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Chair: Mr. Joël Lightbound

Standing Committee on Industry and Technology

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● (1540)

[*English*]

The Vice-Chair (Mr. Rick Perkins (South Shore—St. Margarets, CPC)): I call this meeting to order.

Our chair is on the way, but I will start the meeting, as he's asked me to in his absence.

Welcome to meeting number 140 of the House of Commons Standing Committee on Industry and Technology.

Before we begin, there's the usual thing about the earpieces. Please be careful for our translators. There's a nice little sticker on the table to place the earpiece on away from the microphone so that we don't get feedback.

Pursuant to the motion adopted on Thursday, September 19, 2024, the committee is resuming its study on credit card practices and regulations in Canada.

We are pleased to welcome our witnesses today. We have Julie Kuzmic, senior compliance officer at Equifax Canada. She's responsible for consumer advocacy. We have Alexander Vronces, executive director of Fintechs Canada. We have a third witness, Margaret Yu, who is currently having some trouble logging in.

Why don't we proceed right now with the opening statements for five minutes? We'll begin with Ms. Kuzmic, from Equifax Canada

Ms. Julie Kuzmic (Senior Compliance Officer, Consumer Advocacy, Equifax Canada Co.): Good afternoon, Mr. Vice-Chair and members of the committee. Thank you for the opportunity to appear before you today. I truly appreciate your understanding that my remarks will be in English only.

My name is Julie Kuzmic. I am representing Equifax Canada Co., one of Canada's two major nationwide credit reporting agencies, or credit bureaus, as they are commonly known. My role at Equifax is senior compliance officer, consumer advocacy, which keeps me highly focused on two key areas: one, Equifax's compliance with consumer protection and other applicable legislation; and two, helping people in Canada navigate their own credit decisions with more confidence in order to live their financial best.

Understanding the study at hand as it relates to credit card practices and regulations, I would like to provide context as to the role Equifax plays in Canada's credit ecosystem. Equifax Inc. is incorporated in the U.S., and is the parent company of Equifax Canada, which is incorporated here in Canada. It operates independently pursuant to Canadian laws and regulations. As a licensed Canadian credit bureau, Equifax Canada is subject to provincial regulation, as well as federal privacy and other applicable legislation.

We live in a credit-based economy. Although Equifax Canada plays an important role, which I will elaborate on shortly, Equifax Canada does not extend credit to consumers or businesses. Equifax does not give recommendations to lenders, such as credit card issuers, on whether they should approve applicants. Further, Equifax does not collect payments from borrowers. Equifax's role is maintaining the contents of Canadian consumer credit files, which we use to deliver products to lenders, such as credit reports and credit scores, in compliance with applicable legislation. I would like to offer some insights into how these pieces fit together.

Many of the banks and lenders in Canada collect and report information about their consumer accounts to Equifax. Examples of these types of accounts include mortgages, lines of credit, installment loans, and, of course, credit cards. Equifax maintains a database of the information associated with a particular consumer in the form of a credit report, also called a credit history or credit file.

I will use the term “credit report” in my remarks. An individual's credit report contains the credit account information that has been reported to Equifax, along with other data lawfully sent to Equifax, such as collections accounts, insolvency-related information and legal judgments that are financial in nature.

To zero in on credit cards specifically, the type of data that is sent to Equifax by the credit card issuer would typically include the account balance, credit limit, amount of previous payment and information around past payments, which may have been late or overdue. This snapshot of account data does not include any information about the interest rate associated with that particular credit card.

Each credit account on an individual's credit report is typically updated monthly on a rolling basis. Someone checking their own credit report on a given day will see the information associated with each account that was most recently reported. For example, people monitoring their Equifax credit report may find that their Mastercard account typically gets updated on the sixth of each month, while their Visa card account is typically updated on the 21st.

One of the pieces of information that is not maintained on a consumer credit report is a credit score. Credit scores are calculated on demand. A credit score is a three-digit number between 300 and 900 that serves as a behavioural prediction of how likely a consumer is to pay his or her bills on time, based on the data available on that person's credit report at the time the score is calculated.

I'm happy to elaborate on credit scores; however, in the interest of time and the focus of your study, I will highlight that credit card fees and interest rates are not reported to Equifax. They, therefore, have no direct influence on a consumer's credit score.

At Equifax, we're focused on helping Canadians. We believe consumers can make more informed financial decisions when they are empowered with greater credit literacy.

● (1545)

In addition to the substantial educational [*Technical difficulty—Editor*] on people who are new to Canada, new to credit or rebuilding their credit following a difficult financial situation. We are often consulted by government, regulatory and non-profit organizations to help ensure their—

Mr. Rick Perkins: Excuse me, Ms. Kuzmic.

Your audio temporarily froze there, so if you want to back up about 30 seconds or so in your notes, that would be great. I can't hit rewind.

MP Turnbull has asked me to hit rewind, but I can't do it.

Ms. Julie Kuzmic: At Equifax, we are focused on helping Canadians, and we believe consumers can make more informed financial decisions when they're empowered with greater credit literacy. In addition to the substantial educational content on our Canadian website, we offer free community presentations outlining the basics of credit reports and scores, with a particular focus on people who are new to Canada, new to credit or rebuilding their credit following a difficult financial situation. We are often consulted by government, regulatory and non-profit organizations to help ensure that their educational content is as accurate, clear and impactful as possible.

As the largest credit bureau in Canada, our purpose at Equifax is to help people live their financial best. We are happy to assist with the important work of this committee in any way we can.

Mr. Acting Chair and Mr. Chair—if you've now joined us—that concludes my opening remarks. I look forward to the committee's questions.

Thank you.

The Chair (Mr. Joël Lightbound (Louis-Hébert, Lib.)): Thank you very much.

My apologies to all of you for the delayed start. I understand that my colleague MP Perkins did a fantastic job opening this meeting, so I'm pleased with that.

We'll now turn to Fintechs Canada.

Mr. Vronces, the floor is yours for five minutes.

Mr. Alexander Vronces (Executive Director, Fintechs Canada): Thank you to all the members of the committee for inviting us to appear and contribute to this study.

My name is Alex Vronces, and I am the executive director of Fintechs Canada.

With almost 50 members who collectively serve millions of Canadians on a daily basis, we're an industry association of Canada's most innovative financial technology companies.

There is much to say about credit cards. In these opening remarks, I'm going to focus on two things. One is that credit cards are enablers of commerce. Two is that they are an accessible source of credit for Canadians.

The Bank of Canada's most recent survey on payment methods found that nine in 10 adult Canadians have at least one credit card. In 2023, one in three payments were made with a credit card. Many prefer using their credit cards because of the rewards, because they're widely accepted and because they make buying and selling seamless.

Credit cards have also long had some of the best built-in liability protection for consumers. This was even before the federal government legislated the requirement to better protect consumers in the event of unauthorized credit card payments.

While more than half of Canadians pay off their balance before it starts accruing interest, according to some Bank of Canada data I consulted with before I appeared today, some rely on their credit cards to get by when there is nothing better.

Interest rates in the credit card market vary. While some retail cards are as high as 30%, there are several cards with rates as low as 10% to 12%. The FCAC, the Financial Consumer Agency of Canada, says that credit cards are a cheaper source of credit than the alternatives that many Canadians in precarious situations turn to, such as payday loans.

The way to make the financial sector work better for Canadians is not to make the issuance of credit cards or the processing of credit card payments more complex. There is a level of regulation that's necessary to protect consumers and merchants as well as to ensure the stability of our financial system. Canada is on track to meet that standard. Doing substantially more would just erect unnecessary barriers to entry, making the Canadian market even more uninviting for financial sector innovation.

The way to make the financial sector work better for consumers and merchants is to increase the level of competition. The government can do this by doing three things.

First, it could regulate payment service providers. This is something that's already happening. When this initiative is complete, it will make it easier for the credit card networks, among others, to let new entrants into their systems to compete with the incumbents, whether that's by offering lower interest rates, better protecting cardholders from fraud or offering more attractive rewards.

Second, we are overdue in launching Canada's real-time rail, which was supposed to boost competition between the different payment systems. Real-time rail has long been opposed by those who have the most to lose, the big banks. Big banks control Payments Canada, which is in charge of building the system that will compete with the other payment systems that big banks rely on for so much of their revenue. The government needs to fix the Payments Canada model to make sure that our payment system benefits Canadians, not just Canada's biggest banks.

Third, we're still behind on open banking. Though open banking is coming to Canada, the scope will be limited at launch. On day one, open banking will be about sharing data, not also initiating payments. Payment initiation is what would have allowed a fintech and a merchant to work together to make it more attractive for a customer to pay the merchant by something other than a credit card.

Thank you again for the opportunity to appear today. I look forward to answering any questions you might have for me.

● (1550)

The Chair: Okay. Thank you very much.

While we're trying to perhaps resolve the issue with Momentum or find a way, we'll start the discussion right now.

[*Translation*]

Ms. Rempel Garner, you'll start us off. You have six minutes.

[*English*]

Hon. Michelle Rempel Garner (Calgary Nose Hill, CPC): Thank you, Mr. Chair.

I'll direct my questions to Fintechs Canada.

Thank you for coming here and for the work you guys do.

One of your member companies is Stripe, a payment processor. In a series of articles this week, including one by the National Post, the long and the short of it is that Stripe has taken a posture of saying that it wouldn't pass the savings that were part of a deal reached by the government with Visa and Mastercard to lower the fee for small businesses along to their customers. One of the rationales on their website that they've used for this is that their costs have “increased by 0.036%” on standard pricing “due to the...reintroduction of GST/HST taxes”.

