Payday Lending

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What is Payday Lending?

- Short-term, small amount, high interest
- Max of $1500 (avg. $300)
- Max of 62 day loan length (avg. 14 days)
- Exempt from Criminal Code usury provision
- Provincially regulated
## Fees & Interest Vary

<table>
<thead>
<tr>
<th>Province</th>
<th>Fee Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Columbia</td>
<td>$23/$100</td>
</tr>
<tr>
<td>Alberta</td>
<td>$23/$100</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>$23/$100</td>
</tr>
<tr>
<td>Manitoba</td>
<td>$17/$100</td>
</tr>
<tr>
<td>Ontario</td>
<td>$21/$100</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>Legislation not Proclaimed</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>$22/$100</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>$23/$100</td>
</tr>
<tr>
<td>Quebec</td>
<td>30% annual interest</td>
</tr>
<tr>
<td>Newfoundland</td>
<td>60% annual interest</td>
</tr>
</tbody>
</table>
Payday Loan Debt Cycle

Payday loan customer Ashley Keewatin on the vicious cycle he says he’s trapped in
Opportunities to Address

– Provincial Government
– Municipal Government
– For profit sector
– Non profit sector
– Consumers
Provincial Government

– Reduce borrowing costs
– Enable installment payment
– Restrict loans to a percentage of income
– Promotion of a complaint mechanism
Municipal Government

- Clear definition of payday lending
- Land Use
- Licensing
- Financial Inclusion Task force
Private Sector

Payday Loan
$1500
12 months
600% APR
Total cost = $9000

Cash Crunch
$1500
12 months
12% APR
Total cost = $180
Non Profit Sector

– Calgary Poverty Reduction Initiative
– Financial Empowerment Collaborative
– Rise of the Cash Store
– Academia
Consumers
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