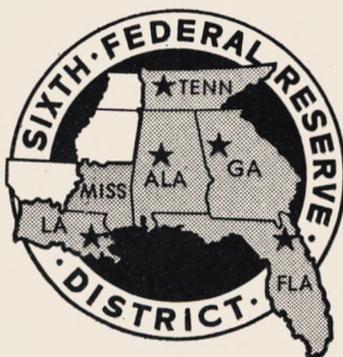


**OWNERSHIP OF DEMAND DEPOSITS
AT ALL INSURED COMMERCIAL BANKS
SIXTH FEDERAL RESERVE DISTRICT
AND
UNITED STATES
ON JANUARY 27, 1960**

**Federal Reserve Bank of Atlanta
Research Department**



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1960 SURVEY OF THE OWNERSHIP OF DEMAND DEPOSITS

Individuals, partnerships, and corporations held about \$8.2 billion demand deposits at all Sixth District banks in 5.6 million separate accounts on January 27, 1960, according to a survey recently completed by the Federal Reserve Bank of Atlanta. The results of the annual survey of the ownership of demand deposits showed that on January 27, 1960 there were about one-half million more accounts than a year earlier, and that the dollar total of these accounts was about \$1 billion greater. The average size of the account, however, declined from \$1550 to \$1400.

The recent estimates are based upon reports received by the Federal Reserve Bank of Atlanta from a representative sample of member and nonmember banks in Alabama, Florida, Georgia, the southern halves of Louisiana and Mississippi, and the eastern two-thirds of Tennessee, the area included in the Sixth Federal Reserve District. The survey conducted by the Atlanta Bank was part of a nationwide survey carried out every year by the Federal Reserve System. Information secured in the survey is used extensively by the Federal Reserve System, Government agencies, and private organizations in analyzing the condition of the nation's financial structure.

Summary tables showing the principle findings for the Sixth District and a discussion of the survey results for the United States are attached.

Table I shows the percentage distribution of the accounts by type of owner. The table shows that so far as their number of accounts is concerned, the banks deal overwhelmingly with individuals. Over 80

percent of all accounts are personal accounts although their dollar total was only about one-third of the dollar amount for all types of accounts. On the other hand, the accounts of incorporated businesses, making up only 3 percent of the number, constituted over 32 percent of the dollar total. The importance of the accounts held by farmers declined between 1959 and 1960 as it has for the preceding two years. The deposit accounts of unincorporated businesses, however, continued to become more important.

Table II lists the proportion of accounts and demand deposits held by various groups and individuals at small, medium-sized and large banks. Over 50 percent of the demand deposits of banks with total deposits of less than two million dollars were held by individuals. This proportion declined sharply at larger banks, and amounted to less than 30 percent at banks with deposits over 50 million dollars. Demand deposits of corporate businesses accounted for less than 8 percent of the total at the small banks, while the proportion increased to over 36 percent at the large banks.

The percentage distribution of demand deposit accounts by size of account is listed on Table III. Almost 40 percent of all accounts had balances of less than \$100 on January 27, 1960. The total dollar amount of these accounts amounted to less than 1 percent of demand deposits, however. At the other end of the scale, accounts with balances in excess of \$100,000 accounted for over one-fourth of demand deposits, but only two-tenths of one percent of the number of accounts. Corporate financial holders accounted for the greatest percentage of large accounts, while personal accounts of individuals dominated the small accounts.

TABLE I
SIXTH FEDERAL RESERVE DISTRICT
PERCENTAGE DISTRIBUTION OF DEMAND DEPOSIT ACCOUNTS
OF
INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS, 1957 - 1960
(At all Insured Commercial Banks)

	<u>Number of Accounts, Percent of Total</u>			
	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>
Domestic Business				
Corporate Financial	1.3	.8	.5	.5
Non-Corporate Financial	1.0	1.0	.4	.4
Corporate Non-Financial	2.2	2.5	2.9	3.0
Non-Corporate Non-Financial	5.1	5.7	6.4	6.3
Non-Profit Organizations	4.9	4.9	5.3	5.0
Farmers	6.9	5.4	4.7	4.2
Individuals	78.5	79.3	79.8	80.4
Trust Funds of Banks	*	.1	.1	.1
Foreigners	.1	.3	*	.2

