FEDERAL DEPOSIT INSURANCE CORPORATION

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Enclosed are copies of Chairman K. A. Randall's speech before the Southwestern Graduate School of Banking at Southern Methodist University, Dallas, Texas, on July 27, 1966, and four tables prepared by the FDIC summarizing the preliminary results of the survey of interest rates on time and savings deposits conducted simultaneously by the Federal Reserve System and the Federal Deposit Insurance Corporation. Almost 12,000 insured commercial banks, accounting for more than 95 percent of the time and savings deposits of individuals, partnerships, and corporations, are included in the preliminary report.

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D. C. 20429

August 12, 1966

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CONTROL OF TIME AND SAVINGS DEPOSITS

An Address By

K. A. RANDALL, CHAIRMAN
FEDERAL DEPOSIT INSURANCE CORPORATION
Washington, D. C.

before the

SOUTHWESTERN GRADUATE SCHOOL OF BANKING
SOUTHERN METHODIST UNIVERSITY

Dallas, Texas

Wednesday, July 27, 1966

CONTROL OF TIME AND SAVINGS DEPOSITS

Since last December, when the Federal Reserve raised the discount rate from 4 to 4-1/2 percent and lifted the interest rate ceilings on time deposits over 30 days' maturity to 5-1/2 percent, there have been sharp increases in market rates of interest and significant shifts in the flow of funds in the financial markets. Some of these developments were unexpected and some were not.

The immediate result of the December actions, particularly the increase in the Fed's Regulation Q and the FDIC's Regulation 329 ceilings, was to tide commercial banks over a period of seasonal strain in the financial markets. Banks were enabled to compete effectively for savings--and thus accommodate the strong business demands for credit.

Subsequently, the financial market pressures associated with the mid-March tax and dividend payment period were weathered without undue stress. In April, however, pressures intensified, and there was a net outflow of funds from savings and loan associations and mutual savings banks after quarterly dividends had been credited and accounts were drawn down to meet corporate and individual income tax liabilities. This past June was expected to be another critical month because of the combined impact of mid-month corporate tax and dividend payments, acceleration of the corporate tax payment schedule, and the semi-annual dividend-crediting period for nonbank financial intermediaries and mutual savings banks. Once again the financial institutions involved were successful in withstanding market pressures, although at the cost of higher interest rates and a further slowdown in lending activity.

A number of factors have worked indirectly during the past seven-month period to complicate the situation in the financial community. Both the dollar volume and rate of personal savings dropped significantly in the first half of this year compared to the last half of 1965 and reduced the flow of new savings to the market. The Federal Reserve's monetary posture became more restrictive. Reserves were provided to the banking system at a lower rate than previously. Accordingly, some borrowers deemed to be creditworthy by prevailing standards experienced difficulty in satisfying all of their credit needs.

The general upward shift in market rates of interest largely reflected the continued strength of the economy--paced by business spending for capital improvements. Demands for credit that could not be met by the banking system were diverted to the money and capital markets. The added demands in the financial markets in turn pushed rates of return to levels that were more attractive than the yields obtainable on deposit claims in financial intermediaries. In the first three months of this year, for example, there was a dramatic jump in the figures showing individual purchases of market instruments, while the rate of savings inflow into banks and savings and loan associations dropped off. This shift may have continued in the second quarter of the year. Available statistics suggest that savings inflows into banks and nonbank financial intermediaries are still running behind year-ago levels for the year-to-date, while yields on selected money and capital market assets are close to 40-year highs.

The current situation also illustrates the complexity of interrelationships in the financial markets. Borrowing patterns have changed. Federal agency flotation of securities has increased sharply. The Federal Home Loan Banks,for example, have been borrowing in the market to lend to member savings institutions with shrinking savings inflows. The Federal National Mortgage Association has stepped up its borrowing in support of the mortgage market.

The recent Federal Reserve measures to increase reserve requirements for member banks on time deposits in excess of $5 million and to roll back rate ceilings on multiple-maturity savings instruments may help to moderate the competition among banks for savings and reduce the churning characteristic of the savings market in recent months. Nevertheless, it might be worthwhile to examine recent developments carefully to determine their causes and to evaluate their implications for the future. At the risk of repeating both myself and others, I would like to view the events of past months from this vantage point of time. This will enable us to consider the role of various factors in the financial complex and to appraise their significance. Profitable lessons may be drawn for guidance in the future from this analysis.

The scene against which the events of the past eight months have been played was set as far back as the early postwar period.

Additional elements were introduced gradually--and oftentimes imperceptibly--in the years following. But it was not until recently that they converged and confronted each other.

Two elements were the direct outgrowth of World War II. One was the rapid expansion of the savings and loan associations in response to the need to finance the housing boom caused by the pent-up demands accumulated during the war. The second was the emergence of the United States as the major creditor country and of the U. S. dollar as a major international currency. By the late 1950's, the outflow of dollars through U. S. payments deficits was no longer necessary as the major industrial countries abroad recovered and the international mobility of capital was partially restored. Belated recognition was given to the need to redress our payments imbalance. Domestic economic policies, particularly interest rate policies, were consequently modified in part to achieve this goal.

