IFC Satellite Seminar on "Granular data: new horizons and challenges for central banks"

Retail credit estimates in Federal Reserve Board's G.19 "Consumer Credit" Statistical Release[1]

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Retail Credit Estimates in Federal Reserve Board's G.19 "Consumer Credit" Statistical Release

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Federal Reserve Board

Bank of Canada, July 15, 2023

Contents

Contents

Contents

- **The G.19 "Consumer Credit" Statistical Release**
- **Old Method**
- **Challenge**

Contents

- **The G.19 "Consumer Credit" Statistical Release**
- **Old Method**
- **Challenge**
- **Solution**

Contents

Contents

- **The G.19 "Consumer Credit" Statistical Release**
- **Old Method**
- **Challenge**
- **Solution**
- **New Estimates**
- **Implementation**

Contents

G.19 "Consumer Credit"

- **G.19 "Consumer Credit" statistical release**
  - Provides timely data on several aspects of consumer credit:
    - Aggregate consumer credit outstanding and change relative to previous month
    - Interest rates on loans at commercial banks
    - Terms on new car loans at auto finance companies
  - Is a Primary Federal Economic Indicator for U.S. economy
  - Data receive media attention and are used in economic policy and research

G.19 "Consumer Credit"

- **Data sources**
  - We cover receivables for six types of lenders

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    - Nonprofit and Educational Institutions
    - **Nonfinancial Business**

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    - Finance Companies
    - Credit Unions
    - Federal Government
    - Nonprofit and Educational Institutions
    - **Nonfinancial Business**
  - Nonfinancial Business:
    Institutions that hold consumer credit receivables for whom loans and leases DO NOT make up 50 percent or more of their total assets.

G.19 "Consumer Credit"

FEDERAL RESERVE statistical release

G.19 | Consumer Credit | For release at **3 p.m.** (Eastern Time)
April 2023 | June 7, 2023

In April, consumer credit increased at a seasonally adjusted annual rate of 5.7 percent. Revolving credit increased at an annual rate of 13.1 percent, while nonrevolving credit increased at an annual rate of 3.2 percent.

Consumer Credit Outstanding[1]
Seasonally adjusted. Billions of dollars except as noted.

						2022				2023			
	2018	2019	2020	2021[r]	2022[r]	Q1[r]	Q2	Q3	Q4[r]	Q1[r]	Feb[r]	Mar[r]	Apr[p]
Total percent change (annual rate)[2]	4.5	4.6	-0.3	5.9	8.0	8.2	8.2	7.3	7.4	4.3	2.0	5.7	5.7
Revolving	3.7	3.6	-11.2	6.9	15.4	16.8	14.2	13.2	14.1	9.3	3.0	14.6	13.1
Nonrevolving[3]	4.8	5.0	3.5	5.6	5.7	5.6	6.2	5.4	5.2	2.6	1.7	2.7	3.2
Total flow (annual rate)[2,4]	172.7	185.1	-12.0	246.0	354.9	365.1	368.8	336.9	349.0	204.5	98.0	274.0	276.1
Revolving	37.3	38.1	-122.1	67.6	160.3	175.3	154.3	148.3	163.3	111.4	36.4	177.7	161.7
Nonrevolving[3]	135.3	147.0	110.1	178.3	194.6	189.8	214.5	188.6	185.6	93.1	61.6	96.4	114.4
Total outstanding	4,007.0	4,192.2	4,184.9	4,430.8	4,785.7	4,522.1	4,614.3	4,698.5	4,785.7	4,836.9	4,814.0	4,836.9	4,859.9
Revolving	1,053.8	1,092.0	974.6	1,042.2	1,202.5	1,086.1	1,124.6	1,161.7	1,202.5	1,230.4	1,215.6	1,230.4	1,243.9
Nonrevolving[3]	2,953.2	3,100.2	3,210.3	3,388.6	3,583.2	3,436.0	3,489.7	3,536.8	3,583.2	3,606.5	3,598.5	3,606.5	3,616.0

Terms of Credit
Not seasonally adjusted. Percent except as noted.

