

Federal Reserve Bank of Dallas August 1984

## Check Clearing Center Established in El Paso

A Regional Check Processing Center has been established to serve the El Paso territory of the Federal Reserve Bank of Dallas. The new RCPC will substantially improve check processing services by increasing the availability of funds for financial institutions, and allowing overnight delivery of reserve account statements and ACH data that are generated by the El Paso Branch. Checks drawn on institutions with routing symbols 1122, 3122, 1123, 3123, 1163 and 3163 will now be collected through the El Paso RCPC.

The clearing and collection of checks is one of the major services provided by the Federal Reserve System. With the addition of the El

Paso RCPC, the Dallas Fed operates four regional clearing centers. These facilities are designed to improve the nation's payments mechanism, ensure the rapid clearing of all checks and provide timely identification of fraudulent or other invalid items.

Depository institutions make check deposits with the Fed in the form of cash letters containing up to 3,000 items. Personal and corporate checks comprise the bulk of the items processed by the RCPC's; other cash items include Treasury checks, postal money orders and redeemed food coupons. RCPC's do not handle cash or securities. Cash letters are generally delivered to the RCPC by private carriers hired by the participating finan-

cial institutions. By processing cash letters around the clock, regional check clearing centers often allow local institutions to get same-day credit for their check deposits if certain deadlines are met.

At the El Paso RCPC, the deposit deadlines for same-day credit are 12:01 a.m. for unsorted items and 2:30 a.m. for fine sorted cash letters. A premium unsorted deposit deadline of 12:30 a.m. also is available. Fees and deadlines associated with the new service are detailed in the accompanying table.

Shipments destined for the El Paso RCPC may be delivered to the Dallas office by 8:30 p.m. Monday through Thursday and by 7:00 p.m. Saturday for transshipment to El Paso. There will be no additional charge for this service, but all shipments to the El Paso RCPC will be subject to the usual ITS surcharge. El Paso RCPC items should be packaged separately and listed on the TR-701X form as a consolidated shipment, labeled with the two digit class number 40. One-day consolidated shipments from the Houston and San Antonio Branches will be available in the near future.

### El Paso RCPC Deposit Deadlines and Fees

| RCPC<br>Unsorted Regular |            | RCPC<br>Fine Sorted Cash Letters |           |
|--------------------------|------------|----------------------------------|-----------|
| Deposit Deadline         | 12:01 a.m. | Deposit Deadline                 | 2:30 a.m. |
| Per Item Charge          |            | Cash Letter Fee                  | \$2.50    |
| Intra-District Depositor | 3.0¢       | Per Item Charge                  |           |
| Inter-District Depositor | 3.3¢ *     | Intra-District                   | 1.2¢      |
|                          |            | Inter-District                   | 1.3¢      |
| RCPC<br>Unsorted Premium |            |                                  |           |
| Deposit Deadline         | 12:30 a.m. |                                  |           |
| Per Item Charge          |            |                                  |           |
| Intra-District           | 4.3¢       |                                  |           |
| Inter-District           | 4.5¢ *     |                                  |           |

\* In addition, there will be a \$2.00 cash letter fee for Inter-District Depositors of both unsorted regular deposits and unsorted premium deposits.

### INSIDE

- VOLCKER REPORT
- NEW FED GOVERNOR
- HOLDING COMPANIES

# Volcker Reports on Economy, Growth Targets

"The nation's economy in the first half of 1984 was characterized by marked strength in sales, production, employment and by relatively low inflation," stated Federal Reserve Chairman Paul Volcker in his recent congressional testimony. Reporting to Congress on the state of the economy and the course of monetary policy is required of the Federal Reserve chairman twice yearly.

In his recent testimony, Volcker stated that the policy of the Federal Reserve would remain basically oriented toward encouraging growth while over time maintaining progress toward price stability. He pointed out that there has been strength in the economy in such areas as housing, auto sales, consumer spending, business investment, employment and inflation. "The strong growth, reduced unemployment and more stable prices of the past year and a half have been reflected in rising productivity and higher real incomes for most Americans," he said. But he cautioned that the increase of U.S. imports over exports combined with a strong U.S.

dollar has led to unprecedented trade and current account deficits. "The behavior of the dollar in foreign exchange markets is only one of the uncertainties in the outlook for 1985," he said.

