

The holdings of State and local obligations by banks of differing size groupings, in relation to bank assets, are shown in table 5. This tabulation is based upon examination reports of approximately 6,000 State chartered banks that are not members of the Federal Reserve System. For all these banks, the ratio of holdings of State and local obligations to total assets is 9.3.

TABLE 5.—*Relationships of holdings of State and local obligations to assets of insured nonmember commercial banks, analyzed by selected size of bank groupings, 1964*¹

[Dollars in millions]

Size of banks (total assets)	Number of banks	Holdings of State and local obligations	Total assets	Holdings of State and local obligations as a percent of total assets
Total.....	6,268	\$4,009	\$43,253	9.3
Less than \$1,000,000.....	422	11	314	3.5
\$1 to \$2,000,000.....	1,403	90	2,104	4.3
\$2 to \$5,000,000.....	2,342	558	7,677	7.2
\$5 to \$10,000,000.....	1,204	848	8,425	10.0
Over \$10,000,000.....	897	2,502	24,733	10.1

¹ Based on tabulations from examination reports of 6,268 banks examined by the Federal Deposit Insurance Corporation in 1964.

1. MATURITY DISTRIBUTION OF INVESTMENT IN STATE AND LOCAL OBLIGATIONS BY COMMERCIAL BANKS

A primary restraint pertaining to the management of assets that is inherent in the character of commercial banking relates to liquidity requirements. These requirements differ among institutions and at different points in time. But, in any case, they are determined by the need to satisfy any short range demands of claimants as they are presented. The maturity distribution of the investment account in State and local obligations can have important bearing on the liquidity position of any given institution.

There is no continuous series of data showing the maturity distribution of State and local obligations held by commercial banks. The whole banking system was surveyed in 1947 and again in 1956. Maturity data reported by bank examiners of some 6,000 State chartered banks not members of the Federal Reserve System have been tabulated for the years 1961-64. Summaries of these surveys are brought together in table 6. Noteworthy is the fact that there appears to have been a lengthening of maturities since 1961. The holdings in the 1- to 5-year maturity range decreased from 39.6 percent of all holdings in 1961 to 33.8 percent in 1964; in the 10- to 20-year range, the percentage increased from 11.5 percent to 18.5 percent.