

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

[ Circular No. **5071** ]  
August 16, 1961 ]

**Deposits of September Tax Collections in Treasury Tax and Loan Accounts**

*To All Treasury Tax and Loan Depositaries  
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 September 1 through September 29, 1961, of checks of \$10,000 or more, representing payments of corporation and individual income taxes due September 15, 1961. Drawee banks qualified as Special Depositaries 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, if such action is required to prevent undue fluctuations in the account of the Treasurer of the United States with Federal Reserve Banks.

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 depositaries 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.

The Treasury will deny credit to depositaries for customers' tax checks arising out of sales to the depositaries of customers' tax anticipation Treasury bills maturing September 22, 1961. As the Treasury has in the past stated, it does not look with favor upon such transactions, inasmuch as they increase the amount of tax anticipation bills presented for cash redemption in advance of the availability of Treasury receipts from the income tax installment due on the 15th of the month and make it more difficult for the Treasury and the Federal Reserve System to handle the large income tax collections during the month in a manner that will maintain stability in the money market.

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

August 18, 1961

## Second Progress Report on MICR Program

To All Banks in the Second  
Federal Reserve District:

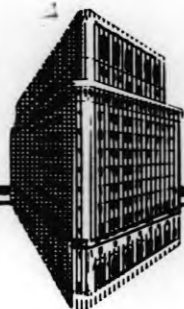
Enclosed is a copy of a press statement and accompanying tables showing the results of the second semiannual survey of the extent to which commercial banks throughout the nation are encoding transit number-routing symbol information on checks in magnetic ink characters, as recommended under the Magnetic Ink Character Recognition program of The American Bankers Association. Also enclosed are copies of two tables showing in greater detail the status of banks in this District.

One of the Second District tables, showing a breakdown by counties of all banking offices to which checks are sent by this Bank for payment, indicates that all such offices in 47 of the 75 counties, and most of the offices in each of the other counties, have begun to encode their checks; six months ago all such offices in only 13 counties had begun to encode their checks. Of the checks sent by this Bank for payment, 38.0 per cent are now encoded, compared with 19.5 per cent six months ago. The other Second District table indicates that 93.7 per cent of all banks classified within the four deposit categories have begun encoding; six months ago, 73.7 per cent of all such banks had begun encoding.

The current survey shows that in the past six months, banks in the Second District have made substantial progress in encoding their checks with magnetic ink characters. We commend those banks that are already encoding their checks and express the hope that in the months ahead those banks which are not now encoding their checks will begin to participate in the MICR program. All banks are urged to solicit the cooperation in the program of their customers who order the printing of their own check forms.

ALFRED HAYES,  
President.

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# STATEMENT for the Press

Federal Reserve Bank of New York  
New York 45, N.Y.  
REctor 2-5700 - EXT. 384

FOR RELEASE: MONDAY, AUGUST 21, 1961

The 12 Federal Reserve Banks and their 24 Branches have just completed the second semiannual survey measuring the progress that the nation's banks and branches are making in preparing their checks for handling by electronic check processing equipment.

According to Marcus A. Harris, chairman of the Reserve System's Subcommittee on Collections, the survey indicated that 36.1 per cent of all checks now carry the magnetic ink characters devised by the American Bankers Association to aid bankers in their biggest job, the collection and handling of checks. This figure represents a marked improvement over the 19.5 per cent recorded at the time of the previous survey.

The survey covered checks sent for collection by the 36 Federal Reserve offices to 15,732 par banks and branches throughout the United States. It was found that 12,640 bank offices--or 80.3 per cent as compared to 52.6 per cent six months ago--have begun to redesign and encode their checks. About 4.2 million of the 11.8 million items handled on an average day by the Reserve Banks now bear the new characters.

The Philadelphia Reserve District with 98.3 per cent and the Minneapolis Reserve District with 93.2 per cent lead the nation's Reserve districts with respect to par banks in their areas using encoded checks. However, commercial banks in the San Francisco District are sending for collection the highest proportion of encoded checks, 54.4 per cent. Banks in the Boston Reserve District showed the most improvement in the past six months with an increase from 18 per cent to 44.2 per cent in the number of preprinted checks.

(M O R E)

Among the 50 states, all of Delaware's banking offices have begun encoding, while North Dakota and California with 98.3 per cent and 98.1 per cent of their respective banks encoding, trail slightly. Delaware also leads with 69.3 per cent of checks sent for collection being encoded, while California with 60.7 per cent and Pennsylvania with 49.5 per cent follow in this category.

