

FROM:
THE AMERICAN BANKERS ASSOCIATION
THE NEWS BUREAU
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ADDRESS OF M. MONROE KIMBREL

President of The American Bankers Association,
before the 67th Annual Convention of the North
Carolina Bankers Association, The Carolina Hotel,
Pinehurst, Saturday Morning, May 11, 1963.
Mr. Kimbrel is chairman of the board, First National
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In a few weeks it will again be graduation time across the land. In high school auditoriums and on college campuses, thousands and thousands of graduating students will be receiving their prized sheepskins with the usual pomp and ceremony.

Many of you may have sons and daughters or other relatives who are graduating, and, if you are fortunate--or perhaps I should say unfortunate--you will be treated to the customary commencement address.

At the risk of rushing the season, I want to make a few remarks this morning that might easily be classified in the commencement category.

As you know, commence means to start. In fact, the most famous commencement address in our literature is Emerson's address, "The American Scholar," which he delivered at Harvard University at the start of a new school year.

Graduation time also means the start of a new year of educational activities for your bank. During 1963, the nation's banks will employ close to 175,000 new people. If your bank is not now in the process of screening and hiring this year's graduates, your circumstances are indeed unusual. For the most part, the new employees will be high school graduates, but the number of college graduates employed by banks has been steadily climbing.

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Training these people is becoming a more complicated problem every year. Some of the reasons are obvious. With the introduction of automation, many of the marginal and more routine jobs in banking are being reduced or, in some cases, eliminated. The whole idea behind electronic data processing is to enable an employee to handle a much larger volume. But this cannot be done if the people preparing the data for processing or those actually doing the processing are not thoroughly qualified to do it.

Look at other areas, too. With world trade increasing, more banks are becoming involved in financing exports. Officers working in this area have to be backed up by staff people who have some knowledge of the export business.

Many banks entered the home mortgage business in recent years because the attractive yields promised to offset, in part, the increased cost of time deposits. Some discovered that they needed additional trained personnel to do the job adequately and profitably.

The same is true of instalment credit. It is a profitable business if it is conducted on a large volume and if it is run efficiently. The cost factors in instalment credit are as high as in any form of lending and, without a solid staff, expansion in this area could easily spell trouble. Yet this field can be one of the best sources of acquiring earning assets that is open to commercial banks. Moreover, it will show tremendous growth in years ahead.

With the rising level of personal income, there has been an increase in the demand for trust services, and the trend will continue.

What I am pointing out is that there are fewer and fewer jobs in banks for those whose talents might be considered marginal.

The job of training and developing staff members is, in the long run, one of our greatest responsibilities. We can delegate the administration of programs and some of the specific operations, but we cannot deny that the ultimate responsibility rests with top management. And if educational programs--on all

(More)

levels--are to be effective, they must have our backing.

Ideally the interest would start with the local public school system. What can your bank do to improve the educational opportunities for the students in your local school system? After all, this is not only the source of many of your future employes, it is also the source of many future customers.

Are you keeping the schools up-to-date on modern banking practices? For example, have you had students visit the bank and see how the new automatic data processing equipment works? We will all get a chance to increase our efforts in this area next fall when the A.B.A. sends out a school kit built around the Centennial. There is a lot of useful information in the kit which will help tell banking's story to the students and make them better future customers or perhaps better future employes.

Many new employes can gain good grasp of the fundamentals of banking through A.I.B. courses. Here again, top management plays a vital role. Efforts and accomplishments of staff members must be recognized--not just those who enroll, but those who act as counsel for your bank or those who teach A.I.B. courses. You can make a real contribution in this field by recommending your top men for instructors when openings occur.

A.I.B. is the fundamental training ground for new employes. It is administered by 15,000 volunteers. At the present time, there are 589 chapters, study groups and study teams, plus 1,300 correspondence students. Fourteen new chapters were organized last year--one of which was in Rockingham County.

To make sure A.I.B. keeps pace with banking's changing needs, the Institute held a senior management conference last November. The idea was to determine, as far as possible, what factors would be affecting banking in the future and what steps the Institute could take now to meet these factors.

Two recommendations of the conference which were immediately assigned to subgroups for further study were: (1) How can A.I.B. be of assistance in

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helping banks with their in-bank training programs? and (2) what changes should be made in the curriculum?