	<u>Dollar Amount of Accounts, Percent of Total</u>			
	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>
Domestic Business				
Corporate Financial	14.5	10.3	8.1	7.8
Non-Corporate Financial	2.0	2.5	1.5	1.7
Corporate Non-Financial	28.8	31.3	33.1	32.1
Non-Corporate Non-Financial	11.4	13.8	14.0	15.1
Non-Profit Organizations	3.7	3.8	6.1	4.0
Farmers	4.6	3.7	3.5	3.3
Individuals	33.2	32.2	31.8	33.8
Trust Funds of Banks	1.5	1.5	1.6	1.9
Foreigners	.3	.9	.2	.2

* Less than 5/100 of 1%

TABLE II
 SIXTH FEDERAL RESERVE DISTRICT
 OWNERSHIP OF DEMAND DEPOSITS
 RELATED TO SIZE OF BANK, JANUARY 27, 1960
 (Percent Distribution Within Size Group)

<u>TYPE OF HOLDER</u>	<u>SIZE OF BANK (Total Deposits in Millions of \$)</u>			
	Under 2	2-10	10-50	Over 50
Domestic Business	<u>Number of Accounts</u>			
Corporate Financial	.5	.4	.3	.5
Non-Corporate Financial	.8	.3	.3	.3
Corporate Non-Financial	1.4	2.2	3.3	3.4
Non-Corporate Non-Financial	4.3	6.4	6.4	6.6
Non-Profit Organizations	7.5	5.5	3.5	4.9
Farm Operators	9.3	6.0	1.0	3.7
Individuals - Personal	76.1	79.1	84.7	80.4
Trust Funds of Banks	.1	.1	*	.1
Foreigners	*	*	.5	.1
Domestic Business	<u>Amount of Deposits</u>			
Corporate Financial	4.8	4.9	6.5	8.7
Non-Corporate Financial	2.5	1.4	3.6	1.4
Corporate Non-Financial	7.9	19.5	28.1	36.4
Non-Corporate Non-Financial	14.3	16.1	14.1	15.2
Non-Profit Organizations	4.9	5.0	3.6	3.9
Farm Operators	12.4	8.1	.6	2.4
Individuals - Personal	53.0	42.8	41.4	29.8
Trust Funds of Banks	.1	2.1	1.6	2.0
Foreigners	.1	.1	.5	.2

*Less Than 5/100 of 1%

TABLE III
SIXTH FEDERAL RESERVE DISTRICT
OWNERSHIP OF DEMAND DEPOSIT ACCOUNTS
RELATED TO SIZE OF ACCOUNT, JANUARY 27, 1960
(Percent Distribution Within Size Group)

TYPE OF HOLDER	Size of Account, Dollars													
	Unclassified		0-99		100-999		1,000-9,999		10,000-24,999		25,000-99,999		Over 100,000	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Domestic Business														
Corporate Financial	0	0	11.0	*	19.4	.4	36.5	5.7	14.9	8.5	12.6	25.2	5.6	60.2
Non-Corporate Financial	0	0	21.4	.1	33.6	2.1	37.0	17.0	5.2	12.3	1.5	11.5	1.3	57.0
Corporate Non-Financial	0	0	12.9	*	25.0	.7	39.2	9.9	11.8	11.6	8.4	26.1	2.7	51.7
Non-Corporate Non-Financial	0	0	23.5	.2	36.6	4.5	33.2	31.7	4.5	19.7	1.9	23.9	.3	20.0
Non-Profit Organizations	0	0	44.6	1.3	40.4	12.2	13.5	32.8	.9	12.4	.5	20.3	.1	21.0
Farmers	0	0	35.1	.8	41.4	15.1	22.1	51.8	1.1	14.9	.3	14.9	*	2.5
Individuals	11.9	3.6	40.2	1.8	36.1	21.7	11.2	47.6	.5	12.8	.1	8.8	*	3.7
Trust Funds of Banks	9.3	93.8	18.8	*	40.6	.3	28.1	1.7	1.6	.4	0	0	1.6	3.8
Foreigners	.2	1.0	39.9	.7	31.8	6.7	24.0	43.5	3.6	30.2	.5	17.9	0	0
Total	9.5	3.0	38.1	.7	36.1	9.3	14.2	27.9	1.3	13.0	.6	18.5	.2	27.6

* Less Than 5/100 of 1%

Ownership of Demand Deposits

DEMAND DEPOSITS of individuals, partnerships, and corporations at insured commercial banks rose an estimated \$2.2 billion, or 2 per cent, in the year ending January 27, 1960. According to the Federal Reserve System's most recent Survey of Demand Deposit Ownership, demand deposits of non-financial businesses increased by the same dollar amount as the total, but the relative increase was 4 per cent. Personal demand

accounts of individuals increased \$600 million, or 2 per cent, while demand balances of farmers declined \$500 million, or 11 per cent.

