



Consumer Data Industry Association
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February 13, 2025

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Representative William Lindstedt
Chair
House Finance Committee
Room HCR 0112
Colorado House of Representatives
200 E Colfax Ave
Denver, CO 80203

Chair Lindstedt, Vice Chair Titone, and Members of the Committee:

On behalf of the Consumer Data Industry Association (CDIA), I am writing on behalf of the Consumer Data Industry Association (CDIA) to express our concerns regarding provisions in HB25-1020 that conflict with federal law, specifically the Fair Credit Reporting Act (FCRA).

CDIA represents the consumer reporting industry, including nationwide credit bureaus, regional and specialized credit bureaus, background check companies, and more. Since our founding in 1906, we have promoted the responsible use of consumer data to empower financial opportunities, reduce fraud, and manage risk. Through data analytics, our members facilitate fair and secure transactions, foster competition, and expand consumers' access to tailored financial products.

The FCRA establishes a comprehensive framework for the collection, dissemination, and use of consumer information, including credit reporting. The FCRA imposes obligations on companies ("furnishers") that provide ("furnish") information to consumer reporting agencies ("CRAs"). These obligations are in 15 U.S. Code § 1681s-2, responsibilities of furnishers of information to consumer reporting agencies. The FCRA has extensive preemption provisions that prohibit state regulation in many areas of law relating to consumer reporting, including provisions that impact furnishing requirements.

A safe and sound credit economy needs a reliable credit reporting system. Suppression of credit reporting leads to increased inaccurate credit files, reduces the reliability of credit scores, and adds greater risk and uncertainty into the lending process. This is why Congress included language in the federal Fair Credit Reporting Act 15 U.S.C. § 1681t(b)(1)(F) which preempts "any subject matter regulated under...15 U.S.C. § 1681s-2, relating to the responsibilities of persons who furnish information to consumer reporting agencies...".

While CDIA takes no position on the policy goal of HB25-1020, we are concerned by the inclusion of "credit reporting agency" on page 18, line 25 (v. PA1). As discussed above, Congress preempted the states from establishing prohibitions on the furnishing of information to consumer reporting agencies. As this limitation on furnishing information is inconsistent with the FCRA, it is preempted at 15 U.S.C. § 1681t(b)(1)(F).

We respectfully recommend that the reference to "credit reporting agency" be amended out of the bill. This would eliminate any unintentional conflict with the FCRA, fully resolve our concerns, and avoid unnecessary legal uncertainties for consumer reporting agencies in relation to Colorado law and the FCRA.

Thank you for your consideration of our comments, and please don't hesitate to reach out with questions or for additional information.

Sincerely,

Zachary W. Taylor
Director, Government Relations
Consumer Data Industry Association



February 24, 2025

Chairman William Lindstedt
Committee on Finance
Colorado General Assembly
200 E Colfax Avenue
Denver, CO 80203

**Financial Technology Association
Sarah Mamula, Head of Government Affairs**

Testimony: Amend HB25-1020

Good afternoon, Chairman Lindstedt and members of the Committee.

My name is Sarah Mamula, and I am Head of Government Affairs for the Financial Technology Association (FTA), an organization representing innovative fintech companies, including several leading providers of Earned Wage Access (EWA). FTA champions the power of technology-centered financial services and advocates for the modernization of regulation to support competition, inclusion, and innovation.

To support this mission, FTA urges the Committee to amend HB25-1020 to make the legislation model agnostic.

EWA is a lifeline for many hard-working Coloradans. Getting paid once or twice a month just doesn't work for most Americans, and two in three people agree that the current pay cycle is broken. EWA fills this gap by allowing workers to tap into their already-earned wages between pay cycles. It helps people pay their bills on time, manage cash flow, and handle emergency expenses like a doctor's visit or auto repair.

Whether the model is business to business (B2B) and offered as an employee benefit, or direct to consumer (D2C), which allows any worker to choose the provider that best fits their needs and is flexible should an individual switch jobs, EWA is safe, consumer-friendly, and transparent, making the product unique to other options on the market.

Through either model, there are no mandatory fees, no credit checks, no interest, and no impact on credit scores. EWA providers always offer a no-cost option, and workers can only access a portion of their paychecks before payday. They are non-recourse and simply let people access the wages they have already earned.

FTA members offer EWA products through a variety of business models and are committed to EWA standards and requirements that promote consumer protection and transparency. All EWA services, regardless of whether they are employer-integrated or direct-to-consumer, should be treated similarly to avoid anti-competitive market developments and allow for consumer-friendly product innovation and choice. Equal and fair treatment is vital to ensure that the broadest set of Coloradans have access to safe EWA products, including under the common circumstance that an employer does not offer such a service to its employees.

With this in mind, we believe HB25-1020 should be amended to accommodate all EWA models, including those that employ voluntary gratuities. That said, if a provider solicits gratuity, they should clearly and conspicuously disclose to the consumer immediately, and before each transaction, that it is not mandatory. Additionally, there should be the same level of transparency by providers in consumer service contracts stating that gratuities are voluntary and that EWA services are not contingent upon the consumer choosing to give a gratuity.

