

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N. Y. 10045

AREA CODE 212-791-5000

AT CIR. 9644

February 24, 1984

To All Second District Depository Institutions:

The Board of Governors of the Federal Reserve System has approved for implementation on April 23, 1984, the second phase of its program to accelerate the collection of checks known as the High Dollar Group Sort program. This program provides for significant improvements in deposit deadlines for checks drawn on certain institutions outside Federal Reserve cities. The System anticipates that on an average daily basis, approximately \$1 billion of checks will be collected one day earlier under this new program. It is also anticipated that the total costs incurred by financial institutions in collecting checks drawn on these points will be reduced.

In May 1983, the Board published for comment a proposed set of criteria for selecting endpoints outside Federal Reserve cities to be included in the program. The original criteria have been modified in response to the comments received. Under the approved program, initial presentment points are those points to which the Federal Reserve presents, on an average daily basis, \$10 million or more of checks from out-of-zone depositors. (A presentment point is defined to include all routing/transit numbers of affiliated institutions presented to a common location.) Presentment points with daily average out-of-zone presentments of less than \$10 million may be added on a case-by-case basis if the Reserve Bank's periodic analyses indicate that clear net public benefits exist and if revenue is expected to recover the cost of collection within three months. A presentment point may be dropped from the program if it appears that the costs of its inclusion outweigh the public benefits or if revenue does not recover the costs of collection. Further, if it appears that an institution has established arrangements that circumvent the existing selection criteria of the High Dollar Group Sort program, any bank participating in such arrangements may be included in the program.

We recognize that the High Dollar Group Sort program must be responsive to changes in disbursement and presentment patterns in order to continue to fulfill its objectives. Therefore, the Reserve Banks will regularly review daily average presentments to determine whether to add or delete presentment points. In their analyses, Reserve Banks also will consider information received from financial institutions regarding changes in disbursement patterns which could affect the points included in the program.

We are attaching a copy of the Board's Press Release on the High Dollar Group Sort program, a list of initial presentment points included in the program, as well as associated Reserve Bank fees and deposit deadlines. To permit these institutions to continue to offer efficient cash management services, Reserve Banks will make available account total information on a timely basis. As a System policy no Reserve Bank office will provide account total information for High Dollar Group Sort items earlier than 9:30 a.m. Eastern time or later than 11:00 a.m. local time, including notification of all rejects greater than \$50,000. This Bank provides state-of-the-art payor bank services necessary for providing timely cash management programs to customers of Second District depository institutions. These services include account total, MICR line capture, and account level sorting services. We expect to issue a Services Bulletin on our recently expanded payor bank services soon.

In addition, the Board of Governors has issued a policy statement concerning delayed disbursement practices, which is attached.

Questions regarding the High Dollar Group Sort program may be directed to James O. Aston, Vice President of our Check Processing Operations at (212) 791-6334 or Whitney R. Irwin, Senior Bank Services Officer at (212) 791-6812 at our Head Office or to Robert J. McDonnell, Operations Officer at (716) 849-5022 at our Buffalo Branch.

Henry S. Fujarski
Senior Vice President

Attachments

FEDERAL RESERVE press release



At- Cir. 9644

For immediate release

February 22, 1984

The Federal Reserve Board has approved criteria for including certain depository institutions located outside Federal Reserve cities in the program to accelerate the collection of checks that was adopted by the Board in December 1982. The new criteria become effective April 23, 1984.

In December 1982, the Board adopted a two-phased program to accelerate the collection of checks. The first phase provided for later deposit deadlines and a later uniform presentment or dispatch time for checks drawn on institutions located in cities with Federal Reserve offices (city institutions). The second phase of the program calls for additional changes in deposit deadlines and presentment or dispatch time for checks drawn on certain depository institutions located outside Federal Reserve cities (non-city institutions). This phase of the program is called the High Dollar Group Sort (HDGS) ^{1/}. The purpose of HDGS is to speed up the collection of checks drawn on such institutions as well as to reduce the cost of collecting these checks.

The selection criteria for the High Dollar Group Sort provide that:

- o all presentment points with daily average out-of-zone presentments from the Federal Reserve of \$10 million or more will be initially included.
- o presentment points with daily average out-of-zone presentments less than \$10 million may be added to the program on a case-by-case basis where cost justified.

If it appears that the costs of any presentment point's inclusion in the HDGS outweigh the public benefits, it may be dropped from the program.

The Board's notice is attached.

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^{1/} A group sort is a service enabling a collecting bank to deposit checks drawn on a limited, preselected group of payor institutions.

At-let 9644

FEDERAL RESERVE SYSTEM

(Docket No. R-0464)

FEDERAL RESERVE BANK CHECK COLLECTION SERVICES

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Approval of criteria for including depository institutions in a program to accelerate the collection of checks.

SUMMARY: The Board has approved the selection criteria for including depository institutions located outside of Federal Reserve office cities in the program to accelerate the collection of checks. This program was adopted by the Board in December 1982.

EFFECTIVE DATE: April 23, 1984.

FOR FURTHER INFORMATION CONTACT: Elliott C. McEntee, Associate Director (202/452-2231), or John F. Sobala, Assistant Director (202/452-2738), Division of Federal Reserve Bank Operations; Gilbert T. Schwartz, Associate General Counsel (202/452-3625), or Elaine M. Boutilier, Attorney (202/452-2418), Legal Division, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SUPPLEMENTARY INFORMATION: Background. In December 1982, the Board adopted a program to accelerate the collection of checks and thereby improve the efficiency of the payments mechanism. 48 F.R. 79 (January 3, 1983). The first phase of the program, initiated in February and completed in May 1983, provided for

later deposit deadlines and a later uniform presentment or dispatch time for checks drawn on institutions located in cities with Federal Reserve offices ("city institutions"). In connection with this phase, later deposit deadlines were also implemented to improve the credit availability for checks drawn on institutions located in areas outside of cities with Federal Reserve offices ("non-city institutions"). As a result of the first phase of the program to accelerate the collection of checks, checks with a total daily average value of approximately \$2 billion are now being collected one day earlier than they were being collected previously. The second phase of the Board's program, called the High Dollar Group Sort ("HDGS"),^{1/} provides for additional changes in deposit deadlines and presentment or dispatch time for checks drawn on certain non-city institutions. On May 2, 1983, the Board published for public comment proposed criteria for selecting non-city institutions for inclusion in HDGS. 48 F.R. 20283 (May 5, 1983). The primary purpose of the HDGS is to speed up by one day the collection of checks drawn on certain noncity institutions. It is anticipated that an additional \$1 billion of checks could be collected one day earlier than they are now collected by implementing the HDGS.

