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STATISTICAL DEPARTMENT
FEDERAL RESERVE BANK
OF CHICAGO

Bulletin No. 111

FEDERAL RESERVE BANK OF CHICAGO
79 WEST MONROE STREET

SUSPENSION OF SERVICE CHARGE
FOR COLLECTION OF CHECKS

CHICAGO, June 14, 1918.

TO THE MEMBER BANKS OF DISTRICT NUMBER SEVEN:

We are pleased to announce that the present service charge of one cent per item for the collection of checks will be suspended on June 15, 1918. We will then receive for collection, without charge, checks drawn on any banking institution in the United States, shown on the Federal Reserve par list.

The following pages set forth the conditions governing the operation of the check collection system, also the revised time schedule.

Through the medium of the par facilities now available, checks on about eighteen thousand banks can be collected without cost and with the service charge removed we trust that member banks will avail themselves of the advantages offered and send us as large a volume of items as possible.

Respectfully,

JAMES B. McDUGAL,
Governor.

CONDITIONS GOVERNING THE CHECK COLLECTION SYSTEM

ITEMS WHICH WILL BE RECEIVED

We will receive from member banks, without charge, checks and drafts drawn on banks shown in the par list published by the Federal Reserve Board.

Par lists of member and non-member banks on which items will be received will be furnished semi-annually. A supplement will be issued monthly showing changes which have occurred since the publication of the complete list.

UNIFORM INSTRUCTIONS

To facilitate the handling of a large volume of items, it is understood that all checks and drafts handled by the Federal Reserve Bank as cash items are received under the following conditions:

1. All items of \$10.00 or under are not to be protested.
2. All other items are to be protested except those stamped on the face "N. P.," followed by the A. B. A. transit number of a bank endorser in the following form: (N. P. 2-30)
3. Advice to be telegraphed of dishonor of all items of \$500.00 or over.
4. Cash letters must indicate the BANK on which CHICAGO items are drawn and the TOWN on which items on banks OUTSIDE of CHICAGO are drawn.

Items bearing other instructions should be accompanied by collection letters plainly marked "Special Items," and will be received only for credit when paid.

ENDORSEMENT OF ITEMS

All items forwarded to the Federal Reserve Bank should be endorsed to the order of Federal Reserve Bank of Chicago, or to any Bank or Banker, all prior endorsements guaranteed, show the date, and on each side of the endorsement the American Bankers' Association transit number in prominent type.

RESTRICTIONS AS TO ENDORSEMENTS

To insure direct routing, this bank reserves the right to return any item drawn on a bank located outside of this district when such item bears the endorsement of a bank located outside of this district.

WHEN PROCEEDS OF ITEMS WILL BE AVAILABLE

Immediate credit entry at par, subject to final payment, will be made for all out of town checks received by this bank by 2:00 o'clock P.M., except Saturday, when the hour will be 12:00 o'clock Noon. Checks drawn on Chicago banks will be immediately available if received prior to 10:00 o'clock A. M., except Saturday, when the hour will be 9:00 o'clock A. M. The proceeds of items on banks outside of Chicago, will not, however, be available for withdrawal nor count as reserve until the lapse of time indicated in the attached schedule.

For the convenience of member banks, the schedule is arranged in five divisions:

1. Points on which checks are immediately available for reserve.
2. Points on which checks are available in one day.
3. Points on which checks are available in two days.
4. Points on which checks are available in four days.
5. Points on which checks are available in eight days.

Checks must be sorted into the five divisions, and each division listed on a separate sheet. This will enable you to determine the day upon which the funds will be available as reserve in this bank.

STATEMENTS SHOWING AMOUNT OF UNCOLLECTED FUNDS

A transcript of account showing the gross balance, the amount of uncollected funds and the actual reserve balance will be sent to each member bank on every day upon which there is a transaction in the account or a change in the amount of uncollected funds.

METHOD OF HANDLING THE ITEMS

Checks drawn on member banks of this district will be forwarded direct to the paying banks but will not be charged to their accounts until we have received return remittances or advice of payment, thus giving member banks time to provide funds to cover.

Remittances for cash letters must be made in Chicago exchange in order that the funds may be immediately available.

Items drawn on non-member banks will be sent to such member banks as desire to receive them or may be sent by arrangement direct to non-member banks.

