



Testimony in Opposition to HB5558 and Associated Legislation  
Before the House Committee on Regulatory Reform  
Of the Michigan House of Representatives

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Chair Aragona, Vice Chairs Fairbairn and Liberati, and Members of the Committee,

Thank you for the opportunity to present this testimony on behalf of the National Consumer Law Center (NCLC), a national non-profit organization that uses its consumer law expertise to work for economic justice for low-income and vulnerable consumers. NCLC publishes a treatise, *Consumer Credit Regulation*, which discusses high-cost lending, including payday lending and its latest incarnation, earned wage payday lending. We also regularly issue reports, including [The Affordability Problem of Earned Wage Payday Loans](#) (Feb. 2026) and [Picking Workers' Pockets: Unfair, Deceptive and Abusive Practices by Earned Wage Payday Lenders](#) (Jan. 2026).

I am offering this testimony in opposition to HB 5558 and related bills.

This bill weakens consumer protections by effectively exempting earned wage payday loans from Michigan's interest rate limits and restrictions on taking multiple, concurrent payday loans that prevent predatory lending. Instead of strong protections, the bill substitutes permission to charge high fees and disguised interest on loans that put people in a debt trap and make affordability problems worse, not better. Nearly half of all fees are paid by workers who, on average, take out a loan every other day. These workers deserve strong consumer protections that cap fees at affordable rates and put earned wage payday loans on a level playing field with other forms of credit.

Earned wage payday loans, usually offered through payday loan apps, take hundreds of dollars a year from people struggling to make ends meet. Ninety percent of earned wage payday loans have fees.<sup>1</sup> Apps drive workers into paying fees by making free options slow, inconvenient, and difficult to access. Recent enforcement actions highlight these practices. For instance, based on

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<sup>1</sup> NCLC, [The Affordability Problem of Earned Wage Payday Loans](#) (Feb. 2026).

internal company documents the New York Attorney General alleged earned wage payday lender MoneyLion “artificially slows deposits” for certain no-fee loans, “a process it describes as ‘Delayed Deposits.’”<sup>2</sup>

Earned wage payday lenders also use dark patterns in their user interfaces to manipulate borrowers to pay fees. Enforcement actions have documented practices such as making high-cost, immediate loan terms the default option and highlighting the “confirm” button in bright colors in contrast to a grayed-out “Edit my options” button that starts users through the byzantine process of selecting a fee-free disbursement option.<sup>3</sup>

Another earned wage payday lender, DailyPay, boasts to investors about the \$300+ per year it extracts from low-wage workers. One worker paid almost \$1,400 on 450 loans over two years. 80% of DailyPay’s most recent revenue comes from workers who took out over 100 loans per year. One in five MoneyLion borrowers regularly incur fees and tips totaling \$57 a month.

Earned wage payday lenders also limit loan sizes to push borrowers to take out multiple loans in order to maximize fees. MoneyLion advertised \$500 loans, but limited loan size to \$100 or less, forcing workers to take out multiple loans within minutes, with multiple fees, to get instant access to the advertised \$500. MoneyLion even planned interface changes to push the average loan down to \$50.<sup>4</sup>

Earned wage payday lenders also use manipulative tactics to get users to tip. For instance, earned wage payday lender EarnIn required users to make 14 additional clicks and suffer through 17 messages about why they need to tip in order to get an advance without a fee.<sup>5</sup>

Overdrafts from bank accounts and use of payday loans increase for most people after they start using payday loan apps, and loan stacking, where users take out multiple earned wage payday loans from different lenders, is common.<sup>6</sup>

This bill does not address the high fees and repeat borrowing associated with earned wage payday loans. It will worsen affordability problems in Michigan and authorize earned wage payday lenders preying on the most financially vulnerable residents. NCLC urges you to vote against HB 5558 and related bills.

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<sup>2</sup> NCLC, [Picking Workers’ Pockets: Unfair, Deceptive and Abusive Practices by Earned Wage Payday Lenders](#) at 14 (Jan. 2026).

<sup>3</sup> *Id.*

<sup>4</sup> NCLC, [The Affordability Problem of Earned Wage Payday Loans](#) (Feb. 2026).

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

Thank you,

/s/

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