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## Repossession Experience: Automobiles

OUT of any mass of instalment deals some will become delinquent, and of these some will necessitate refinancing or eventual repossession of the article financed. All three sources of difficulty entail costs to the retailer or his finance company, either in increased collection expense or in actual loss. But in instalment sales financing the most convenient test of the effectiveness of credit procedures, standards and terms is experience in regard to repossessions.

In this matter different finance companies will necessarily have different experience. Some will aim to control repossessions as closely as possible; others will not object to a greater number, providing financing charges are high enough to cover costs; still others will emphasize volume and its economies as a compensation for the assumption of greater risk. Also, much will depend on the type of finance business conducted—recourse or repurchase business, with repossession risk shared by the dealer, or non-recourse business with the full risk assumed by the finance company.

It must not be forgotten that it is through the retail dealer that the sales finance company serves consumers. The dealer is the first judge of a consumer's creditworthiness; the sales finance company merely has the right of a credit veto, though for reasons of competition it must stand ready to take whatever paper a creditable dealer offers, at least within limits, insisting or not, in all or special cases, on dealer participation in the risk. Total repossession experience, in a sense, reflects

the composite performance of a system of consumer financing in which some unfavorable credit experience is unpredictable and inevitable, some predictable but for one reason or another unavoidable, and some predictable but deliberately not avoided.

The analysis contained in this and the following chapter represents a survey of the repossession experience of the finance companies themselves, rather than a discussion of what repossession implies for the consumer or for the general functioning of the system of distribution. In most cases, of course, the buyer who must relinquish his purchase because he cannot complete payment for it suffers a financial loss as well as a deprivation of what he has come to consider as his property—though it may sometimes be possible that his use of the good, before its repossession, was commensurate with the amount he had invested in it up to that time. The extent of his loss, however, the reasons for it, the effects it may have on his financial condition, and the discovery of standards by which it might have been avoided, are dependent on his personal situation. Some of the answers to such questions can be inferred from the following analyses of company records. Complete answers could be reached only by surveying individually the thousands of buyers whose purchases have been repossessed.

#### MEASURES OF REPOSSESSION EXPERIENCE

Probably the commonest and most easily understandable measure of unfavorable credit experience in sales financing is the repossession ratio—the average number of repossessions per hundred articles financed. This measure is not entirely adequate, for it fails to indicate the actual loss resulting from repossessions. Loss can be indicated by the repossession loss ratio—the average dollar losses from repossessions per hundred dollars of finance paper handled. But this ratio is

ambiguous because of the variation in the methods of establishing the amount of loss; the latter may or may not include indirect expenses. Moreover, apparent repossession loss ratios differ substantially as between recourse and non-recourse companies. A recourse company includes only those losses which it has to bear itself, and excludes those it can transfer back to the dealer. A non-recourse company may include only direct losses resulting from repossessions, but it may include indirect costs as well. And both types of companies may include other losses, such as those due to collision, "skip" and the like, where no actual repossession occurs, or those due to adjustments or miscellaneous causes.

Because of the difficulties involved in the repossession loss ratio the following discussion will make use of the repossession ratio as the measure of repossession experience. In most circumstances the pattern of repossession experience may be expected to be the same whether measured by one ratio or the other: one would normally expect a high repossession ratio to be associated with a high repossession loss ratio.

In several instances the repossession ratios have been reformulated in an "index of repossession experience," in order to indicate more clearly the relative significance of differences. This has been done by calculating each repossession ratio as a percent of the average repossession ratio, and subtracting 100. The result shows the extent to which each ratio deviates from the average of all ratios, a plus value indicating worse than average and a minus value indicating better than average.

The intention of this analysis is to relate repossession experience to as many relevant factors affecting it as available data permit. Such factors include down payment, length of contract, price, age of commodity purchased and number of payments made, as well as the immediate reasons for repossession. A complete analysis should relate repossession experience to such purchaser factors as income, occupation, age

and other relevant characteristics, but data for such a study are as yet unavailable.

### CHARACTERISTICS OF THE DATA

The data for the following analysis of automobile repossession experience were taken from the records of a single company, but one which operates throughout the country and handles a substantial percentage of all automobile finance paper written in the United States. It must not be assumed that the experience of this single organization—which will be referred to hereafter as the source company—is altogether typical of automobile sales financing in general, but it is safe to say that any relationships, tendencies and patterns which are generally prevalent in automobile repossession experience are to be found in the extremely comprehensive records of this company.