In contrast to the February survey, which indicated that banks in the Middle Atlantic, New England, Great Lakes and Far Western States had been the most advanced in their preprinting program, the current survey discloses that a broad range of banks across the entire nation are presently participating in the program. Another related conclusion of this most recent survey encouragingly reveals that country banks are keeping in step with the city banks; as a matter of fact they have shown greater progress in encoding and redesigning of their checks in the Boston, New York, Cleveland, and Chicago Reserve Districts.

The next survey to evaluate the further growth of the magnetic ink program will be conducted early in February 1962. The attached tables give information on the encoding of checks in the 12 Federal Reserve Districts and in each of the 50 states.

# # # # #

## ENCODING SURVEY BY FEDERAL RESERVE DISTRICTS

August 1961

District		No. of Banking Offices in Survey	No. of Banking Offices Encoding	Per Cent Encoding	Total Daily Average Check Volume Sent to All Banking Offices	Encoded Check Volume	Per Cent Encoded
1. Boston	City	8	7	85.7	172,000	48,000	27.9
	Country	576	435	75.5	969,000	456,000	47.1
	Total	584	442	75.7	1,141,000	504,000	44.2
2. New York	City	92	44	47.8	944,700	292,700	31.0
	Country	850	795	93.5	1,199,200	522,300	43.6
	Total	942	839	89.1	2,143,900	815,000	38.0
3. Philadelphia	City	21	20	95.2	155,500	90,600	58.3
	Country	681	670	98.4	446,900	226,400	50.7
	Total	702	690	98.3	602,400	317,000	52.6
4. Cleveland	City	34	31	91.2	206,000	80,000	38.8
	Country	1,171	1,080	92.2	649,000	254,900	39.3
	Total	1,205	1,111	92.2	855,000	334,900	39.2
5. Richmond	City	26	18	69.2	107,000	48,000	44.9
	Country	1,045	842	80.6	536,000	144,000	26.9
	Total	1,071	860	80.3	643,000	192,000	29.9
6. Atlanta	City	48	36	75.0	140,000	42,300	30.2
	Country	848	628	74.1	566,500	112,600	19.9
	Total	896	664	74.1	706,500	154,900	21.9
7. Chicago	City	87	81	93.1	378,500	111,100	29.4
	Country	2,709	2,201	81.2	1,304,900	463,400	35.5
	Total	2,796	2,282	81.6	1,683,400	574,500	34.1
8. St. Louis	City	87	54	62.1	135,600	31,000	22.9
	Country	1,165	557	47.8	458,200	67,600	14.8
	Total	1,252	611	48.8	593,800	98,600	16.6
9. Minneapolis	City	62	62	100.0	145,100	51,400	35.4
	Country	707	655	92.6	236,400	71,300	30.2
	Total	769	717	93.2	381,500	122,700	32.2
10. Kansas City	City	76	72	94.7	140,000	33,400	23.9
	Country	1,732	1,111	64.1	664,900	75,800	11.4
	Total	1,808	1,183	65.4	804,900	109,200	13.6
11. Dallas	City	65	59	90.8	98,800	31,100	31.5
	Country	1,061	849	80.0	483,700	110,100	22.8
	Total	1,126	908	80.6	582,500	141,200	24.2
12. San Francisco	City	146	142	97.3	166,200	98,600	59.3
	Country	2,435	2,191	90.0	1,455,300	782,800	53.8
	Total	2,581	2,333	90.4	1,621,500	881,400	54.4
Total	City	752	626	83.2	2,789,400	958,200	34.4
	Country	14,980	12,014	80.2	8,970,000	3,287,200	36.6
	Total	15,732	12,640	80.3	11,759,400	4,245,400	36.1



