

# 1954 OPERATIONS

## OF THE FEDERAL RESERVE BANK OF ST. LOUIS

**T**HE TOTAL VOLUME of work handled by the Federal Reserve Bank of St. Louis again increased in 1954. In the accompanying table showing the volume of selected operations at the St. Louis office of this bank and its three branches, 11 of the 17 items are larger than in 1953. Furthermore, only three of the six categories showing some slackening in activity were in the areas where sizable numbers of items are normally handled each year.

As usual, the dollar volume of work done in 1954 reached striking proportions. Over \$58 billion worth of checks were cleared, almost \$38 billion in funds were transferred at the St. Louis office of this bank and its branches, over \$10 billion of United States securities were issued, exchanged and redeemed, approximately \$1.5 billion worth of advances (including renewals) were granted banks, and over \$1 billion in currency and coin were processed. Dollar volume was down from last year in a number of cases, reflecting among other things the lessened business activity generally.

While the figures in the table give a rough idea of the size and scope of operations during the year, there are numerous activities not represented there and several interesting developments that deserve further comment.

### Operational Activities

Check collection operations continued as the largest single function of the bank in terms of number of employees and volume of work handled. Productivity was increased, a factor being the addition of more floor space in improved quarters. A continued gain in use of the check routing symbol program was also experienced. About 92 per cent of the checks drawn on Eighth District banks bore the routing symbol at the end of the year, ranking the district in sixth place among the 12 Federal Reserve districts in this respect.

In the Money Department, a change in the method of sorting fit Federal Reserve Notes (those in condition for re-issuance) accounted for the slight relative drop in volume during 1954. Up to July 19, the law forbade a Reserve bank putting into circulation in its district any notes but its own. Consequently, the fit notes of all other Reserve banks received by it had to be sorted out and returned to the banks of issue. With a change in the law, the Reserve banks were given permission to pay out notes of other banks and in late July, discontinued the

practice of returning fit notes to the banks of issue. Instead, they began paying such notes out in their respective districts. In the past, this bank had consistently received from other Reserve banks more of its own fit notes—in number and in dollar volume—than it had sent

### COMBINED VOLUME OF OPERATIONS

AT THE ST. LOUIS BANK AND THE LOUISVILLE, MEMPHIS  
AND LITTLE ROCK BRANCHES IN 1954 AND 1953

Number of Pieces Handled	1954	1953
Checks (Total) .....	184,402,000	182,954,000
City Checks .....	25,304,000	24,689,000
Country Checks .....	98,963,000	97,811,000
Checks on this Bank .....	182,000	174,000
Government Checks .....	43,057,000	43,239,000
Postal Money Orders (cards) ..	16,896,000	17,041,000
Currency .....	215,198,000	223,640,000
Coin .....	365,974,000	329,941,000
Transfer of Funds .....	120,000	115,000
Non-cash Collections .....	470,000	429,000
U. S. Government Interest Coupons .....	673,000	723,000
Discounts and Advances .....	612	1,388
<i>Safekeeping of Securities:</i>		
Securities Received and Released .....	173,000	163,000
Coupons Detached .....	296,000	297,000
<i>Fiscal Agency Operations:</i>		
U. S. Savings Bonds Issued, Exchanged, and Redeemed .....	7,097,000	6,450,000
Other Government Issues .....	309,000	248,000
Withheld Tax Depository Receipts Processed .....	531,000	514,000
Treasury Tax and Loan Account Transactions .....	140,000	131,000
<i>Dollar Volume</i>		
Checks Handled (Total) .....	\$58,527,804,000	\$60,697,045,000
City Checks .....	34,111,540,000	37,728,457,000
Country Checks .....	14,316,663,000	14,062,546,000
Checks on this Bank .....	2,827,054,000	2,392,953,000
Government Checks .....	6,986,479,000	6,222,225,000
Postal Money Orders .....	286,068,000	290,834,000
Currency .....	1,284,335,000	1,373,107,000
Coin .....	32,250,000	29,416,000
Transfer of Funds .....	37,992,699,000	39,792,037,000
Non-cash Collections .....	341,685,000	368,797,000
Discounts and Advances .....	1,478,340,000	5,792,385,000
<i>Safekeeping of Securities:</i>		
Coupons Detached .....	26,772,000	25,102,000
<i>Fiscal Agency Operations:</i>		
U. S. Savings Bonds Issued, Exchanged, and Redeemed .....	809,644,000	651,243,000
Other Government Issues .....	9,827,636,000	8,038,132,000

Figures are rounded to the nearest thousand except for the number of discounts and advances.

back to the other eleven Reserve banks. Thus, with the discontinuance of the practice of returning fit notes to banks of issue, St. Louis began to show a reduction in the total volume of currency received from banks and a compensating increase in the volume of new currency put into circulation. Another activity not shown by the table is the wrapping of coin, which involved about 163 million pieces.

