189 Labor, Civil Rights, Consumer, Legal Services and Community Groups and Academics

November 20, 2025

Rep. Bryan Steil
U.S. House of Representatives
Washington, DC, 20515

Re: Opposition to earned wage payday loan exemption from TILA

Dear Rep. Steil,

The 189 undersigned labor, consumer, civil rights, and community organizations write to express our opposition to any bill, similar to last year's H.R. 7428 (Steil), that exempts earned wage payday loans from the Truth in Lending Act (TILA). Doing so would **endorse a form of loan that makes workers pay to be paid and would facilitate new evasions by payday lenders.** A TILA exemption would also **deprive servicemembers of the protections of the Military Lending Act** and override the Consumer Financial Protection Bureau's well-reasoned explanation published last year that these paycheck advances are loans and their hidden costs are finance charges.

Earned wage advances are loans made to workers ahead of payday that are repaid on payday. Earned wage payday loans are targeted at low-wage workers, who are disproportionately people of color.

Several courts have recently rejected claims that these loans are not loans, and two recently ruled that the Military Lending Act applies to protect servicemembers.[1] The amount of the loan is tied to the wages that have been earned but are not due until payday. Some earned wage advances are offered through employers, usually with fees, others have no connection to wages or payroll and are repaid by debiting bank accounts, and collect purportedly voluntary "tips." Both models push fast cash but charge instant access fees as high as $7.99 though the cost of sending money instantly is only pennies.

[1] *See* Revell v. Grant Money, --- F.Supp.3d ---- 2025 WL 3167318 (N.D. Cal. Nov. 5, 2025) (TILA and MLA apply); Vickery v. Empower Finance, Inc., 2025 WL 2841686 (N.D. Cal. Oct. 7, 2025) (Empower's earned wage cash advances were credit and instant access fees were finance charges under TILA and the Military Lending Act, and therefore MLA's ban on forced arbitration applied); Moss v. Cleo AI, --- F.Supp.3d ----, 2025 WL 2592265 (W.D. Wash. Sept. 8, 2025) (plaintiff adequately pled that Cleo's advances are credit and its expedite fees and subscription fees are finance charges covered by TILA, as well as by the Military Lending Act's 36% rate cap and ban on forced arbitration); Golubiewski v. Activehours, 2025 WL 2484192 (M.D. Penn. Aug. 28, 2025) (plaintiff plausibly alleged that EarnIn offered credit covered by TILA and Pennsylvania usury statute); Johnson v. Activehours, 2025 WL 2299425 (D. Md. Aug. 8, 2025) (plaintiff plausibly alleged that EarnIn offered credit covered by TILA and Maryland law); Orubo v. Activehours, 780 F.Supp.3d 927 (N.D. Cal. 2025) (plaintiff plausibly alleged that EarnIn's advances were credit covered by TILA and by Georgia payday loan law).

California data based on nearly 6 million transactions shows how the costs of these advances add up.[2] Including all of the costs, **the average annual percentage rate (APR) for these advances is over 330%** for both the employer-based companies that charge fees and for the companies that collect "tips." Tip-based companies collected tips 73% of the time, generating $17.55 million in tip revenue plus another $6.24 million in other fees, likely expedite fees. Workers get very little credit, with a typical advance of $40 to $100 for 10 days. The fees add up, as the average worker takes out about 36 loans a year, and some over 200.

New research and investigations reveal **increased overdraft fees and multiplying fees** associated with these cash advance apps. The Center for Responsible Lending found:

- Overdrafts increased 56% on average after people began using a cash advance app. Users who had not been overdrafting previously started to overdraft 2.3 times on average, and as many as 35 times, in the next three months.[3]

The New York Attorney General found:

- DailyPay pushed users to take out smaller and smaller loans to increase fees, counting on an **average of over $300 a year** per worker, with one worker taking out more than 450 loans in less than two years paying **nearly $1,400 in fees**.[4]
- Money Lion promoted 0% APR and "no interest" but nearly **nine out of ten advances had fees**, and the average cost with fees and tips was over **800% APR**. They limited loan size so that users needed to take out multiple loans with multiple fees, often within minutes of each other, to get the advertised loan size.[5]

The District of Columbia's Attorney General alleged:

- EarnIn lured consumers in with **false claims of free advances** for loans within minutes, while hiding fees needed to get the instant loans promised and artificially limiting loan size to increase fees. The average interest rate on Earnin's instant loans is over 300%.[6]

The CFPB studied employer-based advances and found that few employers cover the cost of earned wage products, and when they do, nearly all workers paid a fee for expedited access to their funds, with roughly 90% of workers paying at least one fee.[7]

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[2] *See* National Consumer Law Center, Data on Earned Wage Advances and Fintech Payday Loan "Tips" Show High Costs for Low-Wage Workers (Apr. 10, 2023); Calif. Dep't of Fin'l Prot'n & Innov., 2021 Earned Wage Access Data Findings (Analysis completed Q1 2023) ("CA DFPI EWA Data").