If this is true, how come your other members' companies that are payment processors haven't taken the same posture as Stripe?

Mr. Alexander Vronces: That's a great question.

I think it's because of, well, a few things. Just because interchange fees are changing doesn't mean the overall pricing model of any given payment processor has to change. That's because the market for payment processing, especially credit cards, is fairly competitive and fairly well developed. There's a lot of differentiation in the market. Firms don't just compete with each other on the basis of price. They also compete with each other on the basis of value added.

Hon. Michelle Rempel Garner: Can I back up to something you said?

You said that payment processors essentially aren't obligated to pass that savings along. Why do you think the government didn't mandate the passing of savings along? To me it seems like a bit of a shell game if these savings are supposed to be passed along to small businesses and then they're not. They're essentially just going to cover the operating costs or the profits of these payment processors.

Why do you think the government didn't elect to say that this must be passed along through payment processors?

● (1555)

Mr. Alexander Vronces: I would be speculating. I wasn't talking to the government about why it didn't mandate the pass-through.

Hon. Michelle Rempel Garner: Did any of your member companies take a posture to ask you to ensure that the government would not force them to pass any savings along? Did any of your member companies say, “We need to make sure that the government doesn't force us to pass these savings along to our customers”?

Mr. Alexander Vronces: No.

Hon. Michelle Rempel Garner: Okay.

Has this ever come up in any discussions with any of your member companies and any of your executive?

Mr. Alexander Vronces: Occasionally we will talk about the various issues that are going on, but the debit and credit card code of conduct is not something we've been asked to engage on, and it's not something that we had a seat at the table on. We focus primarily on other issues in the financial sector, mostly payments modernization and open banking.

Hon. Michelle Rempel Garner: Thank you.

A senior Liberal fundraiser, Mark Carney, just put out a large fundraising ask for the Liberal government. He's rumoured to be a leadership contender and has now been appointed to be a senior economic adviser without any sort of firewall.

Have you ever had any interaction with Mr. Carney?

Mr. Alexander Vronces: No.

Hon. Michelle Rempel Garner: Okay.

Are you aware of any advocacy that he has made on behalf of Stripe with regard to this particular issue?

Mr. Alexander Vronces: I'm not.

Hon. Michelle Rempel Garner: Okay.

As far as the rest of your member companies are concerned, if I were sitting on one of their boards, I would be concerned that this line of questioning is coming up in this committee. Do you think it's problematic that we now have a narrative that could potentially involve the lobbying of a senior Liberal fundraiser, one of your member companies and the fact that they're not passing savings along?

Do you see that as potentially problematic from an ethics perspective?

Mr. Alexander Vronces: I don't know how to answer the question from an ethics perspective. However, I often find it unfortunate when complicated issues are simplified to a point where they can't really be understood for what they are. The thing about the market for payment processing that I think is understood by experts.... I mean, the Competition Bureau put out a report a few years ago on innovation in the financial sector, and one of the things that report said is that the market for payment processing is quite competitive.

Hon. Michelle Rempel Garner: Would you say it's fair to say that in some cases, particularly Stripe, with the decision the government made to reach that deal with Visa and Mastercard to lower fees, it's now being absorbed by payment processors like Stripe, as opposed to being realized by small business owners?

Mr. Alexander Vronces: I think I understand what you're asking. I think in a lot of cases, there are some savings being passed on to merchants, but in a lot of cases, the pricing.... The overall pricing of a payment processor is not just based on the interchange fee. There are so many other things that payment processors do.

Hon. Michelle Rempel Garner: With the time I have left, do you think the government should have included payment processors like Stripe in this deal they reached with Visa and Mastercard, if the true motivation was to see savings be realized by small businesses?

Mr. Alexander Vronces: I think the government should have invited more stakeholders to the table to talk about the implications of what they did.

Hon. Michelle Rempel Garner: That's fair. Thank you.

The Chair: Thank you for being so respectful of time, MP Rempel Garner. It's exactly six minutes.

MP Van Bynen, the floor is yours for six minutes.

Mr. Tony Van Bynen (Newmarket—Aurora, Lib.): Thank you, Mr. Chair.

I also appreciate the opportunity to ask questions of the witnesses here. I had a considerable amount of time in a career as a banker for about 30 years, so this is a topic that is of particular interest to me.

My first question is for Equifax.

I know that you don't provide recommendations. I know that you provide simply information.

Are there any ongoing or proposed regulatory changes that you believe will affect the way credit card data is reported? How might that impact the consumer credit scores?

Ms. Julie Kuzmic: Thank you for the question.

One big area where we're seeing some regulatory changes is around the ability for consumers in Canada to freeze or lock their credit reports so that the credit reports cannot be used for the purpose of applying for new credit accounts. That actually started fairly recently in the province of Quebec with the passage of the Credit Assessment Agents Act.

That is where we're seeing the majority of change in the regulatory environment. I'm not aware of any changes related to the data that is reported to Equifax, specifically relative to credit card products.

● (1600)

Mr. Tony Van Bynen: Thank you.

My next question then is for Fintechs.

What measures are in place to protect consumers from unfair credit card practices? How do fintechs contribute to those protections?

The reason I'm asking this is that you made a comment earlier that competition is great. However, if there's a captured market and more people are going after that market, it might lead to diluting the criteria for creditworthiness and what kind of impact that would have.

How do fintechs contribute to the protections that would lead to people becoming over-involved in high-cost credit?

Mr. Alexander Vronces: That's a great question. There are a few there.

First, on your question about how this stuff is overseen in Canada today and how consumers are protected today, there are a bunch of things.

There's the Bank Act, which has all sorts of requirements for banks, specifically the financial consumer protection framework. There's the debit and credit card code of conduct, which has a bunch of obligations on all parties in the chain that help merchants. We have the Payment Card Networks Act, and then the networks themselves have their own rules.

In terms of what the effect of more entry into the system would be, perhaps I can just share a personal anecdote.

My mortgage provider is a pretty big Canadian financial institution. It very subtly tried to get me to renew my mortgage before the last rate reduction. I obviously didn't do it, but I thought, just for kicks, why don't I call some fintech lenders and see how they're going to handle this situation? I didn't call many; I called a couple. All of them said to call back in November or December because there are going to be rate hikes.

I don't think the effect of letting more entrants into the system will dilute the protections. I think that right now consumers are being taken advantage of. They're being fleeced, to use the title of a book that was recently published on this. I think that by allowing more entrants into the system, people will compete by taking better care of their customers and advising them in a way that helps them meet their financial goals, rather than just pads their pockets.

Mr. Tony Van Bynen: I think mortgages, of course, are secured credit and certainly have a more competitive environment, but credit cards have a tendency to attract people where it's a last resort in terms of how they get funds and money to pay for the rent or food, etc. If there's a captured market in a number of people, then the only growth is going to be the amount of exposure that you have with each customer.

I understand that fintechs are innovating in credit-scoring models. What impact does that have on the credit card access to underserved populations? That's where our concern, or at least my concern, is.

Mr. Alexander Vronces: A lot of fintechs don't issue credit cards today. Some have plans to.

If you hear them talk about the sorts of cards they will eventually release, what they want to incentivize is good behaviour on the part of their customers. Rather than getting more points for spending, maybe you'll get more points for paying off your balance on time. Maybe they want to give you the ability to create a single-use card when you're shopping online, and you don't have a history with the merchant and you're worried that maybe that merchant is going to compromise your credit card credentials.

In a lot of the discussions I've been lucky enough to listen to, I think the motivation for a lot of fintechs is to do better than what banks are doing today, because there's so much low-hanging fruit that hasn't been picked because for the longest time there have been barriers to entry.

Mr. Tony Van Bynen: How do fintech companies ensure compliance with Canadian regulations regarding credit card lending and other transactions?

Mr. Alexander Vronces: It depends on what fintech vertical we're talking about. Right now a lot of fintechs in this country are going to be regulated under something called the Retail Payment Activities Act. Any fintech company that engages in any kind of retail payment activity will have to answer to the Bank of Canada. There will be requirements around how they safeguard end-user funds. There will be requirements on how they notify their customers of any breaches or anything like that. They'll have to meet a wide range of operational standards.

The same will happen with open banking. Some fintechs are regulated quite heavily right now at the provincial level. This space is not a wild west. There is a lot of regulation. Fintechs invest a lot in compliance, and as these initiatives finally cross the finish line, I think we'll see more of that.

● (1605)

Mr. Tony Van Bynen: Do I still have some time, Mr. Chair?

The Chair: You're 30 seconds over.

Mr. Tony Van Bynen: Thank you.

The Chair: Thank you very much.

[*Translation*]

Mr. Garon, you have the floor.

Mr. Jean-Denis Garon (Mirabel, BQ): Thank you, Mr. Chair.

Welcome to the witnesses.

As members from Quebec, we're in a unique situation when it comes to fintech. The federal government is proposing a framework, but in Quebec, the largest financial institution—Desjardins—is a credit union. It's also the largest employer in Quebec.

My understanding of the market in which you operate is this. Slowly, as fintech develops, you're going to offer a lot of customer services and analytical tools to consumers. Banks and financial institutions, such as Desjardins, will in a way become manufacturers of financial products, which could be marketed by the members of your association, among others. I think that's a good way to summarize the situation.

It seems to me that, in the framework it's proposing for open banking, the federal government is giving the Mouvement Desjardins in Quebec the following choice: either it enters into the federal framework, or it will be left out, which, on the one hand, would have harmful effects for Quebec consumers and, on the other, would be completely out of step with respect to Quebec's jurisdictions.

