

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 67-147
July 28, 1967

COLLECTION OF ITEMS REQUIRING
SPECIAL HANDLING AS NONCASH ITEMS

To All Banks

in the Eleventh Federal Reserve District:

This is an additional reminder that, effective September 1, 1967, the Federal Reserve Banks will classify as items requiring special handling checks, drafts, and similar items on which, prior to receipt at a Federal Reserve office, the payor's routing symbol-transit number has not been pre-printed or postencoded in E-13B magnetic ink characters in the manner prescribed and location assigned by The American Bankers Association. Such items sent as cash items on and after September 1, 1967, will be handled by Federal Reserve offices as follows:

- (a) Items of \$1,000 or more received from banks located outside the city of the Federal Reserve office will be charged back and entered for collection as noncash items; and
- (b) Other items will be charged back and returned.

The Federal Reserve Banks, as in the past, will continue to handle such items as cash items only when, in their judgment, special circumstances merit such handling.

The operating circulars of the Federal Reserve Banks related to the collection of cash items are being revised as a result of the change in collection procedures. They will describe the items that will be accepted as cash items and the terms and conditions of collection.

The attached statistical table reflects the results — by item classification — of the most recent of a series of one-day surveys undertaken at the Federal Reserve offices during June, 1967. The purpose of these surveys was to measure the rate of progress in the MICR (magnetic ink character recognition) check preprinting program of The American Bankers Association. The survey indicates that 98.4 per cent of the nearly 19 million checks that are cleared through the Federal Reserve offices on a daily average basis have a routing symbol-transit number preprinted or postencoded in magnetic ink.

The near elimination of nonconforming items has been accomplished largely as a result of the excellent cooperation of everyone concerned with check operations. We appreciate this generous assistance and believe that the benefits to the banking system and the public will far exceed the costs involved. The Federal Reserve Banks urge that continued efforts be made to eliminate the remaining nonconforming items from check collection channels prior to the September 1, 1967 change in collection practices. Also, we again ask the commercial banks to encourage the encoding of the dollar amount on all checks as early as possible in the collection process.