[3] Lucia Constantine, et al, Center for Responsible Lending, Not Free: The Large Hidden Costs of Small-Dollar Loans Made Through Cash Advance Apps at 6 (April 2024).

[4] *See* National Consumer Law Center, DailyPay Extracts Hundreds of Dollars From Low-Wage Workers' Pay (May 8, 2025) (summarizing complaint by New York Attorney General).

[5] *See* National Consumer Law Center, MoneyLion's Costly "0% APR" "Earned Wage" Payday Loans (May 22, 2025) (summarizing complaint by New York Attorney General).

[6] Complaint for Violations of the Consumer Protection Procedures Act, District of Columbia v. ActiveHours Inc.d/b/a EarnIn (D.C. Sup. Ct. filed Nov. 19, 2024); see also DC Attorney General, Press Release, Attorney General Schwalb Sues "Pay Advance" Company EarnIn for Deceiving More Than 20,000 DC Borrowers (Nov. 19, 2024).

Exempting earned wage payday loans from TILA would obscure the relative cost of these fintech cash advances. Consumers would not be able to compare high-cost earned wage advances to other credit options. Just like traditional payday lenders, it is no surprise that these lenders want to avoid disclosing a 330% APR, especially given the way the loans roll over and over. TILA already exempts advances with fees of $5.00 or less, or $7.50 or less for loans over $75, from APR disclosures. But higher-cost advances should not be allowed to hide the APR.

Servicemembers would not be protected by the Military Lending Act. Declaring that earned wage payday loans are not credit would make earned wage payday loans exempt from the MLA, including the MLA's 36% rate cap, ban on forced arbitration, and ban on requiring repayment from allotment of military salaries.

A TILA exemption would facilitate evasion by payday lenders. A broad definition of "earned wage access service" could extend to any loan that is "based on the consumer's representations and the provider's reasonable determination of the consumer's earned but unpaid income." That vague definition could easily be exploited by traditional payday lenders.

A TILA exemption would perpetuate the myth that these fintech cash advances are not credit. The bill would be used to persuade state legislators to enact bills based on the model bill by the American Legislative Exchange Council (ALEC)[8] in order to exempt these advances from state credit laws, including fee and rate caps. These lenders are following the payday lenders' model, just like traditional payday lenders took root by convincing legislators that their loans were not loans and were instead only a modest fee for deferring cashing of a check.

A TILA exemption would contradict the Consumer Financial Protection Bureau's (CFPB) interpretation in 2024 that payday advances are loans and that instant access fees and tips are finance charges.[9] A bill might purport to give the CFPB authority to regulate these advances, but the CFPB already has ample authority. Declaring that earned wage payday loans are not loans would limit the CFPB's options in how to ensure that consumers receive clear information and how to prevent evasions of federal lending laws.

The protections pushed by the industry are not meaningful. Last year's bill purported to offer a number of protections that would apply to fintech cash advances. But the bill largely codified lenders' current business model without adding significant new protections. Companies do not need to file civil suits, use third-party debt collectors or sell to debt buyers when they are able to collect 97% of the time through their stranglehold over the consumer's paycheck or bank account.[10] The bill also required compliance with the Electronic Fund Transfer Act, but the

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[7] *See* CFPB, Data Spotlight: Developments in the Paycheck Advance Market (July 18, 2024).
[8] *See* ALEC, Earned Wage Access Act.
[9] *See* CFPB, CFPB Proposes Interpretive Rule to Ensure Workers Know the Costs and Fees of Paycheck Advance Products (July 18, 2024).
[10] *See* Financial Health Network, "Earned Wage Access and Direct-to-Consumer Advance Usage Trends" at 2 (April 2021) (finding that advances "were recouped successfully at least 97% of the time"); Calif. Dep't of Fin'l Prot'n & Innov., Initial Statement of Reasons For The Proposed Adoption Of Regulations Under The California Consumer Financial Protection Law And The California Financing Law, California Deferred Deposit Transaction Law, And California Student Loan Servicing Act Pro 01-21 at 24-25 (March

EFTA's ban on compulsory repayment of credit by preauthorized electronic fund transfer would not apply if the advances are not credit. The bill limited certain repercussions of not tipping enough but did not stop all of the "multiple strategies that lenders use to make tips almost as certain as required fees."[11]

The costs of fintech cash advances fall primarily on low-wage workers who need a living wage, not a product that just makes them pay to be paid. Balloon-payment loans should not be exempted from credit laws, however they are styled, as they merely lead to a cycle of reborrowing where each advance repays the previous one without providing new liquidity.

