October 24, 2017

Madame Stéphanie Pinault-Reid  
Secrétaire  
Commission des relations avec les citoyens  
Édifice Pamphile-Le May  
1035, rue des Parlementaires  
3e étage, Bureau 3.15  
Québec (Québec) G1A 1A3  

Re: Canadian Marketing Association comments regarding Bill 134, An Act mainly to modernize rules relating to consumer credit and to regulate debt settlement service contracts, high-cost credit contracts and loyalty programs

The Canadian Marketing Association (CMA) supports the efforts being undertaken by the Government of Quebec to protect consumers who participate in loyalty rewards programs. At the same time, we would like to caution against the adoption of rules that are overly stringent and that would leave inadequate flexibility for businesses to adjust to the reality of market forces, ranging from changing costs to the competitive dynamic between different loyalty programs and their respective partners.

Loyalty programs have become an integral part in the life of many consumers and provide important support to businesses of all sizes across almost all sectors. Quebecers appreciate taking part in loyalty programs that provide them with modest rewards like a free coffee or cash-back on groceries, or even larger rewards such as home furnishings or travel. Local nail salons, bake shops, coffee shops and even major financial institutions, hotel chains and restaurants utilize loyalty points to reward and retain existing clients as well as gain new ones.

Loyalty programs have become increasingly popular in Quebec and Canada because they are beneficial to both consumers and participating businesses. The Government of Ontario amended that province’s Consumer Protection Act in December 2016 with the goal of ensuring that consumers are not faced with unexpected expiry of loyalty points based only on the passage of some arbitrary period. The forthcoming regulations appear to constitute balanced rules that protect points collectors from unwarranted surprises while still encouraging strong competition among loyalty programs. To ensure a continued robust business dynamic for loyalty points programs, CMA offers the following recommendations regarding Bill 134 and subsequent regulations:

1. That undue restrictions not be placed on a business’ ability to wind down or terminate a loyalty program where this is done in accordance with terms of the membership agreement.

2. That expiry of loyalty points should be permitted based on reasonable terms and conditions spelled out in the program membership agreement, and that points expiration may be based on passage of time where that factor is combined with other relevant factors such as member account inactivity.

3. That there should be no restrictions on adjustments to the values of various reward offers where such changes conform with reasonable and modest notice requirements. Loyalty programs are
expected to compete for the support of their members and partner organizations and they must also have reasonable flexibility to adapt to changing business conditions.

Major regulatory changes affecting loyalty programs can have unintended and adverse consequences for members if the new requirements force organizations to incur significant unexpected costs. Any regulatory change will require affected businesses to invest valuable time and money to introduce/redesign policies and processes, update communication materials and employee training, as well as manage program variations across different jurisdictions.

We recommend that careful consideration also be given to the implementation timeline for the amended law and related regulations. We suggest that the Government of Quebec provide an implementation notice period of one year from the time that the final regulations are published. Providing too short of an implementation window could potentially force some programs to suspend operation if they are unable to meet the deadlines for changes necessary to comply with new regulatory requirements.

The Canadian Marketing Association appreciates the opportunity to provide input and we thank you for your consideration of these recommendations.

**About the CMA**

The Canadian Marketing Association embraces Canada’s major business sectors and all marketing disciplines, channels and technologies. The Association’s members make a significant contribution to the economy through the sale of goods and services, investments in media and new marketing technologies and employment for Canadians. Against this backdrop, the Canadian Marketing Association is the national voice for the Canadian marketing community, with CMA’s advocacy efforts designed to create an environment in which responsible marketing can succeed.

For any further information regarding CMA or its recommendations on Bill 134 please contact Florentina Stancu-Soare at 416-644-3766 or fstancu-soare@thecma.ca.

Sincerely,

Wally Hill
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Canadian Marketing Association