January 30, 2026

DISB – Office of the Commissioner
Attn: Earned Wage Access Comment
1050 First Street, NE, Suite 801
Washington, DC 20002
Email: disb.publiccomments@dc.gov

Dear Commissioner Woods:

On behalf of the Center for Responsible Lending,[1] thank you for the opportunity to comment on "Earned Wage Access" and regulation in the District of Columbia. Payday loan apps, often marketed as "Earned Wage Access," are short-term advances against a borrower's next paycheck. These app-based payday loans are offered in two primary models: employer-integrated apps, where repayment is deducted directly from wages through payroll systems, and direct-to-consumer apps, where fintech lenders debit consumer bank accounts for repayment. App-based payday lenders have branded themselves as instant, fast, or quick cash advance apps, but the evidence is clear: payday loan apps are a fintech version of the same high-cost, debt-trap model as storefront payday lenders.

The business model exploits financial precarity; it does not solve it. Research and data show that the fees associated with these apps increase over time and leave borrowers in a cycle where they must constantly reborrow with more fees to fill holes in their paychecks caused by repaying previous loans.[2]

CRL research confirms that payday loan apps are not occasional-use financial tools. They are loan products designed to drive repeat borrowing and extract ever-mounting fees. Analyzing bank account transaction level data over a full year after a borrower's first payday app loan, CRL found that such borrowing escalates over time, with monthly loan use doubling in the first year from two loans per month on average in month one, to four by month 12.[3] CRL's review of transaction-level data found that borrowers are taking out loans

---

[1] The Center for Responsible Lending (CRL) is a non-partisan, nonprofit research and policy advocacy organization working to promote financial fairness and economic opportunity for all, end predatory lending, and close the racial wealth gap. CRL's expertise gives it trusted insight to evaluate the impact of financial products and policies on the wealth and economic stability of families, including people of color, women, rural, military, low-wage, low-wealth, and early-career workers and communities. CRL is an affiliate of Self-Help, one of the nation's largest nonprofit community development financial institutions. We work in partnership with national and local consumer, faith, and civil rights organizations.
[2] Center for Responsible Lending, *Escalating Debt: The Real Impact of Payday Loan Apps Sold as Earned Wage Advances (EWA)* (2025).
[3] Id.

repeatedly and that using multiple lenders is common. Three-quarters (75%) of borrowers took out at least one advance on the same day or the day after making a repayment, replicating the same debt cycle seen in traditional payday lending.[4] In addition, CRL found that overdrafts on consumers' checking accounts increased 56% on average after use of an advance product, demonstrating how these products directly exacerbate financial instability rather than alleviate it.[5]

Along with other tricks to push frequent reborrowing, lenders impose caps on the amount of money that can be borrowed in a single loan, driving borrowers to take multiple loans in quick succession (sometimes on the same day) to borrow the desired amount. This enables lenders to extract multiple expedite fees and tips from what could otherwise have been a single transaction. Payday app loans are designed to produce this result, pushing people deeper into a debt cycle and adding more unaffordable debt.

The District of Columbia (DC) has powerful tools in place to protect consumers, and the work to address the harms of payday loan apps in the District is already in progress. DC's rate cap of 24% APR for most consumer loans is an essential safeguard against predatory lending among payday loan app lenders. Further, DC has enacted the DC Consumer Protection Procedures Act, which prohibits unfair and deceptive practices.[6]

DC Attorney General Brian Schwalb (DC AG) has taken action against payday loan app lenders based on these laws and sued EarnIn, a direct-to-consumer payday loan app, for its deceptive practices and usurious, unlicensed lending activity.[7] This action is just one of a number of enforcement actions brought by other government authorities.[8]

With this backdrop in mind, we use this comment to highlight the harms consumers face in the District of Columbia, which are similar to those associated with storefront payday loans, which the District has eliminated. We offer a review of Connecticut and Maryland treatment of payday loan apps, as well as a discussion of the helpful legal analysis contained in the Consumer Financial Protection Bureau's now-withdrawn 2024 proposed interpretive rule on payday loan apps or paycheck advance apps. Finally, because there is more work to be done, we offer some recommendations for the District of Columbia to consider as it moves forward with investigating and addressing payday loan apps. We recommend developing guidance to affirm the status of payday loan apps under existing

---

[4] Center for Responsible Lending, *Not Free: The Large Hidden Costs of Small-Dollar Loans Made Through Cash Advance Apps* (2024).

