The American Consumer: A Financial Portrait

In its 1956 annual report the Chairman of the President's Council of Economic Advisers remarked that it would be " ... desirable to increase the influence that the federal government can exercise on consumer credit ". In order to explore the matter more fully he requested the Federal Reserve Board to undertake a broad study of the role of consumer instalment credit in the economy. The results of this study were published in March 1957.

It is a study that is assured an honored place on the economist's bookshelf. Whether many readers will have the patience to plow through its more than 2,000 pages, and whether it will make it any easier for the President, or his Council of Economic Advisers, to form a judgment as to the desirability of consumer credit control is another matter. In fact, one who has read even a minor portion may be rendered incapable of action by the array of facts and opinions seemingly supporting all and any action he might, for other reasons, wish to take. Unfortunately, too, the Survey is not prefaced or concluded by any summary of findings. The Board of Governors, publishing its own conclusions two months after the Survey's publication simply stated that it did not anticipate consumer credit as turning into a major disturbing influence in the future and that special regulations were not now required.

Its main value thus does not lie in any conclusions the study draws nor any call for action. It draws few conclusions. It calls for no action. It is concerned with isolating and describing the anatomy and physiology of consumer credit, not with pathology and therapy. Anyone approaching it with the expectation of finding a document which deals in judgments and decisions is bound to be disappointed.

The press has generally taken a critical attitude of this deficiency. It has characterized the study as a mountain having given

birth to a mouse, its authors as timid, its conclusions as " conclusions ". To this reader the verdict seems not only a little harsh, but also mistaken, unless one proceeds from the premise that from a wide array of statistics it must always be possible to draw a conclusion as to cause and effect in the past, and therefrom, in turn, a lesson as to policy in the future.

The staff of the Federal Reserve Board has indeed brought together a great mass of statistics, but, given the nature of economic development and its mechanism, it has for the most part been unable to isolate with sufficient clarity those events that can be causally related to occurrences in the consumer credit field. To illustrate: that credit expansion is a potential harbinger of economic instability we have always known. That consumer credit is one of the smaller components of total credit we have also known. The degree to which expansion in consumer credit has in the past been a factor in instability we would like to know, but the assembling of statistics has not furnished the answer. And so with many of the other questions raised. Perhaps the fault is less the cook's than the client's who ordered the dish.

Because of its nature, the study is most valuable for the insight it provides into the nature, growth and mechanism of consumer credit as it has come to exist in the United States today. Except to the specialist in consumer credit matters its spread is a revelation even to an American reader who himself has repeated occasion to partake in it. The following pages attempt to summarize the most significant features of consumer credit in the contemporary American scene.

1. *The volume of consumer credit.* By the end of 1956 consumer instalment credit outstanding had reached the all-time high of $31,500,000,000. It had climbed to that level from a modest $1,000,000,000 in the early 'twenties, interrupted by declines only during the Great Depression and during World War II. Its steepest rate of ascent began after World War II. From a low of $2,000,000,000 in 1944 it rose without interruption to $29,000,000,000 at the end of 1955. Its growth in 1955 alone was of the magnitude of $5,500,000,000 and was by itself largely responsible for drawing attention to the whole problem of consumer credit. To provide some comparisons, consumer instalment credit in 1956 amounted

to some 8% of gross national product. It represented nearly one-quarter of all consumer debt (62% of all consumer debt was mortgage debt).

2. *Objects of instalment debt.* In 1939, when total instalment credit was only $4,500,000,000, automobile credit, personal loans, and other consumer goods paper shared about equally in the volume. In 1955, automobile credit had run far ahead of the rest of the field: it accounted for almost half of the total, having increased ninefold, while the other types were at only four to six times their 1939 level. Even mortgage credit had expanded only 6½ times during the same period.

