The Volume of Consumer Installment Credit, 1929-1938

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One of the most notable developments in our national economy during the past few decades has been the growth of credit extended to consumers on installment terms. In recent years there has been an increasing recognition of the fact that this type of credit is exerting a profound and widespread influence on national purchasing habits, on methods of distribution and finance, and on the whole financial structure of the country.

While the importance of consumer installment credit is undisputed, discussion of its exact influence has been hampered by the scarcity of adequate statistical data about it. True, the Russell Sage Foundation recently published a comprehensive series of figures for the outstanding amount of consumer credit as a whole, broken down by types of credit agency; but the nature of its material prevented segregation of installment credit, which is undoubtedly the most significant part of the whole. Previous estimates of this particular type of credit have been based on data either fragmentary or incomplete in coverage.

This bulletin presents the first consistent series of annual and monthly estimates of the volume of consumer installment credit, covering the period from 1929 to 1938 inclusive. The data were prepared as a collaborative undertaking of the National Bureau of Economic Research, the Russell Sage Foundation and the Bureau of Foreign and Domestic Commerce of the United States Department of Commerce. For several years prior to the present collaborative effort, each of these agencies was independently studying some phase of consumer credit, and interpreting its growth and change. The final development of the estimates presented in this bulletin constitutes an outstanding illustration of the fruitfulness of cooperative research.

In preparing the estimates it was necessary to draw upon many sources, and to request special information from a number of private agencies actively engaged in consumer installment financing. These requests were received with uniform cordiality, and we take pleasure in acknowledging the generous contributions of material. Methods of estimate were submitted to a number of specialists in the field and their criticisms and suggestions are likewise acknowledged with appreciation.

Because of gaps in the basic working materials, methods for estimating were modified according to availability of data. Consequently, we can attribute only approximate accuracy to these figures. Future revisions to increase the precision and value of the series will be made, however, as materials become more abundant and working methods more exact.

In view of the continuing need of business and public agencies for such data, the United States Department of Commerce has agreed to bring these series up to date and to maintain them on a current basis in the future. The collection of data and preparation of estimates, which has already begun, is centralized in the Credit Analysis Unit of the Division of Marketing Research, Bureau of Foreign and Domestic Commerce.

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The term consumer installment credit, as employed in this study, means credit extended to consumers which requires them to repay principal and interest at regular intervals. Consumer installment credit as thus defined is extended by two types of institutions—retail establishments selling goods, and cash-lending agencies, which advance funds. Accordingly, the estimates presented in this monograph were derived from two bodies of data—retail installment sales and cash installment loans. The retail establishments here included fall into six classifications: dealers in new and used passenger automobiles, department stores, furniture stores, household appliance stores, jewelry stores, and a miscellaneous group of "all other stores." Institutions offering cash installment loans include five groups—personal loan departments of commercial banks, credit unions, industrial banking companies, personal finance companies, and unregulated lenders. To supplement the estimates for these five types of cash-lending agencies, a sixth series was developed covering loans insured by the Federal Housing Administration under Title I of the National Housing Act. This series includes all loans of $2,000 or less which may be considered consumer credit.

Four phases of installment credit are covered by our study—the volume of credit granted, the volume of repayments, the amount of outstanding receivables, and the net credit change. The first two are self-explanatory. Outstanding represent the difference between credit granted and repayments; i.e., the amount of consumer installment debt in existence at a specified point of time; average outstanding represents the mean amount of such debt in existence over a specified interval of time. Net credit change is the change in outstanding during a specified time interval.

Except where otherwise noted, all series extend from 1919 through 1929, both monthly and monthly, through four items—credit granted, repayments, outstanding, and net credit change.

The types of retail establishments for which estimates of installment credit were developed are classified in general according to the 1915 Census of Business. The automobile dealer group constitutes the one important exception; the estimates for this group were worked out from numbers of cars sold, as reported to the Automobile Manufacturers Association. The installment transactions of establishments which are not treated in the present survey are primarily grants of producer credit as distinguished from consumer credit.

Estimates for the five types of institutions in the cash loan group are based upon compilations of the Russell Sage Foundation, which classifications have been followed with regard to both definition and coverage. The estimates for loans insured under Title I of the National Housing Act are derived from data contained in annual reports of the Federal Housing Administration.

The reader is cautioned to bear in mind the following characteristics and limitations of the estimates prepared in this study:

1. All outstanding estimates listed by type of retail establishment represent the amount of consumer debt originating in retail installment sales regardless of whether the retailer himself carries the installment paper as an account receivable item or has sold part or all of the installment paper to outside agencies (i.e., sales finance companies, commercial banks, industrial banking companies, and all other purchasers of consumer installment notes from retailers).

