



ACORN Canada

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August 21, 2024

ACORN Canada is pleased to make our submission in relation to the Department of Finance Consultation on **Budget 2024 measures to deliver fairness for every generation**, more specifically on protecting Canadians from predatory lenders by strengthening the *Criminal Code*.

ACORN Canada is a national community union of low- and moderate-income people. For more information, pls visit www.acorncanada.org

Clause 1:

Changing the definition of interest to include all charges and expenses, whether in the form of a fee, fine, penalty, commission or other similar charge or expense or in any other form, and of all insurance charges.

ACORN is very encouraged to see that the cost of insurance and all other charges such as fees etc. will be included in the maximum interest rate that a lender can charge under the Criminal Code of Canada. Most often, low-to-moderate income people who are forced to rely on high-cost lenders, are not aware of extra costs such as insurance that they are paying on top of their loans. Moreover, often these products are financed into the loan which means that the borrower ends up paying the same amount of interest on insurance, fees etc. as on the loan amount.

Therefore, as the federal government moves forward to make this amendment, it is critical that it is made clear that the lenders cannot charge borrowers interest on products such as insurance, application fees etc. These products must be offered at a flat rate and not financed into the loan.

Clause 2(1)

Payday loans be offered with a minimum repayment term of 42 days, repayable in installments.

This change is going to help many people who struggle to make the payment for a payday loan within the next pay period and end up in a vicious cycle of debt. ACORN supports this amendment.



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Clause 2 (2)

Payday lending exemption

Additional condition for the payday lending exemption, that there is no charge for the sale of loan insurance, in connection with a payday loan.

Given the short payback period for payday loans, ACORN is in support of abolishing the sale of loan insurance in connection with a payday loan.

Thank you for considering our submission.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Marva Burnett', with a long, wavy line extending to the right.

Marva Burnett
President
ACORN Canada

For any questions/clarifications, please contact the ACORN Canada office.
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