3. *The users of instalment credit.* In early 1956 almost half — to be exact: 45% — of all spending units (1) in the U.S. were carrying instalment debt. One out of every two American families — using the term as broadly equivalent to "spending unit" — was "paying off" the purchase of a car, a television set, a washing machine. As one would expect, the frequency of instalment debt was least at the extremes of income: only one in five households had instalment debt on the $1,000 per year income, and only one in three on the $10,000-plus per year level.

At the lower end, even instalment purchases of high-cost consumer goods are prohibitively expensive (and often not needed as these spending units may be single, older persons), whereas in the top income group cash payments impose no particular burden. It is in the medium income groups — $4,000-$7,500 per year — that instalment buying is most frequent. Here 56% of all spending units carry such debt. On the other hand, the amount owed increases with income and is highest in the $7,500-$10,000 group which owes, on the average, some $670, or a little less than 10% of annual income.

Many consumers, however, are carrying instalment debts that represent far larger shares of their disposable income. The extreme

(1) A statistical concept indicating all related persons living together who pool their income. A family with children less than 18 years old is the typical "spending unit". But a family including a child aged 18 or over who earns at least $15/week and does not contribute his income to the family would be two spending units.

case is the family with an income of less than $1,000: in this category in which only 19% of the spending units carry instalment debt, almost half of these units carry an instalment debt equivalent to 40% of their disposable income. By contrast, only 1% of all spending units carrying instalment debt in the $7,500-10,000 income group have as high a proportion of their income tied up in instalment debt service.

There is also a definite correlation between age and instalment debt. The carrying of instalment debt is highest among the 25-34 year olds, i.e. the new families who are acquiring the durable consumer goods they consider essential in setting up a household. As high as 61% of the spending units in this age bracket carry instalment debt. By contrast, in the 55-64 year old group the percentage drops to 29. Both habit and need render instalment debt less frequent.

The use of instalment credit varies also with occupational status. Farmers are least apt to incur such debt — only 24% of them — possibly out of a conservative attitude towards debt in general. Among other occupations, the use of instalment debt is highest among skilled and semi-skilled workers of whom almost two-thirds carry such debt. Of those who do, however, over one-third commit less than 10% of their income to instalment debt payment.

The typical expenditure on durable consumer goods, excluding automobiles, covered by instalment credit in 1955 amounted to somewhere between $200 and $500 per family. Furniture was the leading item, followed by television sets, washing machines, refrigerators and cooking stoves.

4. *Automobile purchases.* Automobile ownership has been the nursery of instalment credit. It is its mainstay now. By the end of 1955 close to half of all outstanding instalment credit originated in automobile purchases. In order to appreciate the role of the automobile in the American consumer's budget one need only look at the statistics of ownership. In early 1956 even in the lowest income group — less than $1,000 a year — 28% of the families owned one car. In the top group — $10,000 and over — 62% owned one and 32% two or more cars; only 6% owned none. The following table shows ownership by income groups:

Annual Income (before taxes)	Percentage of spending units which			
	Owns 1 car	Owns 2 cars or more	Owns no car	Purchases on credit
Under $1,000	28	1	71	52
$ 1,000-1,999	38	3	59	63
$ 2,000-2,999	55	4	41	52
$ 3,000-3,999	64	6	30	69
$ 4,000-4,999	78	7	15	66
$ 5,000-7,499	78	11	11	65
$ 7,500-9,999	74	20	6	50
$10,000 and over	62	32	6	40

These figures indicate the vast impact of automobile purchases upon practically every phase of the economy. Their role in instalment credit is indicated by the fact that, except in the top income bracket, half or more are purchased on credit. In the medium income groups which comprise the bulk of the population, two-thirds of all automobile purchasers buy their cars on credit, and in 1955 one-third of all spending units in these brackets did, in fact, purchase a car.

