



STATE OF CALIFORNIA
Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** • COMMISSIONER **Manuel P. Alvarez**

For Immediate Release
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The DFPI Signs MOUs Believed to be Among the Nation’s First with Earned Wage Access Companies

SAN FRANCISCO – The California Department of Financial Protection and Innovation (DFPI) has signed memorandums of understanding with five earned wage access companies, establishing what the department believes to be the first agreements of their kind between the fintechs and a state regulator.

The MOUs pave a path so earned wage access companies can continue operating in California, in advance of possible registration under the California Consumer Financial Protection Law, which took effect this year and defines the companies as newly covered financial services. The companies, which give consumers advances on earnings before pay days, have agreed to deliver quarterly reports beginning April 2021 on several metrics intended to provide the department with a better understanding of the products and services being offered and the risk and benefits to California consumers.

Also referred to as on-demand pay, earned wage access companies give employees access to wages they have earned but haven’t yet received through their employer payroll, a service that providers say can help employees pay their bills on time or cover unexpected expenses without overdraft charges or credit card fees, and can be an alternative to payday lending.

The five earned wage access companies with whom the DFPI entered into agreements are: [Even Responsible Finance, Inc.](#), doing business as Even; [Activehours, Inc.](#), doing business as Earnin; [Bridge IT, Inc.](#), doing business as Brigit; [Payactiv, Inc.](#); and [Branch Messenger Inc.](#), doing business as Branch. All five MOUs can be found on the DFPI website [Actions, Orders and Administrative Hearing Decisions page](#).

“These first of their kind agreements reflect the type of balanced approach and oversight we strive to provide that encourages responsible innovation,” said DFPI Commissioner Manuel P. Alvarez. “Smart regulation should be data-driven and requires a tailored, collaborative approach. We are grateful for our early dialogue with these fintech companies and expect more MOUs to be signed in the coming weeks.”

The earned wage access companies represent two advance pay models: an employer-based model which offers early access to wages in partnership with an employer as a benefit and a direct-to-consumer model which does not require employer participation. The earned wage access company reports will include information relating to changes to consumer contracts, fees to consumers, consumer complaints, the average number of advances per month, duration before consumer payback, and the number of consumers making no repayment, partial repayments, or requesting cancellations or deferrals, among other stipulations.



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The companies also agreed to follow industry best practices and disclose any potential fees the earned wage access companies assess. The information the DFPI is gathering will not be made public and consumer data will be protected in accordance with privacy laws.

The DFPI licenses and regulates financial products and services, including state-chartered banks and credit unions, student loan servicers, commodities and investment advisers, money transmitters, the offer and sale of securities, broker-dealers, nonbank installment lenders, payday lenders, mortgage lenders and servicers, escrow companies, Property Assessed Clean Energy (PACE) program administrators, the offer and sale of franchises, debt collectors, rent-to-own contractors, credit repair and consumer credit reporting agencies, private school student loan servicers, debt relief agencies, and more.

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