## ENCODING SURVEY BY STATES

August 1961

	No. of Banking Offices in Survey	Per Cent Encoding	Total Daily Average Check Volume Sent to All Banking Offices	Per Cent Encoded
Alabama	178	61.8	110,500	17.1
Alaska	39	64.1	4,100	12.2
Arkansas	138	45.7	61,400	9.9
Arizona	170	67.1	44,800	22.3
California	1,498	98.1	1,065,400	60.7
Colorado	164	92.7	92,200	32.2
Connecticut	153	88.2	303,200	49.2
Delaware	37	100.0	25,700	69.3
Florida	269	84.8	215,000	24.7
Georgia	137	76.6	174,000	21.8
Hawaii	76	55.3	2,700	3.7
Idaho	105	69.5	45,300	28.3
Illinois	979	80.4	910,000	34.4
Indiana	546	84.8	255,600	31.2
Iowa	742	78.4	180,300	21.9
Kansas	593	67.3	253,000	8.7
Kentucky	378	63.2	160,000	26.3
Louisiana	108	72.2	92,900	18.6
Maine	99	56.6	79,000	19.0
Maryland	173	97.7	190,000	44.2
Massachusetts	203	72.4	656,000	47.7
Michigan	477	85.3	404,500	38.6
Minnesota	295	96.9	230,100	34.9
Mississippi	69	61.6	46,000	26.3
Missouri	584	40.4	349,400	19.9
Montana	122	86.9	44,500	22.2
Nebraska	421	71.3	131,000	10.7
Nevada	44	81.8	18,900	43.4
New Hampshire	66	97.0	75,000	38.7
New Jersey	305	89.8	639,500	46.5
New Mexico	79	75.9	22,000	26.4
New York	696	90.1	1,549,600	36.1
North Carolina	243	69.5	116,000	17.2
North Dakota	58	98.3	24,200	36.4
Ohio	689	94.8	586,000	35.0
Oklahoma	382	45.3	181,000	15.1
Oregon	248	94.8	116,900	46.0
Pennsylvania	909	96.9	657,300	49.5
Rhode Island	23	47.8	45,000	40.0
South Carolina	128	46.9	43,000	14.0
South Dakota	103	97.1	39,100	27.9
Tennessee	255	72.2	139,000	17.5
Texas	989	82.2	539,600	24.4
Utah	87	51.7	91,100	17.0
Vermont	69	79.7	59,000	27.1
Virginia	358	83.8	192,000	26.6
Washington	361	87.5	238,000	56.8
West Virginia	182	96.2	80,000	32.4
Wisconsin	639	68.4	143,600	20.2
Wyoming	55	78.2	8,000	12.5
District of Columbia	11	100.0	29,000	27.6
<b>Total</b>	<b>15,732</b>	<b>80.3</b>	<b>11,759,400</b>	<b>36.1</b>

# SECOND DISTRICT ENCODING SURVEY BY COUNTIES

August 1961

	Banking Offices to Which Checks are Sent by FRBNY	Per Cent Encoding	Total Daily Average Check Volume Sent to All Banking Offices	Per Cent Encoded
New York City				
Bronx	0	0	0	0
Kings	6	83.3	3,600	28.6
New York	81*	42.0	864,756	29.2
Queens	3	66.7	7,220	41.3
Richmond	<u>1</u>	<u>100.0</u>	<u>2,014</u>	<u>47.1</u>
Total	<u>91</u>	<u>46.2</u>	<u>877,590</u>	<u>29.3</u>
New York State				
Albany	5	100.0	93,603	29.1
Allegany	15	100.0	3,217	34.2
Broome	9	100.0	10,976	36.3
Cattaraugus	14	100.0	4,457	42.5
Cayuga	8	100.0	4,088	41.5
Chautauqua	16	100.0	4,426	39.9
Chemung	4	100.0	4,390	53.8
Chenango	5	100.0	4,854	35.4
Clinton	4	100.0	4,223	75.1
Columbia	4	75.0	1,500	60.3
Cortland	5	100.0	2,572	44.3
Delaware	13	92.3	6,263	26.3
Dutchess	14	100.0	20,316	47.9
Erie	39	100.0	41,472	57.4
Essex	6	83.3	1,836	43.8
Franklin	5	100.0	1,684	25.2
Fulton	7	85.7	3,379	24.1
Genesee	8	100.0	3,056	34.2
Greene	5	100.0	3,091	52.6
Hamilton	1	100.0	264	12.9
Herkimer	9	100.0	3,812	53.9
Jefferson	14	92.9	3,933	25.9
Lewis	6	66.7	1,173	11.2
Livingston	6	100.0	2,602	52.8
Madison	7	100.0	3,110	50.5
Monroe	9	100.0	7,396	36.9
Montgomery	7	100.0	4,528	48.6
Nassau	60	98.3	118,364	53.9
Niagara	12	100.0	4,522	52.0
Oneida	14	92.9	12,787	47.7
Onondaga	14	100.0	24,526	34.7
Ontario	7	100.0	3,699	41.3
Orange	20	100.0	18,151	44.2
Orleans	4	75.0	1,187	40.7
Oswego	9	100.0	4,422	31.9

\* Includes forty-two foreign banking agencies, corporations, and insurance companies whose drafts are collectible through the City Collection Department of the New York Clearing House.

