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PAYDAY ADVANCE INDUSTRY TAKES UNPRECEDENTED ACTIONS TO PROTECT AND EDUCATE CONSUMERS NATIONWIDE

*Enhanced Best Practices Give Customers More Information,
More Time to Pay Back Loans With No Penalties*

WASHINGTON, D.C. – The Community Financial Services Association of America (CFSA), the national trade association representing responsible payday lenders, today announced unprecedented, voluntary changes to protect and educate consumers, backed by a \$10 million consumer education campaign and community-based financial literacy programs.

The changes include offering customers additional time to pay back their loan if needed -- with no financial penalty -- while providing consumers with information about responsible use of the service. They also include measures to ensure that payday advances are marketed responsibly and partnerships to conduct community-based financial literacy programs.

“We have listened to concerns raised about our industry and have developed innovative solutions to address them,” said Darrin Andersen, president of CFSA. “These enhancements to our current Best Practices are part of an ongoing effort to respond to the concerns of policymakers and protect the financial well being of our customers. These new initiatives will ensure that CFSA members hold themselves to a higher standard of responsible service.”

All CFSA members will be required to follow additional *Best Practices*, including:

- Offering payday loan customers the option of an Extended Payment Plan if they find they cannot repay their loan when due, allowing them to repay the loan over a period of additional weeks. This option will be provided to customers for any reason with no additional cost, thus giving customers a safe and reliable way to close out their loans.
- Placing a “Customer Notice” on all CFSA member-company advertising and marketing materials, advising customers that: *“Payday advances should be used for short-term financial needs only, not as long-term financial solutions. Customers with credit difficulties should seek credit counseling.”*
- Banning advertising that promotes the payday advance service for frivolous purposes.
- Requiring CFSA members to prominently display the CFSA seal to help customers identify responsible providers that adhere to these and other CFSA *Best Practices*.

The National Conference of Black Mayors was encouraged by the efforts being made by CFSA to better serve customers. President Robert L. Bowser said, “We are pleased to see that CFSA is willing to change

the way that it does business.” Highlighting the Extended Payment Plan, Bowser said, “This is an important step toward eliminating the cycle-of-debt.”

Speaking in support of the changes, Rosa Rosales, National President of the League of United Latin American Citizens (LULAC), the nation’s largest Hispanic membership organization, said, “The new Best Practices and national public education campaign by CFSA is an important step in the right direction...the efforts of CFSA demonstrate that it is possible to provide this product in a more consumer-friendly and responsible manner, benefiting consumers, communities and the industry itself.”

CFSA is also launching an unprecedented \$10 million national consumer education campaign to encourage consumers to only use payday advances in a responsible manner. The campaign will include mass media advertising that begins today in USA Today and on national cable networks including CNN, ESPN, HGTV, Telemundo and TNT. (Visit www.cfsa.net to view the consumer education television ad.) In-store customer brochures and other materials will inform customers of these new protections and provide guidance on using payday advances responsibly.

The consumer education campaign features Darrin Andersen, CFSA president, advising consumers on the following:

- If you are considering using a payday advance, make sure you do so responsibly.
- Use payday advances only for short-term assistance – never as a long-term solution. If you need long-term assistance seek credit counseling.
- Only borrow an amount you feel comfortable being able to repay.
- Make sure you deal only with reputable providers.

In addition to the consumer education campaign, CFSA is partnering with the National Black Caucus of States Institute to educate African-American legislators and community leaders on critical issues regarding consumer credit, and provide community volunteers with resources they need to educate consumers in their communities on how to become credit savvy. In partnership with the National Conference of Black Mayors, CFSA will be hosting Youth Empowerment Summits to teach young people the importance of building a solid financial future.

Linda Wallace, Executive Director of The National Black Caucus of States Institute applauded CFSA for listening and taking these initial steps to educate consumers by launching a national educational campaign. “We are particularly pleased that CFSA is implementing an industry policy that includes a movement toward greater regulation and stronger enforcement. We encourage other financial institutions to take similar actions,” said Wallace.

Niger Innis, National Spokesman for the Congress of Racial Equality voiced his support for CFSA's efforts, "Since 2006, the Congress of Racial Equality (CORE) has been engaged in a nationwide campaign advocating for the expansion of financial choices and access to capital for its constituents. We have strongly urged ALL lending institutions to provide needed consumer protections for its clients. CORE applauds the efforts being made by CFSA to inform consumers and provide reasonable guidelines which help to best service the community. We can only hope that all lenders will replicate the effort being made today by CFSA."

Added CFSA President Andersen, “These enhanced best practices, backed by our public education campaign and financial literacy programs, will help ensure that consumers make educated choices regarding payday loans.”

CFSA member companies will integrate these new practices into their business operations over the next three to five months, giving them reasonable time to change policies, procedures and systems at the store level. To ensure compliance with the Best Practices, CFSA has hired an independent firm, Global Compliance, to conduct audits of member company store locations. Any company that does not comply with CFSA Best Practices will lose its membership.

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The [Community Financial Services Association of America](#) (CFSA) is the national trade group of the payday advance industry. Representing 164 member companies with more than half of the payday advance outlets nationally, CFSA promotes laws and regulations that protect consumers and preserve their access to credit options. The association also works on behalf of members to support and encourage responsible industry practices. Membership is contingent upon compliance with CFSA's mandatory "Best Practices."