

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

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SALES FINANCE COMPANIES

MARCH 1947

Retail financing.—Sales finance companies reported sharp gains in the volume of retail instalment financing in March. Retail automotive paper acquired advanced 24 per cent and diversified financing rose 27 per cent over respective February levels. Outstanding balances on both classes of paper increased further during the month.

The gain in total retail automobile financing shown in the table below reflected substantial increases in all types of cars financed. The number of used vehicles financed was approximately twice that of new vehicles, but the dollar volume of paper acquired was about equal for both types of vehicle.

The marked rise in diversified financing resulted from considerable gains in all classes of paper, with the largest percentage increase reported in paper based on sales of refrigerators and other household appliances.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, February 1947 to March 1947		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	<u>+25</u>	<u>+24</u>	<u>+10</u>
Passenger cars: New	+21	+22	...
Used	+25	+23	...
Commercial cars: New	+29	+31	...
Used	+19	+15	...
Other consumers' goods: Total retail		<u>+27</u>	<u>+ 7</u>
Furniture, radios, musical instruments		+26	...
Refrigerators and other household appliances		+28	...
Residential building repair and modernization		+26	...
Miscellaneous retail		+27	...

Wholesale financing.—The March volume of wholesale automotive financing was about 23 per cent larger than a month earlier, reflecting sizable gains in the financing of both new and used vehicles. Other wholesale financing increased about one-fifth over the February volume. Outstanding balances on both classes of credit continued upward.

Ratio of paper acquired to balances outstanding.—The volume of paper acquired in March was equal to about 43 per cent of the amount outstanding at the end of the month, representing an increase of 6 percentage points over the February ratio. All classes of paper showed higher ratios in March compared with the previous month.

Note.—March data, based on returns from 154 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
1945.....	22	18	27	38	39	23
1946.....	59	42	90	224	105	59
1946 - 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
1947 - January.....	62	45	95	252	110	60
February.....	68	48	105	287	116	61
March.....	73	53	111	325	124	68

^{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 March 1947 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/}	\$423,324,146	100	\$1,020,184,315	100
Total loans.....	51,667,730	12	166,264,769	16
Small (personal) loans.....	15,813,876	4	80,929,725	8
Business loans.....	35,853,854	8	85,335,044	8
Total sales financing ^{a/}	371,656,416	88	853,919,546	84

^{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 March 1947 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during March 1947		Outstanding balances March 31, 1947 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$ 98,434,843	\$ 97,241,510	\$440,332,557	22
Total wholesale automotive.....	240,431,379	239,827,478	181,559,848	132
Total wholesale - other than automotive...	8,638,528	8,630,358	23,849,723	36
Total retail - other consumers' goods.....	32,316,666	31,213,009	224,798,311	14
Industrial, commercial, and farm equipment	2,297,709	2,045,180	10,981,512	19
Total sales financing.....	\$382,119,125	\$378,957,535	\$881,521,951	43

^{a/} Data are based on figures from sales finance companies able to report both their paper acquired and their outstanding balances.

^{b/} 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 March 1947

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	109,079	100	\$ 85,097,399 ^{a/}	100
New passenger cars.....	30,865	28	32,417,945	38
New commercial cars.....	7,624	7	10,310,875	12
Used passenger cars.....	65,534	60	38,796,722	46
Used commercial cars.....	5,056	5	3,571,857	4
Total wholesale automotive.....	192,857	100	\$219,676,910	100
New cars (passenger and commercial)..	164,205	85	193,437,234	88
Used cars (passenger and commercial)..	28,652	15	26,239,676	12

^{a/} 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 March 1947

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,877,642	5
Refrigerators and other household appliances.....	2,983,572	7
Residential building repairs and modernization.....	16,171,951	38
Miscellaneous retail.....	10,319,059	24
Total retail - other consumers' goods.....	\$31,352,224 ^{a/}	74
Total wholesale - other than automotive.....	8,638,528	21
Industrial, commercial, and farm equipment.....	2,297,709	5
Total diversified financing.....	\$42,288,461	100

^{a/} 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.