

Payday Lending and Financial Inclusion Task Force
Summary of Activities

CPS2016-0392
ATTACHMENT 3

Mandate 1. To work with appropriate governments, agencies and organizations to develop recommendations to protect financially vulnerable persons from the negative impact of payday lending practices.	
Deliverable: Examine relevant municipal bylaws and policies	
Activity	Outcome
Investigated options requiring Payday Lenders to obtain a City Business licence to operate in Calgary.	Recommended amendment to Bylaw Number 32M98
Investigated options to increase City regulations related to the placement of payday lending advertisements.	The City's ability to regulate the number of payday lending advertisements on public land was reviewed by senior staff at Calgary Growth Strategies. It was determined that the Temporary Sign Bylaw applies to all signs, including payday lending advertisements and are subject to enforcement by The City. The Task Force does not recommend further action.
Investigated options for The City to place restrictions on the content of payday lending advertisements to reduce the influence and appeal of payday loans.	The Law Department outlined a number of constitutional issues that could expose The City to legal challenge. The Task Force does not recommend further action.
Investigated options for The City to place a levy on payday lenders to create a financial literacy fund.	The Law Department determined that the imposition of a levy specific to payday lenders would face significant legal challenges. Additionally, this recommendation does not align to previous Council direction that a single, flat fee be applied to all businesses operating in Calgary. The Task Force does not recommend further action.
Investigated options to require payday lenders to display signage advertising financial literacy services, including 211.	Specifications to include 211 on signage will be outlined in an administrative policy enforced by the Chief Licensing Inspector. Inform Alberta, through Calgary Neighbourhoods, will continue to provide current referral information on Calgary based financial literacy services and programs to 211 operators.
Deliverable: Examine relevant provincial legislation	
Activity	Outcome
The Task Force submitted recommendations to the Provincial Payday Loans Regulation Review	Bill 15, <i>An Act to End Predatory Lending</i> was introduced 2016 May 12. Three of five Task Force recommendations submitted to the Provincial Payday Loan Regulation Review align with new provincial legislation. These include a reduced rate of interest and fees to 15 per cent, instalment repayment options and standardized agreements and forms. The Task Force recommendation that a financial literacy fund be established while not instituted in Bill 15 is reflected in the new regulations that financial information be provided to customers and displayed at payday lending businesses.
Deliverable: Examine relevant federal legislation	
Activity	Outcome
Consulted with Intergovernmental & Corporate Strategies, on options for advocacy to the federal government related to: <ul style="list-style-type: none"> Amending the Criminal Code to lower the cost of borrowing to 30% Review exemptions of maximum interest rate to remove loans under \$1500 Enforce plain language on all marketing materials Standardize the communication of costs to 	As the provincial government has primary regulatory responsibility for payday lending, the Task Force focused on options related to provincial policy change. With regards to lowering the cost of borrowing, standardizing contracts in plain language and creating a financial literacy fund, these recommendations were included in the submission to the Government of Alberta. With respect to legislating investment targets for banks, the Task Force determined that this required research to better understand the

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<p>borrow-the entire cost of borrowing must be included</p> <ul style="list-style-type: none"> • Increase funding to community organizations to support alternate loan products and financial literacy programs. • Legislate re-investment targets to ensure Canada's banking sector makes contributions the communities in which they are located 	<p>scope of the contributions made by financial institutions. Completion of this research was determined to be outside the scope of the Task Force.</p>
<p>Mandate</p> <p>2. To influence financial institutions to re-engage low-income earners with the ability to access short-term small loans, and financial counselling services and education.</p>	
<p>Deliverable: Examine existing low income products</p>	
Activity	Outcome
<p>Advocated with philanthropist for ongoing support of the Cash Crunch small loan product.</p>	<p>Momentum and First Calgary Financial will deliver 60 Cash Crunch loans in 2016. The philanthropist continues to support opportunities to expand safe and affordable financial products for Calgarians living on low incomes.</p> <p>The FEC will work in partnership with the Government of Alberta and credit unions to expand low cost credit options for low-income consumers.</p>
<p>Deliverable: Increase opportunities to improve access to information on financial literacy programs and services.</p>	
Activity	Outcome
<p>Partnered with The City's Fair Entry Program to provide information on financial literacy programs to Fair Entry applicants.</p>	<p>Marketing materials will be developed by the Financial Empowerment Collaborative for distribution to consumers by Fair Entry Administrators.</p>
<p>Deliverable: Increase opportunities to develop financial literacy</p>	
Activity	Outcome
<p>Explored the development of a Financial Empowerment Office model, as exists in some large North American cities</p>	<p>The creation of a Financial Empowerment Office will be explored through the Financial Empowerment Collaborative.</p>
<p>Investigated opportunities to deliver a public awareness campaign to promote financial literacy to Calgarians</p>	<p>The United Way will convene stakeholders to investigate opportunities to develop a financial literacy public awareness campaign.</p>