In considering these figures it should be borne in mind that retail dealers and finance company credit men have come to know from long practice that certain factors affect the likelihood of repossession, and that these factors naturally influence their selection of credit risks. Any quantitative data on repossession experience necessarily reflect the prior judgments of dealers and credit men, and these judgments reflect in turn their credit standards—a more or less defined set of facts, rules or principles that are used in deciding to whom credit will be granted, and how much. Conclusions drawn from such data are therefore subject to limitations; it is always possible that the relationship between repossession experience and some relevant factor has been compensated by these selective activities, or even that it has been overcompensated, the relationship shown being thus the reverse of what it might have been without such sifting.

The data on which the following analysis is based cover the repossession experience of the source company on cars

financed during the years 1933-36. The repossessions are calculated as of December 31, 1937; the majority, but not all, of the contracts written in 1936 had been terminated by this date.<sup>1</sup> Since our primary interest is in the general pattern, and since in conformity to the pattern one year shows no striking difference from another, we have taken the average for the period.

The source company's data cover a total of 4,064,666 passenger-car contracts financed at retail during the years 1933-36. Of these, 1,804,607 were for new cars and 2,260,059 were for used cars. The principal features of this body of contracts averaged as follows, in absolute amount and in percent of cash selling price:

	<i>New Cars</i>		<i>Used Cars</i>		<i>All Cars</i>	
Cash selling price	\$809	100%	\$314	100%	\$534	100%
Down payment	344	43	125	40	222	42
Original unpaid balance	465	57	189	60	312	58
Combined finance charge and insurance premium	77	10	43	14	58	11
Amount of note	542	67	232	74	370	69
Monthly payment <sup>2</sup>	32	4	18	6	25	5
Length of contract	16.7 months		13.0 months		14.6 months	

#### REPOSSESSION EXPERIENCE ACCORDING TO NUMBER OF INSTALMENTS PAID

It is well known that repossessions occur most frequently within the first few months after contracts are written, a fact which explains the especially intensive collection efforts that are usual in these months. Table 34 shows that about half of new-car repossessions and seven out of ten used-car repossessions occur before four payments are made. Almost eight out of ten new-car and over nine out of ten used-car

<sup>1</sup> In the following tabulations renewals are counted as repossessions.

<sup>2</sup> Obtained by dividing average amount of note by average length of contract.

TABLE 34

PERCENTAGE DISTRIBUTION AND CUMULATIVE PERCENTAGE OF REPOSSESSIONS, 1933-37, ON NEW AND USED CARS FINANCED DURING 1933-36, BY NUMBER OF INSTALMENTS PAID<sup>a</sup>

<i>Number of Instalments Paid</i>	<i>New-Car Repossessions</i>		<i>Used-Car Repossessions</i>	
	Percentage Distribution	Cumulative Percentage	Percentage Distribution	Cumulative Percentage
0	13.5	13.5	23.0	23.0
1	12.1	25.6	18.6	41.6
2	12.7	38.3	16.4	58.0
3	11.9	50.2	13.3	71.3
4	10.7	60.9	9.7	81.0
5	9.2	70.1	7.0	88.0
6	7.4	77.5	4.7	92.7
7	5.8	83.3	3.0	95.7
8	4.4	87.7	1.9	97.6
9	3.6	91.3	1.1	98.7
10 & over	8.7	100.0	1.3	100.0
TOTAL	100.0		100.0	

<sup>a</sup> Based on data supplied by a large sales finance company, covering 57,739 new-car and 354,052 used-car repossessions. The repossessions are classified according to the year in which they took place and not according to the year in which the transaction originated.

repossessions occur before seven payments, and nine out of ten new-car and practically all used-car repossessions come before the tenth payment. For new cars cumulative repossession percentages are consistently lower than they are for used cars, showing that repossessions on the latter typically occur earlier than those on new cars. This is partly explainable by the generally shorter duration of used-car contracts.

#### CONTRACT TERMS AS FACTORS IN REPOSSESSION

The role of standard terms covering down payment and length of contract in automobile financing has already been

discussed. The reason why the trade is interested in such terms is attested by the relationship of the repossession ratio to various down payments and lengths of contract. Table 35 indicates that for both new and used cars the repossession ratio declines sharply and consistently as the down payment increases. For both groups it is substantially higher than average for down payments of less than 35 percent of cash selling price, about average in the 36-40 percent down payment level and less than average when down payment is above 40 percent. This fully confirms the common belief in automobile circles that the more a purchaser pays down, that is, the greater his initial equity, the lower the probability that he will fail to complete his payments.

