

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

SEPTEMBER 1947

Retail financing.--Sales finance companies reported a marked gain in the volume of retail automotive financing in September and a moderate increase in total diversified financing. Outstanding balances on both classes of paper expanded further during the month.

The 10 per cent rise in total retail automotive paper acquired shown in the table below reflected increases in the financing of all types of vehicles. Paper based on sales of used cars was up somewhat more sharply than that based on new cars.

Total diversified financing increased 5 per cent over the August volume as a result of advances in all classes of paper. The largest percentage increase was in paper arising from sales of furniture, radios, and musical instruments.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, August 1947 to September 1947		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+ 8	+10	+ 4
Passenger cars: New	+ 4	+ 6	...
Used	+ 7	+ 9	...
Commercial cars: New	+ 6	+ 8	...
Used	+ 8	+11	...
Other consumers' goods: Total		+ 5	+ 6
Furniture, radios, musical instruments		+15	...
Refrigerators and other household appliances		+ 8	...
Residential building repair and modernization		+ 3	...
Miscellaneous retail		+ 7	...

Wholesale financing.--The September volume of automotive financing was substantially above that of August, reflecting marked increases in the financing of both new and used vehicles. Automotive outstanding balances expanded during the month and balances based on wholesale transactions in other merchandise continued to decline.

Ratio of paper acquired to balances outstanding.--The ratio of paper acquired during the month to balances outstanding at the end of the month increased 2 percentage points to 37 for September.

Note.--September data, based on returns from 137 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 - 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
September.....	100	75	122	321	192	86

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 September 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/.....	\$472,032,779	100	\$1,322,725,728	100
Total loans.....	50,326,239	11	181,186,527	14
Small (personal) loans.....	15,911,712	4	88,322,070	7
Business loans.....	34,414,527	7	92,864,457	7
Total sales financing a/.....	421,706,540	89	1,141,539,201	86

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 September 1947 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during September 1947		Outstanding balances September 30, 1947 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$110,576,441	\$108,564,187	\$ 597,865,498	18
Total wholesale automotive.....	270,744,285	268,989,011	191,742,710	140
Total wholesale - other than automotive...	6,936,511	6,936,330	24,081,424	29
Total retail - other consumers' goods....	44,724,166	44,596,709	350,058,553	13
Industrial, commercial, and farm equipment	1,343,589	1,127,292	13,908,469	8
Total sales financing.....	\$434,324,992	\$430,203,529	\$1,177,656,654	37

^{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 September 1947

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	105,624	100	\$ 91,032,467 ^{a/}	100
New passenger cars.....	28,885	27	34,078,600	37
New commercial cars.....	7,216	7	10,379,275	11
Used passenger cars.....	64,027	61	42,379,409	47
Used commercial cars.....	5,496	5	4,195,183	5
Total wholesale automotive.....	185,229	100	\$242,105,233 ^{a/}	100
New cars (passenger and commercial)..	161,019	87	214,752,943	89
Used cars (passenger and commercial)..	24,210	13	27,352,285	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 September 1947

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,813,287	3
Refrigerators and other household appliances.....	4,476,290	9
Residential building repairs and modernization.....	26,066,441	50
Miscellaneous retail.....	11,786,706	22
Total retail - other consumers' goods.....	\$44,142,424 ^{a/}	84
Total wholesale - other than automotive.....	6,936,511	13
Industrial, commercial, and farm equipment.....	1,343,589	3
Total diversified financing.....	\$52,422,524	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.