

Consumer Credit Division

Information Bulletin PDL - 4 Payday Lender Inspections

Information Bulletin

PDL-4

Issued: January 12, 2012

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The Payday Loans Act

PAYDAY LENDER INSPECTIONS

| This bulletin has been prepared by the Financial and Consumer Affairs Authority (FCAA) to help payday lenders comply with the requirements of *The Payday Loans Act, (Act)* and *The Payday Loans Regulations* (Regulations). It is intended to be used as a guide for payday lenders offering loans in Saskatchewan and for any staff that have questions related to the regulator's authority during the course of an inspection.

The contents of this bulletin are presented under the following sections:

- A. Inspections
- | B. Corresponding with the Consumer Credit Division

Changes to this bulletin are indicated by a bar (|) in the left margin.

A. INSPECTIONS

Payday lenders are subject to on-site inspections, including a review of loan agreements and business practices. Inspections will typically be scheduled although some lenders may be selected randomly in order to evaluate compliance with the Act. Inspections may be broad in scope, or targeted to certain areas as follow up on complaints received about the business. These reviews apply to both licensed and unlicensed lenders.

Auditors will enter the business location for inspection at a reasonable time, typically during weekday business hours, between 8:00 am and 5:00 pm. Advance notice may not be given to lenders in certain circumstances, but typically a manager will be given a few days notice for a scheduled inspection.

| FCAA auditors will provide government issued photo identification and a business card to the staff at the payday lender's location. The use and retention of information obtained in an inspection is governed in accordance with the terms in the Act and *The Freedom of Information and Protection of Privacy Act*.

| Inspections help to ensure that lenders follow acceptable practices and are in compliance with the legislation. The Director gives authority to FCAA auditors to conduct inspections, gather evidence related to complaints and non-compliant practices and to provide direction to lenders.

Inspections can include detailed examination of a selected sample of payday loans, and other documents as well as observation and enquiry related to business practices, policies and procedures. Additional testing steps may include tracing and vouching transactions through the record keeping system to the ledger and/or financial statements, contacting third parties for verification of transaction amounts, and review of other relevant contracts.

The auditor may utilize a number of other methods in the review, such as taking photographs of the premises for the purpose of evidencing proper or improper sign placement. The management and/or staff will be interviewed. Document copies will be requested from the lender, and/or original documents may be scanned by the auditor for digital retrieval and review. When requested, lenders shall provide a download of file information, or provide access to computer systems or storage for the purpose of the auditor to access the requested information directly.

Lender employees are expected to give full cooperation to the auditor and provide free and clear access to documentation and files and provide assistance when requested. Persons interviewed during an inspection shall answer truthfully, to the best of their knowledge and ability.

If an on-site inspection is required for firms located outside of Saskatchewan, the Director may require that the lender reimburse the government for all associated costs.

If any lender is found to be not complying with the provisions of the Act, the Director may assign the inspection costs to the lender, including and not limited to auditor travel expenses and salary costs.

A “desk” process may occur in certain instances. The lender will receive correspondence from the Division requesting the lender to forward specific information for review. Hardcopies (paper) of the requested information can be sent by courier or mailed to the Division’s office. Digital information can be accepted through the government’s secure file transfer system and lenders will be given specific instruction on how to access the system by email with the auditor.

B. CORRESPONDING WITH THE CONSUMER CREDIT DIVISION

For further information:

Write: Financial and Consumer Affairs Authority
 Consumer Credit Division
 601 – 1919 Saskatchewan Drive
 Regina, Saskatchewan S4P 4H2

Telephone: 306-787-6700
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Copies of the Acts and Regulations are available free of charge online at www.qp.gov.sk.ca.