

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 3, Paragraph 2
TOPIC:	Regulation		
SUBTOPIC:	Regulation in other jurisdictions		
ISSUE:	Effects of regulation		

PREAMBLE TO IR (IF ANY):

You state “regulation in the UK is quite recent, takes a somewhat different form in its restriction on fees charged, and so far it appears that payday lenders have continued to operate profitably there as well.”

QUESTION:

On what evidence do you base this statement.

RATIONALE FOR QUESTION:

Understanding cost of operation.

RESPONSE:

Dr. Robinson went on the internet at the time he wrote his report and tried to find places to borrow in the UK. Many websites offering payday loans/short term loans appeared. It seems that a great deal of the lending is on-line, and Dollar Financial referred to that phenomenon in its 2013 10K, without provided specific dollar amounts. He also found the new regulations there. In responding to this IR he has now learned (and perhaps it has even been changing since he last searched) that some of the lenders are moving to installment loans of six to 12 months and they claim that the fees are lower, but he did not have sufficient time to verify that claim.

<https://sunny.co.uk/organic>

<https://www.poundstopocket.co.uk/how-it-works.html>

<https://www.quickquid.co.uk/loans/wonga-payday-loans.html>

This latter site, Quickquid, is quite interesting, because it refers to Wonga as the competition, but he was unable to connect to Wonga UK, even though it is a UK company. The internet relentlessly redirects to Wonga in BC. Wonga may have ceased operations in the UK but migrated to the friendlier confines of Canada where rate caps are relatively high outside Manitoba and Quebec. Quickquid is offering traditional payday loans, but offers an installment loan as an alternative.

Money Shop is a significant player in the market, at least it was in 2013 according to the Dollar Financial 10-K. Money Shop is only one of the Dollar Financial brands in the UK. According to its website, accessed on April 4, 2016, it has 220 stores in the UK.

<https://www.themoneyshop.com/store-finder/>

Dollar also has a separate company, or perhaps two, offering telephone and internet loans:

<https://www.paydayuk.co.uk/>

Dollar also offers payday loans through some or all of the pawnbrokers that it has been purchasing since 2010.

The UK rules enforced by the Financial Conduct Authority (FCA) can be found at:

<https://www.handbook.fca.org.uk/handbook>

A rather more digestible summary of the most important rules, including the rate cap of .8% per day, maximum 100% of the loan no matter how long outstanding, can be found in many places, for example:

<https://www.fca.org.uk/news/fca-confirms-price-cap-rules-for-payday-lenders>

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 4 No. 6
TOPIC:	Payday lending stores characteristics		
SUBTOPIC:	Requirement of capital		
ISSUE:	What is the capital requirement of payday lending stores		

PREAMBLE TO IR (IF ANY):

You state “They [payday lenders] require little capital.”

QUESTION:

Explain.

RATIONALE FOR QUESTION:

Understanding the characteristics and the capital requirements of payday lenders.

RESPONSE:

Payday lenders lease their stores or operate on-line. The financial model is very simple and they do not share data across the industry; so the computer hardware requirements are small. The furnishings in the stores are very modest. The loans turn over so fast that receivables requirements are small. There is no inventory. Many of them are now refusing to give money to clients and instead give them debit cards; so cash float is small.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 4, No. 8
TOPIC:	Characteristics of payday lending stores		
SUBTOPIC:	National Money Mart		
ISSUE:	Number of outlets and loan volume		

PREAMBLE TO IR (IF ANY):

You state “National Money Mart is the dominant player with more than one-third of all the outlets in Canada and possibly half the loan volume.”

QUESTION:

Please provide the evidence on which this statement is based, particularly with respect to the assertion “possibly half the loan volume.”

RATIONALE FOR QUESTION:

Understanding the characteristics and loan volume of payday lenders.

RESPONSE:

Please see Dr. Robinson’s report Table 3 and the Appendix listing the number of stores by province and state. Money Mart has 574 stores now out of 1425 in Canada and something like \$1.3 billion in loan volume in 2013 when Cash Store is added to it, before we allow for internet volume, while Cardus estimated total volume in Canada to be \$2.5 billion. Cash Store estimated in its bankruptcy filing that Money Mart and it each had 35% of the business. Money Mart bought Cash Store, capturing its customer list, and kept the phone lines operating as if Cash Store were still in business.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 4, No. 11
TOPIC:	Form of payday loans		
SUBTOPIC:	Physical outlets; Internet loans		
ISSUE:	Requirement of customers in Manitoba to use a physical outlet to obtain a loan		

PREAMBLE TO IR (IF ANY):

“Internet loans were not dealt with in my original report because of lack of information at the time. The most recent evidence shows a very large increase in activity through the internet, though verifiable data is still scarce... In Manitoba a loan can be initiated via the internet, but the customer must still to a physical outlet to complete the transaction, and hence all internet lenders must have a physical outlet in Manitoba.”

QUESTION:

What is the requirement that requires a customer to still use a physical outlet to complete an internet loan that is initiated in Manitoba and which requires all internet lenders to have a physical outlet in Manitoba.

RATIONALE FOR QUESTION:

Understanding why customers in Manitoba must attend a physical outlet to obtain a loan.

RESPONSE:

Dr. Robinson was mistaken in believing that there is a legal requirement for a physical outlet. Such a rule was discussed in the past but not implemented. The practice in Manitoba for some lenders is such that it appears such a rule exists. For both Money Mart and Cash Money in Manitoba, you have to attend to a physical location to complete the transaction. The following is drawn from their sites.

The only thing you can do on the Money Mart website in Manitoba is apply in advance and then go to a physical location:

<https://www.moneymart.ca/payday-loans/apply-in-advance-form.aspx?province=MB>

APPLY IN ADVANCE PAYDAY LOANS

Apply In Advance Payday loans allow you to complete the payday loan application online to decrease your wait time in Money Mart stores.

Complete the application below and go to your nearest Money Mart store anytime in the next 7 days and complete the process for cash! For more information visit the [How It works](#) page.

Same thing with Cash Money:

<https://secure.cashmoney.ca/StoreApply>

Apply for a Loan Now

Start your application online, pick your cash up at one of our many locations.

Need a payday advance quickly? Start your loan application online. Skip the lines and get your cash fast and hassle-free -- start here!

Fill out the short application below and you'll be on your way to fast cash. We'll send you a confirmation email right away and then we'll contact you by phone to ask you a few questions and provide an instant approval decision. Get started right now to get your cash even faster with a payday loan!

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 5, Paragraph 3
TOPIC:	Evidence supporting the characterization of the business of payday lending		
SUBTOPIC:	Cash Store Financial		
ISSUE:	Number of stores and loan volume of Cash Store Financial		

PREAMBLE TO IR (IF ANY):

Throughout this document, you make a number of references to Cash Store Financial Services Inc. Amongst others, at page 5, paragraph 3, you state “Cash Store Financial had been the largest payday lender in Canada by number of stores but probably second largest in terms of loan volume.”

QUESTION:

Please clarify as to which period of time this statement refers.

RATIONALE FOR QUESTION:

Understanding the data evidence.

RESPONSE:

From about 2012 until its bankruptcy. We cannot be more precise since there was no continuous reporting of store numbers from any source. The CPLA is more likely to have this information than we do, and we would expect that Money Mart, which is the CPLA’s largest member, would have this information as a normal part of competitive intelligence.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 5, Paragraph 3
TOPIC:	Evidence supporting the characterization of the business of payday lending		
SUBTOPIC:	Cash Store Financial		
ISSUE:	Number of stores and loan volume of Cash Store Financial		

PREAMBLE TO IR (IF ANY):

You state “Cash Store Financial had been the largest payday lender in Canada by number of stores but probably second largest in terms of loan volume.”

QUESTION:

Please provide the evidence on which this statement is based, particularly with respect to the assertions “had been the largest payday lender in Canada by number of stores” and “probably second largest in terms of loan volume.”

RATIONALE FOR QUESTION:

Understanding the data evidence.

RESPONSE:

Please see our response to 1 – 5.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 5, Paragraph 3
TOPIC:	Evidence support the characterization of the business of payday lending		
SUBTOPIC:	Purchase of Cash Store Financial Services Inc. stores by National Money Mart Company		
ISSUE:	Purchase and re-branding or closing of CSF stores		

PREAMBLE TO IR (IF ANY):

In this document, you make a number of references to National Money Mart Company (“Money Mart”) purchasing Cash Store Financial Services Inc. stores (“CSF”), and the re-branding or closing of such purchased stores. For example, at page 5, paragraph 3, you state “National Money Mart... rebranded some of the purchased outlets and closed those that were too close to its own existing stores.”

QUESTION:

Please provide the following evidence:

- (1) The number and location of CSF stores purchased by Money Mart;
- (2) Of these purchased stores, the number and location of the stores re-branded by Money Mart; and
- (3) Of these purchased stores, the number and location of the stores closed by Money Mart.

RATIONALE FOR QUESTION:

Understanding the changes to Money Mart and CSF stores.

RESPONSE:

This information should be in the possession of National Money Mart Inc., which is the largest member of the CPLA. Dr. Robinson can relate partial observations. New Brunswick has not proclaimed its payday loan regulations and has no regulator; so no data is collected. He searched the Yellow Pages for every municipality that seemed large enough to support a payday lender and observed that there were possibly 53 listed payday lenders, three of whom were not in that business at all and 15 of whom were Cash Store/Instaloans outlets that no longer operate, but the phone line was being kept. He observed that several of these outlets listed on the Yellow Pages showed an address that was also a Money Mart address. He did not keep a specific list or count, and there is no way to determine how many of the Money Mart addresses had previously been Cash Store/Instaloans outlets. In Manitoba one of the appendices notes that three Cash Store outlets were re-licensed as Money Mart for one year, then closed. However, Money did open new outlets in other

locations. A check of the Yellow Pages for Winnipeg reveals seven listings for Instalozans, but all of them are in fact Money Mart locations.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 6, Paragraph 2
TOPIC:	Evidence supporting the characterization of the business of payday lending		
SUBTOPIC:	Cash Store Financial		
ISSUE:	Number of stores and growth of Cash Store Financial		

PREAMBLE TO IR (IF ANY):

As another example of a reference to Cash Store Financial Services Inc., at page 6, paragraph 3, you state “[the] number of outlets may have exceeded 1500 in the period about 2010-12, when Cash Store Financial had expanded quite rapidly and not yet been forced to start closing outlets. ”

QUESTION:

Please provide the evidence on which this statement is based, particularly in relation to the assertions “the number of outlets may have exceeded 1500 in the period about 2010-2012,” and “Cash Store had expanded quite rapidly”.

RATIONALE FOR QUESTION:

Understanding the growth of Cash Store Financial from 2010-2012.

RESPONSE:

Rentcash Inc., the predecessor to Cash Store Financial, reported 358 payday loan stores in its 2007 annual report (pg. 9). Cash Store Financial’s 2012 Annual Information Form reports 511 Canadian payday lending stores (and 25 UK stores).

To assist the CPLA and its counsel with their research on this and any other matters, including its IR 1 - 10, let us introduce you to two websites. Sedar.ca (Selective Electronic Document Access and Retrieval) is the site that contains all the Ontario Securities Commission filings, including the two reports cited in the previous paragraph. It has provided Dr. Robinson with a wealth of information in every aspect of his work as a professor. Edgar.com provides the same for the US Securities and Exchange Commission.

