There was also no agreement on a floating cap. Some wanted credit card rates limited to the level of the Bank Rate, the personal lending rate, an unspecified bank loan rate or the prime rate. Others wanted a margin over prime of 1 1/2, 2, 3, 4 or 5 percentage points; still others wanted a margin over the Bank Rate of 2, 3 or 5 percentage points.

2. Private Member's Bill C-238 on Calculation of Credit Card Interest Charges

On 8 May 1989, Mr. Don Blenkarn, M.P., presented a bill that would amend the *Interest Act* and regulate the calculation of interest charges on credit cards.

The bill would make all card issuers use the same method for calculating interest charges—interest charges would be calculated monthly, unpaid interest would be subject to interest itself and all interest calculations would be made from the statement date. (The bill refers to interest calculations being made from the due date, but the context suggests that this means the statement date.) The mandated method would be similar to the method now used by retailers; the method is quite different from that used by financial institutions, namely the calculation of credit card interest charges on the basis of daily balances.

The bill would provide a grace period during which no interest is charged for all purchases. The minimum grace period would be from the date of purchase to the statement date. If purchases are distributed evenly through the month, the average additional grace period is 15 days for those with outstanding balances. Currently, those with outstanding balances on bank cards who do not pay their account in full by the end of the grace period are charged interest from the date of purchase.

The bill is consistent with a recommendation in the 1987 report by the Finance Committee on credit cards in Canada:

> That the Minister of Finance work with the relevant provincial ministers to put into force legislation requiring all credit card issuers to calculate interest-bearing balances by a common method. The method should be uniform, allow a grace period for new purchases (to ensure that payments are credited first to any interest-bearing balance), recognize the timing of payments (so being late a day on a payment does not lead to interest charges for an entire month) and allow that any partial payment lower the interest-bearing balance.

The argument for mandating a common method of interest calculation for all credit card issuers is that a common method would enable consumers to compare the effective interest rate on different cards. As the News Release