



## Testimony of Amanda Martin on behalf of Northwest Consumer Law Center on SB 5328

Good afternoon, Chair Dhingra and members of the committee. My name is Amanda Martin, and I am the Executive Director at Northwest Consumer Law Center. We are a statewide legal services organization dedicated to advancing economic justice for low-income consumers.

We're grateful to this committee for addressing the important issue of earned wage advances (EWAs). Workers should have access to their earned wages to help bridge gaps between paydays. However, stronger consumer protections are essential to ensure workers are not put at greater financial risk.

**We must regulate the two different types of EWAs separately, due to the differing level of risks to workers.**

**Direct-to-consumer EWA loans** are essentially digital payday loans as they are offered by third-party lenders with no contractual relationship to the employer. There is no requirement or standard for how they verified earned wages and repayment is done via bank account, increasing risk of overdraft fees. Direct-to-consumer EWA loans are already subject to Washington's Consumer Loan Act and should not be regulated differently.

In contrast, **employer-integrated EWA** are directly tied to the employer's payroll system, where the employer verifies wages and repayment is done via payroll deduction, decreasing the risks for workers.

While this bill takes positive steps, it should be limited to employer-integrated EWAs and must include stronger protections for consumers.

First, **there is no monthly cap** on how many EWAs a worker can take out. EWAs can even allow daily withdrawals, meaning fees can add up quickly.

Next, **tipping for EWAs is inherently deceptive**. When workers are encouraged to tip in exchange for their wages, it obscures the true cost of the service.

In sum, to ensure that EWAs are a genuine tool for financial empowerment, regulation must clarify that direct-to-consumer EWA loans are subject to existing laws and then cap monthly withdrawals and prohibit tipping on employer-integrated EWAs. These changes would help workers access their wages in a fair and transparent way.

Thank you.