

Cash advance Loans

The vast majority of Canadians who leave on paychecks need not be remembered how frustrating a tight budget or loan cycle is. No thanks to the unfavourable economic condition of the Covid -19-ravaged world, Some financial institutions have held on tight to the available funds, and made stringent conditions for the availability of credit facilities to workers and low income earners.

This has further increased the dependence on Cash advance Loans to sort out emergency expenses such as medical bills, groceries, mortgage bills and other life threatening situations. Moreover, cash advance also helps to service mini debts accrued from the inability of paychecks to fund basic necessities.

Realistically, Cash flow is often not stable. Even when you don't rely on a paycheck, and depend on your business for survival, some business days are marred by low cash inflow and turnout of customers. Further underlining the importance of quick and affordable bail out funds to make ends meet. This is where cash advance loans come in.

How are Cash advance loans different from other loans?

Also referred to as payday loans and payday advance, cash advance loans are short term loans offered to bad credit workers to help sort out their immediate financial needs. The term "Cash advance" connotes that money is offered ahead of an oncoming payday, by which period, the loan - with interest and other fees - are paid.

Practically, the borrower signs a post - dated cheque for the lender ahead of a payday, of which parts of the paycheck is paid in cash to the borrower. Furthermore, the borrower does not enjoy the privilege of paying in installments as is obtainable with installment loans. Thus, money - with interest and fees - is repaid in lump sum at next payday. Cash advance loans are different from bank loans because collateral and cosigners are not prerequisites to obtaining such loans.

How do cash advance loans work?

As a way of convincing people to patronize their credit product, cash advance lenders are wholly not interested in your credit score as they only offer short term loans, repayable by next payday. You can apply for this loan package via the company's websites or their storefront stations. To qualify for a cash advance loan, you have to

- Be 18 years and above

- Have a regular income stream or paycheck
- operate a Canadian chequing account, with direct deposit option.
- Be a permanent resident of Canada

Due to the potential of advanced cash loans to subject subscribers to a dangerous loan cycle, payday lenders are prohibited from operating in some provinces of Canada. However in locations where they operate, cash advance loan companies are obligated to comply with the rules and regulations of their location. On top of that, the annual borrowers rate ABR imposed on cash advance loans stands at 390%, Partly making up for the exorbitant interest rates on cash advance loans.

Benefits of Cash advance loans

All forms of loan have one major benefit and that is to provide an escape route from financial emergencies and burdens. Nevertheless, Cash advance loans offer other benefits to its subscribers and they include:

- **Easy accessibility:** Cash advance loans or payday loans are accessible to every member of the society on a regular income stream. Application for the loan can be carried out online or by walking into storefront stations of lending companies.
- **Quick funding:** After verification of documents and subsequent loan approval, a cheque is either issued immediately or the money be paid by direct deposit into bank accounts within a few hours.
- **Freedom of use:** With the money paid directly into a bank account, you can decide to do anything requiring money expenditure. Cash advance loans are not consigned to a particular use or purpose.
- **No risk of loosing out on collateral:** Presentation of Collateral is not a prerequisite to obtaining cash advance loans. The lenders are more than happy to lend you money provided you have a regular paycheck at the end of any loan cycle.
- **No co-signers needed -** As opposed to some bad credit loan companies, cash advance lenders have no interest in having a cosigner sign any document for you, making the entire process seamlessly possible.

Limitations of Cash advance loans

Payday or cash advance loans are contingent on specific conditions which often constitute problems for the borrowers. These includes:

- **High interest rates** - Cash advance loans are unsecured loans since they don't involve cosigners and any form of collateral. This puts the lenders in an unfavourable position of having the chance of losing out in funds. As a result, this risk is translated into high interest rates to cover for any eventuality.

- **Potential to consign subscribers to a dangerous loan cycle** - Using a significant part of your paycheck to settle a debt in lump sum is as dangerous as not getting the loan in the first place, because you will be left behind in other expenses, Leaving you with a somewhat obligation to borrow again to settle these expenses. As such, you would be entangled in a dangerous loan cycle that could threaten your long term financial plans.

- **Pre-scheduled payment fees** - In a normal scenario, lenders should be happy for getting loan repayments ahead of agreed schedule but cash advance loan lenders are quite the opposite as additional fee is attached to any sum paid ahead of schedule.

Conclusion

Also known as payday loan or payday advance, Cash advance loans are short term credit products offered by a variety of lending companies in Canada. These loans can be sourced in almost all the province of Canada depending on the outreach of the lending company. Such loans make for a quick source of funds to finance needs and desires. On top of that, the money is paid as direct deposit into bank account or through cash cheque, as such the borrower has complete freedom to use the acquired loan anything but not limited to hospital bills, groceries and household supplies, rent fees, college fees and travel or vacation costs. However, cash advance loans often have hefty interest rates and can't be paid in installments. Companies that Cash advance loans in Canada include Money Mart, 24cash, personal loan pro, creditech, instant payday Canada e.t.c.