

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

S-447

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 5, 1942



Dear Sir:

This is with reference to the plan outlined in the Board's letter of February 4, R-957, for the Reserve System's taking over the collection of certain current consumer credit statistics which heretofore have been compiled by the American Bankers Association. This letter is to complete plans and instructions for this project.

The Board's letter requested each Reserve Bank to compile from registration statements a list of commercial banks which had sufficient total consumer instalment loans to represent one-half of such volume for its district. You were promised, and there is herewith enclosed, a copy of the American Bankers Association mailing list of reporting banks located in your district. From this list and from the list compiled by you, you are to select the banks from which reports will be requested, subject to the following general suggestions:

It is suggested that, in general, each Reserve Bank request reports from about the same number of banks as is now on the American Bankers Association list. In any district in which this number does not provide an adequate sample to reflect local trends such additional reports as are necessary should be obtained. In general it would be desirable for the Reserve Banks to continue with the banks now on the American Bankers Association mailing list; nevertheless, if the total coverage can be increased substantially by substituting some banks with large amounts of instalment receivables not now reporting for some smaller ones that are now reporting, that should be done. It is not necessary that the sample cover exactly one-half of total instalment receivables for all banks in the district. In districts including several large cities with a few banks having relatively large amounts of instalment receivables, a somewhat larger proportion may be desirable

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and can probably be obtained by including only banks with instalment receivables of \$1,000,000 or more. In districts where the business is scattered among a large number of banks a smaller proportion than 50 per cent may be adequate. A bank which engages in only one kind of consumer credit business, such as purchasing mail order house paper or in making direct consumer loans, does not need to be excluded as "unrepresentative".

In compiling the final list, reports should be requested only from member commercial banks. Industrial or Morris Plan banks, even though they may be national or State member banks, should not be included, as they are already covered by Department of Commerce reports.

As indicated in the letter of February 4, the data to be requested are the volume of loans during the month and the amount outstanding at the end of the month for the same items listed in the A-1 supplement to the December 1941 condition report. This form is almost identical with that previously used by the American Bankers Association. A suggested form of the report is attached. The Board will furnish a supply of these forms to any Reserve Bank requesting them.

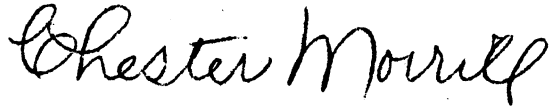
The American Bankers Association has collected January reports and the System will collect them for February and thereafter. Suggested drafts of letters to member banks are attached, which you may use if you wish. The initial requests should be dispatched as soon as possible. The returns may be tabulated by the Reserve Banks and submitted to the Board on a standard form, a copy of which is attached. These tabulations should be addressed to the Division of Research and Statistics and, if possible, should reach the Board by March 25. In following months it is hoped that this date of submission can be advanced to sometime between the 10th and the 15th of the month.

This form requests figures on outstandings of the reporting banks as of December 31, 1941, which are to be compiled from the A-1 schedule attached to the December 1941 condition report. It will probably be necessary to revise this outstanding figure each month to include only those banks that submit reports that month. It should also be noted that the form calls for figures on volume of loans made in the month and current volume made in the previous month (columns 4 and 5) by an identical group of banks, which may not correspond to the group reporting the figure for volume of loans shown in column 3. These two sets of figures are to provide comparisons with an unchanging base date, as well as from month to month, and will aid in making estimates of changes in total instalment loans for all banks. After some experience with this reporting system, it may be possible to

include only identical reporting banks from month to month, but during the early stages allowance must be made for some variations.

Further correspondence regarding details of this project may be addressed to the attention of Woodlief Thomas, Assistant Director of the Division of Research and Statistics.

Very truly yours,



Chester Morrill,
Secretary.

Enclosures

(ABA mailing list and forms for report
sent with addressed copies only.)

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

SUGGESTED LETTER OF TRANSMITTAL TO
BANKS WHO HAVE BEEN REPORTING TO
THE AMERICAN BANKERS ASSOCIATION

Dear Mr. _____:

It is our understanding that you have been reporting consumer instalment credit volume and outstandings to the Consumer Credit Department of the American Bankers Association. In view of the Reserve System's responsibility in connection with the regulation of consumer credit, it is desirable that we have as prompt and as accurate information as is possible with respect to current developments in this field, and an arrangement has been made with the American Bankers Association by which the Board of Governors will take over the task of collecting the current statistics from banks. Enclosed are report forms for the month of February, which you are requested to fill out and return to this Federal Reserve Bank.

The Consumer Credit Department of the American Bankers Association, as it may already have notified you, would like to continue to receive your individual reports. If you will fill out the forms in duplicate and authorize us, by signing the attached form, to transmit one of the copies to the American Bankers Association, we shall be glad to do so and thus avoid duplicate inquiries.

Because we recognize the pressure to which banks are subject at this time and do not wish to increase their burden, we are continuing the report along the lines followed in the prior American Bankers Association schedule, with minor amendments to correspond to the form used in the A-1 supplements which are submitted with the condition reports.

Your reports will be treated confidentially, of course, and you will be furnished with the releases based on the data collected.

Very truly yours,

SUGGESTED LETTER OF TRANSMITTAL TO BANKS
NOT ON AMERICAN BANKERS ASSOCIATION LIST

Dear Mr. _____:

For some time now the Consumer Credit Division of the American Bankers Association has been collecting current reports on the volume and outstandings of consumer instalment credit in commercial banks. These reports have been collected from a comparatively small group including in general the more important banks in this field. In view of the Reserve System's responsibility in connection with the regulation of consumer credit, it is desirable that we have as prompt and as accurate information as is possible with respect to current developments in this field and an arrangement has been made with the American Bankers Association by which the Board of Governors will take over the task of collecting the current statistics from banks. In general figures will be collected from the same banks that have been reporting to the American Bankers Association in the past, but in order to improve the value of this series, a few other member banks are being requested to report.

Our records indicate that your bank holds a substantial volume of consumer instalment loans, and accordingly current reports from you would add appreciably to our coverage. Copies of the report forms for the month of February are enclosed. Because we recognize the pressure to which banks are subject at this time and do not wish to increase their burden, we are continuing the report along the lines followed in the prior American Bankers Association schedule, with minor amendments to correspond to the A-1 supplements which are submitted with the condition reports.

The Consumer Credit Division of the American Bankers Association is interested in receiving the individual bank reports and is requesting the banks which formerly reported to it to authorize the Reserve Banks to transmit duplicate copies of the reports to that division. The Association would also like to have copies of the reports of such banks as are added to the current reporting group. If you are willing to have your individual report passed along to the American Bankers Association please fill out and return to us the attached form of authorization. If this is done please send us two copies of the report each month. These arrangements are being made so as to avoid duplicate inquiries to individual banks.

Your reports will be treated confidentially, of course, and you will be furnished with the releases based on the data enclosed.

Very truly yours,

FORM

This is to authorize the Federal Reserve Bank
of _____ to forward a copy of each monthly re-
port of consumer instalment credit of the _____
Bank, as received, to the Consumer Credit Division of
the American Bankers Association.

Officer

NOTICE: This authorization may be rescinded at any
time by giving notice to the Federal Reserve
Bank of _____.