



January 2025

To: House Business Affairs & Labor Committee  
Re: HB25-1020-- Earned-Wage Access Service Providers

Dear Committee Members,

The American Association of University Women (AAUW) is one of the oldest women's organizations in the country, empowering women since 1881. The mission of AAUW is to advance equity for women and girls through research, education and advocacy.

Over the years, Colorado has made progress by strengthening laws against predatory lending practices that harm working women the most. Today, new forms of lending have emerged that require the same kind of oversight. Earned-Wage Access Services can be a valuable tool for working women, but the guardrails provided in HB1020 will help prevent abuses.

AAUW of Colorado strongly supports House Bill 1020 and requests your YES vote in committee and throughout the process of becoming a law.

Thank you for your consideration,

A handwritten signature in blue ink that reads "Su Ryden".

**Su Ryden**  
**AAUW of Colorado Public Policy Co-Director**

16699 E. Kentucky Ave. • Aurora, CO 80017  
303.898.5797  
[suryden25@gmail.com](mailto:suryden25@gmail.com)

*American Association of University Women--AAUW is a top-rated 501(c)3 charitable organization whose mission is to advance gender equity for women and girls through research, education, and advocacy.*



American Fintech Council Testimony

TO: Colorado House Business Affairs & Labor Committee

FROM: Ashley Urisman, Director, State Government Affairs, American Fintech Council (AFC)

DATE: January 30, 2025

SUBJECT: House Bill 1020

***Position: Support.***

***Testimony:***

Good afternoon. My name is Ashley Urisman, and I am the Director of State Government Affairs for the American Fintech Council (AFC). I want to thank Chair Ricks, Vice-Chair Woodrow and members of the Business Affairs & Labor committee for allowing me to testify this afternoon in support of HB 1020.

AFC is the premier trade association representing the leading financial technology (Fintech) companies, including the largest providers of Earned Wage Access (EWA) services. For those unfamiliar, EWA is an innovative financial tool that empowers workers to access their wages in a way that best fits their lifestyle rather than keeping them tethered to arbitrary payroll cycles. Users can opt to access EWA services offered through their employers, as stand-alone products, or as part of a subscription.

Our mission at AFC is to promote a transparent, inclusive, and customer-centric financial system. We support responsible innovation in financial services and encourage sound public policy. As such, we are grateful to Representatives Camacho, Duran, and Senator Frizell for sponsoring this bill. As a distinct financial product, EWA must be governed by distinct regulations, and this bill helps shape a regulatory framework for companies to safely and responsibly offer EWA in Colorado. You have heard this afternoon that EWA is offered by a variety of companies through a variety of models; we encourage the state of Colorado to give workers the most options to choose which EWA services work best for them.

To date, more than 350,000 Coloradans have used EWA services. More than 2,000 employers in the Centennial State offer EWA as a benefit to their workers. HB 1020 ensures that your constituents can continue to reap the benefits of EWA, while also protected by policies in line with AFC standards. These include the availability of a no-cost option for all EWA users; the

clear and transparent disclosure of fees; and the ability for users to cancel their service at any time. All EWA transactions regulated by this bill are non-recourse and users' credit is not impacted if they fail to repay.

Thank you to the Colorado House of Representatives for taking up this issue. I am happy to answer any questions you may have.

**House Business Affairs & Labor**

**01/30/2025 01:30 PM**

**HB25-1020 Earned-Wage Access Service Provider**

**Typed Text of Testimony Submitted**

<b>Name, Position, Representing</b>	<b>Typed Text of Testimony</b>
Susan Gardner For Manna Development Group LLC	At Manna Development, we decided to offer DailyPay after frequent employee requests for more control over their earnings. Since then, we've seen improved employee satisfaction, reduced turnover, and faster recruitment. Partnering with DailyPay has been a game-changer.
Ramon Torres None Success Foods Management Group LLC dba Torchy's Tacos	At Torchy's Taco, we decided to offer DailyPay as an earned wage access solution after frequent employee requests for more control over their earnings. Since then, we've seen reduced turnover and faster recruitment. Partnering with DailyPay has made a real difference for our team.



