

HB 2043

HARMS THE WORKING POOR

DEBT

VOTE NO

HB 2043 claims to regulate Earned Wage Access companies, which operate as cash advance apps that target people who live paycheck to paycheck.

What it really does is carve them out from key consumer protections, including rate and fee caps.

If HB 2043 passes without corrective amendments it will enable these products to become a new form of predatory lending.



**Texas Catholic
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THE PUBLIC POLICY VOICE OF THE CHURCH

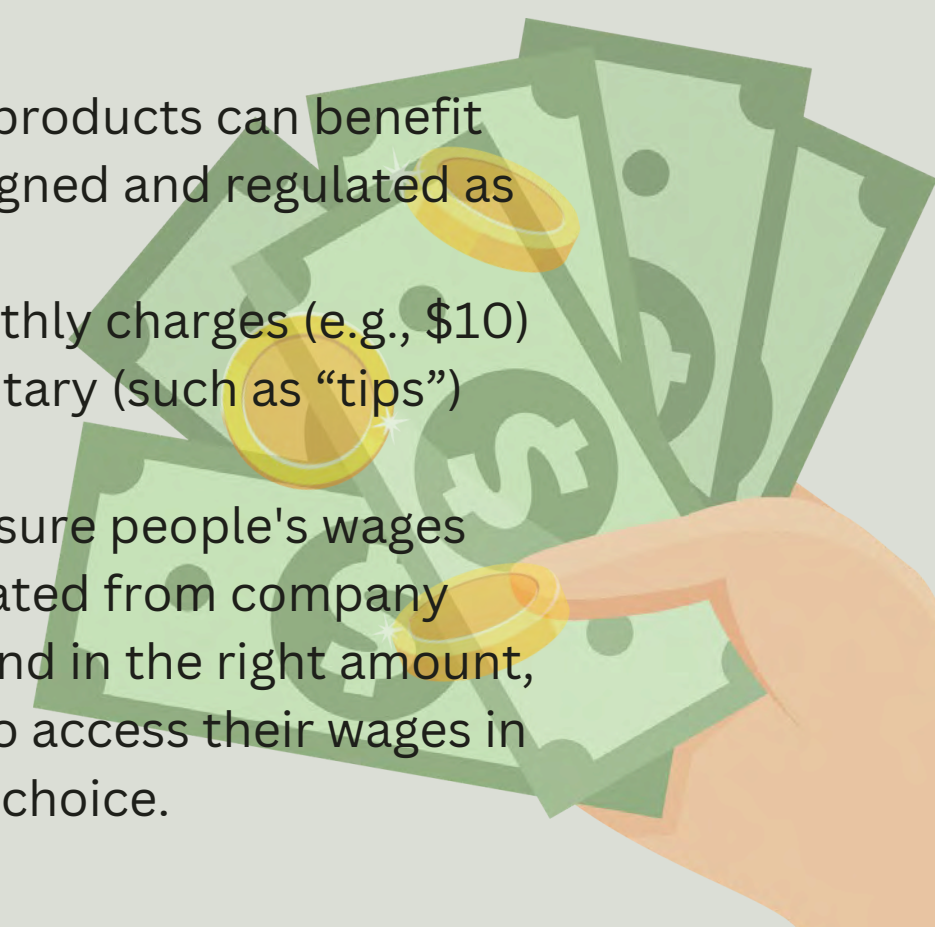
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The earned wage access market in Texas is currently unregulated. While companies claim the products are “free,” the data shows otherwise:

- Annual percentage rate for a typical employer-partnered earned wage cash advance is 109.5%.
- More than 90% of workers paid at least one fee in 2022.
- Most fees are for expedited transfers, ranging from \$1 to nearly \$6.
- Many borrowers pay a monthly subscription fee (up to \$14.99) and often make payments that providers characterize as “tips.”
- The loans are paid off with the debtor’s next paycheck, meaning the debtor has little money left for regular expenses and therefore has to take another loan.
- There are no limits to the number and cost of fees that EWA companies can charge people who use their products.

Earned Wage Access cash advance products can benefit Texans when they are properly designed and regulated as loans. At a minimum this includes:

- Reasonable maximum total monthly charges (e.g., \$10) for advances, including all voluntary (such as “tips”) and required charges.
- Appropriate requirements to ensure people's wages are protected and clearly separated from company assets, wages are paid on time and in the right amount, and that people have the right to access their wages in cash and in the account of their choice.



HB 2043

HARMS OUR MILITARY FAMILIES

If HB 2043 is passed, at a minimum it must be amended so that these cash advance products and associated costs are covered under the long-established Military Lending Act standards.

- The Federal Military Lending Act includes special lending protections for active duty military and their dependents to protect them from financial troubles related to high-cost lending.
- Texas HB 2043 carves these Earned Wage Access providers out from state and federal lending laws – asserting they do not provide loans.
- By carving these cash advance products out from state lending laws, the Military Lending Act protections would not apply to cash advances offered by Earned Wage Access providers in Texas.
- These products actively target military and military dependents. In the last six weeks alone, seven class action lawsuits have been filed against Earned Wage Access companies for alleged violations of the Military Lending Act, including one filed just last week.



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