

TABLE 7

CHANGE IN COMPOSITION OF BUSINESS OF CONSUMER LOAN COMPANIES, SHOWING OUTSTANDING CASH LOANS AND INSTALMENT CREDIT AT YEAR END, 1953 AND 1963

Nature of Credit	1953		1963		10-Year Increase	
	Millions of \$	% Distribution	Millions of \$	% Distribution	Millions of \$	% Increase
Cash loans.....	173	98.3	753	93.2	580	335.3
Instalment credit.....	3	1.7	55	6.8	52	1,733.3
All consumer credit....	176	100.0	808	100.0	632	359.1

SOURCE: Bank of Canada brief, proceedings, p. 112.

SMALL LOANS

Throughout the hearings of this Committee no subject has come up more often than the Small Loans Act, and practically all the words spoken about it have been words of praise. We were told—and the hearings have left us in no doubt—that a book could be written about this Act alone.

The Small Loans Act came into effect in 1940 at a time when it was generally agreed that the situation with respect to small loans was deplorable, and that legislation was needed in the public interest to bring order out of chaos. The provinces were consulted before the Act was adopted. Although one or two of them expressed some reservation about its constitutional validity, none opposed it at that time, nor has any province done so since. There was naturally some opposition from money-lenders, but by and large, the Small Loans bill had the blessing of those whose business it was designed to regulate. And to this day, with regulations adapted to changing conditions, the Act has continued to enjoy the confidence of those in the business. In fact the Canadian Consumer Loan Association helps the Superintendent of Insurance in policing the small loans business generally.

Administrators of the legislation assure us that enforcement has presented no serious difficulties; the few occasions on which it has been necessary to apply legal sanctions have generally arisen out of misunderstanding rather than deliberate evasion of the Act.

We heard no suggestions that operation of the Small Loans Act should be in any way curtailed, but many have urged that protection of the small borrower be improved both by increasing the size of the loan to which the Act applies, and by broadening the definition of "loan" to include specifically purchase credit as well as loan credit.

The arguments in favour of broadening the scope of the Small Loans Act are: (1) that more than 25 years' experience demonstrates the value of its provisions, and it would be in the public interest to extend the jurisdiction exercised under the Act; (2) that since the Act came into effect the whole field of consumer credit has greatly expanded and changed in nature, and that the small loans business has been much affected by these changes.

The Act has served many small borrowers well. Although the upper limit was originally \$500, since 1957 protection has been extended to those borrow-