

The Standing Committee on Consumer and Corporate Affairs and Government Operations has the honour to present its

FIRST REPORT

In accordance with its mandate under Standing Order 108(2), your Committee has examined the evolving role of credit cards in the Canadian economy and has agreed to present this report.

Fewer than three years have passed since the last parliamentary Committee reported on credit cards in Canada. The first question to be addressed in this report, therefore, is why the issue is being reexamined. There are several answers.

The best is that the public once again perceives a problem with credit cards. Former MPs, the constituents of current MPs and newspaper columnists have noted the high level and stickiness of credit card rates. These observers and others have watched with concern the growing importance of credit cards in the economy and the many innovations in the credit card market. Everyone is concerned with how difficult it is to understand the pricing of the various types of cards—difficulties that were not solved by the previous parliamentary report.

The members of this Committee share these concerns and, of course, have a duty to examine publicly perceived problems.

In addition, the members of this Committee take a wide view of consumer affairs, a view that includes possible future developments. There seems little doubt that electronic funds transfers (EFT) will be at the centre of consumers' future financial transactions. We cannot claim to know the exact nature of the future EFT system, but we can say that the credit card is an important bridge to it.

If there are problems with credit cards today, will these problems be magnified in the future? Again, we cannot say for sure. But we do feel