2. Prepayments of installment accounts, repayments of notes, delinquencies and repossessions are not accounted for in the repayments and outstanding estimates for the automobile dealer series.

3. Estimates of credit granted for all types of cash-lending institutions include renewals of old loan balances; the repayments series includes accounting collections on loans renewed. Thus the amount of credit granted (or loans made) by cash-lending agencies cannot be considered to refer exclusively to new cash advanced, and the volume of repayments to such agencies cannot be considered to refer only to repayments on new loans.

4. Repayments include charge-offs on bad loans in all series except that for automobile dealers.

5. Interest charges are not included in the personal finance company series, since this type of agency makes its charge each month on the unpaid balance and does not loan from both annually and monthly, through four items—credit granted, repayments, outstanding, and net credit change.

6. The series on loans insured by the Federal Housing Administration contain a small amount of duplication with other series in the study.

A monograph under the same title as this Bulletin, to be published later as a present complete table covering all the series herein described. Appendix D of this monograph describes in detail the methods of estimate employed for the several installment credit series, and indicates the limitations to which they are subject.

* See Census of Business: 1915, Retail Distribution, vol. 1, pp. 43 through 44.
* See Russell Sage Foundation, Consumer Credit and Economic Stability, by Rolf Norgaard, (1933), Ch. XII.

The Volume of Consumer Installment Credit, 1929-1928

According to our estimates, the dollar amount of consumer debt arising from retail installment transactions reached an all-time peak in 1937. In that year average outstanding totaled $3,641,306,000, the volume of credit granted was $3,666,800,000, and repayments came to $3,937,400,000.

During the year period covered by our estimates, the low point for average outstanding was in 1935, when it stood at $1,953,300,000. Its 1931 volume was $5,184,100,000, 18 percent above 1932. Because debts incurred just prior to and during 1932 were paid off as an unusually slow rate, average outstanding did not reach their low point ($1,051,900,000) until a year later than credit granted. The peak years for these two items were widely separated; credit granted was highest in 1939, when it amounted to $4,298,400,000, but average outstanding did not reach their high point until 1937.

This divergence between the peak of outstanding and that of credit granted reflects increasingly liberal credit terms during the ten-year period, particularly the tendency to increase the length of contracts, since any increase in contract length tends to prolong the time during which a given amount of credit remains outstanding.

Retail credit granted, repayments, and average outstanding rose sharply in amount and showed similar percentage changes from their peak to trough and trough to peak years. Between 1929 and 1932 credit granted decreased 68 percent; between 1931 and 1937 it increased 167 percent. Repayments and average outstanding declined 64 percent and 57 percent respectively between 1929 and 1933, and rose 135 percent and 151 percent respectively between 1933 and 1937.

Despite the striking increase in credit granted from 1932 to 1937, its volume in 1937 was approximately 15 percent below the 1929 peak. Repayments during 1937 were 9 percent lower than in 1929, whereas average outstanding were 7 percent above 1929.

The three items, however, showed somewhat different cyclical patterns. The volume of credit granted declined rapidly from the 1930 figure, in 1930 it fell off 22 percent. Repayments and average outstanding declined only slightly, the former dropping 2 percent and the latter 6 percent. In 1933, credit granted rose 16 percent over 1932, but repayments to liquidate installment debt declined 28 percent, and average outstanding declined 18 percent. In 1939 there was a sharp decline in the volume of credit granted, but only a moderate decrease in repayments and in average outstanding.

Month-end retail installment indebtedness over the ten-year period was highest at the end of September 1937 and lowest at the end of March 1933. Before 1931, retail installment debt had been highest at the close of October 1929. It seems reasonable to suggest, therefore, that the cycles in retail installment debt move closely with the general swings of business.

There were marked fluctuations in outstanding debt from peak to low months of business activity. For example, from October 1929 to March 1933 there was a decrease of 67 percent in the end-of-month outstanding, followed by an increase of 220 percent from March 1933 to September 1937, to a point 6 percent above the previous peak at the close of October 1929. A decrease of 24 percent occurred between September 1937 and December 1938. Chart 1 presents month-end outstanding for the five principal retail series, combined and singly.