As for the total store numbers, Dr. Robinson was guessing from the pattern of the numbers earlier and later, and the common problem of rapid over-expansion in new industries. Without proper regulator information, he cannot be sure. We would expect that the CPLA has this information.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 6, Paragraph 3
TOPIC:	Evidence supporting the characterization of the business of payday lending		
SUBTOPIC:			
ISSUE:	Growth of the payday lending industry in Canada		

PREAMBLE TO IR (IF ANY):

You state “[the] Canada-wide count also seems to have stopped growing; the current breakdown by province is shown in Appendix 4.”

QUESTION:

Please provide the evidence on which this statement is based, particularly with respect to the assertion “the Canada-wide count also seems to have stopped growing.”

RATIONALE FOR QUESTION:

Understanding the growth of the payday lending industry.

RESPONSE:

Since we have estimates of 1,500 of perhaps one or two years ago, and now the most careful count from regulators plus the Yellow Pages for New Brunswick is 1,425, that question is answered in Dr. Robinson’s report.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 5, Paragraph 3; and Page 6, Paragraph 3
TOPIC:	Evidence supporting the characterization of the business of payday lending		
SUBTOPIC:	Cash Store Financial Services Inc.		
ISSUE:	Number of stores and loan volume of Cash Store Financial		

PREAMBLE TO IR (IF ANY):

Refer to Questions 5 through 9.

QUESTION:

To the extent that the responses to Questions 5 through 9 do not provide same, please provide evidence pertaining to Cash Store Financial Services Inc., for each of the years 2008 through 2014, with respect to the following:

- (1) Number of stores, in Canada and Manitoba; and
- (2) Loan Volume, in Canada and Manitoba.

RATIONALE FOR QUESTION:

RESPONSE:

We are unable to answer this question although some aspects of it are already on the record in a variety of place.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

A year over year estimate of the history of Cash Store is beyond the scope of Dr. Robinsn's retainer. Dr. Robinson is unable to answer the question as posed given time limits, data limits and budgetary limits. Identifying the number of Cash Store outlets year over year is of questionable relevance and not necessary for a determination of the issues in this proceeding. The Coalition expects that much of this information already is in the possession of Money Mart.

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Appendix 4
TOPIC:	Canadian payday lending data		
SUBTOPIC:			
ISSUE:	2015 Data		

PREAMBLE TO IR (IF ANY):

QUESTION:

Please provide comparable data for the years 2008 through 2016.

RATIONALE FOR QUESTION:

Understanding how the payday lending industry has changed from 2008 through 2016.

RESPONSE:

We are unable to answer this question.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

An eight year history of this information is beyond the scope of the retainer of Dr. Robinson. The Coalition does not possess this information and is unable to answer the question as posed given time limits, data limits and budgetary limits. We are not aware of any other source prior to the start of regulation.

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 6, Paragraph 3
TOPIC:	Evidence supporting the characterization of the business of payday lending		
SUBTOPIC:			
ISSUE:	Growth of Money Mart, Cash Money and Cash4You		

PREAMBLE TO IR (IF ANY):

You state “[however], Money Mart, Cash Money and Cash4You have grown substantially in the last three years.”

QUESTION:

Please provide the evidence on which this statement is based.

RATIONALE FOR QUESTION:

Understanding the growth of the payday lending industry in Canada.

RESPONSE:

Cash Money had 130 stores in 2013. Money Mart had 488 stores in 2013. CPLA has in its possession the report by Dr. Robinson, *Regulation of Payday Lending in Manitoba Are the Rate Caps Reasonable?* from the 2013 hearing by the Board. Cash4You appears to have been much smaller in 2008 and 2013 but no figures were readily available.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 6, Paragraph 3
TOPIC:	Evidence supporting the characterization of the business of payday lending		
SUBTOPIC:	Money Mart, Cash Money, Cash4You		
ISSUE:	Number of outlets and proportion of total volume of loans		

PREAMBLE TO IR (IF ANY):

You state “[these] three largest [being Money Mart, Cash Money and Cash4You] account for about 60% of the outlets in Canada and almost certainly a higher proportion of the total volume of loans.”

QUESTION:

Please provide the evidence on which this statement is based, particularly with respect to the assertion “and almost certainly a higher proportion of the total volume of loans.”

RATIONALE FOR QUESTION:

Understanding the makeup of loan volume within the payday lending industry in Canada.

RESPONSE:

The store count of 60% is derived by basic arithmetic. Add up the number of stores the three companies report and divide by 1,425 from the Appendix.

Table 3 shows how Dr. Robinson estimated loan volume for Money Mart, and it is clearly half or more of the total loan volume in Canada, with the proviso that we don’t know how much internet loan volume there is in Canada because the payday loan companies have declined to provide any data. Given the number of Cash4You and Cash Money outlets, any reasonable loan volume for them places the total of the three companies over 60% of the Canadian total.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 7, Paragraph 1
TOPIC:	Evidence supporting the characterization of the business of payday lending		
SUBTOPIC:			
ISSUE:	Profitability of payday lending stores in Canada		

PREAMBLE TO IR (IF ANY):

You state “[if] they were not profitable at current rates, the store numbers would be around 1,000 at most.”

QUESTION:

Please clarify what “current rates” refer to , i.e. rates in Manitoba and/or other provinces?

RATIONALE FOR QUESTION:

Understanding the profitability of the payday lending industry.

RESPONSE:

Thank you for seeking further elaboration. In the response to requests 14 and 15, I will attempt to provide a fuller discussion that uses what evidence we have in the absence of industry disclosure of financial results.

First, the evidence of Quebec and US suggests with 36% APR caps or similar restrictions that these low rates result in no payday loan stores. The evidence of the rates chosen by various US states and the UK allow the further conclusion that there would be no stores if the cap is set below \$10 per hundred as a flat fee.

Second, the evidence from Dr. Robinson’s model in Section 2 of his report (including panel 2) suggests that for the operation in question "a 14% fee still generates what is probably a material economic loss while a 15% fee results in a significant excess profit." Based on the model and assuming a 14% fee we might foresee that in urban areas, instead of several stores in close proximity, we would see one store with much higher volumes and hence lower costs per loan. The industry would both shrink and consolidate with a few chains and occasional independent operators who would almost certainly combine other businesses with payday lending to share fixed costs. Pawnshops would be a logical entrant into payday lending in this scenario, and we see that in the UK already, where Dollar Financial bought several chains of pawnshops. At some rate between \$10

and \$14 per hundred the industry would disappear, but it is not possible to be more precise than that.

There is a provincial issue here because each province sets its own rates. We observe that Manitoba still has a substantial payday loan industry at \$17 per hundred. If the rate were lowered to \$15 per hundred the total number of stores would decline. A few stores would close in Winnipeg, mostly in neighbourhoods where there are several stores clustered close together. The stores in the very small towns might disappear unless they operated other businesses at the same time. The small populations in these locations do not justify a payday lender as a full-time business, regardless of the rate cap.

However, we see about 1,425 stores across Canada, and the rates range from \$17 per hundred to \$25 per hundred. It is noteworthy that there are only two stores in Prince Edward Island (Appendix 4 is incorrect in showing no stores – the Money Mart website returns zero stores when the query is by province). PEI has the highest cap, but volume is what matters and its population is simply too small to support many stores. If the caps are lowered to the Manitoba rate of \$17 per hundred, there may be some further consolidation, but the volume is what matters most. If the caps are further lowered to the \$15 that Dr. Robinson recommends, it seems likely there will be quite a bit more consolidation in provinces other than Manitoba, because they all feature rates that are certainly far too high, a conclusion based on his research reported here. The effects might have to be estimated more locally, and the available evidence does not permit a conclusion as to the number of outlets that would result. What is clear is that the industry must be profitable now, given a number of 1,427 (the revised figure with PEI added) stores in eight provinces.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 7, Paragraph 1
TOPIC:	Evidence supporting the characterization of the business of payday lending		
SUBTOPIC:			
ISSUE:	Profitability of payday lending stores in Canada		

PREAMBLE TO IR (IF ANY):

You state “[if] they were not profitable at current rates, the store numbers would be around 1,000 at most.”

QUESTION:

Please provide the evidence on which this statement is based, particularly with respect to the assertion “store numbers would be around 1,000 at most”.

RATIONALE FOR QUESTION:

Understanding the profitability of the payday lending industry.

RESPONSE:

Please see the response to IR 14. It is intended to answer this question as well.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 7, Paragraph 2
TOPIC:	Manitoba Store Counts and Competition		
SUBTOPIC:	Sorenson, Cheque Stop, Mogo		
ISSUE:	Reason for exiting the payday lending industry		

PREAMBLE TO IR (IF ANY):

You state “Sorenson, Cheque Stop and Mogo exited rather than be regulated...”

QUESTION:

Please provide evidence on which this statement is based, particularly with respect to the assertion “rather than be regulated...”

RATIONALE FOR QUESTION:

Understanding the reason Sorenson, Cheque Stop and Mogo chains exited the payday lending market.

RESPONSE:

Dr. Robinson drew this reasonable inference because they continued in business until regulations were promulgated and then never registered, and ceased to operate. During the 2007-08 hearing, Mr. Ted Sorenson said that he would not continue in operation unless the regulations were very generous, or words to that effect.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 7, Paragraph 2
TOPIC:	Manitoba Store Counts and Competition		
SUBTOPIC:	National Cash Advance		
ISSUE:	Reasons for entering and exiting the payday lending industry		

PREAMBLE TO IR (IF ANY):

You state “National Cash Advance....was gambling on favourable regulations, since it was very late into the game and would have a hard time gaining business from established stores.”

QUESTION:

Please provide the evidence on which you base the statements “was gambling on favourable regulations,” “it was very late into the game”, and “would have a hard time gaining business from established stores.”

RATIONALE FOR QUESTION:

Understanding National Cash Advance’s role within the payday lending industry.

RESPONSE:

Dr. Robinson applies basic economic and business strategy reasoning for this statement. National Cash Advance was entering the market many years after Money Mart, Rent Cash, Cash Money and the smaller chains and single stores had established their clientele. When it entered, National Cash Advance announced that it expected regulation would allow it to continue to operate profitably. The Coalition does not have in its possession any statement made by National Cash Advance when it closed the Manitoba stores (and subsequently all Canadian stores) and Grupo Elektra of Mexico took over the company entirely in 2013, ending independent disclosure of what was in any case a tiny part of the entire company.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 7, Paragraph 4
TOPIC:	Manitoba Store Counts and Competition		
SUBTOPIC:	Money Mart, CSF, Cash Money		
ISSUE:	CSF customers		

PREAMBLE TO IR (IF ANY):

You state “Money Mart...capturing the CSF customers in its own branded stores. Cash Money and the smaller operators have gained some of the CSF customers also.”

QUESTION:

Please provide the evidence on which you base the statement that Money Mart, Cash Money, and other operators have gained CSF customers.

RATIONALE FOR QUESTION:

Understanding how these chains and their customers operate within the payday lending industry in Manitoba.