January 28, 2025

The Honorable Naquetta Ricks  
Chair, Committee on Business Affairs & Labor  
Colorado House of Representatives  
200 E. Colfax Avenue  
Denver, CO 80203

The Honorable Steven Woodrow  
Chair, Committee on Business Affairs & Labor  
Colorado House of Representatives  
200 E. Colfax Avenue  
Denver, CO 80203

Re: In support of Colorado H.B. 25-1020, Earned-Wage Access Services Act

Dear Representatives Ricks and Woodrow:

PayrollOrg (PAYO) supports H.B. 25-1020, Earned-Wage Access Services Act, because it would enable employers to offer earned wage access (EWA) benefits to their employees to promote financial wellness. PAYO also supports the bill because it would establish a reasonable approach to employer and employee protections. These comments are only applicable to employer-integrated models of EWA. Direct-to-consumer models do not impact payroll management.

### **About PAYO**

PAYO is a nonprofit association representing more than 20,000 payroll professionals throughout the United States. PAYO's Government Relations Task Force partners with government agencies to help payroll professionals with compliance, while minimizing the administrative burden on government, employers, and individual workers. PAYO members are directly responsible for calculating wages and withholding for their employers across all industries and employer types. PAYO does not endorse any technology or management approach. Therefore, PAYO is not positioning itself with any specific business, employer, or group.

### **Reason for Support**

PAYO appreciates the following provisions:

- **Section 5-22-102(4) to (7).** Clearly defines “earned but unpaid income,” “earned-wage access services,” “employer,” and “employer-integrated wage access services” to distinguish between EWA services and credit-based services and recognizing the role of employers in early pay benefits.
- **Section 5-22-103.** Requiring providers to obtain a license from the state with specific procedures for applying and explaining the role of the state’s Attorney General. This creates legitimacy of EWA providers in Colorado and helps employers select valuable partners when offering EWA benefits.



- **Section 5-22-104 to -106.** Provides government agency oversight that adds a layer of consumer protections to prevent predatory practices. This oversight includes licensee record keeping and reporting, which helps to ensure that EWA services are transparent.
- **Section 5-22-109.** Requiring EWA providers to create policies and procedures to answer user questions and complaints, fully disclose fees associated with user participation, provide a no cost option to users, and allow employees to opt out of the benefit later without penalty. PAYO believes that greater transparency in an EWA program will enable employees to use the program successfully.
- **Section 5-22-110.** Prohibiting providers from offering employers fees or other remuneration as part of their EWA program. This is important for employers to be compliant with wage and hour laws, prevent poor arrangements between employers and EWA providers, and for employers to avoid unscrupulous marketing by providers. In addition, EWA providers are not allowed to seek a credit report on employee-consumers nor report an employee-consumer to a credit reporting entity or third-party debt collector. This protects employees who decide to participate in an employer's EWA program.

To discuss EWA and PAYO's comments further, please contact me at 202-669-4001 or by email at [ajacobsohn@payroll.org](mailto:ajacobsohn@payroll.org).

Sincerely,



Alice P. Jacobsohn, Esq.  
Director, Government Relations

For: Government Relations Task Force  
State and Local Topics Subcommittee  
Chairs: Carlanna Livingstone, CPP; Bruce Phipps, CPP; Alma Stewart, CPP

Electronic Payments Subcommittee  
Chairs: Nancy Fletcher, CPP; Ronn Gilson, CPP; and Kristine Willson, CPP

**House Business Affairs & Labor**

**01/30/2025 01:30 PM**

**HB25-1020 Earned-Wage Access Service Provider**

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Ramon Torres None Success Foods Management Group LLC dba Torchy's Tacos	At Torchy's Taco, we decided to offer DailyPay as an earned wage access solution after frequent employee requests for more control over their earnings. Since then, we've seen reduced turnover and faster recruitment. Partnering with DailyPay has made a real difference for our team.

