

**Americans for Financial Reform
Center for Responsible Lending
Consumer Federation of America
Consumer Reports
National Association of Consumer Advocates
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low-income clients)
UnidosUS**

February 24, 2026

The Hon. French Hill
The Hon. Maxine Waters
The Hon. Bryan Steil
The Hon. Stephen Lynch
U.S. House of Representatives
Washington, DC 20515

Re: Discussion draft of Earned Wage Access Consumer Protection Act

Dear Chairman Hill, Ranking Member Waters, Chairman Steil and Ranking Member Lynch,

We understand that discussions are going on concerning Rep. Steil's discussion draft of the Earned Wage Access Consumer Protection Act. We write to emphasize key points that must be addressed to prevent the legislation from worsening the affordability crisis by protecting a business model that extracts hundreds of dollars a year from struggling families and forces workers to pay to be paid. Each one of the following items is essential. Without all of these protections we believe the draft is unworkable and should be opposed.

1. **Cap all costs at 36% APR or \$10 a month.** Without an overall cap on the costs that workers using payday loan apps can pay, the sky is the limit. Disclosures, promises not to sue and other meaningless protections will not stop the manipulative practices that are today leading many people into taking out 100 or more loans a year and incurring over \$300 a year in fees, up to \$700. Only a firm cap that includes all costs will prevent unaffordable business models. An all-in cost cap should include tips, any type of fee, subscriptions, and any other cost.
2. **Restore the role of states in protecting consumers.** The provision preempting state laws that protect consumers and state oversight must be removed in full. Our Founders created a federalist system and preserved the role of states. At a time when our federal protections are under assault, the states have an essential role to play in both protecting consumers and enforcing the law.
3. **Don't deny that loans are loans.** Remove the provision that deems earned wage payday loans not to be loans and that prohibits states from characterizing them as loans. Payday loan apps require consumers to authorize repayment, expect repayment, and are repaid 97% to 99% of the time. A growing number of courts – eight out of eight as of this month – have rejected industry claims that these loans are not loans. Many states also prefer to use existing loan licensing regimes rather than creating new licenses for every new product. The provision deeming loans not to be loans is a backhanded attempt to preempt state laws and undercut court rulings.
4. **Protect servicemembers and their dependents.** The bill currently guts the Military Lending Act (MLA)by removing payday loan apps from its coverage. The broad definition of “earned wage access” will allow traditional payday lenders to walk right through it. The bill must restore the full

application of the MLA, including the 36% rate cap, bank account protections, and access to the courts guaranteed for those who are fighting for our freedoms.

5. **Protect data.** Payday loan apps access highly sensitive data. They must be required to limit the data they collect to the minimum necessary for their services and be prohibited from sharing that data except in ways that consumers authorize and would expect.
6. **Allow private enforcement.** Consumers who are injured by providers who violate the law must have the right to protect themselves. In addition to a private right of action, forced arbitration clauses that take away access to the courts should be prohibited.
7. **Apply fair lending protections.** Providers must be required to comply with the Equal Credit Opportunity Act and should not be exempt from other state laws requiring fair lending.
8. **Restore the CFPB.** The bill gives enforcement and oversight to the Consumer Financial Protection Bureau (CFPB) yet the Administration is in the process of gutting the CFPB and the CFPB has completely abandoned its consumer protection mission. The CFPB must be willing and able to supervise lenders for compliance and enforce the law when violations occur. The CFPB's full funding must be restored and the CFPB must be required to fulfill the duties given to it in the Dodd-Frank Wall Street Reform and Consumer Protection Act and other federal consumer financial protection laws

We respectfully urge you to include all of these important provisions in future versions of this bill and we are ready to work with your offices to provide any additional information that may be helpful during this process.

Yours truly,

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Cc: Members of the House Financial Services Committee