[5] Id. at 8.

[6] D.C. Code § 28-3301 et seq, D.C. Consumer Protection Procedures Act D.C. Code § 28-3901 et seq.

[7] *District of Columbia v. Activehours, Inc.* (EarnIn), Complaint, No. 2024-CAB-007303 (D.C. Super. Ct. Dec. 2024). (DC Suit)

[8] *See* National Consumer Law Center, Picking Workers Pockets: Unfair, Deceptive and Abusive Practices by Earned Wage Payday Lenders (Jan. 12, 2026).

law, applying existing laws in D.C., and looking to the experience of other states to clamp down on exploitative, predatory lending.

I. Risks to Borrowers Using Payday Loan Apps

a. Payday loan app borrowers become mired in a debt cycle, experiencing high levels of repeat borrowing.

Payday loan apps can put people into a cycle of repeat borrowing reminiscent of traditional payday loans. According to a 2023 GAO report, users of a direct-to-consumer, income-advance company used the service between 26 and 33 times a year.[9] These findings are in accord with the California DFPI's analysis published in 2021, which found that users took earned wage advances on average of nine times a quarter (with a range of 1 to 25 times a quarter) – that is, an average of 36 times a year, with a range of 4 to 100 times.[10] In other words, typical users of these products use them nearly every pay period.

With this cycle of reborrowing, consumers do not get liquidity to cover new expenses; instead, the advances merely fill the gap created by the prior advance. As a result, like traditional payday loans, paycheck advances create their own demand.[11] This cycle of reborrowing creates the same problems of financial instability.

The frequency of advances adds to the cost, especially if consumers are paying expedite fees and tips with each advance. Some lenders restrict how much can be borrowed in a single advance while permitting multiple advances per pay period and even per day, to increase the number of advances and amount paid in fees. For example, one company allowed consumers to take out $750 per pay period but only up to $100 per day.[12]

A recent case brought by the New York Attorney General (NY AG) illustrates this effect starkly. The NY AG collected four years of data from Money Lion and found that 40% of users paid fees for 10 or more advances a month, with 44% of fees and tips coming from

---

[9] U.S. Government Accountability Office, Financial Technology Products Have Benefits and Risks to Underserved Consumers, and Regulatory Clarity Is Needed (March 2023), https://www.gao.gov/assets/gao-23-105536.pdf.

[10] California Department of Financial Protection and Innovation. (2023). *2021 Earned Wage Access Data Findings* (Analysis completed in Q1 2023). Retrieved from https://dfpi.ca.gov/wp-content/uploads/sites/337/2023/03/2021-Earned-Wage-Access-Data-Findings-Cited-in-ISOR.pdf at 11.

[11] See Leslie Parrish and Uriah King, Center for Responsible Lending, Phantom Demand: Short-term due date generates need for repeat payday loans, accounting for 76% of total volume (July 9, 2009), https://www.responsiblelending.org/payday-lending/research-analysis/phantom-demand-final.pdf.

[12] Center for Responsible Lending. *Not Free: The Large Hidden Costs of Small-Dollar Loans Made Through Cash Advance Apps*. April 2024, p. 3, https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-not-free-hidden-costs-apr2024.pdf.

users taking two or more advances per week.[13] One in five users took an advance every other day and regularly incurred fees and tips of $57/month.[14] MoneyLion advertises up to $500 in credit but limits loans to $100, resulting in nearly 2 million loans taken out ***within minutes*** of a prior loan to get the desired amount.[15]

Similarly, the NY AG found that over 55% of workers in the most recent DailyPay data obtained two or more advances per week, making up 75% to 80% of revenue.[16] More than one in four users now take advances every other day.[17] The top 10% of users took out 5.7 advances a week – nearly 300 loans a year.[18] DailyPay boasted to investors about its "powerful business model" that extracts on average $300 year from workers, and the NY AG found one worker who took out 450 loans and paid nearly $1400 in fees over two years.[19]

Borrowers can also become stuck in a debt cycle with multiple lenders. CRL research highlights the high incidence of "loan stacking," where multiple payday app lenders extend advances against the same paycheck. Currently, there are no checks and balances between lenders to prevent this.[20] For example, a borrower may take an advance from EarnIn, then borrow again from MoneyLion and DailyPay within the same pay cycle.[21] Simultaneous borrowing across multiple apps demonstrates borrower distress. This is consistent with the finding that loan stacking increases over time, with most borrowers borrowing from more than one lender during their first year of tracked use.[22] This cycle of increased borrowing exacerbates the monthly financial shortfall that drives users into their first payday app loan.

b. Users experience higher overdraft fees after using paycheck advances.

