



FEDERAL RESERVE BANK
OF DALLAS

ROBERT D. McTEER, JR.
PRESIDENT
AND CHIEF EXECUTIVE OFFICER

February 24, 1992

DALLAS, TEXAS 75222

Notice 92-19

TO: The Chief Executive Officer of each member bank and others concerned in the Eleventh Federal Reserve District

SUBJECT

Reduction in Reserve Requirements on Transaction Accounts

DETAILS

The Federal Reserve Board has announced that it will reduce reserve requirements on transaction accounts of depository institutions effective with the two-week reserve maintenance period beginning April 2, 1992.

The reduction from 12 percent to 10 percent in the reserve ratio on net transaction accounts will lower funding costs for depositories and strengthen their balance sheets. Over time, it is expected that most of these cost savings will be passed on to depositors and borrowers. The Board noted that the reduction should strengthen the financial condition of banks and thereby improve their access to capital markets, putting the banks in a better position to extend credit.

The April effective date is designed to provide depository institutions time to adjust their reserve management strategies by increasing use of their required clearing balances, economizing on vault cash, and generally providing more efficient management of their accounts.

MORE INFORMATION

For more information, please contact this Bank's Reserve Maintenance Division at (214) 651-6407. After March 5, 1992, depository institutions in the Houston territory should contact Reserve Maintenance in the Houston Office at (713) 652-1538.

For additional copies of this notice, please contact the Public Affairs Department at (214) 651-6289.

Sincerely yours,

Robert D. McTeer, Jr.