The handling of deposits of post office funds received from postmasters was undertaken by this bank on May 1. These deposits consist of currency, some coin, paid money orders, checks and redeemed United States Savings Stamps. By the end of the year, over 4,000 postmasters were forwarding remittances to this bank for processing. During the period, this bank received 252,780 remittances aggregating \$181,766,000.

Noncash collections, consisting of such items as drafts, promissory notes, stocks, bonds and coupons, increased in 1954 except for the number of United States Government interest coupons handled.

During 1954 the discount rate was lowered in two steps (February and April) from 2 per cent to 1½ per cent. However, since member banks' reserve positions generally were much easier and other methods of adjusting reserve positions were available, there was a very sharp drop in the aggregate amount and number of advances to member banks from 1953. There were no applications for industrial loan financing under Section 13b of the Federal Reserve Act in either 1953 or 1954.

Safekeeping of securities was provided by this bank for 476 of the 490 member and 514 of the 969 nonmember banks in the Eighth Federal Reserve District during 1954. Use of these facilities by nonmember banks is limited to the holding of savings bonds or of securities pledged either as collateral for the Treasury Tax and Loan Account or to secure deposits of public funds.

Fiscal operations constituted in 1954, as usual, the second largest related group of services of this bank from the standpoint of number of employees required. The bulk of the work of Fiscal Agency Department continued

to be the handling of Public Debt securities, with United States Savings Bonds requiring the largest proportion of employees' time. In addition, the department continued the verification and destruction of unfit United States Silver Certificates, handled subscriptions for new security offerings for the Commodity Credit Corporation and the Reconstruction Finance Corporation, and served as an intermediary in the collection of funds, particularly with regard to Federal Taxes.

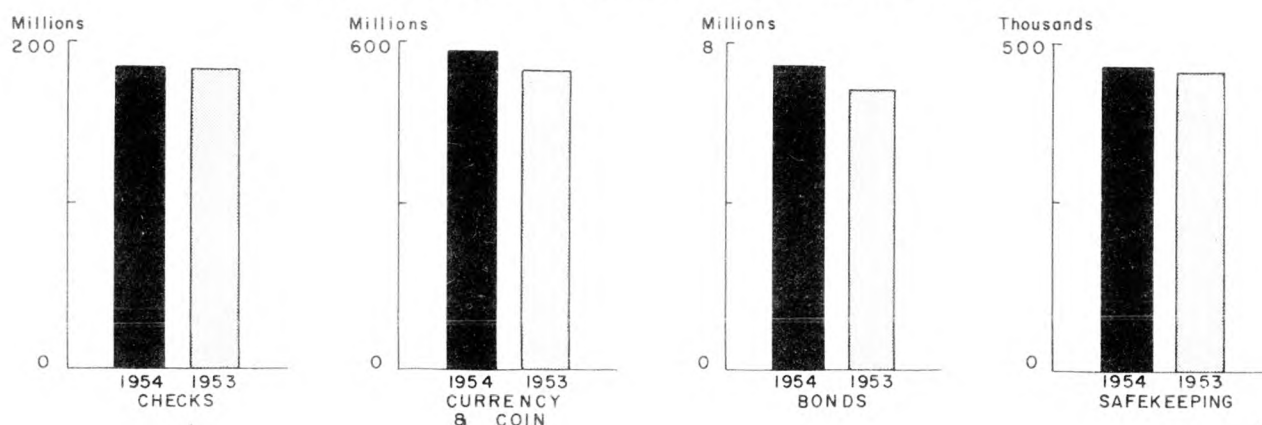
Central Tabulating Department, a newly formed department, began operations on May 1, 1954. The first task of this department was to tabulate deposit tickets covering deposits of surplus funds by Postmasters in certain areas of the Eighth District. Also, the machine processing of records on securities held in safekeeping was taken over by this new department. The next major job given the department was the integration of a tabulating installation to help Fiscal Agency Department process Federal taxes and savings bonds for the United States Treasury. In addition, various statistical analyses for use of the Research Department were prepared. During its eight months of operation, the work of this department has already involved the handling of millions of items.

A large part of the work of the Accounting Department during the year dealt directly with member banks. At the close of the year there were 490 member banks maintaining reserve accounts and 37 nonmember banks carrying accounts for settlement of check clearings with this bank. Throughout the year banks were furnished with daily transcript of entries that arose from collection and clearing of checks, noncash collections, transfers of funds, money shipments and receipts and other deposits and withdrawals of bank funds. The Accounting Department also recorded all internal expenses and income and kept track of transactions with other Federal Reserve Banks.

