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

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**SALES FINANCE COMPANIES**

JULY 1948

**Retail financing.**—In July the reporting sales finance companies showed a further gain in the volume of retail automotive paper acquired, and outstanding balances in this classification rose 5 per cent. Financing of other consumers' goods declined for the third successive month, but the amount outstanding on these goods was unchanged from the June level.

The dollar amount of retail automobile paper purchased in July was 5 per cent more than in June, as indicated in the table below. Activity in new passenger cars was well above that of a month earlier. Used passenger car financing showed little change while financing of commercial vehicles declined from the June level.

The decline of 8 per cent in the financing of other consumers' goods reflected a decrease in all classes of paper. A considerable drop in paper arising from the sales of furniture, radios, and musical instruments was reported for July.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, June to July 1948		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+ 3	+ 5	+ 5
Passenger cars: New	+ 8	+ 9	...
Used	- 1	+ 2	...
Commercial cars: New	- 5	- 4	...
Used	- 2	- 4	...
Other consumers' goods: Total		- 8	0
Furniture, radios, musical instruments		-42	...
Refrigerators and other household appliances		- 2	...
Residential building repair and modernization		- 5	...
Miscellaneous retail		-12	...

**Wholesale financing.**—Paper based on wholesale transactions in motor vehicles was up substantially but that for nonautomotive transactions continued to drop. Outstanding balances on these two types of paper were slightly lower for July than for the preceding month.

**Ratio of paper acquired to balances outstanding.**—The turnover rate of total retail and wholesale paper as indicated by the ratio of paper purchased during the month to balances outstanding at the end of the month increased two percentage points to 34.

**Note.**—July data, based on returns from 139 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-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
1948-January.....	123	92	167	426	229	92
February.....	127	96	171	445	230	94
March.....	134	105	175	458	232	98
April.....	139	113	159	517	240	111
May.....	141	119	143	495	250	118
June.....	147	123	165	462	251	121
July.....	151	130	164	448	250	120

<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 July 1948 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> .....	\$618,906,724	100	\$1,860,100,291	100
Total loans.....	47,896,507	8	177,842,073	10
Small (personal) loans.....	13,480,653	2	75,973,609	4
Business loans.....	34,415,854	6	101,868,464	6
Total sales financing <sup>a/</sup> .....	571,010,217	92	1,682,258,218	90

<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 July 1948 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during July 1948		Outstanding balances July 31, 1948 <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.....	\$177,071,615	\$174,765,200	\$ 969,038,562	18
Total wholesale automotive.....	362,837,747	361,072,728	256,843,226	141
Total wholesale - other than automotive...	11,224,618	11,165,554	34,115,953	33
Total retail - other consumers' goods.....	29,584,730	29,528,379	383,679,141	8
Industrial, commercial, and farm equipment	6,949,892	6,877,952	90,113,059	8
<b>Total sales financing.....</b>	<b>\$587,668,602</b>	<b>\$583,409,813</b>	<b>\$1,733,789,941</b>	<b>34</b>

<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 July 1948

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	138,466	100	\$148,862,484 <sup>a/</sup>	100
New passenger cars.....	39,288	29	54,883,029	37
New commercial cars.....	11,336	8	17,276,826	12
Used passenger cars.....	80,676	58	70,631,741	47
Used commercial cars.....	7,166	5	6,070,888	4
Total wholesale automotive.....	222,082	100	\$332,542,180 <sup>a/</sup>	100
New cars (passenger and commercial)..	196,769	89	302,514,303	91
Used cars (passenger and commercial)..	25,313	11	30,027,877	9

<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 July 1948

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 928,612	2
Refrigerators and other household appliances.....	8,277,465	17
Residential building repairs and modernization.....	10,213,434	22
Miscellaneous retail.....	9,634,876	20
Total retail - other consumers' goods.....	\$29,054,387 <sup>a/</sup>	61
Total wholesale - other than automotive.....	11,224,618	24
Industrial, commercial, and farm equipment.....	6,949,892	15
<b>Total diversified financing.....</b>	<b>\$47,228,897</b>	<b>100</b>

<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.