I would like to know how your members are doing in this regard. What can we do to ensure that Quebeckers are entitled to the same services as other Canadians without constantly encroaching, directly or indirectly, on Quebec's jurisdiction over the management of credit unions and credit contracts?

[*English*]

Mr. Alexander Vronces: That's a great question.

We have a few provincially regulated entities in our membership who have raised similar questions. Our answer to any question like that is, to the extent possible, let's not create duplicative requirements where there is an equivalent level of protection administered by a provincial regulator. Let's recognize that as equivalent, so we don't need to make these regulated entities jump through unnecessary hoops.

My understanding of the open banking framework is that it is voluntary, so no one is going to force any requirements onto any entity that doesn't want to abide by them. I know that policy-makers at the Department of Finance have been in lengthy conversations with policy-makers at the provincial level to work out where the requirements are net new and they do need to be administered and where there is equivalence so they can recognize it.

That said, I can't speak to any outcomes of those discussions. I just know that they're happening.

[*Translation*]

Mr. Jean-Denis Garon: The way you present it is interesting. You say that the current framework proposed by the federal government is voluntary. Basically, Quebec institutions are being told to voluntarily integrate into the Canadian framework or isolate themselves. That's obviously what we're concerned about.

I agree with you that harmonization is necessary. These laws, regulations and frameworks must be comparable, I agree with you on that. However, there is one thing that worries me, within the federal framework. It must be said that Quebec is generally ahead in many aspects related to open banking. This is particularly the case when it comes to personal data, consumer protection, credit contracts and stress tests to test financial institutions' resistance.

In this context, how could Quebeckers agree to having a framework imposed on them that is, after all, quite weak and poorly regulated? Wouldn't you prefer to work directly with the Quebec government, so that Quebec, as it has done many times in the area of consumer protection or credit contracts, can propose a framework to the federal government that is more adapted to the Quebec situation?

[*English*]

Mr. Alexander Vronces: When it comes to open banking, in particular, when there is a requirement in Quebec that meets the minimum standard or exceeds it, I think the government should recognize that and not force an institution like Desjardins to go through the extra hoops.

In terms of what that standard is, we don't know yet. The second part of the legislation will be tabled later this year, so we can't speak about the specifics of those requirements right now.

● (1610)

[*Translation*]

Mr. Jean-Denis Garon: Thank you.

I'll now turn to the Equifax Canada representative.

My question is a bit technical.

On the Liberal government side, the Prime Minister himself has suggested that people's credit ratings include rent payments by tenants to landlords. I think the Prime Minister's argument was based on the fact that a lot of people pay their credit card balances late because they use their money to pay their rent on time. The suggested measure would therefore have the effect of improving these people's credit rating.

However, I have the impression that it would be extremely complicated to do. Unlike the debt that people take on from banks or large credit companies, the housing market is very decentralized.

Technically, is this something that can be done in the short term?

[*English*]

Ms. Julie Kuzmic: Thank you for that question.

We were quite pleased to hear that this issue is getting such good attention across the country because of the fact that there are so many people in Canada who are renting their accommodation, rather than owning their accommodation. According to our numbers, close to one-third of Canadians have a limited or non-existent credit history, which then impacts their ability to access mainstream credit products and services. Just—

[*Translation*]

Mr. Jean-Denis Garon: I don't mean to be rude, but time is running out. I know the chair is patient, but I don't want to test his patience too much.

I want to know whether this is something that can be done in the short term within the infrastructure currently managed by Equifax.

[*English*]

Ms. Julie Kuzmic: The reporting of rental data is already happening. Equifax has been working on that for the last few years, trying to find ways to help underserved populations get into mainstream credit—as appropriate—more quickly.

Yes, it certainly is possible, and it's under way.

[*Translation*]

The Chair: Thank you very much, Mr. Garon.

Mr. Masse, you have the floor.

[*English*]

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

Thank you to the witnesses for being here.

One of the reasons I've requested this study—and I'm pleased that we're in it—is that we seem to forget the strain on Canadians and the banks. We also seem to forget that during the financial crisis, it was Canadians who actually supported the banks, through no fault of their own.

Some good examples are the $125 billion of insured mortgage pools that were to free up capital. The Bank of Canada helped to implement liquidity measures. The Bank of Canada lowered the overnight interest rate. A total of $41 billion was provided in liquidity support. There were a number of different resale agreements to help term loan facilities. Also, because of the global market on credit, they helped the Canadian lenders assurance facility to extend supports for them there. Then, finally, the expansion of the facility of deposit insurance helped as well.

There was a series of things that took place that Canadians had to backstop the banks for.

It would seem that my first question would be to our fintechs. If competition is what you're suggesting as the solution perhaps for the long term, what can we do in the short term to level the playing field to some degree?

Again, some of the loans that Canadians are getting.... If you look at your mortgage rates—and I'm glad that Mr. Van Bynen referenced this—Canadians are actually putting groceries, power for their homes and other essentials on their credit cards right now, at 20% to 30%. It seems horrible that, as legislators here, we would allow that when mortgage rates, which are essential, are put down to lower rates.

I know that the Bank of Canada is considering lowering the prime rate again, but credit cards and banks are going to continue at 20% to 30% with shyster loans, different types of interest rates and pyramid schemes that people have a hard time figuring out.

Can you elaborate on the competition and what we can do in the meantime? I believe strongly that there should be some regulatory improvements. I think the Stripe example gives the issue a little bit of an attention spot. If we don't do it right, then the real benefactor won't be the consumer or the business.

Mr. Alexander Vronces: Thank you for the question.

What are some things that we can do in the short term? There are a few things. As an association, we have been coming out and saying that we want to be regulated more. We are supporters of the Retail Payment Activities Act. That regime being implemented—it's still not totally implemented yet—will raise the bar for all payment service providers. It will also make it easier for payment networks to bring these new entrants into their system so that they can start competing with banks.

I can give a completely hypothetical example. I don't want this to be interpreted as statements on behalf of the networks that they're going to do these things, because that's not what this is. I can imagine a world where payment service providers are better regulated. Maybe credit card networks get more comfortable with them issuing credit cards. Those fintech companies enter that ecosystem and, all of a sudden, start thinking about how they can better compete with a bank.

There are so many things they can do, ranging from rewards to interest rates. Regulating the players from the get-go is important, but so is not relinquishing control of these initiatives to the big banks.

Payments modernization is a great example. We're supposed to build this system that would allow fintechs to offer all sorts of new payment methods to Canadians that would compete with the old ways to pay. Over the years, what that system is going to be has been totally eroded by the fact that the big five banks control the institution that is building the system.

We were going to get this real-time, data-rich system that would be a bedrock of innovation. It looks like what we're going to end up getting is a duplicate of what's already in the market today when it comes to peer-to-peer payments.

We can say no to the banks who want to stop progress. We can regulate the new players in the system and then make progress on things like real-time payments and open banking. I think those are the bits of low-hanging fruit because they've been done by other jurisdictions. They were done many years ago, and no jurisdiction that's implemented these things has pared them back because they've resulted in all sorts of harm for consumers. In fact, the opposite has happened. They've tried to expand the scope of these initiatives, to double down on these initiatives.

● (1615)

Mr. Brian Masse: Okay. Thank you very much.

I'm going to move to Equifax with my time. I appreciate that response because there's a combination of things we can do.

To Equifax, one of the things that gives me concern about the way you're getting information is that you mentioned there's no reporting of the interest rate, but your interest credit score could be based on that. My experience has been that, if you can't get a good credit score, then you're often put at a higher interest rate to be able to get that, including some of these scams, quite frankly, which I believe they are, at furniture stores and other places where they're charging 30% to 40% on things they're doing, interest free, for *x* amount of time. Then later on, you get caught with the whole bill.

Why not collect that data as well? Wouldn't that be relevant to a credit score—the type of interest that you're being charged? The number of people who have to go to a secondary borrower is the whole reason we even saw the rise of payday loans and so forth. Banks wouldn't accept some of the payments or the credit of individuals who had to go to these third-tier lenders with obscene prices, and they were taking advantage of people who were desperate just to pay their bills.

Ms. Julie Kuzmic: Thank you for that question. It's a good one.

One of the important concerns is that we don't cause discrimination against Canadian consumers because of potential past difficulties they've had financially. That's why there are a number of consumer protections in place that dictate the maximum period of time that negative information, such as a previous bankruptcy, items in collection and so on, can remain on somebody's credit report. I would be concerned to enable a situation where a consumer could be judged by a potential future lender based on the use of a particular lender in the past.

The current credit-scoring model is actually a predictive analytic of the likelihood that a consumer will pay their bills on time. That is based on the actual actions, with emphasis on the recent actions, of a given consumer going into creating that ultimate outcome of the three-digit credit score.

Mr. Brian Masse: I appreciate that.

I'll move on really quickly. I know I'm running out of time.

It would seem to me that your data coming in would already be skewed by the fact that consumers are skewed out there by their percentages.

To be really quick, do you identify each payment date that's required for consumers on different credit cards? One of the things that I'm considering is a universal payment date to end some of the confusion in financial literacy, where there could be a universal payment date that could be made and regulated for paying any credit, like a mortgage or a credit card.

● (1620)

Ms. Julie Kuzmic: That's a very interesting concept that I haven't encountered before. I would certainly welcome the opportunity to bounce some thoughts around for what that might look like.

As the system exists today, the account information is reported on a somewhat staggered basis in alignment with the statement period for each one of the credit cards, as you're aware. There would potentially be a benefit to consumers in the sense that they wouldn't have to pay all their bills at once, where many people would be getting their pay in biweekly instalments, for example.