Not only does repeated use drain money from consumers, but available data also demonstrate that consumers who use payday loan apps experience more financial distress because of associated increases in overdraft fees. A recent analysis of payday

---

[13] NCLC, MoneyLion's Costly "0% APR" "Earned Wage" Payday Loans (May 22, 2025) (summary of NY AG complaint) ("NY AG Money Lion").
[14] Id.
[15] Id.
[16] NCLC, DailyPay Extracts Hundreds of Dollars From Low-Wage Workers' Pay (May 8, 2025) (summary of facts from NY AG complaint) ("NY AG DailyPay").
[17] Id.
[18] Id.
[19] Id.
[20] Center for Responsible Lending, *Escalating Debt: The Real Impact of Payday Loan Apps Sold as Earned Wage Advances (EWA)* (2025).
[21] Id.
[22] Id.

loan app transactions conducted by CRL found that users of direct-to-consumer payday loan apps experienced an increase in overdraft fees after the initial advance.[23] The average number of overdraft fees increased from 3.0 in the three months leading up to borrowers' first advance to 4.7 overdrafts in the three months afterwards.[24] All consumers, regardless of overdraft frequency, saw their overdraft activity increase. Over three months, the number of overdrafts for low and moderate users more than doubled, rising from 1.0 to 2.3 (and up to 19) and from 2.3 to 4.4 (and up to 20), respectively. Meanwhile, heavy overdraft users saw their overdrafts increase from 11.0 to 11.6 (and up to 53).[25]

The NY AG found that MoneyLion attempts to debit accounts instantly when payroll is predicted, but "regularly receives complaints" about debits that trigger overdraft and other fees.[26] MoneyLion employees are instructed to "retry payments every day until repaid" and if "there is not enough in the customer's accounts, we may take a partial repayment and try again the next day."[27] A recent study of EarnIn customers found that use of EarnIn caused users to incur an average of $9 per month in increased bank penalty fees for insufficient funds.[28]

c. Unfair and deceptive practices

Recent public enforcement actions by state attorneys general, the Federal Trade Commission (FTC), the Consumer Financial Protection Bureau (CFPB), and the City of Baltimore contain useful illustrations of practices that may support claims under UDAP laws.[29]

Practices that these agencies have cited include:

Deceptive and manipulative practices regarding costs, including:

- Disclosing 0% APR, "no interest" or "interest-free" even as up to 90% of users pay costly fees that frequently add up to $300 a year or more.
- Promoting "instant" or "fast loans," while hiding high "expedite" fees that almost all

---

[23] Center for Responsible Lending. *Not Free: The Large Hidden Costs of Small-Dollar Loans Made Through Cash Advance Apps*. April 2024, p. 6, https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-not-free-hidden-costs-apr2024.pdf

[24] Id.

[25] Id.

[26] NY AG MoneyLion, *supra*.

[27] *Id.*

[28] Center for Responsible Lending. 2026. "November 2025 EarnIn Study Shows the Harms of Payday Loan Apps ('EWA')." January 23, 2026. https://www.responsiblelending.org/research-publication/november-2025-earnin-study-shows-harms-payday-loan-apps-ewa.

[29] National Consumer Law Center. *Selected Government Enforcement Actions Against Earned Wage Payday Lenders*. 8 Jan. 2026, www.nclc.org/resources/selected-government-enforcement-actions-against-earned-wage-payday-lenders/

borrowers pay.
- Delaying disbursement or exaggerating the amount of time needed for delivery if the borrower does not pay an "expedite" fee.
- Obscuring costs by hiding them on websites and apps or not fully disclosing them until the borrower is deep into the sign-up process for the loan.

Dark patterns that are unfair or abusive tricks to coerce purportedly voluntary "tips" and "donations," including:

- Using default options that include costs automatically.
- Deceptive and manipulative user interfaces that steer users towards accepting advances with costs or make it difficult to avoid tips.
- Repeated requests for tips and interfaces that require multiple steps to avoid a tip.

