

Federal reserve system and so I have felt in my study of the Federal reserve system, that what might be done to make it greater and more useful to the country is to have a campaign of education conducted amongst the banks outside of the system, and then if some modifications were made in these administrative features that come directly down into the every-day life of the operation of these banks, that we would see a greater addition to the system than is the case now.

I thank you, Mr. Chairman and gentlemen.

**STATEMENT OF CHARLES A. HINSCH, PRESIDENT FIFTH-THIRD NATIONAL BANK OF CINCINNATI AND PRESIDENT OF THE UNION TRUST CO. OF CINCINNATI**

Mr. HINSCH. Mr. Chairman and gentlemen, the Fifth National Bank was organized in 1881. In 1908 we consolidated with the Third National Bank, organized in 1863, charter No. 30. In 1916 I was chairman of the Federal legislative committee of the American Bankers' Association, and in my annual report to the convention I called attention to the fact that legislation was necessary to permit national banks to accomplish by a direct method what they could accomplish by an indirect method. I refer to the amendment to the national bank act of 1865, passed to enable the Bank of California to enter the national banking system and retain the branches it then had.

Senator GLASS. 1865?

Mr. HINSCH. Yes. Two years after the passage of the national bank act and for years it was thought that that act was of special character and referred only to the Bank of California. Several years ago the Chatham-Phoenix National Bank of New York dug up this old measure and secured permission from the Hon. John Skelton Williams, then Comptroller of the Currency, to allow them to denationalize and consolidate with the State bank having branches and to immediately renationalize the next day, retaining all the branches that the State bank had.

It seemed to me at that time, and does now, that we need some measure similar to the McFadden bill, which will permit national banks to establish branches at least in the communities in which they are located.

Senator GLASS. In all the States or a few of the States?

Mr. HINSCH. I would say in all the States. In 1919 the Fifth-Third National Bank perfected an affiliation with the Union Trust Co., a State chartered institution, under the same management and with the same stockholders. At the time we formed that affiliation we thought that remedial legislation would make it possible to consolidate the two institutions, and I have taken a very active part since that time in trying to secure the passage of legislation which would make it possible for the Fifth-Third National Bank to absorb the trust company.

We found, however, that under existing law that it would be impossible for us to retain perpetual trusts of the Union Trust Co. because our charter was limited in character, limited at that time to 20 years.

Senator GLASS. And now for 99 years, is it?