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May 13, 2013

Manitoba Public Utilities Board
400 – 330 Portage Avenue
Winnipeg, MB R3C 0C4

Attn: H.M. Singh, Executive Director

Dear Mr. Singh,

Please find attached our Report providing the information as requested in your e-mail of March 20, 2013.

It is my understanding that this Report will be made available, by the Board, to all parties who participate in the Review.

Sincerely,

Gail Anderson
Director

May 13, 2013

I.

There are currently 43 licensed payday locations operating in Manitoba. The payday lending complaint totals for the period of October 18, 2010 to March 31, 2013 are as follows:

2010/2011 **134**
2011/2012 **135**
2012/2013 **70**

Province	Rate / \$100	Licensing Fee	
		Main Office	Branch Office
Manitoba	\$17	\$5,500 per location	
Ontario	\$21	\$750	\$990
British Columbia	\$23	\$2,550	\$1,275
Alberta	\$23	\$1,000	\$500
Saskatchewan	\$23	\$2,000 per location	
Nova Scotia	\$25	\$3,060 per location	
Prince Edward Island	\$25	\$750	\$750

II.

Changes in the Industry:

As payday lending legislation is relatively new, the most notable change in the industry is that, as of October 18, 2012, Cash Store Financial had voluntarily given up all of its payday loan licenses and advised that it had stopped offering payday loans through their Cash Store and Instalozans branches in Manitoba. The company now offers "line of credit" products to their customers¹.

On February 1st, 2013, Cash Store Financial announced that it has stopped offering payday loans in Ontario and started offering their suite of line of credit products²

III.

Jurisdictional Amendments, News Releases and Recent Media by Province

Manitoba:

Overview:

- Manitoba's payday loans regulation came into force October 18, 2010. Changes to legislation include a February 18, 2011 *Payday Borrower's Financial Literacy Fund* levy of

¹ <http://lineofcredit.cashstore.ca/Manitoba>

² [http://www.csfinancial.ca/NewsArticle/13-02-](http://www.csfinancial.ca/NewsArticle/13-02-01/Cash_Store_Financial_introduces_its_expanded_line_of_credit_products_to_Ontario_consumers.aspx)

[01/Cash_Store_Financial_introduces_its_expanded_line_of_credit_products_to_Ontario_consumers.aspx](http://www.csfinancial.ca/NewsArticle/13-02-01/Cash_Store_Financial_introduces_its_expanded_line_of_credit_products_to_Ontario_consumers.aspx).

\$500 per licensed payday lender location per year, a July 12, 2011 *Payday Loans Regulation* amendment providing that no licensed payday lender may assist an unlicensed lender offer or provide payday loans and a June 14, 2012 *Consumer Protection Act* amendment improving the enforcement and administration of *The Consumer Protection Act*.

Payday Lending Act/Regulation Amendments:

- February 18, 2011 Payday Borrower's Financial Literacy Fund Regulation 12/2011- (amendment requires payday lenders to pay a financial literacy support levy in the amount of \$500 each year for each licensed location.) <http://web2.gov.mb.ca/laws/reggs/pdf/c200-012.11.pdf>
- July 12, 2011 *Payday Loans Regulation* amendment 89/2011 – (amendment prohibits licensed payday lenders from assisting or allowing any person to assist a person who does not have a valid payday lender licence issued under the Act to offer, arrange or provide a payday loan.)
- June 14, 2012 *The Consumer Protection Amendment Act* (Improved Enforcement and Administration) – (amends several parts of *The Consumer Protection Act* including the Payday Loans Part in order to improve enforcement and administration and includes prohibiting consumers from waiving their rights under the Act unless permitted under the Act, enhances the Director's ability to refuse to renew a payday lending license, permits the Director to communicate information to the public when it is in the public interest to do so and clarifies when reports about compliance orders relating to payday lenders may be issued to the public.) <http://web2.gov.mb.ca/laws/statutes/2012/c01812e.php>

News Releases/Alerts:

- December 21, 2011 Consumer Alert cautioning consumers regarding unlicensed internet payday lenders operating in Manitoba and charging rates higher than allowed in Manitoba is issued by Manitoba Consumer Protection Office
<http://www.gov.mb.ca/chc/press/top/2011/12/2011-12-21-093500-12823.html>
- March 13, 2012 Consumer Alert issued by Manitoba Consumer Protection Office (alert is regarding unlicensed internet lender Loansalberta inc. operating in Manitoba without a payday lending license) <http://www.gov.mb.ca/chc/press/top/2012/03/2012-03-13-125800-13353.html>
- October 26, 2012 Consumer Alert issued by Manitoba Consumer Protection Office advises The Cash Store and Instalozans no longer licensed to offer payday loans).
<http://news.gov.mb.ca/news/index.html?item=15504>

Recent Media:

<http://www.cbc.ca/news/canada/manitoba/story/2013/02/07/mb-payday-loan-line-credit-manitoba.html>

British Columbia:

Overview:

- British Columbia's payday loans regulation came into force November 1, 2009.

