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Compiled by the Office of Consumer Affairs of Industry Canada from information given by card issuers and accurate as of March 15, 1998.

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March 1998

Consumer Advisory

Various Interest Rates Increase

There have been changes in some MasterCard rates. As of February 18, 1998 Canada Trust increased its rates on both its standard and low option Gold cards from 16.50% to 17.90% and from 10.50% to 11.90%, respectively. National Bank has also increased the annual fee on its low rate option Mastercard from \$25.00 to \$30.00 effective March 15, 1998.

American Express increased the "preferred" rate on its standard card from 13.95% to 14.95%, and it increased the "standard" rate on the same card from 17.95% to 18.25%. The rate on its Optima card also increased from 16.25% to 16.95%. These changes are effective March 1, 1998.

It should also be noted that Imperial Oil (Esso) has joined Petro Canada in the practice of calculating interest from the date of purchase instead of the date of statement. This is effective as of February 1998.

The Bank of Canada rate has increased from 4.5% to 5.0% from December 12, 1997 to January 30, 1998 and has remained steady since then. This has decreased the spread between the sample Visa card tracked by Industry Canada and the Bank of Canada rate from 12 points to 11.5 points. Despite these changes, the spread between credit card rates and the Bank of Canada rate remains high. The average spread between 1990 and 1996 has been approximately 10.5 points.

Overview of Major Changes in Interest Rates in the Last Three Years

In 1997, a very significant change in the credit card industry was the interest reduction in the National Trust basic and low rate option MasterCard from 16.75% to 6.9% and from 9.50% to 6.90%, respectively. The low rate option card also cancelled its annual fee of \$30.00.

There has been a small overall drop in the standard credit card interest rates since 1995. These rates currently range between 6.9% and 18.9%. Most banks have also eliminated their annual fees, either instead of or in addition to dropping their interest rates. Overall interest rates on low rate option cards have also dropped slightly. These rates currently range between 6.9% and 11.9%. Most of the Visa cards are on the lower end of these ranges while most of the MasterCard are on the higher end.

The interest rates charged by major retailers have remained at 28.8% since the early 1980s. However, the Canadian Tire Acceptance Corporation issued a MasterCard in late 1995, with an interest rate (18.9%) comparable to those of other Mastercard issuers. Significant changes have also been announced for the Price Costco credit card, administered by Beneficial Canada Inc. The 1% rebate on all charged purchases was discontinued effective December 31, 1997. Also, the interest rate on the card increased from Prime plus 11.9% to Prime plus 22.25% effective February 1, 1998 (subject to provincial legislation).

According to the 1998 Angus Reid Survey on "Home & Auto Purchase Considerations and Low Rate Credit Cards", overall consumer knowledge of low rate credit cards has increased from 18% in 1997 to 21% in 1998. On the other hand, overall consumer awareness of low rate credit cards remains the same at 54%.

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General Credit Cards (as of March 15, 1998)

Card Issuer	Annual Fee	Interest Rate	Grace Period	Interest Calculated from Date of Purchase
MasterCard	\$	%	Days	
Bank of Montreal Standard	0	18.40	23	x
Basic	0	15.40	19	x
Low Rate Option	25	10.40	19	x
Canada Trust	8 ²	17.90	21	x
Gold ¹	39	11.90	21	x
CS CO-OP	0	18.40	21	x
National Bank Standard	0	18.40 ³	21	x
Economic Option	12	14.00	21	x
Low Rate Option	30	9.25	21	x
National Trust Basic	0	6.90	21	x
Low Interest Option	0	6.90	21	x
Niagara Credit Union	0	17.50	21	x
Low Rate Option	25	9.25	21	x
Canadian Tire	0	18.90	21	x
VISA				
Scotiabank Standard	8	16.75	21	x
Value Visa	29	9.25	25	x
CIBC	0	16.50	21	x
Select Visa	29	9.9	17 ⁴	x
Desjardins Standard	0	17.50	21	x
Low Rate Option	25	9.50	21	x
Laurentian Bank	0	17.50	21	x
Reduced Rate Option	24	9.50	21	x
Royal Bank Standard	0	16.50	21	x
Low Rate Option	25	9.50	21	x
TD Bank Standard	0	17.50	21	x
Emerald Visa	12 ²	9.25	0	x
Vancouver City Savings	0	16.50	21	x
American Express				
Standard	0	9.9 (6 months) 14.95 (Preferred) 18.25 (Standard)	21	x
Optima	15	16.95	21	x

¹ Because this is a gold card, a minimum of \$40,000 per annum income is required to qualify.

² Under certain conditions, fee may be reduced or waived entirely.

³ According to the results of credit analysis, the rate may be different.

⁴ 21 days in B.C. and Quebec.