For these reasons, we oppose any bill, similar to last year's Earned Wage Access Consumer Protection Act, that exempts earned wage payday loans from TILA.

Yours very truly,

20/20 Vision	National
AFL-CIO	National
American Civil Liberties Union	National
American Economic Liberties Project	National
American Federation of Teachers	National
American Friends Service Committee	National
Americans for Financial Reform	National
Appleseed Foundation	National
Center for Responsible Lending	National
Center for WorkLife Law	National
Coalition of Labor Union Women	National
Coalition on Human Needs	National
Consumer Action	National
Consumer Federation of America	National
Consumer Reports	National
Consumers for Auto Reliability and Safety	National
Equal Rights Advocates	National

17, 2023) ("These successful collection rates significantly exceed the rates of the DFPI's CFL and CDDTL licensees, who offer credit under those laws. Furthermore, such income-based advance models would be unsustainable if the majority of consumers did not repay providers, and providers employ language in advertising and consumer communications that reflects this reality. In light of these considerations, to consider earned wage access companies to be offering a product that is not credit would elevate form over substance.").

[11] CA DFPI EWA Data at 61.

Impact Fund	National
Japanese American Citizens League (JACL)	National
Leadership Conference on Civil and Human Rights, the	National
MomsRising	National
NAACP	National
NAACP Legal Defense and Educational Fund, Inc.	National
National Association of Consumer Advocates	National
National Center for Law and Economic Justice	National
National Coalition for Asian Pacific American Community Development (National CAPACD)	National
National Coalition for the Homeless	National
National Community Action Partnership	National
National Consumer Law Center (on behalf of its low-income clients)	National
National Consumers League	National
National Disability Rights Network (NDRN)	National
National Education Association	National
National Employment Law Project	National
National Employment Lawyers Association	National
National Institute for Workers' Rights	National
National Partnership for Women & Families	National
National Urban League	National
National Women's Law Center	National
NETWORK Lobby for Catholic Social Justice	National
Public Citizen	National
Public Counsel	National
Public Good Law Center	National
Public Justice	National
Restaurant Opportunities Centers United	National
Service Employees International Union (SEIU)	National
Sugar Law Center for Economic and Social Justice	National
U.S. PIRG	National
Workplace Fairness	National
Young Invincibles	National

AKPIRG	Alaska
Center for Economic Integrity	Arizona
Society of St. Vincent de Paul, Tucson Diocesan Council	Arizona
UFCW Local 99	Arizona
William E. Morris Institute for Justice	Arizona
Arkansans Against Payday Lending	Arkansas
California Low-Income Consumer Coalition (CLICC)	California
CAMEO- California Association for Micro Enterprise Opportunity	California
Consumer Federation of California	California
Legal Assistance for Seniors	California
Lift to Rise	California
Long Beach Alliance for Clean Energy	California
Mission Asset Fund	California
Office of Kat Taylor	California
Prof. Alysson Snow, University of San Diego School of Law, Housing Rights Legal Clinic*	California
Prof. Scott Maurer, Katharine & George Alexander Community Law Center*	California
Prof. Steven M. Graves, California State University, Northridge*	California
Public Law Center	California
Rise Economy (formerly California Reinvestment Coalition)	California
Women's Economic Ventures	California
Bell Policy Center	Colorado
CoPIRG	Colorado
One Less Foundation, The	Colorado
Towards Justice	Colorado
Connecticut Legal Services, Inc.	Connecticut
Prof. Annie Harper, Yale School of Medicine Department of Psychiatry*	Connecticut
Delaware Community Reinvestment Action Council, Inc.	Delaware
DC Consumer Rights Coalition	District of Columbia
Prof. Emeritus Arthur E. Wilmarth, Jr., George Washington University Law School*	District of Columbia
Tzedek DC	District of Columbia
Florida Consumer Action Network	Florida
Jacksonville Area Legal Aid, Inc.	Florida

