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Questionnaire Survey

IN AN EFFORT TO DETERMINE the frequency with which commercial banks of different sizes and locations participated in instalment equipment financing, and to determine the quantitative importance of this type of financing, the National Bureau of Economic Research conducted a questionnaire survey of a sample of about 800 insured commercial banks in the late summer of 1941. The banks included in the sample were selected in the following manner from the list of 13,492 banks with deposits insured by the Federal Deposit Insurance Corporation as of August 1, 1941. All banks were grouped and coded according to the size of the center of population in which the bank's main office was located, as follows: banks in centers of population of less than 10,000; 10,000 to 50,000; 50,000 to 100,000; 100,000 to 500,000; 500,000 and over. A questionnaire was sent to every 36th bank of those located in centers of population of less than 10,000, to every 9th bank in cities of from 10,000 to 50,000 population and to every 3rd bank of those remaining. This produced a total sample of approximately 800 banks; of these, 274 returned questionnaires that proved usable for tabulation. Banks were grouped and sampled in this fashion because there was reason to believe, as was borne out by the results of the survey, that equipment financing is conducted more frequently in the larger cities than in smaller places. Since costs prohibited sampling all banks with equal intensity it was decided to strengthen the survey for those banks believed to be most active in this type of financing.

Of the 274 banks that returned usable questionnaires 183 were not engaged in equipment financing. This fact itself suggests that the survey results are not biased by any significant tendency for only those banks engaging in this type of financing to return questionnaires. Furthermore, the 274 returns represent rather substantial proportions of all banks in the more important groups. Thus, while we had returns from only 1 out of every 143 banks in centers of population of less than 10,000 we had returns from 1 out of every 32 banks in cities of from 10,000 to 50,000 population and from 1 out of every 6 banks in all cities with population of 50,000 and over. The approximate percentages of the number of banks of different deposit sizes covered was as follows: .7 percent of banks with deposits of \$1 million or less; 3 percent of banks with deposits of \$1 million to \$5 million; 15 percent of banks with deposits of \$5 million to \$50 million; 66 percent of all banks with deposits of over \$50 million. Finally, the regional coverage of the survey varied from 1 out of every 23 banks in the Pacific states to 1 out of every 138 banks in

the West South Central states. Data on all banks which were used in taking these ratios of responding banks to all banks are from the *Annual Report* of the Federal Deposit Insurance Corporation for the year ending December 31, 1940, pp. 116-17 and 164-65.

While there are certain types of banks which were represented in the sample only in very small proportions, the total sample represents the replies of banks doing a substantial part of the total commercial lending business of the country. As is shown in Table 4 of the text, the total loans and discounts of the banks responding to our questionnaire amounted to approximately 16 percent of the total loans and discounts of all insured commercial banks. In this same table it is shown that banks with deposits of over \$50 million accounted for 50 percent of all instalment equipment financing conducted by commercial banks and that our sample covered 25 percent of the total loans and discounts of banks in this size class.

The questionnaire which was distributed to banks consisted of the following questions:

1. Do you at the present time engage in *financing manufacturers or distributors selling industrial or commercial equipment* by acquiring from them instalment paper arising from the sale of such equipment?

(a) ("Yes" or "No") _____

(b) If "Yes," state the *number of sellers of such equipment* which you are now financing in this way. _____

(c) If "Yes," state the *approximate total amount of your outstanding advances* secured by such commercial or industrial equipment.

\$ _____ as of _____ (a recent date)

2. Do you at the present time engage in *financing business concerns purchasing industrial or commercial equipment* by making instalment loans to these purchasers, secured by such equipment?

(a) ("Yes" or "No") _____

(b) If "Yes," state the *number of business concerns* which you are now financing in this way. _____

(c) If "Yes," state the *approximate total amount of your outstanding advances* secured by such equipment.

\$ _____ as of _____ (a recent date)