

Alert | Financial Regulatory & Compliance



January 2025

California DFPI Finalizes New Earned Wage Access Regulations

Go-To Guide

- The California Department of Financial Protection and Innovation (DFPI)'s finalized regulations for earned wage access (EWA) providers that include new registration and compliance requirements.
- Starting Feb. 15, 2025, EWA providers must register with the DFPI, provide operational and financial information, and adhere to state lending laws.
- Registered entities must submit annual reports detailing activities, fees, and complaints.
- The DFPI plans to conduct examinations to monitor compliance with state consumer financial protection laws.

In October 2024, the California DFPI finalized regulations for providers of income-based advances (Earned Wage Access or EWA) [DEFINED ABOVE], clarifying registration requirements under the California Consumer Financial Protection Law (CCFPL). These changes impose new compliance obligations for businesses offering EWA products to California consumers.

This GT Alert summarizes the regulation's highlights.

- Classification as Loans
 - California law classifies EWA transactions as “loans,” even if fees are nominal or structured as “tips” or “donations.”
 - Providers must adhere to state lending laws, including rate caps and disclosure requirements.
- Mandatory Registration
 - Beginning Feb. 15, 2025, the DFPI will register and regulate EWA products similar to how it regulates debt settlement services, student debt relief services, and private post-secondary education financing.
 - EWA providers covered by the new regulations must file an application by the deadline to continue operating legally in the state. After Feb. 15, 2025, it is prohibited to offer EWA products in the state without filing an application.
 - The Nationwide Multistate Licensing System & Registry (NMLS) will manage the application process, which requires providing detailed operational and financial information, compliance policies, and evidence of consumer protection measures. Registrants will also be required to create a self-service portal account with the DFPI.
- Fee Transparency Requirements
 - Providers must clearly disclose all fees, including optional charges, to consumers before offering services.
 - Misleading marketing practices, including presenting fees as “voluntary” without adequate explanation, are prohibited.
- Consumer Protection Standards
 - Providers must implement policies to ensure consumers fully understand the terms of EWA services.
 - Mechanisms to address complaints and disputes must be accessible and transparent.
- Annual Reporting Requirements and Examinations
 - Registered entities must submit annual reports detailing their activities, fees charged, and complaints received.
 - Non-compliance with reporting requirements may lead to penalties, suspension, or revocation of registration.
 - The DFPI will also conduct examinations to monitor compliance with applicable state consumer financial protection laws to detect any unfair, unlawful, deceptive, or abusive acts and practices.
- Exemptions
 - Under the CCFPL, certain persons are generally exempt from the law and its implementing regulations, such as licensees of other California state agencies and those who are already licensed under the DFPI, including, but not limited to, finance lenders and brokers, residential mortgage lenders, mortgage servicers, mortgage loan originators, and escrow agents.

These regulations mark a significant shift in the regulatory landscape for EWA providers in California. Businesses should review their operational models to enhance compliance with lending laws, registration obligations, and consumer protection standards. Failure to comply may result in enforcement actions, including financial penalties and loss of operational rights in the state.

In response to these new regulations, EWA providers should consider:

- Assessing the Current Model
 - Determine whether the EWA services offered fall under the DFPI’s definition of “loan.”
 - Evaluate fee structures, marketing practices, and consumer disclosures for compliance.
- Initiating Registration
 - Create an account in the NMLS and submit the required application to the DFPI as soon as possible after the application is released, **but no later than Feb. 15, 2025**.
 - Prepare the application’s supplemental documentation requirements, including financial records and compliance policies.
- Enhancing Compliance Policies
 - Implement robust consumer protection measures and train employees on the new requirements.
 - Establish internal processes for ongoing compliance monitoring and reporting.

The **DFPI released FAQs** to assist EWA providers in complying with the new regulations.

A proactive and thorough approach may help EWA providers navigate the complexities of California’s new EWA regulations. Compliance is crucial to minimizing the risk of penalties but may also help build trust with consumers and regulators alike. By staying ahead of these regulatory changes, EWA providers can potentially enhance their standing in the financial services industry and maintain their operations in the nation’s largest market.

