

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: Consumer Credit Costs, 1949-59

Volume Author/Editor: Paul F. Smith

Volume Publisher: UMI

Volume ISBN: 0-691-04116-4

Volume URL: <http://www.nber.org/books/smit64-1>

Publication Date: 1964

Chapter Title: APPENDIX B Supplementary Tabulations for Consumer Finance Companies

Chapter Author: Paul F. Smith

Chapter URL: <http://www.nber.org/chapters/c1727>

Chapter pages in book: (p. 127 - 134)

APPENDIX B

Supplementary Tabulations for
Consumer Finance Companies

APPENDIX B

TABLE B-1
DISTRIBUTION OF SOURCES AND USES OF FUNDS OF CONSUMER FINANCE COMPANIES, END OF YEAR, 1948-59
(per cent)

Item	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Sources of funds:												
Debt, total	63.3	63.1	65.7	65.2	64.2	65.1	66.9	69.0	70.6	70.4	69.4	70.8
Short-term to banks	40.0	37.1	39.3	33.3	33.2	33.8	27.8	35.2	31.1	28.0	26.0	26.2
Other short-term	6.0	7.1	5.5	5.9	7.2	5.9	7.9	4.8	4.9	4.4	5.2	7.1
Senior long-term	10.1	11.0	12.9	19.4	17.8	19.2	22.3	20.5	26.3	29.1	29.2	28.3
Subordinated	7.2	7.9	8.0	6.6	6.0	6.2	8.9	8.5	8.3	8.9	9.0	9.2
Dealer reserves	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.4	0.4	0.3	0.3	0.3
Other liabilities	4.1	4.3	4.6	5.3	6.0	5.7	5.1	4.6	4.5	4.3	4.1	4.1
Total nonequity funds	67.6	67.6	70.5	70.7	70.4	71.1	72.4	74.0	75.5	75.0	73.8	75.2
Equity funds, total	32.4	32.4	29.5	29.3	29.6	28.9	27.6	26.0	24.5	25.0	26.2	24.8
Reserves	3.4	3.2	3.2	3.1	3.1	3.2	3.2	3.1	3.1	3.1	3.2	3.2
Preferred stock	10.6	10.6	7.4	7.8	8.6	7.0	5.1	3.9	3.3	4.2	4.3	3.7
Common stock and surplus	18.4	18.6	18.9	18.4	17.9	18.7	19.3	19.0	18.1	17.7	18.7	17.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(continued)

APPENDIX B

TABLE B-1 (concluded)

Item	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Uses of funds:												
Earning assets, gross	86.1	87.3	87.9	88.4	88.3	88.8	88.1	90.3	90.8	92.2	92.5	94.6
Consumer credit	84.4	85.5	85.5	86.2	86.8	87.4	86.9	88.9	89.8	91.1	91.2	93.4
Other	1.7	1.8	2.4	2.2	1.5	1.4	1.2	1.4	1.0	1.1	1.3	1.2
<u>less</u>												
Unearned income ^b	2.7	2.5	2.9	3.2	3.6	3.7	3.5	4.1	4.7	5.7	6.1	6.9
Earning assets, net	83.4	84.8	85.0	85.2	84.7	85.1	84.6	86.2	86.1	86.5	86.4	87.7
Consumer credit	81.7	83.0	82.6	83.0	83.2	83.7	83.4	84.8	85.1	85.4	85.1	86.5
Automobile paper	4.3	4.3	5.1	4.7	3.3	4.0	3.4	3.6	3.0	1.6	1.2	1.8
Other goods paper	5.2	4.9	5.7	5.4	5.3	5.4	5.6	6.7	7.1	6.5	5.9	6.8
Personal loans	72.2	73.8	71.8	72.9	74.6	74.3	74.4	74.5	75.0	77.3	78.0	77.9
Other	1.7	1.8	2.4	2.2	1.5	1.4	1.2	1.4	1.0	1.1	1.3	1.2
Cash and bank balances	12.8	12.1	11.6	11.2	11.7	11.6	11.6	10.1	10.2	9.8	10.0	9.0
Other assets	3.8	3.1	3.4	3.6	3.6	3.3	3.8	3.7	3.7	3.7	3.6	3.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: All data are averages of ratios for nine sample companies. See Appendix A for a description of the sample and of the processing of the data. Detail may not add to totals because of rounding.

