

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, February 26, 1930 at 11:55 a.m.

PRESENT: Governor Young
Vice Governor Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Cunningham
Mr. Noell, Asst. Secretary

The minutes of the meeting of the Federal Reserve Board held on February 25th were read and approved.

Governor Young stated that he met this morning with the committee recently appointed to make a study of the subject of member bank reserves and had suggested to the committee that the Board may find it desirable to also appoint the members of the committee on reserves as a committee to study the development of chain, group and branch banking in the United States. He stated that, inasmuch as the committee would have to give considerable thought to this subject, in connection with its study on reserves, the members would be willing to serve on both committees should the Board desire to take such action.

After discussion, upon motion, Messrs. Goldenweiser and Smead of the Board's staff, and Messrs. Rounds, Fleming and Clerk, representing the Federal Reserve banks, were appointed as a committee to assemble and digest information on branch banking as practiced in the United States, group and chain banking systems as developed in the United States and elsewhere, the unit banking system of the country, and the effect of ownership of bank stocks by investment trusts and holding corporations.

The Governor then presented, and the Assistant Secretary read, draft of a proposed letter to the Chairman of the House Banking and Currency Committee, in reply to his letter of February 21st on the subject of chain, group and branch banking; the proposed reply stating that the Board has studied this

2/26/30

-2-

subject for a number of years and has enlarged the field of its work to a committee, including representatives of the Federal Reserve banks, but as it feels the matter is one of the most important and most difficult problems in banking changes before the country at the present time and as it believes there should be available more complete information regarding the cause, organization and effects of branch, group and chain banking, it refrains from selecting a representative to appear before the committee; that any member of the Board would be glad to appear before the committee; and offering the services of the Board's Research and Statistical Division and the cooperation of the Board in conducting its study.

After discussion, upon motion, copy of this letter was ordered furnished to each member of the Board.

A general discussion then ensued as to the merits of the different systems of banking now existing in the United States, and the causes of bank failures.

Dr. Miller stated that it has been called to his attention that the representative of the banks which recently petitioned the Board to require the Federal Reserve Bank of Kansas City to establish a branch at Wichita, Kansas, has not been officially advised of the action taken by the Board on their petition on February 21, 1930.

Upon his motion, the Assistant Secretary was instructed to send a letter to Honorable Chester I. Long, spokesman of the petitioning banks, advising him that the petition had been disapproved.

This motion, being put by the Chair, was unanimously carried.

Reference was then made to the discussion had at the meeting on February

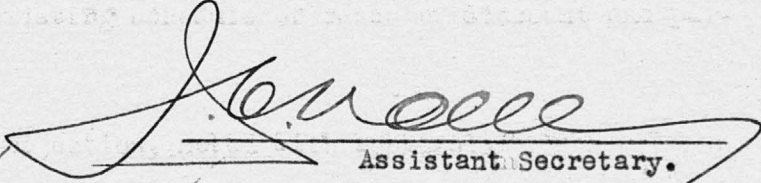
2/26/30

-3-

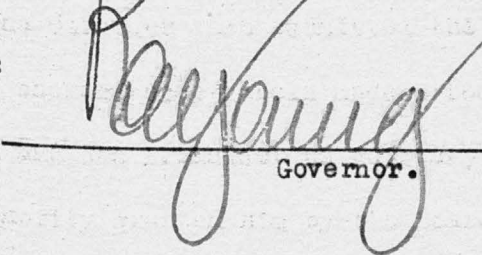
21st, regarding the advisability of the Board making a survey of the entire subject of branch Federal Reserve banks with a view of determining under what circumstances the establishment and maintenance of a branch Federal Reserve bank is justified from an economic and public service standpoint.

After discussion, upon motion, the Governor was requested to prepare a resolution along the lines suggested at the meeting on February 21st for consideration by the Board at a later meeting.

The meeting adjourned at 1:10 p.m.


Assistant Secretary.

Approved:


Governor.