

COMPANY PROFIT OVER CONSUMER PROTECTION

CATALIS' EFFORTS TO EXPAND HARMFUL DATABASES

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Overview

Several states restrict the number or amount of the payday or title loan obligations a borrower may have at one time, in an effort to address the unique ‘cycle-of-debt’ challenge associated with these kind of loans.¹ As payday lenders do not report loan performance to credit bureaus, states have sought to manage these restrictions by monitoring consumer loan numbers through novel, centralized databases established by statute. These databases are intended to allow both lenders to verify borrower eligibility for new loans and the state to check that lenders are complying. In recent years, legislation that would expand the role of payday loan databases to monitor non-loan Earned Wage Access (EWA) products,² has begun to appear around the country.

For payday lenders, databases have proved inefficient and overly burdensome and there are widespread, fundamental doubts about their efficacy. Indeed, it is far from clear whether they have delivered any public benefit at all, with some seeing databases as providing nothing more than a false sense of regulatory control that could even *reduce* enforcement by encouraging regulators that their oversight responsibilities are handled by the database’s existence.

These concerns are exacerbated by the fact that the databases are all provided by a single commercial entity, Catalis, operating without competition. This should set the alarm bells ringing for policymakers, regulators, and attorneys general seeking to uphold prudent statutory and regulatory frameworks. Even more so, given the fact that this sole provider is spearheading a vigorous multi-state lobbying effort to compel database expansion to new states and new products, despite the evidence of their inefficiency.

The sole database provider, Catalis (formerly Veritec) has been active in more than a dozen states in an effort to maintain influence over existing payday lending database contracts and position itself for potential expansions into new markets. With no new payday databases created since Nevada’s in 2019, Catalis appears increasingly focused on proposals to broaden these failing systems. Though largely unsuccessful of late, Catalis’ ever-present revenue seeking advocacy model has led it to expand its lobbying effort to include calling for emerging products to be subjected to its databases. As new fintech products like EWA have come to the attention of policymakers Catalis has not been slow to grasp what it clearly sees as an opportunity to expand its viability and profitability.

Given these circumstances, expanding the role of payday lending databases to cover non-loan EWA products does not pass any kind of reasonable threshold test for pragmatic public policy. For this reason, expansion efforts and the databases themselves, continue to be the subject of vigorous opposition from the American Fintech Council (AFC) and many of its allies.

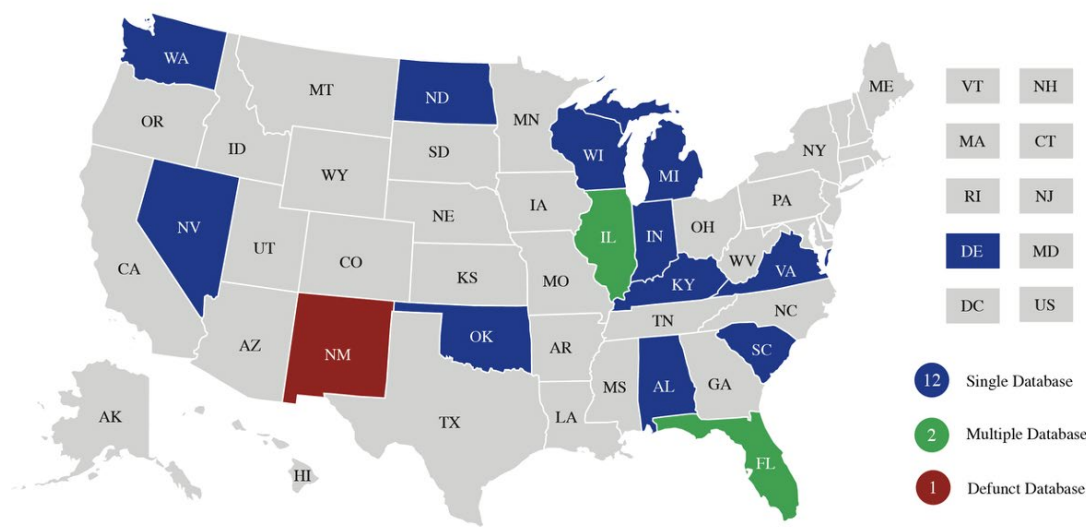
¹ Whereby a borrower does not have the funds to make the balloon payment – the entire principal plus interest and fees – when it comes due and is forced to refinance the loan, incurring more compounded fees and establishing a cycle from which it is difficult to escape.

