

KANSAS CREDIT UNION LEAGUE



Kansas Credit Unions' Predatory Lending Alternatives

Kansas credit unions are providing REAL Solutions® to consumers dealing with the high costs of predatory lending.

Of the 14 credit unions that participated in the Kansas Credit Union Association's 2007 introduction of REAL Solutions®, five are offering a payday-like loan and eight are offering a transitional payday-like product. Many are requiring financial education, while several are serving the Hispanic market in their communities.

Among the credit unions offering a payday loan alternative is the Credit Union of Dodge City, in a town with a population of 26,000 facing 15 payday lenders. The Credit Union of Dodge City established the need to build a location separate from the credit union – Instant Cash PLUS – where consumers caught in a cycle of debt can seek solace.

While area payday lenders charge 15%, Instant Cash PLUS provides payday loans at 10%—or a special rate of 8% for meeting additional qualification requirements. The credit union's loans are unique because, unlike payday lenders, the credit union does not just provide the requested amount in all cases. Each loan request is carefully evaluated based on the true need and ability to repay. A savings and repayment plan is established, keeping in mind the financial goals and success of each member. Each member is educated through the process.

Since its inception on March 17, 2008, the credit union has made nearly 130 loans totaling nearly \$40,000 with an outstanding balance of less than \$8,300. Members have saved nearly \$2,000.