

# MID-CONTINENT BANKER

*The Financial Magazine of the Mississippi Valley & Southwest*

JULY, 1973



## *St. Louis County National Opens Tower Complex*

(See Page 7)



Jack Abernathy, President, Big Chief Drilling Company

## *How can Liberty's International Division help your customers?*

by Harry E. DeBee  
Vice President  
International Division

To be perfectly honest, we probably can't, unless you have a special type of customer. One who is actively engaged in importing or exporting oil, raw materials, sub-assemblies, livestock, grain or the like.

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and British Sterling. This service alone will save your European bound customers time, trouble and money at overseas counters.

So, you see, we can probably assist... in a small way... even if you don't have customers engaged in International Trade. If you have any questions concerning International Trade... or simply foreign currency Travelers Cheques, contact our Correspondent Department for the right answers.



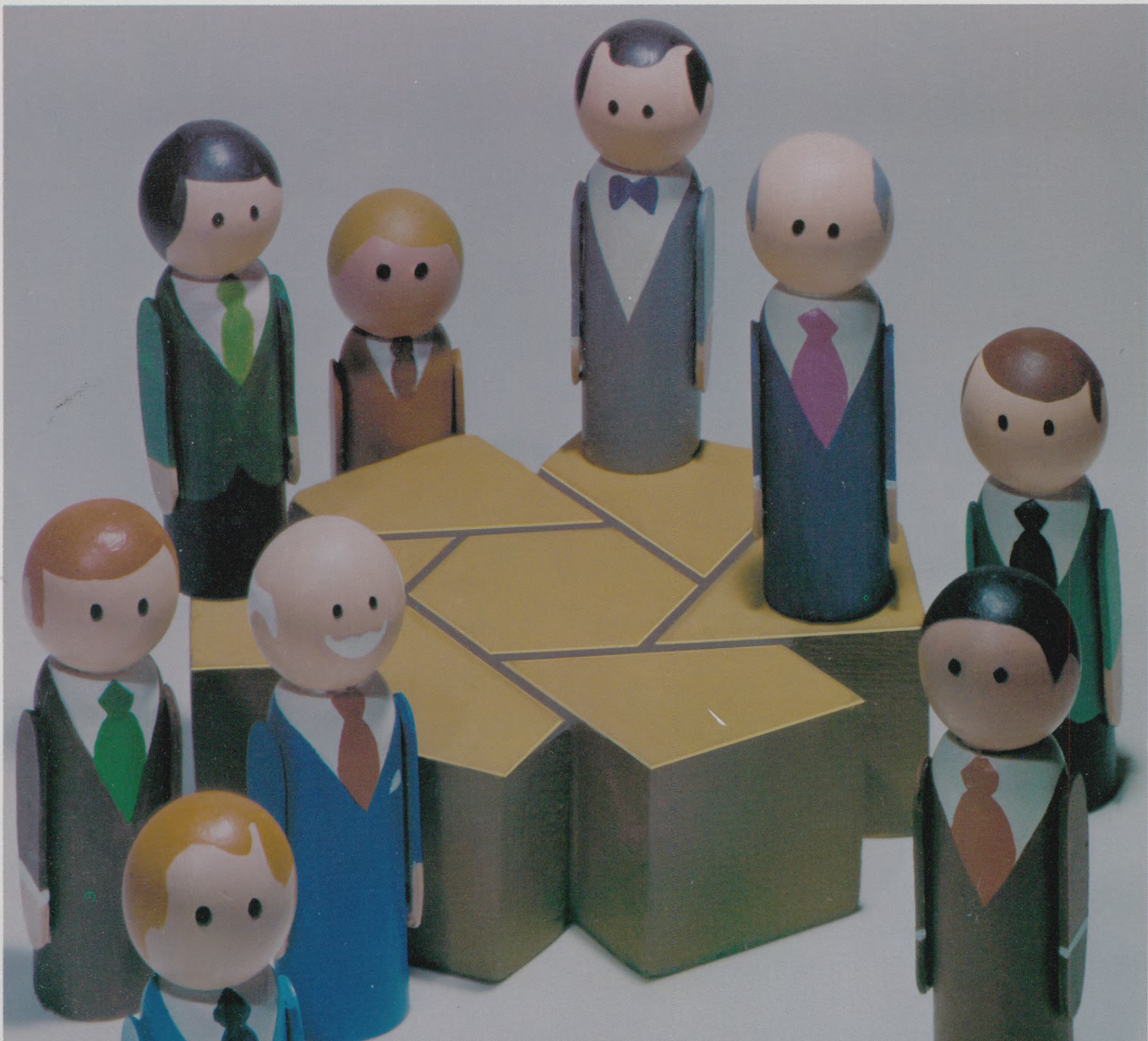
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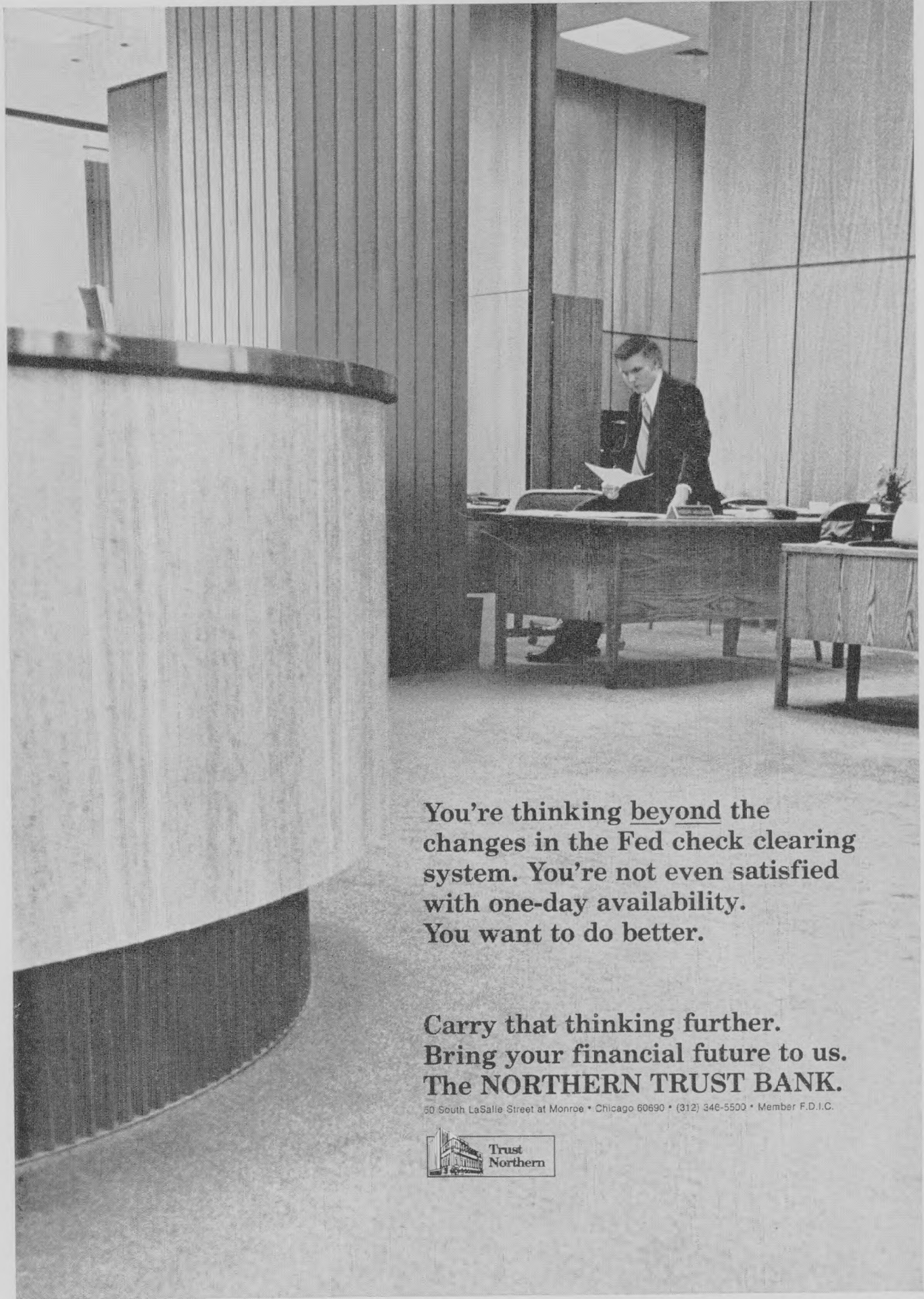
George Waitt succeeded his father as president of Rose Hill Bank in 1970. He has experience in every department, and knows depositors on a first-name basis. His is the only bank in the area open from 9 a.m. till 3 p.m. on Saturdays; and it does a very extensive volume by mail.

