Earned Wage Access Financial Services

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Executive Summary

- **Earned Wage Access (or Early Wage Access, EWA) products allow employees to access portions of their earned income in advance of their regularly scheduled pay dates**. Users are not required to qualify for access to EWA services based on their credit score, and they are not subject to lawsuits or debt collection in the event of nonpayment.

- **EWA platforms are either employer-partnered or direct-to-consumer.** In an employer-partnered platform, firms connect with employees via the employer's payroll systems. In doing so, EWA firms can verify hours worked and wages earned. Following a wage advance to an employee, the EWA firm will advise the employer on funds to withhold from the employee's wages. Direct-to-consumer platforms provide funds to users in amounts they estimate to be below their accrued wages based on prior period pay stubs or direct deposits. Users must authorize the direct-to-consumer EWA firm to withdraw funds, including any related transaction fees, from their bank accounts upon their next deposit or scheduled payment date. **EWA firms typically recoup 97 percent of the wages advanced to users** through payroll integration or direct debits from a user's bank account. The automatic withholding of wages or withdrawal from a user's bank account limits losses for EWA firms.

- **EWAs have grown rapidly since the start of the COVID-19 pandemic. In 2022, EWA firms provided $32 billion in earned wage access to approximately 10 million workers**. EWA firms have partnered with major employers and payroll processing companies, providing thousands of businesses and potentially millions of employees with access to EWA services. Financial institutions have also recognized the potential of EWA, given the application's potential to strengthen a bank's position as an innovative and customer-centric financial institution.

- **EWAs are viewed positively by users.** A survey of employees found that 83 percent of respondents believe they should have access to earned wages at the end of each day or shift, 80 percent would prefer to have their wages deposited as they earn them, and 78 percent of respondents said free access to on-demand pay would increase their loyalty to an employer. **Data shows that EWA products are primarily used by younger individuals—most under the age of 50—and are more commonly relied upon by low-income households (i.e., those earning less than $50,000).** Lower-income respondents used funds to pay rent, mitigate cash flow deficits, including paying bills due before payday, or covering unexpected expenses. For middle-income respondents (those with incomes greater than $50,000 but less than $99,999), the primary objectives were to pay bills due before payday and to cover unexpected expenses. For high-income households (those with an income greater than $100,000), the primary focus was on managing cash flow deficits and paying bills due before payday. EWA services are becoming a basic component of employee benefits, particularly in high-turnover industries (e.g., retail, food service, hospitality). **EWA providers often integrate financial literacy content into their platforms, which employers see as a valuable addition, and the availability of EWA services decrease employee attrition (particularly among lowest-wage earners and female employees).**

- **EWA services are designed to provide short-term access to credit, with transaction amounts typically ranging from $35 to $200.** Most EWAs report that a significant percentage of transactions were for less than $100. The average repayment period ranged from 8.9 days to 12.1 days, with an average period of 10.07 days. Repeat usage is high, with more than half of users relying on EWA services at least once a month, and over 30 percent relying on EWA two or more times a month.

- Fee structures under employer-partnered products include employer-sponsored, distributed or split fees, or an employee-paid model. **While employers facilitate access to employer-partnered EWA platforms, few opt to cover the associated costs for their employees.** Direct-to-consumer firms often offer free options, though these typically come with stipulations. Free options include ACH fund transfer or receipt of funds on the provider's debit, prepaid, or payroll card. These stipulations allow direct-to-consumer firms to generate revenue through interchange fees while offering the service at no cost. Others require **subscriptions**, which provide users with access to budgeting and savings tools and request **tips** (a voluntary payment) from users. **Irrespective of the EWA platform, data show users almost always pay a fee.** Most EWA products will include a *transaction fee*[1] each time a user requests an advance on wages. **A vast majority of transactions include expedited fees, which are a major source of revenue for EWA firms**.

- **While users view the fee on wage advances as nominal, the effective annual percentage rate (APR) can be extraordinarily high.** For example, a $100 wage advance with a $4.00 fee and a seven-day maturity period has an estimated APR of 209 percent. **The shorter the maturity, the higher the APR.** If the maturity period for the $100 wage advance with a $4.00 fee were 10 days, the APR on the wage advance would be 146 percent. If the maturity period were 14 days, the APR would be 104 percent. Additionally, **the smaller the wage advance, the higher the APR**. If the transaction were for a $50 wage advance with a $4 fee and a 7-day maturity period, the APR on the transaction would be 417 percent. If the transaction were for $250, the APR would be 83 percent.

[1] Transaction fee is a broad term that includes all fees, some of which are on a transaction basis (e.g., expedited fee or tips) or monthly subscription or membership fees.