It's a very interesting thought. There's a lot to consider there.

Mr. Brian Masse: Thank you.

Thank you, Mr. Chair.

[*Translation*]

The Chair: Thank you very much, Mr. Masse.

Mr. Perkins, the floor is yours.

[*English*]

Mr. Rick Perkins: Thank you, Mr. Chair.

My questions will be for the executive director of Fintechs, the association representing, at least in the case of this study, the processors.

Just so everyone who's watching is clear here, when somebody uses their credit card in a physical store, a retail store, they don't know, in most cases, because it's only seen by the business, that there's somewhere between a 1.5% to 3% additional charge on the total value of that credit card that is charged to the business. Is that correct?

Mr. Alexander Vronces: Yes, there is an amount charged to the business, and Canadians aren't aware unless they know for one reason or another. For example, some businesses might choose to surcharge.

Mr. Rick Perkins: Okay. Thank you.

Included in that is a whole bunch of things that are set by.... In this case, we're talking about Visa and Mastercard. Then there are elements of this called “interchange fees”, which are fees related to the actual pipes, as I call it, or plumbing of the companies that do all of that processing. Those are your members.

Is that correct?

Mr. Alexander Vronces: We have some members on the acquiring side that are processing payments for merchants and facilitating the use of those pipes, as you described it.

Mr. Rick Perkins: I'm looking down the list of your members.

Is Chase Merchant Services one of your members?

Mr. Alexander Vronces: They aren't a member, but we have various—

Mr. Rick Perkins: Okay. They've agreed to the discount.

A year and a half ago, the government announced there would be a 0.95%—or 1%, essentially—reduction in those rates. It's taken us a year and a half to get to the point where, two weeks ago, they announced it.

Chase is participating. Is Global Payments one of your members? They've agreed. Is Moneris one of your members? No. Is Square a member? TD merchant services is not one of yours.

Okay. All of those have agreed.

Is Fiserv one of your members? Apparently, they have not responded to any requests. Do you know what Fiserv is going to do?

Mr. Alexander Vronces: I don't know what Fiserv is going to do.

Mr. Rick Perkins: How about Nuvei?

Mr. Alexander Vronces: I'm not sure what they're going to do.

Mr. Rick Perkins: Are they one of your members?

Mr. Alexander Vronces: Yes.

Mr. Rick Perkins: They haven't responded.

Has People's Trust?

Mr. Alexander Vronces: They're a member.

Mr. Rick Perkins: They're one of your members.

Do you know what they're going to do? No.

Is PSP Services Inc. one of your members?

Mr. Alexander Vronces: No.

Mr. Rick Perkins: Okay.

What we have here are five companies that have agreed.... Only one of them, I think, is yours. A number of your members have not responded to the public announcement, meaning—presumably, since they won't respond—that they're not going to pass on these savings. One member of yours, Strike, has publicly said they're not going to pass it on. It sounds as if most of your members aren't going to pass on the savings.

Is that correct?

Mr. Alexander Vronces: The ones that have not responded and have yet to elucidate what they're going to do.... I don't know what they're going to do.

Mr. Rick Perkins: Okay. Maybe we should get them before the committee to explain why they haven't responded.

When one of your members doesn't pass the savings on, what happens to the Visa or Mastercard merchant fee? Does it go down?

Mr. Alexander Vronces: It depends on what sorts of services the merchant chooses to get. There are different pricing regimes for these kinds of things.

● (1625)

Mr. Rick Perkins: The government is making a claim that there are going to be massive savings for small businesses with this fee, yet most of your members aren't willing to pass it on.

If they're not willing to reduce their fees, how are the savings going to get passed on? Isn't this a fake release, in the sense that most of your members aren't going to agree with the government, including one of the companies whose board member is the de facto finance minister of this government?

Mr. Alexander Vronces: Again, I don't know what the ones that have not yet responded are going to do. However, in some cases, the savings being promised might not come to fruition because the market for payment processing is much more complicated than an interchange fee. Just because you reduce an interchange fee doesn't mean other elements of that overall price are automatically going to fluctuate too. In some cases, some costs might go up.

In a lot of cases, payment processors today compete with one another not just by reducing prices but also by offering value-added services—inventory management and stuff related to fraud detection and prevention—making it a seamless, automated reconciliation. These sorts of things aren't going to be affected by an interchange fee.

Mr. Rick Perkins: Most of your members aren't committing to do this, yet the government claims it's going to reduce fees.

If your members aren't going to reduce their fees, how do small business fees go down for credit card fees?

Mr. Alexander Vronces: The way—

Mr. Rick Perkins: What if I don't subscribe to Moneris or one of these others?

Mr. Alexander Vronces: The way you reduce payment fees is by introducing competition in the market for payment services, not by trying to micromanage one element of a big bundle of prices for merchants.

Mr. Rick Perkins: Therefore, the government's attempt to micromanage this one element isn't going to work.

Mr. Alexander Vronces: In some cases, it may not.

Mr. Rick Perkins: That's an incredible revelation, because we also have the CFIB claiming wildly that this is going to happen, when it appears that most of their members aren't going to see this benefit, based on the fact that your members aren't willing to pass this on.

I presume Mastercard and Visa are not going to eat the savings required on the interchange fee just to be good people.

Mr. Alexander Vronces: I just want to be clear: I don't know what decisions many of the members will land on. I can't speak to whether they will or will not pass on the fees. As an association focused on public policy, we don't talk about these sorts of commercial matters.

[*Translation*]

The Chair: Thank you very much, Mr. Perkins.

Mr. Badawey, the floor is yours.

[*English*]

Mr. Vance Badawey (Niagara Centre, Lib.): Thank you, Mr. Chair.

Thank you, Mr. Vronces, for being here today.

First, what steps are being taken to promote transparency in credit card fees and interest rates, particularly for new consumers?

Mr. Alexander Vronces: On the consumer end, there is quite a fair bit of transparency. You can compare credit cards fairly easily on the websites of all the different institutions that issue the cards.

When it comes to merchants, the debit and credit card code of conduct promotes a lot of the transparency and requires that payment processors notify their merchants in advance when anything is going to change related to pricing or anything else.

The debit and credit card code of conduct underwent a recent update that will improve transparency even more, compared to where things were at not too long ago.

Mr. Vance Badawey: Has Fintechs developed any type of financial literacy products for consumers? What steps are you taking to educate consumers about responsible borrowing and financial literacy to help them avoid predatory lenders?

Mr. Alexander Vronces: If I understand your question correctly, you're asking what sorts of products fintech companies are building to help Canadians avoid things like predatory lenders.

I'd say they're doing a wide range of things. On the example I gave earlier, where two fintech lenders could have tried to take my business and get me to lock into a mortgage before two rate reduction announcements, they didn't do that. Instead, they said that there were likely going to be announcements to reduce interest rates further and to wait, and they could save me money.

There are plenty of good stories about some of our members helping Canadians build their credit score with their rent payments. We have some companies in the membership that help Canadians invest their money and grow their wealth in a very transparent and simple way.

I can follow up after this meeting with a short list of companies and the sorts of products they offer that get at what you're concerned with.

● (1630)

Mr. Vance Badawey: That's great. I'd appreciate that.

Mr. Chair, I'm going to give the rest of my time to Ms. Vandenbeld.

Ms. Anita Vandenbeld (Ottawa West—Nepean, Lib.): Thank you very much.

I want to talk about something that's just a little different.

I know that the Canadian Center for Women's Empowerment has identified financial abuse as a means of coercive control and intimate partner violence. Often, for women looking to leave abusive situations, either their credit has been impacted because of the control that the spouse had over the finances or, in other cases, they don't have the credit.

Is there anything that you—I'm also looking at the other witness—are doing? They're calling on financial institutions to be more aware of these kinds of situations, because often this is why women stay in those relationships. They're not able to get out financially.

Mr. Alexander Vronces: Those sorts of situations are tragic. I'd venture to say that probably not enough is being done.

I'm not aware of any particular ideas or services that any companies offer to help women get out of those situations, but I'd be happy to set up some time and talk with you and learn more about what we can do to be allies.

Ms. Anita Vandenbeld: If Equifax is still there, I'll ask the same question.

Ms. Julie Kuzmic: Yes. Thank you.

I'm so glad you brought this up, because this is an issue that I personally am quite involved with and Equifax in general is as well.

We know that survivors of human trafficking often end up with a lot of what we call "coerced debt", which in a lot of cases takes the form of a credit account that was opened in the survivor's name and that she never knew about, or one that she did know about, but if it was a credit card, she never saw the card and she was never able to use it. She comes out of the situation owing debt that really isn't hers.

What we're seeing is a move towards including coerced debt as a recognized form of fraud. The Ontario government actually has passed some legislation around that, which puts the onus on financial institutions to have a process. One of the suggestions I've heard is to use a process similar to what the guidelines are around finding potential elder abuse. There are a lot of possible parallels there. A lot of those guidelines that have been established might be used or modified slightly for this scenario.

Thank you for raising this. This is something that we're having a number of conversations about.

Ms. Anita Vandenbeld: Thank you very much. Obviously, there are other implications of this, as well, as you mentioned, elder abuse and others.

Thank you so much for those recommendations.

[*Translation*]

The Chair: Thank you very much, Ms. Vandenbeld.

Mr. Garon, you have the floor.

Mr. Jean-Denis Garon: Thank you, Mr. Chair.

I'm going to continue with the Fintechs Canada representative. Quite frankly, I think the fintech market is a fascinating topic.

