

Federal Reserve Bank of Dallas June 1982

RESPONSE Inaugurated at Big Spring Bank

Recent ceremonies at the State National Bank in Big Spring, Texas, marked the installation of the IBM Personal Computer and the inauguration of the Dallas Fed's RESPONSE communications network.

The State National Bank is the first financial institution in the Eleventh Federal Reserve District to acquire the personal computer for transferring funds and accessing reserve statement information after development and final testing at the Commercial National Bank in Dallas. In addition, the Dallas Fed is the first in the System to use personal computer technology to directly link institutions with the Bank and the Fed's nationwide communications network.

Installation of the computer also initiated the RESPONSE communications network, which is designed to be a convenient, fast, and economical means for financial institutions to gain



access to the services of the Federal Reserve Bank of Dallas.

Initially, the State National Bank will use the RESPONSE network, via the personal computer, to transfer funds.

However, in the future, the bank will also be able to transfer securities, order currency and coin, and receive automated clearinghouse advices. When not transferring funds, John Currie, president of the State National Bank, plans to utilize the computer for customer-related matters. Located in West Texas, the economy of Big Spring is based on two natural resources, cotton and oil. According to Currie, one of the main functions of the computer will be to offer assistance to customers, especially large farmers, with various accounting needs.

The installation of the personal computer and the implementation of the RESPONSE network took place during ceremonies held on May 5. Officials representing the State National Bank, Texas Independent Bankers Association, IBM, and the Federal Reserve Bank of Dallas were on hand for the ceremonies. During the ceremonies, Currie stated "that the availability of the personal computer and its capability of providing immediate access to the Federal Reserve is a milestone for small independent banks."



Neil Ryan, Dallas Federal Reserve, congratulates John Currie, State National Bank.

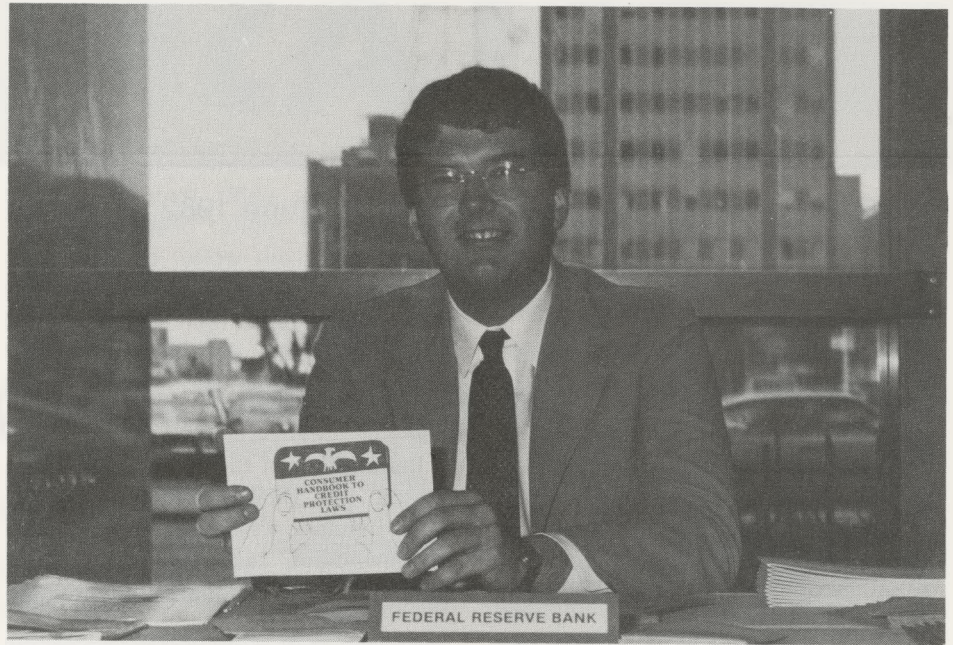
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Fed Participates in Consumers Week Activity

On April 27 the Federal Reserve Bank of Dallas was one of 27 participants in the National Consumers Day Fair. This program was part of the regional activities coordinated by the Federal Executive Board in honor of National Consumers Week, April 25-May 1, an annual event sponsored by the U.S. Office of Consumer Affairs.

Local government agencies set up displays on the ground floor of the Dallas Federal Building, exhibiting pamphlets and brochures designed to assist the public with consumer-related matters. Staff members from the departments of the Bank which handle consumer matters were available throughout the day to answer questions. These departments are Bank Supervision and Regulations, Legal, and Communications, Financial and Community Affairs.



