

January 27, 2023

TO: The Honorable Amanda Batten
Delegate
Virginia House of Delegates
900 East Main Street
Richmond, Virginia 23218

SUBJECT: ZayZoon Opposes House Bill 1921 in its Current Form

Dear Delegate Batten:

ZayZoon US Inc. ("ZayZoon") is writing today regarding our concerns about the proposed House Bill 1921. ZayZoon partners with payroll providers and employers to provide earned income access ("EWA") to workers across the United States, including in Virginia. House Bill 1921 is of paramount interest to us. We support this bill in principle, and applaud your efforts to provide much a needed regulatory framework for EWA in Virginia.

However, we **OPPOSE HB 1921** as presented. In particular, we believe the bill in its present form fails to provide clarity for the EWA industry as a whole with regards to business models and exemptions from lending and money transmission regulations. Further, it does not enshrine certain consumer protections that are intrinsic to EWA being a beneficial financial tool.

The bill, in its present form, is silent on clarifying that EWA services are not a loan or money transmission. EWA is a new financial product that benefits Virginia employees by giving them much needed access to liquidity. EWA gives employees the ability to accelerate the payment of their accrued wages. By unlocking access to their wages, if and when they need it, EWA gives Virginians more ability to manage income and expense volatility without the risk of falling into a debt position. With the additional consumer protections included, as addressed below, EWA provides an innovative tool that benefits both employees and employers. Clarifying that EWA is neither a loan nor money transmission will give Providers certainty with regards to their licensing and reporting obligations.

Additionally, we oppose the language distinguishing mandatory and non-mandatory payments, which we believe would be harmful to the EWA industry in Virginia and the Virginians who rely on access to their earned wages. Distinguishing these payments does not achieve any meaningful benefit to consumers, and will result in uncertainty for the wide variety of models offered by EWA providers ("Providers"). This would potentially limit the availability of EWA services to a fraction of the workers in Virginia. HB 1921, in its present form, serves solely to advance a particular EWA model, and does not provide clarity for the industry as a whole.

Lastly, HB 1921 is silent on certain protections of consumers that we believe should be included. These include (i) the provision of EWA should be performed on a non-recourse basis, (ii) Providers should not be able to use third party collection agencies to recover any funds not recovered in the normal flow of funds, (or otherwise sell such amounts to third party agencies), (iii) to not report to credit agencies or run credit checks, and (iv) if the recovery of amounts involves debiting the consumer's account, to only do so with the express permission of such consumer. These requirements hold Providers to a higher standard, which benefits consumers.

ZayZoon supports the development of a regulatory framework for earned wage access, including reasonable reporting requirements, licensing, and responsible behavior towards consumers and their finances. However, we believe that House Bill 1921 does not fully take into account the various EWA models, and does not properly enshrine protections for the consumer.

While we are in full support of an EWA bill in principle, for the above-stated reasons, ZayZoon **OPPOSES HB 1921**, as presented. We would welcome the opportunity to meet with your office to discuss this before the bill is further considered. If you have any questions or would like any additional information on EWA in general, or ZayZoon's business model, I would be happy to assist however I can.

Thank you for taking the time to consider our concerns regarding this bill.

Sincerely,

A handwritten signature in blue ink, appearing to read 'G. McAdam', with a stylized, cursive script.

Garth McAdam
General Counsel, ZayZoon