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A. CURRENCY AND BANK DEPOSITS

1. BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, DIVISION OF RESEARCH AND STATISTICS

Factors affecting changes in deposits

Member bank, Federal Reserve bank, and Treasury statements are analyzed and integrated for the purpose of measuring factors affecting changes in the volume of bank deposits, such as gold movements, currency in circulation, Treasury balances, and loans and investments of banks.

This is a continuing Research Division project and the results appear in current analyses in the publications of the Board. A description of the method with a compilation of data will be published when they have been improved.

See also IIA7

2. BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, DIVISION OF RESEARCH AND STATISTICS

Interdistrict movement of funds

Information obtained from member bank, Federal Reserve bank, and Treasury statements and from records of the Gold Settlement Fund and of currency in circulation are analyzed currently for the purpose of segregating

gating factors responsible for or reflecting the inter-regional flow of funds in the United States. While no data are available concerning some of the more important factors, such as merchandise movements, travel, and investment purchases, the analysis throws some light on the nature of interregional movements of funds. Changes in bank reserves resulting from the interdistrict flow of funds is one aspect of the study; changes in bank deposits another.

This is a continuing study of current developments and its results appear from time to time in the publications of the Board and also in those of some of the Federal Reserve banks.

3. BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, DIVISION OF RESEARCH AND STATISTICS

Measurement of the volume of deposits of all banks

Statistics compiled by State and Federal banking authorities are being studied for the purpose of obtaining comprehensive and comparable series for a long period of demand deposits, adjusted for interbank balances and items in process of collection, and of time deposits.

In preparation as a special project of the Division of Research and Statistics. When available, results will be published in the Federal Reserve *Bulletin*.

See also IIA7

4. BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, DIVISION OF RESEARCH AND STATISTICS

Nature and causes of changes in currency in circulation

This study analyzes the statistics of money in circulation by denominations and in terms of seasonal, cyclical, and

other fluctuations. Special reports from Reserve and member banks and other special inquiries concerning the movements of currency in circulation may be used from time to time.

This is a continuing study of current developments as well as of past movements, and its results will appear from time to time in publications of the Board.

See also IIA6

5. BOARD OF GOVERNORS OF THE FEDERAL RESERVE
SYSTEM, DIVISION OF RESEARCH AND STATISTICS

Velocity of deposits at reporting member banks

Statistics obtained weekly since September 1934 of debits to various types of deposit account at reporting member banks in leading cities are being studied for the purpose of determining the nature and significance of fluctuations in velocity of deposits. Comparisons are being made by size of bank, size of city, economic nature of region in which bank is located, and other characteristics. One aim is to improve the current statistics of bank debits and relate them more specifically to deposits.

In preparation as a special study of the Division of Research and Statistics, the results are expected to be published in the Federal Reserve *Bulletin*.

See also IIA9 and 15; VA7

6. U. S. DEPARTMENT OF COMMERCE, BUREAU OF FOREIGN
AND DOMESTIC COMMERCE, FINANCE DIVISION

International currency movements, 1919-1936

Originally undertaken for the purpose of obtaining balance-of-payments data, this inquiry will reveal also the monetary significance of international currency move-

ments during the post-War period. The study deals with the quantitative importance of currency movements in the balance of payments of the United States, their relationship to other balance-of-payments items, and seasonal influences affecting their volume.

In preparation under the direction of August Maffry as a Finance Division project. Although completion of the study is expected in 1937, no definite arrangements for publication have been made.

See also IA4

7. FEDERAL DEPOSIT INSURANCE CORPORATION, DIVISION OF RESEARCH AND STATISTICS

Quantitative aspects of insured bank deposits

Under this project, the reports from more than 14,000 insured banks for the last two years and of 3,400 offices of insured multiple office banks for May 13, 1936, showing the number and classification of accounts of less than and more than \$5,000, are being intensively analyzed in order to provide more accurate statistical information on insured bank deposits. The important items to which investigation is devoted include: (1) insurance coverage in various states by class of bank, type of account, and class of depositor; (2) the shifting of deposits from individual communities by class of bank, type of deposit and class of depositor; (3) changes in total and insured deposits resulting from seasonal factors, long time trends, and special influences; (4) changes in deposits of suspended banks prior to suspension; (5) concentration of risk to the Corporation in banks of various sizes and types; (6) the amount of protection afforded depositors by deposit insurance in suspended banks.

In preparation under the direction of Florence Helm

as a Research Division project. Some of the results of the project were published by the Corporation in a pamphlet entitled 'Insurance of Deposits' (November 30, 1936); some of the results will be published in the *Annual Report* of the Corporation for the year ending December 31, 1936; and some will be made available in subsequent publications and articles.