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On the Cover . . .

## St. Louis County National Opens Tower Complex; Plans Deposit Promotion

CLAYTON, MO.—St. Louis County National is now housed in its new 15-story tower complex in this St. Louis suburb and county seat. Construction on the building began in late summer of 1970.

The bank occupies the two-story base building and the third, fourth and fifth floors of the tower building. The structure features a facade of mirror-like golden glass framed in dark bronze with vertical columns and a cap of precast aggregate.

The complex is located at the corner of Forsyth and Meramec, the site the bank has occupied since its organization in 1890. On opening day in 1890, the bank was capitalized at \$50,000 and first-day deposits were \$27,286. Capital and surplus today amount to \$16.2 million, with deposits averaging \$200 million.

Concurrent with the opening of the new building, the bank plans to launch a deposit-building promotion. Customers depositing \$250 or more in a new or existing account will be presented with special six-month memberships to various museums in the area. Each customer will also receive a reproduction of a painting from one of the museums.

The new building is the third for the bank and is located adjacent to the new St. Louis County Government Center. The bank's previous structure had been occupied on that site since 1948.

St. Louis County National was originally known as St. Louis County Bank. In 1911, the bank acquired ownership of its original building and temporarily operated out of a nearby hotel while remodeling was undertaken. Additional adjacent space was acquired in 1928 and in 1945 the bank became a national bank, changing its name to the present St. Louis County National.

In 1948 the bank merged with Clayton National and moved into a new building on the original site, which was expanded in 1958. A mini-bank was opened in 1968 and the bank became a subsidiary of County National Bancorp., a one-bank HC, in 1969. The HC since has become a multi-bank HC and has acquired General Mortgage Co., St. Ann, Mo., and Big Bend Bank, Webster Groves.

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# THE BANKING SCENE

By Dr. Lewis E. Davids

## Bank Stock Performance

**M**ORE BANKS are becoming affiliated with bank holding companies each day. When will this trend taper off? While it is true that bank regulatory bodies may have a substantial impact on the affiliation rate, it does not appear that bank holding company expansion is likely to diminish in the near future.

In states that have been identified with unit rather than branch banking, some talk of rolling back the bank HC wave has been noted. It is possible that this might have been feasible a few years ago, but considering the tremendous resources that are to be found in HCs today, one can conjecture that these bankers will find, as with the proverbial scrambled egg, that the structure of banking cannot be reconstituted to what it was even a few years ago.

Many important facets are connected with the HC movement. One is the price of bank and bank HC stock.

A good source of bank stock information is the *Bank Stock Weekly*, authored by Warren R. Marcus and Thomas H. Hanley for Salomon Brothers in New York City. Their weekly study raises some interesting points.

### Impact of HC Size

In a recent issue statistics are provided on about 75 of the nation's major banks and holding companies. Most of these firms are large institutions. In this context, while the banks and HCs may have special regional impact, their large size makes them natural targets for security analysis on a national basis also. In the same context, such companies are likely to have as shareholders individuals living in areas outside the home office region.

Some of these factors will tend to homogenize the type of decisions the managements of these banks and HCs will make. That is, as the typical bank has moved away from a basically narrow over-the-counter market into a

broader market where its stock is being traded either on exchanges or by bank specialists, such as Salomon and others, comparative external pressures will be exerted on the managements of these banks. This in turn probably will tend to moderate the types of decisions that a bank's executive staff might have made in the past.

### Aggressive Management

To illustrate, back some four or five years ago, one moderate-sized bank with new management decided to become more aggressive and to take advantage of the liberalization of the legal banking structure of its state. A decision was made by the new management that the existing payout of dividends would have to be reduced and in order for the bank to expand, much of its capital would have to be taken from retained earnings.

Thus, the bank's shareholders were advised of this decision in adequate time to make plans accordingly—either to sell their stock and acquire other investments if they wished to have a relatively high income; or to retain their stock despite the lower dividends, realizing that this would probably result in a higher rate of capital stock appreciation.

Some of the stockholders did sell because they wanted dividends, and others were glad to experience capital gains, which were later found to be substantial.

Today it is not so certain that a bank of that size could, with the same ease, arrive at a similar decision. By the very nature of its stock being fairly widely traded, the bank is placed in a position where its stock is being compared to a greater extent than it had in the past with the performances of other

bank stocks. Therefore, as one looks at these comparisons, inevitably the high, low and laggard stocks seem to become more noticeable. Being more in the attention of the public and security analysts, the stock is likely to be publicly discussed to a greater extent and the critical comments brought to the attention of the top managements of the respective institutions.

This, in turn, would probably influence the chief executive officers and directors of these institutions to take less extreme positions than they might have taken in the past. While it is true there will always be some institutions with high payouts and others with low payouts of earnings, the relationship of these institutions, it is conjectured, will be moderated by the foregoing factors.

### Force Factors

It is quite common to discuss exogenous and endogenous factors in economics; that is, those forces outside and within the control of the institution. Certain of these relationships have a distinct bearing on pressures exerted on top bank management. Specifically, when one is experiencing a price-times-earnings ratio of 24.3, as is Citizens & Southern National, Atlanta; or a price-times-earnings ratio of 23.9, as is Barnett Banks of Florida; or a price-times-earnings ratio of 25.8, as is North Carolina National Bank Corp., there is certainly some concern about institutions quoted on the same sheet, with price-times-earnings ratios from 7.1 to 7.8.

