

Committee and subsequent work by the Ministers responsible for consumer issues and the Department of Consumer and Corporate Affairs have been aimed at improving the availability, timing and usefulness of information about credit cards.

More can be done. Consumers may be badly informed about products, prices and the existence of lower cost alternatives to what they buy. If consumers are badly informed, they do not put pressure on a market to become more competitive. In some cases, good information may exist but it moves slowly to consumers. Here, too, the market will not be as competitive as it could be.

Similar reasoning in the United States led Congress there to pass legislation that requires better disclosure of credit card costs. It is useful to look at that legislation and then at current practices of Canadian card issuers, using the U.S. law as a frame of reference.

### **1. Recent U.S. Legislation on Credit Cards**

On 3 November 1988, the U.S. Congress passed the *Fair Credit and Charge Card Disclosure Act of 1988* (Public Law 100-583 [H.R. 515] Hereafter FCCCD Act). The law provides detailed and uniform disclosure of rates and other costs of credit cards in applications and solicitations to open credit and charge card accounts. This law gives consumers basic cost information on cards at an earlier time than under the current *Truth in Lending Act* which provides only that consumers receive credit disclosure statements before the first transaction. The FCCCD Act took effect 3 April 1989, but compliance is optional until 31 August 1989 (and 29 November 1989 for one section of the Act). Because of the late compliance dates, there is no useful experience of this law.

Under the new law, card issuers must provide information in three situations:

- a. direct mail applications and solicitations,
- b. telephone solicitations, and
- c. applications and solicitations that are made available to the general public (such as those contained in catalogues, magazines, generally available publications or in applications commonly referred to as "take ones").