² EWA is a payroll innovation that enables workers to access wages they have already earned when they need it and serves as an important alternative to arbitrary pay periods and high-cost predatory options. Responsible, affordable, and transparent EWA companies are democratizing financial services and disrupting broken legacy systems that have historically put employees at a disadvantage. EWA is simply not a loan and should not be regulated as such.

A Brief History of the Sole Database Provider

The first payday database was established in **Florida** in 2002. Its provider, Veritec Solutions, which was based in Jacksonville, has since operated all state-mandated payday lending databases. In 2021, Catalis, a technology provider specializing in government software solutions, acquired Veritec. Founded in 2017 as Government Brands, Catalis acquired more than 30 public-sector technology companies in less than five years across the **United States** and **Canada**. The company markets itself as a Software as a Service and integrated payments provider that serves thousands of government entities.³

Fig. 1: Payday Databases Run by Catalis



Source: AFC analysis of state payday lending and other relevant databases. | AFC Payday Lending Databases Report (Dec. 2025).

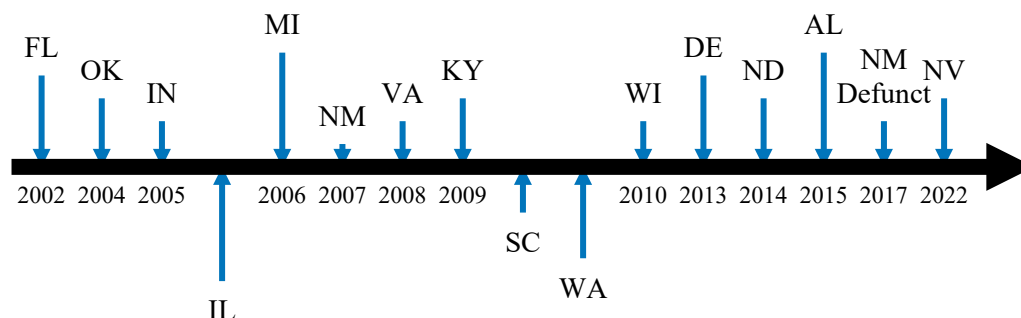
Today, Catalis (through its Veritec subsidiary) maintains every existing state payday lending database, all of which have been secured without competition. Catalis' corporate incentive is to expand the reach and profitability of its monopolistic offering, seemingly without regard to any consumer or regulatory benefit. In most cases, it earns revenue through per-transaction verification fees levied each time a licensee uses the system. Expanding the databases to other states is, naturally, essential to business success, but so too (and perhaps easier to achieve) is expanding the role of existing databases to cover products other than payday loans. In recent times this imperative has extended to non-loan EWA products. For the database provider, the more products covered, the more inquiries there are, the more the fees add up.

Florida, the home state of Veritec, became the first state to adopt a payday database in 2002, followed by **Oklahoma** in 2004, and **Indiana** and **Illinois** in 2005. Other states have since followed suit, including **Alabama**, **Delaware**, **Kentucky**, **Michigan**, **New Mexico** (later defunct

³ Catalis, *Government Brands Becomes "Catalis" for Transforming Government*, at <https://catalisgov.com/portfolio/government-brands-becomes-catalis-for-transforming-government/> (August 30, 2022) (accessed December 3, 2025).

after the state banned payday loans in 2017), **Nevada, North Dakota, South Carolina, Virginia, Washington and Wisconsin**. At least two states, Florida and Illinois, contract with Catalis for more than one database.

Fig. 2: Payday Loan Database Timeline



Source: AFC analysis of payday lending and related databases. | AFC Payday Lending Databases Report (Dec. 2025).

Catalis Has Distinct Conflicts of Interest

In addition to originating and operating these databases, Catalis aggressively lobbies for statutory provisions that explicitly and implicitly bar other companies from entering the space; thus creating a monopoly for itself. Specifically, Catalis focuses on ensuring that statutory provisions for awarding database contracts uniquely favor their company. Allowing Catalis to be successful in its lobbying efforts in this way raises ethical concerns for associated legislators and has antitrust implications for the states that have contracted with Catalis. This dual role of sole system provider and leading proponent of the legislation necessary to establish these databases, has raised significant concerns about conflicts of interest.

