



**Testimony of Claudia Flores
Senior Manager, Public Policy
On Behalf of DailyPay, LLC**

**Before the
Committee on Labor and Business,
Oregon State Senate**

January 30, 2025

Dear Chair Taylor, Vice-Chair Bonham, and members of the Senate Committee on Labor and Business:

Thank you for the opportunity to provide testimony in support of SB 481, which pertains to earned wage access services or EWA. DailyPay, LLC (“DailyPay”) is the country’s largest employer-integrated earned wage access company.

DailyPay has operated in Oregon since 2015, partnering with more than 300 in-state businesses to provide over 70,000 Oregonians earned wage access services.

DailyPay operates by signing contracts with businesses ranging from mid to large-sized employers. We integrate with their payroll systems, and then all of their employees are eligible to download our app.

For those who do, we pull their net earnings roughly four times a day from our partnerships with payroll providers, and if they choose, as this is a voluntary service, our users can access their already-earned pay before the end of their regular pay period. These are *verified earned wages*, including all tax and benefits withholdings. Users can only access *net* wages they have already earned - they are not accessing credit or being loaned funds based on projected wages.

EWA is *popular with businesses* because it has been proven to reduce employee turnover and absenteeism and help attract employees to fill open jobs.

It’s *popular with employees* because Oregonian workers today expect life on-demand, including from HR departments and payroll systems.

Like DailyPay, where I work, almost all EWA companies share a few key characteristics:

- We are credit invisible



- We charge no origination, late fees, or interest
- We do not engage in debt collection practices
- We do not conduct no underwriting; instead, we provide access based on actual wages earned, rather than on future or anticipated income

Most EWA providers offer instant delivery of earned wages to a bank account for a flat, *one-time* fee of around \$3 or at “no cost” for a transfer taking 1-3 business days.

While EWA does not completely eliminate income insufficiency, it effectively addresses the challenges posed by infrequent pay schedules, such as biweekly or monthly payments. Employees are gravitating toward this solution because it saves them money and provides greater financial flexibility.

Specifically, EWA offers Oregonians a practical alternative to costly financial products, empowering them to manage late bill payments or navigate financial emergencies with ease.

Currently, five states regulate EWA as a unique financial product, and DailyPay firmly advocates for thoughtful and balanced regulation of the EWA industry to ensure broad access to these vital services.

This proposed bill establishes a robust licensing framework that not only maintains access to EWA services but also introduces important consumer protections, including:

- A mandatory fee-free option for all transactions
- Prohibiting credit reports as a requirement for service access
- An unprecedented cap on transaction fees at \$7
- The right for users to cancel services without penalty or fees

Unfortunately, without a unique licensing regime, some may attempt to categorize these products within traditional lending structures, which would also require the use of APR rates. However, using APR as a metric for Earned Wage Access (EWA) is inappropriate for several reasons:

- APR is not a suitable measure for a product that does not operate on an annualized basis.
- It fails to consider the product's free options or the low, optional, and transparent fees.
- EWA providers do not charge interest, and workers do not incur any debt when accessing their earned wages



We've gathered numerous testimonials from users who share how our platform has empowered them to manage short-term cash crunches and overcome challenging financial situations.

DailyPay is making a tangible difference in the lives of everyday workers, helping them break free from the cycle of debt. Here are some compelling stories from our Oregon users:

- *"I love the convenience of having money available when I need it, not when someone says I can have it!"*
- *"Access to my money when I need it. I can't live paycheck to paycheck; when I get paid every two weeks it's difficult, so it's really nice to have access to the money that I've already made."*
- *"It was there for me when I needed cash fast for stuff like baby food...it came in really really handy!"*
- *"It helps with my small bills so I can concentrate on larger ones on payday."*
- *"It's allowed me to spend my money my way. Fix my car, take the family to dinner. It's very helpful."*

Thank you once again for the opportunity to provide testimony. I strongly urge your support for SB 481 and am happy to answer any questions you may have at this time. Thank you.