The price-to-earnings ratio is important, but it is not the "be all and end all" of financial analysis. The yield of bank stocks is partly related to these figures, and we may note that, for example, Florida National had a yield of .96%—that is, 96/100 of 1%—as of the date of this writing; Barnett Banks had a yield of 1.18%; and North Carolina National had 1.22%. On the other extreme, United Bank of New York had

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*Dr. Davids is Hill Professor of Bank Management at the University of Missouri at Columbia.*



a 7.27% yield, Charter Corp. of New York had a 6.25% current yield and Marine Midland of New York had a 6.58% current yield.

The point is that as holding companies get bigger and the markets for their stocks expand, the deviations that could have been tolerated by bank management in the past are more likely to be put under the spotlight of publicity. Often this will be favorable in terms of indicating a substantially attractive acceptance on the part of the investing public.

But those banks whose price-times-earnings ratios, when related to their yields and other comparable factors, are in the public's mind viewed as poor performers no doubt will find their managements increasingly being subjected to pressures of a nature that they had not experienced in the past. This could result in the top managements of the poorer performing banks being winnowed out.

This should lead to better management of those banks, but it may be a traumatic experience for their chief executive officers! ••

#### 4 Promotions, 3 Elections Made at Republic National

DALLAS—Republic National has announced officer promotions, including David H. Hilburn and Robert G. McKenzie, advanced from assistant vice presidents and trust officers to vice presidents and trust officers; James Lee Lemmon, from trust administrative officer to trust officer; and Thomas M. Covert, from banking officer to assistant vice president.

New officers have been elected in the international department, including Lorenzo M. Troni to vice president, Kees Van Dongen to assistant vice president and Myron B. Deily to banking officer.

#### Allen Ward Joins Corres. Div. At Texas Commerce, Houston

HOUSTON—Texas Commerce Bank has promoted W. Allen Ward to vice president in the correspondent bank division. Mr. Ward recently joined the bank and will call on banks in Louisiana with his father, W. J. Bud Ward, general vice president.

Also promoted were Wynne L. Creekmore Jr. from banking officer to assistant vice president and Russell M. Workman from personnel officer to assistant vice president. Richard W. Schoenke is a new assistant vice president.

Texas Commerce Bancshares, Inc., has announced intent to acquire Guaranty National, Corpus Christi, through merger.

MID-CONTINENT BANKER for July, 1973



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bankers do.

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Exchange Security Bank, Birmingham

The First National Bank of Huntsville

The Dothan Bank and Trust Company

The First National Bank of Bay Minette

## Bankers Report on Total Information File Developed at Liberty National, Louisville

By **MALCOLM B. CHANCEY**  
Senior Vice President, and  
**TED R. FRITH**, Vice President  
Liberty National Bank  
Louisville

FOR THE last three to four years, many banks have researched, evaluated and implemented various central information file (CIF) concepts and packages. Implementation efforts of these banks have met with varying degrees of achievement, ranging from complete failure to huge successes. Those systems that have failed were not properly planned and defined with little or no forecast of benefits to the bank.

**A Step Beyond.** Most central information files provide only a fraction of the data a bank might require. The total information file (TIF) will provide extensive coverage in most market areas with information on customers and non-customers alike. The TIF is a marketing system in itself, providing the following:

**Marketing:** marketing research file, marketing analysis, management reporting, marketing plan.

**Internal Reporting:** analysis of services, customer profile analysis.

**TIF Versus CIF.** TIF goes several steps further than the traditional central information file. In the latter case, some banks have built a cross reference file while still maintaining individual names and addresses in other files with little or no demographic information. Other banks periodically sort name and address files to produce cross-reference listings.

The TIF provides a unique system whereby *only one* name and address record is maintained for all services for *any one* customer. Thus, *for the first time*, marketing has a system in which all accounts and files are linked into the TIF under a single primary name and address. Now, John Doe, who also has accounts under the names of J. Doe, J. M. Doe, J. Millford Doe, etc., becomes only "John Doe" in the TIF. The same is true if he has joint accounts with others or holds certain custodial accounts.

**A Marketing Problem Solved.** *Want-*

*ed:* Heads of households who meet these qualifications: don't have our credit card, are married, are over 25, work in managerial positions, spendable income exceeding \$9,000, own their own homes, live in pre-selected enumeration districts.

**Reason:** Pinpointing the best targets for a direct-mail campaign to acquire applications for new credit card customers that can be processed without the expense of credit inquiries.

This example is only one of countless functions that can now be performed by the total information file (TIF). While other central information files combine data about customers, our new TIF goes several steps further with vital data on the total population in most marketing areas—both customers and non-customers.

Liberty's TIF is constantly being updated; the information generated from the system is always current and allows the enumeration of services by individual customers, fast credit information and direct and indirect liability information.

Of all the many applications for the TIF, however, its value is most important in the area of marketing. This system will provide:

- Proficient methods of cross-selling services.
- Data for market research and penetration studies.
- Highly selective direct-mail campaigns that will alleviate problems of duplication.
- Statistical information for locating new branches or analyzing the penetration and effectiveness of existing branches.

In selecting target groups for direct-mail efforts (such as our hypothetical case), we build a profile of the new Master Charge customer we want to solicit. The profile consists of one of 3,600 ways in which the demographics in the combined files can be intermixed. The 10 basic services we offer and the 19 important demographic characteristics we use form the parameters of a 10x10x19x19 matrix. As the computerized selection of qualified individuals is taking place, we are able to effect a simultaneous purge of our

present Master Charge cardholders, thus resulting in a completely pure mailing list of prospects.

Because prospects for services can be pinpointed by highly selective criteria, the "shotgun" approach to marketing can be eliminated. For example, we can develop a solicitation for accountants, both customer and non-customer, married, renting (or owning) homes and earning more than \$15,000. This data can be compiled for the entire marketing area or for any small tract or tracts.

**Establishing TIF.** Hopefully, the manner in which we constructed our file will help other interested banks establish a TIF with the same excellent results.

Our first consideration was, of course, content. Keeping our marketing purposes in mind, we decided to match our records to demographic data available from a major marketing research firm (in magnetic tape form). This provided names and addresses for the total population of the geographic area in which we are interested (Jefferson County, Ky.). The names were divided by tracts, giving important flexibility so marketing efforts could be "rifled" as desired.

Our first decision was to match, merge and link the separate accounting files for demand deposits, savings and installment loans into the TIF. This involved considerable effort, using both programs and manual review. After these files had been processed—using a separate sort record for each master file—the newly created combined file was sorted on the keys. The new file then was combined by a program into the original TIF.

At that point, we began arranging demographic data on existing customers from the marketing research file and plugging it into the TIF. As new customers are added, pertinent data is gathered to keep the file current.

In all, we have 36 fields of information in the TIF file, including primary name, secondary name (for joint accounts), cross reference to all other accounts and an extensive demographic data base.

Other bank services are now being added to the TIF. At the present time, we use only 29 of almost a limitless number of available fields. This reserve capacity, we believe, will give the flexibility so important in our rapidly changing industry. • •

■ **NEW YORK**—First National City has elected the following vice presidents: John P. Dessauer, Robert M. Josephson, Henry A. Lichstein, David W. Morris, Henry A. G. King and J. Christopher Toews.

