

But these sources are not generally open to the low-income group. Except for those who are members of credit unions, they must borrow from loan companies or money-lenders. Some kinds of retail credit buying are also open to them. Generally speaking, only the more expensive types of credit are available to the poor.

The main reasons for this are that in the small loans business, loans are by definition of a size that raises the costs of administration; and since these loans are often made without security, there is said to be considerable risk attached. In retail sales financing the costs of administration are generally high. Current rates paid by consumer borrowers are summarized in Table 12.

TABLE 12
ESTIMATED ANNUAL PERCENTAGE COSTS OF
CONSUMER BORROWING

	Rates	
	Stated %	Effective Annual %
<i>Cash loans</i>		
Chartered banks.....	6 p.a.	9½-11¼
Credit unions.....	1 per month	8-10
Caisses.....		6- 8
Consumer loan (companies depending on amount of loan; under \$1,500).....		15.24-24
Life insurance policy loans.....		6
<i>Credit buying</i>		
Sales finance companies		
New Cars.....		12.5-18.8
Smaller contracts.....		16-23
Retail stores.....		13-17 approx.

SOURCE: Compiled from data provided by Research Department, Bank of Canada.

Because the above rates differ somewhat from those presented by Mr. Andre Laurin of the Confederation of National Trade Unions, Mr. Laurin's estimates are set out below:

	Approximate annual %
Cooperatives.....	6
Banks.....	6-12
Finance companies.....	6-24
Acceptance companies.....	18-60