## HB25-1020 Testimony

Dear Chair and Members of the Committee,

My name is Greg Glischinski, and I am a volunteer for AARP Colorado. AARP represents more than 670,000 members in Colorado. I would like to extend my gratitude to the sponsors for their support of Colorado's consumers.

AARP has adopted an amend position on HB25-1020 due to the bill's current insufficiencies in providing adequate consumer protections.

The bill presently employs the term "outstanding proceeds," which can be interpreted as loans. This poses a potential burden for older adults who may be returning to work, either part-time or full-time, especially during these times of increased costs of living. Many older workers are living paycheck to paycheck, and if they fall short before payday, they should not be subject to high interest rates, hidden fees and a cycle of "paying to be paid" in which they are borrowing against their wages.

AARP urges the following issues be addressed:

- **Clarify Terminology:** Change "outstanding proceeds" to "loans" if fees and interest rates are associated with EWA products. The current terminology is ambiguous, particularly concerning the existence of interest rates or associated fees.  
**Ultimately, EWA products must be classified and regulated as loans – similar to that of other high-cost products, such as payday loans.**
- **Fee Transparency:** Clearly outline all associated fees and address whether interest rates are permitted for EWA products.
- **APR Details:** If interest rates are permitted, specify the APR.
- **Interest Rate Cap:** Include provisions addressing whether there will be any cap on interest rates.
- **Avoid Payday Loan Characteristics:** Without explicit language regarding these products, they risk being perceived as payday loans.

AARP policy addresses strong consumer protection when it comes to these types of products. AARP Colorado hopes to keep working with the bill sponsors and other stakeholders to ensure strong consumer protections that promote long-term financial stability for consumers.

Sincerely,

Gregory Glischinski, AARP Volunteer Advocate



January 30, 2025

Colorado General Assembly  
House Committee on Business Affairs and Labor  
200 E Colfax Avenue  
Denver, CO 80203

**Re: Support for Colorado HB 1020 – Earned Wage Access (EWA) Legislation**

Dear Honorable Members of the Consumer Protection and Business Committee,

On behalf of Immediate, a mission-driven provider of Earned Wage Access (EWA) services, I write to express our strong support for HB 1020, which establishes a clear regulatory framework for EWA providers in Colorado while ensuring strong consumer protections for workers who rely on these services.

**Earned Wage Access: A Critical Tool for Financial Stability**

Colorado workers are facing increasing financial pressures, with more than 35% of residents living paycheck-to-paycheck. Many struggle to cover unexpected expenses like car repairs, medical bills, and utility payments, often resorting to high-cost payday loans, credit card debt, or overdraft fees. EWA provides a responsible alternative, allowing workers to access a portion of their earned but unpaid wages without resorting to predatory financial products.

Immediate partners with employers to provide EWA as a financial wellness benefit, empowering employees to better manage cash flow without creating debt. Over 350,000 Coloradan residents currently use EWA, with more than 2,000 employers offering the benefit to support their workforce.

**Why HB 1020 is Essential**

HB 1020 strikes the right balance between regulatory oversight and consumer protection, ensuring that EWA providers operate transparently while preserving access to these essential services. Key provisions include:

- Prohibiting interest, late fees, and penalties – ensuring that EWA remains a fee-based service, distinct from rate-based predatory lending practices.
- Requiring at least one no-cost option – ensuring that workers can access wages without financial burden.
- Capping expedited fees - ensuring fees do not exceed \$7 on expedited EWA services.
- Banning credit checks and debt collection – protecting workers from financial exclusion and ensuring that EWA transactions are non-recourse.
- Establishing a licensing framework – creating clear guardrails for responsible providers while ensuring transparency and accountability in the industry.



### **Immediate's Commitment to Responsible EWA**

At Immediate, we have designed our platform to promote responsible use, with employer-aligned guardrails to prevent excessive withdrawals and ensure financial well-being. Our data shows that over 85% of EWA usage is directed toward essential expenses such as housing, groceries, transportation, and bills—demonstrating the real-world value of this service.

