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## BACKGROUND

2009PSSG0022-000255  
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Ministry of Public Safety and Solicitor General

### **PAYDAY LENDER COSTS, LICENSING, COMPLAINTS PROCESS**

#### **Example of current loan conditions and charges**

Average payday loan: \$300.  
Payday lender charge: 30 per cent of the principal.  
Loan repayment length: 14 days.  
Total cost of borrowing based on \$300 loan: \$90.  
Due on next pay day: \$390.  
Annual percentage rate: 782 per cent per year.

#### **After Nov. 1, 2009**

Average payday loan: \$300.  
Payday lender charge: 23 per cent of the principal.  
Loan repayment length: 14 days.  
Total cost of borrowing based on \$300 loan: \$69.  
Due on next pay day: \$369.  
Annual percentage rate: 600 per cent per year.

#### **How payday loan companies can become licensed**

- Payday lenders will need to be licensed by the Business Practices and Consumer Protection Authority. Lenders are encouraged to get in touch with the BPCPA by calling 1-888-564-9963, or by visiting the website at [www.bpcpa.ca](http://www.bpcpa.ca). Specific licensing details will be added at a later date.
- The licence fee is \$1,500 per year for a head office or primary location, and \$750 per year for each additional location. This funding will go towards administration of the program.
- Licensees will need a criminal record check. This cost is included in the licensing fee.

#### **How consumers can file a complaint**

- Consumers should speak with the manager or head office of the payday loan business first to try and resolve the matter. They can also get in touch with the Business Practices and Consumer Protection Authority by calling 1-888-564-9963, or [www.bpcpa.ca](http://www.bpcpa.ca).
- Non-compliance with the new rules could lead to a lender's licence being suspended or revoked, a penalty of up to \$50,000 or a fine or imprisonment on conviction.

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