



ROBERT M. McCORD, TREASURER
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

News Release

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CONTACT:
Elizabeth Foose
717-787-2991
news@ptreasury.org

STATE TREASURER ROB McCORD: PENNSYLVANIANS SAVED NEARLY \$10 MILLION WITH A BETTER CHOICE FOR SHORT-TERM LOANS

Commonwealth's only statewide payday lending alternative protects consumers from predatory debt cycle

HARRISBURG – Treasurer Rob McCord today reminded Pennsylvanians who occasionally need quick cash for an unexpected expense – or to make ends meet between paychecks – there is a Better Choice for short term loans. Announcing the latest results of the only statewide payday lending alternative, Treasurer McCord touted the fact that during its short history, the Better Choice program has kept nearly \$10 million in interest and fees in the wallets of Pennsylvanians.

“Better Choice connects hard-working individuals with the quick cash they occasionally need for an unexpected expense or between paychecks, and helps them avoid the ‘debt trap’ of usurious loans – in fact, since inception, Better Choice has spared Pennsylvanians nearly \$10 million in interest and fees,” Treasurer McCord said.

Developed by Treasury and the Pennsylvania Credit Union Association, Better Choice loans are available at 82 credit unions with 215 locations, and additional credit unions continue to sign on. Since the program’s inception, the participating credit unions have made more than 28,000 loans totaling over \$13.4 million in volume. In 2009, 13,462 loans totaling \$6.5 million were issued.

“In our rough economy, many Pennsylvanians are finding that their paychecks do not stretch far enough when unexpected expenses occur. I’m proud that credit unions offer an alternative to the high-cost payday lenders for short-term borrowing needs,” said Jim McCormack, President/CEO, Pennsylvania Credit Union Association. “More importantly, the credit unions are offering financial counseling to assist borrowers with money management and credit.”

A typical \$500 payday loan costs consumers \$15 for every \$100 borrowed for two weeks, or approximately \$450 over 90 days. A \$500 Better Choice loan costs consumers approximately \$42.50 for the same 90 days. The loan includes an additional \$50 (ten percent) that is placed in a savings account, which encourages them to develop a savings habit. Better Choice builds upon this savings component by providing financial education to consumers to help them make better-informed financial decisions.

Consumers saved an average of 80 cents in loan fees and costs for every dollar borrowed through Better Choice versus a typical payday loan – and compiled over \$1.3 million in savings accounts since the program’s start.

Total Number of Loans Issued (10/19/06-12/31/09)	Total \$ Amount of Loans Issued	Total \$ Amount of Consumer Savings vs. Payday Lender	Average Loan \$ Amount
28,238	\$13,319,285.04	\$9,640,798.40	\$471.68

To learn more about Better Choice and view a list of participants, visit www.PaCreditUnions.com.

*Pennsylvania Treasurer Rob McCord is committed to managing the Commonwealth's assets for the benefit of all Pennsylvanians. A respected business leader, McCord is focused on **strengthening the state's economy and enhancing the financial security of Pennsylvanians**. To learn more about Treasurer McCord's initiatives and programs, please visit the Pennsylvania Treasury Department at www.ptreasury.org.*

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