

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

DECEMBER 1947

February 12, 1948.

**SALES FINANCE COMPANIES**

**Retail financing.**--Sales finance companies reported sharp increases in December in the volume of financing of all types of vehicles, with new passenger cars showing the largest percentage gain. The rise in new vehicle financing paralleled the December increase in production. Instalment transactions in used passenger cars recovered somewhat in December after declining in the two preceding months.

Substantial gains were also registered in all types of non-automotive financing except for residential repairs and modernization. This latter class of paper which represents the largest segment of non-automotive retail credit extended by the reporting companies showed a seasonal decline in volume for the second consecutive month.

The increased volume of retail financing in December was accompanied by a 6 per cent rise in the amount of automotive balances outstanding and a 4 per cent gain in balances based on other goods.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, November 1947 to December 1947		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+12	+13	+ 6
Passenger cars: New	+21	+21	...
Used	+ 7	+ 5	...
Commercial cars: New	+13	+12	...
Used	+ 7	+12	...
Other consumers' goods: Total		+ 3	+ 4
Furniture, radios, musical instruments		+42	...
Refrigerators and other household appliances		+26	...
Residential building repair and modernization		- 9	...
Miscellaneous retail		+24	...

**Wholesale financing.**--The December volume of total wholesale automotive financing was larger than in the preceding month, reflecting a marked increase in sales to dealers of new vehicles and a moderate rise of such transactions in used vehicles. Wholesale financing of other goods was also well above the volume of a month earlier.

**Ratio of paper acquired to balances outstanding.**--The ratio of paper purchased during the month to balances outstanding at the end of the month increased three percentage points to 38 in December.

**Note.**--December data, based on returns from 142 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 <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
1947.....	119	88	163	394	226	89
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
November.....	111	83	138	359	218	89
December.....	119	88	163	394	226	89

<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 December 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> .....	\$529,182,067	100	\$1,381,946,387	100
Total loans.....	54,601,849	10	145,014,571	11
Small (personal) loans.....	19,519,697	4	78,759,037	6
Business loans.....	35,082,152	6	66,255,534	5
Total sales financing <sup>a/</sup> .....	474,580,218	90	1,236,931,816	89

<sup>a/</sup> 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 December 1947 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during December 1947		Outstanding balances December 31, 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.....	\$122,983,374	\$121,485,543	\$ 637,415,142	19
Total wholesale automotive.....	310,288,849	308,321,963	228,408,490	135
Total wholesale - other than automotive...	12,288,472	12,286,516	29,568,414	42
Total retail - other consumers' goods.....	36,119,822	35,996,017	318,793,514	11
Industrial, commercial, and farm equipment	7,361,128	7,357,210	67,782,574	11
Total sales financing.....	489,041,645	485,447,249	1,281,968,134	38

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 December 1947

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	116,396	100	\$117,452,889 <u>a/</u>	100
New passenger cars.....	43,304	37	55,708,097	47
New commercial cars.....	8,358	7	12,126,777	10
Used passenger cars.....	59,951	52	45,362,269	39
Used commercial cars.....	4,783	4	4,255,746	4
Total wholesale automotive.....	228,774	100	305,419,169	100
New cars (passenger and commercial)...	205,206	90	280,637,079	92
Used cars (passenger and commercial)...	23,568	10	24,782,090	8

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 December 1947

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,771,330	3
Refrigerators and other household appliances.....	5,474,657	10
Residential building repairs and modernization.....	21,796,771	40
Miscellaneous retail.....	6,243,907	11
Total retail - other consumers' goods.....	35,286,665 <u>a/</u>	64
Total wholesale - other than automotive.....	12,288,472	22
Industrial, commercial, and farm equipment.....	7,361,128	14
Total diversified financing.....	54,936,265	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.