

FEDERAL RESERVE BOARD
WASHINGTON

31

X-3294

January 6, 1922.

SUBJECT: Reports from Clearing Houses of Total Debits to Individual Account.

Dear Sir:

At the last annual Convention of the American Bankers Association held in Los Angeles, the following resolution was passed by the Clearing House Section:

Whereas, at a meeting of the Clearing House Section of the American Bankers Association at its annual convention held at Los Angeles, it was the sense of the meeting that it should take definite action on the question of the abolishment of the publication of bank clearings, and in lieu thereof that total debits, which it is believed represent more clearly the total volume of business transacted, be published, and

Whereas, it was the sense of the meeting that the publication of such information should be discontinued, that the information should be furnished to the managers of the clearing houses, not only by member banks, but by non-clearing institutions - therefore, be it Resolved, that the Clearing House Section of the American Bankers Association heartily endorse the stand taken by the St. Paul Clearing House Association, which on September 28, 1921, adopted the following resolution:

Resolved, That beginning January 1, 1922, or such earlier date as may be generally agreed upon, the members of this Association and such other banks as clear through a member bank, be required to report to the manager each day at time of clearing, the total of their individual debits, of the preceding day, with the view, on the part of this Association, of using such individual debits in publications hereafter, in lieu of clearing figures, it being the belief that total debits more clearly represent the volume of business transacted in this City, and be it further

Resolved, That the Clearing House Section recommends that every clearing house association adopt a resolution of similar purport so that after January 1, 1922, the publication of total daily transactions shall be given the publicity now given to daily clearings.

The Board understands that it is the desire of the Clearing House Section to cooperate with the Board in compiling total debits to individual accounts, and the Secretary of the Section under date of December 15 requested all clearing house managers to report weekly to the Federal Reserve Bank of their District their total debits to individual accounts. The Board hopes that the manager of each clearing house association in your District will make these reports to your Bank. For your information there is enclosed a list of all clearing house associations in your District which are not now submitting weekly reports and the Board requests that you communicate with the manager of each of these associations with a view of having him telegraph to your Bank (at the expense of the Board) each week beginning with February 1, 1922, the total amount of debits to individual accounts made by banks which are members of the clearing house and banks which clear through clearing house members, i.e., so called clearing non-members.

The Board has been advised that the Clearing House Section, American Bankers Association, has sent to the manager of each clearing house association a form upon which reports should be made to the Federal Reserve Banks, and that there are printed on the form instructions regarding the charges which should be included in the reports. The instructions referred to provide for the inclusion of debits to expense and miscellaneous accounts in addition to other debits required to be reported under instructions issued by the Board. In communicating with the managers of the clearing house associations it is requested that you advise them that debits to individual accounts should represent charges to accounts of depositors other than banks and should include only the following items:

"Debits to accounts of individuals, firms and corporations, and of the United States Government including War Loan deposit accounts, also debits to savings accounts, payments from trust accounts and certificates of deposits paid."

Debits in settlement of clearing house balances, payments of cashiers' checks, charges to expense and miscellaneous accounts, corrections and similar charges must not be included in figures of debits to individual accounts.

At the present time approximately 170 clearing house centers are reporting this information and we hope to increase this number materially through the cooperation of the Clearing House Section, their records showing 275 clearing house associations in the country.

Very truly yours,

G o v e r n o r .

(Enclosures)

To all Federal Reserve Agents.