Deception around the purpose of a tip or amount of funds being donated:

- Psychological manipulations and guilt, including implied threats of consequences for borrowers who do not tip.
- Advertising large loans that few borrowers receive and limiting loan size or pushing smaller loans to multiply fees.
- Creating obstacles to prevent borrowers from canceling.
- Lending regardless of whether borrowers can repay without further loans, leading to a cycle of dependence on new earned wage payday loans with additional fees.

Furthermore, payday loan app lenders use deceptive advertising concealing the fact that the company is a lender. For example, one employer-integrated provider, DailyPay, describes its paycheck advances as "early transfers," intimating that the consumer is simply transferring their actual wages from their employer's payroll system.[30] DailyPay goes on to claim that its product helps consumers avoid interest rates and other fees, while obscuring expedite fees.[31]

Another employer-integrated provider, Payactiv, quotes a consumer who declared: "It's my money…I'm not borrowing it."[32] EarnIn, a direct-to-consumer provider, labels its income-based advance product as "Cash Out" as if the loan is nothing more than a withdrawal from one's own account.[33] These deceptive descriptions conceal the fact that consumers are taking a credit advance of funds from the payday loan app providers, not making direct

[30] Earned Wage Access Explained: Benefits and Regulations (https://www.dailypay.com/earned-wage-access/)
[31] Id.
[32] On-Demand Pay App - Payactiv (On-Demand Pay App - Payactiv)l
[33] Enjoy Your Payday in Advance with Cash Out | EarnIn

withdrawals from their actual accrued wages. The misleading information also deprives consumers of the material terms of the loan transaction, namely, the finance charge.

II. State and Federal Treatment of Payday Loan Apps

a. Court Decisions

Despite creative legal arguments about why payday advances should not be considered loans, they clearly are: A third party advances funds ahead of when payday is due and is repaid on payday. Both state[34] and federal[35] credit laws are interpreted to prevent evasions, and there are compelling reasons why laws like DC's lending laws do and should apply to these new forms of payday loans.

In Michael Russell et al. v. Dave Inc. and Evolve Bank & Trust, 2:25-cv-04029-MRA-MBK C.D. Cal. Dec. 12, 2025, the Court finds that payday loan apps meet the legal definitions of credit and, in fact, fall under payday loan definitions under Regulation Z:

> According to the Consumer Financial Protection Bureau's official interpretation of Regulation Z, the regulations implementing the TILA, "credit" includes cash advances provided in exchange for the consumer's authorization to debit their deposit account at a later date. 12 C.F.R. pt. 1026, Supp. I, Paragraph 2(a)(14) Credit, ,i 2 ("Payday loans; deferred presentment"). (at 9)

To date, seven courts have issued decisions, and all seven have found that payday loan apps offer credit subject to state and/or federal law, including the Military Lending Act.[36]

- *Revell v. Grant Money*, --- F.Supp.3d ---- 2025 WL 3167318 (N.D. Cal. Nov. 5, 2025) (Grant Money is credit under the Truth in Lending Act (TILA), Military Lending Act (MLA), and Georgia Payday Loan Act)
- *Vickery v. Empower Finance, Inc*., 2025 WL 2841686 (N.D. Cal. Oct. 7, 2025) (Empower's earned wage cash advances were credit and instant access fees were finance charges under TILA and the MLA)

---

[34] *See* NCLC, Consumer Credit Regulation § 10.10, updated at library.nclc.org.
[35] *See* NCLC, Truth in Lending § 2.8.10, updated at library.nclc.org.
[36] See for further analysis, Patrick Crotty, NCLC, Successful Challenges to Earned Wage Payday Loans (updated Jan. 14, 2026).

- *Moss v. Cleo AI*, 799 F.Supp.3d 1152 (W.D. Wash. Sept. 8, 2025) (plaintiff adequately pled that Cleo's advances are credit and its expedite fees and subscription fees are finance charges covered by TILA, as well as by MLA)
- *Golubiewski v. Activehours*, 2025 WL 2484192 (M.D. Penn. Aug. 28, 2025) (plaintiff plausibly alleged that EarnIn offered credit covered by TILA and Pennsylvania usury statute)
- *Johnson v. Activehours*, 2025 WL 2299425 (D. Md. Aug. 8, 2025) (plaintiff plausibly alleged that EarnIn offered credit covered by TILA and Maryland law)
- *Orubo v. Activehours*, 780 F.Supp.3d 927 (N.D. Cal. 2025) (plaintiff plausibly alleged that EarnIn's advances were credit covered by TILA and by Georgia payday loan law).

