closure. The average consumer receives his income or salary, is billed for and makes payments for purchases and services and generally budgets his personal economy on a monthly basis. Monthly disclosure is more accurate in revolving credit than annual disclosure which may produce some distortions in the actual rate or charge to the consumer because of 30 to 60 day interest-free grace periods and because consumers frequently pay off revolving credit obligations in one, two, or three months in which case the rate actually charged may be substantially less than an annual rate.

It is for these reasons that The American Bankers Association recommended that the Senate Committee adopt the monthly method of time disclosure.

In addition to avoiding a discriminatory effect among different creditors, one of the most important advantages to calculating and disclosing finance charges on a single and uniform basis is that *this concept will permit the consumer to make a direct, uniform and accurate comparison of credit costs as between different categories of credit extenders and as between different types of consumer credit.* In other words, a single standard of time disclosure would permit the consumer to easily evaluate the comparative costs as between lender and vendor credit and as between installment and revolving credit.

Although we have urged the Congress to adopt the principle of monthly time disclosure because we believe that this method is best designed to serve the needs of the consumer and the credit industry as a whole, it is the considered judgment of the banking industry that in the final analysis it is essential that whatever method is decided upon must involve *a single nondiscriminatory system of time disclosure to be uniformly applied to all creditors and all types of credit.* Uniformity is essential if the consumer is to be given the means by which he may compare the costs of credit and if the credit industry is to be permitted to operate with optimum effectiveness.

If the Congress should decide that monthly disclosure is not feasible for a Federal disclosure Act, then we urge that the annual method of time disclosure be adopted and applied uniformly and without discrimination to all creditors and all types of credit.

DISCLOSURE—THE DOLLARS PER HUNDRED OPTION

As indicated in this statement and as previously expressed in the hearings and statements made in connection with the truth-in-lending bills which have been introduced since 1960, The American Bankers Association historically has endorsed the full and complete disclosure of finance charges in connection with all extensions of consumer credit. Beginning in 1960, at the time of the first Senate committee hearings on truth-in-lending legislation, the Association urged that disclosure legislation should require the expression of finance charges in terms of a dollars per hundred rate of charge.

We have believed that a finance charge expressed in terms of a dollars per hundred rate of charge, combined with an itemized statement of all credit charges in terms of their dollar costs, would provide consumers with a much more usable and comprehensible medium of measuring comparative credit costs than would be provided by either a simple annual rate or by an annual percentage rate. It is significant that the Special Committee of the National Conference of Commissioners on Uniform State Laws, after several years of independent study and research on the subject of various methods of finance charge disclosure, arrived at a similar conclusion in drafting the proposed Uniform Consumer Credit Code.

It is also significant that approximately half of the state statutes which govern consumer credit transactions require that finance charges either be calculated or disclosed in terms of dollars per hundred add-on or discount. The great majority of these statutes, as well as the state credit statutes which require finance charge disclosure or rate calculation on a percentage add-on or discount basis, constitute statutory exceptions to the interest (usury) statutes. Although contract interest rates under the state usury statutes vary from 6 percent to 21 percent simple interest, the majority of the usury ceilings for contracts range from 6 to 10 percent simple interest.

A Federal finance charge disclosure act which would require that credit costs be stated in terms of annual percentage rates, without an option to express such rates in terms of dollars per hundred, would create serious problems with respect to potential litigation on the subject of usury in a substantial number of