



**Senate Financial Institutions & Technology Committee Senate Bill 117 –
Earned Wage Access Regulation
Testimony of John Barnes, Vice President, Government Relations, Catalis
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Chair Wilson Vice Chair Lang, and Members of the Committee:

Thank you for the opportunity to provide testimony on Senate Bill 117, which establishes a regulatory framework for Earned Wage Access (EWA) services in the state of Ohio.

My name is John Barnes, and I serve as the Vice President of Government Relations for Catalis. For nearly 25 years, Catalis (formerly Veritec Solutions) has partnered with state financial regulators across the country to implement real-time compliance systems for small-dollar lending and consumer credit products. We currently operate in 14 states, ensuring borrowers are protected from overextension while licensed providers can operate with clarity and compliance.

EWA Regulation and the Overextension Problem

Senate Bill 117 lays a thoughtful foundation for regulating the emerging EWA industry. As structured, it acknowledges the value of EWA as a lower-cost alternative to traditional credit. However, as the data has already shown from multiple studies around the country, without real-time transaction tracking, even well-intentioned EWA products can lead to unintended overextension of borrowers, especially when consumers access multiple advances from different providers in the same pay cycle.

This exact problem led to the creation of our system in Florida more than two decades ago when the state recognized the dangers of payday borrowers stacking multiple loans simultaneously with no real-time oversight. In 2018 Ohio addressed these concerns in its Fairness in Lending Act, capping loan amounts and limiting borrowers to a single outstanding loan at a time. Ohio could have further strengthened these protections by implementing a centralized compliance system to enforce these provisions in real time, ensuring that the law is not just on the books but actively upheld at the point of transaction.

We believe these same principles—already proven effective in payday lending—must be explicitly incorporated into the regulation of EWA products. Specifically:

Recommended Additions to S.B 117

To bring the same level of consumer protection that Ohio already applies to payday lending, we recommend the following improvements to Senate Bill 117:

- First, set a loan cap of \$1,000 per borrower. That keeps advances manageable and in line with what the bill is intended to do—help workers, not overextend them.
 - And second, limit borrowers to the amount of outstanding EWA advances at a time. That way, borrowers won't have the ability to stack multiple advances and fall into a debt trap.
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The Need for a Centralized, Real-Time Compliance System

These protections, however, are only meaningfully enforceable if EWA providers are connected to a real-time compliance system. Without such a system:

- No provider can know what a borrower has already received from another provider.
- Borrowers can overextend themselves across multiple apps in the same pay period.
- Regulators are left in the dark—unable to detect patterns of harm, issue corrective actions, or enforce statutory limits.

With a centralized compliance system:

- Every EWA transaction is checked against current balances and caps before funds are issued.
- Borrower eligibility is verified in real time—similar to a “traffic light” system.
- Providers can integrate easily via API with minimal technical investment.
- Only regulators see the full transaction history—maintaining borrower privacy while enabling oversight.

This is not theoretical—several states already have a model for this payday lending enforcement.

Funding & Implementation: No State Dollars Require

Catalis offers this solution at no cost to the state. Our systems are funded through a nominal transaction fee, less than \$1 per advance. The system is self-sustaining, low-burden, and has been proven effective in state after state.

Conclusion

Senate Bill 117 is a critical step forward in responsibly regulating EWA products in Ohio.

We strongly encourage the Committee to:

1. Incorporate a centralized transaction tracking requirement;
2. Add statutory provisions to limit EWA amounts to \$1,000; and
3. Restrict borrowers on the amount of advances they can have outstanding.

Thank you for your time and leadership on this issue. I would be happy to provide additional details or connect you with other states who have implemented these tools effectively.

John Barnes
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Catalis