NEW ENGLAND BUSINESS REVIEW

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Impact of Credit Cards on Commercial Banks

A study of eight sample banks across the Nation indicates that most believe bank credit card programs are a useful phase in the evolution of banking. Moreover, credit cards have produced some important innovations — among them, a changed relationship between banks and retail merchants.

State and Local Borrowing and Capital Spending in 1966

A Federal Reserve Bank survey of more than 600 state and local borrowing units in New England shows that while restrictive monetary policies had an effect on the borrowing plans of these governments, the impact on their capital spending was small.

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NEW ENGLAND
BUSINESS REVIEW

Impact of Credit Cards on Commercial Banks

BANK CREDIT CARDS have attracted more public attention than any other recent development in banking. They have become the center of much controversy. Some regard credit cards as an inappropriate activity for commercial banks and anticipate difficulties for consumers, the card issuing banks, and the entire financial system. Others see the card as the key to the future of banking. Credit card plans are thought to represent the first step on the long road to the checkless society — that promised land of instant money.

What impact have credit cards had on banks? Are they profitable? How do losses compare with those in other instalment loan programs? What are the implications of this new type of banking? To answer these and similar questions, an in-depth study was undertaken in 1967 of credit card operations in eight large commercial banks located in different areas of the country. The major findings of this study were subsequently confirmed by a nationwide Federal Reserve System survey made in the fall of 1967.

Much of the information in this article was drawn from a thesis by Donald M. T. Gibson from the Harvard Graduate School of Business Administration. Copies of the thesis are available on request to this Bank's Research Department. Dr. Gibson is currently Manager, Marketing Planning for Rank Xerox (Australia) Pty. Limited in Sydney, Australia.

The Federal Reserve System report, entitled *Bank Credit Cards and Check-Credit Plans,* may be obtained for $1.00 from Publication Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D. C. 20551.

In the study of eight banks, three were early entries in the credit card field — one in 1953 and the other two in 1958-59. The remaining five banks started their plans in 1965 or 1966. The study revealed that the early plans are profitable today after incurring losses in earlier years. As expected, the credit card plans of the more recent entrants did not cover incremental costs in the first 2 years of operation. Credit quality of cardholders compares favorably with that of borrowers accepted for other types of consumer loans. The sample banks expect that the future development of credit card banking will have widespread effects on retail bank management. They anticipate that credit card outstandings will absorb much more of a bank's retail loan resources — probably at the expense of other instalment lending. In short, credit cards are viewed as an important vehicle for enabling banks to become lenders to individuals making retail purchases, rather

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than remaining secondary lenders through finance companies and department stores. While the sample banks were all large with over $100 million in deposits, the growing availability of bank plans through correspondents, franchise arrangements, and nonprofit corporations suggests that size should not be a barrier to entry into credit card banking.

Growth of Bank Credit Cards

Credit cards for consumer purchases are hardly new. Major oil companies and large department stores have used them for handling credit sales since the early 1900's. After World War II an added impetus to the charge system arose from the development of the national travel and entertainment cards, such as Diners Club, Carte Blanche and American Express.

Some banks became interested in credit cards in the early 1950's. Over 60 plans were in operation at the beginning of 1953. Most, however, found the plans less profitable than anticipated and discontinued them. But at the end of the decade, a few large banks showed new interest and implemented credit card plans. Not until 1966 did a significant number of banks begin to enter the field.

According to the latest Federal Reserve System survey, 197 banks across the country are at present offering credit card plans. This number does not include banks that operate as local agents of large city correspondents. Almost two-thirds of the credit card banks entered the field in 1966. As of October 1967, total credit outstanding under credit card plans amounted to $640 million, a little less than 2 percent of total consumer instalment credit held by commercial banks.

Characteristics of Credit Card Plan as a New Banking Service

Credit card plans are differentiated from traditional banking services by three specific features. First, the credit card opens up a new relationship between the bank and the retail merchant. Prior to the credit card, banks were leery of lending to merchants against retail accounts receivable. It was considered a risky business. The bulk of the bank's business with the merchant had been in financing of large or big ticket items, while financing the accounts receivable was largely on an indirect basis. Now when a merchant agrees to honor a bank credit card, he must open an account at the bank if he does not already have one. With the deposit of his sales slips, he receives immediate credit (less a discount) in his bank deposit. Thus the bank takes over the financing of the merchant's accounts receivable. The bank issuing the credit card may obtain a new demand deposit account or increase balances maintained in existing accounts. In addition, the contact with the merchant through the bank credit card provides an opportunity for increased marketing of other bank services to both old and new retail customers. By the end of September 1967, 424,000 merchants had declared their intention of honoring bank credit cards. Most, however, tended to be concentrated in a few areas, with about half on the West Coast and another fourth in the Chicago area.