5. *The lenders.* The kind of instalment paper that was outstanding at the end of 1955, by types of lenders, is shown in the following tabulation:

DISTRIBUTION OF CONSUMER INSTALMENT CREDIT, BY TYPE OF UNDERLYING TRANSACTION AND LENDER, DECEMBER 31, 1955
(in million dollars)

	Automobile paper	Other consumer goods	Repair and modern-ization of homes	Personal loans	Total
Total	*13,668*	*7,626*	*1,670*	*6,256*	*29,020*
Held by:					
Commercial banks	5,305	2,042	1,338	1,916	10,601
Sales finance companies	6,919	1,034	—	465	8,418
Consumer finance companies	—	—	—	2,155	2,155
Automobile dealers	535	—	—	—	535
Credit unions	—	—	—	1,019	1,019
Department stores	—	1,511	—	—	1,511
Other retail stores	—	2,533	—	—	2,533
Other financing institutions	709	506	332	701	2,248

As may be seen from the above table, commercial banks are today the biggest lenders in the consumer field. This has not always been the case, but is a recent development. Just prior to World War II commercial banks held only $1,700,000,000, or one-fourth of all consumer credit. In 1955 their holdings were approaching 40% of all outstanding consumer credit, and there is hardly a bank left in the United States that does not engage in consumer instalment lending.

Sales finance companies, the second-largest lender in the field, have had a chequered history. Preceding commercial banks by many years they suffered a severe setback during the depression years and again during World War II when their role was largely taken over by consumer finance (or small loan) companies which found it easier to make loans in the face of stringent credit regulations. At present sales finance companies hold almost 30% of all outstanding consumer credit.

Consumer finance companies which specialize in small loans, often unsecured, typically at high rates of interest, have held on to a steady 10% of the instalment credit market. According to a recent survey, the principal reason that brings borrowers to these companies is to consolidate miscellaneous overdue bills, i.e. to make a funding operation. Health expenses are the second-largest cause, accounting jointly with general funding for almost 50% of all loans. Automobile purchases, durable consumer goods and home repair are relatively unimportant. In a sense, most of the loans made from consumer finance companies represent special emergencies, cases of " overextension ".

	Total outstanding (*million dollars*)	Percentage held by				
		Commercial banks	Sales finance companies	Consumer finance companies	Other finance companies	Retail outlets
1941	6,085	28	30	9	7	26
1945	2,462	30	12	18	12	78
1948	8,996	39	22	9	9	21
1950	14,703	39	25	9	7	20
1953	23,005	39	26	9	8	18
1955	29,020	37	29	9	9	16

Retail stores have been a diminishing factor in the holding of consumer instalment credit. To an increasing degree, stores prefer to sell their paper to banks or finance companies rather than be saddled with the labor and expense of carrying the credit for their own account.

The following tabulation shows the relative role of the various lenders, from 1941 to 1955.

6. *The terms.* With the extension of consumer instalment credit to a growing group of consumers and list of goods has come a gradual easing of terms. Required down-payments have been reduced, maturities lengthened. Interest rates, on the other hand, have remained stable or have been raised.

In the case of automobiles the easing of terms has been spectacular. Between 1920 and 1955 length of maturities doubled. In the shorter period 1939-1955 it rose some 50%. The really big jump occurred in 1954 and 1955, as may be seen from the following:

PERCENTAGE OF ALL NEW AUTOMOBILE INSTALMENT CONTRACTS HAVING SPECIFIED MATURITY AND DOWN-PAYMENT RATIO

	1955		1954	
	2nd Half	1st Half	2nd Half	1st Half
Maturity (months):				
30 and over	66	57	48	34
36 and over	25	18	13	7
Down-payment ratio:				
Under 25%	48	41	38	30
Under 15%	19	17	14	9

As may be seen, in the average course of 18 months the percentage of cars being financed at 30 months and over doubled, and more than tripled for cars having a maturity of 36 months and over. At the same time, down-payment requirements were relaxed: 50% more cars were sold with only 25% or less, and over 100% more with a mere 15% down-payment. Statistics show that low down-payments and long maturity go together, thus creating a situation in which the financing charge adds a substantial

amount to the cost of the car and the total credit may exceed the dealer cost by as much as 25%. By now the typical automobile instalment purchase gives the buyer 30 months to pay, with a down-payment of about 25% of the price.

