

Manitoba



**Tourism, Culture, Heritage, Sport and
Consumer Protection**
Consumer Protection Office

Room 302-258 Portage Avenue
Winnipeg, Manitoba, Canada R3C 0B6
T 204 945-3800 1-800-782-0067 Toll Free in Manitoba
F 204 945-0728
Email consumers@gov.mb.ca
www.manitoba.ca

**Tourisme, Culture, Patrimoine, Sport et
Protection du consommateur**
Office de la protection du consommateur

258, av. Portage, bureau 302,
Winnipeg (Manitoba) Canada R3C 0B6
Tél. 204 945-3800 1-800-782-0067 Sans frais au Manitoba
Télééc. 204 945-0728
Courriel consumers@gov.mb.ca
www.manitoba.ca

March 9, 2016

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

Attn: Darren Christle, Executive Director

Dear Mr. Christle,

Please find attached our Report providing the information as requested in your e-mail of January 28, 2016.

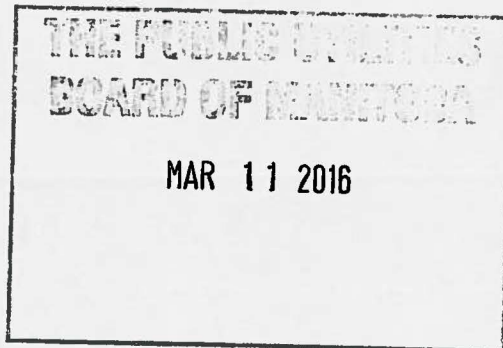
Although not directly related to payday loans, you may also be interested to know that on January 6, 2016, the Government of Manitoba passed *The Consumer Protection Amendment Act* (High-cost Credit Products), to further protect consumers in the lending marketplace. The new legislation supports recommendations to regulate high-cost credit products, made by the Public Utilities Board as part of their 2013 review.

The new legislation, which comes into force on September 1, 2016, regulates lenders who offer installment loan, line of credit and 'payday-like loan' agreements that include high rates of interest and often, charge various fees. The *High-Cost Credit Products Regulation* can be found at: <http://web2.gov.mb.ca/laws/regs/current/pdf-regs.php?reg=7/2016>.

I trust you will find this information satisfactory. Should you have any further questions, please feel free to contact me at 204-945-4259 or via email at beatrice.dyce@gov.mb.ca.

Sincerely,

Beatrice Dyce
Acting Director
Consumer Protection Office



March 9, 2016

I.

There are currently 43 licensed payday locations operating in Manitoba. The payday lending complaint totals per fiscal year for the period of April 1, 2013 to February 29, 2016 are as follows:

2013/2014 **336**
2014/2015 **206**
2015/2016 **189**

Province	Rate / \$100	Licensing Fee	
		Main Office	Branch Office
Manitoba	\$17	\$5,500 per location	
Ontario	\$21	\$750	\$990
British Columbia	\$23	\$2,760	\$1,381
Alberta	\$23	1 yr. \$1,000	\$500
		2 yr. \$2,000	\$1,000
Saskatchewan	\$23	\$2,000 per location	
Nova Scotia	\$22	\$3334.65 per location	
Prince Edward Island	\$25	\$750	\$750

II.

Changes in the Industry:

On April 14, 2014, The Cash Store Financial Services Inc., and its subsidiaries obtained an Initial Order (the "Initial Order") under the *Companies' Creditors Arrangement Act* (the "CCAA"). The Applicants sought and were granted the stay of proceedings and other relief provided under the CCAA. Pursuant to the Initial Order, FTI Consulting was appointed Monitor.

On February 6, 2015, The Cash Store Financial Services Inc. announced that it had completed the sale of 150 branches across Canada operated by the Company and its subsidiaries, including 6 locations in Manitoba, to National Money Mart Company.

The court has currently granted a stay of proceedings to May 20, 2016.
<http://cfcanada.fticonsulting.com/cashstorefinancial/>

III.

