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Connecticut. National banking committee.

Petition to review the assignment of the national banks of western Connecticut to the Federal reserve district no. 1 (Boston) and to alter the district boundaries so that national banks may be included in the F.R.district of New York.

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TO THE FEDERAL RESERVE BOARD.

In further support of the petition already filed with your Honorable Body to review the assignment of the National Banks of Western Connecticut to the Federal Reserve District number one of Boston and to alter the district boundaries so that the National Banks of Western Connecticut may and shall be included in the Federal Reserve District of New York #2 we beg to present to you herewith such additional information and statistics bearing upon this matter that could be obtained to showed the preponderating amount of business of all of this section which naturally goes to New York and that the trend of all of our business banking and commercial is to New York and not to Boston.

You have already had presented to you a petition signed by 52 member banks located in the below named counties all west of the Connecticut River and representing all of the member banks of this section with the exception of two, who did not sign the petition.

This change, if granted, would mean the setting off from the Boston District to the New York District of the Banks in the following counties and population except those parts of Hartford County and Middlesex County which are East of the Connecticut River.

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New Haven	County	337,282
Middlesex	"	45,637
Hartford	"	250,182
Litchfield	"	70,260
Fairfield	"	245,322

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The capital and surplus of the banks signing the petitions forwarded are \$24,161,000; their deposits are \$67,769,878.31.

The capital and surplus of the two member banks not signing the petition are \$1,900,000: their deposits are \$5,912,599.40.

These figures are taken from the report to the Comptroller of the Currency as of May 4, 1915.

Before passing on to the arguments and reasons why we believe this section of Connecticut should be assigned to New York instead of to Boston we beg to explain that the Committee having in charge this important matter represents only the National Banks of this State and not the Connecticut State Bankers Association as the President of that Association, decided that this was not a matter for the Association to foster or support on account of the large number of Trust Companies and State Banks members thereof, which were non-members of the Federal Reserve System. This Committee does, however, represent the member banks and was duly elected by them to further this project.

In order that your Honorable Board should have full information of the trend of not only the banking but commercial business of this section member banks were circularized with the request for accurate information bearing on this important

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point, and returns received from all but four very small Banks so that the table on the last page hereof shows as clearly as possible the actual business relations of these points between New York and Boston.

It can there be noticed that there is fully ten times as much commercial business of western Connecticut with New York as with Boston. In addition, the ties both commercial, financial and social are almost entirely with New York. All of our industries and enterprises do a very much greater amount of business with New York than with Boston a large number of whom have offices and salesrooms in New York and very few in Boston.

It is also found from the reports received from the banks in this section that of the checks which they receive on deposit drawn on the cities of New York and Boston from 75 to 90% are drawn on New York City and on account of the large volume and amount of these checks payable there it is imperative that they be sent directly to New York in order to insure prompt presentation and protest in case of non-payment.

It is therefore a self evident fact that it will always be necessary for the banks of this section to keep accounts with New York which will mean the tying up of additional funds with but very slight returns, if any, and which can be made entirely unnecessary if this section of Connecticut can be assigned to the Federal Reserve District of New York.

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The necessity of still carrying large balances in New York will look up to that additional extent the loanable funds of these banks and will be a detriment and a hardship not only to the banks but of greater loss to the business community.

It is also well known that Boston funds are not in demand in any part of this section and if any of the member banks happen to have a surplus of Boston funds their only recourse is almost without exception to have that surplus transferred to New York causing delay and expense.

It may be said that these checks can be sent to Boston and immediate credit secured with the Federal Reserve Bank of Boston. Even if this is so, it means a loss of 24 hours in the presentation of the checks which might mean at any time considerable loss through delay in presentation, particularly as the direct and natural course is to New York.

It is also a fact that a very much greater volume of checks drawn on these banks are received in New York which also shows how much closer is the relationship existing between New York City and Western Connecticut than with Boston.

The question of currency shipments and receipts naturally arises in connection with this matter as many of our banks either must constantly be supplied with currency or accumulate a surplus which they must ship away. Inquiry on this point

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shows that practically all of the currency required by the banks of this section is procured in New York and that while the shipments away are not large they are all to New York and not to Boston.

Another factor to be taken into consideration is the greater activity of the business of the banks in this section with New York than Boston, and we find that practically all requests for drafts made by customers are for New York funds, requiring drafts on New York and that rarely, if ever, are they asked for Boston funds, so that while the New York accounts of all of these banks are exceedingly active, on the other hand their accounts with the Boston banks are very inactive and with a very small number of drafts drawn per year.

Furthermore all Clearing House settlements in all of these cities where clearing houses are established have been for years and must be made in New York funds which requires all of these banks to carry liberal balances in New York to cover any unusual demands on account of these settlements.

Foreign Exchange is dealt in to a very large extent and as New York is the principal center for this and it can be obtained at a better rate and very much quicker than with Boston all of this business goes to New York requiring New York funds.

The relations existing between the banking institutions of western Connecticut and the banks of New York City have always been most cordial and most of the transactions carried on through personal contact resulting thereby in mutual advantage.

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All of these banks have always found the New York institutions a fruitful source of information and help in many ways that could not possibly be obtained in Boston and which in large measure is made possible by the close friendly and business relationship existing for so many years between them.