In addition, courts have rejected arguments that payday loan apps are not credit because they are "nonrecourse." Rejecting EarnIn's claims that their loans are "non-recourse," a California court concluded that whether a transaction is a loan depends on the real intent and understanding of the parties, and that such transactions should be scrutinized based on their substance, not their form.[37] Similarly, a Maryland court specifically held that Maryland lending law applies to transactions purported to be nonrecourse.[38]

b. State Legislation

DC and 22 other states have rate caps, which is the most effective bulwark against predatory lending. The vast majority of those states continue to enforce their rate caps and have rejected pro-payday loan app legislation. Furthermore, several states have made significant moves towards reining in payday loan apps, with some caveats.

The Connecticut payday loan app law enacted in 2025 affirms that payday app loans are loans and that fees and tips are finance charges.[39] The law limits per-transaction fees to $4 and the total monthly cost to $30.[40] All costs, including tips, are included in the fee cap.[41] The inclusion of per-transaction and per-month fee caps reflects the recognition that app-based lenders rely upon heavy repeated use to drive up total fees collected per borrower over time. Connecticut is the only state to impose

[37] *Orubo v. Activehours, Inc.,* Order Den. Motion to Dismiss at 2, No. 5:24-cv-04702-PCP (N.D. Cal. April 2025).
[38] *Johnson v. Activehours, Inc.,* No. 1:24-cv-02283, slip op. at 2 (D. Md. Aug. 2025).
[39] Conn. Sen. Bill No. 1396 (2025) at 4.
[40] Conn. Sen. Bill No. 1396 (2025) at 11.
[41] Conn. Sen. Bill No. 1396 (2025) at 3.

comprehensive limits on the fee drain from repeat borrowing and manipulative practices. This represents a protective factor for borrowers and is certainly preferable to allowing lenders to assess unlimited fees. Unfortunately, both the per-loan fee cap and the monthly limit contained in the bill are too high to adequately protect borrowers so other states should implement lower limits.

The Connecticut legislation, while inferior to the application of a rate cap like DC's 24% cap, is the strongest earned wage-specific legislation to date.

In Maryland, regulatory guidance in 2023 made clear that many app-based loans would be covered under Maryland's consumer protection laws. [42]

Maryland's law defines payday loan app transactions as loans but exempts them from the state's usury limits.[43] Instead, the law sets a per-transaction limit on fees. Unfortunately, the limit is too high to be meaningful for consumers.[44] Moreover, the bill permits payday loan app lenders to collect tips but does not include tips within the fee limits. The Maryland bill goes even further in exempting payday loan app companies from important protections contained in the state's consumer credit code. It exempts these lenders from the consumer credit code's protections against discrimination based on race, sexual orientation, and other protected identities.[45] It also gives the lenders a pass from the consumer credit code's prohibitions against deceptive advertising.[46]

Governor Wes Moore allowed the Maryland bill to become law without his signature, publishing a letter outlining reservations about the bill and identifying changes that he expects the legislature to make in the 2026 session."[47] A bill sponsored by the Department of Labor and being considered bans lenders from soliciting or accepting tips and subjects the loans to fair lending laws and rules against unfair, deceptive or abusive practices.[48]

c. Attorneys General and State Regulator Actions in DC, NY and Maine

DC's Attorney General alleges that EarnIn's claims that its EWA product is not a loan, does not carry interest, and has no fees for instant access are all intentional misrepresentations

[42] Maryland Commissioner of Financial Regulation, Guidance on Earned Wage Access Products.
[43] Md. House Bill 1294 (2025) at 2.
[44] Expedite fees are maxed out at $5 for transactions under $75 and $7.50 for transactions over $75.
[45] Md. House Bill 1294 (2025) at 13.
[46] Md. House Bill 1294 (2025) at 14.
[47] HB1294 - Earned Wage Access - Special EWS Letter.pdf.
[48] Md. House Bill 297/Senate Bill 94 (2026).

prohibited by the District's unfair and deceptive practices law.[49] The Attorney General further charged EarnIn with unlawfully operating without a lending license.[50] In the investigation that precipitated the lawsuit, the District found that EarnIn pressures consumers to engage in multiple transactions during a single pay period by sending notifications within its app prompting users to repeatedly take out relatively small sums to increase the fees it collects.[51]

According to the D.C. EarnIn complaint, borrowers located in the District started obtaining loans from EarnIn around 2016.[52] Since that time, over 20,000 District Borrowers have engaged in more than a million transactions with EarnIn.[53] The AG raises facts that support violations of D.C. law including its rate cap and prohibition on unfair and deceptive practices.

