

this act was intended to protect. We, on the other hand, have customers who make a down payment, and who go to purchase something under entirely different circumstances from those of the necessitous borrower.

The Co-Chairman Mr. GREENE: Any further questions? Senator Thorvaldson?

Senator THORVALDSON: I think any questions I had have been covered by Mr. Macdonald.

Mr. OTTO: I have a further question. The witness has said that the defaulting accounts compose a very small amount of the business. In other words you are not worried about the people who default on their accounts?

Mr. SAUNDERS: Oh, I wouldn't say that. If there was only one, we would worry about it. We are in the position of a financial intermediary. We have the responsibility to our customers, the public, who borrow money, and who use the credit which we extend, and we also have responsibilities to those institutions and individuals who supply the funds for us to operate. We operate on a very narrow margin, and while the number of accounts that default or become subjects of repossession, to which we referred earlier, are small, over the total volume of business which we transact, the amount of profit we make is very small as well. Most of us operate on an actual margin of less than one per cent of our turnover. If we lost that one per cent, or the number increased slightly from one to 2 per cent, we would be wiped out.

Mr. OTTO: In the brief and in your answers you have said the delinquent accounts are not of great importance. Most people want to pay and most people do pay. I wonder how your committee would consider legislation changing the bills and notes and other legislation to prohibit the collection of consumer credit accounts through court action.

Mr. SAUNDERS: I think we would consider it to be a poor piece of legislation.

Mr. URIE: I have just one or two more questions. If I may direct them to Mr. Macdonald. We know and appreciate your objection to the imposition of expressing the cost of the loan as a percentage. Bearing that in mind, and without discussing that further, do you believe there could be a formula devised which would be applicable to all credit-granting agencies, which, together with a common definition of all finance charges, would be included in arriving at the cost of a loan which would or which could be applicable throughout the whole industry?

Mr. MACDONALD: I am not sure that I understand your question, but I would make this statement; we as a council believe that the best uniform method of disclosure for all forms of credit is dollar disclosure.

Mr. URIE: I have accepted that, but what I am asking is this: If we decided that cost should be expressed as a percentage, and if a formula is devised to be applicable throughout the industry, and if the definition of cost to be included in determining that percentage were universal, do you think a workable arrangement could be worked out where this interest could be included in your rate charts?

Mr. MACDONALD: We think the movement of goods in Canada would be very adversely affected. We think there would be considerably less consumer credit being dispensed because of the way that such a requirement would inhibit business. We think that people would be dissuaded from using their dealer's plan and seeking plans elsewhere which, though appearing in certain terms to cost less, may, in fact, cost much more, and we think the public would become thoroughly confused.

Mr. URIE: I appreciate that, but my question is: Can it be done?

Mr. MACDONALD: We have an expert in that regard here.