shorten grace periods, add or increase fees and eliminate the marginal card user (the one whose current expected revenue just matches the cost to the institution of that individual's card). It should be noted that the marginal user is often the consumer with low income.

(f) Treating financial institutions the same as retailers neglects the fact that retailers can adjust the price of their products to counter any changes in the return on their credit card operations, while financial institutions cannot.

(g) Many consumers now have daily interest deposit accounts. The extension of the grace period would enable some wise consumers to collect interest from a financial institution while that institution finances a purchase made by the consumer.

(h) There are possible federal/provincial conflicts.

IS THERE TOO MUCH CREDIT CARD LENDING?

During the hearings in June several Members of the Committee noted that they were swamped with applications for credit cards, especially when they visited major retailers. They wondered whether such marketing practices led to too much credit card lending and, eventually, to financial problems and possible bankruptcy for their constituents.

Bankruptcy is a tricky issue, one that the Committee may examine in more detail in the future. It is, of course, impossible to provide a precise figure for the acceptable level of bankruptcies. For now, it is enough to point out that in an economy where credit is readily available and where future trends of income and employment are not known with certainty, bankruptcies will occur.

This Report addresses two related questions. What is the link between credit card borrowing and bankruptcy? Do credit card issuers lend money too easily?

For the first question, the Superintendent of Bankruptcy has produced some relevant data from a random sample of personal bankruptcies in a six month period over 1988-89. Surprisingly, as the table in Appendix 8 shows, over 40% of bankruptcies did not involve credit card lending.