Patience is a virtue, but not when there's money on the line. And playing the waiting game can cost a bundle. That's why Security Corporation decided to inventory bank equipment in regional warehouses.

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# Commercial Lending

## Loan Officer Development Seminar Now Offered by RMA and AIB

A COMPREHENSIVE, sophisticated program has been designed to teach new commercial loan officers how to make such loans, how to deal with problems that may arise in connection with such loans and how to deal with customers. This new loan officer development seminar was authored for Robert Morris Associates by George F. Field Jr., vice president-credit and loan administration, County Bank, a Shawmut Association bank in Somerville, Mass. It was further developed jointly by RMA and the AIB and is now being offered by both groups in a cooperative venture.

In announcing the seminar, RMA pointed out that for years, on the one hand, there have been training programs available for developing the requisite skills of credit analysis and credit information. Or on the other hand, there have been seminars, workshops, conferences, schools and other educational efforts directed largely at experienced loan officers.

Until now, RMA continued, there has not been a training program available that would fill the gap between. Until now, there hasn't been one course that would act as a bridge to take future loan officers from the classroom or credit department—with their emphasis on analytical training—to the loan platform, where the officers are immediately expected to function effectively.

The loan officer development seminar is a 36-hour program, divided into 12 sessions of at least three hours each. It's particularly designed for personnel who already have had instruction in "statement analysis" and all that goes with it and who are now ready to assume or who have just recently assumed commercial lending authority. RMA pointed out that it could be particularly useful for new branch managers.

The seminar will thoroughly involve its "students" in obtaining and remembering information from an initial interview, identifying a borrower's main problem, determining his actual financial needs, detecting possible problem loans and managing a loan portfolio. Those who take the seminar, according to RMA, will be able to analyze and discuss the key factors of time,

costs and risk as they affect internal decisions. They will examine the loan officer/credit analyst relationship, including how to maximize rapport and efficiency.

The seminar will provide training in creating records that allow banks to maintain on-going, long-term relationships with their customers and prospects. It will require participants to resolve many difficult real-life problems, such as turning down a new customer, refusing to increase a loan, requesting a payout period, calling a loan, calling for additional capital, handling interest-rate disputes and re-leasing subordinated funds.

RMA said the seminar is designed to cultivate and sharpen the *subjective* skills so necessary for the survival of every loan officer and the assurance of increased profits for the bank.

The seminar employs training techniques such as role playing, team efforts, cassette tape-recorded dialogues and a business simulation game. All are professionally designed to stimulate learning.

Ideal number of seminar participants, RMA advises, is from 12 to 20. However, the seminar could be offered to as few as six. Most experienced loan officers can conduct the seminar by using the detailed, step-by-step leader's kit that is part of the package, RMA added.

RMA suggested several ways a bank's personnel can be exposed to the

seminar. One way would be to incorporate the program into in-house training efforts. Another would be for several banks to get together and offer the seminar jointly. Many AIB chapters and study groups around the country will include the seminar in their programs. In addition, some RMA chapters may be able to offer it as a training project in their areas.

Both RMA and AIB have expressed enthusiasm for the new program, which has been tested successfully across the country. The seminar is seen as fulfilling a definite need that has existed for some years and as promising to be one of the most significant and valuable training services that have ever been developed for banking.

Complete information about the seminar may be obtained from the ABA, 1120 Connecticut Avenue, N.W., Washington, D. C. 20036. • •

### Robert Morris Fall Meeting Set for Phoenix in October

The 59th annual Fall Conference of Robert Morris Associates will be held in Phoenix October 21-24. Some 1,500 RMA members and spouses are expected to attend.

Topics scheduled include significant changes in financial structure and regulations, the impact of international developments on the economy and banking, the effects of natural resource and environmental problems on commercial lending and the financing requirements of multinational conglomerates.

Speakers from the Mid-Continent area include Chauncey E. Schmidt, vice chairman, First National, Chicago; and George R. Baker, executive vice president, Continental Illinois National, Chicago.

### New Form for REITS

Robert Morris Associates and the National Association of Real Estate Investment Trusts (NAREIT) have jointly designed an information form that REITS will be encouraged to use when borrowing from commercial banks.

The two-part form is intended to be used as a guide by trusts to standardize the information they supply to lenders into one generally accepted format. Part I solicits basic, general information about the trust and its policies. Part II is intended to substitute, in most cases, for full portfolio descriptions and seeks information to be supplied to the lender periodically by the trusts.

### Automatic Tellers Go On-Line At American Fletcher Nat'l.

INDIANAPOLIS—American Fletcher National is said to be the first bank in the nation to convert its Docutel total teller machines to an on-line system. The service is offered under the name Bank Machine, according to Frank McKinney Jr., bank president.

Eleven Bank Machines perform 11 different transactions for customers. Each of the machines is connected to a central computer.

Due to the on-line capability, the bank is issuing more than 100,000 additional BankCards to its checking account customers. The card permits customer entry to the Bank Machines.

# Remember when money got tight?



## We didn't.

"No" was the word for 1969 and 1970.

You said it to a lot of good loan customers. And maybe your correspondent bank said it to you.

No money. No overlines.

But we shared what funds we had with our correspondent banks. Even though it meant less money for us.

That's what comes from corresponding banker to banker. Not just bank to bank.

No matter who you talk to, he knows you. And you know him.

So if hard times ever come again, you'll be a hard man to say no to.

We correspond banker to banker. Not just bank to bank.

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# Community Involvement

## Month-Long Traffic-Safety Program Conducted by Hawaiian Bankers

“COME on, Hawaii! . . . Let's defy death!” “Part of Hawaii died.” “Take a look at death's driveway.” With newspaper ads and leaflets carrying headlines like these, the Hawaiian Bankers Association sponsored a month-long traffic-safety program last February. The objective: absolutely zero highway fatalities in the state that month. The name of the program was “Conservation of Hawaii's Human Resources.” The motto was “Life matters . . . drive to live.”

Although nine persons died in traffic accidents in February, this was three fewer fatalities than Hawaii's 1972 monthly average of 12. Sunao Miyabara, chairman of the HBA's public relations and education committee, said the program was considered successful and pointed out there's no way of knowing really how many more lives were saved. If the program helped save even one life, he added, it was a worthwhile effort. Mr. Miyabara is senior vice president, Liberty Bank, Honolulu.

The program, on which the HBA spent \$25,000, was promoted throughout the state in an all-out effort in which business, state and local governments, education, civic, military, private and public sectors took part. Branch bankers on the outer islands were appointed to help coordinate the program.

Bankers arranged for wrecked autos to be placed in major shopping centers to serve as reminders to motorists. On Kauai, Mayor Francis M. F. Ching had dummies placed in the wrecked vehicles.

Governor John Burns and mayors of all three participating islands signed proclamations designating February as “Drive-to-Live Month.” In Honolulu, Mayor Frank Fasi ordered that 25,000 street lights along major thoroughfares be left burning throughout the day February 1 to remind motorists of the campaign. The latter also were asked to drive with headlights on that day to show their commitment to safe driving.

