

premium or gold cards issued by financial institutions. Royal Bank has taken over the Diner's Club card and is marketing it more aggressively.

Non-price competition has also intensified, especially for the premium cards. Different cards offer different packages of insurance, discounts on hotels and car rentals, rebates and various other attractions. The so-called affinity cards are another new development used by card issuers to increase market share. A graduate of, say, Queen's University may agree to use a certain credit card, and the card issuer will give some money (often a percentage of the purchases made with the card) to Queen's.

Still, some Members of this Committee—and, indeed, Members of the Finance Committee—thought that the similarity of rates among some card issuers indicated anti-competitive behaviour, behaviour that should be investigated by the Bureau of Competition Policy.

There are three sections of the new *Competition Act* would apply to credit card issuers—Section 45 dealing with general conspiracies that would lessen competition, section 49 dealing with agreements among banks and Section 61 dealing with price maintenance.

Section 61 prohibits card issuers from making any agreement, threat or promise that would prevent a merchant from offering a discount for the use of cash. Sections 41 and 49 cover agreements that would keep the terms of cards offered by different issuers at the same level (or at some specified relationship).

To prove conspiracy under the *Competition Act* one needs evidence of an agreement. The Act requires more than price leadership or parallel pricing to constitute an offence. As several witnesses before this Committee pointed out similar prices can also be an indication of competition.

Determining the extent of competition is tricky. There is evidence, however, that the market for credit cards in Canada is highly competitive in terms of the push for market share. There is certainly no evidence that card issuers have agreed among themselves on the interest rates and other terms of credit cards.

DISCLOSURE AND INFORMATION

Pivotal to the credit card issue is the question of information. Is there enough information, available at the right time, for a prospective card holder to choose a card wisely? Many of the recommendations of the Finance