



Province of Alberta

AN ACT TO END PREDATORY LENDING

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Chapter E-9.5

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Table of Contents

- 1** Definitions
- 2** Promotion of alternatives to payday loans
- 3** Payday lender information, data
- 4** Ministerial report
- 5** Maximum total cost of borrowing
- 6** Offences and penalties
- 7** Regulations
- 8** Related amendments

HER MAJESTY, by and with the advice and consent of the
Legislative Assembly of Alberta, enacts as follows:

Definitions

- 1** In this Act,
- (a) “Minister” means the Minister determined under section 16 of the *Government Organization Act* as the Minister responsible for this Act;
 - (b) “payday lender” means a payday lender as defined in the *Fair Trading Act*;
 - (c) “payday loan” means a payday loan as defined in the *Fair Trading Act*.

Promotion of alternatives to payday loans

2 The Minister shall, in consultation with provincial financial institutions and community advocacy groups, promote the development, implementation and use of short-term lending options as an alternative to payday loans.

Payday lender information, data

3 A payday lender shall submit information and data to the Minister in accordance with the regulations.

Ministerial report

4(1) 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.

(2) The Minister shall, on an annual basis beginning in 2018, on completion of the report referred to in subsection (1), lay the report before the Legislative Assembly if the Legislative Assembly is sitting and if it is not sitting, within 15 days after the commencement of the next sitting.

(3) This section is repealed on the coming into force of section 5(1) and (2).

Maximum total cost of borrowing

5(1) Despite Part 12.1 of the *Fair Trading Act*, a payday lender shall not, with respect to a loan offered, arranged or provided by the lender, charge, require or accept a total cost of borrowing that exceeds 60% of the principal amount of the payday loan when the cost of borrowing is calculated on an annual basis.

(2) The maximum total cost of borrowing under subsection (1) must include the fees for all mandatory and optional services provided by the payday lender in relation to a payday loan and any fees and charges set out in the regulations.

(3) Subsections (1) and (2) come into force on Proclamation.

(4) A Proclamation may be issued under subsection (3) only if the Lieutenant Governor in Council is satisfied, pursuant to a report prepared by the Minister under section 4, that alternative options to payday loans are available, and that the alternative options are being utilized by a sufficient number of individuals who would otherwise enter into payday loan agreements.

Offences and penalties

6 A person who contravenes section 3 or 5(1) is guilty of an offence and is liable to a fine of not more than

- (a) \$300 000, or
- (b) 3 times the amount obtained by the defendant as a result of the offence,

whichever is greater, or to imprisonment for a term of not more than 2 years.

Regulations

7 The Minister may make regulations

- (a) respecting the total cost of borrowing, including, without limitation, regulations respecting
 - (i) the calculation of the total cost of borrowing, and
 - (ii) the fees and charges to be included in and excluded from the total cost of borrowing;
- (b) respecting the provision of information and data by payday lenders.

8 *(This section amends the Fair Trading Act; the amendment has been incorporated into that Act.)*



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