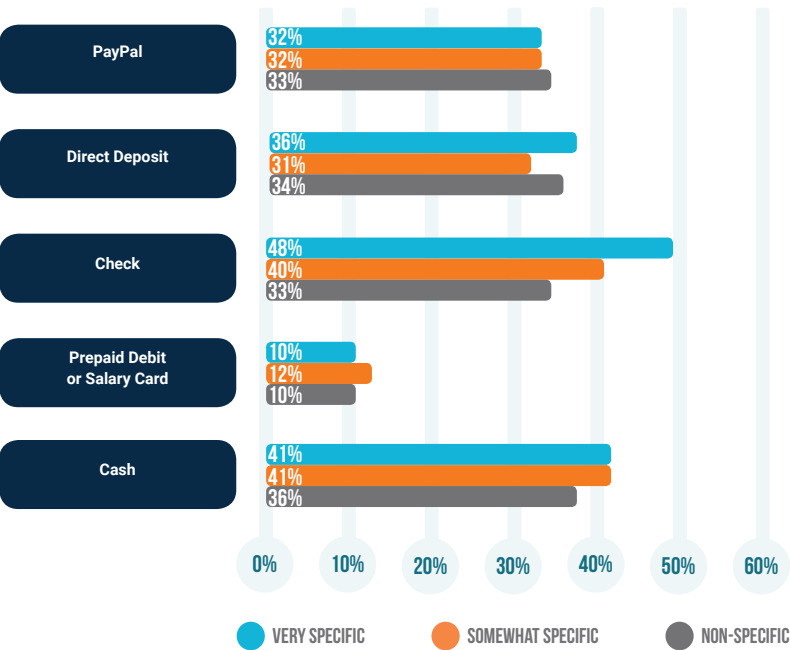
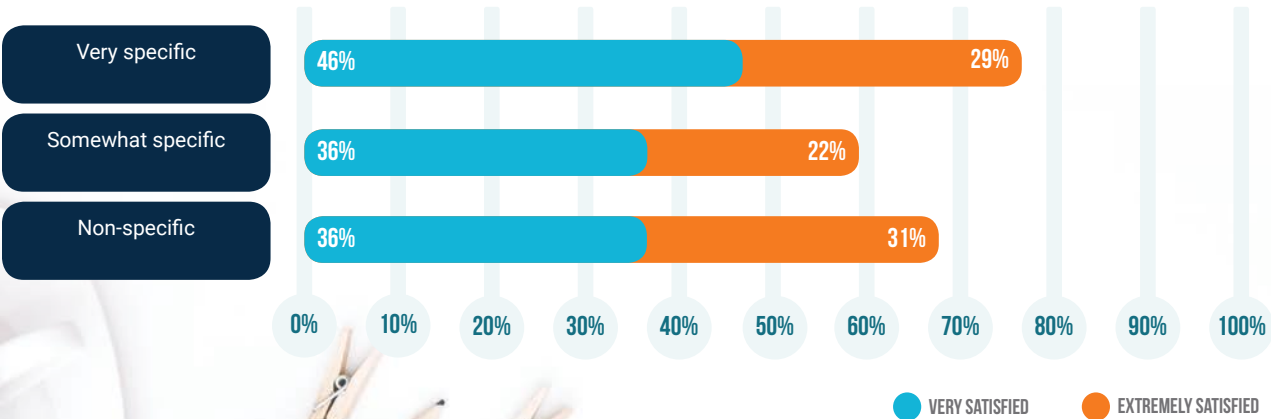
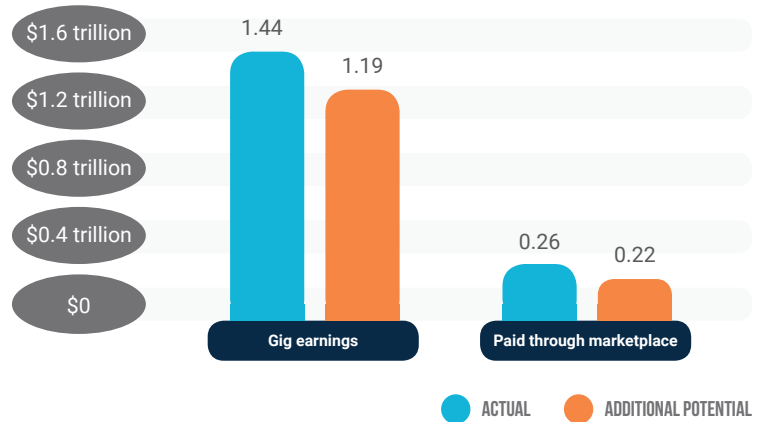


