



# Grassroots organizing & the campaign to stop predatory lending

[www.acorncanada.org](http://www.acorncanada.org)



**ACORN**  
CANADA

# What is ACORN?

- Community union
- Membership - based organization for low and moderate income people.
- 22 chapters across the country
- Located in the lowest income neighbourhoods



# What is ACORN?

## Key priorities:

- Organizing drives
- Leadership development
- Multi issue organization
- Mandate : build power for low income people.



# Leadership Development

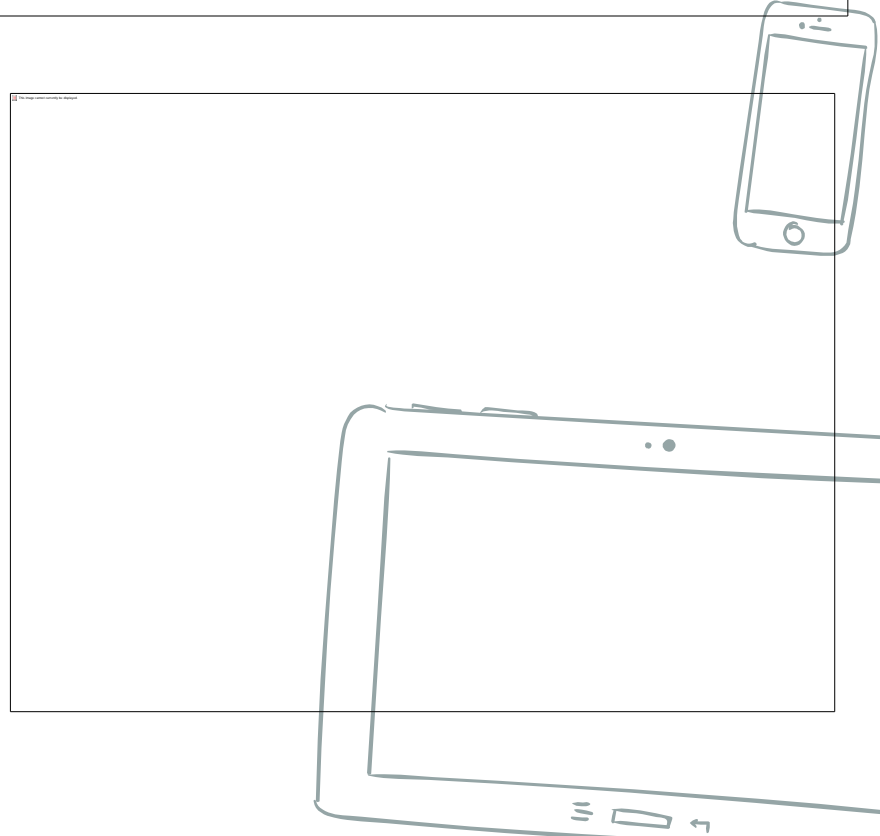
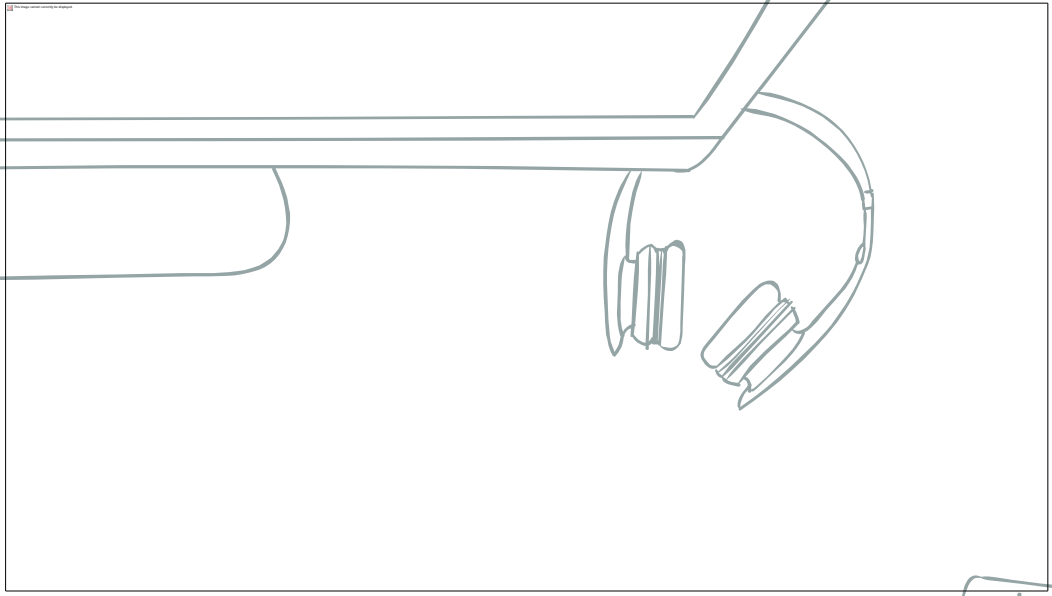
Local issues on doors	Primary/ corporate target	Rights based: Larger campaign
Cockroaches/repairs/ substandard housing	Landlord	Landlord licensing, National Housing Strategy (money for repairs)
High bank fees, payday lending/high interest loans	Bank, Money Mart	Fair banking legislation, postal banking
High internet, phone prices	Bell, Rogers	CRTC - new government mandated subsidy for telecoms for low - income families



# Anti - Predatory Lending Campaign History





- Launched in 2004 : We hear issues with predatory lending on the doors
- We launch 3 - pronged strategy (our national board voted)
  1. Fight for regulation that minimizes harm but doesn't put them out of business until # 3 completed.
  2. Support good alternatives (e.g. credit union products) to divert people to – good products but maybe lack the required scale of access.
  3. Fight for system changes in Banking system (including Postal Banking) to get banks to provide low - income people access to affordable credit , affordable overdraft protection – so when people have a crisis they can avoid payday lenders altogether.







