

Mrs. Douglas

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

JANUARY 1950

Retail financing.—The January volume of retail instalment paper purchased by reporting sales finance companies was less than in December for both automotive and other retail financing. Balances outstanding for the automotive segment continued to increase but at a somewhat slower rate than in other recent months. Balances based on other retail instalment financing continued to decline.

The 6 per cent drop in the dollar volume of automobile financing, as shown in the table below, reflected decreases in transactions for all types of vehicles.

The financing of other retail goods was 24 per cent less than that of a month earlier. Paper based on sales of furniture, radios, and musical instruments showed the largest percentage decline.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, December 1949 to January 1950		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	- 5	- 6	+ 1
Passenger cars: New	- 2	- 6	...
Used	- 6	- 4	...
Commercial cars: New	-11	- 8	...
Used	- 9	-11	...
Other consumer goods: Total		-24	- 3
Furniture, radios, musical instruments		-39	...
Refrigerators and other household appliances		-19	...
Residential building repair and modernization		-21	...
Miscellaneous retail		-23	...

Wholesale financing.—Motor vehicle wholesale paper acquired in January increased considerably following a sharp drop during the preceding month. The January increase was accompanied by a marked rise in outstanding balances. Wholesale financing of other goods was below the December volume and outstanding balances were further reduced.

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 increased 6 percentage points to 26 for January.

NOTE.—January data, based on returns from 123 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
1950-January.....	221	252	250	329	180	110

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 January 1950 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 <u>a/</u>	\$751,015,784	100	\$2,697,177,213	100
Total loans.....	36,276,333	5	144,267,682	5
Small (personal) loans.....	9,141,047	1	67,975,495	2
Business loans.....	27,135,286	4	76,292,187	3
Total sales financing <u>a/</u>	714,739,451	95	2,552,909,531	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 January 1950 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during January 1950		Outstanding balances January 31, 1950 <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.....	\$238,012,473	\$236,327,394	\$2,015,627,947	12
Total wholesale automotive.....	463,636,639	461,742,946	392,762,071	118
Total wholesale - other than automotive...	7,393,722	7,366,840	24,623,440	30
Total retail - other consumers' goods.....	18,057,773	17,926,125	280,094,147	6
Industrial, commercial, and farm equipment	6,405,659	6,390,309	82,543,482	8
Total sales financing.....	\$733,506,266	\$729,753,614	\$2,795,651,087	26

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 January 1950

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	205,045	100	\$211,735,658 <u>a/</u>	100
New passenger cars.....	82,102	40	118,777,746	56
New commercial cars.....	9,727	5	13,410,186	6
Used passenger cars.....	104,668	51	73,754,753	35
Used commercial cars.....	8,548	4	5,792,973	3
Total wholesale automotive.....	289,865	100	\$436,206,219 <u>a/</u>	100
New cars (passenger and commercial)..	274,684	95	423,190,006	97
Used cars (passenger and commercial)..	15,181	5	13,016,213	3

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 January 1950

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 2,323,523	7
Refrigerators and other household appliances.....	7,097,776	23
Residential building repairs and modernization.....	2,340,620	7
Miscellaneous retail.....	5,793,748	19
Total retail - other consumers' goods.....	\$17,555,667 ^{a/}	56
Total wholesale - other than automotive.....	7,393,722	24
Industrial, commercial, and farm equipment.....	6,405,659	20
Total diversified financing.....	\$31,355,048	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.