

Mrs. DWYER. Thank you, Madam Chairman.

Mr. Stone, you suggest that with an annualized credit charge applied to all lenders that the consumer will shop for credit by being able to compare charges.

Is there any evidence to suggest that competition among revolving credit accounts will result?

Mr. STONE. You ask me if there is any evidence to this effect?

Mrs. DWYER. Yes.

Mr. STONE. No, I don't have any evidence to that effect. I was expressing an opinion that I think a consumer with this information at his disposal would be able to make a decision.

Mrs. DWYER. Would not everybody go to 18 percent per annum?

Mr. STONE. I didn't hear.

Mrs. DWYER. Would not everybody go to 18 percent?

Mr. STONE. I don't think credit unions would. As a matter of fact, in Texas they insisted that the law that was presented to the Texas Legislature provide for a 12-percent maximum as far as the credit unions were concerned. Moreover, Federal credit unions have a maximum 12-percent rate in the law now. I was privileged to go before the consumer credit code committee in Chicago in June and ask that credit unions be exempted from the provisions of the consumer credit code because of our basic concept of 1 percent per month maximum or 12 percent annual maximum rate.

Mrs. DWYER. One more question.

The other day an accountant took an actual retail account showing purchases and payments at an important outlet and actual charges of 1½ percent a month was not 18 percent a year.

Would you please submit for the record an actual credit union account over a 1-year period showing deposits and withdrawals for each month and then calculate how 1 percent works out to be 12 percent actual charge per year?

Mr. STONE. I would be glad to submit it to my people. I am not sure that I could do this. You are talking now about loans, not about the savings.

Mrs. DWYER. Talking about the loans.

Mr. STONE. Then it is money paid back on the loans, not money invested in the savings.

Mrs. DWYER. That is right. We would like to have you do this for us.

Another group presented their case on an actual account for a year.

Mr. STONE. You are asking me now to tell you what the annual rate would be?

Mrs. DWYER. What it actually is. It would look on the face of it to be 12 percent. But what does it actually amount to at the end of the year? Make it for a period of 1 year, showing deposits and withdrawals for each month and calculate how 1 percent works out to be 12 percent annual charges per year.

Mr. STONE. You are talking about a revolving credit arrangement. If you had a loan made and repayment there wouldn't be deposits and advances. If you were making a loan from a credit union and they advanced a certain sum of money, then you would make repayments on the loan and that could be figured out.