Colorado has an opportunity to lead the nation in establishing a thoughtful, consumer-first approach to EWA regulation. HB 1020 ensures that workers can access their wages responsibly, without hidden fees or terms, while also providing clear guidance and oversight for providers.

We urge the Colorado General Assembly to pass HB 1020 and ensure that workers have access to safe, affordable financial tools to help them manage their earnings responsibly.

Thank you for your leadership on this critical issue. We appreciate the opportunity to partner with policymakers in supporting financial wellness for Colorado workers.

Sincerely,

A handwritten signature in black ink that reads "Matt Pierce".

**Matt Pierce**  
CEO

Immediate  
[www.joinimmediate.com](http://www.joinimmediate.com)

January 30, 2025

Earned Wage Access Service Provider HB25-1020  
Written Testimony from Rocky Mountain MicroFinance Institute

Dear Chair Ricks, Vice-Chair Woodrew, and Members of the Committee,

My name is Theresa Rinne-Meyers and I'm the Director of Impact, Advocacy, and Partnerships at Rocky Mountain MicroFinance Institute (RMMFI). I am writing on behalf of RMMFI to testify to amend HB25-1020.

Rocky Mountain MicroFinance Institute is a Community Development Financial Institution (CDFI) and mission-driven lender. Lower income, high barrier entrepreneurs come to RMMFI to start businesses. In partnership with state agencies and community organizations, RMMFI supports more than 500 Colorado business owners with capital, capacity-building, education, and mentorship.

Rocky Mountain MicroFinance Institute's model of providing low-barrier, low-interest, and transparent capital exists, in part, to combat predatory lending in our community. Through our work, we see firsthand the impact that fair and transparent lending practices have on economic mobility, as well as the devastating consequences of predatory financial products including both business loans and personal loans.

Colorado has been a leader in combating predatory lending, including the 2018 voter-approved cap on payday loan interest rates at 36%. While Earned Wage Access (EWA) products are marketed as alternatives to payday loans, they function similarly and should not be exempt from the same consumer protections.

- EWA products have average APRs exceeding 300%, trapping Coloradans in cycles of debt.
- Even with the fee caps proposed in this bill, APRs would still exceed 250%—far above Colorado's 36% cap.
- More than one-quarter of Coloradans who use EWA products take out 25 or more loans per year, highlighting the cycle of dependency these products create.
- Many EWA users incur significant overdraft fees, as automatic withdrawals by lenders often leave borrowers without sufficient funds for other expenses.

To truly protect consumers, we must regulate EWA products as loans, just like all other high-cost lending products in Colorado. This is not about eliminating EWA products, but

ensuring they operate within a proven regulatory framework that prioritizes transparency and financial stability. Creating a separate regulatory structure for these products introduces unnecessary risk and weakens longstanding consumer protections.

By amending HB25-1020, Colorado can continue to lead in responsible financial regulation, ensuring that all lending products—regardless of branding—are held to the same standards that protect individuals, families, and entrepreneurs from exploitative debt cycles.

Thank you for your consideration.

Sincerely,  
Theresa Rinne-Meyers  
Director of Impact, Advocacy, and Partnerships  
Rocky Mountain MicroFinance Institute  
[theresa@rmmfi.org](mailto:theresa@rmmfi.org)



Colorado General Assembly  
House Committee on Business Affairs and Labor  
200 E Colfax Avenue  
Denver, CO 80203

**Re: Support of HB 1020**

Dear Honorable Members of the Business Affairs and Labor Committee:

Thank you for the opportunity to express our strong support for HB 1020, which creates new consumer protections and establishes a clear framework for the licensing and regulation of Earned Wage Access (EWA) services in Colorado.

**EWA helps Colorado workers make ends meet**

In the face of rising costs of living and stagnating wage growth, many Coloradans are struggling to make ends meet. With approximately 35% of residents living paycheck-to-paycheck, the need for accessible and affordable financial solutions has never been more urgent. EWA offers workers a much-needed lifeline by allowing working families to access wages they've already earned before their scheduled payday, for low fees or no fees.

