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Thursday, 11 March 2010 09:08

ALEXANDRIA, Va.-Today, the Community Financial Services Association of America (CFSA), the trade association representing America's responsible, small denomination, short-term payday lenders, questioned the activities of certain large Wall Street financial institutions for promoting their own interests over those of hard-working, middle income consumers.

"Unlike those who are responsisble for the collapse of our financial system, payday lenders provide a fully disclosed, transparent and highly regulated product to working families with the highest customer satisfacion rate of any comparable product," said CFSA Board Chair D. Lynn DeVault. "We are not an industry trying to hide behind preemption, in fact we are highly regulated in the 34 states we do business in. The attorneys general, banking commissioners and legislators in those states monitor our neighborhood stores on a daily basis."

DeVault continued, "The same interests who brought complex and costly transactions that created havoc for millions of Americans are now trying to create a system of winners and losers that is stacked unfairly in their favor and is a bad deal for the average consumer."

Facing stricter regulations and tightening credit criteria and recognizing the demand for short-term credit, large financial institutions and credit unions are attempting to offer similar products while lobbying Congress to eliminate the payday lending industry as competition. Indeed, according to the National Consumer Law Center, some federally chartered credit unions charge fees that drive the effective rate of short-term loans over the APR allowed by law, prompting an admonition from the National Credit Union Administration in August.

"The reason our model works is that it is cost competitive and, unlike banks and credit unions, the payday loan industry issues small dollar, short-term loans on an unsecured basis that people can actually understand," said DeVault. "Payday loans are well-regulated by the states and adhere to strict industry best practices."

A comparison of credit industries in the U.S. in 2008, which is the most recent year with full data available, reveals the relatively low systemic risk of the payday loan industry.

Payday Loans	$48 billion [1]	$345 [2]	
Auto Loans	$80 billion [3]	$12,040 [4]	
Mortgage Loans	$1.5 trillion [5]	$192,287 [6]	
Credit Card Loans	$2.1 trillion [7]	$5,729 [8]	

"We are fully supportive of efforts to address the ever-changing needs of the American consumer; however, these efforts should be focused on preserving viable financial options for consumers, not protecting special interests and large financial institutions which do not adequately serve all Americans. The reality is that one size does not fit all for financial services," concluded DeVault. # # # ***About the Community Financial Services Association of America*** *The Community Financial Services Association of America (CFSA) is the only national organization dedicated solely to promoting responsible regulation of the payday advance industry and consumer protections through CFSA's Best Practices. As such, we are committed to working with policymakers, consumer advocates and CFSA member companies to ensure that the payday advance is a safe and viable credit option for consumers.*

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[1] http://www.fdic.gov/bank/analytical/quarterly/2009_vol3_1/Quarterly_Vol3No1_entire_issue_FINAL.pdf [2] http://www.business.gwu.edu/research/centers/lsrp/pdf/m41.pdf [3] Ibid [4] http://www.fdic.gov/bank/analytical/quarterly/2009_vol3_1/Quarterly_Vol3No1_entire_issue_FINAL.pdf [5] http://www.fhfa.gov/webfiles/15312/Report_HMM_and_the_Enterprises_in_2008.pdf

[6] http://www.biia.com/cci_industry_news/TransUnion%20Auto%20Delinquency%20Report%20News%20Release%20Issued.pdf

[7] http://www.creditcards.com/credit-card-news/credit-card-industry-facts-personal-debt-statistics-1276.php

[8] http://www.earthtimes.org/articles/show/average-credit-card-delinquency-rates,1172750.shtml