

- \* Compare the cost of Canada's basic credit cards
- \* What is the spread between Bank of Canada and card interest rates?
- \* Interest rates are not the whole story
- \* Consumer Advisory: Facts and figures on credit cards

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

To get copies of this bulletin in your region, contact:

Atlantic	Tanya Nadeau	(902) 426-4778	Quebec	Claire Courtois	(514) 283-7689
Ontario	Reception	(416) 224-4031	Prairies	Lydia Shevchuk	(204) 983-2826
British Columbia	Nicola Fletcher	(604) 666-5019			

Information: David Waite (819) 953-3383  
25146 E 94-12

(Version française disponible)

Consumer Advisory

December 1994

**Credit card facts and figures<sup>1</sup>**

- There are an estimated 58 million credit cards<sup>2</sup> in circulation<sup>3</sup> in Canada, or 2.6 cards for every adult Canadian over the age of 18. Of those, 27.5 million are Visa or MasterCard, 25.5 million are cards issued by large department stores and 3.2 million are gasoline cards. Other cards, such as American Express and Diner's Club/enRoute, and cards issued by other retail stores, constitute the remainder of credit or charge cards estimated to be in circulation.
- The total number of Visa and MasterCards in circulation in 1994 increased over 1993, from 25 million to 27.5 million.
- MasterCard and Visa credit cards were used for more than 778 million transactions in 1994. The volume of sales in 1994 was \$55.1 billion compared to \$47.9 billion in 1993.
- As of October 1994, approximately 525,796 merchant outlets in Canada accepted Visa or MasterCard or both, an increase over the 1993 total of 450,000 merchant outlets.
- At the end of October 1994, the accumulated outstanding balance on MasterCard and Visa credit cards was \$15.4 billion, an increase over 1993 at \$13.2 billion.
- The average sale per transaction charged to Visa and MasterCard increased from \$70.50 in 1993 to \$72.40 by October 1994.

---

<sup>1</sup>Dollar amounts are quoted in current dollars.

<sup>2</sup>This estimate includes only cards issued by the institutions and retailers listed in this report. Their assistance and that of the Canadian Bankers' Association in compiling this information is gratefully acknowledged.

<sup>3</sup>The basis for estimation of the number of cards in circulation may differ from one issuer to another.

## Financial Institution Credit Cards\*

December 1994

Card Issuer	Fees (\$ annual)	Interest Rates (% annual)	Grace Period (days)	Interest Calculated from Date of Purchase
<b>MasterCard</b>				
Bank of Montreal				
Standard	--	16.90	21	x
Prime +	18	10.75	0	x
Air Miles Reward	35	16.90	21	x
Canada Trust	8 <sup>1</sup>	15.75	21	x
CS CO-OP	--	16.90	21	x
National Bank	--	16.95	21	x
National Trust				
Basic	--	15.75	21	x
Low Interest Option	30	9.50	21	x
Niagara Credit Union	--	16.75	21	x
<b>VISA</b>				
Bank of Nova Scotia				
Standard	8	16.00	21	x
Value Visa	29	10.90	21	x
CIBC				
Standard	12	16.50	21	x
Ford Visa	20	16.50	21	x
Confédération des caisses populaires et d'économie				
Desjardins du Québec	12	16.00	21	x
Laurentian Bank	10	16.00	21	
Montreal Trust	12 <sup>1</sup>	16.00	21	x
Royal Bank				
Standard	12 <sup>1</sup>	16.00	21	x
Option	25	12.00	21	x
Toronto-Dominion Bank				
Standard	12 <sup>1</sup>	15.75	21	x
GM Card	--	16.75	21	x
Vancouver City Savings	12	16.50	21	x

\* As of December 1, 1994. Since credit card terms and conditions may change, you should contact card issuers directly for the latest information.

## Other Credit Cards\*

December 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

\* As of December 1, 1994. Since credit card terms and conditions may change, you should contact card issuers directly for the latest information.

