



January 29, 2026

Chair Kriselda Valderrama
Vice Chair Lorig Charkoudian
Economic Matters Committee
Maryland General Assembly

Re: SB 94/HB 237 Earned Wage Revisions (Support with amendments)

Dear Chair Valderrama, Vice Chair Charkoudian, and Members of the Committee:

Thank you for the opportunity to present this testimony on behalf of the National Consumer Law Center (NCLC). NCLC uses its expertise in consumer law to work for consumer justice and economic security for low-income and other disadvantaged people in Maryland and elsewhere in the United States.

We are pleased to support House Bill 237 and Senate Bill 94 (HB237/SB94) with additional amendments listed below to strengthen the bill. In particular, we urge that the bill be amended to cap total costs at \$10 per month and to lower the total per transaction cost to \$2.

SB 94/HB 237 Will Address Manipulative Practices by Earned Wage Payday Lenders

A new breed of payday loans, so-called earned wage access products, exacerbate affordability problems by taking hundreds of dollars per year from low-wage workers.¹ Earned wage payday lenders claim to provide immediate access to workers' pay to address emergencies; however, in reality, borrowers end up locked in an escalating cycle of repeat borrowing – a debt trap.

¹ [Verified Petition, People of the State of New York v. DailyPay, Inc.](#), at ¶100, Index No. 154851/2025 (April 14, 2025) (Citing internal documents forecasting annualized revenue of over \$300 per active borrower); Center for Responsible Lending, [November 2025 EarnIn Study Shows the Harms of Payday Loan Apps \(“EWA”\)](#), January 23, 2026 (Finding “the average EarnIn user pays about \$250 annually in fees.”)

Instead of taking out earned wage payday loans infrequently to deal with unexpected expenses, repeat borrowing is the norm, at levels far higher than traditional payday loans. The New York Attorney General (NY AG) found that 40% of Money Lion users paid fees for **10 or more advances a month**,² and found similar patterns at DailyPay, where one worker took out **over 450 loans and paid nearly \$1,400 in fees over two years**.³ Low-wage workers are already pushed to the brink by high prices and stagnant wages. NCLC fully supports Maryland's efforts in HB237/SB94 to prevent manipulations that increase fees and make workers pay to be paid.

HB237/SB94 would directly address affordability problems by stopping lenders from soliciting manipulative tips, and with proposed amendments, by capping the maximum fees that earned wage payday lenders can extract from borrowers. Additionally, many of the proposed amendments will crack down on unfair, deceptive, and abusive practices that are rampant among earned wage payday lenders. Recent public enforcement actions by state attorneys general, the Federal Trade Commission (FTC), the Consumer Financial Protection Bureau (CFPB), and the City of Baltimore⁴ demonstrate earned wage payday lenders unfair, deceptive and abusive tactics, such as:

- Deceptive and manipulative practices regarding costs, including:

² See NCLC, [MoneyLion's Costly "0% APR" "Earned Wage" Payday Loans](#) (May 22, 2025) (summarizing NY AG lawsuit); see also Consumer Financial Protection Bureau, Data Spotlight: Developments in the Paycheck Advance Market, (Jul. 18, 2024). (“**Repeat usage is high and the share of workers using earned wage products each month is increasing.** The average worker in our sample had 27 earned wage transactions per year. The share of workers in our sample using the product at least once a month increased from 41% in 2021 to nearly 50% in 2022.”) (emphasis in original). Available at <https://wayback.archive-it.org/23481/20250103024555/https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-developments-in-the-paycheck-advance-market/>

³ NCLC, [DailyPay Extracts Hundreds of Dollars From Low-Wage Workers' Pay](#) (May 8, 2025) (summarizing NY AG lawsuit).