Banks usually insist on shorter maturities and require larger down-payments than do other lenders, but only when banks function as lenders to consumers. When banks purchase paper from other lenders, they accept, by and large, the terms set down by those agencies.

Appliance sales are usually even less stringent: 10% down-payment and maturities stretching 24-30 months and even 36 months on more expensive items are the rule.

7. *The cost of credit to the consumer.* Consumer credit is one of the most profitable lines a lender can engage in. Interest rates charged are by far the highest found in any type of lending. At the same time they encounter least resistance, since their significance is dulled by the seller's method of quoting the " monthly charge ", in which the interest, merged with the cost of the purchase, not only loses its identity, but appears of relatively minor magnitude altogether. In fact, there are good reasons to believe that in the majority of instances the consumer is unaware of the rate of interest he pays or the amount of the carrying charge. (He is therefore equally insensitive to changes in the rate of interest).

To illustrate, if on a given purchase there remained an unpaid balance of $2,000, to be financed, this would be increased by, say, $35 for various types of insurance, and, at 6% per annum, over a two-year period, by $244.20 for interest, yielding a total of $2,279.20. The monthly payment would be computed at $94.96, including the financing charge. This, in most instances, is the figure on which the prospective buyer will focus and which will be at the root of his decision to buy or not to buy. What if the interest rate were to be 8% instead of 6%? His monthly payment would then rise to $98.33, i.e. by only $3.37, or by less than the price of a restaurant meal for two! Obviously, the rate of interest bothers only the most sophisticated purchaser.

It takes an equally erudite purchaser to realize that his 6% interest consists of an " add-on " charge — the term for the method of charging interest on the face value for the entire length of the

contract — and that he is therefore actually paying over 11% on the average amount outstanding during the life of the contract. This rate which is the rate at wich about half of all instalment purchases were financed in the spring of 1957 (with half of the remainder above and half below) compares with contemporary mortgage rates of 5-6%, 4½-5½% on bank loans to business, or 90-day acceptances at just over 3%.

Rates charged on personal loans made by consumer finance companies run even higher. Typically, these companies will charge 3% per month on the outstanding balance for the first $150 to $300 (varying from State to State) and less for larger amounts. They earn over 2% per month on such loans. Commercial banks engaging in personal loans are limited, by state laws, to much lower rates, but still ranging from 6½% to 9% per annum.

Even before the rise in the interest level, that began in 1955, rates charged to consumers were thus far more in line with what Americans generally have considered exorbitant rates of interest in many foreign countries, including those of Western Europe. But most American consumers would be ready to deny, in good faith, that on typical instalment contracts they are paying 11% and more.

8. *Cost to the lender.* The high rates of interest charged in the consumer credit field are directly related to the cost of financing. Interest cost, to the lender, is not the largest single cost element. Administrative costs, fixed and operating, are higher, and they are relatively higher the smaller the loan. With large volume, however, the significance of the fixed costs diminishes and consumer lending becomes highly profitable, more so on the whole than other types of banking and manufacturing.

Surprisingly, perhaps, the risk element in consumer lending is not especially high and losses are not the factor making for high cost, nor has there been any significant change in this picture over the past decade. The experience of commercial banks is that at any time no more than 1½% of all instalment paper outstanding will be delinquent from one to three months. For automobile loans made directly by banks to buyers, the rate is only half that, whereas it has in the past risen to over 2% for paper credit arising out of appliance sales. Net losses, on the basis of meagre data available, do not seem to exceed 1% in terms of total credit outstanding in any recent year.

