THE PENNY WAY*

Assume a toll road situation wherein distance corresponds to time in a revolving credit account situation.

The Set-up:

1. Given two empty cars, a front and rear car.
2. Starting point is the first day of a billing period. It is 30 day-units before the first toll point.
3. Toll points are 30 or 31 day-units apart.
4. Unloading of either payments or returns may be made between toll points; purchases may be made at any point and loaded on the second car only.
5. No toll keeper between toll gates. Toll keeper has no control over when the consumer opts to unload.
6. Instructions for use of cars is as posted:

Warning!	Warning!
Between Toll Points -	Between Toll Points -
. Do Not Load Credit . Unload Payments or Returns	. Load Credit Here . Unload Returns only

Instructions:

1. Pay toll charge at rate of 1-1/2% of load in front car. (Note: At the first toll gate, the front car will always be empty.)
2. Immediately, credit load must be shifted from 2nd car to 1st car. First car is accessible to the credit user (and not credit vendor) and then only for the purpose of discharging some or all the load a the option of credit user.
3. Pick up from the toll gate keeper a punch card notifying that at the next toll gate a service charge of 1-1/2% will be levied on the front car load less any unloading by payments or returns he opts to make along the way.
4. Proceeds to next toll point, unloading from front car at option.

* Response by Richard L. D. Morse to the Statement of W. M. Batten before the Subcommittee on Financial Institutions, Senate Committee on Banking and Currency on S. 5, Monday, April 17, 1967.