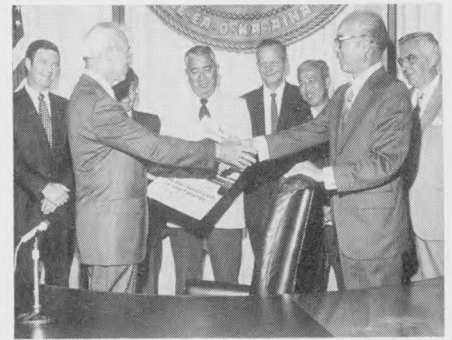
Police units on all the islands were asked to intensify their surveillance of traffic. Police also gave special safety assemblies at schools as part of the campaign, and schools displayed safety posters produced by the HBA.

The U. S. Weather Bureau added traffic safety messages to its recorded weather and surf forecasts given out by phone on the islands.

Additional publicity, beyond the paid-for advertising, was provided by all media. Bankers boosted the program by appearing before civic groups.

According to Mr. Miyabara, this was the first time any state tried for zero traffic fatalities for an entire month, and the program was the first such public project sponsored by the banking industry. Besides Liberty Bank, sponsors were American Security Bank, Bank of Hawaii, Central Pacific Bank, City Bank of Honolulu, First Hawaiian Bank and Hawaii National.

The \$25,000 expenditure doesn't begin to include expenditures in terms of manpower contributed by bankers and various cooperating groups, said Mr. Miyabara. His committee worked months on the project with Patt Patter-



Governor John Burns of Hawaii (l., foreground) receives Hawaii Bankers Assn. safety poster from Kazuo Ishii (r., foreground), pres. of HBA and Central Pacific Bank. Governor Burns signed proclamation designating February “Drive-to-Live” month, and state House and Senate passed joint resolution endorsing program. Also shown are HBA executive committee members (l. to r.), Donald L. MacGregor Jr., pres., American Security Bank; James M. Morita, ch. & CEO, City Bank; John D. Bellinger, pres., First Hawaiian Bank; Clifton D. Terry, ch. & CEO, Bank of Hawaii; C. T. Wong, pres., Liberty Bank; and Roger Braidwood, exec. v.p., Hawaii Nat'l.

son & Associates, Inc., Honolulu public relations and advertising firm.

“Our association felt the ‘Drive-to-Live’ program would be an effective demonstration of public concern,” said HBA President Kazuo Ishii, “at a time when banks and bankers are not always viewed in the most favorable light by the general public.” Mr. Ishii is president of Central Pacific Bank. • •

• Bannister Bank, Kansas City, recently hosted seniors from two local high schools at special graduation events. One group of 600 seniors was feted at a party that included entertainment; the other group of 200 seniors was given a luncheon. All graduates were presented with checking accounts, complete with checkbooks and deposits, as gifts from the bank.

### ‘Celebrity Auctioneer’



Rodkey Craighead (r.), executive vice president, Detroit Bank, was one of 70 on-camera “celebrity auctioneers” asked to man the microphone during the fifth annual auction held recently by Detroit's public broadcasting TV station. The auction raised more than \$410,000 to be used to keep the station on the air.

**Come on, Hawaii...  
Let's defy death!**

Join us in a special effort to make this February completely free of traffic fatalities. Each year more than 1000 people are killed in auto accidents than any other month. Each year the fatality figure grows. What a waste! But we can do something about it. The Hawaii Bankers Association feels if every one of us would spend one entire month concentrating on safe, courteous driving, there wouldn't be a single road death in Hawaii that month. If we all drive safely and get through February alive, what to prevent us from doing it in March too? And April, and every month. Let's do it in February. The Hawaii Bankers Association is doing its utmost to contact everyone in Hawaii, including visitors, to get them to drive with extra caution all through February. We're doing our part to save life. Please do yours.

**Life Matters...Drive to Live!**

Presented in the Interest of the Conservation of Hawaii's Human Resources by  
**HAWAII BANKERS ASSOCIATION**  
American Security Bank - Bank of Hawaii - Central Pacific Bank - City Bank of Honolulu  
First Hawaiian Bank - Hawaii National Bank - Liberty Bank

Hawaii Bankers Assn. produced 50,000 leaflets like this one as part of its traffic-safety promotion in February. They were distributed by gas stations; grocery store employees stuffed them in sacks; city liquor commission took them to bars, and boy scouts placed them on cars at shopping centers.

# Funny. They don't look like high-ratio customers.



They financed a small home for 10% down a few years ago. Now they've outgrown it, have some equity and a little cash saved. Enough, say, for a 20% down payment on a slightly bigger house.

But maybe you should suggest they consider a higher-ratio loan. It could reduce their down payment and save them some cash for start-up expenses in their new house. Or else, it might be smarter to use the down payment they have to put them in a substantially larger, better house—one they probably won't outgrow again.

The point is, young families aren't your only prospects for 95% loans. You can expand your business by explaining the advantages of high-ratio mortgages to

more mature borrowers as well. By guiding each customer toward the mortgage that's right for him. By serving as a financial counselor rather than just a lender.

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MCB-7

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MID-CONTINENT BANKER for July, 1973

15

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## Corporate News Roundup

• **Bank Building Corp.** Joseph A. Smith was named president and chief executive officer, Bank Building Corp., St. Louis, May 31. He succeeded William F. Cann, who was appointed chairman. Louis J. Orabka, formerly chairman, became chairman emeritus. William E. Wilkinson was made executive vice president and chief operating officer.



Holding new posts at Bank Building Corp., St. Louis are (l. to r.) William E. Wilkinson, exec. v.p. & chief operating officer; Joseph A. Smith, pres. & CEO; and William F. Cann, ch.

Mr. Smith joined BBC in 1968 and had been executive vice president and chief operating officer since 1970. Previously, he spent 12 years with TRW, Inc. Mr. Cann, with the firm since 1947, became president in 1964 and CEO in 1967. In addition to his responsibilities as chairman, Mr. Cann—a licensed and registered architect in 48 states, the District of Columbia, Virgin Islands and Puerto Rico—serves as chairman of the executive committee. Mr. Wilkinson went to BBC in 1968 from Westinghouse Electric Corp. and TRW, Inc. He became first vice president last year.

• **The Ziegler Co., Inc.** Three operating companies in the Ziegler holding company group, West Bend, Wis., have elected new presidents.

R. D. Ziegler was elected president and chief executive officer, B. C. Ziegler & Co., and Bernard C. Ziegler was elected chairman. Both hold similar posts with the parent HC. B. C. Ziegler & Co. is the largest of the six operating firms that make up the Ziegler Co., Inc.

John W. Sloan was elected president, Ziegler Financing Corp., which pro-

vides construction and development loans for all types of building projects across the country. He had been a vice president since 1970 and a director since 1971.

Gerhard C. Spielman was elected president, Ziegler Leasing Corp., which leases equipment primarily to the health-care field. Mr. Spielman was elected a director and secretary of this firm in 1971. He also was named secretary, B. C. Ziegler & Co., in 1972.

The officers took their new posts June 15, when K. G. Marsden retired. He had been president and/or CEO of the six operating companies. Mr. Marsden continues as vice chairman and a director, Ziegler Co., Inc., and a director and member of the loan committee, B. C. Ziegler & Co.

• **Security Corp.** Gary J. Griff has been appointed vice president-finance of Security Corp., Irvine, Calif., national marketer of equipment for financial institutions. Mr. Griff was previously New York regional manager and district manager for southern California.

