



November 27, 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,

We at the California Black Chamber of Commerce wish to address the Department of Financial Protection and Innovation's (DFPI) recent rule modification for the Earned Wage Access (EWA) industry.

Earlier this year, the California Black Chamber of Commerce expressed our concerns about DFPI wrongfully categorizing EWA as a loan, underscoring distinct differences such as the absence of credit checks and interest charges when utilizing EWA.

We recognize that DFPI heard our concerns, but there is still work to be done.

Giving people access to their wages is not lending. Regulators should support responsible innovation that meets the needs of families – not try to push it back to the status quo and cause confusion on the nature of EWA, setting a bad precedent across the country.

We have seen the EWA industry proposal and urge the DFPI to support it. In that spirit, we ask DFPI to consider any advance of funds to be repaid in whole or in part by the receipt of a consumer's wages, salary, commissions, or other compensation for services to be a "loan," subject to the California Financing Law, unless either of the following conditions is met:

1. The advance of funds is an "income-based" advance, as defined by California Code of Regulations.
2. The funds are provided by a consumer's employer.

As DFPI continues with the rulemaking process, it is imperative the department considers the importance of EWA services, especially to employees from disadvantaged communities facing financial volatility. According to recent figures, Black Californians currently have the lowest household income of any major racial or ethnic group in the state. In Los Angeles alone, of all African-American families in poverty more than 60% are single mothers with children under 18

years of age at home. Furthermore, nearly a third of Black families are late paying their debts and 42% use credit cards just for basic living expenses while half do so to send their kids to college. EWA offers a tool allowing black families to better navigate gaps in liquidity and live in a less stressful financial state.

There are over 185,000 black-owned businesses in our state, employing thousands more across our community. We should allow these businesses to empower their workers and give them new solutions.

We understand the complexities of regulating the financial industry and appreciate the careful balance DFPI seeks to maintain. We remain hopeful that DFPI continues to hear us, reinforcing a collaborative approach between regulatory bodies and stakeholders. Such partnerships will directly contribute to the financial well-being of Black families and empower people of color to meet their short-term financial needs.

Thank you again for considering our concerns.

Sincerely yours,

Jay King
President & CEO

cc:
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