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New credit card regulation announcement - step in the right direction

Saint John, N.B. – Credit Counselling Services of Atlantic Canada (CCSAC) has always believed that education is the key to future financial freedom. Last week’s announcement by Finance Minister Jim Flaherty requires credit card companies to provide much clearer information for consumers on the money they have borrowed.

The new regulations require that credit card applications and contracts feature a simple summary box of "all salient information, such as interest rates, grace periods and fees." Additionally, monthly statements will have to show how long it would take to pay off a balance by making only minimum payments.

“The first step to debt reduction is education,” says John Eisner, CCSAC president. With this proposed regulation consumers may get a better picture of their true debt load and exactly how long it takes to pay it off.

CCSAC has been teaching consumers effective money management through customized programs such as workshops, presentations and seminars for the past 15 years. While these changes may offer some relief for consumers in these tough economic times there is more work that needs to be done.

Eisner advises all credit card users to be wary when swiping that plastic card. “Everyone needs to realize that those \$50 pair of shoes that you ‘deserve’ after a tough week may actually cost three times as much when you consider the length of time it takes to pay it off and the interest rates incurred.” That little piece of plastic can get consumers in a lot of financial trouble if not used properly.

Many Canadians with credit cards pay their monthly balances in full however many individuals and families are struggling with out of control credit card debt. “Many people we see use these cards to pay for the necessities of life such as groceries, gas, medical expenses, etc.,” says Eisner.

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