

**FEDERAL RESERVE BANK
OF DALLAS**

Dallas, Texas, October 1, 1937

COST OF CURRENCY AND COIN SHIPMENTS

To the Member Bank Addressed:

It has been the policy of the Federal Reserve Bank of Dallas for many years to absorb the cost of transportation incident to shipments of currency and coin to and from its member banks. This transportation expense has steadily grown during recent years due to an increase in the volume of such shipments as well as to higher postal rates. Our counting and sorting expense has increased proportionately during the same period. The total expense we absorbed in connection with our currency and coin operations during 1936 amounted to \$91,028.94.

A recent analysis shows that a large percentage of currency shipped to us by member banks is fit for further circulation. If the banks sorted their currency as to fit and unfit, shipping us the unfit currency and only such portion of the fit currency as might not be required to meet their anticipated early needs, it would substantially reduce the expense we are now absorbing in connection with both incoming and outgoing shipments.

The analysis also shows that a number of member banks shipped fit currency to us on the same days that other banks located in the same town ordered currency from us. If the banks needing currency had been supplied by the banks having an excess, we would have been saved the cost of transportation on the currency that otherwise would have been shipped to us, and also the cost of shipping currency that would otherwise have been ordered from us. A plan for the interchange of currency between local banks is in operation at several points in this district. It has been demonstrated that the arrangement is entirely practicable and in our opinion it can be adopted in many other cases, with satisfactory results.

Our currency and coin facilities are being extensively used by our member banks and we are desirous of continuing to render that free service to them. However, we feel that any useless or unnecessary expense now being incurred in connection with that service should be eliminated. We are sure we will receive the full cooperation of our member banks, which will be very greatly appreciated.

Yours very truly,

B. A. McKINNEY,
President