

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

G.20

December 11, 1947

**SALES FINANCE COMPANIES**

OCTOBER 1947

Retail financing.—Sales finance companies reported marked gains in the retail volume of both automotive and diversified financing in October. Outstanding balances on the two classes of paper continued to increase during the month.

The rise of 9 per cent in total retail automotive paper acquired shown in the table below reflected increases in the financing of all types of vehicles except used passenger cars. New vehicle financing in October was up about one-fourth over the level of the preceding month.

Diversified financing increased 13 per cent over the September volume, as a result of gains in all classes of paper. Repair and modernization paper rose one-fifth above the level of a month earlier.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, September 1947 to October 1947		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	<u>+ 3</u>	<u>+ 9</u>	<u>+ 5</u>
Passenger cars: New	+21	+24	...
Used	- 3	- 1	...
Commercial cars: New	+25	+25	...
Used	+ 4	+ 7	...
Other consumers' goods: Total		<u>+13</u>	<u>+ 7</u>
Furniture, radios, musical instruments		+ 6	...
Refrigerators and other household appliances		+ 3	...
Residential building repair and modernization		+20	...
Miscellaneous retail		+ 2	...

Wholesale financing.—The October volume of wholesale automotive financing was about 12 per cent above that of September. New car financing increased 15 per cent but used car financing declined by 8 per cent. Automotive outstanding balances expanded further during the month and nonautomotive balances 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 three percentage points to 40 for October.

Note.—October data, based on returns from 150 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.

## SALES FINANCE COMPANIES

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 - 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
October.....	105	79	124	310	206	92

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 October 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/.....	\$535,679,649	100	\$1,397,058,095	100
Total loans.....	55,302,994	10	175,877,837	13
Small (personal) loans.....	17,827,841	3	92,459,420	7
Business loans.....	37,475,153	7	83,418,417	6
Total sales financing a/.....	480,376,655	90	1,221,180,258	87

a/ Included in this classification are only those firms which, in addition to their sales financing operations, reported loan activities.

## SALES FINANCE COMPANIES

Table 3.--Automotive and Diversified Financing by Sales Finance Companies  
Paper Acquired During October 1947 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during October 1947		Outstanding balances October 31, 1947 <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.....	\$125,900,514	\$123,761,919	\$ 653,523,428	20
Total wholesale automotive.....	307,599,240	305,577,048	200,240,108	155
Total wholesale - other than automotive...	8,613,528	8,608,593	23,517,676	35
Total retail - other consumers' goods.....	50,755,949	50,049,603	371,800,467	14
Industrial, commercial, and farm equipment	1,491,777	1,429,611	14,700,182	10
Total sales financing.....	\$494,361,008	\$489,426,774	\$1,263,781,861	40

<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 October 1947

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	116,803	100	\$106,212,530 <sup>a/</sup>	100
New passenger cars.....	35,813	31	43,516,634	41
New commercial cars.....	9,085	8	13,060,294	12
Used passenger cars.....	66,086	56	45,126,997	43
Used commercial cars.....	5,819	5	4,508,605	4
Total wholesale automotive.....	214,358	100	\$281,063,382 <sup>a/</sup>	100
New cars (passenger and commercial)..	187,642	88	252,462,964	90
Used cars (passenger and commercial)..	26,716	12	28,600,418	10

<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 October 1947

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,930,523	3
Refrigerators and other household appliances.....	4,782,452	8
Residential building repairs and modernization.....	31,396,539	52
Miscellaneous retail.....	12,031,743	20
Total retail - other consumers' goods.....	\$50,141,257 <sup>a/</sup>	83
Total wholesale - other than automotive.....	8,613,528	14
Industrial, commercial, and farm equipment.....	1,491,777	3
Total diversified financing.....	\$60,246,562	100

<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.