(Over)

	Banking Offices to Which Checks are Sent by FRBNY	Per Cent Encoding	Total Daily Average Check Volume Sent to All Banking Offices	Per Cent Encoded
New York State (Cont'd)				
Otsego	12	91.7	4,640	36.0
Putnam	4	100.0	3,252	40.0
Rensselaer	6	100.0	5,104	46.3
Rockland	9	100.0	9,710	38.4
St. Lawrence	17	94.1	7,748	29.3
Saratoga	6	66.7	3,953	22.9
Schenectady	5	100.0	6,808	41.8
Schoharie	2	50.0	784	16.3
Schuyler	4	100.0	925	36.0
Seneca	5	100.0	2,013	37.4
Steuben	14	100.0	6,393	48.9
Suffolk	44	100.0	50,783	45.1
Sullivan	11	100.0	5,122	45.8
Tioga	7	100.0	2,463	57.2
Tompkins	4	75.0	5,880	10.1
Ulster	15	100.0	16,779	54.0
Warren	8	62.5	4,058	25.5
Washington	8	100.0	3,673	29.0
Wayne	10	100.0	6,649	43.0
Westchester	17	100.0	88,145	56.3
Wyoming	10	90.0	2,495	49.1
Yates	2	100.0	792	18.8
Total	605	96.7	672,048	44.9
Total New York City and State	696	90.1	1,549,638	36.1
New Jersey				
Bergen	43	97.7	68,515	57.2
Essex	28	75.0	98,824	28.7
Hudson	12	91.7	58,376	58.2
Hunterdon	8	100.0	7,537	39.0
Middlesex	24	87.5	45,803	35.1
Monmouth	20	80.0	25,865	20.5
Morris	10	90.0	36,947	62.1
Passaic	7	100.0	34,176	63.3
Somerset	8	100.0	15,189	44.5
Sussex	6	100.0	7,754	30.4
Union	25	88.0	106,538	34.5
Warren	10	100.0	7,227	32.9
Total	201	90.0	512,751	42.6
Connecticut				
Fairfield	29	89.7	76,203	47.6
Virgin Islands & Puerto Rico	16	31.3	5,289	14.8
Total Second District	942	89.1	2,143,881	38.0



# SECOND DISTRICT ENCODING SURVEY BY DEPOSIT SIZE

August 1961

	<u>No. of Banks</u>	<u>No. of Banks Encoding</u>	<u>Per Cent Encoding</u>
<u>New York</u>			
Group I	258	246	95.3
Group II	71	70	98.6
Group III	22	21	95.5
Group IV	40	38	95.0
Unclassified <sup>1/</sup>	<u>44</u>	<u>2</u>	<u>4.5</u>
Total	435	377	86.7
<u>New Jersey</u>			
Group I	89	82	92.1
Group II	57	49	86.0
Group III	12	12	100.0
Group IV	<u>15</u>	<u>15</u>	<u>100.0</u>
Total	173	158	91.3
<u>Connecticut</u>			
Group I	5	3	60.0
Group II	3	3	100.0
Group III	0	0	.0
Group IV	<u>4</u>	<u>4</u>	<u>100.0</u>
Total	12	10	83.3
<u>Virgin Islands and Puerto Rico</u>			
Group I	4	1	25.0
Group II	2	1	50.0
Group III	1	1	100.0
Group IV	<u>2</u>	<u>2</u>	<u>100.0</u>
Total	9	5	55.6
Total Second District	629	550	87.4

## Legend

- Group I - deposits under \$15 million.
- Group II - deposits from \$15 million to \$50 million.
- Group III - deposits from \$50 million to \$100 million.
- Group IV - deposits \$100 million and over.

<sup>1/</sup> Certain foreign banking agencies, corporations, and insurance companies whose drafts are collectible through the City Collection Department of the New York Clearing House or the Manhattan, Bronx and Brooklyn Collection Arrangement.