



# DailyPay, Inc. Testimony

**TO:** Kansas Financial Institutions and Pensions Committee  
**FROM:** HB 2105  
**DATE:** January 27, 2023  
**SUBJECT:** Testimony from DailyPay, an Earned Wage Access Company

***Position: Opposed. But will readily support, if properly amended.***

## ***Testimony:***

Good morning, I'm Ryan Naples, and I'm the Senior Public Policy Manager at DailyPay. We're an employer integrated earned wage access company. The earned wage access industry is a new, innovative one, that provides low cost or no cost access to the wages people have already earned.

DailyPay operates by integrating directly with an employer's time and attendance data and using that to verify an employee's wages during the pay period they are seeking to access their earned - but not yet paid - income. We work with some of the largest retail, grocery, and hotel chains in the nation, in order to provide their employees this service: such as Target, Kroegers, Hilton, and McDonalds. We are the largest earned wage access provider in the country and last month, 1.2 million customers from over 800 businesses made a transaction on our platform in all 50 states. And of critical importance to the core mission of DailyPay, our product - which is either no cost or for a nominal ATM-like fee - has been proven to replace much more costly financial alternatives like payday loans and overdraft fees, that lead to a never ending cycle of debt.

Today, I appreciate the opportunity to join you all via zoom and regret to not be testifying in person. At DailyPay, we welcome this conversation and are committed to finding a legislative path forward this session that provides regulatory certainty and oversight for financial technology companies like ours, as well as protection for consumers. We believe it is possible to properly license all companies in this space, while simultaneously balancing consumer protections and consumer choice.

For employers, we're an attractive benefit: we help reduce turnover by up to 70% in the nursing home and home health care industry, and help all business owners offering DailyPay fill open jobs 52% faster. Plus, 59% of employees using DailyPay say it makes



them more motivated to go to work, resulting in reduced absenteeism. These mutual benefits we bring to both employers and employees are important to the mission of our company and it's why the earned wage access industry is growing so rapidly.

However, we would like the Committee to consider that not all companies and earned wage access products are alike and we urge that this be reflected in the legislation that is currently under consideration today.

If Kansas chooses to pass HB 2105, this will be the first state in the country to pass an earned wage access law. For this reason, we hope to be a resource in contributing to amending the law, for the purposes of drafting it with the entirety of the industry considered.

As presently written, the current bill primarily is drafted to fit an earned wage access company that is structured very differently than ours. It is designed to license companies that does not integrate with employers' and work seamlessly through payroll like we do and others, but instead advances funds to workers based on their own representations via bank account access, geo-location tracking, and other assumptions about wages.

In addition, the bill is designed to license companies that collect repayment largely by automatically debiting workers' bank accounts. This model is very different from the employer integrated structure we deploy and we hope we can help revise legislation in the coming days and weeks to account for these fundamental differences.

Specifically we recommend a few changes. They include:

- Tweaking the definition of licensing criteria to reflect the different business models I just described.

- Adding new, necessary statutory language to address the different standards that would govern the various models, and would provide the public clear and transparent information about the kind of license each earned or early wage access provider has.

- Adding clear disclosure requirements for all fees for all earned wage access consumers and additional consumer protections that are tailored to the different structures, since the direct to consumer model which would be primarily licensed under



this bill, involves very different consumer risks than the employer integrated model, that should be addressed in any legislation.

**We do support the legislature's interest in licensing the earned wage access industry this session and we are grateful for the opportunity to speak with you today and provide this testimony. We look forward to working with you on this legislation together with the bill's sponsor, our partners in industry, and with you all on this Committee and the rest of your colleagues in the legislature. Thank you for your time this morning.**