⁴ Copies of the complaints filed in selected enforcement actions are available here: <https://www.nclc.org/resources/selected-government-enforcement-actions-against-earned-wage-payday-lenders/>

- o Disclosing 0% APR, “no interest” or “interest free” even as up to 90% of users pay costly fees.
 - o Promoting “instant” or “fast loans,” while hiding high “expedite” fees that almost all borrowers pay.
 - o Delaying disbursement or exaggerating the amount of time needed for delivery if the borrower does not pay an “expedite” fee.
 - o Obscuring costs by hiding them on websites and apps or not fully disclosing them until the borrower is deep into the sign-up process for the loan.
- Dark patterns that are unfair or abusive tricks to coerce purportedly voluntary “tips” and “donations,” including:
 - o Using default options that include costs automatically.
 - o Deceptive and manipulative user interfaces that steer users towards accepting advances with costs or make it difficult to avoid tips.
 - o Repeated requests for tips and interfaces that require multiple steps to avoid a tip.
 - o Deception around the purpose of a tip or amount of funds being donated.
 - o Psychological manipulations and guilt, including implied threats of consequences for borrowers who do not tip.
- Advertising large loans that few borrowers receive and limiting loan size or pushing smaller loans to multiply fees.
- Creating obstacles to prevent borrowers from canceling; and
- Lending regardless of whether borrowers can repay without further loans, leading to a cycle of dependence on new earned wage payday loans with additional fees.

The prevalence of unfair, deceptive and abusive practices in this industry necessitates legislative action.⁵

Prohibiting tips and other purportedly voluntary fees in earned wage access payday loans, as proposed in HB237/SB94, is an essential consumer protection. As noted above, earned wage payday lenders use a variety of tricks and manipulations to ensure that borrowers tip approximately 73% of the time.⁶ These tips are inherently misleading as they do not compensate any particular employee for service, as tips traditionally do, but instead go directly to the earned wage payday lender as revenue.

Proposed Amendments Would Strengthen the Bill

Additionally, the following amendments to HB237/SB94 will address other documented unfair, deceptive, and abusive practices by earned wage payday lenders.

NCLC supports amending the bill to cap total monthly fees at \$10. A monthly limit is necessary both to prevent high costs that make it more likely consumers will face an income shortfall, and also to discourage earned wage access providers from using manipulations to increase fees. For example, analysis of government enforcement actions against EWA providers shows that: “earned wage payday lenders … structure their business operations and user interfaces to push borrowers towards multiple smaller transactions and higher finance charges – even when borrowers are authorized for higher amounts.”⁷ Monthly fee caps reduce the incentive

⁵ Destructive industry practices documented in government enforcement actions are discussed in NCLC’s report: **Picking Workers’ Pockets: Unfair, Deceptive and Abusive Practices by Earned Wage Payday Lenders**, January 12, 2026. Available at https://www.nclc.org/wp-content/uploads/2026/01/2026.01_Report_EWA.pdf.

⁶ Consumer Financial Protection Bureau, Data Spotlight: Developments in the Paycheck Advance Market (Jul. 18, 2024) (“One recent data summary found that the average tip amount was \$4.09, and that tip-based providers received such fees 73% of the time.”) Available at <https://wayback.archive-it.org/23481/20250103024555/https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-developments-in-the-paycheck-advance-market/>

⁷ NCLC, **Picking Workers’ Pockets: Unfair, Deceptive and Abusive Practices by Earned Wage Payday Lenders** at pg. 21, January 12, 2026. https://www.nclc.org/wp-content/uploads/2026/01/2026.01_Report_EWA.pdf.

for lenders to manipulate borrowers into taking multiple, small loans to maximize fees, by placing a limit on the total amount lenders can extract using such tactics.

We also recommend reducing per transaction fees to \$2. Current law allows fees as high as \$7.50 to expedite payments, despite the fact that instant payments cost only pennies. High expedite fees are a disguised form of interest that eat into workers' wages and can create an income shortfall that leads to an escalating cycle of borrowing, otherwise known as a debt trap. Fee caps limit the likelihood that consumers will fall into a debt trap.

