Lending) stated: "The preemption of such provisions of state law is total, and differs from other provisions of the TILA [Truth in Lending Act] which generally preempt only inconsistent state laws."

The *Fair Credit and Charge Card Disclosure Act of 1988* is the result of several years of congressional work on the issue of credit cards, work that has in many respects paralleled work done by parliamentary committees in Canada. Congress rejected proposed legislation that would have put a cap on credit card rates and instead worked to improve the disclosure that consumers would receive about the costs associated with credit cards, although some states do have interest rate ceilings. As can be seen from the above sections, the new credit card law does not mandate common methods for pricing by card issuers. Instead, the law attempts to insure that consumers have information at a time that will be useful as they shop for a credit card.

The tables in Appendix 6 are from the Federal Reserve Press Release on Regulation Z (Truth in Lending) which implements the *Fair Credit and Charge Card Disclosure Act of 1988*. Note that the tables designed by card issuers need not be identical to the following, but must be substantially similar.

The standardized table, available with promotional material, gives prospective card holders an excellent way of comparing the terms of various credit cards. There are still problems with the approach, the biggest problem having to do with the naming of the method of calculating interest charges. Here, for example, is the name and description of one method.

> *Two-cycle average daily balance (including new purchases)*. This balance is the sum of the average daily balances for two billing cycles. The first balance is for the current billing cycle, and is figured by adding the outstanding balance (including new purchases and deducting payments and credits) for each day in the billing cycle, and then dividing by the number of days in the billing cycle. The second balance is for the preceding billing cycle and is figured in the same way as the first balance.

Keep in mind that for this method, only the name must be given in the standardized table. Whether anyone would understand how interest is calculated from the name alone is a moot point. What research for this Committee has demonstrated is that information about relative nominal rates does not necessarily provide information about relative effective rates.

2. Current Disclosure Practices in Canada

Not surprisingly, perhaps, Canadian card issuers do not use a standardized table to present the costs of using their credit cards. Practices