EWA has already become an invaluable tool for over 350,000 workers in Colorado, with more than 2,000 employers offering this service as an employee benefit – including hundreds of small businesses. By giving employees access to their already earned wages, EWA helps them avoid costly alternatives like high-cost online payday loans, credit card debt, and late fees.

HB 1020 creates a new, dedicated oversight system for EWA that is aligned with how the product operates. The bill proposes to regulate EWA service providers within a dedicated chapter in Title 5 of the Colorado Revised Statutes. There are many other industries regulated under this title, including consumer lenders, deferred deposit lenders, student loan service providers, and debt management service providers

In doing so, HB 1020 creates important consumer protections and oversight of the industry, and also ensures providers know the guardrails around which to innovate to provide further value for workers. Key consumer protections within HB 1020 include:

- **Bans interest, late fees, tips, and penalties:** The bill prohibits the imposition of interest, late fees, or penalties, shielding workers from the kinds of high-cost practices often associated with payday loans, pawn loans, auto loans, short-term installment loans, and other types of predatory lending.
- **Requires *at least one free option*:** The bill mandates that providers offer at least one free option for employees to access their earned wages.
- **First-in-the-nation fee cap:** The legislation sets a cap of \$7 on fees for expedited transactions, ensuring expedited fees do not exceed that amount.
- **Ensuring low-credit workers will always have access:** HB 1020 ensures that no credit checks or credit reporting will be involved in EWA transactions, which means even workers with poor or no credit are always able to access this beneficial service.
- **Bans recourse in an EWA transaction:** The bill gives users the ability to cancel an EWA transaction at any point without penalty, while also ensuring that providers cannot pursue recourse or debt collection in the event of insufficient funds at payday or an employer does not make payroll. This ensures there is no recourse in an EWA transaction, ever.
- **Fee disclosures and transparency:** The bill creates clear fee disclosures for optional fees, so consumers are well-informed about any optional fees.
- **Licensing and ongoing oversight:** By establishing licensing requirements and empowering the Attorney General to oversee compliance, HB 1020 ensures that only reputable businesses can provide EWA services in Colorado, and that they are held accountable for their practices.

For these reasons, HB 1020 ensures workers can access their earned wages responsibly and at no cost. By distinguishing EWA as an innovative service that allows access to earned wages, this bill controls for the consumer risks unique to EWA, which are different from those posed by credit or other financial products.

We strongly urge you to support HB 1020 and provide Coloradans with the tools they need to achieve financial stability.

Sincerely,

**American Fintech Council**

Ashley Urisman, Director of State Government Affairs

**Brigit**

Tara Rider, Vice President, Policy and Government Relations

**Chamber of Progress**

Robert Singleton, Senior Director of Policy and Public Affairs

**DailyPay**

Nancy Coleman-Chavez, Public Policy & Government Affairs Manager

**Immediate**

Matt Pierce, CEO

**Payactiv**

Molly Jones, Head of Public Policy

**Paychex**

Sarah Faye Pierce, Head of Government Relations

**WageStream**

Kevin Lefton, Global General Counsel

**ZayZoon**

Garth McAdam, General Counsel



Dear Sponsors of Colorado House Bill 25-1020,

On behalf of UnidosUS Action Fund, the sister 501©4 organization of the nation's largest Hispanic civil rights and advocacy institution, we write to provide comments on House Bill 25-1020, which aims to regulate earned wage access (EWA) services in Colorado.

### **The Financial Landscape for Latino Consumers**

Historically, traditional financial services have often treated Latino communities poorly. Our recent research highlights the unique financial challenges faced by Latinos:

- Many struggle with high debt burdens, low savings rates, and lack of access to affordable banking products.
- About 62% of Latino respondents had minimal emergency savings.
- Latinos are more likely to use alternative financial services like payday loans due to economic barriers.

Despite recent economic gains, Latinos remain particularly vulnerable to high living costs and unexpected financial emergencies. Our 2024 Banking and Financial Health survey found that Latinos are concerned about insufficient income and rising cost of living, citing both as top economic concerns. To counter income shortfalls and rising expenses, Latinos use various short-term financial solutions, with income levels serving as a reliable indicator of which options are available to them.