Payday Lending Act/Regulation Amendments:

- July 29, 2011 News Release by Consumer Protection BC - (BC increasing payday lending license fees effective November 1, 2011):
<http://www.consumerprotectionbc.ca/news/payday-lending/982-payday-lending-licensing-fees?catid=107%3Apayday-lenders-news>

News Releases:

- February 24, 2011 News Release by Consumer Protection BC - (Alert issued regarding payday lender National Cash Advance closures):
<http://www.consumerprotectionbc.ca/news/payday-lending/1047-cpbcbwarnspaydaylendingconsumers?catid=107%3Apayday-lenders-news>
- June 27, 2012 Industry information Bulletin released by Consumer Protection BC – (to clarify the interpretation of the term "issued" used in the *Business Practices and Consumer Protection Act* ("BPCPA") and related to the definition of "Cash Card" in part 6.1 of the BPCPA.)
http://www.consumerprotectionbc.ca/images/content/licensing/payday_lenders/forms/Payday_Lending_Interpretive_Bulletin_Cash_Cards__2_.pdf

Consumer Protection BC News Releases regarding payday lenders The Cash Store and Instalogs:

1. November 10, 2010 News Release by Consumer Protection BC - (BC Orders Cash Store to refund fees): <http://www.consumerprotectionbc.ca/payday-lending-news/882-payday-lender-ordered-to-refund-bc-consumers>
2. January 27, 2011 News Release by Consumer Protection BC- (Cash Store files application for a reconsideration on December 9/11 and Consumer Protection BC reconsiders) : <http://www.consumerprotectionbc.ca/payday-lending-news/903-publicnoticecashstoreappeal>
3. March 27, 2012 News Release by Consumer Protection BC –(BC issues Cash Store a Compliance Order to pay \$25,000 in penalties, reimburse Consumer Protection BC for investigation costs and to provide restitution to consumers charged unlawful fees on their loans): <http://www.consumerprotectionbc.ca/payday-lending-news/1056-cashstoreorderedtorefundconsumersbackto2009>.
4. May 3, 2012 News Release by Consumer Protection BC – (Consumer Protection BC has filed a Notice of Penalty and Compliance Order with The Supreme Court of British Columbia after Cash Store Financial Inc., a Canadian payday lender more commonly known as The Cash Store or Instalogs, failed to meet requirements laid out in their March 23, 2012 Compliance order and notice of administrative penalty):
<http://www.consumerprotectionbc.ca/news/payday-lending/1060-cash-store-fails-to-comply-with-ruling-from-consumer-protection-bc?catid=107%3Apayday-lenders-news>

5. June 20, 2012 News Release by Consumer Protection BC – (Consumer Protection BC has identified 3 new contraventions where Cash Store Financial Inc. has violated BC's payday lending laws – including Failing to include license numbers in representation and visual advertisements, Failing to include the expiry dates for issued cash cards in loan agreements, and Requesting or requiring a payment from a borrower before it is due under the loan agreement): <http://www.consumerprotectionbc.ca/news/payday-lending/1073-newviolationsbycashstore?catid=107%3Apayday-lenders-news>
6. March 23, 2012 News Release by Consumer Protection BC – (Consumer Protection BC ordered Cash Store Financial Inc., more commonly known as The Cash Store or Instalogs, to comply with the law and refund unlawful cash card fees charged to their customers since late 2009): <http://www.consumerprotectionbc.ca/news/payday-lending/1087-cashstorerefundupdate?catid=107%3Apayday-lenders-news>
7. December 10, 2012 News Release by Consumer Protection BC – (Consumers to start getting refunds as early as February 2013 with regards to Cash Store charging illegal fees): <http://www.consumerprotectionbc.ca/news/payday-lending/1117-consumersstartgettingonemillioninrefunds?catid=107%3Apayday-lenders-news>
8. December 21, 2012 News Release by Consumer Protection BC – (Cash Store petitions for judicial review of March 23, 2012 order): <http://www.consumerprotectionbc.ca/news/payday-lending/1120-cashstorefinancialpetitionsforjudicialreview?catid=107%3Apayday-lenders-news>
9. February 7, 2013 News Release by Consumer Protection BC – (Court orders Cash store to secure \$1,059,828 for potential consumer refunds pending judicial review): <http://www.consumerprotectionbc.ca/news/payday-lending/1126-court-orders-cash-store-to-secure-1059828-for-potential-consumer-refunds-pending-judicial-review?catid=107%3Apayday-lenders-news>

Alberta:

Overview:

- Alberta's payday loan regulation came into force March 1, 2010. There have been no significant changes to legislation.