^{1/} A group sort is a service enabling a collecting bank to deposit checks drawn on a limited, preselected group of payor institutions.

The proposed criteria for the HDGS were designed to encompass in a flexible and efficient way only those payor institutions whose inclusion would result in positive net benefits to society. The Board believed that any criteria for selecting non-city institutions for inclusion in the HDGS should serve the following objectives: (1) the value of the service to collecting institutions should exceed the cost incurred in providing the service; (2) the total benefits from accelerated collection should be greater than the costs, including the costs to payor institutions and their customers; and (3) sufficient flexibility should be provided to Reserve Banks to enable them to respond in a timely fashion to changing disbursement patterns.

Given these objectives, the Board requested public comment on the following selection criteria:

Initially include all non-city institutions in the HDGS program whose daily average presentments by the Federal Reserve amount to \$20 million or more.

Select additional non-city institutions with daily average presentments from the Federal Reserve less than \$20 million for inclusion in the program based on criteria such as, average check size, or the number of large dollar checks, or analyses of requests received from depository institutions.

In addition, the public was requested to suggest alternatives to the proposed selection criteria and to comment on methods for administering the overall program.

Analysis of Comments -- A total of 188 comments were received on the proposed selection criteria. A majority of the

commenters (117) expressed concern about the program in general and did not specifically discuss the proposed selection criteria as requested. Eighty-two of these comments were from corporations that use cash management services and were virtually identical in content. The principal issues raised in response to certain aspects of the HDGS program related to its potential impact on cash management services, its impact on competitive equity among those depository institutions offering cash management services, and its cost-effectiveness.

Of the 77 respondents commenting on the selection criteria, nearly half supported the proposal to include initially all institutions with daily average presentments of \$20 million or more. Thirty commenters favored one or more of the selection criteria proposed for including additional institutions, while thirty-one commenters favored limiting the program to the initial group of institutions. Requests from depository institutions was considered the best of the criteria proposed for adding institutions to the HDGS. Only a few commenters offered alternatives to the proposed selection criteria.

Competitive Impact -- Fifty-eight commenters suggested that the HDGS could create competitive inequities among depository institutions. Some commenters believed that the proposed selection criteria were arbitrary and would create competitive inequities between those non-city institutions included in the HDGS and those excluded. Commenters also

maintained that with respect to institutions included in the HDGS, deposit deadline and price variations among Federal Reserve offices would give a competitive advantage to those institutions located in areas with earlier deposit deadlines or higher prices. Depository institutions in Reserve office territories with the higher fees would have an advantage because demand for the service would be lower. Similarly, institutions offering cash management services located in areas with earlier deposit deadlines would have a competitive advantage over institutions offering similar services located in areas with later deposit deadlines since they would be receiving their HDGS checks or account information earlier.

The Federal Reserve does not believe that the proposed selection criteria were arbitrary. The criterion for including all institutions with daily average presentments by the Federal Reserve of \$20 million or more was designed to encompass a manageable number of institutions while at the same time increasing the funds availability for a significant dollar value of checks. Analysis of the concern that the \$20 million cut-off was inappropriate indicated, however, that in some situations this criterion would include institutions for which there would not be a corresponding gain in improved check collection. Such instances arise when the preponderance of checks presented by the Federal Reserve to an institution are received from local depositors. The HDGS would not improve the availability of funds for these checks. Consequently, the

Board believes it appropriate to modify this criterion to not cover these circumstances. In doing so, however, it is clear that significant benefits could be achieved by lowering the cut-off point. Adjusting the criterion to include institutions with daily average out-of-zone presentments^{2/} by the Federal Reserve of \$10 million or more would provide significant gains in availability of funds without excessive cost.

With regard to variations among Federal Reserve offices of HDGS deposit deadlines, such variations exist for nearly all deposit options offered by Reserve offices. Deposit deadlines vary as a result of volume differences, size of geographic area served and number of institutions in a particular Reserve office's territory. The HDGS deadlines are consistent with existing patterns and variations in other deadlines among Reserve offices. In some instances, there is a reduction in the range of variation. Further, in order to avoid expensive air transportation, some Reserve Banks proposed earlier deposit deadlines that enable them to use lower cost ground transportation for the presentment of HDGS checks.

HDGS fee variations are the direct result of Reserve offices explicitly setting fees to recover the costs of

^{2/} An out-of-zone presentment is composed of items which originate for collection at an institution located outside the local Reserve office territory of the payor institution.

accelerating collection of checks drawn on HDGS institutions in their respective territories. These costs include labor and equipment costs, direct transportation costs associated with the HDGS presentment, and the potential float that may result from the necessity of processing large dollar checks in shortened timeframes. There are significant variations in each of these costs among Reserve offices, particularly transportation costs, which contribute to the variations in the fees. Therefore, pricing uniformity would not be appropriate. Once experience is gained and volume and deposit information is more certain, prices will be reviewed and may be adjusted as appropriate to reflect market conditions.

Some commenters stated their belief that the Federal Reserve has a competitive advantage due to its exemption from presentment fees and its ability to set the time and manner of presentment. These same issues were raised when the program was originally adopted by the Board in December 1982.^{3/} The Board has carefully evaluated these comments. The Board believes that the HDGS does not represent an exercise of regulatory authority and does not result in a competitive advantage for Reserve Banks. The move to later presentment represents the exercise of the same rights that all presenting banks possess under the Uniform Commercial Code. With regard

^{3/} See 48 F.R. 79 (January 3, 1983).

to the issue of presentment fees, the Federal Reserve Act (12 U.S.C. § 342) prohibits the imposition of such fees on Reserve Banks. In any event, there is a question as to whether a paying bank is performing a service for which a fee may be assessed when it pays checks drawn on it in the ordinary course of business. In addition, the Board does not believe that the ability to charge an institution's account at the Reserve Bank represents a significant advantage since correspondent relationships between depository institutions may also provide for such arrangements. It should be noted that this program should not result in any increase in Federal Reserve volume. Rather, it will result in an acceleration of the checks already being collected by the Federal Reserve.

