Federal Reserve Bank of Dallas

Annual Report 1972

Federal Reserve Bank of Dallas

To the Member Banks in the
Eleventh Federal Reserve District:

The year 1972 showed a significant change developing in banking structure in many parts of the nation but especially in the Eleventh Federal Reserve District. Therefore, I am using this Annual Report of the Bank to review some of the opportunities, challenges, and possible problems of the holding company movement. Of course, not all banks are involved in the new structure, but nearly all may eventually be affected by it. I hope that this review of structural change will be informative and helpful.

The statement of condition, earnings and expenses, and volume data on operations of the Federal Reserve Bank of Dallas for 1972, with comparative figures for 1971, are also shown in this report. In addition, lists of the directors and officers of the Bank and its branches as of January 1, 1973, are included.

The directors, officers, and employees of the Federal Reserve Bank of Dallas join me in wishing you a prosperous and happy New Year. We hope that our contacts with you and your associates during 1973 continue to be pleasant and constructive. The fine cooperation and assistance you have given us in the past are greatly appreciated.

Sincerely yours,

P. E. Coldwell

P. E. COLDWELL
President

President's Review

BANKING STRUCTURE—OPPORTUNITIES AND CONCERNS

Much will be written of the economic progress of the United States and the superior performance of the Southwest during 1972. Observers are likely to point to the settlement of some important uncertainties as a prime source of strength in bolstering consumer and business psychology. Certainly, the completion of the election and the potential ceasefire in Vietnam removed two major uncertainties. In addition, though, the behavior of the economy—with lessened inflationary pressures and strong upward production and sales—has reduced business fears of both strong future inflation and a severe credit crunch. The economy seems to be progressing at a satisfactory pace, and dangers of inflation have been reduced although not eliminated. Unemployment of human and material resources is, unfortunately, still high but is trending downward, and prospects for further improvement are brighter than before.

In this setting, the nation's banking industry has been showing considerable growth in loans and deposits while, at the same time, devoting major attention to restructuring of the industry. This restructuring has come about largely as a result of the 1970 amendment to the Bank Holding Company Act that brought one-bank holding companies under the act. The amended act also permitted some liberalization for all holding companies, which the Federal Reserve promptly implemented by regulation. Because of the importance of this restructuring effort in the banking industry, it seems appropriate to review some of the opportunities and attractions of the new structure, the critical features of holding company expansion in the formative efforts, and potential problems after organization.

The popularity of the holding company structure reflects the opportunities for expansion in service and profits and widened horizons of financially oriented endeavors. To the banks located in unit-banking states, the holding company device represents the only way to achieve deposit concentration or banking growth beyond that available from internal generation of a single unit. Such growth is important to maintain the relative positions of the banks and their primary customers. Although it is not necessary that the lending limits of the large banks always match the borrowing requirements of the biggest customers, significant differences in these relative positions mean that much of the lending and servicing to the large business borrowers will go out of the area, and compensating deposits follow the loans. More importantly, without the business of these largest borrowers, the local banks cannot fully develop their peripheral services, such as trusts, international contacts, and professional consulting. As a result, all customers are denied access to fully developed services at the local level.

Bank concentration is also important in providing a means of effectively marshaling off-season deposits and lendable funds from banks located in areas with weak loan demand. Similarly, holding company expansion can make the specialized services of a large bank available, through subsidiaries, to localities with banks too small to develop them. While such services could be obtained through correspondent banks, the extent of attention and degree of service are probably more effective through holding company control.

Assuming efficient handling of the holding company, there are real opportunities for increased profits. The possibilities of greater lending capacity, broader service sales, international operations, and more effective consolidated investment activities provide the basis for greater profits. In the area of nonbank but financially related activities, the holding company structure can create many broad-scale opportunities for service and profit. By investing in mortgage servicing, data processing, and similar industries, holding companies can serve their full subsidiaries, as well as other customers, even in out-of-state areas.

To the general public, the new structure offers great possibilities of improved banking services through increased competition at all levels. In the local banking market, new competition can force more aggressive bank management in lending and service. In those cases where a problem bank is taken into a holding company, the acquisition can be expected to provide new management, additional capital, or other corrective action. Obviously, the public is well served by the strengthening of its banking units. It is the hope of the supervisory agencies that a concentration of banking structure will improve bank management by developing a stronger attraction to new managers and supporting even better education and training. Similarly, the holding company should be prepared to come to the aid of any of its subsidiaries in terms of capital and management and should provide credit appraisal and auditing assistance to reduce exposure to credit failures.