Dean Pankonien of the Legal Department mans the Dallas Fed's consumer fair booth.

Securities Department Begins New Services

A magnetic tape of all securities safekeeping holdings is a new service being offered financial institutions by the Dallas Fed this summer. For a nominal charge, the new service provides a tape which includes information about all the securities an institu-

tion chooses to hold with the Federal Reserve Bank of Dallas. Institutions may choose to use Federal Reserve safekeeping services not only as a security measure, but to have their securities readily available for use as collateral.

The new magnetic tape could serve as a supplement to the paper listings of securities holdings already provided to financial institutions. Such a tape is adaptable to whatever format an institution chooses and is useful for reconciliation and auditing purposes. Now in the testing phase, the service will be available to all institutions in July.

In addition to this new service, other service changes have been implemented recently by the Securities Department. General securities safekeeping services are now available to financial institutions located in Federal Reserve cities. Previously, institutions located in Dallas, Houston, El Paso, and San Antonio were not eligible for these safekeeping services. Collection of municipal or corporate coupons and securities payable in the same city as the owning institution is another previously-unavailable service which has now been implemented. For further information about any of these services, the Securities Department should be contacted.

Reg Z Videotape Available

A color videotape presentation entitled "Regulation Z: The Simplified Rules" is available for loan from the Federal Reserve Bank of Dallas. This 2¼-hour, ¾-inch or ½-inch VHS videotape was produced by the Federal Reserve Board's Division of Consumer and Community Affairs in cooperation with the North Carolina AIB Educational Committee and the Federal Reserve Bank of San Francisco.

The Regulation Z videotape, which is divided into three major parts, includes the contents of a

seminar prepared by the Board's staff last year. An introduction provides an overview of the organization of the new regulation, and two major sections address changes in rules related to closed-end credit and to open-end credit.

The Regulation Z videotape will be loaned free-of-charge on a first-come, first-served basis. The Department of Communications, Financial and Community Affairs should be contacted for general information about the videotape and scheduling.

Reports Document Holding Company Growth

Over 62 percent of Texas bank deposits are held in banks affiliated with multibank holding companies and over 10 percent are held in one-bank holding companies, according to year-end 1981 reports published by the Dallas Fed.

Each year the Bank's Holding Company Supervision Department publishes two reports of holding company information, the Multibank Holding Company and One-Bank Holding Company listings. These reports list the names, cities, deposits, and percentages of state deposits for

holding companies in the Eleventh Federal Reserve District. The Multibank Holding Company report also lists the rank within the state and within each state market for multibank holding companies. Holding company formations are year-end figures, and deposit amounts are mid-year figures.

The 1981 One-Bank Holding Company report lists 299 one-bank holding companies in Texas with a total of \$9,689,183,000 in deposits representing 10.313 percent of the state's total deposits. For the areas in other states included in the Eleventh District, the

report lists 16 one-bank holding companies in Louisiana with a total of \$1,199,137,000 in deposits; eight one-bank holding companies in New Mexico with a total of \$559,437,000 in deposits; and 15 one-bank holding companies in Oklahoma with a total of \$326,862,000 in deposits.

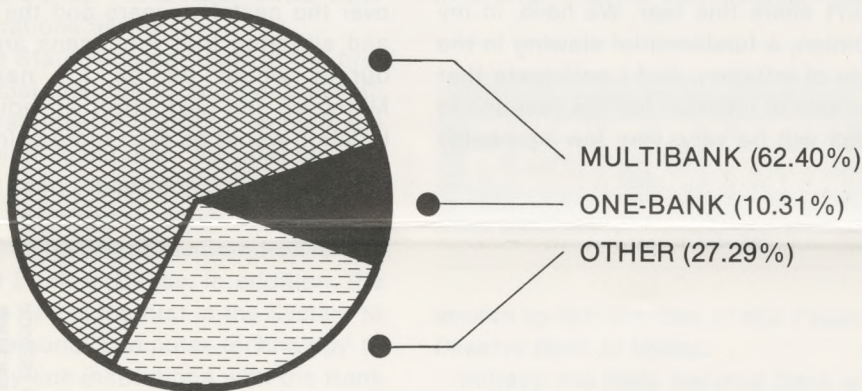
Previous One-Bank Holding Company reports indicate the tremendous growth experienced by this type of organization in recent years. The 1977 report, for example, listed 61 one-bank holding companies in Texas with total deposits of \$2,157,500,000. The four years since that time have brought about a 390 percent increase in the number of one-bank holding companies in Texas and a 349 percent increase in their total deposits.

