

**STATEMENT FOR THE RECORD FROM  
THE FINANCIAL TECHNOLOGY ASSOCIATION**

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**Before the  
U.S. House Committee on Financial Services  
Digital Assets, Financial Technology, and Artificial Intelligence Subcommittee  
hearing**

**“Delivering for American Consumers: A Review of FinTech Innovations and Regulations”**

**January 13, 2026**

Chairman Steil, Ranking Member Lynch, and members of the subcommittee, thank you for the opportunity to submit a statement for the record in support of the innovative products and services fintechs offer. The Financial Technology Association (FTA) is a trade group representing industry leaders shaping the future of finance, including earned wage access (EWA) and buy now pay later (BNPL) providers.

At a time when every dollar counts, financial technology is delivering real solutions that help Americans manage their money more effectively and avoid costly traditional alternatives. [According to The Harris Poll](#), eight in ten Americans use fintech to manage their money, and 93% report benefiting from it. These aren't just statistics. They represent millions of families who are finding better rates, lower fees, and tools that actually fit their lives. They are workers who can access their paychecks immediately instead of waiting days. They are consumers who can pay for products without incurring high interest fees. These digital tools are putting people back in control of their finances, helping them keep more of their money while saving time.

FTA believes customer choice, trust, and protection are the cornerstones of financial services. Fintech companies are proving every day that innovation and consumer protection go hand in hand. By harnessing modern technologies, financial technology companies are creating a system that is more transparent, more inclusive, and more responsive to what Americans actually need.

The opportunity is clear: we can build on this momentum to create a financial system that truly serves all Americans, or we can allow outdated barriers to hold people back. The choice we make will determine whether financial services become more accessible and affordable or whether millions of Americans remain stuck with options that don't serve them well.

**Earned Wage Access: Empowering Workers**

Millions of Americans live paycheck to paycheck, and Earned Wage Access (EWA) provides a critical tool for managing affordability challenges between pay periods. EWA is different from a

loan, and it allows workers to access their already-earned wages on demand, rather than waiting for scheduled paydays that may be as infrequent as monthly.

EWA addresses a fundamental timing mismatch between when bills are due and when workers are paid. When workers face unexpected expenses such as utilities, rent, or car repairs, they currently must choose between expensive alternatives like payday loans, credit card cash advances, or overdraft fees. EWA gives workers access to their own earned wages, helping them weather short-term financial shocks without incurring high costs.

The product structure reflects a fundamental difference from credit: consumers are accessing wages they've already earned through their labor. This is their own money. Moreover, EWA is nonrecourse - providers cannot compel a customer to repay, companies don't sell advances to third-party collectors, and there are no late fees, interest rates, or impacts on credit scores. While providers may charge voluntary expedited transfer fees, voluntary tips, or membership fees, they always offer a no-cost option. EWA is considered a non-credit product in Arkansas, Arizona, Indiana, Kansas, Louisiana, Missouri, Montana, Nevada, South Carolina, and Utah.

The market demonstrates a strong consumer need. Studies [estimate](#) that between 2018 and 2020, the earned wage access market tripled to \$9.5 billion, serving over 55 million consumers. According to the Financial Health Network, users find EWA particularly beneficial "relative to other options that they would use to pay their bills and cover emergency situations while facing liquidity challenges." And a [study](#) conducted by an economist at the University of Oregon found that EWA increases take-home pay by 11.5%, strengthening financial security.

Both business-to-business (B2B) and direct-to-consumer (DTC) models serve important roles in the marketplace. B2B models serve employees of participating employers, while DTC models reach workers whose employers don't offer EWA benefits. Both models are needed to ensure all workers have access to this affordability tool, and we encourage policymakers to maintain regulatory parity across both delivery models.

### **Addressing Affordability Through Buy Now Pay Later**

Buy Now Pay Later (BNPL) offers consumers a transparent alternative to high-cost credit during a period when affordability remains a top concern for American families. The interest-free Pay-in-Four model provides small, short-term payment options – typically four installments over six weeks – with no fees when consumers repay on time.

The affordability advantage is clear. Unlike credit cards, which generate revenue primarily from consumers paying interest and fees, BNPL Pay-in-Four companies derive the vast majority of

their revenue from merchant partnerships. This alignment of incentives encourages on-time, in-full repayment rather than prolonged debt accumulation.

