

**BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM**

August 31, 1945  
R&S sfo - 6

**SALES FINANCE COMPANIES**

JULY 1945

**Retail financing.** The volume of retail financing by sales finance companies declined slightly in July, but end-of-month outstanding balances continued to show a gradual rise. The 2 per cent gain in retail automotive paper acquired was accompanied by a corresponding increase over the month-period in the amount outstanding. Outstanding balances on other consumers' goods financed were 3 per cent larger than at the end of June although the dollar volume of paper purchased during July was below that of the preceding month.

The increase in total retail automotive financing, shown in the table below, was attributable to a considerable expansion in both number and dollar value for new passenger cars. Financing of used passenger cars in July was slightly above the preceding month in number of cars and paper acquired. The gains in passenger car financing were partially offset by declines in the volume of paper acquired for new and used commercial vehicles.

Retail financing of consumers' goods other than automotive showed a considerable decline in July. The volume of furniture paper acquired was down only 1 per cent but paper arising from the sale of refrigerators and other household appliances was 5 per cent smaller than in the preceding month. The volume of repair and modernization paper acquired also declined in July as is customary at this time of the year. The largest decrease occurred in financing of miscellaneous retail sales.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, June 1945 to July 1945		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+ 1	+ 2	+ 2
Passenger cars: New	+49	+26	...
Used	+ 2	+ 3	...
Commercial cars: New	+ 5	- 1	...
Used	- 5	- 4	...
Other consumers' goods: Total retail		- 9	+ 3
Furniture, radios, musical instruments		- 1	...
Refrigerators and other household appliances		- 5	...
Residential building repair and modernization		- 7	...
Miscellaneous retail		-16	...

**Wholesale financing.** Wholesale automotive financing during July amounted to approximately four-fifths of the June volume. This decline was attributable to a 29 per cent drop in paper arising from sales of new passenger and commercial vehicles and to a less marked decrease in wholesale transactions for used vehicles. Balances outstanding on all wholesale automotive paper declined further in July and at the end of the month were 16 per cent below those on June 30.

**Ratio of paper acquired to balances outstanding.** Retail automotive paper purchased was 19 per cent and other retail consumer paper 12 per cent of the respective balances outstanding at the end of the month. The volume of wholesale automotive paper acquired amounted to about 39 per cent of the balances outstanding at the end of July while industrial, commercial and farm equipment paper acquired was equivalent to only 4 per cent of the end-of-month balances.

**Note:** July data, based on returns from 179 sales finance companies, are compiled in the same manner as those shown in earlier reports. Aggregates represent only the totals for the reporting companies and, since the reporting sample is not identical from month to month, they are not comparable with totals of preceding months.

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Table 1.--Automotive and Diversified Financing by Sales Finance Companies  
Indexes of Outstanding Balances: December 31, 1939 = 100 <sup>a/</sup>

End of month and year	Total all sales financing	Retail automotive	Wholesale automotive	Wholesale other than automotive	Retail other consumers' goods	Industrial, commercial, and farm equipment
1939.....	100	100	100	100	100	100
1940.....	136	132	169	140	129	131
1941.....	152	149	175	250	148	147
1942.....	53	37	112	40	76	61
1943.....	20	13	40	8	30	27
1944.....	18	15	24	11	26	26
1944 - July .....	19	16	29	10	24	33
August .....	19	16	26	10	24	27
September .....	19	16	25	12	25	27
October .....	19	16	24	10	25	27
November .....	18	16	23	10	26	25
December .....	18	15	24	11	26	23
1945 - January .....	18	15	25	14	26	27
February .....	18	14	26	15	26	26
March .....	18	14	26	18	26	30
April .....	18	14	25	17	27	32
May .....	18	14	25	16	28	28
June .....	18	14	24	16	29	27
July .....	18	15	20	16	30	27

<sup>a/</sup> Indexes as of December 31 for the years of 1939, 1940, and 1941 are based on figures reported by sales finance companies on a supplementary report form which accompanied the regular monthly report form for January 1942. Succeeding indexes are derived by calculating the percentage changes of the outstanding balances reported by sales finance companies for each month from those reported by the same companies for the preceding month, and by linking these percentages to the indexes for the preceding month.

Table 2.--Relative Importance of Loans Made by Sales Finance Companies  
During July 1945 and Outstanding Balances at End of Month

Class of paper	Paper acquired during month		Outstanding balances, end of month	
	Amount	Percentage of total	Amount	Percentage of total
Total, all classes of paper <sup>a/</sup> .....	\$70,444,507	100	\$285,718,629	100
Total loans.....	29,227,619	41	81,480,656	28
Small (personal) loans.....	7,937,359	11	46,137,252	16
Business loans.....	21,290,260	30	35,343,404	12
Total sales financing <sup>a/</sup> .....	41,216,888	59	204,237,973	72

<sup>a/</sup> Included in this classification are only those firms which, in addition to their sales financing operations, reported loan activities.

