

Federal Reserve System of  
[1921?]



# Truth and Facts

GIVING

## Fifty-Two Reasons

why you should support the Federal Reserve Banking System through the medium of this institution.

It is the strongest Financial System in the world.



### The First National Bank

MADISON, ILLINOIS



# FIFTY-TWO REASONS

WHY YOU SHOULD SUPPORT  
A BANK THAT IS A  
MEMBER OF

*The  
Federal Reserve System*



---

**TRUTH** and **FACTS**

BY

Officials and Bankers  
of National Reputation

# TRUTH AND FACTS

---

## MUTUAL INTEREST

**Y**OUR interest and ours alike are served by our membership in the Federal Reserve System. It insures our being able to meet all proper demands of depositors and borrowers.

\* \* \* \*

## GOLD RESERVE

**T**WO Billion, Two Hundred and Fifty Million Dollars in Gold—Eighteen hundred million dollars in gold is held by the Federal Reserve Banks as the reserve of the banks which are the members of the Federal Reserve System.

This bank, as a member of the system, shares in the protection afforded by this great reserve. As our customer you also share in this benefit.

\* \* \* \*

## CURRENCY PANIC

**T**HE Federal Reserve Banks keep on hand such an immense supply of currency available at all times promptly and without red tape to its member banks for the payroll and other needs of their depositors that currency panics may be eliminated in future.

\* \* \* \*

## BUSINESS PROTECTED

**T**HE business of our community is protected by the ability of this bank to rediscount its holdings of commercial paper when necessary with the Federal Reserve Bank.

Our customers share in the protection afforded by this great financial umbrella.

## TRUTH AND FACTS

---

---

### ENCOURAGES STABILITY

**C**ONFIDENCE in the Federal Reserve Banking System played an important part in the recovery of business from the adverse conditions following the outbreak of the European war, and is still helping to keep business on an even keel.

\* \* \* \*

### NEW BANK NOTES

**H**AVE you seen the new bank notes of the Federal Reserve Bank? They come in denominations of \$5, \$10, \$20, \$50, \$100. They are the best bank notes this country ever had. We will be glad to show them to you if you call.

\* \* \* \*

### SIMPLE AND PRACTICAL

**T**HE Federal Reserve Banking System is a simple and practical means of making the nation's credit liquid at all times.

As a member of that system, this bank is as independent of local conditions as it is humanly possible to make it.

\* \* \* \*

### AN IMPORTANT PRIVILEGE

**W**HAT is rediscounting? The most important privilege obtained by our membership in the Federal Reserve System is that of rediscounting. This means that when necessary, we can take our customers' notes and drafts which we hold to the Federal Reserve Bank and obtain cash in exchange.

## TRUTH AND FACTS

---

---

### FINANCIAL PREPAREDNESS

**T**HE United States began when the Federal Reserve System was organized. It will be complete when every citizen is doing his share by depositing with member banks.

\* \* \* \*

### MAKING IT EASY

**I**T IS taking out the ruts and sandy spots, the gullies and the steep hills which used to slow us up and jar us. You can get on this good road and enjoy all its benefits by becoming one of our depositors.

\* \* \* \*

### GOVERNMENT ASSURANCE

**T**HE U. S. Government is a partner in the Federal Reserve System. Doesn't the Government's deposit in this system assure you of its safety?

\* \* \* \*

### VALUE OF SYSTEM

**T**HIS co-operation greatly increases the value of the system to us and our community. Are you linked up with this new national system as one of our depositors?

\* \* \* \*

### LIQUID ASSETS

**O**UR policy has always been to keep the assets of our institution thoroughly liquid. Our membership in the Federal Reserve System accomplishes this aim to a degree previously impossible. In the Federal Reserve Bank we have an unfailing reservoir of cash obtainable in exchange for commercial paper which we hold.

## TRUTH AND FACTS

---

---

### GIVES ASSURANCE

**S**ECURE As Never Before—We have been in business for many years but at no time have we felt so secure against sudden calamity as since becoming members of the Federal Reserve System. It gives us assurance that we can realize upon a substantial portion of our assets at any time.

\* \* \* \*

### TRANSFER OF FUNDS

**T**ELEGRAPHIC Transfers—Through our membership in the Federal Reserve System, we are enabled to have telegraphic transfers of funds made to any part of the country at lowest cost.

\* \* \* \*

### PRINCIPLES RECOGNIZED

**T**HE banking methods of today are based upon the principles recognized and applied in the operation of the Federal Reserve System. You owe it to yourself to transact your banking business with a bank which is a member of this system.