For example, 83% of transactions include the expedite fee (also known as Lightning Speed for EarnIn).[54] As a result of the Lightning Speed fees alone, the average interest rate on EarnIn's instant loans is over 300%.[55]

The complaint details daily limits and reminders of available cash, which induce borrowers into additional loans with high fees.[56]

> Each transaction is subject to three different limits: a daily limit of up to $100, a pay period max of up to $750, and a limit based upon EarnIn's calculation of available earnings....
>
> Together, these limits require multiple fee-bearing transactions for Borrowers seeking to immediately obtain loan amounts above their daily max.
>
> For instance, a Borrower who needs $200 as soon as possible and is eligible for the maximum daily withdrawal of $100 would need to pay the Lightning Speed fee for two withdrawals of $100 over two days ($3.99 fee x 2 = $7.98), rather than for a single withdrawal of $200 (at a $3.99 fee), even if their available earnings were over $200.[57]

The complaint also raises alarms about the failure to disclose the Lightning Speed fee.[58]

The New York Attorney General filed separate suits in the spring of 2025 against

[49] DC suit at 15
[50] DC suit at 16
[51] DC suit at 11
[52] DC suit at 4.
[53] DC suit at 4.
[54] DC suit at 10.
[55] Id. at 2.
[56] Id. at 11.
[57] Id. at 11-12.
[58] Id. at 7.

DailyPay[59] and MoneyLion, [60] which also operate in the District. The suits allege violations of consumer protection laws, licensed lending requirements, usury laws, and unfair and deceptive practices prohibitions. The practices undergirding these claims include the fact that consumers cannot receive cash advances instantly and for free, as promised; instead, they must pay expedite fees and, in the case of MoneyLion, tips. While claiming publicly that their advances are not loans, MoneyLion refers to its products as single-payment loans, and the outstanding advances as "principal."[61]

Similarly, according to the New York MoneyLion complaint, factual allegations that support violations of the rate cap and unfair and deceptive practices abound. Nearly 90% of all advances were assessed a fee, and in 96% of those cases, the fee was successfully collected.[62] MoneyLion actively engages in practices that maximize fees. employs a host of behavior techniques to drive more frequent and higher tipping. The platform used pre-filled tip suggestions, reminders, and behavioral nudges to encourage tipping, which generated over $7 million in tips in New York during 2018–2023, of which approximately $6.8 million was actually collected.[63] When combined with fees, the total amount extracted from New York users exceeded $31 million.[64]

As a result, MoneyLion's advances carry extremely high costs. Nearly all advances carried APRs above 100%, with more than half exceeding 500%, with the average cost of credit rising above 800%.[65]

These cases are important developments both because they represent real attempts to combat payday loan app abuses and because their allegations, based on extensive data provided to the attorneys general, reveal the ways in which these apps harm consumers and how the business model is designed to extract more fees through small repeat loans.

In addition to state attorneys general, state regulators are making it clear that payday lending app companies are making loans, and that these products are covered by existing consumer credit laws. For example, the financial regulator for the state of Maine issued an advisory ruling in June 2025 explicitly stating that payday lending app companies are advancing money to consumers and are therefore subject to Maine's Consumer Credit Code.[66]

---

[59] *People v. DailyPay*, Petition, No. 154851/2025 (N.Y. Sup. Ct. 2025).
[60] *People v. MoneyLion*, Complaint, No. 451303/2025 (N.Y. Sup. Ct. 2025).
[61] *Id.* at 7.
[62] *People v. MoneyLion Inc.* at 18.
[63] *Id.* at 16.
[64] *Id*. at 26.
[65] *Id*. at 17.
[66] Maine Superintendent of Consumer Credit Protection, Advisory Rule defining "earned wage access"

II. Federal Treatment of Payday Loan apps

a. Interpretive Rule

In 2024, the CFPB responded to concerns about EWA by releasing a proposed interpretive rule confirming that these "paycheck advance products" are subject to the federal Truth in Lending Act (TILA) and Regulation Z.[67] The proposed rule affirmed that these products, offered through payday loan apps, are loans, and that the tips and expedite fees are finance charges subject to disclosure under TILA and Regulation Z.[68]

TILA's disclosure requirements and Regulation Z's definition of finance charges offer key protections against deceptive advertising by ensuring that consumers have access to the material terms of each loan agreement and by representing the cost of each loan in a manner consistent with other credit products. Accordingly, we agreed with the CFPB's decision to clarify that paycheck advance loan providers must make the disclosures required by the Truth in Lending Act for all transactions that fall under the appropriate thresholds for TILA.

