

- * Compare the cost of Canada's basic credit cards
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- * Consumer Advisory: Dealing with credit card problems

Compiled by the Consumer Policy Branch of Industry Canada from information given by card issuers, and accurate on June 1, 1994.

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(Version française disponible)

CARD RATES STABLE DESPITE OTHER INTEREST RATE INCREASES

Most credit card rates have not changed since the beginning of the year despite fluctuations in short-term interest rates. Inflation fears in the U.S. and pressure on the Canadian dollar have caused the Bank of Canada to raise the bank rate from 4.22 % in March 1994 to 6.61% on May 10.

So far, only the Royal Bank and Montreal Trust have reacted by raising the interest rates on their credit cards. The Royal Bank and Montreal Trust will increase their rates of interest from 13.75% to 15.00% on June 1. However, both institutions' rates have been one percentage point or more below other standard Visa rates in recent months.

Meanwhile the Bank of Montreal has reduced the interest rate of their 'Prime +' low-rate card from 11.25% to 10.75%.

CONSUMERS URGED TO SHOP AROUND FOR
THE BEST DEAL ON CREDIT CARDS

Consumers are taking advantage of some of the new options in credit cards. The new options include cards which help save for cars, first homes, and air miles as well as lower interest rates. Those offering bonus points towards a new car or other items have been especially popular. In addition, 'gold' cards offer a range of services such as travel insurance, car rental insurance, commission-free travellers cheques and emergency cash advances.

Card issuers are working hard to offer a range of options to attract customers. In a competitive market, there is an abundance of products to choose from, and now is a good time for consumers to assess whether their present credit card is offering the best deal. While all the options may appear enticing, it is important to shop around for the card that best suits your needs.

Some of the things you should consider are: how much do you spend on your card in a year; how often do you use your card; do you pay off the balance every month; is the annual fee (if any) worth the services you will use; would you be tempted to use your card more often to earn bonus points; and last but not least, how much could you save with a low-interest card?

Financial Institution Credit Cards*

June 1994

Card Issuer	Fees (\$ annual)	Interest Rates (% annual)	Grace Period (days)	Interest Calculated from
				Date of Purchase
MasterCard				
Bank of Montreal				
Standard	--	15.75	21	x
Prime +	18	10.75	0	x
Canada Trust	8 ¹	15.00	22	x
CS CO-OP	--	15.75	21	x
National Bank	--	15.95	21	x
National Trust				
Basic	--	15.75	21	x
Low Interest Option	30	9.50	21	x
Niagara Credit Union	--	15.75	21	x
Royal Trust	15	15.50	17	x
			21 (Que.)	
VISA				
Bank of Nova Scotia				
Standard	8	14.70		x
Value Visa	29	9.75	21	x
CIBC	12	15.50	21	x
Confédération des caisses populaires et d'économie				
Desjardins du Québec	12	14.75		x
Laurentian Bank	10	14.75	21	x
Montreal Trust	12 ¹	15.00	21	x
Royal Bank				
Standard	12 ¹	15.00	21	x
Option	25	11.00	21	x
Toronto-Dominion Bank	12 ¹	14.75	21	x
Vancouver City Savings	12	15.50	21	x
			21	

* Since credit card terms and conditions may change, you should contact card issuers directly for the latest information.

1. Under certain conditions, fee may be reduced or waived entirely.

Other Credit Cards*

June 1994

Card Issuer	Fees (\$ annual)	Interest Rates (% annual)	Grace Period (days)	Interest Calculated from	
				Date of Purchase	Date of Statement
Canadian Tire	--	28.8	30		x
Eaton's	--	28.8	30		x
Home Card	--	28.8	30		x
Hudson's Bay	--	28.8	25-30		x
Petro-Canada	--	24.0	30	x	
Sears	--	28.8	25-30		x
Simpsons	--	28.8	25-30		x
Zellers	--	28.8	25-30		x

Charge Cards

Card Issuer	Fees (\$ annual)	Late Penalty Rates (% annual)	Grace Period (days)	Late Penalty Calculated from	
				Date of Purchase	Date of Statement
American Express	55	N/A	30		x
Diner's Club/enRoute	65	N/A	30-60		x
Imperial Oil (Esso)	--	24	30	x	
Irving Oil	--	24	25		x

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Definitions

Credit Cards: Cards that provide revolving credit. Minimum monthly payments are required.

Charge cards: Cards requiring payment in full each month.

Fees: Charges such as transaction fees, administration fees or annual fees.

