



**HB 1294 - Commercial Law - Credit Regulation - Earned Wage Access and Credit Modernization  
House Economic Matters Committee**

**March 25, 2025**

**OPPOSE**

Chair Beidle, Vice-Chair, and members of the committee thank you for the opportunity to submit testimony in respectful opposition of House Bill 1294. This bill creates a registration system for Earned Wage Access (EWA) lenders and allows them to charge tips on every transaction.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

EWA allows employees to borrow a portion of their paycheck before payday, typically through mobile apps that charge fees for instant access to funds, with some also soliciting "tips." HB 1294 seeks to regulate EWA under Maryland's Consumer Loan Law but also exempts EWA providers from the state's stronger lending regulations. This exemption creates a loophole that weakens consumer protections and leaves borrowers at risk. Unlike other consumer loans in Maryland, which have clear interest rate caps, transparent pricing, and repayment safeguards, EWA products would not be held to the same standards. These protections should apply to EWA to ensure fair and responsible lending.

**In 2024, CASH conducted a survey on how our clients use EWA services and found that a significant percentage rely on multiple apps each month—sometimes within the same pay period.** This frequent use results in high fees, trapping consumers in a cycle of debt. While HB 1294 recognizes EWA as a lending product, it still permits providers to charge fees and collect "tips," leading to excessive cumulative costs that hide the true price of borrowing. By allowing these fees, EWA products operate much like payday loans, offering early access to wages at a cost that can quickly become unaffordable.

Consumers need stronger protection to prevent them from incurring hidden costs when accessing their own wages. The core issue driving demand for these products is inadequate income and pay frequency, where expenses arise daily or weekly while most paychecks are bi-weekly or monthly. EWA products primarily serve individuals facing financial hardship who require immediate access to their earnings. However, rather than acting as a true safety net, these providers capitalize on ongoing financial instability. To protect consumers, EWA products should be fully regulated under Maryland's consumer protection laws.

**Thus, we encourage you to return an unfavorable report for HB 1294.**

*Creating Assets, Savings and Hope*