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Table 3.--Automotive and Diversified Financing by Sales Finance Companies  
January 1942 = 100 <sup>a/</sup>

ITEM	1944						1945						
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
<u>RETAIL AUTOMOTIVE</u>													
Total number of cars financed.....	39	37	30	32	29	25	24	24	32	30	31	34	34
Total volume of paper acquired.....	51	48	40	42	37	33	31	31	41	38	39	45	46
New passenger cars.....Number.....	6	6	4	4	4	3	3	2	3	2	2	2	3
Paper acquired....	8	8	6	6	5	5	4	3	4	4	4	3	4
New commercial cars.....Number.....	15	18	30	27	22	30	22	18	25	28	30	38	40
Paper acquired....	16	20	24	22	19	25	21	17	24	24	26	30	30
Used passenger cars.....Number.....	45	42	34	36	32	27	26	27	35	33	34	37	38
Paper acquired....	64	59	48	51	45	37	36	37	48	45	46	53	54
Used commercial cars.....Number.....	11	12	16	16	14	22	17	15	19	18	18	20	19
Paper acquired....	24	23	31	34	28	46	36	30	40	35	37	41	39
<u>WHOLESALE AUTOMOTIVE</u> (Paper acquired)													
Total volume of paper acquired.....	10	12	12	12	12	14	16	15	18	16	15	15	12
New cars (passenger and commercial).....	4	5	4	4	4	5	6	4	6	5	5	7	5
Used cars (passenger and commercial).....	40	51	52	57	55	65	71	73	80	70	68	56	47
<u>DIVERSIFIED FINANCING</u> (Paper acquired)													
Total diversified financing.....	35	43	42	45	44	45	44	38	49	51	51	58	53
Total retail, other consumers' goods.....	45	56	56	59	58	59	53	48	55	63	66	75	69
Furniture, radios, musical instruments.....	21	22	23	29	23	24	27	19	26	25	28	27	26
Refrigerators and other household appliances...	17	18	13	17	14	14	17	16	22	24	33	r33	31
Residential building repairs and modernization.	118	142	131	136	133	114	99	94	114	129	151	172	159
Miscellaneous retail.....	61	99	115	113	139	207	172	154	143	179	137	171	143
Total wholesale, except automotive.....	3	4	3	4	5	5	13	7	10	8	9	9	11
Industrial, commercial, and farm equipment.....	63	52	48	68	35	39	54	55	206	122	53	50	39

<sup>a/</sup> Indexes are derived by calculating the percentage changes in the number of cars financed or the volume of paper acquired by sales finance companies during each month from the number of cars financed or the volume of paper acquired by the same companies during the preceding month, and by linking these percentages to the indexes for the preceding month. The indexes for "Total retail automotive," "Total wholesale automotive," and "Total retail, other consumers' goods" are based on all figures reported for these items regardless of whether or not breakdowns could be supplied.

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Table 4.--Automotive and Diversified Financing by Sales Finance Companies  
Paper Acquired During July 1945 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during July 1945		Outstanding balances July 31, 1945 <sup>a/</sup>	Ratio paper acquired to outstanding balances <sup>b/</sup>
	By all companies reporting	By companies reporting outstanding balances <sup>a/</sup>		
Total retail automotive.....	\$23,420,576	\$22,903,715	\$120,948,724	19
Total wholesale automotive.....	12,685,290	12,657,446	32,761,238	39
Total wholesale - other than automotive...	472,069	439,032	1,050,457	42
Total retail - other consumers' goods.....	7,362,199	6,739,326	56,089,579	12
Industrial, commercial, and farm equipment	178,790	168,328	4,371,540	4
Total sales financing.....	\$44,118,924	\$42,907,847	\$215,221,538	20

<sup>a/</sup> Data are based on figures from sales finance companies able to report both their paper acquired and their outstanding balances.

<sup>b/</sup> Ratios obtained by dividing paper acquired (column 2) by outstanding balances (column 3).

Table 5.--Number of Cars Financed and Volume of Paper Acquired  
by Sales Finance Companies During July 1945

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	35,208	100	\$19,957,876 <sup>a/</sup>	100
New passenger cars.....	182	1	184,433	1
New commercial cars.....	811	2	919,621	5
Used passenger cars.....	32,990	94	18,041,688	90
Used commercial cars.....	1,225	3	812,134	4
Total wholesale automotive.....	14,571	100	\$10,722,290	100
New cars (passenger and commercial)..	6,264	43	4,329,121	40
Used cars (passenger and commercial)..	8,307	57	6,393,169	60

<sup>a/</sup> Data are based on reports from sales finance companies providing a breakdown of their retail and wholesale automotive financing. These amounts are less than those reported in table 4 due to the exclusion of some data for which breakdowns were not available.

Table 6.--Volume of Diversified Sales Financing During July 1945

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 832,200	11
Refrigerators and other household appliances.....	324,026	4
Residential building repairs and modernization.....	4,781,928	60
Miscellaneous retail.....	1,382,501	17
Total retail - other consumers' goods.....	\$7,320,655 <sup>a/</sup>	92
Total wholesale - other than automotive.....	472,069	6
Industrial, commercial, and farm equipment.....	178,790	2
Total diversified financing.....	\$7,971,514	100

<sup>a/</sup> Data are based on reports from sales finance companies providing a breakdown of their retail financing of other consumers' goods. This amount is less than that reported in table 4 due to the exclusion of some data for which breakdowns were not available.