Unpaid items not subject to protest must be returned on day of receipt. Protested items must be returned not later than the day after receipt. Unpaid items must not be held for any purpose whatsoever except for immediate protest.

DIRECT ROUTING

When time can be saved and the volume of items warrants, arrangements may be made with this bank for direct routing between member banks of this district and other Federal Reserve Banks.

HOW MEMBER BANKS MAY MAINTAIN BALANCES

Member banks may maintain their balances with us:

- (a) By depositing Chicago exchange.
- (b) By depositing out of town items, the proceeds of which will be available as reserve in accordance with the time schedule.
- (c) By shipment to us at our expense of properly sorted lawful money or Federal Reserve Notes when unable to supply checks or Chicago exchange in sufficient volume to offset the items sent to them.
- (d) By rediscounting.

Member banks are required by the Federal Reserve Act to provide funds to cover at par all checks received from a Federal Reserve Bank.

COLLECTIBLE AT PAR THROUGH THE FEDERAL RESERVE BANK OF CHICAGO

Member banks are entitled to place the words, "Collectible at par through the Federal Reserve Bank of Chicago" on their own checks and the checks used by their depositors. Your attention is called to the desirability of availing yourselves of this privilege.

DISTRICT NUMBER ON CHECKS

To facilitate the sorting of checks by member banks and by Federal Reserve Banks, it is requested that you have clearly imprinted on all your checks and drafts the figure 7, preferably in a large skeleton figure in the center of the check.

CONDITIONS UNDER WHICH MEMBER BANKS MAY USE SYSTEM

Every member bank sending items to us, will be understood to have agreed to the terms and conditions set forth in this bulletin and to have thereby specifically agreed that in receiving such items the Federal Reserve Bank of Chicago will act only as the collecting agent of the sending bank; will assume no responsibility other than due diligence and care in forwarding such items promptly; and will be authorized to send such items for payment direct to the bank on which drawn or to another agent for collection at discretion.

FEDERAL RESERVE BANK OF CHICAGO

SCHEDULE SHOWING WHEN THE PROCEEDS OF ITEMS WILL BECOME AVAILABLE

AVAILABLE ON RECEIPT

Chicago

(If received prior to 10:00 A. M.)

(Saturday 9 A. M.)

ONE BUSINESS DAY AFTER RECEIPT

Cleveland, Ohio

Kansas City, Kansas

Detroit, Michigan

Kansas City, Missouri

St. Louis, Missouri

TWO BUSINESS DAYS AFTER RECEIPT

Illinois (except

Atlanta, Ga.

New Orleans, La.

Chicago)

Baltimore, Md.

New York City

Indiana

Boston, Mass.

Omaha, Neb.

Iowa

Cincinnati, Ohio

Philadelphia, Pa.

Michigan (except

Dallas, Texas

Pittsburgh, Pa.

Detroit)

Denver, Colo.

Richmond, Va.

Wisconsin

Louisville, Ky.

St. Paul, Minn.

Minneapolis, Minn.

FOUR BUSINESS DAYS AFTER RECEIPT

Portland, Oregon

Salt Lake City

San Francisco

Seattle

Spokane

Alabama

Nebraska (except Omaha)

Arkansas

New Hampshire

Colorado (except Denver)

New Jersey

Connecticut

New York (except New York City)

Delaware

North Carolina

District of Columbia

North Dakota

Florida

Ohio (except Cincinnati and

Georgia (except Atlanta)

Cleveland)

Kansas (except Kansas City)

Oklahoma

Kentucky (except Louisville)

Pennsylvania (except Philadelphia

Louisiana (except New Orleans)

and Pittsburgh)

Maine

Rhode Island

Maryland (except Baltimore)

South Carolina

Massachusetts (except Boston)

South Dakota

Minnesota (except Minneapolis and

Tennessee

St. Paul)

Texas (except Dallas)

Mississippi

Vermont

Missouri (except Kansas City and

Virginia (except Richmond)

St. Louis)

West Virginia

EIGHT DAYS AFTER RECEIPT

Arizona

Oregon (except Portland)

California (except San Francisco)

Utah (except Salt Lake City)

Idaho

Washington (except Seattle and

Montana

Spokane)

Nevada

Wyoming

New Mexico