Access to New York City from western Connecticut is much easier, quicker and shorter than to Boston and the people of this section visit New York many times during the year and seldom, if ever, go to Boston. It is quite possible, and in fact easy, for all of these bankers to reach New York, transact their business and return home during business hours; while the trip to Boston is not only longer but on account of train schedules is an almost impossible one to make in one day and absolutely impossible during banking hours.

Telephone connections form an important part of the day's work in every bank and this service is immeasurably quicker and in most instances cheaper than with Boston.

It has, we think, clearly been shown that if these banks are left in the Boston District they will still be obliged to have New York accounts, and naturally their sympathies, their friendships, their interests will always be with New York Institutions and there can be no considerations or facilities which Boston can offer that will draw them there.

Under these circumstances it would seem that no artificial separation should have been made which would in any way interfere with the continuance of these friendly business relations and the help which these institutions can give to these banks.

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We believe that another point to be taken into consideration is that to make the Federal Reserve System the unqualified success that it must and ought to be for the benefit of business and the country it will be necessary to have as many of the State Banks and Trust Companies become members and a part of the system as possible, and it is our firm belief that should this section not be re-assigned to New York these institutions will not affiliate with it, and, if they do not join it means that in many ways they will have the advantage of the National Banks and will enjoy privileges and benefits which will be a detriment to the National Banks and undoubtedly to some extent injure their business; so that so far as possible the business of these banks should be protected and they be allowed to do business with the financial center which is their natural and most beneficial one.

Ever since the beginning of the National Banking System these banks have always transacted the majority of their banking business with New York which is their natural center and to which mostly all business of a financial as well as commercial nature automatically flows. To try, therefore, to change this natural flow and trend to an artificial and forced point seems, if we may be allowed to use the simile, like trying to make water flow up hill. If left in the Boston District these member banks can never derive the benefits from the system which they ought to because it will be unnatural, inconvenient and



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burdensome. Banking and business will always follow the path of least resistance and it cannot be gainsaid that in this case their path leads to New York, no matter what artificial barriers are erected to change or prevent it.

It does not seem, therefore, that if, as we believe we have shown, 90% of our business is with New York and that practically all of our business relations are identified with New York that these banks should be left in a district where their financial and business interests are almost nil and its transaction unnatural, expensive and uneconomic and to that extent to prevent and deny these banks the privileges, advantages and benefits of the Federal Reserve System which they never can derive unless re-assigned to the New York District, to which they naturally belong.

The intent of the law as we understand it, is to be a benefit to, not only the banks of the country but its system of finance and to correct and put upon a substantial basis our currency system; but if the districts are not to be made according to the natural currents of trade and an artificial segregation and boundaries made, it will largely defeat the aims sought and make the law largely inoperative in those sections which are not joined to the districts where they naturally and rightfully belong, and where from time immemorial their business has been transacted.

This committee, therefore, respectfully requests that

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this question be very carefully considered by your Honorable Board and some redress afforded these banks in the section indicated. We bespeak your most careful deliberation and suggest an oral hearing if it be thought wise or necessary and that we shall be only too glad to send representatives of these banks to attend any such hearing on any date you may appoint.

Respectfully submitted,

NATIONAL BANKING COMMITTEE OF CONN.

HARRY V. WHIPPLE, Chairman,

Merchants National Bank,

New Haven, Conn.

HENRY E. SPERRY,

National Exchange Bank,

Hartford, Conn.

L. B. POWE,

Connecticut National Bank,

Bridgeport, Conn.

**Statistical Sheet compiled from information furnished by the  
National Banks of Western Connecticut.**

County	Popula- tion	Time to N.Y.	Time to Boston	Telephone Communi- cation	Currency Ship- ments	% of Bking. with New York	% of Com'l. with New York	Visits of Repre- senta- tives to New York	Visits of Repre- senta- tives to Boston	Character of Pop- ulation
Fair- field	246322	50 min- utes to 2 hours Direct	5 to 7 hours Direct except 4 towns	quicker and Cheaper to N.Y.	All to or from New York none Boston	90-99	75-100	1 to 2 times a week	Never with one excep- tion and that seldom	Mfg. Commuting Farming
Hart- ford	207973 Exclu- sive of 7 towns East of Ct. River	2½ to 3 hours Direct	3½ to 4 hours Direct	quicker and Cheaper to N.Y.	All to or from New York none Boston	75-100	75-90	Frequent- ly	Never to once a year	Mfg. Insurance Farming
Litch- field	70260	3 to 4 hours Direct	4½ to 6 hours In- direct	quicker and Cheaper with one exception to N.Y.	All to or from New York none Boston	75-90	60-90	Occasion- ally Two fre- quently	Never	Mfg. Farming
Mid- dlesex	37400 Exclu- sive of 3 towns East of Ct. River	3 hours Direct	4 hours Direct	Cheaper to N.Y.	All to or from New York none Boston	85	70-75	Frequent- ly	Never	Mfg. Farming
New Haven	337282	1½ to 2½ hours	3½ to 4½ hours	quicker and Cheaper to N.Y.	All to or from New York none Boston	85-95	75-90	1 to 3 times month	Never to once a year	Mfg. Farming