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SALES FINANCE COMPANIES

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Retail financing.--The volume of retail financing by sales finance companies advanced sharply in December after declining somewhat during the preceding month. Automotive paper acquired increased 22 per cent and diversified financing rose 7 per cent above respective November levels. Outstanding balances on both classes of paper continued to increase.

The gain in total retail automobile financing, shown in the table below, resulted from increases in all types of cars financed except new commercial vehicles. New car financing, after a small decline in November, rose 37 per cent, and accounted for about 44 per cent of the dollar volume of retail automotive paper acquired during the current month.

The 7 per cent rise in diversified financing reflected sizable gains in the volume of paper based upon sales of furniture and radios, refrigerators and other household appliances, and miscellaneous retail sales. The volume of paper acquired for residential repair and modernization remained at the November level.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, November 1946 to December 1946		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+17	+22	+ 9
Passenger cars: New	+29	+37	...
Used	+16	+21	...
Commercial cars: New	-24	-14	...
Used	+ 9	+12	...
Other consumers' goods: Total retail		+ 7	+ 8
Furniture, radios, musical instruments		+42	...
Refrigerators and other household appliances		+34	...
Residential building repair and modernization		0	...
Miscellaneous retail		+12	...

Wholesale financing.--The December volume of wholesale automotive financing was about 19 per cent larger than that of a month earlier, reflecting marked gains in the financing of both new and used vehicles. Other wholesale financing increased about one-fourth over the November volume. Balances outstanding on automotive and other wholesale financing showed further substantial gains.

Ratio of paper acquired to balances outstanding.--The ratio of paper acquired during the month to balances outstanding at the end of the month advanced 3 percentage points to 41 for December.

Note.--December data, based on returns from 157 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	15	40	8	30	27
1944.....	18	15	24	11	26	26
1945.....	22	18	27	38	39	23
1946.....	59	42	90	224	105	59
1946 - January.....	23	18	28	44	41	25
February.....	25	19	36	49	44	27
March.....	26	20	36	56	46	32
April.....	29	22	35	68	51	35
May.....	31	24	37	71	57	36
June.....	33	26	40	81	62	38
July.....	37	28	48	91	69	38
August.....	41	30	55	106	75	44
September.....	44	33	57	125	82	46
October.....	49	36	66	146	90	49
November.....	53	38	78	177	97	57
December.....	59	42	90	224	105	59

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 December 1946 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 a/.....	\$331,155,703	100	\$826,762,044	100
Total loans.....	55,239,459	17	152,144,474	18
Small (personal) loans.....	19,304,587	6	74,517,360	9
Business loans.....	35,934,872	11	77,627,114	9
Total sales financing a/.....	275,916,244	83	674,617,570	82

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  
Paper Acquired During December 1946 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during December 1946		Outstanding balances December 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.....	\$ 76,799,772	\$ 76,812,853	\$338,818,030	22
Total wholesale automotive.....	172,281,877	171,856,166	142,637,866	120
Total wholesale - other than automotive....	6,964,755	6,958,563	16,531,316	42
Total retail - other consumers' goods.....	26,648,758	26,559,671	189,563,104	14
Industrial, commercial, and farm equipment	1,345,478	1,324,568	9,583,590	14
<b>Total sales financing.....</b>	<b>\$284,040,640</b>	<b>\$282,511,821</b>	<b>\$697,133,926</b>	<b>41</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 4.--Number of Cars Financed and Volume of Paper Acquired  
by Sales Finance Companies During December 1946

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	83,930	100	\$ 66,980,196 <sup>a/</sup>	100
New passenger cars.....	29,071	35	28,786,633	44
New commercial cars.....	4,338	5	6,140,030	9
Used passenger cars.....	46,949	56	28,374,134	43
Used commercial cars.....	3,572	4	2,679,399	4
Total wholesale automotive.....	140,303	100	\$154,632,948 <sup>a/</sup>	100
New cars (passenger and commercial)..	118,931	85	134,186,429	87
Used cars (passenger and commercial)..	21,372	15	20,446,519	13

<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 3 due to the exclusion of some data for which breakdowns were not available.

Table 5.--Volume of Diversified Sales Financing During December 1946

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,422,419	4
Refrigerators and other household appliances.....	2,041,404	6
Residential building repairs and modernization.....	15,294,139	45
Miscellaneous retail.....	6,916,217	21
Total retail - other consumers' goods.....	\$25,674,179 <sup>a/</sup>	76
Total wholesale - other than automotive.....	6,964,755	20
Industrial, commercial, and farm equipment.....	1,345,478	4
<b>Total diversified financing.....</b>	<b>\$33,984,412</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 3 due to the exclusion of some data for which breakdowns were not available.