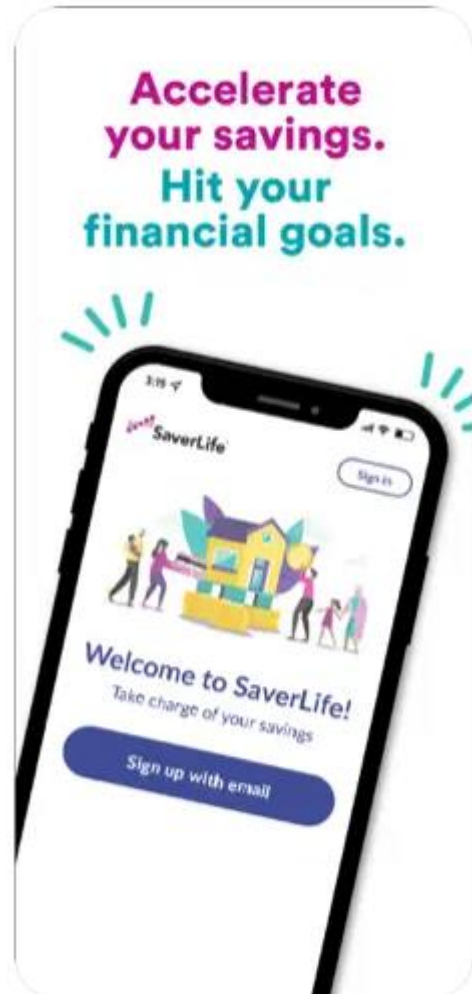




Optimal Model Legislation for EWA

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SaverLife Transactions

- 18 months of transactions for **16,000+ members** totaling **14.5M transactions**
- Variables include merchant, amount, financial institution, demographics (self-disclosed)

Nearly 2,000 consumers with over 37,000 transactions

Table 1: Total Advances and Users by Company

| Company | All Five Lenders | Brigit | Cleo | Dave | EarnIn | FloatMe |
|--------------------|------------------|--------|-------|-------|--------|---------|
| Number of Advances | 37,826 | 7,133 | 2,966 | 5,992 | 19,561 | 2,174 |
| Number of Users | 1,938 | 909 | 719 | 873 | 706 | 444 |

Note: Number of users in this table is greater than 1,938 because some users used more than one company.

Consumers are taking out advances repeatedly

*"I usually use them every time I get paid because they take out their payment and usually my check is short because I use the apps and **I have to go back and re-borrow almost every time I get paid.**"*

—Ayanna

75% of users took out an advance on the same day or next day they made a repayment.

17% took out at least six advances in one or more months which accounted for **nearly half (49%) of all advances**

Relying on more than one lender is common

*“Since last week, I have only used EarnIn. But, **last payday I used EarnIn, Cleo, Empower, and Brigit, all once except for EarnIn, I used them twice.**”*
—Shaylene

48% accessed advances from more than one company

51% of those using multiple lenders did so within the same month for at least half of the time they took out advances

Consumers are taking out small loans...

Table 3. Average Advance Amounts and Days to Repay by Lender

| Company | All Lenders | Brigit | Cleo | Dave | EarnIn | FloatMe |
|-------------------------|-------------|--------|-------|-------|--------|---------|
| Average Advance Amounts | \$79 | \$58 | \$39 | \$133 | \$83 | \$20 |
| Minimum Advance | \$10 | \$25 | \$20 | \$20 | \$10 | \$10 |
| Maximum Advance | \$500 | \$280 | \$250 | \$500 | \$300 | \$50 |
| Average Days to Repay | 10.0 | 10.8 | 10.3 | 10.5 | 8.8 | 9.0 |

Source: CRL analysis of SaverLife data.

..and paying a high price.

Table 4: Costs of Advance Compared to a Typical Payday Loan

| Cost Metrics | All Five Lenders | Brigit | Cleo | FloatMe | Dave | EarnIn | Payday Loan |
|--|------------------|--------|------|---------|------|--------|-------------|
| Average APR on Advances Paid in 7 to 14 Days | 367% | 439% | 652% | 956% | 329% | 284% | 400% |
| Average Fee to Advance Amount | 12% | 12% | 18% | 26% | 10% | 8% | 15% |
| Cost per Advance | \$7 | \$7 | \$6 | \$5 | \$10 | \$5 | \$15 |

Note: Share of advances repaid within 7 to 14 days was 58%.

Source: CRL's calculations using SaverLife Data. The cost of a typical payday loan is taken from <https://www.consumerfinance.gov/ask-cfpb/what-is-a-payday-loan-en-1567>.

Key Findings Include:

1. Overdrafts on consumers' checking accounts increased 56% on average after use of an advance product
2. Consumers are taking out advances repeatedly, and using multiple lenders is common
3. Consumers taking out small amounts of cash paid a high price
4. Many low- to moderate- income consumers are already struggling to meet their expenses and repaying advances makes it harder to catch up or save

Nevada law: No Meaningful Protections, No Cost Caps

- Codifies legal fiction that EWA is not a loan or form of credit
- Exempts EWA from all credit laws, including state interest rate caps
- Provides no limits on expedite fees, tips, subscription charges or other fees

New York Proposal: Vital Guardrails Absent

- **Cap on total cost for advances contemplated, but not stated**
- **No requirement that companies provide a free option**
- **Default tip must be set to zero and tips contribute to cap on total cost for advances (cap not set by legislation)**
- **Exempts EWA from NY's usury cap, preventing regulator from conforming fee cap to usury limits**