



American Fintech Council Testimony

TO: The House Committee on Economic Matters
FROM: Hon. Phil Goldfeder, CEO, American Fintech Council
DATE: January 23, 2024
SUBJECT: House Bill 246

Position: Oppose.

Testimony:

Thank you Chair Wilson, Vice-Chair Crosby, and members of the House Committee on Economic Matters for allowing me the opportunity to testify in opposition to House Bill 246 (HB 246). My name is Phil Goldfeder, I am a former state legislator from New York and now continue in my public service as the CEO of the American Fintech Council (AFC).

During my time as a member of the New York State Assembly, it was crucial to ensure that my constituents could live their lives in strong mental, physical and financial health. As legislators, we are quick to answer the most important call to action: ensuring the families we represent are protected from harm and have the tools and resources they need to thrive in our communities and state. Every day, the families we represent are faced with new challenges that require strong and concise action for me in Albany, NY and for you, in Annapolis.

HB 246, as written, may be the most expedient path forward, but absolutely not the best solution. This bill represents an example of improperly applying an existing framework, in this case Maryland lending laws, to a new and distinct and responsible financial product of Earned Wage Access (EWA).

AFC's mission is to promote an innovative, transparent, inclusive, and customer-centric financial system by supporting responsible innovation in financial technology (Fintech) and encouraging sound public policy. To that end, we have developed a specific set of standards for determining what constitutes a responsible EWA provider.

Simply put, EWA is not a loan and should not be regulated as such. Shoehorning EWA into existing Maryland lending laws will allow the companies who are seeking to take advantage of families you represent to exploit loopholes in the existing regulatory framework. As I mentioned, the American Fintech Council believes in properly regulating Earned Wage Access. As we have successfully in other states, we commit to working with you to develop a new and distinct regulatory framework for EWA that only allows responsible actors to offer the product in Maryland. More than 100,000 Maryland residents have already utilized EWA as a safe, reliable

alternative to payday and predatory and they deserve to right to access the money they have already earned on their own terms.

In closing, I thank you again for the opportunity to raise my concerns regarding HB 246. My sincere hope is that we can find a path forward to draft pragmatic legislation that will establish the proper guardrails for the industry while allowing responsible EWA providers to offer their much-needed services across Maryland.