

# Government of Alberta

# 2017 Aggregated Payday Loan Data Report

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August 2018

Honourable Robert E. Wanner  
Speaker of the Legislative Assembly  
Office of the Speaker  
Legislative Branch  
325 Legislature Building  
10800 – 97 Avenue  
Edmonton, AB T5K 2B6

Dear Mr. Speaker:

I am pleased to present the 2017 Aggregated Payday Loan Data Report. This publication summarizes information about payday lending in Alberta during 2017 and the development of alternatives to payday loans.

This report has been prepared in accordance with section 4(2) of *An Act to End Predatory Lending*.

I would like to thank and acknowledge the following organizations that have taken a leadership role in establishing and introducing new short-term lending options as alternatives to payday loans: Connect First Credit Union, Servus Credit Union, ATB Financial, and Cashco.

In 2018, Service Alberta will be hosting an event for lenders, financial institutions, and community organizations to encourage discussion and innovation with respect to the development of alternative forms of credit, financial literacy, and financial health.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Brian Malkinson", with a long horizontal flourish extending to the right.

Honourable Brian Malkinson  
Minister of Service Alberta

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# About This Report

Section 4(1) of *An Act To End Predatory Lending* states the following:

*The Minister shall, on an annual basis, as soon as practicable after receipt of the applicable information and data, prepare a report respecting*

- (a) *Progress in the development, implementation and use of the short-term lending options referred to in section 2, and*
- (b) *The status of the payday loan industry, including*
  - i. *the total value of payday loans provided in Alberta,*
  - ii. *the number of payday loan agreements entered into,*
  - iii. *the number of repeat payday loan agreements entered into,*
  - iv. *the average size and term length of payday loans, and*
  - v. *the total value of payday loans that have gone into default and been written off.*

In summary, the Act requires that the Minister responsible for the legislation to submit a report to the Legislative Assembly on an annual basis regarding the status of the payday loan industry and development of short-term lending options, commencing in 2018.

Every licensed payday lender in Alberta was required to report on Alberta payday loan statistics for the 2017 calendar year.

*An Act to End Predatory Lending* was fully implemented in November 2016, and therefore, these numbers reflect the first full year of operations in which the industry was governed by this new legislation. This is also the first year in which licensed lenders were required to provide payday loan data to the Government of Alberta.

## Definitions

The following represents the terminology used throughout this report. Data has been supplied by Alberta's payday lenders, and reflects an accurate picture of the current state of the payday loan industry in Alberta.

**Number of Loans:** The total number of all payday loan agreements entered into by payday lenders throughout 2017.

**Total Value of Loans:** The sum of the principal of all payday loan agreements entered into by payday lenders during 2017. This does not include fees or interest.

**Number of Loans Written Off:** A loan is considered written off when the payday lender has declared a payday loan unrecoverable and closed the account without the borrower having fully repaid the outstanding balance.

**Total Value of Loans Written Off:** This is the value of the principal of the written off loans, minus any payments made.

**Number of Defaulted Loans:** A defaulted payday loan is one where the borrower did not meet the repayment provisions of the credit agreement, regardless of whether, at some point, the borrower repaid the payday loan in full.

**Value of Defaulted Loans:** Sum of the principal of all payday loan agreements entered into by payday lenders in 2017 where the borrower defaulted. This applies only to the initial default, not subsequent defaults.

**Value of Default Loan Fees and Interest:** The value of any default fees and interest on outstanding payday loans that the payday lender has not written off at the end of the reporting period.

**Repeat Borrowers:** Payday borrowers who had previously received a payday loan from the same payday lender during 2017.

**Dishonoured Payment Fee:** A fee charged by the payday lender when a pre-authorized debit or other form of payment is returned as "non-sufficient".

## The Raw Data

Payday loan licensees were required to submit information related to their payday lending in Alberta during the 2017 calendar year. This information was submitted to Service Alberta in January and February 2018, and reflects the reported payday loan activity of Alberta's 21 licensees between January 1 and December 31, 2017.

