



May 17, 2023

Department of Financial Protection and Innovation
Attn: Araceli Dyson
2101 Arena Boulevard
Sacramento, California 95834
regulations@dfpi.ca.gov

Re: Comments on PRO 01-21

Dear Department of Financial Protection and Innovation,

I am writing to express my concern regarding the impact that the Department's Proposed Rule 01-21 will have on Digital Restaurant Association (DRA) members as it relates to earned wage access (EWA). The Digital Restaurant Association is a trade association that helps restaurants operate more effectively in an increasingly digital world, and EWA provides just one example of the tools restaurants need to become better digital restaurants.

The restaurant industry has many challenges, and the pandemic has exacerbated these challenges while simultaneously creating new ones. Digitization is necessary for restaurants to survive in this modern day of age as technology advances and pandemic impacts are still prominent. However, the adoption of digitization can be extremely difficult for restaurant owners due to a variety of reasons (financial, education, etc.) – that is where the DRA comes in.

DRA members have particularly struggled with finding and retaining reliable employees since the pandemic. Earned wage access (EWA) is a digital financial tool that has enabled members of the DRA and their employees to stay afloat during the past few years. Our members' ability to offer their employees access to EWA services without the worry of impacting their credit or facing overdraft fees have been critical in keeping a strong and stable workforce.

Under the proposed rulemaking, EWA services provided to DRA members' workers would be treated as a credit product. EWA providers would no longer be able to offer the same terms that benefit DRA members and their employees, if at all. DRA members are deeply concerned that the proposed rule as written will make it harder to keep their employees motivated and at work.

The restaurant industry has already endured a great deal of hardship since the pandemic, PRO 01-21 will only add to this hardship. The DRA urges the DFPI to revisit the provision of the proposed rule as written for the sake of restaurant owners and employees across California.

Sincerely,

Joe Reinstein
Executive Director
Digital Restaurant Association