

Federal Reserve Bank of Dallas July 1984

New Options for RESPONSE Network

The Federal Reserve Bank of Dallas has announced new options regarding its RESPONSE communications network which involve additional computer links to the system for those already on-line, new computer equipment available to access the system and memory upgrades on older computer equipment already on-line with the system.

If an institution already is on-line with the system, an additional link may be installed which utilizes either the same or different computer equipment than the first link. For example, an institution currently using the dedicated line terminal system for funds transfer may acquire an IBM Personal Computer to access the Dallas Fed's contemporaneous reserve requirements system. Additionally, both sets of equipment may access the same ap-

plications, with the exception of funds transfer and securities transfer applications. Access to the Funds Transfer system can only be gained by one access alternative per institution.

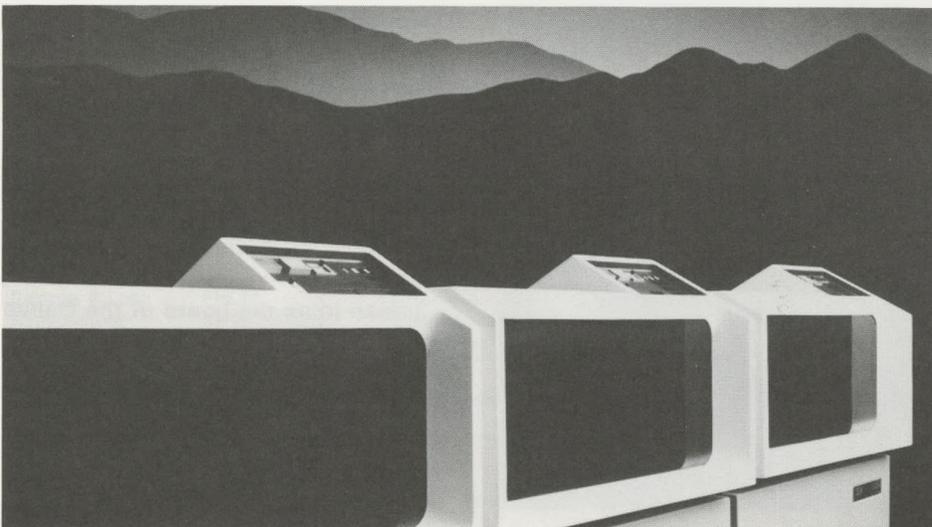
Financial institutions can be linked with the RESPONSE network in three ways. They may be directly connected to the Dallas Fed's computer by a computer-to-computer link, by dedicated computer lines or by personal computers. If an institution decides to be connected by personal computer, three options are available. The first is through an IBM Personal Computer leased from the Dallas Fed. This system first was offered by the Dallas Fed as a connection to the network in May 1982. In addition to that system, institutions also can access the RESPONSE network through an IBM Personal Computer Model XT.

Finally, a financial institution may provide its own link to the system through a computer system compatible with the RESPONSE network.

Another option available to financial institutions involves computer memory upgrades. With this alternative, the base memory for IBM Personal Computers can be upgraded from 128K to 256K or 512K. The standard Model XT configuration already includes 512K memory.

Institutions are not allowed to attach other equipment upgrades to configurations leased from the Dallas Fed, and they are responsible for the acquisition of a business line and a modem for communications with the Bank. The Dallas Fed does, however, provide toll free lines for accessing the RESPONSE network.

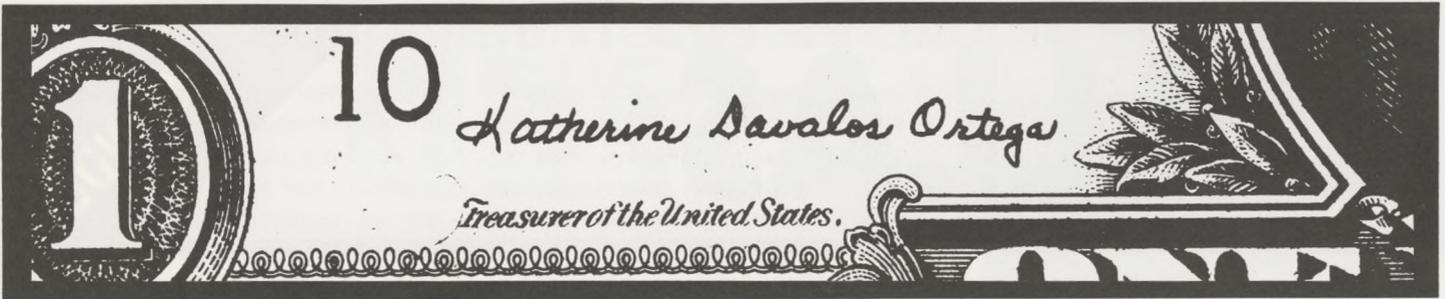
Services that are provided over the RESPONSE network include ordering currency and coin, receiving reserve statement information, sending and receiving funds transfers, transferring securities and computing reserve requirements. The Dallas Fed also provides training for those responsible for operating the computer equipment.



