

for credit on a \$1,000 loan—how important this is depends on whether you borrow the thousand dollars for 1 month, 10 years, 5 years, and just a statement of the dollar amount itself doesn't reveal enough information.

Mr. WYLIE. The person who borrows or establishes credit will know how long he has the loan, will he not?

Mr. WILLETT. Unfortunately in this type of advertising that I have seen in the past, the competition exists between people selling credit. One will say you borrow a thousand dollars and it only costs you \$50 and another says you borrow a thousand dollars and it costs you \$40, and both may be using a different time period over which you pay back the loan. The customer looks at the \$40 figure and unfortunately, quite often, assumes this is the cheaper loan because it is \$40 instead of \$50, where actually this one involves a shorter period of time and in the past it seemed to be a very easy system for people who wanted to give a false impression of their advertising.

Now the statement of percentage rate does permit people like you and I—people like me to go to a store and say that if it costs me 18 percent a year to buy a television set on time at the store, I will be better off borrowing it from my local bank and paying an annual interest rate of 9½ percent and I can compare this.

Mr. WYLIE. May I comment on that? That is another question. You have indicated that the Massachusetts law is working very well, in your opinion. What indications or evidence have you seen of this? I am trying to search facts to indicate that the law is working. Have passbook loans been increased? I know in my case, if we get overextended maybe I will get a bank loan and pay off my revolving credit account.

Mr. WILLETT. At the present time, since our law only came into effect really at the beginning of this year, I don't have numerical information to prove statistically that this is true. But in discussing the situation with the stores and with various bankers, as Mr. Meade pointed out in his testimony, the general feeling on the part of the bankers and stores is that neither of them have suffered; that they are still doing business without any increase in difficulty, and that they are doing just as much business with this law as they would without it. It would be difficult until all of the statistics are gathered to prove whether or not passbook loans have increased or decreased. At the present time I don't know. I can only say, comparing us with the national situation, that business in Massachusetts has not suffered.

Mr. WYLIE. Have you heard anybody say that there has been any increased competition for credit in Massachusetts which again would be a natural consequence if it is working?

Mr. WILLETT. We have had savings bank people—bankers loaning money say that customers are now more interested in taking out loans to buy things based on the fact that they realize how much the interest is elsewhere.

Now, I would like to tie two things together here, if I may.

If the bank finds that a customer is borrowing—a passbook loan, because the customer has decided that this is a cheaper way of borrowing money since he now can make a simple comparison, then it is true that the business at that particular moment may be losing a credit customer and turning him into a cash customer. Nevertheless, if it is held that this is not desirable, then it would seem to me that what is being