RESPONSE:

The evidence shows that payday loan volume as whole has continued to increase throughout the time that Dr. Robinson has been doing research in this field, that is since 2004. The BC and NS data shows increases since Cash Store Financial closed. Cash Money, Cash Store and Cash4You are the largest chains with the most obvious presence and they have internet lending as well. Where else would the former Cash Store customers go? They didn't stop borrowing. And why else would Money Mart pay even one dollar for Cash Store Financial, if not to capture its customers?

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 8, Paragraph 1
TOPIC:	US and UK payday lending industries		
SUBTOPIC:	Rate caps		
ISSUE:	Effect of rate caps on the payday lending industry in the US		

PREAMBLE TO IR (IF ANY):

You state “[a] number of US states have enacted rate caps that are too low for payday lenders to operate and they have exited those states.”

QUESTION:

Please identify the referenced states and the rate caps enacted by each such state, and the source of such information.

RATIONALE FOR QUESTION:

Understanding the US rate caps and their effect on the payday lending industry in the US.

RESPONSE:

The states that are not listed in the Appendix are the ones that enacted rate caps too low to permit payday lenders to operate. Most of them enacted a rate cap of an APR of 36% which is far too low to support a payday lender.

To further assist the CPLA in its research, let us mention two organisations whose websites contain a wealth of information on payday lending in the US:

Center for Responsible Lending in North Carolina (one of the states that ended payday lending):
<http://www.responsiblelending.org/>

and Pew Charitable Trusts in Pennsylvania (another state that ended payday lending):
www.pewtrusts.org/

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Appendix 3
TOPIC:	American payday lending data		
SUBTOPIC:			
ISSUE:	What year does the data encompass?		

PREAMBLE TO IR (IF ANY):

QUESTION:

Please confirm the year for which this Appendix relates.

RATIONALE FOR QUESTION:

Understanding the payday lending statistics in other jurisdictions.

RESPONSE:

First, in reviewing this question, Dr. Robinson discovered that a reference is missing from the reference list: Montezemolo, Susanna, *Payday Lending Abuses and Predatory Practices* Center for Responsible Lending, September 2013, <http://www.responsiblelending.org/>

This is the source for Appendix 3 to Dr. Robinson's report, and it comes from Appendix 3 of Montezemolo. Since the different states have different reporting dates, and the payday lenders reporting to the states have differing year-ends, the exact date for the Table does not exist. It is an amalgam of data from 2012 and 2013 for the numbers like loan volume, but the rate caps were correct as of August 2013. Montezemolo also contains evidence showing the impact of the Washington experiment with changed laws to reduce repeat borrowing and allow borrowers an installment option, similar to what Dr. Robinson recommends.

Dr. Robinson has spoken with Tara La Roche of Pew Charitable Trusts, and she confirms that this table is reasonably representative of the current regulatory situation; there have been no major changes. Colorado's experiment with installment loans is continuing and was not fully captured in the Appendix.

We expect the Board and the CPLA would like to see Montezemolo and so we have attached it as **CPLA Appendix 1**.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Appendix 3, Note 1
TOPIC:	American payday lending data		
SUBTOPIC:			
ISSUE:	Regulator data		

PREAMBLE TO IR (IF ANY):

You state “[when] regulator data were unavailable, we used the figures from the 2011 Stephens, Inc. annual report (based on 2010 payday loans).”

QUESTION:

Please identify those figures that are from the 2011 Stephens, Inc. Annual Report.

RATIONALE FOR QUESTION:

Understanding the payday lending statistics in other jurisdictions.

RESPONSE:

The Coalition does not possess that information and has relied upon the author of the report. Please see our response to 1 – 20.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Appendix 3, Note 1
TOPIC:	American payday lending data		
SUBTOPIC:			
ISSUE:	2011 Stephens, Inc. annual report		

PREAMBLE TO IR (IF ANY):

You state “[when] regulator data were unavailable, we used the figures from the 2011 Stephens, Inc. annual report (based on 2010 payday loans).”

QUESTION:

Please provide a copy of the 2011 Stephens, Inc. annual report.

RATIONALE FOR QUESTION:

Understanding the payday lending statistics in other jurisdictions.

RESPONSE:

The Coalition does not possess that information and has relied upon the author of the report. Please see our response to 1 – 20.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Appendix 3, Note 3
TOPIC:	American payday lending data		
SUBTOPIC:			
ISSUE:	Payday loan volume		

PREAMBLE TO IR (IF ANY):

You state “[for] states that did not report payday loan volume, we estimated it by multiplying the number of payday stores...”

QUESTION:

Please identify the states that did not report payday loan volume.

RATIONALE FOR QUESTION:

Understanding the payday lending statistics in other jurisdictions.

RESPONSE:

The Coalition does not possess that information and has relied upon the author of the report. Please see our response to 1 – 20.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Appendix 3, Note 4
TOPIC:	American payday lending data		
SUBTOPIC:			
ISSUE:	Total fees		

PREAMBLE TO IR (IF ANY):

You state “[for] states that did not report total fees, we estimated it by using the statutory maximum rate...”

QUESTION:

Please identify those states that did not report total fees.

RATIONALE FOR QUESTION:

Understanding the payday lending statistics in other jurisdictions.

RESPONSE:

The Coalition does not possess that information and has relied upon the author of the report. Please see our response to 1 – 20.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Appendix 3, Note 5
TOPIC:	American payday lending data		
SUBTOPIC:			
ISSUE:	Average loan amounts		

PREAMBLE TO IR (IF ANY):

You state “[for] states that did not report average loan amount, we assumed the \$350 median from CFPB (2013).”

QUESTION:

Please identify those states that did not report average loan amount.

RATIONALE FOR QUESTION:

Understanding the payday lending statistics in other jurisdictions.

RESPONSE:

That information is shown on the table. Please see our response to 1 – 20.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Appendix 3, Note 5
TOPIC:	American payday lending data		
SUBTOPIC:			
ISSUE:	CFPB (2013)		

PREAMBLE TO IR (IF ANY):

You state “[for] states that did not report average loan amount, we assumed the \$350 median from CFPB (2013).”

QUESTION:

Please provide a copy of the CFPB (2013).

RATIONALE FOR QUESTION:

Understanding the payday lending statistics in other jurisdictions.

RESPONSE:

We have provided the report attached as **CPLA Appendix 2**.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 8, Paragraph 3
TOPIC:	US and UK payday lending industries		
SUBTOPIC:			
ISSUE:	UK data within the payday lending industry		

PREAMBLE TO IR (IF ANY):

QUESTION:

Please provide the source of the information stated in paragraph 3 (with respect to the U.K.).

RATIONALE FOR QUESTION:

Understanding the payday lending statistics in other jurisdictions.

RESPONSE:

Please see the answer to 1 – 1.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 9, Paragraph 2
TOPIC:	Dollar Financial operations		
SUBTOPIC:	Growth in other jurisdictions		
ISSUE:	Dollar Financial expansion in Europe		

PREAMBLE TO IR (IF ANY):

“Since Dollar Financial continues to operate in the US and is expanding rapidly in Europe, the inference is that the Canadian operation is earning excess profits.”

QUESTION:

What is the basis for the statement that Dollar Financial is expanding rapidly in Europe.

RATIONALE FOR QUESTION:

Understanding whether any Dollar Financial expansion in Europe correlates with Canadian operations.

RESPONSE:

Dollar Financial 10K, June 30, 2013, pages 6 – 11.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 9, Paragraph 5
TOPIC:	Internet lending		
SUBTOPIC:			
ISSUE:	Operating costs of internet lending		

PREAMBLE TO IR (IF ANY):

You state “[however], we would think that the operating costs of an internet lender are far lower – no storefront, fewer staff, less risk of theft.”

QUESTION:

Please provide the evidence on which this statement is based, particularly with respect to the assertions “operating costs of an internet lender are far lower”, “fewer staff”, and “less risk of theft”.

RATIONALE FOR QUESTION:

Understanding the operational costs of internet lending.

RESPONSE:

Dr. Robinson’s reasoning arises from wide experience with every sort of organization. The financial statements of payday lenders list the two largest identifiable operating expenses as wages and salaries and occupancy. An internet operation can balance staff versus number of inquiries and loans much more easily by locating them all in a single office answering questions from a wide geographic area. Far less staff time will be unprofitable downtime. The occupancy costs will be much less also, since no storefront is needed, and ground floor visible premises cost much more in rent. Payday lenders claim that they are losing large sums to theft (though they do not specify if this is employee theft or outsiders). An internet operation transfers funds electronically and so there is no cash to steal.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 11, Paragraph 2
TOPIC:	Methodology		
SUBTOPIC:			
ISSUE:	Change in methodology from 2007/2008 to 2012		

PREAMBLE TO IR (IF ANY):

You state “I used a similar model in my expert opinion for the 2007-2008 hearings in front of the Manitoba Public Utilities Board.”

QUESTION:

You declined to use this model in the 2012 hearings in front of the Manitoba Public Utilities Board?

RATIONALE FOR QUESTION:

Understanding the reasoning for the methodology used to give the expert opinion.

RESPONSE:

Dr. Robinson responds:

The hearing in 2013 (not 2012 as stated in the IR) was much more limited in scope and budget than the hearings of 2007-08 and 2016. The PUB did not call witnesses for oral testimony and cross-examination, and the hearing lasted only one day. The PILC engaged Dr. Robinson for a much more limited review that did not include rerunning his 2008 model.

The Coalition responds:

We have included an excerpt from Dr. Robinson's 2013 report which notes the major resource commitment that would be required to employ the model.

“Is 17% Still a Reasonable Cap?”

We cannot perform the analysis shown in Appendix 1 without a major resource commitment and substantial support from the payday lending industry. We note that companies in a rate regulation proceeding ordinarily provide extensive audited financial information and allow access to their accounting systems through queries. If the payday loan companies provide several years of audited financial statements for

their entire corporate operations and for Manitoba operations, we could re-test the model that underpins Appendix 1. We used a combination of sources for our data last time:

- Canadian results segmented on the 10Ks of Dollar Financial
- The Ernst & Young study. We have explained the serious weaknesses of this study, but nonetheless some of the data was useful
- Rent Cash annual reports (but there were serious problems with this data and it was of limited usefulness, due to the combination with another business and the use of a broker model of payday lending)Advance America 10Ks.

Advance America was contemplating entering the Canadian market and in fact did so while the Manitoba hearings were ongoing. (bolding added)

Unfortunately, we do not have most of this data currently. Dollar Financial is disclosing less information on its segmented reports. There is no updated Ernst & Young study. Cash Store Financial, the successor to Rent Cash, claims that it is not a payday lender at all, a claim we dispute in another section of this report. In any case, various complications of its business model and other charges reported in its statements, make use of its numbers problematic. Advance America numbers would still be somewhat relevant, but Advance America decided not to continue to operate in Canada.

This leaves us with three methods of assessing whether the 17% rate cap is still suitable. Now that we have three years of regulated rate experience in Manitoba, we can observe what has happened in the competitive landscape. We also have some years of regulated rate experience in other provinces now (Manitoba was the first to hold rate hearings, also the only province to support properly funded intervenors and informed debate between the parties), and we can learn from that. We can consider the US again. Finally, we can look at the profitability of some payday lenders at the corporate level, though we cannot observe profitability in Manitoba, because the companies will not provide any information.”

