

Earned Wage Access: Just the Facts

Earned Wage Access (EWA) is a safe, cost-effective way for workers to access their wages. With no mandatory fees, no credit checks, no interest, no recourse, and no impact on credit scores, EWA products help people manage short-term liquidity challenges and avoid high-cost, predatory financial products. EWA users are savvy managers of their money who use the product responsibly to meet their personal financial needs.

Here are the facts about Earned Wage Access.

Earned Wage Access is NOT a loan.

EWA products give workers early access to the wages they have earned, like opening a cash register at the end of the working day. By definition, a transaction does not constitute a “loan” without an absolute obligation to repay. EWA services are non-recourse, meaning that if users don’t repay their EWA advance, all that happens is that they lose access to the EWA service. There is no legal obligation to repay and, therefore, these products are not a loan. It’s as simple as that.

Earned Wage Access safely streamlines access to short-term liquidity for millions of hardworking Americans.

Millions of Americans live paycheck to paycheck and cannot afford unplanned or emergency expenses. EWA products allow people to access their own pay to meet these short-term liquidity challenges instead of turning to high-cost credit, payday loans, cash advances, or overdraft fees. A study from the Government Accountability Office [found](#) that earned wage access products “generally cost less than typical costs associated with payday loans,” demonstrating that EWA users are consciously opting for lower-cost financial tools.

Earned Wage Access gives people choice and flexibility.

People are proactively choosing EWA over other products on the market. When offered in the workplace, over 40% of workers turn to it to meet liquidity challenges, according to the [Financial Health Network](#). That’s because legacy options are often a bad deal for workers. Payday loans, for example, charge legally binding, mandatory fees and impose double-digit interest rates that compound monthly until the loan is repaid. High-cost credit cards can trap users into cycles of debt, and costly overdraft fees add up over time. In contrast, EWA programs always offer a no-cost option for workers to access their wages. Since EWA is non-recourse, providers do not perform a credit check or report to the credit bureaus, making EWA safer for users’ credit scores than other financial products.

Direct-to-consumer EWA services are safe and consumer-friendly.



Whether using EWA through an employer or directly through a provider’s app, consumers receive the same protections, including no interest rates, no credit checks, no mandatory fees, and no impact on credit scores. Direct-to-consumer EWA services provide critical access to the gig workers, freelancers, and contract hires who make up [36% of the American economy](#). Workers should be able to access their earned wages regardless of their employer.

ABOUT US

The Financial Technology Association (FTA) is a Washington, DC-based trade association representing industry leaders shaping the future of finance. We champion the power of technology-centered financial services and advocate for the modernization of financial regulation to support inclusion and responsible innovation.