### **Value of Innovative Financial Products**

Our members have found innovative products like EWA helpful, especially direct-to-consumer (D2C) models. Key findings from our research include:

- Over half of Latino EWA users utilize it for regular recurring expenses.
- 40% use EWA as an alternative to payday loans and other short-term borrowing options.
- Latino workers generally value EWA products, with over half of users reporting an overall positive impact on their financial well-being.

Importantly, D2C EWA products are used more than employer-provided options. Seven percent of Latinos reported using pay advance loans from non-bank providers (e.g., Brigit, Dave, EarnIn), compared to 5% using employer-provided pay advances. Our members appreciate the ability to choose these services independently, rather than having their employer make the decision for them.

### **Support for EWA Guardrails**

We support the implementation of appropriate guardrails for EWA services. Transparency and consumer protections are crucial to ensure these products remain safe and beneficial for users. The licensing requirement proposed in HB 25-1020 could help achieve this goal.



### **Balancing Regulation and Access**

While we support consumer protections, we urge caution in making guardrails so stringent that customers lose access to these valuable financial tools. Our research shows:

- EWA usage rates were similar across income bands nationally.
- In states with similar restrictions on payday lending to Colorado, such as Arizona, EWA usage among low- and middle-income workers is higher than the national rate.

Overly restrictive regulations could harm our members by limiting their options for managing short-term financial needs. For example, in Connecticut, regulatory changes led to the withdrawal of a major EWA provider, potentially reducing consumer choice and access to a financial tool some have come to rely on.

### **Recommendations**

As you refine HB 25-1020, we urge you to consider:

1. Conducting thorough research on how specific regulatory approaches may affect access to credit for Latino consumers with regard to EWA.
2. Understanding the unique situations of lower-wage workers that may work variable hours or have extensive periods of leave.
3. Striking a balance between protecting consumers from unfair practices and maintaining access to vital financial lifelines.

### **Conclusion**

We encourage a balanced approach that protects consumers while preserving access to EWA products. As you refine HB 25-1020, we urge you to consider the importance of these services to Latino consumers and ensure that regulations do not inadvertently restrict access to vital financial lifelines.

We appreciate your consideration of these comments and would be happy to discuss further or provide additional information.

Sincerely,

A handwritten signature in black ink that reads "Rafael Collazo". The signature is fluid and cursive.

Rafael Collazo  
Executive Director

UNIDOSUS ACTION FUND



**ZayZoon US Inc.**  
4250 N. Drinkwater Blvd., #300  
Scottsdale, AZ 85251  
www.zayzoon.com

January 29, 2025

**Submitted via Website**

**House Business Affairs and Labor Committee**

200 E Colfax Avenue  
Denver, CO 80203

**Re:** House Bill 1020 – An Act Concerning the Regulation of Earned Wage Access Services

To Whom it May Concern:

This letter is submitted to the House Business Affairs and Labor Committee (the "**Committee**") on behalf of ZayZoon US Inc. ("**ZayZoon**"), in response to House Bill 1020 ("**HB1020**"), which relates to the regulation of earned wage access ("**EWA**") services in Colorado. I would like to thank you all for your work on the regulation of EWA. We believe in the merits of regulation as a path to provide certainty and security for both consumers and industry participants, and appreciate your diligence regarding this important new financial tool for consumers.

We **SUPPORT HB1020** as presented because this bill would provide the framework for the responsible provision of EWA services to consumers in Colorado. HB1020 is a well thought out approach to ensuring that workers continue to have access to EWA services, while also ensuring that EWA is provided in a responsible manner.

