

IPA Supports Earned Wage Access House Bill Sponsored by Rep. Steil

Earned Wage Access Consumer Protection Act Would Establish a Federal Regulatory Framework for a Valuable Tool for American Workers

WASHINGTON, DC, USA, April 17, 2024 /EINPresswire.com/ -- The Innovative Payments



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IPA President and CEO Brian Tate.

Association applauds U.S. Representative Bryan Steil (R-WI) for introducing the Earned Wage Access Consumer Protection Act, which would establish a federal regulatory framework for earned wage access services. The IPA urges the House Financial Services Committee to pass [H.R. 7428](#) out of committee.

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“The IPA is a steadfast supporter of EWA; we believe it is a valuable tool for American workers to manage financial insecurity,” said IPA President and CEO Brian Tate. “We also

believe that Rep. Steil’s bill, focusing on consumer protection and the benefits EWA offers employees, is a significant step forward in establishing a fair and transparent regulatory framework for the industry. Further, we believe the bill strikes the right balance between consumer protection and industry innovation, providing clarity and additional regulatory guidance consistent with a 2019 Advisory Opinion.” □

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As the Consumer Financial Protection Bureau has acknowledged as early as 2017, EWA is a tool that helps American workers reduce financial strain, unexpected financial events, and budgeting. It allows workers to determine when they need to access money they have earned but haven’t been paid due to the timing of wage payments which is out of their control. EWA empowers employees to gain greater control over their financial lives without relying on more costly alternatives like payday loans. □

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According to a [2021 Financial Health Network report](#) on EWA, many services cost an average of \$2.59 to \$6.27 per transaction – while costs for alternative products are significantly higher. For example, the average overdraft fee is \$35; title and payday loan fees range from \$15 to \$100; and pawn loan fees range from \$75 to \$100. □□

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“One of the aspects of the bill that we find particularly commendable is its recognition of the benefits of employer-sponsored programs, which are often integrated with an employer’s payroll

system and offer employees a practical and responsible means of accessing their earned but unpaid income," said Tate. "By acknowledging and supporting the role of employer-sponsored programs, the bill ensures that employees have access to a valuable financial tool that promotes their financial well-being."□

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Additionally, H.R. 7428 clarifies that EWA is not a credit product or a loan, and thus is not subject to the Truth in Lending Act (Regulation Z). This determination aligns with the nature of EWA as a true alternative to payday loans. By ensuring that EWA services are not subject to the same regulatory burdens as credit products, the bill enables innovative solutions that meet the evolving financial needs of employees.

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For additional information, see a copy of the letter sent to Rep. Steil at www.ipa.org/ewa.□

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