FIGURE 39 The higher the skill level, the higher the satisfaction rate
Satisfaction with payment method



Gig workers in America are already earning more than \$1.4 trillion dollars a year, with 18.4 percent paid through digital marketplaces and representing \$265 billion, by our estimates. This leaves marketplaces with \$1.19 trillion worth of potential growth, if all workers switched to digital payment platforms. This is just based on existing conditions, too. If the substantial number of people who are unfamiliar with gig work learned about and embraced the concept, the market could potentially grow by 80 percent or 70 million people. That's another \$219 billion in wages potentially paid through marketplaces.

FIGURE 40 How large can the gig economy grow?
Gig economy actual and potential growth





FEATURE STORY:

freelancer **AND** **ESCROW.COM** **AIM TO EASE GIG WORKERS' FINANCIAL WOES**

In today's digitally connected global economy, employers don't need to think local when hiring freelancers. But, thinking local still applies when paying the freelancers they employ. Gig workers, whether working for an employer in the same country or across the globe, prefer payments in their local currencies and for funds to be quickly deposited into their bank accounts.

Payment frictions are rife in the gig economy, however. They either arise because clients are reluctant to wire funds internationally or because freelancers must endure lengthy waiting periods for payment.

Digital escrow services could alleviate some of these common payment pain points. One gig economy

marketplace is [Freelancer.com](https://www.freelancer.com), which aims to facilitate smoother connections between workers and potential employers and eliminate payment frictions. The company acquired digital escrow service [Escrow.com](https://www.escrow.com) in 2015 to enable more efficient payments between employers and gig workers separated by borders.

To gain a deeper understanding of what current market changes mean for freelancers, PYMNTS recently spoke with Sebastián Siseles, international director of Freelancer.com, and Jackson Elsegood, general manager of Escrow.com, to learn how digital marketplaces and escrow services are fundamentally changing the global freelancing market.

Building stronger cross-border gig connections

Although the availability of connected technology opens up a world of collaboration between freelancers and employers, Siseles noted challenges.

"We are speaking of people [who] don't meet, don't see each other [and] they don't have personal contact," he said.

Employers often worry they'll send payments but not receive completed work, while freelancers are afraid they will work but not receive compensation. Language barriers and geographical borders separating the business partners can also raise anxiety levels.

To ease the pains of both parties, Siseles explained how the Freelancer.com platform relies on Escrow.com digital escrow solutions to hold the funds, which are agreed upon by the gig worker and employer, in an escrow account. Freelancer.com uses a milestone payment system, allowing payments to be released to the worker as certain project stages are completed.

The benefit of escrow services is that workers have the guarantee of payment for their services, while employers are guaranteed to not pay unless the freelancer produces the expected work.

"The freelancer will know the money is available and the only thing he needs to do is to work and deliver," Siseles added.

Workers can have funds deposited into their local bank accounts and in their preferred local currencies. They can also receive their funds using PayPal or have payments disbursed to a debit card, enabling cash to be withdrawn at an ATM.

Uberizing gig worker payments

The availability of tools like digital escrow aims to alleviate the stress of international payments for both employers and gig workers by providing assurance that both sides will get what they agreed upon. Elsegood noted that these services are also raising the bar on freelancers' expectations for compensation, however. As the market has grown and matured, gig workers have become less content to endure long payment waits or be paid via outdated methods, like paper checks.

"The gig economy back in 2010 might have been, 'Design a website and I'll mail you a check. Hopefully, I'll pay,'" Elsegood said. "That doesn't fly anymore, the same way a taxi doesn't live up to the standards that Uber has now set. The expectation of the consumer is that I can order a taxi from my phone, and the expectation of a freelancer is they have absolute certainty they will be paid on a certain date, as quickly as possible."

