MANITOBA PUBLIC UTILITIES BOARD

Re: 2016 PAYDAY LOAN REVIEW

Before Board Panel:

Karen Botting - Panel Chairperson

Regis Gosselin - Panel Member

Anita Neville - Panel Member

Susan Proven - Panel Member

Allan Morin - Panel Member

HELD AT:

Public Utilities Board

400, 330 Portage Avenue

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APPEARANCES

Kathleen McCandless		)	Board Counsel
Byron Williams		)	Coalition
Katrine Dilay		)	
Stan Keyes		)	Canadian Payday
Patty Ko	(np)	)	Loans Association
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Danielle Gaudreault	(np)	)	C11 A1 Financing
		)	& Loans

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--- Upon commencing at 9:05 a.m.

THE PANEL CHAIRPERSON: Good morning, everyone, and welcome back to the 2016 Tri-Annual Payday Loans Review Hearings. This morning we will begin with our closing comments and we will open up with the Honourable Stan Keyes who is representing CPLA.

And just prior to that I'm going to just ask Mr. Williams if he's like to read this into the record.

MR. BYRON WILLIAMS: Well, I don't want to read it into the record quite yet.

THE PANEL CHAIRPERSON: I mean not yet.

MR. BYRON WILLIAMS: We could mark that, I believe, as Coalition Exhibit 41.

THE PANEL CHAIRPERSON: Okay. Thank you.

MS. KATHLEEN MCCANDLESS: Madam Chair, perhaps prior to the closing submissions from the Intervenors I will simply summarize the issues for the Board.

THE PANEL CHAIRPERSON: I would appreciate that. Thank you.

MS. KATHLEEN MCCANDLESS: Thank you.

CLOSING COMMENTS BY BOARD COUNSEL:

MS. KATHLEEN MCCANDLESS: Thank you, Madam Chair, and members of the panel. As counsel for the Board I take no position on any of the positions advanced by the Intervenors. I will take this opportunity simply to summarize the issues that are before the Board in this 2016 Tri -- Tri-Annual Payday Loans Review.

Pursuant to Section 164 of the Consumer Protection Act of Manitoba and as requested by the Minister in accordance with Section 164.1(2) of the Act, the Board conducted this public review of specific aspects of amounts charged to consumers respecting payday loan transactions.

In this year's review the Board was required to review amounts charged to consumers to obtain payday loans, and the Board was specifically asked by the Minister to analyse the impacts of reducing the maximum allowable rate that may be charged for a payday loan from seventeen dollars ($17) per one hundred dollars ($100) borrowed to fifteen dollars ($15) per one hundred doll -- dollars ($100) borrowed, and the impacts of reducing the proportion of a borrower's net pay, which is used to determine the maximum loan amount, from 30 percent to 25 percent.

As part of the review, the Board has heard a comprehensive examination of the issues respecting payday loans in Manitoba. There has been a significant accumulation of information on the subject matter of payday loans in the course of this process.

In addition to the specific matters po -- and questions posed by the Minister in this hearing, the Board has heard evidence and received information in respect of the components of the cost of credit for a payday loan, the rates for extensions, renewals, and replacements for payday loans, the financial viability of the payday loans industry and lender issues respecting cost of credit and other regulated matters, perspectives on the industry from the consumer and lender side, demographics of payday loans consumers; and any changes to those demographics or trends since the last review, repeat borrowing and its impact on consumers and the industry, payday lending on payments other than salary or wages, the development of alternatives to payday lenders -- payday loans -- pardon me -- and their possible effect on the industry and consumers, internet payday lending and its effect on the industry and consumers, and regula -- regulatory practices in other Canadian jurisdictions and US states.

In conclusion, Madam Chair, I've attempted to comment on the main issues that arose and were explored in this review. There are certainly other issues I'm sure that I have not commented on.

Certainly I would like to thank the Board as well as the Intervenors and the presenters for their cooperation extended throughout this process. Subject to any questions that the Board has for me, those are my comments. Thank you.

THE PANEL CHAIRPERSON: Thank you, Ms. McCandless. Do I have questions from the panel? No questions. Thank you very much.

Now I'll call upon the Honourable Stan Keyes to present on -- to give his closing submissions on behalf of CPLA.

CLOSING COMMENTS BY CANADIAN PAYDAY LOANS ASSOCIATION:

MR. STAN KEYES: Thank you, Madam Chair, Karen Botting, Me. President, Mr. Gosselin, members of the PUB, fellow Intervenors, ladies and gentlemen. For the record, pursuant to the Consumer Protection Amendment Act, payday loans, the Act, the

Public Utilities Board, the Board convened this proceeding to review charges and fees for payday loans to inquire into matters respecting payday loans generally and consider two (2) specific matters being, firstly, the impacts of possibly reducing the maximum allowable -- allowable rate from seventeen ($17) per one hundred dollars ($100) borrowed to fifteen ($15) per one hundred dollars ($100) borrowed and, secondly, the impacts of reducing the proportion of the borrower's net pay which is used to determine the maximum loan amount from 30 percent to 25 percent.

The Board may make other recommendations as it deems useful. During these hearings, the Board has been provided with a large volume of information and has heard form consumers, payday loan lenders, experts, and Intervenors. The CPLA has always endeavoured to participate as fully as possible and to present accurate and helpful information.

The Canadian Payday Loan Association is an industry association incorporated in 2004. It represents the interests of licensed payday lenders in Canada and is an advocate for fair and balanced regulation that allows for a viable industry while protecting the interests of consumers. Today there are forty-three (43) payday loan licenses issued here in Manitoba, and thirty (30) of those licenses are issued to members of the Canadian Payday Loan Association.

Our members operate nine hundred and forty (940) outlets or online lending sites across Canada which represents approximately 67 percent of the sites and outlets of the licensed industry in Canada.

So who uses payday loans? Due to limited resources, the CPLA did not undertake any new research. However, we did file CPLA Exhibit 4, the research conducted by Environics in 2013, the Environics research, which was also filed and accepted in the last hearing.

The Coalition filed very thorough, thoughtful, and detailed research by Dr. Buckland, Dr. Simpson, and Ms. St. Aubin. We commend the Coalition for undertaking this work and adding to the body of knowledge in the area.

Dr. Simpson was able to compare findings in his most recent research with the findings from a study he conducted back in 2012. It was noted that there was increased use of the product among those who are older, have higher incomes, and higher education. Dr. Simpson noted that this was consistent with comments of the presenters that borrowers include teachers, nurses, office workers, and tradespersons.

It has been shown by the research that has been presented, comments of the consumers panel, as well as letters submitted by borrowers in this hearing that there is a need for the product. The option for access to a short-term, small-sum loan repayable on payday is highly valued by many, many Manitobans.

So what is the impact of reducing the maximum allowable rate from seventeen dollars ($17) per one hundred (100) borrowed to fifteen dollars ($15) per one hundred (100) borrowed?

There is no doubt that a payday loan is a high-cost credit product. That is, it is because it is an expensive product to provide, the shorter the term and the smaller the amount of the loan, the higher the annualized percentage rate will be.

Much of the hearing focussed on the costs to provide the product. It is the position of the CPLA that the maximum allowable rate should not be reduced below seventeen dollars ($17).

If that occurred, it would result in store closures, loss of jobs, restricted access to credit in terms of geography, and denial of credit to a portion of borrowers who currently quality for loans.

The Coalition presented the evidence of Dr. Chris Robert -- Robinson to support the argument that the maximum rate should be lowered to fifteen dollars ($15) per one hundred dollars ($100) borrowed.

Now, Dr. Robinson's projections -- or sorry, Dr. Robinson's evidence, by his own admission, was based on a multitude of assumptions and projections. Repeatedly when cross-examined on statements in his evidence, he would have to acknowledge that they were incorrect.

At the conclusion of his evidence in-chief, he concluded that seventeen dollars ($17) may be the maximum rate where a lender was not making excessive profit. Dr. Robinson stated on page 474:

> "Certainly, Manitoba's rates are lower than everyone else's, but it is also perfectly consistent with 17 percent being the equilibrium rate. And therefore, you should not change from 17 percent."

On page 476, in cross-examination, he stated:

"It is certainly true that there are so many estimates involved in all of this work, especially since the CPLA will not provide any data, that 17 percent may also be the correct rate."

For the record, we would like to note that the CPLA is an industry association and does not and has never had any of its members' data.

Those comments of Dr. Robinson confirm the rest of his testimony that his conclusions were based on variables and estimates. When he plugged Cash Money's information into his model, it determined, as Ms. Soper had indicated, that the stores would not be profitable. He did that.

Ms. Soper of Cash Store -- of Cash Money indicated that they have one hundred eighty-five (185) locations across Canada, but only four (4) locations in Manitoba. She went on to state:

"Over the last two (2) -- [quote] -- over the last two (2) years, we have opened about forty-five (45) locations across Canada. five (45)]. None of these new locations were in Manitoba as a

result of the impact of the current
regulations and our ability to
operate profitably."

Excuse me. Dr. Robinson made the argument that there was no growth in Manitoba because Money Mart is the market leader, and no other operator could get a foothold.

He ignored the fact that new lenders regularly open up in close proximity to existing lenders, and certainly in Manitoba where a borrower may need more than 30 percent of their net pay or may need a loan within seven (7) days following a loan from Money Mart. One would expect a new lender to open up in Manitoba if there was an opportunity to make excessive profits.

And one would expect Cash Money, with one hundred and eighty-five (185) outlets across Canada, a nationally recognized brand, a long-term presence here in Manitoba, and an expansion program opening forty-five (45) new outlets in the past two (2) years, would have opened outlets here in Manitoba if there were excess profits to be made. Instead, Cash Money closed one (1) location, and has elected not to renew the lease of one (1) of their remaining locations but to continue there on a month-to-month basis.

With one hundred and eighty-five (185) outlets, one thousand five hundred (1,500) employees in Canada, and twenty-four (24) years in the business, Cash Money is not an inefficient operator. While Cash Money is not the size of Money Mart, there is no reason to believe that Money Mart has any materially greater economies of scale when it comes to operating in any province in Canada. Excuse me.

Manitoba has the lowest lending rate in Canada at seventeen dollars ($17) per hundred, the lowest. However, Manitoba is also the only province to have a seven (7) day cooling off, and have the lowest maximum loan amount in Canada at 30 percent of net pay.

When regulations came into effect, appro -- approximately half -- half of the operators in Manitoba closed their doors. Certainly Manitoba has -- currently, rather -- currently Manitoba has three point zero-nine (3.09) stores per one hundred thousand (100,000) outlets of population -- of population, which is lower than the national average of three point nine-nine (3.99) per one hundred thousand (100,000) of population.

It is also well below other

jurisdictions of comparable populations, such as Saskatchewan, which has four point six-nine (4.69) stores per one hundred thousand (100,000) population. All these factors are evidence that there are not excessive profits being made. Real business and real jobs, and access to credit for real borrowers hang in the balance, so it is important that any recommendation not be speculated.

We believe that on the evidence, including the evidence of Dr. Robinson, it is abundantly clear that licensed lenders are not making excessive profits at seventeen dollars ($17) per hundred, and the impact of reducing the rate from seventeen dollars ($17) to fifteen (15) would be extensive store closures, loss of jobs, and denial of access to credit for many Manitobans from licensed lenders.

So what is the impact of reducing the portion of the borrower's net pay, which is used to determine the maximum loan amount, from 30 percent to 25 percent? Presentations from Ms. Soper of Cash Money, and Ms. Janet Davis from the Money Tree indicated that borrowers often feel constrained about being only able to borrow 30 percent of their net pay. If a borrower has a need, they will be forced to get an additional loan from another lender.

Ms. Soper stated at page 168 of the transcript:

"The current maximum of 30 percent of net pay is far lower than anywhere else in the country. Customers do frequently tell our staff that they need to visit another lender to get the additional amount they need."

On the other hand, the research of Ms. St. Aubin, as well as comments from the consumer's panel, show that borrowers know their specific needs and borrow what they need, not what they can. This is also reflected in the Grant Thornton report filed in Schedule H of the CPLA's pre-filed evidence. This study is a review of all of the 2014 transactions of the three (3) largest payday lenders in Canada, which found that 62 percent of borrowers elect to borrow less than what they are approved for, and on average, those borrowers only choose to borrow 68.1 percent of what they were approved to borrow.

Dr. Robinson was clear and firm in his evidence, both written and oral, that he did not recommend that the maximum loan amount -- excuse me --

be reduced below 30 percent of net pay. CPLA believes the impact of reducing the proportion of the borrower's net pay, which is used to determine the maximum loan amount, from 30 percent to 25 percent, would be of no benefit to borrowers.

It would force many consumers to seek credit from more than one (1) lender, putting them in a position where they are trying to juggle two (2) concurrent loans. In such cases, they may well have to seek borrowing from unlicensed lenders. On the other hand, this will impact the viability of current licensed operators through a reduction in revenue.

Excuse me. And I -- I'd like now to address the online lending and impact of -- of regulation. The central, perhaps fundamental question of this hearing is if access to credit is denied, will borrowers turn to online lenders?

Online payday lending is a new and emerging issue. And as such, there remains much to be learned in this area. There is some research and information available, and the CPLA believe that it's all valuable to the Board's consideration.

What the Board has before it is this: As was commented on by many parties in this hearing, while we all know online unlicensed lending exists, it is difficult to get actual data on this phenomenon. The Consumer's Counsel of Canada report consumer experiences in online payday loans, by Denise Barrett, called the Barrett Report, sometimes, and filed as CPLA Exhibit 8, and the copies of unlicensed payday lender websites in Manitoba, filed as CPLA Exhibit 6, show significant growth in online lending in Canada.

The Barrett Report finds that -- show payday lenders in other countries are going online, and Canadian lenders and regulators observe the same here in Canada. Indeed, in her presentation, Ms. Soper indicates that in the past three (3) years, the Cash Money's online lending has grown by 245 percent.

The Barrett Report also finds that unlicensed online lenders are largely noncompliant with the applicable payday lending legislation. In fact, Dr. Buckland refers to -- refers us to the Pew Charitable Trusts Report, Fraud and Abuse Online: Harmful Practices in Internet Payday Lending, the 2014 Pew Report, which cites numerous harms that online payday loan borrowers face, including products designed to promote renewals and long-term debt, threats, unauthorized withdrawals from bank accounts, aggressive practices, disclosure of personal information, and fraud.

Dr. Buckland also refers us to the 2014 Pew Report for the proposition that greater regulation does not necessarily lead to greater online payday loan borrowing. And Anna Ellison from the UK based research firm Policis presented a further perspective: Greater regulation leads to greater presence of unlicensed online payday lenders.

As the Coalition pointed out, the rese -- research to date is not perfect and has limitations. As a presenter, Ms. Ellison's information was not available for testing by either the Coalition or the CPLA.

In just the past year, the CPLA became aware of the Pol -- that Policis had conducted and presented research to the Government of the United Kingdom on the effects of regulation on online lending in the United States. This is the only research on this issue that the CPLA was aware of, and consequently, the CPLA contacted Policis to see if they would present their findings to the Manitoba Public Utilities Board.

Policis was very clear to us that they are independent and they do not -- do not do work for any interest group. They would not undertake commissioned research, nor would they appear as a witness for the CPLA.

Policis agreed to make a presentation to the Board provided the CPLA covered their costs, which the CPAL -- CPLA did. The CPLA understands the Coalition's concerns and would also have preferred a complete testing of the evidence.

However, as this was not possible, at least not at these hearings, the CPLA was of the view that because there is a key area of consideration in the hearings, it was worthwhile to have the information presented.

It is worthwhile to note that Policis is a respected research think tank that has issued many publications in the area of consumer credit and financial inclusion. They were the research lead for the UK government and regulators for framing both the Consumer Credit Act of 2006 and introduction of the new regulatory regime for consumer credit under the new financial conduct authority in 2012.

Policis has also presented their findings to may governments, policy groups, and regulators, including the conference of state banking supervisors in the USA, the Australian Commission on small amount credit, and the UK HM Treasury. Very significantly, Policis has presented to the Consumer

Financial Protection Bureau, that's the CFPB, in the United States and has been asked to return and present further findings in the areas of online illegal and tribal lending.

The Coalition also put forth the evidence of Dr. Buckland in this area. Now, his evidence consisted of a literature review of studies conducted several years ago. And it must be noted that the authors of those studies were not available to appear before the Board either.

Further, there are constraints on the authorities Dr. Buckland relies on, including the PU -- the Pew Charitable Trust's survey involved four hundred and fifty-one (451) borrowers in 2011 and 2012 who were asked to select an option of a payday loan was not available.

Well, the borrowers were not in the circumstance where credit had been denied and were merely asked to choose from seven options of credit if credit was designed -- denied rather. Taking out an online payday loan was not one (1) of the options they could select.

The study Alex Kaufman conducted in 2013 was based on data from 2007 to 2012 which looked at the lending patterns from a single lender. Kaufman acknowledges that he did not have any data to determine whether borrowers were using other lending sources. He recognized and said that customer activity outside of payday borrowing is unobserved.

The Kaufmann Ratcliff Keuhn study covers a period from 2005 to 2009 and examines outcomes in a state that bans payday lending. It also concludes that, quote:

> "Living in a state that prohibits payday lending does not necessarily prevent residents of that state from getting a payday loan. People that live near the border with another state can go across state lines to obtain a payday loan. Also, internet payday loans are generally available to people who live in states that prohibit payday lending businesses."

The Cumulative Costs of Predatory Practices by Sara Wolfe which was published in 2015 but summarizes previous chapters written by Wolfe, Wolfe is citing a telephone survey conducted in 2007 when ecommerce was in its infancy and the experience of the UK which introduced new high-cost credit legislation in 2015 has not -- has not been fully studied nor accounted for. Excuse me.

(BRIEF PAUSE)

MR. STAN KEYES: The Board is tasked with balancing these limitations. In his last day of testimony Dr. Robinson urged each of us to look at the story being presented and determined whether it agrees with what we see and the evidence before us. He appealed to simplicity and common sense, and the CPLA does the same.

Technology for online lending has evolved rapidly in the past five (5) years and will only continue to evolve further. The undeniable fact is that today there are more and more online lending websites and more and more people using them.

Consumers are being increasingly sophisticated in technology. And the widespread availability of smartphone makes ecommerce more accessible and commonplace in our society. Even to those in more disadvantaged situations, it is evident that we are experiencing rapid growth and ecommerce and that online purchasing will continue.

Because technology is evolving rapidly

and online purchasing of goods and services is following technological developments, the question is not what borrowers might have done in 2010 or 2012, for example, but what will they do in 2016, 2017, and 2018.

Thus, common sense tells us that, if online payday loans can easily be obtained and a borrower needs credit and is restricted or prevented from getting credit where they live, that person, not in every case but in many cases, will go online to an unlicensed, unregulated, offshore, illegal lender to obtain credit. And as more and more people in 2016, 2017, and 2018 become more familiar with technology, this will continue.