- **Data shows users accessed EWA platforms 10 to 33 times per year**. **Users are also accessing multiple EWA applications simultaneously**. This suggests that users are taking out advances on the same day, or the day after, making a payment. The frequency and concurrent use of multiple EWA apps also means users are paying more in fees. Using hypothetical examples, this study finds that users would be better off if they took out larger wage advances for a longer maturity period than taking smaller wage advances more frequently, as fees are on a transaction basis rather than as a percentage of the wage advance.

- EWA products are a relatively new financial service product. Federal and state policymakers are actively engaged in conversations about whether and how to regulate EWA services. As of June 2025, three states – **Connecticut, California, and Maryland have enacted legislation that classified EWA products as loans, imposing licensing, reporting, and compliance obligations on providers**. Several states have adopted legislation that would exempt EWA loans from state laws regulating credit. They include Arkansas, Georgia, Indiana, Kansas, Louisiana, Mississippi, Missouri, Nevada, New Jersey, New York, North Carolina, South Carolina, Texas, Utah, Vermont, Virginia, and Wisconsin.

Project Team

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Introduction

The 2024 Washington state's operating budget (ESSB 5950) includes a proviso for the Washington Department of Financial Institutions to: "study nontraditional financial services." This report provides a review of existing research on Earned Wage Access (also known as Early Wage Access) – a recent innovation in the financial services industry. It has been provided to the Department of Financial Institutions together with another report on Home Equity Sharing Agreements (HESAs).

Earned Wage Access (or Early Wage Access, EWA)[1] products allow employees to access portions of their earned income in advance of their regularly scheduled pay dates. Data from the Bureau of Labor Statistics (BLS) shows the share of biweekly payroll payments increased from 37 percent of total payroll in 2013 to 43 percent in 2023. During the same period, weekly payments declined from 32 percent to 27 percent, with minor changes in the proportion of businesses distributing payroll on a semi-monthly (20 percent) or monthly (11 percent) basis (BLS, 2023; Burgess, 2014). Nevertheless, for many, the need for cash between paychecks persists.

EWA services are products of technology-focused non-bank financial technology companies (commonly referred to as Fintech companies) that provide wages to workers on demand (Tierno & Schneider, 2024). Fintech companies use ACH (Automated Clearinghouse) to facilitate the transfer of wages (Alcazar & Bradford, 2020).[2] EWA products gained popularity during the COVID-19 pandemic (Bradford, 2024).

EWA services provide employees with access to their wage income prior to the pay period. Users of EWA products are not required to qualify for access to EWA services based on their credit score, and they are not subject to lawsuits or debt collection in the event of nonpayment (i.e., non-recourse financial products).

EWA platforms are either employer-partnered or direct-to-consumer.

- **Employer-partnered[3]** firms connect with employers or payroll processor firms to integrate with or otherwise receive information from the employer's payroll system. The EWA firm would use its access to the employer's payroll system to disburse funds to employees based on their earned wages, which would be payable in a future payroll period (Khanna & Kaushal, 2021). EWA providers offer employees access to funds, but the amount advanced cannot exceed the wages earned by the employee. Because the EWA provider has access to the employee's payroll, the EWA firm would request the employer to withhold funds the employee received as a wage advance, including any related transaction fees. EWA recovering funds via payroll deductions lowers the employee's paycheck for that pay period. The seamless integration of EWA platforms

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[2] Automated Clearing House (ACH) payments, introduced in the 1970s, were designed to handle small transactions like payroll and consumer payments efficiently and cost-effectively. As a result, there have been meaningful changes in the frequency with which employees receive their pay. With implementation of FedNow (July, 2023) businesses and individuals can send and receive instant payments in real time, around the clock, every day of the year.

[3] These may sometimes be referred to as employer-sponsored or employer-integrated products.

with payroll systems enables EWA firms to offer employees early access to wages with minimal disruption to existing workflows.

- **Direct-to-consumer** firms enter into direct relationships with consumers. They provide funds to users in amounts they estimate to be below their accrued wages. Direct-to-consumer EWA providers require access to recent pay stubs or proof of regular bank deposits and bank account transactions to determine the user's earned wage access limit. Users must authorize the EWA firm to withdraw funds from their bank accounts upon their next deposit or scheduled payment date to repay the wage advance and fees. Funds are recovered via automated withdrawal from the user's bank account, which may result in the user incurring fees (e.g., overdraft or non-sufficient funds penalty) if their account does not contain sufficient funds on the repayment date (CFPB, 2024). Some companies offer an overdraft avoidance advance[4] (GAO, 2023). If a user appears likely to overdraft or if their bank account balance drops below a certain threshold, the provider may prompt the user to request an advance, provided the user has opted for this feature. Advance amount restrictions vary by company, and some are determined by a user's deposit data. That said, despite having up-to-date information regarding user account balances, direct-to-consumer lenders will process ACH transactions to recoup wage advances, regardless of the available balance in a user's account (GAO, 2023). Consumer advocacy groups have raised concerns that direct-to-consumer EWA may inaccurately estimate wages, as they are not tied to employer payroll information, allowing users to receive wage advances from multiple lenders and potentially leading to difficulties in repayment (GAO, 2023; Kushner et al., 2024).

