I support the inclusion of credit insurance charges in the computation of the finance charge, since experience has shown that a heavy insurance charge with a hidden rebate to the lender is often used as a device for taking additional profit in the making of a loan. There might be excluded from the finance charge the insurance premium turned over to an insurer who is truly independent of the lender. In other words, the lender who requires the borrower to take the insurance should be made to include any commission he gets when he tells the borrower what his markup will be. Since the individual must incur this expense to obtain credit it is obviously part of his cost and it would be inconsistent with the fundamental principle of truth in lending to allow its exclusion when that individual is told what he is obligating himself to pay the lender.

I am apprehensive about the proposal of an 18% ceiling on interest. While it might help the residents of some states, it would also be used by lending interests to attempt to pressure legislators in states such as Maryland to relax their laws and allow a return which is neither justified nor currently allowed. It is my considered opinion that, for the present at least, the matter of interest ceilings and usuary laws is better left to the states. Traditionally the states have had the right and the duty to enact usury laws to protect unsophisticated and impecunious borrowers not equipped to shop for credit and unprotected by any real competition in the marketplace. Until and unless the states fail to meet their responsibility I for one do not favor preemption of the field of loan regulation by the Federal Government.

Professor Countryman in his able presentation to this Subcommittee pointed out that it is desirable to do more than protect wages from garnishment. I endorse his suggestion that assignment of future wages should be invalidated by legislation. It is difficult to imagine what would cripple a worker's morale more than the realization that he was working over a period of time for the benefit of a money lender to who he turned in an emergency.

Mrs. SULLIVAN. Now, Mr. Greathouse, Mr. Bell, Mr. Barber, will you please come to the witness table?

Mr. Barber, would you please introduce the gentlemen accompanying you, and after Mr. Barber does so, will you do the same for the record, Mr. Greathouse?

Mr. BARBER. I am Stanley R. Barber, president of the Independent Bankers Association of America and president of the Wellman Savings Bank in Wellman, Iowa. With me is Howard Bell of Sauk Centre, Minn., executive director of the association, and Horace R. Hansen of St. Paul, Minn., IBAA counsel.

Mrs. SULLIVAN. Mr. Greathouse, will you introduce your associates?

Mr. GREATHOUSE. Mr. Daniel S. Bedell of our Washington office, Mr. Paul Wagner and Mr. William Dodds from our Washington office.

Mrs. SULLIVAN. Mr. Barber, will you start with your statement? You may summarize it or read through it. It is quite short, I see.

STATEMENT OF STANLEY R. BARBER, PRESIDENT, INDEPENDENT BANKERS ASSOCIATION OF AMERICA; ACCOMPANIED BY HOWARD BELL, EXECUTIVE DIRECTOR; AND HORACE R. HANSEN, COUNSEL

Mr. BARBER. Our association, at its 1967 convention in New Orleans last March, adopted the following resolution:

Resolved, That the Independent Bankers Association of America is of the firm opinion that the public should be made fully cognizant of the actual interest rate being paid on any financial transaction: Now, therefore, be it

Resolved, That the Independent Bankers Association of America urges all companies, agencies or individuals extending credit to disclose this information fully and clearly; and further, this Association approves the passage of interest rates disclosure legislation, such as S. 5 and H.R. 949, provided any final bill