That fact, that there is not, nor will there be for some, complete and conclusive research on all aspects of offshore illegal lenders and tribal lenders, or the extent to which borrowers will gravitate to these lenders if access to licensed lenders is denied, does not mean that it is not going to happen.

Hopefully, in the review in three (3) years' time, there will be more research and evidence for all parties to put forward before the Board.

So what are the conclusions? In

addition to the matters the Board was directed to con -- consider, there are -- are further recommendations the Board may wish to make in the area of payday lending in Manitoba.

The CPLA has always recognized the need for consumer protections in regulation as the balance to allow for a viable industry. We have been proactive with all governments, and at the hearing we presented the seven (7) point plan which we have put forward to other provinces for their consideration.

These are recommendations made to other provinces. And because regulations in Manitoba are unique, not all the recommendations are required. There will not -- there was not, sorry, a fulsome discussion of each point in detail during the hearing, and we would like to provide more background and context.

And we provide comments to only those recommendations that would be appropriate to consider in this province. And they are as follows.

The first is the optional extended payment plan, or EPP. The CPLA poses the following:

(a) where a borrower takes out three (3) or more successive loans which can be defined as third or subsequent payday loans taken within a sixty

(60) day period -- sixty-two (62) day period;

(b) then for that and each subsequent loan that would be qualified as a third or subsequent loan in sixty-two (62) days, the lender must offer the borrower, and the borrower has the option to accept, repayment terms; and

(c) for the loan spread over at least three (3) payment periods where no payment exceeds 35 percent of the principal and cost of borrowing.

This addresses the cycle of debt issue. We have heard in the evidence that many borrowers like the fact that it is a short-term loan, that they know exactly how much they have to pay, and it is very short-term and how they know exactly when they have to repay it. It allows them to control their circumstances and provides self-imposed discipline.

Clear concern was expressed by borrowers that instalment loans with longer-term loans and multiple payments will be difficult to manage. Participants in the focus groups and members of the consumers panel were not necessarily comfortable with the responsibility of having to manage a longer-term loan.

However, if, as we have proposed, a borrower has the right to the third or subsequent loan within a sixty (60) day period which would indicate a tendency to get into repeat borrowing, to extend repayment of their loan over three (3) pay periods, those people would have to pay a third of what it would take on each payday.

It will result in a reduction of loans granted by a payday lender which should allow the lenders to remain viable. It is mandatory on the lender and optional for the borrower. It will not force those who do not want an instalment to take one, but will allow those who need it to get out of the cycle of debt.

An extended payment program is far more helpful to borrowers than a seven (7) day cooling-off period. As Dr. Buckland points out, not all regulations achieve their objective.

The presumed intention of the regulation is to prevent borrowers from getting into a cycle of debt. Now, if a borrower requires a loan within seven (7) days, which is actually eight (8) days the way the the regulation is interpreted, does not the regulation prevent re-borrowing, or does it merely cause the borrower to go to a second lender?

An optional extended payment plan is far more effective. However, the Board needs to consider the effect of an extended payment plan overlaid on a seven (7) day cooling-off period because that could result in borrowers trying to juggle multiple installment loans -- installment payments.

Second is the standard form contract. The registrar of payday loans should prescribe a standard form of payday loan contract. This would include standardized terms and conditions in plain wording, and in a consistent font addressing all areas covered under the Act and regulations including areas of collection rights, default fees, interest, use of pre-authorized debits, promise to pay, payment rights, and no rights of renewal.

The purpose is to provide a clear, understandable, and succinct contract and avoid attempts by any lenders to confuse borrowers with convoluted and excessive legalize.

Dr. Buckland suggested that interprovincial Consumer Measures Committee agree on a standard form contract for all of Canada. While this is laudable, the legislation in each province has different definitions, and we have seen very province has different views on what they think is appropriate. This should not prevent Manitoba from having a clear, plain language contract that is provided by every lender. A standard form of contract is supported by the industry.

The third is job loss extensive program. CPLA proposes the following. If following a borrower taking out a payday loan the borrower experiences involuntary job loss or loss of income, the borrower may notify the lender before the loan is due and provide reasonable evidence of the job or income loss. The lender then shall be obliged to extend the payment date of the outstanding loan to a date that is the next payday after the date of three (3) months following the date of notification to the lender, and during such period no interest or fees will accrue on the outstanding loan.

There appear to be confusion by Dr. Robinson about this proposal. It is not a proposal to provide loans to those who have lost their jobs but rather addresses those circumstances where someone has an outstanding payday loan, and loses their job prior to the due date of the loan with the result that the repayment of the loan is very difficult.

It is not a comment occurrence, but can be very stressful when it occurs. This provision would, in effect, provide a three (3) month freeze on repayment where the borrower is not accruing default or interest charges.

The fourth is the restriction on default fees and interest charged on loans in default. Manitoba already has regulations in this area that are far more restrictive than anywhere else in Canada.

Fifth is the mandatory acceptance of settlement plans proposed by credit counsellors. When an individual in financial stress meets with a credit counsellor, the credit counsellor will develop a work out proposal and approach all the creditors of their client seeking an agreement to reduce and/or reschedule repayment of the debts.

Some lenders refuse to accept those proposals. Payday loans always compromise a very small -- always comprise, rather, a very small portion of the borrower's debt yet the refusal of a -- by a payday lender to accept a proposal can create difficulties for the credit counsellor.

It would be appropriate to introduce a regulation requiring any licensed payday lender accept a proposal put forward by a not for profit credit counsellor that provides for settlement of their debt pro rata with all other creditors. This would greatly assist credit counsellors and their clients. This is already a requirement of every member of the CPLA, and we believe it should be a requirement of all licensed lenders.

The sixth is the mandatory referral to Credit Counselling Services. The government should consider a regulation that requires a lender to provide any borrower who has taken out three (3) or more payday loans within a three (3) month period with referral information to a credit counselling service at the time of applying for their next loan.

Dr. Robinson made an analogy about, "You can lead a horse to water;" however, what is proposed here is not to refer everyone who takes out a payday loan to credit counselling, but instead to refer credit counselling to those who have taken out three (3) or more loans within a three (3) month period. That is the time when many people may find a referral very useful.

Financial literacy, on an annual basis every licensed lender contributes five hundred dollars ($500) to a financial literacy fund here in Manitoba. We have never been advised of where these funds go or how they are spent.

As we have reported to the Board in the past, in our work with credit counsellors, they have told us on average payday loans form less than 3 percent, less than 3 percent of the overall debt of their clients. Those who have problems with payday loans have problems with debt in general. And financial literacy, in respect of all products, should be investigated.

Licensed lenders are the point of contact with borrowers and the delivery system for financial information, certainly for CPLA members. You will note from the letters filed by employees of payday lenders as well as testimony of Janet Davis that the customer service representatives are often, in many respects, frontline credit counsellors.

We have to -- you know, we have a lot to contribute and we believe the government should include industry in consultation on use of the fund for consumer research as well as development for -- for delivery of literacy materials.

Data collection, we have filed with the Board in CPLA Exhibit 13 a summary of the information collected by the provinces of BC, Ontario, and Nova Scotia. The CPLA recognizes the need for collection of appropriate information and has been supportive of this initiative.

However, in determining what information to collect, it is important to consult with industry. Thought needs to be put into what information is collected and why, and be mindful of the ability of lenders to be able to provide such data points. There are privacy concerns with disclosure of data that need to be considered.

Other participants. The industry comes under criticism over the high fees charged for payday loan borrowers, but we feel this Board has a full understanding of why our members need to charge those fees. Everyone agrees that it would be helpful for vulnerable consumers to have access to lower cost credit and opportunities to create savings.

Providing those options is beyond the ability of our members. However, that doesn't mean that we are opposed to development of other options by other participants so that consumers have a choice. The initial hearing and the initial review of the regulations of the Board did not seek input on alternative credit products and credit providers like credit unions, banks, trust companies.

But we noted that that mind of inquiry was absent in these hearings. We would encourage the Board to seek to engage financial institutions as part of this process in the future.

In closing, we would like to thank the

members of the Board for allowing the Canadian Payday Loan Association to participate in these hearings as an Intervenor. If the Board has any further inquiries or requires further information, we would be more than happy to oblige. Thank you.

THE PANEL CHAIRPERSON: Thank you very much, Mr. Keyes. I'm going to just call upon the panel if they have any questions.

MS. SUSAN PROVEN: Yeah, I've got my light on here. You mentioned that you have 67 percent of the members in Canada, but I didn't catch the number. Like how many members are there in the CPLA?

MR. STAN KEYES: We have nineteen (19) companies all together in the CPL -- Canadian Payday Loan Association and some companies offer, of course, payday loans through payday loan outlets, some offer only through online, and some offer through both.

MS. SUSAN PROVEN: And I just wondered what the membership fee is. You never did mention that. What would they have to pay to belong to the CPLA?

MR. STAN KEYES: They pay one thousand dollars ($1,000) per store --

MS. SUSAN PROVEN: Okay.

MR. STAN KEYES: -- per year.

MS. SUSAN PROVEN: Okay.

MR. STAN KEYES: And online is based on a formula that can be seen on the CPLA website, depending on how much money they have out in the mark -- in the market.

MS. SUSAN PROVEN: And just for clarification, you did mention that Policis -- Policis --

MR. STAN KEYES: Policis, yeah, Policis.

MS. SUSAN PROVEN: Received costs, but they were for -- they were just expenses. They weren't payment for time and labour or --

MR. STAN KEYES: Paid for the flight accommodation and food.

MS. SUSAN PROVEN: Okay. Thank you.

(BRIEF PAUSE)

MR. STAN KEYES: And a fee. I should include that. And -- and she charged -- she -- there was a fee for -- for her -- for her coming to the CPLA -- the -- the PUB to make the presentation, yeah.

MS. SUSAN PROVEN: Okay, that's what I was trying to find out.

MR. STAN KEYES: Nobody does anything for nothing anymore.

MR. REGIS GOSSELIN: Mr. Keyes, thanks for coming down today. You -- you didn't comment at all about the licence fee. Any -- any reason for that? That fifty-five hundred dollar ($5,500) fee came up on a number of occasions during the proceedings, and you haven't commented on that.

MR. STAN KEYES: Well, it would be bold of me to suggest that it would be an assumption that the industry certainly thinks that fifty-five hundred dollars ($5,500) is excessive when it comes to a per store fee. The thing that is -- that the -- the issue that is concerning members here in Manitoba and in other provinces is that, not only, again Manitoba being the lowest in some areas and the highest in others, for example, the fee per store, we are now the industry lenders and now confronted with challenges by municipalities who are creating bylaws to keep stores a certain distance from each other and, more importantly, charging a fee for -- to be licensed in their municipality.

So, in many cases, you have the province charging their fee. Then you have a municipality -- for example, in my hometown of

Hamilton, Ontario, they charge nine hundred and seventy dollars ($970) a store on top of the thousand dollars that the -- the provincial government expects from each -- or charges each -- each store to each company.

MR. REGIS GOSSELIN: Now, one (1) -- one (1) of the practices that we were alerted to by one (1) of the witnesses was the example of the individual who went to the store to get a -- a payday loan and -- and, of course, wasn't eligible for a loan because they had maxed out the available credit. And that person was referred to a computer, and they got a loan from Alberta. Now --

MR. STAN KEYES: What?

MR. REGIS GOSSELIN: They got a loan from Alberta through the web in a -- in an office of a payday lender in Manitoba. And I guess the question I have is in relation to the Association's position on practices like that.

Have you taken a position -- an official position with your members with respect to that kind of a scenario?

MR. STAN KEYES: In that scenario, the member of the CPLA wouldn't be a very -- a member for very long. We -- we have a code of best business practices. We were the first to initiate a no rollover policy. We make it clear that when the borrower is in the province they are located in, if they choose to borrow, they must do it through a licensed lender in that province. They certainly can't get it from a -- another prov...

And even on websites, you will see that we provide payday loans in this province, or this province, or this province. And that is because legislation in each of the provinces stipulates that, if you live in that province, you borrow in that province, you follow the regulations of that province.

I -- I can't imagine -- I mean, if it is someone that is doing that, they could be caught by inspector. Inspectors visit stores regularly. And -- and if it was -- and if it was actually a practice that had occurred, then -- then the inspector should do what they do on behalf of the province to insist that the regulations in this province are followed to the letter.

MR. REGIS GOSSELIN: Now, you suggested that the panel didn't dwell -- didn't examine payday-like loans, you know, the -- the other lenders in this sector who are providing short-term loans to Manitobans. And you indicated that that should be a topic for review in the next -- the next iteration of this process.

Could you be more specific about the concerns that you have in that area as -- just to help us understand?

MR. STAN KEYES: The first part of that question was...?

MR. REGIS GOSSELIN: Well, you indicated that your -- in your closing arguments, that the panel had not spent much time examining short-term loans done by other lenders in the province.

MR. STAN KEYES: Oh, right. Yes, sorry.

MR. REGIS GOSSELIN: And I just wanted to get clarification about -- could you -- could you be more specific about the concerns you have in that area?

MR. STAN KEYES: As president of the CPLA, I'm -- I work closely with different credit coun -- not-for-profit credit counselling agencies: Henrietta Ross in -- in Ontario with the Ontario Association of Credit Counselling Services; Scott Hannah with Credit Counselling Society out of British Columbia; the credit counselling service that's offered here in Manitoba.

Our members work with the credit counsellors. The CPLA works with them. I attend annual general meetings. I'm questioned on the industry. Credit counselling providers, credit counsellors will ask me a myriad of questions, and I try to explain why a payday borrower would -- would be going to a payday lender, that kind of thing.

But invariably, before that annual general meeting ends, or if I'm at a United Way think tank, as I was in London, or I present to the national association, it always -- it always comes back to the same thing. A payday loan is there to service a demand.

And there is no doubt that the demand is huge. People want a small-sum, short-term loan. And for a myriad of reasons, they can't get it from their bank and they can't get it from a -- a credit union, and they can't get it from the trust company. And I'll let them explain why they don't offer that particular product.

In some cases, credit unions have actually come forward with an idea to offer a small-sum, short-term loan to a client. But they are constrained as well for many reasons.

Yes, they provide a product. Yes, it

is a small sum -- can be a small sum borrowed for a short term. But what comes with it is a visit to the office, spend an hour together, go through a credit check.

And in this particular case, they would lend the client the money, and a portion of that money borrowed would be put into a -- an account that the client would have to open with the credit union, which is very positive and very building.

We support it, but it doesn't meet the demand that's out there for a small-sum, short-term len -- loan by payday loan borrowers. They want the convenience. They need -- one (1) example, if you turn to our website, for example, you will see real -- real borrowers like we had in the forum here speaking to the reasons why they had to borrow.

One was, for example, a -- a contractor, and he has two (2) employees. And he finds himself in northern Alberta doing a job that he priced, and he finishes the job and finds out that he didn't charge enough.

He's short about four (4) or five hundred dollars ($500), but he says, My employees still have to be paid. So he goes to a payday lender, he borrows the five hundred dollars ($500) until his next pay cheque or his next job is done and he gets the -- the money in, and his employees are paid.

But there are all kinds of reasons. The lady who says, My daughter came home from school. She says, Mom, we're going on a field trip tomorrow, and I need sixty dollars ($60). This is how -- this speaks to how tight credit is for some people.

She needed sixty dollars ($60). She wasn't going to have that much room in her paycheque till the next pay cheque, so she needs it right away, she goes to a payday lender, she borrows the sixty dollars ($60), because that's all she needs, and then she repays it on her next payday. But she needed that money at that moment.

So it's the convenience, it's the quickness, it's the lack of a -- going -- having a credit cheque. All this in combination is the demand, and the payday loan offers the product for that demand.

But, I'll say it again, it's expensive because of the risk, because the cop -- costs of operations, because of the costs of credit. All those things that are put into -- as -- as you heard from Melissa Soper, all these things have to figure into how much we can charge in order to make a profit.

And it's been proven time and time again. Not excessive profit, but a profit all the same. And so we look to and support the idea of banks, trust companies, credit unions, to come forward with a product that can meet these kinds of demands.

MR. REGIS GOSSELIN: Now, Mr. Keyes, we -- we did get a chance to review the -- the seven (7) suggested initiatives, and there's a couple of them you -- at least one (1) you didn't comment on, and I'd like to get your views on this.

This is the one dealing with restrictions on discounts and promotions of first time loans. Now, you indicated that -- that lenders should be restricted from offering discounts. Now, could you indicate why you believe that to be an issue --

MR. STAN KEYES: I'll be honest with you, it was probably an oversight after the hours we put in this weekend. We tried to think of everything we could but, yes, we would still support that.

MR. REGIS GOSSELIN: Okay. But you -- you can recall the context? I'm trying to understand what the logic was of having that restriction on discounts and -- and promotions of first time loan.

MR. STAN KEYES: Well, and I think the -- the important piece of that recommendation is 'for first time' because as some of -- as some of our presenters made clear, if they have seen this individual and they understand, for whatever reason it is, they come to their payday loan store to borrow, and if they can help them out in any way by reducing the cost of that product on their second, or third, or fourth, or fifth loan over -- over the course of the year they will help out.

But on the first loan, it becomes more of an issue of trying to pull the customer in the door. So if Money Mart is competing against Cash Money is competing against on -- non-members of the CPLA, and luring them in with the -- with what appears to be an inexpensive loan, that shouldn't be the reason why they borrow the money.

They borrow the money because they have a need. There's a cost to -- to charge for that loan, and let's all have the same cost upfront.

MR. REGIS GOSSELIN: Okay. And -- and --

MR. STAN KEYES: Not providing discounts, and --

MR. REGIS GOSSELIN: Yeah. I guess the other one that I wanted to just explore with you a bit was the -- the number six (6), which was the mandatory acceptance of settlement plans proposed by credit counsellors. And you're suggesting that your Association members already provide -- already do that. They will accept the proposed -- the plans that are prosed by credit counsellors.

And I -- I get the -- the inference was that there are others who don't do that. And could you -- could you enlighten us about that? Could you enlighten us about the kinds of lenders that do not accept settlement plans?

MR. STAN KEYES: Well, I couldn't comment on the kinds of lenders they are. Probably would prefer to offer you the members of the CPLA.

The responsible licensed lenders, in this Province and in other Provinces assist in every way they can, not just their client but also the not for profit credit counselling agency that is doing their job to help these individuals get on a firm financial footing once more.

And we also support that financially so that when a credit counselling agency agrees to terms for all the customer's indebtedness, and as I've said before the payday loan is usually the smallest amount at less than 3 percent, the lender will make provision for repayment even if they can only charge like twenty dollars ($20) a month in order to get their principal back.

And as -- as a incentive and a thank you to the credit counsellor, they will take a percentage of that and return that to the credit counsel -- not for profit credit counselling agency so that we're helping them financially as well as helping out their -- their client.