As in the past several years the number of demand deposit accounts held by individuals, partnerships, and corporations rose further. The 2.7 million increase in the current year was nearly one-fourth larger than in the two previous years combined.

NOTE.—This article was prepared by Edward P. Snyder of the Board's Division of Research and Statistics. For results of the January 1959 Survey see the Federal Reserve BULLETIN for April 1959.

OWNERSHIP GROUPS

Holdings of nonfinancial businesses account for about one-half of total demand deposits

TABLE 1
DEMAND DEPOSIT ACCOUNTS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS
JANUARY 27, 1960

[Estimates for insured commercial banks]

Type of holder	Number				Amount			
	Jan. 27, 1960		Increase, or decrease (-), from Jan. 28, 1959		Jan. 27, 1960		Increase, or decrease (-), from Jan. 28, 1959	
	Millions	Percentage distribution	Millions	Per cent	Billions of dollars	Percentage distribution	Billions of dollars	Per cent
All holders.....	57.1	100.0	2.7	5.0	109.5	100.0	2.2	2.0
Domestic business.....	6.1	10.6	0.3	5.6	64.5	58.9	2.2	3.5
Corporate.....	2.1	3.8	0.3	15.0	49.5	45.2	2.0	4.3
Noncorporate.....	3.9	6.9	(1)	1.0	15.0	13.7	0.1	0.9
Financial business.....	0.4	0.8	(1)	1.2	9.6	8.7	-0.1	-0.6
Corporate.....	0.2	0.4	(1)	8.3	7.7	7.0	0.1	0.8
Noncorporate.....	0.2	0.4	(2)	-5.9	1.9	1.7	-0.1	-6.0
Nonfinancial business.....	5.6	9.9	0.3	5.9	54.9	50.1	2.2	4.2
Corporate.....	1.9	3.4	0.3	15.9	41.8	38.2	2.0	4.9
Noncorporate.....	3.7	6.5	0.1	1.4	13.1	11.9	0.3	2.0
Nonprofit organizations.....	2.9	5.1	0.1	3.6	5.2	4.8	0.2	4.9
Farm operators.....	3.0	5.3	-0.1	-4.6	4.4	4.0	-0.5	-10.9
Individuals—personal.....	44.9	78.7	2.4	5.7	32.3	29.5	0.6	2.0
All other.....	0.1	0.2	(1)	3.8	3.2	2.9	-0.3	-8.2
Trust departments of banks.....	(3)	0.1	(2)	-1.7	2.2	2.0	-0.3	-10.9
Foreigners.....	0.1	0.1	(1)	7.3	1.0	0.9	(4)	-2.0

¹ Increase of less than 50,000 accounts.
² Decrease of less than 50,000 accounts.
³ Less than 50,000 accounts.
⁴ Decrease of less than \$50 million.

NOTE.—Corporate farming enterprises are classified as corporate nonfinancial business. Details may not add to totals because of rounding.

of individuals, partnerships, and corporations. The 4 per cent increase in the balances of these businesses in the 12 months ending January 27, 1960, appears to have reflected a continued growth in need for cash. However, the increase in their balances was evidently less than the increase in their use of cash. In January 1960 demand deposits at 337 centers outside New York City and six other leading centers were turning over 6 per cent faster than they were a year earlier, and industrial production was up 10 per cent. Nonfinancial businesses also expanded their holdings of liquid assets during the year, as interest rates moved upward. A large part of these assets were invested in short-term U. S. Government securities.¹

Personal deposits of individuals, which account for about 30 per cent of the total, increased by \$600 million in the year ending

¹ See also article "Money and Bank Credit in 1959" in the BULLETIN for February 1960, pp. 119-25.

