



March 17, 2025

The Honorable Matt Klein
Chair
Commerce and Consumer Protection Committee
Minnesota Senate
2105 Minnesota Senate Building
St. Paul, MN 55155

The Honorable Gary Dahms
Ranking Minority Member
Commerce and Consumer Protection Committee
Minnesota Senate
2219 Minnesota Senate Building
St. Paul, MN 55155

Re: SF 2216, Article 4, Sections 1–9; Regulating Earned Wage Access

Dear Chair Klein and Ranking Minority Member Dahms,

On behalf of The American Fintech Council (AFC),¹ I am writing you to express our strong opposition to SF 2216, Article 4, Sections 1–9; Regulating Earned Wage Access (EWA) services in Minnesota. Passing the provisions related to EWA services in SF 2216 will effectively prohibit these responsible services from being offered to Minnesota workers, causing innovative companies to leave the state and substantial harm to your constituents, their families, and the Minnesota economy.

AFC is the premier trade association representing the largest financial technology (Fintech) companies, including the biggest providers and largest number of EWA companies. Our mission is to promote a transparent, inclusive, and customer-centric financial system by supporting responsible innovation in financial services and encouraging sound public policy. Our members are also improving access to financial tools and increasing overall competition in the financial services industry by lowering the cost of financial transactions, allowing them to help meet demand for high-quality, affordable financial products.

¹ American Fintech Council's (AFC) membership spans EWA providers, lenders, banks, payments providers, loan servicers, credit bureaus, and personal financial management companies.

Simply put, EWA is not a loan and should not be regulated as such. Shoehorning EWA into existing Minnesota lending laws will essentially prohibit EWA services from being offered in the state. Thus, in passing the provisions related to EWA services in SF 2216, over 250,000 Minnesota workers—particularly those who have been excluded historically from access to safe and responsible financial services—will be left with no option to implement financially sound budgeting practices or to pay for the financial emergencies that inevitably come up between pay days.

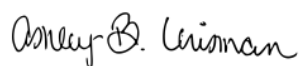
In practice, forcing EWA services to be categorized as credit effectively bans the service from being offered because EWA lacks the core features of a loan. Namely, EWA **does not**

- have a requirement to be repaid;
- require credit checks or inquiries;
- report to credit bureaus; or
- have interest or late fees;

Instead, EWA is an innovative financial product that, in accordance with standards developed by AFC,² must provide a voluntary no-cost, free option to all users, allow users to cancel the service at any time, and ensure that all fees are disclosed in a clear and transparent manner. Given the distinct qualities of EWA services, AFC believes that existing Minnesota lending laws are ill-suited, and that the development of a bespoke regulatory framework predicated on AFC's standards is the prudent course of action.

AFC appreciates the opportunity to voice our strong opposition to SF 2216, Article 4, Sections 1–9; Regulating EWA services, and we thank you for your careful consideration of our perspectives.

Sincerely,



Ashley B. Urisman
Director of State Government Affairs
American Fintech Council

² For a full list of AFC's standards for EWA, see American Fintech Council, "Standards for Earned Wage Access (EWA)", last accessed Mar. 17, 2025, available at <https://www.fintechcouncil.org/our-mission>.