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Payday Loans: for Small Daily Cash Needs by Jesssica Smith

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Payday loans are referred to as short-term loans that act as a conduit between the cash flows of the borrower and paydays. Basically, payday loans help in evading late payment penalties as well as any sort of negatives on credit ratings. Also commonly known as paycheck advances, or cash advances, or post-dated check loans, or deferred deposit check loans, or check advance loans, these loans constitute provision of cash in alignment to a pre-approved line of credit. The Truth in Lending Act further advocates that the cost of payday loans should be revealed. Subsequently, financial charges as well as the Annual Percentage Rate (APR) are levied upon the borrower in writing.

As you are aware, a payday loan is granted in cash, the post-dated checks belonging to the borrower and bearing the principal loan amount and the outstanding interest ensure that the loan is safe and secure. There is likely a situation when the date of maturity of the loan may overlap with the next payday of the borrower. At the maturity stage, the lender starts with the check processing, manually or via electronic withdrawal from the checking account of the borrower, comprising demand deposits and such other deposits upon which a check can be drawn. The borrower then issues the lender a personal check such that the lender can wishfully write the amount. The borrower is given the check amount by the company after deducting a fee based upon the face value of the check and expressed as a percentage.

Payday loans are generally offered by small lenders as well as large financial service providers. Small lenders could be those who operate from small stores or even franchises. Large financial service providers, on the other hand, offer different schemes on payday loans. Banks mostly offer â€œdirect deposit advanceâ€• scheme on payday loans, which could be availed by only those customers who deposit their paychecks electronically. The procedure involves the customer first applying for a direct loan and then receiving the advance. Upon the next deposit into the borrowerâ€™s account transacted directly, the bank removes the advance amount on which a fee is chargeable.

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Jessica Smith is currently working with a Payday Loans as a financial advisor. To find best payday loans, a 3 month loan advice you need to visit a http://www.paydayloans.uk.net

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