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 17, Paragraph 1
TOPIC:	Performance of payday lenders		
SUBTOPIC:	Loan revenue of Cash Store Financial		
ISSUE:	Disclosure of loan revenue of Cash Store Financial in Affidavit of Steven Carlstrom		

PREAMBLE TO IR (IF ANY):

CSF does not disclose loan volume in the information in Affidavit of Steven Carlstrom (2014), but it does disclose loan revenue for the year ended September 30, 2013 of \$152,430,000 (pg. 121).

QUESTION:

Provide the statement in the Affidavit of Steven Carlstrom that sets out the revenue of CSF for the year ended September 30, 2013.

RATIONALE FOR QUESTION:

Verifying and understanding the loan revenue provided for CSF for the year ended September 30, 2013.

RESPONSE:

The entire document can be found at <http://cfcanada.fticonsulting.com/cashstorefinancial/docs/Application%20Record.pdf>

The reason we have not filed the document as an attachment is that it is over 800 pages in length and would have been too large to send by email.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 19
TOPIC:	Money Mart operations		
SUBTOPIC:	Estimate of increased per store volume for Money Mart		
ISSUE:	Explanation of data provided		

PREAMBLE TO IR (IF ANY):

Table 3: Estimate of Increased Per Store Volume for Money Mart

QUESTION:

On what basis have you determined that Money Mart no longer has franchised stores in Canada?

RATIONALE FOR QUESTION:

Understanding the data and inferences drawn.

RESPONSE:

Dr. Robinson may or may not be correct in this assertion, which he based on extrapolation of a long-term trend of Dollar Financial closing or buying back franchises and converting them to company stores. In Canada the number of franchises declined greatly in 2006 and the trend continued. In 2011 there were 22 in Canada, in 2012 there were 14 and in 2013 there were 10, according to the 2013 10K. In 2013 there were 23 in Europe, whose franchise numbers were also declining even as the number of company stores increased materially. There have been no franchised stores in the US for quite a few years. The last data available is the first quarter 10Q of 2014, which does not give a breakdown of which segment the franchises are in, but says there are only 10 in the entire system. Dollar Financial clearly has a strategy to minimize franchising in favour of company stores, but it is impossible to say where the closures occurred in the first quarter of 2014.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 19
TOPIC:	Money Mart operations		
SUBTOPIC:	Estimate of increased per store volume for Money Mart		
ISSUE:	Explanation of data provided		

PREAMBLE TO IR (IF ANY):

Table 3: Estimate of Increased Per Store Volume for Money Mart

QUESTION:

The report makes reference to a publication “Buckland 2016 forthcoming” and “Simpson and Islam (2016) forthcoming”. Is this reference to the report filed by the Coalition?

RATIONALE FOR QUESTION:

Understanding the data and inferences drawn.

RESPONSE:

Yes.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 27, Paragraph 3
TOPIC:	CSF lending practices		
SUBTOPIC:	Did CSF take clients that other lenders would not lend to		
ISSUE:	Are CSF's lending practices risky		

PREAMBLE TO IR (IF ANY):

You state “[one] of the problems that led to CSF’s downfall was excessively risky lending. CSF was taking clients that other lenders would not, and its much higher rate of bad debts was not sustainable.”

QUESTION:

Please provide the evidence on which you base this statement, particularly in relation to the statements “excessively risky lending”, “taking on clients that other lenders would not”, and “much higher rate of bad debts”.

RATIONALE FOR QUESTION:

Understanding the lending practices of CSF.

RESPONSE:

Rent Cash and its successor, Cash Store Financial, reported much higher bad debt provisions than Dollar Financial’s Canadian segment (Money Mart) in their respective annual reports for every year that Dr. Robinson examined. Dr. Robinson cannot recall all the details of every year and time and budget do not permit him to provide the evidence for every year. During the 2007-08 hearing, Rent Cash’s representative testified that it should not be regulated tightly on rates because otherwise it would be unable to offer loans to customers that other payday lenders were turning down because they were at too high risk of default. As already noted in Dr. Robinson’s report, the Money Mart loan loss provision was 2.2% of loan volume for the year ended June 30, 2013. The last Cash Store Financial report that is available on SEDAR is for the three months ended Dec. 31, 2013, and it reports a loan loss provision of 4.1% for the three month ended December 31, 2012 and 3.1% for the three months ended December 31, 2013. These values are respectively 41% higher and 86% higher than the 2.2% just noted for Money Mart. On the other hand, they are substantially lower than the loan loss provisions alleged in the Deloitte 2015 report for Alberta.

Dr. Robinson recalls that when he first started researching payday lending in 2004 or 2005, and for a number of years until at least 2010, most payday lenders would accept only a steady job as a basis

for a payday loan. The CPLA had a rule for some years that restricted the acceptable bases to avoid lending on sources like welfare payments, disability payments and pension cheques. Rent Cash did not wish to follow those rules and did not belong to the CPLA, and was lending on a much wide variety of sources of income. Some years ago, perhaps in 2011, the CPLA abandoned its rule limiting the sources of income that could be the basis for payday loans.

While it is difficult to separate factors causing a corporate failure, it seems very likely that the denial of a license renewal in Ontario was an even more important factor in the Cash Store failure than risky lending.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 28, Paragraph 2
TOPIC:	Payday loan industry regulations		
SUBTOPIC:	Discussion of story regarding payday loan regulations		
ISSUE:	Does the industry argue that regulations should not exist		

PREAMBLE TO IR (IF ANY):

QUESTION:

When and to whom did the payday loan industry argue that regulations should not exist.

RATIONALE FOR QUESTION:

Verifying the statement that the payday loan industry argues that regulations should not exist.

RESPONSE:

In his evidence, Dr. Robinson stated:

“The payday loan industry offers this story as the reason why regulations should not exist or should be very loose, because this desperate borrower will not get a loan and will suffer greatly as a result if the industry is too restricted.”

Dr. Robinson relied upon his memory of oral arguments in the 2007-08 hearing. Mr. Ted Sorenson, who owned a small chain of payday loan stores, argued that regulation that was in any way binding was unreasonable and interfered with his right to earn profits from his business. He argued this in testimony and informally when speaking to members of the Coalition.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 30, Paragraph 3
TOPIC:	Payday loan statistics		
SUBTOPIC:	BC loan statistics		
ISSUE:	Differences between Manitoba and BC statistics		

PREAMBLE TO IR (IF ANY):

“There is no reason that the BC statistics will be materially different from Manitoba, aside from the lower rate cap in Manitoba.”

QUESTION:

On what basis have you determined there is no reason that the BC statistics will be materially different from Manitoba aside from the lower rate cap in Manitoba?

RATIONALE FOR QUESTION:

Understanding the reasons for the statement that there will not be any material difference between BC and Manitoba statistics

RESPONSE:

The various sources of evidence from Statistics Canada do not show material differences between Manitoba and Canada, either in payday lending or in other respects. There may be a slightly higher predisposition for Manitobans to borrow from payday lenders, but if this observation is valid, it has no effect on Dr. Robinson’s analysis.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	32 Table 9
TOPIC:	Possible Loan Frequencies for Canada		
SUBTOPIC:	Number of payday loans per household		
ISSUE:	Determining the number of households taking payday loans		

PREAMBLE TO IR (IF ANY):

Table 9 shows two possible division of that 8% of households among the three CFCS categories of one, two and more than two loans per year.

QUESTION:

What is the basis for the assumption that 8% of households in Canada took out one or more payday loans?

RATIONALE FOR QUESTION:

Understanding the data and figures provided.

RESPONSE:

It is not an assumption, it is an estimate based on the statistical evidence, as discussed in pages 30 – 32 of the report. The value could possibly be anywhere from 4 – 10%, but if either extreme is chosen, the frequency of multiple borrowing does not agree with the other evidence. Furthermore, changing the value from 8% to another number will not materially change the conclusions drawn in this section of the report.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	32 Table 9
TOPIC:	Possible Loan Frequencies for Canada		
SUBTOPIC:	Number of payday loans per household		
ISSUE:	Determining the number of households taking payday loans		

PREAMBLE TO IR (IF ANY):

Table 9 shows two possible division of that 8% of households among the three CFCS categories of one, two and more than two loans per year.

QUESTION:

When were you retained by the Coalition to conduct your research?

RATIONALE FOR QUESTION:

Understanding the data and figures provided.

RESPONSE:

Dr. Robinson Responds:

We assume the preamble stated above is a typographical error and there is no pre-amble intended. Dr. Robinson's letter of retainer is dated November 6, 2015.

The Coalition responds:

While it is not confident the question of the CPLA is relevant to the issues before the PUB, the Coalition provides the following background to assist the CPLA.

Monitoring regulatory calendars

Given the challenges in preparing for major regulatory proceedings, it is a general practice of legal counsel for the Coalition to maintain contact with regulators about their draft regulatory calendar and potential pending regulatory proceedings. For example, Mr. Williams and other members of the PILC legal team often contact staff or advisors at the Clean Environment Commission, CRTC and PUB regarding potential pending regulatory processes.

Consistent with good regulatory practice, staff at these tribunals will provide a general sense of the planning calendar of the tribunal while confirming that the actual schedule is in the hands of the tribunal and will not be finalized until there is a public notice.

This is not a dialogue restricted to counsel to the Coalition. The Coalition is aware that similar discussions in terms of planning schedules will be held between regulatory staff, industries regulated by the tribunals and other intervenors. In the experience of the Coalition this holds true at both the Federal and Provincial level.

For example, it is entirely appropriate for there to be consultations between Manitoba Hydro and the Clean Environment Commission prior to the scheduling of a public notice relating environmental proceedings relating to Manitoba Hydro. Similarly, it is the understanding of the Coalition that advisors for Manitoba Wildlands will contact the CEC regularly to try and get a sense of pending regulatory processes over the next year to two years.

Counsel for the Coalition can advise that they also contact legal or other advisors for other intervenors in order to get their sense of when pending regulatory processes take place.

Retaining expert witnesses prior to the Public Notice

It also is a frequent practice of counsel for the Coalition to begin to retain witnesses for a regulatory proceeding long before the issuance of a public notice. For example, the public notice for the Hydro NFAT was not issued until April 2013. PILC legal counsel began discussions to retain witnesses for that proceeding in June 2012 (Mr. Dunsky) with other witnesses such as Mr. Harper being approached later than year. By March 2013, Mr. Williams, Dr. Simpson and Mr. Harper were actively planning and recruiting for the Hydro NFAT.

Similarly, although there is no Public Notice for the Hydro 2016/17 and 2017/18 Hydro GRA, Mr. Williams already has met with Mr. Harper and Dr. Simpson to target potential areas of expert evidence and expert witness identification and research is underway. Mr. Harper already is verbally retained for that GRA and it is expected that other witnesses will be retained in the coming months.

The general practice of counsel for the Coalition is to make a significant portion of any retainer contingent upon a successful cost award.

This is good regulatory practice and to be expected of parties with sophisticated regulatory interactions either with government or tribunals.

Pre-planning for the 2016 Payday Lending Review

In 2013, legal counsel for the Coalition was caught off guard by the timing of the Payday Lending Review despite the statutory provision for a three year review.