Regulatory clarity for Earned Wage Access products is important, but it must also offer choice for the workers and employers who rely on them. We support appropriate regulation that prevents mandatory fees and collections proceedings, and is model agnostic, risk-based and tailored to the unique nature of these innovative products. We ask the Committee to make changes to HB25-1020 before moving the legislation forward. We thank the Committee for championing innovation in financial services and working to provide the people of Colorado with quick and convenient access to their already-earned wages.

Thank you.



**Testimony in Support of Amendments to HB25-1020
Presented by Melanie Kesner on Behalf of Young Invincibles
State House Finance Committee**

Feb 24, 2025

Thank you, Mr. Chair and committee members, for the opportunity to testify today. My name is Melanie Kesner, and I serve as the Rocky Mountain Regional Director at Young Invincibles, an organization dedicated to empowering young adults and ensuring their financial and economic well-being. Today, I am testifying **to support amending HB25-1020** to prevent unintended harm to young Coloradans, particularly those already financially vulnerable.

First, I want to thank this bill's sponsors for their willingness to work with our organizations and partner organizations.

Second- Colorado voters made their voices clear in 2018, overwhelmingly approving a **36% APR cap** on payday loans to protect consumers from predatory lending practices. Since then, the financial landscape has shifted, with **Earned Wage Access (EWA) loan products** emerging as a new high-cost lending option. While they are marketed differently from payday loans, they function in much the same way—often carrying **APR rates exceeding 300%** and pushing borrowers into dangerous cycles of debt.

Young adults, particularly those working in **low-wage or hourly jobs**, are among the most frequent users of EWA products. Many turn to these loans out of financial desperation, only to find themselves trapped in a cycle of debt due to **high fees, frequent borrowing, and overdraft penalties**. Over **one-quarter of Coloradans using EWA products take out 25 or more loans annually, showing** how easy it is to become dependent on these loans.

HB25-1020, as written, does **not** adequately regulate EWA products under Colorado's existing consumer protections. Instead, it **creates a separate regulatory framework for these loans, allowing lenders to evade the protections that apply to other high-cost loans**. This could **weaken Colorado's leadership in consumer protection** and open the door for more financial instability among young people.

To ensure HB25-1020 protects rather than harms young Coloradans, we urge the committee to support amendments that do the following:

1. **Apply the 36% APR Cap:** EWA products should be regulated like all other high-cost loans in Colorado to prevent predatory lending practices.
2. **Increase Transparency & Borrower Protections:** Require clear, upfront disclosures of total loan costs, repayment terms, and potential overdraft risks.
3. **Limit Loan Frequency & Rollovers:** Implement safeguards to prevent borrowers from taking out multiple EWA loans quickly, leading to dependency cycles and cycles of debt.

YOUNG INVINCIBLES

Colorado has led the way in consumer protections, and we must not **backslide** by allowing an industry-driven bill to create **loopholes that exploit young workers**. Instead, we should regulate EWA products within a **time-tested framework** that ensures **fairness, transparency, and financial stability**.

We urge the committee to **amend HB25-1020** to safeguard young adults from predatory lending and uphold the strong consumer protections that Coloradans voted for.

Thank you for your time, and I welcome any questions.

HB25-1020
February 24, 2025
Testimony of Kevin Lefton
Global General Counsel - Wagestream, Inc.

My name is Kevin Lefton, and I am the Global General Counsel for Wagestream. Wagestream is an employer-integrated Earned Wage Access provider similar to other providers speaking today. I would like to thank everyone here today for working on this important issue and allowing us to have an open dialogue about the benefits of Earned Wage Access, to both employees *and* employers.

Like many other providers in this space, we are supportive of regulations that help protect consumers, and like so many other Earned Wage Access providers, we oppose payday loans and other predatory financial products. However, it is critical to understand that ***Earned Wage Access services are: (1) not credit, (2) not a loan, and (3) not pay-day-loans, and therefore EWA should not be viewed or regulated as such.*** Employer-integrated Earned Wage Access services are critical to many users, many of whom are in the hospitality, healthcare, manufacturing, and education industries, as well as many other important industries that have hourly and frontline workers.

The benefits to users of employer-integrated Earned Wage Access services are that they are paid for wages they have already earned when *they* need it and have a low or *no* cost option that is an alternative to a high-cost payday loan or excessive overdraft charges that many consumers face if they don't have access to this service.

With employer-integrated Earned Wage Access services, the benefit to employers is that they have an easier time filling shifts when workers know they can be paid the same or next day. Further, studies have shown that it is easier to attract and retain new talent with Earned Wage Access as an employee benefit.

It is critical to understand how the employer-integrated earned wages access works:

1. First, the earned wage access provider (such as Wagestream) enters into a contract with the employer. This allows the Earned Wage Access provider to obtain accurate employee time and attendance data. ***We are not estimating earned wages - we see actual data.***
2. Second, unlike credit or loan products:
 - a. Earned Wage Access services are provided at either low or no cost to the user (low cost would typically be less than an ATM fee);
 - b. Providers do not charge interest;
 - c. Providers do not pull credit reports on the user;
 - d. The service is not based on creditworthiness;
 - e. The service is non-recourse to the user; and
 - f. There are no reports to collections or creditors at any time!

