

# Aimbridge

Commissioner Clothilde Hewlett  
California Department of Financial Protection and Innovation  
One Sansome Street, Suite 600  
San Francisco, CA 94104

Re: Opposition to the proposed regulations on earned wage access

Dear Commissioner Hewlett:

Aimbridge is a leading hospitality management company that employs over 10,000 workers in California. We are proud of our leadership in advocating for our employees and their financial wellness.

We are writing to express our concerns about the Department of Financial Protection and Innovation's ("DFPI") proposed regulations for income-based advances (also referred to as "earned wage access" or "EWA") under the California Consumer Financial Protection Law ("CCFPL").

Amid increasing inflation and skyrocketing costs of living, millions of our employees face severe financial challenges. It is estimated that 47 percent of working Californians are in or on the brink of poverty,<sup>1</sup> and 56 percent of California workers report it would be difficult to cover a \$400 emergency<sup>2</sup> — like an unexpected medical bill or emergency car repair. This can be devastating for workers and their families, and as an employer, we are proud to offer our employees access to their earned wages on-demand to help in these times of need.

It is estimated that over 500,000 Californians have used an EWA product, and hundreds of employers like us offer it to their employees. Without this critical service, our employees would have to turn to traditional, high-cost products — including payday loans, credit card debt, and bank account overdrafts — to pay unexpected bills between bi-weekly or monthly paychecks, potentially trapping them in cycles of debt.

There are a number of meaningful consumer protections in the employer-integrated earned wage access model. Providers integrate into our time and attendance payroll system to verify wages and recommend capping the accessible amount of wages at a percentage of net income. There is no credit check and no impact on their credit score to access earned wages. There are also multiple free options for our employees, and the app interface offers several holistic financial wellness tools, like savings goals and budgeting. There is no risk of overdraft or use of tipping in this model. We are glad to offer this to our employees because it is safe and trusted,

As we understand it, the DFPI's recent Proposal would regulate EWA as a credit product, and it has the potential to drastically limit access to this critical employee benefit. Specifically, regulating EWA as a loan would have several negative consequences, listed below.

<https://www.cavoices.net/ca-workers> <sup>2</sup> Ibid.

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- Confuse our employees and create more fees and costs: The proposed regulations require EWA providers to operate as lenders. In lieu of the multiple free options and small flat fees that most providers have today, the Proposal will likely force providers to switch to complicated fee structures that include origination fees, interest, and late fees. Further, the added costs of this system would likely spell the end of the free EWA options that allow many of our employees to access their earned wages at zero cost. The proposed regulations fail to meaningfully consider the consumer's perspective, and instead add more fees and costs for them.
- Eliminate consumer protections: If EWA providers become licensed lenders, the non-recourse aspects of the product will become obsolete. Like any other loan, EWA would become subject to underwriting, credit reporting, and recourse in the event of non-payment.
- Creates cycles of debt and decreases wealth creation: By leaving workers with no other option than predatory lending products, our employees will be forced into cycles of debt. This should not be necessary if one of our employees has already earned enough money to cover their unexpected costs. As an employer, we want to support our employees in paying their bills and building wealth not force them into debt when responsible alternatives exist.
- Negative impacts on our business: If we had to withdraw this critical service from our benefits packages, it would significantly harm our ability to recruit and retain employees — an especially challenging and costly task amid persistent workforce disruptions. It also negatively impacts our ability to foster a financially resilient workforce. The lack of acknowledgement or understanding of these impacts across the ecosystem reflects a failure to understand how much employers like us truly value this service.

While we support regulatory clarity for the EWA industry, categorizing EWA as a lending product will have a negative impact on our employees and our business. We urge you to reconsider the proposed earned wage access regulations and issue a revised proposal that adequately considers the needs of consumers and California employers.

Sincerely,

Ann Christenson  
Chief Human Resources Officer

Conrad Riddle  
Vice President, HR Shared  
Services