The 1981 Multibank Holding Company report lists 54 multibank holding companies in Texas with 443 subsidiaries and \$58,264,200,000 in deposits representing 62.40 percent of the state's total deposits. One multibank holding company is listed for the Eleventh District area of New Mexico with nine subsidiaries and \$319,400,000 in deposits representing 15.18 percent of the area's total deposits.

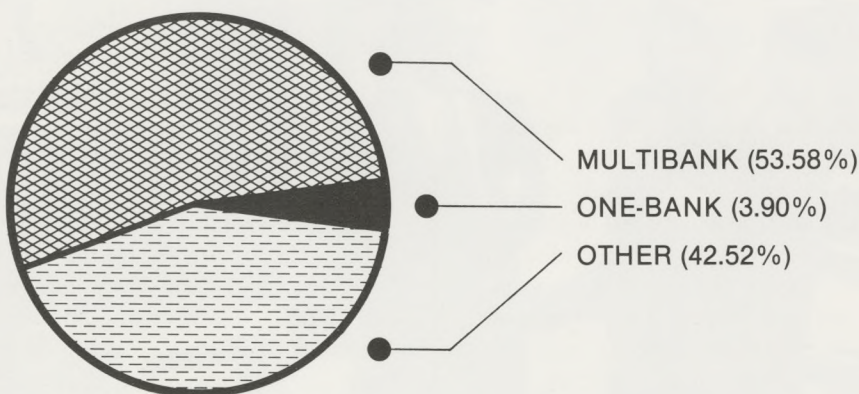
The 1977 Multibank Holding Company report listed 34 multibank holding companies in Texas with 250 subsidiaries and \$28,725,600,000 in deposits. Since that time, the number of multibank holding companies in the state has increased 58 percent, the number of their subsidiaries has increased 77 percent, and the amount of their total deposits has increased 102 percent.

The 1981 Multibank Holding Company and One-Bank Holding Company reports are available from the Dallas Fed's Holding Company Supervision Department at a cost of 10 cents per page, or \$11.40 for the multibank list and \$2.80 for the one-bank list. Requests for orders and further information should be directed to Kay Sinclair, economist in the Holding Company Supervision Department.

Texas Bank Deposits - 1981



Texas Bank Deposits - 1977



Each chart represents the percentages of total bank deposits in Texas held in banks affiliated with multibank holding companies, one-bank holding companies, and banks not affiliated with holding companies.

Boykin Says Deficits Will Hurt Recovery

Federal Reserve Bank of Dallas President Robert H. Boykin told a University of Texas at Arlington audience that Federal deficits are now the biggest single impediment to a sustainable economic recovery. Boykin was the principal speaker at the College of Business Administration and Advisory Council Distinguished Business Leadership Award Dinner April 23. The event marked the presentation of the 1982 Distinguished Business Leadership Award to Mary Kay Ash, chairman of the board of Mary Kay Cosmetics, Inc.

Federal deficits

"Large Federal deficits will keep interest rates higher than they would be—high enough to preclude the funds going to business and, of course, thereby limiting the vigor of the recovery," Boykin said. "I can only be hopeful that the current negotiations

between the Administration and Congress will quickly lead to a resolution of this problem and somehow reduce the size of the deficits in the coming years."

Boykin also commented on other reasons interest rates remain high. "We've all been taught that interest rates tend to follow the trend in the rate of inflation—that high rates of inflation lead to high interest rates and low rates of inflation lead to low interest rates—at least over any reasonable period of time."

Boykin said, however, that the difference now is due to fear about two possible developments. "The first fear is that inflation will reaccelerate. As my earlier remarks have indicated, I don't share this fear. We have, in my opinion, a fundamental slowing in the rate of inflation. And I anticipate that the rate of inflation for this year and in 1983 will be very, very low—probably

lower than most people are expecting at the present time."

"Wrapped up in this fear that inflation will reaccelerate is, of course, the assumption that the Federal Reserve will not stick to its goal of continuing to slow the growth in money so as to keep inflation down," Boykin said.

Fundamental fear

"A more fundamental fear regarding monetary policy, however, is that the Federal Reserve will monetize the huge Federal deficits that we are facing," Boykin said. "Let me say forthrightly, we are committed not to do this. We have no intention of monetizing these deficits. To do so would be to discard all the progress we've made in inflation over the past few years and the pain and suffering that Americans are enduring would all be for naught. Moreover, the next effort at reducing inflation would be even more painful."

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