• **LeFebure Corp.** Fred E. Dimmitt has been appointed sales engineer for the Houston branch office of LeFebure Corp., Cedar Rapids, Ia. Mr. Dimmitt will sell LeFebure banking equipment and security systems in the central Texas area.

• **LeFebure Corp.** William E. Beery and Michael A. Macalush have been appointed sales engineers for the New Orleans branch office of LeFebure Corp., Cedar Rapids, Ia. Mr. Beery was formerly with A. B. Dick Products Co. and Mr. Macalush was formerly with Burroughs Corp.

• **Diebold, Inc.** Walter Crow has been appointed vice president-marketing of the Bank/Systems Division of Diebold, Inc., Canton, O. He was formerly vice president and general sales manager of the firm's Lamson Division. Joseph K. Caron has been appointed vice president, Bank/Systems Division-general sales manager, Bank Systems Group of Diebold. He was formerly general sales manager of the Bank Division.



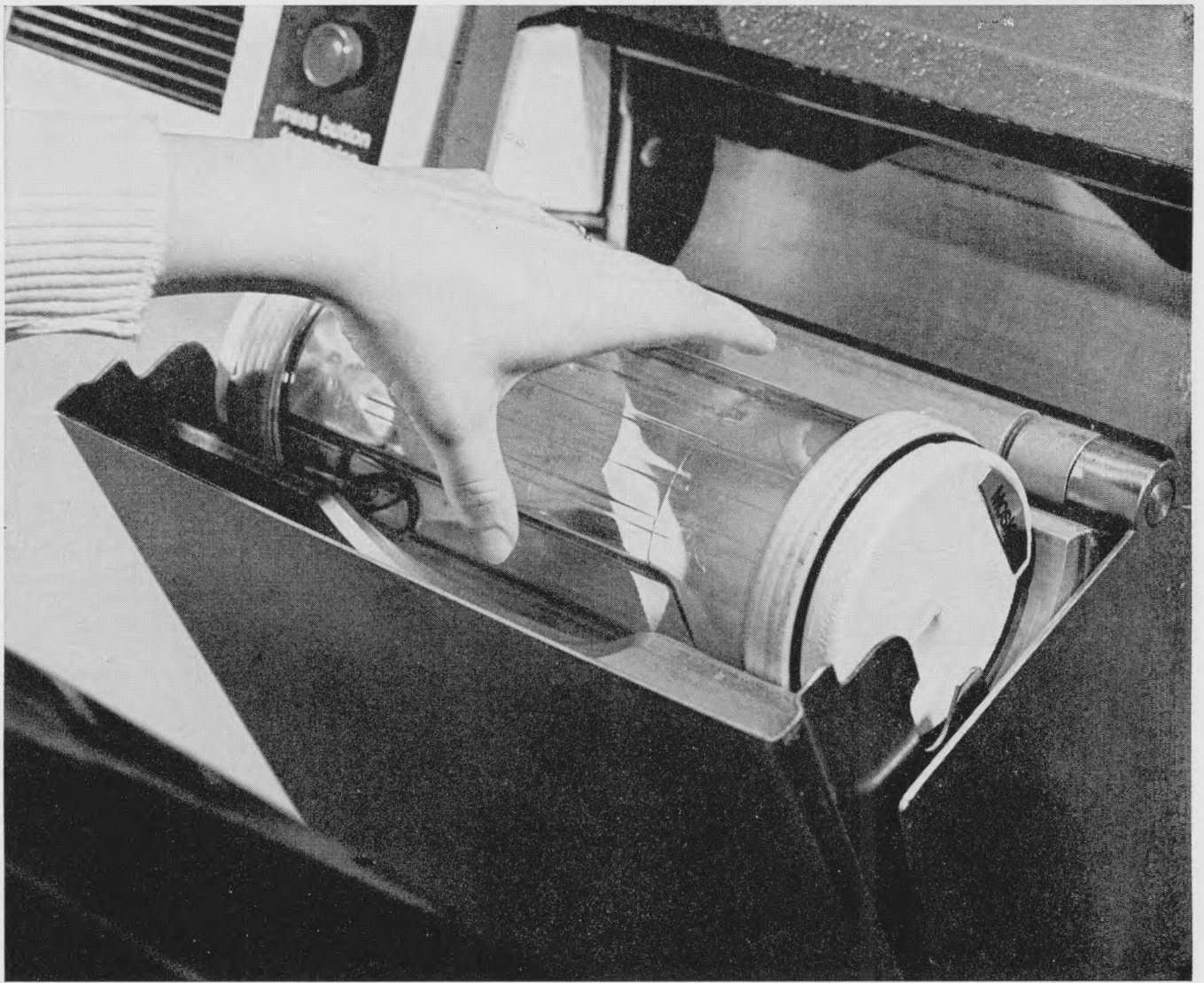
CROW



CARON

MID-CONTINENT BANKER for July, 1973





## Through this opening pass the easiest transactions in the world.

Pneu-Vista® 800 by Mosler is the ultimate direct-vision, drive-in system. It combines customer convenience, reliability, and improved teller efficiency. One teller can serve two customers with ease.

**Customer touches only one button.** When customer touches "Call Teller" button, transaction door opens, presentation tray rises and presents carrier to customer. Carrier opens from either end.

**Completely automatic system.** When customer replaces carrier in presentation tray, door closes automatically and starts pneumatic system. Teller unit door opens automatically to present carrier.

**Personal touch remains.** Teller's voice is clear and natural through an audio system

that is especially designed for drive-in use. Teller and customer can see each other easily because outside unit has low profile. Teller can also see whether carrier is in tray.

**Complete, safe control.** Doors at both customer side and teller side automatically stop closing if hand or any object is in the way. Teller can override automatic sequence at any time to take control.

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MID-CONTINENT BANKER for July, 1973

firms and organizations looking to broaden their participation in the consumerism movement.

The Chase consumer education program is a series of audio-visual displays, instructional games and cartoon-type filmstrips and booklets that explain the benefits, pitfalls and ins-and-outs of credit. Although originally developed by the bank for its own employees and customers, Vice President Saul J. Waldman said, "So many other banks, companies, government agencies, schools and community groups asked us to help them develop similar materials that we decided to package our own program and make it available to them."

Among the highlights of the program are "The Credit Game," a multi-media exhibit that forms a path to credit with flashing lights, cartoons, pushbuttons and telephone receivers, and "The Credit Wheel," a colorful board with movable dials that answers questions such as where to obtain various kinds of loans and offers a guide for budgeting loan repayments.

The bank has produced several variations of each, making the program flexible and adaptable for use by a wide range of businesses and organizations—from banks and retail stores to schools, libraries and community groups. The materials come in many sizes and forms, suitable as major displays, counter and desk-top exhibits, speakers' props, school aids and mass mailings.

Variations of "The Credit Game" may be purchased singly or in combination, and "The Credit Wheel" comes in two versions. The package is available in whole or in part, and prices vary according to the quantity ordered. In addition, Miss Judy A. Gorman, Chase's consumer education director, is available to help any firm or organization set up its program. Miss Gorman thought up this idea to explain credit in an entertaining way.

