

## FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

September 14, 1927.  
St. 5504.

SUBJECT: Float carried by the Federal  
Reserve Banks.

Dear Sir:

The Board has under consideration the float carried by the system as a result of the operation of the check collection function and in this connection is desirous of obtaining information, first as to the states or parts of states on which the reserve banks are carrying float, and second, as to the groups of banks which are being benefited thereby. Such information seems necessary to a thorough understanding of the float problem as it now exists and accordingly forms have been prepared with a view to making possible such an analysis of the float for a period of one week. It will be appreciated if your bank will keep the necessary records during this period to enable it to furnish the Board with the figures called for by the forms.

While it is preferable to have the analysis based on the dates of availability of items, i.e., the dates on which credit is given by the reserve bank, and the enclosed sample forms A, B, C, D, and E were drawn up on that basis, it is recognized that it may be difficult for some of the banks to compile the information on this basis. In case, therefore, a bank finds that the work involved would be reduced materially by compiling the figures on the basis of its sendings each day instead of its total credits each day, it may render reports for the head office and its branches, if any, on the basis of daily sendings, but in that event the week September 26 to October 1 must be substituted in place of the week October 3 to 8 shown on the forms. Also the words "availability date" in the heading over the first column must be changed to "date sent" and the words "Total amount credited" in the heading over the second column must be changed to "Total amount sent."

You will note that forms A, B, and C relate to cash items sent either by your own bank or by direct-sending banks in your district to other Federal reserve banks and their branches. It will be necessary to use a separate sheet of each of these forms for each other Federal reserve bank and branch (including own head office or branches) to which items are sent.

Forms D and E relate to cash items drawn on member and nonmember banks in your own district. A separate sheet should be used for reporting

items drawn on banks in each Federal reserve bank and branch city, and for checks drawn on all other banks in each state within the territory assigned to the Federal reserve bank or branch. These forms also provide for showing (as a memorandum at the bottom) the amount of float the bank or branch is carrying as a result of accepting remittances not immediately available in settlement for cash letters.

Form F is designed to show the source from which all items handled by each Federal reserve bank or branch are received. It will be noted that form F is to be compiled on the basis of the dates the items are received by the reserve bank regardless of whether or not forms A, B, C, D, and E, are prepared on the basis of the dates credit is given by the reserve bank or the dates it receives the items.

In the preparation of the enclosed forms we have consulted with representatives of three of the reserve banks with the object of having the forms prepared in such a way as to be easily understood by those in charge of the transit departments and of keeping the additional work involved in compiling the data down to a minimum.

Return items and non-cash collection items should be disregarded in the preparation of the reports.

In view of the different methods of accounting followed in connection with the operation of branches, it is likely that some branches will be unable to compile a part of the data called for by forms A, B, and C. Reports on these forms for inter-district items may be omitted, therefore, by such branches, provided the transactions of the branches are included in the reports of the head office; and reports on these forms on intra-district items may be omitted by both head office and branches, provided the collecting office takes up such items on forms D and E according to the date credit was actually given to the member bank.

The Board understands the Standing Committee on Collections is at work upon a revised time schedule which may be presented at the next Governors' conference in October. It is thought that the information requested above may be helpful in a study of this problem, and it is requested, therefore, that the information be compiled and the reports forwarded to this office as promptly after October 8 as possible. Your kind cooperation in compiling this information will be greatly appreciated.

Very truly yours,

E. L. Smead, Chief,  
Division of Bank Operations.

LETTER TO GOVERNOR OF EACH FEDERAL RESERVE BANK\*