The central focus of Federal Reserve action in approving or denying an application for holding company acquisition is the public interest, including the safety of financial institutions. The public interest may be expressed in several critical features examined at the time of application. First, it has become of prime importance to be certain that competition among financial institutions is not significantly diminished and, where possible, is increased. For example, a holding company with a substantial position in its primary market that wishes to acquire another significant bank in the same market would bear a heavy burden of proof since there would likely be a substantial degree of competition between the two banks that would make denial quite possible. On the other hand, a holding company subsidiary bank with only a nominal position in a market might well be granted approval to expand its share of its market by acquiring another relatively small institution in the market, particularly if the market were not highly concentrated. The latter example might well have procompetitive aspects. Nevertheless, the holding company's share of the local and state markets, as represented by percentage of deposits, should not be nearing a dominant position. Nor should an acquisition be permitted if the bank to be acquired has the present or near-term potential strength and size to develop its own holding company.

Second, the public interest is best served by encouraging *de novo* entry into banking markets, thus increasing the available banking alternatives. While not all *de novo* applications are approved, a large majority, especially in markets outside those served by the lead bank and other subsidiaries, are viewed with favor.

Third, the public interest requires that the terms of purchase be applied uniformly to all shareholders, both majority and minority.

Fourth, in a broad sense, the public interest is served when banking services are available to promote the economic progress of the local community. If broader services are available through holding company association than through enforced independence of units, holding company acquisition is viewed in a more favorable light.

The safety of all financial institutions is another prime consideration in the approval of holding company acquisitions. The examination reports of a holding company's existing banks and its proposed subsidiary are reviewed carefully, and management appraisal is made to assure high-quality personnel. The latter is of particular significance when the holding company proposes to acquire a problem bank. Capital adequacy of all units in a proposed holding company is appraised, and, on occasion, approval is conditioned by commitments to increase capital. Similarly, the Federal Reserve maintains a close watch over the debt structure of the holding company to ensure that the company does not have too great a debt-servicing burden. In general, the purchase of a subsidiary for cash obtained through borrowing—so-called acquisition debt—is an adverse factor, especially if the debt is significant in relation to net worth or if the holding company has other debt.

The general guidelines of acquisition are, of course, applied to each situation on the basis of the banking and economic markets served and the peculiarities of the individual application. Beyond these matters of acquisition, though, there are important questions regarding actual operation and management of holding companies and the degree to which such banking concentration should be permitted. It is this concern over the public interest and bank safety that brings the Federal Reserve into continuous monitoring of holding company developments after consolidation.

Foremost among the concerns about the developing bank holding company movement is the allocation of lendable funds. If large holding companies use their out-of-market subsidiaries merely as marshaling points to aggregate deposits and then concentrate their lending to accommodate primary market demands, the local community credit needs of the subsidiaries may be slighted. While it is impossible to measure such actions completely by loan totals of the subsidiaries (net of participations), the Federal Reserve, nevertheless, will be closely monitoring the degree to which local needs are satisfied after holding company acquisition. Evidence that local needs are being slighted will very likely be considered in future acquisition requests.

Another concern is the acquisition of inadequately capitalized or poorly managed subsidiaries. Where such acquisition was approved partly on the record of a weak subsidiary, close surveillance will be maintained to ensure that the holding company provides any needed capital or management. In cases where severely criticized loan or other weak policy practices were evident at the time of acquisition, substantive improvement over the months following acquisition will be expected.

A third area of concern involves the management and accounting practices of the holding company and its subsidiaries. Where there has been evidence of abuses in round robin deposits, insider loans, intercorporate director lending, and call report window dressing in normal banking activities, the possibilities of such abuses are magnified in holding company arrangements. By means of close review of call reports and simultaneous examination of all holding company units when necessary, the Federal Reserve will keep a careful watch on intercompany transfers and policies. Special reports from holding companies are also a possibility to ensure that insider and self-dealing practices are avoided.

Finally, the Federal Reserve will continue to analyze closely the developing structure of the banking industry and its efforts to broaden into nonbank activities.

