

**BOARD OF GOVERNORS  
OF THE  
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**SALES FINANCE COMPANIES**

NOVEMBER 1945

Retail financing.—The total volume of retail financing by sales finance companies during November was somewhat larger than a month earlier and end-of-month outstanding balances showed a further moderate rise. The 6 per cent gain in retail automotive paper acquired was accompanied by a corresponding increase during the month in the amount outstanding. Outstanding balances on contracts arising from the sale of other consumers' goods were also 6 per cent larger than at the end of October, although the volume of paper purchased during November was slightly below that of the preceding month.

The increase in total retail automotive financing, shown in the table below, was attributable to a sharp expansion in both number and dollar volume of new-car paper. The largest gains were in new passenger car financing which has been at unprecedentedly low levels in recent months. Used passenger car financing declined somewhat in November but continued to account for about four-fifths of all retail automotive paper acquired by sales finance companies.

A substantial decline in financing of miscellaneous retail sales was offset in large part by a considerable increase in paper arising from the sale of refrigerators and other household appliances and a small gain in repair and modernization financing. Furniture paper acquired showed a further slight increase in November, but continued in small volume.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, October 1945 to November 1945		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+ 2	+ 6	+ 6
Passenger cars: New	+154	+ 99	....
Used	- 3	- 1	....
Commercial cars: New	+ 60	+ 53	....
Used	+ 4	+ 4	....
Other consumers' goods: Total retail		- 2	+ 6
Furniture, radios, musical instruments		+ 5	....
Refrigerators and other household appliances		+ 45	....
Residential building repair and modernization		+ 3	....
Miscellaneous retail		- 18	....

Wholesale financing.—Wholesale automotive paper acquired increased further in November but at a much more rapid rate than in the three preceding months. Most of the increase continued to be in the financing of new passenger and commercial vehicles. Wholesale financing other than automotive was about 10 per cent larger in November than in the preceding month.

Ratio of paper acquired to balances outstanding.—Retail automotive paper purchased was 21 per cent and other retail consumer paper 14 per cent of the respective balances outstanding at the end of the month. The ratio of wholesale automotive paper acquired amounted to about nine-tenths the balances outstanding at the end of November, a much higher ratio than has prevailed in earlier months. Other wholesale paper acquired was equivalent to two-fifths of the end-of-month balances.

Note: November data, based on returns from 164 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 a/

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 - 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
August .....	18	15	18	19	31	25
September .....	18	15	17	21	33	24
October .....	19	16	18	28	35	24
November .....	21	17	24	32	37	24

a/ 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 November 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 <u>a/</u> .....	\$105,071,341	100	\$325,311,097	100
Total loans.....	32,945,223	32	87,846,218	27
Small (personal) loans.....	9,138,491	9	45,098,340	14
Business loans.....	23,806,732	23	42,747,878	13
Total sales financing <u>a/</u> .....	72,126,118	68	237,464,879	73

a/ 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										
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
<u>RETAIL AUTOMOTIVE</u>													
Total number of cars financed.....	29	25	24	24	32	30	31	34	34	33	36	40	41
Total volume of paper acquired.....	37	33	31	31	41	38	39	45	46	44	50	56	59
New passenger cars.....Number.....	4	3	3	2	3	2	2	2	3	3	4	3	9
Paper acquired.....	5	5	4	3	4	4	4	3	4	5	6	5	11
New commercial cars.....Number.....	22	30	22	18	25	28	30	38	40	56	74	92	148
Paper acquired.....	19	25	21	17	24	24	26	30	30	43	56	68	104
Used passenger cars.....Number.....	32	27	26	27	35	33	34	37	38	36	37	43	41
Paper acquired.....	45	37	36	37	48	45	46	53	54	50	54	62	61
Used commercial cars.....Number.....	14	22	17	15	19	18	18	20	19	19	31	33	34
Paper acquired.....	28	46	36	30	40	35	37	41	39	39	56	62	65
<u>WHOLESALE AUTOMOTIVE</u> (Paper acquired)													
Total volume of paper acquired.....	12	14	16	15	18	16	15	15	12	14	15	19	32
New cars (passenger and commercial).....	4	5	6	4	6	5	5	7	5	5	6	10	22
Used cars (passenger and commercial).....	55	65	71	73	80	70	68	56	47	62	56	67	71
<u>DIVERSIFIED FINANCING</u> (Paper acquired)													
Total diversified financing.....	44	45	44	38	49	51	51	58	53	62	63	84	82
Total retail, other consumers' goods.....	58	59	53	48	55	63	66	75	69	81	82	104	103
Furniture, radios, musical instruments.....	23	24	27	19	26	25	28	27	26	26	24	26	28
Refrigerators and other household appliances...	14	14	17	16	22	24	33	33	31	28	34	43	62
Residential building repairs and modernization.	133	114	99	94	114	129	151	172	159	173	158	210	216
Miscellaneous retail.....	139	207	172	154	143	179	137	171	143	242	312	378	311
Total wholesale, except automotive.....	5	5	13	7	10	8	9	9	11	11	10	24	26
Industrial, commercial, and farm equipment.....	35	39	54	55	206	122	53	50	39	47	43	90	57

<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 November 1945 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during November 1945		Outstanding balances November 30, 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.....	\$29,378,983	\$28,826,540	\$135,808,477	21
Total wholesale automotive.....	34,096,386	33,988,011	37,197,255	91
Total wholesale - other than automotive...	918,705	896,653	2,217,653	40
Total retail - other consumers' goods.....	10,587,672	9,833,726	68,037,156	14
Industrial, commercial, and farm equipment	275,421	270,750	3,831,196	7
<b>Total sales financing.....</b>	<b>\$75,257,167</b>	<b>\$73,815,680</b>	<b>\$247,091,737</b>	<b>30</b>

<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 November 1945

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	40,427	100	\$24,683,688 <sup>a/</sup>	100
New passenger cars.....	427	1	386,898	1
New commercial cars.....	2,938	7	3,201,925	13
Used passenger cars.....	34,914	87	19,684,295	80
Used commercial cars.....	2,148	5	1,410,570	6
Total wholesale automotive.....	40,955	100	\$30,432,222	100
New cars (passenger and commercial)..	29,283	71	21,168,488	70
Used cars (passenger and commercial)..	11,672	29	9,263,734	30

<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 November 1945

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 866,335	7
Refrigerators and other household appliances.....	539,620	5
Residential building repairs and modernization.....	6,538,131	56
Miscellaneous retail.....	2,618,429	22
Total retail - other consumers' goods.....	\$10,562,515 <sup>a/</sup>	90
Total wholesale - other than automotive.....	918,705	8
Industrial, commercial, and farm equipment.....	275,421	2
<b>Total diversified financing.....</b>	<b>\$11,756,641</b>	<b>100</b>

<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.