

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

170

S-452

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 26, 1942



Dear Sir:

All twelve Federal Reserve Banks have indicated their approval of the proposal, contained in the Board's letter of January 23, to discontinue the reporting of bank debits on a weekly basis and to substitute monthly reports for the present weekly ones. It has therefore been decided to adopt the proposal, and the following announcement to that effect will be inserted in the next weekly debits statement released by the Board:

Beginning with the month of May, only monthly bank debits figures will be collected by the Board; weekly bank debits statements will be discontinued after issuance of the statement covering the week ending May 6. The monthly figures, which are available from the beginning of 1919, are more significant than the weekly figures for most purposes, since they smooth out wide weekly variations.

Some of the Reserve Banks suggested, in response to the Board's letter of January 23, a number of centers for addition to the list of reporting centers in their respective districts when the shift to a monthly basis is made. These and other suggestions were reviewed and compared with the results of an independent study made at the Board's offices. Account was taken of the population and recent growth of the centers considered for addition, the amount of bank deposits, the location of the centers in relation to those now reporting, and the relative adequacy with which present reporting centers represent the population, deposits, and economic activity of the States and districts in which they are located.

It has been decided that under present circumstances it would not be desirable to add very many centers to the list of those now reporting, but an average of four centers per district have been selected for addition, provided that this can be done with the full cooperation of the banks located in such centers.

FOR VICTORY



BUY
UNITED
STATES
BONDS
AND
STAMPS

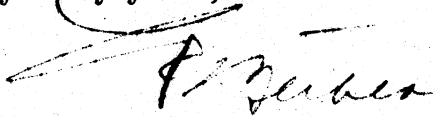
Accordingly, you will be informed in a separate letter which of new centers proposed and approved for addition are located in your district, and it is suggested that you invite the banks in these centers to report debits monthly, beginning with May, either directly or through the local clearing house, as appears most appropriate and convenient to you. No special effort need be made to obtain the figures, however, if there is any resistance on the part of the banks to submitting the reports.

On the basis of reports prepared by the Reserve Banks, it has been found that in the case of about 20 reporting centers the banks that now report hold less than 90 per cent of the deposits of all commercial banks in the respective centers. It seems desirable, incident to the shift to a monthly basis, that an effort be made to improve the coverage in cases where it is incomplete if this can be done without inconvenience. It is suggested, therefore, that you endeavor to obtain reports beginning with May from the more important nonreporting banks located in reporting centers. In the case of very small banks, of course, inclusion or exclusion is not a matter of importance, but there is no objection to inviting all nonreporting banks in the centers that are included, either directly or through the clearing house, to report regularly. Please advise the Board which, if any, additional banks in your district are covered by the first monthly reports.

The proposed form of monthly report has been changed slightly from the draft attached to the Board's letter of January 23 and a copy of the revised draft is enclosed. The form will be printed, and it is expected that an initial supply will be sent to you in about two weeks. Arrangements for the shift to monthly reporting may then be made with the reporting agencies and banks and a supply of the form distributed to them. However, explicit instructions should be given that the period to be covered by the first report on the new form is the entire calendar month of May, and that weekly reports should continue to be submitted through the week ending May 6. If any banks indicate an unwillingness to report their end-of-month deposits, you may inform them that their debits reports will continue to be acceptable and that the reporting of deposits is not obligatory. It is not contemplated that any extensive changes in the agencies used in collecting the debits reports will be made, but in cases where the present reporting procedure has proved unsatisfactory or you have reason to believe that a change would result in improvement there is no objection to your seeking to bring about such change.

When you have obtained the individual reports covering all debits-reporting banks in your district and inspected them for possible errors and inconsistencies, please prepare for transmission to the Board a transcript showing the month's debits and deposits for each individual bank, and each reporting center. If practicable, these data should be mailed to the Board's Division of Bank Operations in time to reach Washington by the eighth of the month following that to which the figures apply (air mail should, of course, be used where necessary). After the first two or three months, if experience indicates that the individual-bank figures are not particularly useful, you will be notified to send to the Board merely the totals for each reporting center.

Very truly yours,



L. P. Bethea,
Assistant Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

Bank and location

DEBITS TO DEPOSIT ACCOUNTS EXCEPT INTERBANK ACCOUNTS

Figures reported below should represent total debits or charges to all depositors' demand and time accounts, both government and private, except accounts of other banks and certified and officers' check accounts.

(If the reporting bank does not find it convenient to enter daily debits figures, only the monthly total need be shown. Any very unusual fluctuation of the bank's figures should be explained on the reverse side of this form.)

(Omit cents)

Day of month	Amount	Day of month	Amount
1	\$	17	\$
2		18	
3		19	
4		20	
5		21	
6		22	
7		23	
8		24	
9		25	
10		26	
11		27	
12		28	
13		29	
14		30	
15		31	
16			
Total debits for month		\$	
Demand and time deposits at end of month, other than those to the credit of banks		\$	

Signature

This report should be transmitted to the Federal Reserve Bank immediately after the end of the month, through the clearing house or other reporting agency (if any).