News Releases:

- December 1, 2009 News Release by Government of Alberta – (Government of Alberta issued a warning regarding the operation of unlicensed lender Call4Cash)
<http://alberta.ca/acn/200912/274334B4FB662-A4E9-2DE0-58C6D99FC82D0557.html>
Link to the Order <http://www.servicealberta.gov.ab.ca/pdf/directors-orders/Call4cash.pdf>

- May 18, 2011 News Release by Government of Alberta – (Government of Alberta orders Cash Store Financial Services Inc. to cease unfair lending practices including charging consumers extra fees to get their payday loan in the form of a prepaid cash card).
<http://alberta.ca/acn/200912/274334B4FB662-A4E9-2DE0-58C6D99FC82D0557.html>
Link to the Order http://www.servicealberta.gov.ab.ca/pdf/directors-orders/Cash_Store_Financial-May-10-11.pdf

Saskatchewan:

Overview:

- SK payday loans regulation came into force January 1, 2012. The only amendment to the legislation was to require criminal record checks every 5 years as opposed to every year for those required under the Act submit criminal record checks upon licensing renewal/application.

Payday Lending Act/Regulation Amendments:

- November 28, 2012 Regulation amendment 84/2012 (Regulation amendment to change the actions required for criminal record checks):
<http://www.qp.gov.sk.ca/documents/gazette/part2/2012/G2201249.pdf>

Ontario:

Overview:

- Ontario payday loans regulation came into force December 15, 2009. Changes to legislation include a June 28, 2011 regulation amendment 316/11. This amendment added to the disclosure obligations of payday lenders, added certain amounts as prescribed to be included in the cost of borrowing, added to prohibited practices and provided that borrowers not be liable for the cost of borrowing when certain contraventions occur. There have been no further changes to legislation. The Ontario Ministry of Consumer Services issued one consumer alert on February 14, 2013 in response to recent media releases regarding a new line of credit product being offered in Ontario.

Payday Lending Act/Regulation Amendments:

- June 28, 2011 Payday Loans Regulation amendment 316/11 – (amendment increases the disclosures required to be provided to consumers, provides borrowers be informed orally of all means available for obtaining a payday loan from the licensee, provides borrowers the right to request the balance of an advance on a device be converted into cash and to be informed of this right, prohibits lenders from offering or providing any goods or services in connection to the payday loan other than the payday loan, provides that licensees disclose device balances at any time requested and without charge, and further deterred contraventions to certain provisions by providing that a contravention results in the borrower not being required to repay the cost of borrowing, etc.)
http://www.e-laws.gov.on.ca/html/source/regs/english/2011/elaws_src_regs_r11316_e.htm

Miscellaneous News Release:

- February 14, 2103 Consumer Alert issued by Ontario Ministry of Consumer services (the alert states that consumer protection concerns regarding payday loans have been in the news lately and that there are some licensed payday lenders that have started offering short-term credit products to consumers that may be similar to a payday loan, but not called a payday loan by the provider.)
http://www.sse.gov.on.ca/mcs/en/Pages/alert_paydayLoan1.aspx

Recent Media:

- http://www.sse.gov.on.ca/mcs/en/Pages/alert_paydayLoan1.aspx
- <http://www.cbc.ca/hamilton/news/story/2013/02/06/hamilton-cash-store.html>
- <http://www.theglobeandmail.com/globe-investor/cash-store-wants-hearing-after-ontario-bids-to-revoke-payday-loan-licences/article8288328/>
- <http://toronto.ctvnews.ca/cash-store-wants-hearing-with-ontario-tribunal-over-payday-licences-1.1145185>

Quebec:

- Quebec does not issue permits under *The Consumer Protection Act* to businesses that charge interest rates greater than 35% per annum

New Brunswick:

- *Cost of Credit Disclosure and Payday Loans Act* passed in April 2008 - Bill 4
<http://www.gnb.ca/legis/bill/file/56/2/bill-4-e.htm>
- No maximum rate has been determined and is to be set by the New Brunswick Energy and Utilities Board

Prince Edward Island:

- *Payday Loans Act* passed in April 2009 – Bill 69
http://www.assembly.pe.ca/bills/pdf_chapter/63/2/chapter-83.pdf
- *Payday Loans Act Regulations* approved January 22, 2013 – Not in force as of March 2013
<http://www.gov.pe.ca/royalgazette/pdf/20130202.pdf>

Nova Scotia:

Overview:

- Nova Scotia payday loans regulation came into force August 1, 2009. The Nova Scotia Utility and Review Board (NSUARB) reviewed certain aspects of payday lending legislation and released a decision and recommendation paper. *The Consumer Protection Act* and *Payday Lenders Regulations* were amended following this decision paper and amendments came into force as of May 1, 2012. There have been no other significant changes to the payday lending industry in Nova Scotia and no significant news releases by the Nova Scotia government or local media.

