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## CREDIT CARD COSTS REPORT

December 1999

### *In this Issue:*

*Reward Points compared for 23 Leading Credit Cards.*

Data has been compiled by the Office of Consumer Affairs of Industry Canada, from information given by card issuers, as of November 1999.

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Canada

## Consumer Advisory

### Rewards Points - Update

Credit card costs last provided summary information on rewards points cards in June 1998. Rewards points cards are of most benefit to those who pay off their balance each month and who would in any event be purchasing the goods or services offered in conjunction with the card. For others, who carry a monthly balance, low rate cards with lower fees are a better option. No one who carries a monthly balance should be tempted to use their cards more in order to accumulate reward points. Reward cards should not encourage overspending!

### General Credit Cards

- **American Express AIR MILES Credit Card** - (9.9% rate for 6 months, 18.25% thereafter; no annual fee) 1 AIR MILES reward mile for virtually every \$20 spent. Rewards can be redeemed starting at 25 AIR MILES reward miles. You can redeem AIR MILES reward miles for merchandise, grocery, tickets, hotel, travel, and more.
- **Bank of Montreal/AIR MILES MasterCard** - (Can be added to any gold, standard, basic or low rate Bank of Montreal MasterCard) To receive 1 AIR MILE for every \$20 spent, an additional \$35 annual fee is required. To receive 1 AIR MILE for every \$40 spent, no additional fee is required.
- **Bank of Montreal/First Home MasterCard** - (Can be added to any gold, standard, low rate Bank of Montreal card; no fee) 5% of retail purchases (max. of \$1000/year for gold cards) goes towards a Bank of Montreal mortgage. Up to 2.5% of the mortgage amount can be applied towards the down payment on a first home (to a maximum of \$2500).
- **Canadian Tire Options MasterCard** - (Rate 18.9%, no fee) 10 points earned per \$1 dollar spent at Canadian Tire, 2 points earned per \$1 dollar spent outside of Canadian Tire. Points can be redeemed instantly at the point of sale in Canadian Tire on all merchandise in the store. Redemption values vary between 3.3%-4.2% of Canadian Tire purchases.
- **CIBC Dividend Card** - (Rate 18.5%; no fee) - A dividend of up to 1% (\$0 - \$1,500 at 0.25%; \$1,500 - \$3,000 at 0.50%; \$3000+ at 1%) of net purchases is credited to the cardholder's account each year on the December statement.
- **CIBC Club Z Visa Card** - (Rate 18.5%; no fee) - 15 club Z points earned per \$1 spent (cannot be used at Zellers). Value per point not available but the Club Z catalogue should be consulted.
- **CS CO-OP/AIR MILES MasterCard** - (Rate 18.4%; \$35 fee) 1 AIR MILE point earned for every \$20 spent. Minimum of 500 points needed for a flight.
- **National Bank / "Les Ailes" MasterCard** - (Rate 17.50%, \$20 fee) Each \$20 spent gives you 1 point with the retail chain "Les Ailes" (found in Quebec only). These points can be redeemed for gift certificates, gifts or travel packages.
- **National Bank / "Escapade" MasterCard** - (Rate 17.50%, \$20 fee) Each \$20 spent gives you 1 bonus point. Points can be redeemed for sports or outdoor activities, entertainment, trips to amusements parks, travel in Quebec or abroad. [Available in Quebec only.]
- **Niagara Credit Union / "Choice Rewards" MasterCard** - (Can be added to any standard, low option or gold MasterCard; \$24 fee) 1 point earned per \$1 spent. Points can be redeemed for free gifts or travel. New "Choice Rewards" members will receive 1000 free points upon sign-up.
- **Royal Bank Visa Classic II** (Rate 17.5%; \$15 fee) - earn 1 Classic II point for every \$1 spent or 1% return on total purchases (to a maximum of \$500/year); minimum 2,500 points required to redeem gift certificates at participating partners including Home Hardware and Radio Shack: also, instant discounts and special offers available

at select retail stores across Canada.