In summary, Earned Wage Access services are an excellent financial tool for employees, and a great benefit for employers to offer. This service should not be considered to be credit or a loan, because Earned Wage Access services are based on wages that have already been earned and do not share any of the same characteristics of a loan. I have attached to my testimony a document meant to assist you with understanding the “misinformation” that many organizations state about earned wage access. I would be happy to discuss this information in further detail at any time.

Earned Wage Access is a financial well-being tool that helps its users, many of whom are hourly and frontline workers. Using this tool will help them to better plan their finances and manage future expenses and emergencies.

Thank you all for your time on this important issue.

Earned Wage Access (EWA) Misinformation

Misinformation #1: “EWA is a loan.”

1. EWA is absolutely NOT a loan. Almost every definition of a loan is similar in that a loan has two key components: 1) a debt is incurred and 2) there is interest or a finance charge. Neither of these two components are present with EWA:
 - a) First, no debt is incurred because this is a non-recourse product and there is no obligation to pay anything back; and
 - b) Second, EWA is either free or has a low flat fee and therefore does not have interest or a finance charge. The low flat fee is a service charge for same day service (similar to an ATM fee, which is not considered a finance charge or interest).

Misinformation #2: “The nominal flat fee equates to a huge APR.”

1. The low flat fee is a service fee, not an APR. Anyone can use the service for free by selecting "next day" or having the money put on a debit card. The flat fee is only applicable for "instant transfers" if you request the money the same day. This is no different than an ATM, PayPal, or even Venmo.
2. Using an APR calculation for EWA is misleading and inaccurate because: 1) APR is a calculation for a loan and this is not a loan, 2) EWA does not have an interest component, which is used to calculate APR, and 3) you cannot attach an APR (which is an annualized methodology) to a one-time flat fee.
3. This is no different from using an out-of-network ATM where the owner of the ATM is charging a flat fee and giving you their money which they recoup at a later time from you through your banking institution.

Misinformation #3: “EWA creates a cycle of debt.”

1. EWA has nothing to do with debt...EWA only changes the timing or frequency of the user's pay and not the amount of available pay.
2. Data shows that EWA users actually spend LESS and save MORE.
3. EWA does not charge interest, require minimum payments or rollover loans, which are all factors that truly create a cycle of debt.

Misinformation #4: “Employers should pay for this service and not employees.”

1. Our service absolutely supports the ability for employers to cover the minimal costs, however, as an employee benefit, this decision is between the employer and the employee.

Misinformation #5: “It only costs \$0.05-\$0.08 for an EWA provider to conduct an instant transfer so why are you charging \$3.50.”

1. This is a false and misleading statement. This cost, which is not even accurate, does not take into account the provider's cost of creating and operating the technology, cost of supporting their own employees, and the costs of operating a business. Further, and again much like an ATM fee, we are able to offer the FREE option because we also offer a paid option that some people choose to utilize.

House Finance

02/24/2025 01:30 PM

HB25-1020 Earned-Wage Access Service Provider

Typed Text of Testimony Submitted

Name, Position, Representing	Typed Text of Testimony
Mary-Katherine Brooks-Fleming For League of Women Voters Colorado	<p>My name is Mary-Katherine Brooks Fleming, and I represent the League of Women Voters of Colorado's 1800 members from across the state regarding SB25-043. We urge you to vote YES on SB25-1020 and put an immediate end to these predatory financial traps.</p> <p>The League of Women Voters views payday loans to be the predatory vehicles they are, targeting our most vulnerable citizens and trapping them in cycles of poverty with sky-high rates. On the whole, these loans and their sky-high interest rates cause more harm than good and should not be legal. They companies that offer them claim to be thinking of cash-strapped individuals, but these companies operate for the express purpose of profit, and profit does not provide public services. Our most vulnerable have been exploited enough, and these loans are another form of exploitation.</p> <p>It is incumbent on all of us, including you, our legislators, to protect our most vulnerable citizens, - specifically those who receive government assistance, hourly wage workers, those who are unable to open bank accounts, and undocumented Americans by shielding them from further exploitation.</p> <p>The League of Women Voters believes that the state and local governments share the responsibility to provide equitable outcomes for all citizens. The League supports the role of government to provide necessary services, and we ask you to be the check against those who would tip the scales in their own favor for profit. We ask you to vote YES on SB25-1020 and begin regulating, and work towards ending, these practices in our state.</p>
Mary-Katherine Brooks-Fleming For League of Women Voters Colorado	<p>My name is Mary-Katherine Brooks Fleming, and I represent the League of Women Voters of Colorado's 1800 members from across the state regarding SB25-1020. We urge you to vote YES on SB25-1020 and put an immediate end to these predatory financial traps.</p> <p>The League of Women Voters views payday loans to be the predatory vehicles they are, targeting our most vulnerable citizens and trapping them in cycles of poverty with sky-high rates. On the whole, these loans and their sky-high interest rates cause more harm than good and should not be legal. The companies that offer them claim to be thinking of cash-strapped individuals, but these companies operate for the</p>

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