

APPENDIX "U"

Submission of

THE FEDERATED COUNCIL OF SALES FINANCE COMPANIES
TO THE SPECIAL JOINT COMMITTEE OF
THE SENATE AND HOUSE OF COMMONS
ON CONSUMER CREDIT

MARCH 8, 1965.

1. The Federated Council of Sales Finance Companies welcomes the opportunity to make a submission to your Committee and trusts that its contribution will further your studies of this important subject.

2. The Federated Council is the national association of sales finance companies operating in Canada. Its forty-eight members accounted for approximately 70% of the \$1,035 million of sales finance credit extended to consumers by this industry in 1964 and 90% of the \$463 million of instalment credit provided by these companies to business for machinery and equipment purchased during that period. In addition, the sales finance industry provided Canadian automobile dealers with specialized wholesale accommodation of \$2.1 billion during 1964. A list of the Council's member companies is appended to this submission.

3. In order to provide these services on a national scale, the industry maintains over 900 branch offices and currently employs approximately 7,000 people.

4. At the end of 1964, the sales finance industry accounted for approximately one-sixth of the total consumer credit outstanding in Canada. Additional figures showing the trend in outstanding consumer credit and the relative importance of the major types of credit grantors are shown in Table 1.

5. While your Committee is examining various aspects of consumer credit in Canada, we believe that it would be helpful if we provided some background information about the Federated Council and the scope of operations of the sales finance industry, in addition to discussing those issues in which the Committee may have a particular interest. To accomplish the first objective, we have provided your research staff with copies of the comprehensive brief which was submitted to the (Porter) Royal Commission on Banking and Finance. This document provides a detailed background study of almost every facet of our industry's structure and operations, and it should provide a factual basis for judging the manner in which our industry operates.

6. Among the various suppliers of consumer credit appearing before this Committee, the sales finance industry occupies a unique position. It is the only major institution in the field, which provides its services through smaller and locally-based Canadian retailers, thus enabling them to compete on equal credit terms with department stores and larger chain organizations. Much has been heard in recent years of the problems and needs of the small businessman. Legislative bodies, both Provincial and Federal, have passed laws and established special departments to assist the small businessman in various ways. Our industry is proud of the fact that it has been providing a vital credit service to small Canadian businessmen engaged in the retailing of autos, appliances, furniture and other major durables, for more than forty years—a service, we stress, that was, and is, just not available elsewhere. According to a recent survey, the sales finance industry currently provides a retail credit service to approximately 25,000 dealers and merchants throughout Canada.