9. *The new consumer.* The rapid growth in consumer credit has been made possible by the consumer's willingness to become a debtor and save *after* rather than *before* the purchase. It has been helped along by the willingness of lending agencies to assume the administrative burdens and possible financial risks connected with small-scale and atomized consumer lending against the prospects of high earnings. In back of both developments has been the continuous growth of the economy and with it the substitution of service-rendering capital assets for purchased services: the trend from rented apartments to home ownership, the concomitant growth of the suburbs with consequent increased needs for transportation, i.e. automobiles, increasing difficulty and expense of domestic help with the consequent spread of household appliances — dishwashers, laundry machines, lawn mowers, etc. — to replace hired labor. Finally, the replacement of outside entertainment by television. A statistical reflection of this development is presented below:

INDEXES OF SELECTED CONSUMER EXPENDITURES, 1955
(1929 = 100)

Total consumer expenditures	322
Household appliances	541
Interest on personal debt	585
User-operated transportation	489
Domestic service	195
Purchased local transportation	190
Admission to motion picture theatres	179
Laundering in establishments	205

The above data dramatically illustrate the changed consumption pattern that has developed during the past two decades: away from rented and purchased services, towards self-supply of services derived from owned durable assets. In this framework the extension of consumer credit appears not so much as an addition to but as a re-allocation of available resources.

What has happened to the consumer is that he has shouldered a growing burden of liabilities to acquire an increasing stock of non-liquid assets. In relative terms, the rise in liabilities has far outrun the rise in assets: compared to 1939 the consumer's total

assets in 1955 had risen by 261%, his liabilities by 408% (both measured against a combined rise in population and prices of roughly 150% over the same period). Within the asset group, automobiles have risen 564%, homes 361%, life insurance and pension assets 345%, all of them relatively non-liquid and most of them requiring regular service payments.

In the aggregate, nonetheless, total consumer liabilities are, of course, only a fraction of total assets (about one-eighth in 1955) and are 60% of total *liquid* assets. However, the aggregate picture is grossly misleading. Most of the liquid assets are held by debt-free consumers, with the result that for debt-carrying consumers alone liabilities exceed their liquid assets by some 50%. This is merely another aspect of the fact that liabilities are discharged largely out of current income. Nonetheless, if consumers-in-debt were a business concern, the excess of current liabilities over liquid assets would be considered precarious.

This precariousness emerges also from a study of the liquid assets held by spending units in various income groups, as shown below:

	Percentage of spending units in specified income group	Median annual income	Median liquid assets holding early 1956	
			All units	Holders only
All income groups	100	$ 3,960	$ 310	$ 800
Under $1,000	11	624	0	745
$ 1,000-1,999	12	1,480	0	860
$ 2,000-2,999	13	2,485	75	575
$ 3,000-3,999	14	3,500	200	600
$ 4,000-4,999	14	4,400	290	540
$ 5,000-7,499	22	5,950	600	740
$ 7,500-9,999	8	8,315	1,365	1,560
$10,000 and over	6	12,300	3,500	3,500

Two-thirds of all spending units, comprising all income groups below $5,000, carry liquid assets of less than 10% their annual income. On the other hand, when one omits those units holding no liquid assets, the percentage is both higher and apparently quite independent of income level, until one reaches the income group

of $7,500 and over. The comparison suggests a large number of spending units without any liquid assets other than the cash they keep (which is excluded from liquid assets). Again, in relation to consumer credit this indicates increased reliance on ability to pay for acquisition of assets, whose cost exceeds currently available income, out of future income rather than out of past accumulation of savings. It also suggests, however, a marked vulnerability of consumers to reduction in income, especially when not offset by social security, pensions or other payment schemes.

10. *The profitability of lending.* Consumer credit is expensive. As has been indicated above, costs of operation are high, largely because of the multiplicity of small transactions involved, the frequency of payments, investigations of credit worthiness, and, to some extent, the expectation of bad debt. Consumer credit companies do not rank especially high in the ratio of their profits to net worth, or, put differently, profits are not especially a reason why consumer credit is expensive.