One of the unavoidable offshoots of the holding company movement will be the enforced divestiture of some banks. Some holding companies—principally those with a significant nonbank orientation—are irrevocably committing themselves to divest of their banks as the price of continued expansion into areas not permitted for bank holding companies. Others—generally bank-oriented companies with numerous nonsubsidiary banking interests—are committing themselves to divest of many of their nonsubsidiary banks as the price of bringing other nearby banks into full-subsidiary status. In the case of the companies with nonbank orientation, the statute gives sufficient time (until 1980) to permit orderly sale. In the other case, where divestiture goes hand in hand with the acquisition of bank subsidiaries, the Federal Reserve Board's orders have not been so lenient, and commitments to divest have involved much shorter time periods. The volume of divestitures that will be taking place may create problems in marketing bank stocks. Sales of bank stock should involve arm's-length bargaining and should be made to entirely divorced entities. Nevertheless, if a sizable number of banks are sold in a short time frame, marketing and financing of the sales could become difficult. In view of the regulatory attitudes concerning bank-stock financing and the need to find buyers wholly divorced from the holding companies, it behooves those companies under divestiture commitments to proceed promptly in efforts to sell.

Another bank practice that may be aggravated under the holding company arrangement is the heavy reliance on Federal funds. While not the exclusive province of large banks or holding companies, there has developed a tendency for some banks to purchase Federal funds on a daily basis in amounts even exceeding their reserve requirements. Admittedly, bank regulatory attitudes on Federal funds purchases and sales are not clearcut. To some supervisors, the heavy net purchases are borrowings. To others, Federal funds are just short-term deposits obtained in the same manner as funds obtained from certificates of deposit. Still others do not classify Federal funds as either deposits or borrowings. Under the first interpretation, acquisition of lendable funds by Federal funds purchases would be viewed as excessive reliance on borrowings. Under the deposit thesis, there would be problems of interpretation since payment of interest on demand deposits is prohibited and, except for interbank relationships, reserve requirements would be applicable. The third, or current, interpretation does not involve borrowing limits, interest rate limits, or reserve requirements. Recognizing the differences in regulatory opinion, though, does not interfere with the interpretation that some banks are exposing themselves to the problems of both cost and availability of funds when they make continuously large net daily purchases.

A different but equally difficult problem is evident where banks consistently sell large volumes of Federal funds. In the case of such banks, it might be a legitimate question to ask if they are truly servicing the credit needs of their communities. Banks should be stimulating economic growth and credit demands, not merely passively accommodating the credit needs of blue-chip customers.

Either problem could be aggravated by the holding company movement if banks merely use this device for fund transfers. Excessive net sales or purchases place the banks in a position of relying on out-of-market forces over which they have little control. Perhaps the heavy net purchasing banks should look toward capital increases or other forms of local deposit generation, while the heavy selling banks should review their lending and investing policies to see if community needs are really being accommodated.

In another area of bank practices—that of loan commitments and quality—there seems to be an even greater need for reappraisal. If commitments are indeed expanding at faster rates than the generation of lendable funds and if such commitments, whether paid for or not, are viewed as moral obligations of the banks, a careful review of commitment policies should be conducted. While few would argue that banks should lend only to customers in their immediate market, there has been a tendency for some banks to make excessive commitments to national concerns whose business is only remotely connected to the local market. Aggravation of this tendency by large holding companies could create serious problems in periods of credit restraint.

The quality of loans is another potential hazard for banks, whether tied to holding companies or independent. Excessive reliance on larger banks for credit checks and financial appraisal of borrowers is a dangerous practice and one that might be encouraged under holding company arrangements. It will be necessary for both the holding company and subsidiary managements to guard against assuming that someone else has reviewed the creditworthiness of a particular borrower. Similarly, all units in a holding company will need to be careful about excessive credits granted a single borrower or his affiliates. Only through unified loan records and careful screening will the entire holding company be assured of prudent credit extensions.

As banking consolidates under the holding company device, the pressures and problems of regulatory control and public responsibility are likely to increase. It should be clearly understood that neither bank regulatory nor examination authorities are able to provide full protection of the public interest. They can only screen out the overt problems or unsound practices. Banks must compete, but in their competition must come sound management policies to protect depositors and stockholders alike.

Of importance to the developing consolidation of banking units is the increasing exposure to the possibility of large-unit failures, which could have more serious repercussions than the small-unit failures of the past. To avoid such large-unit problems, managements of holding companies bear heavy responsibilities for sound banking practices, support of national monetary policies, and strict adherence to regulations.

