

Federal Reserve Bank of Dallas

Statistics Newsletter

Summer 2002 Edition

The FR2900...A Line at a Time

B2 – Cash Items in Process of Collection (CIPC)

- Does this mean my cash letter?
- Does this include late deposits?
- Does this affect my reserves?

The answer to all of these questions is "Yes".

This item should contain checks, drafts, and other items drawn on another depository institution and immediately payable in the U.S. that are customarily cleared or collected in a cash letter. These contain items in the process of collection with:

- Federal Reserve Banks
- Other depository institutions
- Clearinghouses

The items **Include**:

- Items that will be forwarded the next business day
- U.S. Government checks
- Matured bonds
- Money orders
- Travelers checks
- Returned Items (chargebacks) drawn on another institution
- Unposted debits (items that would have been charged against customers accounts, but for some reason were not)
- Amounts associated with automated payment arrangements (such as payroll or recurring federal deposits) that are credited to the depositors accounts prior to the payment date

Items to **Exclude** are:

- Items not payable in the U.S.
- NSF's drawn on your institution
- Credit card and debit slips

The amount reported should be as of "close of business". Any items for which your institution does not have availability at that time should be included, regardless of whether you have availability by the next morning.

CIPC is a deduction in the calculation of reserve requirement. Therefore, the misreporting of this item could cause a higher requirement for your institution than necessary. It is also crucial to the accurate calculation of the money supply figures. The following example shows why:

Customer A writes a \$1000 check to Customer B.

Customer A	June 1
To: <u>Customer B</u>	<u>\$1000</u>
Amt: <u>One Thousand</u>	
	<u>Customer A</u>



Customer B deposits the check to his bank (Bank B). The funds show up on Bank B's FR2900 report as a deposit (A1c). The check hasn't cleared Customer A's account at her bank (Bank A), so the funds are also still being reported on Bank A's FR2900 report. Thus the funds are counted twice in the money supply figures *unless* Bank B reports the check in line B2 – CIPC. The funds are then subtracted from the money supply and are only counted once.

Bank B's FR2900 June 1
A1c 1000
B2 1000

Bank A's FR2900 June 1
A1c 1000



Once the check clears Customer A's account, it is no longer reported on Bank A's FR2900. Bank B has received availability so the check no longer shows up on Bank B's FR2900 in CIPC.

Bank B's FR2900 June 2
A1c 1000
B2 0

Bank A's FR2900 June 2
A1c 0

If you have any questions, please let us know and we will be happy to help!

This is just a summary of FR2900 reporting. For more details, refer to the instruction book or Regulation D. These can be found at www.reportingandreserves.org

Comparisons Between the FR2900 and the Call Report



Cash Items in the Process of Collection (CIPC)

Cash Items are defined similarly on both the FR 2900 and Call Report, and generally include any instrument submitted, but not yet credited, for the payment of money payable on demand. Checks are a common example. Collection is the process of presenting such items to the bank on which they are drawn in order to receive payment.

FR 2900 Line B2:

Definition includes the fifty states and the District of Columbia.

Call Report

FFIEC 041 Schedule RC-A, Item 1a

FFIEC 031 Schedule RC-A, Item 1a Column B:

Definition also includes items payable at offices in Puerto Rico and U.S. territories. Therefore, the amount reported on the Call Report may be higher than on the FR2900 report.

Holidays

The Dallas Fed will be closed on:

Thursday July 4 Independence Day



New Manager

We have a new manager in our area, although she is not new to our

department. Donya

Sonnier has been with the bank for 21 years. Most recently she has been a member of our technical staff. Prior to that she was a member of the Statistical Reports Section. We wish to extend her a welcome back to our area.



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