In the past, Catalis has claimed that it does face competition in the marketplace due to market forces, though legislative records suggest otherwise. In **California**, for example, [SB 365](#) from the 2011-2012 legislative session proposed the creation of a statewide payday lending database. During a hearing on April 6, 2011, before the Senate Banking & Financial Institutions Committee, Catalis subsidiary Veritec was described as the “sponsor” of the bill. The committee questioned whether the bill would effectively benefit a single company, noting that although Veritec claimed to have competed against “over half a dozen” other firms, the reality was that they operated databases in all 13 states that had one.⁴ Additionally, the legislator who introduced the bill (on behalf of Veritec) proposed an amendment requiring that the chosen vendor operate in two or more states, which would effectively rule out any potential competitor – another barrier to entry.⁵ The bill ultimately failed to advance before adjournment. Despite this, it seems Catalis uses the same legislative strategies each time they engage in a state.

⁴ California Senate Banking and Financial Institutions Committee, *SB 365 Bill Analysis*, at https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=201120120SB365# (April 6, 2011) (accessed December 3, 2025).

⁵ Ibid.

Deep Dive: Catalis' Aggressive Lobbying to Preserve Monopoly Power

Time and again, Catalis has used the same aggressive lobbying strategy to ensure it can preserve its monopoly power on databases. Catalis has maintained an active lobbying presence across many states, continuing the aggressive self-advocacy of its predecessor Veritec. The scale of this effort is extensive. As of 2025, Catalis is registered to lobby in at least 12 states: **Alabama, Connecticut, Florida, Illinois, Indiana, Kentucky, Maryland, Michigan, North Dakota, Ohio, South Carolina, and Wisconsin**, sometimes employing multiple lobbyists to monitor or influence legislation related to payday lending, EWA, and government software procurement. This has all had a significant cost. That Catalis is comfortable with spending significantly on state lobbying is understandable, since the viability of the business relies on its ability to pass laws which introduce new, or expand the remit for, payday databases.

From 2023 to 2025, Catalis spent between \$528,000 and \$638,000 to preserve and expand its monopoly power (see Table 1 below).⁶ State lobbying records in Florida show that Catalis has paid SBM Partners between \$20,000 and \$39,998 in 2025, and as much as \$69,996 in 2023 and 2024, to lobby on issues related to the deferred presentment transaction database.⁷ In Indiana, where company executives [testified](#) on planned database fee increase for database users, Catalis reported paying \$24,000 in 2025 and \$48,000 in 2024 to Ice Miller.⁸ In Maryland, Catalis has consistently retained Rifkin Weiner Livingston LLC since 2022, spending more than \$170,000 over the last three years,⁹ while Michigan reports show \$28,301 in 2025 lobbying expenditures as of August 15, 2025.¹⁰

Kentucky filings show the company has paid \$20,000 to Government Strategies, LLC between January and August this year to lobby on several measures relating to payday and earned wage access databases:

- [HB 645](#), which died upon adjournment of the legislature on March 28. The bill would have directed the commissioner of the Department of Financial Institutions to establish a database for use by licensees to verify that the total proceeds a consumer has received from all outstanding transactions do not exceed \$500. This would effectively create an EWA version of a payday lending database;

⁶ Lobbying expenditures as of December 10, 2025. These figures may not account for all end of year spending.

⁷ Florida Lobbyist Registration Office, *View Compensation Reports*, at <https://floridalobbyist.gov/CompensationReportSearch> (search SBM Partners)(accessed November 12, 2025) and Florida House of Representatives, *Lobbyist Disclosure & Information*, at <https://www.flhouse.gov/LD/default.aspx?pn=Catalis+Holdco%2c+Inc.&lyi=11&tci=-1> (accessed November 12, 2025).

⁸ Indiana Lobby Registration Commission, *Lobbying Data*, at <https://www.in.gov/ilrc/lobbying-data/> (accessed November 12, 2025).

⁹ Maryland Lobbying Registrations, *Maryland Lobbying Registrations*, at <https://shorturl.at/hUCcs> (accessed November 12, 2025).

¹⁰ Michigan Transparency Network, *Lobbyist Search*, at <https://mi-boe.entellitrak.com/etk-mi-boe-prod/page.request.do?page=page.miboeLobbyPublicSearch> (accessed November 12, 2025).

- [SB 161](#), which died upon adjournment of the legislature on March 28. The bill, titled the Kentucky Earned Wage Access Services Act, would have regulated EWA services by, in part:
 - Establishing licensing requirements for certain EWA services providers;
 - Establishing trade practice requirements for earned wage access services providers;
 - Establishing recordkeeping requirements for licensees.
- [SB 162/Chapter 52](#), which was signed into law by Democratic Governor Andy Beshear on March 24. The new law requires the Education and Labor Cabinet to refer suspected unemployment insurance fraud cases to the Kentucky Justice and Public Safety Cabinet, the county attorney or the Commonwealth's attorney and, if applicable, the United States Department of Justice, within 30 days of the suspected fraud determination.

