

The federal minister through the Department of Consumer and Corporate Affairs initiated a regular publication on the cost of credit cards in Canada. This began in December 1987 and gave fees, interest rates, grace periods and the starting point for calculations of interest charges for 35 credit cards.

In April 1988, the Federal-Provincial-Territorial Working Group on Cost of Credit Disclosure published the "Discussion Paper on Credit Card Interest Charges." This paper provided background information on credit cards in Canada and pointed to several alternatives for increasing the awareness and understanding of credit card interest charges.

Since the publication of the discussion paper, the Working Group has met with several card issuers, associations representing their issuers, and consumer groups. At the most recent annual Conference of Federal, Provincial and Territorial Ministers responsible for consumer issues, the Ministers again examined credit card interest charges.

The following is the relevant paragraph from the Conference News Release (NR-25308, 12 September 1989):

Credit card interest charges continue to be a concern of consumers and governments. The Ministers warned the credit card industry that it must take further action to disclose the components of total interest charges on credit cards in a clear manner. The Ministers acknowledged the credit and industry's efforts to improve consumer understanding of credit card costs, but indicated they were not satisfied with the steps taken to date.

As was the case with recent legislation in the U.S. and, to some extent, with the 1987 Finance Committee report on credit cards in Canada, the emphasis of the Ministers is on disclosure and not the regulation of rates. At this time, moreover, the Ministers appear to be looking for voluntary disclosure by card issuers. The following shows a possible breakdown of interest charges that would meet the type of voluntary disclosure sought:

- (a) interest from the purchase date to the next statement date,
- (b) interest accruing during the month covered by the statement,
and
- (c) interest from the payment date to the statement date (the so-called residual interest).

The interest on cash advances might also be shown as a separate component.