Volcker also cited the federal deficit as a cause for concern. "The hard fact is, as I am sure the Congress is fully aware, the deficit remains huge and, absent further action, little or no further decline now seems probable for 1985

and beyond," he stated.

In addition to reporting on the economy, Volcker stated the target ranges for the monetary aggregates M1, M2 and M3. For M1, the upper limit was lowered by one percentage point from that set in February of this year—setting the range at 4 to 7 percent. For M2, the upper limit was lowered by one-half point, and a tentative 6 to 8.5 percent range was established. The range for M3 will remain at 6 to 9 percent.

## Ranges of Monetary Growth 1984 and 1985

|  | 1984 Range | 1984 Actual | 1985 Tentative |
|--|------------|-------------|----------------|
|  | Percent    | Percent     | Percent        |
| M1   | 4 to 8     | 7.5         | 4 to 7         |
| M2   | 6 to 9     | 7.0         | 6 to 8½        |
| M3   | 6 to 9     | 9.7         | 6 to 9         |
| Total Domestic<br>Nonfinancial Sector Debt | 8 to 11    | 13.1        | 8 to 11        |

## Seger Joins Fed Board of Governors



Fed Governor Seger

Dr. Martha R. Seger became a member of the Board of Governors of the Federal Reserve System at a swearing in ceremony July 2. Federal Reserve Chairman Paul Volcker administered the oath of office.

Seger is a financial economist, educator and former state bank regulator. She has been serving as a professor of finance at Central Michigan University since 1982. Previously she was the commissioner of financial institutions for the state of Michigan and an associate professor of economics and finance at Oakland University in Rochester, Mich. She also has taught at the University of Michigan and the University of Windsor in Windsor, Ontario. In addition, Seger has had 10 years of experience

in commercial banking, including over seven years as chief economist for Detroit Bank and Trust. From 1964 to 1967, Seger was a financial economist in the capital market section at the Federal Reserve Board. Born in Adrian, Mich., Seger holds an M.B.A. in finance and a Ph.D. in finance and business economics from the University of Michigan.

Seger serves as a director of Comerica, Inc., the Comerica Bank-Detroit and as a member of the National Association of Business Economists, the American Economics Association, the Economic Club of Detroit and the Women's Economic Club.

Seger replaces Nancy Teeters, whose term expired Jan. 31.

# Bank Holding Company Data Released

Over 70 percent of Texas bank deposits are held in banks affiliated with multibank holding companies and over 12 percent are held in one-bank holding companies, according to yearend 1983 reports published by the Dallas Fed.

The reports indicate that there were 87 multibank holding companies with 642 existing subsidiaries and \$94.4 billion in deposits, representing 70.94 percent of the state's total deposits. New Mexico lists two multibank holding companies with 16 subsidiaries and \$1.2 billion in deposits, representing 41.04 percent of the area's total deposits. There are no multibank holding companies in Louisiana (see table).

The top five multibank holding companies in Texas had 261 subsidiaries in 1983 with approximately \$58.6 billion in deposits, representing 44.03 percent of the state's total deposits.

These figures, contrasted with those of yearend 1982, show that at that time there were 59 multibank holding companies with 551 subsidiary banks and over \$82 billion in deposits. Multibank holding companies accounted for 68.69 percent of the state's total deposits in 1982. To illustrate the phenomenal growth experienced over the past years, consider that in 1977 there were 33 multibank holding companies in Texas with 251 subsidiaries and over \$28 billion in deposits. At that time only 53.58 percent of the state's deposits were held in these types of holding company arrangements.

The Dallas Fed reports also indicate that in 1983 there were 370 one-bank holding companies in Texas with a total of \$16.9 billion in deposits, representing 12.71 percent of the state's total deposits. For New Mexico, the reports list 13 one-bank holding companies with a total of \$788.7 million in deposits, representing approximately 28 percent of the state's total deposits. And for Louisiana, the reports show 39 one-bank holding companies with \$4.4 billion in deposits, representing 62.86 percent of the state's total deposits.