Table 1: Catalis Lobbying Expenditures 2023-2025

STATE	PERIOD	AMOUNT
Connecticut	March-June 2025	\$18,000
Florida	January-September 2025	\$30,000-\$59,997
	2024	\$30,000-\$69,996
	2023	\$30,000-\$69,996
Indiana	2025	\$24,000
	2024	\$48,000
	2023	\$29,230
Kentucky	January-August 2025	\$20,000
	2024	\$24,000
Maryland	November 2024-April 2025	\$48,722
	November 2023-October 2024	\$65,980
	November 2022-October 2023	\$58,518
Michigan	As of August 15, 2025	\$28,301
	2024	\$32,486
South Carolina	January-May 2025	\$10,000
	2024	\$22,000
Wisconsin	2023	\$9,000
Total Spend	2023-2025	\$528,237-\$638,226

Lobbying expenditures calculated as of December 10, 2025. These figures may not account for all end of year spending.

Source: AFC analysis of lobbying disclosures by Catalis and lobbying firms who represent them. | AFC Payday Lending Databases Report (Dec. 2025).

Other states have seen Catalis weigh in on specific measures too, as seen in Connecticut where John Barnes, Vice President of Government Relations for Catalis, unsuccessfully [testified](#) in

support of implementing a real-time database for earned wage access oversight as part of [SB 1396/Public Act 25-155](#).

The bill, which was signed into law by Democratic Governor Ned Lamont on July 8, regulates earned but unpaid wage or salary income advances by:

- Exempting such advances under \$750 from the small loan lending law’s annual percentage rate and finance charge requirements;
- Requiring providers to give borrowers certain disclosures and previous advance information, verify income, offer ways to receive no-cost advances and reimburse certain banking fees;
- Prohibiting certain actions concerning fees or charges, borrower payments and collection practices.

Catalis spent \$18,000 on lobbying efforts in Connecticut between March 1 and June 30.

A few months earlier, Barnes and Catalis’ Illinois lobbyist testified against [HB 3634](#), which would limit the fees Catalis could charge licensees to the lesser of \$1 or 0.1 percent of the loan principal for each loan in the database.¹¹ The bill did not meet its reporting deadline and was re-referred to the House Rules Committee on March 21. Representing Catalis in North Dakota, in addition to a hired lobbyist, is John Barnes himself, who is registered as a lobbyist in the state.¹² He [testified](#) in the Senate Industry and Business Committee on [HB 1393](#), which would have established a regulatory framework for EWA providers. As in Connecticut, Barnes argued that the state should adopt a database for earned wage access oversight. The bill died pursuant to legislative adjournment on May 2. Barnes also made an appearance in Ohio, where he was [testifying](#) in support of adding a database to [SB 117](#), which would regulate EWA services and providers. The bill was last heard in the Senate Financial Institutions and Technology Committee on September 30.

Catalis is not just interested in expanding to EWA though. Some legislation would require traditional installment loans to be included in a state’s database. One such bill, South Carolina [SB 488](#), was introduced by Senator Tom Davis, R–Beaufort, on March 25, 2025, and was referred to the Senate Labor, Commerce and Industry Committee. The bill would expand the state’s existing payday lending database to include consumer installment loans. The bill would direct the Consumer Finance Division of the Board of Financial Institutions to enter a contract with a single-source private vendor to develop and operate a real-time database accessible via the internet. The stated purpose is to prevent borrowers from exceeding statutory refinancing limits and to collect required loan data under state law. The bill will carry over to the 2026 legislative session. Catalis spent \$22,000 on lobbying in the state in 2024 and \$10,000 between January and May of 2025. They have had lobbyist representation in the state since 2009, the year the payday database was established.¹³

¹¹ Illinois General Assembly, *Witness Slips for HB 3634*, at <https://ilga.gov/Legislation/BillStatus/WitnessSlips?GAID=18&DocNum=3634&DocTypeID=HB&LegId=162372&SessionID=114&tabname=opp> (accessed November 12, 2025).

¹² North Dakota Secretary of State, *Registered Lobbyists*, at <https://firststop.sos.nd.gov/lists/lobbyist?year=2024> (accessed November 13, 2025).

