

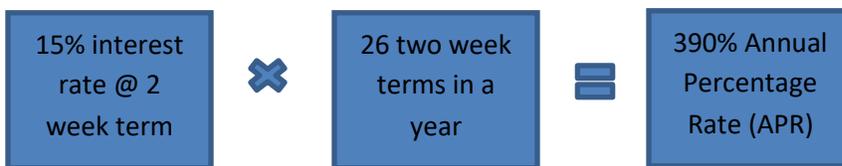
Struggling with Payday Loans?

I am drowning in payday loans. How can I get on the right track?

Payday loans are a hard habit to break for anyone. However, a first step is to review your credit history. It's possible that you actually have some past or current credit that qualifies you for a better type of loan, such as a credit card. Even a credit card with a small credit limit of \$500 is a great tool if you are in a tight spot because if you pay off the total amount charged each month you pay no interest or other fees.

Question: I need to borrow money. How does the APR work on a payday loan?

Answer: Many people don't pay attention to the Annual Percentage Rate (APR) of a payday loan. Instead payday loans are often advertised as a two week term interest rate which can make the loan rate appear similar to other types of credit, such as a credit card or auto loan. However, in reality, the APR is much higher with payday loans. Here's an example:



Quick Comparison of APR's	
Home Loan	5%
Auto Loan	7%
Credit Card	16%

Based on this example, a \$300 payday loan will charge a \$45 interest fee every two weeks. If that interest were to build for one full year, the total fee will be outrageous!



Question: If I need quick cash, what are some other options for me?

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Answer:

- *Check to see if you qualify for a credit card from a local bank or credit union. But, always pay attention to the interest rate and any fees the card carries.*
- *Review your budget to see if it is possible to create a cash cushion so that you don't need to borrow repeatedly, especially when times are tough. Establishing an emergency savings account if you are new to banking can be a great way to save. If you open a savings account, to hold your emergency savings, ask the banker about any overdraft fees or other fees and related costs. Also, in the United States, a number of Bank On-approved accounts are available at certified financial institutions. These accounts have no overdraft fees, transparent monthly fees, and a maximum opening account deposit of \$25 per account. The Oklahoma Native Assets Coalition, Inc. is available to help you find Bank On-approved accounts in your area. For more information, go to: http://www.oknativeassets.org/our_work/Native-Bank-On-ONAC and contact the Manager of Native Bank On ONAC.*
- *A pre-paid or secured credit card can be another useful tool. You can make a deposit onto the card and then charge up to that limit just like an ordinary credit card.*
- *Some tribes offer tribal credit programs to tribal members who need small, short-term, loans with fair interest rates. Check to see if any are available in your community.*
- *A Community Development Financial Institution, or CDFI, is another good option. CDFI's serve many tribal communities and often offer credit builder loans and other affordable loan products to borrowers with less than perfect credit.*
- *Check with any assistance programs such as TANF (Temporary Assistance to Needy Families) or SNAP (Supplemental Nutrition Assistance Program) that might be able to provide money or other resources to a family facing a setback. Churches, shelters, and local nonprofits or charities might also be able to help.*
- *Check with your employer about a payroll advance. Payroll advances have gone high tech and some employers now offer advances through a smartphone app. For example, Walmart provides free payroll advances, called Instapays, which are deducted from an employee's next paycheck. A payroll advance might be a better option than a payday loan because it is only an advance of earned wages instead of a loan. Moreover, if you can't pay back an advance, the debt won't go to collections. However, do your homework because there are many payroll advance apps available and some might collect tips and fees which are just as costly as high-interest payments.*
- *If you need a payday loan for a specific purchase, a growing number of online merchants offer point of sale financing at checkouts. For example, the online store Wayfair currently works with several companies to offer customers point of sale loans. Similar to old fashioned layaway, point of sale loans can be used for small dollar purchases, as well as big ticket items. A point of sale*

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loan might be a good option if you can't qualify for a credit card. Moreover, some point of sale loans charge lower interest than credit cards and a borrower will usually know upfront how much they will pay in total. However, point of sale financing has drawbacks too. Loans that aren't paid off might show up as delinquencies on your credit report and late fees can apply to missed payments.

Question: I keep taking out payday loans and don't know how to stop. The interest on these loans is very high. What can I do?

Answer: *A number of people take out payday loans because they believe the loans meet their needs. They are usually easy and fast to obtain from convenient locations that offer prompt service. The problem is that the extra money you pay for the loan, and the persistent debt, will continue to set you back and possibly even land you in an even worse situation. Instead of taking out such high-interest payday loans, could you make your current financial situation better if you had help with creating a monthly budget you could stick with? If you need help paying for basic needs, would signing up for financial assistance through your tribe be helpful until you get back on your feet? Are there any classes or workshops available to help you manage your money better?*

In some cases, you might have a larger issue such as gambling or substance abuse that is causing financial problems. If you are an elder you might be a victim of financial abuse from a relative or caregiver. Look into local support programs for problem gambling or substance abuse. Casinos will also allow a problem gambler to be voluntarily banned from the casino, if necessary. Sadly, financial abuse is a growing problem in Indian Country. If you suspect you are a victim of financial abuse, consider contacting protective services or even law enforcement. Lastly, placing a credit freeze on your credit report is another option. A credit freeze locks a credit report so that no lender can access to it to make lending decisions until the freeze is lifted.

