

Address by
Mr. M. Monroe Kimbrel
in
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Bankers possess many virtues as an audience, but pulchritude is rarely among them. I want to express my indebtedness to the wives of Group 10 bankers and to Miss Snipes and her colleagues of the National Association of Bank Women for providing a very pretty exception to that rule.

One of the more significant and more fortunate trends, it seems to me, is the continuing growth in the number of women in banking -- particularly at the officer level. Nationwide, more than 350,000 women are employed in banks, and well over 10,000 are officers. And I for one am continually grateful for the way in which they respond to banking's special call for efficiency and loyalty and sound judgment.

Indeed, it would seem that the ladies in our banks are also doing more than their share in the field of security. According to a report of the A. B. A.'s Insurance and Protective Committee, lone bandits attempted and failed to rob banks on 74 occasions last year -- and in 39 instances the employee who caused them to fail was a woman. Such is the power - in banks as elsewhere - that most of us learned long ago never to underestimate.

This evening I want to discuss briefly another kind of power - and that is the power of banking as an industry to meet its responsibilities in the area of government relations.

There are those who say that banking and politics don't mix. I submit to you that the business of governing is as much our business as anyone else's - and for the sake of both our conscience and our customers, we had better take an interest in it.

To be effective, we must first of all care; we must concern and inform ourselves not only about our problems and needs but about the problems and needs of the legislators who must make the decisions. This, of course, is the function at the Congressional level of the A. B. A.'s Committee on Federal Legislation. But the job, I assure you, is too big for any committee; it requires the active participation of every banker. And it requires more time and patience and enthusiasm than bankers as a rule, until recently at least, have been willing to give it.

Like everything else worthwhile, good Congressional relations are the product of sacrifice and effort. Nobody and no group has a clear claim on the favor of the men and women who represent us in Washington. Where one group enjoys an advantage over others, you can bet it has been earned by hard work, by informed attention to issues, and by willingness to help the Members of Congress serve their constituents.

We should recognize that in the Congress and in our individual approach to its members, service is the key. The A. B. A.'s Washington office plays an important role by presenting the Association's views on pending proposals. But the service the Congressmen value most, and have a right to expect, is the service they receive from the people in the States and Districts back home. On any given piece of legislation they want to know how the home folks feel, and if it's banking legislation they want the opinion and advice of bankers who can tell them what the impact will be in their home communities.

I have never seen or heard of an instance where banking was hurt by a banker communicating with his Congressman. I know of a number of instances where it has been hurt by our failure to communicate.

Our legislative process tends to take strange and unpredictable turns.

It responds to pressures and whims which do not always appear to be consistent with sound government. And yet, we could make no greater mistake, in my judgment, than to forget that it also responds to the pressure of facts and convictions.

A Washington correspondent of Banking Magazine, Thomas W. Miles, writing in the February issue, puts it this way: "Despite all the talk about 'influence,' it is still the cogent presentation of facts that most Congressmen need and appreciate in reaching a decision It follows that bankers and other businessmen will be appreciated as constituents if they keep the legislators informed on matters affecting them. There are few more lonely than Congressmen shipped off to Washington to make momentous decisions without the benefit and comfort of those in whom they have confidence."

I believe that bankers can and should have a greater voice in the writing of the laws that affect our business. We are in a good position to be heard. We need to speak up clearly and in terms that identify our work with the interests of the people and the general economy.

Bear in mind, also, -- and this is very important -- that the size of the bank in no wise limits its power to communicate with the Congress. The legislator is concerned with people, and no one is closer to the people and their economic needs and aspirations than the country banker.

So I would urge you, as my one major request this evening, to use the power you have to protect and advance banking's cause in the halls of Congress. In no other way can you fulfill your obligations as a citizen and a banker.

Now let's consider briefly the current status of banking legislation in the Second Session of the 86th Congress.

Several background factors are worth noting. This is, of course, a presidential election year. Every member of the House of Representatives and one-third of the members of the Senate must stand for re-election. The party nominating conventions in July will mean a comparatively short session. The issues and how they are disposed of will be keyed very closely to mass voter appeal.

As bankers we must reckon also with the fact that the Congress last year completed action on a number of important banking bills -- among them, the revision of Federal Reserve Board powers over member banks' reserve requirements and the amendments to the National Bank Act which generally modernized the lending powers of national banks. These factors, taken together, would seem to identify 1960 as a rather lean year for the enactment of Federal banking legislation.