(BRIEF PAUSE)

MS. ANITA NEVILLE: Thank you, Mr. Keyes. I have two (2) lines of question. You men -- I'm just looking for the number -- you mentioned about two-thirds of the operations in Manitoba are members of the Payday Loans Association. Am I -- am I right? Sixty (60) odd percent?

MR. STAN KEYES: Sixty-seven (67) percent nationally.

MS. ANITA NEVILLE: Okay.

MR. STAN KEYES: Specifically, we have -- I'd have to go back --

MS. ANITA NEVILLE: Well, my question is, why do others not join?

MR. STAN KEYES: The Association?

MS. ANITA NEVILLE: M-hm.

MR. STAN KEYES: A combination of things. The product is expensive. A lender has to pay their bills. And things are so tight in Manitoba that even a thousand dollars a store per year is going to impact their bottom line enough that they just can't afford to join.

MS. ANITA NEVILLE: So it's really --

MR. STAN KEYES: And -- and/or --

MS. ANITA NEVILLE: It's a cost issue is what you're saying. Okay.

MR. STAN KEYES: The regulations here are -- are very strict.

MS. ANITA NEVILLE: My other question is, I was looking at your recommendation on the optional extended payment plan. And I'm wondering if you could explain what your thinking was in suggesting that it be after the third payment.

Why not the first payment? Why -- why is it a more convoluted process for somebody to pay something back on the installment plan?

MR. STAN KEYES: It's as simple as we trying to find -- we're trying to -- we -- we think we've found a way to -- to assist in -- in -- to assist the -- the borrower for re-borrowing. And if a -- if a borrower goes to a lender and says, I need, say, a hundred dollars, for the sake of my -- and has difficulty repaying that loan, on the third event -- on the third event within sixty-two (62) days, everyone recognizes there -- this person is having a financial issue.

And so to assist that client, to prevent that client from going to see Byron to borrow a hundred dollars, and -- I use that --

MR. BYRON WILLIAMS: I'm --

MR. STAN KEYES: -- as a --

MR. BYRON WILLIAMS: -- not going to give it to --

MR. STAN KEYES: So for a hundred dollars, instead of going to Byron to borrow a hundred dollars to pay me the hundred dollars they owe me, we say, If you're having difficulty, this is your third -- third time borrowing in sixty-two (62) days, and on that third loan, we're prepared to extend that loan for three (3) equal pieces, three (3) equal repayments, three (3) paycheques, 33.2 percent per -- per repayment so that that individual doesn't have to go to the other lender to get the hundred dollars to repay me.

Now they can repay that third loan and at the same time, coupled with our suggestion that they be referred to, or suggested that they see a credit counselling -- a credit counsellor to assist with their finances.

MS. ANITA NEVILLE: But my question is, why the third loan? Why not the first loan and have that option available as an option?

MR. STAN KEYES: Well, then you're getting to a -- into a whole new loan product, quite frankly. You're -- you're now moving from a -- a traditional payday loan, which is a small sum, short-term loan to be repaid in -- on their next payday, in two (2) weeks, to a small sum, short-term loan that could be extended for three (3) pay periods.

So that's a whole different product. That comes with a whole new set of expenses. And -- and the costs, I'm not -- I'm not a -- an operator, so I couldn't tell you what those costs are, but because it -- it now becomes, in essence, an installment loan, it's a -- it's an entirely different product with even more cost.

MS. ANITA NEVILLE: I may have missed it, but is the installment option offered elsewhere, and have you factored in -- or done -- done an analysis of the costs of installment loans?

MR. STAN KEYES: No, we have not.

MS. ANITA NEVILLE: Oh. Thank you.

MR. REGIS GOSSELIN: Just to clarify in my own mind, this -- this is where a -- a payday loan has been taken out and has -- you've been rolling over for three (3) pay periods. Is this where the -- this is where the loan is non-performing to start with. That's when you would offer the installment loan, or did -- did I misunderstand that?

You've taken out three (3) loans. It's one or the other, right? I mean, you've taken out three (3) loans. The --

MR. STAN KEYES: Oh, it's -- it's the third loan, not you -- well, you -- you've come in -- in sixty-two days (62), two (2) months, you've taken out three (3) loans. You've repaid the first one. You repaid the second one, but then you've got a third one, and now you can't repay the third one, for whatever reason, within that sixty-two (62) days. That third loan then would be extended --

MR. REGIS GOSSELIN: Okay.

MR. STAN KEYES: -- at no cost to the consumer.

(BRIEF PAUSE)

THE PANEL CHAIRPERSON: Okay, thank you very much, Mr. Keyes. There are no more questions for you at this time.

MR. STAN KEYES: Thank you very much, Madam Chair.

THE PANEL CHAIRPERSON: So we appreciate you coming.

MR. STAN KEYES: And if there's any -- any further information that's needed, please don't hesitate to contact us, and -- or any detailed explanation of what I've put forward to you today, the CPLA has put forward to you today --

THE PANEL CHAIRPERSON: Okay. Okay.

MR. STAN KEYES: -- I'd more than oblige.

THE PANEL CHAIRPERSON: Thank you very much. I think this would be a good time to have a break before we start with the Coalition's closing submission. So I'm going to have a fifteen (15) minute coffee break at this time. Thank you.

--- Upon recessing at 10:08 a.m.

--- Upon resuming at 10:33 a.m.

THE PANEL CHAIRPERSON: Okay, welcome back. I'm going to call upon Mr. Byron Williams, of the Consumer Coalition, to give his closing submissions at this time.

CLOSING SUBMISSIONS BY THE COALITION:

MR. BYRON WILLIAMS: Thank you. And just in terms of the presentation, I'll be doing the bulk of it, by soon-to-be colleague, Ms. Dilay, will be going through the recommendations with the panel.

I did want to note that Ms. Desorcy is -- is here in the back row. And -- and she -- and also in the audience is Ms. Kelsey MacKay, who's a -- just finished law school at Robson Hall and was a public interest intern at the centre for the -- since January on some pretty cool cases, a bit of advertising.

And behind Kelsey is Ms. Amanda Beaumont, who is kind of -- who you might have seen on a bunch of emails. She's been organizing the file and does a lot of quiet work that rarely acknowledged.

Just one (1) matter before I start our presentation. I did want to, with the instructions of my -- of Mr. Keyes, in terms of the chair -- question from Board -- or chairperson Gosselin in terms of the payday lender where they hit the -- they went across and -- and accessed a lender in Alberta.

We can't say, of course, with certainty, but that sounds like the scenarios in -- associated with the Cash Store when it was in business in 2012, 2013, et cetera. So when I heard this scenario that's what immediately sprung to mind. And certainly in discussion with one (1) -- both Mr. Keyes and -- and one (1) of the -- the lenders that seems like the most likely scenario, so it's an important issue.

But that -- I don't think that has come up in terms of our -- it didn't pop up in any of the today research. Like, it -- it comes out of one (1) of the focus groups, I think, but it's not -- it -- it's not something that we identified as an ongoing issue in Manitoba, so.

I do want us to -- to focus on the title for a second here because when -- when one gets buried in the -- the minutiae of a hearing sometimes one forgets, certainly from the consumer perspective, the -- the regulatory activities in the Province of Manitoba area really a success story, from our client's perspective. And they're very proud of the Manitoba model and the Manitoba approach and they know that it is watched with great interest, not just in this province, but elsewhere across Canada.

And so I'm sure the lending industry's eyes are on Manitoba, but I can assure you, from the consumer perspective, eyes are on Manitoba as well. And our clients certainly want to note -- and we're going to spend a bit of time noting from their perspective, the sec -- success of that regulatory process in balancing protection, access, and sustainability.

You've -- you've met our clients many times. The one (1) thing that I didn't notice about the con -- note about the Consumers' Association --, or perhaps I didn't, although it appears in the literature -- is CAC (Manitoba), in association with the Public Interest Law Centre, did do some significant work for the Office of the Privacy Commissioner in 2014 and/or '15 on issues relating to -- to the internet and privacy issues.

So number of the recommendations that you will see My Friend, Ms. Dilay, present flow directly from -- from that research, which is referenced on the record of -- of this proceeding.

You're well aware of the tremendous contributions of Winnipeg Harvest and CFCS. And I --

I won't dwell on them. We dwell -- spoke about them a bit in -- in our opening statement.

I do want to talk about three (3) or four (4) of our clients' objectives in this hearing. And one (1) was -- and we -- we hope we've been successful in that aim -- is to provide a voice for Manitoba consumers and, to the degree possible in a regulatory process, to -- to take away the filters from that voice.

You heard directly from -- from three (3) consumers. You saw the really -- the report and the very insightful commentary from Ms. St. Aubin's work, as well as Dr. Buckland's and Dr. Simpson's. And -- and we do thank the CPLA for their kind words about the quality of that research.

And I want to underscore that -- that our clients' instructions -- and I think the -- the work shows that -- was to try to the degree possible to bring those voices without filters. There's always limits, but we think that that was an important objective of our client which we believe has been achieved.

Obviously, our clients' objectives for this hearing -- there are issues of consumer protection, access, and industry sustainability.

We're starting just for the first time in Canada to see some products creep into to the market from mainstream financial producer, firms. Vancity is the most notable one.

But those products are not here yet in Manitoba, and they're not likely to be available to all consumers who are interested in this type of product.

So in -- in the absence of other market solutions, there is an importance from our clients' perspective in maintaining affordable access to -- to these types of products in Manitoba. And -- and my clients have asked me to underscore that point.

Two (2) other objectives of our client are to enhance Manitoba's reputation as a Canadian leader, and also to provide to -- good advice to government. And this report from this Board to the government, noting today is April 18th and tomorrow is April 19th, is particularly important.

It -- it will give guidance to the government both in terms of the success of the Manitoba model and also how to look critically at this industry.

And by "critically," I don't mean in a negative light, but to understand, when the government comes to its ultimate decision-maker -- decision in terms of rates and -- and the -- the amount for borrowing, when it comes to that decision, what are big issues?

What are the things we need to focus on, including operating costs, volume, bad debt, for example? So that's important from our clients' perspective from this proceeding.

And at the end of my submissions -- and I think this is really important for the government. We've tried to underline from the start, there's a difference between an evidentiary process and a lobbying process.

We think a key objective from this hearing is to make evidentiary findings to put any lobbying efforts from any party, from whi -- whichever spec -- spectrum of -- of position into context. We really encourage the Board to make evidentiary findings from this hearing that can be -- give good advice to -- to the government.

Sometimes I wonder why I get paid any salary whatsoever. And Mr. Shemley, I thought, highlighted that the fact that my clients may wish to turn simply to community witnesses rather than lawyers for advice because I think Mr. Shemley said something very important about the Manitoba model, and he was a pretty entertaining witness.

But he gave a big shout out, a big thank you, because for a man like Mr. Shemley, and for many other Manitobans, the Manitoba model has made a big difference. And there he is, he's thanking you guys. I don't think I could say that, but he did. And I think those were heartfelt words that -- that we should pay attention to.

So when we talking about the success of the Manitoba model, and I'm going to spend a bit of time on this, let's talk about what was that original choice. And one of the Board members was here when that happened. She can certainly correct me if -- if she thinks I'm mistaken. But the original choice was a judgment that an efficient industry could be sustainable at seventeen dollars ($17) on -- at a hundred.

But there were some key pre-conditions. Controlling those bad debt costs. Controlling operating costs. And in the urban centres, taking advantage of economies of scale. And at the time this recommendation was made, it was anticipated there would be some consolidation.

There was the firm, as Dr. Robinson

talked about, which had the 14 percent bad debt cost. There was the operations of Cash Store and Rent -- Rent Cash which raised some eyebrows from many different viewpoints in this room. It was clear there was going to be some consolidation and that volume was going to go somewhere. And in the urban centres, there were opportunities for -- for economies of scale because the costs are relatively fixed so volume grows. The cost per hundred should decline.

In the rural economy, that seventeen dollars ($17) per hundred was made very consciously with the idea that volume is not big enough in -- in those rural centres for a stand alone payday loan operator. You just have to look at the number of stand alone payday loan operators, store front operators in Prince Edward Island, all two (2) of them, to get a sense that there's only -- there is a need for a certain volume.

So in the rural environment the Board's judgment, as we understand the order, was that efficient lenders would have to take advantage of economies of scope. They'd have to put more non-payday loan products in the doors, and -- and hopefully sell it.

So this is the -- the original choice,

and there was a judgment by the -- the Public Utilities Board that price competition would not exist in an imperfect marketplace. The argument from industry, whether it was the CPLA at I think twenty-one dollars ($21) per hundred or Rent Cash at twenty-five dollars ($25) per one hundred (100), was: Set the rates there and then completion will bring the costs down. Just set a loose cap.

And -- and so that was an argument that we believe was properly and -- and expressly rejected by the Public Utilities Board. I've talked here about consul -- no consolidation and flagged Rent Cash as well as the -- others. Go ahead.

So here's what the Board said: For the survival and continuance in business of efficient payday lenders, acknowledging that there will be considerable con -- consolidation. So from our client's perspective, a very prescient order by the Board. And as Mr. Shemley says, A good decision that brought significant savings to consumers.

There's our Manitoba prices versus Ontario, et cetera. Now, there's accountants in the room so I have to be careful but I'm going to suggest to you that the Ontario rate is about 23 percent higher. So there's very significant savings for vulnerable consumers, or not all payday lenders consumers are vulnerable but they are disproportionally vulnerable. We think that's a very positive outcome of the Manitoba model.

Here's another excerpt from that Board order. It was rejecting the premise that existing completion was sufficient to protect consumers, and to lead to efficient pending -- payday lenders offering low -- lower rates, highlight that very symbiotic relationship amongst the firms in the industry. You've seen how they co-locate. Very interesting model, indeed.

And so the Board rejected the premise that existing competition would protect consumers, and rejected that higher price cap. And again, we think that decision has been supported very strongly in terms of research. In the American marketplace, Pew Trust clearly found that when caps are in -- in place, that's where the prices move. That's where payday lender prices moved. Whether they're below it or above it, they moved to the cap. And that is clearly the Canadian experience as well.

Both in 2008, as well as 2013, Dr. Robinson talked about Money Mart roughly charging around nineteen (19) per hundred, Cash Money charging that flat twenty (20) per hundred, and we've seen a migration from the Canadian -- from the big lenders towards the cap.

Now, there are little blips in the market, there's discounts and that, but very clearly, setting a higher cap is not an invitation to price competition. It's an invitation to rates moving towards that cap.

Our clients clearly see Manitoba regulation is leading in Canada in terms of price caps. There is some interesting evidence from Dollar Financial Group in terms of its operating margins, in Europe in retail; in Canada in retail; in the US in retail; and in e-commerce. And you'll see the striking figure there is -- in terms of significantly higher operating margins, which is a good thing, Canada is very strongly situated.

Now, this is the last data we have, because this is the last publically available filing by Dollar Financial Group. That's from its 10-K.

The other point that we wanted to highlight -- so that is -- is focussing on economies of -- of scope. And there was a really interesting excerpt from the 2013 Board order from a firm in -- in Dauphin, and talking about how they adjusted to regulation.

And if you'll see about the fifth line down, they chose to diversify. They expanded their lines of business to furniture, scrap gold purchases, cheque cashing, jewellery sales. So there's an example of the economies of scope that -- that our client anticipated would be necessary for rural service providers to stay in business.

Back in 2013, both the CPLA and Money Tree recommended going to twenty-three (23). We note that Money Tree is still around and, in fact, I think made a presentation earlier in this hearing. And clearly, in our view, the Board showed good judgment in 2013 in terms of noting that there was an opportunity for efficiently run payday lenders to continue their operations.

So that's the Manitoba model and its success in our client's view in terms of protecting consumers in terms of prices.

From our client's perspective, as well, there was some good evidence on the record of this hearing that there is reasonable access to the payday lending -- to the regulated payday lending industry in Manitoba. And our client loves this quote from Ms. St. Aubin, from her focus group, this participant 8 talking about hours being flexible. There's one (1) at twenty-four (24) hours, so if you're out of town, you can -- you can get to it. They're all over, talking about the urban situation.

They're accessible all -- all over. Like, there's just one (1) right behind here. So our client has seen no evidence in the urban setting that there are challenges in accessing payday loans. We also note from Dr. Simpson that there is statistically significant evidence from the SFS that Manitobans make comparable or higher usage of payday loans in other provinces.

So from our client's perspective, that does not suggest an access issue. Certainly in terms of the inner city, there was clearly some dislocation after the initial rates go -- went in. But after the most recent Board order in 2013, we simply flagged the -- the Winnipeg setting.

You see twenty-seven (27) lenders roughly split between the inner city and suburbs in 2013. Again, in 2014, one (1) less in the inner-city, but a new addition in 2015, and so some stability post the 2013 order, in fact, quite significant stability in Winnipeg.

Our clients also note that they don't

expect anyone would argue that the inner city is under-served by the payday lending industry in Manitoba. There's -- the -- it continues to be heavily concentrated there. And there's also a really interesting dynamic of co-location. We just put two (2) examples. One's on my way home going down Henderson Highway, as I pass first the Money Mart at 215 Henderson, then the Cash Money just a -- a little bit farther down.

And then you can see on Portage Avenue, if some of you live out west of here, within a two (2) block radius, as well. And if you look at the other two (2) Cash Money locations, you'll see -- whether in St. Boniface or otherwise, you'll see some Money Marts not that far away.

What about the rural communities? Our client thinks it's important to underscore that despite smaller population centres, there continues to be a payday lending retail storefront operations in Brandon, Dauphin, Swan River, The Pas, and Thompson.

And indeed, we had a new entrant to the Thompson market in 2015. This is all on the record. And that was Money Mart. So when C1 -- or C11 is talking about folks going to the competitor, I don't know if there's anyone else in Thompson, but Money

Mart's in town. Perhaps there's a -- a bit more hydro money in town, or perhaps there's -- or other urban stresses that are -- are leading Money Mart to enter the market in Thompson.

We think it's also important to point out -- because volume is everything. C11 says that. Dr. Robinson says that. Before we get too critical of the Manitoba model, that there are more payday lenders in Brandon, Manitoba at seventeen dollars ($17) per hundred than there are in the Province of PEI, despite its very generous cap. These are storefront operations. And we've put the Brandon operations there. And again, Money Mart has a presence there.

You heard from Mr. Keyes that Manitoba has less stores per average per hundred thousand population. That's actually information from Dr. Robinson. Our client is not persuaded that's necessarily a bad thing. We would simply want to put some context on that. Here's the ratio in Canada. One point four (1.4) per hundred thousand (100,000) is PEI. The high is Ontario at five point eight-nine (5.89). The number of stores in Manitoba are around three (3) per one hundred thousand (100,000).

And we just want to flag that, if you look at the American marketplace, and I think this is

Dr. Robinson in Appendix 3, there's a -- a big range. You've got Hawaii at one point zero-five (1.05) stores per hundred thousand to Mississippi, the -- one (1) of -- part of the wild west in terms of -- or the wild south in terms of permissive regulation at thirty-four point six-two (34.62). Whether that's a blessing or not depends on one's perspective.