¹³ South Carolina State Ethics Commission, *Public Disclosure and Accountability Reporting System*, at <https://apps.sc.gov/LobbyingActivity/Principal/LP/SearchFiler.aspx> (accessed November 12, 2025).

Catalis' Attempts to Expand Databases Regardless of Financial Product Fit

Catalis' commercial imperative behind legislative efforts to capture non-payday loan products for database purposes is clear. Nevertheless, public policy must acknowledge fundamental differences between the payday loans that these databases were established to regulate (setting aside, for now, their efficacy) and non-loan EWA products. EWA products are not loans and do not function as loans, as expressed in state laws.¹⁴ They do not fit the legal definition of credit or debt, they are not subject to the Truth in Lending Act (TILA), and they do not carry finance charges, interest, late fees, credit impacts, underwriting or risk-based pricing (in fact there is always a fee free option for users). These differences mean that no database has yet been established that will collect the unique data required to regulate EWA. Overbearing regulation of the kind we have seen proposed not only needlessly risks disrupting a safe, valuable financial capability, but their very existence as proposals has a profound chilling effect on fintech innovation and development.

The irony is exacerbated when one considers that EWA can play a role in a robust, holistic public policy solution, serving as an alternative to harmful high-cost payday loan products. In this way, EWA can have the effect of lessening the need for payday loans, thus fulfilling the presumed legislative intent of database proponents, at least among those that are policymakers.

Databases Result in Wasted Taxpayer Dollars

As a result of Catalis' aggressive lobbying, states that have implemented these databases have experienced substantial implementation issues resulting in a significant waste of taxpayer dollars. For example, Nevada became the most recent state to implement a payday lending database in 2022 after a long, arduous process. [SB 201/Chapter 177](#), the law establishing a database, was signed by Democratic Governor Steve Sisolak on May 28, 2019. The technological complexities involved in establishing the database were thrown into stark relief by the COVID 19 pandemic. The database was originally supposed to be operational by July 2020, but it took over a year-and-a-half longer, until February 1, 2022, for the database to go live.¹⁵ The initial workshop for the database had to be cancelled and rescheduled for 30 days out as required by law. Meanwhile, the Nevada Financial Institutions Division hurried to hire a permanent commissioner to help implement the new regulations.¹⁶

Interestingly, the same misconception we have already commented on—that Catalis has legitimate competitors—also cropped up in 2017 during debate on an earlier version of the Nevada bill ([SB 17](#)). In a February 22, 2017, hearing in the Senate Commerce, Labor and Energy Committee, Grant Hewitt, chief of staff to the state treasurer described Veritec as “the largest

¹⁴ For example, Kansas — K.S.A. § 9-2407 (Earned Wage Access Act), at <https://law.justia.com/codes/kansas/chapter-9/article-24/section-9-2407/> (accessed November 10, 2025).

¹⁵ Nevada Current, *After fits, starts, & industry pushback, state payday loan database finally operational*, at <https://nevadacurrent.com/2022/02/08/after-fits-starts-industry-pushback-state-payday-loan-database-finally-operational/> (February 8, 2022) (accessed December 3, 2025).

¹⁶ Nevada Current, *After fits, starts, & industry pushback, state payday loan database finally operational*, at <https://nevadacurrent.com/2022/02/08/after-fits-starts-industry-pushback-state-payday-loan-database-finally-operational/> (February 8, 2022) (accessed December 3, 2025).

group in the marketplace,” that operated databases for 14 states.¹⁷ The reality, of course, is that there is no “marketplace” and that Catalis is the only available option for states that desire a payday database.

Databases Result in High Costs and Dangerous Vulnerabilities for Consumers

Payday lending databases are intended to streamline verification of borrower eligibility and help regulators monitor lender compliance. In practice, however, they impose a heavy and unprecedented reporting burden with negative consequences for borrowers and lenders alike. The data-collection requirements are inconsistent with established regulatory practices for virtually every other financial product or service, including mainstream lending. Even the Home Mortgage Disclosure Act (HMDA)—one of the most expansive data-collection regimes in consumer finance—does not mandate collecting this kind of sensitive data. Imposing such intrusive and costly reporting obligations creates a burden that raises operational costs, erodes competitive viability, and, critically, increases costs for consumers.