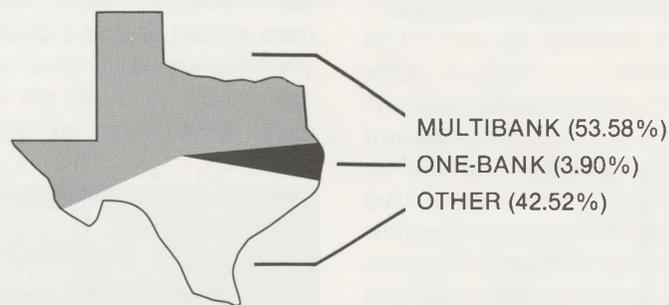
At yearend 1982, figures for one-bank holding companies showed that there were 304 one-bank holding companies in Texas with over \$14 billion in deposits. This accounted for 12.3 percent of the state's total deposits at that time. Comparable statistics for 1977 show only 61 one-bank holding companies with approximately \$2 billion in deposits, representing only 3.9 percent of the state's deposits.

The tax advantage afforded bank holding companies, which can facilitate debt service, is the major reason for the formation of most one-bank holding companies. Holding companies also are used for estate planning purposes, to engage in nonbank activities and to serve as a vehicle for raising capital. While similar advantages exist for multibank holding companies, these organizations are formed primarily as a means of growth and expansion into new markets. The fact that Texas does not allow branch banking

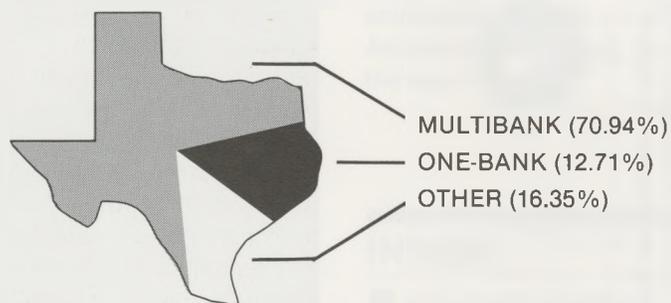
clearly contributes to much of the growth.

A bank holding company is a corporation which controls 25 percent or more of a bank's stock. Two types of holding companies exist—those which control the ownership of only one bank and those which control the ownership of more than one bank. The Bank Holding Company Act of 1956—which is considered the first comprehensive legislation regarding holding companies—defined bank holding companies, controlled their expansion and required divestiture of certain nonbanking activities. This act also designated the Federal Reserve Board as the agency directly responsible for regulation, supervision and examination of holding companies. Prior approval from the Board is required before a holding company can be formed or before an existing holding company can acquire more than 5 percent of the voting shares of an additional bank.

## Texas Bank Deposits-1977



## Texas Bank Deposits-1983



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.

## Financial Performance Report Being Distributed

The March 1984 Uniform Bank Performance Report, which has been modified to incorporate the revised March 1984 call report data, is now being distributed to all insured commercial banks and is available for sale to the public. Designed for use by bank examiners, financial analysts and bank managers, the quarterly publication permits both summary and in-depth analysis of a commercial bank's financial performance.

Copies of individual bank UBPR's may be obtained for \$25 each. Quantity discounts are

available. The cost to banks requesting additional copies of their UBPR's is \$6 per copy. Revised 1984 UBPR User's Guides, which will be distributed free to insured commercial banks during August, are \$6 each. March 1984 Peer Group Reports, which cover all UBPR Peer Groups, and State Average Reports, which cover all states, are also available for \$25 per copy.

All orders must be sent to UBPR, Department 4320, Chicago, Il. 60673. Please call (202) 447-0491 for more information.

## Deposit, Asset Data Available

Deposit and asset data for all insured commercial banks in Texas and in the Eleventh Federal Reserve District have been compiled by the Statistics Department of the Dallas Fed. The information contained in the report was gathered from the Dec. 31, 1983, reports of condition prepared by commercial banks for bank regulatory agencies. Copies of the report, entitled "Total Assets and Total Deposits of Commercial Banks in Texas," are available upon request from the Public Affairs Department.

FEDERAL RESERVE BANK OF DALLAS  
STATION K  
DALLAS, TEXAS 75222  
ADDRESS CORRECTION REQUESTED



Roundup is published monthly by the Federal Reserve Bank of Dallas and its Branches at El Paso, Houston, and San Antonio. Additional copies of most issues and subscription information are available from the Public Affairs Department.