

per month. Those wishing to make small loans at higher rates must be licensed each year by the Minister of Finance under the Small Loans Act. The Act allows maximum rates, including charges of every kind, of 2 p.c. per month on unpaid balances not exceeding \$300, 1 p.c. per month on the portion of unpaid balances exceeding \$300 but not exceeding \$1,000 and one half of 1 p.c. on any remainder of the balance exceeding \$1,000. Loans in excess of \$1,500 are not regulated and lenders operating entirely above this limit and the larger loans of licensed lenders are thus exempt from the Act. Nor does the Act regulate charges for the instalment financing of sales. Prior to Jan. 1, 1957, the Act applied only to loans of \$500 or less and the maximum rate was 2 p.c. per month.

At the end of 1966, there were five small loans companies and 78 money-lenders licensed under the Act. Small loans companies are incorporated by special Acts of the Parliament of Canada, the first of them commencing business in 1928; the money-lenders include provincially incorporated companies and a few partnerships and individuals. Many of the small loans companies and money-lenders are affiliated with other financial institutions, principally Canadian sales finance companies and American finance or loan companies, and these subsidiary companies account for a high proportion of the total business of licensed lenders. The affiliations with sales finance companies reflect the close relationship between instalment financing and the consumer loan business. The Dominion Bureau of Statistics publishes quarterly balance sheets for sales finance and consumer loan companies as a whole and does not attempt to distinguish the two groups within the industry.*

The subsidiary small loans companies and money-lenders obtain most of their funds through their parent companies. A few of the larger companies have supplemented their bank loans by selling short-term paper in the market but the amount has been small compared with the short-term market borrowing of the sales finance companies. The smaller independent companies rely mainly on their shareholders and on borrowing from the chartered banks.

The annual figures of assets and liabilities given in Table 21 for 1963-66 are from the Department of Insurance report.*

* See *Business Financial Statistics* (Catalogue No. 61-006). More complete data on the business of licensed lenders are given in the *Report of the Superintendent of Insurance for Canada on Small Loans Companies and Money-Lenders* for the year ended Dec. 31, 1966 (Catalogue No. In 3-4/1965).

21.—Assets and Liabilities of Small Loans Companies and Money-Lenders, 1963-66

Assets and Liabilities	1963	1964	1965	1966
	\$	\$	\$	\$
Assets	735,660,587	797,271,316	899,510,592	995,273,267
Small loans balances.....	530,030,909	575,126,976	627,526,360	647,887,126
Balances, large loans and other contracts.....	187,336,161	203,473,461	238,469,695	311,984,099
Cash.....	7,999,302	6,546,620	10,602,031	10,432,107
Other.....	10,294,215	12,124,259	22,912,506	24,969,935
Liabilities	735,660,587	797,271,316	899,510,592	995,273,267
Borrowed money.....	598,496,241	647,138,005	728,802,326	799,454,035
Reserves for losses.....	14,962,448	17,895,299	19,843,853	24,380,272
Paid-up capital.....	48,358,329	49,044,243	51,749,884	50,687,274
Surplus paid in by shareholders.....	449,865	443,370	5,443,994	7,702,743
Earned surplus.....	34,409,797	37,671,201	38,817,315	46,246,460
Other.....	38,983,907	45,079,198	54,853,220	66,802,483