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GOVERNMENT OF CANADA RELEASES CODE OF CONDUCT FOR CREDIT AND DEBIT CARD INDUSTRY

Minister Flaherty takes action to encourage choice and competition for business and consumers

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- [Code of Conduct](#)
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The Honourable Jim Flaherty, Minister of Finance, today released a Code of Conduct for the Credit and Debit Card Industry in Canada, which promotes fair business practices and ensures that merchants and consumers understand the costs and benefits associated with credit and debit cards.

"Businesses have voiced real concerns about the lack of choice they have had in accepting debit and credit card payments, and about the costs involved. These added business costs are borne by merchants and may be passed on to consumers, which makes this an issue of importance to all Canadians," said Minister Flaherty. "The Code of Conduct encourages choice and competition. It gives merchants the freedom to choose which card networks they use, helps them control their costs, and allows them to pass on savings to their customers."

Under the Code, merchants will be:

- Provided with clear information regarding fees and rates.
- Given advance notice of any new fees and fee increases.
- Able to cancel contracts without penalty should fees rise or new fees be introduced.
- Given new tools to promote competition, and in particular, will have the freedom to accept credit payments from a particular network without the obligation to accept debit payments and vice versa.

The Code of Conduct is the result of extensive consultations with merchant and consumer associations, debit and credit card networks, payment processors and credit card issuers across Canada. The credit and debit card industry will have until May 17th to review and adopt the Code of Conduct.

"Payment card networks, credit and debit card issuers, and payment processors are now being invited to adopt this Code," said Minister Flaherty. "We are confident that they will do so voluntarily. Our Government has, however, taken steps in Budget 2010 to ensure that we have the legislative authority to regulate the industry if necessary."

"The Government has listened to the concerns of Canadian merchants and consumers," said the Honourable Josée Verner, Minister of Intergovernmental Affairs, who joined Minister Flaherty for the announcement. "The Code will help ensure accountability; prevent unfair business practices in the credit and debit card market; and help protect businesses from rising costs that may be passed on to consumers."

On March 29, the Government introduced legislation in Parliament to implement certain provisions of the Budget. The legislation enacts the *Payment Card Networks Act*, which would give the Minister of Finance the power to regulate the market conduct of the credit and debit card networks and their participants, if necessary.

Legislation tabled would also expand the mandate of the Financial Consumer Agency of Canada to supervise payment card network operators to monitor their compliance with the Code of Conduct and with any regulations introduced under the new Act.

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