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Payday Lenders and Progressive Credit Bureau Join Forces to Help Consumers Build Credit

Community Financial Services Association of America launches pilot program in Chicago area with PRBC

Consumer advocates support industry move

CHICAGO -- A national association of payday advance companies today announced a program, being piloted in Illinois, to help short-term borrowers build credit by voluntarily reporting their loan repayments to an innovative new credit reporting agency.

The Community Financial Services Association of America (CFSA), representing 164 companies with more than half of the payday advance locations nationwide, announced it is using PRBCsm, a progressive credit reporting agency established to meet the demand for services not provided by traditional credit reporting agencies.

“More than 50 million Americans have low or non-existent credit scores, denying them the opportunity for equal participation in the mainstream economy,” said Billy Webster, CFSA board member. “I am delighted that through this initiative we can help our customers to build their credit history.”

Currently, traditional credit reporting agencies do not track or score payments of commonly recurring bills such as rent, private mortgages, utilities, telephone, cable TV, child care and payday advances. As a result, fiscally-responsible consumers without good credit histories are effectively precluded from obtaining affordable home loans, auto loans and

insurance. This condition also makes obtaining employment, utility hook-ups, and telephone service difficult and costly.

PRBC empowers consumers to voluntarily demonstrate their fiscal responsibility by using the PRBC service to have their payday advance and other recurring bill payments tracked. PRBC produces a Bill Payment Scoresm (BPSsm) which can be used to supplement a traditional credit score, or be used in the absence of one to gain a more complete and accurate risk assessment of an applicant. PRBC's BPS can be easily understood by consumers and users of traditional credit scores alike. PRBC does not charge consumers a fee to enroll in the PRBC service or to view their own PRBC data.

Just last month, the concept of using alternative data sources to help consumers build credit histories was endorsed by the U.S. Congress in a hearing of the House Subcommittee on Financial Institutions and Consumer Credit. Also, earlier this year, Representative Susana Mendoza (Chicago) introduced legislation in the Illinois House to require credit reporting by payday lenders. "I am thrilled that CFSA recognizes the need, not just to help payday advance customers get by financially, but to help them get ahead," said Mendoza. "That was the goal of my legislation, and I'm delighted to see CFSA put the idea into action."

CFSA began looking for a consumer payments database provider after participating in a 2003 Roundtable sponsored by the Fannie Mae Foundation and a 2004 Regulatory Summit Meeting sponsored by the Conference of State Banking Supervisors. It was the consensus of participating financial regulators, banks, credit unions, payday advance companies, and consumer groups that consumers needed help building and rehabilitating credit histories.

CFSA determined that payday advance companies could help these consumers by reporting repayment data to credit bureaus. The problem was that none of the existing credit bureaus would accept data on payday advances. CFSA and PRBC came together to enable payday advance customers to use their payment histories to gain access to more traditional financial services and asset-building opportunities.

"CFSA members' use of the PRBC service helps their customers to demonstrate the ability and willingness to pay their financial obligations as agreed, and it helps both

financial institutions and other service providers to more accurately and fairly assess their creditworthiness. It is a valuable community economic development service when any business reports its customers' timely payments to a credit bureau such as PRBC," said Michael Nathans, Chairman and CEO of PRBC. "I am heartened that CSFA and its members are interested in actively assisting their customers to demonstrate their creditworthiness when they apply for housing, credit, insurance and employment using the PRBC service."

CFSA members *Advance America* and *Check into Cash* will offer the PRBC service at six Chicago-area locations starting today. CFSA member Valued Services will make PRBC enrollment available to its customers later this summer. Following operational testing during the pilot initiative, CFSA will offer to all its member companies the opportunity to use the PRBC service.

Consumer advocates voiced strong support for the CFSA-PRBC program and the direction it sets for the industry. William McNary, Co-Director, Citizen Action – Illinois stated, "Through this initiative people who lack the opportunity will now be able to start to build a credit history. We appreciate the industry's commitment to continue to improve their service to consumers."

More information about CFSA and PRBC can be found online at www.CFSA.net and www.PRBC.com.



About CFSA

The Community Financial Services Association of America (CFSA) is the national trade group of the payday advance industry. Representing 164 member companies with more than half of the payday advance outlets nationally, CFSA promotes laws and regulations that protect consumers and preserve their access to credit options. The association also works on behalf of members to support and encourage responsible industry practices. Membership is contingent upon compliance with CFSA's mandatory "Best Practices."

About PRBC

PRBC, a national credit bureau with a community economic development mission, is supported with a grant from the Ford Foundation and by Tier I Data Subscribers that include Citimortgage, Fannie Mae, and Freddie Mac. PRBC is guided by an Advisory Board and a Technical Steering Committee that include consumer advocates, educators, faith-based leaders, and industry professionals. PRBC's service is powered and secured by IBM, and can be accessed at www.PRBC.com.

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