More recently, there have been other developments which have altered the environment in which financial institutions operate. In the first place, the economy is in the midst of the longest peacetime expansion of modern times. The expansion is in its 65th month. It has brought record levels of employment and boosted individual incomes and the nation's output of goods and services to record levels. These achievements have been made without serious distortions or imbalances appearing in the economy. Prices, however, have been moving up more rapidly over the past year than earlier in the postwar period, and manpower requirements and plant resources are pressing closer to capacity limits.

Such an extended period of high-level activity is a situation to which we have not been accustomed. It calls for greater imagination and responsibility on the part of all segments of the community to make the necessary adjustments in an economy approaching full employment. There is less flexibility for the individual economic unit and also less margin for error. But this is a challenge that we should all gladly and willingly accept; the rewards are great.

A second development of relatively recent date is the growth in importance of commercial banks, their leading role in supplying the credit needs of the economy, and their increased participation in financial intermediation--the channeling of funds from the saver to the borrower. Commercial banks have become increasingly active in all types of financing, as they converted large holdings of U. S. Government securities acquired during World War II and accumulated cash into higher earning assets.

As long as the volume of savings in the economy rose steadily, both banks and nonbank financial intermediaries were able to grow rapidly. But once the rate of savings declined, the financial intermediaries felt the immediate impact. The impact, moreover, was intensified by concurrent changes in the relative intensity of demands for credit in the economy.

In the present expansion, the strong demand for credit by business firms has been concentrated on the commercial banks and in the money and capital markets--their traditional sources of external financing. The ability of commercial banks to attract savings to accommodate these demands illustrates the working of the interest rate mechanism in allocating a limited supply of funds among competing uses. It is a process with which we should not interfere except in case of serious economic dislocations or damage. Obviously, in an economy operating at high levels, not all credit needs can be satisfied at the same time; some must be deferred to a later date.

The so-called "natural" working of the allocative process, however, can create severe stresses in the savings market if participants in that market are different in structure. Banks, for example, are general-purpose institutions that can engage in a wide range of financing activities. Savings and loan associations and mutual savings banks, on the other hand, are specialized thrift institutions concentrating primarily on mortgage financing. These special-purpose institutions have loan portfolios of longer average maturity than banks and fewer alternative investment outlets. They consequently find it more difficult to adjust during periods of rapid change--particularly at times such as the present when the average yield on their mortgage portfolios is low because of mortgages acquired in earlier low-interest periods. Moreover, they have been accustomed to an extended period of rapid growth as well as a comfortable margin between the cost of their funds and the rate of return on their assets. Adjustment to a slower rate of growth and narrow margins can be painful.

A third development of critical importance to an understanding of the current scene involves the changes that have occurred in the savings market itself. "Savings" is no longer the relatively stable pool of funds accumulated by individuals and business firms as contingency balances to guard against financial requirements of an unusual nature or a means of building up balances for a major purchase in the future. "Savings" now includes a substantial volume of essentially short-term balances of corporations seeking temporary investment outlets. Bank mobilization of these funds has permitted fuller and more efficient utilization of our financial resources. At the same time, these funds have been more responsive to interest-rate differentials on various earning assets and are thus more liable to move in and out of different types of financial institutions and in and out of the market in search of the highest yields. Financial intermediaries are consequently more exposed to day-to-day fluctuations in the market, which could have adverse effects on security portfolio and lending policies.

Not only have corporate idle balances been tapped by commercial banks but burgeoning credit demands of the economy have made small savings funds attractive to both banks and nonbank financial intermediaries. The competition for small savings became particularly intense after the rise in interest rates at the end of 1965. New small-denomination savings instruments were introduced by both banks and nonbank financial institutions. These new savings instruments have succeeded in augmenting the supply of loanable funds, especially at the medium-sized institutions. These innovations have, however, increased the sensitiveness of time money as a whole to interest rate differentials. The small saver and investor as well as the corporate treasurer have responded to the lure of higher earnings elsewhere; the degree of responsiveness, however, is not readily measured or predictable. The task of bank management thus has been further complicated.

In an attempt to obtain more concrete information on the nature and characteristics of the savings market today--information vital to informed supervision, the Federal Reserve and the FDIC simultaneously conducted surveys of interest rates paid on time and savings deposits at member and insured nonmember banks, respectively. The survey requested information on rates and terms in effect on December 3, 1965 before the change in rate ceilings and on March 2 and May 11 of this year. Preliminary results for almost 12,000 insured commercial banks--accounting for more than 95 percent of the time and savings deposits of insured commercial banks--provide us with a profile of the commercial bank savings market during that period. With the rapid changes that have been taking place since that time, the profile may not be fully representative of the situation today. Nevertheless, I think it gives us some idea of the dimensions and nature of the market for the newer types of savings instruments and of the geographical impact of recent developments.

