



May 16, 2023

Commissioner Clothilde V. Hewlett
Department of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, CA 95834
By email to: cloey.hewlett@dfpi.ca.gov

Re: Proposed Rule 01-21

Dear Commissioner Hewlett:

On behalf of the California Black Chamber of Commerce, the largest African American non-profit business organization representing hundreds of small and emerging businesses, affiliates, and chambers of commerce throughout the state, I am writing with considerable concern about DFPI's proposed Regulation 01-21, which would categorize Earned Wage Access as a loan and regulate this important service as such. The Chamber's objections to the proposed rulemaking are substantial.

First, the proposed Rule is unnecessary; EWA is a widely used service chosen by many employees with a short-term financial need. Employees and employers, like many of our members, appreciate and prefer the service.

Second, characterizing an EWA advance as a loan is incorrect and unwise. EWA providers do not run credit reports and their services aren't conditioned or priced based on an employee's credit rang. EWA providers do not charge interest to the employee or employer. Indeed, many employers appreciate the streamlined compliance offered by EWA providers versus an otherwise cumbersome request for a paycheck advance from an often stressed or embarrassed employee.

Third, we urge you to consider the timing of the Department's action and the potential impact on hard working Californians, particularly our disadvantaged communities.

Consumers and businesses alike are facing inflationary costs not seen in a generation. Everything from food to rent to gas is subject to wide and unpredictable price swings. Short term cashflow disruptions are the norm for too many today. Without EWA, employees are le with debt as their only option.

Nearly a third of Black households are late on their debt payments. 42% of Black families are using credit cards for basic living expenses, and half use high interest credit cards to send their kids to college.

Commissioner Hewlett, further debt is not an answer to our Black families and the next generation of Black business owners. An ill-timed regulation even with the best of intentions, which removes options from Black employees and Black employers during these tough times is a disaster to creating an opportunity society for our communities.

The California Black Chamber of Commerce urges you to rescind the proposed regulation and to open a true stakeholder dialogue aimed at nurturing opportunities and choices for our Black communities.

Sincerely yours,



President & CEO

cc:

regulations@dfpi.ca.gov;

David.Bae@dfpi.ca.gov



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