

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

X-9729



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 30, 1936.

Dear Sir:

There is inclosed herewith, for your information, a copy of a letter to President Harrison, Chairman of the Presidents' Conference, together with the inclosure referred to therein, with respect to participation in and support of the activities of the American Institute of Banking by the Federal Reserve System.

Very truly yours,

Chester Morrill

Chester Morrill,
Secretary.

Inclosures.

TO PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

October 30, 1936.

Mr. George L. Harrison, Chairman,
Presidents' Conference,
c/o Federal Reserve Bank of New York,
New York, New York.

Dear Mr. Harrison:

The Board has given consideration to the question of Federal reserve bank participation in and support of the activities of the American Institute of Banking and has prepared the attached statement setting forth a position that might be taken by the Board in this connection.

Inasmuch as it is desirable that the policy of the Federal reserve banks in this matter be as uniform as is feasible in the circumstances, the Board will appreciate it if you will place the statement on the program for discussion at the next Presidents' Conference, and, after it has received the consideration of the Presidents, submit to the Board the views of the Conference relative thereto.

Copies of the statement and this letter are being sent to the Presidents of all Federal reserve banks.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,
Secretary.

X-9729-b

PARTICIPATION IN AND SUPPORT OF
ACTIVITIES OF THE AMERICAN INSTITUTE
OF BANKING BY THE FEDERAL RESERVE SYSTEM

Officers' Interest and Cooperation

The management of Federal reserve banks should encourage employees to interest themselves in A.I.B. activities and to enroll in study courses, and otherwise take the leadership in furtherance of sound banking methods and the development of efficient banking personnel. Reserve bank officers would make a substantial contribution toward the accomplishment of these objectives by showing a cooperative attitude toward A.I.B. activities in their contacts with department managers, supervisors and assistants, by granting necessary and reasonable time to employees to perform creditably duties assigned to a chapter appointment, by accepting assignments as class instructors where possible; and by attending the annual banquets of the local chapters. However, Federal reserve bank employees should not be subjected to any pressure to enroll in A.I.B. study courses, and, while proper recognition should be accorded for scholastic achievement in such courses when promotions are being considered, the importance of completing A.I.B. courses should not be emphasized to the detriment of employees who have comparable qualifications by way of education and experience obtained from other sources.

Contribution to the Support of Local Chapters

Each Federal reserve bank and branch may make an equitable contribution to the approved budget of the local chapter of the A.I.B. on the basis of the proportion of its eligible employees to the total

eligible employees in other contributing banks of the community, with the understanding that all or most of the other banks in the community are "contributing banks" and that the term "total eligible employees" in a reserve bank or branch shall be that number remaining after guards, elevator operators, building help, janitors, and other similar employees have been deducted.

Refunds made by a chapter for scholastic endeavor should be eliminated and considered as a separate item in computing the bank or branch's proportionate contribution to the chapter budget.

Membership Dues, Tuition Fees, Cost of Text-books and Other Expenses

Federal reserve bank officers and employees enrolling in A.I.B. courses leading to a pre-standard or standard certificate or in the Graduate School of Banking should assume personally the expense of membership dues, tuition fees and cost of text-books. Federal reserve banks or branches should not provide for payroll deductions to take care of an individual's educational expenses, since it is understood that tuition fees may be paid on an instalment basis and that students requiring financial aid may obtain scholastic loans from funds which the chapter has available for the purpose. On the other hand, as an incentive and reward for scholastic endeavor, the reserve banks may, in their discretion, refund tuition fees and the cost of text-books to such of their employees as complete A.I.B. study courses with a good scholastic average as distinguished from barely passing grades.

Each Federal reserve bank may assume the transportation expenses to and from the University of officers and employees selected to attend the Graduate School of Banking at Rutgers and may grant them leave of absence with pay of such duration as may be necessary to enable them to attend the two weeks session of the school, in addition to their regular annual vacation. In view of this contribution toward the educational expenses of such students and the fact that ordinarily they would be in the higher salaried group, no refunds should be made to them of tuition fees and the cost of text-books upon satisfactorily completing the course offered by the Graduate School.

Honor Students and Other Delegates to the National Convention

The selection of delegates to be sent by a Federal reserve bank to the A.I.B. national convention should rest in the discretion of the bank, but the following order of precedence warrants consideration:

First choice to be the honor student achieving the highest scholastic average,

Second choice to be any officer or employee who is president of the local chapter, chairman of a national committee, or a speaker at a departmental conference, and,

Third choice to be any officer or employee who has been elected as a delegate by the local chapter.

No officer or employee should be sent to more than one national convention in any four-year period, except in the case of an officer or employee becoming president of his chapter. The number of reserve bank delegates should not exceed a reasonable percentage of the bank's membership in the local chapter, say four per cent.

Federal reserve banks may, in their discretion, pay the whole or any part of the expenses of a reasonable number of delegates to the national convention, but the following allowances seem equitable: that each Federal reserve bank grant leave of absence with pay to all of its delegates for such period as may be required to attend the national convention in addition to the regular annual vacation allowance; that the reserve banks limit the payment of full expenses to the honor student delegate and assume only the transportation expenses to and from the convention city in the case of other delegates; that the reserve banks not adopt a more liberal policy than that generally followed by other local banks with respect to their delegates; and that, if any reserve bank representative is allowed a sum by the chapter for the trip, the reserve bank's contribution should not exceed the difference between the amount allowed other delegates and the amount contributed by the chapter.

Chapter Banquets

Federal reserve banks in their discretion may pay a portion of the cost of tickets to the annual chapter banquet for all employees who are chapter members, and, as a special recognition, pay the entire cost for those who have completed since the last banquet the courses necessary for a pre-standard or standard certificate and for those employees actively engaged in chapter work or administrative work.

Selection of Officers and Employees to Attend the Graduate School

The selection of officers and employees to attend the Graduate

School with the understanding that they will be allowed additional leave of absence for the purpose and be reimbursed for their transportation expenses, should be made by the executive committee of the reserve bank from a group of eligibles who desire to attend the school. The term "eligibles" should include all officers, and such employees as have the requisite educational foundation, as have demonstrated their ability to develop and who will be most valuable to the bank with the additional training. Preference therefore should not be given per se to Institute graduates.

Federal reserve banks should select not more than two individuals each year to attend the Graduate School on the basis of the bank's granting leave with pay and assuming transportation expenses. The adoption of this practice would limit the number of reserve bank students attending the Graduate School to not more than twenty-four new students each year. Assuming each reserve bank sent its full quota, there would be seventy-two officers or employees of Federal reserve banks in attendance at the third resident session of the school, and at every session thereafter. A larger representation from the reserve banks would seem disproportionate in relation to the entire student body, especially since there may be a number of Federal reserve officers and employees who elect to attend the school entirely at their own expense during their annual vacations. However, if it should develop that one or more of the reserve banks did not intend to send their full quota in a particular year, there would be no objection to another reserve bank sending more than two representatives within the aggregate limit for all Federal reserve banks.