Between December 3 and May 11, time and savings deposits of individuals, partnerships, and corporations at the approximately 12,000 banks whose reports are included in these preliminary findings increased by $7 billion to $131 billion. The bulk of the gain occurred in consumer-type savings instruments, which rose by over $6 billion--or one-third--to more than $25 billion on May 11. Traditional passbook savings accounts declined by not quite $1 billion, while the amount of large, negotiable CDs of $100,000 and over rose by less than $700 million. Savings bonds--which have received much publicity as a new savings instrument--more than doubled in volume but still totaled only $900 million on the latest survey date and were offered by less than 250 banks. Since December, passbook savings accounts have dropped from 70 percent of total time and savings deposits IPC to 65 percent, and the share of the more interest-sensitive types of accounts has increased.

Even here, however, the aggregate figures obscure some of the changes in passbook savings accounts. A significant number of the smaller banks which had been paying less than the 4 percent ceiling rate on savings have been compelled by market pressures to raise their rates closer to the maximum permissible in order to retain their deposits. Thus, more and more commercial bank time money tends to be responsive to yield differentials and more disposed to move into investments yielding higher returns. This is one of the significant implications of the recent rate developments at banks. At the same time, it should be noted that greater interest sensitivity on the part of depositors enables a bank to attract additional loanable funds as part of the process of market allocation of available resources. In net effect, however, an increased cost burden is incurred, if funds are merely shifted within the same institution to a higher cost category.

Another interesting feature pointed up by the survey is the fact that, despite recent publicity, many banks already had these so-called "new" savings instruments available before the December changes. For survey-reporting purposes, these consumer-type instruments included, however, certain savings certificates that have long been used in the mid-West as a substitute for the more traditional passbook savings accounts in the rest of the nation.

The survey confirmed our earlier impressions that much of the upward pressure on deposit rates at commercial banks is concentrated on the large, negotiable CD, which is primarily a money market instrument and as such must compete with other market instruments, and at the larger banks. The survey further reveals that at least 30 percent of the smaller denomination consumer-type savings instruments--or $7.5 billion out of the $25 billion outstanding on May 11--were bearing rates of return of 4.5 percent or more. Another $2.0 to $2.5 billion in other time deposits carry rates in excess of 4.5 percent.

The recent rapid changes in rates and the growing sensitivity of savers to alternative investment opportunities have also enabled banks to discriminate in the market to an extent possibly greater than before. The survey results indicate that both small banks and larger banks have paid varying interest rates to depositors for the same type of instrument. This ability to differentiate can be advantageous to a bank at times because the higher cost is incurred on only marginal additions to loanable funds and the average interest cost is only slightly affected. But greater public consciousness of interest rate spreads could in the future reduce opportunities for differentiation so that a bank seeking deposits will have to take into consideration the impact on total costs of new funds obtained at higher rates.

A look at the rate changes between December 3, 1965 and May 11, 1966, tends to present a picture of highly aggressive solicitation of deposits. For more than half of the banks offering higher rates on various types of consumer savings instruments, however, there were also increases in the minimum denomination and in the maximum maturity required in order for a depositor to be eligible for the higher rate. As a consequence, the net impact of the rate changes was less liberal than appeared from rate changes alone.

A major finding of the survey, corroborating evidence obtained elsewhere on a piecemeal basis, is that there were sharp variations among banks by size of bank and by geographical location. High rates tended to concentrate in the financial centers. The larger banks of $25 million or more in deposits bore the brunt of the impact of the higher interest rate patterns as a larger proportion of their time and savings deposits carried rates above 4.5 percent. Furthermore, a major share of the consumer-type savings instruments on which rates of more than 4.5 percent were being paid on May 11, 1966 were held at banks--both large and small in the large metropolitan areas--and particularly at banks in metropolitan areas of one million or more in population. At rates above 5 percent, the largest metropolitan areas accounted for more than 85 percent of the dollar volume of consumer-type savings instruments.

These patterns were even more evident in the case of the large-denomination negotiable CD. On May 11, 1966, of the $12.5 billion in large CDs in metropolitan areas with over 1 million population, $11.5 billion was issued by banks with more than $500 million in deposits and almost all of the total was accounted for by banks with more than $100 million in deposits. In the smaller metropolitan areas, banks of $50 million or more in deposits accounted for much the same pattern. Thus, money and capital market pressures attributable to the booming economy clearly impinged most strongly on banks in the major financial centers. The repercussions on banks geographically removed from these areas have been relatively mild.

The differing geographical impact of the changes in the savings market can also be perceived in the varying deposit experience of banks in metropolitan areas and banks outside these areas. The intensity of demand for credit has resulted in a shift of deposits from savings accounts into various types of time deposits at metropolitan-area banks. At smaller institutions in nonmetropolitan areas, rate changes often have resulted in gains in passbook savings as well as in other time deposits.

To sum up, the survey indicates that the major proportion of insured commercial banks are paying less than 4.5 percent on the newer interest-sensitive savings instruments, but that at least 30 percent of the dollar amount outstanding is yielding more than 4.5 percent. The bulk of the deposits with yields in excess of 4.5 percent were concentrated mainly at banks in the major financial centers where the market pressures are being felt most keenly. Nevertheless, the rapidity of the recent changes in rate patterns and in the structure of the savings market may have been responsible for the creation of some artificial barriers to the free flow of funds into and out of the market and between financial institutions.

