

DALLAS FED

ROUNDUP

Federal Reserve Bank of Dallas June 1985

Dallas Fed Forms Advisory Councils

The Dallas Federal Reserve Bank has announced the formation of two advisory councils. The Advisory Council of Financial Institutions is being chaired by A. W. Riter Jr., chairman and chief executive officer of InterFirst Bank Tyler, N.A. The Advisory Council of Small Business and Agriculture is being chaired by J. Wayland Bennett, the Charles C. Thompson Professor of Agricultural Finance and associate dean of the College of Agricultural Sciences at Texas Tech University in Lubbock.

Each of the 12 Federal Reserve Banks is establishing one or more advisory councils for small business, agriculture, financial institutions and other groups, depending on existing arrangements and economic characteristics of their respective Federal Reserve Districts. The councils will provide Reserve Banks with information useful in their analysis, evaluation and research of regional and national economic activity, and business and banking conditions.

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The councils will meet at least twice a year with senior management of the Reserve Banks. Council chairmen will meet annually with the Board of Governors in Washington, D.C.

Advisory Council of Small Business and Agriculture

The Dallas Fed's councils recently held their first meetings. On May 29, the Advisory Council of Small Business and Agriculture reviewed recent national economic trends and regional business activities. In commenting on small business conditions, the council noted that hidden business costs such as insurance and employment benefits are jeopardizing the survival of small enterprises. Second, the council reported some small businesses are having difficulty financing accounts receivables and suggested that the banking industry might establish national standards as to credit policy relating to receivables. Third, the economy along the U.S.-Mexican border was regarded as significant because of the many manufacturing operations being attracted to the region by the less costly labor market.

Regarding agriculture, the council was concerned over evidence of a continuing decline in margins, earnings and export markets that is pervading the industry. Interest costs, which represent 30 to 40 percent of agricultural operating costs, and poor marketing were targeted for improvement. The council noted that livestock has remained a viable part of the in-

dustry and attributed its vitality to less government interference and the ability of producers to rapidly adjust supply to demand. Finally, the council discussed the importance of the Small Business Administration's role in the financing of agriculture.

The council agreed that a sharper focus of national policy and its objectives in both agriculture and small business could play a constructive role attracting investors and new markets and would assist in developing the creditability with producers and small business enterprises necessary to sustain efficient operations and enhance growth.

Advisory Council of Financial Institutions

The Advisory Council of Financial Institutions met on May 30. Topics of

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discussion included business and banking conditions. The council discussed commercial and residential construction, reporting that recent regulations affecting the growth of savings and loan institutions would not stem the pace of construction, but feeling some concern over the high inventory of commercial office space in Dallas, Houston and Austin.

The agricultural situation, particularly the loss of export markets, was cause for concern among council members. Some members expressed the view that the agricultural industry, in general, may be suffering from a lack of information credibility with the marketplace, the business industry and others.

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The energy sector—and, particularly, the petrochemical industry on the Gulf Coast—was reported to be depressed due to a surplus of oil and, more importantly, the number of new plants, refining and processing capacity that has been transferred to foreign shores, where higher efficiency and lower labor costs have made these activities more attractive.

In regard to the financial industry, it was noted that almost half of all *de novo* national banks chartered in 1984 were located in Texas, which could create earnings difficulties for some banks. Credit union representatives reported their industry was in good condition in the Eleventh Federal Reserve District. Lastly, the council was desirous of ways to answer the criticism being levied regarding funds availability and lifeline accounts. The council felt that the industry has a highly creditable record in this regard.

