

vary widely with respect to what cost information is presented and how it is presented. Of special concern to the Committee was disclosure in applications and promotional material. In other words, the Committee shares the same concerns that led to legislation in the United States.

Because practices vary widely and because there are so many card issuers in Canada, it is probably most useful to highlight the best and the worst practices.

The worst is the stand-alone application that gives no information about the costs of using the card. Some contain such phrases as "the applicant agrees to abide by the terms and conditions of the XYZ Card Agreement accompanying the XYZ Credit Card." Comparison shopping for a credit card is not helped by giving a consumer the terms of a card after he or she has applied for a card and received it.

This worst practice seems to hold for the smaller card issuers, although this generalization does not hold for all the small issuers examined by this Committee. Many large issuers also have applications without specific cost information on them, but these issuers often have supporting material that explains the use of the card and provides detail on the costs.

The large retailers were quite good about providing information on the costs of their cards, which means the interest rate used and the manner of calculating interest charges. In many cases, the application was part of a promotional brochure. This often contained, in addition to the interest rate used in the calculations, examples of interest charges (and minimum payment requirements) for different levels of purchases.

The large financial institutions also have widely varying practices. The best among them are models of what can be done. The National Bank, for example, has recently included the interest rate on its credit card with the promotional material and application form that it now uses. The Royal Bank does not include the rate with its application, but offers supporting material that gives a phone number for information about its financial services. It also provides an excellent pamphlet—"Straight Talk about Visa"—that now includes sample calculations and an explanation of how interest charges are calculated.

In terms of the U.S. disclosure model, the best example in Canada is the flyer "About Our Credit Cards" that Canada Trust has available with its application forms. On the back of this flyer is a table "About Our