NYS COMMUNITY EQUITY AGENDA

A Vision For Economic Justice In New York

# EWA Payday Loans Are Not "Employee Benefits"

So-called "**earned wage access**" (**EWA**) companies are marketing payday loans as workplace perks. **In reality, these Big Tech companies peddle triple-digit interest rate loans to workers, extracting hard-earned wages from New Yorkers living paycheck to paycheck**. Whether marketed directly to consumers or through "employer-integrated" partnerships with large corporations, these app-based loans rely on the same model: advance cash, then collect repayment—plus steep fees—directly from a worker's paycheck on payday. The result is a predictable debt cycle in which exorbitant fees drain paychecks and force workers to borrow again and again.

In recent years, EWA payday loans have siphoned over $650 million from working New Yorkers through high and hidden fees, in blatant violation of New York's strong usury laws. Access to employer payroll data does nothing to change the predatory nature of a payday loan. **If anything, employer-integrated apps are even more exploitative because they tap directly into workers' paychecks, ensuring lenders get paid first and stripping workers of the ability to decide how to prioritize rent, groceries, utilities, and other essentials.**

## ➡️FACT: EMPLOYER-INTEGRATED EWA LENDERS CHARGE EXTREME COSTS

The New York Attorney General's lawsuit against the largest employer-integrated lender, DailyPay, revealed that the company's most common loan **carries an APR above 750%.** Many workers take out small loans multiple times per week, with repeat borrowers driving the majority of DailyPay's revenue. One New Yorker, according to the AG's lawsuit, took out over 450 loans and paid nearly $1,400 in fees in less than two years.

## ➡️FACT: EMPLOYER-INTEGRATED EWA FORCES WORKERS TO PAY TO GET PAID

A 2024 Consumer Financial Protection Bureau (CFPB) analysis of eight employer-contracted EWA companies found that **nearly all workers paid a fee to access an EWA loan,** while *less than 5%* of employers subsidized any costs, passing the buck to the worker.

## ➡️FACT: EMPLOYER-INTEGRATED EWA DEEPENS RACIAL & ECONOMIC INEQUALITY

A U.S. Government Accountability Office (GAO) analysis found most EWA users earn less than $50,000 a year. Center for Responsible Lending's research on employer-integrated EWA payday lenders reveals that employer-integrated apps pose the same risks as direct-to-consumer apps: **more than a third of users stacked additional loans from other EWA apps** on top of repeatedly borrowing from an employer-integrated EWA payday lender, underscoring that access to payroll data does nothing to protect workers. Employer-integrated EWA fees add up quickly and leave workers in a financial hole, facing overdrafts, missed bills, and even eviction.

## WORKERS SHOULDN'T HAVE TO PAY TO GET PAID!
## PASS THE "STOP TAKING OUR PAY ACT" NOW!

*April 2026 Brief - NYS Community Equity Agenda Coalition*