Impact on Cash Management Services -- Concern was expressed by 105 commenters that later presentment of checks would disrupt the ability of institutions to offer effective cash management services to corporations in two ways; the timing of their investment decisions and the quality of information used in making those investment decisions. Currently, many non-city institutions offering these services are able to provide final account total information to corporate customers by mid-morning, thus allowing corporations to participate in the money market in the morning. With later presentment under the HDGS, the commenters stated that those institutions included in the HDGS will be unable to provide complete account total information sufficiently early in the day to meet their corporate customers' needs.

Commenters also argued that the payor bank services being offered by the Reserve Banks to minimize the impact of later presentment are inadequate. The commenters indicated that customer account total information, in order to be useful, must be available by mid-morning and include fine-sort deposits and checks that have been rejected in the normal processing stream. Concern was also expressed by some commenters over the wide variation in the quality of payor bank services offered by Reserve offices. The commenters stated that because some Reserve offices offer payor bank information earlier than others or in a form more readily usable, institutions in those Reserve office territories may have a competitive advantage over institutions in other Reserve office territories.

A change in the timing of check presentment policy could cause some delays in depository institutions providing account total information to corporate customers. These delays may result in cash managers executing some trades in afternoon markets. However, the necessity to shift trading times should affect only a small proportion of corporate investments. Currently, a large percentage of investment decisions are based on estimates of daily clearings. Changes in presentment times should not detrimentally affect the trading that is already undertaken before final account totals are known. Therefore, the actual amount of trading shifted to later in the day should only be a small fraction of average daily clearings and this effect is significantly outweighed by the benefits of the program.

The impact of later presentment can be significantly minimized through the Reserve offices' provision of payor bank services, provided that the information is sufficiently accurate and delivered on a timely basis, taking into account differences in time-zones. In view of the need to provide account total information on a timely basis, all Reserve Banks will provide account total information no earlier than 9:30 a.m. eastern time and no later than 11:00 a.m. local time. Also included is notification of all reject items greater than \$50,000 and fine-sort deposits at those offices where only one institution is in the HDGS. Delivery of payor bank information by telecommunications will be provided, upon request, if physical delivery of account total information cannot be accomplished by the 11:00 a.m. deadline. These procedures should also mitigate any perceived equity concerns over nonuniform deposit deadlines at Reserve offices.

Cost-Effectiveness of the HDGS -- Thirty-five commenters suggested that the HDGS would not be cost-effective for three principal reasons. First, use of the HDGS would be minimal since the value of improved availability would not be greater than the costs of collection to individual collecting institutions. Therefore, revenue would be insufficient to recover costs. Second, disbursement patterns would change as institutions and corporations attempt to circumvent the program and, consequently, administration of the program would be extremely costly if not impossible. Third, the program is

redundant because of other recent measures undertaken by the Federal Reserve to reduce float.

The costs and benefits of the HDGS have been analyzed for each participant: the collecting bank, the payor bank, and the Federal Reserve. The HDGS has the potential to convey net benefits of about \$128 million annually to collecting banks. This is composed of \$111 million in increased earnings due to improved availability and \$17 million in lower net collection costs. These benefits should provide adequate incentives for collecting institutions to use the HDGS. To implement the HDGS, it is estimated that the Federal Reserve will incur annual processing costs of \$11.7 million, transportation costs of \$2.7 million, and float costs of \$1.4 million. Of these projected annual costs to the Federal Reserve, less than \$5 million are incremental costs.

The program results in net public benefits of about \$23 million. This calculation takes into account the benefits and costs to all participants, including approximately \$604.4 million in the value of lost float to payor institutions and approximately \$1 million in lower yields to cash managers. This estimate does not consider potential changes in disbursement patterns that might occur in response to the program. For example, in light of the reduced float advantage resulting from the HDGS program, corporate cash managers may decide to move their disbursement accounts to institutions located in less remote locations, thereby reducing collection

costs. On the other hand, if the program is not sufficiently flexible to adjust to changes in disbursement patterns, additional costs may be incurred as disbursements are shifted to more remote institutions in order to circumvent the selection criteria. The selection criteria and administrative procedures should provide the level of responsiveness needed to ensure the program's success.

With regard to the comments that the HDGS is redundant in view of recent measures undertaken to reduce float, these recent actions involved the elimination only of Federal Reserve float. The HDGS, on the other hand, by accelerating check collection addresses float generated in the payments mechanism in general. For example, a recent survey of total check float indicated that commercial bank float nationwide amounted to approximately \$58 billion per day. The HDGS addresses a portion of this non-Federal Reserve check float by providing a mechanism to increase the efficiency of the payments mechanism.

Board Action -- The Board believes that the selection criteria, as modified in response to analysis of the issues raised by commenters, maximize the net social benefits of the HDGS. The Board has therefore approved the following specific criteria for including non-city depository institutions in the HDGS:

- A. All presentment points with daily average out-of-zone presentments from the Federal Reserve of \$10 million

or more will be initially included. (A presentment point is defined to include all routing/transit numbers of affiliated institutions presented to a common location. Presentment points located outside of the 48 contiguous states will be excluded.)

- B. Presentment points with daily average out-of-zone presentments less than \$10 million may be added to the program on a case-by-case basis where the Reserve Bank's periodic analyses indicate that clear net public benefits of accelerated collection exist and where revenue is expected to recover the cost of collection within three months.
- C. Any presentment point may be dropped from the program if it appears that the costs of its inclusion outweigh the public benefits or where revenue does not recover the costs of collection.