During the course of the year, under established policy, the Examination Department made examinations of State member banks in the district.

The Auditing Department made the customary internal audits of operations of this bank and its branches during 1954. In addition, the annual examination of the Federal

PIECES HANDLED—1954 AND 1953 (Selected Activities)



## DESIGNATIONS AND APPOINTMENTS ANNOUNCED IN DECEMBER

*By the Board of Governors of the Federal Reserve System.*

### **Federal Reserve Bank of St. Louis**

MR. M. MOSS ALEXANDER, President Missouri Portland Cement Co. St. Louis, Missouri	Redesignated Chairman of the Board and Federal Reserve Agent for the year 1955.
MR. CAFFEY ROBERTSON, President Caffey Robertson Co. Memphis, Tennessee	Redesignated Deputy Chairman of the Board for the year 1955.
MR. JOSEPH H. MOORE Charleston, Missouri	Reappointed Class C director for a three-year term beginning January 1, 1955.

### **Little Rock Branch**

MR. SHUFORD R. NICHOLS Des Arc, Arkansas	Reappointed director for a three-year term beginning January 1, 1955.
MR. A. HOWARD STEBBINS, JR., President Stebbins and Roberts, Inc. Little Rock, Arkansas	Appointed director for the unexpired portion of a term ending December 31, 1955.

### **Louisville Branch**

MR. PIERRE B. MCBRIDE, President Porcelain Metals Corporation Louisville, Kentucky	Reappointed director for a three-year term beginning January 1, 1955.
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### **Memphis Branch**

MR. A. E. HOHENBERG, President Hohenberg Bros. Company Memphis, Tennessee	Reappointed director for a three-year term beginning January 1, 1955.
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*By the Board of Directors of the Federal Reserve Bank of St. Louis.*

### **Little Rock Branch**

MR. H. C. MCKINNEY, JR., President The First National Bank of El Dorado El Dorado, Arkansas	Reappointed director for a three-year term beginning January 1, 1955.
MR. E. C. BENTON, President Fordyce Bank and Trust Company Fordyce, Arkansas	Appointed director for a three-year term beginning January 1, 1955.

### **Louisville Branch**

MR. M. C. MINOR, President The Farmers National Bank of Danville Danville, Kentucky	Reappointed director for a three-year term beginning January 1, 1955.
MR. W. SCOTT MCINTOSH, President State Bank of Hardinsburg Hardinsburg, Indiana	Appointed director for a three-year term beginning January 1, 1955.

### Memphis Branch

MR. JOHN A. MCCALL, President  
The First National Bank of Lexington  
Lexington, Tennessee

Reappointed director for a three-year term beginning  
January 1, 1955.

MR. WM. B. POLLARD, President  
National Bank of Commerce in Memphis  
Memphis, Tennessee

Reappointed director for a three-year term beginning  
January 1, 1955.

### Member of Federal Advisory Council

MR. W. W. CAMPBELL, Chairman of the Board  
National Bank of Eastern Arkansas  
Forrest City, Arkansas

Reappointed member of the Federal Advisory Council  
to represent the Eighth Federal Reserve District for  
the year 1955.

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Reserve Bank of St. Louis and its branches was made in December by the Chief Federal Reserve Examiner and his staff for the Board of Governors of the Federal Reserve System.

The general efficiency of operations throughout the year was aided by improvement in work scheduling and equipment and thorough maintenance of all property. Security measures also continued to be emphasized. New office space and floor plans that helped streamline operations were put into effect at St. Louis for Check Collection Department, Accounting Department, and the Savings Bond Division of Fiscal Agency Department.

### Developments at Branches

While the general activities of the branches are combined with parallel activities at the St. Louis office in this report, several branch developments not covered in the over-all picture deserve special note. At the Louisville Branch, a new site was acquired and preliminary planning for a new building was begun. At Memphis, a major space realignment of departments was carried out and a new cafeteria was established. At Little Rock, the interior of the branch building was redecorated.

### Other Activities

Besides the contacts maintained with banks in the Eighth District in carrying out actual banking operations, the Federal Reserve Bank of St. Louis continued to keep in touch with the financial and business community through other visits, conferences and meetings. Over 1,400 bank visits were made during the year. Over 350 meetings were attended and bank personnel directly participated in more than half of these. Programs in which the bank took part included a number of talks on business and banking, over 80 presentations of an educational lecture on banking and the money supply, and 15

conferences on agricultural credit. Many of the meetings were jointly sponsored with other groups such as banker's associations and colleges.

A seminar in central banking for Eighth District college and university specialists in these subjects was conducted at the St. Louis office in February. Over 3,000 visitors toured the bank's premises, at either St. Louis or one of the branches, and the bank was host to a number of special guests and international visitors. Films on the work of the Federal Reserve Bank and the System were made available for showing to numerous groups during the year.