In your opening remarks, Mr. Vronces, you said that we obviously need a certain level of oversight and regulation. In my experience, when representatives from the banking and financial sector come to meet with us in parliamentary committee, they all start by boasting about the level of regulation in the Canadian market. They tell us how secure the market is and that consumers should feel confident. However, when we then ask them what regulations there should be, they say they don't want them or they want fewer. They want codes of conduct or voluntary agreements.

Let's take the example of lowering interchange fees. There have been no agreements on that. There has never been a single agreement between Mastercard, Visa and the government. The government kindly asked Visa and Mastercard to lower their rates by threatening to perhaps regulate them. These companies have offered the minimum, and the government has bowed to them and never regulated them. That's the Canadian way.

I'll soon get to the more specific question I want to ask you, Mr. Vronces.

When it comes to interchange fees, we are told, for example, that Canada is in the global average. When you look at the situation, you see that all the businesses that charge higher interchange fees than in Canada are in less regulated markets. On the other hand, all the countries where interchange fees have been reduced, such as New Zealand, Great Britain and other European countries, are of the opinion that interchange fees must be regulated. Even the U.S. Federal Reserve agrees. At the end of the day, interchange fees in those countries are lower than they are in Canada.

Mr. Vronces, if we were to further regulate fintech, in other words, impose real regulations with teeth, not a code of conduct, what would be the three most important regulatory elements that the federal government should introduce right now?

● (1635)

[*English*]

Mr. Alexander Vronces: I think the goal to reduce transaction costs for merchants is laudable. It's one of the premises of the association. That's why we want more competition in this space. The way to reduce fees is not by regulating them down. In many of these other jurisdictions, we've seen that the effects of interchange fee regulations haven't been exactly what policy-makers intended.

Interchange fee caps in the United States and Australia reduced the interchange fee revenues of the banks that issue the cards. This resulted in those banks cross-subsidizing those losses by increasing fees in other areas. In EU countries, they couldn't find a systematic relationship between overall fees and interchange fee regulations. They did find that, when they looked at a very broad dataset, some fees did go up as a result of interchange fee regulations.

[*Translation*]

Mr. Jean-Denis Garon: Like all the other bankers who have come here, you haven't answered my question.

As I understand your argument, in other countries where interchange fees have been regulated, bankers who were ripping off their customers in this regard have started ripping off their customers elsewhere. They should therefore be regulated even less, so that they continue to rip off their clients as they did before.

Is that how you want to convince a parliamentary committee not to regulate fintech? Do you think this is a winning communications strategy?

[*English*]

Mr. Alexander Vronces: I don't think a winning solution is pro-fintech or pro-bank. It's pro-consumer and what consumers need. What Canadians need right now are lower fees and more productivity. The financial sector, right now, the way it's structured, is a drag on Canadian productivity. It's a drag on affordability. If you are a small business, it's very hard to access a loan. If you can access a loan, you're paying more for it than many of your peers in other jurisdictions. To a greater extent, you're also required to pledge personal collateral, like your house. The loans are very expensive.

We can't grow this economy if we're not investing in our businesses. By making banks work harder for their customers, and by letting new fintech entrants into the system to put competitive pressure on banks, we'll generate better outcomes for consumers and merchants. If we go the other route and regulate interchange fees, we'll generate a bunch of unintended consequences like we've seen around the world.

[*Translation*]

The Chair: Thank you very much, Mr. Garon.

Mr. Masse, you have the floor.

[*English*]

Mr. Brian Masse: Thank you, Mr. Chair.

To Equifax, I want to follow up with one of the issues I've raised, the treatment of Canadian consumers.

In 2017, with the Equifax breach of privacy, I think there were 19,000 Canadians the Privacy Commissioner identified who had their privacy breached through Equifax's negligence. What did those Canadian consumers receive?

Ms. Julie Kuzmic: That cybersecurity incident that occurred seven years ago in 2017, as you pointed out, did affect approximately 19,000 Canadians. Those Canadians were offered assistance with credit monitoring in order to keep an eye on any potential evidence of their identities being used. In the seven years since that incident occurred, Equifax has invested over one and a half billion U.S. dollars to rebuild our technology and security infrastructure.

Today, there's little, if any, of our old security program that remains. It's been completely overhauled. One of the things that, as an Equifax employee, I am most proud of, is that we believe that cybersecurity is not a trade secret. Our head of information security, a gentleman by the name of Jamil Farshchi, has been invited to be a strategic adviser to the FBI because of all of the positive work that has happened at Equifax. We are very open with our competition and other players in the industry, believing that if we can be stronger together as a unit, then we're serving everybody's purposes. We do not need to be hiding from each other how we're protecting people's data.

Mr. Brian Masse: The U.S. Federal Trade Commission included a $425-million settlement to citizens. We had to use a class action lawsuit over here because we don't have the same systems in place or protections for consumers.

What did American citizens receive for the loss of their privacy, which was consistent with Canadian and U.K. citizens?

● (1640)

Ms. Julie Kuzmic: I'll have to go from memory a bit here, as I don't have the specifics in front of me. I believe the amount of money that was designated as part of that overall settlement was divided by the number of people who met the qualifications to be a part of that group. That resulted in certain amounts of money being transferred to impacted American consumers.

Mr. Brian Masse: I appreciate you dealing with that because I think it's important for looking at the protection of consumers, especially if we need watchdogs or analysis from independent groups and organizations. That's the challenge also under the cybersecurity threats, ensuring that it's done properly and so forth.

Thank you for those answers.

Thank you, Mr. Chair.

[*Translation*]

The Chair: Thank you, Mr. Masse.

Mr. Généreux, you have the floor.

Mr. Bernard Généreux (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, CPC): Thank you, Mr. Chair.

Mr. Vronces, you said earlier that the government hadn't held enough consultations on the agreement with all credit card companies.

What do you think the consequences are of this lack of consultation?

[*English*]

Mr. Alexander Vronces: It's a great question. I do think they probably underconsulted. Like I said, we, as an association, were not consulted. We didn't have a chance to provide our perspective on how to best achieve the government's goals. I think the effect of this has been a policy that isn't achieving the results the government wanted to achieve. Like I said, you can't affect the overall price of something by micromanaging a tiny component of that price.

[*Translation*]

Mr. Bernard Généreux: Basically, you're saying that the government didn't do enough consultation, so we find ourselves today in the situation you described to my colleague Mr. Perkins. Costs may have gone down in part, except that, because the government did not hold enough consultations, it was not able to get an overall picture. Stripe, for example, said that it wasn't going to lower its fees, and that it might even increase them. As a result of the additional costs, the fees for its services are increasing. At the end of the day, there will be no real gains.

The funny thing is that the Prime Minister posted about this on X a few minutes ago. I'll bet you $100 I won't find it, but he basically says that his government is very proud because, when you buy a coffee at Tim Hortons or elsewhere, it's important that the money go into the pockets of SMEs. However, based on what you said, that's not necessarily what will happen.

[*English*]

Mr. Alexander Vronces: I didn't get a question in the translation.

[*Translation*]

Mr. Bernard Généreux: Essentially, the Prime Minister just published a message on X saying that he's happy that his government has reached this agreement with the various partners so that SMEs receive more money when consumers buy a coffee, for example.

However, am I to understand from what you've just told us that this isn't necessarily what will happen?

[*English*]

Mr. Alexander Vronces: Sure. In some cases, depending on the pricing the merchant chooses, there may not be a change in the price. Therefore, yes, there are nuances here that might be missed in some of the more political communication around this.

[*Translation*]

Mr. Bernard Généreux: You also said that a number of places in the world had regulations that made it possible to have an open banking system. This makes it possible to offer services directly to the public, in a more efficient way than what we experience in Canada, and promotes competition.

Can you name some of those countries?

[*English*]

Mr. Alexander Vronces: Thank you for the question. For sure, I can.

In the U.K., they have a real-time payment system and open banking. One of our members is a global fintech company. When the U.K. modernized its payment system, it gave fintechs access to it. The moment they integrated into that system, they were able to cut their average cost of payment by 20%. That was just immediately upon connecting, and they were able to decrease the speed of the movement of funds to seconds. It happened in real time, more or less.

The cost of an open banking payment is also a fraction of the cost of a credit card transaction from the merchant's perspective. This is also something that exists in Europe and in Australia. Canada is one of the only advanced economies not to have made progress on these things yet.

● (1645)

[*Translation*]

Mr. Bernard Généreux: However, the government announced in its budget—if not this year, it was last year—that it was going to set up an environment to offer open banking in Canada.

Do you think the government has met that expectation?

[*English*]

Mr. Alexander Vronces: We're obviously happy that it's happening. It wasn't too long ago when many in the sector thought it wasn't going to happen at all, despite all of the consultation and the years and years of conversation.

I think some of the excitement will be muted, though, because, as I said in my opening remarks, on day one, this will just allow Canadians to share their data. It won't allow Canadians to authorize someone else to initiate a payment on their behalf, either by pushing the payment out or by pulling the money from one account into their own.

That payment capability that is turned on in other jurisdictions, like the United Kingdom, allows a merchant to encourage their customer to pay with something other than a credit card. Therefore, in addition to being able to surcharge, you'd be able to partner with fintech and get money the way you want to and on the terms you want.

In Canada, that is not going to be an option on day one, and it's not clear that it will ever be an option, unless the scope of open banking is expanded.

[*Translation*]

The Chair: Thank you very much, Mr. Généreux.

Mr. Turnbull, the floor is yours.

[*English*]

Mr. Ryan Turnbull (Whitby, Lib.): Thanks very much.

Thanks to all of the witnesses for being here today.