The Federal Reserve Board study cites an interesting illustration: the collective experience of lenders under the Small Loan Act in the State of New York in 1954. The following table presents these data in a percentage breakdown:

	Percent	
Gross income per loan granted		100
Advertising	4	
Bad debts	8	
Rent, heat, light, services	4	
Salaries	26	
Telephone and telegraph	2	
All other expenses	12	
Total operating cost		55
Interest paid	16	
Total expenses		71
Income before taxes		29
Federal, state, and local taxes	21	
Net income after taxes		8

While the above picture is not necessarily typical of all, or even most, consumer credit agencies, it is perhaps surprising that in the field of small lenders which is loosely thought of as an area of large profits only 8 percent of income from lending represents net income to the company.

The profit situation varies, of course, with the source of funds, though the impact of the interest rate is limited by the moderate significance that the cost of money has in total costs. Except for the very smallest units, sales finance companies rely on short term debt financing for about half their funds.

It is commonly assumed that the risk in consumer lending, expressed in delinquent payments, losses, and repossessions is of a large order of magnitude. Statistics do not bear this out. From the data available the net loss of finance companies as a percentage of outstanding credit is certainly less than 1% and has been declining.

While these percentage figures are small in an absolute sense, it must, however, be remembered that control of losses is one of the few ways a finance company has to improve its earnings. Since a high percentage of its costs is fixed and the cost of money is a factor over which it has little if any control, the quality of its loans becomes a primary factor in the fortunes of a lender. A sound judgment of how much a risk is worth taking in order to attract a large enough volume of business emerges as one of the prime requisites of a successful consumer credit lender.

11. *Consumer credit versus economic stability.* On balance, and with a good many hesitations and qualifications, the Federal Reserve Board finds that consumer credit tends to promote economic instability. It comes to this verdict, if such one may call it, in 30 pages of heart-searching contemplation of a great many statistical series; its affirmative findings are far from overwhelming. They consist briefly of the following:

(a) Consumer instalment credit, though often a factor in business fluctuations, has not been found to be a principal cause.

(b) Consumer instalment credit seems to have preceded business upturns and downturns and to have amplified the swings.

(c) It appears to have boosted upswings more than it has aggravated downturns.

(d) Since consumer credit is a boom phenomenon, and since the savings required to make payments occur after the contraction of debt, consumer credit, by promoting savings after rather than before the purchase, aggravates cyclical swings.

(e) With the growing quantitative role of consumer credit its unstabilizing effects are likely to be increasingly felt.

Caught by the difficulty of statistical analysis — the near-impossibility to isolate consumer credit and its effect in the vast mass of financial statistics — this part of the Federal Reserve Board's survey, though at the heart of the problem, remains singularly unsatisfactory, so much so that the reader must question the priority of the empirical-statistical over the analytical approach, when statistical evidence is so spotty and unsatisfactory.

12. *Response of consumer credit to monetary policy.* In this area, too, central to the issues posed in the Survey as a whole, the findings are less conclusive than one would have hoped for. At the retail level, consumer borrowing has historically been highly insensitive to increases in the cost of borrowing, when these have taken the form of higher interest rates. Shorter maturities and larger down-payments, on the other hand, would be effective restraints, but statistical evidence of the application of such measures is lacking. In fact, the history of consumer financing is one of almost uninterrupted increasing length of maturities and decreasing size of down-payments.

By the consumer's relative insensitiveness to higher interest rates the lender is able to pass on to the consumer whatever increase he himself faces in the cost of money. But the lender does not rely solely on this ability. In addition, finance companies usually have first-rate credit records and thus enjoy considerable protection against demands of tighter borrowing costs. Similarly, their profitability provides at least a temporary cushion, and they usually have idle credit lines which afford them a shelter when credit becomes more stringent. They thus have several lines of defence against credit stringency.

