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Letter in Opposition to Arizona House Bill 2309 – Payday (EWA) Loan Exemption from Arizona’s Consumer Lending Laws

Defense of Fair Lending Practices and Principles

January 27, 2026

Arizona House of Representatives
1700 West Washington Street
Phoenix, AZ 85007

Dear Members of the Arizona House of Representatives,

On behalf of the Center for Economic Integrity, I am writing to voice our strong opposition to Arizona House Bill 2309 (AZ HB2309), with particular concern for the bill’s exemption from fair lending laws, practices and principles across our state. Our organization is dedicated to promoting financial justice, and we believe this legislation threatens to erode the core values of affordability, transparency, accountability and fairness that are fundamental to a robust and just financial system.

Fair lending practices are vital to ensuring that all Arizonans, regardless of background or circumstance, have equitable access to credit and financial services. AZ HB2309, as currently proposed, raises significant concerns that these standards will not be maintained. **The bill’s provisions exempt earned wage advance (EWA) corporation’s payday loans (EarnIn, Daily Pay et al.) from Arizona’s consumer lending protections. These protections were upheld by Arizona voters by overwhelming margins in 2008, with the defeat of Prop 200.**

In addition, AZ HB2309 does not sufficiently address the complex challenges faced by diverse borrowers. It undermines existing laws by creating exemptions and no real consumer protections. This bill risks widening the gap in access to credit and diminishes public trust. We urge lawmakers to champion policies that advance responsible lending, safeguard consumers, and foster a fair, open, and inclusive market for all Arizonans.

We are increasingly concerned by the proliferation of Earned Wage Advance (EWA) payday loans in Arizona without any enforcement actions from regulators or enforcement agencies. According to the most recent research and policy analysis from the Center for Responsible Lending¹, these apps often function as payday loans carrying high fees, a lack of clear disclosure, and the potential to create repeat borrowing cycles—ultimately mirroring the same debt traps we observe with

¹ CRL, “Nickel and Dimed: How Payday Loan Apps Drain Workers’ Pay and How to Stop Them”, Oct 15, 2025
<https://www.responsiblelending.org/research-publication/nickel-and-dimed-how-payday-loan-apps-drain-workers-pay-and-how-stop-them>

conventional payday loans. The Center for Responsible Lending's latest reports highlight that, while marketed as flexible and innovative, these loans can undermine financial security by trapping consumers in continuous indebtedness rather than providing lasting relief or financial stability.

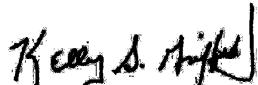
EWA payday loan fees and tips translate into astronomical APRs ranging up to more than 400%. Alternately, financial institutions over the past decade have developed low-cost loan products with transparent fees and rates below 36% APR. Another exemption from Arizona's small loan law will exacerbate an already unfair regulatory environment that discourages fair lending competition.

Payday lending business models are predicated on repeat usage. The Center for Responsible Lending reports that "*borrowing from EWA apps escalates over time.*" On average, users "*doubled their borrowing frequency within the first year.*"² Most users borrowed from more than one lender during their first year. The term "debt trap" applies equally to this iteration of payday lending loan products.

Wage earners who use this loan product become dependent upon repeat borrowing during a typical pay cycle. This creates greater obstacles over the longer term for those who are already struggling financially. Of particular concern is the risk of increasing exposure to bank overdraft fees, which have long been associated with debt traps that ensnare vulnerable borrowers in cycles of high-interest debt and financial instability.

The Center for Economic Integrity respectfully requests that you oppose AZ HB2309 and instead support legislation that strengthens fair lending standards, repeals predatory title loan exemptions from statute, advances economic equity, and upholds the values of justice and opportunity for everyone in our state. Thank you for your attention to this issue and for your continued commitment to the well-being of Arizona's communities.

Sincerely,



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² "Escalating Debt: The Real Impact of Payday Loan Apps Sold as Earned Wage Advances (EWA) | New Data Confirm Ongoing Financial Hardship for Low-Wage Workers", Bamona & Constantine, September 22, 2025.

CRL Press Release: <https://www.responsiblelending.org/research-publication/escalating-debt-real-impact-payday-loan-apps-sold-earned-wage-advances-ewa>

CRL Full Report: <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-payday-loan-apps-ewa-sep2025.pdf>