There are two key reasons for these wide cyclical swings in retail installment credit. First and most important, the consumer installment market tends to center about high-priced durable goods, which consumers are not likely to purchase in periods of depression when "all other stores" omitted.
they are unsure of their future income, but which they do acquire in periods of recovery when their economic outlook seems brighter. Second, credit grantors do not wish to make advances to individuals whose incomes do not meet the qualifications for an acceptable deferred payment risk. Naturally, therefore, in periods of economic decline many individuals to whom installment credit facilities had hitherto been available might find themselves automatically disqualified from the use of such credit as a result of reduced incomes or unemployment.

Of the five types of retail establishments shown in Chart 1, month-end establishments arising from installment sales of automobiles declined most sharply in the period of business recession 1931-33, falling off 80 percent from August 1930 to March 1933. Installment debt occasioned by department store sales showed the least violent drop, yet fell 47 percent from December 1930 to March 1933. Decreases for the other three types of retail establishments ranged between these extremes. Increases from these 1933 low points to the 1937 high points show similar tendencies among the various outlets. Automobile installment debt rose 175 percent, reaching a point 16 percent above its preceding peak in August 1932; while department store debt increased one-fourth as much (123 percent), reaching a point 17 percent above its preceding peak, in December 1931. Installment debt incurred through household appliance stores and jewelry stores rose 71 percent and 143 percent respectively from the low points of 1933 to the high points of 1937; compared to 1929 level household appliance store debt was 2 percent higher and jewelry store debt was about the same. Retail sales of furniture revised slowly, and debt from this source rose only 44 percent between 1933 and 1937, the 1937 figure being about one-third lower than the 1929 level.

Throughout the present period, automobile purchases were the most important single source of retail installment credit. In 1929 they were 54.4 percent of all such credit, and in 1937 they were 68.4 percent. In 1937, however, automobile installment credit granted was only 47.3 percent of the total, and in 1938 it was 60.9 percent, while the percentages for department stores and for "other stores" increased in those years. The percentage of total credit extended by department stores averaged 12 percent during this period, by furniture stores, 15 percent; by household appliance stores, about 10 percent; by "other stores," about 10 percent; and by jewelry stores, between 2 and 3 percent.

The duration of installment indebtedness, which represents the average length of time consumed in paying out debts, varied from 10 to 26 months. The average duration of this type of credit extended by department stores averaged 12 percent during this period, by furniture stores, 15 percent; by household appliance stores, about 10 percent; by "other stores," about 10 percent; and by jewelry stores, between 2 and 3 percent.

The Voluntary hours of Consumer Installment Credit, 1929-1938

Contract length for automobile installment sales rose gradually from 12 to 17 months during the period covered. In the case of automobile sales alone, contract length increased durably. Figures of installment indebtedness refer to the original contract length rather than to the actual time consumed in paying off the debt. These figures, therefore, do not show the effect of deferrals, payments, and other similar factors on the actual daily installment payments made. Sales for the period through 1938 show 22 percent of total average sales; and for only 16 percent of the total amount granted, indicating that the average payment period in automobile retailing is longer than for retail establishments in general. The department store and automobile dealer sales show greater proportion of total credit granted than of total sales, reflecting shorter average maturities in these two groups than prevail for all retail groups as a whole.

Approximately 60 percent of the number of all automobiles sold are financed on an installment basis. This is true of 35 percent of the new cars and 53 percent of all used automobiles. The installment sales of automobiles, such as trucks and busses, have increased greatly in the past few years.

The rapid rise in the duration of consumer installment debt extended by department store debt occurred during 1929-31 in a direct result of delays in repayments occasioned by the recession. The continued effect of bad times upon repayments was still evident in evidence during 1931, when the duration of indebtedness decreased but slightly. A return to more normal times in 1934 is indicated by the abrupt decline in the time required for installment debt liquidation.

* This represents an average of payment periods varying from 1 month to 10 months depending on the type of retail establishment involved.

The Volume of Consumer Installment Credit, 1929-1938

The total amount of installment credit granted for automobile purchases over $25,000,000,000 in each of these years—1929, 1930, and 1937. Average outstanding balances were highest in 1937, when they reached $12,342,000,000, and repayments were lowest in 1939, amounting to $1,245,000,000.

