

SENATOR STONEY: Senator DeCamp, it appears to me with the debate that we have had to this point in time that the problem that the institutions are having is that there is no profitability in those accounts that could be categorized as inactive. Is that correct? Those persons that use the account and then pay whatever the balance is within the thirty day period and, therefore, are not subjected to any interest charge.

SENATOR DeCAMP: That certainly is one of the major areas of nonprofitability.

SENATOR STONEY: Is there a problem with those accounts that are active, individuals that use those accounts and interest is charged against those accounts? Is there a profitability problem there also?

SENATOR DeCAMP: Yes, that is correct. As I say, they are receiving 18 and 12 and the costs of that money are somewhere between 21 and 23, depending upon which financial institution is involved and where they are buying their money and the methods of procedures.

SENATOR STONEY: Senator DeCamp, one additional question, in the bill on page 2, the language on line 18, "notwithstanding the provision of this section, a bank may charge a minimum fee of up to \$7.50 in lieu of interest on small loans." Could you explain that so that I might understand it?

SENATOR DeCAMP: At the present time in processing a small loan application, this was just something the small loan people asked to be added to the bill as I recall. In processing a small loan application they are allowed a charge for the person coming in, sitting there, the time involved, and I think they are increasing that a couple dollars but it really doesn't relate to the credit cards.

SENATOR STONEY: All right, thank you, and one other item. You circulated this that appeared on our desks today, since it has your signature on it.

SENATOR DeCAMP: Yes, sir.

SENATOR STONEY: And I am still attempting to understand the profitability question as it pertains to those active and inactive accounts, but as I read it here, extracting this from the circulated material, a card in your pocket is a thing of value and it costs the bank to issue, maintain the card account and cover the high administrative costs of even a relatively inactive account. If the cardholder does not pay a reasonable fee for the convenience of having a card, the costs must be borne by those using the card, either