Category	Value
Total Number of Loans in Alberta	419,422
Total Value of Loans in Alberta	\$284,758,301.64
Total Cost of Credit Charged in Alberta	\$29,252,646.36
Number of Loans Written Off in Alberta	22,886
Total Value of Loans Written Off in Alberta	\$12,593,995.70
Number of Defaulted Loans in Alberta	65,847
Value of Defaulted Loans in Alberta	\$26,831,090.47
Value of Default Loan Fees and interest in Alberta (Including Total Value of Interest on Outstanding Payday Loans)	\$2,235,585.94
Dishonoured Payment Fees in Alberta	\$1,638,986.41
Number of Individual Borrowers in Alberta	96,074
Number of Repeat Payday Loans Entered Into	315,579
Number of Loans Offered Between \$1 - \$499	169,396
Number of Loans Offered Between \$500 - \$999	144,901
Number of Loans Offered Between \$1,000 - \$1,500	105,125
Total Value of Loans Offered Between \$1 - \$499	\$49,458,791.93
Total Value of Loans Offered Between \$500 - \$999	\$99,234,873.41
Total Value of Loans Offered Between \$1,000 - \$1,500	\$136,064,636.27
Ancillary Products Sold in Alberta (job loss/injury insurance, etc.)	3,409
Total Number of Repayments in Alberta	903,832
Number of Full-Time Employees in Alberta	668
Number of Part-Time Employees in Alberta	172

## Payday Loans in Alberta

**419,422**  
Total number of  
payday loans

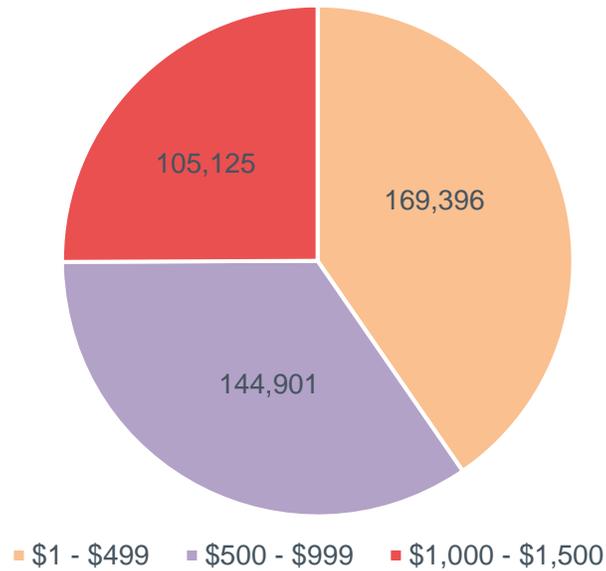
**\$284,758,401.64**  
Total value of payday loans  
issued by payday lenders

**48.6 days**  
Average term length for  
payday loans in Alberta

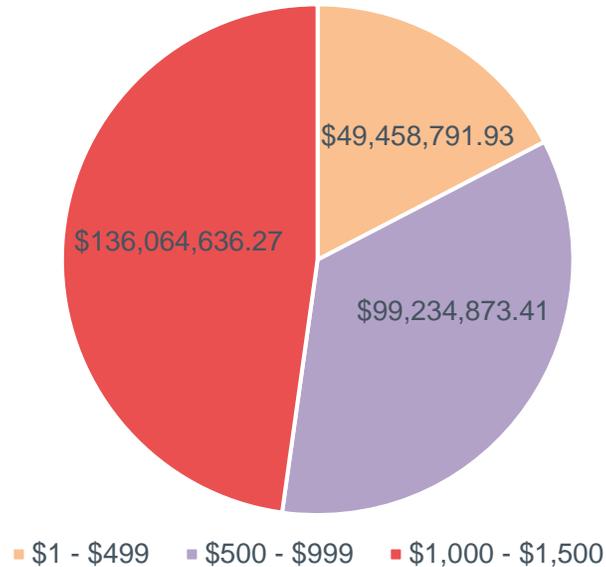
**\$678.93**  
Average dollar value  
of payday loans

**\$101.84**  
Maximum allowed fees for an  
average payday loan

Number of Loans, Broken Into Categories by Value



## Total Value of Loans, Broken Into Categories by Value



## Alternatives to Payday Loans

Financial institutions in Alberta have worked to develop alternatives to payday loans. These programs include small loans, consolidation loans to assist consumers in paying off outstanding payday loans, and expanded access to banking services. Service Alberta requested information from provincial financial institutions for this report. The organizations below voluntarily shared the data, as there is no legislative requirement for them to do so. The following constitutes a comprehensive picture of the new alternatives to payday loans in Alberta.

