



May 17, 2023

Clothilde V. Hewlett  
Commissioner  
Department of Financial Protection and Innovation  
2101 Arena Boulevard  
Sacramento, CA 95834

RE: Joint Letter Opposing Proposed Rule 01-21

Dear Commissioner Hewlett,

As representatives of California's business community, we are writing to express our strong opposition to your Proposed Rule 01-21 regarding Earned Wage Access (EWA) services. This rule is unnecessary and unwarranted and will only serve to harm hard working Californians trying to make ends meet during the highest inflation we've experienced in 40 years.

EWA services are not loans, do not charge interest, and do not impact users credit ratings. Technology innovation has allowed EWA service providers to give employees the option of accessing their earned wages, to which they are legally entitled, before their regularly scheduled paycheck. With EWA, people under financial strain can pay bills on time and no longer have to look to high interest loans to cover unexpected expenses or get hit with things like bank overdraft charges or late fees, further aggravating their financial well-being.

With a current unemployment rate of 4.4 percent, below the recent historical mean, California businesses are facing a significant labor shortage, particularly in service industries. EWA is preferred by many small and large employers because it helps employees, without adding additional burdens as the process is automated and facilitated by technology. EWA is a value employers can offer employees in this tight labor market.

So who uses EWA? EWA users are working Californians, middle-class, often college-educated, full-time workers. More than half of EWA users are people of color and more than 60 percent are women. A majority are also Millennials aged 25-40, many of whom have small children. EWA, thus, is an actual Diversity, Equity, and Inclusion program.

As business leaders, we are doing everything in our power to recover from the pandemic, address inflation, and become more prosperous so that we can increase wages and help our employees grow wealth. As we work toward that goal, EWA services help relieve increased debt and other financial burdens along the way.

DFPI's proposed rule is ill-timed and a solution seeking a problem. A review of the federal Consumer Financial Protection Bureau's statistics demonstrates that of the three and a half million complaints received, complaints against EWA companies are so few there is not even a category for tracking them.

As members of the business community, we understand the need to protect our employees; we share this goal and welcome the dialogue. But proposed Rule 01-21 is a sledgehammer to our economy at the worst possible time. We urge you to dismiss the rule and allow California workers to continue using critically needed EWA services in these economically challenging times.

Sincerely,

Darrell Feil, Owner  
Abate-A-Weed

Timothy Sher 佘瓊智, President  
Asian Food Trade Association

Marc Ang, Founder & President  
Asian Industry B2B

Pat Fong Kushida, President & CEO  
CalAsian Chamber of Commerce

Julian Canete, President & CEO  
California Hispanic Chamber of Commerce

Aaron Hichman, Co-Founder  
California Retail Hardware Association

Joanne Frisco, Owner  
Frisco's Carhops

Linda Colley, Owner  
IQM

Maryann Marino, Owner  
Maloney Meat Company

Bruce Bloom, Owner  
North Hollywood Hardware Store

Ruben Franco, President & CEO  
Orange County Hispanic Chamber of Commerce

Kyle Knight, Executive Director  
Retailers and Store Owners United to Rebuild our Communities' Economies (RESOURCE)

Sunder Ramani, Co-Owner  
Westwind Media