It is the responsibility of the supervisory authorities to facilitate readjustment during these periods of transition. Their effectiveness as facilitating agencies is maximized, moreover, if they are given sufficient flexibility of powers to take whatever supportive or corrective actions are necessary. The need for flexibility is underscored by the numerous fundamental changes in the savings market in the postwar period and the very rapid changes of the more recent past. An economy operating at high levels of activity requires a financial system that can adapt readily, flexibly, and relatively quickly to changing circumstances.

At the same time, I would like to stress the fact that the power granted to a supervisory authority need not be constantly exercised. Excessive interference with the process of financial intermediation, for example, could bring unsustainable pressures to bear on the standard forms of intermediation with which we are familiar--such as that performed by banks and savings and loan associations--and lead to the proliferation of new forms of intermediation completely outside the scope of our supervisory powers. Such a development would create new--and possibly more thorny--problems than the ones facing us today. In addition, the supervisory authorities in a private enterprise economy should not be expected to assume the function of the market to allocate funds among competing uses.

Maintenance of the largest area possible for the free interplay of market forces is the time-tested and proven way to achieve optimal allocation of both our financial resources and our real resources. If social priorities at the same time dictate assistance to particular sectors of the economy,the assistance might best be provided through programs specially designed for that purpose and recognized as such--programs that minimize interference with market forces. Attempts to carry out social objectives through intervention in the financial markets could easily be frustrated through unexpected and undesirable reactions in the financial sector.

Any consideration of the problem of control of time and savings deposits must take into account the various factors I have analyzed in some detail tonight--the change in the nature of the savings market, the greater interest-sensitivity of investors and savers, modifications in interest rate patterns, an economic expansion of record duration, a persistent payments deficit and the shifting demands of an economy close to full employment. All these factors and others must be weighed in trying to decide what type of controls are most desirable for time and savings deposits--or whether they should be eliminated or placed on a standby basis. At the present critical juncture, existing controls obviously cannot be dispensed with--and any added controls should be endowed with flexibility. Serious consideration should also be given to the appropriateness of controls applying to all sectors of the financial markets.

TABLE 1

MAXIMUM RATES PAID ON TIME DEPOSITS IPC BY INSURED COMMERCIAL BANKS, BY SIZE OF BANK--MAY 11, 1966

(Amounts in Millions of Dollars)

TYPE OF DEPOSIT BY SIZE OF BANK	NUMBER OF BANKS ISSUING INSTRUMENT	DISTRIBUTION OF NUMBER OF BANKS BY RATES PAID (PERCENT)				TOTAL AMOUNT OUTSTANDING	DISTRIBUTION OF AMOUNTS OUTSTANDING BY RATES PAID (PERCENT)			
		OVER 3 MOS--		3 MOS. OR LESS			OVER 3 MOS--		3 MOS. OR LESS	
		4.5 or less	More than 4.5	4.51 to 5.00	More than 5.00		4.5 or less	More than 4.5	4.51 to 5.00	More than 5.00
TOTAL TIME AND SAVINGS IPC	11,991					131,331				
Less than 5 million	5,753					7,001				
5 to 25 million	4,906					25,090				
25 to 50 million	648		1/			10,384		1/		
50 to 100 million	310					9,676				
100 to 500 million	292					24,655				
Over 500 million	82					54,525				
SAVINGS DEPOSITS	11,349	11,349				85,733	85,733			
Less than 5 million	5,186	5,186				3,626	3,626			
5 to 25 million	4,833	4,833				16,537	16,537			
25 to 50 million	648	648		2/		7,585	7,585		2/	
50 to 100 million	309	309				7,256	7,256			
100 to 500 million	291	291				18,273	18,273			
Over 500 million	82	82				32,456	32,456			
CONSUMER-TYPE TIME DEPOSITS:										
SAVINGS CERTIFICATES	6,907	6,161	590	136	20	13,524	9,442	3,259	570	253
Less than 5 million	3,359	3,137	178	42	2	2,072	1,940	100	30	2
5 to 25 million	2,823	2,500	246	64	13	4,975	4,423	397	122	33
25 to 50 million	348	282	57	7	2	1,383	1,077	263	32	11
50 to 100 million	170	124	34	10	2	995	696	192	86	22
100 to 500 million	147	95	42	10	0	1,443	846	453	144	0
Over 500 million	60	23	33	3	1	2,657	460	1,854	158	185
SAVINGS BONDS	233	186	26	20	1	914	408	301	199	6
Less than 5 million	44	37	3	4	0	9	6	3	*	0
5 to 25 million	107	86	10	10	1	66	37	13	11	6
25 to 50 million	28	21	5	2	0	32	18	3	11	0
50 to 100 million	13	9	4	0	0	59	26	33	0	0
100 to 500 million	27	23	2	2	0	170	108	47	16	0
Over 500 million	14	10	2	2	0	578	213	204	161	0
OTHER NONNEGOTIABLE CDs	2,686	2,283	332	56	15	6,164	2,955	2,890	230	89
Less than 5 million	1,111	1,030	72	7	2	581	543	36	1	*
5 to 25 million	1,120	961	126	28	5	1,442	1,228	165	40	9
25 to 50 million	193	149	38	6	0	480	353	94	32	0
50 to 100 million	112	68	37	4	3	506	270	207	13	15
100 to 500 million	111	63	37	9	2	811	404	303	54	51
Over 500 million	39	12	22	2	3	2,345	157	2,085	88	14

