

product if he felt he couldn't compete percentage-wise in the charge for credit.

But again, the customer would have a choice—if he can get the same television set in one place as in another, and if there is \$50 or \$100 difference in the price, if he is foolish enough to pay the higher price because he can get credit there and couldn't get it in the legitimate store, at least he knows what he is doing and he is doing it with his eyes open. This is what we are trying to accomplish in this legislation. That is why we want to put back into the bill as it passed the Senate the revolving charge and the items on which the credit costs are \$10 or less.

Mr. Barber, we had Mr. Bailey, of the Marine Midland Corp. of Buffalo, testify before us and he suggested that a bank which makes a loan for \$50 for 1 month and charges the customer \$5 for the loan would not want to reveal, or would be too embarrassed to reveal, that they were charging an annual rate of 120 percent. If they were required to state that rate, he said they would stop making such loans.

Do you concur in that?

Mr. BARBER. Indeed I do. As I said when I misused the word "advertising," banks would not like to tell the world that they were charging in our little instance 52 percent or 260 percent if you charged a \$5 minimum, although it costs you \$5 to put that loan on the books.

So, rather than do that we would say we have no more \$100 loans. We would then be going so far in protecting our customer that we made credit unavailable to him. That would be of no service at all. If banks are willing to make loans with no profit as a service I would think they should probably be encouraged to do that.

Mr. Greathouse indicated that we were talking about different things and this we are. However, as far as our 6,500 member banks are concerned, this is not a unique instance. It is quite a common one. We are very, very frequently called upon to make \$25 loans, \$50 loans, \$100 loans to wage earners, reputable honest people. We are not the least bit concerned about collecting credit. We know they are going to repay it and we are happy to make them a loan and we charge them \$1 for it.

I have been using the \$100 for an example, if we make it \$25 we are charging 208 percent interest. I wouldn't like to have that done. I don't think it is fair to ask the bank to say: "We are annualizing that at 208 percent because we are making an accommodation loan." I would suggest possibly on these items bearing a charge of \$10 or less, that certainly the dollar amount should be disclosed. There is nothing wrong with that. We would be delighted and we do now tell our customer: "Surely, we will loan you \$35 until payday and we will charge you \$1 for it." He is happy about it because he is getting in fact a bargain.

Mrs. SULLIVAN. When you state the borrower is entitled to an accurate understandable statement of the costs of borrowing, is what you really mean that he is entitled to such information only to the extent that it doesn't embarrass you?

Mr. BARBER. It is not going to embarrass us because we are not going to do it. The person that you are trying to protect is not going to be able to borrow money on those terms.