

there has been no great demand for the bank plan. The average revolving charge doesn't usually run the length of the contract. It is usually paid off in advance and the customer is concerned with how much he will have to pay monthly, and as a result he stays with the revolving charge plan. While with a bank plan he is charged a minimum fee for setting up the contract, and if he pays it off early under the rule of 78's, which is a long and complicated formula, he will get very little back as a rebate, so they tend to stay with the revolving charge.

Mrs. DWYER. I cannot envision many people going to the savings and loans and finding if they take out the money at the savings and loans they could save some money.

Mr. SMITH. It is not convenient for them.

Mrs. DWYER. It is not. Thank you.

Mrs. SULLIVAN. In looking at the ads the banks are putting in the buses, or wherever they are placing them, I think the banks would be rather proud to advertise their rates at 9.23 for a 12-month loan, or 9.47, or 9.60 for 18 or 24 months when other plans for credit have to advertise around 18 percent or more.

Mr. WILLETT. May I say at this point, there is an accompanying table there indicating what the finance company will have to charge for the same loan, and for 12 months, \$350 loan, it would be 29 percent. This is computed by the State banking department to show the comparison of the finance company ad with the bank advertisement that you have.

Also, I wanted to bring up the point at this time, when people ask, is this law affecting anyone or not, that it surprised me and many others that one of the first groups to discover that they had been paying more than they knew for interest on loans were some of the leading universities in the Boston area that discovered that they had been recommending tuition loans to parents of students which were much higher than they could have obtained from a local bank, and they have now changed over to recommending loans at the local bank.

Mr. WILLIAMS. I have one question.

Mrs. SULLIVAN. Mr. Williams?

Mr. WILLIAMS. Once this Massachusetts law became effective, did the banks and finance companies raise their interest rates on loans other than passbook loans?

Mr. WILLETT. No.

Mr. WILLIAMS. The only other suggestion I have is to Mr. Meade, and I think if you are going to continue with this *Penney* case, I would make an effort to suppress Mr. Klein's testimony to the effect that even though they both quote 18 percent annual rates on their statements, actually Sears, Roebuck and Montgomery Ward are charging more.

Mr. MEADE. Mr. Klein is saying we don't have—we have Sears—as to what the rate is based on—what fees, for example, are included in that base, and whether or not you include credit life insurance and that sort of thing. This would make a considerable difference.

Mrs. DWYER. I have a concluding question because this has bothered me ever since Mr. Smith's statement. The unscrupulous merchant who previously charged 25 and 50 percent credit now recoups his credit loss by increasing the price of his product; does he not?