- **Toronto Dominion/ GM Visa** (Rate 17.5%; no fee) - earn 5% of every purchase up to \$500 per cardholder year for a maximum of \$3,500 over seven years, to be applied to the total purchase price or lease down payment of any eligible new GM vehicle.
- **Toronto Dominion / Harley-Davidson Visa** - (Introductory rate of 6.9% until December 31, 1999, 18.5% thereafter; no fee) Automatic entry in the Harley Dream Sweepstakes for every dollar in purchases. Every dollar you charge gives you a chance to win a new Harley-Davidson motorcycle every week until the end of 1999. Double entries when purchases are made at the Harley-Davidson dealership.
- **VanCity EnviroFund Visa** - (Rate 17.50%, no fee) 10% discount on select travel booked through VanCity Travel and paid in full with the VanCity EnviroFund Visa. Every time a cardholder uses a VanCity EnviroFund Visa, a contribution is made to EnviroFund to support positive and creative projects that address local environmental concerns.
- **VanCity Travel Visa** - (Rate 17.50%, \$39 fee) 1 Canada 3000 travel point for each \$2 spent. For Canada 3000 flights or selected travel packages booked through VanCity Travel and paid in full on the VanCity Travel Visa, cardholders can earn a bonus of eight times the travel points. Minimum return flights begin at 10,000 points.
- **Visa Boni Desjardins Classic** - (Rate 17.99%; \$20 fee) 1 "bonus dollar" earned per \$1 spent. "Bonus dollars" applicable against various Desjardins financial service fees.

### Other Credit Cards

- **Hudson's Bay** - (Rate 28.8%, no fee) 1 AIR MILE earned for each \$10 spent. If the purchases are made by any other means other than with a Bay card you can earn 1 AIR MILE for every \$20 spent.
- **Zellers** - (Rate 28.8%, no fee) For every dollar spent before taxes you will receive 150 ClubZ points. If the purchases are made by any other means other than with a Zellers card you will receive 100 ClubZ points.
- **Sears** - (Rate 28.8%, no fee) For every dollar spent before taxes you will receive 1 Sears Club point. Sears Club points can be redeemed for Sears merchandise.
- **Petro-Canada** - (Rate 24.0%; no fee) Cardholder is eligible to take part in the Petro-Points Reward Program at no additional cost. 10 points earned for every dollar spent. Points can be redeemed at Petro-Canada stations.
- **Esso** - (Rate 24.0%; no fee) personal credit cardholders are automatically enrolled in the Win & Earn Program at no additional cost. Each purchase qualifies cardholders for one entry into the Esso Extra contest and earns 1 point per dollar spent on regular fuel or convenience item. Premium fuel and car wash purchases earn bonus points. points can be redeemed by calling Imperial Oil Customer Relations.

### Charge Cards

- **Diners Club/enRoute Aeroplan Miles** - (30% late penalty rate, \$65 fee) 1 Aeroplan mile earned for each dollar spent. Minimum of 15,000 miles required for a free flight.
- **American Express/ Membership Rewards® program** - (30% late penalty rate, \$30 fee with the American Express card, free with the American Express Gold and Platinum cards) 1 American Express point on virtually every dollar charged to the card. Points can be redeemed for over 200 travel, dining and entertaining rewards, including airline and hotel programs.

## General Credit Cards (as of November 1999)

Card Issuer	Annual Fee (\$)	Interest Rate (%)	Grace Period (Days)	Interest Calculated from Date of Purchase
<b>MasterCard</b>				
Bank of Montreal Standard	0	18.40	19	x
Basic	0	15.40	19	x
Low Rate Option- for retail purchases	15	13.90	23	x
-for cash advances/MasterCard cheques	15	8.90	23	x
Canada Trust	8 <sup>2</sup>	17.90	21	x
Gold <sup>1</sup>	39	11.90	21	x
CS CO-OP	0	18.40	21	x
National Bank Standard	0	18.40 <sup>3</sup>	21	x
Economic Option	12	14.00	21	x
Low Rate Option	30	9.50	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
<b>VISA</b>				
Scotiabank Standard	8	17.50	21	x
Value Visa	29	9.90	25	x
CIBC Classic	0	17.50	24	x
Select Visa	29	9.90	24	x
Desjardins Standard	0	17.50	21	x
Low Rate Option	25	10.50	21	x
Laurentian Bank	0	17.99	21	x
Reduced Rate Option	24	9.50	21	x
Royal Bank Standard	0	17.50	21	x
Low Rate Option	25	10.50	21	x
TD Bank Standard	0	17.50	21	x
Emerald Visa	12	9.90	0	x
Vancouver City Savings	0	17.50	21	x
<b>American Express</b>				
Standard	0	9.9 (6 months) 14.95 (Preferred) 18.25 (Standard)	21	x
Optima	15	17.95	21	x

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

<sup>2</sup> Under certain conditions, fee may be reduced or waived entirely.

