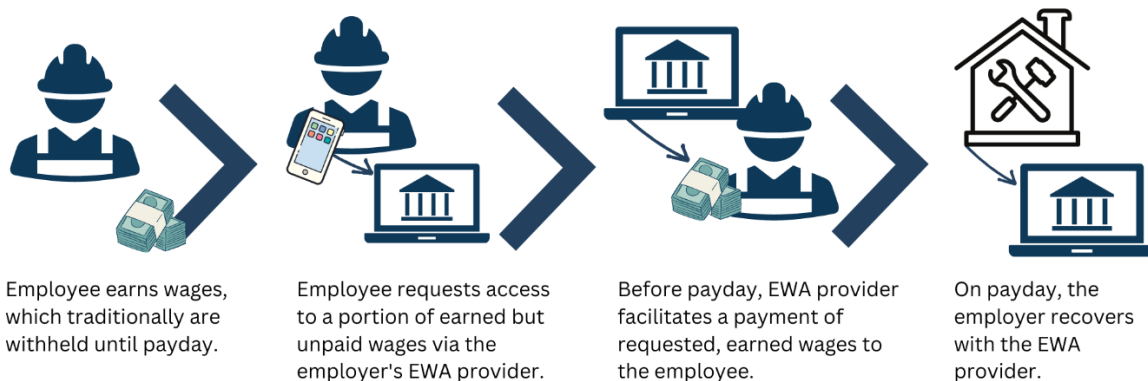


Earned Wage Access



Overview

Earned Wage Access (EWA) services have emerged as a valuable tool for American workers to manage financial insecurity. Working Americans can best determine when they need to access money they have earned but have not yet been paid due to the timing of wage payments, typically mandated by employers.

EWA allows employees to gain greater control over their own financial lives without having to rely on costly alternatives like traditional payday loans or overdraft programs.

Affordable expense management options are not often available to hardworking Americans. Enabled by advances in financial services technology, EWA products have emerged as an affordable option for workers to meet short-term liquidity needs that arise between paychecks, without relying on more costly alternatives such as payday loans or overdraft fees. It's important to note that most EWA providers offer free models of EWA to their employees. Alternatively, the average overdraft fee is \$35; title and payday loan fees range from \$15 to \$100; and pawn loan fees range from \$75 to \$100.

2017 & 2020 CFPB EWA Commentary

In October 2017, then CFPB Director Richard Cordray said in his remarks releasing the Payday Rule, which was aimed at stopping debt traps on payday and auto title loans: "The rule ... excludes from coverage some new fintech innovations, such as certain ***no-cost advances and programs*** to advance earned wages when offered by employers or their business partners."

Additionally, in 2020 the CFPB issued an Advisory Opinion, which stated: Covered EWA Transactions "do not provide employees with 'the right to defer payment of debt or to incur debt and defer its payment' because ***EWA programs do not implicate a 'debt.'***"... (instead, the CFPB) believes that a Covered EWA Program facilitates employees' ***access to wages they have already earned, and to which they are already entitled, and thus functionally operates like an employer that pays its employees earlier than the scheduled payday.***"

