

X-3469
August 1, 1922.

Subject: Economy and Efficiency in Federal Reserve Banks.

My dear

In connection with the matter of improving the operating methods of the Federal Reserve Banks with a view to securing greater economy and efficiency, I am writing to say that it is the opinion of the Board's committee, after a further and thorough consideration of the problem with the Auxiliary committee of the banks on economy and efficiency, that the largest and speediest results in promoting economy and efficiency within each of the Federal Reserve Banks can at this stage still be obtained through continuous and active work by the committees on procedure, or on economy and efficiency, that have been set up in each of the banks.

In order that the Board's committee may be kept fully informed of the work being done by the committees of the banks, you are requested to make a report on behalf of the committee of your bank showing the lines along which it is proceeding, and stating the results which have been accomplished to date. In this connection, we also wish to be informed whether your procedure committee is making a thorough review of each department based upon a predetermined program, or whether it is dealing only with what appear to be the more obvious problems and matters requiring attention.

It is our expectation that in prosecuting its work, your committee will develop some improvements or modifications of operating methods which should be of value to other Federal Reserve Banks. Any such improvements should be promptly reported to the Committee on Economy and Efficiency of the Federal Reserve Board in order that they may be passed on to the other banks. The Board's committee will also welcome any suggestions that may be offered with respect to improvement or modification of operating organization or methods affecting the Reserve Banks as a whole.

The committee would like to be advised of the policy your bank is pursuing with respect to reducing the number of your employees as the volume of business of your bank declines. Specifically, it would like to be informed whether you are retaining employees now in excess of your operating requirements in the expectation that their services will be needed in the future, or whether you are releasing them, and if so, on what principle you are proceeding.

The committee desires for its information a list of the members of your committee on economy and efficiency, specifying the chairman of the committee and the position in your bank occupied by each member of the committee.

The Board's committee, in cooperation with the Auxiliary committee of the banks, is devoting continuous and systematic study, not only to the comparative operating costs of the several Reserve Banks, but to methods of operating organization and detail affecting the banks in general. These matters will be made the subject of special letters at a later date.

Believe me,

Yours very truly,

Chairman of the Committee
on Economy and Efficiency.

To the Governors of all F.R.Banks
Copies to all Chairmen.