In 1930, credit granted was $12,935,000,000, and repayments $1,114,000,000. In 1931, credit granted was $12,342,000,000, and repayments $1,245,000,000. In 1932, credit granted was $12,430,000,000, and repayments $1,114,000,000.
The Volume of Consumer Installment Credit, 1929–1938

In spite of the fact that the number of appliances sold on an installment basis increased greatly between 1919 and 1927, credit extensions by household appliance stores amounted to less in 1937 than in 1919. Most of this decrease may be traced to two factors. First, appliances became much less expensive. The tremendous decline in household appliance retail prices over the last ten years is well illustrated by data from a trade journal, which show that in 1919 the average retail price of electric refrigerators was 41 percent lower than in 1929, of washing machines 35 percent lower, and of electric ranges 19 percent. Radio prices declined 60 percent from 1929 through 1937. Vacuum cleaners were the one exception to this trend, increasing in price by 10 percent from 1929 to 1938. Second, household appliances were being distributed through department stores, drugstores, furniture stores, hardware stores, mail order houses, and many other retail outlets besides appliance stores.

The primary seasonal peak in credit granted usually occurred in May or June, after a heavy concentration of sales for several months (see Chart IV-D). A secondary peak was also registered during December. The peak in outstanding lagged by one to three months behind that for credit granted, developing usually in July or August. January seems to have been the trough month for credit granted, and February or March for outstanding debt.

Jewelry Stores

Of the five types of retail establishments covered in this study, the jewelry store group transacted the smallest volume of installment business. Credit extended to consumers by jewelry stores was greatest in 1929, totaling $886,000,000, and almost as large in 1937, when it totaled $846,000,000. Average outstanding in each of these years came to approximately $47,000,000. Credit granted, repayments, and average outstanding were lowest in 1931, when these items had decreased 64 percent, 61 percent, and 48 percent respectively from their 1929 levels. The greater net change in end-of-year outstanding during one year was a $17,500,000 decrease in 1931.

The monthly estimates for jewelry stores show striking seasonal changes (Chart IV-E). Extensions of installment credit reach a tremendous seasonal peak in December, at least one-third of the annual installment transactions of jewelry stores are made in that month, causing a sharp peak in outstanding as well.

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The “all other stores” classification included many retail apparel and accessory outlets whose sales did not vary as much as those of most concerns selling on an installment basis. The volume of credit granted was at its peak in 1920, when it amounted to $156,600,000. Repayments were highly elevated in 1920, totaling $276,700,000, and average outstanding in 1921, when they reached $195,000,000.

As with the other groups in our series, credit granted was lowest in 1931 when the volume stood at $123,500,000, and 1933 marks the low point both for repayments ($171,900,000) and for outstanding balances ($169,600,000). These three figures represent decreases of 48 percent, 44 percent, and 33 percent respectively from the 1929 figures. No figures were available for monthly estimates for stores in this classification.

Monthly Totals for the Five Principal Retail Credit Establishments Combined

For the five major retail establishment combined, the heaviest concentration of credit granted occurred during the spring months (Chart IV-F), with another rise during December. Because automobile dealers constitute approximately one-half of total retail dehcall, the seasonal pattern in total credit granted is quite similar to that of the automobile series. Outstandings reached modified seasonal peaks during the summer months and in December.

Estimates of Cash Loan Installment Credit

During the ten-year period covered by our estimates, total cash loans were at their highest point in 1928, when they averaged $1,124,900,000, or more than 100 percent above their 1919 level; they were lowest during the two years 1931 and 1933, when they approximated $464,000,000. This is in contrast to retail installment debt, which rose in 1934 and declined in 1938.

The volume of credit extended to consumers by the four principal monthly cash lenders was likewise at a peak during 1928, totaling $1,173,600,000. Repayments reached a high in the same year with a volume of $1,163,600,000. The low year for both credit granted and repayments was 1933, when these items totaled $84,500,000 and $53,900,000 respectively; they then began to rise, increasing approximately 170 percent and 140 percent respectively by 1938 to volumes 14 percent and 76 percent above 1919, respectively. End-of-month outstandings for the four principal types of lending institutions and for FHA loans are shown combined and singly in Chart V. Total outstandings increased in 1929 and 1930, decreased gradually until the end of February 1934, and again moved upward, from March 1934 to the close of 1938 they increased 165 percent, and were still rising at the close of December 1938, the last month to which our estimates apply.

A marked cyclical movement is exhibited by the personal finance company and the industrial banking company curves shown in Chart V. Personal finance company outstandings rose steadily from early 1929 until January 1931, and declined gradually to a low point at the end of October 1933. From this date to the close of 1935, the loan balances of these companies increased 54 percent. Industrial banking company outstandings fluctuated more, dropping 48 percent from the end of the expansion period 1929-30 to February 1934, and rising almost 100 percent by the end of 1938.