ZayZoon is an employer-integrated earned wage access service provider. We partner with payroll providers and employers to provide consumers with responsible, low-cost financial services, including EWA services, financial literacy tools, and other resources. We primarily work with small to midsize businesses to provide EWA services to their employees, and we provide EWA services to businesses with as few as ten employees. Currently, we work with over 500 small and midsize businesses in Colorado. We are a smaller EWA provider than some of the other industry participants that have expressed their support for this bill, but wish to add our support because we believe that HB1020 sets forth important consumer protections, and provides important operating certainty for industry participants. We are hopeful that our extensive experience in working with these partners can provide an additional perspective to assist the Committee as it discusses HB1020.

ZayZoon would be happy to meet with members of the Committee directly to discuss these important services and our comments on HB1020 in more detail.

**EWA is Easy to Understand and Low-Cost**

We believe that an analogous financial product is a bank account being accessed through an ATM, where the employee's "account" is comprised of their earned wages that have yet to be paid by the employer, and the EWA service is analogous to an ATM transaction. Customers are able to access

cash immediately, for a small flat fee,<sup>1</sup> and the amount of the withdrawal is settled between the bank associated with the ATM and the customer's bank. The service is simple for consumers to understand, low cost, and provides immediate access to cash. Similar to how ATM transactions give consumers access to their bank accounts when a bank teller is not available, EWA services give consumers access their earned wages when their paycheck is not yet available.

Workers using EWA can easily understand the product. For a small, flat fee, they can access their earned wages. A small flat fee, with no additional fees or costs ever charged to the worker, is simple and transparent. It is easy for workers to understand this service, and they understand the costs of using it. Critics of EWA argue that APR is better for workers to understand the costs of EWA, but the APR can dramatically change if an employee accesses their earned wages on the second day of their payroll cycle, or the tenth. The actual cost to the employee is the same, regardless of the day they choose to withdraw their earned wages, and APR will not reflect this or properly inform the consumer of their costs. We respectfully submit that it is disingenuous to suggest that a floating APR that changes dramatically depending on when in a pay period a worker takes a payout is somehow easier for workers to understand than a single, small flat transaction fee.

EWA exists because the paycheck may not be available, but the need is still there. In a survey of why our customers are using our services, 98% of our customers reported that they use EWA to pay for necessities, to avoid high fee alternatives, or for unexpected expenses. EWA is access to liquidity, and that access is a very real, and often very urgent, need for our customers. If EWA is taken away by defining it as a loan, that need will not disappear. Unless legislators and regulators can point to an alternative solution for these immediate cash flow needs, they should not effectively eliminate EWA by making it impossible for EWA providers to earn sufficient revenue to operate. EWA is the alternative solution to make ends meet compared to the other strategies and products that are extremely costly.

The access fee for EWA services is comparable to the average ATM fee, and is functionally the same service. In contrast, the average overdraft fee in 2022 was \$29.80 and the average NSF fee is \$26.58.<sup>2</sup> According to the Consumer Financial Protection Bureau (“CFPB”), the **daily** limit on these fees varies from bank to bank, but can be as high as \$288 per day.<sup>3</sup> For debit card purchases, the median amount triggering an overdraft fee is \$24.<sup>4</sup> For ZayZoon customers that had previously incurred an overdraft fee or an NSF fee, we have seen a significant drop-off in the amount of overdraft and NSF fees incurred by such customers since they were able to access EWA services. For these customers, the average savings from avoiding overdraft fees per customer was \$10.96/month, and the average savings from avoiding NSF fees per customer was \$32.33/month.<sup>5</sup> The fee cap set in HB1020 will ensure that EWA continues to be provided in a low-cost way in Colorado.

When the consumer costs are compared, we hope it's clear that EWA is a different financial product

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<sup>1</sup> The average out-of-network ATM fee is \$4.66. See <https://www.bankrate.com/banking/checking/checking-account-survey/>

<sup>2</sup> <https://www.bankrate.com/banking/checking/checking-account-survey/> [emphasis added]

<sup>3</sup> [https://files.consumerfinance.gov/f/documents/cfpb\\_overdraft-chart\\_2022-02.pdf](https://files.consumerfinance.gov/f/documents/cfpb_overdraft-chart_2022-02.pdf)

<sup>4</sup> [https://files.consumerfinance.gov/f/201407\\_cfpb\\_report\\_data-point\\_overdrafts.pdf](https://files.consumerfinance.gov/f/201407_cfpb_report_data-point_overdrafts.pdf) p.5

<sup>5</sup> These numbers are based on surveyed ZayZoon customer data from customers, where such customers had incurred at least one overdraft or NSF fee, as applicable.



