



CALIFORNIA  
HISPANIC  
CHAMBERS OF COMMERCE

January 30, 2024

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

**RE: PRO- 01-21: OPPOSITION**

Dear Commissioner Hewlett,

The California Hispanic Chambers of Commerce (CHCC) represents over 815,000 Hispanic-owned businesses in California through our network of more than 125 Hispanic and diverse chambers of commerce and business organizations. We write this letter to express our opposition to **PRO 01-21** and our concern about the revised regulations submitted on January 17 by the Department of Financial Protection and Innovation (DFPI).

We appreciate DFPI's commitment to monitor and collect data on the Earned Wage Access (EWA) market. However, the proposed revisions need clarification and will create significant problems for businesses and consumers across California.

The draft regulations classify EWA as a loan under licensing laws but exclude it from licensure requirements. This construct is against the best interest of California employers evaluating whether to offer an EWA service and what requirements they must follow. We believe the Department's EWA regulations could accomplish everything else in their current form without the disputed definition of EWA as a "loan."

EWA is a tool thousands of employers and employees use throughout California, particularly employer-integrated EWA. Businesses offer EWA to attract new talent, retain staff, and decrease worker absenteeism. For employees, EWA allows them to access their own earned wages when needed. Studies have shown that EWA can help people avoid over-drafting bank accounts, paying bills late, and getting trapped in payday loan debt.

**Commissioner Clothilde Hewlett Letter**

**January 30, 2024**

**Page 2 of 2**

California is the fifth-largest economy in the world, and its employers should expect state regulations to provide clarity for operating in the state. Unfortunately, the proposed regulations make it more confusing for employers offering EWA and the EWA industry.

We believe that EWA is not a loan. Therefore, we urge the Department to clarify this point. However, if the Department insists on disagreeing with many stakeholders, we ask that it provide a clean, total exemption from the lending law for EWA products. This total exemption would correct the confusion resulting from the current proposal and ensure that employers and employees who use EWA in California can continue to access it.

Thank you for consideration of our concerns and comments.

Respectfully,

**JULIAN CANETE**  
**PRESIDENT & CEO**