If it appears that depository institutions are participating in arrangements to circumvent the HDGS, these institutions may be included in the program, although they may not meet the specific tests for inclusion in the HDGS.

The Reserve Banks will notify the individual institutions in their Districts that are to be included in the HDGS and will announce the HDGS presentment points and procedures to all depository institutions in their Districts. Reserve Banks will also consider requests from depository

institutions regarding presentment points that should be considered for inclusion in the HDGS.

By Order of the Board of Governors of the Federal Reserve System, February 21, 1984.

(signed) William W. Wiles

William W. Wiles
Secretary of the Board

At-lin. 9644

HIGH DOLLAR GROUP SORT (HDGS) PRESENTMENT POINTS

HIGH DOLLAR GROUP SORT (HDGS) PRESENTMENT POINTS

First Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Boston	Bank of Boston-Bristol BayBank Norfolk County Trust Co.	Bank of Boston-Bristol	01130142
		BayBank Norfolk County Trust Co.	01130243
		BayBank Harvard Trust Co.	01130060
		BayBank Merrimack Valley	01130164
		BayBank Middlesex	01130235
		BayBank N.A.	01130203
		Additional Transit Numbers	01130033
			01130068
			01130084
			01130127
			01130187
			01130209
			01130228
			01130239
			01130240
	01130355		
	01130398		
	01130609		
	01130663		
	01130664		
	01130665		
	01130666		
	01130667		
	01130668		
	01130669		
	01130670		
	01130685		
	01130688		
	Fleet National Bank	Fleet National Bank	01150001
		Additional Transit Numbers	01150059
			01150080
			01150090
			01150100
			01150108
			01150128
			01150131
	Rhode Island Hospital Trust NB	Rhode Island Hospital Trust NB	01150033
		Additional Transit Numbers	01150052
			01150070
			01150077

First Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Boston (cont'd)	Shawmut Worcester County Bank	Shawmut Worcester County Bank Additional Transit Numbers	01130001 01130191 01130319 01130350 01130455 01130623
	Union National Bank-Lowell	Union National Bank-Lowell Additional Transit Numbers	01130045 01130546 01130566 01130596
Windsor Locks	Bank of Boston-Western Mass	Bank of Boston-Western Mass Bank of Boston-Berkshire Bank of Boston-Franklin Additional Transit Numbers	01180137 01180228 01180557 01180119 01180132 01180558
	Colonial Bank-Waterbury	Colonial Bank-Waterbury Additional Transit Numbers	01110080 01110007 01110017 01110023 01110076 01110103 01110141 01110183 01110223 01110242 01110252 01110283 01110370 01190151 01190366 02110392
	Connecticut Bank & Trust	Connecticut Bank & Trust Additional Transit Numbers	01190057 01110155 01110216 01110272 01190008 01190045 01190097 01190100 01190116 01190131

First Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Windsor Locks (cont'd)		Connecticut Bank & Trust (cont'd) Additional Transit Numbers	01190157 01190167 01190173 01190180 01190193 01190198 01190201 01190220 01190247 01190253 01190270 01190288 01190296 01190329 01190332 01190338 01190345 01190356 01190360 01190362 01190363 02110123 02110208 02110212
	Connecticut National Bank	Connecticut National Bank Additional Transit Numbers	01190044 01110259 01190025 01190047 01190113 01190117 01190135 01190140 01190165 01190214 01190222 01190256 01190299 01190305 01190322 01190331 01190355 01190367 01190368 01190369 01190374 02110032

First Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Windsor Locks (cont'd)		Connecticut National Bank (cont'd)	
		Additional Transit Numbers	02110082
			02110104
			02110188
			02110291
			02110349
			02110353
			02110358
			02110361
	Union Trust Co.-Stamford	Union Trust Co.-Stamford	02110110
		Additional Transit Numbers	01110010
			02110125
			02110137
			02110148
			02110149
			02110179
			02110206
			02110240
			02110246
			02110294
			02110298
			02110317
			02110321
			02110395
Lewiston	Bank of Maine, N.A.- Augusta	Bank of Maine, N.A.- Augusta	01120057
		Additional Transit Numbers	01120056
			01120105
			01120107
			01120108

Second Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Buffalo	Citibank (NYS)-Buffalo	Citibank (NYS)-Buffalo	02200086
		Additional Transit Number	02231042
		Lincoln First Bank-Rochester	02230017
		Additional Transit Number	02230126
	Manufacturers Hanover-Rochester	Manufacturers Hanover-Rochester	02230936
Jericho	Bank of New York-County Trust Region	Bank of New York-County Trust Region	02190235
		Bank of New York-White Plains	02190244
		Bank of New York-White Plains	02190828
	Chase Manhattan Bank-Arthursburg and Monroe	Chase Manhattan Bank-Arthursburg and Monroe	02190947
		Lincoln First Bank-New Rochelle	02190157
		Additional Transit Number	02190798
	Long Island Trust Co.-Garden City	Long Island Trust Co.-Garden City	02141063
Cranford	Federal Home Loan Bank of New York-Cranford	Federal Home Loan Bank of New York-Cranford	02120639
		Fidelity Union Bank-Newark	02120009
		Fidelity Union Bank, N.A.-Morristown	02120357
	First Jersey National Bank	First Jersey National Bank	02120033
	First National State Bank-Newark	First National State Bank-Newark	02120002
		First National State Bank-County-Tenafly	02120217
		Additional Transit Number	02120103
	Midlantic National Bank-Newark	Midlantic National Bank-Newark	02120001
		Midlantic National Bank-Cranbury	02120386
		Midlantic National Bank-Sussex & Merchants	02120329
	Additional Transit Number	02120316	
United Jersey Bank-Hackensack	United Jersey Bank-Hackensack	02120216	
	United Jersey Bank-Mid State	02120339	
	United Jersey Bank-Northwest	02120264	