Members of the Dallas Federal Reserve Bank's Advisory Council of Financial Institutions

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|---|--|
| William E. Brady , President
Denton Savings
Denton, TX. | Marvin H. Hancock Jr. , President
and Chief Executive Officer
Capital Bank
Dallas, Tx. |
| Kenneth L. Burgess , Vice
Chairman of the Board
First State Bank
Abilene, Tx. | T. D. Wallace , President
Louisiana Credit Union League
Shreveport, La. |
| Paul Mitchell , President
Food Industries Credit Union
Houston, Tx. | James A. Altick , President and
Chief Executive Officer
Central Bank
Monroe, La. |
| Gary Owen , President
First Federal Savings Bank
of New Mexico
Roswell, N. M. | John H. Dalton , Chairman and
Chief Executive Officer
Freedom Capital Corp.
San Antonio, Tx. |
| Ronald Brown , Chairman and
Chief Executive Officer
RepublicBank Houston
Houston, Tx. | Charles T. Doyle , Chairman and
President
Texas Independent Bancshares
Texas City, Tx. |
| H. O. Bursum III , Chief
Executive Officer and
Executive Vice President
First State Bank
Socorro, N.M. | A. W. Riter Jr. , Chairman and
Chief Executive Officer
InterFirst Bank Tyler, N.A.
Tyler Tx. |

Members of the Dallas Federal Reserve Bank's Advisory Council of Small Business and Agriculture

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|---|---|
| Robert M. Carter , Farmer
Plainview, Tx. | James Washington , President
Focus Communications Group
Dallas, Tx. |
| John O. Chapman , Rancher
Corpus Christi, Tx. | J. Wayland Bennett , Charles C.
Thompson Professor of
Agricultural Finance and
Associate Dean
College of Agricultural
Sciences
Texas Tech University
Lubbock, Tx. |
| Lloyd E. Cline , Farmer
Lamesa, Tx. | J. B. Cooper , Farmer
Roscoe, Tx. |
| Sharon Jobe , Chief Financial
Officer
TCP Industries Inc.
Dallas, Tx. | William P. Stephens , Director
New Mexico Department of
Agriculture
Las Cruces, N. M. |
| Carolyn Draper , President
3-D Distribution Systems Inc.
Dallas, Tx. | Carlos A. Zuniga , Owner
Laredo Freight Services Inc.
Laredo, Tx. |
| Robert W. Philip , Partner
Arthur Andersen & Co.
Dallas, Tx. | |
| Dan Pustejovsky , Farmer
Hillsboro, Tx. | |

Book-Entry Securities Fees Approved

A new fee schedule for book-entry U.S. Treasury securities will become effective Oct. 1, 1985. The new schedule will reduce fees for book-entry transfers and eliminate monthly account maintenance fees.

The new fees stem from a recent ruling by the Treasury Department stating that secondary market book-entry securities transfers provided by Federal Reserve Banks should be treated as a fiscal agency activity performed on behalf of the Treasury and not as part of the regular priced services Reserve Banks offer to financial institutions. As a result, the Treasury determined the following:

1. Any fees charged by Reserve Banks in conjunction with Treasury book-entry activities should be clearly identified and collected as Treasury fees.

2. The Treasury will continue to impose a fee for transfers of book-entry securities between accounts held at the same or different Federal Reserve Banks.

3. All fees previously imposed for account maintenance will be eliminated.

A book-entry securities transfer generally is comprised of two components—the securities transfer and the accompanying funds settlement. The Treasury determined that the funds settlement portion of the transfer is *not* a fiscal agency activity and, therefore, a separate price will be charged for it by Reserve Banks. The fee for funds settlement will be 75 cents to cover the direct, support, overhead and float costs associated with the funds settlement activity.

Prices established for book-entry securities transfers are \$1.50 per transaction for on-line transfers and \$6.25 per transaction for off-line transfers—whether sent or received. These prices are in addition to the 75 cents charged for funds settlement.

In addition, the Treasury is eliminating all charges for account maintenance. Previously the monthly fees for this were 50 cents per issue and \$15.00 per account.

Reserve Banks have been instructed to assess these charges to financial institutions on a daily basis. Therefore, the fees for book-entry securities transfers and the related funds settle-

ment will be collected daily by direct charges to reserve or clearing accounts, and not as part of priced service billings. It should also be noted that clearing account earnings credits cannot be applied.

Current prices for non-Treasury book-entry securities services will remain unchanged.