But to provide some tighter context, we've identified from Dr. Robinson's Appendix 3 Minnesota, one point three-five (1.35) per hundred thousand (100,000); Rhode Island, a very interesting model at two point seven-five (2.75); Utah, three point eight-seven (3.87); Illinois, four point zero-six (4.06); and California. So there's a little context in terms of where Manitoba is in terms of stores per hundred thousand.

We've talked about the importance of the Manitoba model historically. Our client believes that this model, this critical analysis, is even more important today. Clearly, in Manitoba, there is one (1) very dominant player. I don't think, given the flaws in this marketplace, we were ever going to expe -- expect a lot of price competition. We don't see it elsewhere in Canada. Why would we see it here? But given the dominant presence of Money Mart as described by Mr. Keyes, I think it's pre -- pretty important.

Ongoing active regulatory insight is also important because of what's going on in this marketplace. We see the industry moving increasingly, in our submission, into welfare and pension cheques.

And we see Manitoba as an important example for other jurisdictions, including Alberta. And the importance of the Manitoba example is a public process that is evidence-based and reliant on evidence. It's not just about lobbying. It's reliant about evidence.

Here's the standard regulatory criteria of a just and reasonable rate. A reasonable opportunity for an efficiently-run company to earn risk-adjusted return for comparable companies of similar risk.

It's pretty standard in -- in the regulatory dialogue, and we believe the Board has correctly employed it in the past two (2) payday lending reviews. And we would urge it upon you again in this hearing.

I'm moving --

MR. REGIS GOSSELIN: Mr. Williams, can I interrupt for a second, please? Just to go back to the previous slide, the -- slide 27, please, Diana.

The jurisdiction says Alberta taking a harder look at industry. Could -- could you -- what are you referring to there?

MR. BYRON WILLIAMS: Yeah, and this -- I think the Board can take public notice of this. I think there were references in the throne speech for the Province of Alberta in terms of -- in terms of interest in the payday lending industry.

I think one (1) of the references -- and I'm going off of memory -- but was to using -- having treasury branches explore what, if any, alternatives. But I -- I think that it was clearly mentioned in -- in the very recent Throne speech from the Government of Alberta.

I -- I've talked a lot about this, and who knows what will happen to -- to tomorrow. But whether or not there's a new government, there will be a new Minister of Consumer Affairs. Mr. Leimeux is, you know, obviously not running again.

And we think that this Board plays a really important role, not just in providing advice to the government, but also in saying, This is how you should look critically at the evidence that is being presented to you, because the information that comes to government will no doubt come not only through the

PUB recommendations, but through other streams of communication.

In our province, before this tribunal, we do have a gold standard in terms of receiving evidence. That's not to say that that is the only way that it could come in or should come in, but that is the gold standard.

And that is a witness -- an expert witness comes before this board, testifies to her or his qualifications, is accepted as an expert or not, and is subject to cross-examination on the same evidence.

And that is a very important standard in our -- in our Board, and it gives us, in our respectful submission, the best assurance of the accuracy, and reliability, and the relative independence of that witness.

In this hearing, only one (1) party was tested under that PUB gold standard, and those were the witnesses of the Coalition. Thank goodness it wasn't like in 2007 and '08, where I think our witnesses were on the stand for eleven (11) days in a row -- not in a row, but eleven (11) days. It seemed like eleven (11) years.

Dr. -- but Dr. Buckland, Dr. Simpson,

Ms. St. Aubin, and Dr. Robinson came before this Board, filed their evidence, testified to their qualifications, had that confirmed, and were subject to cross-examination.

And I want to note just the bottom bullet on that page. It's not just their opinions that were open to be tested. It was actually the sources on which they relied.

Some of the ground-breaking work in terms of the payday lending industry does come out from our friends in the United States. The most robust that our clients are aware of is from Pew Trust, and the payday lending industry had an opportunity to come here and test the bona fides of that type of information. And I'll provide you some citations from Dr. Buckland about that in just a minute.

We note and -- that neither Deloitte or Environics were here. Environics, its report's a bit older. Maybe that's not as bit of an issue, but Deloitte Alberta, our client would have dearly loved to have that report here and to be tested, but our clients did not have that opportunity. And it is not necessary, but it is open to the Public Utilities Board to draw an adverse inference from -- from not presenting Deloitte in terms of its qualifications and presenting it for cross-examination.

Our client with respect clearly believes that some adverse inferences should be drawn with regard to Policis. Certainly from our client's perspective, Policis should have disclosed prior to appearing as a presenter that its appearance was financially funded, and it wasn't just travel costs as we heard today. It was also an appearance fee. There was no expert report, no voir dire, and no cross-examination.

And before we go to the next page, Diana, if I can pull -- ask you to pull up Exhibit 40 of the Coalition, pages 13 and 14?

(BRIEF PAUSE)

MR. BYRON WILLIAMS: Slide down. Sorry, keep going, please. Keep going, please. Okay. That's page 14. And we'll go over to the next page in a -- in a moment.

The -- our -- our client suspects there may have been a miscommunication between Policis and the CPLA. My understanding, just from hearing Mr. Keyes and I'm sure it was inadvertent, was that he was advised that Policis does not appear on behalf of industry in -- in those type of proceedings.

And from our client's perspective that is -- and we -- we say nothing ill about the CPLA, that's just not accurate. And you all -- all you would have to do is look at the curriculum vitae of Policis. You'll see numerous examples of funded research for Cash Converters, as well as work for UK Council of Mortgage Lenders.

Among its non-government funders, Policis numbers the largest change of second-hand shops in the world. That's Cash Converters, which is a payday lender as well in -- in Australia. Scroll down a little bit, Diana. And on footnote 36 -- and you'll see this -- you'll actually see three (3) or four (4) reports from Policis for Cash Converters in Australia for that regulator.

But here is -- you'll see excerpts from its 2008 report for Cash Converters in Australia. And interestingly, they weren't talking about the Internet then. They were talking about the -- the threat from revolving credit or pawn, and making the point -- making the argument that too restrictive regulation of payday lenders would drive that industry into the hands of revolving credit and pawn.

So I simply highlight that fact to -- to -- there appears to be -- have been a miscommunication in terms of Policis. That doesn't mean they haven't done good work for the government of the United Kingdom. One should always look carefully at their co-authors when they're doing that work.

So, for example, if you see some of the work with Ms. Whiteley, W-H-I-T-E-L-E-Y, there you can expect some really high quality rigorous work. You didn't see that name on -- on the Policis presentation that was presented to you just a week ago. Thank you, and we can return to the submission.

(BRIEF PAUSE)

MR. BYRON WILLIAMS: And I don't know if you caught the tone in Dr. Buckland's work when he was talk -- talking about Policis, and he's a very thoughtful gentle person. Here he is telling you: If you're coming with that type -- type of analysis this is the stuff I'd like to see, and that wasn't there. And again you -- you may not have noticed whether or not the -- the emotion with which he delivered that line but I thought that was a very powerful moment in this proceeding.

In terms of the information from Cash Money and Money Tree as presenters, or C11 as its written reports, I want to be clear I'm not impugning their truthfulness. I just -- I do want to indicate though, we did not have a chance to look at their financial material to cross-examine them.

There's always opportunities to -- to get insight through -- in terms of accuracy, credibility, or bias in -- in that information. And also that care must be taken in extra -- extrapolating to the broader industry. So that's our simply caution there, not that it can't provide some useful insights, but it -- great care should be taken with it.

What we do think is notable in this hearing is from the industry as a whole, there was a lot of cho -- chat -- chat about Alice -- A-L-I-C-E, that kind of emergency customer. There's a lot of chat about people not getting enough in terms of loans when they -- they went to the payday lender.

To our knowledge there was not a single discussion of upselling. Someone comes in for a hundred or a hundred and fifty dollars ($150), why don't you take three hundred (300). Not one (1) reference to that. But as -- as you've seen from our focus groups, and I'll bring you references later, that is clearly a significant practice in this marketplace, that you as a regulator and the government as the ultimate decision-maker have to be ale -- alert to.

There was no discussion, to our knowledge, of the increased reliance of this industry on welfare as a source of payday loans or of the move in 2011 to remove prohibition on taking -- securing payday loans with welfare from the CPLA Code of Best Business Practice. And from our client's take of the record, there was very little discussion related to the harm from repeat borrowing, although we heard some thoughtful recommendations, obviously, from the CPLA.

So that is something when you hear from the industry, and we don't doubt their very sincere sense that they are helping some individuals in emergency need, but you have to listen as well to what you don't hear.

And this goes back to a point that we made originally and we think it's an important credibility issue. What are you being presented with? Is it research? Is it lobbying? Is it somewhere in between? Has there been a willingness to add the hard questions?

You heard Mr. Keyes talk about

Environics today. I'll show you an excerpt, but we'll -- I'd urge you to turn to CPLA -- Coalition/CPLA-1-3, not now, Diana, but later. Such an important survey back in 2013, no repeat loan questions. I -- we think an inference can be drawn from that.

Are the calculations, conclusions, and sources transparent? Dr. Robinson came before you with a robust model that -- that he shared. What kind of access did we have to Deloitte's sources? And we also urge you to look at credibility of past research.

Deloitte was in Manitoba back '07/'08, saying the cost -- average cost to provide loans of -- in excess of twenty-six dollars ($26) per hundred.

Dr. Robinson clearly highlighted why he thought that was an unreliable source. History has proven how unreliable that analysis was, but Cash Store was not part of that sample, nor was Money Mart.

And we note that not once in the closing submissions of the CPLA this morning did they mention the Deloitte Alberta study, not once.

From our client's perspective, a positive inference can be drawn from the Coalition's research approach. And again, we thank the CPLA for their kind words this morning. Dr. Buckland talked about the combination of quantitative and qualitative matt -- measures and its strength.

And at the second quote at the bottom of slide 38, emphasizing that we triangulate, testing whether the assertions and hypothesis are proven or disproven. And that gives important insight when results from different methods are consistent. And that tends to lend the -- to the validity of the results.

And so I will be talking in a few moments about the work of Ms. St. Aubin, that Manitoba survey. And that one's not a representative sample. Our clients have said that from the start. But what is really striking about Ms. St. Aubin's work is how it triangulates, how it echoes, how it resonates with the information of Dr. Simpson, with the information of Dr. Buckland, with the information of the Pew Trust.

We think a great deal of weight can be put on her work, recognizing that it is not a random sample, but that it is so consistent. it has such close signif -- ties to the other research and -- that has been undertaken.

Again, we think a positive inference should be drawn from the openness of the Coalition in terms of its assumptions and model, and -- and its use of plain old standard statistical technique, that plain old standard statistical technique that you did not see in Policis.

(BRIEF PAUSE)

MR. BYRON WILLIAMS: And while Pew Charitable Trusts were not here to defend their work, Dr. Buckland was to speak to -- to its quality, that it is a unique data -- dataset, and to its reputation.

And if we go to the next slide, there's been a -- a bit of a miscommunication in this hearing. And I do want to go to that. I -- I want to emphasize the point that the Pew Trust employed a representative sample. They started out with an original screening of thirty-three thousand (33,000) some adults. To get a -- a sufficiently robust sample, they went through to another sixteen thousand one hundred and eight (16,108).

And it wasn't that they just interviewed four hundred and fifty-one (451) persons. This is the sample that they -- they also included two hundred and fifty-two (252) online borrowers.

And if you'll see at the bottom of

slide 41, there's a reference of the -- reference to the description of the internet payday loan research. And if you go to that document and if you go to page 29 or 30, you'll see a really good discussion of the methodology and of the confidence that can be -- and that can be derived from that methodology in terms of the confidence level.

So we think that that research vouched for by Dr. Buckland and with methodology made transparent in this hearing is something that the Board can put a lot of weight on.

Madam Chair, just so you know, I'm going to talk about the consumer dynamic for probably a fair number of slides, and that'll be the -- a very significant part of our discussion. When I'm done that, I'll let you know whether you want me to give you a -- a brief break or not. I'm always at your beck and call.

We will then be talking about the industry dynamic, which will -- will take a little while as well. And then we'll move more quickly through the -- the following topics. At least the next three (3), I can -- I'm -- and I think Ms. Dilay's will probably take about fifteen (15) minutes to -- to complete the recommendation.

So I'm always available to stand down if anyone needs a break or not. But I would suggest that after the consumer dynamic, we look -- and if not there, we look at taking a brief break after the industry dynamic, but, again, I'm at your beck and call.

In terms of looking at the payday lending industry, it's impossible to divorce it from a -- a broader dialogue about social inclusion and exclusion, inequality, and limitations in the market.

And I think Dr. Robinson was quite right in saying that the breadth of the issue that some of these vulnerable clients are exposed to, we can't lay exclusively at the -- the feet of the payday lending ind -- industry. It's part of a broader dialogue. And I think that's important context.

I'm not going to go through slide 44 except for to tell you that those -- these are the different points that I want to -- I -- I wish to discuss, including the significance of repeat loans, the debt cycle, and a desire of consumers to reconnect with the mainstream industry.

And Mr. Keyes and the CPLA referenced this this morning. There is, to some consumers, a -- a reason they are attracted to the payday lending industry. It's accessible. The hours are flexible. Here's that quote again from interview participant 8. They're all over the inner city.

And as Ms. St. Aubin noted, many of the clients that she inter -- or, excuse me, participants she interviewed spoke of the payday lending industry as -- as individuals who felt excluded from the mainstream banking system, and feeling of being marginalised by the mainstream banking industry as compared to payday lenders.

So let's be blunt. These are the -- you know, we think it's fair to describe the industry as open and accessible, and compared to the banking industry there's a perception that they're non-judgmental. And those are tremendous strengths of that industry.

The product is very expensive. And as both the focus group participants who -- who argues that -- that she or he was paid in -- higher interest because they were poor, or as Ms. Brandy Getty, who was the third presenter, the -- the lady who had the really possible experience with SEED Winnipeg, talks about just that the rates are much higher -- much higher than a bank loan, or a credit card. It's a very expensive product.

And we're dealing with a population which is not exclusively but which is disproportionately vulnerable. There are teachers in there, but that population as whole as compared to the Canadian population is -- is vulnerable. What do we mean by that? Well, what Dr. Buckland means is that they tend to have lower income, lower asset level, limited access to the mainstream banking, and in more acute cases are trapped in a repeat borrowing cycle.

What else do we know about this population? Aboriginal people are over-represented. That's certainly at the national level. Again recognizing that Ms. St. Aubin's survey was not random, but she triangulates -- provides supporting information. Of those that were -- the hundred and thirty (130) that were surveyed in Manitoba, 48 percent self-identified as Aboriginal. And that triangulates with other key observations, and -- and that is why we have some confidence in sharing it with you.

Dr. Simpson -- and I -- my eyes kind of roll to the back of my head when he talks about regression, and probit regression, and -- but he's a very sophisticated econometrician. He and Dr. Islam took the SFS and CFCS data, and looked beyond the numbers to statistically significant relationships. What did he point out at slide 49?

These are not all the observations but assets and wealth reduce payday loan usage. Those with post-secondary education are less likely to use payday loans. The use of credit cards reduces payday loan usage. And again, residents in Manitoba, all other factors considers, tends to increase the likelihood of usage.

There is a narrative put out by the industry about payday loans being only for -- or, sorry, primarily for emergencies. And you see it in the CPLA code of best business practice advice that payday loans are for only -- or for occasional use only, and should not be used to cover continual shortfalls.

And the next slide or two (2), we want to highlight the inconsistency between what we see on the ground in Manitoba and the code of best business practice. Not to say that anyone's violating the code in this regard but there's a significant inconsistency between the aspiration and the reality.

And again here is Ms. St. Aubin, which we believe is strongly reinforced by data from the United States in particular: What is the main purpose of your use of payday loans? And if you look at the pink, 48.1 percent talk about pay -- using it to pay living costs; rent, food, utilities, and clothing. And words 'Manitoba Hydro' turned up in our focus groups a bit too much for -- for my comfort, and I've been suitably chastised by my client for -- for that.

And here's the observation from Lawrence and Ellison (phonetic): Relying on these loans for an extended period of time seems contrary to the short-term financing intention and may exacerbate rather than relieve financial problems. There's a risk there, and we see it in repeat borrowing in particular.

And what do we know about repeat borrowing? I'm not going to mind your -- numb your minds at slide 53 with the data from the States, but Dr. Buckland puts that out well in slides 18 and 19.

But there's great data from the Consumer Financial Protection Bureau, state regular -- regulator databased, Pew Charitable Trusts, Advance America and others in terms of the prevalence of repeat borrowing in the American marketplace.

And there is significant evidence of repeat borrowing in Canada. We have regulator data from BC, and you see their articulation of the average number of loans per borrower between 2012 and 2014. And we draw your attention to the second bullet.

In that 2014 data, that long right -- or the long right tail that Dr. Simpson talked about, the number of individuals with more than fifteen (15) loans in one (1) year increased by 34 percent. So again, that's some interesting data from British Columbia.

Nova Scotia, on the third bullet, notes that 52 percent of all payday loans were repeat loans. And of those -- of that 52 percent, 30 percent received eight (8) or more loans. And again, going to that long right tail, there's five thousand (5,000) folks in Nova Scotia with an average of thirteen (13) loans each in addition to initial loans.

Dr. Buckland testified that he's -- he -- we obviously don't have that type of data in Manitoba, and our clients urge on you that this is a very important data that the Board should be obtaining -- not -- not the Board, but the government should be obtaining.

But Dr. Buckland certainly noted no reason why we wouldn't expect that Nova Scotia-type experience to be replicated in Manitoba.

The national data is interesting as

well. This is from the CFCS with about -- a bit more than 75 percent reporting two (2) or more loans. Dr. Simpson was asked some questions by this -- I think by Board chair -- panel chair Ms. Botting and trying to get a sense of what's out in that -- in -- in that data.

And again, he's talking about that long right-hand tail consistent with what we're seeing in British Columbia and Nova Scotia, and also that there's probably some understatements. There are limits because these studies are not focused on payday loans.

They're StatsCan (sic). They do very good work, but they're not focused on stay -- stay -- payday loans and information on repeat borrowers. More could be teased out, which is why there's some important need for more data in Canada. But it's clearly significant evidence of repeat borrowing from BC, Nova Scotia, and from the CFCS.

And what happened in Ms. St. Aubin's survey? And again, it's not representative, but this is where triangulation comes in. Very consistent survey. This is the population of one hundred and thirty (130) that Ms. St. Aubin interviewed, or her research assistants interviewed.

And again, you see about 45 percent in that group of one (1) to three (3), 24 percent in that four (4) to six (6), and in excess of 30 percent taking out seven (7) or more loans.

So again, very consistent with the type of information, that long right tail that we're -- we're seeing in Nova Scotia and -- and British Columbia, and which Dr. Simpson is speculating about in the national data. Triangulation, very useful information.

