

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

G.20

April 30, 1946

**SALES FINANCE COMPANIES**

MARCH 1946

Retail financing.--The volume of automotive and other retail financing increased sharply in March, and outstanding balances on both classes of paper showed a further gradual rise.

The increase of 31 per cent in total retail automotive financing, shown in the table below, reflected gains in the volume of all classes of retail automotive paper acquired. New passenger car financing, which has been on the upswing since last November, rose sharply in March. New passenger car paper acquired accounted for about 13 per cent of the March dollar volume of retail automotive financing.

The rise of 23 per cent in retail financing of consumers' goods other than automotive resulted from marked increases in all classes of paper except that arising from miscellaneous retail sales.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, February 1946 to March 1946		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+29	+31	+ 7
Passenger cars: New	+138	+141	...
Used	+28	+23	...
Commercial cars: New	+ 9	+11	...
Used	+ 5	+23	...
Other consumers' goods: Total retail		+23	+ 5
Furniture, radios, musical instruments		+17	...
Refrigerators and other household appliances		+37	...
Residential building repair and modernisation		+37	...
Miscellaneous retail		- 4	...

Wholesale financing.--The volume of wholesale automotive financing during March was substantially above that of a month earlier, as a result of increases in both new and used car paper. Wholesale financing other than automotive was also considerably larger than the volume of the preceding month.

Ratio of paper acquired to balances outstanding.--With reference to total sales financing, the volume of paper acquired in March amounted to 35 per cent of the amount outstanding at the end of the month, or an increase of 4 percentage points over the February ratio. All classes of paper showed higher ratios in March compared with those of the preceding month.

Note: March data, based on returns from 160 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
1945.....	22	18	27	38	39	23
1945 - 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
December.....	22	18	27	38	39	23
1946 - January.....	23	18	28	44	41	25
February.....	25	19	36	49	44	27
March.....	26	20	36	56	46	32

<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 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> .....	\$145,720,611	100	\$404,286,023	100
Total loans.....	38,985,335	27	99,906,236	25
Small (personal) loans.....	11,127,653	8	50,640,610	13
Business loans.....	27,857,682	19	49,265,626	12
Total sales financing <sup>a/</sup> .....	106,735,276	73	304,379,787	75

<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	1945										1946		
	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
<u>RETAIL AUTOMOTIVE</u>													
Total number of cars financed.....	32	30	31	34	34	33	36	40	41	40	42	40	54
Total volume of paper acquired.....	41	38	39	45	46	44	50	56	59	57	60	58	76
New passenger cars.....Number.....	3	2	2	2	3	3	4	3	9	18	32	38	90
Paper acquired....	4	4	4	3	4	5	6	5	11	19	34	39	93
New commercial cars.....Number.....	25	28	30	38	40	56	74	92	148	83	61	57	62
Paper acquired....	24	24	26	30	30	43	56	68	104	65	49	46	51
Used passenger cars.....Number.....	35	33	34	37	38	36	37	43	41	39	43	39	50
Paper acquired....	48	45	46	53	54	50	54	62	61	58	64	60	73
Used commercial cars.....Number.....	19	18	18	20	19	19	31	33	34	45	41	40	42
Paper acquired....	40	35	37	41	39	39	56	62	65	88	81	82	100
<u>WHOLESALE AUTOMOTIVE</u> (Paper acquired)													
Total volume of paper acquired.....	18	16	15	15	12	14	15	19	32	30	32	46	52
New cars (passenger and commercial).....	6	5	5	7	5	5	6	10	22	21	22	35	40
Used cars (passenger and commercial).....	80	70	68	56	47	62	56	67	71	64	71	74	90
<u>DIVERSIFIED FINANCING</u> (Paper acquired)													
Total diversified financing.....	49	51	51	58	53	62	63	84	82	82	93	92	117
Total retail, other consumers' goods.....	55	63	66	75	69	81	82	104	103	101	109	109	134
Furniture, radios, musical instruments.....	26	25	28	27	26	26	24	26	28	29	29	26	30
Refrigerators and other household appliances...	22	24	33	33	31	28	34	43	62	69	76	71	98
Residential building repairs and modernization.	114	129	151	172	159	173	158	210	216	197	204	197	271
Miscellaneous retail.....	143	179	137	171	143	242	312	378	311	286	352	383	368
Total wholesale, except automotive.....	10	8	9	9	11	11	10	24	26	26	34	37	50
Industrial, commercial, and farm equipment.....	206	122	53	50	39	47	43	90	57	84	164	129	216

a/ 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 March 1946 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during March 1946		Outstanding balances March 31, 1946 <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.....	\$38,523,745	\$37,580,456	\$161,771,246	23
Total wholesale automotive.....	56,898,230	56,587,737	60,166,177	94
Total wholesale - other than automotive...	1,661,917	1,599,389	3,906,423	41
Total retail - other consumers' goods....	13,000,873	12,326,298	84,877,628	15
Industrial, commercial, and farm equipment	1,141,764	1,114,349	5,433,181	21
<b>Total sales financing.....</b>	<b>\$111,226,529</b>	<b>\$109,208,229</b>	<b>\$316,154,655</b>	<b>35</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 March 1946

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	52,010	100	\$31,851,372 <sup>a/</sup>	100
New passenger cars.....	4,989	9	3,984,198	13
New commercial cars.....	1,432	3	1,729,069	5
Used passenger cars.....	43,060	83	24,147,321	76
Used commercial cars.....	2,529	5	1,990,784	6
Total wholesale automotive.....	59,284	100	\$49,723,209 <sup>a/</sup>	100
New cars (passenger and commercial)..	44,523	75	37,514,421	75
Used cars (passenger and commercial)..	14,761	25	12,208,788	25

<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 March 1946

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 861,520	6
Refrigerators and other household appliances.....	788,406	5
Residential building repairs and modernization.....	8,208,861	52
Miscellaneous retail.....	3,062,723	19
Total retail - other consumers' goods.....	\$12,921,510 <sup>a/</sup>	82
Total wholesale - other than automotive.....	1,661,917	11
Industrial, commercial, and farm equipment.....	1,141,764	7
<b>Total diversified financing.....</b>	<b>\$15,725,191</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.