



Via Electronic Submission

January 20, 2025

Chairman Jonathan Warrey
North Dakota House Committee on Industry, Business & Labor
State Capitol
600 East Boulevard Avenue
Bismarck, ND 58505

Testimony: Financial Technology Association Opposition to House Bill 1393

Good Morning, Chairman Warrey and members of the Committee. My name is Sarah Mamula, and I am Head of Government Affairs for the Financial Technology Association—an organization representing digital financial services companies (fintech), including several leading providers of Earned Wage Access (EWA).

While we understand the importance of protecting consumers as the financial services industry quickly evolves, as written, the Financial Technology Association must strongly oppose HB 1393. Without any evidence of consumer impacts or harm, HB 1393 would impose such a high degree of regulatory restriction, and far beyond that of existing frameworks, that it would effectively prohibit consumers from accessing the much-needed services our EWA members provide. If HB 1393 is signed into law, innovation and competition in the marketplace would significantly suffer.

As you are aware, EWA products are not loans and instead simply give employees access to their already-earned wages. More specifically, unlike a loan, EWA services are non-recourse and never charge interest. This means that consumers have no legal obligation to repay an advance, and providers cannot take legal action to collect payments. Customers can cancel their engagement with an EWA provider at any time. There is never a credit pull or credit reporting associated with this service. Additionally, non-repayment does not result in interest or penalty charges to the consumer, though providers typically pause access to additional EWA advances until the earlier advance is repaid.

We suggest an alternative approach to HB 1393. Specifically, FTA and numerous industry participants support the creation of an EWA registration and disclosure framework similar to those adopted in Kansas, Missouri, Nevada, South Carolina, and Wisconsin. The regulatory framework in each of those states prevents mandatory fees and collections proceedings and is inclusive to all business models. This approach provides significant consumer protections and mitigates any perceived consumer risks, while not prematurely imposing ill-fitting requirements

on an innovative area of financial services that offers consumer-friendly, consumer-protective, non-abusive, and non-predatory products. We would be happy to work with you to create a right-sized EWA regulatory and disclosure framework that enables these innovative products while ensuring North Dakota consumers remain protected when using them.

Thank you for your time.