The commercial bank and credit union curves in Chart V move in the same wave cyclically as the personal finance company and industrial banking company curves during 1931-33, but show a tremendous secular growth in the period 1934-38. Consumer loan balances of these agencies decreased 16 percent in 1932 and 21 percent respectively during 1931-33. During 1934-35, however, indebtedness to credit unions multiplied more than four times, and to commercial banks more than eight times. Insured FHA (Title I) loans were first made in 1934.

The average outstanding was highest during 1936, when they amounted to 24 percent of total outstandings of all cash- lending institutions combined. These loans were discontinued, however, during most of 1937, with the result that in 1938 outstandings were only 11 percent of the total.

During 1929-38 personal finance companies held a decreasing proportion of the total loan balances of all lending institutions, and in this same period average outstandings for industrial banking companies also declined in relation to other lending agencies; the share of the former dropped from 41 to 31 percent in the ten-year period, and that of the latter was almost cut in half (40 percent to 20 percent). These decreases reflect the rapid growth of commercial banks and credit unions in the cash loan field; in 1929 only 11 percent of total cash loan indebtedness arose from these two types of institution, but in 1938 they were responsible for almost 30 percent. It does not follow, however, that the loan balances of personal finance companies and industrial banking companies fell off during this period, the cash loan group as a whole more than doubled its volume of business during the ten-year period, and within the group the outstandings of personal finance companies rose 50 percent and 90 percent of that of industrial banking companies 10 percent. The share of total average outstandings held by unregulated lenders changed little during this period, remaining close to 8.5 percent.

Individual Cash Loan Series

Commercial Banks

Credit extended to consumers through personal loan departments of commercial banks was greatest in 1928, when it totaled $74,000,000. Repayments, amounting to $41,400,000, and average outstanding, totaling $218,600,000, were also highest in that year. Volume of repayments touched the low point in 1931 and volume of loans made in 1923, but average outstandings were low ($50,000,000) in both these years. The year 1917 witnessed the greatest change in outstandings, a net increase of 80 percent.

In connection with this great rise in loan volume between 1913 and 1918, it should be remembered that the number of personal loan departments in commercial banks grew rapidly in that period. Of 595 banks reporting personal loan departments to the National Bureau of Economic Research in 1918, 80 percent had established these departments after 1913. In 1928 the number of commercial banks (Chart VI-A) do not show the distinct seasonal patterns which appear in the retail series. Outstandings changed very little during the period, but the volume of loans made shows a December seasonal peak, and a secondary peak in June. The repayments curve moves in very much the same direction as the credit granted curve.

Credit Unions

Credit unions are quantitatively the least important of the four principal types of lending institutions. Total average outstandings of credit unions were highest in 1928, when they amounted to $102,600,000. Loans made and repayments were also highest in 1928, totaling $179,400,000 and $152,700,000 respectively in that year.

These three credit items were at a low point in 1931, when loans made came to $12,900,000, repayments to $13,000,000, and average outstandings to $15,000,000. The greatest change in loan balances occurred in 1937, when outstandings rose by $5,600,000. At the close of
1938 average outstandings were 242 percent higher than they had been in 1929.

Monthly figures for credit union outstandings reveal no discernible seasonal pattern (Chart VI-B). Monthly data covering loans made and repayments for these institutions are not available.

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Unregulated Lenders

Figures on unregulated lenders have been included in order to complete the installment credit totals for all types of cash-lending agencies, but these estimates are for annual outstandings and net credit change only. Average outstandings for such institutions were highest during 1928 ($56,100,000), lowest in 1929 ($28,000,000). The greatest net credit change was an increase of $19,300,000 in 1926.

Estimates of Retail and Cash Loan Installment Credit Combined

Total average installment indebtedness was $79,600,000 in 1929, the high point of the ten years covered by this study.21 The low point was in 1933, when indebtedness totaled $11,611,600. Both in 1927 and 1928 the amount of installment indebtedness was larger than in 1929, when it was approximately $5,000,000,000. Indebtedness arising from retail installment transactions accounted for approximately 75 percent of all installment debt during the 1929–38 period as a whole, but its relative importance fell from 82 percent of the total in 1933 to 67.5 percent in 1938. Cash loan debt makes up a larger proportion of total installment debt during recession years than during times of business revival, retail debt decreasing sharply during periods of recession. In the revival years after 1933, however, cash loan debt accounted for a substantially larger proportion of total debt than it did in 1929; for example, in 1937 it made up 29 percent of total installment debt, compared to 17.7 percent in 1929.

