

Miss Burgess

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

G.20

July 11, 1951

SALES FINANCE COMPANIES

MAY 1951

**Retail financing**--Retail automotive financing activities of sales finance companies were 22 per cent above the volume of the preceding month. The expanded purchases in May reflected large increases in the financing of all types of vehicles. In the case of passenger car financing, which accounts for about 90 per cent of total retail automotive activity, new car paper purchased increased 17 per cent while used car paper purchased increased 26 per cent. During the first five months of this year, used car financing has assumed greater importance in sales finance company operations than new car financing, reversing the situation which prevailed in 1950. As indicated in Table 4, used passenger car paper acquired accounted for 50 per cent of total retail automotive volume in May while acquisitions of new passenger car paper accounted for 39 per cent of the total.

Retail automotive balances outstanding at the end of May were 1 per cent above those of the preceding month-end. This increase reverses the downward movement in outstandings which began last October and was checked in April.

Retail financing of other consumer goods increased 15 per cent during May, after having declined in the preceding month. Increased volume was reported for all classes of paper except furniture, radios, and musical instruments, in which case volume was reduced 10 per cent.

Despite the increased purchases of other consumer goods paper, outstanding balances of such paper continued to decline during May. At the month-end, they were 2 per cent below the level of April 30, 1951.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, April 1951 to May 1951		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	+21	+22	+ 1
Passenger cars: New	+16	+17	
Used	+23	+26	
Commercial cars: New	+31	+31	
Used	+21	+22	
Other consumer goods: Total		+15	- 2
Furniture, radios, musical instruments		-10	
Refrigerators and other household appliances		+29	
Residential building repair and modernization		+36	
Miscellaneous retail		+13	

**Wholesale financing**--The volume of wholesale automotive paper acquired showed a small expansion in May. Wholesale automotive outstanding balances continued to show a moderate increase, although the expansion in May was slightly less than in the preceding month.

Wholesale financing of goods other than automobiles, which is a very small part of total wholesale financing, showed a large decrease in May. Outstanding balances of this class of paper showed a small decrease, after having increased during the preceding seven months.

NOTE.--May data, based on returns from 113 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
1948.....	174	151	252	454	232	116
1949.....	228	249	216	332	187	107
1950.....	291	325	296	516	177	130
1950-May.....	250	284	202	537	174	117
June.....	263	298	228	499	179	120
July.....	266	314	163	436	185	123
August.....	274	322	179	424	189	124
September.....	282	330	192	422	192	127
October.....	288	331	240	435	188	128
November.....	291	328	280	478	182	132
December.....	291	325	296	516	177	130
1951-January.....	287	320	291	648	171	132
February.....	286	315	306	759	166	134
March.....	290	312	356	906	161	125
April.....	294	311	382	943	156	136
May.....	298	316	401	899	153	138

<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 May 1951 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> .....	\$992,827,055	100	\$3,614,227,316	100
Total loans.....	84,062,935	8	209,648,543	6
Small (personal) loans.....	22,859,049	2	99,343,210	3
Business loans.....	61,203,886	6	110,305,333	3
Total sales financing <sup>a/</sup> .....	908,764,120	92	3,404,578,773	94

<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 May 1951 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during May 1951		Outstanding balances May 31, 1951 a/	Ratio paper acquired to outstanding balances b/
	By all companies reporting	By companies reporting outstanding balances a/		
Total retail automotive.....	\$328,145,791	\$324,717,019	\$2,454,672,952	13
Total wholesale automotive.....	548,051,787	544,858,622	614,282,766	89
Total wholesale - other than automotive...	14,857,594	14,292,768	66,812,272	21
Total retail - other consumers' goods.....	24,065,245	21,174,912	227,253,949	9
Industrial, commercial, and farm equipment	10,307,221	9,893,946	97,315,197	10
Total sales financing.....	\$925,427,638	\$914,937,267	\$3,460,337,136	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 May 1951

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	336,359	100	\$318,440,206 a/	100
New passenger cars.....	90,522	27	123,671,637	39
New commercial cars.....	15,434	4	22,438,319	7
Used passenger cars.....	214,332	64	160,688,417	50
Used commercial cars.....	16,071	5	11,641,833	4
Total wholesale automotive.....	334,821	100	\$41,110,560 a/	100
New cars (passenger and commercial)..	297,329	89	504,458,034	93
Used cars (passenger and commercial)..	37,492	11	36,652,526	7

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 May 1951

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 4,498,021	9
Refrigerators and other household appliances.....	7,921,619	17
Residential building repairs and modernization.....	3,685,427	8
Miscellaneous retail.....	6,792,677	14
Total retail - other consumers' goods.....	\$22,897,744 a/	48
Total wholesale - other than automotive.....	14,857,594	31
Industrial, commercial, and farm equipment.....	10,307,221	21
Total diversified financing.....	\$48,062,559	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.