

confident that if we address any problems with today's credit cards, we will be setting the stage for a more efficient and equitable EFT system tomorrow.

This report is meant to accomplish three tasks. The first is to examine the perceived problems. An important finding in this report is that there is not a structural flaw in the market for credit cards, structural in the sense that immediate legislation (or action by the Bureau of Competition Policy) is warranted. The workings of the market can be improved, however, by providing the consumer with better information about the true relative price of various cards.

The need for better information is the basis for the second and third tasks of this report. The second is to show the consumer how to use the information that is currently available to make wise choices about credit cards (or even about whether to use a credit card). The third task is to signal to the card issuers how they should improve the information they provide consumers.

Under Standing Order 108(2), the House of Commons Standing Committee on Consumer and Corporate Affairs and Government Operations decided in mid-1989 to examine the evolving role of credit cards in the Canadian economy. The Committee held hearings in June with Mr. Don Blenkarn, M.P., Chairman of the Finance Committee; Mr. Reginald Stackhouse, former M.P. who first raised the issue in the House in mid-1986; Ms. Linda Leatherdale, business editor of the *Ottawa Sun*; and officials with the Consumers Association of Canada, the Canadian Bankers' Association, the Retail Council of Canada, and the Trust Companies' Association of Canada.

During the summer recess, the Committee directed one of its researchers to examine several remaining issues, including methods of calculating interest charges for different types of credit cards and the current practices of Canadian card issuers with respect to the disclosure of cost information to consumers. Members held several *in camera* meetings in October to draft the report.

BACKGROUND

The Finance Committee tabled its report *Credit Cards in Canada* in March 1987. This report and the Background Paper "Interest Rates and Credit Cards" appended to it provide useful information about the workings of the credit card market in Canada.