

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. **4644**
October 1, 1958]

Statement on Electronic Check-Handling Equipment

*To All Banking Institutions in the
Second Federal Reserve District, and Others Concerned:*

The following statement was made public today by the twelve Federal Reserve Banks:

The twelve Federal Reserve Banks announced yesterday that they have received proposals from office equipment manufacturers for the production of new high speed electronic document-handling equipment to further the Reserve Banks' program for mechanization of their check-handling operations. It is hoped that these proposals will lead to pilot installations of this type of equipment in some of the Federal Reserve offices by late 1959 or early 1960.

Among those that have submitted proposals to date are: the Burroughs Division of the Burroughs Corporation, Detroit, Michigan; Ferranti-Packard Electric Limited, Toronto, Ontario; Intelx Systems, Inc., New York, N. Y.; the National Cash Register Company, Dayton, Ohio; National Data Processing Corporation, Dallas, Texas; and Pitney-Bowes, Inc., Stamford, Connecticut.

Operational performance specifications for the needed equipment were prepared by Stanford Research Institute of Menlo Park, California. The specifications called for equipment employing magnetic ink character recognition as the common machine language for automatic processing of checks in conformity with the recommendations of the Bank Management Commission of the American Bankers Association.

It is understood that, as contemplated in the announcement of the Technical Committee on Mechanization of Check Handling of the American Bankers Association on July 7, 1958, the type font for magnetic ink imprinting on checks, agreed upon by the equipment manufacturers, the check printers, and the Technical Committee, is now being tested by the various equipment manufacturers and the results are expected to be known shortly. Surveys conducted by the Federal Reserve Banks indicate that many commercial banks of the country are awaiting only the final approval and announcement of the standard type font before proceeding with the preprinting of transit number-routing symbols and account numbers in the approved location on their checks in anticipation of the installation of equipment for reading and processing such encoded checks.

ALFRED HAYES,
President.