

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date October 6, 1936.To Chairman EcclesSubject: Credit for Consumers.From Lauchlin Currie*L.C.*

G P O 16-852

This pamphlet is addressed mainly to the consumer. It describes the various types of lending agencies and, tho sympathetic to this type of credit, it points out the dangers and pitfalls. I don't think there is anything of interest in it for you except possibly the statement that "a few states, including Utah, for example, have passed laws which make the legal rate of charge so low that nobody evades the law". Estimates of consumer debt, which I have not checked, are given for the end of 1935.

1/

Consumer debt by types of lending agencies

Estimated Outstanding,
End of 1935
(Millions of dollars)

Credit based on personal property and general credit

Retailers' Open Accounts	\$ 2,800
Retailer and Finance Company Instalment Sales	
Credit.	2,100
Advances by Relatives and Friends.	1,000
Commercial Bank Personal Loans (not segregated).	500
Personal Finance Companies	225
Illegal Lenders.	119
Industrial Banks (including Morris Plan)	110
Pawnshop Loans	110
Personal Loan Departments of Commercial Banks.	40
Credit Unions.	40
Remedial Loan Associations	26
Axias.	6
Philanthropic, Employer, Student and Other Special	
Loan Funds.	25

Credit Based on savings and other reserves

Life insurance policy loans.	2,300
Veteran borrowings on life insurance and adjusted	
compensation certificates	1,666
Building and loan association share loans.	105
Savings bank loans on pass books	8
Loans by other savings, loan and investment	
companies.	50

TOTAL \$11,230

1/ As explained in the text, estimates where adequate data are not available are necessarily rough. All estimates are net, after deducting loans for business purposes. Money loans include virtually no rural

(Footnote- continued)

credit, and no real estate debt. For some items, use has been made of earlier studies by Dr. M. R. Neifeld and Dr. F. W. Ryan, and of current estimates by Mr. Rolf Nugent.