

7. Our primary function is to provide wholesale and retail financing for durable consumer and business goods. Wholesale financing is provided for a wide range of consumer goods, but is of greatest significance in the retailing of automobiles. It is a highly specialized form of financing, and informed estimates suggest that more than 90% of all the new motor vehicles sold to dealers in Canada (some 725,000 in 1964) are financed in this manner. In every year but one since 1953, the volume of wholesale credit accommodation extended has exceeded \$1 billion.

8. Retail purchase credit provides a convenient, point-of-sale type of credit financing of durable goods. These purchases may be classified according to the major purpose to which the goods are put, i.e., (1) Purchases made by consumers for non-business purposes, and (2) purchases made by businesses of revenue-producing commercial and industrial equipment. It is the first type of retail financing that will be of interest to this Committee, since it involves the extension of consumer credit. To put magnitudes into perspective, the following statistics will give you an idea of the extent of our retail financing operations: last year the sales finance industry purchased retail instalment contracts totaling \$1,035 million to finance the purchase of consumer durables, and it is estimated that approximately 1½ million Canadians made use of the industry's services.

9. Our industry provides a financing service to dealers selling a broad range of consumer durable goods. The historical origin of our industry is closely associated with the mass marketing and financing of the passenger automobile (and, indeed, the financing of new and used passenger vehicles is still quantitatively the most important single consumer goods category we finance). Today we provide instalment financing for dealers in refrigerators, washing and drying machines, furniture, television sets, pleasure boats, home improvements, radio, stereophonic sound equipment, and a variety of other goods which enable millions of Canadians to have more comfort in their homes, more convenient transportation and more rewarding leisure hours. All of these purchases are free expressions of consumer choice, and our industry fulfills the role of supplying a significant share of the instalment credit required by the Canadian consumer. Instalment credit performs both a social and economic function among the vast majority of people who use it judiciously, and our industry provides an essential link in a mass distribution system by which thousands of dealers annually move over \$3 billion of durable goods to 19 million consumers at the point of sale.

10. To summarize our function in a few words we would like to emphasize that retail sales financing has two important characteristics not found in other types of credit. First of all, it is created mainly as a result of the sale of a durable good, involving mostly time-, labour-, and/or money-saving products for the consumer. There is no exchange of money between the purchaser and the credit grantor at the time of sale (other than the cash down payment). Secondly, as far as the sales finance company is concerned, it plays no direct role in the creation of this credit, and is brought into the picture only after the transaction has been completed and if the dealer decides to sell the instalment contract to a sales finance company. However, in the ordinary course of events, after a dealer and a sales finance company have decided to do business together, their relationship will be generally such that the dealer has a ready and willing buyer for the volume of sound instalment credit sales he creates.

11. Sales finance contracts are tailored to the requirements of individual purchasers and also reflect the selling policies of the dealer. They show wide variations in down payments, maturities, and the timing of instalment pay-