Georgia Watch	Georgia
Neighborhood Improvement Association	Georgia
Prof. Emeritus Mark Budnitz, Georgia State University College of Law*	Georgia
Sur Legal Collaborative	Georgia
Maui Economic Opportunity, Inc.	Hawaii
Prof. Lea Krivinskas Shepard, Loyola University Chicago School of Law*	Illinois
Shriver Center on Poverty Law	Illinois
Hoosiers for Responsible Lending	Indiana
Indiana Community Action Poverty Institute	Indiana
Prosperity Indiana	Indiana
New Hope Collaborative	Louisiana
Maine People's Alliance	Maine
Maine Small Business Coalition	Maine
1199SEIU MD/DC	Maryland
CASH Campaign of Maryland	Maryland
Economic Action Maryland	Maryland
Prof. Jeff Sovern, University of Maryland Francis King Carey School of Law* (signed only in individual capacity; affiliation provided only for purposes of identification)	Maryland
Prof. Jodi Frey, University of Maryland, School of Social Work*	Maryland
Public Justice Center	Maryland
Lawrence CommunityWorks, Inc.	Massachusetts
Neighborhood Developers, The	Massachusetts
Sciencecorps	Massachusetts
Minnesotans for Fair Lending	Minnesota
Phyllis Wheatley Community Center	Minnesota
Prof. Prentiss Cox, University of Minnesota Law School*	Minnesota
RDI Financial Wellness	Montana
Nebraska Appleseed	Nebraska
Legal Aid Center of Southern Nevada	Nevada
Nevada Coalition of Legal Service Providers	Nevada
Nevada Legal Services, Inc.	Nevada
Progressive Leadership Alliance of Nevada	Nevada
UNITE HERE Culinary Workers Union, Local 226	Nevada

BlueWaveNJ	New Jersey
Communities First initiative	New Jersey
CWA Local 1081	New Jersey
Legal Services of New Jersey	New Jersey
New Jersey Appleseed Public Interest Law Center	New Jersey
New Jersey Citizen Action	New Jersey
NJ Time to Care Coalition	New Jersey
KWH Law Center for Social Justice and Change	New Mexico
Prof. Nathalie Martin, University of New Mexico School of Law*	New Mexico
Center for Elder Law & Justice	New York
Cypress Hills Local Development Corp.	New York
Empire Justice Center	New York
Genesee Co-op Federal Credit Union	New York
Long Island Housing Services, Inc.	New York
Lower East Side People’s FCU	New York
Mobilization for Justice	New York
New Economy Project	New York
New York Public Interest Research Group (NYPIRG)	New York
New York StateWide Senior Action Council	New York
New Yorkers for Responsible Lending	New York
Prof. Dora Galacatos, Fordham Law School Feerick Center for Social Justice*	New York
Prof. Edward J. Janger, Brooklyn Law School*	New York
Prof. Marianne Artusio, Touro Law Center*	New York
Prof. Norman I. Silber, Maurice A. Deane School of Law, Hofstra University*	New York
Prof. Susan Block-Lieb, Fordham Law School*	New York
Rural Law Center of New York	New York
Strycker's Bay Neighborhood Council	New York
Western New York Law Center	New York
Charlotte Center for Legal Advocacy	North Carolina
NC Coalition for Responsible Lending	North Carolina
North Carolina Council of Churches	North Carolina
North Carolina Justice Center	North Carolina
Pisgah Legal Services	North Carolina

Rebuilding Broken Places CDC	North Carolina
The Collaborative	North Carolina
Advocates for Basic Legal Equality	Ohio
Cincinnati Interfaith Workers Center	Ohio
Legal Aid Society of Southwest Ohio, LLC	Ohio
Prof. Cathy Lesser Mansfield, Case Western Reserve University School of Law*	Ohio
Oklahoma Policy Institute	Oklahoma
Voices Organized in Civic Engagement (VOICE)	Oklahoma
Oregon Consumer Justice	Oregon
Community Legal Services of Philadelphia	Pennsylvania
Economic Progress Institute	Rhode Island
Columbia Consumer Education Council Inc	South Carolina
South Carolina Appleseed Legal Justice Center	South Carolina
South Carolina Association for Community Economic Development	South Carolina
Brazos Valley Affordable Housing Corporation	Texas
BV Financial Fitness Center	Texas
cdcb | come dream. come build.	Texas
Center for Transforming Lives	Texas
COPS/Metro Alliance	Texas
Dallas Area Interfaith	Texas
Equal Justice Center	Texas
Houston Area Urban League, The	Texas
Prof. Neil L. Sobol, Texas A&M University School of Law*	Texas
RAISE Texas	Texas
Texas Appleseed	Texas
The Metropolitan Organization (TMO)	Texas
United Way of Central Texas	Texas
United Way of Metropolitan Dallas	Texas
United Way of Tarrant County	Texas
United Ways of Texas	Texas
Valley Interfaith	Texas
Zan Wesley Holmes, Jr Community Outreach Center	Texas
Prof. Christopher L. Peterson, University of Utah, S.J. Quinney College of Law*	Utah

Prof. Jacob S. Rugh, Brigham Young University*	Utah
Legal Aid Justice Center	Virginia
Virginia Citizens Consumer Council	Virginia
Virginia Organizing	Virginia
Virginia Poverty Law Center	Virginia
Economic Opportunity Institute	Washington
Unemployment Law Project	Washington
Wenatchee for Immigrant Justice	Washington
WV Citizen Action	West Virginia
Wisconsin Indigenous Economic Development Corporation	Wisconsin