After the 2013 experience, it was important not to be caught off guard by the timing of any 2016 review. This was especially the case because legal counsel was of the view that there were a number of major unresolved research questions.

With that in mind, Coalition members and/or legal counsel undertook a number of steps to address research questions relevant to the 2016 review. These included:

i) in February 2014, CAC Manitoba applied for a research grant from the Federal Office of Consumer Affairs to review issues related to internet payday lenders.

ii) in the summer of 2014, a major research project was undertaken into Internet payday lending by CAC Manitoba with the assistance of the Public Interest Law Centre using funding from the OCA

iii) after review by the CAC Manitoba board, a decision was made in 2014 by CAC Manitoba and the Public Interest Centre to conduct a major research project of the payday lending marketplace including consumer focus groups and market research. The 2014 schedule and budget for these organizations did not allow these activities to take place in 2014 so the matter was deferred until 2015.

Active planning by the Coalition for 2016 Payday Lending began in the fall of 2015.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Page 42, References
TOPIC:	References		
SUBTOPIC:			
ISSUE:	Ernst & Young Report		

PREAMBLE TO IR (IF ANY):

One of your references stated is “Ernst & Young, 2004. *The Cost of Providing Payday Loans in Canada*. Ernst & Young, Tax Policy Services Group.” (“Ernst & Young (2004)”)

QUESTION:

At the 2012 hearings before the Manitoba Public Utilities Board, and in the report you prepared titled “Regulation of Payday Lending in Manitoba: Are the Rate Caps Reasonable?”, dated May 16, 2013, you declined to rely on Ernst & Young (2004)?

RATIONALE FOR QUESTION:

Understanding sources cited.

RESPONSE:

Dr. Robinson responds:

The hearing in 2013 (not 2012 as stated in the IR) was much more limited in scope and budget than the hearings of 2007-08 and 2016. The PUB did not call witnesses for oral testimony and cross-examination, and the hearing lasted only one day. The PILC engaged Dr. Robinson for a much more limited review that did not include rerunning his 2008 model. In 2008 Dr. Robinson explained in considerable detail to the PUB why most of the data and the conclusions of the Ernst & Young report are invalid.

The Coalition responds:

In his 2013 report, Dr. Robinson indicated:

“There is no updated Ernst & Young study.”

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	An Analysis of the Payday Loan Industry and Recommendations for Regulation in Manitoba – March 24, 2016	PAGE NO:	Appendix 2
TOPIC:	DFG Form 2013 10-K		
SUBTOPIC:			
ISSUE:	DFG Global Corp 10-Ks		

PREAMBLE TO IR (IF ANY):

Appendix 2 incorporates Appendix A of the Coalition’s submission as a whole, which is Form 10-K filed by DFC Global Corp. in 2013.

QUESTION:

At the 2012 hearings before the Manitoba Public Utilities Board, and in the report you prepared titled “Regulation of Payday Lending in Manitoba: Are the Rate Caps Reasonable?”, dated May 16, 2013, you declined to rely on Form 10-Ks filed by DFC Global Corp.”?

RATIONALE FOR QUESTION:

Understanding sources cited.

RESPONSE:

Dr. Robinson responds:

The hearing in 2013 (not 2012 as stated in the IR) was much more limited in scope and budget than the hearings of 2007-08 and 2016. The PUB did not call witnesses for oral testimony and cross-examination, and the hearing lasted only one day. The PILC engaged Dr. Robinson for a much more limited review that did not include rerunning his 2008 model.

The Coalition responds:

In his 2013 evidence, Dr. Robinson indicated:

“Dollar Financial is disclosing less information on its segmented reports.”

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	A Profile of Payday Loans Consumers Based on the 2014 CFCS	PAGE NO:	Page 11, Paragraph 1
TOPIC:	French speaking borrowers		
SUBTOPIC:	Payday lending in Quebec		
ISSUE:	What is the cause of an increase in French speaking borrowers?		

PREAMBLE TO IR (IF ANY):

QUESTION:

Provide the evidence of an increase of penetration of payday lending into Quebec as reflected by the proportion French speaking borrowers.

RATIONALE FOR QUESTION:

Understanding the increase in French speaking borrowers.

RESPONSE:

Our report states that “the proportion of English speaking borrowers decreased significantly in 2014 comparing to CFCS 2009 (71.7%) and the proportion of French speaking borrowers increased significantly in 2014 (36.45%) compared to 2009 (10.2%), *likely* reflecting at least in part an increased penetration of payday lending into Quebec during this period” (emphasis added). Our comment is based on the reasonable assumption that the majority of French-speaking Canadians (about 85%) reside in Quebec, but we would welcome any evidence for an alternative interpretation of these results.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	A Profile of Payday Loans Consumers Based on the 2014 CFCS	PAGE NO:	Page 20
TOPIC:	CFCS Graphs		
SUBTOPIC:			
ISSUE:	Education of Borrowers; Frequency of Payday Loan Use in the CFCS		

PREAMBLE TO IR (IF ANY):

QUESTION:

Provide complete graphs for figure 9 and figure 10 of a profile of payday loans consumer based on 2014 Canadian Financial Capability Survey.

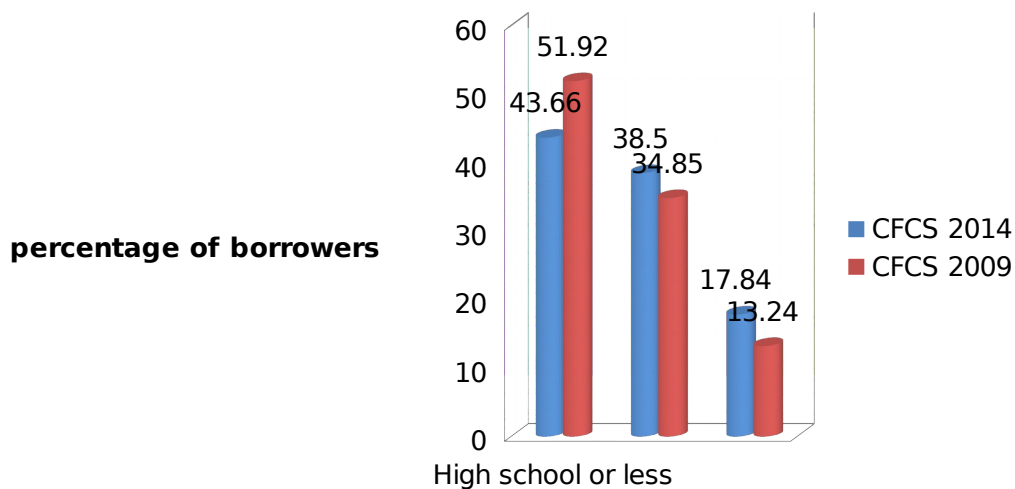
RATIONALE FOR QUESTION:

Graphs are incomplete and missing information.

RESPONSE:

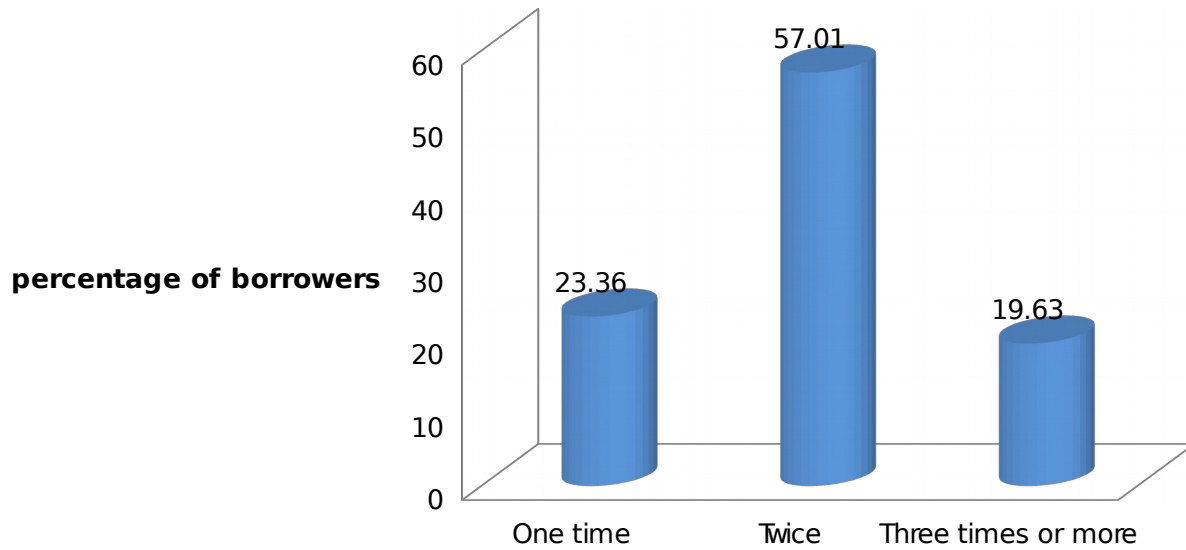
There is no indication of what information is missing and we view Figures 9 and 10 as complete as below:

Figure 1. Education of Borrowers: CFCS 2014, CFCS 2009.



Source: Author's calculations using CFCS 2009 & CFCS 2014 public files

Figure 2. Frequency of Payday Loan Use in the Canadian Financial Capability Survey (CFCS), 2014



Source: Author's calculations using public files of CFCS 2014

Based on further correspondence with the CPLA, it appears that the version they received did not include the horizontal axis on the tables. Therefore, we have reproduced them above.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	A Profile of Payday Loans Consumers Based on the 2014 CFCS	PAGE NO:	
TOPIC:	Research conducted		
SUBTOPIC:			
ISSUE:	When was the research conducted?		

PREAMBLE TO IR (IF ANY):

QUESTION:

When were you retained by the Coalition to conduct your research?

RATIONALE FOR QUESTION:

Understanding the accuracy of the data.

RESPONSE:

Dr. Simpson Response:

The retainer letter to conduct the research was received November 6, 2015. The CFCS report was completed March 9, 2016.

The Coalition response:

While it is not confident the question of the CPLA is relevant to the issues before the PUB, the Coalition provides the following background to assist the CPLA.

Monitoring regulatory calendars

Given the challenges in preparing for major regulatory proceedings, it is a general practice of legal counsel for the Coalition to maintain contact with regulators about their draft regulatory calendar and potential pending regulatory proceedings. For example, Mr. Williams and other members of the PILC legal team often contact staff or advisors at the Clean Environment Commission, CRTC and PUB regarding potential pending regulatory processes.

Consistent with good regulatory practice, staff at these tribunals will provide a general sense of the

planning calendar of the tribunal while confirming that the actual schedule is in the hands of the tribunal and will not be finalized until there is a public notice.

This is not a dialogue restricted to counsel to the Coalition. The Coalition is aware that similar discussions in terms of planning schedules will be held between regulatory staff, industries regulated by the tribunals and other intervenors. In the experience of the Coalition this holds true at both the Federal and Provincial level.

For example, it is entirely appropriate for there to be consultations between Manitoba Hydro and the Clean Environment Commission prior to the scheduling of a public notice relating environmental proceedings relating to Manitoba Hydro. Similarly, it is the understanding of the Coalition that advisors for Manitoba Wildlands will contact the CEC regularly to try and get a sense of pending regulatory processes over the next year to two years.