The market is dynamic, with companies frequently adjusting their applications and services (Hawkins, 2021). For example, direct-to-consumer providers are expanding their platforms and connecting directly with employers to recoup funds from payroll deductions (CFPB, 2024a). **Data show that wage advances are successfully recouped at least 97 percent of the time, typically through payroll integration or direct debits from a user's bank account** (Baker & Kumar, 2018; CFPB, 2024a; Khanna & Kaushal, 2021). For employer-partnered EWA firms, failure to recover funds would occur if the employee was terminated before the firm could recover the funds or if pay stubs were unexpectedly low. Differences in charge-off[5] rates are likely due to differences in repayment methods (CFPB, 2024a). Charge-offs for employer-partnered EWAs are significantly lower (0.3 percent) than those for direct-to-consumer EWAs (6.5 percent). Notwithstanding, the automatic withholding of wages or the withdrawal from a user's bank account limits losses for EWA firms.

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[4] These are different than the overdraft notice from banks. EWA firms have access to the consumer's bank account and use that access to provide notifications to the users.
[5] Charge-offs refers to the percentage of loans that a lender expects to be unrecoverable and are written off as bad debt. Net charge off represents the difference between the gross amount of the charge-off and recoveries made from those debts. Charge off are estimated as a ratio of delinquent balances a percent of outstanding loans.

Demand for Earned Wage Access

EWAs are viewed positively by users. A survey of employees aged 18 – 44 found that 83 percent of respondents believe they should have access to earned wages at the end of each day or shift, 80 percent would prefer to have their wages deposited as they earn them, 78 percent of respondents said free access to on-demand pay would increase their loyalty to an employer (79 percent would feel more valued as an employee) and 81 percent were more likely to take a job with an employer that provides free access to on-demand wages over an employer who does not (Segal, 2021).

Data shows that EWA products are primarily used by younger individuals—most under the age of 50—and are more commonly relied upon by those earning less than $50,000 (Bearden et al., 2025; Berdie & Patil, 2023; Constantine et al., 2024; Moeser, 2021). One study found lower-income respondents (those with a household income of less than $50,000) used funds to pay rent (33 percent), help with cash flow (32 percent), pay bills due before payday (27 percent), cover unexpected expenses (17 percent), or make general purchases (22 percent). For middle-income households (with incomes greater than $50,000 but less than $99,999), the primary objectives were to pay bills due before payday (30 percent), cover unexpected expenses (31 percent), and make general purchases (27 percent). For high-income households (those with an income greater than $100,000), the primary focus was on managing cash flow deficits (29 percent), paying bills before payday (29 percent), and covering general purchases (27 percent) (Moeser, 2021).

Employers have noted that EWA platforms are an important recruitment tool, and as a result, employer-partnered **EWA services are becoming a basic component of employee benefits, particularly in high-turnover industries** (e.g., retail, food service, hospitality). The platform provides employers with the ability to offer employees access to spot bonuses for working unpopular shifts (Moeser, 2021). There was also a notable decrease in attrition for the group that were EWA users, the most significant reduction being observed among the lowest-wage earners (less than $11 per hour) and women (Payactiv, 2020). Employers view EWA as providing workers with the flexibility to access earned wages, helping them manage the financial pressures of the pandemic, particularly those living paycheck to paycheck (Moeser, 2021).

EWA providers often integrate financial literacy content into their platforms, which employers see as a valuable addition. As a result, companies have begun offering EWA applications as part of their financial wellness services (Lux & Chung, 2023). A survey by Dailypay, an EWA firm, found that having access to EWA through their employer helped them avoid overdraft fees, late fees, and predatory payday loans, saving them an average of $1,205 in fees (Dailypay, 2020). In our review of existing research, we find that these cost savings are not supported by studies conducted by governmental agencies, (CFPB, 2024a; DFPI, 2023a, 2023b; GAO, 2023) consumer advocacy organizations, (Constantine et al., 2024; Kushner et al., 2024; Wang et al., 2024) or unaffiliated researchers (Christensen, 2019; Cuttino, 2020; Lux & Chung, 2023)

Growth in Use of EWAs

EWAs have grown rapidly since the start of the COVID-19 pandemic. The Consumer Finance Protection Bureau estimated employer-partnered EWA providers advanced $22.8 billion in wages across 214 million transactions and 7.2 million workers in 2022. Combined with direct-to-consumer EWA, these firms provided $31.9 billion in early wage access to approximately 10 million workers (CFPB, 2024a).

