

Mr. WILLIAMS. That is a controversial question. But Madam Chairman, as I understand this thing, what they are actually doing is charging the interest rate, whatever monthly interest charges they are charging, not on the balance, it is on the balance of the previous month, so you are not charging 1½ percent on the unpaid balance at the time the statement is issued.

Dr. WOOLEY. That is correct.

Mr. DESHAZOR. That is correct.

Mr. WILLIAMS. This is a little different thing than we have been hearing about.

Mrs. SULLIVAN. I think each store has its own way of doing it. They all do not charge in the same manner.

Mr. DESHAZOR. You are correct, but this is the most frequently used method.

Dr. WOOLEY. One other thing, this business about your extending credit as soon as the purchase is made—I don't think that is the attitude you take with your regular charge account customers to whom you send the bill to the first of the month and they remit to you a check or complete payment. You are regarding payments within 30 days as payments. The same happens here as you will note down here, the individual had a balance on June 30 of \$27.20—July 31, \$27.56. He paid that off on August 20, therefore at the end of August there was no service charge.

Mr. WILLIAMS. What I am saying, there has been a statement made that you are extending credit the minute the customer walks out of the store with a package under his or her arm, but this is not borne out by this chart and neither is it borne out by the fact that your regular charge accounts are considered as being cash or in 30 days.

Mr. DESHAZOR. May I comment on that?

We do consider anyone who handles his account as a 30-day charge account, and some of them do, as 30-day customers. Now we also, the moment they execute a transaction with us, consider it a credit transaction. The truth is, that if every one of those 30-day customers paid every 30 days, we might be able to consider it differently, but a very high percentage of them don't.

Mr. WILLIAMS. What I am saying is, you actually have a normal charge account and you have a revolving charge account and the reason for this revolving charge account coming into existence, which is just exactly what Mrs. Sullivan implied, is because people could not pay their bills on the 1st of the month and they needed to have additional credit.

Mr. DESHAZOR. There is a further reason I think if I may say so. There is another reason where the conditional time payment contract—that means that with every transaction that your customer has with you in the control of that type of legal document which is executed with each additional purchase, it means that your customer has to go to the credit department, go through all of the usual legal forms and it is not as convenient for a great many people, including many in this room, to go into the store each time, to go to the credit department and answer certain questions and have that additional contract executed.

Mr. WILLIAMS. We understand that.

Mr. DESHAZOR. This is a matter of convenience as well as credit.