Jurisdictional Amendments, News Releases and Recent Media by Province

Manitoba:

Overview:

- Changes to legislation include a March 1, 2015, regulation amendment expanding the circumstances where monetary Administrative Penalties can be issued, including those related to collections practices, tied selling and discounting (<http://web2.gov.mb.ca/laws/regs/annual/2015/007.pdf>). The changes to the regulation also included a differentiation between unincorporated businesses and corporations. Penalties now range from \$1,000 to \$5,000 for both. For unincorporated businesses, this range continues to apply, while for corporations the range is increased to \$5,000 to \$20,000 if they fail to comply with the specified obligations to consumers and requirements of the act or regulations.
- On January 8, 2016, the *Manitoba Borrowers' Financial Literacy Fund Regulation*, M.R. 8/2016 was registered (<http://web2.gov.mb.ca/laws/regs/current/pdf-regs.php?reg=8/2016>). The regulation comes into force on September 1, 2016. This continues the Fund (existing Manitoba Payday Borrowers' Financial Literacy Fund) which was initially created for one type of lender (Payday Loans) and now will be renamed and expanded to include two types of lenders, Payday and High-Cost Credit Grantors. The regulation requires that high-cost credit grantors as well as payday lenders pay a financial literacy support levy in the amount of \$500 per year for each licensed location. Note: This regulation replaces *Manitoba Payday Borrowers' Financial Literacy Fund Regulation*, M.R. 12/2011 which is to be repealed on Sept. 1, 2016 by M.R. 9/2016.

Payday Lending Act/Regulation Amendments:

- On December 5, 2013, Bill 35, 3rd Session, the 40th Legislature amended *The Consumer Protection Act* to clarify the authority of the Consumer Protection Office and to enhance and consolidate compliance and enforcement provisions in one part of *The Consumer Protection Act*. <http://web2.gov.mb.ca/bills/40-3/b035e.php>

News Releases/Alerts:

- October 15, 2013 - News Release issued by the Manitoba Consumer Protection Office advises public of recent enforcement action related to the Cash Store and Instalozans and invites other consumers who think they may have been possibly affected to contact the Consumer Protection Office. <http://news.gov.mb.ca/news/?item=19230&posted=2013-10-15>
- May 29, 2014 - Consumer Alert advising the Cash Store, Instalozans to cease offering Line of Credit products in Manitoba was issued by the Manitoba Consumer Protection Office. <http://news.gov.mb.ca/news/?item=31146&posted=2014-05-29>
- May 29, 2015 - Media Bulletin advising the Consumer Protection Office issued Administrative Penalties to a payday loan corporation operating in Manitoba for failure to comply <http://news.gov.mb.ca/news/?archive=&item=35013>

- November 5, 2015 - Media Bulletin advising the Consumer Protection Office issued an Administrative Penalty to a payday loan corporation operating in Manitoba for failure to comply <http://news.gov.mb.ca/news/?archive=&item=36633>

Recent Media:

<http://www.winnipegfreepress.com/local/The-Cash-Store-no-longer-offering-lines-of-credit-from-third-party-lenders-261127751.html>

Other:

- The Consumer Protection Office publishes information respecting **Recent Enforcement Actions** it takes to enforce Manitoba's consumer protection laws: http://www.gov.mb.ca/cca/cpo/admin_pen.html.
- *The Consumer Protection Act* and *The Business Practices Act* authorize the Consumer Protection Office to release information when it is determined to be in the public interest to do so. This includes publishing information respecting terms and conditions placed on licenses, administrative penalties, suspension or cancellation of licenses, orders issued, and charges laid in court. The Consumer Protection Office will publish the name of the person against whom the action was taken, the amount of any penalty, and the reason for the action or the nature of the contravention.
- The Consumer Protection Office recently launched a Consumers App (a smart-phone application) which includes information respecting consumers and businesses rights and obligations with regard to payday loans. The App is available for download from Apple iTunes Store and Google Play.

British Columbia:

Overview:

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

Payday Lending Act/Regulation Amendments:

- There have been no amendments to the payday lending parts of the *Business Practices and Consumer Protection Act* ("the BPCPA") since 2011.

