

March 4, 2024



Re: Support for SB 998

Dear Chair Beidle and honorable members of the Senate Finance Committee:

Thank you for your consideration of SB 998, and for your leadership on legislation to improve the financial security of hard-working Marylanders.

Payactiv is a leading employer-integrated earned wage access (EWA) provider that partners with employers to enable their employees to access their own, already earned wages when they need it – rather than having to wait for payday. Payactiv integrates into an employer's time and attendance payroll system and verifies wages from payroll, time and attendance, and census file data. Payactiv has been providing EWA services to Maryland workers for over 10 years and is proud to be a Public Benefit Corporation and Certified B Corp.

As cost of living continues to skyrocket and wages remain stagnant, it is getting harder and harder for working Marylanders to make ends meet. More than 60 percent of workers live paycheck to paycheck, and 40 percent lack an emergency fund of just \$400 to weather a financial shock. This can be devastating for workers and their families.

EWA is a significant financial security tool for the thousands of Marylanders that need cash for unexpected expenses between paychecks, and it is a responsible, safe alternative to costly online payday loans, credit card debt, and bank account overdraft. Without EWA, it might be weeks until workers can see the benefit of picking up an extra shift to pay their bills, but with EWA, they are able to access those earned wages immediately.

EWA is a widely popular employee benefit for Maryland workers. Payactiv partners with over 300 leading Maryland employers, and thousands of workers have access to this tool if they need it. Despite claims about user complaints, we have a February 2024 letter from the Maryland Office of Financial Regulation confirming there are no user complaints filed for EWA or any EWA provider in the state of Maryland. We have separately confirmed there are no user complaints from Maryland workers in the Federal Trade Commission (FTC) database either, and there are no complaints for Payactiv from Maryland users in the CFPB database.

Payactiv supports creation of a licensing system for EWA providers in Maryland that would encode strong consumer protections, prevent bad actors in the space, and provide regulatory clarity for the industry to continue to grow. SB 998 creates a number of meaningful 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 workers have access to at least one free option (Payactiv has five free options); that access is only based on actual earned wages; and that fees are clearly disclosed, among others. The consumer protections in SB 998 are far greater and more meaningful than alternative regulatory models proposed to this committee.

Payactiv is proud of our long-standing service to Maryland workers. Thank you for your leadership on this important issue, and we respectfully request a favorable report.

Sincerely,

Molly Jones
Head of Public Policy, Payactiv