The position of The American Bankers Association on the "truth-in-lending" bills before this Committee may be summarized as follows:

1. A single uniform method of time disclosure should be applied without discrimination to all creditors and all types of credit in order to provide consumers with a one unqualified test for comparing consumer credit costs. We recommend that the monthly method of time disclosure is best designed for this purpose. However, if the Congress does not agree, we believe that the annual method of disclosure should be uniformly applied to all creditors and all types of credit.

2. As provided by S. 5, it is essential that creditors should be permitted the option of stating finance charges or rates in terms of dollars per hundred at least until January 1, 1972.

3. As provided by S. 5, it is essential that the $10 floor on rate disclosure for installment loans be permanently retained if commercial banks are to continue to make small accommodation loans to certain classes of borrowers.

4. The effective date of any Federal disclosure act should be no earlier than July 1, 1970 in order to permit the State legislatures to take necessary action to amend affected State laws and to facilitate the implementation of the Uniform Consumer Credit Code.

5. As provided by S. 5, finance charges to the extent that they are required to be stated as a rate should not include insurance charges.

6. As provided by S. 5, first mortgage real estate loans should be excluded from the disclosure requirements.

7. In accordance with S. 5, maximum interest rates or finance charges for consumer credit transactions should be left to the several States for determination and should not be prescribed by a Federal law.

8. A Federal Act should not vest broad and cumbersome enforcement responsibilities in the Federal Reserve Board but should contain the system of "self-enforcement" provided by S. 5.

9. A Federal Act should not place any restriction on the traditional rights of creditors to collect unpaid debts which historically has been the subject of State jurisdiction.

10. Standby credit controls are not needed at this time and have no logical place in a Federal truth-in-lending law.

11. Provisions governing disclosure in advertising should be reasonable. We recommend that the approach in the Uniform Consumer Credit Code be adopted.

COMMENTS ON S. 5

A UNIFORM METHOD OF TIME DISCLOSURE

In testimony on S. 5 before the Senate Banking and Currency Committee on June 23, 1967, representatives of The American Bankers Association urged that a single, uniform method of time disclosure for all creditors and classes of credit should be adopted in any Federal disclosure Act. This recommendation was based upon (1) the fact that Section 3(h) of S. 5 contains a provision which would arbitrarily discriminate against certain creditors in different segments of industry and (2) the need for a time disclosure method which provides consumers with a uniform and unqualified test for comparing credit costs.

The "installment open-end credit plan" provision in Section 3(h) requires that an open-end credit plan which (1) creates a security interest in property, or (2) does not provide that at least 60 percent of the unpaid balance is to be paid within 12 months, or (3) provides that excess payments are applied to future payments—shall be subject to an *annual* rate of disclosure. S. 5 would provide that all other open-end or revolving credit plans which do not contain any one or more of these three characteristics would be subject to monthly disclosure. On the basis of the hearings before the Senate Committee it is clear that the provision in Section 3(h) is geared to the accounting methods and credit practices of a few large members of the retail industry.

In the case of commercial banks, this provision is both arbitrary and discriminatory for two important reasons. The great majority of bank revolving check credit or credit card plans provide consumers with payment terms which are more liberal than the 60 percent 12 month pay-out requirement of Section 3(h). In other words, typical bank revolving credit plans permits a consumer at least 20 months, or in some cases 22 or 24 months, in which to pay off an