News Releases:

- June 20, 2013 - News Release by Consumer Protection BC – (Consumer Protection BC ordered Loan Express Corp. to cease offering, arranging or providing payday loans at any location that is not a licensed location) - <http://www.consumerprotectionbc.ca/payday-lending-news/1156-consumer-protection-bc-enforcement-actions-sends-a-strong-message-to-all-bc-payday-lenders-to-comply-with-the-law>
- June 20, 2013 - News Release by Consumer Protection BC – (Consumer Protection BC issues Administrative Penalty to Money Mart Whistler for failing to require borrowers to initial the cost of credit, annual percentage rate and cancellation rights of payday loan agreements) - <http://www.consumerprotectionbc.ca/payday-lending-news/1156-consumer->

protection-bc-enforcement-actions-sends-a-strong-message-to-all-bc-payday-lenders-to-comply-with-the-law

- April 7, 2015 - News Release by Consumer Protection BC – (Surrey Cash Now ordered to abide by BC's payday lending laws, pay \$2,900 in penalties) - <http://www.consumerprotectionbc.ca/news/payday-lending/1240-surrey-cash-now-ordered-to-abide-by-bc-s-payday-lending-laws>
- June 30, 2015 - News Release by Consumer Protection BC – (Speedy Cash location ordered to pay \$4,900 in penalties for violating BC's payday lending laws) - <http://www.consumerprotectionbc.ca/news/payday-lending/1248-speedy-cash-ordered-to-pay-4-900-in-penalties-for-violating-bc-s-payday-lending-laws>
- November 3, 2015 - News Release by Consumer Protection BC – (Speedy Cash location ordered to pay \$1,500 in penalties for violating BC's consumer protection law) - <http://www.consumerprotectionbc.ca/payday-lending-news/1262-speedy-cash-location-ordered-to-pay-1-500-in-penalties-for-violating-bc-s-business-practices-and-consumer-protection-act>

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

- May 31, 2013 - Notice of Administrative Penalty and Compliance Order issued to The Cash Store Financial Services Inc. (for findings of contravention to the BPCPA) <http://www.consumerprotectionbc.ca/pdf.php?file=100>
- June 20, 2013 - News Release by Consumer Protection BC – (Consumer Protection BC issues \$7,750.00 Administrative Penalty to Cash Store Financial Inc. for contravening a previously issued Compliance Order requiring Cash Store and Instalozans to provide borrowers with signed copies of their payday loan agreements) <http://www.consumerprotectionbc.ca/payday-lending-news/1156-consumer-protection-bc-enforcement-actions-sends-a-strong-message-to-all-bc-payday-lenders-to-comply-with-the-law>
- January 31, 2014 - News Release by Consumer Protection BC – (Supreme Court of BC confirms Cash Store must refund \$1 million to consumers) <http://www.consumerprotectionbc.ca/payday-lending-news/1188-supreme-court-of-bc-confirms-cash-store-must-refund-1-million-to-consumers>
- March 6, 2014 - News Release by Consumer Protection BC – (Cash Store Financial Refund Process Begins) <http://www.consumerprotectionbc.ca/payday-lending-news/1193-cash-store-financial-refund-process-begins>
- August 26, 2014 - News Release by Consumer Protection BC – (Consumer Protection BC takes over Cash Store refund process; consumers now receiving cheques) <http://www.consumerprotectionbc.ca/payday-lending-news/1223-cash-store-refund-update>

- October 27, 2014 - Notice of Administrative Penalty issued by Consumer Protection BC – (Judicial review of the May 31, 2013 Notice of Administrative Penalty completed; Administrative Penalty varied) <http://www.consumerprotectionbc.ca/pdf.php?file=151>

Recent Media:

<http://www.vancouversun.com/business/wants+reduce+payday+loan+fees/11354647/story.html>

Alberta:

Overview:

- The Government of Alberta is currently conducting a review of their *Payday Loans Regulation* which expires June 30, 2016. As part of the review, Service Alberta conducted a consultation from October to December 2015 that consisted of an online survey, as well as stakeholder meetings in Edmonton and Calgary. The results of the review have not been publicized as of the date of this report.

News Releases:

- December 11, 2013 - Service Alberta issued a Director's Order to 515900 Alberta Ltd. operating as The Money Stop Ltd. to cease offering, arranging and or providing payday loans until the licensing requirements have been met.
http://servicealberta.gov.ab.ca/pdf/directors-orders/The_Money_Stop_Dec_11_2013.pdf
- October 7, 2015 - Service Alberta issued a news release advising the public and stakeholders of the review of the *Payday Loans Regulation* and inviting Albertans to share experiences, opinions and to complete online survey
<http://www.alberta.ca/release.cfm?xID=386439DE92C8C-FB5B-103C-E65B68D4F1D7CB18>

Recent Media:

<http://globalnews.ca/news/2264064/no-ban-of-payday-loans-alberta-minister/>

Saskatchewan:

Overview:

- Regulation Amendment 105/2013 (to allow one additional attempt to obtain repayment by preauthorized debit without written authorization from the borrower) came into force on February 1, 2014.