Without the certainty of receiving payments, freelancers may feel the need to seek legal recourses to collect the money they are owed from overseas partners, an endeavor that can consume precious time and resources. With the certainty of an escrow payment in place, though, Elsegood said global freelancers are likely to feel more confident in the business partnership.

"A designer might be an amazing logo designer, but they are not lawyers," he said. "They don't necessarily know how to write the perfect contract that enforces all of their rights, and they definitely don't know how to enter into a complicated escrow agreement with a law firm or their banks."

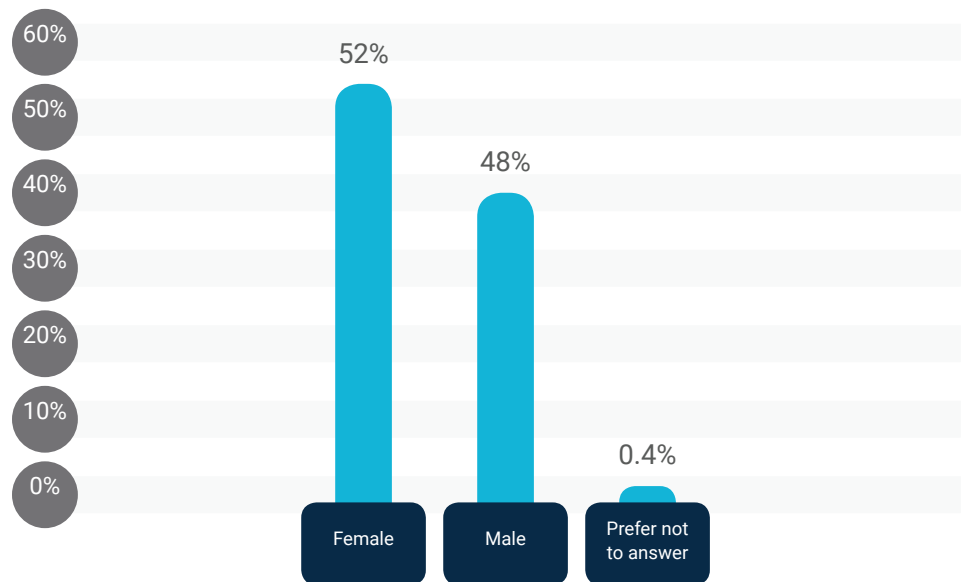
Siseles noted that demand for these types of digital contracts is likely to grow in parallel to the expanding gig economy.

"The rules have changed for the benefit of both sides," he said.

METHODOLOGY

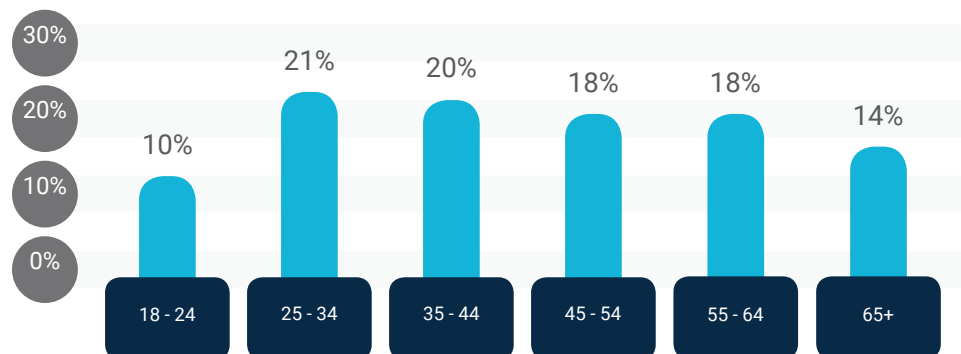
The survey contemplates the responses of 10,044 respondents, 65 percent of whom do not work in the gig economy and 35 percent who are now working — or have worked — in the gig economy in the past year. We divided respondents into two groups: gig workers and non-gig workers. Fifty-two percent of the respondents were women and 48 percent were men.

