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FEDERAL RESERVE BOARD

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WASHINGTON

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

July 23, 1919.

X-1624

Subject: Use of Leased Wire System Facilities.

Dear Sir:

At a recent meeting of the Board attention was called to the rapidly increasing cost of operating the leased wire system. The expense of the main and branch line service at the present time is at the rate of about \$20,000 per month. The Board recognizes, of course, that it is essential for the system to have adequate facilities to transmit messages promptly and accurately. It is probably a fact that comparatively few member banks are now making use of the telegraphic transfer system. A suggestion has been made that the member banks deriving the benefit should be required to make some contribution toward defraying the expense, and that a nominal charge of fifty cents for each telegraphic transfer should be made. The question has been raised as to the extent to which the wire transfer system is of benefit to customers of member banks and whether customers are charged for transfers made without cost to member banks.

An expression of opinion as to the above is requested.

The Board wishes to have full and detailed information as to the use which is being made of the present wire facilities and requests that detailed records be kept beginning August 1st.

Based upon reports made by the offices on the main line system, a record is kept by the Federal Reserve Bank of Chicago as follows:

1. Wire rental and operators' salaries.
2. Number of messages handled on each circuit.
(Includes messages in either direction)
3. Number of messages transmitted by each office.
4. Number of words transmitted to each office
classified as follows: Bank, Fiscal Agent,
War Finance.

In addition to this report, which is to be made to the Federal Reserve Bank of Chicago as heretofore, you are requested to forward to the Federal Reserve Board as soon as practicable after the first of each month, a report for the previous month giving the following information:

(A) Intradistrict branch wire lines.

- 1. Number of messages and words transmitted by the head office to the branch offices and by branch offices to the head office and other branch offices.
- 2. Monthly expense - wire rental and operators' salaries; other expenses.

(B) Classification of messages handled by head offices and branch offices.

- 1. Federal Reserve Board. (Messages and words).
 - (a) Gold Settlement clearings and transfers.
 - (b) Daily and weekly reports of condition.
 - (c) All other reports and messages.
- 2. Treasury Department and Fiscal Agency - number of words sent to or for account of Treasury.
- 3. Wire transfer of funds (exclusive of Treasury transfers).
 - (a) Number and dollar amount of transfers by days - average for month.
 - (b) Subdivision showing transfers for member banks and those for account of customers of member banks.
 - (c) Subdivision showing amount transferred to each Federal Reserve Bank.
 - (d) Number of member banks making wire transfers during month.
 - (e) Name and location of member banks transferring \$500,000 or more during month, giving total number and total amount transferred.
- 4. Other messages between Reserve Banks (number of messages and words).

Kindly acknowledge receipt.

Very truly yours,

Governor.

Letter to chairmen of all Federal Reserve Banks.