

# New consumer protection measures for prepaid credit cards

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On October 24, 2012, the Harper government announced its intentions to enact new regulations to protect consumers who use prepaid credit cards in order to broaden their options regarding the forms of payment that best suit their needs. Such prepaid payment products allow consumers to make purchases or cash withdrawals through a payment network like American Express, MasterCard or Visa, with funds that have been paid in advance to a financial institution. Properly speaking, they are not credit cards because the funds must be paid in advance in order to use them, but they offer many of the same advantages, such as being able to shop on line, or make reservations by phone. The use of such prepaid cards does not result in interest charges, but the financial institutions that issue them often charge fees for using or activating the card. Moreover, some prepaid cards may have an expiry date, which, once exceeded, means that the holder loses the unused balance on the card.