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Testimony in Support of SB 117

Chairman Wilson, Members of the Committee, thank you for the opportunity to testify before you today, and thank you to Senator Lang for sponsoring this important legislation.

My name is Ben LaRocco, and I'm the Senior Director of Government Relations for EarnIn, one of the largest providers of Earned Wage Access services, or EWA. Our mission is simple: creating a more worker friendly payroll system by giving workers access to the wages they have already earned when they need it instead of waiting for an arbitrary two or four week pay cycle.

In Ohio, more than 200,000 residents have used our earned wage access product, including more than 83,000 last year. Top employers of our customers include Amazon, the Cleveland Clinic, Walmart, and FedEx.

I'm here to testify in support of SB 117, a bill to regulate and codify the Earned Wage Access, or EWA, industry. This is an Ohio specific version of a model bill that is the result of years of negotiation, with input from dozens of EWA providers, regulators, legislators, and consumer advocates. Similar bills have been passed into law in several states including Indiana, Wisconsin, and Missouri.

EarnIn is direct to consumer, which means anyone can use our services, though we also have partnerships with large employers and own a payroll company, which processes payroll for hundreds of thousands of workers.

Nationally, last year about 2 million Americans used EarnIn to access their earnings on their own schedules.

Once you have worked and earned money, those funds are legally yours, but your employer gets to hold onto an individual's wages until payday because running payroll is complicated and expensive. This is why most employers pay biweekly or even monthly.

EarnIn provides customers with access to their earnings as they are earned, without mandatory fees, interest, or recourse.

Traditional financial services often don't serve low income families very well, relying on high fees to penalize workers when they most need help. With EWA, EarnIn takes on all the risk, so it aligns incentives between the provider and the user. We only succeed when our customers do. If they don't pay us back, we lose that money, so it is in our interest to offer a product that is responsibly used.

This bill requires that there is a free option - so how do we get paid? Similar to other fintechs, like PayPal or Venmo, an ACH transfer option is free, and you will typically receive money the next business day, or you can pay a small fee for an instant transfer. For EarnIn, this fee is \$2.99 to \$5.99. We don't charge any mandatory fees, late fees, or interest.

We also offer several additional free services such as free credit monitoring, a free savings account, and account balance monitoring to help avoid overdrafts. Instead of charging fees, we ask for a voluntary tip or gratuity if customers would like to support our ability to offer these services at no mandatory cost. Less than half of transactions have a tip, and the average tip is about \$1. However, many people receive all of EarnIn's service for absolutely no cost whatsoever, and there is no relationship between the voluntary tip and an individual's ability to use the service.

This legislation has strong consumer protections such as strict disclosures and transparency of operations, robust privacy protections (EarnIn does not monetize nor sell any data), and a prohibition on any interest, late fees, or recourse such as sending someone to collections or reporting a non payment to a credit bureau.

EarnIn is working every day to find better solutions for consumers, and SB 117 places meaningful guardrails on an existing product to better serve Ohio consumers with free and low-cost options.

Thank you for the opportunity to speak today and I am looking forward to continuing to work together towards our common goal of serving Buckeyes and being there for them meaningfully when they need it.

I'm happy to answer any questions you may have.