Second Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>	
Utica	Chase Manhattan Bank-Syracuse	Chase Manhattan Bank-Syracuse	02130937	
	Chemical Bank-Syracuse	Chemical Bank-Syracuse	02130943	
	Citibank (NYS) N.A.-Troy	Citibank (NYS) N.A.-Troy	02130682	
	Irving Bank Corp-Syracuse		Irving Bank Corp-Syracuse	02131003
			Endicott Trust Co.-Endicott	02130752
			First N.B.-Hancock	02130593
			First N.B.-Moravia	02130697
			Hayes N.B.-Clinton	02130033
	Key Bank, N.A.-Albany		Key Bank, N.A.-Albany	02130007
			Additional Transit Numbers	02130063
				02130066
				02130067
				02130068
		02130070		
Key Bank of Central New York-Syracuse		Key Bank of Central New York-Syracuse	02130038	
Manufacturers Hanover-Latham	Manufacturers Hanover-Latham	02130145		
Marine Midland-Syracuse	Marine Midland-Syracuse	02130042		
State Bank of Albany		State Bank of Albany	02130001	
		Additional Transit Numbers	02130056	
		02130057		

Third Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Philadelphia	Citibank (DE)-Newcastle	Citibank (DE)-Newcastle	03110020
	Girard Bank-Delaware	Girard Bank-Delaware	03110004
	Hamilton Bank-Lancaster	Hamilton Bank-Lancaster	03130154
			Additional Transit Numbers
			03130279
			03130888
Morgan Bank-Wilmington	Morgan Bank-Wilmington	03110023	
Philadelphia National Bank-Chester	Philadelphia National Bank-Chester	03190166	

Fourth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Cleveland	Ameritrust of Northeastern Ohio	Ameritrust of Northeastern Ohio Additional Transit Number	04120170 04120328 04120591
	Bank One of Akron	Bank One of Akron Additional Transit Numbers	04120066 04120555
	First National Bank of Ashland-Ohio	First National Bank of Ashland-Ohio	04120389
Cincinnati	Bank One-Dayton	Bank One-Dayton	04220030
	First Bank and Trust-Ashland, KY	First Bank and Trust-Ashland, KY	04210080
	First National Bank of SW Ohio	First National Bank of SW Ohio Additional Transit Number	04220091 04220226
	First Security National Bank	First Security National Bank Additional Transit Number	04210002 04210009
	Third National Bank-Dayton	Third National Bank-Dayton Additional Transit Numbers	04220029 04220314 04221162 04221234 04230432 04230544 04231308
Pittsburgh	Mellon Bank N.A.-Pittsburgh	Mellon Bank N.A.-Pittsburgh	04330160
	Pittsburgh National Bank-Jeannette	Pittsburgh National Bank-Jeannette	04330162
Columbus	Banc Ohio	Banc Ohio	04410304
	Huntington National Bank-Washington	Huntington National Bank-Washington	04420366
	Huntington National Bank-Westerville	Huntington National Bank-Westerville	04411512

Fifth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Richmond	Bank of Virginia	Bank of Virginia	05140589
	Dominion National Bank- Richmond	Dominion National Bank- Richmond Additional Transit Numbers	05140054 05140066 05140132 05140140 05140156 05140161 05140176 05140182 05140185 05140189 05140197 05140233 05140245 05140260 05140329 05140352 05140387 05140389 05140415 05140422 05140435 05140467 05140487 05140500 05140542 05140558 05140618 05140624 05140715 05140755 05140765
	Sovran Bank, N.A. - Norfolk	Sovran Bank, N.A. - Norfolk Additional Transit Numbers	05140036 05140124 05140147 05140187 05140192 05140199 05140234 05140273 05140286 05140327 05140392 05140417 05140609 05140692

Fifth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Richmond (cont'd)	Sovran Bank, N.A. - Roanoke	Sovran Bank, N.A. - Roanoke	05140064
		Additional Transit Number	05140713
	United Virginia Bank- Richmond	United Virginia Bank- Richmond	05140186
		Additional Transit Numbers	05140034
			05140091
			05140123
			05140193
			05140303
			05140382
			05140402
			05140412
			05140566
	05140704		
Baltimore	American Security Bank- Washington	American Security Bank- Washington	05400055
		Bank of Delmar	05210306
		Maryland National Bank- College Park, MD	05500327
		Additional Transit Number	05500302
		Riggs National Bank- Washington	05400003
	United National Bank- Washington	05400150	

Fifth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Charlotte	Branch Banking & Trust Co. - Wilson	Branch Banking & Trust Co. - Wilson Additional Transit Numbers	05310112 05310105 05310108 05310129 05310169 05310171 05310175 05310185 05310227 05310244 05310261 05310275 05310285 05310349 05310355 05310357 05310367 05310392 05310399 05310443 05310577 05310767 05310768 05310816 05310820 05310823 05310832 05310911 05310924 05310941 05310968 05310972 05310975 05310976 05310990 05310993 05311014 05311019 05311039 05311051 05311053 05311075 05311077 05311092 05311125 05311126 05311149 05311155

Fifth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Charlotte (cont'd)	First Citizens Bank & Trust-Charlotte	First Citizens Bank & Trust-Charlotte Additional Transit Numbers	05310589 05310013 05310030 05310110 05310113 05310128 05310131 05310155 05310160 05310190 05310200 05310202 05310221 05310223 05310249 05310250 05310286 05310288 05310290 05310317 05310318 05310321 05310322 05310334 05310356 05310362 05310365 05310375 05310376 05310377 05310386 05310401 05310404 05310405 05310406 05310429 05310432 05310435 05310436 05310437 05310438 05310546 05310644 05310652 05310819 05310831 05310833 05310841 05310870 05310893 05310894 05310896 05310897

Fifth Federal Reserve District

Office

Presentment Point

Institutions

Transit
Numbers

Charlotte
(cont'd)

First Citizens Bank &
Trust-Charlotte (cont'd)
Additional Transit Numbers

05310902
05310903
05310904
05310922
05310926
05310931
05310942
05310945
05310946
05310963
05310971
05310979
05310998
05310999
05311002
05311013
05311017
05311045
05311060
05311062
05311068
05311076
05311078
05311079
05311080
05311106
05311107
05311108
05311113
05311127
05311128
05311129
05311130
05311143