^aIncludes small amounts of certificates of deposit and thrift accounts of employees.

^bOn consumer assets only.

TABLE B-2
 DISTRIBUTION OF SOURCES AND USES OF FUNDS OF CONSUMER FINANCE COMPANIES, AVERAGES OF
 BEGINNING AND END OF YEAR, 1949-59
 (per cent)

Item	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Sources of funds:											
Debt, total	62.8	64.7	65.4	64.6	64.7	66.1	68.1	70.0	70.5	69.9	70.2
Short-term to banks	37.9	38.6	36.0	33.2	33.5	30.6	31.8	32.9	29.3	27.1	26.2
Other short-term	6.8	6.2	5.7	6.6	6.5	7.0	6.3	4.9	4.6	4.8	6.4
Senior long-term	10.7	12.0	16.5	18.5	18.6	20.8	21.3	23.7	27.8	29.1	28.5
Subordinated	7.4	7.9	7.2	6.3	6.1	7.7	8.7	8.4	8.8	8.9	9.1
Dealer reserve	.2	.2	.2	.2	.3	.3	.4	.4	.3	.3	.3
Other liabilities	4.0	4.6	5.1	5.7	5.8	5.4	4.8	4.5	4.4	4.2	4.1
Total nonequity funds	67.0	69.5	70.7	70.5	70.8	71.8	73.3	74.8	75.2	74.4	74.6
Equity funds, total	33.0	30.5	29.2	29.5	29.2	28.2	26.7	25.2	24.8	25.6	25.4
Reserves	3.3	3.1	3.1	3.1	3.1	3.2	3.1	3.1	3.1	3.2	3.2
Preferred stock	10.8	8.8	7.7	8.3	7.8	6.0	4.5	3.6	3.8	4.2	4.0
Common stock and surplus	18.9	18.6	18.5	18.1	18.3	19.0	19.1	18.5	17.9	18.2	18.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(continued)

APPENDIX B

TABLE B-2 (concluded)

Item	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Uses of funds:											
Earning assets, gross	86.8	87.7	88.2	88.3	88.5	88.4	89.3	90.6	91.5	92.3	93.6
Consumer credit	85.1	85.5	85.9	86.5	87.1	87.1	88.0	89.4	90.5	91.2	92.4
Other	1.7	2.2	2.3	1.8	1.4	1.3	1.3	1.2	1.0	1.1	1.2
less											
Unearned income ^a	2.4	2.8	3.1	3.4	3.6	3.6	3.8	4.5	5.2	5.8	6.4
Earning assets, net	84.4	84.9	85.1	84.9	84.9	84.8	85.5	86.1	86.3	86.5	87.2
Consumer credit	82.6	82.7	82.8	83.1	83.5	83.5	84.2	84.9	85.3	85.3	85.9
Automobile paper	3.8	4.9	4.7	3.7	3.4	3.5	3.2	3.1	2.1	1.4	1.6
Other goods paper	3.5	5.1	5.4	5.3	5.3	5.3	6.0	6.7	6.7	6.1	6.3
Personal loans	75.3	72.7	72.7	74.1	74.8	74.7	75.0	75.1	76.5	77.8	78.0
Other	1.8	2.2	2.3	1.8	1.4	1.3	1.3	1.2	1.0	1.2	1.3
Cash and bank balances	12.2	11.8	11.4	11.5	11.7	11.6	10.8	10.2	10.0	9.9	9.4
Other assets	3.4	3.3	3.5	3.6	3.4	3.6	3.7	3.7	3.7	3.6	3.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: See source to Table B-1.

