

Mr. Young

Would not recommend
that this be used in view
of possible misuse or
misunderstanding by ^{the} press
and others. Bonnar Brown
advises.

Bennett H

Possible Expansion of Instalment Credit with Terms Liberalization

Instalment credit outstanding can increase substantially as terms are liberalized. Here are several illustrations to indicate changes in total outstanding credit that might occur assuming certain modifications of terms.^{1/}

These illustrations assume that the volume of instalment sales is constant. For a starting point, assume that down payments average 1/3 and repayment periods 15 months.

If

- A) Down payment reduced to 1/5, and repayment period held at 15 months -- there will be a 20 per cent increase in outstandings by the end of 15 months.
- B) Down payment held at 1/3, repayment period lengthened to 24 months -- there will be a 56 per cent increase in outstandings by the end of 24 months.
- ✓ C) Down payment reduced to 1/5, repayment period lengthened to 24 months -- there will be a 100 per cent increase in outstandings by the end of 24 months.

^{1/} Taken from November 1947 issue of Survey of Current Business.