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**Law Amendments Committee on Bill #114**

**Office of the Legislative Counsel  
Fax: (902) 424-0547**

**Dear Sir or Madam:**

I am writing to you on behalf of DollarsDirect, Inc., an indirect subsidiary of the Cash America group of companies (NYSE: CSH). DollarsDirect currently provides payday loans in Ontario, British Columbia and Alberta. Our affiliates offer a variety of online credit products in approximately forty jurisdictions throughout the United States, Australia, and the United Kingdom. This letter concerns the proposed amendment to the Nova Scotia Consumer Protection Act, which would require remote payday lenders to be licensed and to maintain a storefront in Nova Scotia.

We support Nova Scotia's decision to permit online payday lenders to operate in the province. Adding online payday lenders to the credit industry will benefit consumers by providing a convenient alternative to the traditional storefront model, while also promoting competition and affording consumers further options. Indeed, Nova Scotia consumers already enjoy a multitude of bricks and mortar storefront lender options. Those who opt to use an online payday lender often do so due to the conveniences that online lenders provide, including the ability to apply from the privacy of one's home and to access loan documents, disclosures, and terms and conditions from any internet-connected computer at any time.

However, the provision in the proposed amendment, which would require online payday lenders to maintain a storefront in Nova Scotia, is problematic for a number of reasons. There are key differences between bricks and mortar storefront lenders and online payday lenders. A typical online payday lender advertises primarily over the internet, and communicates with its consumers via telephone and electronic channels of communication.

We are committed to offering a viable, fair and customer-focused product. Thus, we appreciate the public policy need to ensure that online borrowers are afforded the same level of protection as storefront borrowers. However, a physical presence does not enhance the level of protection afforded to consumers, nor does it offer any practical value to consumers who opt for wholly internet-based credit products. Online payday lenders provide all marketing materials, disclosures, loan documents, etc. over the internet, which makes online lenders' operations exceedingly transparent to consumers and regulators.

The physical location requirement is exceptionally onerous in light of the reduction in rate caps. Online lenders incur a variety of expenses that differ from storefronts. Imposing a storefront requirement only increases these costs. Unfortunately, if Nova Scotia imposes a



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storefront requirement, most online payday lenders risk being unable to do business in Nova Scotia, in our view. Previously, when the rate cap was set at a higher level of \$31 per \$100 lent, online payday lenders could absorb the extra costs they would have incurred from maintaining a storefront. At the current, reduced rate cap of \$25 per \$100 lent, however, online payday lenders may not afford to do business in Nova Scotia if they are forced to maintain a storefront, given the smaller size of the Nova Scotia market.

We believe that providing an open channel for communication between online payday lenders and consumers is absolutely critical. It is likewise important that consumers be allowed to exercise their rights without incurring any additional expense or inconvenience. In this context, it is customary in many jurisdictions to require online lenders to maintain an address for service of process to ensure that consumers do not experience any inconvenience should they choose to exercise their legal rights. Accordingly, we propose replacing:

*Clause 5 prohibits the Registrar from issuing a permit if an application does not specify a location from which the applicant will make payday loans.*

with:

*Clause 5 prohibits the Registrar from issuing a permit if an application does not specify an agent and address for service of process to which all communications may be directed.*

We are positive that our proposed changes will ensure the proper level of consumer protection and provide Nova Scotia consumers with affordable and convenient credit products.

Please feel free to contact us with any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Shteyn", with a long horizontal flourish extending to the right.

Daniel Shteyn  
Chief Operating Officer  
DollarsDirect