

## South Carolina Enacts Earned Wages Access Law

Article By:

A.J. S. Dhaliwal

Mehul N. Madia

Beineng Zhang

---

On May 21, less than a month after [Kansas](#), South Carolina has become the fifth state to enact comprehensive earned wages access (EWA) [legislation](#), which is set to take effect on November 21, 2024.

The law introduces an annual registration requirement for any individual or entity who is in the business of providing EWA services to South Carolina residents. EWA providers must register with the South Carolina Department of Consumer Affairs. The annual renewable period runs from May 1 until June 30. EWA providers must also submit an annual report to the Department. The report must include gross revenue, each consumer complaint along with its resolution, the total number of transactions and consumers, and the total dollar amount of proceeds provided and fees and tips collected.

In addition to the licensing requirements, the law include, among other things, the following provisions:

- **One free option.** EWA providers must offer at least one reasonable option to obtain proceeds at no cost to the consumer and “clearly and conspicuously describe how the consumer may obtain proceeds at no cost.”
- **Fee and tipping disclosures.** EWA providers must (i) disclose “any fees that may be directly imposed by the provider” in connection with the EWA services, (ii) “clearly and conspicuously disclose” that tipping is voluntary and that the amount of proceeds a consumer is eligible to request, as well as the frequency with which proceeds are provided, are not contingent on tipping; (iii) refrain from misleading or deceiving consumers about the voluntary nature of tips; and (iv) refrain from making representations that tipping will benefit any specific individuals.
- **No debt collection and consumer reporting.** EWA providers may not (i) initiate lawsuits against a consumer, use or sell the debt to a third party in an attempt to compel repayments, or (ii) report a consumer’s nonpayment to a consumer reporting agency or debt collector.
- **No late fees.** EWA providers may not charge late fees, deferral fees, interest or other penalties for failure to pay outstanding proceeds, fees or tips.

- **No tip or fee sharing.** EWA providers may not share with a consumer's employer any fees or tips received from or charged to a consumer for EWA services.
- **No credit pulls.** EWA providers may not require a credit score to determine a consumer's eligibility.

**Putting It Into Practice:** As more states adopt and propose EWA frameworks, a common regulatory pattern emerges. A number of states, along with federal regulators, have recognized that EWA products are not loans, effectively exempting them from state usury limits. However, this determination often follows specific requirements for these providers, such as the availability of a free EWA option, voluntary tipping, the absence of late fees, and the non-recourse nature of the disbursement. For additional insights, refer to our blog posts on developments about EWA legislation in [Nevada](#), [Wisconsin](#), [Kansas](#), and [Arizona](#).

Copyright © 2025, Sheppard Mullin Richter & Hampton LLP.

---

National Law Review, Volume XIV, Number 152

Source URL: <https://natlawreview.com/article/south-carolina-enacts-earned-wages-access-law>