The RESPONSE network connects with computers at the Dallas Fed.

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Katherine Davalos Ortega's signature changes hands millions of times each day, but it is not autograph hounds who are doing the trading. Ortega is Treasurer of the United States, and her signature appears on all U.S. currency printed since she took office in October 1983.

In Dallas to address the Women's Business Ownership Conference, Ortega was honored at an evening reception June 14 at the Dallas Fed.

As Treasurer of the United States, Ortega is the official custodian of most public funds. She oversees the Bureau of the Mint, the Bureau of Engraving and Printing, the U.S. Savings Bond Program and the Olympic Commemorative Coin Program that will support the 1984 games in Los Angeles.

Previously, Ortega served as one of

five commissioners on the Copyright Royalty Tribunal and, prior to that, as one of 10 members of the President's Advisory Committee on Small and Minority Business.

Before joining the Reagan Administration, Ortega worked in the banking and accounting industries. She became the first woman to serve as a bank president in California when she was elected president of the Santa Ana State Bank in 1975.

Ortega is an honor graduate of Eastern New Mexico University, having received her B.A. in business and economics in 1957. She was the 1977 recipient of the school's Outstanding Alumni Award. She also has received the California Businesswomen's Achievement Award and the Damas de Comercio Outstanding Woman of the Year Award in Los Angeles.

MCC's Inman Joins Board of Directors

Admiral B. R. Inman, USN (retired), has been appointed to the board of directors of the Dallas Fed.

Inman is president and chief executive officer of Microelectronics and Computer Technology Corporation, an Austin-based research consortium. He also serves as chairman of MCC's board of directors.

A native of Rhonesboro, Texas, Inman received a B.A. degree from the University of Texas at Austin. The following year he entered the Naval Reserve and began a distinguished military career that spanned 30 years. Inman was promoted to the rank of admiral in 1981, coincident with his assignment as deputy director of the Central Intelligence Agency. Inman was the first naval intelligence



B.R. Inman

specialist to attain four star rank.

Admiral Inman currently serves on the board of directors of Dravo Corp., Science Applications Inc., Texas Eastern Corp., Tracor Inc. and Western Union Corporation. He also serves in a voluntary capacity for several defense associations, and is a senior fellow at the Hoover Institution of War, Peace and Revolution, a public policy research organization at Stanford University.

Inman joins the board of the Dallas Fed as a Class C director appointed by the Board of Governors of the Federal Reserve System. Class A and B directors are elected by district member banks. Head offices of the 12 Reserve Banks have three directors from each of the three classes.

Regulatory Agencies and Their Scope

Financial institutions are chartered and supervised by various agencies. The following tables give a general explanation of which agency oversees particular areas of regulatory responsibility in financial institutions and provide some background on the agencies themselves. For detailed information on their duties, please contact the regulatory agency directly.

FEDERAL RESERVE SYSTEM—The Federal Reserve System is the central banking system of the United States. It was created by the Federal Reserve Act approved December 23, 1913. The system includes 12 regional Reserve Banks, their 25 branches and the Board of Governors, headquartered in Washington, D.C.

Federal Reserve Banks perform various services for financial institutions, act as Fiscal Agent for the United States, regulate and supervise member banks and bank holding companies, issue Federal Reserve notes, and hold deposits of and make loans to financial institutions.

COMPTROLLER OF THE CURRENCY—The Office of the Comptroller of the Currency was created by an act of Congress approved February 23, 1863, to be an integral part of the National Banking System.

The most important functions of the Comptroller relate to the organization,

operation and liquidation of national banks. The Comptroller's approval is required by law in connection with the organization of new national banks, the conversion of state-chartered banks into national banks, and consolidations or mergers of banks.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC)—The FDIC is an independent executive agency established by the Banking Act of 1933 to insure bank deposits. It is headed by a three-member board of directors. The president appoints two members (with approval of the Senate) for terms of six years. The third member is the Comptroller of the Currency.

The FDIC, in addition to insuring funds up to \$100,000, has important supervisory and examination powers and acts as receiver for all national banks placed in receivership. The FDIC acts as receiver for state banks if asked to do so by state authorities.

FEDERAL HOME LOAN BANK SYSTEM (FHLB)—The Federal Home Loan Bank System was created in 1932 to provide a central credit system for nonbank mortgage lending institutions. The system is governed by a three-member board. This board, located in Washington D.C., along with 12 regional Federal Home Loan Banks and member institutions form the system. The system supervises sav-

ings and loans, extends loans to them to meet liquidity requirements, provides financial services and administers the FSLIC and the Federal Home Loan Mortgage Corporation.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION (FSLIC)—The FSLIC was established June 27, 1934. The corporation functions under the direction of the Federal Home Loan Bank Board. The FSLIC insures savings accounts up to \$100,000 for insured savings and loan associations.

