

Second of Two Part Series on Competition Bureau Credit Card Fees,
Part 1 was on the Competition Bureau's Allegations against Visa and MasterCard

**Failing Grades for Competition Bureau and CRTC;
Passing Grades for Federal Tax Policy**

**Weekly CEO/Business Leader Poll by COMPAS in
Canadian Business for Publication Week of May 21st, 2012**



**COMPAS Inc.
Public Opinion and Customer Research
Week of May 21st, 2012**

1.0 Introduction

In the wake of the Competition Bureau's criticism of the anti-competitive business practices of Visa and MasterCard, the CEOs and business leaders on the COMPAS business panel were asked to score the performance of

- the Competition Bureau,
- the CRTC on cellular/mobility issues, and
- the CRTC on non-mobility issues

from the perspective of contributing to an efficient and competitive economy.

As reported in last week's CEO poll, panelists embrace wholeheartedly the Competition Bureau's criticism of the credit card companies. But support for the Bureau's attack on Visa and MasterCard does not lead to overall favourable evaluations of the Bureau. Along with the CRTC, the Bureau earns failing grades, as shown in table 2.1. By comparison, panelists give passing grades to federal corporate tax policy and tax rates.

These are the key findings from this past week's Internet survey of CEOs and business leaders on the COMPAS panel. The weekly business survey is undertaken for *Canadian Business* magazine.

2.0 Details

Table 2.1: From the perspective of making Canada's economy more efficient and more competitive, on a 100 point performance scale what score would you give for...

	MEAN
Federal corporate tax policy and tax rates	55
The CRTC and its role in encouraging or discouraging competition in cellular/mobility communications	45



Credit Card Fees, Part 2, Weekly CEO/Business Leader Poll by COMPAS in Canadian Business for Publication, Week of May 21st, 2012

The Competition Bureau	44
The CRTC and its role in encouraging or discouraging competition in telecommunications <u>other</u> than cellular/mobility service	42

The following verbatim comments provide a nuanced sense of respondent opinion:

The credit card information was shocking.

I am a merchant - I get to the cards, on behalf of tour operators. When I take the card, I get dinged 3+ depending on the bank and the card. Consumers may get to pay a privilege fee. The Competition Bureau and CRTC, in my opinion, are seated with too many industry retreads operating at glacial speed; we, as consumers, are in constant state of being bent over. Open the door to the world for lower cell rates, lower cable rates etc. We have no competition. It is an illusion. The only people who read a cell contract are the lawyers who wrote it.

Visa and MasterCard need to ensure that only those that properly use cards get cards. They also need to reduce fees dramatically.

Why are MC and Visa allowed to impose contractual covenants on merchants containing prohibitions for those merchants being allowed to both a) accept credit cards, and b) offer discounts to cash and debit card customers? This is the core of the anti-competitive behavior - eliminate this and the marketplace will be allowed to work.

Credit card companies also have some nasty tricks on the other side of the ledger. It is not unusual to see the postmark dates being days after the processing date on statements, hence, the "clock is ticking" on being charged "late fees" even days before the statement gets into the hands of Canada Post. This is particularly onerous for businesses and consumers living in Western Canada, as a majority of the credit card companies are based in the East. They have



collected millions, if not billions, from Canadians with these tactics.

We are tired of getting screwed over.

Transportation companies often are requested to take payments on a credit card and that fee comes directly from the potential profit; thus, such companies should be allowed to charge for accepting payments on credit cards, as their margins cannot absorb such high fees.

The cost to merchants of accepting Visa and MasterCard is high; however consumers who pay off their balances each month are net beneficiaries, thanks to all of the benefits the cards offer. The people getting screwed are the ones paying ~20% interest on outstanding balances. This money goes to the bank issuing the card, not to Visa or MasterCard.

3.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted May 11 – May 15, 2012. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of n=84 are deemed accurate to within approximate 10.7 percentage points 19 times out of 20. The principal and investigator on this study is Conrad Winn, Ph.D.