	2018	2019	2020	2021[r]	2022[r]	Q1[r]	Q2	Q3	Q4[r]	Q1[r]	Feb[r]	Mar[r]	Apr[p]
Commercial bank interest rates[5]													
New car loans													
60-month	5.02	5.31	5.02	4.82	5.36	4.52	4.85	5.50	6.55	7.48	7.48	n.a.	n.a.
72-month	5.13	5.36	5.21	4.82	5.50	4.54	5.19	5.61	6.64	6.97	6.97	n.a.	n.a.
Credit card plans													
All accounts	14.22	15.05	14.71	14.60	16.26	14.56	15.13	16.27	19.07	20.09	20.09	n.a.	n.a.
Accounts assessed interest	16.04	16.98	16.28	16.45	17.91	16.17	16.65	18.43	20.40	20.92	20.92	n.a.	n.a.
Personal loans													
24-month	10.32	10.32	9.51	9.38	9.87	9.39	8.73	10.16	11.21	11.48	11.48	n.a.	n.a.
Finance companies (new car loans)[6]													
Interest rates	6.1	6.4	5.2	4.6	5.2	4.4	5.0	5.5	6.1	6.4	n.a.	6.4	n.a.
Maturity (months)	66	67	69	67	67	66	66	66	67	66	n.a.	66	n.a.
Amount financed (dollars)	30,173	31,311	34,449	35,307	38,900	37,991	38,044	40,156	39,407	39,066	n.a.	39,066	n.a.

This release is generally issued on the fifth business day of each month. See the Statistical Release Schedule for more information.
Footnotes appear on the second and third pages.

G.19 "Consumer Credit"

Consumer Credit Outstanding (Levels)
Not seasonally adjusted
Billions of dollars

						2022				2023			
	2018	2019	2020	2021	2022[r]	Q1	Q2[r]	Q3	Q4[r]	Q1[r]	Feb[r]	Mar[r]	Apr[p]
Total	4,007.0	4,192.2	4,184.9	4,430.8	4,785.7	4,462.6	4,583.4	4,681.1	4,785.7	4,777.4	4,769.5	4,777.4	4,802.9
Major holders													
Depository institutions	1,687.4	1,774.1	1,687.5	1,827.2	2,032.2	1,830.9	1,915.1	1,959.3	2,032.2	2,002.5	1,994.8	2,002.5	2,021.7
Finance companies	534.4	537.7	551.4	577.0	573.4	572.8	570.4	570.2	573.4	575.2	573.6	575.2	576.1
Credit unions	481.2	498.0	505.1	532.0	636.8	547.2	584.4	616.3	636.8	643.6	641.0	643.6	647.9
Federal government[7]	1,236.3	1,319.2	1,381.0	1,436.4	1,487.3	1,455.0	1,457.1	1,479.1	1,487.3	1,501.3	1,504.9	1,501.3	1,502.6
Nonprofit and educational institutions[8]	31.3	27.3	24.1	22.4	20.3	22.0	21.6	21.1	20.3	20.2	20.2	20.2	20.0
Nonfinancial business	36.5	35.8	35.8	35.8	35.8	34.7	34.9	35.0	35.8	34.7	35.0	34.7	34.6
Major types of credit, by holder													
Revolving	1,053.8	1,092.0	974.6	1,042.2	1,202.5	1,024.8	1,088.3	1,123.2	1,202.5	1,169.2	1,163.2	1,169.2	1,184.6
Depository institutions	947.2	983.6	875.3	944.2	1,095.7	928.2	989.3	1,021.9	1,095.7	1,064.8	1,058.2	1,064.8	1,079.1
Finance companies	23.7	21.9	17.1	13.4	12.2	12.9	12.2	11.9	12.2	11.4	11.6	11.4	11.4
Credit unions	62.4	66.5	62.3	64.7	74.7	64.8	67.7	70.4	74.7	74.2	74.3	74.2	75.3
Federal government[7]	...	...	...	...	...	...	...	...	...	...	...	...	...
Nonprofit and educational institutions[8]	...	...	...	...	...	...	...	...	...	...	...	...	...
Nonfinancial business	20.5	20.0	20.0	20.0	20.0	18.9	19.1	19.1	20.0	18.9	19.1	18.9	18.8
Nonrevolving	2,953.2	3,100.2	3,210.3	3,388.6	3,583.2	3,437.8	3,495.1	3,557.8	3,583.2	3,608.3	3,606.4	3,608.3	3,618.3
Depository institutions	740.2	790.5	812.2	883.0	936.6	902.7	925.7	937.5	936.6	937.7	936.6	937.7	942.6
Finance companies	510.7	515.9	534.3	563.6	561.2	559.9	558.2	558.3	561.2	563.8	562.0	563.8	564.6
Credit unions	418.8	431.5	442.8	467.4	562.1	482.4	516.6	545.9	562.1	569.4	566.7	569.4	572.6
Federal government[7]	1,236.3	1,319.2	1,381.0	1,436.4	1,487.3	1,455.0	1,457.1	1,479.1	1,487.3	1,501.3	1,504.9	1,501.3	1,502.6
Nonprofit and educational institutions[8]	31.3	27.3	24.1	22.4	20.3	22.0	21.6	21.1	20.3	20.2	20.2	20.2	20.0
Nonfinancial business	16.0	15.8	15.8	15.8	15.8	15.8	15.8	15.9	15.8	15.8	15.9	15.8	15.8
Memo													
Student Loans[9]	1,566.9	1,637.9	1,693.9	1,733.4	1,762.2	1,747.5	1,744.0	1,761.7	1,762.2	1,774.1	n.a.	1,774.1	n.a.
Motor Vehicle Loans[10]	1,139.6	1,184.1	1,224.4	1,314.2	1,417.5	1,332.2	1,366.4	1,396.9	1,417.5	1,431.4	n.a.	1,431.4	n.a.