TABLE 35

REPOSSESSION EXPERIENCE, 1933-37, ON NEW AND USED CARS FINANCED DURING 1933-36, BY DOWN PAYMENT<sup>a</sup>

Down Payment (in % of cash selling price)	Repossession Ratio <sup>b</sup>		Index of Reposes- sion Experience <sup>c</sup>		% Distribution of All Cars Financed	
	New Cars	Used Cars	New Cars	Used Cars	New Cars	Used Cars
Under 20	7.8	19.7	+188.9	+69.8	1.6	1.6
20-29	6.4	18.4	+137.0	+58.6	10.8	11.1
30-32	4.9	16.4	+ 81.5	+41.4	6.4	8.4
33-35	3.9	14.5	+ 44.4	+25.0	23.9	25.5
36-40	2.5	11.8	- 7.4	+ 1.7	12.3	21.3
41-49	1.2	7.7	- 55.6	-33.6	17.0	16.2
50 & over	.4	3.4	- 85.2	-70.7	28.0	15.9
ALL CARS	2.7	11.6			100.0	100.0

<sup>a</sup> Based on data supplied by a large sales finance company, covering 1,804,607 new-car and 2,260,059 used-car contracts.

<sup>b</sup> Number of repossessions per hundred cars financed.

<sup>c</sup> Obtained by calculating each repossession ratio as a percent of average repossession ratio and subtracting 100; the result shows each level's deviation from the average of all levels, the plus indicating worse than average and the minus indicating better than average.



TABLE 36

REPOSSESSION EXPERIENCE, 1933-37, ON NEW AND USED CARS FINANCED DURING 1933-36, BY LENGTH OF CONTRACT<sup>a</sup>

Length of Contract (in months)	Repossession Ratio <sup>b</sup>		Index of Repossession Experience <sup>c</sup>		% Distribution of All Cars Financed	
	New Cars	Used Cars	New Cars	Used Cars	New Cars	Used Cars
1-5	1.1	11.6	-59.3	.0	3.3	3.2
6-11	2.3	15.1	-14.8	+30.2	8.2	23.9
12	1.8	11.1	-33.3	-4.3	31.1	59.8
13-17	3.5	9.2	+29.6	-20.7	4.0	3.3
18	3.2	6.5	+18.5	-44.0	45.5	9.3
Over 18	3.7	8.8	+37.0	-24.1	7.9	.5
ALL CARS	2.7	11.6			100.0	100.0

<sup>a</sup> Based on data supplied by a large sales finance company, covering 1,804,607 new-car and 2,260,059 used-car contracts.

<sup>b</sup> See Table 35, footnote b.

<sup>c</sup> See Table 35, footnote c.

Table 36 shows that for new cars the shorter the duration of contract the smaller the repossession ratio—again a finding that the automobile trade affirms. One would expect this relationship to be consistent for both new and used cars, since a shorter contract increases owner's equity more rapidly, and also reduces the period in which some untoward event may prevent a completion of the obligation. The present table indicates that, on the contrary, the used-car repossession ratio varies inversely with length of contract. This should not, however, be understood to mean that in the financing of used cars a longer contract usually provides a better risk. It means, rather, that dealers and finance company credit men are so well aware of the possible hazard in granting the longer contracts on used cars that customers receiving them are selected with special care. In this table the figures on the percentage distribution of all cars financed show that con-

tracts of 12 months or less are required of seven-eighths of all used-car buyers but of less than half this proportion of new-car buyers. Also, as will be shown presently, contracts on the lower-priced, higher-risk used cars are conspicuously shorter than on the more costly used cars of more recent manufacture.