First Union National Bank-
Gastonia

First Union National Bank-
Gastonia
Additional Transit Numbers

05310127
05310090
05310143
05310156
05310166
05310201
05310210
05310224
05310228
05310276
05310294
05310311
05310327

Fifth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Charlotte (cont'd)		First Union National Bank- Gastonia (cont'd) Additional Transit Numbers	05310336
			05310452
			05310514
			05310611
			05310616
			05310765
			05310872
			05310925
			05310969
			05311005
			05311030
			05311088
			05311118
			05311145
			05310078
			05310111
			05310182
			05310183
			05310230
			05310232
			05310254
			05310255
			05310266
			05310272
			05310280
			05310361
			05310424
			05310439
			05310468
			05310520
			05310547
			05310742
			05310796
			05310813
			05310834
			05310858
			05310892
			05310898
			05310918
			05310932
			05310940
			05310961
			05310965
			05311032
			05311034
			05311035
			05311049
			05311054
			05311073
			05311119

Fifth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Charlotte (cont'd)	North Carolina National Bank - Greensboro	North Carolina National Bank - Greensboro Additional Transit Numbers	05310055 05310052 05310069 05310101 05310102 05310139 05310159 05310164 05310173 05310176 05310186 05310209 05310215 05310240 05310263 05310270 05310307 05310341 05310343 05310408 05310447 05310471 05310561 05310669 05310798 05310818 05310866 05310920 05310943 05310954 05310994 05311012 05311072 05311109 05311132

Fifth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Charlotte (cont'd)	North Carolina National Bank - Raleigh	North Carolina National Bank - Raleigh Additional Transit Numbers	05310025 05310002 05310040 05310065 05310117 05310119 05310122 05310123 05310125 05310141 05310144 05310145 05310150 05310153 05310206 05310213 05310229 05310246 05310265 05310267 05310274 05310287 05310292 05310308 05310374 05310396 05310400 05310409 05310413 05310434 05310474 05310899 05310950 05310977 05310988 05311004 05311038 05311048 05311070 05311084 05311085 05311086 05311093 05311115

Fifth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Charlotte (cont'd)	Northwestern Bank- N. Wilkesboro	Northwestern Bank- N. Wilkesboro Additional Transit Numbers	05310216 05310091 05310116 05310124 05310135 05310140 05310163 05310194 05310199 05310214 05310243 05310245 05310253 05310260 05310264 05310284 05310298 05310306 05310313 05310316 05310320 05310324 05310329 05310330 05310332 05310342 05310345 05310369 05310370 05310388 05310398 05310410 05310440 05310441 05310476 05310550 05310586 05310622 05310655 05310754 05310824 05310837 05310865 05310871 05310890 05310895 05310916 05310928 05310933 05310949

Fifth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Charlotte (cont'd)		Northwestern Bank- N. Wilkesboro (cont'd) Additional Transit Numbers	05310959
			05310982
			05310983
			05310984
			05311008
			05311018
			05311025
			05311028
			05311050
			05311069
			05311082
			05311083
			05311090
			05311095
			05311099
			05311100
			05311101
			05311102
			05311103
			05311110
05311112			
05311136			
05311139			
05311140			
05311141			
05311142			
05311147			
05311148			
	Wachovia Bank & Trust Co. N.A.-Asheville	Wachovia Bank & Trust Co. N.A.-Asheville Additional Transit Numbers	05310035
			05310092
			05310147
			05310205
			05310277
			05310309
			05310338
			05310394
			05310808
			05310917
			05310938
			05310939
			05311081
			05311146

Fifth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Charlotte (cont'd)	Wachovia Bank & Trust Co. N.A.-Raleigh	Wachovia Bank & Trust Co. N.A.-Raleigh Additional Transit Numbers	05310763
			05310003
			05310041
			05310121
			05310126
			05310152
			05310301
			05310304
			05310312
			05310348
			05310350
			05310351
			05310352
			05310421
			05310427
			05310608
			05310874
			05310875
			05310908
			05310912
05310914			
05310934			
05310937			
05310992			
05311011			
05311015			
05311021			
	Wachovia Bank & Trust Co. N.A. - Winston-Salem	Wachovia Bank & Trust Co. N.A. - Winston-Salem Additional Transit Numbers	05310049
			05310067
			05310132
			05310136
			05310158
			05310167
			05310170
			05310179
			05310196
			05310218
			05310248
			05310384
			05310395
			05310397
			05310952

Fifth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Columbia	Bankers Trust of South Carolina	Bankers Trust of South Carolina	05390448
		Additional Transit Numbers	05320044
			05320084
			05320097
			05320100
			05320104
			05320114
			05320120
			05320143
			05320151
			05320156
			05320159
			05320225
			05320455
			05320457
			05320527
			05320618
			05320654
			05320657
			05320659
			05320662
			05320670
			05320677
			05320734
			05320736
			05320743
			05320744
			05320745
			05320746
			05320751
			05320754
	05320756		
	05320757		
	05320759		
	05320760		
	05320764		
	05320765		
	05320777		
	Citizens and Southern National Bank	Citizens and Southern National Bank	05390037
		Additional Transit Numbers	05320006
			05320073
			05320107
			05320111
			05320117
			05320123
			05320144
			05320152
			05320169

Fifth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Columbia (cont'd)		Citizens and Southern National Bank (cont'd) Additional Transit Numbers	05320175 05320178 05320454 05320547 05320664 05320682 05320691 05320700 05320713 05320750 05320767 05320769 05320772
		First National Bank of South Carolina - Columbia	05390688 05320005 05320062 05320126 05320127 05320137 05320142 05320153 05320158 05320162 05320163 05320166 05320246 05320326 05320475 05320525 05320532 05320592 05320660 05320675 05320688 05320690 05320697 05320698 05320699 05320707 05320708 05320735 05320738 05320762 05320774
		First National Bank of South Carolina - Columbia Additional Transit Numbers	

Fifth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Columbia (cont'd)	South Carolina National Bank	South Carolina National Bank Additional Transit Numbers	05390022 05320001 05320050 05320060 05320063 05320110 05320113 05320115 05320136 05320145 05320157 05320171 05320202 05320218 05320242 05320250 05320639 05320641 05320645 05320650 05320717 05320723 05320727 05320740 05320749 05320755 05320758 05320775 05320787