These questions are being studied in detail by senior bank officers and college professors. Many other areas under study will also be assigned to small groups for further scrutiny. I am confident that we will see the fruits of these long-range studies in the quality and flexibility of future A.I.B. programs. In short, they are attempting to develop better tools to help you do your job.

Many other facilities now exist or are being organized to help develop your staff. For example, this year the A.B.A. will sponsor the first National Mortgage School at Ohio State University in August. This should provide a broad background in a short period of time for those who lack extensive experience in mortgage lending.

Last month, the A.B.A. Executive Council approved plans for starting a National Instalment Credit School. The date and place of the school have not yet been determined, but it is expected to open early next year. Here again, is a facility that will be of tremendous help to you as you search for ways and means to move staff members along at a faster clip.

At the same time, efforts are being made to improve existing educational facilities for bankers. In short, we are upgrading programs. The 1,100 students attending the 1963 resident session of The Stonier Graduate School of Banking at Rutgers will find that the content of the courses is more varied than it was in the past.

Changes are also being made in the curriculum at The National Trust School which is held at Northwestern University. Some of the more elementary material is being dropped from the courses and the students will be exposed to broader areas of economics along with the advanced trust subjects. This will permit them to do the extension problems required of students at the Stonier Graduate School. Those who complete the course at The National Trust School and do the extension work can qualify as second year students at the graduate school.

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I have not mentioned any of the special conferences, such as the Personnel Conference to be held later this month in Chicago, or the Automation Conference scheduled for the fall. Nor have I mentioned the numerous state and regional banking schools which do an invaluable job in banking education. But I do think the educational activities I have mentioned give you an idea of the scope of these tools that are at your disposal in meeting the development needs of your staff.

However, these programs will be of little use to you unless they are used properly. This means a thorough screening of candidates for these schools by your bank. It means selecting the right people for the schools. Students who do not have the background to assimilate material in a course can realize scant benefit from the program and, more importantly, they tend to slow down the progress of the whole class. With such a wide variety of schools and educational activities available, we must also make sure that once we have selected the right person, we then proceed to select the school that will be best for his particular needs.

Mark Twain once said that "Among the three or four million cradles now rocking in the land are some which this nation would preserve for ages as sacred things, if we could know which ones they are."

Most of the mystery, however, is removed by the time young people have finished school and have been working for you for a couple of years. In other words, we should have a good idea of where we are going to get the 6,000 new bank officers the industry will need in each of the next several years.

Many of the larger banks have extensive training programs for those on the staff who show special promise, or for some college graduates who seem to have outstanding qualifications. These programs, when properly planned and administered, have worked well for banks across the country. However, if the program is not intensive and does not stimulate enough interest to get these young people digging deeply into basic banking subjects, it might just be another cost factor piled on top of our constantly rising overhead.

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The reason I say this is that it takes two, or sometimes three, years before the college graduate starts to earn his salary. We in banking must compete with all other industries for bright young people. How long can we afford to pay them more than they are worth to us? If we do it too long, we reduce profit margins which are being squeezed enough as it is. If we don't do it at all, we find that we cannot keep promising young people.

I think that the answer is to make sure that we look at training programs objectively to be certain that we are putting as much as possible into them so the benefits to the bank will be realized sooner. When this happens, we can pay salaries that will keep the type of young people we want today and will need desperately tomorrow.

In smaller banks the problem is especially acute. Many smaller banks do not feel that they can afford to pay anyone who is not making a direct contribution to profits. The cost factor of a trainee is proportionately much higher than it is in a larger bank. The burden for the trainee is greater because he must perform full time and find spare hours on the side to prepare for advancement. Moreover, the sacrifices are greater if the management of a small bank decides to send a man to a special or advanced banking school, because this means additional work for a limited and fully committed staff.

Yet those of us in small banks must find ways and means to train our successors, or accept responsibility for some disastrous consequences. In my travels across the country in recent months, this problem--management succession--is constantly mentioned as the biggest single problem facing small banks.

Let me make this final point. The banking industry has made tremendous strides in providing, maintaining and improving educational facilities for personnel at all levels in the industry. At the same time, the demand for well qualified people in all areas of banking has increased at a rapid rate and will continue to do so as our business grows more complex. We have no choice but to

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commence training the 150,000 new additions to the industry from the day they enter the bank. And you, as members of management, have no choice but to see that training is a continuous process right up the ladder of your organization. The tools and facilities are available. Putting them to use effectively is one of the measures of our ability to manage.

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