

Title:

Cash Advance Service - The Real Story

Word Count:

300

Summary:

A cash advance is commonly known as a 'payday loan' because it often secures a person's finances while they're in between paychecks.

Keywords:

cash advance service, cash advance services, instant cash advance

Article Body:

A cash advance is commonly known as a 'payday loan' because it often secures a person's finances while they're in between paychecks. It is a short-term loan, frequently an advance on a paycheck, that does not require a credit check and rarely succeeds \$500. A cash advance is a very convenient loan for people who need money, typically cash, instantly and perhaps have bad credit or no credit. Usually the borrower will immediately write a post-dated check for the amount of the loan and accrued interest, to be held by a cash advance service until the date of maturity (the borrower's next payday). When the loan matures, the cash advance service then processes the check ordinarily or withdraws the payment directly from the borrower's checking account.

A cash advance service operates much like a credit card service in that if the borrower cannot afford the loan amount and interest at the time of maturity, they have the option of paying a fee to extend the loan (or 'refinance' it). The fee grows exponentially every time the loan is refinanced.

Payday lenders, as well as larger, more conventional banks, offer various cash advance services. However, much controversy surrounds these services, which critics say exploit the poor, needy, and young, enticing them with loans that merely imprison them in debt via high interest rates and refinancing fees. Although a cash advance may benefit someone who is temporarily unable to pay their bills or buy groceries and would not be able to obtain the necessary funds otherwise, such loans may not be in everyone's best interest. The controversy over cash advance services is so great that payday lending is illegal in twenty-five states in the United States. Thus, many payday lenders must coordinate with banks outside their state to provide cash advances to customers.