

Title:

Cash Advance Industry Standards

Word Count:

517

Summary:

Cash advance industry standards have been defined by the Community Financial Services Association, or CFSA, an appropriate task for this industry trade association considering the explosive growth of the cash advance industry. Standards are listed on CFSA's website which has been designed as a one-stop source for all types of cash advance issues. The site is so helpful that it's visited regularly by lenders as well as the general public.

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Keywords:

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Article Body:

Cash advance industry standards have been defined by the Community Financial Services Association, or CFSA, an appropriate task for this industry trade association considering the explosive growth of the cash advance industry. Standards are listed on CFSA's website which has been designed as a one-stop source for all types of cash advance issues. The site is so helpful that it's visited regularly by lenders as well as the general public.

Among its many services, by far the most important is the establishment of industry standards for cash advance companies, also known as payday loan lenders. Before a cash advance business can become a member of this respected organization, the business operator has to agree to abide by the association's Best Practices. It's not an exhaustive list; in fact the Best Practices consists of only 11 core standards.

Sampling of Cash Advance Industry Standards

One of the cash advance industry standards states that, "A member will not advertise the payday advance service in any false, misleading or deceptive manner." A simple standard, but it's one that offers the consumer much assurance. With competition so fierce, it's tempting to make all sorts of

promises. When you work with members of CFSA, however, you don't have to worry about the company promising you one thing and then ending up with something different than what you were led to expect.

Another of the important cash advance industry standards requires that members fully disclose all aspects of the cash advance including the service fee that is being charged. Besides mentioning the fee scale, members of the CFSA must convert their fees into an Annual Percentage Rate (APR). Important again so that borrowers know exactly how much the cash advance is going to cost.

The Best Practices also ensure that members abide by each state's laws as they pertain to loan rollovers, or extensions. Some states prohibit rolling over a cash advance loan, while other states limit the number of times the borrower can rollover the advance. In states where they're allowed, a rollover is an option in the event that the borrower does not have sufficient funds to repay the cash advance on the due date. That cash advance can be rolled over, along with a new fee, until the borrower's next pay date.

One of the more impressive cash advance industry standards is the one in which members of CFSA agree to self-enforce the industry. Basically, this means members will voluntarily report all known violations of the Best Practices Guidelines. Each agrees to operate a toll-free phone number for reporting such violations.

Several more cash advance industry standards are outlined in CFSA's Best Practices including an important one regarding the collections process. From time to time borrowers default on their cash advance obligations. When this happens, members promise to proceed with collection activities professionally and in a non-threatening manner.

These cash advance industry standards were designed to protect you, the consumer. Make sure that you're doing business with only those businesses that promise to uphold these cash advance industry standards.