Sixth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Atlanta	Citizens & Southern National Bank	Citizens & Southern National Bank	06111278
	First National Bank-Rome	First National Bank-Rome	06110079
	First National Bank of Atlanta, Augusta	First National Bank of Atlanta, Augusta	06111327
	Trust Company of Cobb County-Smyrna	Trust Company of Cobb County-Smyrna	06110124
Jacksonville	Sun Bank of Orlando	Sun Bank of Orlando	06310215
		Additional Transit Numbers	06310133
			06310479
			06310590
			06310638
			06310649
			06310665
			06310675
			06310710
			06310733
	06310832		
	06310838		
	06311002		
Nashville	First Tennessee Bank-Knoxville	First Tennessee Bank-Knoxville	06420777
		Additional Transit Number	06420719
	Union Bank-Pulaski	Union Bank-Pulaski	06410136

Seventh Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Chicago	Continental Bank-Oak Brook	Continental Bank-Oak Brook	07192369
Detroit	Michigan National Bank of Lansing	Michigan National Bank of Lansing	07241174
	National Bank of Detroit-Dearborn	National Bank of Detroit-Dearborn	07241292
Milwaukee	First Wisconsin Bank-Brookfield	First Wisconsin Bank-Brookfield	07590954
	First Wisconsin Bank-Waukesha	First Wisconsin Bank-Waukesha	07591208

Eighth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
St. Louis	Mercantile Bank-Macon	Mercantile Bank-Macon	08150140
Memphis	Commerce Union Bank-Camden	Commerce Union Bank-Camden	08430272
Little Rock	Stephens Security Bank	Stephens Security Bank	08290755

Ninth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Minneapolis	First Bank-Northfield	First Bank-Northfield	09190148
	First Bank-St. Cloud	First Bank-St. Cloud	09190532
	Norwest Bank-Faribault	Norwest Bank-Faribault	09190053
	Norwest Bank-Red Wing	Norwest Bank-Red Wing	09190046
Helena	Norwest Bank-Great Falls, MT	Norwest Bank-Great Falls, MT	09290017
		Norwest Bank-Anaconda	09290034
		Norwest Bank-Butte	09290002
		Norwest Bank-Kalispell	09290047
	Security Bank-Colstrip, MT	Norwest Bank-Lewistown	09290516
		Security Bank-Colstrip, MT	09290142
		Big Horn Bank-Hardin	09290525
		Pioneer Bank-Billings	09290153
	Security Bank-Billings	09290041	

Tenth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Denver	Mesa United Bank of Grand Junction	Mesa United Bank of Grand Junction	10210091
	United Bank of Montrose	United Bank of Montrose	10210072
Oklahoma City	Commercial Bank and Trust Co.-Muskogee	Commercial Bank and Trust Co.-Muskogee	10310002

Eleventh Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
Dallas	Abilene National Bank	Abilene National Bank	11130181
	InterFirst Bank-Carrollton	InterFirst Bank-Carrollton Additional Transit Number	11192230 11132230
	Republicbank-Brownwood	Republicbank-Brownwood Additional Transit Number	11190155 11130155
El Paso	First City National Bank of El Paso	Bank of Sierra Blanca	11230681
		Commercial State Bank	11232308
		First National Bank-Fabens	11231952
		First National Bank in Alpine	11230467
		First National Bank of Andrews	11232225
		First National Bank of Stanton	11230722
		First State Bank-Monahans	11232183
		Marfa National Bank	11230473
		National Bank of Andrews	11231171
		Van Horn State Bank	11231334
	Texas Commerce Bank-Odessa	Texas Commerce Bank-Odessa	11632293
Houston	Texas Commerce Bank-Conroe	Texas Commerce Bank-Conroe	11310667

Twelfth Federal Reserve District

<u>Office</u>	<u>Presentment Point</u>	<u>Institutions</u>	<u>Transit Numbers</u>
San Francisco	Bank of the West-San Jose	Bank of the West-San Jose	12110078
Portland	First National Bank of Oregon-Canby	First National Bank of Oregon-Canby	12320651
Salt Lake City	Idaho First National Bank-Boise	Idaho First National Bank-Boise	12410001
		Idaho First National Bank-30 Branches	12410007
			12410010
			12410012
			12410039
			12410051
			12410104
			12410106
			12410130
			12410134
			12410143
			12410148
			12410152
			12410163
			12410168
			12410177
			12410178
	12410192		
	12410198		
	12410202		
	12410224		
	12410255		
	12410274		
	12410277		
	12410285		
	12410293		
	12410299		
	12410300		
	12410305		
	12410318		
	12410339		

HIGH DOLLAR GROUP SORT (HDGS) FEES

Office	Item Fee (¢)	HDGS Cash Letter Surcharge	Total HDGS Cash Letter Fee*		Deadline
			Interterritory	Intraterritory	
Boston	6.0	\$ 9.00	11.25	9.75	0830
Brewston	5.5	9.00	11.25	9.75	0830
Windsor Locks	6.0	5.00	7.25	5.75	0830
New York	N/A				
Buffalo	8.0	3.25	5.25	3.25	0830
Mericho	8.0	8.00	10.00	8.00	0830
Ranford	8.0	9.00	11.00	9.00	0830
Ttica	8.0	16.00	18.00	16.00	0830
Philadelphia	14.0	7.00	9.50	8.50	0815
Cleveland	10.0	3.50	7.00	5.00	0930
Cincinnati	10.0	8.00	11.50	9.50	0930
Pittsburgh	10.0	5.50	9.00	7.00	0930
Columbus	10.0	5.50	9.00	7.00	0800
Richmond	11.0	20.00	22.50	21.50	0900
Baltimore	8.0	14.00	16.50	16.00	0830
Charlotte	12.0	18.50	21.00	20.00	0800
Columbia	14.0	12.50	15.00	14.00	0900
Charleston	N/A				
Atlanta	10.0	3.00	5.00	3.00	0800
Birmingham	N/A				
Jacksonville	15.0	35.00	37.00	35.00	0800
Nashville	15.0	50.00	52.00	50.00	0800
New Orleans	N/A				
Miami	N/A				
Chicago	9.0	5.00	7.00	7.00	0830
Detroit	10.0	5.00	7.00	5.00	0900
Des Moines	N/A				
Indianapolis	N/A				
Milwaukee	10.0	5.00	7.00	7.00	0830
St. Louis	12.0	5.75	8.25	7.25	0900
Little Rock	12.0	14.50	16.75	15.00	1030
Louisville	7.0	12.50	14.50	12.50	0930
Memphis	13.0	34.00	36.75	35.75	0930
Minneapolis	6.0	7.00	8.50	7.00	0800
Helena	10.0	18.00	20.00	18.00	0900

