

MISSOURI CREDIT UNION ASSOCIATION



“Being a single parent, I often found myself short of cash – which forced me to use payday loans. Then my credit union started offering the Freedom Loan. My payment’s way less than those payday loan places, and part of the money goes into a savings account that’s actually yours once you pay off your loan – now that’s freedom!”

—Carmen Leatherberry,
*St. Louis Community
Credit Union member*

Missouri was the fourth state in the nation to initiate a coordinated credit union effort to meet the financial needs of underserved populations. Missouri’s flagship REAL Solutions product is an alternative, non-predatory model for short-term “payday” type loans. Eight credit unions are offering a payday loan alternative, with most using the guidelines of Missouri’s REAL Solutions model. In contrast with traditional payday loans, these alternatives have substantially lower interest rates and built-in measures to help consumers regain their financial footing.

In 2007, \$1.9 million was advanced on 4,300 loans at rates below our model cap of 36% and well below the national payday loan average of 371%. In one example of the program’s success, St. Louis Community Credit Union made about \$444,000 in loans to 800 members and incurred losses of just 2.6%.

The next effort in Missouri is new marketing endeavors designed for new Americans and youth accounts. Missouri credit unions are glad to provide REAL Solutions for real people.