

a very small percentage of consumer credit. While this may be true, the picture is changing every day.

Senator Douglas has pointed out earlier in these hearings that the amount of revolving credit jumped while the Proxmire bill was under consideration from \$3½ billion to \$5 billion.

And a member of the banking industry has predicted that in 5 years revolving credit will represent 50 percent of all consumer credit in this country. My prediction is that if we get S. 5 or H.R. 11602 instead of H.R. 11601, the rise, changeover to revolving credit will be even more rapid, and you couldn't blame the merchants for doing this because they don't want to be discriminated against.

I was glad to hear the representative of the American Bankers Association say that "uniformity is essential if the consumers are to be given a means by which to compare costs of credit, and if the credit industry is to be permitted to operate without optimum effectiveness" and we agree with him completely, although we do disagree with the ABA in their preference for the monthly rate.

Another argument is that if revolving credit charges be disclosed by an annual rate it wouldn't be telling the consumers the truth. I was not able to be present when Dr. Wooley presented his tables the other day but I have heard others trying to make this same pitch; namely, that consumers charged at a one-and-a-half-percent monthly rate end up paying less than 18 percent a year and, therefore, would not be getting the truth if they were told the annual rate was 18 percent.

But none of these avid seekers of truth was able to prove that one and a half percent monthly rate was any truer than the 18-percent annual rate.

Credit costs should be figured from the date the service charge begins and not from the date of purchase. If calculated in that way the annual rate is always 12 times the monthly rate.

Actually, if you pay on the first day after the charge is imposed you may be paying not 18 percent, but as high as 540 percent. Such examples, of course, are never given. Of course, they don't show figures like that and most people wouldn't pay off that way. But it is just an indication that what we need is an annual rate which we can all understand.

One of the witnesses today and also the ABA witness said that the monthly rate would give the consumer all the information he needs for comparing credit costs because he could easily convert the monthly rate into an annual rate by multiplying by 12. It really is that easy and it shouldn't be any harder for the merchant or the extender of credit to do that multiplication than it is for the consumer to do it.

We feel that the 1½ percent monthly rate misleads the consumer into thinking he is getting a much lower rate charged him.

I have here a bill which is issued by one of the stores—Klein's—in this area using revolving credit and I would like to put this in with my statement for the record. It shows on the back of the bill—

You may at any time pay the entire balance or more than payment due. No service charge if payment in full received within 30 days of billing date.

That's very clear and anybody who buys at this store knows that within that 30-day period he can pay off the whole amount without paying any service charge.