

VI COMMITTEE'S FINDINGS

RECENT TRENDS

In order to place in perspective changes that have occurred in recent years in the whole consumer credit picture, we have compared the figures provided by the Bank of Canada for the years 1953 and 1963. In that ten-year period, as Table 4 shows, all segments of the consumer credit business have expanded but the rate of growth has varied widely. The most striking change is due to the entry of the chartered banks into the small loans business on a large scale. Now the banks have displaced the retail dealers as the largest segment. Both instalment finance companies and life insurance companies are relatively less active in consumer lending than they were a decade ago, and the reasons for that are discussed elsewhere. Growth of consumer loan companies has been phenomenal. Credit unions and caisses populaires have practically doubled their share of the credit business, but they continue to represent a relatively small segment of the whole (12 per cent).

TABLE 4
CHANGE IN COMPOSITION OF CONSUMER CREDIT OUTSTANDING AT YEAR END, 1953 AND 1963

Credit Grantors	1953		1963		10-Year Increase	
	Millions of \$	% Distribution	Millions of \$	% Distribution	Millions of \$	% Increase
Retail dealers.....	624	31.5	1,141	21.6	517	82.9
Instalment finance companies..	516	26.0	873	16.5	357	69.2
Chartered banks.....	308	15.6	1,432	27.1	1,124	364.9
Life insurance companies.....	225	11.4	385	7.3	160	71.1
Consumer loan companies.....	176	8.9	808	15.3	632	359.1
Credit unions and caisses populaires.....	129	6.5	640	12.1	511	396.1
Quebec savings banks.....	3	0.2	14	0.3	11	366.6
All credit grantors.....	1,981	100.1	5,293	100.2	3,312	167.2

SOURCE: Bank of Canada brief, proceedings, p. 112.

The fall of the retail dealers from first place occurred in spite of tremendous growth in department store credit sales. What has happened is that the weight of the retail credit business has shifted. At the same time as many retailers have been feeling the competition from other forms of credit, the big department stores, by moving into a system of accounting which is not readily adaptable to smaller firms, have been increasing their share of the credit business within the retailers' segment. (See Table 5.)