The mechanism through which tightening credit conditions eventually does affect consumer lending on the wholesale level is a complex of elements, such as anticipation of losses, the closer

scrutiny of accounts, the less liberal treatment of contracts not conforming to standard conditions, the concern of lenders with maintaining satisfactory ratios of equity to debt and of different kinds of debt to one another, etc. The net result of these considerations are greater selectivity on the part of lenders and even the elimination of marginal lenders and borrowers, normally reinforced by a relaxation of demand stemming from the same economic causes which create credit tightness. Thus general credit shortage reaches the consumer lending market.

Unfortunately, during recent periods of tightening credit, pressure from the demand side has been so insistent as to make it practically impossible to observe, as one would in a laboratory, the effects of tightening credit, and there remains a larger share of deductive reasoning rather than statistical inference in the above considerations than one would wish for. "Unavoidably an important question must remain unanswered. That question is whether the response of the consumer instalment credit area as a whole to changes in credit conditions, and in particular to general monetary restraint, is sufficient either in degree or in timing to facilitate a national economic policy directed toward high and rising levels of activity without inflation". Thus the study concludes the chapter dealing with the relationship between consumer instalment credit and the credit market.

Much stronger evidence of the unstabilizing nature of consumer instalment credit would have been required to make a plausible case in favor of governmental credit restrictions, and while the Council of Economic Advisers has not reacted to the Survey, it is unreasonable to expect it to draw any but negative conclusions from the Board's study. Nonetheless, an enterprise of such magnitude cannot help but focus increased attention on the existence of the problem. A greater awareness of the financial balance sheet of the American consumer is a useful development. It may in itself tend to dampen any excesses in consumer financing.

Washington, D. C. HANS H. LANDSBERG

BANCA NAZIONALE DEL LAVORO

HEAD OFFICE: ROME

VIA VITTORIO VENETO, 119

Condensed Statement of Condition, December 31, 1957

(Million lire)

ASSETS		LIABILITIES	
Cash, Balances with Bank of Italy & Money at call	220,314.4	Capital	1,150.0
Treasury Bills	19,281.5	Ordinary Reserve Fund	9,540.0
Govt. or Govt.-guaranteed Securities	84,336.3	Staff Retirement Fund & Provident Fund	17,460.9
Other Securities	12,180.6	Deposit & Current Accounts	625,391.9
Bills discounted	226,472.1	Correspondents	71,751.2
Advances and Loans	286,446.9	Foreign currency accounts	37,508.4
Contangoes	9,905.1	Circular cheques (*assegni circolari*)	23,001.9
Due from Correspondents	28,717.5	Advances taken	27.9
Customers' liabilities for guarantees, Acceptances, etc.	92,951.5	Bills for collection	39,348.1
Miscellaneous accounts	4,870.2	Guarantees, Acceptances, etc.	92,951.6
Participations	—	Miscellaneous accounts	62,680.8
Premises, Furniture and Equipment	—	Unearned discount, etc.	3,637.2
		Net profit	1,026.2
Total	985,476.1	*Total*	985,476.1
Securities deposited by third parties	306,336.8	Depositors of securities	306,336.8
Special guaranteed accounts	9.3	Blocked accounts guaranteeing special accounts	9.3
Staff Retirement Fund & Provident Fund: Bank's securities deposited as guarentee	17,889.2	Bank's securities guaranteeing Staff Retirement Fund & Provident Fund	17,889.2
	1,309,711.4		1,309,711.4

AUTONOMOUS SECTIONS FOR SPECIAL CREDITS

SECTION FOR CREDIT TO MEDIUM AND MINOR INDUSTRIES

Capital, Reserves and Government Guarantee Fund L. 3,042,750,000

SECTION FOR HOTEL AND TOURIST CREDIT

Aggregate Capital and Reserves L. 954,483,593

SECTION FOR CO-OPERATIVE CREDIT

Capital and Reserves L. 2,710,692,911 - Government Guarantee L. 2,000,000,000

SECTION FOR MORTGAGE CREDIT

Aggregate Capital and Reserves L. 2,775,500,496

SECTION FOR CINEMA CREDIT

Aggregate Capital and Reserves L. 1,033,650,957