

FEDERAL RESERVE BANK
OF NEW YORK

[Circular No. 5982]
May 11, 1967

Collection of Items Requiring Special Handling as Noncash Items

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

In our Circular No. 5849, dated August 5, 1966, we informed you that, effective September 1, 1967, the Federal Reserve Banks will classify as items requiring special handling all checks, drafts, and similar items received by them on which the payor's routing symbol-transit number has not been preprinted, or postencoded before their receipt by a Federal Reserve office, in E-13B magnetic ink characters in the manner prescribed and in the location assigned by The American Bankers Association. We further informed you that, on and after such effective date, all such items sent as cash items will be handled by the receiving Federal Reserve office as follows:

- (a) Items of \$1,000 or more received from banks located outside the city of the receiving Federal Reserve office will be charged back and entered for collection as noncash items; and
- (b) All other items will be charged back and returned.

We have been most gratified to note the progress made by the commercial banks since the above announcement in increasing the proportion of checks drawn on them that bear the payor's routing symbol-transit number in magnetic ink encoding. A one-day survey completed last month at all Federal Reserve Banks and Branches, involving the inspection of over 18.3 million items, revealed that 98 per cent of the items were properly encoded; a copy of the survey results is printed on the reverse side of this circular. Of the items that were not encoded, 33 per cent represented checks drawn by corporations, 21 per cent comprised checks drawn by individuals, and 24 per cent were made up of "counter" checks or "scratched" checks—checks designed for drawing on a particular account or bank but used for drawing on another account or bank. Multiple-drawee items (4 per cent), preauthorized life insurance-premium drafts (6 per cent), and municipal warrants (5 per cent) were the largest other individual categories.

A similar one-day survey completed last January showed that 97.1 per cent of the items were properly encoded. We appreciate the continuing support of the banks in the action they have taken to date, and we know that continued progress will be forthcoming.

To achieve maximum benefits in the mechanization of check-collection and demand-deposit accounting procedures, and to obtain the full benefits of the Magnetic Ink Character Recognition program, we again urge banks, and through them their depositors, to arrange to have the payor's routing symbol-transit number imprinted in magnetic ink on all items. In addition, banks are urged to implement, if they have not already done so, the basic concept of The American Bankers Association MICR program that envisages the dollar amount being encoded on all checks by the first bank of deposit.

Additional copies of this circular will be furnished upon request.

ALFRED HAYES,
President.

(OVER)

**FEDERAL RESERVE SYSTEM'S SURVEY
OF INTRADISTRICT ITEMS RECEIVED NOT BEARING MAGNETIC INK CHARACTERS OF PAYOR
APRIL 1967**