EWA providers have partnered with major employers (see Table A in appendix) and payroll processing companies (see Table B in appendix), providing thousands of businesses and potentially millions of employees with EWA services. **Financial institutions have also recognized the potential of EWA (particularly employer-partnered).**[6] While not all financial institutions have embraced EWA, more are starting to since it helps to strengthen banks' position as innovative and customer-centric financial institutions (Munk, 2025). That said, EWA firms that partner with banks could pose third-party safety and soundness risks as the underwriting model could lead to losses for the financial institution (GAO, 2023).

Growth in the volume of transactions in EWAs is driven by repeat usage. Employer-sponsored EWA users reported accessing EWA platforms 10 to 27 times per year. Direct-to-consumer users were more likely to access EWA platforms more frequently, 26 to 33 times per year (CFPB, 2024a; GAO, 2023). **The frequency of use of wage advance services suggests that users are taking out advances on the same day, or the day after, making a payment** (Kushner et al., 2024). A key determinant in the frequency of use could be the result of limitations on the amount of wages a user can access (GAO, 2023). Additionally, users are also accessing multiple EWA applications simultaneously (also known as loan stacking). A survey by the Center for Responsible Lending found 49 percent of EWA users had used two or more EWA apps in the same month, noting “neither EWA lenders nor employers have protections in place to ensure the same wages are not pledged to multiple lenders” (Wang et al., 2024, p. 8). Concurrent use of multiple EWA apps means users are paying more in fees. **While EWA applications remain popular with users, they do not address the financial instability users are experiencing due to stagnant wages** (Christensen, 2019; Wang et al., 2024). Users become trapped in a debt cycle when they rely on new wage advances to repay existing ones (Constantine et al., 2024; GAO, 2023; Wang et al., 2024).

[6] In 2022, U.S. Bank partnered with Payactiv to enable its clients who use U.S. Bank’s prepaid card for payroll disbursements to access some of their earned wages before payday. PNC Bank teamed up with DailyPay to launch PNC EarnedIt (Accessed June 17, 2025). With PNC EarnedIt, employers can offer employees access to their earned wages at any time (note that the employees do not have to be PNC customers to use this service). Other banks offering EWA include Citizens, TD Bank Santander, and Bank of Montreal.

EWA Transaction and Fees

EWA services are designed to offer short-term access to credit, with transaction amounts typically ranging from $35 to $200. A majority of EWAs report that a vast majority of transactions were for less than $100 (CFPB, 2024a; Constantine et al., 2024; DFPI, 2023a). A survey of EWA lenders found that EWA firms frequently impose restrictions on the amount of the wage advance. Providers frequently limit users to a single transaction per pay period; however, in instances where they limit the advance amounts, they may allow multiple transactions per pay period (Constantine et al., 2024). The average repayment period ranged from 8.9 days to 12.1 days, with an average period of 10.07 days (CFPB, 2024a; Constantine et al., 2024; DFPI, 2023a).

Several companies advertise their products as "free" or "0% interest" while obscuring the ways in which they earn fees from users (Kushner et al., 2024). This has raised concerns among consumer advocacy groups.

Fee structures under employer-partnered products are either employer-sponsored (with the employer covering all fees), distributed or split fees (where employers choose to partially or fully pay the transaction fee, with the employee covering optional expediting fees), or employee-paid model (where the employer sets up the system and access, but the employee pays entirely for the cost of advanced wages)(Lux & Chung, 2023). **While employers often facilitate access to EWA services, few[7] opt to cover the associated costs for their employees.**

Direct-to-consumer firms offer free options, though these typically come with stipulations. Free options include ACH fund transfer to the recipient's bank account (which may take up to three business days) or receipt of funds on the provider's debit, prepaid, or payroll card (CFPB, 2024a). Funds may also be made available via a specified retail store or a designated retailer's gift card (CFPB, 2024a). Although users typically do not pay direct fees, companies may generate revenue through interchange fees while offering the service at no cost (Kushner et al., 2024).[8] Others offer a **subscription fee** (a monthly charge of $5 up to $15), which would provide the user with access to budgeting and savings tools on the EWA platform (Constantine et al., 2024).

Direct-to-consumer firms often request **tips**, a voluntary payment made by the user at the time of service, which can range from $2 to $14, with an average of $4.09 (DFPI, 2023a; Kushner et al., 2024). While EWA firms maintain that tips are wholly voluntary and have no effect on services, California's Department of Financial Protection found that among firms accepting tips, tips were included in 73 percent of transactions. **Although tips are not required, users reported feeling pressured to leave one**. California's Department of Financial Protection found that the strategies employed by EWA firms made it more likely for users to pay a tip, including (a) disabling a service if a borrower did not tip, (b) setting default tips and using other interface elements to making tipping hard to avoid, (c) making it

[7] We do not have information on the number of employers that provide this benefit to their employees.
[8] Interchange fees are fees merchants pay to issuing banks to cover the costs of issuing cards and processing card transactions. Every time a customer makes a purchase with a credit or debit card, the organization's acquiring bank is required to pay the interchange fee to the cardholder's issuing bank.

difficult to set a $0 tip or not advertising that a particular payment is optional, and (d) claiming that tips are used to help other vulnerable users or for charitable contributions (DFPI, 2023b, pp. 61-62).

