

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date January 12, 1938To Mr. Clayton

Subject: _____

From Mr. Blattner

This refers to our exchange of memoranda with respect to capital-deposit ratios of group banks compared with all commercial banks. By digging back in the records of a distribution of commercial banks on the basis of capital-deposit ratios according to statements of condition as of December 31, 1935, we have been able in the past few days to segregate group banks.

Attached is a tabulation which makes the comparison between capital-deposit ratios of group banks and all commercial banks. The most significant part of the tabulation is the last two columns of the second half of the table. The figures indicate that at the end of 1935, 15.8% of the group banks and 8.8% of all commercial banks had capital-deposit ratios of less than 10%. On the other hand, 16.6% of group banks and 39.9% of all banks had capital-deposit ratios of 20% and over.

It is more than likely that if we were able to make a similar comparison at the end of 1936 that the contrast would be similar. Between the end of 1935 and 1936 the deposits of both group banks and all commercial banks increased by about 12%.

Attachment

All Commercial Banks and Group Banks Classified by the Ratio
of Total Capital Account to Total Deposits,
December 31, 1935

Ratio of total capital account to total deposits	Class of bank								Total	
	National		State member		Nonmember					
					Insured		Uninsured			
	Group	All	Group	All	Group	All	Group	All	Group	All

Number

Under 10	59	586	6	104	20	559	1	72	86	1,321
10-14.9	147	1,691	25	372	57	1,829	6	192	235	4,084
15-19.9	73	1,424	15	247	42	1,753	2	151	132	3,575
20 and over	35	1,685	<u>1/</u> 13	275	36	3,500	6	495	90	5,955
Total	314	5,386	<u>1/</u> 59	998	155	7,641	15	910	543	14,935

Percentage distribution

Under 10	18.8	10.9	10.2	10.4	12.9	7.3	6.7	7.9	15.8	8.8
10-14.9	46.8	31.4	42.4	37.3	36.8	23.9	40.0	21.1	43.3	27.4
15-19.9	23.3	26.4	25.4	24.7	27.1	23.0	13.3	16.6	24.3	23.9
20 and over	<u>11.1</u>	<u>31.3</u>	<u>1/</u> 22.0	27.6	23.2	45.8	40.0	54.4	16.6	39.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Includes one bank with no deposits.

Confidential

GROUP BANKING STATISTICS AS OF THE
END OF DECEMBER, 1929, 1931 AND 1936

(The figures for 1936 are not entirely comparable with those for 1929 and 1931, due to the fact that information obtained in connection with the 1936 survey indicates that certain banks should not have been classified as group banks in 1929 and 1931. Available information indicates that the number of group banks would not be appreciably reduced if the figures for 1929 and 1931 were revised. The loans and investments of group banks in those years would, however, be considerably reduced because some of the banks which would have to be eliminated from the group banking statistics for 1929 and 1931 were of considerable size.)

	Number of groups	Number of group banks	Loans and investments of group banks (in millions of dollars)
December, 1929	101	930	10,518
" 1931	97	978	8,716
" 1936	52	479	5,458

Board of Governors of the Federal Reserve System

Division of Bank Operations.