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Credit Cards in BC -
On the Cusp of Change

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Overview

- **BC's credit card business today**
- **Cost pressures – are we getting our money's worth?**
- **Moving forward – strategic decisions**



Here are the Numbers

- **Public money collected via credit card (annual volumes)**
 - \$6m via the Internet
 - \$16m over the telephone
 - \$729m over the counter
- **Credit card programs as a payment tool (annual volumes)**
 - \$50m - Purchase Card Program
 - \$22m - Travel Card Program

Escalating Costs to Government

Trend

- Industry-wide move to a new pricing model
- Acquirers more rigid on how they will deliver services
- Payment Card Industry Data Security Standards
- Expanded card usage

Impact

- Cost escalation/budget uncertainty
- More difficult business relationships
- More costly and time-consuming for the province (security audits)
- Increased demand/increased cost



Do We Stay, Fold or Draw?

- **Credit cards are expensive**
 - Potential cost increase of \$18 to 45 million per year
 - MDR expensive in relation to other payment methods
- **Cost exposure is open-ended**
 - Pricing models change
 - Increased use of credit cards equals increased costs to government



At the Point of Hard Choices

Put simply:

- **“Fund direct government services or fund transaction convenience?”**



Staying in the Game

Alternatives:

- Consider other payment options
- Refusal of all credit cards



Acquirers Require New Approaches

- **Protect customer relationships**
- **Recognize that government's credit card business is cost sensitive**
- **Acknowledge that government has a different risk profile**



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Thank you.