

## EX-OFFICIO MEMBERS

WILLIAM G. MCADOC  
SECRETARY OF THE TREASURY  
CHAIRMAN

JOHN SKELTON WILLIAMS  
COMPTROLLER OF THE CURRENCY

## FEDERAL RESERVE BOARD

WASHINGTON

W. P. G. HARDING, GOVERNOR  
PAUL M. WARBURG, VICE GOVERNOR  
FREDERIC A. DELANO  
ADOLPH C. MILLER  
CHARLES S. HAMLIN

H. PARKER WILLIS, SECRETARY  
SHERMAN P. ALLEN, ASST. SECRETARY  
AND FISCAL AGENT

ADDRESS REPLY TO  
822  
FEDERAL RESERVE BOARD

October 2, 1916.

Dear Sir:

At the recent conference in Boston each of the Governors present gave approximate figures of the cost of clearing and the opinion was freely expressed that the figures fixed by the Transit Committee of  $1\frac{1}{2}\phi$  per item was more than high enough to fully cover the actual cost, omitting it is true, certain overhead expenses, which it was thought should not be charged to this account.

The belief was also generally expressed that it was desirable to keep the cost down to the point where the Banks would be rendering this service to their members on a cost basis and not on a basis that would yield them profit.

More recent experience indicates a cost in Boston of  $\frac{9}{10}$ ths of a cent, and in New York of 1 cent per item, so that the time seems not far distant when this important service can be rendered to member banks not for  $1\frac{1}{2}\phi$  per item but for perhaps one half that cost, and eventually as an expense which can be absorbed as part of the operating expenses of the Reserve Banks. This would tend greatly to popularize the service, and perhaps go farther than any one thing to bring in State Banks, hence we should be glad to know what you think can be done in the matter.

Very truly yours,

Chairman, Committee on Clearing.