

# Industry Backgrounder: Payday Lending in BC

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## Overview

The [Payday Loans Regulation](#) took effect in British Columbia on November 1, 2009. Since that time, all payday lenders doing business with BC consumers must be licensed with Consumer Protection BC. This includes lenders doing business online and by telephone. Consumers seek payday loans for a variety of reasons, ranging from covering unforeseen emergencies to trying to make ends meet between pay cheques.

## Payday lending law in BC

The law strikes a balance between protecting borrowers and allowing lenders to do business in BC. BC's Payday Loans Regulation protects borrowers by defining what a payday loan is, by setting a maximum allowable cost of borrowing, providing cancellation rights to borrowers, setting out disclosure requirements, requiring licensing and outlining prohibited practices and maximum penalties for violations.

## Payday lending by the numbers

	2022	2023	2024
Consumer inquiries <sup>1</sup>	90	156	91
Licenses issued and renewed	161	154	155
Compliance inspections	47	12	62
Investigations closed	7	3	4

## Business obligations

By law, payday lenders:

- Must publicly display loan rates for easy comparison to other lending institutions.
- Must provide a payday loan agreement, outlining all charges and terms and conditions for every transaction.
- Must phase repayment of the loan over two or three pay periods if a borrower is taking their third loan in a two-month period.
- Must not engage in practices that encourage continued debt and dependence or other unfair practices. For example, payday lenders:

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<sup>1</sup>Volumes are based on each unique contact point logged by our tracking system, not on combined interactions with consumers on certain issues. Not all inquiries handled were within our mandate.

- May not issue more than one loan to a borrower at the same time
- May not roll over one loan into another loan with new charges
- May not issue a loan for more than 50% of the borrower's pay cheque or net income to be received during the term of the loan

## Consumer rights

By law, consumers:

- Must receive a copy of the loan agreement at the time of signing. This agreement must list all the charges, terms and conditions of the loan.
- Have the right to change their mind and cancel the loan within two full business days of signing a loan agreement – without paying any charges.
- Can repay a loan any time before the due date and cannot be charged extra for doing this.
- May not be issued more than one loan at the same time or have a loan rolled over, meaning the payday lender cannot extend or renew a loan at an additional cost to the consumer or give the consumer a new loan to pay out an old loan.
- May not be issued a loan for more than 50% of what their pay cheque or net income will be during the term of the loan.

## Consumer tips

1. **Check a licence.** Use our [licence search tool](#) to ensure the lender is licensed. Payday lenders operating in BC are required to have a licence.
2. **Know your rights.** By law, purchasing insurance is optional and total fees must never be more than \$15 per \$100 borrowed – no matter what.
3. **Shop around for a rate and don't pay upfront.** Payday lenders must have posters showing the rates they charge. Also, never pay upfront to borrow money: in BC, it is illegal to ask for money upfront to obtain a loan.

## Enforcement actions

To maintain the integrity of our investigative processes, we do not share detailed information about open files. Visit the [Enforcement Actions section of our website](#) to explore our recent licensing and enforcement actions.

## For more information

Explore [www.consumerprotectionbc.ca](http://www.consumerprotectionbc.ca) for more information for both consumers and regulated businesses. Additional statistical information is also available in our [Annual Reports](#). We also share information and consumer tips on [Facebook](#), [Instagram](#), [YouTube](#) and in [our blog](#).