It's a unique program, she explained, because it departs from the textbook-like approach so often used to explain this complex subject. With its imaginative audio-visual and do-it-yourself components, it's an ideal educational tool for children and adults, she added.

• **State Bank**, Orion, Ill., recently saluted the farmers of its trade area in festivities connected with the bank's 83rd-birthday celebration. The bank honored four generations of one farm family that has been farming in the Orion area for more than 100 years. It also served farm products at its two-day open house to register support for farmers experiencing a meat and farm product boycott at the time.

## Coffee, Tea . . . or GNP?



Featured on selected United Air Lines flights during June and July is special audio program put together by panelists (l. to r.) Dr. Robert Genetski, Dr. Beryl Sprinkel, moderator Larry Butler and Dr. Herbert Neil. This special in-flight program is patterned after bank's monthly Sound of Business audio cassette series.

## Business Briefings for Passengers Provided by Bank Aboard Planes

**P**ASSENGERS aboard certain United Air Lines flights between Chicago and the West Coast and Honolulu may have coffee, tea or GNP during June and July. Harris Trust, Chicago, is providing a special Harris Sound of Business program as part of the Patterns in Sound programing on United's 747s and DC-10s on these flights. The presentation is similar to the Harris Sound of Business, monthly business-economic briefing on audio cassette that's available on a subscription basis and usually runs for 30 minutes.

The Harris Sound of Business in-flight special is a one-hour program—to which passengers may listen through headsets—featuring Harris Bank economists, Drs. Beryl W. Sprinkel, Herbert Neil and Robert Genetski and moderator Larry Butler.

United passengers can hear the economists discuss inflation, fiscal and monetary policies, allocation of resources, the international monetary system, business cycles and early business warning signals among other topics. The discussions are designed to appeal to an audience broader than the business-financial community that's the

subscription base of the monthly series. When using terms common to business-economic jargon, the economists define them.

The monthly series gives Harris Sound of Business subscribers interpretation of current events and trends, plus forecasts. Subscribers receive a printed topic outline of each program and statistical charts relevant to topics discussed on the cassette. • •

### Consumer Education:

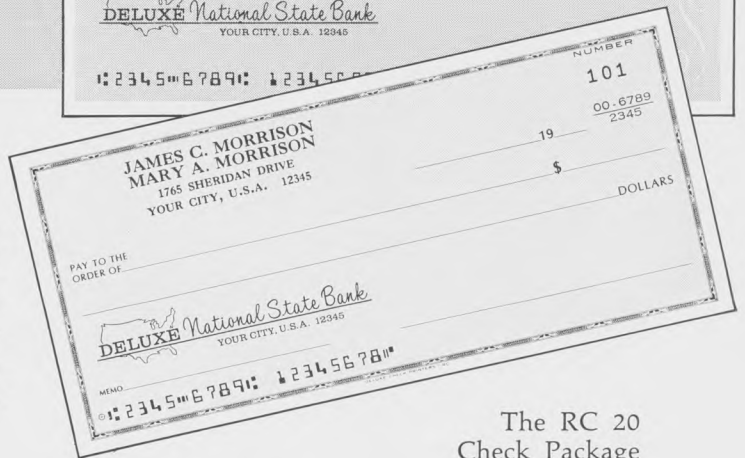
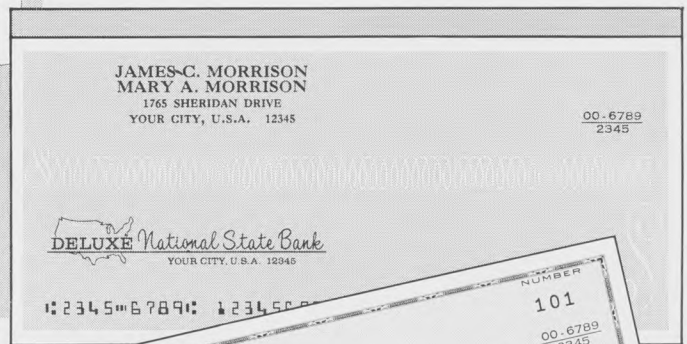
### *Bank Program Designed To Teach Wise Use Of Credit to Public*

**C**ONSUMER EDUCATION is necessary, but it is complex and sometimes doesn't come across to the average person. Late in 1971, New York City's Chase Manhattan began a unique approach to consumer education, designed simultaneously to teach people how to get more for their money by using credit wisely and still have fun while they learn.

Now this program is available to



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The checkbook is versatile and is used where a line of credit has been established under a planned program with or without the use of charge cards, guaranteed check identification cards, or other systems.

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# NEWS OF THE BANKING WORLD

• **Molitor Ford**, vice president at First National, Memphis, has been named head of the bank's correspondent bank division, succeeding Armistead Smith, senior vice president. Mr. Ford entered the bank's management training program in 1964 and served in most areas of the bank, joining the correspondent bank division in 1969. He is a graduate of the University of Arkansas, the Congressional Page School in Washington, D. C., and the School of Banking of the South.

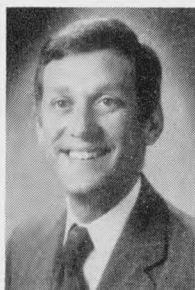
• **Harold G. Kuhlman** retired recently from St. Louis' First National, where he was a vice president in the correspondent banking division.

Mr. Kuhlman joined the bank in 1926 and covered Missouri, Kansas and Nebraska. For many years, he served as secretary of the Missouri Bankers Association's 50-Year Club.

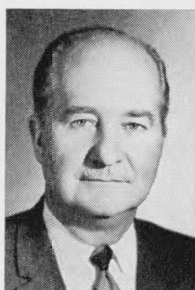
• **Robert J. Helfer** has been elected a vice president in the correspondent division of National Stock Yards National Bank, National City, Ill. Mr. Helfer joined the bank 19 years ago and services the bank's correspondent customers throughout northern Missouri.

• **James E. Smith** has been confirmed by the Senate as the 23rd Comptroller of the Currency. Mr. Smith had formerly been deputy under secretary of the Treasury and had served as special assistant to the secretary for congressional relations. He also served on the Washington staff of the ABA as deputy manager and associate federal legislative counsel. His career in government began in 1955 as an investigator with the Office of Security of the State Department. He later served as legislative assistant to Senator Karl Mundt and as minority counsel to the Senate Subcommittee on Intergovernmental Relations.

• **Alan R. Miller** has been appointed to the newly established office of executive secretary of the FDIC. The position includes functions formerly performed by the secretary to the FDIC and the assistant to the board. Mr. Miller has been with the FDIC since 1952, and has been in the Washington office for the past four and a half years.



FORD



KUHLMAN



HELFER



SMITH



RAMSAY



LEE

• **Carl A. Bowman**, executive vice president, Kansas Bankers Association, has been named chairman of the board of the Graduate School of Banking, Madison, Wis. He was formerly vice chairman. He succeeds O. E. "Andy" Anderson of the Ohio Bankers Association, who is retiring.

**Jack S. Klein**, head of the corporate banking department's correspondent banking division's southern region of Security Pacific National, Los Angeles, died recently. He joined the bank in 1937 and was named a vice president in 1965. He traveled in Arkansas, Kentucky, Louisiana, Mississippi, Tennessee, Texas and other states for the bank.