In addition, in early January 2025, the outgoing CFPB administration released Supervisory Highlights outlining two major concerns with payday loan app lenders that the CFPB examined in 2024.[69]

The Supervisory Highlights noted that payday loan app lenders had violated federal consumer protection law by misrepresenting the uses and benefits of tipping and by blocking users' attempts to close their accounts.[70] These highlights provided a roadmap for state regulators to pursue enforcement actions against these lenders.

Since that time, the current administration has sharply reversed course. Among other changes, the agency has moved to reduce supervision of non-bank entities[71] and has reversed its opinion regarding the application of TILA to payday loan apps.[72]

---

products as "loans" (2025).

[67] Consumer Financial Protection Bureau. (2025, January 15). *Truth in Lending (Regulation Z); Consumer Credit Offered to Borrowers in Advance of Expected Receipt of Compensation for Work* (90 Fed. Reg. 3622). *Federal Register*. U.S. Government Publishing Office.

[68] Id.

[69] Federal Register, *Supervisory Highlights, Issue 37 (Winter 2024),* 90 Fed. Reg. 607 (2025).

[70] Id. at 612.

[71] Federal Register, *Legal Standard Applicable to Supervisory Designation Proceedings,* 90 Fed Reg 41520 (2025).

[72] Federal Register, *Interpretive Rules, Policy Statements, and Advisory Opinions; Withdrawal; Truth in Lending (Regulation Z); Consumer Credit Offered to Borrowers in Advance of Expected Receipt of Compensation for Work,* 90 Fed Reg 20084 (2025).

On a positive note, the CFPB's reversal of the well-reasoned 2024 interpretation has little impact. It remains persuasive authority for courts, which have the ultimate say about the meaning of the law,[73] and as discussed above, seven courts have unanimously rejected claims that payday loan apps are not offering credit subject to TILA.[74] These decisions show that the legal analysis set out in the CFPB's proposed 2024 interpretive rule remains valid and demonstrates that existing federal law governing loan products applies to app-based payday loans and similarly, could be used for states in their analysis of payday app loans.[75]

III. Recommendations

We would recommend DC's 24% rate cap be applied to payday loan apps without exemption or exception. Payday loans offered through apps, whether or not purportedly based on earned wages, are simply another form of payday loan with very similar harms. DC's rate cap has worked well to protect borrowers from the harms of payday loans and there is no reason to exempt new forms of loans. This is especially true because the definition of "Earned Wage Access" offered by the industry is not even tied to actual earned wages and could be exploited by traditional payday lenders.

Like other regulators, DISB should consider investigating the application of other existing laws to payday loan app lenders such as unfair and deceptive practices law. Interpretive guidance affirming that EWA is credit and that tips and expedite fees are interest covered by DC's 24% rate cap would be helpful in ensuring lending laws are applied to payday loan app lenders. In addition, it is important for regulators to build a factual record and act upon patterns reported by consumers.

IV. Conclusion

DC has strong laws already in place to address payday loan apps. The consumer harms have been identified as detailed in this comment. In particular, we have focused on the cycle of debt associated with high interest rates and unfair and deceptive practices around costs and fees. While states have made progress, more can be done by the DC to ensure that its residents are not subject to the predatory lending in which payday loan apps engage.

---

[73] *See* NCLC, Continued Vitality of 67 Withdrawn CFPB Guidance Documents (updated May 27, 2025).
[74] Patrick Crotty, NCLC, Successful Challenges to Earned Wage Payday Loans (updated Jan. 14, 2026).
[75] While federal law establishes a broad regulatory framework for consumer lending, it does not impose substantive limits on loan costs, with the exception of the Military Lending Act, 10 U.S.C. § 987, et seq., which caps the annual percentage rate at 36% for covered loans to servicemembers, as defined by the Truth in Lending Act, 15 U.S.C. § 1601, et seq. As a result, state laws and enforcement play a crucial role in regulating interest rate limits and other lending practices to protect borrowers.