FIGURE 41 Our sample had slightly more female gig workers than male
Breakdown: respondents, by gender



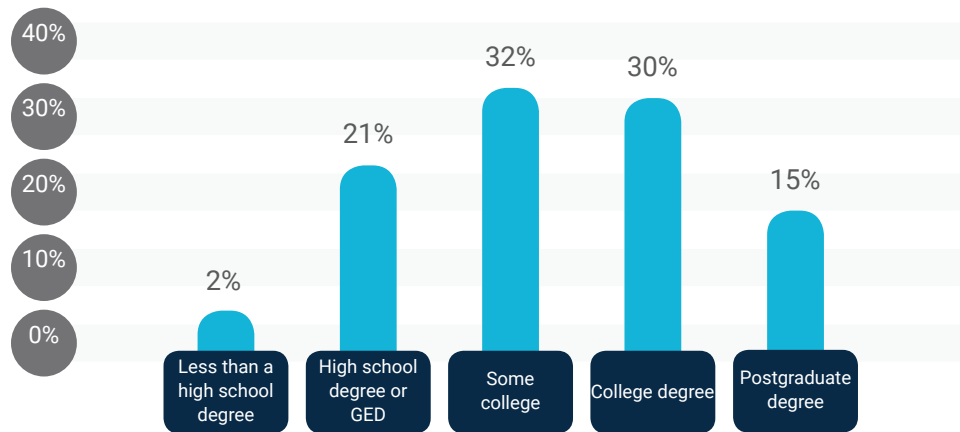
Just 10 percent of respondents were between 18 and 24 years of age, and nearly 14 percent are over 65. The highest proportion of respondents are between 25 and 34 years old.

FIGURE 42 Which age groups participate most in the gig economy?
Breakdown: respondents, by age



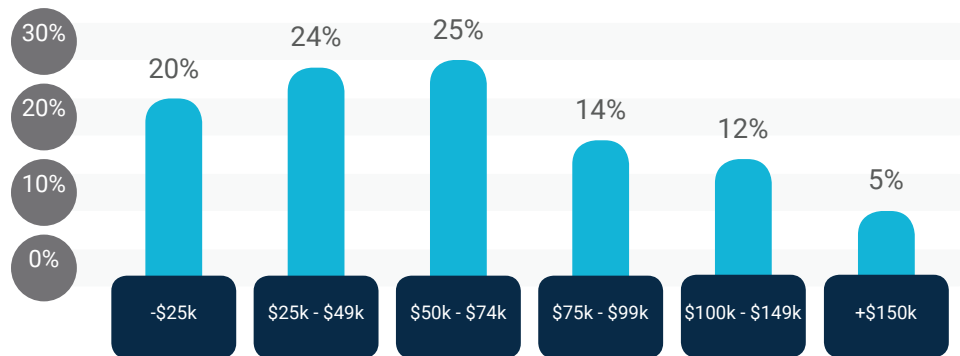
Less educated people represent a very low proportion of our respondents. The highest proportion had some college education, and nearly 15 percent held postgraduate degrees.

FIGURE 43 What is the education level of the typical gig worker?
Breakdown: respondents, by education levels



Our sample was mainly concentrated among middle to low income households.

FIGURE 44 What are the household incomes of our sample workers?
Breakdown: respondents, by household income



To calculate our potential market estimates, we first obtained the proportions of gig workers, non-gig workers, full-time, part-time and not working people from the survey. We applied U.S. Census total population aged over 18 data to estimate the number of full-time, part-time and not working persons, and also those who were gig workers versus non-gig workers.

We then looked into wages-per-week data and estimated average annual earnings for all job categories, obtaining total annual earnings per category.

We deduced from the survey that gig workers earn 37.6 percent of their total earnings through the gig economy, on average, finding this value by the mid-points methodology. For gig workers, we obtained the value of their gig economy earnings by dividing total economy earnings by total participants, resulting in \$17,000 per year. As 43.5 percent of non-gig workers would like to participate, we multiplied this number by the estimation of total non-gig workers and obtained 70,035 people who would potentially participate in the gig economy — \$1,190,568 in potential additional earnings.

Survey data indicates 18.4 percent of gigs are paid through marketplaces. As such, \$971,858,000 of the potential earnings are potential gig earnings not paid through the marketplace, leaving \$218,710,000 to potentially be paid through them.

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 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.