The Independent Bankers Association Deplores Committee Amendment on Revolving Credit in Truth-in-Lending Legislation

EXTENSION OF REMARKS

HON. LEONOR K. SULLIVAN
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
FRIDAY, DECEMBER 15, 1967

Mrs. SULLIVAN. Mr. Speaker, one of the major unresolved issues of the session of Congress now ending, which will come before us early in the next session, is the form in which the House passes truth-in-lending legislation. H.R. 11601, the Consumer Credit Protection Act, which has now been reported by the Committee on Banking and Currency—House Report No. 10404S—contains two committee amendments exempt from legislation In connection with the revolving credit Is a fight for the tremendous lobbying expense of Sears, Ward's, Penneys, and the other huge mail-order houses and chain retailers, and the major department stores using computerized revolving credit. These stores, under the amendment on revolving credit, would be permitted to state merely a monthly percentage rate in disclosing credit charges, whereas the furniture dealers, hardware merchants, sporting goods stores, appliance dealers, radio-television sales firms, and most banks would be required, under the same legislation, to reveal the annual percentage rate of their credit charges.

The independent businessmen regard this as an unfair competitive advantage for the department stores, whose lobby won them this special concession. The unfairness of the amendment is easily seen when the independent store has to state a rate of 18 percent per year for the same credit charges which a mail-order house or a big department store could state as 1 1/2 percent a month. The testimony before my Subcommittee on Consumer Affairs established that, to the average consumer, 18 percent a year sounds like a fantastically high credit charge, whereas 1 1/2 percent a month sounds delightfully low.

We can explore the fact that consumers are not familiar enough with credit terminology to see instantly that the two rates are identical. But it is because there is so much confusion and lack of awareness among consumers about interest rates and credit costs that truth-in-lending legislation is so badly needed.

The businessmen who have joined me in opposition to the committee amendment on revolving credit on H.R. 11601 ask that all forms of credit be placed on the same competitive basis, so that the consumer can quickly and accurately compare rates and charges. Thus, all creditors should be required to give an annual percentage rate.

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IN ORDER TO PROTECT THE CONSUMER

Mr. Speaker, I want to say that I have been working on the truth-in-lending bill for almost two years now. I believe that it is one of the most important pieces of legislation that we have been working on. The bill is designed to protect the consumer from the abuse of credit. It is a bill that is designed to give the consumer the information he needs to make an informed decision about the credit he is getting.

The bill was first introduced in Congress in 1957. Since then, it has been reintroduced several times. It has been amended several times. But it has never been enacted into law. The reason for this is that the bill has always been opposed by the credit industry. The credit industry has always opposed the bill because they believe that it would put them at a competitive disadvantage.

But I believe that the bill is needed. The bill is needed because the credit industry is taking advantage of the consumer. The credit industry is charging the consumer more than he knows. The credit industry is charging the consumer more than he can afford. The credit industry is charging the consumer more than is fair.

I believe that the bill is needed because the credit industry is not being regulated. The credit industry is not being regulated because the credit industry is powerful. The credit industry is powerful because it has a lot of money. The credit industry has a lot of money because it is a monopoly. The credit industry is a monopoly because it is the only one that offers credit.

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