

FEDERAL RESERVE BOARD
WASHINGTON

X-3207

September 20, 1921.

SUBJECT: Rates charged by Member Banks to their Customers upon
paper offered to the Federal Reserve Banks.

Dear Sir:-

There is attached hereto a copy of the Board's circular letter X-1190, dated September 11, 1918, requesting the Federal Reserve Banks to report, on Schedule B.D.4, the rate charged by member banks against their customers upon each item offered to the Federal Reserve Bank for discount. This circular was issued during a Liberty Loan campaign and some of the Banks raised objection at that time, on account of the heavy pressure of Government business. The Federal Reserve Board recognized the validity of this objection and postponed compliance with the ruling until after the termination of the Liberty Loan campaign then current. It has been brought to the attention of the Board that some of the Federal Reserve Banks are furnishing the desired information, both for the head offices and for the branches, some are furnishing it for the head office and not for the branches, and some are not furnishing it at all.

The Board now desires all the Federal Reserve Banks to report on Form B.D.4 the rates of interest charged by the member banks to their customers on all paper offered for discount. The Board desires to have this information continuously furnished for the light it throws upon the relation of Federal Reserve Bank rates to rates upon bank loans obtained by the public.

Very truly yours,

G o v e r n o r .

Enclosure, X-1190.

TO ALL CHAIRMEN,

FEDERAL RESERVE BOARD
WASHINGTON

September 11, 1918.

X-1190

Dear Sir:

The Board is anxious to obtain all information possible as to interest and discount rates throughout the country, and requests that you ask your member banks to indicate on their rediscount application blanks the rate of interest or discount charged by them on each note or bill offered for rediscount with a Federal Reserve bank; or, in the case of purchased paper, exclusive of acceptances, the rate at which the purchase has been made by the member bank.

For the information of the Board you are requested to give instructions that there be reported on Schedule B.D. 4, the customer's rate on notes discounted, e.g.,

Rate
4-1/2 (5-1/2)

the first figures being the reserve bank rate and the second (in parenthesis) the rate charged by the member bank. In case there is not room on the form to insert the customer's rate in the order indicated, it may be inserted anywhere else on the line.

In order to provide ample time for communication with member banks, it is suggested that they be asked to furnish this additional information on their application blanks beginning Monday, September 23, 1918.

Your compliance with this request will be greatly appreciated by the Board.

Very truly yours,

Governor.