



TO: Economic Matters Committee, Maryland General Assembly

FROM: Claudia Flores, Director, Public Policy, DailyPay, LLC

RE: Support for HB 1294 –Earned Wage Access and Credit Modernization

Dear Chair Wilson, Vice-Chair Crosby, and members of the Committee:

Thank you for the opportunity to testify in support of HB 1294, concerning earned wage access (EWA) services. DailyPay, LLC is the nation's leading employer-integrated EWA provider.

EWA is a financial technology that allows employees to access wages they have already earned. DailyPay, LLC, offers this technology to over *60,000* workers in Maryland, partnering with over *500* employers throughout the state.

DailyPay partners with employers and integrates with their payroll systems, giving employees access to their already-earned, net wages before payday. This is a voluntary service where users can access verified earned wages.

EWA is *popular with employers* because it has been proven to reduce employee turnover and absenteeism and help attract employees to fill open jobs.

It's *popular with employees* because Maryland workers today expect life on-demand, including from HR departments and payroll systems.

Like DailyPay, where I work, almost all EWA companies share a few key characteristics:

- We are credit invisible
- We charge no origination, late fees, or interest
- We do not engage in debt collection practices
- We do not underwrite

Most EWA providers offer instant delivery of earned wages to a bank account for a flat, *one-time* fee of around \$3 or at “no cost” for a transfer taking 1-3 business days.

While EWA does not completely eliminate income insufficiency, it effectively addresses the challenges posed by infrequent pay schedules, such as biweekly or monthly payments. Employees are gravitating toward this solution because it saves them money and provides greater financial flexibility.

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Specifically, EWA offers Marylanders a practical alternative to costly financial products, empowering them to manage late bill payments or navigate financial emergencies with ease.

Currently, five states regulate EWA as a unique financial product, and DailyPay firmly advocates for thoughtful and balanced regulation of the EWA industry to ensure broad access to these vital services.

HB 1294 creates a licensing regime for EWA providers, focused on consumer protection, transparency, and choice. This licensing will discourage bad actors, ensure fairness, and allow state monitoring, while maintaining consumer access and introducing important protections.

- A mandatory free option for all transactions
- Maintaining the product non-recourse
- An unprecedented cap on transaction fees (*\$5 on transactions of less than \$75 and \$7.50 on transactions of more than \$75*)
- The right for users to cancel services without penalty or fees
- Strong disclosure requirements

We've gathered numerous testimonials from users who share how our platform has empowered them to manage short-term cash crunches and overcome challenging financial situations.

DailyPay is making a tangible difference in the lives of everyday workers, helping them break free from the cycle of debt.

Thank you once again for the opportunity to provide testimony. We thank the Chairman for his leadership on this issue and urge a positive reading of HB 1294. We are happy to answer any questions. Thank you.