### CASH SELLING PRICE AS A FACTOR IN REPOSSESSION

Only for used cars are data available on the relationship between repossession and cash selling price. Table 37, which gives the source company's repossession ratio for eleven price

TABLE 37

REPOSSESSION EXPERIENCE, 1933-37, ON USED CARS FINANCED DURING 1933-36, BY CASH SELLING PRICE<sup>a</sup>

<i>Cash Selling Price<sup>b</sup></i>	<i>Repossession Ratio<sup>c</sup></i>	<i>Index of Repossession Experience<sup>d</sup></i>	<i>% Distribution of All Cars Financed</i>
Under \$100	20.9	+79.5	4.2
100-200	16.3	+40.2	27.8
200-300	12.0	+ 2.8	24.2
300-400	9.6	-17.5	17.2
400-500	7.1	-39.0	12.9
500-600	6.0	-48.6	7.3
600-700	6.0	-48.7	3.4
700-800	5.7	-50.9	1.5
800-900	6.0	-48.7	.7
900-1000	5.9	-49.7	.3
1000 & over	6.8	-41.9	.5
ALL CARS	11.6		100.0

<sup>a</sup> Based on data supplied by a large sales finance company, covering 2,260,059 used-car contracts.

<sup>b</sup> Each level is inclusive of the lower figure and exclusive of the higher.

<sup>c</sup> See Table 35, footnote b.

<sup>d</sup> See Table 35, footnote c.

levels, shows that for used cars the most unfavorable repossession experience is with those of lower price. As used-car prices increase to \$500 there is a distinct tendency for repossessions to diminish; above the \$500 level there is no appreciable change.

On the basis of this evidence one might designate used cars selling for less than \$300 as bad risks subject to a relatively high probability of repossession, those selling at between \$300 and \$500 as an intermediate risk group, and those selling for prices upward of \$500 as a relatively good risk. As has been shown in earlier tables of this chapter, the repossession ratio for used cars tends to run materially higher than that for new cars, averaging more than four times as much, according to source company data for 1933-36. Even for the low-risk, high-priced used cars, that is, those selling for \$500 and over, the repossession ratio is more than twice the average for all new cars.

The tendency for repossession experience to be better for higher- than for lower-priced used cars is readily understandable. For one thing, those who buy the higher-priced cars have made a higher absolute cash investment, and therefore when it is possible to continue payments, even though it is not easy, they are likely to be much less inclined to let their cars go. Furthermore there is much greater likelihood of purchaser dissatisfaction with the lower-priced cars, which are necessarily the oldest and mechanically the poorest. Supplementary data, not tabulated here, reveal a fairly pronounced tendency for repossessions to increase with age of car.

#### CONTRACT TERMS AND PRICE AS COMPOSITE FACTORS IN REPOSSESSION

That repossession experience varies by down payment, contract length and cash selling price has already been indicated. It remains to consider these three factors together so that

their various interrelationships may be studied. Sales finance companies seldom tabulate their repossession data by more than one or two basic factors, but one comprehensive tabulation of the source company's used-car repossession experience is available for 1937. This is given in Table 38, and it provides both a summary and an elaboration of observations already made. The table confirms, for example, the tendency for used-car repossessions to decrease as down payment increases; with one minor exception<sup>3</sup> this tendency is present throughout, for all prices and for all contract lengths. Similarly, the tendency for used-car repossessions to decrease as price increases is shown here to be consistent for all down payment percentages and for all contract lengths.

This more ramified tabulation helps also to explain the apparent paradox that was evident in the direct relationship between length of contract and used-car repossession experience. It is true that when price is disregarded the repossession ratio declines with longer contracts, regardless of what the down payment may be. But in each of the three price levels itemized here the ratios for "all cars" tend to move in the expected direction as contracts become longer. Still more significant is the indication that longer contracts are granted mainly for higher-priced cars. Approximately a third of the cars financed in this period carried contracts running more than 12 months, and of these cars 80 percent sold for \$400 or more, a price group that was conspicuously better than any other in its repossession record.

The importance of using a detailed analysis, such as is presented in Table 38, as a means of confirming the general tendencies revealed by simple relationships, may be illustrated by reference to the problem of finance charges. Let us

<sup>3</sup> The exception is for cars costing less than \$200, with contracts running longer than 12 months. Here the repossession ratio on contracts calling for 34-40 percent down payment is slightly higher than on those calling for less than 34 percent; even on these contracts, however, there is a decrease from the lowest to the highest down payment level.