^aOn consumer assets only.

TABLE B-3
 DISTRIBUTION OF EARNINGS AND EXPENSES OF CONSUMER FINANCE COMPANIES, 1949-59
 (per cent)

Item	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Earnings	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Consumer credit	96.8	96.2	95.3	95.2	95.3	94.9	93.7	93.8	93.7	94.8	93.7
Other	3.2	3.8	4.7	4.8	4.7	5.1	6.3	6.2	6.3	5.2	6.3
Operating expenses	58.9	56.8	57.2	56.3	56.6	58.2	58.8	56.5	56.9	59.4	58.3
Consumer credit	58.4	55.7	55.5	54.6	54.6	55.8	55.9	53.8	54.1	56.6	55.4
Other	.5	1.1	1.7	1.7	2.0	2.4	2.9	2.7	2.8	2.8	2.9
Net operating income	41.1	43.2	42.8	43.7	43.4	41.8	41.2	43.5	43.1	40.6	41.7
Consumer credit	38.3	40.5	39.8	40.6	40.6	39.1	37.7	40.0	39.7	37.1	38.4
Other	2.8	2.7	3.0	3.1	2.8	2.7	3.5	3.5	3.4	3.5	3.3
Cost of funds	8.8	8.8	9.7	10.6	11.3	11.9	11.8	13.5	14.9	15.0	15.8
Consumer credit	8.6	8.6	9.5	10.4	11.1	11.7	11.6	13.3	14.7	14.8	15.5
Other	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2	.3
Net profit before taxes	32.3	34.4	33.1	33.1	32.1	29.9	29.4	30.0	28.2	25.6	25.9
Consumer credit	29.8	31.9	30.3	30.2	29.5	27.4	26.2	26.7	25.0	22.3	22.7
Other	2.5	2.5	2.8	2.9	2.6	2.5	3.2	3.3	3.2	3.3	3.2
Provision for income tax	11.9	14.3	16.2	17.3	16.4	14.5	13.8	14.1	12.9	11.1	11.8
Consumer credit	11.2	13.5	15.2	16.1	15.4	13.7	12.9	13.1	12.1	10.3	10.9
Other	.7	.8	1.0	1.2	1.0	.8	.9	1.0	.8	.8	.9
Net profit	20.4	20.1	16.9	15.8	15.7	15.4	15.6	15.9	15.3	14.5	14.1
Consumer credit	18.5	18.4	15.1	14.1	14.1	13.7	13.3	13.6	12.9	12.0	11.8
Other	1.9	1.7	1.8	1.7	1.6	1.7	2.3	2.3	2.4	2.5	2.3
Dividends	12.6	12.4	11.9	10.6	10.4	10.6	9.9	9.4	9.2	10.1	8.9
Preferred	2.3	2.0	1.7	2.0	1.8	1.4	1.0	.8	.9	1.0	.9
Common	10.3	10.4	10.2	8.6	8.6	9.2	8.9	8.6	8.3	9.1	8.0

Source: See source to Table B-1.

APPENDIX B

TABLE B-4
 COMPONENTS OF GROSS FINANCE CHARGES ON CONSUMER CREDIT AT CONSUMER FINANCE COMPANIES, 1949-59
 (dollars per \$100 of average outstanding consumer credit)

