

Loan Bank Board be directed by the Congress to authorize Federal savings and loan associations to accept time deposits for as short a period as 90 days subject to regulatory control of the Board. It seems apparent that the Board is reluctant to take action along this line without direction from the Congress.

The time deposits in commercial banks continue to pose a substantial competitive threat to the ability of savings and loan associations to attract an adequate supply of savings dollars. In support of this fact, the following statement is quoted from an article entitled "Changes in Time and Savings Deposits, July-October 1967" at page 42 of the January 1968 issue of the Federal Reserve Bulletin prepared by Miss Caroline H. Cagle of the Federal Reserve Board's Division of Research and Statistics:

The most rapid increase in any of the forms of time and savings deposits in the July-October period was in small denomination open-account time deposits (presumed to be mainly the 90-day-notice passbook deposits), which increased by 13 percent—also less than in the preceding two quarters. These deposits amounted to \$3.2 billion on October 31—75 percent more than the amount outstanding on January 31, 1967. While these instruments are offered by both large and small banks, the bulk of the deposits are in very large banks, where the offering rate is generally 5 percent.

The article continues on page 43 to state:

Among Federal Reserve districts the largest increase in consumer-type deposits in the three months ending October 31 occurred in the Boston District (4.6 percent) where the increase in savings and consumer-type time deposits topped all other Federal Reserve districts, reflecting in part aggressive promotion of new consumer-type open-account time deposits.

In commercial banks in the United States, total holdings of savings and time deposits increased by over \$12.6 billion from January 31, 1967, to October 31, 1967, to \$129.5 billion (January 1968 Federal Reserve Bulletin, p. 42, table 1). During that same period all operating savings and loan associations in the United States increased their savings accounts by only \$8.1 billion to \$118 billion (October 1967 Federal Home Loan Bank Board, table 2, Flow of Savings and Mortgage Lending Activity—All Operating Savings and loan Associations).

Mr. Chairman, if I may at this point, I would like to top the exhibit you put in the record earlier by offering this advertisement of the Republic National Bank of New York, which has a 5-percent per annum rate advertised on the 90-day account, and then in equally large figures, 7.21-percent average rate of interest in 13 years, 10 months, 11 days. This is from a very recent issue of the New York Times, March 28.

Senator PROXMIRE. Very well. It is good to have that.