Old Method

- Benchmark Data:
  U.S. Census Bureau's Annual Retail Trade Survey
  - sampled employer businesses classified in the retail trade sector
  - contained information about sales, inventories, purchases, expenses, margins, and accounts receivable for a sample of businesses in the retail trade sector
  - included accounts receivable data that measure amounts owed to retail stores by their customers for purchases made on credit

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- Indicator Data:
  The **seasonal factors** for the remaining G.19 sectors

Challenge

The discontinuation of the collection of accounts receivable data on the **U.S. Census Bureau's Annual Retail Trade Survey** caused the need to examine alternative sources of data for the retail credit estimates included in the G.19 under the Nonfinancial Business sector.

Solution

Federal Reserve Bank of New York's Consumer Credit Panel (CCP)/Equifax Data!

Solution

- **Federal Reserve Bank of New York Consumer Credit Panel (CCP)/Equifax:**
  - A database on consumers' credit use and payment performance drawn from Equifax credit bureau records.
  - Anonymized 5% random sample representative of the population of credit users in each quarter.
  - The database has two versions and contains individual- and tradeline/account-level information on virtually every debt owed by each consumer and the Equifax credit bureau score.
  - The tradeline-level data also includes specific indicators for each industry and account type (revolving/nonrevolving).

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  - The tradeline-level data also includes specific indicators for each industry and account type (revolving/nonrevolving).
- To obtain the revised estimates for the Nonfinancial Business sector, we combine information from the tradeline versions of the **credit card** and the **consumer finance** datasets.

Solution (continued...)

