

FEDERAL RESERVE BOARD

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Washington, D.C. May 6, 1915.

A coordinated banking system, embracing in its membership State institutions as well as National banks, is the aim of the Federal Reserve System.

There can be but one American credit system of nation-wide extent, and it cannot attain its fullest potentialities if it rests upon an incomplete foundation, and fails to include the greater part of the strong and well managed banks of the country, whether large or small.

In the development of the new banking system, far-sighted and unselfish cooperation is expected of the banking community, and it seems clear that some basis can be found for harmonizing differences of interest or advantage existing among the National banks, State banks or trust companies, so far, at any rate, as may be necessary to secure the effective coordination of these different types of banking institutions in the Federal Reserve System.

Appreciating fully that the strength of the Federal Reserve System is to be gauged by the quality of its members, rather than by their number, the Federal Reserve Board is prepared to use all the broad discretionary powers vested in it by the Federal Reserve Act to bring about this coordination. The Board has sought, in the regulations governing the admission of State banks and trust companies hereto appended, first, to establish only such reasonable standards of admission as will be generally recognized as necessary to protect the Federal Reserve System against the admission of banks which would be a source of weakness rather than of strength, and, second, to prescribe only such regulations governing their conduct as will insure a reasonable conformity to fundamental principles deemed essential to the success of the new banking system.