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Payday Lender Loses Loan Backing

A payday lending company could be changing the way it does business in Arkansas.

Advance America Cash Advance said in a recent filing with the Securities and Exchange Commission that its lending bank will stop offering advances and loans in Arkansas. A representative for Advance America says the company does not intend to pull out of Arkansas altogether. They are researching what other services they could offer instead.

Critics of such payday lenders are hoping this marks the beginning of the end of what they call abusive and predatory lending. Supporters say without them, consumers have no other option for borrowing smaller amounts of money.

"You open the possibility for Arkansans to go online and chose from thousands of internet lenders online and not be subject to regulation, not be subject to fees," said David La Torre, Community Financial Services Association of America.

"We believe these are problematic consumer loans because it gets consumers trapped in a cycle of debt. They're no longer able to continue paying and so they end up rolling over and rolling over the loans," said Matt Price, Arkansans Against Abusive Payday Lending.

Price said, meanwhile, they are developing other options for consumers instead of going to payday lenders.