



TESTIMONY

HB1425 / SB998 - COMMERCIAL LAW – EARNED WAGE ACCESS SERVICES

FAVORABLE

Dear Chairs Wilson and Beidle, and honorable members of both the House Economic Matters Committee and the Senate Finance Committee:

Thank you for your consideration of HB1425 / SB998, and for your leadership on legislation to improve the financial security of hard-working Marylanders.

Payactiv is the pioneer of the Earned Wage Access (EWA) industry and a Public Benefit Corporation that partners with employers to enable their employees to access their earned wages, on-demand, when they need it. Payactiv has provided services to thousands of hard-working Marylanders for more than 10 years, without a single complaint or enforcement action. We're proud of that record of success, the many partnerships that we have forged over our years in the state, and our record of providing innovative and responsible funding options for working Marylanders. It's because of the services that we provide, that thousands of Marylanders have been able to avoid high-cost and sometimes predatory debt products, like pay day loans and high fee credit products, when expenses arise ahead of their next paycheck.

The debt cycle is insidious and unforgiving for tens of millions of Americans and Marylanders.

Fully two-thirds of American workers are drowning in debt because bills are due before they receive their paycheck. These are the men and women who often stretch their money between paychecks, experience frequent financial shocks and maintain financial stability through pure creativity and grit. Even so, some 40% of Americans lack basic emergency funds to weather a financial shock, like a medical bill or car repair. If you've seen or experienced it firsthand, you understand how devastating it is for workers and their families.

Earned Wage Access allows employees to access their own, already earned pay at little or no cost prior to the next scheduled payday. This is an important financial security tool for the thousands of Marylanders that need cash for unexpected expenses between paychecks, and it is a responsible and safe alternative to costly payday loans, credit card debt, and bank account overdrafts.

We support efforts to create a licensing system for EWA providers in Maryland, and provide strong consumer protections against unscrupulous and predatory actors in the space. We support HB1425 / SB998, specifically because it includes a number of effective consumer protections, including: ensuring EWA is non-recourse; that there is no credit checks or credit impacts; that there are no ballooning interest rates, late fees, origination fees, or penalties; that there are numerous free options (Payactiv has 5 free options); that access is only based on actual earned wages; and that fees are clearly disclosed, among others.

We seek to be licensed in Maryland and believe now is the time to create the gold standard for EWA regulation. For these reasons, we thank you for your leadership, and we ask for a favorable report.

Sincerely,

Molly Jones
Vice President, Government Affairs
Payactiv