Ms. Kuzmic, I have a couple of questions for Equifax. One of the questions I have is about credit card delinquencies and the trends you've seen from the data you collect.

Could you update us on what trends you see in terms of delinquencies, maybe over the last couple of years leading up to the first quarter of this year?

Ms. Julie Kuzmic: Thank you for the question. I'd be happy to.

When we look at these aggregate numbers across Canada and we speak in percentages about delinquent accounts, it's very easy to feel a separation from what these numbers actually represent. I want to acknowledge that struggling to make payments and having to decide between buying food or paying rent is not a situation anyone wants to find themselves in. These numbers represent actual people across Canada who, I believe, are generally trying to do their best with what they have.

I'll start by focusing on the numbers that Equifax released last month, reflecting the second quarter of this year. In other words, we're looking at the time period of April, May and June of 2024.

I will also highlight that data science is an exact science with many nuances. For example, we'll look at two measures reflecting credit card use in Canada and how much of the balances people have actually been paying off on their credit cards.

We'll start by taking a look at what we call the balance delinquency rate. This figure is derived by adding all the credit card balance amounts that were owed during the period. In this case, the period is April, May and June of this year. Then we look at how many of those dollars were overdue during that period. Overdue is defined as being 90 days late or worse than that. By that measure, 3.4% of the owed balances were delinquent during the second quarter of 2024.

Looking at another measure called the trade volume delinquency rate, this is where we count the total number of active credit card accounts during the period. Again, it's still the second quarter of this year. How many of those credit card accounts were overdue? Again, that's 90 days past due or worse during the time period. According to the Equifax data, the total number of credit card accounts is somewhere in the neighbourhood of 52 million in Canada, and about 1.6% of them were delinquent during the second quarter of this year.

This is a great example of how critical the nuances are. Is Equifax saying that the rate of overdue credit card payments in Q2 is 3.4% or 1.6%? The short answer is yes.

● (1650)

Mr. Ryan Turnbull: Yes, meaning both are true—

Ms. Julie Kuzmic: Yes.

Mr. Ryan Turnbull: —because you're using two different units of measure. I got that.

Is that down or up from the previous quarter of 2023?

Ms. Julie Kuzmic: We have been seeing credit card balances and the amounts that people are carrying month to month increasing year over year.

Mr. Ryan Turnbull: Would that be since the end of COVID-19 or during COVID-19 onward?

Ms. Julie Kuzmic: Even during COVID-19 there was a slight dip, and then it started to increase. We've seen that increase continue since then.

Mr. Ryan Turnbull: Can you add any demographic features to the understanding of debt and delinquencies? Do you have that information? Can you disaggregate some of that information by demographic for us and give us some understanding of who is more likely to be delinquent?

Ms. Julie Kuzmic: In the second quarter of this year, we talked about how the average credit card balance per consumer continued to grow, but there was some evidence of a slowdown in consumer spending. The increase in balances then is attributed to a reduction in credit card payment rates. In other words, many consumers are paying a smaller percentage of their balance owing than they previously may have done.

We have seen that consumers under the age of 35 are seeing some of the fastest decline in card payment levels. They appear to be amongst those who are less and less able to pay their balances in full. We have seen that the increase in card balances for consumers of all ages was more significant for mortgage holders. For people who are carrying a mortgage, we saw the average credit card balance jump by almost 12% compared to the same period last year, whereas non-mortgage holders had an increase of about 7.7%. What we glean from that is that mortgage holders were carrying balances month to month on their credit cards at a rate that is increasing faster than the balance increases for non-mortgage holders.

Mr. Ryan Turnbull: Would those predominantly be variable-rate mortgage holders? Would you assume that, or do you have data on that?

Ms. Julie Kuzmic: We don't have data on that specifically, much like how the credit card interest rates are not reported in the standard reporting of data to Equifax. The same is true for the type of mortgage and mortgage interest rate.

Mr. Ryan Turnbull: I have one more question, and then I'm sure the chair is going to cut me off.

What are the trends that you're seeing in terms of interest rate drops with the central bank's interest rate drops? I know that those don't necessarily affect the cost of the interest on credit card debt, but they certainly impact consumers' ability to make minimum payments on their credit cards or to service that particular debt, especially if they have variable-rate mortgages and they're getting some relief right away with those central bank rate cuts and inflation coming down.

Have you seen that have an impact in the data you collect?

Ms. Julie Kuzmic: That's a very good question.

We have to remember that the data that is reported to credit bureaus is a bit of a lagging indicator, because we're often just receiving the data for the month prior and the payment that was made the month prior. It looks like we're seeing some early signs, but it's still a little too early to say definitively.

Mr. Ryan Turnbull: Perhaps next quarter....

● (1655)

Ms. Julie Kuzmic: We're happy to share the data we have.

The Chair: Thank you very much, MP Turnbull.

Before I turn it over to MP Patzer, I understand that Margaret Yu from Momentum has joined us and is on the line.

Thank you very much for joining us. Could you give us a few words for a sound check?

Ms. Margaret Yu (Financial Empowerment Coordinator, Momentum): Absolutely.

The Chair: How's the weather in Calgary?

Ms. Margaret Yu: It has started snowing. It's the first day of snow.

The Chair: That's depressing.

Thank you very much for joining us.

If I have consent from my colleagues, we could give you five minutes for your opening remarks.

I see no objections, so the floor is yours.

Ms. Margaret Yu: Thank you so much.

Thank you to the chair for the opportunity to speak with you today.

Momentum is so grateful to see important steps to improve the financial inclusion of Canadians. Momentum is a community development organization in Calgary that connects people living on lower incomes with economic opportunities. A big goal is to create a local economy that works better for everyone.

One of our key approaches is working with people living on lower incomes. It's a way to help them learn about and save money to become financially empowered. We have worked with people like Melanie, who moved to Canada from the Philippines.

After arriving, Melanie and her husband both struggled in survival jobs. Melanie and her husband also had a poor credit history, and they could not access traditional forms of credit, such as a line of credit from a bank. When Melanie's husband got sick, they had exhausted all their options, so Melanie used her five credit cards as life-saving tools. However, this came with a very steep price for her. Melanie and her husband accumulated over $18,000 in credit card debt.

While struggling to pay off her credit cards, Melanie was connected to Momentum and participated in a savings program in which people earn a match to their savings while they learn about money. Melanie also managed to open a registered education savings plan and accessed the Canada learning bond for her children. Despite the challenges, Melanie is now debt-free. Through proven financial empowerment interventions, Melanie became financially healthy.

High-cost credit cards often target low-income individuals and families struggling to make ends meet. Credit card options can be tempting when a person is in need of cash quickly, but they come with hidden costs and risks that lead to a cycle of debt. The need to borrow money can come up very quickly and without warning, especially for those living on a low income. With fewer financial assets like savings and investments, and fewer resources like income available to people living on lower incomes, they are less likely to absorb unexpected expenses without finding another source of cash.

In situations like this, high-cost credit card products can seem like the only solution. High-cost credit card products come in several forms and come with a lot of fees: account maintenance fees—a monthly fee some credit cards charge for maintaining the account—replacement card fees, insufficient fund fees, fees for going over the limit, balance transfer fees, foreign transaction fees, cash advance fees, late payment fees, annual fees and credit card balance insurance fees. Those are just a few.

Regardless of what form they take, credit card products are very expensive and can easily lead to a lifelong cycle of debt. We're asking the Government of Canada to implement important changes to the way high-cost credit products are regulated, changes that will eventually make these products a safer choice and will create opportunities for more Canadians like Melanie to become financially empowered.

The first specific proposed change we'd like to highlight is lowering the criminal rate of interest. We were very pleased to see the government reiterate the commitment made in budget 2023 to lower the criminal rate of interest to 35% APR. The proposal to improve enforcement of the criminal rate of interest is also a promising step to ensure Canadians are adequately protected from high-cost credit. Based on Melanie's experience with credit card debt, we think lowering the criminal rate of interest is an important policy change to implement.

Second is lowering allowable fees and charges associated with credit cards. These include the ones in my long laundry list of fees, like late payment fees, annual fees, foreign transaction fees, over-the-limit fees, cash advance fees, monthly maintenance fees and credit card balance insurance fees. High-cost credit cards can feel like a life jacket when you're sinking, but they are really often bricks, and the weight of interest fees and late fees is overwhelming.

Third is a focus on improving transparency in credit card terms, interest rates and fees using plain language or an explainer for the consumer about what this type of debt means and what they're taking on.

Fourth is investment in community financial supports. Prosper Canada has been promised $60 million over five years to expand community-delivered financial help services to approximately one million lower-income Canadians. This is a much-needed financial support, as many community-based, non-profit organizations that deliver financial empowerment services, like Momentum, receive very little government funding for this work.

● (1700)

With the rising cost of doing business, this funding can stabilize existing programs and enable important expansion. Many Canadians struggle to make ends meet, especially with our rising cost of living challenges, challenges that are ever more significant for Canadians living on lower incomes. At Momentum, we recognize the wisdom that people without an adequate income can't get by and that people without assets can't get ahead. The proposed changes can help more people get by through better access to benefits and will support Canadians to get ahead.

Thank you.

[*Translation*]

The Chair: Thank you very much, Ms. Yu.

Mr. Patzer, you have the floor for five minutes.

Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC): Thank you, Mr. Chair.

[*English*]

This is a question for Fintechs. In 2023 the Canadian revenue authority changed the definition of financial services to exclude credit card surcharge revenue, making these payments eligible for GST/HST. Obviously, they weren't eligible prior to this. This was done by creating a special exception in the Excise Tax Act.

