

# Earned Wage Access App Factsheet

House File 3448/Senate File 3831

## What is an EWA?

Earned Wage Access (EWA) are loans typically offered through smartphone apps. They advance a portion of workers' future wages in exchange for repayment on payday.

Some aspects of EWAs include:

- **Fees:** Lenders charge transaction fees and "expedite" fees for faster access.
- **Tips:** Many EWA lenders ask consumers for "tips," often exceeding ten asks per transaction. Tips alone make up approximately 40% of lender revenues.<sup>1</sup>
- **High Costs:** Fees and tips can add up to annualized interest rates over 300%.<sup>2</sup>

## Why Do People Use EWAs?

Workers often turn to EWA loans for emergencies or simply to cover expenses between paychecks without full disclosure of the associated financial risk. EWAs are a new type of payday loan, and repeated use traps people in cycles of debt.

**Common outcomes include:**

- Taking out multiple loans in a single pay period ("loan stacking").
- Paying repeated fees and tips that erode the value of paychecks.
- Accumulating overdraft fees when repayment hits before a paycheck clears.
- Loss of financial control, even as lenders market EWAs as "financial empowerment."

## Myths vs. Facts

**Myth:** *EWA products are not loans.*

**Fact:** EWAs are loans. They loan money with the expectation of repayment, plus fees and charges, just like any other loan product.

**Myth:** *EWA lenders don't charge interest.*

**Fact:** They assess charges in many forms including per-transaction fees, expedite fees, tips, and subscriptions. A GAO report found the average EWA user takes out 26–33 loans per year, with multiple loans in a single pay period.<sup>3</sup> When annualized, these costs can exceed 300% APR.<sup>2</sup>

**Myth:** *EWA loans are "nonrecourse."*

**Fact:** EWA lenders don't need traditional lender recourse. They have direct access to workers' paychecks and bank accounts, with repayment rates at 97%.<sup>4</sup>

<sup>1</sup> Center for Responsible Lending. *Earned Wage Advance: States Should Regulate as Credit, Protect Consumers*. Revised April 2023. <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-earned-wage-advance-apr2023.pdf>

<sup>2</sup> Kushner, Andrew; Burks, Monica; Farahi, Yasmin. *Paying to Be Paid: Consumer Protections Needed for Earned Wage Advances and Other Fintech Cash Advances*. Center for Responsible Lending. Updated October 2024. [fault/files/nodes/files/research-publication/crl-ewa-brief-payingpaid-oct2024.pdf](https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-ewa-brief-payingpaid-oct2024.pdf)

<sup>3</sup> U.S. Government Accountability Office. GAO-23-105536: *Financial Technology: Products Have Benefits and Risks to Underserved Consumers, and Regulatory Clarity Is Needed*. March 2023. <https://www.gao.gov/assets/gao-23-105536.pdf>

<sup>4</sup> Lux, Marshall; Chung, Cherie. *Earned Wage Access: An Innovation in Financial Inclusion?* Harvard Kennedy School. June 2023. [https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/214\\_AWP\\_final\\_2.pdf](https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/214_AWP_final_2.pdf)

## The Problem — and the Solution

EWA lenders contend they aren't subject to Minnesota state lending laws. Industry-backed bills have only proposed registration requirements, leaving workers exposed to high fees, loan stacking and financial exploitation.

**The solution is clear:** Regulate EWA lenders like any other small-dollar lender. This means requiring transparent disclosures and applying Minnesota's 36% interest rate cap—real protections to keep workers' wages intact.



Exodus Lending works with Minnesotans to advance economic justice through consumer lending and community organizing.



MCFP unites organizations to address financial issues that affect Minnesotans' ability to thrive. Our focus areas include banking and lending, insurance, debt and collections, and fair competition.

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## What do users of EWA loans say about their experiences?

Quotes come from Exodus listening sessions hosted across Minnesota in fall of 2025.

"It's a trap, I think, it's a trap to keep people down."

"If it's not a loan, what is it? A grant?"

"I was tipping because I didn't know if it would affect my limit or not."

"It would take money away multiple times a day, even money that didn't have to do with my paycheck."