

Mr. WOOD: No, sir.

Mr. CLANCY: He also gets paid a bonus on bad debts, if he manages to collect them.

Mr. WOOD: Not in my company.

Mr. F. C. Oakes, Executive Vice-President, Lombank Finance Limited: I do not know of any company in the industry that would accept that arrangement. You can immediately see all the pitfalls there would be in encouraging men to collect money on a commission basis. It would be just an impossible situation in an organization such as ours, and I think in any other institution.

Mr. CLANCY: All I am asking you to do is to give us the breakdown.

Mr. WOOD: The breakdown of our salary structure?

Mr. CLANCY: Yes, salary structure and bonuses.

Mr. WOOD: So far as my company is concerned?

Mr. CLANCY: Any of them.

Mr. WOOD: I will give it to you for my company.

Mr. SCOTT: I have a couple of questions to ask pertaining to paragraph 9 on page 3 of your summary:

It is our opinion that the expression of consumer loan charges as per cent per annum would be more confusing than helpful to many of our customers.

This is a recurring theme which we have heard from other people. What I want to ask you, Mr. Wood, is this: If there was a requirement for disclosure in dollar terms and yearly interest, do you still think that that would be confusing to the customer?

Mr. WOOD: Yes, I do, because, as I mentioned earlier, when we tell our customers, who want to know what the rate is, that it is 2 per cent per month or 24 per cent per annum they say: "But, what is that going to cost me?" We then say: "It is going to cost you \$13.46", and they then ask: "How can 24 per cent be \$13.46". They just do not understand it. Interest is not something that we think about every day, but dollar cost is.

Mr. SCOTT: Could we take an example? Suppose I were borrowing \$500. What would the dollar cost per year be?

Mr. WOOD: It all depends—are you talking about my own company?

Mr. SCOTT: Yes.

Mr. WOOD: \$13.46 per \$100.

Mr. SCOTT: And what percentage rate is that?

Mr. WOOD: How long does he pay? Does he prepay?

Mr. SCOTT: It is a loan of \$500 for one year.

Mr. HELMUTH MILLER: He pays \$60.74, or an average of \$12 per \$100 add-on.

Mr. SCOTT: What per cent per annum would that be?

Mr. WOOD: I cannot give you the precise answer on the per cent, because this is a loan under the act. It is \$500. It would be 2 per cent per month on the first \$300 of the loan, which is what we state very clearly in our contract—2 per cent per month, 24 per cent per annum, on the first \$300 of any loan; then 1 per cent per month, 12 per cent per annum on any excess over \$300, up to \$1,000. I could not very quickly tell what it is in per cent, but I can tell you what it is by calculating it.

Mr. CLANCY: If you cannot tell us what the rate of interest is, how do you work it out?