In many parts of the nation, the new holding company movement represents the first consolidation of banking units in many years. Certainly, in states limited to unit banking, the holding company provides the only avenue for concentration. The number of applications from Missouri, Florida, and Texas, for example, has been sizable, even without taking into account nonbank affiliate efforts. The structure of the banking industry in such states is truly undergoing a major revolution.

In Texas, as of December 20, 1972, there were 15 multibank holding companies with 71 subsidiaries, accounting for $9,491,300,000 in bank deposits, or 31.6 percent of the state total. If all pending applications were approved, 58 more banks would come under holding company control and nine more multibank holding companies would be created. The total of 24 multibank holding companies would account for over 42 percent of the state's bank deposits. In contrast, on December 31, 1971, there were nine Texas multibank holding companies controlling 32 subsidiaries, which accounted for 14.5 percent of total bank deposits in the state.

In some states, this restructuring is proceeding without regard to alternate forms—such as branching or merger—and, yet, the number of new units being chartered is still relatively high. The answer to this seeming contradiction is the continuous expansion of the major urban centers and the desire for banking outlets in each new shopping center, residential development, or even new cluster of office buildings.

In an overall sense, the banking structure yielding the best service in the public interest is, broadly, the most desirable. But the economic and financial justification of new banking outlets must be a factor in this overall appraisal. While it is possible to maintain the posture of holding company expansion as the only means of consolidation, consideration might be given to at least a study of metropolitan area branching. The advantages of branching authority would include evidence that opening or even relocating a branch costs less than chartering a new unit bank, even if it is consolidated into a holding company structure. A newly chartered bank must, of course, have the full panoply of directors, officers, and capital and space requirements, whereas a new branch needs only a building, a small number of officers and staff, and usually little or no specially devoted capital. Moreover, a branch can lay off its accounting, loan, proof, transit, payroll, and similar record-keeping operations to the head office, while a unit bank may find such complete spin-off more difficult.

Even though a *de novo* application is viewed in a generally favorable light, the charter and holding company applications and time requirements for approval make opening a new bank more difficult than opening a branch. Perhaps one of the critical differences is that it is easier to close or relocate a branch than a unit bank.

There are, of course, arguments in favor of unit banking and opposed to branching. However, many of these have faded with the holding company development and may diminish further as the development progresses. Whether or not branching is permitted is not a matter of critical importance to the Federal Reserve. There will be more holding company applications to investigate and process if branching authority is denied, and more unit banks will likely mean more end-point check distribution. Nevertheless, Federal Reserve functions can be handled under either form of banking organization.

Regardless of structural form, the banking industry—in company with many others—faces a considerable change in the focus of responsibility. It is no longer sufficient to make loans and investments, pay an adequate return to stockholders, and protect depositors' funds. These are still the core requirements of banking, and bankers who lose sight of them do so at their peril. But modern mores and attitudes place new burdens on bankers. They are to lead in supporting the development of minority enterprises, pay attention to the social allocation of credit, and participate in solving the pressing social, environmental, and economic problems of the nation. To some extent, the consolidation of banking structure may permit more diversion of credit to attack these problems, but such consolidation could divorce the decision makers from local problems and, to this extent, perhaps make the large units less sensitive to local needs. On balance, the bank holding company movement will not necessarily improve or reduce bank response because it will still depend upon management views of social and other problems. What is likely to occur, though, is that the large holding companies may increase the exposure and perhaps vulnerability of banking units to attack, both for personnel and other internal policies and for credit allocation and external policies.

Finally, the competitive policies of developing holding companies might be a matter of concern. At one level, such companies could institute competitive rates for both deposits and loans that could severely damage independent competitors. One could even envisage a "loss leader" war at some location for a limited time, supported by profit elsewhere among the company subsidiaries. In another aspect, rate policies could be set by the parent without regard to local conditions, leading to greater or lesser banking activity depending upon the position of its local subsidiary in relation to local competition. At another level of competition, the holding company must make its policies fit the environment within which it operates. The concern is whether the parent is a leader or follower and, if the latter, how far it will go in policies tending toward unsound banking conditions. The question, then, is resolved to whether competition will be settled at the poorest or best common denominator.