See also IIA₁ and 3

8. U. S. TREASURY, DIVISION OF RESEARCH AND STATISTICS

*Statistics of capital movements between the
United States and foreign countries*

Statistics of international capital transactions between the United States and foreign countries, and related foreign exchange market data, are collected by the Treasury Department, through the Federal Reserve banks, from persons engaged in such transactions having their principal place of business in the United States. Data are reported on a weekly basis by all banks, bankers, brokers and dealers whose aggregate transactions exceed \$5,000 in any seven-day reporting period. Bulletins presenting these statistics are now being issued every three months, divided into the following sections: Section I, containing a general summary of reported capital movement and foreign exchange market data; Sections II-IV, covering foreign assets and liabilities reported by banking institutions and securities dealers; Sections V-VII, covering security transactions between the United States and foreign countries reported by banking institutions and securities dealers; Sections VIII-X, embracing data of foreign exchange dealings, 'spot' and 'forward' as reported by banks and bankers in the United States. The last section,

Section XI, includes a graphic analysis of significant summary data tabulated under Section I.

These statistics are available for all weeks since the beginning of 1935. The first published bulletin, issued in November 1936, covered the period, January 1935 through September 1936; the second, issued in April 1937, covered the last three months of 1936 and summarized the data for the entire period, January 1935 through December 1936. Additional reports are to be issued by the Treasury Department every three months. They are prepared under the direction of George C. Haas, Director of the Division of Research and Statistics of the Treasury Department.

See also IA₁

9. BROOKLYN COLLEGE, BUREAU OF ECONOMIC RESEARCH

Deposit activity in mutual savings banks

Savings deposits and withdrawals of mutual savings banks from 1900 to 1935 in Connecticut, Massachusetts, New Jersey and New York, as reported by state banking supervisors, are being intensively analyzed. It is expected that the investigation will throw new light upon the behavior of savings deposits in industrial states in various phases of the business cycle, and afford a more adequate quantitative basis for evaluating savers' habits and the extent to which consumer balances of individuals with low incomes are deposited in savings accounts. Calculations of the turnover of savings deposits of mutual savings banks are being made by years for each state, although the inclusion of Christmas Club data in the reported figures for New Jersey and New York render turnover estimates for these states more difficult and less reliable than those for Connecticut and Massachusetts.

In preparation under the direction of W. H. Steiner as a Bureau project, it is to be completed in spring 1937.

See also IIA₅ and 15; VA₇

10. NATIONAL BUREAU OF ECONOMIC RESEARCH

Analysis of cyclical behavior (Business Cycles, Volume II, Part 2)

In connection with the National Bureau's investigation of business cycles, analysis is being made of the cyclical behavior of such credit and financial data as money in circulation, bank deposits, security dealings, savings and investment, business profits and losses, the disbursement of incomes to individuals and related series. The cyclical patterns of these series are being carefully compared and related in turn to other series reflective of the productive and distributive processes.

In preparation under the direction of Wesley C. Mitchell, with the assistance of Arthur F. Burns. Publication plans for an investigation of the scope of the National Bureau's business cycle project must remain somewhat indefinite, but it is expected that this part of the study will be ready for publication by the end of 1938.

See also IIC₄

11. OHIO STATE UNIVERSITY, BUREAU OF BUSINESS RESEARCH

Member bank borrowings and money rates

The role of the rediscount rate in the money market and the factors influencing the volume of member bank borrowings is the subject of this study. Investigation is being directed to the relationships during 1922-36 among

member bank borrowing, open market money rates and rediscount rates for each of the twelve Federal Reserve districts. In addition shifts in member bank portfolios, so far as they may be related to changes in the above items, are being traced.

In preparation by Robert C. Turner under the direction of Charles A. Dice, Department of Business Organization.

12. AMERICAN BANKERS ASSOCIATION, BANK MANAGEMENT COMMISSION

Interest rates paid on deposits

To determine tendencies in interest rates throughout the country on various classes of deposits, a questionnaire survey covering 586 clearing houses and about 6,050 banks has been made. Summary data for 1933-36 cover the number of clearing houses paying interest at different rates on the several classes of interest-bearing deposits and also changes in interest rates paid by banks on deposits since 1935 by states. Detailed data from individual clearing houses are classified by those reporting that member banks paid: (a) a single, uniform rate of interest on each class of deposits; (b) a single rate for each deposit class but that different rates were paid by different banks; (c) a scale of rates based on the amount of deposit or the length of time the deposit is left with the bank. Other data compare interest rates, 1935-36, for clearing houses that govern maximum interest rates by rule and those that apply no rules as to interest rates.

This survey has been published by the Bank Management Commission, American Bankers Association.¹

¹ Bulletin No. 71, December 1936.

13. MOODY'S INVESTORS SERVICE

Banking conditions and interest rates

This investigation is directed to the statistical relationships in the past between changes in banking data and in interest rates, short and long term. National bank call reports are being analyzed throughout the life of the system in order to compile long period series that reflect changes in banking conditions. Changes in loan and investment items and in deposit items are to be related to changes in money and long term interest rates. In this way, it is expected to throw new historical light on the influence on interest rates of variations in banking conditions. Time lags, which may be involved before the impact of sharp changes in banking data are reflected in the long term capital market, will be subject to special study.