Counsel for the Coalition can advise that they also contact legal or other advisors for other intervenors in order to get their sense of when pending regulatory processes take place.

Retaining expert witnesses prior to the Public Notice

It also is a frequent practice of counsel for the Coalition to begin to retain witnesses for a regulatory proceeding long before the issuance of a public notice. For example, the public notice for the Hydro NFAT was not issued until April 2013. PILC legal counsel began discussions to retain witnesses for that proceeding in June 2012 (Mr. Dunsky) with other witnesses such as Mr. Harper being approached later than year. By March 2013, Mr. Williams, Dr. Simpson and Mr. Harper were actively planning and recruiting for the Hydro NFAT.

Similarly, although there is no Public Notice for the Hydro 2016/17 and 2017/18 Hydro GRA, Mr. Williams already has met with Mr. Harper and Dr. Simpson to target potential areas of expert evidence and expert witness identification and research is underway. Mr. Harper already is verbally retained for that GRA and it is expected that other witnesses will be retained in the coming months.

The general practice of counsel for the Coalition is to make a significant portion of any retainer contingent upon a successful cost award.

This is good regulatory practice and to be expected of parties with sophisticated regulatory interactions either with government or tribunals.

Pre-planning for the 2016 Payday Lending Review

In 2013, legal counsel for the Coalition was caught off guard by the timing of the Payday Lending Review despite the statutory provision for a three year review.

After the 2013 experience, it was important not to be caught off guard by the timing of any 2016 review. This was especially the case because legal counsel was of the view that there were a number of major unresolved research questions.

With that in mind, Coalition members and/or legal counsel undertook a number of steps to address research questions relevant to the 2016 review. These included:

i) in February 2014, CAC Manitoba applied for a research grant from the Federal Office of Consumer Affairs to review issues related to internet payday lenders.

ii) in the summer of 2014, a major research project was undertaken into Internet payday lending by CAC Manitoba with the assistance of the Public Interest Law Centre using funding from the OCA

iii) after review by the CAC Manitoba board, a decision was made in 2014 by CAC Manitoba and the Public Interest Centre to conduct a major research project of the payday lending marketplace including consumer focus groups and market research. The 2014 schedule and budget for these organizations did not allow these activities to take place in 2014 so the matter was deferred until 2015.

Active planning by the Coalition for 2016 Payday Lending began in the fall of 2015.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	A Profile of Payday Loans Consumers Based on the 2014 Canadian Financial Capability Survey	PAGE NO:	
TOPIC:	CFCS 2009 and CFCS 2014		
SUBTOPIC:			
ISSUE:			

PREAMBLE TO IR (IF ANY):

QUESTION:

Please provide copies of CFCS 2009 and CFCS 2014.

RATIONALE FOR QUESTION:

Understanding and verifying the data evidence.

RESPONSE:

The Canadian Financial Capabilities Surveys are available under the Data Liberation Initiative of Statistics Canada (see <http://www.statcan.gc.ca/eng/dli/dli>) but they cannot be shared in the fashion requested. Information on the Surveys beyond what we provide in our report is available at <http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=5159>

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Payday Loans Consumer Profile in Canada based on the Survey of Financial Security	PAGE NO:	
TOPIC:	SFS 2005 and SFS 2012		
SUBTOPIC:			
ISSUE:			

PREAMBLE TO IR (IF ANY):

QUESTION:

Please provide copies of SFS 2005 and SFS 2012.

RATIONALE FOR QUESTION:

Understanding and verifying the data evidence.

RESPONSE:

The Surveys of Consumer Finance are available under the Data Liberation Initiative of Statistics Canada (see <http://www.statcan.gc.ca/eng/dli/dli>) but they cannot be shared in the fashion requested. Information on the Surveys beyond what we provide in our report is available at <http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=2620>

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 3 Paragraph 1
TOPIC:	Borrower's Views		
SUBTOPIC:			
ISSUE:	Representative Sample		

PREAMBLE TO IR (IF ANY):

QUESTION:

Provide a list of questions asked in each focus group. If the questions differed between online and in person surveys, provide a copy of each survey.

RATIONALE FOR QUESTION:

To understand all views of the participant.

RESPONSE:

There was only one focus group conducted as part of this report. Please see **CPLA Appendix 3**. Please see CPLA 1-47 for the answer regarding the surveys.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 2 Paragraph 3 No.1
TOPIC:	Research tools		
SUBTOPIC:	Survey		
ISSUE:	Survey details		

PREAMBLE TO IR (IF ANY):

QUESTION:

Provide a copy of the 24 survey questions. If the questions differed between online and in person surveys, provide a copy of each survey.

RATIONALE FOR QUESTION:

To understand all views of the participant.

RESPONSE:

Please see **CPLA Appendix 4** and **CPLA Appendix 5**.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 2, Paragraph 3, No. 1
TOPIC:	Research tools		
SUBTOPIC:	Survey		
ISSUE:	Survey details		

PREAMBLE TO IR (IF ANY):

You indicate that several tools were used to engage participants in the study, including the use of a survey.

QUESTION:

Please provide a detailed summary of responses to each of the questions posed in the survey, including any non-responses.

RATIONALE FOR QUESTION:

To understand all views of the participant.

RESPONSE:

Non-responses are indicated by the total response (N) in the report. A summary of survey responses can be found in the report.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 2, Paragraph 3, No. 2
TOPIC:	Research tools		
SUBTOPIC:	Semi-structured interviews		
ISSUE:	Interview details		

PREAMBLE TO IR (IF ANY):

You indicate that several tools were used to engage participants in the study, including the conduct of semi-structured interviews.

QUESTION:

Please confirm the date, duration, place, and interviewer for each semi-structured interview conducted.

RATIONALE FOR QUESTION:

To understand all views of the participant.

RESPONSE:

Semi-structured interviews began December 9th, 2015 and were completed January 8th, 2016. Interviews ranged from 30 minutes to 1.5 hours. Semi-structured interviews were conducted by Zoe St. Aubin, MA Research Consultant.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

The question as is not relevant or necessary for the PUB deliberations. In particular, there is no analytical link between the location of the interviews or the actual date and the stated purpose of the question “to understand all views of the participant”.

More fundamentally, we are advised by Ms St. Aubin that responding to the question as posed raises concerns related to the confidentiality of informants who participated in the interview. Interviews were conducted in a public space with recording equipment in open public view. Disclosing the location and actual date of the interview raises the risk of a loss of confidentiality of the witness.

As the PUB may be aware, there is stigma related to the taking of payday loans and challenging to recruit interview participants. In order to assist in recruitment and consistent with good research ethics, it was necessary to provide significant protection for confidentiality.

Attached as **CPLA Appendix 6**

is the consent form employed in Ms St. Aubin's research for the interviews which provides that:

“Only the researchers will have access to the audio recording, transcripts and other documents (this consent form and the honorarium form), which will be stored in locked filing cabinets or on password-protected computers at the Public Interest Law Centre office. They will be kept for two years after the release of the final report (until April 2018) and will be disposed of by shredding or deletion after this time.”

In addition, TCPS 2 Chapter 5, (Source: Government of Canada Panel of Research Ethics, <http://www.pre.ethics.gc.ca/eng/policy-politique/initiatives/tcps2-eptc2/chapter5-chapitre5/>)

“B. Ethical Duty of Confidentiality

Article 5.1 Researchers shall safeguard information entrusted to them and not misuse or wrongfully disclose it. Institutions shall support their researchers in maintaining promises of confidentiality.

Application When researchers obtain information with a promise of confidentiality, they assume an ethical duty that is central to respect for participants and the integrity of the research project. Breaches of confidentiality may harm the participant, the trust relationship between the researcher and the participant, other individuals or groups, and/or the reputation of the research community.”

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 2, Paragraph 3, No. 2
TOPIC:	Research tools		
SUBTOPIC:	Semi-structured interviews		
ISSUE:	Interview details		

PREAMBLE TO IR (IF ANY):

You indicate that several tools were used to engage participants in the study, including the conduct of semi-structured interviews.

QUESTION:

Please provide copies of all recordings, transcripts, and notes of each semi-structured interview conducted.

RATIONALE FOR QUESTION:

To understand all views of the participant.

RESPONSE:

We are unable to provide the information requested due to ethical reasons relating to our confidentiality commitments to our client.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

As the PUB may be aware, there is stigma related to the taking of payday loans and challenging to recruit interview participants. In order to assist in recruitment and consistent with good research ethics, it was necessary to provide significant protection for confidentiality.

We have provided the information that we are authorized to provide through the consent form and are unable to provide further information. Please see **CPLA Appendix 6**.

Information that may tend to identify the participants such as transcripts, notes and recordings that may lead to voice recognition must be protected throughout the research process including the dissemination of research results.

TCPS 2 Chapter 5, (Source: Government of Canada Panel of Research Ethics, <http://www.pre.ethics.gc.ca/eng/policy-politique/initiatives/tcps2-eptc2/chapter5-chapitre5/>)

“B. Ethical Duty of Confidentiality

Article 5.1 Researchers shall safeguard information entrusted to them and not misuse or wrongfully disclose it. Institutions shall support their researchers in maintaining promises of confidentiality.

Application When researchers obtain information with a promise of confidentiality, they assume an ethical duty that is central to respect for participants and the integrity of the research project. Breaches of confidentiality may harm the participant, the trust relationship between the researcher and the participant, other individuals or groups, and/or the reputation of the research community.”

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 2 Paragraph 4
TOPIC:	Research tools		
SUBTOPIC:	Semi-structured interviews		
ISSUE:	Interview details		

PREAMBLE TO IR (IF ANY):

Paragraph 4 states “Semi-structured interviews focused on repeat borrowers and online payday loan borrowers. Interviews were conducted with participants who had used online payday loans and were considered to be repeat borrowers.”

QUESTION:

Explain what a semi-structured interview is and provide the interview questions asked and topics lead by the interviewer. How were the participants selected?

RATIONALE FOR QUESTION:

To understand all views of the participant.

RESPONSE:

Response: Semi-structured interviews include a set of questions as well as the opportunity for individual respondents to use some latitude and freedom to talk about what they view is important to them regarding the question. This allows for participants to share their knowledge and perspectives with researchers.

Refer to Section 2.2 paragraph 3 page 3 in the Report for how participants were selected.

Please see **CPLA Appendix 7 and 8**.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 3, Paragraph 1, No. 3
TOPIC:	Research tools		
SUBTOPIC:	Focus group		
ISSUE:	Focus group details		

PREAMBLE TO IR (IF ANY):

You indicate that several tools were used to engage participants in the study, including the conduct of a focus group.

QUESTION:

Please confirm the date, duration, place, and interviewer for each focus group conducted.

RATIONALE FOR QUESTION:

To understand all views of the participant.

RESPONSE:

The Focus Group was conducted in December and the duration of the focus group was 3 hours. The Interviewer was Ms Zoe St. Aubin, MA Research Consultant.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

The location and actual date of the interview is irrelevant to the issues before the PUB or the stated purpose of the question which is “To understand all views of the participant.”

Moreover, the location and exact date of the focus group will not be provided in order to ensure anonymity and confidentiality of focus group participants.

