

**FEDERAL RESERVE BANK
OF NEW YORK**
Fiscal Agent of the United States

[Circular No. **4890**
May 17, 1960]

Deposits of June Tax Collections in Treasury Tax and Loan Accounts

*To All Treasury Tax and Loan Depositories
in the Second Federal Reserve District:*

The Treasury Department has advised us that Directors of Internal Revenue will be instructed to make special deposits with Federal Reserve Banks, during the period June 1 through July 7, 1960, of checks of \$10,000 or more, representing payments of corporation and individual income taxes due June 15, 1960. Drawee banks qualified as Special Depositories of Public Moneys may receive up to 50 per cent of the amount of these remittances for deposit in Treasury Tax and Loan Accounts, subject, however, to the condition that the Treasury may find it necessary to increase or decrease the percentage amount of the checks for credit to the Tax and Loan Accounts from time to time during the period.

We will prepare daily a special form of cash letter, with an attached certificate form, for the tax checks included in the special deposits of the Directors of Internal Revenue during the period. The amount shown in the certificate will be for up to 50 per cent of the amount of those checks eligible for credit to Treasury Tax and Loan Accounts or for such other percentage as the Treasury may subsequently specify. Special depositories wishing to accept for deposit in Tax and Loan Accounts the amount shown in the certificate attached to the cash letter should execute and return the certificate, in accordance with the instructions contained in the cash letter.

Additional copies of this circular will be furnished upon request.

ALFRED HAYES,
President.

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK 45, N.Y.

RECTOR 2-5700

May 18, 1960

To All Member Banks of the
Second Federal Reserve District:

Requests have been received from a number of banks that are adopting punch-card or some other form of automated deposit accounting for a list of identifying codes that could be built into these systems to facilitate the preparation of quarterly condition and other Federal Reserve reports. In order to realize the maximum advantage from the speed and flexibility of these new automated accounting systems, it is desirable in the initial programming stages to provide for whatever statistical information will be required for internal management or Reserve System purposes.

The Federal Reserve Banks have reviewed all bank reports submitted to them that are based on demand deposit ledgers, and have devised a coding system that will make it possible to provide the information called for in these reports without any further classification or identification of individual accounts. This system, which we would like you to consider, is presented in the enclosed schedules.

Schedule A contains a basic deposit classification covering all major categories of depositors called for in existing reporting forms used by bank supervisory agencies and the Treasury, including the call report, weekly report of condition, deposit ownership survey, and report on balances of foreigners. Schedule B, on the other hand, contains a suggested supplemental subclassification of the domestic nonfinancial businesses listed in Schedule A and shows details according to type of industry. This schedule will probably be of interest only to banks having a relatively large number of business accounts or a present or proposed automated deposit accounting system.

The numerical codes shown in the enclosure are primarily illustrative and do not need to be followed precisely. Perhaps the main point to note is that they require a two-digit system. Most banks that are automating their accounting procedures are developing coding systems of their own to handle their particular needs. Any coding system that will make it possible to identify and tabulate information for each of the indicated categories will serve the purpose, although banks that have not yet started to develop their own program may wish to use the codes provided. These codes are not designed to be incorporated into account numbers; rather they would become a part of the information retained in the master file for each account.

Even banks that have no plans for automating accounting procedures may find these codes of value. If each deposit account is coded and the code maintained on the current balance card, reports such as the regular quarterly

(Over)

call report can be filled out more quickly. The problem of how to classify a particular account need then be resolved only once in its lifetime, rather than four times a year.

In its draft stages, the demand deposit coding system was reviewed by representatives of the banking industry and the Bureau of the Budget. Its practicality was also studied by a number of banks of varying sizes that had already adopted punch-card or other automated accounting systems. However, if you have any improvements to suggest, we should appreciate receiving your comments.

The Board of Governors of the Federal Reserve System is offering this coding system to banks in the belief that its use will be mutually beneficial. The application of the system not only will facilitate the compilation of reportable figures by the respondent banks, but also will provide greater uniformity in resulting statistics. Similar coding proposals for time deposits and loans are under study.