<sup>3</sup> According to the results of credit analysis, the rate may be different.

## 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	
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	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	52-60		x
Irving Oil	--	24	25	x	

\* As of November 1999. 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.

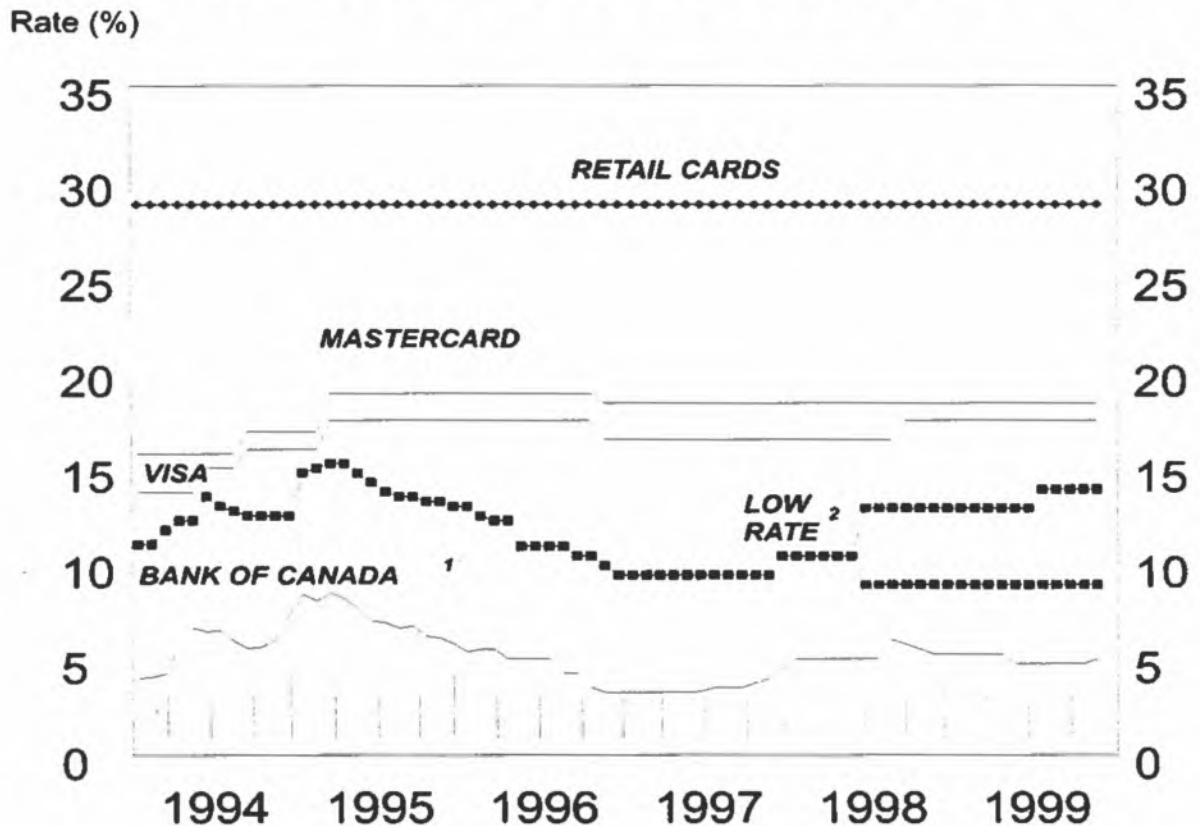
**Fees:** Charges such as transaction fees, administration fees or annual fees.

**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.

## Credit Card Rates and the Bank of Canada Rate



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

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

2. The Low Rate card used as the example is that of the Bank of Montreal which since June 1998 is offering a split rate of 8.90% on cash advances/Mastercard cheques and 13.90% on retail purchases instead of the old 10.4% rate.

## **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.