In summary, the holding company movement offers great challenges and opportunities for service and profit. But the demands on management will be proportionately greater. Bank managers in the 1970's and beyond must respond to the political, social, and economic pressures of the times. Nevertheless, such bank officials, especially those in multibank holding companies, will need to provide cohesive leadership to weld diverse subsidiaries into an effective and efficient financial organization.

Directors

FEDERAL RESERVE BANK OF DALLAS

Chas. F. Jones	(Chairman and Federal Reserve Agent), Dean, College of Business Administration, University of Houston, Houston, Texas
John Lawrence	(Deputy Chairman), Chairman of the Board, Dresser Industries, Inc., Dallas, Texas
Charles T. Beaird	President, Beaird-Poulan Inc., Shreveport, Louisiana
Thomas W. Herrick	President, Mesa Agro Inc., Amarillo, Texas
J. V. Kelly	President, The Peoples National Bank of Belton, Belton, Texas
Carl D. Newton	Chairman of the Board, Fox-Stanley Photo Products, Inc., San Antonio, Texas
A. W. Riter, Jr.	President, The Peoples National Bank of Tyler, Tyler, Texas
Hugh F. Steen	President, El Paso Natural Gas Company, El Paso, Texas
Robert H. Stewart, III	Chairman of the Board, First International Bancshares, Inc., Dallas, Texas

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Reed H. Chittim	President, First National Bank of Lea County, Hobbs, New Mexico
Gage Holland	Owner, Gage Holland Ranch, Marathon, Texas
C. J. Kelly	President and Vice Chairman of the Board, The First National Bank of Midland, Midland, Texas
Herbert M. Schwartz	President, Popular Dry Goods Company, Inc., El Paso, Texas
Wayne Stewart	President, First National Bank in Alamogordo, Alamogordo, New Mexico
Sam D. Young, Jr.	President, El Paso National Bank, El Paso, Texas

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Seth W. Dorbandt	Chairman of the Board and President, First National Bank in Conroe, Conroe, Texas
Kline McGee	Chairman of the Board, Southern National Bank of Houston, Houston, Texas
Bookman Peters	President, The City National Bank of Bryan, Bryan, Texas
Nat S. Rogers	President, First City National Bank of Houston, Houston, Texas
Alvin I. Thomas	President, Prairie View A & M College, Prairie View, Texas
M. Steele Wright, Jr.	Chairman of the Board, Texas Farm Products Company, Nacogdoches, Texas

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Ray M. Keck, Jr.	Chairman of the Board and President, Union National Bank of Laredo, Laredo, Texas
Irving A. Mathews	Chairman of the Board and Chief Executive Officer, Frost Bros., Inc., San Antonio, Texas
Pete Morales, Jr.	Vice President and General Manager, Morales Feed Lots, Inc., Devine, Texas
W. O. Roberson	President, First National Bank at Brownsville, Brownsville, Texas
Leon Stone	President, The Austin National Bank, Austin, Texas

FEDERAL ADVISORY COUNCIL MEMBER

Lewis H. Bond	Chairman of the Board and Chief Executive Officer, The Fort Worth National Bank, Fort Worth, Texas

Officers

FEDERAL RESERVE BANK OF DALLAS

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James L. Cauthen	Senior Vice President
Tony J. Salvaggio	Senior Vice President
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George F. Rudy	General Counsel
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Carl H. Moore	Vice President
James A. Parker	Vice President
W. M. Pritchett	Vice President
Fredric W. Reed	Vice President
Rasco R. Story	Vice President
Thomas R. Sullivan	Vice President
E. W. Vorlop, Jr.	Vice President and Controller
Sidney J. Alexander, Jr.	Assistant Vice President
Richard D. Ingram	Assistant Vice President and Assistant Secretary
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Jesse D. Sanders	Assistant Vice President
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Robert Smith, III	Public Information Officer and Assistant Secretary
J. A. Clymer	Operations Officer
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SAN ANTONIO BRANCH

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Frederick J. Schmid	Assistant Vice President
Thomas C. Cole	Operations Officer
Robert W. Schultz	Operations Officer

