

The enactment of the legislation by the Congress will provide a tremendous impetus to the revision and modernization by the States of their consumer credit laws.

The National Conference of Commissioners on Uniform State Laws believes that its proposed Uniform Consumer Credit Code will provide the best vehicle for such a revision and modernization.

The scope of the proposed Code and the protection it will give consumers are indicated by the Second Tentative Draft which appears in the transcript of the "Truth in Lending—1967" hearings of the Subcommittee on Financial Institutions of the Senate Committee on Banking and Currency, beginning at page 717.

The proposed Code will not be completed until August 1968 nor ready for introduction in State Legislatures until their sessions in 1969.

Unfortunately, not all State Legislatures meet in plenary sessions in 1969; some will not meet in such sessions until 1970.

Consequently, to encourage maximum State enactment of the proposed Uniform Consumer Credit Code, either the effective date of federal legislation to require consumer credit disclosure should be postponed until July 1, 1970, or the Board of Governors of the Federal Reserve System should be given authority to postpone the effective date until that date.

RE ITEM 25

We strongly recommend that the exemption from annual percentage rate disclosure requirements be increased from \$10.00, as in S. 5 and H.R. 11602, to \$25.00. When smaller amounts are involved, an annual percentage rate becomes meaningless and more confusing than helpful to the consumer. The discussions of the Second Tentative Draft of the proposed Uniform Consumer Credit Code in the Committee of the Whole of the National Conference of Commissioners on Uniform State Laws support this recommendation.

STATEMENT OF PAUL J. KREBS, EXECUTIVE DIRECTOR, OFFICE OF CONSUMER PROTECTION, DEPARTMENT OF LAW AND PUBLIC SAFETY, STATE OF NEW JERSEY

Madam Chairman and members of the subcommittee, I am grateful for this opportunity to submit a statement attesting to the excellent beginning made by this Consumer Credit Protection Act in affording some measure of relief to the consumers from the predatory practices that have been common in the consumer credit field. I have deliberately chosen the word beginning because I feel this measure, however excellent, is just that—the first step on a long road to careful and considered consumer protection. I have every confidence that, given this good beginning, the Congress of these United States can take all of the steps that are necessary to make credit a useful tool of both the consumer and the business economy.

I believe the need for truth in lending legislation has been attested to by the statements of hundreds of qualified men and women who have appeared before your Subcommittee. I will not belabor this point because I believe it has been very well documented that the need for such legislation cannot be overestimated. I believe that most ethical business concerns have recognized the need for this legislation as a self-protective device. There are only so many dollars in the economy. Every dollar that is siphoned off by unethical credit merchants is a dollar lost to legitimate and ethical financing institutions. Moreover, those who have strived to remain ethical must recognize this measure as a means toward ending the unfair competition which they face from less ethical financiers. Businessmen would be secure in the knowledge that higher cost competitors cannot lure away their customers with deceptive credit information.

I should like to devote the bulk of my statement to pointing out the strengths and weaknesses of H.R. 11601 and suggesting how further legislation or amendment to the present bill can afford truly effective protection to the consumer.

DISCLOSURE PROVISIONS

The provisions of H.R. 11601 which cover the disclosure in writing of all possible charges, expressed both in dollar amounts and annual percentages, of consumer credit sales, extensions of credit and open end credit plans are com-