Because of this change, all credit card surcharges paid on or after March 29, 2023, are now subject to GST/HST. Is that correct?

Mr. Alexander Vronces: Yes.

Mr. Jeremy Patzer: Okay.

On their website, Stripe said that they wouldn't be passing along the savings from the Liberal announcement of their deal with Visa and Mastercard to lower fees for small businesses due to the fact that their "credit card processing in Canada for businesses on standard pricing increased by 0.036%...primarily due to the recent reintroduction of GST/HST taxes for certain card network scheme fees".

That change on GST/HST eligibility probably would have significantly eaten into Stripe's profits. Is that right?

Mr. Alexander Vronces: I can't speak to how profitable or not Stripe is, but in general, when you slap a tax on something, you're going to increase the cost of it.

Mr. Jeremy Patzer: For sure.

Is it possible that Stripe isn't passing along the savings from the government's deal with Visa and Mastercard to lower fees for small businesses to offset the change in this GST/HST eligibility? Do you think that's possible?

Mr. Alexander Vronces: I couldn't possibly comment on that. It might be...or not.

Mr. Jeremy Patzer: Maybe. Probably. I can't see why not.

Essentially, what's happened here is that the government changed the definition of financial services to exclude credit card surcharge revenue, making these payments eligible for GST/HST. Then they turned around and made a deal with Visa and Mastercard to lower fees for small businesses, but those savings really went to offset Stripe's loss in profit due to the tax change.

It would seem reasonable to conclude that—wouldn't it?

Mr. Alexander Vronces: It might.

Mr. Jeremy Patzer: For small businesses that use Stripe to deal with Visa and Mastercard to lower fees for small businesses, it's actually just a fake announcement that went to offset Stripe's tax burden. I think that's basically what we're kind of getting from this meeting here today.

Small businesses can just pass that burden on to their customers. I mean, if the payment company is absorbing those costs, forcing the small businesses to pay them, they can then download that onto the consumer.

Mr. Alexander Vronces: It's possible. How costs are passed along in this complicated chain depends on so many different things and on which parties we're talking about. In theory, someone has to pay the price of that tax.

Mr. Jeremy Patzer: Yes. Someone has to pay it in the end. The consumer always loses. That's generally how this works.

Stripe made $16 billion in profit last year and processed a global payment volume of a trillion dollars. Why do you think the government didn't force them to pass along the savings from their deal with Visa and Mastercard to small businesses?

● (1705)

Mr. Alexander Vronces: I don't know why they didn't force the processors to pass along the cost. They probably did everything they could to do it. I think for any policy-maker who looks at this market, their first reaction will be, wow, this this is really complicated; we can't just go in and tell companies what prices to set and not expect any unintended consequences.

The market for payments is multisided. You can't affect prices here without also affecting prices over there. You can't give merchants a break without costing consumers more. You can't give consumers a break without costing merchants more. The government has probably realized that this is a game of redistribution. You can't make everyone win here. This is why the history of credit card policy in this country seems to me to be like that famous definition of insanity: We do the same thing over and over again and expect a different result. We've been through many voluntary agreements, probably because we've realized that we can't regulate and we can't make everyone happy.

Our perspective as an association is this: Let's stop the madness and focus on actually promoting competition and innovation in this space. That's what will drive down the costs for businesses and consumers.

Mr. Jeremy Patzer: You think there should be more competition in this space. Is that what you're saying?

Mr. Alexander Vronces: Yes.

Mr. Jeremy Patzer: Okay, because to me, it's like, why would the government have to get involved in this space in the first place? Why are the payment companies not just lowering these rates on their own anyway? Why wouldn't they just do it on their own?

Mr. Alexander Vronces: In some spots they are, but not in every spot, though. The Competition Bureau's market study on this in 2017 concluded that, when it comes to payment processing in the credit card market, competition is fairly strong. It's probably still fairly strong today.

Just for kicks, I went on Shopify's website and looked at all of the different payment processors they have integrations with. There were way too many to count.

The market has also started competing along non-price based margins. They don't only say, “I can give you a better deal.” They say, “I can also do your inventory management. I can do your reconciliation. I can handle your fraud.” They're competing quite viciously with each other for market share.

Where we don't see competition is when it comes to some other payment systems that could be used as a way to compete with credit cards. In particular, our national payment systems, that real-time rail that everyone keeps talking about. Access to that thing has been restricted and controlled by the biggest banks in the country, who happen to make a lot of money from credit cards.

I think, in this country, we have a governance problem in the payment system, and nothing the government is doing right now is addressing that. I think that is actually what the problem is.

Mr. Jeremy Patzer: I polled some small businesses in my home community over this last week, talking to them about some of the fees that they pay in regard to Visa, Mastercard, Interac. It's a small sample, but basically, when I factored out across the city of Swift Current, for example, with 18,000 people, there were a couple hundred businesses in our town—it's a very entrepreneurial city—and over a year we're probably looking at close to $500,000 leaving the local economy just in fees alone. That was just only one aspect of fees. When you add all of the other fees that are baked in there, we're probably over a million dollars in fees leaving the local economy and going to payment tech.

Do you think that's reasonable?

Mr. Alexander Vronces: I think, overall, the cost of sending payments in this country and receiving them is probably higher than it needs to be. EY released a report a few years ago that estimated, overall, when we look across all of the different payment instruments, the cost of sending and receiving money costs Canadian businesses $14 billion to $32 billion every five years. That's a non-trivial portion of GDP, and there's a lot more we can do to bring that down.

The Chair: Thank you very much, MP Patzer.

You said $14 billion to $32 billion every five years?

Thank you.

[*Translation*]

Mr. Garon, you have the floor.

Mr. Jean-Denis Garon: Thank you, Mr. Chair.

First, allow me to welcome the witness, Ms. Yu, who arrived a little later.

Ms. Yu, I found your opening remarks very interesting, particularly when you mentioned that some people in extremely precarious personal and financial situations go from one credit card to another, often using very high interest rate credit to pay the previous credit, and so on. It does become a vicious circle.

When we look at some recent data, we realize that Canadians are very addicted to credit. They borrow a lot. As a percentage of disposable income, Canadians' non-mortgage debt is higher than that of Americans or that of people in several European countries.

How do you interpret this situation? Is it culture?

On the one hand, the financial industry tells us that the market lacks fluidity, that it's difficult to obtain credit and that it should be easier, and that the gears should be better oiled. On the other hand, people in Canada are among the most indebted of the Organisation for Economic Co-operation and Development.

What's the explanation for all of this?

● (1710)

[*English*]

Ms. Margaret Yu: I think you're absolutely right. There are a lot of people accessing credit cards as a form...which is having debt. It's more accessible than, for example, a line of credit, which might take the income and assets into consideration before they can borrow. It's usually at a much lower rate. Meanwhile, credit cards are being marketed—in the experience of our participants—at post-secondaries, at grocery stores, at malls. It is no credit check or one credit check, and you're automatically eligible for $500 or $1,000 credit limit.

As well, our participants get general mail that says they're prequalified for a credit card. All they have to do is sign their name and they would receive a credit card. It is highly accessible to access credit cards and their debts.

I hope that answers the question.

[*Translation*]

Mr. Jean-Denis Garon: Based on what you just told us, I'm going to ask you a question that may seem a bit direct, but I'm going to ask it in this form.

Is it your opinion that some credit card companies are predatory in their behaviour towards people with low financial literacy who are particularly vulnerable to this type of debt, whose inner workings they don't fully understand?

[*English*]

Ms. Margaret Yu: Yes. Thank you for the question and the observation.

In my experience in working with participants living on lower incomes, absolutely, plain language is not something that is used. Maybe the customer sales representative has a quota to meet and will tell the participants at the mall, at a school, at the grocery store that if they sign up for this they can have a grocery gift card of $250. All they have to do is put down their name and they'll automatically get a card, so today's groceries are for free. Our participants would take what they say at face value.

Regarding the terms and conditions, I don't know about you, but for me they are quite lengthy. I scroll through them, and I just put a check mark and say that I consent and agree. I honestly do not read through all that, and in my observation of our participants, they also do not read through that.

Giving some discretion that says in plain language that, if you sign up for this debt, it means that you make minimum payments and in 23 years you'll pay it off, or something that will help them draw a conclusion, can be quite helpful.

[*Translation*]

The Chair: Thank you very much, Mr. Garon.

[*English*]

Now we'll go back to MP Arya, whom I forgot in this last round after MP Patzer. Then we'll go back to you, Mr. Masse.

MP Arya.

Mr. Chandra Arya (Nepean, Lib.): Thank you, Mr. Chair.

Mr. Chair, I request that Equifax Canada send us their updated report on the delinquencies, the credit card balances, etc., as and when it becomes available.

I have a question for Fintechs Canada. The real-time payments system usage will reduce the usage of credit cards. Is that right?

Mr. Alexander Vronces: It could, and people had high hopes it would in the early days, but we feel that the big banks that control the organization that is meant to deliver this system have pared back the scope so aggressively that this thing will amount to what insiders joke is a dumb pipe, if I can use that image.

● (1715)

Mr. Chandra Arya: You mentioned that you don't want the government to micromanage, you want more competition. I agree. However, at the same time you comment that a real-time payment system should be built in a timely manner, and you want the federal government to take action. I think your organization wrote an article about that.

Tell me what the government is doing that is preventing the system from being developed by Payments Canada, whose members are all the financial institutions, I believe, and all the insurance companies are also the members there. Why do you blame the government for that?

