

# Desjardins Card Services celebrates its 30th anniversary

Since being dubbed “plastic money,” credit cards have changed a lot, judging by the wide range of innovative services offered by Desjardins Card Services. Here’s a look back at a rich 30-year history in an ever-changing world.

By Annie Boutet

In the late 1960s, credit cards became a must on the market. However, this tool, which advocated the idea of “buy now, pay later,” was somewhat at odds with the values promoted by Desjardins. It would be another dozen years before VISA Desjardins came to be.

“At the time, credit cards went against the responsible consumption concept advocated by Desjardins,” recalls André Chatelain, Vice-President and General Manager of Desjardins Card Services. “Our vision was that you had to save money in order to buy. That’s why VISA Desjardins, the fruit of long discussions initiated in 1969, didn’t come along until 1981. During the course of its history, Desjardins had to adapt to the changing market reality.”

## From VISA Desjardins to Desjardins Card Services

In concrete terms, VISA Desjardins was the result of a merger between two banks, which made a Visa franchise available. Desjardins jumped into the credit ring, albeit with its own distinct touch. The first effort to modernize operations led to the debit card payment method.

“In 1988 VISA Desjardins acquired point-of-sale terminals, better known as direct payment,” says André Chatelain. “This payment method—the first of its kind in Canada—set the tone. Today Canada ranks second after Norway for the highest number of card transactions in the world.”

In 1992, the BONUSDOLLARS Rewards Program marked another step forward. It was a way of building credit card user loyalty and telling people that a credit card is a payment card and not a long-term financing tool.

Three years later, in 1995, Business credit cards for business members were added to the line. The year 1997 marked a major turning point in the development of VISA Desjardins, with the advent of Accord D financing. “We wanted to help people buy goods while avoiding the high interest rates of 20% or more offered by other companies. That’s when we came up with the 0% interest or ‘buy now and pay later, interest free’ option. Today cardholders can take advantage of this financing tool with its reasonable terms at 6,300 merchants,” points out the Vice-President and General Manager.

From a simple credit card, VISA Desjardins evolved into Desjardins Card Services and now offers six different cards for individuals, four cards for business members, gift cards, a debit card, private-label cards (RONA, Tanguay, Brault & Martineau, etc.), and various packages, such as the Business Freedom Solutions package for the self-employed. To sum up, Desjardins Card Services has designed a variety of products that have made a real difference in the market.

## Desjardins Card Services has 1,600 employees working in Canada

This Canada-wide organization has 1,600 employees working in its offices in Montréal, Moncton, Gatineau, Toronto, Vancouver, and Granby, has issued a total of 4.7 million credit cards and 5.7 million debit cards, and offers 55,000 merchants its point-of-sale terminal services. Members of Desjardins Bank in Florida have also had their own card for a year now.

## Credit according to Desjardins

Over the years, Desjardins has succeeded in adapting its practices while remaining true to its values. “We have always avoided offering credit cards to members we knew were likely to end up in a precarious financial position,” explains André Chatelain. “We are more careful with those who face financial issues.” At the same time, tight risk management reduces the number of bad debts compared with banking competitors.

In terms of fraud prevention, Desjardins is a step ahead of the competition. It combines state-of-the-art systems with massive investments in prevention tools. “We rank among the top financial institutions in Canada in terms of fraud prevention. The result is that our fraud-related loss rate is one of the lowest, if not the lowest,” the Vice-President and General Manager proudly notes.

Desjardins Card Services earned four Visa Service Quality Performance Awards



Photo: Réjean Meloche

André Chatelain, Vice-President and General Manager of Desjardins Card Services

for its various practices in 2010 and 2011—some recognizing its stringent standards, others the accuracy of chargebacks, i.e. its effectiveness in correcting transaction errors in accounts.

Another innovative approach involved raising the VISA Desjardins 3% minimum payment to 5% on October 1, an act that was praised and backed by Office de la protection du consommateur and resulted in an amendment to the law. Although households are managing their finances fairly well, the fact remains that income-related indebtedness has increased considerably.

This situation is due more to the higher value of mortgage loans than to credit cards. However, although many cardholders have never paid a penny of interest on their credit card, some do not use this financing tool for the right purposes.

“We wanted to do something significant and send a clear message in the industry that credit cards are not long-term financing tools. We are comfortable with the fact that we will earn less income through interest. This is merely an extension of the Desjardins vision,” points out Chatelain.

This vision has also resulted in initiatives to teach sound credit management to youth, because preventing young people from experiencing real life amounts to keeping them in a bubble, according to the Vice-President and General Manager. It would be like burying our heads in the sand while they are bombarded by all sorts of credit offers.

## A Desjardins prepaid card will be introduced in 2012

credit card management. “We communicate with young people as much as possible to encourage them to pay their balance,” continues Chatelain. “That’s why we’ve implemented an alert system. Our 200,000 young cardholders receive a text message or email three days before payment is due. We want to help them develop good habits.”

### Next major shift

In 2012, a Desjardins prepaid card will be introduced. This card—a combination debit and credit card—will have to be topped up before use by means of a deposit. This simple procedure will entitle cardholders to the same terms and security mechanisms as a credit card.

“This new product will meet the needs of many, such as travellers, for instance,” says André Chatelain. “We know the Interac card doesn’t work everywhere. The Visa network covers the entire globe. This card will also work well for people who don’t want a credit card or don’t qualify for one. The same goes for employers looking for an effective tool to manage employee expenses.” This just goes to show how much plastic money has changed! ■

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- Business transfer support for 105 of these companies
- Reinvestment in 124 of them
- More than \$800 million invested
- Ongoing support from more than 145,000 shareholders
- Tens of thousands of jobs created and maintained
- More than \$1 billion in assets

**Thank you to the shareholders and entrepreneurs who put their trust in us and who make it possible for us to pursue our mission of economic development.**

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