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FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

AUGUST 1947

Retail financing.—Sales finance companies reported a small drop in the volume of retail automotive financing in August and no change in total diversified financing. Outstanding balances on both classes of paper continued to increase during the month.

The 3 per cent drop in total retail automotive paper acquired shown in the table below reflected decreases in all types of transactions except the financing of used commercial vehicles. The largest percentage decline was in the financing of new passenger cars.

Retail financing of consumer goods other than automotive registered decreases in all classes of paper except that based on miscellaneous retail sales.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, July 1947 to August 1947		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	- 6	- 3	+ 5
Passenger cars: New	-11	- 7	...
Used	- 6	- 2	...
Commercial cars: New	- 3	- 2	...
Used	+13	+13	...
Other consumers' goods: Total		0	+ 7
Furniture, radios, musical instruments		- 4	...
Refrigerators and other household appliances		- 2	...
Residential building repair and modernization		- 2	...
Miscellaneous retail		+ 6	...

Wholesale financing.—The volume of wholesale automotive financing during the month was 7 per cent less than that of the preceding month as a result of reductions in the financing of both new and used vehicles. Other wholesale paper, declining for the third consecutive month, was about 5 per cent below the July level. Outstanding balances on both classes of paper continued downward.

Ratio of paper acquired to balances outstanding.—The ratio of paper acquired during the month to balances outstanding at the end of the month dropped 3 percentage points to 35 for August. All classes of paper except that arising from the sale of industrial, commercial and farm equipment, showed lower ratios.

Note.—August data, based on returns from 147 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 - 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
May.....	82	62	106	351	145	70
June.....	87	66	111	346	157	71
July.....	91	69	109	336	168	74
August.....	94	72	103	333	180	87

^{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 August 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/}	\$424,535,070	100	\$1,237,053,644	100
Total loans.....	48,067,292	11	164,012,946	13
Small (personal) loans.....	15,610,984	4	87,719,539	7
Business loans.....	32,456,308	7	76,293,407	6
Total sales financing ^{a/}	376,467,778	89	1,073,040,698	87

^{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 August 1947 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during August 1947		Outstanding balances August 31, 1947 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$101,473,797	\$ 99,646,238	\$ 580,396,919	17
Total wholesale automotive.....	232,583,188	231,513,152	160,898,660	144
Total wholesale - other than automotive...	6,851,693	6,833,676	25,122,245	27
Total retail - other consumers' goods.....	43,043,764	42,541,773	328,073,648	13
Industrial, commercial, and farm equipment	3,227,989	3,149,931	14,055,665	22
Total sales financing.....	\$387,180,431	\$383,684,770	\$1,108,547,137	35

^{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 August 1947

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	99,317	100	\$ 84,260,115 ^{a/}	100
New passenger cars.....	27,495	28	31,765,853	38
New commercial cars.....	6,836	7	9,642,567	11
Used passenger cars.....	59,397	60	38,706,503	46
Used commercial cars.....	5,589	5	4,115,192	5
Total wholesale automotive.....	167,358	100	\$210,356,939 ^{a/}	100
New cars (passenger and commercial)..	145,639	87	187,778,658	89
Used cars (passenger and commercial)..	21,719	13	22,578,281	11

^{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 August 1947

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,663,331	3
Refrigerators and other household appliances.....	4,399,799	8
Residential building repairs and modernization.....	24,385,903	47
Miscellaneous retail.....	11,761,867	23
Total retail - other consumers' goods.....	\$42,210,900 ^{a/}	81
Total wholesale - other than automotive.....	6,851,693	13
Industrial, commercial, and farm equipment.....	3,227,989	6
Total diversified financing.....	\$52,290,582	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.