WAGESTREAM

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My name is Kevin Lefton, and I am the US Head of Legal and Regulatory Affairs for Wagestream. Wagestream is an employer-integrated Earned Wage Access provider similar to DailyPay and PayActiv, other Earned Wage Access providers that are testifying today. I would like to thank the Committee for working on this important issue and allowing us to have an open dialogue about the benefits of Earned Wage Access, to both employees ***and*** employers.

Like many other providers in this space, we are supportive of regulations that help protect consumers, and like so many other Earned Wage Access providers, we oppose payday loans and other predatory financial products. However, it is critical to understand that ***Earned Wage Access services are not credit and are not a loan and should not be viewed or regulated as such***. Employer-integrated Earned Wage Access services are critical to many users, many of whom are in the hospitality, healthcare, manufacturing, and education industries, and other many important industries that have hourly and frontline workers.

The benefits to users of employer-integrated Earned Wage Access services are that they are paid for wages they have already earned when ***they*** need it and have a low or ***no*** cost option that is an alternative to high-cost payday loan or excessive overdraft charges that many consumers face without this service.

With employer-integrated Earned Wage Access services, the benefit to employers is that the employer has an easier time filling shifts when workers know they can be paid the same or next day. Further, studies have shown that it is easier to attract and retain new talent with Earned Wage Access as an employee benefit.

To really understand the difference between direct-to-consumer and employer-integrated earned wage access, it is critical to understand how the employer-integrated service works:

1. First, the earned wage access provider (such as Wagestream) enters into a contract with the employer. This allows the Earned Wage Access provider to obtain accurate employee time and attendance data. ***We are not estimating earned wages - we see actual data***.

2. Second, unlike credit or loan products:
    a. Earned Wage Access services are provided at either low or no cost to the user (low cost would typically be less than an ATM fee);
    b. Providers do not charge interest;
    c. Providers do not pull credit reports on the user;
    d. The service is not based on creditworthiness;
    e. The service is non-recourse to the user; and
    f. There are no reports to collections or creditors at any time!

In summary, Earned Wage Access services are an excellent financial tool for employees, and a great benefit for employers to offer, and should not be limited by an unnecessary fee cap that would limit the employees use of this product. This service should not be considered credit or a loan, because Earned Wage Access services are based on wages that have already been earned and do not share any of the same characteristics of a loan.

Earned Wage Access is a financial well-being tool that helps its users, many of which are hourly and frontline workers, better plan their finances and manage future expenses and emergencies.

Thank you all for your time on this important issue.