\* \* \* \*

### CO-OPERATION

**T**HE U. S. Government co-operates with the thousands of member banks in maintaining the Federal Reserve Banking System for the protection of the business interests of the country.

\* \* \* \*

### A HUGE RESERVOIR

**T**HE system is like a huge reservoir of gold and currency with direct connections to all its member banks.

## TRUTH AND FACTS

---

---

### TRADE ACCEPTANCE

**O**NE of the more advantageous methods of borrowing encouraged by the Federal Reserve Banking System is the trade acceptance. We would like to tell you about this if you will call.

\* \* \* \*

### JOIN THE CIRCLE

**E**VERY one who deposits money with us becomes connected with this service at once.

\* \* \* \*

### COLLECTION OF CHECKS

**W**HETHER or not you are one of our depositors stop in and let us tell you something about the collection of checks; it is interesting.

\* \* \* \*

### PROTECTION AFFORDED

**T**HESSE vast resources are available to the members to enable them to serve and protect the industrial, commercial and agricultural interests of the country.

\* \* \* \*

### MASSED RESERVE

**T**HE bank you choose should be able in case of need to draw upon the massed reserves of the nation.

We are enabled to do so by rediscounting with the Federal Reserve Bank and are thus in a position thoroughly to safeguard the interests of our customers.

## TRUTH AND FACTS

---

---

### PRACTICAL SYSTEM

**T**HE Federal Reserve Banking System is not merely an emergency system for occasional use, it is an every-day banking system.

\* \* \* \*

### DEPOSIT WITH US

**I**F YOU want to top this system of which we are members, your connection can be made by depositing your money with us.

\* \* \* \*

### FREE INSURANCE

**I**NSURANCE Without Cost — After the currency panic of 1907, with all the losses it entailed, what would you have been willing to pay for insurance against another such disastrous experience?

Today, through our membership in the Federal Reserve Banking System, we are able to offer it to you without any cost whatever.

\* \* \* \*

### SAFE AND SOUND

**E**VERY saving depositor is interested in the Federal Reserve Bank, because it makes the banking business of the country safer and sounder than ever before.

\* \* \* \*

### BI-MONTHLY STATEMENTS

**A**LL member banks of the Federal Reserve System in addition to regular examinations by national and state bank examiners are required to furnish a statement twice a month to show that proper reserves have been maintained.

## TRUTH AND FACTS

---

---

### PROTECT YOUR MONEY

**Y**OU can give your support to this great Government enterprise and obtain its protection for your money by becoming one of our depositors.

\* \* \* \*

### NO DEPRESSION

**D**O YOU remember the shut-downs, the business depression and lack of employment which followed the currency panic of 1907?

\* \* \* \*

### FINANCIAL PREPAREDNESS

**F**INANCIAL preparedness in the United States really began eight years ago when the Federal Reserve System was organized. It will be complete when every citizen is doing his share towards the maintenance of the system.

\* \* \* \*

### MEANS ECONOMY

**S**EVENTEEN Thousand Banks— Through the Federal Reserve System we can collect checks on seventeen thousand banks at par and in the shortest possible time.

This is important to you as a depositor as it means economy and early returns.

\* \* \* \*

### PLENTY OF CURRENCY

**T**HE system was created primarily to help the business men and farmers; to provide plenty of currency at all times; to effect a steadier supply of credit.

## TRUTH AND FACTS

---

---

### MERITS OF A BANK

**T**HE Merits of a Bank—When you choose your bank you expect:

Safety for your deposits.

Certainty of accommodation.

Courteous and efficient handling of your banking transactions.

\* \* \* \*

### MERITS YOUR SUPPORT

**T**HE system merits the support of all good citizens, it must have yours in order to reach its full development.

\* \* \* \*

### OFFERS YOU PROTECTION

**B**Y DEPOSITING your money with us you receive the protection and new facilities which the system enables us to offer you.

\* \* \* \*

### HELPS BUSINESS

**H**AVE you ever driven over one of our new state or country roads? What the new roads have done for the driving and auto trade, the Federal Reserve is doing for the financial side of business.

\* \* \* \*

### GOVERNMENT CO-OPERATION

**T**HE United States Government co-operates with the 9668 member banks in maintaining the Federal Reserve Banking System for the protection of the business interests of the country. Through the Federal Reserve Board in Washington it supervises the twelve Federal Reserve Banks.

## TRUTH AND FACTS

---

---

### SAVE TIME AND MONEY

**A**S A member of the Federal Reserve System we are enabled to transfer funds to any part of the United States without delay and at lowest possible cost.

