

FEDERAL RESERVE BOARD

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WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-4888

June 24, 1927.

Dear Sir:

The Federal Reserve Board has been viewing with some concern the constant growth of time deposits and the weakening of the reserve position of the banks of the country due to the practice which, it is believed, prevails to some extent of transferring what are in effect demand deposits into so-called time certificates or savings accounts. This matter was also made the subject of discussion at the recent Governors' Conference, and the Conference suggested that if the Board finds that it cannot adequately cope with this tendency by regulation, steps should be taken to impress upon the Congress, at its next session, the importance of amending the reserve provisions of the Federal Reserve Act in such manner as to safeguard the banking position of the country.

For its information and guidance, the Board desires from each Governor, Federal Reserve Agent and from the Federal Advisory Council any suggestions which they may have to make as to action which can be taken by the Board, under existing law, to deal with the tendency toward the conversion of deposits from demand to time classification.

Very truly yours,

D. R. Crissinger,
Governor.

TO ALL GOVERNORS AND FEDERAL RESERVE AGENTS.