NCLC also supports amending the bill so that if the consumer chooses not to pay an expedite fee, the law will require the lender to use a method to send the money that is reasonably designed to reach the consumer by the next day. This proposed amendment will address EWA providers' documented practice of artificially slowing or exaggerating the slow speed of deposits for fee-free transactions⁸ to make consumers more likely to pay fees for faster transactions. The significant majority of ACH payments settle in one business day or less⁹ and same day ACH or other forms of even more instant same day payments can be sent for only pennies. Therefore, an EWA provider has various options to comply with this requirement. This amendment would prohibit EWA providers from advertising slower than average transaction times for fee-free loans or artificially slowing disbursement of fee-free loans.

HB237/SB94 should also be amended to prohibit lenders from debiting bank accounts or payrolls more than once without a consumer's permission. The amendment will reinforce the requirement that EWAs be based on actual earned wages that will be available on the repayment

⁸ See **Picking Workers' Pockets: Unfair, Deceptive and Abusive Practices by Earned Wage Payday Lenders** at pg. 14, January 12, 2026. https://www.nclc.org/wp-content/uploads/2026/01/2026.01_Report_EWA.pdf (Noting allegations against an EWA provider who "artificially slows deposits for no-fee Paycheck Advances sent to [branded] accounts, a process it describes as 'Delayed Deposits'").

⁹ Nacha, **The Significant Majority of ACH Payments Settle in One Business Day—or Less**, August 28, 2023. <https://www.nacha.org/news/significant-majority-ach-payments-settle-one-business-day-or-less>.

day. Repeat attempts to debit payroll or a bank account if repayment fails for insufficient funds trigger overdraft or NSF fees. This amendment will help to prevent unaffordable EWA loans and reduce the likelihood that a repayment attempt will trigger an overdraft or NSF fee. Consumers who want to authorize another repayment attempt may do so if the EWA provider provides clear notice and obtains the consumer's permission.

It is also important to amend HB237/SB94 to require a simple and easily findable method to cancel subscriptions or repayment of the loan. Some EWA providers have a documented practice of making it difficult to cancel subscriptions in order to extract additional fees from consumers. Government enforcement actions against EWA providers demonstrate that "earned wage payday lenders with a subscription-based business model have employed numerous deceptive and unfair business practices (and likely abusive practices) to prevent borrowers from cancelling."¹⁰ An amendment could address this tactic by mandating an easy, speedy, and accessible option to cancel recurring subscription fees.

The bill should also be amended to require public, comprehensive annual reports with data reporting on the costs, repeat usage, and other information about earned wage payday loans. This proposed amendment ensures that EWA providers collect and disclose the information necessary to monitor the impact of EWA lending on consumers and the Maryland economy and promotes public transparency and competition.

Finally, NCLC supports amending HB237/SB94 to require lenders to implement measures to prevent advances to people who have taken out advances from other providers in the same wage period. The proposed amendment will limit EWA providers from "loan stacking" by

¹⁰ See **Picking Workers' Pockets: Unfair, Deceptive and Abusive Practices by Earned Wage Payday Lenders** at pg. 22, January 12, 2026. https://www.nclc.org/wp-content/uploads/2026/01/2026.01_Report_EWA.pdf

allowing multiple EWA loans from different providers during the same pay period. Loan stacking virtually guarantees that a borrower will incur overdraft fees, face an income shortfall in subsequent pay-periods leading to a debt trap, or both outcomes. Requiring EWA providers to take measures to prevent loan stacking also helps to reinforce the requirement that loans be based on actual earned wages that have not been pledged to another lender.

Protecting borrowers from financial exploitation is a paramount concern. Earned wage payday loans worsen the affordability crisis and harm the most vulnerable low-wage workers. Thank you for your time and consideration of this critical issue. Please do not hesitate to contact us with any questions.

Respectfully Submitted,

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