

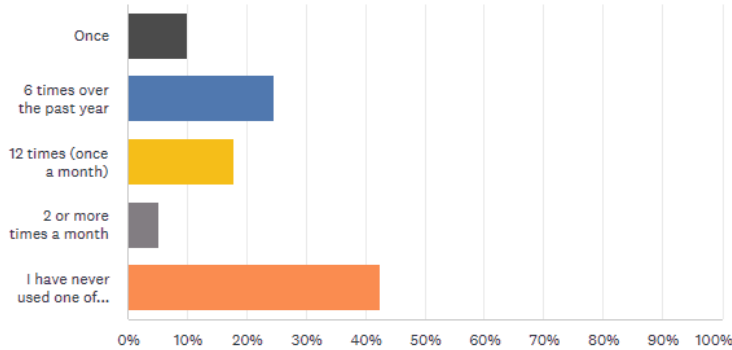
Background

In 2025 Maryland's legislature passed a bill that legalized costly app-based payday loans. This is the first time in more than 50 years that Maryland has allowed payday lenders in our state. Consumer advocates as well as Governor Moore expressed the need for stronger protections around this product.

SB94/HB237 will ban tipping which means struggling borrowers will no longer be asked 17 times by a multi-million dollar corporation to tip them in order to borrow against their own earnings. This is a good thing. However, more protections are needed for this high-cost credit.

Have you used a product or app to get some of your paych...

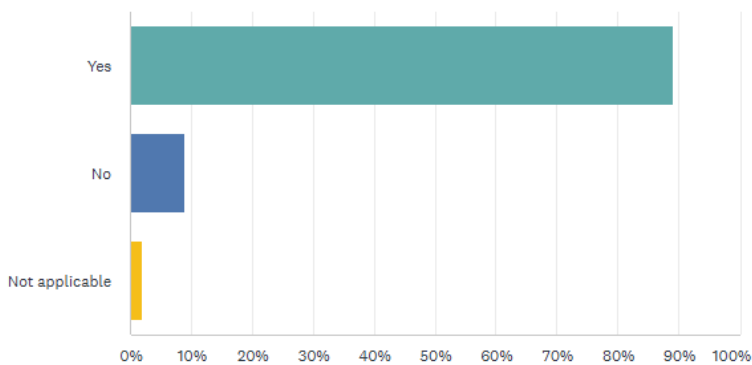
Answered: 370 Skipped: 63



Have you paid fees for faster access to your money?

Answered: 212 Skipped: 221

Have you paid fees for faster access to your money?



Earned Wage Access tools are widely used by the most vulnerable:

- Studies show that individuals will borrow multiple times a month, accruing fees which deepen their debt, leading to a vicious cycle of debt.
- In 2024, Economic Action Maryland Fund conducted a survey of nearly 500 clients and supporters. We found that 18% of survey participants used EWA apps once a month and another 25% were using these high-cost products every other month.
- Ninety percent of our clients who used these products paid expedite fees-meaning they were paying hundreds of dollars each year to access their own money early.
- Under the current fee caps in Maryland law, paying a \$7.50 expedite fee on a \$100 loan is 90% APR, nearly triple the 33% Maryland state APR cap for personal loans under \$1,000.

SUPPORT SB94/HB237 WITH STRENGTHENING AMENDMENTS

Across the state affordability is an issue and efforts to bring down costs have been touted. Make no mistake, EWA products are unaffordable, 90% APR two week loans, marketed to individuals who are struggling to make ends meet by venture-capitalist funded Silicon Valley tech corporations. As drafted SB94/HB237 is a good first step in expanding protections for low-wage workers. But more must be done to protect everyday Marylanders from the worst aspects of these payday loans.

We are urging the House and Senate committees to amend SB94/HB237 to limit costs, prevent loan-stacking, make it easier to cancel, and increase transparency.

Consumer Protection Amendments Include:

Limit costs:

- Limit the total maximum monthly cost, covering all loans and all costs (expedite fees, subscriptions, etc.), to \$10 month.
- Limit the \$4 per transaction fee to one per week.
- Lower the per transaction fee to \$2.

Make it easier to exercise free options and make those options reasonable:

- If the consumer chooses not to pay an expedite fee, require the lender to use a method to send the money that is reasonably designed to reach the consumer by the next day.

Limit repeat efforts to collect and make it easier to cancel repayment:

- Prohibit lenders from debiting bank accounts or payrolls more than once.
- Provide a simple method to cancel subscriptions or repayment of the loan.

Regulator authority:

- Add comprehensive annual reports with data reporting on the costs, repeat usage, and other information, make those reports public, and require regular public reports

Address loan stacking:

- Require lenders to implement measures to prevent advances to people who have taken out advances from other providers in the same wage period.

Support SB94/HB237 with Strengthening Amendments