Payday Lending Act/Regulation Amendments:

- February 1, 2011 Nova Scotia Utility and Review Board (NSUARB) decision and recommendation paper – decisions were implemented and enforced as of April 1, 2011 – (The NSUARB decisions included but were not limited to: reduced the cost of borrowing from \$31 to \$25 per \$100 borrowed and required any insurance offered to be included in the cost in the cost of borrowing. The recommendations to the Minister included regulating online payday loans and ensuring disclosure of costs of payday loans in advertisements.)
<http://www.nsuarb.ca/images/stories/pdf/Decisions/11Feb/Decision%20-%20Payday%20Loans.pdf>
- December 15, 2011 *Consumer Protection Act and Payday Lenders Regulation* amended. The amendments came into force on May 1, 2012. Significant changes/amendments included internet lending being defined and included in the payday loan regulatory/licensing regime; required all licensees with the exception of internet lenders to offer payday loans in cash, required license permits expire on a certain date of year as opposed to one year from the end of the month the permit was issued, and further rights were provided to the Registrar to refuse to permit or renew licenses in certain situations.
http://nslegislature.ca/index.php/proceedings/bills/consumer_protection_act_amended_-_bill_114
<http://gov.ns.ca/just/regulations/regs/cppayday.htm>

News Releases:

- May 1, 2012 Notice to licensees regarding the amended *Consumer Protection Act* was released and published by the Canadian Payday Loan Association.
<http://www.cpla-acps.ca/english/reports/Notice%20PDL%202012%2004%2019.pdf>

Newfoundland and Labrador:

- Newfoundland and Labrador does not regulate the payday loan industry

IV.

Links to Manitoba and other Jurisdictions' Payday Lending Legislation

Manitoba:

The Consumer Protection Act CCSM c.200:

<http://web2.gov.mb.ca/laws/statutes/ccsm/c200e.php>

The Payday Loans Regulation:

<http://web2.gov.mb.ca/laws/regs/c200e.php>

British Columbia:

Business Practices and Consumer Protection Act:

http://www.bclaws.ca/EPLibraries/bclaws_new/document/LOC/freeside/--%20b%20--/business%20practices%20and%20consumer%20protection%20act%20sbc%202004%20c.%202/00_act/04002_00.htm

Business Practices and Consumer Protection Act Payday Loans Regulation:

http://www.bclaws.ca/EPLibraries/bclaws_new/document/LOC/freeside/--%20b%20--/business%20practices%20and%20consumer%20protection%20act%20sbc%202004%20c.%202/05_regulations/16_57_2009.xml

Alberta:

The Fair Trading Act:

<http://www.qp.alberta.ca/documents/Acts/F02.pdf>

Payday Loans Regulation:

http://www.qp.alberta.ca/documents/Regs/2009_157.pdf

Saskatchewan:

Saskatchewan Financial and Consumer Affairs website with links to The Payday Loans Act and Payday Loans Regulations

<http://www.fcaa.gov.sk.ca/Sfsc-Payday-Borrowers>

Ontario:

Payday Loans Act, 2008 :

http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_08p09_e.htm

Payday Loans Regulation 98/09:

http://www.e-laws.gov.on.ca/html/regs/english/elaws_regs_090098_e.htm

Payday Loans Regulation 316/11:

http://www.e-laws.gov.on.ca/html/source/regs/english/2011/elaws_src_regs_r11316_e.htm

Nova Scotia:

Consumer Protection Act:

<http://nslegislature.ca/legc/statutes/consumpr.htm>

Payday Lenders Regulation:

<http://www.gov.ns.ca/just/regulations/regs/cppayday.htm>

New Brunswick:

Bill 4:

<http://www.gnb.ca/legis/bill/file/56/2/bill-4-e.htm>

Prince Edward Island:

News Release- Prince Edward Island Introduces *Payday Loans Act*:

<http://www.gov.pe.ca/index.php3?number=news&newsnumber=6268&lang=E>

Payday Loans Act:

http://www.assembly.pe.ca/bills/pdf_chapter/63/2/chapter-83.pdf

Payday Loans Act Regulations:

<http://www.gov.pe.ca/royalgazette/pdf/20130202.pdf>