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Nova Scotia to More Closely Regulate Payday Loan Industry

Service Nova Scotia and Municipal Relations

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Effective Aug. 1, the payday loan industry will be more closely regulated in Nova Scotia.

The provincial regulation of the industry follows detailed consultations and an extensive review by the Nova Scotia Utility and Review Board (UARB).

"Protecting consumers and helping them understand their rights and obligations as borrowers is a priority for government," said Ramona Jennex, Minister of Service Nova Scotia and Municipal Relations. "As soon as required regulatory changes were made at the federal level, staff moved quickly to implement regulations for Nova Scotia."

The regulations cap rates and fees at levels set by the UARB in 2008:

- A maximum interest rate of 60 per cent per annum
- A maximum flat-rate default fee of \$40
- Total cost of borrowing must not exceed \$31 per \$100

Practices such as automatic loan rollovers and setting the loan due date prior to the customer's next payday will be prohibited. Payday lenders must also provide complete disclosure to clients about costs and fees before they provide their personal information.

The regulations will establish licensing for payday lenders and require businesses to file annual reports to the province. There are 13 payday loan companies, with about 40 outlets operating in Nova Scotia.

In 2008, the UARB held hearings into the payday loan industry, releasing its findings on July 31. The decision mandated a review of the payday loan industry regulations in 2010.

FOR BROADCAST USE:

Beginning August 1st, the payday loan industry will be more closely regulated in Nova Scotia.

Service Nova Scotia and Municipal Relations Minister Ramona Jennex says protecting consumers is a priority for government,

which is why the province moved quickly to implement the new regulations.

Among other things, the regulations will limit interest rates, cap the total cost of borrowing, and provide for a flat-rate default fee.

Rollovers of loans and setting due dates before the next payday will be prohibited, and borrowers will be entitled to know the total cost of a loan before they provide personal information.

The regulations are the result of a 2008 decision by the Utility and Review Board. The decision mandated a review of the payday lending industry regulations in 2010.

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