



# Payday loan use in Canada

Key findings from the Financial Consumer Agency of Canada's report, **Understanding payday loan use and perspectives**, based on data from the **Monthly Financial Well-Being Monitor** and the Payday loan user survey conducted between December 2022 and January 2023.

## What is a payday loan?

A short-term, high-cost loan that you promise to pay back from one or more future paycheques.

**3% of Canadian households reported getting a payday loan in the past 12 months.**

## Payday loan users are more likely to be struggling financially

- **nearly 3x** as likely to have borrowed money to buy food
- **nearly 3x** as likely to have borrowed money from friends and family
- more likely to fall behind on bills or to not have an emergency fund



## Many struggle to repay their loans and risk falling into a debt cycle



- 48% were able to repay their loan with their next paycheque, but:
  - **30%** have had difficulty repaying on time
  - **7%** had taken out another payday loan to pay the first
- Half were **repeat** users (2 or more payday loans over 3 years)

## Many don't fully understand the cost

- **26%** thought payday loans cost the same as bank loans
- **only 25%** knew payday loans cost more than a cash advance on a credit card



## Financially vulnerable Canadians are more likely to use payday loans

### Certain communities are overrepresented

- **Indigenous people** are more than twice as likely to use payday loans
- more than 45% of payday loan users are **newcomers to Canada**

### Economic vulnerability drives usage

- more than 50% earn **less than \$55,000 annually**
- many are **unemployed**

### Education and family status are factors

- those **without a high school diploma** are more than twice as likely to use payday loans
- more than 40% of users are **renters or lone parents**

Visit [Payday loans](#) to learn more about the true cost.