Payday Lending Act/Regulation Amendments:

- Regulation amendment 105/2013
<http://www.qp.gov.sk.ca/documents/gazette/part2/2013/G2201351.pdf>

Ontario:

Overview:

- Ontario's payday loans regulation came into force December 15, 2009. Changes to the legislation since the last report include a December 11, 2013, Regulation Amendment

351/13. This amendment added a section to the Regulation which clarified certain loan characteristics as being payday loans, and therefore brought those loans under the jurisdiction of the *Payday Loans Act*. There have been no further changes to the legislation, however, a panel conducted a review of the industry and provided recommendations in 2013. The report can be found here:

<http://www.ontariocanada.com/registry/showAttachment.do?postingId=17182&attachmentId=26292>. There are recent proposed changes to Ontario's legislation to increase consumer protections in that province. Bill 156, *Alternative Financial Services Statute Law Amendment Act, 2015*, can be found at:

http://www.ontla.on.ca/web/bills/bills_detail.do?locale=en&BillID=3633.

- The Ontario government and Cash Store Financial Services Inc. have been in recent media quite a number of times over the past few years. As stated above, Cash Store Financial Services currently remains in creditor protection under the CCAA. In December of 2015, Ontario announced that it will introduce legislation to increase protections for consumers who use high-cost alternative financial services, including but not limited to, payday loans and installment loans.

Payday Lending Act/Regulation Amendments:

- August 16, 2013 - Proposed Regulatory Amendments to the General Regulation (O. Reg. 98/09) of the *Payday Loans Act, 2008*:
<http://www.ontariocanada.com/registry/view.do?postingId=13862>
- December 17, 2013 - *Payday Loans Regulation* amendment 351/13:
<https://www.ontario.ca/laws/regulation/r13351> (as per the above August 16, 2013, amendment proposal, the Ontario Government amended the *Payday Loans Regulation* ensuring that certain characteristics of loans were payday loans as per the application and definition of a payday loan and therefore subject to the payday lending regulatory regime)

News Releases:

- September 12, 2013 - News Release by Ministry of Consumer Services (Ontario Government to Review *Payday Loans Act*) <https://news.ontario.ca/mcs/en/2013/09/strengthening-protection-for-payday-loan-customers.html>
- June 15, 2015 - News Release by Ministry of Consumer Services (Ontario Launches Consultation on New Financial Protections for Consumers)
<https://news.ontario.ca/mgs/en/2015/06/ontario-launches-consultation-on-new-financial-protections-for-consumers.html#>
- December 9, 2015 - News Release by Ministry of Consumer Services (Ontario Proposing Changes to Payday Loans, Debt Collection)
<https://news.ontario.ca/mgs/en/2015/12/ontario-proposing-changes-to-payday-loans-debt-collection.html>
- December 9, 2015 - Background Release by Ministry of Consumer Services (Strengthening Consumer Financial Protection)
<https://news.ontario.ca/mgs/en/2015/12/strengthening-consumer-financial-protection.html#>

Ontario Government bulletins regarding payday lenders The Cash Store and Instalozans since the last report:

- In June of 2013, the government commenced legal proceedings applying to the Ontario Superior Court to declare that Cash Store Financial Services Inc.'s line of credit product the company had introduced in the marketplace is a payday loan and is subject to the *Payday Loans Act*.
- November 20, 2013 - Bulletin posted by Ministry of Consumer Services (Payday Lenders Plead Guilty and Fined \$150,000 for Operating without a Licence) <https://news.ontario.ca/mcs/en/2013/11/payday-lenders-plead-guilty-and-fined-150000-for-operating-without-a-licence.html>
- February 11, 2014 - Director's Bulletin posted by Ministry of Consumer Services (Director's Bulletin: Payday Loans) <https://news.ontario.ca/mcs/en/2014/02/directors-bulletin-payday-loans.html>
- February 13, 2014 - Bulletin posted by Ministry of Consumer Services (Cash Store and Instalozans Denied Payday Lender Licences) <https://news.ontario.ca/mcs/en/2014/02/cash-store-and-instalozans-denied-payday-lender-licences.html#>