VOLUME OF ITEMS RECEIVED NOT BEARING MICR ROUTING DESIGNATION

FEDERAL RESERVE BANK OR BRANCH	VOLUME OF CASH ITEMS REVIEWED	VOLUME OF ITEMS RECEIVED NOT BEARING MICR ROUTING DESIGNATION																			
		TOTAL	PERCENT OF ALL ITEMS REVIEWED	INDIVIDUAL OR PERSONAL ACCOUNTS		CORPORATE ACCOUNTS		UNIVERSAL OR COUNTER CHECKS		SCRATCHED OR MADE OVER ITEMS		PREAUTHORIZED LIFE INS. PREMIUM ITEMS		MULTIPLE DRAWEE ITEMS		TRANSFER OR DEPOSITORY ITEMS		WARRANTS (State, County, Local)		ALL OTHERS	
				NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER	%
BOSTON	1,455,177	7,978	.55	1,820	.13	3,817	.26	351	.02	78	.01	155	.01	6	-	387	.03	1,362	.09	2	-
NEW YORK	3,074,663	18,921	.62	2,531	.08	5,824	.19	1,422	.05	128	-	156	.01	2,764	.09	373	.01	487	.02	5,236	.17
BUFFALO	159,117	923	.58	212	.13	282	.18	83	.05	10	.01	15	.01	38	.02	129	.08	61	.04	93	.06
	3,233,780	19,844	.61	2,743	.08	6,106	.19	1,505	.05	138	-	171	-	2,802	.09	502	.02	548	.02	5,329	.16
PHILADELPHIA	1,020,000	5,615	.55	2,000	.20	2,875	.28	179	.02	48	-	65	.01	77	.01	116	.01	138	.01	117	.01
CLEVELAND	560,796	6,644	1.18	1,444	.26	2,327	.41	323	.06	54	.01	249	.04	683	.12	326	.06	1,039	.18	199	.04
CINCINNATI	347,000	5,103	1.47	880	.25	2,025	.58	769	.22	206	.06	158	.05	330	.09	161	.05	449	.13	125	.04
PITTSBURGH	357,987	12,181	3.40	3,533	.99	5,787	1.62	638	.18	24	-	97	.03	27	-	365	.10	923	.26	787	.22
	1,265,783	23,928	1.89	5,857	.46	10,139	.80	1,730	.14	284	.02	504	.04	1,040	.08	852	.07	2,411	.19	1,111	.09
RICHMOND	670,189	19,201	2.86	3,605	.54	7,040	1.05	1,740	.26	3,584	.53	473	.07	104	.02	55	.01	2,309	.34	291	.04
BALTIMORE	352,000	2,347	.67	712	.20	1,154	.33	284	.08	21	.01	22	.01	-	-	31	.01	106	.03	17	-
CHARLOTTE	220,000	14,310	6.50	2,485	1.13	7,893	3.59	734	.33	1,028	.47	1,445	.66	43	.02	167	.07	341	.15	174	.08
	1,242,189	35,858	2.89	6,802	.55	16,087	1.30	2,758	.22	4,633	.37	1,940	.16	147	.01	253	.02	2,756	.22	482	.04
ATLANTA	372,189	7,285	1.96	1,436	.39	3,880	1.04	456	.12	239	.07	657	.18	513	.14	80	.02	16	-	8	-
BIRMINGHAM	194,906	8,241	4.23	1,532	.79	3,412	1.75	835	.43	675	.35	1,541	.79	-	-	80	.04	145	.07	21	.01
NASHVILLE	313,239	3,655	1.17	914	.29	1,645	.53	518	.17	74	.02	246	.08	47	.01	95	.03	116	.04	-	-
NASHVILLE	157,709	10,013	6.35	27	.02	1,579	1.00	771	.49	971	.62	1,189	.75	575	.37	69	.04	332	.21	4,500	2.85
NEW ORLEANS	168,811	6,044	3.58	999	.59	2,082	1.23	733	.44	259	.15	694	.41	88	.05	395	.23	298	.18	496	.30
	1,206,854	35,238	2.92	4,908	.41	12,598	1.04	3,313	.27	2,218	.18	4,327	.36	1,223	.10	719	.06	907	.08	5,025	.42
CHICAGO	2,066,222	36,367	1.76	7,640	.37	12,464	.60	7,441	.36	1,262	.06	2,832	.14	404	.02	338	.02	3,305	.16	681	.03
DETROIT	592,000	8,876	1.50	213	.04	737	.13	174	.03	84	.01	87	.01	6,962	1.18	58	.01	193	.03	368	.06