The trend shown by cash loan installment debt differs from those shown by retail installment debt. In 1931 the average amount of cash loan debt was more than twice as great as it had been in 1929, while retail debt was 5 percent lower. Cash loan debt as a whole showed a slight increase in 1932, but retail installment debt dropped sharply in the latter year. Retail debt rose during 1934 and declined during 1935, while cash loan outstandings were lowest in 1933–34 and at their highest point in 1935.

Total indebtedness followed a direction generally similar to that of retail indebtedness. This is to be expected, since retail installment debt made up approximately three-fourths of the total consumer installment debt during the period covered. According to Chart VII, which shows the indices of average outstandings for the retail, cash loan, and composite groups,24 from 1929 to 1933 the composite index declined about 30 percent and the retail index about 60 percent, while the cash loan index decreased 13 percent. After 1933 total indebtedness rose to a new high in 1937, when it was almost 25 percent above its 1930 amount. Retail indebtedness in 1937 was 7 percent over its 1929 volume, and cash loan indebtedness was 103 percent higher; but in 1938 total indebtedness and retail indebtedness fell off, while cash loan debt continued to rise. This steady increase in cash loan debt was occasioned by a striking growth in the loan business of commercial banks and credit unions.

21 Totals include the six types of retail establishments, and all types of cash loans including the series of insured FHA (Title I) loans.

24 Including all types of agencies, both retail and cash loan, and insured FHA (Title I) loans.
Instalment debt arising from automobile purchases accounted for 25 to 42 percent of total instalment debt during 1929–38. Furniture stores were responsible, on the average, for about 16 percent of total debt during the period, and personal finance companies for 11 percent. The proportion of total outstandings held by commercial banks and credit unions combined was 6.9 percent in 1937, whereas it had been only 2 percent in 1929.

The total volume of credit granted by the major credit agencies in both groups\(^\text{12}\) reached its peak in 1929 at $5,282,000,000, and in 1937 it was almost as high ($5,145,000,000). Repayments were high in 1929 ($4,802,000,000) and rose further in 1930, to their peak of $4,821,000,000. Outstandings showed a marked decrease in 1932, when repayments exceeded credit granted by $711,000,000; but in 1936 they increased by $773,000,000, the greatest net change in outstandings during the period studied.

The monthly movement of outstandings for the principal agencies covered in our estimates\(^\text{13}\) appears in Chart VIII. Total outstandings reached a peak at the close of September 1937, having risen 15 percent above the previous peak point (October 1929) and 19 percent above March 1933, the low point of the ten-year period. Between October 1929 and March 1933 total outstandings fell 59 percent. The peak in total instalment debt which occurred at the end of September 1937 was 15 percent above the previous peak point in October 1929. Retail outstandings show some seasonal movement, rising in the spring months and again in December; but cash loan outstandings show practically no seasonal pattern. Outstandings for both types of credit combined show a slight seasonal movement which follows, as would be expected, the pattern of retail outstandings.

**Instalment Credit in Relation to Income Payments**

According to the evidence assembled in the consumer instalment financing studies of the National Bureau, the vast bulk of consumer instalment credit is extended to individuals whose annual incomes do not exceed $5,000. A comparison of the present instalment credit series with estimates of total income payments received by these individual consumers from 1929–38 shows that an average of approximately 9 percent was added to their total purchasing power by instalment credit, while repayments of such credit absorbed on the average a similar proportion of their total income. At the bottom of the 1929–37 business swing (1932), instalment credit granted amounted to only 6 percent of the aggregate income of the consumers using it, but at the top of the swing (1937) it amounted to 11 percent.

Repayments, lagging cyclically behind credit granted, reached a low in 1933 of 6.4 percent of the aggregate incomes of consumers using instalment credit, and a peak of 11 percent in 1938.

In years of business advance, instalment credit granted consistently exceeded repayments of instalment debt, giving rise to a net addition to the stream of consumer purchasing power. In each year of business contraction, a net drain on consumer purchasing power was created. The maximum net addition to purchasing power during this ten-year period occurred in 1936, and the largest net drain in 1932. In both years, however, the amount involved was relatively small, roughly 2 percent of the total income of consumers receiving annual incomes of $5,000 and less. The economic significance of consumer instalment credit, however, is not to be judged solely by its quantitative amount relative to total income payments.

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12 Including the six types of retail establishments; excluding unregulated lenders and insured FHA (Title I) loans from the cash loan group.

13 Excluding "all other stores" from the retail group, and unregulated lenders from the cash loan group.