Item	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Gross finance charges ^a	26.06	25.75	25.31	25.99	25.47	24.41	24.17	24.28	24.13	24.21	24.04
Dealer's share of gross finance charges	.09	.20	.17	.18	.18	.18	.17	.17	.17	.18	.17
Lender's gross revenue	25.97	25.55	25.14	25.81	25.29	24.23	24.00	24.11	23.96	24.03	23.87
Operating expenses	15.72	14.87	14.77	14.94	14.66	14.36	14.46	13.94	13.93	14.64	14.25
Salaries	7.12	6.70	6.79	6.91	6.82	6.57	6.65	6.47	6.40	6.69	6.45
Occupancy costs	1.21	1.08	1.07	1.08	1.08	1.05	1.07	1.05	1.03	1.10	1.09
Advertising	1.38	1.25	1.24	1.14	1.03	.87	.97	.93	.85	.80	.89
Provision for losses	2.03	2.13	1.88	1.86	1.81	1.79	1.84	1.70	1.72	2.02	1.98
Actual losses ^b	(1.47)	(1.42)	(1.51)	(1.38)	(1.43)	(1.50)	(1.39)	(1.15)	(1.39)	(1.71)	(1.70)
Other	3.98	3.71	3.79	3.95	3.92	4.08	3.93	3.79	3.93	4.03	3.84
Nonoperating expenses	10.25	10.68	10.37	10.87	10.63	9.87	9.54	10.17	10.03	9.39	9.62
Cost of nonequity funds	2.29	2.28	2.50	2.81	2.93	2.98	2.97	3.41	3.77	3.80	3.97
Income taxes	2.99	3.54	3.95	4.30	4.03	3.42	3.22	3.30	3.01	2.56	2.73
Cost of equity funds (lender's profit)	4.97	4.86	3.92	3.76	3.67	3.47	3.35	3.46	3.25	3.03	2.92
Retained	1.62	1.61	.81	.88	.92	.76	.81	1.03	.87	.35	.61
Dividends	3.35	3.25	3.11	2.88	2.75	2.71	2.54	2.43	2.38	2.68	2.31

Source: See source to Table B-1.

^a Includes all finance charges and fees collected on consumer credit activities. Charges for insurance are not included and the cost of free insurance provided to borrowers was deducted.

^b Net of recoveries.

APPENDIX B

TABLE B-5
SELECTED RATIOS FOR CONSUMER FINANCE COMPANIES, 1949-59
(per cent)

	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
Ratios to total assets of:											
Earnings	22.2	22.0	21.7	22.4	22.0	21.3	21.6	21.8	21.7	21.8	21.8
Operating expenses	13.1	12.5	12.4	12.6	12.4	12.4	12.7	12.3	12.4	12.9	12.7
Net operating income	9.1	9.5	9.3	9.8	9.6	8.9	8.9	9.5	9.3	8.9	9.1
Cost of funds											
Net profit before taxes	1.9	1.9	2.1	2.4	2.5	2.5	2.5	2.9	3.2	3.3	3.4
	7.2	7.6	7.2	7.4	7.1	6.4	6.4	6.6	6.1	5.6	5.7
Provision for income taxes											
Net profits	2.7	3.2	3.5	3.9	3.6	3.1	3.0	3.1	2.8	2.4	2.6
	4.5	4.4	3.7	3.5	3.5	3.3	3.4	3.5	3.3	3.2	3.1
Ratios to equity funds of:											
Net profits before taxes	23.1	25.3	24.9	25.5	24.4	23.0	24.2	26.2	24.9	21.9	22.2
Net profits	14.5	14.8	12.7	12.2	12.0	11.9	12.8	13.9	13.5	12.4	12.1
Dividends	9.0	9.2	9.0	8.2	8.0	8.2	8.2	8.2	8.2	8.7	7.7
Ratios of earnings to earning assets:											
Total earnings	26.3	25.9	25.7	26.5	26.1	25.2	25.3	25.4	25.3	25.4	25.1
Consumer credit earnings	26.0	25.6	25.1	25.8	25.3	24.2	24.0	24.1	24.0	24.0	23.9
Personal loan earnings	27.5	27.5	27.4	27.4	27.0	25.7	25.6	25.6	25.1	25.1	24.9
Ratios of cost of nonequity funds to:											
Total debt	3.0	3.0	3.2	3.7	3.8	3.8	3.7	4.2	4.6	4.7	5.0
Total nonequity funds	2.8	2.8	3.0	3.4	3.5	3.5	3.4	3.9	4.3	4.4	4.6

Source: See source to Table B-1.