* Effective February 1, 1973

Statement of Condition

	Dec. 31, 1972	Dec. 31, 1971
ASSETS		
Gold certificate account	$ 377,502,527	$ 98,118,858
Special drawing rights certificate account	14,000,000	14,000,000
Federal Reserve notes of other Banks	44,100,994	47,844,180
Other cash	13,626,910	14,144,257
Loans and securities:		
Loans	41,335,349	575,000
Federal agency obligations	57,258,000	22,354,000
U.S. Government securities	3,048,048,000	3,180,010,000
Total loans and securities	3,146,641,349	3,202,939,000
Cash items in process of collection	707,043,679	1,102,233,436
Bank premises	11,982,842	9,172,934
Other assets	45,227,639	33,541,129
TOTAL ASSETS	$4,360,125,940	$4,521,993,794
LIABILITIES		
Federal Reserve notes in actual circulation	$2,297,888,016	$2,132,944,915
Deposits:		
Member bank—reserve accounts	1,373,170,041	1,437,406,205
U.S. Treasurer—general account	123,671,626	83,492,718
Foreign	15,950,000	15,680,000
Other	16,987,533	19,605,493
Total deposits	1,529,779,200	1,556,184,416
Deferred availability cash items	422,658,902	715,542,660
Other liabilities	23,493,122	35,292,403
TOTAL LIABILITIES	4,273,819,240	4,439,964,394
CAPITAL ACCOUNTS		
Capital paid in	43,153,350	41,014,700
Surplus	43,153,350	41,014,700
TOTAL CAPITAL ACCOUNTS	86,306,700	82,029,400
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	$4,360,125,940	$4,521,993,794

Earnings and Expenses

	1972	1971
CURRENT EARNINGS		
Loans	$ 629,906	$ 398,420
U.S. Government securities	171,213,105	169,726,271
Foreign currencies	61,007	148,319
All other	48,698	44,792
TOTAL CURRENT EARNINGS	171,952,716	170,317,802
CURRENT EXPENSES		
Current operating expenses	19,874,771	17,257,092
Assessment for expenses of Board of Governors	1,939,700	1,820,000
Federal Reserve currency:		
Original cost, including shipping charges	1,618,408	1,409,893
Cost of redemption, including shipping charges	25,817	27,307
Total	23,458,696	20,514,292
Less reimbursement for certain fiscal agency and other expenses	933,336	953,324
NET EXPENSES	22,525,360	19,560,968
PROFIT AND LOSS		
Current net earnings	149,427,356	150,756,834
Additions to current net earnings:		
Profit on sales of U.S. Government securities (net)	137,148	4,646,106
All other	1,271	73,594
Total additions	138,419	4,719,700
Deductions from current net earnings:		
Loss on sales of U.S. Government securities (net)	—	—
All other	2,856,648	530,319
Total deductions	2,856,648	530,319
Net additions or deductions (—)	—2,718,229	4,189,381
Net earnings before dividends and payments to U.S. Treasury	146,709,127	154,946,215
Dividends paid	2,519,557	2,418,835
Payments to U.S. Treasury (interest on F.R. notes)	142,050,920	150,657,530
Transferred to surplus	2,138,650	1,869,850
Surplus, January 1	41,014,700	39,144,850
Surplus, December 31	$ 43,153,350	$ 41,014,700

Volume of Operations

Federal Reserve Bank of Dallas
Head Office and Branches Combined

	Number of Pieces Handled[1]		Amount Handled	
	1972	1971	**1972**	1971
Loans	**149**	125	**$ 1,741,762,698**	$ 1,153,607,500
Currency received and counted	**256,748,656**	240,132,500	**1,947,729,550**	1,736,850,350
Coin received and counted	**588,034,450**	566,806,350	**68,313,239**	64,804,984
Checks handled:				
U.S. Government checks	**39,042,050**	39,575,323	**12,995,516,365**	12,105,582,485
Postal money orders	**12,438,271**	11,917,679	**331,743,350**	333,549,874
All other[2]	**531,219,368**	473,066,233r	**173,737,755,192**	157,343,240,339r
Collection items handled:				
U.S. Government coupons paid	**332,818**	350,862	**154,507,846**	145,832,314
All other	**734,286**	613,632r	**292,483,599**	168,521,957r
Issues, redemptions, and exchanges of U.S. Government securities	**11,522,337**	11,302,964	**16,066,573,497**	19,600,910,542
Transfers of funds	**544,215**	484,435	**966,488,555,230**	815,005,043,000
Food stamps redeemed	**62,927,407**	60,928,327	**133,670,345**	113,863,573

[1] Packaged items handled as a single item are counted as one piece.
[2] Exclusive of checks drawn on the F.R. Banks.
r—Revised.