Consumer Alert:

February 14, 2014 - Bulletin posted by Ontario provincial government (Consumer Alert: Ontario Registrar of Payday Loans Bulletin) <https://news.ontario.ca/mcs/en/2014/02/ontario-registrar-of-payday-loans-bulletin-consumer-alert---payday-loans.html>

Recent Media:

<http://www.ctvnews.ca/business/cash-store-says-ontario-moving-to-take-legal-action-against-it-1.1323407>
<http://www.cbc.ca/news/canada/toronto/ontario-wants-to-revoke-licence-of-payday-cash-stores-1.1307424>
<http://www.ctvnews.ca/business/ont-wants-to-deny-new-licences-for-cash-store-following-court-judgement-1.1685583>
<http://www.ctvnews.ca/business/court-grants-cash-store-application-for-creditor-protection-1.1776361>
<http://toronto.ctvnews.ca/provincial-government-to-review-payday-loan-practices-1.2694305>
<http://www.cbc.ca/news/business/ontario-subprime-lenders-1.3359460>

Quebec:

Overview

- The Office de la protection du consommateur in Quebec does not issue permits under *The Consumer Protection Act* to businesses that require a credit rate exceeding 35% per annum. <http://www.opc.gouv.qc.ca/commerçant/permis-certificat/preteur-argent/droit-obligation/interdictions/>

New Brunswick:

Overview:

- The Government of New Brunswick conducted a consultation for Proposed Rule PDL-001 Payday Loans and Ongoing Obligations and Proposed Rule PDL-002 Fees Comment Period from January 30 to March 31, 2015. The results of the consultation have not been made public to the date of this report.
http://0101.nccdn.net/1_5/2c8/17b/189/PDL-001andPDL-002-RforC--2015-01-30-E.pdf
- Consultation Notice and request for comment, relating to maximum rates and fees under *Cost of Credit Disclosure and Payday Loans Act*; Comment Period January 30 to March 31, 2015.
http://0101.nccdn.net/1_5/211/278/0b9/Notice-RC-PDL-Rates-and-Fees-EN2015-02-04.pdf -

Recent Media:

<http://www.cbc.ca/news/canada/new-brunswick/payday-loan-industry-regulations-coming-for-new-brunswick-1.3026794>

Prince Edward Island:

Overview:

- Order Designating Prince Edward Island for the Purposes of the Criminal Interest Rate Provisions of the *Criminal Code* Ottawa, May 29, 2014:
<http://www.gazette.gc.ca/rp-pr/p1/2014/2014-06-07/html/reg3-eng.php>
- Payday loan requirements came into force Sept. 1, 2015. The maximum allowable cost of credit is \$25 per \$100 borrowed.
- Summary page Prince Edward Island Consumer Services website:
<http://www.gov.pe.ca/photos/original/PayDayWebPage.pdf>

Recent Media:

<http://www.cbc.ca/news/canada/prince-edward-island/payday-loans-regulated-on-p-e-i-6-years-later-1.3206815>

Nova Scotia:

Overview:

- On March 30, 2015, the Nova Scotia Utility and Review Board decision reduced the maximum allowable rate for a payday loan from \$25 per \$100 borrowed to \$22 per \$100 borrowed, effective May 1, 2015:
https://nsuarb.novascotia.ca/sites/default/files/m06084_payday_loans_decision.pdf

News Releases:

- Feb. 3, 2015 - Payday loan hearings to start at Utility and Review Board
<http://www.cbc.ca/news/canada/nova-scotia/payday-loan-hearings-to-start-at-utility-and-review-board-1.2943457>

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/index.php?act=c200>

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](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](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 Regulation:

<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

Nova Scotia:

Consumer Protection Act:

<http://nslegislature.ca/legc/statutes/consumer%20protection.pdf>

Payday Lenders Regulation:

<http://www.novascotia.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:

Payday Loans Act:

http://www.gov.pe.ca/law/statutes/pdf/P-02_1.pdf

Payday Loans Act Regulations:

<http://www.gov.pe.ca/law/regulations/pdf/P&02-1G.pdf>