Most EWA products will include a transaction fee each time a user requests an advance on wages (Lux and Chung 2023). **Irrespective of the EWA platform, data show users almost always pay a fee.** Using a representative sample of transactions from eight EWA providers, the CFPB found that 96.6 percent of fee revenue was associated with expedited services (e.g., $2 to receive funds within the same day, $10 to receive funds within an hour). A vast majority of EWA firms reported that expedited fees were a major source of revenue (CFPB, 2024a). While some employers subsidize transactions, the subsidy paid by employers is a fraction of revenue (less than 5 percent). The flat transaction fee was a fraction of all revenue (less than 4 percent). Tip and subscription fees were also a fraction of the total revenue (less than 0.05 percent) (CFPB, 2024a).

While users may view the fee on an advance as nominal, the effective annual percentage rate (APR) can be extraordinarily high. Risks for users who use EWA arise from information asymmetries, inadequate bargaining power, and cognitive limitations (Cuttino, 2020; Mani et al., 2013). Without full disclosures on the cost of EWA products, users might consider EWA services as affordable in nominal terms when, in fact, the APR is substantially higher than that of most financial products.

> APR is the most widely used method for comparing the annual cost of credit across various loan products. **APR is the total cost of credit, including interest, fees, and other charges, expressed as an annual rate (CFPB, 2024c; DFPI, 2023a).** For example, a $100 wage advance with a $4.00 fee and a maturity period of seven days has an estimated APR of 209 percent.[9] **Formula:**
>
> $$\boldsymbol{APR}(\%) = \left(\left(\frac{\boldsymbol{Fees}}{\boldsymbol{Advance\ Amount}}\right) \times \left(\frac{\boldsymbol{365\ days}}{\boldsymbol{Advance\ Maturity\ Period}}\right)\right) \times \mathbf{100}$$
>
> **Example:**
>
> $$\mathbf{209\%} = \left(\left(\frac{\mathbf{\$4.00}}{\mathbf{\$100.00}}\right) \times \left(\frac{\boldsymbol{365\ days}}{\boldsymbol{7\ days}}\right)\right) \times \mathbf{100}$$

Any analysis of the cost of EWA products should include mandatory fees, subscriptions, tips, and other optional charges associated with the application, irrespective of whether interest is charged on the transaction, to ensure meaningful comparisons with other financing options (DFPI, 2023a).

[9] The formula above estimates the fee as a percentage of the advance amount. It uses the advance period (i.e., 4 days) to estimate the comparable rate if a similar fee were assessed for a calendar year (i.e., 365 days).

Existing evidence finds that the estimated APR for employer-partnered EWA services does not differ significantly from that of direct-to-consumer EWA services. That said, direct-to-consumer users are more likely to incur overdraft fees. The transaction costs for direct-to-consumer users that incurred a $25 overdraft fee (CFPB, 2024b)[10] on the $100 wage advance would be $29. The APR on that transaction would increase seven-fold to 1512 percent.

TABLE 1: ANNUAL PERCENTAGE RATE (APR)[11]

	Annual Percentage Rate (APR)				
	Wage Advance	**$50**	**$100**	**$250**	**$500**
	Transaction Fee	**$4.00**	**$4.00**	**$4.00**	**$4.00**
Maturity (Days)	**7 days**	417%	209%	83%	42%
	10 days	292%	146%	58%	29%
	14 days	209%	104%	42%	21%

Table 1 illustrates APR using hypothetical scenarios of advance amounts ($50 up to $500), fees (a flat fee of $4 per transaction), and maturity periods (7 days, 10 days, and 14 days). Of note, **the shorter the maturity, the higher the APR.** If the maturity period for the $100 wage advance with a $4.00 transaction fee was 10 days the APR on the wage advance would be 146 percent and 104 percent if the maturity period was 14 days. Across several studies, the typical repayment period for a wage advance was 10 days, and there were no meaningful differences in repayment days across firms.

Additionally, **the smaller the wage advance the higher the APR on that transaction.** Our review of existing studies finds that a vast majority of firms report a flat fee (CFPB, 2024a; DFPI, 2023a; Khanna & Kaushal, 2021; Wang et al., 2024). Fees range from $0.99 up to $25.00. EWA firms do not charge a fee as a percent of the transaction as this could be considered to be "interest" and result in the wage advance being classified as loan. As summarized in Table 3a, if the transaction was for a $50 wage advance with a $4 fee and a 7-day maturity period, the APR on the transaction would be 417 percent; and 83 percent if the transaction was for $250, all else being constant.