\* \* \* \*

### LIKE A STRONG CABLE

**T**HE Federal Reserve System is a great cable, each strand may be weak, but when combined can sustain the weight of a Brooklyn Bridge.

\* \* \* \*

### SAFER BANKING

**E**VERY saving depositor is interested in the new Federal Reserve Banking System, established by the United States Government, of which we are a member, because it makes the banking business of the country safer and sounder than ever before.

\* \* \* \*

### SAFEGUARDS YOUR INTERESTS

**W**E SAFEGUARD our depositors' interests by carrying among our assets a large amount of commercial paper which we can at any time convert into cash by rediscounting with the Federal Reserve Bank.

\* \* \* \*

### HONEST MANAGEMENT

**T**HESE frequent examinations and reports assure you careful and honest management.

## TRUTH AND FACTS

---

---

### YOU BENEFIT

**W**HETHER you are a large or small depositor, have a checking or saving account, we give you the benefit of this most modern banking service.

\* \* \* \*

### FIVE BILLION DOLLARS

**F**IVE Billion Dollars In Fund—If you would like to have this nation-wide fund back of you, let us write or talk with you about it.

\* \* \* \*

### PROTECTS BANKING

**P**ROVIDING Banking Protection—The vast resources of the Federal Reserve System, now over a thousand million dollars, are contributed by the depositors in banks which, like ourselves, are members of this great system.

\* \* \* \*

### BE CONVINCED

**I**F YOU are not convinced that the Federal Reserve offers you every degree of safety and service required by good banking, come in and tell us what you want.

\* \* \* \*

### SAFETY ALWAYS

**S**AFETY ALWAYS is a good motto for a bank. We make it ours by our membership in the Federal Reserve System with the privilege of obtaining advances of cash upon our commercial paper at any time.

## TRUTH AND FACTS

---

---

### EXCESS EARNINGS

**T**HE Federal Reserve Bank cannot pay more than 6 per cent on their capital stock. All excess earnings go to the Government after certain reserves are created.

\* \* \* \*

### PREVENTS PANICS

**T**HE Federal Reserve System makes it practically impossible for another of those currency panics which in the past have caused business depression periodically.

\* \* \* \*

### BANK WITH MEMBER

**Y**OU can assist in perfecting our nation's banking organization by carrying your account with a bank which is a member of the Federal Reserve System.

## TRUTH AND FACTS

---

---

### GIVES ABSOLUTE PROTECTION

---

*Panic Likely to Affect All Banks in Locality  
at Same Time*

---

**T**HERE is no question but that a deposit in an equally sound financial institution is safer, if that institution belongs to the Federal Reserve System than if it is outside of the system. This enhanced safety is based on the central reserve to which a member bank can turn in case of an unexpected emergency. A soundly administered bank is in no danger of being obliged to close its doors in normal times. But in case industrial depression, public distrust and panic conditions develop a member bank can turn to its Federal Reserve Bank and instantly receive assistance up to the limit of its holdings of eligible paper, while a non-member bank is dependent at such times on the good-will and ability to help of other banks or banking associations which may or may not be in a position to come to its assistance even if they so desire. For a panic is likely to affect all the banks in the same locality at the same time, and, under the common pressure, no bank may be strong enough to do more than meet the demands of its own depositors. At such times the Federal Reserve, as its very name implies, becomes a safeguard of all fundamentally sound members of the system. If many or all the member banks in a district are in need of accommodation at the same time and

## TRUTH AND FACTS

---

---

if as a result the pressure on the resources of the Federal Reserve Bank of that district is temporarily too great it can call upon the Federal Reserve Banks of other districts which will discount or purchase some of its paper and thus help it tide over the difficulty. Membership on the part of a deposit bank in the Federal Reserve System, therefore, affords practically absolute protection to depositors against loss occasioned by circumstances beyond the bank's control.

Against unsafe practices by a bank, membership in the Federal Reserve System is, of course, no absolute guarantee. The great majority of member banks are national banks and are regularly examined by examiners connected with the Office of the Comptroller of the Currency who is an ex-officio member of the Federal Reserve Board. Non-national member banks, that is State banks or trust companies, are not under the supervision of the Comptroller but may be examined at any time by the Federal Reserve Bank of which they are stockholders on its own initiative or at the request of the Federal Board which is also authorized to examine any member bank through its own representatives (Sec. 9, p. 5). Such examinations have actually been made in not a few cases. A copy of the Federal Reserve Act is enclosed in which the sections relating to examinations are underlined. The Board may and frequently does accept the results of examinations made by State examiners, but the

## TRUTH AND FACTS

---

---

fact that a bank is subject to a Federal examination unquestionably contributes to the depositor's security. Furthermore, examinations by Federal officials are as a rule more thorough than those by officials of at least some of the States.

