

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK 45, N.Y.

RECTOR 2-5700

February 26, 1965

Eighth Progress Report on MICR Program

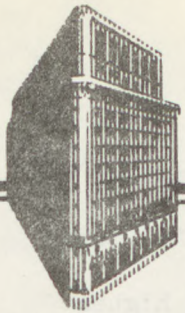
To All Banks in the Second
Federal Reserve District:

The enclosed press statement and its accompanying statistical tables summarize the results of the Federal Reserve System's most recent MICR survey. Of the total number of checks drawn on Second District banks and handled by this Bank, 96.3 per cent now bear preprinted ABA routing numbers in magnetic ink characters, as compared with 94.4 per cent one year ago. This showing places Second District banks near the top nationally and reflects a level of preprinting that is four percentage points higher than the national average.

It is gratifying to report a substantial increase during the year in the number of checks deposited with this Bank that bear dollar amounts encoded in magnetic ink characters. Currently, 69 member banks in this District and many banks in other Federal Reserve Districts are encoding the dollar amounts on some or all checks forwarded to us for collection, with the result that about half of the checks received are fully qualified for high-speed processing. As may be seen in the press statement, this is about the nationwide average. This Bank is continuing to expand its mechanized check operations in order to increase the volume of dollar-encoded items it forwards for collection or payment. We hope that in the months ahead more and more banks will find it possible to encode dollar amounts on the checks they forward for collection to their correspondent banks, this Bank, its Buffalo Branch, or other Federal Reserve Banks, since dollar encoding by first-collecting banks is essential to the banking system's realization of the maximum benefits to be derived from the MICR program.

ALFRED HAYES
President

Enclosures



STATEMENT for the Press

Federal Reserve Bank of New York
New York, N. Y. 10045
REctor 2-5700 - EXT. 156

No. 317

FOR RELEASE: MONDAY, MARCH 1, 1965

The Federal Reserve Banks reported over the weekend that approximately 92.3 per cent of the total volume of checks clearing through Federal Reserve offices now carry preprinted magnetic ink identification of the banks on which they are drawn. One year ago, 87.9 per cent of the checks contained this preprinted magnetic ink information.

This is the finding of the eighth and most recent survey undertaken by the Federal Reserve Banks to measure the rate of commercial bank progress in the MICR (magnetic ink character recognition) program of The American Bankers Association.

The survey was based on a daily average of almost 16 million checks being cleared through Federal Reserve offices. The MICR program was devised by The American Bankers Association to permit checks to be processed on computer-oriented electronic check handling systems.

Marcus A. Harris, Chairman of the Federal Reserve System's Subcommittee on Collections, said that the progress by banks in adopting the MICR program, as evidenced by the 92.3 per cent level of preprinted checks, must be considered remarkable.

Printing specifications for MICR characters were not issued by The American Bankers Association until April 1959. The Federal Reserve System's first survey, just four years ago, showed that only 19.5 per cent of the nation's checks were preprinted.

(M O R E)

The greatest percentage of preprinted checks is now being handled in the Third (Philadelphia) District, which registered 96.8 per cent. The Second (New York) District follows closely with 96.3 per cent. On a State-by-State basis, the highest level of preprinting is found in Delaware, with 97.7 per cent of all checks, followed by Maryland with 97.5 per cent, and Minnesota and the District of Columbia with 97.2 per cent.

Mr. Harris also noted the increased volume of checks that enter the collection stream which bear encoded dollar amounts. The Federal Reserve Banks now are receiving approximately 50 per cent of their average daily incoming check volume with amounts encoded, compared with 25 per cent one year ago. Although this progress is most encouraging, he said, it is his hope that additional banks will begin to encode amounts because encoding this information is the key to full and efficient utilization of the MICR concept.

The attached tables give information on preprinted checks, by Federal Reserve Districts and by States, including the District of Columbia, Puerto Rico, and the Virgin Islands.