January 27, 1960, two-fifths as much as the exceptionally large growth of the preceding 12 months. The past year's increase accompanied a continued growth in disposable personal income, but its pace was slower than that in income. The slower growth in deposits probably reflects continued preference by individuals, as well as other holder groups, for interest-bearing types of liquid assets when interest rates are relatively high.

Balances of farm operators declined nearly 11 per cent this year to the lowest levels reported since the Survey was undertaken on the new basis in January 1957. The decline more than offset last year's increase and appears to reflect the sharp reduction in net farm income during the year. Increased production expenses and a decline in prices received by farmers more than offset the gains in income from larger output.

The relatively large decline in deposits of trust departments of banks this year offset

TABLE 2
DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS, JANUARY 27, 1960
BY FEDERAL RESERVE DISTRICT AND BY TYPE OF HOLDER

Federal Reserve district	Number (in millions)						Amount (in billions of dollars)					
	All holders	Type of holder					All holders	Type of holder				
		Financial business	Non-financial business	Farm operators	Individuals—personal	All other ¹		Financial business	Non-financial business	Farm operators	Individuals—personal	All other ¹
All districts	57.1	0.4	5.6	3.0	44.9	3.1	109.5	9.6	54.9	4.4	32.3	8.4
Boston	2.7	(2)	0.4	(2)	2.2	0.1	6.1	0.6	3.5	(3)	1.5	0.5
New York	5.8	0.1	0.8	0.1	4.6	0.3	21.2	1.9	12.6	0.1	4.3	2.3
Philadelphia	2.9	(2)	0.3	0.1	2.3	0.2	6.5	0.7	3.2	0.1	1.9	0.6
Cleveland	4.3	(2)	0.4	0.1	3.5	0.3	8.7	0.8	4.5	0.1	2.6	0.7
Richmond	5.2	(2)	0.4	0.3	4.1	0.3	6.7	0.6	2.9	0.3	2.1	0.8
Atlanta	5.6	(2)	0.5	0.2	4.5	0.3	8.1	0.8	3.8	0.3	2.7	0.5
Chicago	7.5	0.1	0.8	0.6	5.7	0.4	16.9	1.4	9.0	0.8	4.5	1.2
St. Louis	4.2	(2)	0.3	0.5	3.2	0.2	5.0	0.3	1.9	0.5	2.0	0.3
Minneapolis	2.5	(2)	0.2	0.4	1.7	0.2	2.9	0.2	1.1	0.5	1.0	0.2
Kansas City	4.4	(2)	0.4	0.4	3.3	0.3	7.2	0.6	3.2	0.7	2.4	0.3
Dallas	4.3	(2)	0.4	0.3	3.4	0.2	7.8	0.7	3.2	0.6	3.0	0.3
San Francisco	7.7	0.1	0.8	0.2	6.4	0.3	12.5	1.2	6.0	0.5	4.2	0.7

¹ Nonprofit organizations, trust departments of banks, and foreigners.

² Less than 50,000 accounts.

³ Less than \$50 million.

NOTE.—Details may not add to totals because of rounding.

a part of the increase reported a year earlier. As indicated at that time, there are few of these accounts and changes in their balances do not affect the total importantly. Deposit balances held by trust departments are influenced by interest rates, the condition of the stock market and capital markets generally, and other financial factors. Deposits of foreign holders, which may also be influenced by these factors, changed little.

Deposits of financial businesses, too, were almost unchanged in the year ending January 27, 1960. A small reduction for noncorporate firms more than offset a slight increase for corporations. The degree of change in their holdings during this period reflects their sensitivity to trends in interest rates. After the reduction in their demand deposits last year, a development attributed in part to their purchases of long-term Treasury bonds offered in late January 1959, financial businesses appear to have kept new funds invested as interest rates moved upward.

The rise in balances of nonprofit organizations in the current year was about in line with the usual expectation for this holder group. The rise this year more than offset a slight decline in these balances in the year ending January 28, 1959.

NUMBER OF ACCOUNTS

Continued growth in the number of personal accounts of individuals and an increase in the number of accounts of corporate business firms accounted for the over-all increase in the number of accounts of individuals, partnerships, and corporations in the year ending January 27, 1960. A small decline in the number of accounts of farm operators, possibly associated with a continued reduction in the number of independent farm operators, was offset by a small in-

crease in the number of accounts of nonprofit organizations. The number of accounts of other ownership groups changed very little during the year.

