

Q. Well, Mr. Chairman, I say this—or at least I put this to Mr. Reid—Mr. Reid does admit that the loans are outstanding less than a year.—A. Yes, some of them.

Q. Why did you just yesterday say that you would refuse to loan to anyone for a period less than a year?—A. No. Just a minute. That is hardly right. I did not say I would refuse to loan to anyone for less than a year.

Q. Yes, you did.—A. I think I was asked, “Are all your loans made for a period of one year or are they ever made for less than one year or ever made for more than a year?”

Q. And you added, “No, we will not loan for less than a year.” That is the reason I would like to have the record.—A. That is quite right. Our loan contracts are all drawn for one year.

Q. And you refuse to loan for less than a year?—A. A customer has the privilege of paying off any time he wants to.

Q. That is not the point. You refuse to loan— —A. All right, I will answer you.

Q. You refuse to loan for less than a year?—A. Yes.

Q. All right. Then when the customer makes a loan with you, you advise him that he may pay it off at any time?—A. Yes.

Q. You said that yesterday.—A. Yes.

Q. I think that is correct.—A. May I explain why we draw these contracts for a year?

Q. It is immaterial.—A. It is very material.

Mr. CLEAVER: I think the witness should have the privilege of explaining.

Mr. VIEN: Yes.

Hon. Mr. STEVENS: I have no objection.

The CHAIRMAN: Mr. Stevens does not object.

Hon. Mr. STEVENS: It is not material to what I had in mind.

The WITNESS: One of the borrower's prime concerns when he comes to us is to get that money to accomplish some definite purpose and to be able to repay it as easily as possible. Now, he knows what his income is. We can figure out a budget for him. But he wants to make these payments just as painless as possible, and we assist him to do that. Now, we believe that we should not encourage him to stretch out the repayment of that debt for too long a period, but we know that the twelve months is a popular payment plan. Nearly everything sold on the instalment plan is sold on a ten or twelve months plan. He is familiar with that, and he expects to pay it off in twelve monthly payments. It is not a case of us forcing a plan on the public. We give the public the plan that they seek. And it is for that reason, to keep these payments within the paying capacity of the borrower, that we make loans for a period of twelve months. I further explained yesterday, and I know you are getting at this rebate question, that we have adjusted our system so that the borrowers only pay for the actual time they have had the use of the money at the rate of  $2\frac{1}{2}$  per cent per month maximum—for the actual number of days they have had the use of the money, and they are repaid everything else that we have taken by way of discount in the first place.

*By Hon. Mr. Stevens:*

Q. Just elaborate on that for a moment. A man borrows from you for a year, and you charge him a discount covering interest and all charges?—A. Yes.

Q. That is a given figure?—A. Yes.

Q. And he pays the loan back in three months in full?—A. Yes.