TABLE 1 (Continued) MAXIMUM RATES PAID ON TIME DEPOSITS IPC BY INSURED COMMERCIAL BANKS, BY SIZE OF BANK--MAY 11, 1966

(Amounts in Millions of Dollars)

TYPE OF DEPOSIT BY SIZE OF BANK	NUMBER OF BANKS ISSUING INSTRUMENT	DISTRIBUTION OF NUMBER OF BANKS BY RATES PAID (PERCENT): OVER 3 MOS--: 4.5 or less	OVER 3 MOS--: More than 4.5	3 MOS. OR LESS: 4.51 to 5.00	3 MOS. OR LESS: More than 5.00	TOTAL AMOUNT OUTSTANDING	DISTRIBUTION OF AMOUNTS OUTSTANDING BY RATES PAID (PERCENT): OVER 3 MOS--: 4.5 or less	OVER 3 MOS--: More than 4.5	3 MOS. OR LESS: 4.51 to 5.00	3 MOS. OR LESS: More than 5.00
CONSUMER-TYPE TIME DEPOSITS (cont.):										
NEGOTIABLE CDs UNDER $100,000	2,824	2,180	486	128	30	4,482	2,237	1,869	262	114
Less than 5 million	1,083	965	90	27	1	588	529	44	14	1
5 to 25 million	1,150	908	173	54	15	1,288	989	210	70	19
25 to 50 million	222	150	57	13	2	424	242	141	34	7
50 to 100 million	118	71	33	9	5	323	220	69	11	24
100 to 500 million	186	80	81	18	7	1,002	253	584	100	64
Over 500 million	65	6	52	7	0	857	4	820	33	0
OTHER TIME DEPOSITS:										
NEGOTIABLE CDs OVER $100,000	842	406	308	69	59	14,048	336	12,498	255	959
Less than 5 million	72	51	14	7	0	13	9	3	1	0
5 to 25 million	280	184	65	22	9	119	59	36	14	10
25 to 50 million	127	73	37	12	5	122	55	42	19	6
50 to 100 million	96	39	34	13	10	216	40	108	27	41
100 to 500 million	188	57	91	12	28	1,800	158	1,138	44	460
Over 500 million	79	2	67	3	7	11,780	14	11,172	151	443
TIME DEPOSITS, OPEN ACCOUNT										
CHRISTMAS SAVINGS AND OTHER SPECIAL FUNDS	6,696					4,012				
Less than 5 million	1,927					62				
5 to 25 million	3,544					480				
25 to 50 million	586		3/			266		3/		
50 to 100 million	285					226				
100 to 500 million	273					876				
Over 500 million	81					2,101				
ALL OTHER	1,592	1,413	102	52	25	2,453	497	1,648	236	72
Less than 5 million	462	449	3	3	7	50	46	1	2	*
5 to 25 million	719	678	21	16	4	183	161	9	13	*
25 to 50 million	144	120	9	13	2	93	58	10	25	1
50 to 100 million	94	76	11	3	4	96	70	14	10	2
100 to 500 million	116	77	27	7	5	280	124	104	39	13
Over 500 million	57	13	31	10	3	1,750	38	1,512	147	55

1 Interest rates for total time and savings deposits IPC would be weighted average of rates reported by each type of deposit.

2 Ceiling rate on savings deposits of 4 percent.

3 No interest rate information requested for survey

*Less than $500,000

NOTE: Figures may not add to totals due to rounding.

TABLE 2

MAXIMUM RATES PAID ON TIME DEPOSITS IPC BY INSURED COMMERCIAL BANKS, BY SIZE OF BANK--MAY 11, 1966

(Amounts in Millions of Dollars)

