

# PROTECT YOURSELF: EARNED WAGE ACCESS PRODUCTS



Fees and what to  
consider before using  
EWA products.

## What are Earned Wage Access (EWA) Products?

Also known as income-based advances, these products offer consumers a way to get advance payment on a portion of their unpaid earned wages or salary for a fee. These advancements are often classified as short-term loans as they are to be repaid on pay day by the employee. Many people rely on these services to cover for unexpected expenses or other basic necessities. However, consumer advocates warn that frequent use of these services can result in a debt trap, much like payday loans, with interest rates up to 400% ([Iacurci, 2024](#)).

There are two models of EWA Products:

**Employer-Partnered Model:** In this approach, a third party provider has established a relationship with the employer and contracts with them to provide the funding for the EWA products. Therefore, it is the employer who is offering the service to their employees, sometimes for free as they bear the cost of the service.

In this model, firms have already established time worked and wages earned by employees, eliminating the need for other prerequisites such as credit score or report pulls. Additionally, a third party will not need an employees bank account for repayment as they are repaid through payroll deductions.

**Direct-to-Consumer Model:** This version has no employer contact and advertises directly to the consumer, therefore having to rely on alternative methods of proof to verify earnings and hours worked. According to the Consumer Financial Protection Bureau (CFPB), methods of proof can include access to recent pay stubs and bank transaction history/activity. Additionally, some businesses will use geolocation services, access to your physical location, to calculate time worked.

In this model, repayment occurs through direct charges to a consumer's account, with the possibility of resulting in overdraft or NSF fees if not enough funds are present in the account at the time of the transaction.

## What are the fees associated with EWA?

While some Employer-Partnered models, also known as business to business models, may choose to cover the cost of earned wage access products, many do not, and fees can range from \$1.99 to \$5 per transaction ([CFPB, 2024](#)).

In a direct to consumer model, fees can range vastly, even in the instances where business apps advertise advances as free, they solicit voluntary tips that have been found relative high in relation to the loans being taken out by consumers. Many EWA Apps offer subscriptions to obtain access to their services, but on top of that also charge an expedited delivery fee, a per transaction fee, and a voluntary, however set to a default amount, “tip” to the business for the service ([Lux & Chung, 2023](#)).

According to the Center for Responsible Lending (CRL), consumers can expect companies to charge \$0.99 to \$25 in fees for instantaneous transfers. Additionally, they found that Dave, a publicly traded EWA company, “reported \$259.1 million in revenue, earning \$152.5 million in fees (59% of revenue) and \$59.9 million in tips (22% of revenue)” ([CRL, 2024](#)).

## Before using, consider the cost:

- **High APR:** The California Department of Financial Protection and Innovation found that on average the annual APR for tip companies was 334% and 331% for non-tip companies.
- **Overdraft fees:** Researchers found that overdraft fees increased on average by 67% for consumers who began using EWA Apps ([NCLC, 2024](#)).
- **Fees:** Is the company charging a recurring fee or a flat fee for the use of its services? Using these services on a recurring bases can cause fees to add up, leading to a cycle of debt and user dependency.
- Finally, 34% of complaints received by the DFPI were due to settlement issues in which consumers were overcharged for repayment of an advancement.

**Note:** Effective February 15, 2025, a business or person has to be registered with the DFPI in order to engage in EWA services.

To search for registered providers of income-based advances, please visit the [Nationwide Multistate Licensing System & Registry \(NMLS\) Consumer Access](#) site or use DFPI's [Search for Regulated Entities](#).

## Important Resources:

### [California Department of Financial Protection and Innovation \(DFPI\)](#)

651 Bannon Street, Suite 300  
Sacramento, CA 95811  
916-598-4738  
eeo@dfpi.ca.gov  
Submit a complaint:  
<https://dfpi.ca.gov/submit-a-complaint/>

### [Center for Responsible Lending \(CRL\)](#)

1970 Broadway Suite 350  
Oakland, CA 94612  
(510) 379-5500

### [National Consumer Law Center \(NCLC\)](#)

1001 Connecticut Avenue, NW, Suite 510  
Washington, DC, 20036  
(202) 296-4062



### [About the Consumer Federation of California Education Foundation:](#)

The Consumer Federation of California Education Foundation is a 501(c)3 nonprofit organization dedicated to advancing consumer rights through education and research. The CFC Education Foundation is sponsored by the Consumer Federation of California.