### Connect First Credit Union – Cash Crunch Microloan

36 Cash Crunch Microloans with a total value over \$50,000 were approved in 2017.

### Servus Credit Union – Fast Forward Small Loans

129 Fast Forward Small Loans with a total value over \$197,000 were approved in 2017.

### ATB / Cashco – Real World Banking

Cashco's Real World Banking product, which offers ATB chequing and savings account through Cashco locations and branding, had 6,439 customers with a total of 12,674 accounts at the end of 2017. This product is not a loan and instead allows Cashco clients easy access ATB banking services.

# Defaults and Write-offs

Payday lenders reported of the following defaulted and written-off loans in Alberta in 2017.

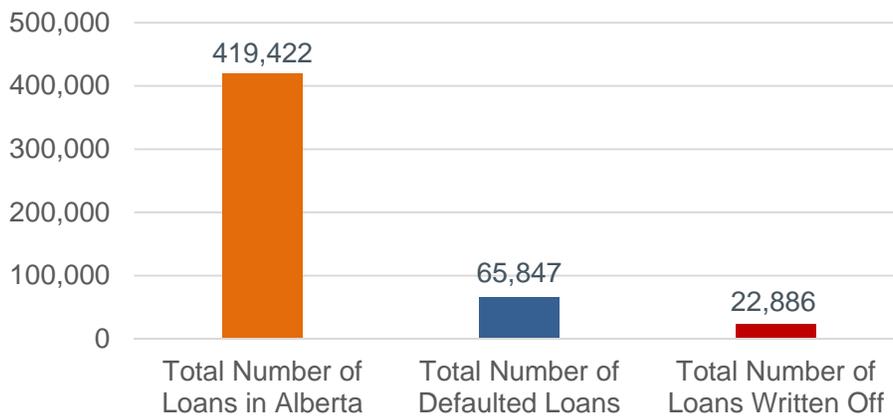
In 2017, approximately 16 per cent of payday loans borrowers defaulted on their loans, while licensees reported that 5.4 per cent of payday loans were written off by the lender.

**22,886**  
Total number of  
loans written off

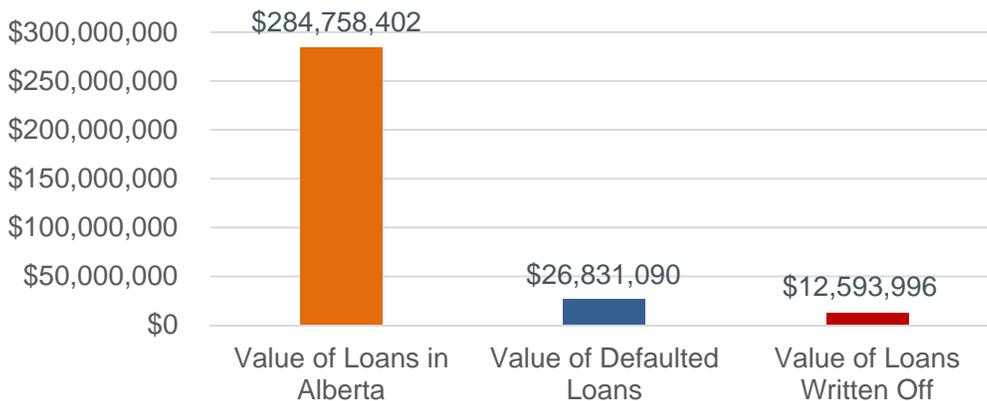
**\$12,593,995.70**  
Total value of loans  
written off

**\$550.29**  
Average dollar value per  
written-off loan

### Number of Loans Defaulted or Written Off



### Dollar Value of Loans Defaulted or Written Off



# Repeat Borrowing

Payday lenders reported issuing payday loans to 96,074 Albertans in 2017. Approximately half of these borrowers accessed payday loans from more than one payday lender in 2017.

Roughly 65 per cent of payday loans issued in 2017 were to a customer who had previously entered into a payday loan from the same company in 2017. A “repeat payday loan” refers to instances where the customer borrowed from the same lender more than once during 2017; however, this does not necessarily mean the second loan was issued immediately after paying back a previous loan.

Repeat Payday Loans in Alberta