TCPS 2 Chapter 5, (Source: Government of Canada Panel of Research Ethics, <http://www.pre.ethics.gc.ca/eng/policy-politique/initiatives/tcps2-eptc2/chapter5-chapitre5/>)

“B. Ethical Duty of Confidentiality

Article 5.1 Researchers shall safeguard information entrusted to them and not misuse or wrongfully disclose it. Institutions shall support their researchers in maintaining promises of confidentiality.

Application When researchers obtain information with a promise of confidentiality, they assume an ethical duty that is central to respect for participants and the integrity of the research project. Breaches of confidentiality may harm the participant, the trust relationship between the researcher and the participant, other individuals or groups, and/or the reputation of the research community.”

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 3, Paragraph 1, No. 3
TOPIC:	Research tools		
SUBTOPIC:	Focus group		
ISSUE:	Focus group details		

PREAMBLE TO IR (IF ANY):

You indicate that several tools were used to engage participants in the study, including the conduct of a focus group.

QUESTION:

Please provide all questions asked and topics lead by the interviewer for each focus group conducted.

RATIONALE FOR QUESTION:

To understand all views of the participant.

RESPONSE:

Please see **CPLA Appendix 3**.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 3, Paragraph 1, No. 3
TOPIC:	Research tools		
SUBTOPIC:	Focus groups		
ISSUE:	Focus group details		

PREAMBLE TO IR (IF ANY):

You indicate that several tools were used to engage participants in the study, including the conduct of a focus group.

QUESTION:

Please provide copies of all recordings, transcripts, and notes of each focus group conducted.

RATIONALE FOR QUESTION:

To understand all views of the participant.

RESPONSE:

The question cannot be answered due to confidentiality concerns.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

As the PUB may be aware, there is stigma related to the taking of payday loans and challenging to recruit interview participants. In order to assist in recruitment and consistent with good research ethics, it was necessary to provide significant protection for confidentiality.

We have provided the information that we are authorized to provide through the consent form and are unable to provide further information. Please see **CPLA Appendix 9**.

Information that may tend to identify the participants such as transcripts, notes and recordings that may lead to voice recognition must be protected throughout the research process including the dissemination of research results.

TCPS 2 Chapter 5, (Source: Government of Canada Panel of Research Ethics, <http://www.pre.ethics.gc.ca/eng/policy-politique/initiatives/tcps2-eptc2/chapter5-chapitre5/>)

“B. Ethical Duty of Confidentiality

Article 5.1 Researchers shall safeguard information entrusted to them and not misuse or wrongfully disclose it. Institutions shall support their researchers in maintaining promises of confidentiality.

Application When researchers obtain information with a promise of confidentiality, they assume an ethical duty that is central to respect for participants and the integrity of the research project. Breaches of confidentiality may harm the participant, the trust relationship between the researcher and the participant, other individuals or groups, and/or the reputation of the research community.”

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 3, Paragraph 2
TOPIC:	On-line survey		
SUBTOPIC:	Participant recruitment		
ISSUE:	Recruitment details		

PREAMBLE TO IR (IF ANY):

You state “[methods] for participant recruitment for the on-line survey included: printed newspaper ads, posters, flyers, Facebook targeted ads, and community organization Facebook pages.”

QUESTION:

Please confirm the names of the newspapers in which ads were printed and provide copies of all such ads.

RATIONALE FOR QUESTION:

To understand composition of participants.

RESPONSE:

Ads were printed in the Winnipeg Free Press (see **CPLA Appendix 10**) and in the Winnipeg Metro (see **CPLA Appendix 11**).

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 3, Paragraph 2
TOPIC:	On-line survey		
SUBTOPIC:	Participant recruitment		
ISSUE:	Recruitment details		

PREAMBLE TO IR (IF ANY):

You state “[methods] for participant recruitment for the on-line survey included: printed newspaper ads, posters, flyers, Facebook targeted ads, and community organization Facebook pages.”

QUESTION:

Please provide copies of all posters and the locations in which such were posted.

RATIONALE FOR QUESTION:

To understand composition of participants.

RESPONSE:

Please see **CPLA Appendix 12**, and **CPLA Appendix 13**.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 3, Paragraph 2
TOPIC:	On-line survey		
SUBTOPIC:	Participant recruitment		
ISSUE:	Recruitment details		

PREAMBLE TO IR (IF ANY):

You state “[methods] for participant recruitment for the on-line survey included: printed newspaper ads, posters, flyers, Facebook targeted ads, and community organization Facebook pages.”

QUESTION:

Please provide copies of all flyers utilized and the areas in which such flyers were distributed.

RATIONALE FOR QUESTION:

To understand composition of participants.

RESPONSE:

Please see **CPLA Appendix 14**. Flyers were distributed to customers at the locations listed in the final report (Table 1.0 page 4).

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 3, Paragraph 2
TOPIC:	On-line survey		
SUBTOPIC:	Participant recruitment		
ISSUE:	Recruitment details		

PREAMBLE TO IR (IF ANY):

You state “[methods] for participant recruitment for the on-line survey included: printed newspaper ads, posters, flyers, Facebook targeted ads, and community organization Facebook pages.”

QUESTION:

Please provide copies of all Facebook target ads utilized.

RATIONALE FOR QUESTION:

To understand composition of participants.

RESPONSE:

See copies of the Facebook targeted ads utilized in **CPLA Appendices 15, 16, 17 and 18.**

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 3, Paragraph 2
TOPIC:	On-line survey		
SUBTOPIC:	Participant recruitment		
ISSUE:	Recruitment details		

PREAMBLE TO IR (IF ANY):

You state “[methods] for participant recruitment for the on-line survey included: printed newspaper ads, posters, flyers, Facebook targeted ads, and community organization Facebook pages.”

QUESTION:

Please confirm the names of the community organization Facebook pages.

RATIONALE FOR QUESTION:

To understand composition of participants.

RESPONSE:

We requested that ads be placed on the Facebook pages of: the Consumers Association of Canada (Manitoba Branch), Community Financial Counseling Services, Winnipeg Harvest, and SEED Winnipeg. See **CPLA Appendix 19** for a copy of the ad.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 3, Paragraph 3
TOPIC:	Survey		
SUBTOPIC:	Participant recruitment		
ISSUE:	Recruitment details		

PREAMBLE TO IR (IF ANY):

You state “[community] based organizations were also targeted for participant recruitment. Once permission was received from the organizations research assistants would distribute flyers to patrons and inform them verbally of the study. ...[four] of the five organizations agreed to allow Research Assistants to distribute flyers and collect surveys from potential participants, however of the four community organizations that agreed only three had events/gatherings within the timeframe of the data collection.”

QUESTION:

Please provide copies of the flyers distributed at these community based organizations.

RATIONALE FOR QUESTION:

To understand composition of participants.

RESPONSE:

Please see **CPLA Appendix 14**.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 3, Paragraph 3
TOPIC:	Survey		
SUBTOPIC:	Participant recruitment		
ISSUE:	Recruitment details		

PREAMBLE TO IR (IF ANY):

You state “[community] based organizations were also targeted for participant recruitment. Once permission was received from the organizations research assistants would distribute flyers to patrons and inform them verbally of the study. ...[four] of the five organizations agreed to allow Research Assistants to distribute flyers and collect surveys from potential participants, however of the four community organizations that agreed only three had events/gatherings within the timeframe of the data collection.”

QUESTION:

Please confirm the names of the four organizations that allowed Research Assistants to distributed flyers and collect surveys from potential participants.

RATIONALE FOR QUESTION:

To understand composition of participants.

RESPONSE:

Please see **CPLA Appendix 20**.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 3, Paragraph 3
TOPIC:	Survey		
SUBTOPIC:	Participant recruitment		
ISSUE:	Recruitment details		

PREAMBLE TO IR (IF ANY):

You state “[community] based organizations were also targeted for participant recruitment. Once permission was received from the organizations research assistants would distribute flyers to patrons and inform them verbally of the study. ...[four] of the five organizations agreed to allow Research Assistants to distribute flyers and collect surveys from potential participants, however of the four community organizations that agreed only three had events/gatherings within the timeframe of the data collection.”

QUESTION:

Please confirm the names of the three organizations that had events/gatherings within the timeframe of the data collection, and the nature of such events/gatherings.

RATIONALE FOR QUESTION:

To understand composition of participants.

RESPONSE:

The three organizations were West Broadway Ministry, Opportunities for Employment and Norwest Community Health Co-op. We did not inquire into the nature of these events.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 3, Paragraph 3
TOPIC:	Survey		
SUBTOPIC:	Participant recruitment		
ISSUE:	Recruitment details		

PREAMBLE TO IR (IF ANY):

You state “[community] based organizations were also targeted for participant recruitment. Once permission was received from the organizations research assistants would distribute flyers to patrons and inform them verbally of the study. ...[four] of the five organizations agreed to allow Research Assistants to distribute flyers and collect surveys from potential participants, however of the four community organizations that agreed only three had events/gatherings within the timeframe of the data collection.”

QUESTION:

Please confirm the number of survey participants, semi-structured interview participants, and focus-group participants that resulted from recruitment efforts at these community based organizations.

RATIONALE FOR QUESTION:

To understand composition of participants.

RESPONSE:

The number of survey participants that resulted from recruitment efforts at these community based organizations was 3. Tracking of the referral source for those persons participating in the semi-structured interviews and focus groups was not part of participant recruitment.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Manitoba Consumers Experiences with Payday Loans Research Study	PAGE NO:	Page 4
TOPIC:	Borrower's Views		
SUBTOPIC:			
ISSUE:	Representative Sample		

PREAMBLE TO IR (IF ANY):

QUESTION:

Provide the dates surveyors polled the borrowers outside each of the locations on Table 1.0.

RATIONALE FOR QUESTION:

Determine if there is any bias in the sample.

RESPONSE:

Research Assistants collected data from November 20th, 2015 to January 8th, 2016. The locations in table 1.0 of the final report illustrates all venues visited. The list reflects that a wide dispersion of venues were included in the target sample so as to engage with a wider population of payday loan consumers in Winnipeg.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

Providing the actual dates and times may jeopardize the confidentiality of those interviewed especially since many of those interviewed are repeat borrowers and surveys were conducted in a public space.

As the PUB may be aware, there is stigma related to the taking of payday loans and challenging to recruit interview participants. In order to assist in recruitment and consistent with good research ethics, it was necessary to provide significant protection for confidentiality.

TCPS 2 Chapter 5, (Source: Government of Canada Panel of Research Ethics, <http://www.pre.ethics.gc.ca/eng/policy-politique/initiatives/tcps2-eptc2/chapter5-chapitre5/>)

“B. Ethical Duty of Confidentiality

Article 5.1 Researchers shall safeguard information entrusted to them and not misuse or wrongfully disclose it. Institutions shall support their researchers in maintaining promises of confidentiality.

Application When researchers obtain information with a promise of confidentiality, they assume an ethical duty that is central to respect for participants and the integrity of the research project. Breaches of confidentiality may harm the participant, the trust relationship between the researcher and the participant, other individuals or groups, and/or the reputation of the research community.