Research has found that users reported accessing EWA platforms 10 to 33 times per year (CFPB, 2024a; GAO, 2023). In other words, the typical borrower who repays the wage advance in 10 days will have wage advance outstanding for at least 100 days and up to 330 days. Assuming the user sought a cash advance of $100 every 10 days <u>and</u> reported at least $100 in wage advances outstanding for at least 100 days, the user would incur $40 in fees (i.e., $4 x (100 days ÷ 10 days)). If the user relied on a $100 cash advance for at least 365 days, the fees would be $146 (i.e., $4 x (365 days ÷ 10 days)).

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[10] According to the Consumer Financial Protection Bureau (CFPB) overdraft fees range from $10 up to $37.

[11] Estimates based on various hypothetical scenarios, including differing advance amount and maturity period given a $4.00 fee per transaction.

Formula:

$$\boldsymbol{Fees\ per\ year = Fees\ per\ transaction\ \times \frac{Length\ of\ EWA\ Usage\ per\ year}{Advance\ Maturity\ Period}}$$

Example:

$$\boldsymbol{\$40 = \$4\ \times \frac{100\ days}{10\ days}}$$

Table 2 below illustrates fees using hypothetical scenarios of wage advances, fees, and maturity periods reported in Table 3a. It's important to note that a vast majority of EWA firms charge flat fees, a majority of which are on a transaction basis. **Irrespective of the advance amount, the shorter the maturity period, the more likely the user will accumulate higher transaction fees in a calendar year.** Table 3a shows that irrespective of the wage advance value, the fee would be $209 if the maturity period was 7 days, $146 if the maturity period was 10 days, and $104 if the maturity period was 14 days. The frequency and concurrent use of multiple EWA applications means borrowers are paying more in fees. If the users are relying on services on multiple apps in the same period, users will more likely accumulate higher fees. **Users would be better off if they took out a larger wage advance for a longer maturity period than taking smaller wage advances more frequently,** as fees are on a transaction basis, not as a percent of the transaction.

TABLE 3B: FEES PER YEAR

	Transaction Fees per Year				
	Wage Advance	**$50**	**$100**	**$250**	**$500**
	Transaction Fee	**4.00**	**4.00**	**4.00**	**4.00**
Maturity (Days)	**7 days**	$209	$209	$209	$209
	10 days	$146	$146	$146	$146
	14 days	$104	$104	$104	$104

Existing Regulatory Framework

EWA products are a relatively new financial service product. Federal and state policymakers are actively engaged in conversations about whether and how to regulate EWA services. Below is a summary of existing laws and regulations across various states. This overview is intended to provide a general understanding, and we encourage readers to review the specific legislation for more detailed information. Where available, we've included links to relevant state laws.

California has led the way in initiating rulemaking that would apply the state's lending law to EWAs (DFPI, 2023b).[12] Under the California Financing Law, fintech cash advance lenders must obtain a lending license from or register with the state. The law also classifies EWA (referred to as income-based advances) as loans. The regulation defines all fees and charges, including subscription fees and tips,"[13] but does not explicitly set a cap on the fees or charges on EWA services, nor does it set limits on APR on income-based advances, given the existing regulatory framework that governs the Department of Financial Protection and Innovation regulatory authority (Constantine et al., 2024).

Connecticut regulators confirmed EWAs are loans subject to the state's credit laws.[14] **In June 2025, legislators approved Senate Bill 1396, which set limits for EWAs to four dollars per advance or thirty dollars per month, the lowest fee cap of any EWA bill to date**.[15] Given our hypothetical

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[12] See [DFPI Final Statement of Reasons](#) which amends DFPI (2023b) Initial Statement of Reasons.

[13] See Final Text **Section 1004 (b)** "Account transfer fee" means a fee imposed to move an income-based advance from an account designated or required by the provider to other accounts owned or controlled by the consumer. For purposes of annual reporting account transfer fees pursuant to section 1045, a registrant should only report known account transfer fees assessed by the registrant for funds received from income-based advances; **Section 1004 (c)** "Charges" mean any interest, fees, bonuses, commissions, brokerage, discounts, expenses, and other forms of costs charged, contracted for, or received by a person in connection with the investigating, arranging, negotiating, procuring, guaranteeing, making, servicing, collecting, and enforcing of an income-based advance, or otherwise in connection with an income-based advance. Charges include, without limitation, subscription fees, expedited funds fees, account transfer fees, and gratuities. For purposes of this definition, "charges" include amounts received by a person from a consumer for payment of optional or discretionary services elected by the consumer in connection with income-based advances. **Section 1004** (e) "Expedited funds fee" means any amount paid by a consumer to accelerate the receipt of an income-based advance. **Section 1004** (f) "Gratuity" means an optional payment made by a consumer in connection with the provider's provision of an income-based advance to the consumer that does not affect the service rendered by the provider to the consumer. **Section 1004** (k) "Subscription fee" means any periodic fee paid by a consumer under an agreement that includes any right, whether absolute or conditioned, to receive an income-based advance. **Section 1465.** Voluntary or Optional Payments. A voluntary or optional payment, including, without limitation, a tip or gratuity, paid by a borrower to a licensee or any other person in connection with the investigating, arranging, negotiating, procuring, guaranteeing, making, servicing, collecting, and enforcing of a loan or otherwise in connection with a loan, is a charge under Financial Code section 22200. (see https://dfpi.ca.gov/wp-content/uploads/2024/10/Order-Final-Text.pdf, accessed June 17, 2025)

[14] Connecticut Department of Banking, Department of Banking Issues Industry Guidance Regarding Public Act 23-126 (Sept. 11, 2023), available at https://portal.ct.gov/-/media/DOB/Consumer-Credit-Division/09-11-23-Department-Issues-Industry-Guidance- Reg-PA-23-126.pdf. (accessed June 17, 2025).

[15] State of Connecticut Substitute Senate Bill No. 1396 (2025) https://www.cga.ct.gov/2025/ACT/PA/PDF/2025PA-00155-R00SB-01396-PA.PDF (accessed June 17, 2025).

example, the APR on the loan would be significantly higher than the maximum APR on other loan products in the state (36 percent), the legislation does not set limits on APR on EWA loans. That said, the legislation requires EWA firms to offer Connecticut users a wage advance in an amount equal to not less than seventy-five percent of the amount of the user's earned but unpaid wages *or* not more than one wage advance for the pay period. In effect, the legislation limits the number of transactions that EWA firms can advance to users and increases the value of each transaction, which should result in a lower APR. The legislation also requires providers to implement policies and procedures to prevent users from performing multiple EWA transactions from multiple providers "on the basis of the same earned but unpaid wage."

Following the **Maryland** Office of Financial Regulation's guidance in August 2023,[16] legislators approved House Bill 1294, establishing a comprehensive regulatory framework for EWA providers.[17] A new Maryland law deems certain earned wage access (EWA) services to be loans. The law imposes substantive conduct requirements including (a) the EWA provider must offer the consumer at least one reasonable option for obtaining earned wage access at no cost to the consumer, (b) capped fees to $5 for advance of proceeds of $75 or less than $7.50 for an advance of proceeds of more than $75, (c) requires EWA providers to set the default tip, if any, at zero and refrain from condition the consumers ability to obtained EWA on their willingness to pay the provider a tip, and (d) no sharing fees or tips with employers.

Indiana adopted EWA laws in May 2025.[18] As in many states, EWA providers must obtain a license from the Indiana Department of Financial Institutions and comply with operational, disclosure, and consumer protection requirements. The state requires EWA providers to (a) offer at least one reasonable option for obtaining earned wage access at no cost to the consumer, (b) restricts providers from sharing fees or tips with employers, (c) capped fees to not exceed $5 or 5 percent of the proceeds, whichever is greater, and (d) not increase any fee charged to a consumer because the elected not to pay a tip. However, the law, which takes effect on January 1, 2026, **clarifies that EWA services are not loans**. Similar legislation can be found in Arkansas,[19] Georgia,[20] Kansas,[21]

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[16] Maryland Commissioner of Financial Regulation (2025) https://www.labor.maryland.gov/finance/advisories/advisory-ind-earnedwageaccess.pdf (accessed June 17, 2025)

[17] Maryland House Bill 1294 (2025) https://mgaleg.maryland.gov/2025RS/bills/hb/hb1294T.pdf (accessed June 17, 2025).

[18] State of Indiana House Bill No. 1125 https://iga.in.gov/pdf-documents/124/2025/house/bills/HB1125/HB1125.01.INTR.pdf (accessed June 17, 2025)

[19] Arkansas House Bill 1517 (2025) https://arkleg.state.ar.us/Home/FTPDocument?path=%2FACTS%2F2025R%2FPublic%2FACT347.pdf (accessed June 17, 2025)

[20] Georgia Senate Bill 254 (2023), available at https://www.legis.ga.gov/api/legislation/document/20232024/217077 (accessed June 17, 2025)

[21] Kansas House Bill 2105 (2023), available at http://kslegislature.org/li/b2023_24/measures/hb2105/ (accessed June 17, 2025)

Louisiana,[22] Mississippi,[23] Missouri,[24] Nevada,[25] New Jersey,[26] New York,[27] North Carolina,[28] South Carolina,[29] Texas,[30] Utah,[31] Vermont,[32] Virginia,[33] and Wisconsin[34] (Constantine et al., 2024; Lux & Chung, 2023).