Here's just on slide 57 Ms. St. Aubin's narrative which I've already gone through. So that's -- repeat borrowing is clearly a phenomena that is prevalent in the United States, of which there is significant evidence in -- in Canada. And we believe, based upon Ms. St. Aubin's work, you can reasonably draw the inference that repeat borrowing is a significant issue in Manitoba as well.

What else do we know about repeat borrowing? Who is disproportionately likely to take out repeat loans? It doesn't mean that that's the only population. What group is disproportionately likely to take out repeat loans? Not surprisingly, it tends to be those who are less affluent.

FCAC, back in '09, over half of those

taking out at least twelve (12) loans per year, incomes of less than thirty (30) grand. CFCS, in 2009, as reported on by Simpson et al in 2013, evidence that repeat borrowing is more common among poor and modest income and asset holding Canadians as compared to the non-poor.

And I'll just stay on that slide for a second. A really important part of what StatsCan does, which you won't see in Environics, is that comparison between the population of payday loan borrowers and those who don't. And that is really important insight that you get from StatsCan, despite some of the limitations to it.

This is from the -- Dr. Simpson. And subject to check, I believe this is from the 2014 CFCS. You'll recall on Exhibit 34, slide 13, he actually provided a comparison of the 2009 results and the 2014 results.

And here we have -- this is just the most recent results. So just to refresh your memory, in terms of the blue, that's those who identifies taking out one (1) repeat loan. The red is twice and the green is three (3) or more times.

And you'll see in terms of wages and salaries, in focussing on the three (3) or more times, roughly about half that population, which took out loan -- wages and salar -- took out a payday loan three (3) or more times did so based upon -- with the primary source of income is wages and salaries.

Go over four (4) more headings, under social assistance and you'll see that whopping 30 percent three (3) or more times associated with social assistance. And go over two (2) more columns and you'll see associated with -- with pension incomes.

And that was a specific research area that our clients asked our experts to focus on and that is a -- a matter of acute concern for our clients. And -- and it goes to Dr. Buckland's point that to a certain degree, perhaps the none -- the name of payday lending industry, maybe that name is evolving.

Those sources of income, especially for that high percentage social assistance population is -- is very concerning to our client. And our client will know and -- and we -- we respect the CPLA for their Code of Professional Conduct. But in 2011 that decision to not lend to those on welfare was removed from the Code of Professional Conduct. And we think that's an important part of -- of the numbers that you're seeing there.

Here's Dr. Simpson noting that of this population migrating to social assistance of multiple three (3) day -- three (3) -- three (3) or more loan recipients, it's gone up 30 -- 30 percent. And I'll just say that -- suggest that Ms. St. Aubin's data for Manitoba, you can go to it and you'll data on Exhibit 35, slide 7.

She has about 58 percent with their primary source of payday loans being their payroll cheque. But you're also seeing welfare and pensions showing up in the populations she identifies as -- as well. Again, it's not a random sample, but there's some important information.

I want to be careful, and I do want to articulate and honour C11 and 310-Loans. In our client's survey of payday lenders those were two (2) that expressly identified that they do not lend on welfare. And here's C11. They're doing that for the purposes of their customer's well being. And our -- our clients note that.

Another phenomena that our client thinks is important for this Board, especially as you grapple with the maximum amount of loan, and you've heard from the industry how some consumers have come to them and said they want to borrow more.

What struck us from our focus groups was the exact opposite issue. Upselling is what -- what we call it. And I don't mind it when I go to McDonald's and they offer to super size my fries. You can look at my physique. You know that I often take advantage of that opportunity. That's okay at McDonald's. But we just want -- well, maybe it's not.

I -- I just want to note, this was flagged by a number of our focus group participants going in, I'll take a hundred, hundred and fifty (150). Hey, you can get two hundred (200). I just want a hundred and fifty (15). Hey, you can get three eighty (380).

And here's the consumer interview participant 8 expressing sur -- surprising; not surprising to me. But that is a counterpoint to the narrative. And our client doesn't want to discount the narrative of the payday lenders, but just to say that that goes both ways. And -- and that has implications.

Our client is not recommending going down to 25 percent. They don't see that as a good result. But that up selling phenomena is in part behind why our clients are not particularly interested at this point in time in raising that limit. And we think that's important for this Board to -- to keep -- keep an eye on.

(BRIEF PAUSE)

MR. BYRON WILLIAMS: Classical economics speaks of the rational consumer. The homoeconomist I think is the language. And my spouse is -- is clearly one (1) of those rational consumers, but she's married to someone who is not.

So I have sympathy for Dr. Buckland's observations that -- that there are -- that assumption that governs how we look at markets and about competition and fairness in the marketplace has limits. And the behavioural economists have won a lot of Nobel Prizes focussing on that work.

And here's Ms. St. Aubin identifying that the majority of participants did not have an understanding of the annual interest rate fees, highlighting the need for good, clear, comparable information like what we see in Ontario and Dr. Buckland talking about tunnelling. And tunnelling is not a pho -- phenomena just for the poor, but it is a situation that can be experienced by low-income people in times of -- who are facing scarcities. And they sometimes lead us to make decisions, but sometimes these are decisions that hurt us in the long term.

Another phenomena in terms of the consumer insight that we heard was about the debt cycle. And one (1) of our panelists, Deena Wichert, who was the third person to the Board's left, spoke about this, about how -- once you get into payday loans, how hard it was to get out, even when she was back in the labour market.

And then you see interview participant 6, again, how hard it is to get out of the cycle. You have no money. You need to get another one. The cycle continues. And that's something that's very important. It's part of the reason why our client is interested in the option and the choice for consumers of installment loans, whether on the Washington model or other models.

A final concern, and this comes out very strongly in our client's survey of practices of payday lenders -- and remember that was an open survey. Our -- our research assistants disclosed that they were phoning on behalf of the public interest law centre. And frequently individuals are being asked to disclose important information, including their social insurance number.

And Dr. Buckland talks about in his exhibit, but in our survey of the industry there's some really good information. We didn't find it in all service providers, in all payday lenders in Manitoba, but more often than not that re -- request and/or requirement for a social insurance number was prevalent.

And -- and as -- it -- it's very important at the -- at the mainline stores, but it's -- it's at least as important or more important when you're going onto the internet and there's not a face that you can -- you can look at to -- to -- when you're being asked to provide this information.

Do payday loans benefit consumers? I thought the Pew Charitable Trust really caught the tensions in -- in this issue really well, describing the experience of borrowers. They have an appreciation for friendly service, dismay with the high cost, and frustration with lengthy in -- indebtedness.

In our expert's analysis of the record, particularly through the focus group conversations, the issue of harm becomes nuanced. Certainly, two (2) types of payday lenders became apparent in Dr. Buckland's views, those able to use small loans from time to time in a strategic fashion, and also able to relatively repay them in a timely fashion, and the more vulnerable repeat borrowers who tended to eventually become dependent on this loan.

And he points out the challenges of this marketplace. Ease of accessibility and the convenience of current payday loans can help some borrowers, at least within the limits of bounded rationality, and harm others, and that the credit-challenged payday loan users appear to be the most vulnerable.

(BRIEF PAUSE)

MR. BYRON WILLIAMS: You've heard some mixed views about financial literacy in this hearing, and we clearly understand that people have to be willing to adopt it, But Brandy Getty, to me, perhaps the most powerful moment of this hearing, when she shared her story and how working with SEED, she had come to a -- a different choice.

And this highlights the -- the great importance our clients place on financial literacy, providing good information to consumers in the marketplace, and so that from time to time, you get a

Brandy Getty or -- and there's many others like her, who, with given the proper tools, can make good choices. And we think this was a very powerful statement about the value of financial literacy in this hearing.

So going back, Do payday loans benefit consumers? Dr. Buckland concern -- says it's clear that some consumers relying on repetitive borrowing, accessing their loans online, tunnelling as a result of personal and professional stresses, may be harmed by payday loans. And that's one (1) of the major reasons, of course, we're here.

One (1) of the last couple points we wanted to make from our focus groups and our dialogue and our interviews with Manitoba consumers, and this came out really interesting as -- in Ms. St. Aubin's work about a desire to reconnect with mainstream banking. And you -- here you have focus group participant 6, and wanting to -- to deal with -- with the BMO rather than the payday lending company, but with a bad credit rating.

And on the next slide, you have -- this is the one (1) consumer in Ms. St. Aubin's focus groups who expressed a fair bit of interest in the installment loan product. Now, in that case, that was

Colorado. With -- with hindsight, we might have preferred to have shared Washington's, but here's that consumer talking about how that installment loan for her might help to get some light at the end of the tunnel.

It gives you a path to get away from the payday -- payday loan, trying to improve their credit rating, and making a really powerful point, I think, in that last paragraph: My credit rating wasn't very good the last -- seven (7) years ago, but I've been really good with my payday lenders. But that's not reflected in my payday lending rating, and could you imagine the -- what my score could have been? I've been using this service for seven (7) years.

And I think that's a really powerful indictment of how we haven't collectively linked these services. And that's not aimed at the payday lending industry, but at -- at a missed opportunity. Here's a consumer moving from insolvency, but still facing some liquiditil -- liquidity challenges, and unable to take advantage of that good -- good reputation with the payday lending industry to improve her access to certain products.

And we think that's a very important

lesson. What we do with it, I wish everyone good luck.

Again, this just goes to Environics and -- and sometimes our client's concern with the industry not asking the questions we would advise. Here we are in our Information Request asking is -- is Environics providing evidence on -- on those who use payday loans more than once, no. How many times they use payday loans, there's no such evidence.

Can the CPLA, going to Question E, identify any study of the repeat loan issue it has undertaken in Canada since 2013? No. And given the importance of that issue and the risk of harm, we think this says something powerful to you about how evidence is treated and about the need for processes like this which provide the opportunity to share more complete surveys of the marketplace and of consumers.

Just before leaving the consumer dynamic, one (1) author who's prom -- prominently cited by Dr. Buckland is B-A-R-A-D-A-R-A-N. I'm going to say Baradaran, not very well. An important contribution to the literature who takes issue with payday lenders not checking the creditworthiness of borrowers and not distinguishing between ilsolvant -- insolvent and illiquid people.

Our clients just want to point -- our clients think that that is a little too simplistic, not nuanced enough, that -- that approach. Because in our client's perspective, it's not just about the illiquid and the insolvment -- solvent, but it's also about the illiquid trying to emerge from insolvence.

And you think of that individual, focus group participant 5 at slide 71, seven (7) years paying -- paying her payday loans regularly, not affecting her credit rating. And so there is an issue of access as well for -- for persons like her.

Our clients do want to note that in terms of access, certainly their knowledge is that Money Mart provides relatively accessible access to the marketplace to consumers. They also have a very low bad debt rate. So increased accessibility does not necessarily lead to relatively high bad debt rates.

Madam Chair, I'm moving to the industry dynamics. I wonder -- I'm totally at the Board's direction. I wouldn't mind at least getting some water for myself, but I'm -- I don't know if you'd like me to take a -- a five (5) -- a five (5) minute break, or how would -- how would you like me to proceed?

THE PANEL CHAIRPERSON: I'll just -- I'll just pass -- check with the panel, because it is getting close to lunchtime.

(BRIEF PAUSE)

THE PANEL CHAIRPERSON: Well, we're just checking. How long would the industry piece be, because we could break for lunch for half an hour and then -- would that be...

MR. BYRON WILLIAMS: I think that would probably be well. The industry piece is going to be probably twenty (20) minutes, at least, so. I have to talk about Dr. Robinson a bit and any conversation about him is not that short, so.

THE PANEL CHAIRPERSON: Okay. Thank you. Then I think we'll take a half hour. Is that -- a half hour for a lunch break. Thank you.

--- Upon recessing at 11:45 a.m.

--- Upon resuming at 12:24 p.m.

THE PANEL CHAIRPERSON: Welcome back. I hope you enjoyed your lunch. I'm going to turn the mic over to Mr. Byron Williams, for the Coalition, to continue with his final -- or closing evi -- sorry, submission. Thank you.

MR. BYRON WILLIAMS: Yes. And -- and thank you, Madam Chair and members of the panel. I'll just note that court reporter reminds me that on Friday we presented a response to an undertaking about Policis, and apparently I was so excited to present it to you that I forgot to have it marked as an exhibit. So that should have been marked as Exhibit 40.

--- EXHIBIT NO. CAC-40: Response to Undertaking 1

MR. BYRON WILLIAMS: I believe the -- the Board secretary has marked it as such, but I don't think it was reflected on the record, so I apologize for that.

And then this PowerPoint which was hal -- handed this morning, as I indicated, should be Coalition 41.

--- EXHIBIT NO. CAC-41: A Regulatory Success Story: Protection, Access, and Sustainability; closing submission on behalf of the Consumer

Coalition

MR. BYRON WILLIAMS: And urging you note to read it yet, we've also handed out our list of our recommendations which Ms. Dilay will go through. You can read it if you want, it's a free country. But we would mark that as Coalition 42.

--- EXHIBIT NO. CAC-42: Payday Loan Review, Consumer Coalition recommendations, April 18, 2016

MR. BYRON WILLIAMS: We -- we left off on industry dynamics. And just on pages 75, 76, and 77 I just go through some of the issues we're going to talk about. So I'll -- it was more to -- to orientate myself. So we could actually moved to 70 -- 78, if we might.

I've labelled this slide because we're talking about Dr. Robinson, "Insightful flamboyance." There might other terms other might choose to use to describe him; that's the one I -- I had, and I think it's important. He is a colourful personality and sometimes inadvertently his words give offence. And -

- and sometimes that might even distract from his penetrating insight. So I just want to acknowledge that.

Our client is very proud to have brought Dr. Robinson. We think he's been of incredible assistance to these deliberations in '07/'08, 2013, and again this year. He brings a high level penetrating insight. But I do acknowledge that from time to time his choice of words does cause discomfort, which may distract from the quality of his work.

And I want to highlight the quality of his work because in our client's view the strength of the Manitoba model comes from decisions this Board made in '07/'08, and in 2013. But much of the insight this Board received did come from Dr. -- Dr. Robinson, and -- and his insight into the financial activities in the marketplace, into price, into the reality.

And he gave the Board his cold, hard opinion in '07/'08, and again in 2013 by moving to an efficient model. There was going to be consolidation in the industry that would increase volume for the efficient producers. It would provide opportunities for the rural providers to take advantage of the economies of scope.

But there would be challenges in terms of some of the industry storefront operations but the tradeoff was significantly enhanced consumer protection, and a maintenance of strong access to the marketplace. That was Dr. Robinson's insight. We believe it has served the Board well in the -- the past, and we believe it -- it will continue to serve you well in the future.

Going to the second bullet, Dr. Robinson talks a lot about scale, scope, and market dominance. His evidence, in our client's view, is strongly supported by admissions by the industry. His insights are corroborated by industry ad -- admissions. And his insights and advice are strongly corroborated by a practical living example in the American marketplace.

There is ample evidence, and we'll come to it, in the American marketplace at a sustainable industry at that range, between fifteen dollars ($15) per hundred and seventeen dollars ($17) per hundred. We believe his analysis has strong support from the operating marg -- margins of Dollar Financial Group.

And we also believe that it's buttress because when he goes at the expenses of Money Mart, he's bringing real live American examples such as Cash

Advance. And finally, recognizing that it was a presentation and not evidence but Dr. Robinson's assumptions for his model in terms of volume and operating cost, in our client's view, were strongly supported by the presentation of Cash Money.

Another hallmark of Dr. Robinson's work is his transparency and accountability. He shared his model to the Board, and to the CPLA, and to C11 well in advance of his testimony. He expressly articulated his assumptions.

And if the Board gets a chance, Dr. Robinson in his pre-filed written evidence goes through fairly carefully some of the conservatism in his assessments. Issues where he gave the nod to evidence that might be more favourable to the industry. I don't have time and it would be too burdensome to take you through that, but I urge you to go back to that section and -- and see that conservatism.

One of the most helpful activities Dr. Robinson took was to -- in his evidence he stress tested multiple scenarios. Now, one of the challenges in this -- this isn't like Manitoba Public Insurance where we have many -- hundreds or perhaps thousands of observations. We can do really cool Monte Carlo simulations, and Dr. Simpson and I can get very excited about that.

We don't have that type of data point here so what Dr. Robinson did, and we think it speaks well to his evidence, is he stress tested his scenarios. And those stress tests told us a few things. One is that cost of capital is not that critical of a variable in the sense that a range between cost of capital assumptions is not likely to make that much of a difference in the overall cost.

What are the big ticket items? Volume, and the relationship between operating costs and volume, and bad debt. Those are the big three (3). And his multiple scenarios, we think, showed some robustness in his scenarios. It allows the Board, by sharing his model, to put in your own assumptions.

I noted the observation of Mr. Keyes from CPLA about suggesting that there were numerous corrections to Dr. Robinson's evidence. I just bring you back to his dialogue in terms of rabbit and horse stew.

In terms of corrections, I believe one related to the Manitoba tax rate, and he, in Undertaking 38 or 39 (sic), responded to that. Another correction I believe brought to his attention by Board counsel actually overstated the costs of the industry.

The CPLA does not detail these corrections. There ain't no horses amongst them. There might be a little -- couple of rabbits skittering around. Some go in the favour of the industry, some go in the favour Dr. Robin -- Robinson's observation.

And his openness to acknowledge those corrections I think is very important. In our clients' view, his essential elements of his analysis are unchallenged. Here's Dr. Robinson on scale and scope:

> "The key challenge for a small business is the volume to cover its fixed costs. Economies of scale, most costs are fixed, but costs rise much more slowly than loan volume, especially in a consolidating market like Winnipeg."

That's his...

> "Large chains can generate more volume with advertising and share some costs like infotech."

So that's his economies of scale which

are an opportunity for urban providers.

Then we go to economy of scope:

"Add more products: gold, pawn shop, tax preparation."

And very important for small products (sic). But I want to go back to economies of scope again in terms of the urban setting for a moment.

CPLA and Mr. Keyes on behalf of the CPLA chose their words very carefully this morning. They said that Cash Money and Money Mart enjoy the same economies of scale. Well, we may or may not agree on that.

He never commented on economies of scope, and we think that failure to comment is telling. One (1) of Money Mart's huge advantages in this marketplace is economies of scope, the cheque cashing business which is declining, but Money Mart has been very agile in expanding its lines of business.

So we think the absence of that analysis in terms of scope was quite -- quite interesting. So that's Robinson. If we can go back one (1) slide, that's Robinson on economies of scale.

Now, if we go to the next slide, being slide 82, what about these wise words:

"Profitability is driven by volume.
Large chains have brand recognition
and can maximize efficiency of staff
between multiple locations."

That's not Dr. Robinson. That's C11 really endorsing his analysis of the economies of scale and making a very important point. And we comment them on their candour.

Slide 83, here's Robinson confirmed by the industry in terms of economies of scope. Going back to the Dauphin payday lender, having to reconsider its pay -- business model to seek advantage of economies of scope through furniture and appliances, scrap gold purchases, jewellery sales, along with its cheque-cashing and payday loans service.

