

Mr. ROBERTSON. That is right.

Mr. WYLIE. So there is an opportunity now for retail businesses to compete by quoting interest charges?

Mr. ROBERTSON. For the sophisticated person there is no difficulty even today. The sophisticated person can determine what he is actually paying.

Mr. WYLIE. That is right.

Mr. ROBERTSON. What we are trying to do is protect the unsophisticated, the ordinary users.

Mr. WYLIE. I think that is another point Mrs. Dwyer is trying to make. You are saying you do not think there is a danger that all merchants will fix interest rates at 18 percent if this bill passes. I am not sure that I think so, either. You did say in your statement that sometimes ceilings have ways of becoming floors as well.

Mr. ROBERTSON. That is right.

Mr. WYLIE. I think we want to guard against that.

Mr. ROBERTSON. Here we are having no ceiling whatsoever. Our proposal—in our proposal you have no ceiling at all.

Mr. WYLIE. And you would not limit the rate to 18 percent or 11½ per month.

Mr. ROBERTSON. No; we oppose a limitation.

Mr. WYLIE. I thank the gentlelady for yielding.

Mrs. DWYER. One more question, Madam Chairman. This may be a little involved.

I am advised that approximately 40 percent of the large merchandising industries employ an adjusted balance system on its revolving charge accounts which that industry claims result in an effective annual interest charge on the average account of far less than 18 percent. If the entire industry which uses 11½ or 1 percent a month on either the adjusted balance system or the opening balance system is required to annualize and convert out to 18 percent, are we really not risking and encouraging all merchandisers to reprogram their systems so that their finance charges yield as close to 18 percent as possible? In this manner are we not risking millions being added to the amount paid by consumers to their revolving charge accounts?

Mr. ROBERTSON. I think this is a very faulty criticism that is being made. All we are trying to do as I see it, that is all those who have sponsored the legislation on either side, and all of the people who have testified, is to see to it that the truth is stated so that the consumer can determine what he is being charged for.

Now, problems have been thrown up about whether you start with a transaction as of the date of purchase or the transaction as of the date of the first payment. But the customer also needs to know what balance is to be used. This bill provides—in both the House and Senate versions—that the creditor must state the balance that is going to be used for the purpose of determining the finance charge. This I think is merely getting to the truth of what is actually done and if this gives rise to competition as between sellers, so much the better for the consumer.

Mrs. DWYER. That will be all. Thank you.

Mrs. SULLIVAN. May I just state that I think that most people reading about this bill and learning that there is a provision in it to set