In preparation under the direction of Donald B. Woodward as a firm project, it will be made available, at least in summary form, in the regular publications of Moody's Investors Service.

See also ID₄; IIA₁₆; IIB(d)₅; IIC₁ and 4

14. BROWN, W. A., JR.,

[BROWN UNIVERSITY]

SMIT, C. J., SILVERMAN, A. G.

The international gold standard reexamined

A wealth of quantitative materials has been assembled in conjunction with this comprehensive study. For the pre-War period, they extend as far back as reliable sources cover: (a) asset and deposit data for leading central banks, English joint stock banks and New York City banks; (b) discount and open market interest rates of leading international markets; (c) the London price

of gold bullion; (d) exchange rates between principal centers and between London and the chief debtor countries; (e) gold movements; (f) foreign capital issues on the London market.

Bank of England data for the pre-War period have been carried back on a weekly and monthly basis to 1845, and are assembled on a semi-annual basis for the period 1778-1843. Those of the Bank of France and the Reichsbank, monthly, begin with 1882. Fairly complete series covering other items have been assembled for the period 1882-1911.

These and related data for the post-War period have been intensively analyzed in terms of their seasonal and cyclical movements, using methods developed by the National Bureau of Economic Research, with a view to international comparisons. In addition, special analysis has been made of movements of foreign exchange, interest differentials between markets and gold movements in order to appraise the significance of international arbitrage and short term capital movements. Interrelationships among international financial data, such as exchange rates, interest rates, and capital movements, and trade currents, industrial production of important countries, and domestic and international prices, are also covered in the statistical investigation.

The statistical analysis has been prepared largely under the direction of A. G. Silverman, and is to be published with the main study, tentatively scheduled for completion by late fall 1937.

For the main description of this study, see IA3

15. MARGET, A. W. [UNIVERSITY OF MINNESOTA]

The velocity of circulation of money

In connection with a theoretical study of the velocity of circulation of money, the results of statistical investigations of circulation velocities are being surveyed to date, and their significance evaluated critically. It is also planned to present a program of further statistical investigation in the light of the theoretical analysis of velocity concepts developed in the study.

For the main description of this project, see VA7; see also IIA5 and 9

16. SKINNER, R. DANA [PELL, KIP AND SKINNER,
NEW YORK, N. Y.]

*Monetary and banking factors in relation to
interest rates and prices*

This project seeks to develop measures of monetary and banking phenomena that may logically be associated with cyclical and other movements of bond prices, short term interest rates, common stock prices and the general price level. Among the measures devised to compare with bond prices are such ratios as total member bank deposits to total loans and government securities held by member banks, and member bank reserve deposits to total Federal Reserve credit. A second group of measures, sensitive to changes in short term interest rates, are the ratios of total loans to total bank deposits of member banks and Federal Reserve bills held to Federal Reserve deposits plus notes. A third group of measures that together reflect conditions underlying movements in common stock prices include: (a) bank debits to all

other loans of member banks; (b) bank debits to the general price level; (c) 'net' deposits (total deposits minus loans) of member banks to total bank loans; (d) circulating currency to the monetary gold stock. Measures associated with the movement of the general price level, finally, include the ratios of bank debits (outside New York) to total member bank loans, and total deposits of all banks to monetary gold stock.

Initial publication of these measures is to be made in a volume entitled *Seven Kinds of Inflation*, to be released in the late spring 1937.¹

See also ID₄; IIA₁₃; IIB(d)₅; IIC₁ and 4

¹ McGraw-Hill, New York, 1937.

17. TORGERSON, H. W. [NORTHWESTERN UNIVERSITY]

*The behavior of time deposits of commercial banks*¹

The special banking problems that the experience of the recent depression shows may arise from the combination in commercial banks of a saving or time deposit business with a demand or checking deposit business are the subject of this study. As a background against which these problems may be considered, analysis is first being made of: (a) the volume and growth of time deposits in the United States up to 1929; (b) the investment policies that have been followed by various institutions receiving time deposits, and the various factors that apparently have influenced investment policies; (c) the features of time deposit contracts that have commonly been used by different classes of banks and other types of savings institution, and legislative requirements governing time deposit contracts. The second main part of the study deals with the behavior of time deposits in 1929-33, covering in summary the changes in time deposits for all com-

mercial banks in the United States and in detail the experience of Chicago banks. The experience of other types of financial institution and of commercial banks in states with special contracts is also being traced. A final section is devoted to suggested remedies for problems growing out of a merged time and demand deposit business.

Completion of this project is not expected before the middle of 1938.

¹ Ph.D. thesis, Northwestern University.