

FEDERAL RESERVE BANK OF DALLAS  
DALLAS, TEXAS 75222

Circular No. 69-314  
December 31, 1969

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 nearing the completion of its fourth 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 1970 data will be provided. In addition, "short form" Functional Cost Analysis workpapers will be available for optional use by banks with less than \$10 million in deposits. However, smaller banks may continue to use the regular workpapers and may wish to do so in order to participate in the complete program.

In the past four years one-day workshops have been held to explain this service; and, if a sufficient number of banks desire, a meeting of this nature will be held at a date to be designated later.

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.

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,

P. E. Coldwell

President