TABLE 38  
 REPOSSESSION EXPERIENCE, JANUARY 1937-JUNE 1938, ON USED CARS FINANCED IN  
 1937, BY CASH SELLING PRICE, DOWN PAYMENT AND LENGTH OF CONTRACT<sup>a</sup>

Cash Selling Price	Length of Contract (in months)	REPOSSESSION RATIO						% DISTRIBUTION OF ALL CARS FINANCED					
		Down Payment Percentage			Down Payment Percentage			Down Payment Percentage			Down Payment Percentage		
		Under 34	34-40	41 & Over	All Cars	Under 34	34-40	41 & Over	All Cars	Under 34	34-40	41 & Over	All Cars
Under \$200	Under 9	28.3	22.8	15.2	22.8	2.4	2.1	1.7	6.2				
	9-12	25.9	20.7	13.9	22.1	9.7	6.9	3.3	19.9				
	Over 12	32.1	33.8	26.8	32.0	b	b	b	b				
	All cars	26.4	21.2	14.7	22.3	12.1	9.0	5.0	26.1				
\$200-400	Under 9	21.7	20.1	7.8	13.9	.4	.4	.8	1.6				
	9-12	21.0	16.0	6.8	15.1	9.5	8.4	7.7	25.6				
	Over 12	19.1	13.5	7.1	16.2	4.0	1.9	.7	6.7				
	All cars	20.4	15.7	6.9	15.3	13.9	10.8	9.2	33.9				
\$400 and over	Under 9	11.8	10.3	3.4	6.3	.3	.3	.9	1.5				
	9-12	14.2	10.0	2.0	6.6	2.7	2.9	6.9	12.5				
	Over 12	12.4	7.4	2.4	8.5	11.7	7.9	6.4	26.0				
	All cars	12.9	8.1	2.3	7.8	14.7	11.1	14.2	40.0				
All cars	Under 9	26.2	21.1	10.4	18.9	3.0	2.8	3.5	9.3				
	9-12	22.4	16.8	6.2	15.6	21.9	18.2	17.9	58.0				
	Over 12	14.2	8.7	2.9	10.1	15.8	9.8	7.1	32.7				
	All cars	19.5	14.6	5.9	14.1	40.7	30.8	28.5	100.0				

<sup>a</sup> Based on data supplied by a large sales finance company, covering 815,158 used-car contracts; repossession ratios calculated as of June 30, 1938.  
<sup>b</sup> Less than 0.1 percent.

suppose a finance company concluded that if it used a given schedule of charges it could not afford to finance any group of automobiles on which the repossession ratio was more than 16 out of every hundred cars financed. Table 38 shows that the used-car repossession ratio averages 22 for cars costing under \$200, 19 for contracts running less than 9 months, and 20 for all cars with down payments of 34 percent and under. The company might conclude that all of these groups present unsatisfactory risks, except on the basis of a premium finance charge. Thus such a charge would be required on some 57 percent of used-car contracts. If, however, the company examined the record in more detail it would find that the used-car contracts which would prove unsatisfactory on the basis of scheduled charges would be confined to four groups: those in the price-class under \$400 with down payments under 34 percent; those in the price-class under \$200 with down payments of 34 to 40 percent; those in the price-class under \$200 with contract lengths over 12 months; those in the \$200-400 price-class with contract lengths under 9 months and no more than 40 percent down payment. Thus, on the basis of past repossession experience, the finance company could expect to subject about 65 percent of the contracts to its scheduled finance charge, and to require a premium charge on only 35 percent of its used-car contracts.

This illustration merely serves to show that care must be used in applying experience data to practical problems. Under a given rate schedule down payment and other requirements may be profitably relaxed when other indications are satisfactory, and they may have to be tightened when other indications are unsatisfactory.

#### IMMEDIATE REASONS FOR REPOSSESSION

In addition to the significance of contract terms and price as factors in repossession, it is important to understand the im-

mediate reasons that make repossession necessary. But any analysis of repossession experience according to this classification is bound to encounter difficulties. For one thing, the very term "reason for repossession" is somewhat ambiguous. Other terms have been suggested, such as "reason for default" or "reason for delinquency," but these are equally unsatisfactory; since repossession is a last resort after all other methods of adjustment have failed, delinquency and default have already occurred, and, although they are usually attributable to the same reason as repossession, they may sometimes be caused by slightly different circumstances. A second major source of difficulty is that of setting up mutually exclusive categories of reasons. Most cases of repossession reflect a set of complicated circumstances involving the purchaser, and it is well-nigh impossible to establish a classification which will not allow a given case to fall legitimately in any one of several classes.

