



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

MARCH 1950

**Retail financing.**--In March the reporting sales finance companies purchased a larger amount of retail instalment paper than in February. The substantial increase in automobile transactions during the month was accompanied by a further increase in outstanding balances. Financing of goods other than automobiles was also up considerably from the February level, but outstanding balances on these commodities continued to decline.

The 22 per cent rise in automotive paper acquired, as shown in the table below, reflected marked gains in financing of all types of vehicles.

Paper arising from sales of other consumer goods was up 32 per cent from the February volume, with all classes of paper showing strong gains. The largest increase was reported in the financing of refrigerators and other household appliances.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, February 1950 to March 1950		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	+21	+22	+ 3
Passenger cars: New	+15	+17	...
Used	+23	+24	...
Commercial cars: New	+36	+31	...
Used	+34	+33	...
Other consumer goods: Total		+32	- 2
Furniture, radios, musical instruments		+19	...
Refrigerators and other household appliances		+44	...
Residential building repair and modernization		+19	...
Miscellaneous retail		+28	...

**Wholesale financing.**--Reporting companies financed a larger number of motor vehicles at wholesale in March than a month earlier but outstanding balances continued to decline. Wholesale financing of other goods was also in higher volume and outstanding balances on such paper rose.

**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 4 percentage points to 28 for March.

NOTE.--March data, based on returns from 121 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 <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
1948.....	174	151	252	454	232	116
1949.....	228	249	216	332	187	107
1949-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.....	234	252	250	329	180	110
February.....	234	258	223	398	176	109
March.....	237	265	204	485	172	111

<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 March 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 <sup>a/</sup> .....	\$823,255,947	100	\$2,875,401,423	100
Total loans.....	43,268,782	5	142,713,096	5
Small (personal) loans.....	10,228,828	1	61,705,406	2
Business loans.....	33,039,954	4	81,007,690	3
Total sales financing <sup>a/</sup> .....	779,987,165	95	2,732,688,327	95

<sup>a/</sup> 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 March 1950 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during March 1950		Outstanding balances March, 31 1950 <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.....	\$307,411,252	\$305,658,152	\$2,084,404,505	15
Total wholesale automotive.....	428,135,118	427,902,847	317,153,850	135
Total wholesale - other than automotive...	23,223,189	23,204,900	36,520,097	64
Total retail - other consumers' goods.....	24,745,166	24,588,985	266,910,884	9
Industrial, commercial, and farm equipment	9,153,781	9,130,965	82,550,193	11
Total sales financing.....	\$792,668,506	\$790,485,849	\$2,787,539,529	28

<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 March 1950

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	271,916	100	\$274,828,522 <sup>a/</sup>	100
New passenger cars.....	97,693	36	143,151,277	52
New commercial cars.....	14,432	5	19,452,599	7
Used passenger cars.....	147,652	54	104,137,188	38
Used commercial cars.....	12,139	5	8,087,458	3
Total wholesale automotive.....	265,840	100	\$403,215,845 <sup>a/</sup>	100
New cars (passenger and commercial)...	246,760	93	385,523,019	96
Used cars (passenger and commercial)...	19,080	7	17,692,826	4

<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 March 1950

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 4,097,912	7
Refrigerators and other household appliances.....	11,449,630	20
Residential building repairs and modernization.....	2,553,395	5
Miscellaneous retail.....	6,059,455	11
Total retail - other consumers' goods.....	\$24,160,392 <sup>a/</sup>	43
Total wholesale - other than automotive.....	23,223,189	41
Industrial, commercial, and farm equipment.....	9,153,781	16
Total diversified financing.....	\$56,537,362	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.