

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

G.20

December 10, 1948

SALES FINANCE COMPANIES

OCTOBER 1948

Retail financing.—Sales finance companies reporting October activity indicated sharp decreases in the volume of both automobile and other retail paper acquired. In automobile financing, the drop in October operations was accompanied by the smallest rise in outstanding balances since August 1945. Outstanding accounts on the financing of other consumers' goods continued to fall.

The 21 per cent decrease in automobile paper acquired, shown in the table below, reflected considerable declines in the financing of all types of vehicles. The largest percentage drop was reported in paper arising from time sales of used passenger cars.

Paper purchased on other consumers' goods was also down 21 per cent from the September level, as a result of declines in all classes of credit, except that for residential repair and modernization. Both furniture and appliance paper fell off substantially in October, following marked increases reported for the preceding month.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, September 1948 to October 1948		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	-16	-21	+ 2
Passenger cars: New	-10	-14	...
Used	-20	-30	...
Commercial cars: New	-11	-11	...
Used	-13	-15	...
Other consumers' goods: Total		-21	- 2
Furniture, radios, musical instruments		-33	...
Refrigerators and other household appliances		-49	...
Residential building repair and modernization		+ 1	...
Miscellaneous retail		-18	...

Wholesale financing.—Wholesale paper purchased in October based on automobiles and other goods was up in October, and outstanding balances on both categories rose during the 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 decreased 2 percentage points to 29.

Note.—October data, based on returns from 130 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-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
October.....	163	145	191	389	243	118

<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 October 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> .....	\$540,614,514	100	\$1,831,810,629	100
Total loans.....	40,261,057	7	156,303,148	9
Small (personal) loans.....	10,960,172	2	70,201,896	4
Business loans.....	29,300,885	5	86,101,252	5
Total sales financing <sup>a/</sup> .....	500,353,457	93	1,675,507,481	91

<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 October 1948 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during October 1948		Outstanding balances October 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.....	\$125,724,003	\$124,196,512	\$ 981,807,068	13
Total wholesale automotive.....	344,342,429	342,074,308	267,376,122	128
Total wholesale - other than automotive...	11,863,649	11,834,137	29,522,380	40
Total retail - other consumers' goods.....	24,075,776	23,934,459	360,073,495	7
Industrial, commercial, and farm equipment	6,968,898	6,960,756	88,950,249	8
Total sales financing.....	\$512,974,755	\$509,000,172	\$1,727,729,314	29

<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 1948

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	117,701	100	\$121,906,584 <sup>a/</sup>	100
New passenger cars.....	36,494	31	50,978,118	42
New commercial cars.....	10,148	8	15,534,282	13
Used passenger cars.....	64,416	55	49,930,107	41
Used commercial cars.....	6,643	6	5,464,077	4
Total wholesale automotive.....	216,194	100	\$341,076,657 <sup>a/</sup>	100
New cars (passenger and commercial)..	196,303	91	318,008,047	93
Used cars (passenger and commercial)..	19,891	9	23,068,610	7

<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 1948

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,104,586	3
Refrigerators and other household appliances.....	4,404,953	10
Residential building repairs and modernization.....	10,274,892	24
Miscellaneous retail.....	7,904,591	19
Total retail - other consumers' goods.....	\$23,689,022 <sup>a/</sup>	56
Total wholesale - other than automotive.....	11,863,649	28
Industrial, commercial, and farm equipment.....	6,968,898	16
Total diversified financing.....	\$42,521,569	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.