- **Credit card tradeline data industry codes selected:**

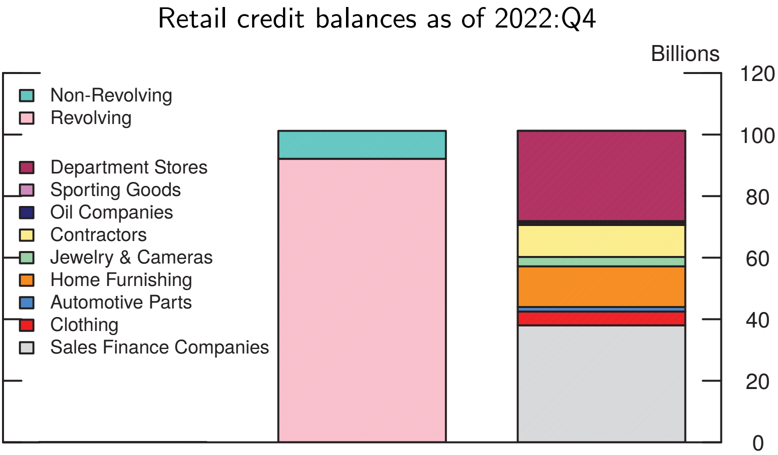
- AP - Automotive Parts
- AT - TBA Stores, Tire Dealers
- AZ - Automotive Miscellaneous
- CG - General Clothing Stores
- CS - Specialty – Shoe, Hat, Etc.
- CZ - Miscellaneous Clothing
- DC - Complete Dept. Stores
- DM - Mail Order Firms
- DV - Variety Stores
- DZ - Miscellaneous Stores
- HA - Appliances Sales & Service
- HF - Furniture, Etc.
- HM - Music & Records
- HT - Television & Radio
- HZ - Miscellaneous Home Furnishings
- JA - Jewelers
- JC - Cameras
- LA - Air Conditioning, Plumbing, Electrical Sales & Service
- LH - Hardware Stores
- LZ - Miscellaneous Hardware
- OC - Oil Companies
- SG - Sporting Goods Stores
- SZ - Miscellaneous Sporting Goods
- TN - Nursery & Landscaping Supplies & Services
- TZ - Miscellaneous Farm & Garden Supply

Solution (continued...)

- **Consumer finance tradeline data industry code selected:**
  - FF - Sales Financing

- Both sets of balances are separated by account type to obtain the revolving and nonrevolving credit shares.

Retail Credit



Source: Federal Reserve Bank of New York Consumer Credit Panel (CCP)/Equifax.

New Estimates

- For example, as of 2022:Q4:
  - The credit card tradeline data reveal over $62 billion in revolving credit balances and almost $1 billion in nonrevolving credit balances.
  - The consumer finance tradeline data show close to $30 billion in revolving credit balances and $8 billion in nonrevolving credit balances held by sales finance companies.

New Estimates

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  - The credit card tradeline data reveal over \$62 billion in revolving credit balances and almost \$1 billion in nonrevolving credit balances.
  - The consumer finance tradeline data show close to \$30 billion in revolving credit balances and \$8 billion in nonrevolving credit balances held by sales finance companies.
- The final estimate of \$101 billion consists of two parts:
  - For revolving:
    \$62 billion + \$30 billion = \$92 billion.
  - For nonrevolving:
    \$1 billion + \$8 billion = \$9 billion.

New Estimates

Estimates obtained via two different methodologies

Nonfinancial Business	Old (billion \$) I	New (billion \$) II	Difference (billion \$) III
Total	35	101	66
Revolving	19	92	73
Nonrevolving	16	9	-7

Source: G.19 Consumer Credit release and FRBNY (CCP)/Equifax .

Implementation

- One issue:
  - The estimates found in the Equifax/CCP data for retail credit are primarily financed by banks and sales finance companies.
  - Other sectors in the G.19 Consumer Credit release may contain these estimates. We want to avoid double counting.

Implementation

- One issue:
  - The estimates found in the Equifax/CCP data for retail credit are primarily financed by banks and sales finance companies.
  - Other sectors in the G.19 Consumer Credit release may contain these estimates. We want to avoid double counting.
- Moving forward:
  - We can adjust the estimates for other sectors to exclude the estimates for retail credit.
  - We can classify the retail credit estimates separately on a memo line item.

Conclusion

- Challenges of loan-level data:
  - Are we properly categorizing these loans?
  - Is there some overlap with other sectors?
  - Would we notice if a loan shifted from one sector to another?
  - Is there a way to capture smaller "mom and pop" lenders?

Conclusion

- Challenges of loan-level data:
  - Are we properly categorizing these loans?
  - Is there some overlap with other sectors?
  - Would we notice if a loan shifted from one sector to another?
  - Is there a way to capture smaller "mom and pop" lenders?
- Advantages of loan-level data:
  - Data is available more frequently and at higher levels of granularity.
  - Micro data can be useful to generate context for macro-level trends.
  - Data is available for a sector that might otherwise go uncovered.

Thank you!

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