Authors

This GT Alert was prepared by:

- [Shane Foster](#) | +1 602.445.8037 | Shane.Foster@gtlaw.com
- [Lisa M. Lanham](#) † | +1 212.801.9200 | Lisa.Lanham@gtlaw.com
- [Hilary R. Sledge-Sarnor](#) | +1 310.586.7825 | Hilary.SledgeSarnor@gtlaw.com
- [Rinaldo Martinez](#) | +1 202.331.3186 | Rinaldo.Martinez@gtlaw.com
- [W. H. Langley Perry, Jr.](#) | +1 202.533.2353 | perryl@gtlaw.com

† Admitted in New York and Pennsylvania. Not admitted in Florida.

Albany. Amsterdam. Atlanta. Austin. Berlin[~]. Boston. Charlotte. Chicago. Dallas. Delaware. Denver. Fort Lauderdale. Houston. Kingdom of Saudi Arabia^{*}. Las Vegas. London^{*}. Long Island. Los Angeles. Mexico City^{*}. Miami. Milan^{*}. Minneapolis. New Jersey. New York. Northern Virginia. Orange County. Orlando. Philadelphia. Phoenix. Portland. Sacramento. Salt Lake City. San Diego. San Francisco. São Paulo[>]. Seoul[∞]. Shanghai. Silicon Valley. Singapore[~]. Tallahassee. Tampa. Tel Aviv[^]. Tokyo^{*}. United Arab Emirates[<]. Warsaw[~]. Washington, D.C. West Palm Beach. Westchester County.

This Greenberg Traurig Alert is issued for informational purposes only and is not intended to be construed or used as general legal advice nor as a solicitation of any type. Please contact the author(s) or your Greenberg Traurig contact if you have questions regarding the currency of this information. The hiring of a lawyer is an important decision. Before you decide, ask for written information about the lawyer’s legal qualifications and experience. Greenberg Traurig is a service mark and trade name of Greenberg Traurig, LLP and Greenberg Traurig, P.A. ~Greenberg Traurig’s Berlin office is operated by Greenberg Traurig Germany, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ∞Operates as a separate UK registered legal entity. <Greenberg Traurig operates in the Kingdom of Saudi Arabia through Greenberg Traurig Khalid Al-Thebity Law Firm, a professional limited liability company, licensed to

practice law by the Ministry of Justice. +Greenberg Traurig's Mexico City office is operated by Greenberg Traurig, S.C., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. »Greenberg Traurig's Milan office is operated by Greenberg Traurig Santa Maria, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ›Greenberg Traurig's São Paulo office is operated by Greenberg Traurig Brazil Consultores em Direito Estrangeiro – Direito Estadunidense, incorporated in Brazil as a foreign legal consulting firm. Attorneys in the São Paulo office do not practice Brazilian law. ∞Operates as Greenberg Traurig LLP Foreign Legal Consultant Office. ¯Greenberg Traurig's Singapore office is operated by Greenberg Traurig Singapore LLP which is licensed as a foreign law practice in Singapore. ^Greenberg Traurig's Tel Aviv office is a branch of Greenberg Traurig, P.A., Florida, USA. ¨Greenberg Traurig's Tokyo Office is operated by GT Tokyo Horitsu Jimusho and Greenberg Traurig Gaikokuhojimubengoshi Jimusho, affiliates of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ‹Greenberg Traurig's United Arab Emirates office is operated by Greenberg Traurig Limited. ~Greenberg Traurig's Warsaw office is operated by GREENBERG TRAUIG Nowakowska-Zimoch Wysokiński sp.k., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Certain partners in GREENBERG TRAUIG Nowakowska-Zimoch Wysokiński sp.k. are also shareholders in Greenberg Traurig, P.A. Images in this advertisement do not depict Greenberg Traurig attorneys, clients, staff or facilities. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. ©2025 Greenberg Traurig, LLP. All rights reserved.