ZayZoon US Inc.  
4250 N. Drinkwater Blvd., #300  
Scottsdale, AZ 85251  
www.zayzoon.com

from, and an extremely desirable alternative to, high-cost products like overdrafts. We urge the Committee to consider EWA services in light of the alternatives available to consumers, which is what has been done with HB1020.

Access to liquidity is important because consumers face an array of fees that are the direct result of a cash shortfall. EWA services solve this issue by unlocking an employee's access to their earned wages, thereby eliminating the financial strain, emotional stress and associated fees traditionally associated with predatory lending services or overdraft fees. We encourage the Committee to view EWA services as a low-cost access to liquidity, as has been accomplished in HB1020.

### **EWA Benefits Small to Midsize Businesses As Well**

ZayZoon offers employer-integrated EWA services, and we are proud that we primarily offer our services to the workers employed by small to midsize businesses ("SMBs"). These businesses face enormous challenges in finding and retaining talented workers, and being able to provide EWA services to their employees helps them to compete for talent against large corporations like Walmart. Walmart is able to provide similar services in house, and we are proud that we are able to give these SMBs the ability to offer the same employee benefit. Our employer partners have 29% less turnover, and receive up to twice the number of job applicants for open positions.

Critics of EWA will often point to these benefits to the employer as justification for the claim that EWA should be provided at no cost to the customer. It is true that businesses do benefit from offering EWA, but EWA benefits the workers as well. Access to EWA results in an average of 8 hours less absenteeism per month. That is clearly beneficial for our small business partners, but also means more money in workers' pockets.

We do have employer partners that are able to pay the fees for EWA advances for their employees, but this is not common. Mandating that a free option is made available to employees, as is enshrined in HB1020, ensures fair treatment of consumers. However, mandating that businesses pay the costs/fees for providing EWA is, unfortunately, tantamount to removing EWA services for many workers. Businesses, especially smaller businesses, face similar financial difficulties to lower income consumers. They very often have cash flow issues, and effectively operate "paycheck to paycheck" in the same way that many employees traditionally do. JPMorgan Chase Institute research shows that **50 percent of small businesses are operating with fewer than 15 cash buffer days**,<sup>6</sup> and this concern is especially prevalent in Black and Hispanic communities. "In all majority Black or Hispanic communities, most small businesses had fewer than 14 cash buffer days."<sup>7</sup>

Given these widespread cash flow issues, employers are often unable to fund these EWA disbursements. By mandating that EWA be provided solely on a fee-free basis to the consumer will simply mean that these businesses will no longer be able to enable the services for their employees. HB1020 requires EWA providers to offer at least one reasonable option to obtain an EWA payout at no cost, which we respectfully believe is the right approach. This permits EWA providers to operate,

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<sup>6</sup> <https://www.jpmorganchase.com/institute/research/small-business/place-matters-small-business-financial-health-in-urban-communities>

<sup>7</sup> *Ibid.*



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while also ensuring that workers can use the service at no cost, depending on how each worker chooses to receive a payout.

### **Conclusion**

EWA is an emerging financial tool that offers employees greater control over their finances. ZayZoon supports responsible EWA regulation, and ZayZoon is in full support of the regulation of EWA, provided it is done in a carefully considered manner. For these reasons, we **SUPPORT HB1020** as presented.

ZayZoon appreciates the opportunity to submit these comments to the Committee on HB1020. Thank you for taking the time to consider our comments. If you have any questions about any of the comments contained in this letter, please do not hesitate to contact me at [garth.mcadam@zayzoon.com](mailto:garth.mcadam@zayzoon.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "G. McAdam", is positioned below the "Sincerely," text.

Garth McAdam  
General Counsel, ZayZoon