

The League endorses the recommendation of the Royal Commission on Banking and Finance that regulation of small loans be extended to amounts up to \$5,000, with the present 2 per cent per month maximum applying on the first \$300, and 1 per cent per month maximum on all higher amounts.

The brief of the *Credit Union National Association* points out that the reasons why it is necessary to disclose to the borrower "the total cost of the loan expressed both in dollars and cents and in terms of per centum per annum" are:

1. so the borrower will fully understand the obligation he is undertaking; and
2. so that he will be able to compare the cost of the loan with any other loan he might be able to secure.

Approval is expressed of provincial legislation such as the Ontario Unconscionable Transactions Relief Act, but it is emphasized that "there is also a desperate need for disclosure legislation to prevent the innocent or the ignorant user of credit from signing such a contract in the first place."

Specific recommendations are these:

- (a) that extenders of every kind of credit be required to disclose in writing to prospective borrowers both the total cost in dollars of the credit to be extended and the rate in terms of simple annual interest;
- (b) that all advertising by credit extenders give full details of the total costs in dollars and in terms of per centum per annum;
- (c) that victims of unconscionable transactions be granted redress by the courts, and those who have exacted the unjust terms be penalized under the law."

They also advocate continuing education of the consumer in the better handling of his finances.

La Federation des Caisses Populaires Desjardins, in addition to describing the origin of their movement, which is discussed elsewhere, provide examples of the way in which they clearly set out payment conditions of loans, leaving the borrower in no doubt about the interest rate per annum, and illustrating how the rate is calculated on the gradually decreasing debt. For instance, the total interest paid on a loan of \$100 for one year at 6 per cent, repaid over 12 months at the rate of