## Definitions

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

**Charge cards:** Cards requiring payment in full each month.

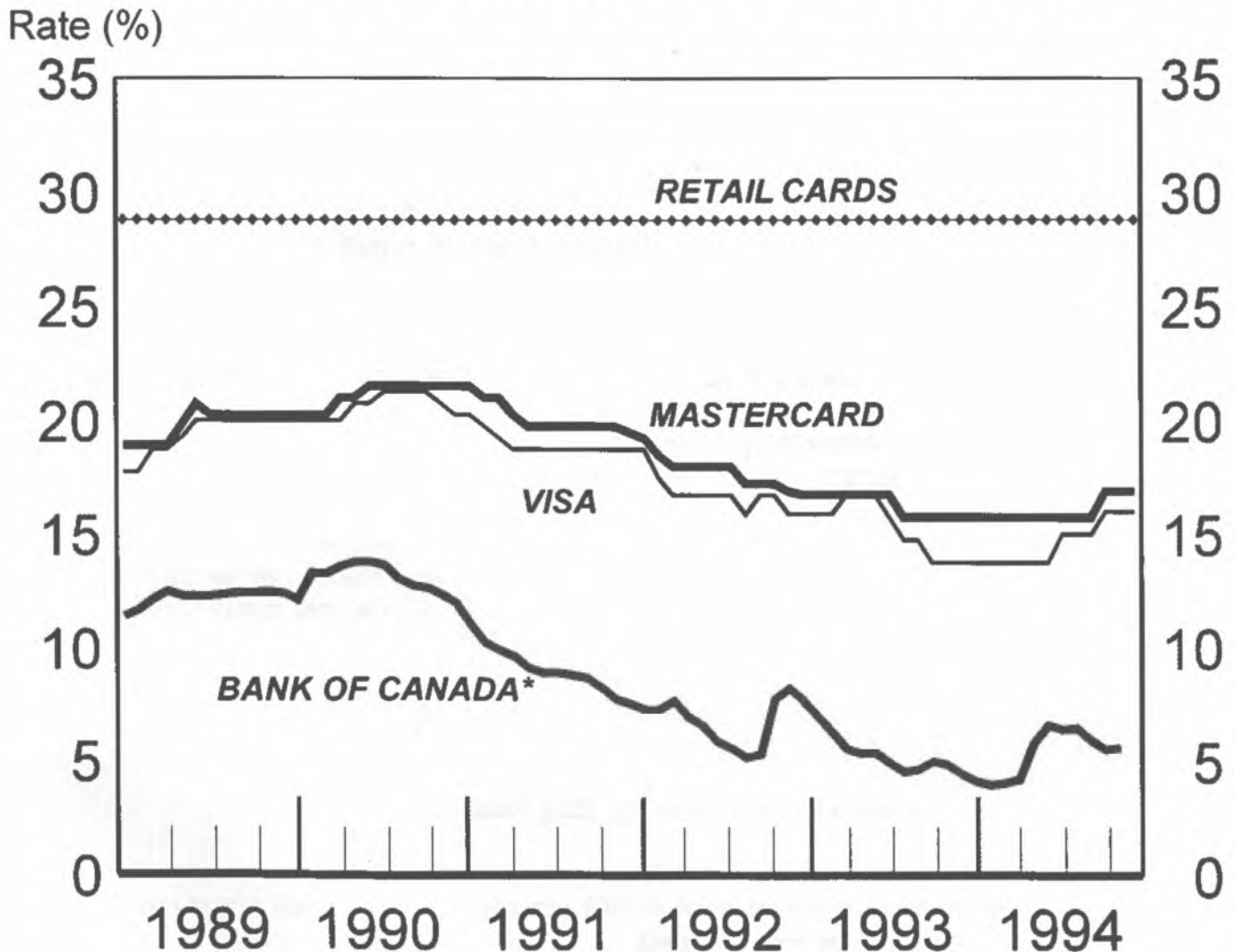
**Fees:** Charges such as transaction fees, administration fees or annual fees.

**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.

December 1994

## CREDIT CARD RATES AND THE BANK OF CANADA RATE



- Bank of Canada rate is end-month to end-November 1994.

- 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 by the due date, 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. In Quebec, interest is calculated daily so in that province, you save money if you make payments between statements.
- 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.

### 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.