



**BOARD OF GOVERNORS
OF THE
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SALES FINANCE COMPANIES

DECEMBER 1949

Retail financing.--Sales finance companies reporting for the month of December indicated a sharp decline in retail automotive paper acquired and a moderate increase in the financing of other consumer goods. Outstanding balances on automobiles continued to expand but at a slower rate than in other recent months, while paper based on sales of other goods showed a further decline.

The 11 per cent drop in dollar volume of retail automotive financing from November to December as shown in the table below, reflected marked decreases in instalment sales of all types of vehicles.

Financing of other consumer goods rose 4 per cent above the November total. All classes of paper were in greater volume except residential building repair and modernization credit.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, November 1949 to December 1949		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	-10	-11	+ 2
Passenger cars: New	-13	-13	
Used	- 8	- 8	
Commercial cars: New	-21	-20	
Used	-13	-10	
Other consumer goods: Total		+ 4	- 2
Furniture, radios, musical instruments		+24	
Refrigerators and other household appliances		+ 4	
Residential building repair and modernization		-18	
Miscellaneous retail		+ 6	

Wholesale financing.--Financing of motor vehicles and other goods at wholesale declined from the volume of a month earlier and outstanding balances on the two classes of paper continued to contract.

Ratio of paper acquired to balances outstanding.--The turnover rate of receivables as measured by the ratio of paper purchased during the month to outstanding balances at the end of the month decreased 6 percentage points to 20 in December. Most of this reduced rate of turnover was in wholesale motor vehicle financing.

NOTE.--December data, based on returns from 126 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
1948.....	174	151	252	454	232	116
1949.....	228	249	216	332	187	107
1949-January.....	177	152	273	484	221	118
February.....	180	155	289	561	214	117
March.....	184	164	281	571	207	111
April.....	188	175	260	551	203	112
May.....	191	188	219	515	202	112
June.....	198	197	225	479	203	111
July.....	203	206	227	430	203	111
August.....	214	219	242	417	202	111
September.....	225	228	279	400	199	110
October.....	232	237	294	371	195	111
November.....	233	245	267	361	190	110
December.....	228	249	216	332	187	107

^{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 December 1949 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/}	\$590,109,615	100	\$2,819,809,889	100
Total loans.....	42,743,290	7	147,951,800	5
Small (personal) loans.....	12,729,668	2	69,788,987	2
Business loans.....	30,013,622	5	78,162,813	3
Total sales financing ^{a/}	547,366,325	93	2,671,858,089	95

^{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 December 1949 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during December 1949		Outstanding balances December 31, 1949 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$251,563,708	\$249,870,064	\$1,994,654,736	13
Total wholesale automotive.....	266,656,808	265,997,971	338,515,365	79
Total wholesale - other than automotive...	8,804,870	8,782,578	24,980,628	35
Total retail - other consumers' goods.....	23,685,417	23,389,338	289,104,703	8
Industrial, commercial, and farm equipment	7,244,657	7,218,134	80,382,800	9
Total sales financing.....	\$557,955,460	\$555,258,085	\$2,727,638,232	20

^{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 1949

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	214,446	100	\$223,907,352 ^{a/}	100
New passenger cars.....	84,002	39	126,062,535	56
New commercial cars.....	10,890	5	14,590,054	7
Used passenger cars.....	110,118	51	76,769,352	34
Used commercial cars.....	9,436	5	6,485,411	3
Total wholesale automotive.....	168,664	100	\$248,362,750 ^{a/}	100
New cars (passenger and commercial)..	153,804	91	235,875,848	95
Used cars (passenger and commercial)..	14,860	9	12,486,902	5

^{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 1949

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 3,710,356	10
Refrigerators and other household appliances.....	8,704,612	22
Residential building repairs and modernization.....	2,972,795	8
Miscellaneous retail.....	7,529,449	19
Total retail - other consumers' goods.....	\$22,917,212 ^{a/}	59
Total wholesale - other than automotive.....	8,804,870	23
Industrial, commercial, and farm equipment.....	7,244,657	18
Total diversified financing.....	\$38,966,739	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.