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Other Credit Cards

Card Issuer	Fees (\$ annual)	Interest Rates (% annual)	Grace Period (days)	Late Payment Fees	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
Imperial Oil (Esso)	--	24.0	30	x	x	
Petro-Canada	--	24.0	30	x	x	
Sears	--	28.8	25-30			x
Simpsons	--	28.8	25-30			x
Zellers	--	28.8	25-30			x

Charge Cards*

Card Issuer	Fee (\$ annual)	Late Penalty Rates/Delin- quency Rate (% annual)	Grace Period (days)	Late Penalty Calculated from	
				Date of Purchase	Date of Statement
American Express	55	30	30		x
Diners Club/enRoute	65	30	30-60		x
Irving Oil	--	24	25		x

* As of March 15, 1998. 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.

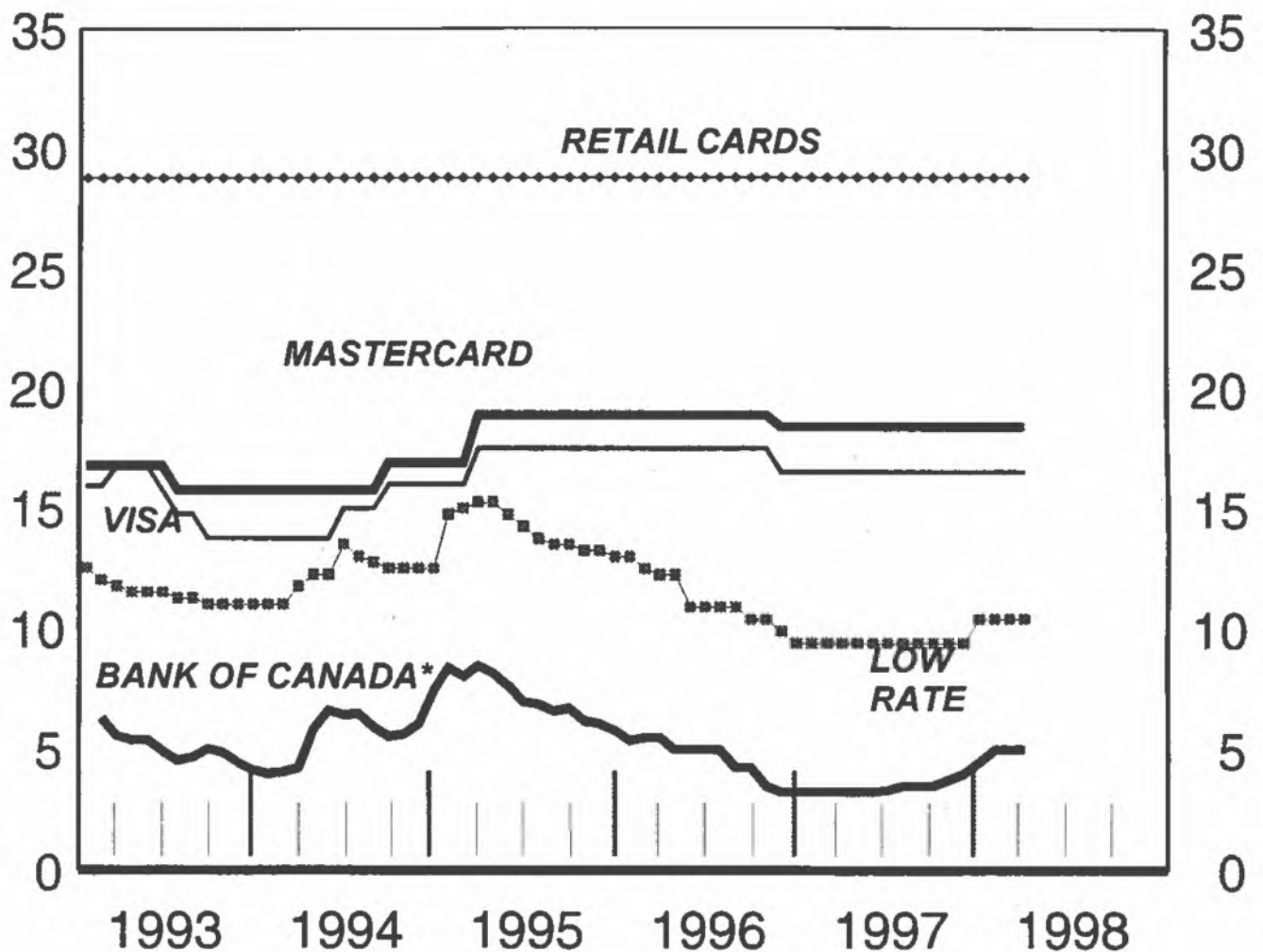
Grace Period: The number of days between the statement date and the payment due date.

Late payment fees: A late payment fee will be charged, if the minimum monthly payment is not made by the due date.

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Credit Card Rates and the Bank of Canada Rate

Rate (%)



• One Visa, one MasterCard, and one Low Rate Card issuer are used as examples. Rates of other cards vary.

* The Bank of Canada rate is the rate at which banks can borrow money from the Central Bank.

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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 Diners 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.