Treasury Securities Fee Structure

	Current Prices	New Fees
On-line Transfers		
Originated	\$ 3.00	\$1.50
Funds Settlement	—	\$0.75
Off-line Transfers		
Sent or Received	\$10.00	\$6.25
Funds Settlement	—	\$0.75
Monthly Account Maintenance		
Per issue	\$ 0.50	—
Per Account	\$15.00	—

Nominations Sought for Consumer Advisory Council

The Federal Reserve Board is seeking nominations for 11 appointments to its Consumer Advisory Council to replace members whose terms expire Dec. 31, 1985. Nominations must be received by August 9, 1985.

The council was established by Congress in 1976 to advise the Board on consumer financial protection laws and other topics of consumer interest. Members serve three-year terms and meet in Washington, D.C. three times a year.

Council members whose terms are expiring this year include Chairman Timothy D. Marrinan, senior corporate counsel, First Bank System, Inc., Min-

neapolis and Vice Chairman Thomas L. Clark, Jr., deputy superintendent of banks, New York State Banking Department.

Nominations should be submitted in writing to Dolores S. Smith, Assistant Director, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The nominee's address and telephone number should be included, along with information about past and present positions held and special knowledge or interests related to consumer credit or other consumer financial services.

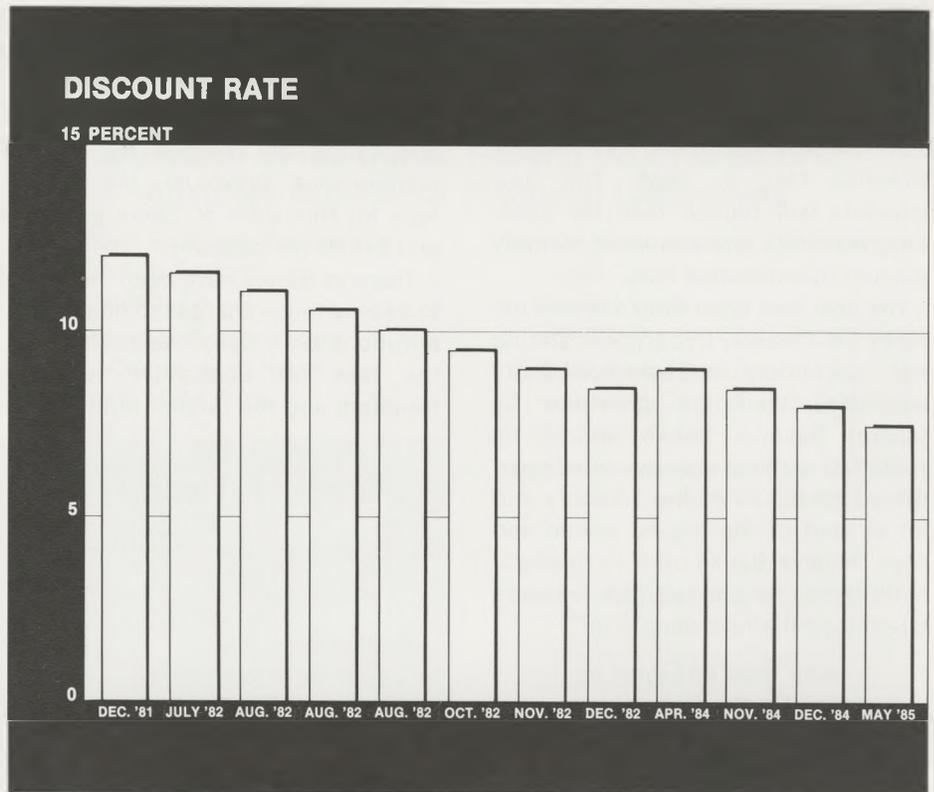
Discount Rate Lowered

The Federal Reserve Bank of Dallas lowered the discount rate to 7.5 percent from 8 percent effective May 20, 1985.

The rate is at its lowest level since August 1978 when it was 7.25 percent. The discount rate is the interest rate the Fed charges on loans to other financial institutions.

With the exception of the rate increasing a half of a percent in April 1984, the discount rate has been on a gradual decline since its record high of 14 percent in the spring of 1981.

For additional information on the discount rate or other interest rates regarding government securities, call the Dallas Fed recorded message at (214) 651-6177 or metro number (214) 263-1093.



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