

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 67-262
December 28, 1967

FUNCTIONAL COST ANALYSIS

**To the Chief Executive Officer of the Member Bank Addressed
in the Eleventh Federal Reserve District:**

The Functional Cost Analysis Program offered by this Reserve Bank is close to completing its second year, and we are now preparing for its third year of operation. As most of you know, this service is available at no charge to all member banks in the Eleventh Federal Reserve District.

Functional Cost Analysis is a simplified form of cost accounting which will provide participating banks with a confidential report of comparative earnings and costs covering major bank functions for a full year. This cost study will enable participants to compare income, expenses, and earnings with groups of banks of similar size and deposit structure. Workpapers and instructions for collecting and submitting 1968 data will be provided. New workpapers are in process of being printed, and will be available early in 1968, much sooner than has been possible the previous two years.

In the past, one-day workshops have been held to explain this service, and this procedure will likely be followed for the forthcoming year. You may wish to attend a meeting before reaching a decision pertaining to participation in this program in 1968. Banks that are already participating may send representatives to these meetings as well.

A postal card is enclosed on which you may indicate your preference concerning participation in our Functional Cost Analysis Program during the coming year. Please return the card as promptly as possible.

Assistant Vice President Cowan is in charge of administering this program, and he will be pleased to provide additional information or answer any questions you may have concerning Functional Cost Analysis.

Yours very truly,

Watrous H. Irons

President