	PERCENTAGE DISTRIBUTION OF NUMBER OF BANKS BY RATES PAID (PERCENT)					PERCENTAGE DISTRIBUTION OF AMOUNTS OUTSTANDING BY RATES PAID (PERCENT)				
		OVER 3 MOS--		3 MOS. OR LESS			OVER 3 MOS--		3 MOS. OR LESS	
TYPE OF DEPOSIT BY SIZE OF BANK	NUMBER OF BANKS ISSUING INSTRUMENT	4.5 or less	More than 4.5	4.51 to 5.00	More than 5.00	TOTAL AMOUNT OUTSTANDING	4.5 or less	More than 4.5	4.51 to 5.00	More than 5.00
SAVINGS DEPOSITS	100.0	100.0				100.0	100.0			
Less than 5 million	100.0	100.0				100.0	100.0			
5 to 25 million	100.0	100.0				100.0	100.0			
25 to 50 million	100.0	100.0		1/		100.0	100.0		1/	
50 to 100 million	100.0	100.0				100.0	100.0			
100 to 500 million	100.0	100.0				100.0	100.0			
Over 500 million	100.0	100.0				100.0	100.0			
CONSUMER-TYPE TIME DEPOSITS:										
SAVINGS CERTIFICATES	100.0	89.2	8.5	2.0	0.3	100.0	69.8	24.1	4.2	1.9
Less than 5 million	100.0	93.4	5.3	1.2	0.1	100.0	93.6	4.8	1.5	0.1
5 to 25 million	100.0	88.6	8.7	2.3	0.5	100.0	88.9	8.0	2.4	0.7
25 to 50 million	100.0	81.0	16.4	2.0	0.6	100.0	77.9	19.0	2.3	0.8
50 to 100 million	100.0	72.9	20.0	5.9	1.2	100.0	69.9	19.3	8.6	2.2
100 to 500 million	100.0	64.6	28.6	6.8	0.0	100.0	58.6	31.4	10.0	0.0
Over 500 million	100.0	39.3	54.1	4.9	1.6	100.0	17.4	69.7	5.9	7.0
SAVINGS BONDS	100.0	79.8	11.2	8.6	0.4	100.0	44.6	32.9	21.8	0.7
Less than 5 million	100.0	84.1	6.8	9.1	0.0	100.0	66.7	33.3	*	0.0
5 to 25 million	100.0	80.4	9.3	9.3	0.9	100.0	55.5	19.2	16.1	9.2
25 to 50 million	100.0	81.0	16.4	2.0	0.6	100.0	56.2	9.4	34.4	0.0
50 to 100 million	100.0	72.9	20.0	5.9	1.2	100.0	44.1	55.9	0.0	0.0
100 to 500 million	100.0	64.6	28.6	6.8	0.0	100.0	63.3	27.5	9.2	0.0
Over 500 million	100.0	39.3	54.1	4.9	1.6	100.0	36.9	35.2	27.9	0.0
OTHER NONNEGOTIABLE CDs	100.0	85.0	12.4	2.1	0.6	100.0	47.9	46.9	3.7	1.5
Less than 5 million	100.0	92.7	6.5	0.6	0.2	100.0	93.5	6.2	0.2	*
5 to 25 million	100.0	85.8	11.3	2.5	0.4	100.0	85.2	11.4	2.8	0.6
25 to 50 million	100.0	77.2	19.7	3.1	0.0	100.0	73.6	19.7	6.7	0.0
50 to 100 million	100.0	60.7	33.0	3.6	2.7	100.0	53.4	40.9	2.7	3.0
100 to 500 million	100.0	56.8	33.3	8.1	1.8	100.0	49.8	37.3	6.7	6.2
Over 500 million	100.0	30.8	56.4	5.1	7.7	100.0	6.7	88.9	3.8	0.6
NEGOTIABLE CDs UNDER $100,000	100.0	77.2	17.2	4.5	1.1	100.0	49.9	41.7	5.9	2.5
Less than 5 million	100.0	89.1	8.3	2.5	0.1	100.0	90.0	7.5	2.4	0.1
5 to 25 million	100.0	79.0	15.0	4.7	1.3	100.0	76.8	16.3	5.4	1.5
25 to 50 million	100.0	67.6	25.7	5.9	0.9	100.0	57.0	33.3	8.0	1.7
50 to 100 million	100.0	60.2	28.0	7.6	4.2	100.0	68.1	21.3	3.3	7.3
100 to 500 million	100.0	43.0	43.5	9.7	3.8	100.0	25.3	58.3	10.0	6.4
Over 500 million	100.0	9.2	80.0	10.8	0.0	100.0	0.5	95.7	3.8	0.0

TABLE 2 (Continued) MAXIMUM RATES PAID ON TIME DEPOSITS IPC BY INSURED COMMERCIAL BANKS, BY SIZE OF BANK--MAY 11, 1966

(Amounts in Millions of Dollars)

