

FEDERAL RESERVE BOARD

484

WASHINGTON

June 11, 1929
St. 6222

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

SUBJECT: Branch and Chain Banking.

Dear Sir:

In submitting your report covering changes in branches of member and non-member banks during the 12 months ending June 30, 1929, as requested in the Board's letter St. 5120 of October 10, 1926, modified by letter St. 5620 of December 23, 1927, it will be appreciated if you will call to the Board's attention any errors that may have been found in the memorandum on branches of member and nonmember banks submitted to you with the Board's letter St. 5998 of December 3, 1928.

Please accompany your report on branch banking with a report on chain banking in your district as of June 30, as was done last year. For your confidential information and use in preparing such report there is enclosed herewith a copy of the reports on this subject submitted by all Federal reserve agents last year, together with a memorandum and summary prepared at the Board's offices. It will be noted that there is a material difference in the scope of the reports submitted for the various districts, due no doubt largely to the fact that no comprehensive definition of what constitutes chain banking has been formulated. It is felt, however, that the use of the data enclosed herewith in the preparation of the new reports will tend to bring about better and more uniform reports.

In the preparation of the current report it is suggested that no attempt be made to include banks that have substantially identical ownership but which operate in different fields in the same community, such as the affiliations that exist between a local commercial bank and a local savings bank, nor in general any affiliation involving only two banks.

In forwarding your report on chain banking please make such general comments on the development of chain or group banking in your district as you think will be of interest to the Board, with special reference to the development in your district of investment trusts and other financial corporations organized for the purpose of specializing in bank stocks.

It will be appreciated if you will make a special effort to submit your reports on branch banking and chain banking in time for them to reach the Board as soon after June 30 as possible.

Very truly yours,

E. M. McClelland,
Assistant Secretary