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SALES FINANCE COMPANIES

APRIL 1947

Retail financing.—Sales finance companies continued to report gains in the volume of retail instalment financing in April. Increases over March in automotive paper acquired and in diversified financing were accompanied by further rises in respective outstanding balances.

The 5 per cent gain in total retail automotive financing shown in the table below, reflected increases in all types of cars financed except new commercial vehicles. New passenger car paper advanced 6 per cent while new commercial vehicle paper was down 3 per cent compared with respective March levels. Trends in April automobile production were somewhat similar with output of passenger cars increasing about 4 per cent and of commercial vehicles declining approximately 2 per cent.

Retail financing of consumer goods other than automotive was 11 per cent higher than that of the preceding month. Decreases in paper based on miscellaneous retail sales and in furniture paper were more than offset by substantial increases in residential repair and modernization credit and in paper based on sales of refrigerators and appliances.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, March 1947 to April 1947		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+ 5	+ 5	+ 9
Passenger cars: New	+ 8	+ 6	...
Used	+ 4	+ 7	...
Commercial cars: New	- 2	- 3	...
Used	+ 4	+ 5	...
Other consumers' goods: Total		+11	+ 9
Furniture, radios, musical instruments		- 2	...
Refrigerators and other household appliances		+22	...
Residential building repair and modernization		+20	...
Miscellaneous retail		- 2	...

Wholesale financing.—The April volume of wholesale automotive financing was above that of March, reflecting gains in both new and used vehicle paper. As a result of the rapid turnover in wholesale automotive financing outstanding balances declined slightly during the month. A drop of 5 per cent in wholesale financing other than automotive was accompanied by a small increase in outstanding balances.

Ratio of paper acquired to balances outstanding.—Paper purchased in April was about 42 per cent of the amount outstanding at the end of the month representing a decrease of one percentage point compared with March. All classes of paper except wholesale automotive paper showed lower ratios.

Note.—April data, based on returns from 153 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
1946.....	59	42	90	224	105	59
1946 - 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
April.....	78	58	110	341	136	67

<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 April 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 <sup>a/</sup> .....	\$441,706,801	100	\$1,083,386,096	100
Total loans.....	50,885,683	12	168,955,949	16
Small (personal) loans.....	16,065,093	4	83,279,994	8
Business loans.....	34,820,590	8	85,675,955	8
Total sales financing <sup>a/</sup> .....	390,821,118	88	914,430,147	84

<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  
Paper Acquired During April 1947 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during April 1947		Outstanding balances April 30, 1947 <u>a/</u>	Ratio paper acquired to outstanding balances <u>b/</u>
	By all companies reporting	By companies reporting outstanding balances <u>a/</u>		
Total retail automotive.....	\$103,909,951	\$102,626,437	\$480,948,489	21
Total wholesale automotive.....	252,437,832	251,878,547	180,227,613	140
Total wholesale - other than automotive...	8,179,847	8,163,226	25,511,319	32
Total retail - other consumers' goods.....	35,838,718	34,892,521	246,631,187	14
Industrial, commercial, and farm equipment	1,866,861	1,737,453	10,886,701	16
Total sales financing.....	\$402,233,209	\$399,298,184	\$944,205,309	42

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 April 1947

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	114,550	100	\$ 89,624,402 <u>a/</u>	100
New passenger cars.....	33,152	29	34,276,806	38
New commercial cars.....	7,443	6	10,009,753	11
Used passenger cars.....	68,690	60	41,571,912	47
Used commercial cars.....	5,265	5	3,765,931	4
Total wholesale automotive.....	199,442	100	\$231,208,042 <u>a/</u>	100
New cars (passenger and commercial)..	168,358	84	201,500,006	87
Used cars (passenger and commercial)..	31,084	16	29,708,036	13

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 April 1947

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,833,092	4
Refrigerators and other household appliances.....	3,591,984	8
Residential building repairs and modernization.....	19,485,031	43
Miscellaneous retail.....	10,109,008	23
Total retail - other consumers' goods.....	\$35,019,115 <u>a/</u>	78
Total wholesale - other than automotive.....	8,179,847	18
Industrial, commercial, and farm equipment.....	1,866,861	4
Total diversified financing.....	\$45,065,823	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.