

*Tabled by the Member
of Service NL
2014-12-09
Quinn*

C & C - Payday Loans

- **Service NL, after significant research and consideration, is studying the regulation of payday loan companies. It is a complicated area with a number of policy considerations.**
- **Payday loan companies need to comply with section 347 of the Criminal Code of Canada in order to operate in this province. This section states that it is a criminal offence to charge more than 60 per cent interest per year. This would amount to a maximum charge of \$2.30 per \$100 for a 14-day loan.**
- **Other provinces do regulate but when you compare the numbers, they still allow very high interest rates for 14-day loans. For instance, the lowest rate offered is \$17 per \$100 borrowed. If you consider this in comparison with the \$2.30 per \$100 as allowed under the Criminal Code of Canada, at \$17 per \$100 borrowed, individuals could face financial hardship with a debt that could easily spiral out of control.**