

Advance Wage Payment Examined By Lawmakers

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People have long complained that the US lags behind many other countries in facilitating real-time payments. Industry and government are addressing this problem in several ways. The two largest card networks have unveiled payment solutions that allow businesses to make real-time payments over the debit rails to bank accounts. The Federal Reserve has announced a real-time payment platform scheduled for 2024. Venmo, Zelle, and a number of other peer-to-peer payment companies have business models that rely on providing real-time payments.

With the move toward faster payments, it should be no surprise that a whole host of companies have emerged to offer employees access to their wages in advance of their payday. You worked eight hours today? With a few button clicks, you can get paid right now for those eight hours.

Those services are alternatively described as “advance wage payment,” “wages-on-demand,” or “earned wage access.” Sometimes these companies offer their services directly to employees; other times they integrate with the employer, and the employer offers it as an employee benefit. Whatever they’re called, these new services may present novel legal issues as regulators apply federal and state lending laws as well as state wage and hour laws to these new circumstances. And, based on a [press release](#) from the New York Department of Financial Services, it appears 12 states are already investigating the industry.

If you’re interested in learning the details about this, [we wrote more about the legal issues facing the advance wage payment industry here](#).

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