

writing checks and for the matter of handling deposits. They also outline to you—

Mr. STEPHENS. The percentage figure?

Mr. GREATHOUSE. Banks do it on the basis of how much it costs per transaction, but in this case it seems to me to be completely different. It is not a matter of you using the bank's money. This is a service charge, as I understand it, that the banks make for handling paperwork, of paying out your money to somebody else, and not for the use of the money at all.

So, this is the charge that they make to pay out your money against a check that you have written to someone else or to make a deposit.

It would be a service like a normal service and not really for using the money.

I don't think it is a good comparison.

I think certainly there does need to be real protection in all of these fields.

Mrs. SULLIVAN. I certainly agree with you on that, Mr. Greathouse. I have never looked on any service charge in using a checking account as anything but a charge for the work the bank has to do.

You are not borrowing money from the bank, because the minute you are overdrawn in your account, you are told about it. So, the banks are not lending the checking account customer anything. You are merely doing him a service. So there shouldn't be any percentage rate required on checking account service charges because you are not extending credit.

But when we get into the \$10 exemption in the Senate bill, I am heartily against exempting the \$10 credit charge from an annual percentage rate disclosure requirement. When a person goes into an appliance store or any other store and buys an article costing \$100 or so or goes to a loan company and makes a loan of \$50, or \$100 or in that area of cost, such a person should know what he is paying in interest on that transaction—whether it be a loan or whether he is purchasing something. He should know what the percentage is that he is paying.

This is the area in which I think the highest rates of interest are actually charged.

The cost is just as much to make a \$10 loan or \$100 loan as to make a \$1,000 loan. When people want to buy an appliance for \$100 or so, and if the credit charge for \$100 or less is under \$10, I think the stores should have to show that individual exactly what he has to pay in percentage, as well as in money, for the period of time they want that credit.

Undoubtedly, we are fighting in behalf of people who, in many instances, could not care less what they have to pay. All they want to know is how much they must pay a month. But I think sometimes we have to protect people from themselves. And if they are given an honest and full account of what it costs them to buy on credit, they might begin to shop more intelligently. It is not going to stop them from buying. However, it might stop them from going to the person who is going to gouge them on the credit terms.

We have been told by some of the witnesses that what the unscrupulous retailer would do would be to raise the basic price of his