Yours very truly,

Watrous H. Irons
President

Enclosure

FEDERAL RESERVE SYSTEM'S SURVEY OF INTRADISTRICT ITEMS RECEIVED NOT BEARING MAGNETIC INK CHARACTERS

JUNE 1967

FEDERAL RESERVE BANK OR BRANCH	AVER. DAILY VOL. OF ITEMS City & Country in Own Zone Only	AVERAGE DAILY VOLUME OF ITEMS RECEIVED NOT BEARING MICR ROUTING DESIGNATION																			
		TOTAL	PERCENT OF ALL ITEMS HANDLED	INDIVIDUAL OR PERSONAL ACCOUNTS		CORPORATE ACCOUNTS		UNIVERSAL OR COUNTER CHECKS		SCRATCHED OR MADE OVER ITEMS		PREAUTHORIZED LIFE INS. PREMIUM ITEMS		MULTIPLE DRAWEE ITEMS		TRANSFER OR DEPOSITORY ITEMS		WARRANTS (State, County, Local)		ALL OTHERS	
				NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
BOSTON	1,500,923	6,537	.44	1,421	.09	3,221	.21	462	.03	136	.01	39	-	11	-	384	.02	854	.06	9	-
NEW YORK	3,186,511	18,899	.59	2,456	.08	5,201	.16	1,453	.05	146	-	149	.01	1,098	.03	408	.01	661	.02	7,327	.23
BUFFALO	141,117	567	.40	137	.10	170	.12	41	.03	7	.01	13	.01	35	.02	48	.03	24	.02	92	.06
	3,327,628	19,466	.58	2,593	.08	5,371	.16	1,494	.04	153	-	162	-	1,133	.03	456	.01	685	.02	7,419	.22
PHILADELPHIA	1,040,000	5,352	.51	2,104	.20	2,535	.24	92	.01	95	.01	93	.01	32	-	120	.01	185	.02	96	.01
CLEVELAND	566,991	5,514	.97	856	.15	2,073	.36	340	.05	61	.01	220	.04	1,007	.18	93	.02	831	.15	33	.01
CINCINNATI	310,000	5,183	1.67	950	.31	1,965	.63	877	.28	267	.08	135	.04	132	.04	140	.04	520	.16	197	.06
PITTSBURGH	371,427	7,549	2.03	1,660	.45	4,000	1.08	226	.06	5	-	377	.10	75	.02	226	.06	528	.14	452	.12
	1,248,418	18,246	1.46	3,466	.28	8,038	.64	1,443	.12	333	.03	732	.06	1,214	.10	459	.04	1,879	.15	682	.05
RICHMOND	668,438	17,694	2.65	3,095	.46	5,697	.85	1,292	.19	3,256	.49	1,433	.21	138	.02	146	.02	2,371	.35	266	.04
BALTIMORE	348,169	2,065	.59	598	.17	991	.28	235	.07	45	.01	55	.02	-	-	24	.01	98	.03	19	.01
CHARLOTTE	228,000	9,391	4.12	1,436	.63	5,797	2.54	348	.15	526	.23	649	.29	14	.01	182	.08	420	.18	19	.01
	1,244,607	29,150	2.34	5,129	.41	12,485	1.00	1,875	.15	3,827	.31	2,137	.17	152	.01	352	.03	2,889	.23	304	.02
ATLANTA	360,962	4,259	1.18	720	.20	2,335	.65	230	.06	80	.02	468	.13	390	.11	10	-	11	-	15	-
BIRMINGHAM	210,831	7,871	3.73	1,945	.92	3,527	1.67	1,031	.49	505	.24	603	.29	14	.01	92	.04	130	.06	24	.01
JACKSONVILLE	409,637	2,320	.57	600	.15	910	.22	376	.09	50	.01	247	.06	8	-	61	.02	68	.02	-	-
NASHVILLE	152,806	4,786	3.13	129	.08	1,365	.89	622	.41	744	.49	530	.35	54	.04	48	.03	405	.26	889	.58
NEW ORLEANS	228,292	8,477	3.71	1,368	.59	4,558	1.99	974	.42	316	.13	403	.17	36	.01	93	.04	274	.12	455	.19
	1,362,528	27,713	2.03	4,762	.35	12,695	.93	3,233	.24	1,695	.12	2,251	.17	502	.04	304	.02	888	.07	1,383	.10
CHICAGO	2,031,024	32,383	1.59	5,576	.27	11,771	.58	6,504	.32	1,469	.07	1,957	.10	1,634	.08	265	.01	2,808	.14	399	.02
DETROIT	584,254	5,946	1.01	234	.04	792	.14	73	.01	78	.01	117	.02	4,324	.74	74	.01	134	.02	120	.02
	2,615,278	38,329	1.47	5,810	.22	12,563	.48	6,577	.25	1,547	.06	2,074	.08	5,958	.23	339	.01	2,942	.11	519	.02
ST. LOUIS	569,039	26,452	4.64	7,757	1.36	8,751	1.54	5,807	1.02	673	.12	1,616	.28	67	.01	252	.04	1,126	.20	403	.07
LITTLE ROCK	111,791	8,616	7.70	3,624	3.24	2,844	2.54	1,161	1.04	314	.28	358	.32	7	-	80	.07	137	.12	91	.08
LOUISVILLE	215,000	5,843	2.72	1,688	.78	2,409	1.12	1,121	.52	101	.05	73	.03	11	.01	86	.04	190	.09	164	.08
MEMPHIS	116,431	8,811	7.57	1,736	1.49	3,191	2.74	1,513	1.30	555	.48	1,298	1.12	16	.01	28	.02	460	.40	14	.01
	1,012,261	49,722	4.87	14,805	1.46	17,195	1.70	9,602	.95	1,643	.16	3,345	.33	101	.01	446	.04	1,913	.19	672	.07
MINNEAPOLIS	789,150	7,650	.96	1,261	.16	2,647	.34	1,990	.25	575	.07	423	.05	12	-	185	.02	557	.07	-	-
HELENA	65,000	1,603	2.46	1,073	1.65	6	.01	273	.42	47	.07	40	.06	-	-	27	.04	137	.21	-	-
	854,150	9,253	1.08	2,334	.27	2,653	.31	2,263	.26	622	.07	463	.05	12	-	212	.02	694	.08	-	-
KANSAS CITY	573,578	14,323	2.50	2,691	.47	2,969	.52	5,355	.93	244	.04	605	.11	4	-	123	.02	1,579	.28	753	.13
DENVER	290,000	1,922	.66	-	-	792	.27	463	.16	93	.03	403	.14	13	-	21	.01	137	.05	-	-
OKLAHOMA CITY	258,000	13,597	5.27	2,826	1.10	3,572	1.38	4,448	1.72	1,377	.53	524	.20	16	.01	65	.03	592	.23	177	.07
OMAHA	248,683	4,567	1.84	869	.35	1,569	.63	1,184	.48	297	.12	317	.13	25	.01	24	.01	222	.09	60	.02
	1,370,261	34,409	2.51	6,386	.47	8,902	.65	11,450	.84	2,011	.15	1,849	.13	58	-	233	.02	2,530	.18	990	.07
DALLAS	641,802	22,136	3.45	3,608	.56	7,959	1.24	5,663	.88	775	.12	3,408	.53	18	-	46	.01	624	.10	35	.01
EL PASO	61,659	1,978	3.21	267	.43	592	.96	308	.50	47	.08	600	.97	7	.01	46	.07	56	.09	55	.09
HOUSTON	313,058	14,684	4.69	2,598	.83	4,226	1.35	5,385	1.72	438	.14	1,565	.50	63	.02	157	.05	158	.05	94	.03
SAN ANTONIO	205,275	7,742	3.77	2,472	1.20	2,156	1.05	1,644	.80	90	.04	1,174	.57	12	.01	53	.03	119	.06	22	.01
	1,221,794	46,540	3.81	8,945	.73	14,933	1.22	13,000	1.06	1,350	.11	6,747	.55	100	.01	302	.02	957	.08	206	.02
SAN FRANCISCO	369,000	4,234	1.14	1,048	.28	997	.27	380	.10	201	.05	184	.05	58	.02	255	.07	319	.09	792	.21
LOS ANGELES	827,304	1,056	.13	265	.03	238	.03	256	.03	9	-	45	.01	7	-	15	-	92	.01	129	.02
PORTLAND	219,995	1,423	.65	521	.24	263	.12	181	.09	87	.04	248	.11	2	-	51	.02	70	.03	-	-
SALT LAKE CITY	188,009	3,461	1.84	763	.41	1,447	.77	263	.14	293	.16	428	.23	2	-	80	.04	118	.06	67	.03
SEATTLE	452,000	4,810	1.06	700	.15	1,026	.22	1,256	.28	169	.04	1,099	.24	-	-	69	.02	491	.11	-	-
	2,056,308	14,984	.73	3,297	.16	3,971	.19	2,336	.11	759	.04	2,004	.10	69	-	470	.02	1,090	.05	988	.05
SYSTEM	18,854,156	299,701	1.59	61,052	.32	104,562	.55	53,827	.29	14,171	.08	21,896	.12	9,342	.05	4,077	.02	17,506	.09	13,268	.07