The cost to the states and the financial and administrative burden of compliance are also a cause for concern. Catalis notes that there are three ways that states around the country have chosen to pay for databases:

- The state allocates funding through its legislative budget process,
- Licensed providers pay a per transaction fee, or
- A fee is charged to the borrower.¹⁸

The first of these is enough to give any regulator pause. What is sure is that all these additional costs find their way to the consumer—individuals and families—eventually.¹⁹

Most database laws require lenders to submit frequent, detailed reports on every transaction. These disclosures often include extensive personally identifiable information, which raises serious concerns regarding necessity, efficiency, cost, data stewardship, and long-term security. Across the 14 states that operate databases, policymakers and industry stakeholders have voiced persistent concerns about entrusting a single private vendor with such a vast repository of sensitive data—particularly when that data is stored outside of government systems without clear oversight. These privacy concerns are amplified by the practices of the dominant database provider, which has asserted that it is not subject to the Fair Credit Reporting Act (FCRA). As a result, consumers have no guaranteed right to inspect the information collected about them, dispute inaccuracies, or rely on the suite of protections that would normally attach to the handling of sensitive financial data.

¹⁷ Nevada Senate Commerce, Labor and Energy Committee, *Minutes of the Senate Committee on Commerce, Labor and Energy*, at <https://archive.leg.state.nv.us/Session/79th2017/Minutes/Senate/CLE/Final/222.pdf> (February 22, 2017) (accessed December 3, 2025).

¹⁸ Catalis Testimony in Connecticut, <https://www.cga.ct.gov/2025/badata/TMY/2025SB-01396-R000304-Barnes,%20John,%20VP%20Government%20Relations-Catalis--TMY.PDF> (accessed November 13, 2025).

¹⁹ AFC estimates that if a proposed database to regulate EWA in Maryland were mandated, each transaction could cost an additional \$3.

Regulators themselves have questioned whether this model is fiscally responsible or equitable. As lawmakers have gained experience with database proposals, several states have reassessed their value. In **New Mexico** and **Mississippi**—both states with extensive legislative history on payday lending—policymakers rejected the database approach entirely and instead adopted straightforward APR caps. **Utah** similarly abandoned its database proposal; during that debate, one legislator noted that “government should not need to protect consumers from themselves,”²⁰ capturing broader concerns about unnecessary government-mandated data collection.

Taken together, these issues highlight a system that imposes heavy administrative burdens, exposes sensitive data to cybersecurity and privacy risks, and ultimately shifts substantial costs onto consumers—all while offering uncertain regulatory benefit.

Databases Do Not Result in Improved Consumer Health

At the heart of the opposition to payday databases, is the fact that they do not seem to work. Comments from consumer advocates note that databases do not prevent harmful lending patterns and may cause regulators to mistake data visibility for meaningful oversight. Furthermore, some are concerned that that databases enforce only the narrow restrictions they track, not overall market abuses and that regulators assume compliance because lenders must query the database. This can lead to reduced examination schedules, fewer enforcement actions, and weaker non-database oversight.

There is evidence that payday databases are ineffective in their primary purpose of tackling the cycle-of-debt created by the refinancing of payday loans. A 2014 CFPB report, for example, found that that 80 percent of payday loans are renewed or followed by another loan within 14 days and that this pattern persisted even in states with databases. This is attributed to databases only preventing multiple concurrent loans, not sequential borrowing.²¹

Conclusion

Payday lending databases were originally designed to prevent borrowers from overextending themselves through multiple short-term, high-cost loans. The exclusive control of these databases by a single company, first Veritec and now Catalis, continues to raise concerns about conflicts of interest, transparency and vendor accountability. Efforts to expand the databases to cover non-payday and even non-loan products could subject compliant, responsible providers of financial services to unnecessary regulatory burdens without delivering meaningful benefits to consumers. As similar proposals continue to be introduced, policymakers should carefully evaluate whether the creation or expansion of such databases truly enhances consumer protection or merely entrenches a single private vendor’s market dominance.

²⁰ Panel Kills Payday Loan Bill, *The Salt Lake Tribune*. <http://www.sltrib.comsltrib/home/51351884-76/bill-cases-committee-customers.html.csp> (accessed December 23, 2025)

²¹ CFPB Data Point: Payday Lending (2014) https://files.consumerfinance.gov/f/201403_cfpb_report_payday-lending.pdf (accessed December 23, 2025.)



About AFC

A standards-based organization, the American Fintech Council (AFC) is the largest and most diverse trade association representing financial technology (fintech) companies and innovative banks. On behalf of over 150 member companies and partners, AFC promotes a transparent, inclusive, and customer-centric financial system by supporting responsible innovation in financial services and encouraging sound public policy. AFC members foster competition in consumer finance and pioneer products to better serve underserved consumer segments and geographies.