

FEDERAL RESERVE BANK
of D A L L A S

Number 33.

FINANCIAL STATEMENT FORMS FOR FARMERS AND STOCKMEN.

February 26th, 1916.

TO THE MEMBER BANK ADDRESSED:

In the rediscounting operations of this bank since its organization a large proportion of the notes handled has been for member banks whose paper consists to a large extent of notes given by farmers and stockmen, and this has developed a demand by those banks for financial statement forms which set out more clearly the assets and liabilities of customers of that character.

To supply this need, we have prepared and enclose specimens of a form for farmers and one for stockmen, which we believe will be found to be comprehensive as well as simple. By having the blanks made in large quantities, we are able to furnish them to our members at the very low actual cost of 35¢ per hundred, and orders will be promptly filled upon receipt.

In view of the fact that these forms will contain very valuable credit information which it is impossible to show on the "Abstract and Summary" blank previously recommended for submitting copies of statements, we suggest that when offering the paper of stockmen and farmers of whom you have a statement, it be accompanied by a copy of the one which is retained in your files, showing the information on both the face and the reverse of the form.

There is evidence from all quarters that the practice of requiring borrowers of any consequence to furnish and renew from time to time statements of their financial condition is being developed very rapidly, and during the past twelve months this bank alone has distributed among its members nearly 100,000 blank financial statement forms. This practice should in the future result in a great reduction of the risk attending the extension of credit by members bank to their customers, as well as a material advantage to those customers themselves who are entitled to accommodation, for the reason that a clear statement of worth insures them of consideration by their bank, whereas lack of this information restricts their borrowing ability and makes the officers of the bank uncertain of the attitude to be assumed toward them. It is, therefore, a matter of self-interest for member banks to educate their customers along this line.

The evidences of cooperation that we have received in our efforts to further such a reform are very gratifying to the management of this bank, and the maintenance of our Credit Information Department should, and we have daily evidence that it will, result in a tangible benefit not only to our Executive Committee in considering offerings, but to the banks themselves in that they make a clearer exposition of their methods and a better presentation of the paper submitted.

It is hoped that this spirit of cooperation will continue and that we can all join hands in an effort toward the betterment of past methods of caring for the legitimate needs of the commercial and agricultural interests of this district.

Respectfully,

R.L. VAN ZANDT - Governor.