If you have any questions about the coding system or would like assistance in adapting it to your own needs, the Financial and Trade Statistics Division of our Research Department will be glad to help you. Additional copies of the codes are available in whatever volume you desire.

ALFRED HAYES,
President.

Enclosure

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

PROPOSED CLASSIFICATION AND CODE STRUCTURE
FOR COMMERCIAL BANK DEMAND DEPOSITS, BY HOLDER

SCHEDULE A

Basic Deposit Classification

DEMAND DEPOSIT CATEGORY	CODE
I. Individuals, partnerships, and corporations	
A. Domestic individuals (excluding accounts for farm or other business purposes)	03
B. Domestic nonprofit organizations	04
C. Domestic business	
1. Nonfinancial ^{1/}	
a. Corporate, nonfinancial business	34
b. Noncorporate, nonfinancial business	
1. Nonfarm business	62
2. Farm and ranch operators (including owners and tenants, but not landlords)	63
2. Financial, nonbank	
a. Trust departments of own and other commercial banks ^{2/}	66
b. Sales, commercial, and personal finance companies	71
c. Security brokers, dealers, and exchanges	72
d. Commodity contracts brokers, dealers, and exchanges	73
e. Other nonbank financial institutions (including holding and other investment companies, clearing house associations, insurance carriers, mortgage companies, savings and loan associations, agricultural credit associations, etc.)	74

^{1/} For supplemental classification of nonfinancial business by industry, see Schedule B.

^{2/} To distinguish between demand deposit accounts of trust departments of own and other commercial banks, if desired, code "Own" 65, "Other" 66.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

PROPOSED CLASSIFICATION AND CODE STRUCTURE
FOR COMMERCIAL BANK DEMAND DEPOSITS, BY HOLDER

SCHEDULE A--2

Basic Deposit Classification

DEMAND DEPOSIT CATEGORY	CODE
D. Foreign (nonbank) ^{3/}	
1. Foreign governments, international institutions, and other foreign official	77
2. Other foreign nonbank (including foreign individuals and businesses, etc.)	79
II. Domestic Government	
A. United States Government	
1. Special depositaries (tax and loan accounts)	82
2. Other (including general and other bank depositaries)	84
B. States and political subdivisions	89
III. Banks	
A. Banks in United States	
1. Commercial banks (excluding trust departments of commercial banks)	93
2. Mutual savings banks	94
B. Banks in foreign countries ^{3/}	
1. Foreign central banks	96
2. Other foreign banks	98
IV. Certified and officers' checks, cash letters of credit and travelers' checks, etc.	99

^{3/} All banks whose liabilities to foreigners on their own account and for the account of others average \$500,000 or more over any six-month period are required to report on these liabilities to foreigners by country. Since there are approximately sixty countries for which separate figures must be submitted, an additional 2-digit code would be necessary to identify foreign accounts.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

PROPOSED CLASSIFICATION AND CODE STRUCTURE
FOR COMMERCIAL BANK DEMAND DEPOSITS, BY HOLDER

SCHEDULE B

Supplemental Classification of Nonfinancial
Business, by Industry

Industry	Corporate	Noncorporate
Durable goods manufacturing	12	42
Nondurable goods manufacturing	17	47
Mining	18	48
Wholesale trade		
Commodity dealers (farm products--raw materials)	19	49
Other wholesale trade	20	50
Retail trade	<u>23</u>	<u>53</u>
Automobile dealers and filling stations	21*	51*
General merchandise and apparel	22*	52*
Other retail trade	23*	53*
Transportation, communications, and other public utilities	<u>26</u>	<u>56</u>
Transportation	24*	54*
Communications	25*	55*
Other public utilities	26*	56*
Construction	27	57
All other nonfinancial, nonfarm domestic business (mainly services)	<u>31</u>	<u>61</u>
Personal services	28*	58*
Business services	29*	59*
Motion pictures and other amusements	30*	60*
All other	31*	61*
Farm and ranch operators	33	63

* Data as to these subgroups are of secondary order of importance; they are suggested as guides to be followed by any banks that may set up more detailed classifications. In the event the subgroups are classified, the code used for the whole group should be retained for the last-listed "Other" subgroup.