

NEW YORK ATTEMPTS TO BLOCK WORKERS FROM ACCESSING THEIR ALREADY EARNED INCOME

DailyPay, leading on-demand pay provider, files lawsuit seeking to prevent New York Attorney General's office from denying valuable, no-cost or low-cost service to hundreds of thousands of New Yorkers

NEW YORK, NY, UNITED STATES, April 7, 2025 /EINPresswire.com/ -- DailyPay, a leading-provider of on-demand pay, also known as earned wage access, today filed a lawsuit for declaratory relief against the Attorney General of the State of New York, to prevent the Attorney General from blocking a service that gives workers quicker access to money they have already earned.

Most workers in New York are subject to an antiquated payroll process, under which they must wait weeks to receive pay they already have worked for and earned. Thanks to technological advances, a deferred pay schedule is no longer necessary. Yet, workers continue to shoulder the costs of a payroll schedule that does not line up with their bills and other obligations.

DailyPay partners with some of New York's top employers to allow employees to get paid on their own schedule, through its on-demand pay service. This service enables workers to bridge gaps between payroll to cover bills and other expenses. In turn, DailyPay helps workers avoid paying overdraft fees, paying bills late and incurring late fees, running up and maintaining expensive credit card balances, or burdening family and friends with requests for short-term cash needs.

DailyPay filed its lawsuit to stop the Attorney General's efforts to shut down on-demand pay



under state usury laws. These laws are patently inapplicable to DailyPay's service, which is not a loan and therefore not subject to usury laws. DailyPay's service is in fact a valuable no-cost or low-cost financial tool, which DailyPay has provided to hundreds of thousands of New Yorkers over the last decade without interruption, until the Attorney General threatened suit.

DailyPay's on-demand pay solution works like an ATM for workers' earned, but unpaid, wages. DailyPay's simple structure includes two no-fee options: next-day ACH transfers and, for eligible workers, instant transfers to the DailyPay Visa® Prepaid Card. DailyPay also offers optional instant transfers, with a typical fee of \$3.49. The instant transfer fee is much less than the \$25-30 one would pay for an overdraft fee - and similar, and just as clear and easy to understand, as an ATM fee. DailyPay's transfers are settled through the usual employer payroll process and do not involve directly debiting a user's bank account.

Unlike a loan, DailyPay users do not have an obligation to pay back DailyPay if for any reason their employer does not transfer funds to DailyPay on their regularly scheduled payday. There are no origination fees, no consumer credit checks or approvals, no applications or underwriting, no risk-based pricing, no interest or charges based on the time value of money, no late fees, no consumer credit agency reporting, and no recourse to the consumer. DailyPay has always been clear and transparent about the low fees it charges for optional instant transfers, and is proud to offer affordable and no-cost options to its users.

DailyPay firmly believes that its product is the best and most economical approach currently available to provide workers access to their earned wages. DailyPay is committed to providing a legal, beneficial, and consumer-friendly service to workers and actively participates in the legislative and regulatory process to promote best practices. A bill is currently pending in the New York state legislature that will create a framework for regulation.

"It's disappointing that the Attorney General's office decided to preempt the bill pending in the state legislature and attempt to take this valuable service away from NY residents," said Jared DeMatteis, DailyPay's Chief Legal & Strategy Officer. "Many other states have adopted thoughtful legislation with consumer safeguards, and we support this approach, especially in our home state. The actions taken by the Attorney General's office suggest that it prefers consumers to rely on loan sharks or pay higher overdraft and late fees over on-demand pay, a proven safer and cheaper financial alternative. The approach of the Attorney General's office is misguided and will significantly affect everyday families working to make ends meet."

"We look forward to demonstrating in court that DailyPay's on-demand pay product is not a loan - that there is no interest, no advance of future earnings, and no obligation for workers to repay DailyPay," said Loretta E. Lynch, partner at Paul, Weiss, which is representing DailyPay.

"DailyPay's employer-integrated on-demand pay product is not a loan under New York law precisely because there is no obligation for workers to repay DailyPay and no legal or contractual recourse against the worker. The New York Attorney General's misguided attempt to curtail

DailyPay's on-demand pay service would hurt New Yorkers who use DailyPay's service to access their hard-earned pay when they need it," said Marcus A. Asner, partner at Arnold & Porter, which also is representing DailyPay.

DailyPay's counsel also includes Yiqing Shi and Meredith Osborn from Arnold & Porter and Yahnnes Cleary from Paul, Weiss.

The lawsuit filed today in federal court in the Southern District of New York makes clear that DailyPay's on-demand pay product is not a loan because there is no obligation for workers to repay DailyPay. It further demonstrates why DailyPay is a necessary product for workers. As detailed in the filing, DailyPay demonstrates that eliminating its service would harm New York workers by forcing them to rely on overdrafts, credit cards, or high interest rate loans, which carry higher fees. [Third-party studies](#) commissioned by DailyPay show that DailyPay users save approximately \$660 annually by avoiding overdrafts and late payment fees.

Several states, including California, Nevada, South Carolina, Arkansas, Utah, Missouri and Kansas allow on-demand pay companies to provide services through regulatory frameworks that create important standards to help ensure workers' rights are protected. Legislatures in other states are currently considering similar bills or regulations.

The case is DailyPay LLC v James, U.S. District Court, Southern District of New York, No. 25-02849.

Arnold & Porter contact: <https://www.arnoldporter.com/en>

###

About DailyPay

DailyPay is transforming the way people get paid. As a worktech company and the industry's leading on-demand pay solution, DailyPay uses an award-winning technology platform to help America's top employers build stronger relationships with their employees. This voluntary employee benefit enables workers everywhere to feel more motivated to work harder and stay longer on the job while supporting their financial well-being outside of the workplace. DailyPay is headquartered in New York City. For more information, visit www.dailypay.com/press.

Media Contacts:

David Schwarz
david.schwarz@dailypay.com

Samantha Padilla
samantha.padilla@dailypay.com

David Schwarz

DailyPay
[email us here](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/800922780>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2025 Newsmatics Inc. All Right Reserved.