

EX-~~OFFICIO~~ MEMBERS

WILLIAM G. MCADOO  
SECRETARY OF THE TREASURY  
CHAIRMAN  
JOHN SKELTON WILLIAMS  
COMPTROLLER OF THE CURRENCY

W. P. G. HARDING, GOVERNOR  
ADOLPH C. MILLER, VICE GOVERNOR  
CHARLES S. HAMLIN

158

J. A. BRODERICK, SECRETARY  
L. C. ADELSON, ASSISTANT SECRETARY  
W. T. CHAPMAN, ASSISTANT SECRETARY  
W. M. IMLAY, FISCAL AGENT

ADDRESS REPLY TO  
FEDERAL RESERVE BOARD

FEDERAL RESERVE BOARD

WASHINGTON

September 20, 1918.

X-1216

SUBJECT: PAYMENT BY FEDERAL RESERVE  
BANKS OF EXPENSES INCIDENT  
TO TRANSFERS OF CURRENCY AND  
SECURITIES PLEDGED AS COLLATERAL;  
TO AND FROM FEDERAL RESERVE BANKS.

Dear Sir:

Federal Reserve banks are now paying the cost of transportation on Federal Reserve notes from Washington, and these notes are available to banks located in Federal Reserve and Federal Reserve branch cities without charge for delivery. The banks have also abolished their service charges for collecting checks, and in many cases they are paying all transportation charges in connection with the exchange of currency for gold, as well as charges on currency forwarded by country banks to offset debits made against them represented by the total footings of letters containing checks for collection.

The Board has under consideration the propriety of extending further facilities to member banks by having Federal Reserve banks pay all charges incident to the transfers to and from the Federal Reserve banks of currency, and securities pledged or to be pledged as collateral for loans.

This question was discussed at the meeting of the Federal Advisory Council on the 17th instant and received the cordial support of that Body.

The Board will be pleased to receive from you an estimate of the probable cost (say for a two months period) to your bank if it should absorb the entire expense involved in the plan outlined below:

MEMBER BANKS: (a) Payment of all postage, express, insurance, etc., incident to shipments to and from member banks of currency, collateral notes and bills for rediscount, and securities deposited as collateral to member bank promissory notes and notes rediscounted.

(b) Payment of charges on all telegrams received from or sent to member banks in connection with currency, exchange transfers, loans and deposit transactions.

NON-MEMBER BANKS MAINTAINING CLEARING ACCOUNTS WITH FEDERAL RESERVE BANKS:

(a) Payment of postage, insurance and expressage in connection with shipments of currency in settlement of clearing balances.

NON-MEMBER BANKS ON PAR LIST:

All postage in connection with remittances made to cover collections ( to be provided for by enclosing return stamped envelope)

All expenses incident to shipments of currency to Federal Reserve banks in payment of items sent for collection.

It is thought that the extension of the privileges above indicated to member banks will remove the feeling that many country banks have that the Federal Reserve Act discriminates against them in favor of the banks in the larger cities, and will at the same time prove an added stimulus to the state banks to apply for membership.

Should the plan be adopted, the Board would, of course, reserve the right to modify or rescind it at any time upon reasonable notice.

You are requested also to give the Board the benefit of your opinion as to the expediency of the adoption of the proposed plan by all Federal Reserve banks.

Very truly yours,

Governor.