Serving or Exploiting People Facing a Short-term Credit Crunch? A Study of Consumer Aspects of Payday Lending in Manitoba

Research Project & Report

Team Members:
Jerry Buckland, Tom Carter, Wayne Simpson, Anita Friesen & John Osborne
With Assistance from Chris Robinson (Toronto)
Purpose of the Research & Report
(Excerpts from report)

- The research & report explores key consumer issues related to payday lending & seeks to inform public discourse and policymaking by examining consumer issues.

- The report synthesizes key aspects of the growing relevant academic literature & survey data.

- The research draws on field research undertaken in Winnipeg on payday lenders.
Research Activities

1. Literature Review: Canada & US Emphasis

2. Analysis of Consumer Characteristics

3. Mystery Shopping in Winnipeg

4. Mapping of Outlet Locations & Data Collection of Payday Loan Fees
Research Activities: 1. Literature Review: Canada & US Emphasis

- Canada and US emphasis; limited analysis in UK confirmed by UK expert; some data for Australia but little/none for other countries.

- Small but growing literature both theory & applied.

- Synthesized literature on key consumer issues.

- Relatively limited databases available that relate to the topic.


- Used statistical and econometric methods to analyze key databases.
Research Activities: 3. Mystery Shopping

Mystery shopping is a way to ‘measure the quality of service provided.’

- Typically done by retail firms to measure own and competitors’ service quality.
- Regularly by Financial Consumer Agency of Canada to monitor banks’ adherence to the Access to Basic Banking Regulations.
Research Activities: 4. Mapping of Outlet Locations & Data Collection of Payday Loan Fees

- No authoritative source of payday loans firms & outlets.
- Used telephone directory to compile base list.
- Mapped outlet locations onto neighborhoods with associated social and economic indicators from 2001 Census data.
- Telephone interview done with at least one outlet per firm in Manitoba using ‘mystery shopping’ method.
- Data collected on: fees for different payday loans; availability or rollover or repeat loan.