



CANADIAN BANKERS ASSOCIATION

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Editor, Toronto Sun  
Submitted via e-mail

To the Editor,

Re: *Not really prime-time, March 5, 2008*

As Linda Leatherdale correctly points out, consumers shopping for a mortgage through the banks will benefit from the recent target interest rate cut made by the Bank of Canada on March 4.

It's important to note, however, that a loan on a credit card is very different from mortgage or car loans, which are backed by collateral. Credit card rates tend to be higher than mortgage or car rates because there is no collateral involved so there is a higher risk for the lender. So, rates on standard credit cards may not respond to short-term movements in the Bank of Canada's central bank rate. However, variable rate cards are available for clients who want their credit card interest rate to be linked to the prime rate.

The bigger story, though, is that most Canadians pay zero interest on their credit cards because, according to Statistics Canada, 73% of us pay off our balances each and every month.

For those people who do carry a balance, banks and other financial institutions offer low rate credit cards with rates in the 9% to 15% range or you may want to consider a line of credit which may have an even lower interest rate. The Financial Consumer Agency of Canada also publishes a guide called "Credit Cards and You" that lists over 50 different low-rate card options. You can find the guide at [www.fcac-acfc.gc.ca](http://www.fcac-acfc.gc.ca).

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