

One of them—here it is—is advertising it is paying 4.97. All the others pay 4.94 because they compound 4 times a year while this one compounds 365 times a year and gives 4.97.

Mrs. DWYER. Isn't it true, Mr. Morse, what the saver really wants to know is how much interest they will be paying?

Mr. MORSE. But the consumer—what he needs to know is what are the tools he has to work with as he makes his decisions. He doesn't know at the time that he puts his money in the savings account that he is going to get the full \$5.09 per \$100. He knows if he plays for keeps and keeps it there for the full 365 days he will get that yield. But he could have an emergency and withdraw the account so he needs a tool that he can put to use if and when needed. He needs to know all of these factors which bear upon the savings.

One factor is the 1.25 percent per quarter; another is that he has 10 days of grace or doesn't have the 10 days and if withdrawn before the quarter ends he will lose interest. This is where I go on back to the American Bankers Association, represented by Mr. Charles Walker, who testified in the revolving credit case that he thought that in the case of revolving credit the 1½ percent disclosure was more accurate than its annual expression.

He says disclosure on a monthly basis provides a consumer with a more accurate statement of finance rate than is possible with an annual expression.

Now, I don't know what he is really saying here. Evidently he doesn't believe that the annual expression of savings banks is accurate.

Mrs. DWYER. Isn't he saying the same thing that you are saying? Should it be told monthly or quarterly?

Mr. MORSE. It is traditional in America. And as Mr. Barr testified, even the Treasury's 90-day bills are quoted in terms of annual rate. Annual rate is the common denominator, just like many things are expressed in pounds or tons.

In the area of money and credit we traditionally speak in terms of annual rates. I pay 6 percent on my house mortgage. I actually don't. I pay a half percent a month. Those are my monthly payments. And it is annualized in terms of 6 percent per year.

As long as we know what we are doing we are not being inaccurate. This is known and I understand this to be a nominal annual rate.

Mr. Hanna has pointed this out. This is a nominal rate. This is not the yield or what it is going to cost the bank. As I pointed out, a bank that pays 5 percent may pay zero percent. I have had that unfortunate circumstance when I have needed money in a savings account and had to withdraw before the interest is paid. In regard to this matter of accuracy, then, we need to know how many days we are going to keep it in, when we are going to put it in, when will we withdraw it and then we can have in accurate playback of what we are going to get from that so-called 5 percent.