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MICR PREPRINTING SURVEY BY FEDERAL RESERVE DISTRICTS

February 1965

| <u>District</u> | | | Total Daily Average Check Volume Sent to All Banking Offices | Per Cent of Check Volume | |
|-----------------|---------------|---------|--|-----------------------------|---------------------------------------|
| | | | | Now Pre- printed | Increase Since February 1964 |
| 1 | Boston | City | 226,100 | 96.5 | 1.0 |
| | | Country | 1,259,800 | 90.2 | 2.0 |
| | | Total | 1,485,900 | 91.2 | 1.9 |
| 2 | New York | City | 1,256,800 | 95.4 | 2.6 |
| | | Country | 1,417,400 | 97.1 | 1.5 |
| | | Total | 2,674,200 | 96.3 | 1.9 |
| 3 | Philadelphia | City | 239,300 | 98.5 | .1 |
| | | Country | 775,400 | 96.2 | 2.9 |
| | | Total | 1,014,700 | 96.8 | 2.4 |
| 4 | Cleveland | City | 286,100 | 96.5 | 1.5 |
| | | Country | 896,900 | 93.7 | 2.7 |
| | | Total | 1,183,000 | 94.4 | 2.4 |
| 5 | Richmond | City | 172,600 | 95.6 | 12.7 |
| | | Country | 891,400 | 90.8 | 9.1 |
| | | Total | 1,064,000 | 91.6 | 9.8 |
| 6 | Atlanta | City | 198,200 | 89.8 | 6.8 |
| | | Country | 891,400 | 84.9 | 5.2 |
| | | Total | 1,089,600 | 85.8 | 5.5 |
| 7 | Chicago | City | 543,800 | 96.4 | 10.0 |
| | | Country | 2,040,600 | 94.2 | 5.8 |
| | | Total | 2,584,400 | 94.7 | 6.7 |
| 8 | St. Louis | City | 163,100 | 93.2 | 6.0 |
| | | Country | 658,900 | 83.0 | 4.9 |
| | | Total | 822,000 | 85.0 | 4.9 |
| 9 | Minneapolis | City | 123,800 | 97.8 | .8 |
| | | Country | 353,600 | 94.7 | 6.0 |
| | | Total | 477,400 | 95.5 | 4.3 |
| 10 | Kansas City | City | 181,400 | 93.1 | 3.5 |
| | | Country | 837,500 | 85.3 | 6.1 |
| | | Total | 1,018,900 | 86.7 | 5.8 |
| 11 | Dallas | City | 125,900 | 93.1 | 6.5 |
| | | Country | 684,300 | 82.9 | 5.9 |
| | | Total | 810,200 | 84.5 | 5.9 |
| 12 | San Francisco | City | 215,700 | 95.0 | 3.8 |
| | | Country | 1,402,700 | 93.4 | 6.4 |
| | | Total | 1,618,400 | 93.6 | 5.7 |
| Total | | City | 3,732,800 | 95.4 | 4.2 |
| | | Country | 12,109,900 | 91.3 | 4.3 |
| | | Total | 15,842,700 | 92.3 | 4.4 |

MICR PREPRINTING SURVEY BY STATES AND OTHER SUBDIVISIONS

February 1965

| State | Total Daily Average Check Volume Sent to All Banking Offices | Per Cent of Check Volume | |
|--------------------------------|--|--------------------------|------------------------------------|
| | | Now Pre- printed | Increase Since February 1964 |
| Alabama | 160,100 | 78.3 | 8.0 |
| Alaska | 12,000 | 94.2 | 3.3 |
| Arkansas | 97,100 | 75.8 | 5.6 |
| Arizona | 38,100 | 92.7 | 6.7 |
| California | 838,800 | 93.5 | 4.2 |
| Colorado | 175,500 | 92.5 | .4 |
| Connecticut | 353,800 | 96.1 | 1.3 |
| Delaware | 51,200 | 97.7 | .1 |
| Florida | 372,100 | 90.0 | 4.5 |
| Georgia | 268,100 | 87.2 | 4.7 |
| Hawaii | 8,500 | 92.9 | 25.1 |
| Idaho | 59,100 | 86.3 | 11.1 |
| Illinois | 1,531,600 | 95.3 | 7.6 |
| Indiana | 336,900 | 92.8 | 8.5 |
| Iowa | 218,300 | 88.7 | 7.7 |
| Kansas | 290,400 | 83.4 | 3.9 |
| Kentucky | 210,700 | 83.7 | 7.1 |
| Louisiana | 137,400 | 81.4 | 5.2 |
| Maine | 121,100 | 72.3 | .9 |
| Maryland | 258,900 | 97.5 | 8.9 |
| Massachusetts | 872,600 | 92.1 | 2.3 |
| Michigan | 565,300 | 95.1 | 2.9 |
| Minnesota | 255,100 | 97.2 | 3.7 |
| Mississippi | 69,900 | 69.1 | .6 |
| Missouri | 436,700 | 88.1 | 5.4 |
| Montana | 56,900 | 91.0 | 7.7 |
| Nebraska | 163,900 | 83.7 | 7.9 |
| Nevada | 19,300 | 94.8 | 5.3 |
| New Hampshire | 87,700 | 94.1 | 2.1 |
| New Jersey | 814,800 | 97.1 | 2.0 |
| New Mexico | 37,600 | 88.0 | 7.3 |
| New York | 1,974,400 | 96.2 | 2.0 |
| North Carolina | 213,900 | 83.6 | 12.5 |
| North Dakota | 33,500 | 92.1 | 9.0 |
| Ohio | 743,400 | 96.3 | 3.1 |
| Oklahoma | 214,900 | 85.3 | 10.5 |
| Oregon | 158,200 | 95.3 | .0 |
| Pennsylvania | 1,109,600 | 95.1 | 1.7 |
| Rhode Island | 63,700 | 95.6 | .4 |
| South Carolina | 97,100 | 82.6 | 2.6 |
| South Dakota | 48,700 | 91.9 | 7.1 |
| Tennessee | 185,800 | 86.7 | 5.2 |
| Texas | 755,000 | 84.8 | 5.8 |
| Utah | 124,000 | 86.0 | 9.2 |
| Vermont | 62,600 | 85.6 | 1.6 |
| Virginia | 332,200 | 93.4 | 9.0 |
| Washington | 366,000 | 96.7 | 1.7 |
| West Virginia | 119,000 | 93.0 | 9.4 |
| Wisconsin | 242,400 | 94.5 | 2.8 |
| Wyoming | 9,600 | 89.6 | 11.8 |
| District of Columbia | 57,500 | 97.2 | 6.1 |
| Puerto Rico and Virgin Islands | 11,700 | 80.3 | 6.2 |
| Total | 15,842,700 | 92.3 | 4.4 |