While Americans [owe](#) \$1.2 trillion on credit cards with an average balance of around \$5,300 and [charge-off rates of 4%](#), BNPL provides a fundamentally different option. The [average BNPL loan is just \\$135](#), with small initial limits that gradually increase as consumers demonstrate responsible repayment. Charge-off rates for BNPL are less than 1%, a testament to responsible underwriting and consumer behavior.

A Morning Consult poll found that [more than three-quarters](#) of BNPL users have a favorable opinion of the service. A [Federal Reserve Bank of New York study](#) found that consumers across all income levels use BNPL to manage their finances, and once they try it, they continue using it, reinforcing the positive consumer experience. The Financial Health Network found that [99% of BNPL users](#) understood the product's terms and conditions, while [CFPB economists found](#) that 98% of users had no difficulty making payments.

These products help consumers avoid debt traps of revolving credit while enhancing the customer experience. According to Adobe Analytics, [BNPL use crossed the \\$1 billion threshold](#) this past holiday season, demonstrating strong consumer demand for affordable payment alternatives. At the same time, credit card interest fees continue to grow, as the CFPB found that consumers were charged [\\$160 billion in interest in 2024](#), up from \$105 billion in 2022.

### **BNPL Pay-in-Four Products Should Not Be Regulated Like Credit Cards**

One issue to address is the growing push to regulate BNPL pay-in-four like credit cards. This approach fundamentally misunderstands what BNPL actually is. Credit cards are revolving credit products designed for ongoing borrowing. Cardholders can carry balances month after month, pay interest, and borrow up to their credit limits repeatedly. BNPL is something different entirely. These are short-term installment plans, typically lasting four to six weeks, with fixed payment schedules and never any interest charged.

Take periodic billing statements, a cornerstone of credit card regulation. Credit card companies must send monthly statements showing balances, minimum payments, and interest charges. However, BNPL transactions are often completed before the monthly billing cycle ends. A consumer who buys a \$100 item on January 5th and pays it off in three biweekly installments will be done by mid-February. Monthly statements for products with biweekly payment schedules would create more confusion than clarity.

BNPL products already have strong consumer protections that work differently from credit cards but are equally effective. If you miss a payment on a BNPL purchase, most providers

immediately pause your ability to make new purchases until you catch up. BNPL providers also offer real-time tracking, payment reminders, and in-app tools that give consumers clear visibility into what they owe and when, while also helping them manage payments, returns, and delivery status. These automatic safeguards prevent consumers from overextending themselves. Combined with the short-term nature of BNPL and the lack of interest charges, these safeguards explain why charge-off rates stay below 1%.

Credit cards work the opposite way. You can miss a payment, incur late fees and interest charges, and continue to charge up to your credit limit. The system lets you dig deeper into debt even when you're struggling.

In addition, BNPL providers comply with numerous regulations relating to extensions of credit (Reg B), electronic funds transfers (Reg E), anti-money laundering, fair lending, disclosures, privacy, and additional laws. Additionally, some BNPL products are bank-issued loans where the originating bank must comply with all applicable federal and state laws and regulations. As such, the bank subjects the BNPL platform to the same compliance obligations as the bank, both as a feature of the BNPL's commercial arrangement with the bank and pursuant to federal law, which subjects the BNPL platforms to the same regulation and examination as the bank.

### **The Path Forward**

We believe that consumer choice, trust, and protection are the cornerstones of financial services. Our members are in the business of serving consumers and small business owners so they can thrive and live their best financial lives.

As this Committee considers the future of fintech regulation, we urge recognition of how these innovations are delivering tangible affordability benefits to American consumers. These products are not simply digital versions of traditional credit – they represent fundamentally different approaches designed to help consumers manage cash flow responsibly. To that end, we strongly support the draft legislation introduced by Rep. Bryan Steil, which would provide clarity for EWA as a non-credit product and establish federal licensing and disclosure requirements.

Fintech innovations are driving competition, access, and choice for American consumers and small businesses, resulting in lower costs, enhanced convenience, and better financial outcomes. We appreciate the Committee's attention to these issues and look forward to working together to ensure Americans have access to the affordable financial tools they need and deserve.