# Provincially

- From 2007 – current
    - Most provinces introduced weak legislation.
    - We like AB the best given the extended repayment.
  - 2008 - Interest rates range from 20%, 23% flat in \$100 (520% - 624% interest)
  - Pay back in 2 weeks
  - Business model: Rollover loans
  - Now – ON and AB at \$15 on \$ 100 - %390
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## #2 Alternatives

- Vancity launched the first alternative
- Causeway in Ottawa
- Other credit unions in Alberta
- Potentially others ...
- Desired Solution is with Banks

Jurisdiction	Action
Municipal Government	<ul style="list-style-type: none"><li>● Introduce regulation to limit the number of payday loan stores in the city, and restrict the number of licenses provided to payday lenders, as seen in Hamilton, Ontario;</li><li>● Support the creation of alternative low-interest loan products.</li></ul>
Provincial Government	<ul style="list-style-type: none"><li>● Extend payday loan repayment, using a model similar to Alberta's repayment extension to 60 days;</li><li>● Enforce the ban on rollover loans by creating a user real-time database to monitor and avoid rollovers from company to company;</li><li>● Creating protections for installment / rent-to-own / title loans;</li><li>● Support the creation of alternative low-interest loan products.</li></ul>
Federal Government	<ul style="list-style-type: none"><li>● Mandate the banks to provide access to low interest credit for emergencies;</li><li>● Mandate the banks to provide low interest overdraft protection;</li><li>● Mandate the banks to provide no holds on cheques;</li><li>● Mandate the banks to lower NSF fees from \$45 to \$10;</li><li>● Create alternatives to predatory lenders, such as postal banking and credit union credit products geared toward low and moderate income families;</li><li>● Create a national anti-predatory lending strategy;</li><li>● Create a real time national tracking system (or database) to help stop roll over loans;</li><li>● Amend the Criminal Code to lower the maximum interest rate from 60% to 30%.</li></ul>



# Survey of ACORN Members 2016

- A survey of 268 ACORN members shows that the majority turn to high interest financial services as a last resort because they are denied adequate credit services from traditional banks.
  - A little more than half (52.3 per cent) say they have used an alternative financial service to obtain a payday loan;
  - Half (50 per cent) of those who used an alternative financial service told ACORN they did so to cash a cheque;
  - 20.3 per cent made a rent- to- own purchase;
  - 19.5 per cent used it for other purposes; •
  - 12.5 per cent took out a car title loan; •
  - 11.7per cent took out an installment loan (This is growing)
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# Survey of ACCO Members 2016

- 45 % said they visited a high interest financial service provider because they had no overdraft protection available on their bank accounts;
- 45 % reported they did not have a credit card; 43 % or line of credit;
- 12.5 per cent say their alternative financial service was nearby and that's why they used it .
- Only 4.7 per cent of respondents said they prefer using high interest financial services .

# DEBT DISTRIBUTION ACROSS THE MOST COMMON HIGH-INTEREST LENDERS

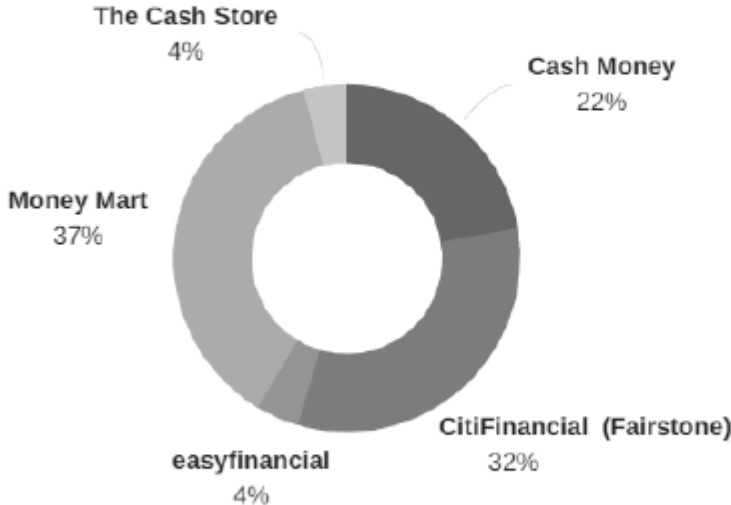


Chart 1: Consumer debt distribution across the more common high-interest lenders





HANDS OFF MY FUNDS ACORN CANADA

Peux pas avoir \$ de la Banque

HELP PLEASE GET AN ACORN CANADA

ACORN CANADA WE OF Need A Food & And Buy

HONK FOR AIR INKING CORN NADA

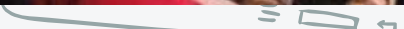
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HANDS OFF MY FUNDS

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Thanks!