And it's hard to tell what C11 is doing, but they -- we do note from the response to C11 1-8 AMB responding to the PUB that they speak of many assets, investments, and other interests, and that their office in terms of the payday loan operation is just one (1) asset of many. So there may be economies of scope there that we haven't had an opportunity to examine.

Robinson's conclusions are that repeat

loans drive the business. Most loans are to repeat borrowers, and lenders depend on the business. And if we go to slide 85, we'll see support for that from Ernst & Young. Clearly, going to the second bullet:

"The long-run survival of payday loan operator will depend on achieving a steady repeat customer business."

Economies of scale, economies of scope, repeat business observations, Robinson endorsed implicitly by industry analysis. Dr. Robinson observed that Money Mart dominated the marketplace. He perhaps did not use that language. He talked about the industry concentrated and consolidating.

And if we turn to the next slide we see his insight endorsed by Dollar Financial Group. Our network of retail locations in Canada are the largest of their kind by revenue. And Mr. Keyes, on behalf of the CPLA, the first day of the hearing, described one (1) of his members is, in fact, the dominant operator here in Manitoba.

And stay here, if we might, for a second. That's not just the number of stores. This business is driven by volume. And it is reasonable to assume that the volume pouring through the Money Mop -

- Mart operations in downtown Winnipeg is -- is significantly higher than otherwise.

So when we think of Money Mart owning half the stores in Manitoba, I -- it is fair to conclude, and reasonable to conclude that they own way more of the share of the volume. And again, we've gone through this slide again, but the operating margins across Dollar Financial Group's lines of business, again, confirm and reflect its dominant market position.

We've talked about this before, but Dr. Robinson's observation that there are -- is not meaningful price competition and that the rates rise to the regulated rate gives us a salutary warning from the Ontario experience and -- experience otherwise. And it's also confirmed, as you can see at the bottom of the page by the Pew Trust, made those same observations in Manitoba -- excuse me, with -- with regard to the American experience.

What does the American experience tell us? This is the untest -- unchallenged evidence of Dr. Robinson. He did it originally in his evidence in Appendix 3, but he provided an update in Coalition 37, a common rate cap is fifteen dollars ($15) per hundred.

Some are lower. You'll see Michigan is -- is amongst the lowest. Some are around the Manitoba rate, and some with no limits. And just to stay on this for a minute, if you think back to Policis and our client clearly takes issue with some of Policis, but in the American context, who is the great ideal for Policis? California at seventeen twenty-five (17.25) per hundred.

There's -- Dr. Robinson's advice historically about price caps we think has been well supported by the experience in Manitoba and the experience and record in other jurisdictions. And Dr. Robinson goes through a very interesting analysis in his evidence, and again, I believe it's Appendix 3.

He looks at the numbers of stores per capita for jurisdictions at seventeen (17) per hundred, fifteen (15) per hundred, et cetera, and derives a lot of support for his conclusion that a range -- a rate in that range between seven (7) -- excuse me, fifteen (15) and seventeen (17) is just and reasonable.

And just to distinguish, there are many ways that we can distinguish the American and Canadian experience. But two (2) examples given here by Dr. Robinson, one (1) is that there's not as much corporate concentration in the states than in Canada and so that the volume churning through the Money Mart stores we could expect to be higher than we might see in the United States, and also that the loan volume in the US is lower than in Canada on average.

And that's where that industry is sustainable in that fifteen (15) to seventeen dollar ($17) range. So there's good evidence from the United States and -- and with -- with respect, on these points Dr. Robinson was not touched in cross-examination.

So in talking about his considerations in -- in looking at the cost model and -- and the -- the rate model, Dr. Robinson spoke in terms of the -- both from an economics justification as well as an ethical one. Remember, he sais this was a business story. It wasn't a story about predatory owls.

He did observe that there is a disadvantaged borrower population and empirical evidence showing no price competition. That is a clear invitation for a rate cap and a rate cap that tends to be more restrictive rather than less restrictive, recognizing that the market that rates prices flow towards the cap.

The economic justification, and it's a

justification that underlines all rate regulation, is if the market is not fair, if the industry is not competitive, regulate so that the industry does not earn more than a fair rate on what it invests. And he's got good PUB precedent to rely upon both from orders in the '08 as well as in 2013.

So Dr. Robinson's analysis focusses on opportunities for efficiency and scale, scope and risk management. He highlights what are the three (3) big ticket items as well as one (1) that is quite interesting, and I find very interesting, but tends to be less important in effecting the ultimate cost, which is the cost of capital.

It doesn't mean that industry is not entitled to a fair return, it just means that, in terms of what triggers an appropriate rate, its volume, operating costs, and bad debt.

And you heard Dr. Robinson speaking in terms of the -- the Cash Money presentation and how the volumes that he backed out of that presentation seem to be quite supportive of his own. There was an attempt to challenge him in cross-examination, although I note it wasn't referred to in the closing arguments of CPLA.

Because what Dr. Robinson did, he

looked at the average volume per store of Money Mart in 2013 as his base volume, and then he trued it up to -- to recognize the consolidation in the marketplace, the disappearance of Cash Store.

And in cross-examination, the CPLA said to him: Well, Cash Store gave up there licence in 2012. Why would you take their numbers from 2013?

But the reality that we all know was that Cash Store kept operating in Manitoba. And there is the observations from the Board's own order confirming that. And I note that it is telling that the CPLA did not go back to that point in their closing submissions.

Operating costs. Again, Cash Money's operating costs came in uncannily close to the estimate of Dr. Robinson. He did start with the value of twelve dollars ($12) roughly from Money Mart. And then he explains two (2) key factors why he backed down from twelve dollars ($12) to eleven dollars ($11).

One (1) was, again, remember that this is an industry with high fixed costs, with the influx of volume from Cash Store stores, that should bring the operating costs per hundred dollars ($100) down. And -- and, as you can see, he is -- the second bullet describes that Money Mart volumes, he is suggesting, are lower than they are now. And that leads to spreading the costs over a much larger base and lowering the overall costs, and that's an important observation.

And, secondly, that he took issue with the -- the Dollar Financial Group's categorization of other costs. And I won't go into detail. I think it's captured really well in his evidence at page 21. But he used a very useful comparable.

He went to Cash America and looked what their operating costs were as a percentage of revenue, their other operating costs were, and he note they were 6.1 percent. And then he looked to that big, opaque cloud in the Dollar Financial Group's 10-K filing of other expenditures, and found it at 29.5 percent, giving validation to his conclusion that that number was excessive.

And to be clear, he didn't eliminate those other costs. He made a judgmental call to split the difference and go down from twelve (12) to eleven (11). And again, that number was largely validated by the presentation of Cash Money.

(BRIEF PAUSE)

MR. BYRON WILLIAMS: Mr. Keyes and the CPLA have been quite right to note that the licensing fee in Manitoba is higher. There's no denying that. They never flagged the admission from the CPLA or from Deloitte that certain operating costs such as rent and labour may be lower in Manitoba, which is one (1) factor, although not the most important, that raises some issues with the Deloitte estimate of operating costs in excess of twelve dollars ($12) based on Alberta data. And again, we see the Cash Money estimates coming in quite close to Dr. Robinson's.

Bad debt is an important issue, and we've seen the -- the strikingly high figure in the Deloitte/Alberta figures in excess of 6 percent for bad debt. And I note again that Deloitte/Alberta was not cited once in CPLA's submissions this morning.

But what do our friends at C11 say -- say about bad debt cost since regulation? That they have not changed significantly, and we think that's an important observation from a -- a party that doesn't have any horses in -- in the race in that particular question.

So that Deloitte/Alberta bad debt fee of -- estimate in excess of 6 percent, our clients think is clearly out of sync. We see Money Mart's loan loss provision at 2.2 percent. And even Cash Store, just before it and its -- I'll reserve any comment here in Cash Store -- even before Cash Store closed its doors, you see its loan loss provisions 4 percent, 3 percent.

Higher than Money Mart's, but substantially lower than the loan loss provisions alleged in Deloitte 2015, casting substantial doubt on the credibility of that information.

I want to stay on bad debt for just one (1) second.

(BRIEF PAUSE)

MR. BYRON WILLIAMS: Dr. Robinson has, in terms of his model and his determination of an appropriate estimate of bad debt expense, has relied heavily on the Money Mart experience. And I -- excuse me -- I think that's important. I think that's reflective of what an efficient player in the industry is -- is capable of achieving, and that's certainly why the client is prepared to pay significant reliance upon that information.

(BRIEF PAUSE)

MR. BYRON WILLIAMS: I want to talk just for a minute about the Deloitte information. I probably had a longer presentation planned, but just -- CPLA is -- appears not to be citing it heavily, so I'll -- I'll be a little briefer.

But back in '07/'08, there was Manitoba-specific data provided by Deloitte. Now, we argued strongly and persuasively that it was skewed and had a sampling bias in that it did not contain Cash Money or Money Mart.

But look at that figure that they were estimating back in '07/'08, around twenty-six (26), twenty-seven dollars ($27). Clearly Manitoba experience casts a substantial shadow of credibility on that information.

The 2015 report, Deloitte tells us they spent ninety-five (95) hours, that the bad debt we think is clearly way off. And the Public Utilities Board did ask Deloitte for supporting calculations, and that analysis was denied. And that there all -- also was issues in terms of the sample itself.

From our client's perspective, there's not much weight, if any, that can be pointed -- put to the Deloitte material. Clearly, the -- the bad debt estimate raises a big red flag. And the -- the failure to present itself or its material for further testing is also of concern.

MR. REGIS GOSSELIN: Mr. Williams, that second bullet under Deloitte/Alberta, I'm not sure I get that one.

MR. BYRON WILLIAMS: Sorry. My simple point with that is rememb -- just going back to the gold standard point that if you're pre -- presenting written evidence in a hearing, the general practice would be to present yourself. And -- and that is, I think, in terms of weighing that material, that is an important factor for the Board to consider. I'm sorry that it was less -- not well expressed.

(BRIEF PAUSE)

MR. BYRON WILLIAMS: So here you have Dr. Robinson and Mr. Keyes caught part of his quote today. I think this is the -- an appropriate characterization of page 476 of the -- the evidence. Going to the high end, Dr. Robinson, at the fourth bullet, is saying that a rate higher than seventeen (17) is clearly excessive.

Going to the first bullet, he thinks a 15 percent rate is the right one, looking at an efficient lender and the American data, but recognizing that Cash Money information, which of course was untested, he can see the argument for somewhere between fifteen (15) and seventeen (17).

Now, just from our -- our client's perspective, again, our client's inclination is towards the lower end of that range in the range of 15 percent. They think that's reflective of what efficient American lenders in a marketplace with lower volume, lower corporation concentra -- tra -- tration can achieve, what dominant lenders like Money Mart can achieve, what lenders in rural Manitoba who achieve efficiencies of scale and scope can achieve.

In terms of Cash Money, that's an -- an interesting question. Our client did not get to challenge the 12 percent overhead going to the head office. And we would simply note with -- in terms of Cash Money, that that debt range, that bad debt range in excess of 4 percent raises some concerns.

And so our client acknowledges that Dr. Robinson articulated what we think is a fair opinion, that somewhere between fifteen (15) and seventeen (17) is the right result. His judgment was closer towards fifteen (15), was the better result, and our client concurs very strongly with that.

Our client found the insight from a couple of the smaller firms really interesting. And Money -- Money Tree and C11, we just want to observe that their biggest concerns, and at least that's our observation, they may interpret them differently, you can go back to their presentations and their evidence as well.

From our client's perspective, their biggest concern wasn't the cap. It was the amount -- percentage of income available for loaning and the seven (7) day waiting period, and the cooling off period. And we -- that seemed to us consistent with C11.

So we found that really interesting from the perspective of -- of smaller lenders and offering some insight. And going to page 102, it was Ms. Davis, I believe, for Money Tree. Not necessarily agreeing with the fairness of the 17 percent, but again, that did not seem to be her primary concern.

And then making a really good point at page 149 of the transcript, talking about how the regulations and changes to the regulation are so hard to understand, and I would say not just from a layman's perspective, or a laywoman's perspective, but from certainly someone who's tried to wade through them myself.

And I think that's a very important insight from an industry insider who is struggling to make sense of this. And it -- and if -- if Money Tree is struggling with the language, our clients and the consumers that they represent, some of them will get the language great, but others will struggle, and we think that's an important insight from the industry, which goes to a recommendation in which I think we enrich upon some of the CPLA advice in terms of the language.

And it speaks to the need for plain language. And it speaks to the need to provide assistance to the good people at the CPO in terms of consumer-friendly pain lang -- plain language writing.

(BRIEF PAUSE)

MR. BYRON WILLIAMS: Our clients just want to go back to this point. We hope these -- some truths are self-evident and that this is one (1), that this is a -- a challenge marketplace with participants of payday loan borrowers disproportionately experiencing lower wealth, having fewer mainstream choices, and as Ms. St. Aubin eloquently pointed out, in certain cases, insufficient income to meet their basic needs. Consumers and apparently industry insiders having challenges, in -- in a certain degree, with the language and consumers certainly challenge and understand the product and how to compare different products in the marketplace, the stresses, especially those associated with financial stress, yielding, in some cases, bounded rationality.

The absence of real competition highlighted by the fact that rates follow the regulation and the reality that the industry is dominated by few players. And in Manitoba, frankly, it's dominated by one (1) with economies of scale and, in the case of Money Mart, scope.

(BRIEF PAUSE)

MR. BYRON WILLIAMS: Our client notes with interest a lot of dialogue in terms of online payday lending. And just to remind you that it was CAC that did important work for the office of the pri -- privacy commissioner on internet playday lending. And Dr. Buckland was actually the methodologist who assisted the Consumer Council.

Our clients and our experts have been

highly engaged in trying to get a feel for what is going on in this online marketplace. And we sympathize with the observations of the CPLA in terms of the dearth of Canadian data.

In terms of online payday lending, we do note that it clearly has -- is -- is, like many other online services, growing, and in the US, that the storefront operations have been in decline since 2007.

In terms of who's taking advantage of these opportunities in the marketplace, we think the strong evidence on this record is that it's -- those persons on the online market are disproportionately younger and more affluent.

And the CPLA made reference to the -- Denise Barrett Consulting and their work in terms of for the Consumer Council of Canada. And you can see this interview with an industry representative who was interviewed by Denise Barrett Consulting about the online trending younger and slightly higher in -- income and suggesting that it was a service-focused marketplace.

And Dr. Buckland, he's not saying that there's -- that it's not happening, that vulnerable people are more likely to use the internet. He has just seen no evidence of that. And that I think is an important cautionary note. That doesn't mean that we shouldn't be alive to it. Our clients have been alive to it and are continuing to research this area.

But it is very important not -- in our client's submission, to yield to calls to raise rates if those are coming or not to lower rates out of -- out of fear of -- of the interlet market -- internet market.

Our client flags and shares concerns in terms of risks associated with online lending, asymmetry of information, lead generators, people out there, not to provide the service, but charging a fee to provide referrals less likely to follow the regulations, and quite troubling consumer practices certainly found in the American data.

Just to back up for one (1) second. The CPLA this morning seemed to take issue with the currency of the Pew data. And you can go to our PowerPoint here. And we -- we refer you to the twe -- 2014 methodological survey of Pew, and it explains what it does.

But just in terms of time frame, Clarity, the primary service relied upon by the Policis, is using 2012 data. The CPLA is using --

sorry, Pew -- Pew is using work from this -- that exact same time period. So I think the currency -- the -- you know, how current the information is, is a bit of a red herring.

That doesn't mean that there might have been develop -- might not have been developments in the marketplace. But in terms of the data that's been presented to you, whether by the very robust methodological work of Pew or the work of Policis, it's from about the same time period.

CPLA is -- is trying to tell you, in our clients' submission, that if you -- a regulator that is -- is too progressive in terms of protecting consumers through main -- online -- or storefront lending caps is -- there's a risk that it will drive people to the internet.

This is an important discussion. We think it is not supported by the evidence, and it's certainly not supported by the evidence of Pew. And we believe strongly that, however challenged the Policis information is, it actually in slide 21 supports our contention.

Generally, we can look at three (3) types of regulatory regimes: permissive, hybrid -- Manitoba and most Canadian provinces would fit into that -- and restrictive. Quebec would fit into that, as would jurisdictions like North Carolina, Oregon.

What we knew -- know about the impacts of regulation -- I've talked about this ad nauseam -- prices move to the cap. That's just one (1) thing to -- to keep in mind.

This is important, and this is from Dr. Buckland who is a careful observer. In terms of outcomes for consumers, he observes that there's limits on the -- limits on the amounts borrowed, that these limitations have limited effect.

And so without more, they're not that effective in protecting consumers I think is -- is Dr. Buckland's observations. Doesn't mean -- that doesn't mean that it -- they're not important.

I think Dr. Buckland believes that they are, but in terms of helping to prevent the debt cycle, Dr. Buckland is -- is cautious in overstating their value. That's the simple point I'm just trying to -- to make here.

What do we know about rate caps and internet use?

MR. REGIS GOSSELIN: Mr. Williams, I -- I guess I -- I'm having trouble with that one. Could you -- could you perhaps -- I wonder how difficult it would be for Diana to pull up that slide so we can take a look at it.

(BRIEF PAUSE)

MR. BYRON WILLIAMS: This is Dr. Buckland's slide, slide 31. And is it the middle bullet you're directing my attention to? Mr. Chair, is that --

MR. REGIS GOSSELIN: No, it doesn't answer my question. I'll have to go back to the -- through the transcript to get perhaps a little bit more information.

MR. BYRON WILLIAMS: Could -- can I -- Mr. Chair, I don't know if this would help you or not, but if you wanted, like we could either at the break or I could by written -- if -- if it's that middle bullet that is -- is causing you concern, I can -- I can try and do my best right now.

But I think if -- going back into Dr. Buckland's work, we could provide you something in -- in fairly short order that might assist with that. I'm at your beck and call. I just --

MR. REGIS GOSSELIN: That would be useful. I think the last bullet is fine. The last two (2) bullets are fine. It's the middle one that's causing me brief. I'm not sure --

MR. BYRON WILLIAMS: Okay.

MR. REGIS GOSSELIN: -- I understand what it's saying.

MR. BYRON WILLIAMS: Yeah. And so just -- we'll -- I'll -- we'll try and do this two (2) ways, Mr. -- Mr. Chair and Chairperson of the panel. As I understand it, the issue is you're having challenges in understanding the reasoning behind bullet 2 on this page in terms of the caution Dr. Buckland expresses with limits.

And what I'm suggesting is that, if there is a chance for a -- a break over coffee, I'll see if we can pull something from Dr. Buckland's evidence. And if I'm not confident that I can give you a robust answer, we would undertake to provide you with a -- a quick written response by tomorrow.

Is -- would that be satisfactory?