A second differentiating characteristic of credit card banking is the extension to individuals of a revolving line of credit without collateral. While the revolving credit aspects of the bank card are similar to the bank's traditional instalment lending activities, banks

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have discovered that the credit card is highly attractive to customers. Customers view the card as a convenient method of handling uneven expenditure patterns and of borrowing for emergencies. From the bank's standpoint, the revolving credit aspect becomes attractive because it provides an opportunity to increase its instalment loans and to handle small consumer loans more efficiently and profitably. Moreover, it offers an opportunity to tap new consumer markets. No prior banking relationship is necessary, a feature especially important to banks in states where branching is limited or prohibited entirely. As with the merchant, the possibilities of extending the market for other bank services is a key feature of the credit card.

The third distinguishing characteristic of bank credit card plans is that they represent a step in the direction of an electronic money transfer system. Most bankers believe that the future will bring about major changes in banking practices due to automation of the payments mechanism. The credit card operation is viewed as a method of providing the bank experience with the methods and equipment which will be used in tomorrow's banking. In addition, credit cards familiarize the bank and the cardholder with an automatic transfer system and with the use of a card for consumer identification. Thus, the desire to keep abreast of developments that may ultimately lead to the establishment of an electronic money transfer system has been one motivation in the development of bank credit card plans.

Cardholder Distribution Policies

Two major approaches were used by the sample banks to establish their cardholder groups. Most used mass mailing of credit cards; one provided credit cards only to selected customers of the merchants. All the banks felt that competitive conditions at the present time made it essential to launch a plan with a mass issue of cards to establish a potential share of the market. The one sample bank which did not pursue this course first issued cards in 1953 when the threat of competition was insignificant. Moreover, to establish a profitable base of operations, the banks typically needed a large number of cardholders with high sales volume and outstandings to cover their operating expenses.

The mass issue banks used their own customer lists to provide names for sending out credit cards. The major criteria for an acceptable credit risk were the absence of any negative information, and evidence of a satisfactory balance in a checking or savings account. Other sources of names were such upper income groups as members of professions and country clubs, names provided by member merchants, and credit bureau lists. This last category, however, was generally regarded as less dependable and was used least. Because of the expense, the difficulties, and the time needed, detailed credit investigations of individuals were not usually made before the mass mailing.

Management of Credit Card Plans

All the sample banks established new and separate organizations for the administration of their credit card programs. Most banks appointed plan managers who showed evidence of general management and promotional ability. Several banks suggested that the credit card field had to develop its own specialists

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because the average banker was not geared to credit card operating policies. The president of one bank put it this way:

> We started with a banker, but a banker doesn't know what he's doing in this area, and he isn't any good at it. A banker's approach is "pay us." This is no good because you have to have a retail merchant's approach, which is "come back to the store." To be successful, we feel very strongly, that you have to have a retail credit man from a retail store.

Interestingly, most of the banks felt strongly that credit card operations should be separated from their instalment loan departments. Even a bank instalment lending background was regarded as undesirable for officers associated with credit card departments. The consensus was that the traditional instalment lending practices would adversely affect the growth of credit card outstandings. Personnel trained in instalment lending would tend to be too strict in approving credits and in following up delinquent accounts. For these reasons, the banks felt it was desirable to establish a separate credit card group that would promote the development of the credit card actively. Still another consideration in setting up an independent department was that income and expenditures related to credit cards could be easily identified for accounting purposes.

Characteristics of Cardholders

Based on data from a few sample banks, the typical regular card user emerges as either a man or a woman in a family that earns between $5,000 and $10,000 a year, is between 25 and 55 years old, and has had a high school education or more. Even if grade-school educated persons held credit cards, they were much less likely to use their cards than those with more schooling. Most regular card users were white collar workers in professional, managerial, or sales and clerical occupations. Thus it appears that the bank credit card has had its greatest impact on a broad group of lower-middle income families in the age group where expenditures are at their peak, payment habits more flexible, and personal background indicating capacity for responsible borrowing behavior.

How often do cardholders actually use their cards? A comparison of cardholder usage experience in early and late entry banks shows that usage ratios tend to rise steadily over the first few years of a plan until they reach a plateau. By the fifth year between a third and a half of the outstanding accounts are active each month. The data also show that each plan tends to develop a small group of regular users. These cardholders, representing less than 30 percent of the total accounts, tend to establish regular usage patterns early in their association with the plan.

These figures are similar to those reported in the Federal Reserve System survey. At the end of September 1967, the total number of credit card accounts was more than 14 million, but only about one-third were considered active. Moreover, they used, on the average, only about 12 percent of the authorized lines of credit.

Credit Card Pricing Policies

The most important sources of revenue for the credit card plans were the interest charges paid by cardholders on balances outstanding in excess of 30 days and the discount paid by merchants on all credit card sales. The interest rates set by the sample banks were typically the maximums allowed by state laws and

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ranged between 1 and 1.5 percent a month. These figures were corroborated by the results of the nationwide Federal Reserve System survey of all credit card banks last fall which showed that as of September 1967 almost four-fifths of the credit card banks charged 1.5 percent.

In addition to the interest charge, the cardholder is also required to repay part of his outstanding balance each month. Most banks started out requiring $10 or 10 percent of the balance, whichever was higher, but under pressure to attract cardholders and generate outstandings, two banks later dropped their repayment terms to $10 or 5 percent of the balance, whichever was higher.

In contrast to the relative uniformity of cardholder charges, the sample banks showed considerable variation in their merchant discount rates, both in different banking markets and in methods used. The most common rates paid by member merchants were between 3.6 and 4.5 percent. The maximum charged by most banks was 6 percent, but one bank had a maximum merchant discount of only 3 percent. Three banks in the sample established separate rates for each type of business, volume of sales, and average size of ticket. The higher the size of the average purchase and the merchant's volume, the lower the assigned rate. For example, shoe stores as a category might be charged 4 percent while furniture stores could justify a rate of 3.25 percent. Some banks deducted the maximum from the deposited sales slips daily and then gave the merchants a quarterly rebate based on their average sales volume. One bank used an end of the month merchant settlement system based on average ticket size without daily discount deductions. One bank in a state where branching is prohibited split its discounts with correspondent banks in return for their aid in enrolling merchants. The wide diversity of merchant discount rates was also evident in the Federal Reserve System survey where rates ranged from a low of .5 to a high of 8 percent, with the average about 3.5 percent.

For most credit card plans in the sample banks, the largest source of income in 1966 was service charges paid by cardholders, accounting for 54 to 66 percent of total revenue. These charges generally tended to increase in importance as a source of credit card revenue over the life of the plan. Conversely, merchant discounts which provided between one-third and one-half of credit card revenue had generally declined in importance as a source of revenue.

Financial Analysis

In general, the study showed that the proportion of bank loan funds absorbed by credit card plans has been minor. The largest percentage of loan resources used by credit card outstandings was 6 percent in the bank with the oldest plan studied. The majority of credit card plans had taken less than 2 percent of the issuing banks' total loan portfolio. Even when measured as a proportion of consumer instalment loans, credit card outstandings were small. In the nationwide survey of the Federal Reserve System, credit cards accounted for 7.4 percent of the instalment portfolio of credit card banks.

In analyzing the profit yield of credit cards, net operating profit — defined in this study as the difference between total revenue and direct costs — was measured as a percent of average

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outstandings. On that basis, the three older plans were currently profitable after losses in earlier years. Two plans with 12 percent net operating profit in 1966 were twice as profitable as the third plan. Data were not available to measure profit on a more sophisticated basis net of administrative overhead cost and the cost of money. As a result the profit performance of these plans could not be compared with the return on other loans in the bank portfolio. All the early entrants, however, regarded the credit card as important for long-term growth and as a valuable, although relatively small, contributor to the bank's earnings at the present time.

None of these credit plans had a positive net operating profit for its first or second year of activity. Typically, however, the banks expected some monthly profits toward the end of this period. In general, this profitability picture was corroborated by the Federal Reserve System's survey. That study suggests that after the initial start-up period, credit cards normally produce yields comparable with — if not higher than — those of other instalment lending operations in the banks. Moreover, to the extent that credit cards increase the sales of other bank services, even higher profits will be generated. It is also interesting to note that a number of small bank plans are very successful.

Relations with Correspondent Banks

The sample banks' credit card relations with their correspondents depended in part on the state branching laws. Two banks located in states permitting statewide branching had no credit card affiliations with correspondents because they believed their own branch systems gave them adequate access to the credit card market. The other six banks located in states that had limited branching or prohibited it entirely either had or were planning correspondent credit card policies. The effects of correspondent relationships were most significant in the states where branching was prohibited. There 90 percent of the credit cards outstanding were issued through correspondents. One important implication for the future in such states is that if the major unit banks can achieve a fair share of retail borrowing through correspondent credit card outlets, their desire for new branches may be diminished.

Business terms for correspondent relationships varied somewhat. Because correspondents of the big city banks typically lacked the resources and the willingness to risk investment in cardholder balances, the arrangements usually provided that the major bank did most of the processing work, retained control over policy and received the bulk of the revenue. More "sweeteners" in the form of larger shares of merchant discounts and the specific identification of the correspondent bank were added in markets where it was necessary to attract correspondent cooperation.

Interchange Systems

To expand the acceptability of credit cards beyond local areas accessible to a particular bank, several interchange systems have been developed. Of the eight sample banks, six had joined one of three major interchange systems, thus effecting a new type of structural relationship. The development of national interchange systems is still in its early stages, however, and the volume and income effects of

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such interchanges on interstate banking relations are not yet significant.

Although every sample bank was in favor of some arrangement to make credit cards acceptable on a national and possibly an international basis, many problems remain to be solved. One difficulty is the distribution of revenue on interchange transactions. Because rates charged to merchants are not uniform, conceivably merchants might take advantage of lower charges and move their paper away from a local bank, although this is prohibited in some plans.

Another and more difficult problem is the relationship between the existing interchange systems. One of these, BankAmericard, grants franchises to its participants and receives royalties from them. Some arrangement would probably be necessary so that franchisee banks did not pay dual fees to a central association in addition to BankAmericard, if a single interchange system were established. Moreover, the antitrust legal issues of such a system would have to be clarified. To achieve a workable national interchange plan, the rates charged would probably have to be uniform thereby eliminating some competition among credit card systems. However, banks could still compete in signing up cardholders and merchants.

On the operational side, the most basic problem is the need for a system to clear merchant sales slips between member banks. Two main approaches could be considered. One might involve a series of clearing points set up by the member banks at central locations across the country. Another possibility might be the use of the Federal Reserve System's check clearing system. A step in this direction was indicated by the Fed's recent agreement to issue check transit numbers for credit cards. Standardized sales slips with special encoding would have to be developed to allow high speed handling. Finally, other problems such as auditing and fraud control would also have to be solved.

Still another important problem that may impede the overall growth of the credit card is the reluctance of large department stores to use them. So far these stores have found it profitable to conduct their own credit departments and are consequently unwilling to turn these operations over to banks.

Blue Sky Department

If the credit card does succeed in becoming widely accepted, and if all the interchange problems can be ironed out so that a single national interchange system can be established, the nature of our banks and banking services could change considerably. The bank credit card might become the individual's principal financial instrument and means of identification. Most commercial banks would issue credit cards under these plans which would have five principal functions:

1. to obtain cash, either from banks or member merchants.

2. to purchase goods and services. Almost all retail establishments such as large department stores and supermarkets might participate. Also professional groups such as doctors, lawyers, dentists, and accountants might accept credit cards.

3. for automatic (pre-authorized) payment of regular bills, such as utilities, rent, and insurance.

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4. as a consolidating point for all consumer lending. Larger loans including those for automobiles and home improvements might be included.
5. as a source of accounting information including the individual's checking account, transfers to savings accounts, etc.

These changes would have profound effects on retail stores. They will no longer need credit and collection departments. Thus, most of their bookkeeping functions will be taken over by banks, which will also provide sales analyses, inventory control data, payroll, and cash flow information.

The banks' economic relationships with cardholders and member merchants would also undergo changes. In general, the banks would pay customers for deposits and charge for loans and services. Merchants would pay a transaction fee based on the estimated cost of bookkeeping services and the value of money advanced by the bank.

Conclusion

Most of the sample banks believed that existing bank credit card programs are an interim and useful phase in the evolution of retail banking. They felt that credit cards could be used to prepare cardholders, retailers, and their own organizations for the implementation of an automated payment system in which checks would be used much less frequently than they are at present. Before such a system could begin to operate, the consumer has to become accustomed to substitute some form of money card for traditional payment practices. They felt that most commercial banks would issue credit cards to be in the strongest position to benefit from the funds transfer technology.

Although at present the total volume of credit card outstandings continues to be small as compared with other types of loans, credit card plans have produced important innovations in retail banking. These are primarily the new relationship between the bank and the retail merchant, the pre-approved revolving lines of credit, and a step toward an electronic money transfer system. In addition, these plans have been responsible for creating new methods for competition and developing new relationships between large city banks and their smaller correspondents.

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State and Local Borrowing and Capital Spending in 1966

by Mary N. Chamberlain and Ruth B. Norr

ONE commonly held notion is that state and local governments often delay their long-term borrowing and capital spending during periods of monetary restraint. These governments are presumed to be reluctant to pay high interest rates or are prevented from doing so by legal limitations imposed by city charters or similar documents. As a result, when prevailing interest rates climb, these governments refrain from floating bond issues. Moreover, in periods of tight money banks are presumed to be more anxious to accommodate their business borrowers than to purchase state and local bonds. Thus, many economists have assumed that the tight money policies of 1966 had a substantial effect on state and local governments. To see whether this was actually the case, this Bank, as part of a nationwide Federal Reserve System study, surveyed 623 New England state and local governments on their capital borrowing and spending experiences during the tight money year 1966. States, counties, large cities and towns, school districts and other governmental entities were included. The coverage is explained in detail in the box on page 13.

The results of the survey showed that the great majority of units with long-term borrowing plans achieved their aims without difficulty. Only 23 units postponed or abandoned their plans for borrowing because of high interest rates. Despite these postponements, monetary restraint had little actual effect on planned capital outlays since only two units deferred spending.

Borrowing Plans

Two-thirds of the survey respondents were not at all affected by monetary policy since they never had plans to borrow long term in 1966. The units with plans to raise funds had expected to obtain a total of $471.2 million and most succeeded. All but $69.0 million was raised. Altogether only 35 governmental entities postponed or abandoned one or more bond offerings. Of these 35 units, 23 were affected by high interest rates while the remaining 12 were forced to change their plans for such reasons as failure of bond referendums, pending litigation, or others.

Anticipated tight monetary policies, however, did cause a few of the units to accelerate their borrowing plans. Three units speeded up their plan to raise funds because they expected interest rates to be even higher later in the year.

The Effect of High Interest Rates

The units affected by tight money postponed four bond offerings within 1966 and either

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LONG-TERM FINANCING PROBLEMS IN 1966
New England State and Local Governments

	Units*	Volume ($ Millions)
Problems Arising from Monetary Restraint	23	$90.7
Postponed Long-term Borrowing within 1966	4	21.7
Postponed Long-term Borrowing beyond 1966	20	69.0
Action Taken		
Funds Borrowed Short-term	16	50.8
Cash and Federal Grants Used	4	16.4
Contract Awards Reduced	2	1.8
Problems Arising from Other Reasons	12	23.3
Postponed Long-term Borrowing within 1966	1	0.2
Postponed Long-term Borrowing beyond 1966	11	23.1
Action Taken		
Cash and Federal Grants Used	2	11.4
Contract Awards Reduced	9	11.7

*Units do not add to total since some had more than one experience.
Source: Federal Reserve Bank of Boston.

postponed beyond 1966 or abandoned 20 offerings. (One government with two offerings did both.) The postponements within 1966 amounted to $21.7 million and included three of less than 11 weeks duration. The other deferral was for 6 months and a revision in project costs was a secondary reason for its delay.

Presumably a government postponing an issue because of high interest rates expected to pay a lower rate when the offering was finally made. The interest costs for the short postponements were probably little changed from what they would have been if the borrowing had occurred as planned. The 6-month postponement, however, undoubtedly resulted in higher interest costs to the borrowing unit since municipal bond yields had risen about .40 of a percentage point by the time the borrowing was finally undertaken.

Four of the 20 units that deferred their offerings beyond 1966 had little choice since the prevailing interest rates were higher than their legal limits. The other units felt that interest costs were too high even though they were not constrained by a rate ceiling. Altogether $69.0 million was not borrowed long term in 1966 because of high interest rates.

Despite their postponed borrowing, the government units apparently did not feel that their capital spending plans could be delayed. Only two units reduced awards in 1966, by a total of $1.8 million. One of them reported that its spending continued to be reduced in 1967. Except for this small amount, however, the planned capital outlays were undertaken. They were financed primarily by short-term borrowing, although Federal grants and a slower rate of cash disbursements were also used. A large part of the spending that was

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undertaken even in the absence of long-term borrowing was for educational facilities and highways while postponements were mainly for water and sewage facilities.

Other Borrowing Problems

The 12 units with borrowing difficulties that were not related to interest rates were forced to postpone $23.3 million of long-term borrowing. Most of the postponements were for legal reasons such as failure of bond referendums, the need for condemnation proceedings, and pending litigation. Two units, accounting for about half of the proposed borrowing, went ahead with their projects using cash and Federal grants. One unit postponed $.2 million for a short period within 1966 and then borrowed long term. The other governments cut back their proposed capital spending by a total of $11.7 million. Of this amount, $2.3 million had still not been undertaken in 1967. Taxpayer unhappiness appears to be a more effective deterrent to capital spending than does monetary restraint, at least in New England.

Conclusion

In general, the restrictive monetary policies of 1966 had little effect on state and local governments in New England. Only 15 percent of the planned long-term borrowing was postponed as a result of high interest rates. Moreover, the effect on spending was even less significant, with less than half of 1 percent of anticipated capital spending deferred. Most government units felt that their projects warranted either payment of the prevailing high rates of long-term money or other means of financing.

THE SURVEY

As a part of a nationwide study by the Federal Reserve System, this Bank conducted a survey of New England state and local governments' borrowing experiences in 1966. All large government units were included: that is, all states, counties over 250,000 population, cities and towns over 50,000 population, local school districts over 25,000 enrollees, special local districts with $5 million debt outstanding, all state agencies, and all state and local institutions of higher learning except the very small. A stratified random sample was used to survey small and medium-size units. In this District of 65 large units and 558 small units surveyed, 64 large and 452 small units responded making an 83 percent response. These survey respondents accounted for almost 78 percent of total long-term borrowing of $490 million by all New England government units in 1966. Only the borrowing and spending of the government units responding to the survey are discussed in this article.

An article on "Monetary Restraint and Borrowing and Capital Spending by Large State and Local Governments in 1966" in the July issue of the *Federal Reserve Bulletin* analyzes the nationwide survey results for large government units. A later article will analyze the U. S. results for small and middle-size units.

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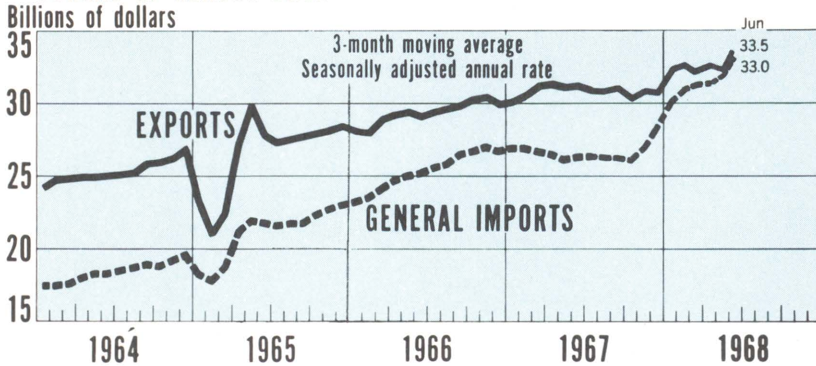
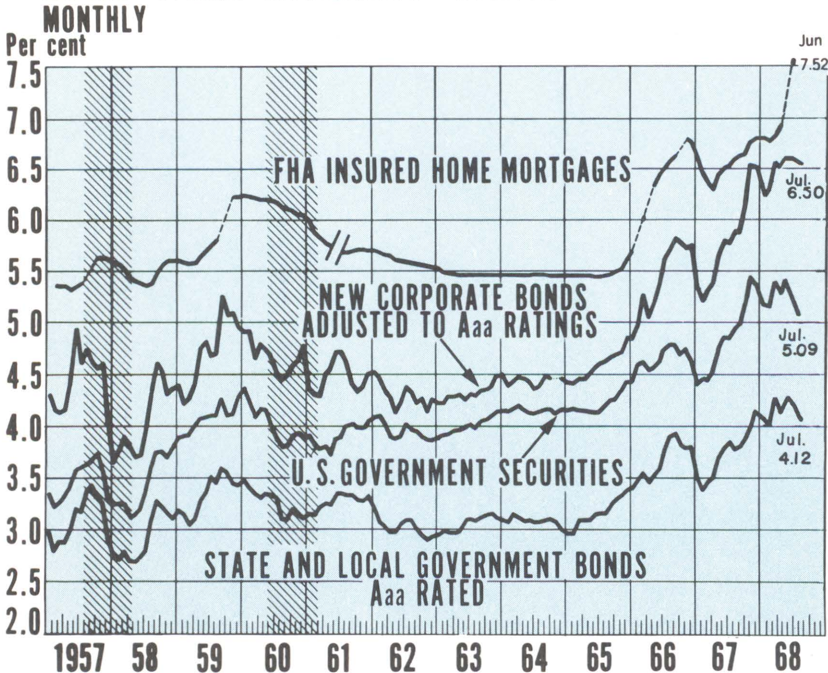


Source: Federal Reserve Bank of New York

The chart shows a steady deterioration in our trade balance at seasonally adjusted rates because imports have been rising much more rapidly than exports in recent months.



Source: Federal Reserve Bank of New York

Home mortgage rates rose sharply in June. Other more sensitive long-term rates showed declines that extended into July.

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Here's New England –

MANUFACTURING INDEXES (seasonally adjusted) 1957–59 = 100	NEW ENGLAND			UNITED STATES		
	pJune '68	May '68	June '67	June '68	May '68	June '67
All Manufacturing	147	146	146	166	166	157
Nonelectrical Machinery	157	153	166	178	177	182
Electrical Machinery	169	172	175	184	184	179
Transportation Equipment	160	157	169	182	181	168
Textiles, Apparel, Leather	106	105	101	144	144	135
Textiles	100	97	97	149	147	138
Apparel	116	115	113	n.a.	149	143
Leather and Shoes	107	108	98	n.a.	119	105
Paper	142	142	140	n.a.	161	151

		Percent Change From:			Percent Change From:	
BANKING AND CREDIT	June '68	May '68	June '67	June '68	May '68	June '67
Commercial and Industrial Loans ($ millions) (Weekly Reporting Member Banks)	3,047	+ 1	+13	68,328	+ 1	+ 9
Deposits ($ millions) (Weekly Reporting Member Banks)	8,109	0	+ 8	198,959	+ 1	+ 6
Check Payments ($ billions) (Selected Metropolitan Areas)*	315.1	− 1	+18	4,353.5	+ 3	+17
Consumer Installment Credit Outstanding (index, seas. adj. 1957–59 = 100)	190.2	+ 1	+ 6	237.5	+ 1	+ 7
DEPARTMENT STORE SALES (index, seas. adj. 1957–59 = 100)	133	− 1	− 7	n.a.	n.a.	n.a.
EMPLOYMENT, PRICES, MAN-HOURS & EARNINGS						
Nonagricultural Employment (thousands)	4,457	+ 2	+ 3	68,544	+ 1	+ 3
Insured Unemployment (thousands) (excl. R.R. and temporary programs)	71	−12	− 7	909	−10	−14
Consumer Prices (index, 1957–59 = 100)	n.a.	n.a.	n.a.	120.9	+ 1	+ 4
Production-Worker Man-Hours (index, 1957–59 = 100)	105.5	+ 2	− 1	119.7	+ 2	+ 4
Weekly Earnings in Manufacturing ($)	107.47 (Mass.)	+ 1	+ 7	123.30	+ 2	+ 8
OTHER INDICATORS						
*Total Construction Contract Awards** ($ thous.)*	352,023	−12	+28	5,545,957	+ 1	+12
Residential	150,979	+ 2	+45	2,365,890	0	+26
Nonresidential	158,013	+11	+33	1,926,477	+ 4	+ 1
Public Works and Utilities	43,030	−60	−16	1,253,590	− 1	+ 6
Electrical Energy Production (4 weeks ending June 15) (index, seas. adj. 1957–59 = 100)	192	+ 2	+ 9	203	+ 2	+ 8
Business Failures (number)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
New Business Incorporations (number)	1,050	− 8	+ 4	18,760	− 6	0

*Seasonally adjusted annual rate
**3-mos. moving averages — Apr., May, June

p = preliminary

n.a. = not available

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