



## SUPPORT [S.J.Res. 156](#) to Crack Down on Hidden Fees for Consumers Using Payday Loan Apps

In 2025, the Consumer Financial Protection Bureau (CFPB) cracked down on Payday Loan Apps (deceptively marketed as “Earned Wage Access (EWA)” products) that hide fees associated with their products. But in a rule submitted to Congress, the Trump CFPB rescinded that guidance, increasing the risk of consumers facing excessively high interest rates on products often marketed as free.

Senator Merkley’s joint resolution of disapproval would undo the Trump CFPB decision and restore the earlier rule: “Truth in Lending (Regulation Z); Consumer Credit Offered to Borrowers in Advance of Expected Receipt of Compensation for Work.”

*Endorsers: National Consumer Law Center (on behalf of its low-income clients), Consumer Federation of America, Center for Responsible Lending, Protect Borrowers, Americans for Financial Reform, National Community Reinvestment Coalition*

### Key Points

- **Payday Loan Apps create debt traps for consumers.** These products are marketed as allowing employees to access their earned wages in advance of payday. However, they’re riddled with fees: expedited transaction fees, optional “tips” extracted through high pressure tactics, and artificially low borrowing limits that force multiple transactions—all causing consumers to pay hefty fees for a loan product often marketed as “free.” When added together, the fees associated with repeat Payday Loan App borrowing can result in triple-digit APRs and extract hundreds of dollars per year from borrowers.
- **The Biden CFPB issued guidance to crack down on Payday Loan App lenders who aren’t upfront about their product fees.** In January 2025, the Biden CFPB issued an [advisory opinion](#) rescinding a previous advisory opinion by the Trump CFPB. The Trump CFPB’s previous advisory opinion claimed that a specific type of Payday Loan App product was not credit and therefore fell outside the scope of the Truth in Lending Act (TILA) and Regulation Z, which ensure that consumers know the true cost of the credit they are taking out. The Biden CFPB’s [advisory opinion](#) rescinded this guidance, asserting that Payday Loan App products *are* credit—and therefore that providers must disclose fees as finance charges to consumers.
- **The Trump Administration withdrew this commonsense guidance, and this JRD seeks to restore it.** Although underlying statutes like TILA continue to require transparency in lending through required disclosures, the Trump Administration’s rescission of guidance meant to clarify specific obligations for Payday Loan App providers signals to bad actors that they may have leeway to hide fees without fear of facing any real consequences from the current CFPB. It is critical for Congress to restore the earlier guidance.