

# Innovative Payments Association Challenges CFPB's Proposal on Earned Wage Access Products

*The IPA calls for scrutiny of the CFPB's new proposal, which would misclassify EWA products and could affect nearly 56 million Americans.*

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*IPA CEO Brian Tate*

(IPA) calls for scrutiny of the Consumer Financial Protection Bureau's (CFPB) proposal on earned wage access (EWA) rules. The CFPB's decision to misclassify EWA products could affect nearly 56 million Americans who rely on EWA services to securely access a portion or all of their already earned wages before payday. The CFPB's erroneous declaration that EWA products are credit, regardless of how they are structured, will limit services and curtail competition in the marketplace.

Today's decision openly contradicts the steps former Directors Richard Cordray and Kathy Kraninger took to expand EWA services to all Americans who may not have easy access to credit. “EWA products are essential tools for American workers facing income volatility and mismatches between paydays and bills,” said IPA President and CEO Brian Tate. “We are very concerned that the CFPB's proposed interpretations could severely limit access to short-term liquidity for vulnerable workers.”

It's also important to highlight the CFPB's “extensive” research in developing their proposal. According to the CFPB, the agency only “researched” eight firms.

It's a fact that employers have significant control over when workers are paid. According to the [Bureau of Labor and Statistics](#), 73% of businesses pay biweekly, semimonthly, or monthly. This extended wait between paychecks can lead to financial strain for many workers.

It's clear when workers can access their earned wages on their own terms, they can better manage their finances. A 2023 [Financial Health Network](#) report highlights this challenge: “more than four out of five (84%) Americans were not financially healthy at some point between 2018 and 2022.” This data emphasizes the need for more solutions, not fewer.

Furthermore, a [Harvard study](#) revealed that “across four EWA business models, costs were significantly cheaper than payday loan fees.” The study also found that “42% of EWA users ... no longer use alternative financial services since they started using EWA, while 28% indicated that they use them less.”

“Given today’s economic challenges, individuals need more control over their finances, including access to their earned wages,” said Tate. “For many American workers, EWA is a crucial resource to access their rightfully earned funds for unexpected expenses like car repairs or medical bills.”

About

The Innovative Payments Association (IPA) is the leading voice of the electronic payments sector, including prepaid products, mobile wallets, and person-to-person (P2P) technology for consumers, businesses, and governments at all levels. The IPA encourages the efficient use of electronic payments, cultivates financial inclusion through educating and empowering consumers, and represents the industry before legislative and regulatory bodies. To learn more about IPA, visit [ipa.org](http://ipa.org) or follow us on [LinkedIn](#).

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