		PERCENTAGE DISTRIBUTION OF NUMBER OF BANKS BY RATES PAID (PERCENT)					PERCENTAGE DISTRIBUTION OF AMOUNTS OUTSTANDING BY RATES PAID (PERCENT)			
		OVER 3 MOS--		3 MOS. OR LESS			OVER 3 MOS--		3 MOS. OR LESS	
TYPE OF DEPOSIT BY SIZE OF BANK	NUMBER OF BANKS ISSUING INSTRUMENT	4.5 or less	More than 4.5	4.51 to 5.00	More than 5.00	TOTAL AMOUNT OUTSTANDING	4.5 or less	More than 4.5	4.51 to 5.00	More than 5.00
OTHER TIME DEPOSITS:										
NEGOTIABLE CDs OVER $100,000	100.0	48.2	36.6	8.2	7.0	100.0	2.4	89.0	1.8	6.8
Less than 5 million	100.0	70.8	19.4	9.7	0.0	100.0	69.2	23.1	7.7	0.0
5 to 25 million	100.0	65.7	23.2	7.9	3.2	100.0	49.6	30.2	11.8	8.4
25 to 50 million	100.0	57.5	29.1	9.4	3.9	100.0	45.2	34.5	15.6	4.7
50 to 100 million	100.0	40.6	35.4	13.5	10.4	100.0	18.7	50.0	12.3	19.0
100 to 500 million	100.0	30.3	48.4	6.4	14.9	100.0	8.8	63.2	2.4	25.6
Over 500 million	100.0	2.5	84.8	3.8	8.9	100.0	0.1	94.8	1.3	03.8
TIME DEPOSITS, OPEN ACCOUNT										
CHRISTMAS SAVINGS AND OTHER SPECIAL FUNDS	100.0					100.0				
Less than 5 million	100.0					100.0				
5 to 25 million	100.0					100.0				
25 to 50 million	100.0		2/			100.0		2/		
50 to 100 million	100.0					100.0				
100 to 500 million	100.0					100.0				
Over 500 million	100.0					100.0				
ALL OTHER	100.0	88.8	6.4	3.3	1.6	100.0	20.3	67.2	9.6	2.9
Less than 5 million	100.0	97.2	0.6	0.6	1.5	100.0	93.3	1.6	4.2	0.9
5 to 25 million	100.0	94.3	2.9	2.2	0.6	100.0	88.0	4.9	7.1	*
25 to 50 million	100.0	83.3	6.3	9.0	1.4	100.0	62.2	10.5	26.4	.9
50 to 100 million	100.0	80.9	11.7	3.2	4.3	100.0	72.9	14.6	10.4	2.1
100 to 500 million	100.0	66.4	23.3	6.0	4.3	100.0	44.3	37.2	13.9	4.6
Over 500 million	100.0	24.1	53.4	17.2	5.2	100.0	2.1	86.4	8.4	3.1

[1] Ceiling rate on savings deposits of 4 percent.

[2] No interest rate information requested for survey.

NOTE: Size of bank measured by total deposits in millions of dollars. Percentages may not add to totals due to rounding.

TABLE 3

CHANGES IN TIME AND SAVINGS DEPOSITS IPC AT INSURED COMMERCIAL BANKS
DECEMBER 3, 1965 TO MAY 11, 1966

(Amounts in Millions of Dollars)

TYPE OF DEPOSIT BY SIZE OF BANK	OUTSTANDING DEC. 3, 1965	CHANGE DEC. 3, 1965 TO MAY 11, 1966 (Decrease -) DOLLAR AMOUNTS	PERCENTAGE CHANGE
TOTAL TIME AND SAVINGS DEPOSITS IPC	124,422	6,909	6
Less than 5 million	6,467	534	8
5 to 25 million	23,374	1,716	7
25 to 50 million	9,713	671	7
50 to 100 million	9,111	565	6
100 to 500 million	23,415	1,240	5
Over 500 million	52,342	2,183	4
SAVINGS DEPOSITS	86,693	- 960	- 1
Less than 5 million	3,487	139	4
5 to 25 million	16,129	408	3
25 to 50 million	7,418	167	2
50 to 100 million	7,155	101	1
100 to 500 million	18,217	56	*
Over 500 million	34,288	- 1,832	- 5
CONSUMER-TYPE TIME DEPOSITS 1/	18,823	6,260	33
Less than 5 million	2,880	370	13
5 to 25 million	6,636	1,135	17
25 to 50 million	1,907	411	22
50 to 100 million	1,517	365	24
100 to 500 million	2,564	863	34
Over 500 million	3,320	3,117	94
NEGOTIABLE CDs OF $100,000 AND OVER	13,365	683	5
Less than 5 million	13	0	0
5 to 25 million	100	19	19
25 to 50 million	111	11	10
50 to 100 million	195	21	11
100 to 500 million	1,659	141	8
Over 500 million	11,287	493	4
TIME DEPOSITS, OPEN ACCOUNT			
CHRISTMAS SAVINGS AND OTHER SPECIAL FUNDS	3,548	464	13
ALL OTHER TIME OPEN ACCOUNTS	1,992	461	23
Less than 5 million	46	4	9
5 to 25 million	171	12	7
25 to 50 million	80	13	16
50 to 100 million	80	16	20
100 to 500 million	259	21	8
Over 500 million	1,357	393	29

[1] Consumer-type time deposits include savings certificates, savings bonds, other nonnegotiable certificates, and negotiable certificates in denominations of less than $100,000.

*Less than 0.5 per cent.

NOTE: Figures may not add to totals due to rounding. Size of bank is measured by total deposits in millions of dollars.