To sum up, membership by a bank in the Federal Reserve System protects its depositors in times of panic or depression by affording them the support of a centralized reserve, and safeguards them against mismanagement by making the bank subject at any time to examination by a Federal official.

\* \* \* \*

### SUBSTANTIAL BENEFITS

**T**HERE can be no question of the fact that without the existence of the Federal Reserve System, the banking business of this country would have been in a very woeful state during the last two or three years. Therefore, the depositors of all banks (non-member as well as member) have derived very substantial benefits from the system; benefits so substantial that it seems to us that every depositor in a state bank, eligible for membership in the system, should be interested in knowing why his bank has not become a member unless it has done so.

The fact that depositors generally have not a clear idea of the difference between a member and a non-member, and the advantage of dealing with a member bank, is

## TRUTH AND FACTS

---

---

due very largely to the fact that, owing to the peculiar circumstances under which the Federal Reserve System has developed so far, many member banks have been willing to pass over to non-member banks nearly all, if not all, of the benefits which they themselves derive from membership. In this situation, two things are possible.

First, the time may come when there will not be a sufficient volume of benefits to give everybody all that he wants. In such case the benefits of the system would be very much more rigorously restricted to members than they are now or have been in the past.

And, second, the time may come when member banks generally will realize that they are doing rather a foolish thing to carry the entire burden themselves and divide the profits with others who are not carrying it.

If the time ever comes when eligible non-member banks are cut off from the benefits of the Federal Reserve System to the extent that it is perfectly practicable for the member banks to cut them off, it would take the average business man a very short time indeed to realize and appreciate the difference between dealing with a member and a non-member.

\* \* \* \*

### **CLOSER SUPERVISION**

**T**H**ERE** is a closer supervision exercised over the affairs of these banks which are members than was possible before the establishment of the system. Member

## TRUTH AND FACTS

---

banks are now required to render to the Federal Reserve Banks, at stated intervals, comprehensive reports covering certain essential phases of their activities, and these reports are minutely analyzed and digested and the results laid before the executive officers of the Reserve institutions for their consideration. In addition, close co-operation is maintained with the examining forces of the State and National Banking authorities which, with the independent powers of examination granted to the Federal Reserve Banks when necessary, makes for a very thorough knowledge of the member bank's affairs and policies.

The natural effect of such knowledge would be an effort by the bank to so conduct its business as to avoid criticism on account of statutory irregularities or questionable administrative or credit policies. This should in no sense be misconstrued. The great majority of our member banks have not found it necessary to alter their previous policy in this respect upon the assumption of their membership, while it is equally true that the same high standard may readily be found in a large proportion of non-member institutions.

Again, it may be possible that the element of service is entitled to some consideration in this connection. The ability to obtain prompt shipment of currency or coin in any quantity or denomination desired, and the readiness of the Federal

## TRUTH AND FACTS

---

---

Reserve Banks to make equally prompt transfers of funds together with the present and contemplated enlargement of the check collecting facilities of the system, all offer a more or less indirect appeal to the potential depositor.

Yet it remains a fact that the elements of safety and service cannot be considered either as surely resulting from the membership of a bank in the Federal Reserve System, or solely an attribute of member banks alone. As a matter of fact, the bank depositor is influenced by factors other than those of safety and service. Local conditions, personal acquaintance, and personal preference have material weight and must be taken into consideration.

\* \* \* \*

### GREATER POSSIBILITIES

**I**F, AS one banker says, "there are 500 accounts opened in this town every day, and it is safe to say that not a solitary account is opened with any one of the banks because of its being a member of the Federal Reserve System, the fact of whether they are members or not has no bearing of where they open their account." My reply would be that the banks in that town are not awake to their duty in impressing on the public the greater possibilities as to banking with members of the Federal Reserve System.

## TRUTH AND FACTS

---

---

No properly managed bank can fail by reason of a run or shortage of currency. The discount privileges make it possible for the industries of the locality to be taken care of.

The transfer of funds through the Gold Settlement Fund does away with the tight money in crop moving times. It is possible that the money of a locality may be left in the locality by reason of membership.

There are a great many strong and well-managed banks outside of the system today that would be entirely helpless if the system were not in existence.