MR. REGIS GOSSELIN: That would be useful, but, you know, this is suggesting that, for some -- this seems to be suggesting that the -- that the limits that are there now are not binding. And we have heard absolutely no evidence that they -- people are not following the limits. And so I -- I'm a bit confused --

MR. BYRON WILLIAMS: Okay.

MR. REGIS GOSSELIN: -- by that statement.

MR. BYRON WILLIAMS: Okay. And I'll do my best to try and answer this. But again, I'd like to go back to his evidence because that's not something I focused on as much as perhaps I should have.

While there's no doubt that the stores in Manitoba are respecting the limits -- I don't think we've seen any evidence of that, but it may be that he's referring to the fact that they can -- even if you res -- have a limit at one (1) store with one (1) particular retailer, if you're on Henderson Highway on the two hundred (200) block, you get your 30 percent from -- from Money Mart, you can walk a half a block north to Cash Money and a get another loan. That's how I interpret that.

But what I'd like to -- because I -- I think it's a really useful question, and -- and our client has had some really robust discussions with Dr. Buckland on that very point, so I think it's deserving of a bit more information, if that is satisfactory?

MR. REGIS GOSSELIN: I think that

would be useful, as well.

MR. BYRON WILLIAMS: Okay. And so what I'm going to do is I'm going to do an undertaking to provide a -- a more thorough response to slide 31 of Dr. Buckland's PowerPoint, which I believe is Exhibit 32 in terms of the second bone -- bullet in terms of limits on amounts borrowed, and -- unless I can find a magic answer over -- over the coffee break.

--- UNDERTAKING NO. 4: The Coalition to provide a more thorough response to slide 31 of Dr. Buckland's PowerPoint, in terms of limits on amounts borrowed

MR. BYRON WILLIAMS: That was a joke anyways. This is the evidence from Pew, and what it was considering here was the impacts of regulation on internet use.

And in the -- in the first column, you see that -- that it's addressing the national average, permissive states, hybrid states, and restrictive states. And then it's looking at the percentage of payday loan borrower -- or -- of the population who take out payday loans in those areas, how many borrow from storefront only, how many borrow from online, or other.

So you see at the national level, Pew estimates that in the range of 4 percent borrow with 1.8 percent of that -- of the population borrowing from online. In permissive states, the kind of the Mississippis of the world, borrowing from storefront only is higher at 5.2 percent, and if you think of Mississippi with thirty-four (34) stores per hundred, that makes some sense. Borrowing from online or other is 1.37 percent.

In hybrid states, interestingly, Pew classifies California as hybrid while Policis calls it permissive, but hybrid states borrowing from storefronts only is above the national average but lower than in permissive states, and borrowing from online or other is also lower.

In restrictive states, you see the conclusion from Pew that the borrowing from the storefronts is much lower, perhaps taking Mr. -- going across the border or otherwise, and -- but that borrowing from online or other is somewhat higher than the national average.

And from Exhibit 40 of Dr. Buckland, Dr. Robinson, and Dr. Simpson, based on the Pew Trust analysis and focussing on hybrid and permissive states, there is little difference in the percentage of adults reporting online payday loan usage in the past five (5) years between hybrid states and permissive states. So that's their conclusion, and -- and that's useful information.

Before we come to Policis, there was some submission in the initial CPLA presentation that the relative dearth of regulated online lenders in Manitoba was -- at least we interpret it to suggest that it's primarily because of the price cap. And we simply point you to the Coalition/ CPLA-1-14 to suggest that when you look at the percentage of online -- or the presence of online and -- and unregulated lenders, there are other factors in play apart from price.

And so you'll see in the response to Coalition/CPLA-1-14, we had asked the consumer -- CPLA to confirm that in Nova Scotia, there were three (3) licensed online payday lenders and eight (8) unlicensed online payday lend -- lenders, and the CPLA confirmed that. And we note that the maximum rate in Nova Scotia is twenty-two dollars ($22) per hundred.

We also asked them to confirm that in PEI, there were zero licensed online payday lenders and nine (9) unlicensed, and noting that the maximum was twenty-five (25) per hundred.

So again, this isn't to say that this is the -- that there's no price issue in terms of the presence of regulated or unreg -- regulated. It's just to say that care should be taken in terms of the CPLA submissions. And we make this same point on slide 113.

Also in the original submissions of the CPLA was some sort of suggestion -- or a quote from the Consumer Council suggested that consumers in Can -- Manitoba were not more safe.

So the PUB quite properly asked the CPLA, Are you saying that consumers are somehow less safe? And here's the CPLA response -- oh, go back, please:

"It doesn't necessarily follow that regulation of cause conditions which are less safe."

And we think that, upon reflection, that is a -- a good response by the CPLA.

Dr. Buckland makes this point:

"There's limited data about pay -- online lenders. There are higher risks clearly associated with that.

However, this should not be used as
a rationale to not regulate physical
payday lenders."

And we would add "or to loosen the price cap." Both sectors, in his view, must be effectively regulated, although clearly, one (1) of those is -- is going to be very challenging.

Our client believes strongly that Undertaking 40 (sic) highlights a number of the concerns with Policis. But I do want to spend a little time with that information, noting the caveat that we did not have a chance to discover that -- that presentation or to cross-examine.

But our concerns are five (5) with Policis, that it ignores the UK experience. And the UK experience, we would submit, is inconsistent with -- with Policis's analysis that somehow more progressive regulation throws people to the internet, because there was a rapid development of internet payday lending in the UK despite minimally restrictive policies.

The second bullet on this page -- and we'll come to this in more detail in a second, but probably the most current internet data we have on the record is actually from Dollar Financial Group, from its 10-K filing.

And we'll come to that in a second, but it shows a very different experience from a lender that has a presence in the United Kingdom and Europe, Canada, and the United States. And we think it's significant and surprising that Policis ignored this very important insight right in its own backyard.

Policis, as Dr. Buckland politely pointed out, doesn't identify the data challenges or limitations in its source data. Clarity does. Clarity, to its credit, did in -- does in its blogs, but Policy doesn't -- Policis doesn't, and we think that is important.

A fundamental concern with Policis is that our client is unable to verify, replicate, or test the significance of their assertions given the lack of explanation of their methodology, the absence of data, the absence of calculations, and the absence of statistical tests of significance.

And finally, and Dr. Buckland warned you of this, great care must be read -- taken in reading the headlines on the Policis PowerPoint.

And the one that caught my client's eye in particular is slides 26 and 27 where there's one (1) headline purporting to compare permissive and restrictive states, but it's actually conflating the data between banned and restricted states.

So great care, in our client's view, should be taken with that Polis (sic) PowerPoint. Doesn't mean that there's not important work there, but that PowerPoint, in our client's view, is inherently unreliable as presented.

I talked to you previously about the Pew research that made the point that, from their perspective, there wasn't evidence to indicate that internet online usage was higher in hybrid states.

Here's the slide 21 from Policis, our interpretation of it, which I note the CPLA did not take issue with this morning. So what slide 21 does -- disregard the headline. Focus on the information presented. And what it does is compare in permissive states their share of the national sub 701 FICO population with their share of online payday loan volume. And it does that for restrictive states, and banned states, as well.

So the notorious slide 21 is notorious only for its headline, not for what's in it. Permissive states, as defined by Policis, account for roughly 35 percent of sub 701 FICO, so relatively disadvantaged borrowers.

So if there was a proportionate use of online usage, you would suspect 35 percent, but they account for over 50 percent of online payday lending volume. Restrictive states, as defined by Policis, account for roughly 29 percent of that disadvantaged population sub 701 FICO but less than 25 percent of online payday loan volume. And the banned states, again there's the information.

And when you get to unlicensed online lending what you see is that permissive states, hybrid states, and banned states each have about roughly 20 percent of that share of unlicensed -- of the total online payday loan value volume that is unlicensed.

And Dr. Simpson simply says -- observes that the percentage is -- that's unlicensed is roughly the same across these three (3) types of jurisdictions and that there appears to be no correlation.

That's slide 21. And that's why Dr. Buckland told you both on the Thursday and the Friday, if you'll ignore the headline, that information is very consistent with the Pew observation.

I've talked about the omission of -- of the Pew information and -- and simply -- or excuse me, the UK information and the fact that the great majority of lending in the UK was online, on the internet before regulation became to take effect in the UK in 2015.

And here's the Dollar Financial group that's so interesting. This is its lending revenue by region in 2013. And you can see the -- the total revenue for the UK and Europe, and then total revenue minus the internet. So you see a very significant online lending presence for Dollar Financial Group in the UK and Europe on line 3, almost 280 -- well, roughly 288 million.

Then you see the relatively modest online internet loans reported in the onli -- or the DF -- DFG data in 2013 for Canada and the United States and, also, internet loans as a percentage of total loans, 63 percent in the UK and Europe, 5 percent in Canada, and 10 percent in the United States.

It doesn't mean that there's not an issue with internet lending, but this, to our knowledge, is the most recent data on the record. It's -- it's data that wasn't even referred to by -- by Policis. And by, "on the record," I mean on the record of this proceeding.

We've already talked a little bit about Clarity di -- data li -- limitations. Here is the CEO of Clarity talking about being unable to analyze any sampling bias.

Slide 123 you see the Consumer Financial Protection Bureau. That headline should say CFPB, taking issue with the quality of information that Clar -- in -- in Clarity's possession and a failure to promptly delete inaccurate, incomplete, or unverifiable information.

So these are clear data limitations which may go to -- not to say that the data is not -- is of no value because that's clearly not the case, but which should have been disclosed by Policis and -- and raised some concerns about that information.

I started at the -- at the start I talked about giving voice to consumers. We thought we might finish with a voice from consumers as well. This is from our focus groups, what should be done. This is focus group participant 6:

> "The only thing I'd stress is maybe to get them to lower the interest rates on these payday loans, practical, I mean. It's always the poor people that get the shaft it seems like. We're paying higher interest because we're poor."

And that's advice our client has -- has taken to heart in -- in this proceeding. Mr. Chair -- Madam Chair, excuse me, and -- and members of the panel, I did say and recommend that in this hearing in particular that I -- our advice to the Board is to make some factual findings that will be of use to the new government going forward.

At slides 125 to 135, we present our recommended factual findings. I've gone through many of them as we've gone through the course of our -- our argument. I'm happy, and I would be pleased to go through them again. Alternatively, I can turn it over to My -- My Friend Ms. Dilay to -- to continue with our recommendations.

Does the panel have a preference?

THE PANEL CHAIRPERSON: I'll just check with the panel briefly.

(BRIEF PAUSE)

MR. BYRON WILLIAMS: Perhaps I could just -- oh, sorry, go ahead.

THE PANEL CHAIRPERSON: Just a moment, Mr. --

MR. BYRON WILLIAMS: Oh, sorry, I

apologize.

THE PANEL CHAIRPERSON: They were just checking through to see if there was anything we wanted to comment on rather than maybe go through the whole --

MR. BYRON WILLIAMS: Well, maybe what I'll just do is on the first slide, slide 25, just we're recommending that the third finding be identify the particular vulnerability of repeat borrowers.

At the top of slide 126, this increase reliance on non-payday sources of income is something that our clients feel is particularly important to note.

On slide 127, the -- the middle slide and the absence of meaningful price competition, our client believes it is very important for a -- for the Board to make a factual finding on, but also for any new regulator or government setting the rates to have insight that this is a marketplace that is not working very well.

The dominance of Money Mart in the -- in the payday lending marketplace is -- is well est -- established. On slide 129 the continued heavy concentration in the inner city of Winnipeg is notable, and there's clearly not an access issue there.

Slide 130, this is important from our client's perspective, because they do worry about access in rural areas and they do note a significant presence in a number of jurisdictions, a new entrant in the Thompson market, and that in -- in Brandon there are actually more payday lenders than in the province of PEI based on the evidence of this record.

Slide 131 puts context in terms of the number of stores in Manitoba, noting the range in Canada based upon what we understand. And clearly the market dynamic and the emerging use of internet is something that is important to this regulator today and as the CPLA says, will be of growing interest over time.

Slide 134, I think I will spend a moment on. We think that there is very strong evidence in this record that a sustainable North American industry can exist in that range between fifteen (15) per hundred and seventeen twenty-five (17.25) per hundred.

And we note the seventeen twenty-five (17.25) comes from Policis. We note Dr. Robinson's evidence that eighteen (18) per one hundred (100) is too high. That seventeen (17) per one hundred (100) has delivered significant savings for Manitoba consumers and that seventeen (17) per one hundred (100) is sustainable.

In terms of the fifteen dollars ($15) per hundred where our client leans strongly, they believe it is sustainable for efficient payday lenders employing economies of scale, scope, and appropriate risk management.

They wish to con -- highlight on slide 135 that there is no evidence that Internet payday loan use is higher in hybrid, and they refer to Pew Trust, the -- it says "MM 10-K" that should be Dollar Financial Group 10-K, and Policis. And --

MR. REGIS GOSSELIN: Mr. Williams, you focused on hybrid here because of -- closest to the Canadian -- Manitoba system?

MR. BYRON WILLIAMS: I -- I think that's -- that was Dr. Buckland's conclusion. And I -- that's based upon that there is a cap. It's -- it's not kind of in the Quebec range, or even the Michigan kind of nine (9) or ten (10) cents. It's -- so it's clearly not restrictive, and it's -- but it's -- but there is -- the regulatory regime is -- is more restrictive then you might see in -- in some of the American jurisdictions, Mississippi or -- or others.

Again from our client's perspective, I -- I've talked about slide 135. Slide 136. Our client believes that there is strong evidence that a rate range somewhere between fifteen (15) and seventeen (17) is the best balance between protection, access, and sustainability, and leaning towards the -- the bottom end, being the fifteen (15).

Our client notes the insufficient data regarding payday lending, and -- and Ms. -- Ms. Dilay will have extensive recommendations about this, a need to improve mandatory reporting, a need to give -- give consumers more information regarding Internet payday lending, and also an important concern regarding low-cost universal identification.

Our client is concerned about the fact that consumers are asked in person for their Social Insurance number. Our client is even more concerned that online you can't move through the progression of a payday loan processing on many cites without revealing your Internet -- your Social Insurance number. You can't ask how your information will be protected online in many cases, so our client is particularly concerned online. And My friend, Ms. Dilay, can speak to that more eloquently than I.

(BRIEF PAUSE)

MR. BYRON WILLIAMS: Did --

THE PANEL CHAIRPERSON: I'll turn it over to Ms. Dilay now?

MR. BYRON WILLIAMS: Yes, and I don't know if we made -- did we make it an exhibit? This is Exhibit 42 (sic). Then I'll shut up.

THE PANEL CHAIRPERSON: Thank you, Mr. Williams. That was very informative.

Ms. Dilay...?

MS. KATRINE DILAY: Good afternoon, Madam Chair, and members of the Board. So to compliment Mr. Williams's presentation, I'd like to present the recommendations from our client. So as Mr. Williams made reference to, we -- this is going to be Exhibit 42 (sic) for the Coalition, and thank you, Diana, for pulling it up. And a copy has also been distributed in paper form.

So what I would like to do is kind of walk through the recommendations from the Coalition. There are fifteen (15) recommendations that we are making in total. Some of them I'll have a bit more explanation, some of them will be relatively brief.

So the Coalition's first recommendation

is that the cap on payday loan fees be decreased from seventeen dollars ($17) per hundred dollar loan to fifteen dollars ($15) per hundred dollar loan.

Secondly, the Coalition recommends that the payday loan regulations in Manitoba should require lenders to offer borrowers the option to convert a payday loan into an installment loan on the first due date. So just a bit of commentary on that to provide some context.

So in our client's view, in order for this recommendation to be implemented the Coalition recommends that an examination of best practices regarding installment loans from other jurisdictions should be undertaking to determine the best installment option for Manitoba.

The criteria that should be used in making this determination should include consumer protection, consumer choice, and industry sustainability. There should also be con -- consultation done with the industry, as well as with consumers, to determine the best option.

However, we do -- we have seen in this review a number of examples that relate to this particular recommendation. So, for example, Dr. Robinson noted in his evidence that the installment period could be the borrower's option, and would not exceed six (6) months. Sections 13.1(2) and 13.1(3) of the regulations currently specify that a replacement or extended loan may be charged no more than an additional 5 percent of a principled amount.

Dr. Robinson suggested that the fee for the payday loan due at the first due date would be calculated under the rate cap regulation. And the total to be repaid on the instalment loan would be the principal, plus the original fee, plus 5 percent of the original principal.

It's important to note that since this loan would not be covered under the exemption to payday lending from the Criminal Code, all combined fees would have to be annualized and be limited to 60 percent APR.

Another example of a tight of -- of a type of instalment loan we have seen in this review is the CPLA recommendation in Exhibit 12. So that's the first one, the optional extended payment plan.

So Mr. Keyes has already spoken about this recommendation this morning, so I won't go into detail. But essentially, it's where a borrower takes out three (3) or more successive loans within a sixty (60) -- sixty-two (62) day period.

And for that loan and subsequent loans, the lender has to offer and the borrower has the option to accept repayment terms for that loan spread over at least three (3) payment periods where no payment exceeds 35 percent of the sum of the principal and cost of borrowing.

Another example that we have seen is the -- the current BC regulations on instalment loans which is very similar to the recommendation by the CPLA. But that one does not appear to incorporate the same kind of option for the borrower to choose whether they -- they would like to make it into separate pay periods.

So we can find that in Section 23 of the British Columbia Payday Loans Regulation. And that provides that:

> "Where a lender enters into a third or subsequent payday loan agreement with a borrower in a sixty-two (62) day period, then the lender must provide in the loan agreement that repayment is to be spread over at least three (3) pay periods if paid bi-weekly or semi-monthly, and over two (2) pay periods if paid less

often."

Another example that was referred to by Dr. Robinson is the example of the instalment loan in Washington. So in Washington, borrowers are entitled to an instalment loan at any time prior to default.

Borrowers do not have to pay a fee for the instalment plan, and they have from ninety (90) to a hundred days, depending on the original loan amount, to repay the loan in a -- in a series of instalments.

The third recommendation from the Coalition is that Manitoba should not change the maximum percentage of pay that may be borrowed, which it currently set at -- at 30 percent of the borrower's net pay. And this is from Section 15.2 of the Manitoba Payday Loans Regulation.

It is the Coalition's view on this point that a change which would decrease the proportion of income that borrowers can take out as a payday loan would have little effect on the debt trap problem that we've seen in some of the evidence.

Instead, we would refer you to recommendation number 2, the option to convert to an instalment loan, which is seen as a more effective method to deal with that problem.

Fourth, the Coalition recommends that

data on payday lenders in Manitoba should be improved. As is already being done in other provinces in Canada, in Manitoba all licensed payday lenders should be required to report annually aggregated loan data.

