PROTECT WORKERS FROM PREDATORY EARNED WAGE ADVANCE LOANS

Amend HB 1063/SB 5328 to Protect Washington Workers

What are Earned Wage Advance Loans?

Earned Wage Advance loans (EWAs) are a type of **short-term loan that allow consumers to access a portion of their earned wages** before their regular payday. While they provide quick access to funds, EWAs often come with high fees which can create financial strain if used repeatedly. While HB 1063 takes important steps to regulate these loans, more is needed to truly protect consumers.

What are the two main types of EWAs?

Direct-to-Consumer EWA loans are essentially digital payday loans, named differently in an attempt to evade Washington State's strong payday loan protections. They solicit consumers directly and repayment is done via bank account, leading to higher risk of overdrafts and non-sufficient fund fees.

Employer-Integrated EWAs involve a contractual relationship between the lender and employer, where the employer verifies wages and repayment is done via payroll deduction.

How do EWAs harm consumers?

300%+
average APR for EWA transactions in Washington State

70%
of WA EWA users experienced increased overdrafts

73%
EWA users are pushed to tip by tip-based EWAs

25+
number of transactions taken out in a year by 1/3 of WA EWA users

NWCLC
Northwest Consumer Law Center

We support amendments to HB 1063 that:

- **Regulate direct-to-consumer EWA loans under the Consumer Loan Act** as they are digital payday lending
- **Cap transaction total costs at $2/transaction and $8/month** to keep employer-integrated EWAs affordable for workers.
- **Prohibiting tipping** as these are just fees in disguise obscuring the true cost of the service.