DOCUMENT:	<i>Focus Group Two: Comparing Payday Loans and Two Alternative Small Loan Products – March 9, 2016</i>	PAGE NO:	Page 3, Paragraph 2
TOPIC:	Methodology		
SUBTOPIC:	Focus group participants		
ISSUE:			

PREAMBLE TO IR (IF ANY):

Under the heading “Methodology”, you state “[the] sample of participants were selected with the assistance of a local nonprofit organization that recruited from past and present clients and some of their (clients’) contacts.”

QUESTION:

Please confirm the name of the nonprofit organization and the nature of its operations/mandate.

RATIONALE FOR QUESTION:

To determine the composition of individuals involved in the focus group.

RESPONSE:

I can share that the organization works with low-income/asset people in Winnipeg.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

I cannot provide the name of the non-profit organization because of the research ethics requirement that I ensure the anonymity of the research respondents. If I disclosed the name of the organization then it might be possible for someone participating in the hearing or reading the transcript to identify one or more of the respondents.

DOCUMENT:	<i>Focus Group Two: Comparing Payday Loans and Two Alternative Small Loan Products - March 9, 2016</i>	PAGE NO:	Page 3, Paragraph 2
TOPIC:	Methodology		
SUBTOPIC:	Focus group participants		
ISSUE:			

PREAMBLE TO IR (IF ANY):

Under the heading "Methodology", you state "[the] sample of participants were selected with the assistance of a local nonprofit organization that recruited from past and present clients and some of their (clients') contacts."

QUESTION:

Please provide the method(s) utilized to recruit and select participants.

RATIONALE FOR QUESTION:

To determine the composition of individuals involved in the focus group.

RESPONSE:

Prospective participants were identified from clients, staff, and through client and staff networks. The client database includes information about use of payday lending. Prospective participants were recruited until we met the targeted number of nine participants.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	<i>Focus Group Two: Comparing Payday Loans and Two Alternative Small Loan Products – March 9, 2016</i>	PAGE NO:	Page 3, Paragraph 2
TOPIC:	Methodology		
SUBTOPIC:	Focus group participants		
ISSUE:			

PREAMBLE TO IR (IF ANY):

Under the heading “Methodology”, you state “[the] sample of participants were selected with the assistance of a local nonprofit organization that recruited from past and present clients and some of their (clients’) contacts.”

QUESTION:

Please provide the method(s) utilized to recruit and select participants.

RATIONALE FOR QUESTION:

To determine the composition of individuals involved in the focus group.

RESPONSE:

Same question as #66: Prospective participants were identified from clients, staff, and through client and staff networks. The client database includes information about use of payday lending. Prospective participants were recruited until we met the targeted number of nine participants.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	<i>Focus Group Two: Comparing Payday Loans and Two Alternative Small Loan Products – March 9, 2016</i>	PAGE NO:	Page 3, Paragraph 2
TOPIC:	Methodology		
SUBTOPIC:	APR presentation		
ISSUE:			

PREAMBLE TO IR (IF ANY):

Under the heading “Methodology”, you state “[a] presentation followed that explained how annual percentage rate (APR) is a measurement that allows for comparison of different credit product.”

QUESTION:

Please provide a copy of the presentation referenced.

RATIONALE FOR QUESTION:

Understanding the data provided to the participants.

RESPONSE:

Please see **CPLA Appendix 21**, Payday Loan & Alternatives.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	<i>Focus Group Two: Comparing Payday Loans and Two Alternative Small Loan Products – March 9, 2016</i>	PAGE NO:	
TOPIC:	Focus group findings		
SUBTOPIC:			
ISSUE:			

PREAMBLE TO IR (IF ANY):

QUESTION:

Please provide copies of all recordings, transcripts, and notes of the focus group conducted.

RATIONALE FOR QUESTION:

To better understand the findings of the focus group.

RESPONSE:

We are unable to answer the question as posed due to undertakings to those participating and ethical constraints.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

I cannot provide the notes from the meetings because the participants were assured that only the final report would be shared with the PUB participants. As the PUB may be aware, there is stigma related to the taking of payday loans and challenging to recruit interview participants. In order to assist in recruitment and consistent with good research ethics, it was necessary to provide significant protection for confidentiality.

DOCUMENT:	<i>Manitoba Consumers' Experiences with Payday Loans: Pricing and Practices of Licensed Payday Lenders in Manitoba</i> - March 9, 2016	PAGE NO:	Page 1, Paragraph 3
TOPIC:	Research methods		
SUBTOPIC:			
ISSUE:			

PREAMBLE TO IR (IF ANY):

You state “[the] three methods utilized to complete this research included structured in-person interviews, structured interviews and online data analysis. These methods were selected according to the location of the payday lender and the type of service they provide.”

QUESTION:

Please provide a detailed summary with respect to the followings:

- (1) The name of each payday lender interviewed/analyzed;
- (2) The method(s) utilized with respect to each such payday lender; and
- (3) The location, date, and duration, as applicable, with respect to each interview and analysis conducted.

RATIONALE FOR QUESTION:

To better understand the research and findings.

RESPONSE:

Legal Team:

The information sought already is in the report. However, as a courtesy, Dr. Buckland is repeating it.

Dr. Buckland:

1) Information about the lender interviewed is included in the report, as follows: “The following data being reported were provided by the lending companies Money Mart, Cash Money, MoneyMax, The Money Tree Payday Loans, 310 LOAN, Loan Express, A1 Financing & Loans, Swan River Payday Loans, The Pas Payday Loans, Parkland Payday Loans and The Fast Cash Company, all of which are currently licensed to operate in the province of Manitoba.”

2) Information about the lender interviewed is included in the report, as follows: “Considering that 310 LOAN and Loan Express operate as online payday lenders, the main method used to examine their policies was online data analysis, in order to remain consistent with the information they provide to their customers. As for The Pas Payday Loans operating out of The Pas, Swan River Payday Loans in Swan River, A1 Financing & Loans in Thompson, Parkland Payday Loans in Dauphin and The Fast Cash Company operating out of Brandon and Steinbach, the methods used to engage with these lenders included structured telephone interviews and online data analysis.

The two largest payday lenders operating in the province, Money Mart and Cash Money, allowed for the possibility of structured in-person interviews because of their high frequency of outlets found throughout Winnipeg. Additional information was retrieved from their websites where potential customers are able to submit their applications for approval of a payday loan online.

An in-person interview was conducted with the manager of MoneyMax and a telephone interview with the manager from The Money Tree Payday Loans Company – payday lenders with just one location respectively in Winnipeg – providing representation from smaller payday loan companies as well.”

3) Interviews dates are included in footnotes of the report and we copied them below. Note that when there is reference to ‘telephone,’ these interviews were done by phone, but when there is no reference to ‘telephone’ the interviews were done in person. We cannot reveal location of multi-outlet payday lenders to ensure anonymity. The interviews took between 5 minutes to one-half hour, with an approximate average of ten minutes.

- Telephone interview with The Pas Payday Loans conducted on January 29, 2016.
- Secondary call to The Pas Payday Loans made on March 8, 2016.
- Telephone interview with The Fast Cash Company conducted on January 29, 2016.
- Telephone calls were made to Parkland Payday Loans on February 29 and March 8, 2016. The employees were hesitant to answer questions. Additional info taken from: www.parklandtitleloans.com
- Telephone interview with Swan River Payday Loans conducted on February 29, 2016.
- Telephone interview with A1 Financing & Loans conducted on February 29, 2016.
- Interview conducted with MoneyMax manager on January 25, 2016
- Telephone interview with Money Tree Payday Loans conducted on March 3, 2016
- Interview conducted with Money Mart employee on January 26, 2016 / Additional information accessed via their website: www.moneymart.ca.
- Interview conducted with Cash Money employee on January 26, 2015 / Additional information accessed via their website: www.cashmoney.ca.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	<i>Manitoba Consumers' Experiences with Payday Loans: Pricing and Practices of Licensed Payday Lenders in Manitoba - March 9, 2016</i>	PAGE NO:	Page 1, Paragraph 3
TOPIC:	Research methods		
SUBTOPIC:			
ISSUE:			

PREAMBLE TO IR (IF ANY):

You state “[the] three methods utilized to complete this research included structured in-person interviews, structured interviews and online data analysis. These methods were selected according to the location of the payday lender and the type of service they provide.”

QUESTION:

Please provide all questions asked and topics lead by the researcher/interviewer for each interview conducted.

RATIONALE FOR QUESTION:

To better understand the research and findings.

RESPONSE:

The questions focused on providing information about the pricing and practices of payday lenders in Manitoba including the following variables,

- How the fee is disclosure to the client (e.g., \$X/\$100)
- The maximum amount loaned as % of the client’s income
- Type of cheques –other than employment– for which payday loans are eligible
- Services provided other than payday lending
- Eligibility of a loan if the client has other payday loans
- Personal information required.

Outline of In-Person/Telephone Interviews with Licensed Manitoba Payday Lenders

Question 1: What is the fee that you charge for a payday loan?

Question 2: How is this fee presented to the customer? For example, as an APR or the amount per \$100 borrowed.

Question 3: Is the size of the loan limited by the customer's net pay? If so, what is the maximum amount they can borrow?

Question 4: If one is unable to repay the loan on the due date, are they eligible for an additional loan?

Question 5: Does an outstanding loan from a different payday lender influence the applicant's eligibility?

Question 6: What other services aside from payday loans do you offer?

Question 7: What personal identification and other information do you require payday loan applicants to provide?

Question 8: Other than payroll cheques, what other types of income will you lend on?

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	<i>Manitoba Consumers' Experiences with Payday Loans: Pricing and Practices of Licensed Payday Lenders in Manitoba - March 9, 2016</i>	PAGE NO:	Page 1, Paragraph 3
TOPIC:	Research methods		
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ISSUE:			

PREAMBLE TO IR (IF ANY):

You state “[the] three methods utilized to complete this research included structured in-person interviews, structured interviews and online data analysis. These methods were selected according to the location of the payday lender and the type of service they provide.”

QUESTION:

Please provide copies of all recordings, transcripts, and notes of all interviews conducted.

RATIONALE FOR QUESTION:

To better understand the research and findings.

RESPONSE:

Please see **CPLA Appendix 22**, Pricing & Practices Notes Redacted. Certain material has been edited to protect confidentiality of the participants.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION:

DOCUMENT:	Small Loan Workshop: Summary of Proceedings and Recommendations	PAGE NO:	Page 13 Paragraph 6
TOPIC:	Alternative Loan Products		
SUBTOPIC:			
ISSUE:			

PREAMBLE TO IR (IF ANY):

The CPLA was a member of the Calgary Financial Inclusion Task Force with members from Calgary United Way, Servus Credit Union, First Calgary Financial and Momentum, among others and provided valuable insights on consumer protection and the challenges of offering short term credit. The report of page 13 states “participants identified that it is difficult to understand the payday loans business and the context of their client base...”.

QUESTION:

Was a representative of the payday loan industry invited to participate in the workshop? If not, why not?

RATIONALE FOR QUESTION:

Understanding the results of the workshop and verifying who attended.

RESPONSE:

Participants in the workshop were primarily from the credit union system. The purpose of the workshop was to discuss current small loan programs run by credit unions and to examine obstacles and opportunities for these programs to expand. There was no role for payday lenders since the purpose was to discuss credit union small loan programs.

RATIONALE FOR REFUSAL TO FULLY ANSWER THE QUESTION: