

**FEDERAL RESERVE BANK
OF DALLAS**

Dallas, Texas, April 23, 1949

**CONSUMER INSTALMENT CREDIT
AMENDMENT NO. 4 TO REGULATION W**

To the Registrant Addressed and Others Concerned:

There is quoted below a press statement issued by the Board of Governors of the Federal Reserve System for release today in connection with Amendment No. 4 to Regulation W, effective April 27, 1949.

"The Board of Governors has modified Regulation W effective Wednesday, April 27, 1949, making the maximum maturity 24 months instead of 21 months on all extensions of consumer instalment credit and reducing down payments on all articles of furniture, appliances, etc., from 15 per cent to 10 per cent. The one-third down payment required on automobiles is retained. Furniture, appliances, and other articles costing less than \$100 are exempted from the scope of the regulation. Previously articles costing less than \$50 were exempted.

"In commenting on the Board's action, Chairman McCabe said:

"This further step in liberalization of the regulation of consumer instalment credit is in conformity with the Board's policy of using flexibly credit and monetary authority entrusted to the Reserve System. It is in accordance with the System's broad purpose of contributing to the national objective of stable economic progress.

"Most of the commodities subject to the regulation are now in supply at prices more favorable to the consumer than prevailed last year. Although the regulation is of limited scope, as it affects only a relatively small segment of the credit structure, nevertheless it has made a worthwhile contribution to the maintenance of sound credit conditions and helped to prevent the consuming public from contracting an excessive amount of instalment debt during the period of inflation.

"In relaxing the regulation at this time the Board had in mind not only current credit developments and current trends in employment and business but also the relation of the total volume of instalment credit to national income. Any increase in that credit to which relaxation of the regulation might contribute would not under present circumstances be a significant element in reviving inflationary pressures. If, however, such a condition were to arise again, I am sure the Board would act promptly to meet the situation'."

A copy of the amendment is enclosed. It is suggested that the amendment be filed with the regulation.

Yours very truly,

R. R. GILBERT

President

CONSUMER INSTALMENT CREDIT

AMENDMENT NO. 4 TO REGULATION W

ISSUED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Regulation W is hereby amended in the following respects effective April 27, 1949:

1. By changing "\$50.00" in Part 1 of the Supplement to read "\$100.00."

2. By changing "15 per cent" and "85 per cent" in Part 1, Group B, of the Supplement to read, respectively, "10 per cent" and "90 per cent."

3. By changing Part 2 of the Supplement to read as follows:

"Part 2. Maturities.—The maximum maturity for all listed articles and for unclassified instalment loans is 24 months."

4. By changing the figures "24" to "27" in Part 3 of the Supplement.