

Those *Were the* Days !?

The Early Days of Check Processing at the Boston Fed

We reprint here an excerpt from *Those Were the Days!*, originally published in 1953 to mark the Federal Reserve Bank of Boston's 40th anniversary. The author, Lewis Stoye, was the Bank's first employee, and his reminiscences on check handling serve as a nice complement to the timeliness of Check 21.



... The Federal Reserve Act was signed by President Wilson on December 23, 1913, but it was not until the fall of 1914 that things really began to happen. Directors were appointed, officers were chosen, banking quarters were obtained and clerks were hired...

The Federal Reserve Bank of Boston was opened for business on November 16, 1914, with three officers and fourteen clerks who reported for duty at the unearthly hour, for bankers, of 7:30 a.m. ...

And Now Come Checks

Now let's trace the gradual development of a department that has the dubious distinction of probably causing more criticism and more headaches than anything else the bank has undertaken.

The bank joined the Boston Clearing House on November 13, 1914, and five days later began to clear its Boston checks through that institution. Little further progress was made until June 15, 1915, when the collection of checks outside of Boston was started. Forty-three banks put forth the tender leaves of hope and joined the new undertaking. The first day's total number of checks handled was 226, but as time went on the situation slowly improved until on October 15, 1915, the department racked up the outstanding number of 1,803 checks handled in one day.

The real beginning of the Check Collection Department, however, took place on July 15, 1916, when this bank took over the so-called Foreign Department of the Boston Clearing House, a department that handled checks drawn on New England banks.

As most of the member banks outside of Boston preferred to send their checks to their Boston correspondents for collection, progress was far from rapid in the new department for some time. However, with the elimination, on June 15, 1918, of the service charge which had been imposed on member banks for clearing their checks when the system was first inaugurated, volume picked up considerably.



Check Sorting, 1951, Federal Reserve Bank of Boston

Start of Night Force

The average number of New England checks handled daily increased from 9,000 to 35,000, requiring a force of 116 clerks, to say naught of three men who had been inveigled into forming a Night Force (probably frustrated with their daily existence and wanted to try something different. They got it.).

Several different procedures and systems have been adopted by the bank in an endeavor to speed up the work and get the clerks out at a reasonable hour with enough energy left to enjoy the evening.

The system used in the beginning was thorough, to say the least. Each check was handled eight times: first, at the sorting table; second, listed on block sheet; third, run through endorsing machine; fourth, examined to be sure check had been endorsed; fifth, sorted into rack; sixth, rechecked for missorts; seventh, listed on outgoing cash letter; and eighth, listed again for verification.

The clerks got attached to the checks after so long an association and hated to see them leave the bank at the end of the day. Incidentally, it is said that one girl, when she encountered a check for a million dollars, took it home to show her mother. When she brought it back the next day she couldn't understand why the manager seemed so upset and distraught.

The personnel of this department has increased through the years. In 1917 there were 25 clerks handling checks and there are now 346 on the day force. With three as a start in 1917, the Night Force now has a staff of 184, mostly women.

As the Fiscal Agency and Check Collection departments grew and expanded through the early years, so did other departments which were no less important, especially from the viewpoint of providing service to the member banks. Prominent among them were the Accounting, Non-Cash Collection and Currency and Coin departments, all of which required the service of a sizable number of clerks. ■