Except in the case of corporate businesses, the relative change in number of accounts held by each of the more important ownership groups was roughly proportional to the change in total deposits held by the group. Multiple-account holding by corporate business firms is common and the decision to open an account may be related to many factors including the desire to establish a credit line at a particular bank and internal cash-management practices. Thus, short-

TABLE 3
OWNERSHIP OF DEMAND DEPOSITS RELATED
TO SIZE OF BANK, JANUARY 27, 1960

[Percentage distribution within size group]

Type of holder	Size of bank (total deposits, in millions of dollars)					
	Under 2	2-10	10-50	50-250	250-1,000	1,000 and over
	Number of accounts					
All holders	100.0	100.0	100.0	100.0	100.0	100.0
Domestic business	8.2	9.3	10.7	12.6	13.9	12.6
<i>Corporate</i>	1.7	2.5	3.9	5.6	6.4	5.4
<i>Noncorporate</i>	6.4	6.8	6.8	7.0	7.4	7.3
<i>Financial</i>	0.6	0.7	0.8	0.9	1.2	0.9
<i>Nonfinancial</i>	7.6	8.6	10.0	11.8	12.7	11.8
Nonprofit organizations	7.6	5.7	4.4	4.2	4.1	3.0
Farm operators	14.7	7.3	2.1	1.0	1.2	1.0
Individuals—personal	69.3	77.6	82.6	82.0	80.5	82.6
All other ¹	0.1	0.1	0.2	0.1	0.3	0.9
	Amount of deposits					
All holders	100.0	100.0	100.0	100.0	100.0	100.0
Domestic business	30.5	40.2	52.3	66.5	69.5	71.4
<i>Corporate</i>	13.6	22.5	34.4	54.1	58.1	62.2
<i>Noncorporate</i>	16.9	17.6	17.9	12.4	11.4	9.3
<i>Financial</i>	3.4	5.0	8.0	10.1	12.3	9.2
<i>Nonfinancial</i>	27.1	35.2	44.3	56.4	57.2	62.2
Nonprofit organizations	5.1	5.2	4.8	5.5	4.1	4.2
Farm operators	20.7	10.5	1.8	0.8	1.0	0.7
Individuals—personal	43.3	43.1	38.0	24.5	22.0	18.7
All other ¹	0.4	1.0	3.0	2.7	3.4	5.0

¹ Trust departments of banks and foreigners.

NOTE.—Details may not add to totals because of rounding.

term changes in the number of accounts held by these firms are probably not very significant.

OTHER CLASSIFICATIONS

Data on the ownership of demand deposits by Federal Reserve districts are shown in Table 2. District comparisons should be made with care since the statistics not only reflect regional differences but also are affected by sampling errors.

Table 3 shows the distribution of deposits by ownership groups within bank-size classes. A similar table, based on the 1957 Survey, was published in the BULLETIN for May 1957, page 514. Comparison of the data for the two Surveys indicates that no important changes have occurred in this over-all distribution.

STATISTICAL NOTE

Estimates of sampling errors for various Survey statistics are shown in Table 4. These estimates are based on the 1959 and 1960

Survey results. Additional computations of sampling errors for the estimates of deposit holdings and of changes in deposit holdings of the various combinations of ownership groups, such as all nonfinancial business, will be made later this year in order to provide measures of reliability for all Survey statistics.

TABLE 4
ESTIMATED SAMPLING ERRORS FOR SURVEY
OF DEMAND DEPOSIT OWNERSHIP

Type of holder	Standard deviations (in millions of dollars)	
	Deposits outstanding Jan. 28, 1959	Change in deposits, Jan. 28, 1959 to Jan. 27, 1960
Financial business:		
Corporate.....	450	400
Noncorporate.....	175	200
Nonfinancial business:		
Corporate.....	2,000	1,125
Noncorporate.....	350	375
Nonprofit organizations.....	250	225
Farm operators.....	175	175
Individuals—personal.....	550	575
Trust departments of banks.....	275	275
Foreign holders.....	50	50

NOTE.—All estimates rounded to nearest \$25 million.