*Includes HDGS Cash Letter Surcharge listed under third column.

(Over)

<u>Office</u>	<u>Item Fee (¢)</u>	HDGS		<u>Total HDGS Cash Letter Fee*</u>		<u>Deadline</u>
		<u>Cash</u>	<u>Letter Surcharge</u>	<u>Interterritory</u>	<u>Intraterritory</u>	
Kansas City	N/A					
Denver	20.0	50.00		52.00	50.00	0900
Oklahoma City	10.0	30.00		32.00	30.00	0900
Omaha	N/A					
Dallas	15.0	25.00		27.00	25.00	0830
El Paso	15.0	12.50		14.50	12.50	0915
Houston	15.0	8.00		10.00	8.00	0900
San Antonio	N/A					
San Francisco	8.0	5.00		8.00	6.00	0800
Los Angeles	N/A					
Portland	8.0	5.00		8.00	6.00	0900
Salt Lake City	8.0	18.00		21.00	19.00	0730
Seattle	N/A					

*Includes HDGS Cash Letter Surcharge listed under third column.

FEDERAL RESERVE press release



At-LR-9644

For immediate release

February 23, 1984

The Federal Reserve Board today issued a policy statement regarding delayed disbursement practices.

Delayed disbursement consists of arrangements offered by depository institutions that are designed to delay the collection and final settlement of checks. Users of delayed disbursement arrangements draw checks on institutions located substantial distances from the payee or on institutions located outside of Federal Reserve cities when alternate and more efficient payment arrangements are available.

The Board expressed concern over delayed disbursement practices because they deny prompt access to funds and increase the risk of loss to consumers, businesses and others. In addition, the increase in delayed disbursement practices has reduced the efficiency of the check collection system because of the higher processing and transportation costs to collect items, increased incidence of delayed funds availability and higher processing and transportation costs for return items. The Board is therefore encouraging and requesting the banking industry to seek further improvements in check collection and funds availability and not to offer delayed disbursement arrangements.

The Board's policy statement is attached.

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Attachment

Policy Statement on Delayed Disbursement Practices

The Federal Reserve Board is concerned that the practice of delayed disbursement has become increasingly prevalent. Delayed disbursement consists of arrangements designed to delay the collection and final settlement of checks by drawing checks on institutions located substantial distances from the payee, or on institutions located outside of Federal Reserve cities when alternate and more efficient payment arrangements are available.

The increase in delayed disbursement practices has reduced the efficiency of the check collection system. The concerns expressed by the Board in its 1979 policy statement on delayed disbursements are still valid today. Recipients are denied availability of funds to the extent that funds would be available earlier if the transaction had been consummated using a check disbursement point where collection could be more readily accomplished. A check drawn on an institution remote from the payee often increases the costs of handling the check. First, more institutions are likely to handle the check before it is finally paid, increasing processing costs. Second, higher transportation costs are incurred to move checks greater distances. It has been estimated that the incremental cost for handling checks drawn on delayed disbursement accounts is approximately 7 cents per item. In addition, the practice delays the return of unpaid checks. These disbursement practices result in increased possibilities for check fraud and other losses, higher processing and transportation costs, increased incidence of delayed funds availability, and higher processing and transportation costs for return items.

The remote location of institutions offering delayed disbursement arrangements often increases the collection time for checks by at least a day. Recipients of delayed disbursement payments, moreover, are exposed to increased risk of loss. The extended collection time for checks drawn on such accounts increases the chances that the checks will not be paid when presented for payment due to reasons such as insolvency of the payor.

Finally, delayed disbursement arrangements could give rise to supervisory concerns since a bank may unknowingly incur significant credit risk through such arrangements. The primary risk is payment against uncollected funds, which could be a method of extending unsecured credit to a depositor and lead to violations of legal lending limits. Absent proper and complete documentation regarding the credit worthiness of the depositor, paying items against uncollected funds could be considered an unsafe or unsound banking practice. Further, even if properly documented, such loans might exceed the bank's legal lending limit for loans to one customer. Examiners are instructed to review routinely a bank's practices in this area during the course of examinations to ensure that such practices are conducted prudently. If undue or undocumented credit risk is disclosed or if lending limits are exceeded, examiners will continue to take appropriate corrective action.

The Board believes that the banking industry has a responsibility not to offer or otherwise encourage the use of arrangements that result in a delay in the collection and final settlement of checks. The Board has implemented a program designed to accelerate the collection of checks and encourages the banking industry to seek further improvements in check collection

and funds availability. The Board intends to monitor the success of voluntary efforts to reduce and eliminate the use of delayed disbursement arrangements. In instances where delayed disbursement abuses continue, the Board intends to pursue appropriate action. This may include Federal Reserve operational changes to speed up the collection of checks drawn on these institutions.

The Board believes that the banking industry has a responsibility not to offer or encourage the use of arrangements that result in delays in the collection and final settlement of checks. The Board has implemented a program that has been successful in the collection of checks and encourages the banking industry to seek further improvements in order to

... to the extent possible, to avoid the use of delayed disbursement arrangements which could be a source of funds for the institution. The Board also intends to pursue appropriate action in instances where delayed disbursement abuses continue. This may include Federal Reserve operational changes to speed up the collection of checks drawn on these institutions.