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AND FISCAL AGENT

ADDRESS REPLY TO  
FEDERAL RESERVE BOARD

December 26, 1917.

Dear Sir:

It appears that in some sections of the country it is not customary for national banks, state banks, and trust companies which have savings departments to require the presentation of the pass-book whenever savings accounts are withdrawn, and in some cases national banks have indicated that they are at a disadvantage by reason of the Board's regulation as to savings accounts. To meet this situation it has been suggested that Regulation D, Series 1917, be amended insofar as it relates to savings accounts, to read as follows:

"The term 'savings accounts' shall be held to include those accounts which are usually carried on the books of the banks in ledgers or accounts separate and distinct from commercial or checking deposits; which are not ordinarily used or drawn against by the depositor for current expenses and which, by the printed regulations of the bank, accepted by the depositor at the time that the account is opened - -

(a) The depositor may at any time be required by the bank to give notice of an intended withdrawal not less than thirty days before the withdrawal is made.

(b) The pass-book, certificate, or other similar form of receipt must be presented to the bank whenever a deposit or withdrawal is made, but this requirement may be waived by the bank in those cases in which

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the account does not exceed five thousand dollars. In any case in which this requirement is waived all sums standing to the credit of the depositor in excess of five thousand dollars shall be treated as demand deposits."

In view of the fact that the reserves required against "time deposits" and "saving accounts" are very low, only 3%, the Board is reluctant to take any action which could be abused and which would result in a lowering of the reserves carried with the Federal Reserve banks, but in view of the requests which have been made for a modification of the present regulation, the Board would like to have your opinion as to the advisability of making the change above outlined. It is particularly desirous of avoiding a situation which would enable a bank, by the simple expedient of requiring notice at its discretion, to classify all its deposits as time deposits, thereby reducing its reserves to 3%.

Very truly yours,

Governor.