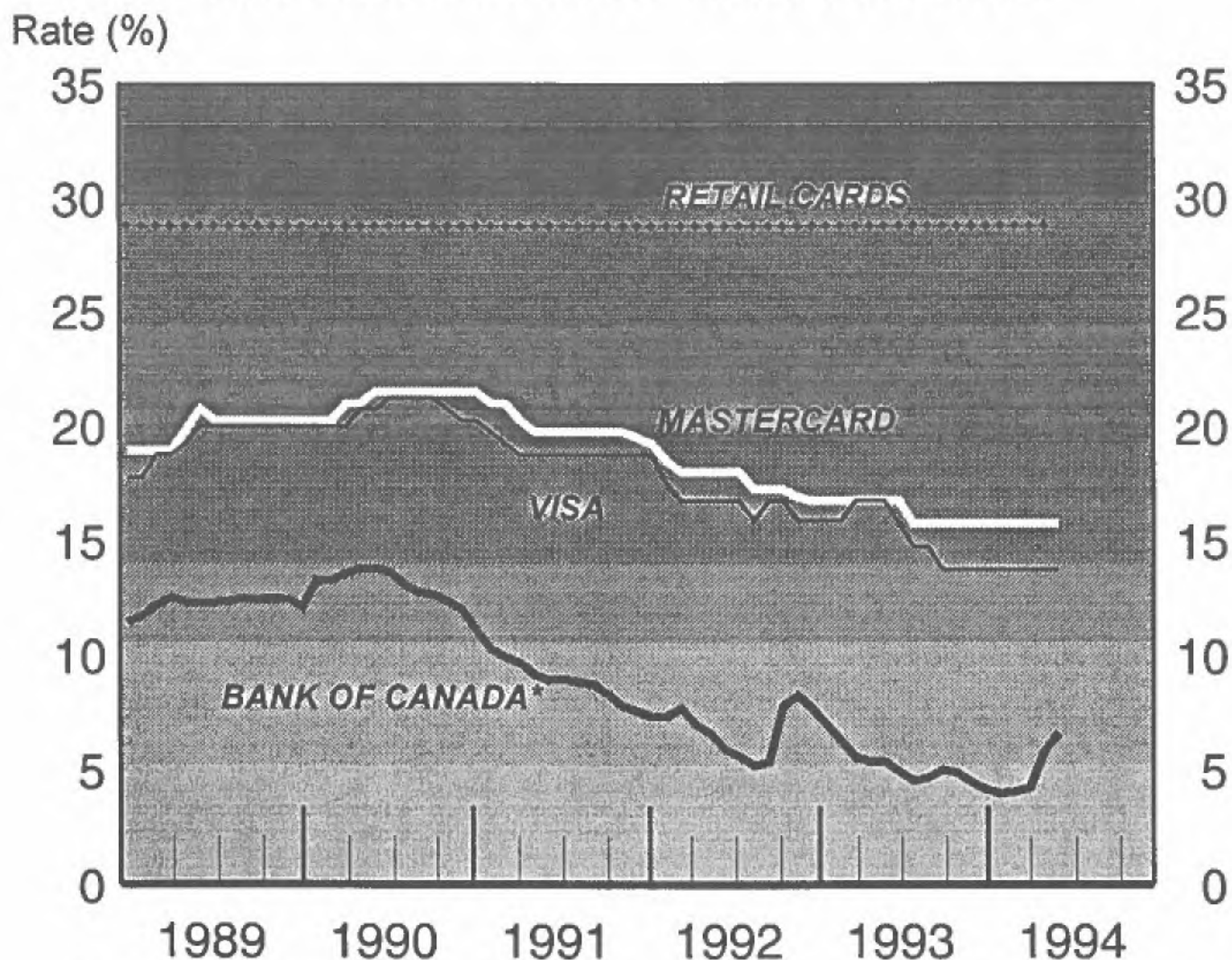
Interest/Penalty Rate: The nominal annual rate at which interest or penalty payments are calculated.

Grace Period: The number of days between the statement date and the payment due date.

June 1994

CREDIT CARD RATES

AND THE BANK OF CANADA RATE



- Bank of Canada rate is mid-month.

- One Visa and one MasterCard issuer was selected as an example. Rates of other card issuers may vary.

* The Bank of Canada rate is the rate at which banks can borrow money from the Central Bank. It is seen as an indicator of the direction of other short term rates, such as those for consumer loans.

Terms and Conditions

Remember these facts and save money:

Bank, Trust Company and Credit Union Cards

- Interest is charged daily. So, if you make payments between statements, you save money.
- Interest is charged on cash advances from the day you borrow until they are paid in full.
- Interest is not charged on purchases showing up on your statement for the first time if the entire statement balance is paid by the due date.

And don't forget:

- When the balance is not paid in full, interest is charged on the daily balance from the date purchases have been posted to the account until it is paid in full.

Other Credit Cards

- In most cases you pay less interest if you pay off at least half the balance each month. Retail stores (except in Quebec), subtract payments equal to 50% or more of the balance from the balance on the statement before charging interest.
- Interest is compounded, so if you miss a payment, the next month you will pay interest on the balance plus interest. For example, at the current rate of 2.4% per month, one month's interest on \$100.00 is \$2.40. If no payment is made on this at all, the next month's interest will be charged on \$102.40 and will amount to \$2.47.
- In Quebec, interest is calculated daily so in that province, you save money if you make payments between statements.

Charge Cards

- Irving Oil calculates penalties on the outstanding daily balance.
- The American Express and Diner's Club/enRoute account balances are due on receipt of statement. A delinquency assessment equal to 30% per annum is charged on unpaid balances. Cards are cancelled if balances remain unpaid.

* Credit card facts and figures can be obtained through the Consumer Policy Branch of Industry Canada. Contact Edith Morber at (819) 994-4857.