The FSLIC also is authorized to make loans to savings and loans experiencing financial difficulty and, if necessary, act as receiver in cases of liquidation.

NATIONAL CREDIT UNION ADMINISTRATION (NCUA)—The National Credit Union Administration was established as an independent agency within the executive branch of the federal government on March 10, 1970. This agency has primary responsibility for chartering, regulating and supervising credit unions.

NATIONAL CREDIT UNION SHARE INSURANCE FUND (NCUSIF)—The NCUSIF was created by a law passed October 19, 1970. It was established as a revolving fund in the Treasury of the United States under the management of the NCUA. It insures funds in credit union accounts up to \$100,000.

FINANCIAL INSTITUTIONS AND THEIR REGULATORS

	Chartering and Licensing	Branching		Mergers and Acquisitions		Deposit Insurance	Supervision and Examination
		Intrastate	Interstate	Intrastate	Interstate		
National Banks	Comptroller	Comptroller	¹	Comptroller	³	FDIC	Comptroller
State Member Banks	State Banking Department	Federal Reserve/ State Banking Department	¹	Federal Reserve/ State Banking Department	²	FDIC	Federal Reserve/ State Banking Department
Bank Holding Companies	Federal Reserve			Federal Reserve/ State Banking Department	Federal Reserve/ State Banking Department ⁴		Federal Reserve
Savings & Loan Associations (Federal/State)	FHLB/ State Banking Department	FHLB/FSLIC/ State Banking Department	²	FHLB/ State Banking Department	FSLIC ³	FSLIC/ State Insurance Funds	FHLB/ State Banking Department
Credit Unions (Federal/State)	NCUA/ State Banking Department	No approval necessary		NCUA/ State Banking Department	NCUA/ State Banking Department ³	NCUSIF/ State Insurance Funds	NCUA/ State Banking Department

1. Not applicable.

2. Generally prohibited for federal thrifts.

3. The FDIC, FSLIC and NCUA may arrange interstate acquisitions or mergers of closed or failing federally insured institutions until 1985. Details differ across type of institution.

4. Only if allowed by the state where the bank being acquired is located.

SOURCE: *Depository Institutions and Their Regulators*. Federal Reserve Bank of New York.

Boykin: Economic Recovery 'Going Well'

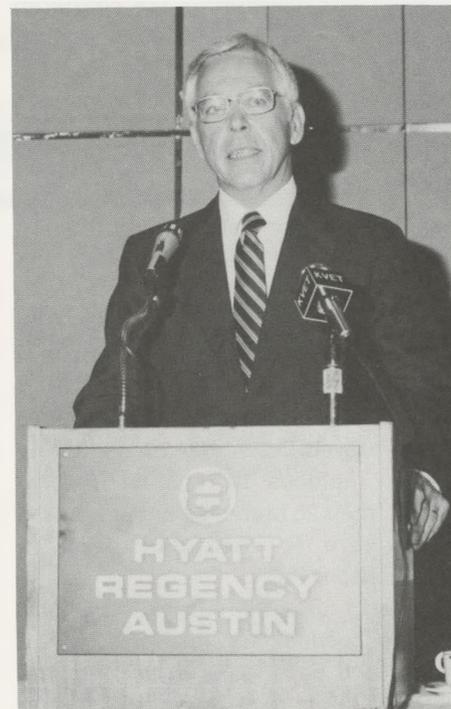
"We are much less insulated here in Texas from national economic conditions than was the case a decade or two ago," stated Dallas Fed President Robert Boykin to members of the media and business community in Austin on June 21. His remarks, which followed a meeting of the Board of Directors of the San Antonio Branch, outlined economic strides being made throughout the state and nation.

"The recovery seems to be going well," Boykin stated. "There may be concern that it is stronger than normal, but the duration of the excess seems to be fairly short and I don't see it as being of great concern at this time."

Boykin stated that the present recovery is being fueled by increased capital investment as opposed to increased consumer expenditures which has sparked past recoveries. He sees this as favorable for the economy for two reasons. First, it tends to enhance productivity, which in turn adds to the

nation's capacity for growth and additional jobs. And second, increased capital investment is desirable because higher rates of productivity tend to hold down inflation. The factors he cited as formidable deterrents to continued economic health were the budget deficit and a possible rise in the rate of inflation. "Inflation, or the threat of inflation, should always be a key concern of policy makers," he said.

Turning specifically to the Texas economy, Boykin noted that there is great diversification in the area's economy. As a result, recessions here tend to be shallower than the nation's, and for the same reason, recoveries tend to be less rapid. However, he stated that the beginning of a modest recovery in the energy industry, the favorable effects of a gradually strengthening peso on border cities and an upturn in the agricultural situation are all contributing favorably to the recovery in Texas.



Boykin: Capital investment favorable.

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