

**Pay Day Lending  
Presentation to City Council: June 2016**

Shelley Vandenberg  
President, First Calgary Financial



CITY OF CALGARY  
**RECEIVED**  
IN ENGINEERING TRADITIONS ROOM  
JUN 01 2016  
ITEM: CPS2016 - 0392  
Distalato  
CITY CLERK'S OFFICE

**firstcalgary**  
FINANCIAL

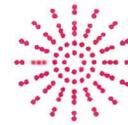
  
A division of **Comerica** Credit Union  
MAKING MONEY MAKE A DIFFERENCE

# Making Money Make a Difference

## Partnerships for Poverty Reduction



**United Way**  
Calgary and Area  
Building a great city for all.



**vibrant**  
COMMUNITIES  
CALGARY



RESPECT FOR THE EARTH  
AND ALL PEOPLE



**momentum**

*First Calgary Financial is a proud advocate of Calgary's Enough For All strategy, an active contributor and advocate on the Payday Lending and Financial Inclusion taskforce, a Living Wage Leader, and a supporter of more than 110 Calgary community organizations in the last year.*

**2011**

Exploration and partnership with Momentum to understand the issues, barriers and ideate solutions.



Employee barrier and issue training commences.

**2016**

Two pilot training, referral and Cash Crunch Loan programs inform the long-term product development.



Contributor and advocate on the City of Calgary Payday Lending & Financial Inclusion Task Force.

August 2016 mainstream Cash Crunch Loan will launch across Southern Alberta.



Opinion: Cash-strapped Albertans need alternatives to payday loans; NDP's new regulations could help



Bill 15 introduced, supported by Connect First Credit Union and our partners across the system.

# Why the Work Matters

## Cash Crunch Loan



Help underbanked southern Albertans get out of payday loan debt, build credit or prevent need for future pay day loans.

Proactively train and engage employees in the barriers and issues of payday lending to become part of the solution.



Create increased access to mainstream financial services and products and build trust within the underbanked community.

Pilot test payday lending alternatives prior to a formal product launch to ensure success.



# Cash Crunch Loan Pilot Summary

Pilot #1 – Concluded Early 2016		Pilot #2 - Ongoing	
<b>Loan Amount</b>	\$750 - \$1500	<b>Loan Amount</b>	\$500 - \$1500
<b>Term</b>	Up to 18 months	<b>Term</b>	6 to 18 months
<b>Interest Rate</b>	12%	<b>Interest Rate</b>	12%
<b>Loan app time</b>	1.5 hours	<b>Loan app time</b>	1.5 hours
<b>Loan purpose</b>	Flexible	<b>Loan purpose</b>	Pay off a payday loan, improve credit or meet short term expense needs
<b>Where</b>	2 Calgary branch locations	<b>Where</b>	3 Calgary branch locations
<b>Who</b>	Momentum participants/alumni	<b>Who</b>	Momentum participants/alumni
<b>When</b>	April 2015	<b>When</b>	April 2016
<b>How</b>	Referral through Momentum after financial coaching	<b>How</b>	Referral through community agencies after financial coaching
<b>Loans disbursed</b>	60 loans disbursed (up to \$70,000 in total)	<b>Loans disbursed</b>	80 loans disbursed (up to \$100,000 in total)
<b>Length of time</b>	Loans disbursed within 24 hours of successful loan referrals	<b>Length of time</b>	Loans disbursed within 48 hours of successful loan referrals

# True Impact

**First in Canada:** Calgary was the first Canadian city to offer at-risk individuals an alternative to pay day loans, helping them avoid getting to a place of high-risk financial instability where they struggle to meet their daily basic needs when faced with unexpected financial expenses. **This resulted in an average savings of over \$400 a month in interest repayments.**

We'll also be the first city to offer a mainstream product to citizens in August 2016.

**Reducing Financial Exclusion:** Research by Momentum with Cash Crunch Loan pilot participants delivered overwhelmingly positive feedback, and a feeling that they had been welcomed at a bank for the first time.

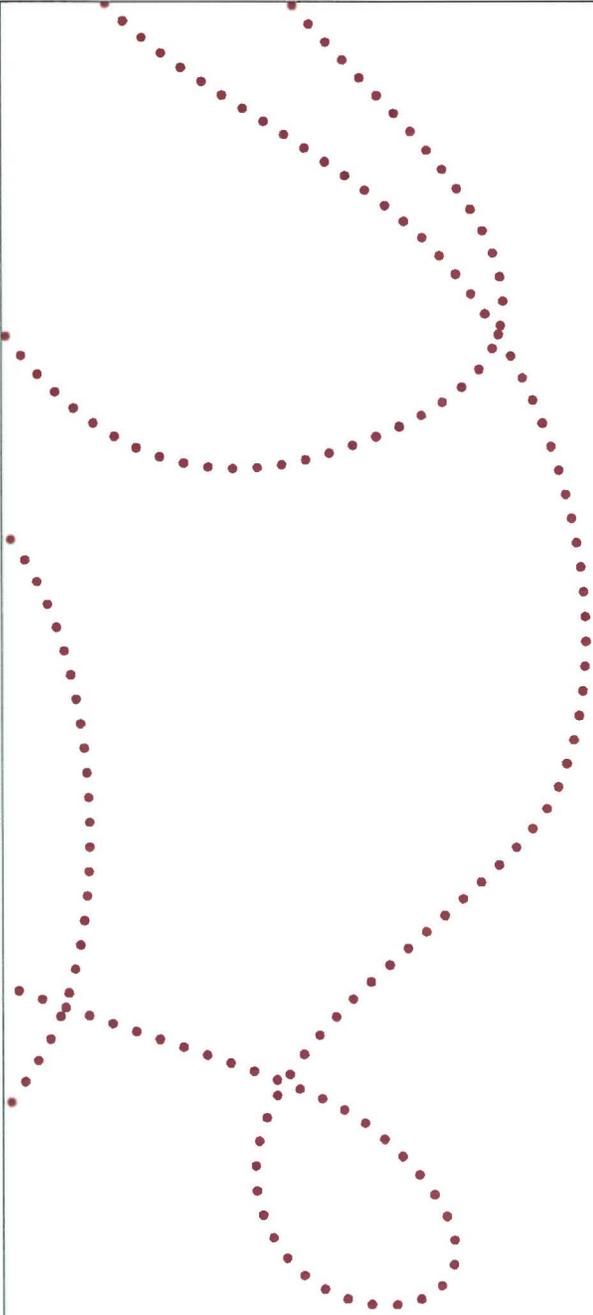
**Building Options:** We're equipping citizens with resources and information. More credit is not right for everyone, and through employee training on inter-agency support alternatives we're helping redirect individuals to the best possible resources to help them improve their situation.

**From Underbanked to Home Ownership:** Two of our Momentum graduates and Cash Crunch Loan pilot recipients have worked with our teams on financial management programs to pay down debts and save funds to qualify for a mortgage for their first homes.

"I am working with First Calgary to learn how to budget."

"I am working with Frist Calgary to improve my credit."

"If I had been on a Cash Crunch Loan with First Calgary, I could have paid back the loan in three months for \$72 in interest – I was working. Instead, I repaid \$2,400 on a \$600 loan."



We're happy to address any questions by Councillors, City of Calgary Representatives and the public.

Contact the office of Shelley Vandenberg for more information.

- Email: [GWallace@firstcalgary.com](mailto:GWallace@firstcalgary.com)
- Phone: 403.736.4084

[FirstCalgary.com/LoansAndCredit/CashCrunchLoan](http://FirstCalgary.com/LoansAndCredit/CashCrunchLoan)