[22] Louisiana House Bill 368 (2025) https://legis.la.gov/legis/ViewDocument.aspx?d=1420827 (accessed June 17, 2025)

[23] Mississippi Senate Bill 2648 (2023) available at https://billstatus.ls.state.ms.us/documents/2023/html/SB/2600-2699/SB2648IN.htm (accessed June 17, 2025).

[24] Missouri Senate Bill 586 (2023), available at https://senate.mo.gov/23info/BTS_Web/Bill.aspx?SessionType=R&BillID=2532580 (accessed June 17, 2025).

[25] Nevada Senate Bill 290 (2023), available at https://www.leg.state.nv.us/App/NELIS/REL/82nd2023/Bill/10146/Overview (accessed June 17, 2025)

[26] New Jersey Senate Bill S2397 (2022), available at https://www.njleg.state.nj.us/bill-search/2022/S2397 (accessed June 17, 2025)

[27] New York Assembly Bill A5053 (2023), available at https://www.nysenate.gov/legislation/bills/2023/A5053 (accessed June 17, 2025)

[28] North Carolina Senate Bill 442 (2023), available at https://www.ncleg.gov/BillLookUp/2023/S442 (accessed June 17, 2025)

[29] South Carolina Senate Bill 125 (2023), available at https://www.scstatehouse.gov/billsearch.php?billnumbers=700 (accessed June 17, 2025)

[30] Texas House Bill 3827 (2023), available at https://capitol.texas.gov/BillLookup/History.aspx?LegSess=88R&Bill=HB3827 (accessed June 17, 2025)

[31] *Utah House Bill 279 (2025)* available at https://le.utah.gov/Session/2025/bills/enrolled/HB0279.pdf (accessed June 17, 2025)

[32] Vermont House Bill 87 (2023), available at *https://legislature.vermont.gov/bill/status/2024/H.87 (accessed June 17, 2025)*

[33] Virgina Senate Bill 1217 (2023), available at *https://lis.virginia.gov/cgi-bin/legp604.exe?ses=231&typ=bil&val=sb1217 (accessed June 17, 2025)*

[3434] Wisconsin Assembly Bill 1099 (2022), available at *https://docs.legis.wisconsin.gov/2021/proposals/ab1099 (accessed June 17, 2025)*

Appendix

Table A. EWA Platforms

EWA	Key Clients*	Integrated with Payroll Systems*
branch	Amazon, Home Depot, Lowe's	Yes
DailyPay, Inc.	Walmart, Target, Yumi Brands, Papa John's	Yes
FlexWage	Large employers, many in healthcare and retail	Yes
Instant Financial	Marriott, Pizza Hut, White Castle	Yes
PayActiv	McDonalds, Walmart, Safeway, Taco Bell, Uber	Yes (ADP, Ceridian, and UKG)
Wagestream	The Body Shop, Just Eat, Delivery Hero	Yes (Ceridian and Xero)
Zayzoon	TacoTime, Skagit Valley College, 7-Eleven	Yes (ADP, Paycor)
EarnIn	Gig and freelance workers	No (Direct to Consumer)
Albert		
bright		
Dave		
MoneyLion		
Clair		
Edenred Benefits		
FinFit		
ONE@Work		
OrbisPay		
Rain		
SalaryCredits		
Tapcheck		

** Information as of December 2024*

Table B. Payroll System Integration Partners

PAYROLL SYSTEM	INTEGRATED WITH EWA*
7shifts	No
ADP Marketplace	Yes
Alight	Yes
AsureSoftware &HR	Yes
Attendance on Demand	Yes
Bloomin Brand	No
DayDayPortal	No
Delaget	No
EPAY	Yes
Fountain	No
Gratuity Solutions	No
Greenshareds	No
Gusto	Yes
HHAexXchange	No
Humanity	No
Infor	Yes
Inforsync	Yes
Isolved HCM	Yes
Landrum HR	Yes
Miler's ALE House	No
NETSPEND	Yes
Nusutus+	No
OneDataSource	No
Oracle	Yes
Paychex	Yes
Paycom	Yes
Paycor	Yes
Paylocity	Yes
PDQ	No
Primantl Bros	No
Primepay	Yes
Quinyx	No
RASI	No
Rippling	Yes
SAP	Yes
SCI	No
Smartlinx	Yes
Sympir	No
SyncHR	Yes
TCP	Yes
Team Software	Yes
Tippy	No
Trinet	Yes
UKG	Yes

PAYROLL SYSTEM	INTEGRATED WITH EWA*
Unattend	No
Viventium	Yes
WebClock	No
Western States	No
When I Work	No
Workday	Yes

**Information as of December 2024*

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