Mr. Alexander Vronces: It's pretty simple. The government created Payments Canada and said that, on the one hand, you have this public interest mandate, but on the other hand, the biggest FIs in this country are going to fund you. They have created this irreconcilable tension and said to go off and do this. They have really created what is, from the outside looking in, a dysfunctional organization.

Mr. Chandra Arya: What has the U.S. done, then, on that fact now?

Mr. Alexander Vronces: In the U.S., the central bank has just come in and said they're going to build this thing, and you'd better connect to it.

Mr. Chandra Arya: Here also the Bank of Canada is a member.

Mr. Alexander Vronces: In theory, there is nothing stopping the government from giving our central bank the mandate to do something like what we have seen in the U.S. I think, at this point, it's the continued reliance on this broken governance model that's slowing down and ultimately damaging the promise of this real-time rail.

Mr. Chandra Arya: Again, the second thing that almost every witness who has come before the committee says is that the government has to fund this or fund that. At least in the article your organization wrote, you say that 52% of Canadians are not comfortable with open banking and about 9% of Canadians are aware of open banking. You're asking the government to fund the education of this.

The entire financial industry and financial institutions are making billions of dollars in profit. Can't the institutions fund a bit of education for the consumers?

Mr. Alexander Vronces: I think the industry certainly can. One reason we endorse the Financial Consumer Agency of Canada to be the regulator of open banking is that it's largely funded on a cost-recovery basis. It does receive a small sum from the government for the purposes of education.

We just ask for more money to be allocated for the purposes of open banking education.

Mr. Chandra Arya: I'm sorry. Again, it's more money.

I have a question for Ms. Margaret Yu of Momentum.

Ms. Yu, the government has taken steps to curb predatory lending in the high-interest loan space.

What do you think the government should do? What regulatory steps do you think the government can take within the credit card industry?

Ms. Margaret Yu: Thank you so much for the question.

Yes, we're absolutely pleased that the government has made the announcement to lower the criminal interest rate to 35% annual percentage rate, or APR. I think the next step is a proposal to improve enforcement of the criminal rate of interest, which can be a very promising step for Canadians.

In our experience, there are Calgarians who have taken credit cards that are higher than the 35% annual percentage rate. One participant that we know of has taken a credit card at 36% APR.

Mr. Chandra Arya: Are there specific steps you have in mind just for the government?

You can either give it now or you can give it in writing to the committee at later date.

Ms. Margaret Yu: We can.

Thank you.

Mr. Chandra Arya: Thank you.

My last question is for Equifax Canada.

Ms. Kuzmic, you did come with interesting statistics on the delinquencies of the credit card balances, etc. When you look over the period of the last five or 10 years, what is the trend? Is it going in one direction? Do you see ups and downs?

Do you have any comment on the trend, please?

Ms. Julie Kuzmic: Thanks for that question.

The trend is generally increasing in terms of credit card usage, credit card balances and the number of credit card accounts that exist. It is also important to remember, though, that there is a population component that contributes to that trend. For example, last year we had very high levels of immigration of newcomers to Canada, many of whom would be starting credit card accounts.

Generally, I would say that, yes, we do see increases in all of those figures.

● (1720)

Mr. Chandra Arya: When the real-time payment system comes into effect, do you think it will have an effect on the users of credit cards?

Ms. Julie Kuzmic: I can appreciate that question. I don't have any data to answer that effectively, I'm afraid.

The Chair: Thank you very much.

[*Translation*]

Mr. Masse, the floor is yours.

[*English*]

Mr. Brian Masse: Ms. Yu, I want to thank you for your practical suggestions on some of these things.

One thing that's coming to light now.... It's funny. You can always remember these things.

A good example of this is the motivation of the government. We see Rogers right now increasing its costs for boxes for consumers. It's a story that's out there right now. What's not really talked about in the story as much is that the government has almost no motivation to intervene on this because its going to get all of the HST revenue from this. It's actually clearly identified on the bill that, when they increase it, the HST will be applied and then collected by the government. Even if we get these merchant fees reversed, if there will be new taxes on it with the HST, which appears to be the case....

There's something I forgot about, and I think I mentioned at one point that it would make Bernie Madoff blush with regard to the Ponzi scheme on how to deal with this. What's the point of all of this if we don't pass on any of the consumer savings that we're trying to get to?

I would like you to speak about how important that is. If it just turns out to be a way to increase revenue for the government, is that not defeating some of the purpose?

What we want to have is that the consumer doesn't have to pay for regressive taxes or regressive fees on these things.

Ms. Margaret Yu: Thank you so much for the remark.

I was processing your question. I'm not sure how to answer that, to be honest. I'm so sorry.

Mr. Brian Masse: At the end of the day, it's that the consumers get the benefit at the front end of it, rather than a government program later on from the accumulation of HST from the service. I think we want the relief in the front, not at the back end with a promise of maybe another program later on.

Ms. Margaret Yu: Yes, if consumers can see the cost benefits and savings on the front end, it would be ideal.

Mr. Brian Masse: Thank you.

Ms. Margaret Yu: Thank you.

The Chair: Thank you very much.

I'll now turn it over to MP Perkins.

Mr. Rick Perkins: Thank you, Mr. Chair.

I just want to follow up a bit on Mr. Patzer's questions, just to make sure everyone's clear on this thing.

The Liberal minister of revenue in 2023 changed the rules and allowed credit card processing fees to be included in the GST and HST charges, when they weren't before. Is that correct? Is that what you confirmed?

This happened about the same time that the announcement was made in May 2023 by the Minister of Finance that we would have this miraculous reduction in credit card payment processing fees for small businesses. Both happened at the same time.

I accept what you said, absolutely. Somebody has to pay. This is a service that's being offered. The question is where it gets charged. How does it flow through? As part of that change, small businesses were allowed to do something that they weren't allowed to do before, which is to pass that fee on to consumers on the transaction, and the GST and HST could be paid on that.

Do you have any idea what the estimate was that this new revenue source would present to the federal government in HST revenue?

Mr. Alexander Vronces: I do not.

Mr. Rick Perkins: There are estimates from accounting firms that it's about $160 million, so this change seems to benefit the government. That will grow, obviously, as transactions and value grow. That HST component that the government gets will grow. That's the beauty of the GST for the government; it grows as the economy grows. As those transactions grow, that number of $160 million will grow.

That change gets made. Then we have a situation that says that they're going to do this announcement that they're going to lower the processing fees for credit cards. A lot of your members aren't agreeing to pass it on. It doesn't seem clear that anyone will pass it on.

Is that correct, except for the ones who have already committed to the government, which is about four or five companies and most of them aren't your members?

● (1725)

Mr. Alexander Vronces: I can't speak to who's decided to pass it on and who hasn't, because I'm not entirely sure myself at this point.

Mr. Rick Perkins: Mr. Chair, this is what I'd like to do, because we have two issues here. One is with regard to some of the other witnesses we still need to see in this study, and we did say that there would be at least four meetings in MP Masse's study. I still believe, because of the testimony of the Canadian Bankers Association and everyone, that we still need to still have the banks come here individually since the CBA couldn't announce that.

Specifically given today's testimony, I would like to move that. I think the clerk has this.

The Clerk of the Committee (Ms. Miriam Burke): I don't have it yet.

Mr. Rick Perkins: Okay. You're going to get it as soon as I'm done reading it. Then we can take a momentary break.

I move:

> That, given that,
>
> (i) some payment processors have failed to commit to reducing their merchant fees despite recent deals with Visa and Mastercard that sought to lower transaction costs; and
>
> (ii) given that Fintechs Canada has told the committee that "in some cases, the savings being promised [by the government] might not come to fruition", the committee therefore agree to extend its ongoing study of credit card practices by at least two meetings, and agree to invite:
>
> (a) companies that have yet to commit whether they will pass on these savings according to the Canadian Federation for Independent Businesses, including companies, Fiserv, Nuvei, People's Trust, PSP Services Inc., Adyen Canada Ltd., Elavon, Shopify, Square Inc.; and
>
> (b) officials from the Department of Finance for one hour, and officials from Revenue Canada for one hour; and, that these meetings take place within 14 days following the adoption of this motion.

I will make one minor change to that and send it to you, if I could.

The Chair: I understand, Mr. Perkins, that you will send the motion to the clerk, and it will be distributed for members to review.

As an aside, I had already planned for one more meeting on October 31, given the number of witnesses and given that the motion calls for at least four meetings. I took the liberty of calling a meeting on October 28 and October 31, so there are two more meetings that I have scheduled.

We'll wait for the motion to be distributed perhaps or....

Mr. Turnbull, do you want to intervene?

Mr. Ryan Turnbull: I just want to get a copy of it, and then I will ask for a short recess so that we can review it.

The Chair: Yes.

Before I suspend, I will just thank the witnesses. We're nearing the end of the meeting in any event, so thank you very much for making the time.

[*Translation*]

I wish all the witnesses a good rest of the day. I hope there won't be any more snow in Calgary.

On that note, the meeting is suspended.

● (1725)

_____________________(Pause)_____________________

● (1730)

The Chair: I call the meeting back to order.

[*English*]

We've all had the chance to review the motion put forward by Mr. Perkins.

[*Translation*]

The motion is before the committee.

Are there any questions or comments on the motion?

● (1735)

[*English*]

I see none. Do I need to call a vote, or is there consent around the room?

(Motion agreed to)

The Chair: That is wonderful.

Just so you know, colleagues, I already have some meetings planned. Notably, there's one on Monday, October 28, with all of the banks. It might be six or seven meetings. We'll see how it goes, but I consider that to be at the chair's discretion.

[*Translation*]

Thank you very much.

I also want to thank you for being understanding about my late arrival.

The meeting is adjourned.