	2,658,222	45,243	1.70	7,853	.29	13,201	.50	7,615	.29	1,346	.05	2,919	.11	7,366	.28	396	.01	3,498	.13	1,049	.04
ST. LOUIS	549,203	39,667	7.22	12,298	2.24	12,495	2.28	8,582	1.56	639	.12	2,165	.39	208	.04	466	.08	1,234	.22	1,580	.29
LITTLE ROCK	94,903	7,811	8.23	3,558	3.75	2,333	2.46	1,045	1.10	232	.24	400	.42	5	.01	57	.06	92	.10	89	.09
LOUISVILLE	185,000	5,010	2.71	1,329	.72	2,077	1.12	1,108	.60	121	.06	251	.14	2	-	54	.03	35	.02	33	.02
MEMPHIS	108,970	7,730	7.09	1,558	1.43	2,031	1.86	1,528	1.40	1,887	1.73	466	.43	11	.01	30	.03	178	.16	41	.04
	938,076	60,218	6.42	18,743	2.00	18,936	2.02	12,263	1.31	2,879	.31	3,282	.35	226	.02	607	.06	1,539	.16	1,743	.19
MINNEAPOLIS	728,971	8,164	1.12	1,356	.19	2,711	.37	2,321	.32	746	.10	188	.02	9	-	209	.03	624	.09	-	-
HELENA	71,980	1,772	2.46	1,247	1.73	6	.01	294	.41	45	.06	48	.07	-	-	40	.05	92	.13	-	-
	800,951	9,936	1.24	2,603	.32	2,717	.34	2,615	.33	791	.10	236	.03	9	-	249	.03	716	.09	-	-
KANSAS CITY	573,736	22,669	3.95	5,125	.89	5,329	.93	9,500	1.66	340	.06	175	.03	62	.01	132	.02	1,106	.19	900	.16
DENVER	345,000	4,255	1.23	429	.12	810	.24	906	.26	171	.05	620	.18	57	.02	49	.01	551	.16	662	.19
OKLAHOMA CITY	238,600	13,902	5.83	2,937	1.23	3,177	1.33	4,638	1.94	1,322	.56	809	.34	13	.01	57	.02	475	.20	474	.20
OMAHA	227,125	7,442	3.28	1,428	.63	2,402	1.06	2,679	1.18	186	.08	249	.11	20	.01	41	.02	420	.18	17	.01
	1,384,461	48,268	3.49	9,919	.72	11,718	.85	17,723	1.28	2,019	.15	1,853	.13	152	.01	279	.02	2,552	.18	2,053	.15
DALLAS	601,300	32,161	5.35	4,340	.72	13,782	2.29	9,497	1.58	824	.14	2,687	.45	66	.01	246	.04	507	.08	212	.04
EL PASO	65,690	2,139	3.26	392	.60	597	.91	323	.49	226	.34	493	.75	11	.02	17	.03	55	.08	25	.04
HOUSTON	255,797	10,052	3.93	2,175	.85	2,093	.82	4,260	1.67	268	.10	722	.28	55	.02	47	.02	268	.10	164	.07
SAN ANTONIO	198,977	10,447	5.25	3,029	1.52	3,180	1.60	3,033	1.52	209	.11	670	.34	23	.01	47	.02	192	.10	64	.03
	1,121,764	54,799	4.89	9,936	.89	19,652	1.75	17,113	1.53	1,527	.14	4,572	.41	155	.01	357	.03	1,022	.09	465	.04
SAN FRANCISCO	369,000	4,629	1.25	877	.24	822	.22	516	.14	197	.05	883	.24	397	.11	184	.05	359	.10	394	.10
LOS ANGELES	837,702	4,470	.53	565	.07	948	.11	1,397	.17	82	.01	391	.05	131	.01	66	.01	33	-	857	.10
PORTLAND	247,055	3,414	1.38	842	.34	1,490	.60	258	.11	57	.02	419	.17	6	-	44	.02	297	.12	1	-
SALT LAKE CITY	185,567	3,237	1.74	802	.43	1,210	.65	204	.11	190	.10	548	.30	4	-	110	.06	46	.02	123	.07
SEATTLE	355,100	6,064	1.71	1,141	.32	1,283	.36	1,301	.37	165	.05	1,366	.39	3	-	85	.02	671	.19	49	.01
	1,994,424	21,814	1.09	4,227	.21	5,753	.29	3,676	.18	691	.04	3,607	.18	541	.03	489	.02	1,406	.07	1,424	.07
SYSTEM	18,321,681	368,739	2.01	77,411	.42	123,599	.67	70,841	.39	16,652	.09	23,631	.13	13,744	.08	5,206	.03	18,855	.10	18,800	.10