TABLE 4

MAXIMUM RATES PAID ON TIME AND SAVINGS DEPOSITS IPC BY METROPOLITAN AND NONMETROPOLITAN AREAS
MAY 11, 1966

(Amounts in Millions of Dollars)

TYPE OF DEPOSIT BY SIZE OF BANK	AMOUNT ISSUED	PERCENTAGE DISTRIBUTION OF AMOUNTS OUTSTANDING BY RATE PAID (PERCENT) TOTAL	OVER 3 MOS-- 4.5 or less	OVER 3 MOS-- More than 4.5	3 MOS. OR LESS 4.51 to 5.00	3 MOS. OR LESS More than 5.00
TOTAL TIME AND SAVINGS DEPOSITS IPC	131,330	100				
METROPOLITAN AREAS	104,375	100				
Less than 5 million	1,412	100				
5 to 25 million	9,601	100			1/	
25 to 50 million	6,814	100				
50 to 100 million	7,882	100				
100 to 500 million	24,142	100				
Over 500 million	54,525	100				
NONMETROPOLITAN AREAS	26,956	100				
Less than 5 million	5,589	100				
5 to 25 million	15,489	100				
25 to 50 million	3,570	100			1/	
50 to 100 million	1,794	100				
100 to 500 million	513	100				
Over 500 million	0	100				
SAVINGS DEPOSITS	85,733	100	100			
METROPOLITAN AREAS	69,202	100	100			
Less than 5 million	930	100	100			
5 to 25 million	7,014	100	100			
25 to 50 million	5,072	100	100		2/	
50 to 100 million	5,891	100	100			
100 to 500 million	17,839	100	100			
Over 500 million	32,456	100	100			
NONMETROPOLITAN AREAS	16,531	100	100			
Less than 5 million	2,696	100	100			
5 to 25 million	9,523	100	100			
25 to 50 million	2,513	100	100		2/	
50 to 100 million	1,365	100	100			
100 to 500 million	434	100	100			
Over 500 million	0	100	100			
CONSUMER-TYPE TIME DEPOSITS 3/	25,084	100	60	33	5	2
METROPOLITAN AREAS	15,396	100	40	50	7	3
Less than 5 million	434	100	78	17	4	1
5 to 25 million	2,206	100	70	20	7	3
25 to 50 million	1,442	100	65	27	7	1
50 to 100 million	1,517	100	60	29	7	4
100 to 500 million	3,360	100	47	41	9	3
Over 500 million	6,437	100	13	77	7	3

TABLE 4 (Continued)

MAXIMUM RATES PAID ON TIME AND SAVINGS DEPOSITS IPC BY METROPOLITAN AND NONMETROPOLITAN AREAS
MAY 11, 1966

(Amounts in Millions of Dollars)

TYPE OF DEPOSIT BY SIZE OF BANK	AMOUNT ISSUED	PERCENTAGE DISTRIBUTION OF AMOUNTS OUTSTANDING BY RATE PAID (PERCENT)				
		TOTAL	OVER 3 MOS-- 4.5 or less	OVER 3 MOS-- More than 4.5	3 MOS. OR LESS 4.51 to 5.00	3 MOS. OR LESS More than 5.00
CONSUMER-TYPE TIME DEPOSITS (Cont.) 3/						
NONMETROPOLITAN AREAS	9,687	100	92	7	1	0
Less than 5 million	2,816	100	95	4	1	0
5 to 25 million	5,565	100	92	6	2	0
25 to 50 million	876	100	86	13	0	0
50 to 100 million	365	100	82	15	3	0
100 to 500 million	67	100	72	28	0	0
Over 500 million	0	100	0	0	0	0
OTHER TIME DEPOSITS:						
NEGOTIABLE CDs OVER $100,000	14,048	100	2	89	2	7
METROPOLITAN AREAS	13,939	100	2	89	2	7
Less than 5 million	6	100	67	33	0	0
5 to 25 million	71	100	34	38	14	14
25 to 50 million	89	100	48	30	17	3
50 to 100 million	199	100	18	53	10	20
100 to 500 million	1,795	100	9	63	2	26
Over 500 million	11,780	100	*	95	1	4
NONMETROPOLITAN AREAS	109	100	57	25	15	4
Less than 5 million	7	100	71	14	14	0
5 to 25 million	48	100	73	17	8	*
25 to 50 million	33	100	36	42	12	9
50 to 100 million	16	100	31	19	44	6
100 to 500 million	5	100	80	20	0	0
Over 500 million	0	100	0	0	0	0
TIME DEPOSITS, OPEN ACCOUNT 4/	2,453	100	21	67	10	3
METROPOLITAN AREAS	2,239	100	14	73	9	3
Less than 5 million	16	100	81	*	13	*
5 to 25 million	70	100	84	9	7	*
25 to 50 million	52	100	73	17	8	2
50 to 100 million	72	100	68	14	14	3
100 to 500 million	279	100	44	37	14	5
Over 500 million	1,750	100	2	86	8	3
NONMETROPOLITAN AREAS	214	100	83	3	14	*
Less than 5 million	35	100	97	*	*	*
5 to 25 million	113	100	90	2	7	*
25 to 50 million	42	100	48	2	50	0
50 to 100 million	24	100	88	13	0	0
100 to 500 million	1	100	100	0	0	0
Over 500 million	0	100	0	0	0	0

1 Interest rates for total time and savings deposits IPC would be the weighted average of rates reported by each type of deposit.

2 Ceiling rate on savings deposits of 4 percent.

3 Consumer-type time deposits include savings certificates, savings bonds, other nonnegotiable certificates, and negotiable certificates in denominations of less than $100,000.

4 Excluding Christmas savings and other special funds.

*Less than 0.5 percent. NOTE: Figures may not add to totals due to rounding.