



THE RETAIL MERCHANTS' ASSOCIATION OF CANADA (ONTARIO) INC.

10 Milner Business Crt, Suite 401, Scarborough, Ontario M1B 3C6

Tel. (416) 293-2100 Fax (416) 293-2103

E-mail: info@rmacanada.com **Website:** www.rmacanada.com

August 25, 2009

Hon. James Flaherty
Minister of Finance
140 O'Connor Street
Ottawa, Ontario K1A 0G5

Dear Minister:

Subject: A Voluntary Code for Credit/Debit Cards will defeat the purpose

As one of the oldest established associations in Canada, The Retail Merchants Association of Canada (Ontario) Inc. "RMA" has been protecting the interests and acting on behalf of the independent merchants since 1910.

Also, as a participant in the StopStickingItToUs Coalition, we have strong reservations about the success of a Voluntary Code for Credit/Debit Cards and are not in favour of such a move.

Consequently, I wish to express to you our concerns regarding current discussions on the establishment of a voluntary credit card code of conduct and the Government's possible support of such a code.

The Retail Merchants Association continues to support the Committee's recommendations of which you are aware, as brought forth by the Senate Banking, Trade and Commerce Committee, namely

- that an oversight board be established to make recommendations by December 31, 2009, on any regulatory or legislative measures that it considers to be required to ensure fairness for participants in the credit card and debit card payment systems
- Monitor and publish annually information on trends in interchange, switch, merchant and other associated payment systems fees; and
- Establish a code of conduct for payment systems participants and practices for setting fees and rates, in respect of which it should ensure compliance.

I In our opinion, the establishment of a code of conduct should be developed under the authority of the above mentioned oversight committee. In light of the imminent introduction of new Visa and MasterCard debit schemes in Canada, time is of the essence and we respectfully urge you to:

- Establish an oversight board as recommended in the Senate report; and
- Under your powers as Minister of Finance, deem Interac, Visa and MasterCard as designated payment systems under the *Canadian Payments Act*.

We believe the two international brands should be required to operate in compliance with the already-established Canadian debit regime and that this should be accomplished by designating them.

As Coalition members of more than 30 associations, The Retail Merchants' Association also strongly believe that these actions are necessary to promote the efficiency and competitiveness of payment systems in Canada and to protect the interests of the thousands of merchants across Canada and the communities they serve.

As noted in the Senate Committee's report: "*the Federal Government should give legislative effect to what, for some, is already a voluntary practice*" in the *Canadian Payments System* and call upon you and your officials to meet with RCC on our behalf to determine the best course of action to move on the Senate's unanimous recommendations.

We would greatly appreciate your immediate attention that is becoming urgent because of some of the current credit and debit card initiatives which fly in the face of the Senate recommendations.

We look forward to your response on this urgent issue and thank you in anticipation.
Yours sincerely,

Ralph Moyal
President and Chief Executive Officer