30 percent of them were paying finance charges on revolving credit charge accounts.

Despite our members' special interest in managing their money wisely, there is strong evidence that many of them cannot fathom the problem of buying credit at something like its lowest available cost. A few years ago, for example, the National Bureau of Economic Research polled 800 CU members on their credit experiences. Here are some of the findings:

Only a small minority of the respondents even hazarded a guess as to the interest rate on their debts. Those people who did guess cited interest rates that averaged about 8 percent per annum. But other information they had supplied on their loans indicated that, on average, they had paid a true annual rate of 23 percent. Only a few respondents either knew or correctly guessed the true interest rate on their loans. That knowledge had paid off rather well, it appears. Those who did know, or guessed right, had paid an average of 12 percent on loans of under $500, while those who would not even hazard a guess had paid an average of 37 percent—three times as much.

Readers write in to us quite often about their credit problems. Their letters usually express confusion, exasperation, and downright distrust of the creditor. If this group of consumers, who can accurately be characterized as a consumer elite, is confused, it would be our guess that the vast majority of credit users is hopelessly confused.

Senate passage of S. 5, the truth-in-lending bill, represented a 92-to-0 vote of confidence in the ability of consumers to shop wisely for credit when given the essential facts. The Senate bill falls short, unfortunately, of requiring all the information consumers will need if they are to compare costs. The biggest loophole in the bill, by far, is its treatment of revolving credit. Most department stores, mail-order houses and banks would be permitted to continue stating a monthly interest rate instead of an annual rate. The monthly rate is deceptively low, and anyone who doubts that people are deceived by it has only to browse through the transcript of the June 23 hearing on revolving credit before the Senate Banking Committee. Lender after lender shouted "discrimination" and forecast a large advantage for those who would still be allowed to quote a monthly rate.

Some will say that revolving credit is only a small fraction of the total consumer installment debt. That's true. It represents about 5 percent of a $75 billion total balance due. But as you know banks and gasoline marketers are only lately entering the revolving credit business en masse. Some members of the banking industry speak their determination to get a bigger piece of the consumer credit action, and Federal Reserve Board findings indicate that the banks are indeed moving strongly into the picture. The bank credit card looms as the poor man's version of the American Express or Diner's Club card. The big difference is that the bank card charges a monthly service charge, usually described as small, though actually it is 1½ percent a month, which may be equivalent to 18 percent per annum, or, quite likely, considerably higher.

Exemption of revolving credit from annual rate disclosure would be very likely to accelerate the growth of credit in that form. An increasing portion of total installment debt would be contracted without ben-