

111-2-40
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April 2, 1935.

Mr. Willard R. Smith, Cashier,
Zion's Savings Bank and Trust Company,
Salt Lake City, Utah.

Dear Mr. Smith:

This will acknowledge your letter of March 30 containing suggested amendments to The Banking Bill of 1935 in order to accord to stock savings banks the same exemptions from certain regulations of the Federal Deposit Insurance Corporation and the Federal Reserve Board, now enjoyed by mutual savings banks. As I received a letter from President Grant in the same mail and have replied to him at some length, I am enclosing herewith a copy of my letter to him which I think covers the situation as I see it. 4/2/35

If the banking system of the country were divided into strictly commercial banks and strictly savings banks, the proposition which you sponsor would solve the present difficulty. However, inasmuch as the commercial banks of the country have accumulated upwards of ten billions of dollars in savings funds, partly through direct development of this business and partly through consolidation of savings banks with commercial banks, the commercial banks are entitled to consideration in all matters respecting the conduct of the savings side of their business. It does not seem to me that the proper solution lies in the direction of extending preferential treatment to an additional class of institutions. Rather, it seems to me, all institutions which enjoy the benefits of membership in the Federal Deposit Insurance Corporation should be equally subject to the regulations of that corporation which have been conceived with a view to developing and maintaining sound management and fair competition.

With best wishes, I am

Very truly yours,

M. S. Eccles,
Governor.

LC/lea
BY