

7 Myths and facts about Earned Wage Access loans and SB 938 | HB 2043

1 Myth: Earned Wage Access (EWA) is a new financial product.

Fact: Wage-based cash advances have been sold for more than a century, often by loan sharks. Texas adopted consumer lending laws in part to address the scourge of salary lenders.



5 Myth: These advances are free.

Fact: These transactions almost always carry costs, with some so high they rival payday and auto title loans.

2 Myth: Earned Wage Access is not a loan.

Fact: EWA is a loan. The EWA company advances funds to the borrower and gets paid back on the borrower's pay day – along with fees.



3 Myth: This bill is about consumer protection.

Fact: This bill codifies a loophole in Texas consumer lending laws which benefits companies, not consumers. That's why nearly 40 companies with Earned Wage Access products are backing this bill.

4 Myth: Because the bill states EWA isn't a loan, the military and their families can't be protected from exploitation.

Fact: A cap must be imposed on the fees these businesses charge to active-duty military. Just in the past six weeks, seven class action lawsuits have been filed against EWA companies alleging fees equivalent to 300% APR to 1300% APR.



Vote NO

SB 938

HB 2043

**Protect Texans
from loan
sharks!**

6 Myth: Earned Wage Access won't disproportionately affect military families.

Fact: EWA companies claim active-duty military are among their top customers. The Catholic Archdiocese of the Military of the United States of America opposes this bill because so many military families are vulnerable.

EWA products do not support the financial well-being of Texans!

"Daily Pay keeps taking more money than I've transferred."

"I paid tips for two years because I felt obligated."

"They attempted to deduct \$840 BEFORE I got paid. It caused overdraft fees and extensive stress on my part as they DRAINED my account."

"It has been 48 hours and I still do not have a paycheck."

"Today is payday, however I didn't get paid because Daily Pay is having some issues with dispersing electronic deposits. They are aware of the issue and are unable to deposit money until Monday. This is a problem that not only affects me, but many others. My car payment and other bills are going to be direct debited from my account this weekend and I don't have the money to pay them or to purchase other necessities. How can they mess with people's money and not have an immediate resolution? This has serious implications for my finances."

Customer service is "an endless cycle of passing the buck."

"This is a predatory practice designed to keep people using the service."

"Apparently, all of my earnings were put on a prepaid card that I have never been able to access."

**Organizations
Opposed to
SB 938 | HB 2043**

May 2025

AARP Texas
Brazos Valley Affordable Housing
Financial Health Pathways
Houston Food Bank
Pathfinders
RAISE Texas
Society of St. Vincent de Paul
Texas Appleseed
Texas Baptist Christian Life Commission
Texas Catholic Conference of Bishops
United Way of Central Texas

**Vote NO
SB 938 | HB 2043**