On the basis of its experience the source company has classified five broad categories of reasons for repossession, each of which is broken down into two or more subdivisions. The first category includes cases of "financial risk" or "weak initial credit." It is intended to cover purchasers who overestimated their ability to pay, and also those who found automobile upkeep too high to continue. The second category covers "moral risk" or "intentional breach of faith," and includes a variety of sins on the part of the purchaser: confiscation (car recovered from federal, state or municipal authorities following seizure); conversion (purchaser disposes of car, necessitating repossession from third party); collision (purchaser unwilling to repair car and continue his obligation); abandonment; insurance claims (resulting in repossession because purchaser will not continue with his account); change in wants of the consumer; misuse of car (value of car not worth amount of remaining payments because of bad treatment accorded it by purchaser); intention to convert

(including all cases not elsewhere provided for, where car has been secreted intentionally or otherwise).

The third group includes cases of "reverses": financial reverses (loss of job, reduction of salary, business difficulties and the like); personal reverses (illness, injury or death to purchaser or some member of his family); litigation against purchaser; and major catastrophes, such as flood or hurricane. The fourth category covers dissatisfaction on the part of the purchaser with the mechanical condition of his car, or with the service he receives, and under this heading are also included cases in which the purchaser "claims misrepresentation as to year, model, terms, etc.," and cases of "insufficient equity either at time of purchase or subsequent thereto." The fifth and last group includes cases of fraudulent or fictitious sale, such as is sometimes arranged by dealers for the purpose of raising money.

Table 39 shows for both new and used cars the relative importance of the five main categories of reasons for repossession, and the way in which the repossession ratio is distributed among them. Reverses stand out as by far the foremost reason for repossession, with financial risk second; together these two groups account for 82 percent of both new- and used-car repossessions. The financial risk group, it will be remembered, includes purchasers who overestimated their ability to pay or found car upkeep too high for their income. Presumably with careful credit selection these cases, which totaled just under a third of both new- and used-car repossessions, could have been detected and their paper refused; the balance, or slightly more than two-thirds of the repossession cases of this one company, were unpredictable and unavoidable. In other words, roughly one out of every hundred new-car instalment deals resulted in repossession that would have been preventable by prior credit selection, while about two out of every hundred new-car deals ended in unpreventable repossession. For used cars, more careful credit



TABLE 39

PERCENTAGE DISTRIBUTION OF REPOSSESSIONS, 1933-37,  
ON NEW AND USED CARS FINANCED DURING 1933-36,  
AND DISTRIBUTION OF THEIR REPOSSESSION RATIO, BY  
REASON FOR REPOSSESSION<sup>a</sup>

<i>Reason for Repossession</i>	<i>Percentage Distribution of Repossessions</i>	<i>Distribution of Repossession Ratio<sup>b</sup></i>
	NEW CARS	
Financial Risk	29.3	.8
Moral Risk	16.8	.5
Reverses	52.5	1.4
Dissatisfaction	1.3	°
Fraud	.1	°
ALL REASONS	100.0	2.7
	USED CARS	
Financial Risk	32.7	3.8
Moral Risk	12.7	1.5
Reverses	49.8	5.7
Dissatisfaction	4.7	.6
Fraud	.1	°
ALL REASONS	100.0	11.6

<sup>a</sup> Based on data supplied by a large sales finance company, covering 57,739 new-car and 354,052 used-car repossessions.

<sup>b</sup> Ratios for individual reasons are computed by multiplying the ratio for all reasons (total number of repossessions per hundred cars financed) by the percentages in the preceding column.

<sup>c</sup> Less than 0.05 percent.

selection might have reduced the average number of deals ending in repossession from around twelve out of every hundred to approximately eight.

Table 40 gives, for both new and used cars, and for each category of reasons, the cumulative percentage of repossessions by number of instalments paid. This table shows that before ten payments have been made there is little difference in the relative importance of the various reasons for repossession; in other words, more than nine out of ten new-car and practically all used-car repossessions come before the



tenth payment, regardless of reason. The only significant variation as between reasons appears in the first few months of the instalment period. Before the second payment a larger percentage of dissatisfaction repossessions occur than of those for any other reason. This suggests that instalment purchasers are more likely to become dissatisfied shortly after purchase than later, and that comparatively few purchasers, no matter how dissatisfied, are willing to permit repossession after they have made a number of payments, unless they are for some other reason unable to continue paying.