So we have listed the information that we would recommend be reported. This would include the number of loans granted, the average size of loan granted -- granted, sorry, the number of transactions, loan duration, the number of defaults on loans granted, the average size of loans defaulted, the number of borrowers who have been granted more than one (1) loan, the number of repeat loans granted, the total number of borrowers who have been granted repeat loans, the number of borrowers who have been granted repeat loans, one (1), two (2), three (3), et cetera.

So we would recommend that there be no category so that we do know how many borrowers are borrowing exactly which number of loans, and finally, the number of default loans that are to repeat borrowers.

The -- this information -- we have looked at the -- the regulation that is currently in place in Nova Scotia and in British Columbia, as well as in Ontario, to determine which information should be collected in Manitoba. And this information should be collected from payday lenders and should be made publically available on the Consumer Protection office website in aggregate form.

Although the Coalition did have discussions as to whether data relating to payday loan borrowers should be collected, so that would be, for example, average income or the source of income used for payday loans. Concerns were raised regarding that, with regards to the privacy of consumers as well as the extensive pressure that could be put on the industry. So at this -- at this time, the Coalition is not recommending that this information be collected.

So, as mentioned, it's of note that reporting of data by payday lenders is already being done in British Columbia, Nova Scotia, and Ontario. And we saw some detail of this information filed by the CPLA in their Exhibit 13, which is very useful. We've also included some information in this document, Exhibit 42, of the Coalition.

So the Coalition's fifth recommendation is that the licensing fee for payday lenders should be changed so -- to a percentage of total loan value. This percentage should -- should be set so that it would maintain the current volume for the financial literacy fund and also would adjust for inflation so there is no decrease in the amount of the fund, which our client believes is -- is important.

The Coalition would see this as a way to be more fair to lenders of various sizes while maintaining the level of funds collected that go towards financial literacy. On this point as well, the Coalition would recommend that reporting on the financial literacy fund should be more transparent by including details on the application process for grants, research obje -- objectives as well as criteria for a selection of grant recipients.

As a sixth recommendation, the Coalition recommends that disclosure of information by payday lenders to borrowers should be improved. So on this point we have attached at the back of this document the Coalition's recommendations from the 2007/2008 hearing regarding disclosure to borrowers when they take out a payday loan.

So on this point, the Coalition recommends that the requirements for printed materials provided to payday loan borrowers by lenders should be revisited. And we have provided those recommendations from 2007/2008 because we believe that some of those are still very applicable to -- to today and to changes that could be made to disclosure.

The process of reviewing current disclosure to borrowers could include the establishment of a standard form contract, such as the one suggested by he CPLA in their Exhibit 12.

In revisiting these printed materials the Coalition would recommend that there be the use of a plain language consultant to ensure accessibility of those documents, user testing, as well as a stakeholder working group.

In addition and as seen as the -- in the '08 -- '07/'08 recommendations, payday lenders should be required to provider verbal or oral explanation of information to consumers where the consumer may have limited literacy skills.

Further in terms of disclosure of information, Manitoba regulations should be changed to reflect the Ontario regulations where payday lenders preve -- present fees for payday loans next to equivalent fees for credit cards. And we saw an example of this in Exhibit 38 of Coalition.

As the seventh recommendation, the Coalition recommends that payday lenders should not be allowed to pass on the charge for debit or ca -- or cash cards to their consumers. So, in our client's view, the regulations were implemented to limit these types of charges in order to protect consumers from any extra charges being added to their loans.

For number 8, the Coalition recommends that research should be undertaken to inform future payday loan reviews in Manitoba. And there we've got three (3) points specifically to recommend on research.

First, there should be increased research to carefully assess the economic and social consequences of payday loans to individuals and communities. As we have seen in this hearing, particular attention should be assigned to issue such as repeat and internet borrowing.

Secondly, research should focus on the use and potential for new communication technologies to be used by mainstream financial institutions in providing alternative to payday loans.

And third, a review of best practices relating to payday loans in other jurisdictions should be undertaken.

The next recommendation is that -- that there should be ways to engage mainstream financial institutions in the small loan market and more generally, in the area of financial inclusion and these should be identified.

We do note that Dr. Buckland and his team made a number of additional specific recommendations within the Small Loan's Workshop Report, which was filed as tab 9 to the Coalition's pre-filed evidence. The Coalition does intend to use these very important recommendations as well as the findings from that workshop in working with mainstream financial institutions towards the development of alternatives to payday loans.

Number 10, which Mr. Williams spoke to at the end of his presentation is that the Coalition recommends that a low cost or no cost universal identification option be established that we -- that would eliminate the requirement for a social insurance number as identification, which we -- we saw in the evidence in this hearing that some payday lending outlets do ask or require for - that information.

It would be important that this option not require photo identification for access. And the Coalition recommends that consideration should be given to the work of various community organizations who do work in this area and who work directly with consumers, which could include SEED Winnipeg, or Citizens Bridge.

Number 11 is that the Coalition recommends that continued effort be made to investigate and regulate the internet payday loan industry, including the issues of licensing and lead generators.

Number 12 is -- is related to number 11 and the Coalition does wish to make some specific recommendations regarding online lending. These recommendations would be directed toward government as well as the industry.

So there are nine (9) under there and we'll go through them relatively quickly. So the first one would be to inform the public about privacy safeguards and requirements when using an online payday lender.

Informing the public about their online privacy rights. This would include the kind of information that they do not have to provide to online payday lenders. Informing the public about the risks of providing personal information to lead generators as well as unlicensed lenders.

Requiring online lenders to implement discernible measures to ensure that their privacy policies are read and understood by consumers when they visit their websites.

Encouraging licensed lenders to report unlicensed lenders and lead generators.

Encouraging cooperation between jurisdictions to enable prosecution of lead generators and non-compliant online lenders.

Recommending to the federal government that regulations under the Personal Information Protection and Electronic Documents Act should prohibit online lenders from requiring borrowers to provide their social insurance number for identification purposes.

And on that point, Mr. Williams alluded to this as well, but I just want to emphasize, that consumers who lend online and who are required to provide their social insurance number will not have the opportunity to ask questions about why they are required and they will, in some cases, not be able to move onto the next step in their application without providing this number.

Restricting online lenders from obtaining consent to disclose the borrower's personal information to unidentified third parties, except as keeping with the personal information protection, and Electronic Documents Act.

And finally, requiring online lenders

to inform borrowers of their right to access their personal information, to challenge its accuracy, and to have inaccurate information amended.

In terms of number 13 the Coalition recommends that consideration should be given to a one (1) year notice for payday loan review hearings to allow sufficient time for research to be conducted. On that point the Coalition would simply like to note that payday loan reviews are different from other types of Public Utilities Board hearings in that there is no applicant.

Number 14 is that the Coalition recommends that consumers should be protected from other high-cost credit products that are not currently being regulated in Manitoba. The Coalition does note that there is new legislation regarding licensing of high-cost credit products, disclosure of information, as well as loan cancelling -- cancellation rules.

However, the Coalition would recommend that permission should be requested from the federal government to regulate fees and charges associated with these products, as well. Two (2) examples of these types of products would be rent to own and pawn loans, for example.

And finally number 15 would be to refer

to the recommendations made by the CPLA this morning. The Coalition does support the CPLA recommendations contained within CPLA Exhibit 12 with a few caveats that I'd just like to address.

So for the recommendation regarding the optional extended payment plan, the Coalition would refer the Board to its recommendation number two (2) where -- whee we provide a further explanation -- or a further discussion, sorry, of the installment loan option from the Coalition's point of view.

Regarding the standard form contract, we would refer the Board to our recommendation number six (6), which speaks to disclosure of information to borrowers.

Regarding the restriction on default fees and interest charged on loans in default, and as was mentioned by Mr. Keyes, this -- this point is already addressed in the Manitoba regulation in Section 15.4(1), where the maximum penalty that may be charged, required, or accepted in relation to any default by a borrower under a payday loan is a penalty of 2.5 percent of the amount in default.

And finally regarding the discounting or promotions for first time loans, and this was a question that was posed to Mr. Keyes this morning that we had a bit of a discussion on because this point is already addressed in the Manitoba regulations. It is in Section 15.6(1)(f), and it pro -- prohibits providing incentives for payday loans. And so in the joint opinion of Mr. Keyes and myself, this -- this point is already addressed in the Manitoba regulations.

In terms of just the last point that is in the document on recommendations, it's a recommendation presented and considered, and we just wanted to touch on a point that was made by the CPLA in its opening submissions. That in Ontario there is a seven (7) day cooling off period where a borrower can take a loan without waiting the entire cooling off period if the borrower has paid in full the outstanding balance under the first agreement.

So the -- the Coalition did have some discussion on -- there was some evidence presented during this hearing that demonstrates that there may be -- there might be some issues with the current Manitoba seven (7) day cooling off period. However, the Coalition does believe that there is value in maintaining this -- this regulation. Although it may not benefit all consumers, it -- it is still benefiting a segment of -- of consumers.

And so that would be my presentation of -- of the Coalition's recommendations. I don't know if Mr. Williams has anything to add at this point.

MR. BYRON WILLIAMS: No. We -- we do appreciate the opportunity to appear before the banel -- the panel, and also the Manitoba process which we think does well in -- in providing diverse perspectives, and we're -- we're happy to close up unless there's any questions from the panel. Thank you.

MR. REGIS GOSSELIN: I have a question in relation to recommendation number 5. Total loan value, by loan value you mean -- by percent -- I'm looking at recommendation number 5, the -- the percentage of total loan value. So you -- that's the total amount of loans that would have been issued by the lender during the year? Is that the...

MR. BYRON WILLIAMS: Yes, that's my understanding. And -- and I think the objective was to recognize the -- that the across the board fees have a disproportionate effect upon smaller volume lenders. So this was an attempt to try and shift a bit more the weight to the -- to the larger volume -- volume lenders.

MR. REGIS GOSSELIN: Now,

recommendation number 14 talks about:

"Consumers should be protected from
other high-cost products that are
not currently regulated."

We didn't hear too much evidence on this hearing about that issue. And I -- you know, I'm sort of queasy about making a recommendation that we can't -- that -- that is unsupported by material that we've seen. And I -- I -- you know, could you explain your thinking on that particular topic?

MR. BYRON WILLIAMS: Well, I'm not going to -- I understand the Board's caution. And I'm not going to question your conclusion that there wasn't much evidence put on it in the record, although I -- I believe our Learned -- or CPLA had some comments, as well.

So I'll just -- so let's start from the premise that it's probably fair to say that there hasn't been a significant amount of evidence on the record. It is an ongoing concern of our client's informed in part by Dr. Buckland and Dr. Robinson's work in examining other services in the -- in the marketplace, including pawn shops and, in particular, rent-to-own.

But the Board's caution is duly noted

and -- and the fact that there's not a lot of evidence on the record, but this is a longstanding concern of our client's.

MR. REGIS GOSSELIN: Now, the recommendation number 15B, restrictions on discounts and promotions of first-time loans, that would have the effect of -- discounts, though, on first-time loans would have the effect of lowering the cost of that loan.

Why would you be opposed to that?

MR. BYRON WILLIAMS: So, first of all, I believe that is already prohibited in Manitoba legislation. So it's Section 15.6, so we should probably amend that to say, Already addressed in Manitoba legislation.

From a philosophical perspective, and -- and you might wish to put the same question to the CPLA, I believe that the concern of some organizations was that consumers were being enticed into the -- into the -- into the marketplace without truly comprehending the costs. I think that's where that comes from. I think that's where our client's concern comes from.

(BRIEF PAUSE)

THE PANEL CHAIRPERSON: Sorry, Mr. Gosselin has a couple more questions.

MR. REGIS GOSSELIN: Now, I guess the -- you've called your -- your recommendations call for an increased amount of research and investigation of the pay -- the internet payday loan industry and so on. And I guess the -- the question I have is: Who would you expect that -- that -- who would undertake that research?

I mean, it -- it's kind of silent about who should be funding this research, who should be conducting this research, and I -- so I -- I guess I'm trying to extend a little bit more into specifics of -- around that particular issue.

MR. BYRON WILLIAMS: And could we just have a moment, please?

(BRIEF PAUSE)

MR. BYRON WILLIAMS: Thank you. And -- and just one (1) more second.

(BRIEF PAUSE)

MR. BYRON WILLIAMS: I hope -- there's

been -- these hearings are actually good to get folks together. And so I think there is two (2) or three (3) sources that -- in terms of this information. There certainly have been some discussions, just very informal, about getting back together with the CPLA and our clients, after their busy season, and perhaps in -- in July, and articulating some joint research objectives.

Now, there are going to be some issues where these organizations very strongly disagree. There might be other issues where both organizations have an -- an acute research interest.

So -- so some of that, we hope will come out of a better dialogue between consumers and industry in Manitoba. Some of this information, certainly, we would see being done in partnership with academic institutions. Certainly, our clients and our centre partners closely with them.

We certainly wouldn't mind having some discussions with the -- the province itself, and the -- and the literacy fund, and -- and others about what their research objectives are.

And it's been very difficult to -- for anyone to pierce the -- the veil of that literacy fund and -- and understand what it's being used for. And there may be some opportunities for that.

So I would say that there's been some really interesting research from a variety of sources. That I would say that often it has been either an academic silo, or a consumer silo, or an industry silo, or a government silo. So we see some opportunities in -- in all those areas.

And I believe there's probably information that's already in the possession of the industry that -- that might assist us as well. I guess we'll -- so that's kind of where our clients were -- were going. And, frankly, our -- our thinking has evolved with every coffee break during the course of this hearing.

MR. REGIS GOSSELIN: But -- but to the point that you just made regarding the literacy fund, you didn't address that as part of your recommendations but you -- you've certainly made it -- you certainly made a case now that you would need to have information about the Literacy Fund.

MR. BYRON WILLIAMS: I think in recommendation 5 and then underneath it (a), 5(a) -- and -- and I believe that I could probably convince my friends from the CPLA to strongly endorse this one, about the need for more transparent reporting, including the details on the process to apply for a grant, research objectives, and criteria.

And I think there's some -- who knows, they may be doing great work there. So there's some shared frustration with the -- the relatively opaque communications.

MR. REGIS GOSSELIN: Okay. Thank you for that. I missed that one. I was probably looking at the fifteen (15) -- fifteen ($15) per hundred recommendation. But -- but that's a critical point, though, that -- that particular issue.

And, you know, the -- you've made a recommend -- you've made a choice to go to fifteen (15), and -- and your witness quavered somewhat on that recommendation. And I, you know, I'm pretty clear from the industry that they feel strongly that that -- that cap should be maintained.

Could you outline your position more clearly for me in terms of why it should be fifteen (15) and not seventeen (17), based on the discussions we've heard from your -- from your witness?

MR. BYRON WILLIAMS: Certainly. And -- and I want to back up a -- a bit. Like, we always take the concerns of industry very seriously. These are significant concerns. You might recall back in

2013, there were concerns expressed by two (2) of the Intervenors there and arguing that they needed a rate at least of 19 percent.

So while we take those concerns very seriously, we also are aware that -- that there's a bit of -- that that -- it -- it may -- may turn out that even though the industry is unhappy, they continue to function in the marketplace.

A big driver of our client's approach to this was there's really very persuasive evidence from the American experience that these are sustainable with lower volumes, lower con -- corporate concentration.

And even the -- in terms of the evidence that our client heard in terms of Cash Money evidence -- I've used the wrong word, but the presentation -- there was a very relatively high bad debt rate. And for -- to our client, that was outside the efficiency expectation our client would have had.

Our client sees a -- a firm like Money Mart in the marketplace, and at least as accessible as others, but with significantly lower bad debt rates. So that -- that is a lot of the driver from our client's perspective, and that's where they're -- they're coming from.

The importance of consumer protection, that two dollars ($2) per hundred for any of the panellists that you heard is a pretty critical two dollars ($2) per hundred when -- when you're dealing with -- when you're dealing with -- with your -- meeting your basic needs.

And for the client, one (1) of the strongest points was the very high operating margins that were seen out of the Dollar Financial Group operations. And -- and I think that was a triggering point.

And -- and our client has -- has made our evidence -- we know that the right number is probably in the fifteen (15) to seventeen (17) range. Our clients are pretty strong evidence that there was a -- there was a fair bit of room for an efficient lender to do just fine at fifteen (15).

And the last point I'll note is we didn't hear -- the concerns that our client heard from C11, or Money Tree, for example, weren't really focused on the cap, in our view. They were focussed on other issues. So that's where our client's is coming from, Mr. Chair.

MR. REGIS GOSSELIN: The -- the Manitoba has a number of single stores operating in rural Manitoba -- ope -- operating in rural Manitoba. And I guess in -- in those cases, as far as we know, there isn't the opportunity for economies of -- of scale. There isn't -- probably isn't the centralized computer system, centralized accounting system and so on.

So notwithstanding that, you're still -- you're still of the view that the rate should be going down to fifteen (15)?

MR. BYRON WILLIAMS: Yeah, and in our -- that goes right back to '07/'08. And remember that the opportunities for a sing -- a -- single store scale opportunities do not exist. Those are scope. And -- and it's the example of the Parkland operation that had to change its -- its business model and probably will be better positioned to -- to sustain itself going forward.

So those -- right from the start small -- small rural operations, like you look at Prince Edward Island, there's two (2) payday lenders, right. They're -- unless payday lenders are going to be in smaller communities taking advantages, you know, whether it's title loans, or whatever else is going through the store, tho -- those -- while scale opportunities are not there, scope opportunities are.

And the fact that we still have lenders, we have three (3) in Brandon, in Dauphin, Swan River. We actually have one (1) more in Thompson than 2013. That's evidence to us that there's opportunities of scope out in rural Manitoba to our clients.

(BRIEF PAUSE)

THE PANEL CHAIRPERSON: Okay. Thank you very much. This concludes the 2016 Tri-Annual Payday Loans Review Hearing. And on behalf of the Board Panel I would like to thank everyone for their cooperation throughout this hearing.

And this includes the Intervenors; and the respective counsel for the Coalition, counsel Mr. Williams and Ms. Dilay; for CPLA the Honourables Stan Keyes; President and CPLA counsel, Mr. Bishop and Ms. Ko; as well as C11 A1 Financial and Loans; the presenters who made submissions this year; the secretary of the Board, Mr. Darren Christle, and our document manager Ms. Diana Villegas; our court reporter Digi-Tran including Mr. Bob Keelaghan; our advisors, Mr. Cathcart and Ms. Wed -- Wedlake; and our counsel, Ms. McCandless.

The Board also appreciates the members of the public who took time to sit in on the hearing during the course of the hearings, so thank you for coming. And the panel will be meeting in the very near future to deliberate and make our final determinations on the matter before us.

Thus this concludes our hearing. So thank you very much. Enjoy the rest of your day.

MR. BYRON WILLIAMS: And, Madam Chair, I'll just confirm that we have a -- one (1) undertaking outstanding regarding slide 31, I believe, from Exhibit 32.

THE PANEL CHAIRPERSON: Yes, that's correct. Thank you.

--- Upon adjourning at 2:05 p.m.

Certified correct,

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Robert Keelaghan, Mr.