Research continued during the year on a wide variety of problems of interest to the Federal Reserve Bank of St. Louis and the System as a whole. The department continued its regular data collection throughout the year and published certain results of its analyses and interpretations of the data in the *Monthly Review*. Also, a number of unpublished special studies were completed and new projects begun in 1954 in the fields of central banking and the Eighth District economy.

Total employment at the St. Louis and branch offices at the end of 1954 was 1,209 compared with 1,288 at the end of 1953. There was about the same relative reduction at all offices, accounted for in part by increased efficiency as a lower turnover was experienced. A total of 31 employees entered the 10-year club during the year and 9 entered their twenty-sixth year of service. Nine employees retired upon attainment of age 65.

Designations and appointments in December by the Board of Governors of the Federal Reserve System and the Board of Directors of the Federal Reserve Bank of St. Louis are shown above and on page 22.

There were also the following additional official appointments during 1954: Victor M. Longstreet was appointed Vice President and designated Manager of the Louisville Branch, replacing Charles A. Schacht, who

retired; Fred Burton was appointed Vice President and designated Manager of the Little Rock Branch, replacing Clarence M. Stewart, who retired; Donald L. Henry was appointed Assistant Manager of Louisville Branch.

#### *Earnings*

Total current earnings of the Federal Reserve Bank of St. Louis were \$18,352,000 during 1954, compared with \$25,448,000 in 1953. The decline was attributable to a reduction in this bank's holdings of securities in the Sys-

tem Open Market Account, a lessened volume of loans to member banks and a lower average yield on both securities and loans. Also, despite lower net expenses, net earnings before payments to the United States Treasury were substantially below 1953. Out of net earnings, \$10,381,000 was paid to the United States Treasury as interest on Federal Reserve notes, \$568,000 was paid to member banks as dividends and \$1,154,000 was transferred to surplus.

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## DIRECTORS AND OFFICERS OF THE FEDERAL RESERVE BANK OF ST. LOUIS

February 1, 1955

### *Directors*

M. Moss Alexander, *Chairman*  
Caffey Robertson, *Deputy Chairman*  
S. J. Beauchamp, Jr.    William A. McDonnell  
Phil E. Chappell            Joseph H. Moore  
J. E. Etherton            Louis Ruthenburg  
Leo J. Wieck

### *Officers*

Delos C. Johns, *President*  
Frederick L. Deming, *First Vice President*  
William E. Peterson, *Vice President*  
Howard H. Weigel, *Vice President and Secretary*  
Joseph C. Wotawa, *Vice President*  
Dale M. Lewis, *Vice President*  
G. O. Hollocher, *Assistant Vice President*  
Earl R. Billen, *Assistant Vice President*  
John J. Christ, *Assistant Vice President*  
Willis L. Johns, *Assistant Vice President*  
Stephen Koptis, *Assistant Vice President*  
Woodrow W. Gilmore, *Assistant Vice President*  
John J. Hofer, *Assistant Vice President*  
William J. Abbott, Jr., *Director of Research*  
George E. Kroner, *Chief Examiner*  
Orville O. Wyrick, *Assistant Chief Examiner*  
Gerald T. Dunne, *Counsel and Assistant Secretary*  
George W. Hirshman, *General Auditor*

### LITTLE ROCK BRANCH

Shuford R. Nichols, <i>Chairman</i>	H. C. McKinney, Jr.	Fred Burton, <i>Vice President and Manager</i>
Donald Barger	A. Howard Stebbins, Jr.	M. L. Bennett, <i>Assistant Manager</i>
E. C. Benton		Clifford Wood, <i>Assistant Manager</i>
Harvey C. Couch, Jr.		W. J. Bryan, <i>Assistant Manager</i>

### LOUISVILLE BRANCH

Smith Broadbent, Jr. <i>Chairman</i>	W. Scott McIntosh	Victor M. Longstreet, <i>Vice President and Manager</i>
David F. Cocks	M. C. Minor	L. K. Arthur, <i>Assistant Manager</i>
Magnus J. Kreisle	Noel Rush	L. S. Moore, <i>Assistant Manager</i>
Pierre B. McBride		Donald L. Henry, <i>Assistant Manager</i>

### MEMPHIS BRANCH

Henry Banks, <i>Chairman</i>	Ben L. Ross	Darryl R. Francis, <i>Vice President and Manager</i>
A. E. Hohenberg	John D. Williams	C. E. Martin, <i>Assistant Manager</i>
John A. McCall	John K. Wilson	S. K. Belcher, <i>Assistant Manager</i>
William B. Pollard		H. C. Anderson, <i>Assistant Manager</i>