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FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

SEPTEMBER 1948

Retail financing.--In September, sales finance companies reported a small increase in the volume of automotive financing, and outstanding balances on this class of paper continued to expand. The financing of other consumers' goods also rose above the volume of the preceding month, but outstanding balances were down for the third consecutive month.

Retail automotive paper acquired in September was 2 per cent above the August volume, as indicated in the table below. Financing of new vehicles dropped somewhat, while used vehicle financing rose. The number of new passenger cars financed in September was 5 per cent less than in August. It should be noted that new car production dropped 14 per cent during the same period. Time transactions in used passenger cars were well maintained during the month with a dollar volume of paper acquired amounting to 5 per cent more than that of a month ago.

New paper based on the sales of other consumers' goods was up moderately in September after showing declines for the past four months. All classes of paper increased except that based on residential building repair and modernization.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, August 1948 to September 1948		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+ 1	+ 2	+ 5
Passenger cars: New	- 5	- 3	...
Used	+ 4	+ 5	...
Commercial cars: New	- 2	- 3	...
Used	+ 2	+ 2	...
Other consumers' goods: Total		+ 4	- 1
Furniture, radios, musical instruments		+32	...
Refrigerators and other household appliances		+12	...
Residential building repair and modernization		- 3	...
Miscellaneous retail		+ 4	...

Wholesale financing.--The volume of wholesale automotive paper acquired during the month was down considerably but paper for nonautomotive goods showed a slight rise compared with that of August. Outstanding balances for these two types of wholesale financing declined.

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 decreased 3 percentage points to 31.

Note.--September data, based on returns from 134 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
1947.....	119	88	163	394	226	89
1947-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
August.....	155	136	165	396	249	119
September.....	157	142	154	362	247	119

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 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 a/.....	\$582,188,565	100	\$1,901,863,587	100
Total loans.....	45,294,118	8	174,160,334	9
Small (personal) loans.....	13,564,010	2	75,503,446	4
Business loans.....	31,730,108	6	98,656,888	5
Total sales financing a/.....	536,894,447	92	1,727,703,253	91

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 1948 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during September 1948		Outstanding balances September 30, 1948 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$188,125,341	\$185,536,731	\$1,052,762,198	18
Total wholesale automotive.....	315,514,056	313,674,612	238,571,055	131
Total wholesale - other than automotive...	9,371,147	9,357,205	27,391,410	34
Total retail - other consumers' goods....	30,386,984	30,164,519	376,777,161	8
Industrial, commercial, and farm equipment	7,837,617	7,779,240	85,365,704	9
Total sales financing.....	\$551,235,145	\$546,512,307	\$1,780,867,528	31

^{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 1948

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	144,212	100	\$159,109,930 ^{a/}	100
New passenger cars.....	41,393	29	60,596,506	38
New commercial cars.....	11,413	8	17,432,160	11
Used passenger cars.....	83,722	58	74,625,659	47
Used commercial cars.....	7,684	5	6,455,605	4
Total wholesale automotive.....	190,317	100	\$289,949,834 ^{a/}	100
New cars (passenger and commercial)..	166,501	87	262,279,697	90
Used cars (passenger and commercial)..	23,816	13	27,670,137	10

^{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 1948

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,444,099	3
Refrigerators and other household appliances.....	8,790,194	18
Residential building repairs and modernization.....	10,350,808	22
Miscellaneous retail.....	9,341,790	20
Total retail - other consumers' goods.....	\$29,926,891 ^{a/}	63
Total wholesale - other than automotive.....	9,371,147	20
Industrial, commercial, and farm equipment.....	7,837,617	17
Total diversified financing.....	\$47,135,655	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.