We are making no such assumption. As a matter of fact, we are reasonably hopeful that this session will produce several laws of real importance to banking.

The Robertson bank merger bill, introduced by Senator Robertson of Virginia, passed the Senate last year and is awaiting action by the Banking and Currency Committee of the House. The Committee held public hearings on the Bill several weeks ago and may be in position soon to report it favorably to the House.

The Association is vigorously supporting the Robertson Bill for two very important reasons: one, it would establish in the law the authority of the Federal bank supervisory agencies to approve or disapprove

merger requests; and two, it would require the agencies to develop and use uniform standards in ruling on such requests.

Under the Robertson Bill, the final decision on a merger request would be vested in the Office of the Comptroller of the Currency or the Federal Deposit Insurance Corporation or the Federal Reserve Board, depending upon which agency has supervision over the resulting bank. These agencies, we believe, are best qualified by experience and knowledge of the banking business to decide these questions in the public interest. Certainly, they are better qualified than is the Department of Justice, which would have authority over bank mergers under some proposals in the Congress.

The net effect of the Robertson Bill would be a reasonable tightening of merger controls. If the bill is enacted, the agencies will be required to consider the competitive aspect as well as the regular banking factors of a proposed merger. They will also be required, except in cases of extreme emergency, to request the opinion of the Justice Department on the competitive factors. We believe the bill provides a practical and fair method of protecting the public interest while at the same time recognizing sound banking principles.

Another proposal of broad interest to bankers involves the method of calculating the assessment - and the rate of assessment - paid to the Federal Deposit Insurance Corporation by insured banks. We have pointed out the need, over a number of years, for a simplified method and a reduced rate. Legislation to meet this need has been introduced at the recommendation of the F.D.I.C. and is pending in both the House and Senate.

The effect, for practically all banks, would be a reduction in the present assessment. While we believe this is certainly warranted, we are equally interested in the provision for a simple and more sensible assessment formula which would mean a great saving in time and effort. The A. B. A. supports these F.D.I.C. bills and is hopeful that the House Banking and Currency Committee will schedule them for hearings shortly.

I am unable to report at this time any new progress in the area that concerns us perhaps most of all - namely, taxation. As you know, the deductions now permitted savings and loan associations and mutual savings banks are so liberal as to result in their paying practically no Federal income tax at all. Commercial banks, of course, along with other businesses, pay the heavy corporate rate. The Mason Bill, which we strongly support, would go a long way towards closing this gap and giving the commercial and the mutual institutions reasonably equal treatment.

The Ways and Means Committee of the House of Representatives holds the key to action in this field. Although the Chairman of the Committee, Mr. Mills, has indicated that he favors an omnibus tax-revision bill rather than a piecemeal, step-by-step approach, there is still a possibility of hearings this year on the Mason Bill and others dealing with the taxation of financial institutions. Members of the Committee and the general membership of the House are becoming more and more conscious of the unfairness of the present system. Indeed, it has been our experience that most of them are amazed to discover that commercial banks in their Districts are paying 30 to 40 times the amount of taxes, based on net income, as are paid by competing mutual institutions.

The discrepancy is so great that sooner or later, I feel certain, the Congress will remove it. Our job - and the job of everyone here present - is to provide the information and facts that will encourage action soon.

Another bill that merits our attention is the so-called Douglas Interest Disclosure Bill introduced by the Senator from Illinois and 17 other Senators early this year. The Bill would require that anyone extending consumer credit furnish in writing to the borrower a statement of the total amount of the finance charges involved and the percentage of such charges to the outstanding principal obligation, or unpaid balance, expressed in terms of simple annual interest. According to its sponsors, the purpose is to make sure the borrower knows exactly how much he is paying for credit.

The implications of the proposal will become more evident, we believe, when public hearings are held week after next. We expect to testify and to keep a close watch on the progress and shaping of this legislation.

I have cited just a few of the important banking proposals now before the Congress. Fortunately, we have in the House and Senate a great many men and women who are both interested and competent students of banking. They understand and many of them share our concern for strengthening our free enterprise economy and banking's place in it. Given the facts which time does not always permit them to acquire themselves, they will legislate fairly and soundly in the public interest.

For several years there has been a growing awareness among bankers throughout the country that the responsibility for the kind of

legislative treatment we receive is largely our own. We get, in the long run, what we deserve. In spite of last year's surprisingly productive record, we have a considerable way to go to achieve the quality of Congressional relations that banking needs.

I hope that what you have heard here this evening will help you to serve actively in this most important effort.

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