

PPL

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Public Utilities Board

We are pleased to be granted interveners status and have done our best to meet all the requirements set out.

Following is our final written submission.

There are a few specific issues that we feel if left in place will affect the long-term viability of our industry.

The first being the \$20.00 dollar cap on all banking fees. (s.15.5 and 15.7 (1) (2) .

As you will see the bank charges vary on certifying cheques , from \$15.00 to \$35.00. To use the example of a \$100.00 loan. By regulation we can charge a maximum of 17% of \$17.00 for the loan and a maximum of \$20.00 for bank charges. If for this loan a cheque must be certified at a cost of \$35.00 this leaves us a revenue of \$2.00 on the loan. Under this scenario our business is no longer viable. We feel if the maximum charge is the same the banks and credit unions charge this would be fair on both the client and the business.

The second issue we would like to bring to the Board is the limit set on “add-on” loans, (ie) extensions of original loan, the charges for which are currently set at a maximum of 5%, as opposed to 17% for the original loan. Given the amount of paperwork, staff time and potential extra bank charges revenue of 5% on these add-on loans make them non-viable to us and thus we cannot offer them to our clients. As you are aware the maximum loan we are permitted to make under current legislation is 30% of net income. The consequences of not being able to offer add-on loans is that many clients feel force to take the maximum amount allowed up front whether they may need that amount at the time or not. We feel extensions on a loan should reflect the maximum allowed at the 17% to the 30% of net income. I believe our customers would then feel confident in borrowing only the needed amount knowing if needed they could come back and get an extension if needed.

The final issue we would like to address is the restriction on one pre-authorized debit per loan 15.7(1). Our experience with some of the banks we deal with is that they do not execute their pre-authorized debits till after 12 pm. This causes our clients who deal with these banks to default on their loans as their finances are so tight that they cannot leave sufficient funds in their account that late in the day. Some banks will execute a pre-authorized debit late in the day prior to the loan being due as well as the day the loan is due. We have found with our clients this helps to keep their loans out of default. We feel the remedy to this is to allow two pre-authorized debits per loan.

Once again we would like to thank you for this opportunity.

Sincerely
PPL
Mrs Diane Hlady
Mrs Angela Kuba

Cc Anita Southall
CAC
CPLA
MPL