• **David B. Ramsay III** has been promoted to assistant vice president in the national correspondent division at American National, Chattanooga, Tenn. Mr. Ramsay joined the bank in 1961 and joined the national correspondent division during its formation last year.

• **Joseph T. Bembem**, vice president and personnel manager, Peoples National of Washington, Seattle, has been elected AIB president. New vice president is Russell E. Rosenberger, banking officer and assistant manager, Philadelphia National, Conshohocken, Pa. Newly elected AIB executive councilmen are Jerry D. Boughton, senior vice president, First National, Shreveport, La.; Robert E. Saylor, branch manager, Detroit Bank; and William J. Rossman, commercial loan officer, Mid-State Bank, Altoona, Pa.

• **Kermit L. Lee**, director of urban affairs at Continental Illinois National, Chicago, has been elected chairman of the board of the National Urban Affairs Council. He was previously vice chairman. The council is made up of executives from major corporations and its purpose is to promote responsible business and industrial participation in programs designed to resolve urban problems.

• **Raymond J. Dempsey**, senior vice president, Bankers Trust, New York City, has been appointed head of the new United States banking department. This group is a combination of the bank's two domestic wholesale banking departments—national and New York. The new department is responsible for the bank's business with corporations and correspondent banks throughout the country.

Mr. Dempsey joined Bankers Trust in 1957, became head of corporate development in 1972 and a senior vice president last January. Theodore L. Kesselman, vice president, has succeeded Mr. Dempsey as head of corporate development.

Senior Vice President James K. Campbell, who had been in charge of the national department, has been named deputy head of the U. S. banking department.

Senior Vice President Arthur B. Griffin, who headed the New York department, retired June 30.

In Mississippi, unlike many areas of the United States, its natural resources have not been exploited and depleted. For this reason the really golden years of growth and development lie ahead. Mississippi's abundance of timber, minerals, clean water and other resources put it at the frontier of economic opportunity in America.

First National has its finger on the pulse of Mississippi and plays an important role in helping build and expand the state's economy.

If you need information on Mississippi's natural resources-their availability or their reserves-your most knowledgeable source is First National of Jackson.

**Branches:** Commercial National Bank, Greenville/Leland · The Bank of Greenwood, Greenwood · First National Bank, McComb  
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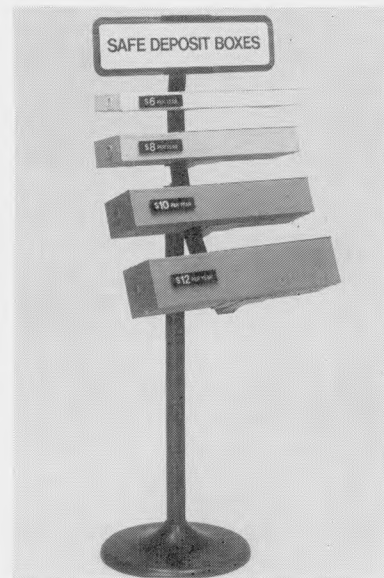
4618 N. Post Rd., Indianapolis, Ind. 46226

## New Products and Services

• **Directoire Guide Line Systems.** A permanent display that shows all types of safe deposit box rental options at a single glance has been developed by Directoire Guide Line Systems, a division of Display Mart, Inc., San Francisco.

The display—called Safe Deposit Box Supersalesman—holds four standard safe deposit boxes and a display header. An optional header also is available to promote U. S. tax deductions allowed when a customer's safe deposit box is used for the safekeeping of income-producing documents. Each display header is mounted on heavy-duty plastic with a walnut-vinyl background.

The entire Supersalesman is mounted on a stanchion constructed of aluminum



finished in Perma-Bronze for maintenance-free performance, according to the manufacturer. The stand weighs 30 pounds, is 58 inches high and its stanchion base 16 inches in diameter.

Write: Directoire Guide Line Systems, Div. of Display Mart, Inc., 425 Second Street, San Francisco, Calif. 94107.

• **Bank Building Corp.** has recently introduced Expando-Banc, a pre-engineered unit that permits expansion from a drive-up/walk-in facility to a full-service branch or home office without interruption in business.

Phase I of the facility functions primarily as a drive-up/walk-in unit. Phase II is engineered for partial branch or satellite operations, but it also offers an after-hour walk-up teller, a 24-hour money dispensing machine or a new accounts/loan area with safe

deposit boxes. Phase III enables the bank to add a vault, coupon booths, employees' room and additional teller and officer area.

Phase IV enables the branch to add a fourth teller station and a private office adjacent to an expanded loan officer area.

The units can be constructed in combinations to fit the needs of the bank.

For more information write: Bank Building Corp., 1130 Hampton Avenue, St. Louis, Mo. 63139.





## Every time you step away from your bank's portfolio to handle other bank business, the portfolio can step away from you.

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We can measure the entire marketplace against the needs of your portfolio—for tax status, liquidity, risk exposure and earnings.

We can give you a computer print-out of all the instruments in your portfolio, listing their yields, market values and appreciation or depreciation from book value, and the re-investment yields needed for break-evens, so you can compare yield give-ups when you sell holdings against current market offerings.

For prices and details concerning this service, contact your Chase representative or John Achenbach of the Investment Advisory Department at (212) 552-6266.

**In an increasingly complex financial world, you have a friend at Chase Manhattan.**



# NEWS ROUNDUP

## News From Around the Nation

### Heed Social Issues, ABA Says

The consideration of social issues on the part of bank trust departments has been urged by the executive committee of the ABA's trust division.

As trustees, the association said, banks have a fiduciary obligation to give "singular attention to the achievement of good investment results." However, "a bank fiduciary should seek to analyze a portfolio company's responsiveness to social and environmental matters to determine the long-term impact upon its securities."

"The activity or inactivity of a portfolio corporation in matters of social and environmental concern can have a substantial effect upon the economic well-being of the corporation, its earnings and the long-term market performance of its securities," the group said.

### Banks Still Discriminating, EEOC Says

Bankers have been accused of making no substantial improvement in eliminating discriminatory employment practices against minorities and women during the past year. Thus, the industry is vulnerable to additional lawsuits by the Equal Employment Opportunity Commission, a spokesman for the commission said.

The industry "continues to give us a great deal of concern," the spokesman said. The lack of progress is due to "lack of real concern on the part of banks to make the changes required" and an unawareness of the equal employment problems involved.

### FDIC Asks Rate Ceiling Compliance

The FDIC is urging state-chartered banks that are not Fed members to observe the interest rate ceilings established under the FDIC's Regulation 329, notwithstanding the temporary failure of Congress to enact the extension of the flexible rate control authority upon which the regulation is based.

Congress has approved extension of the flexible rate control authority, but other unrelated provisions of the legislation have caused delay in enactment.

### Fed Discount Rate Hits 7%

The Fed breached the 6% discount-rate barrier last month for the first time in more than half a century by increasing the rate to 6½%. The increase was made by the Fed to show its determination to dampen rampant inflation and curb excessive expansion in monetary aggregates. *The rate has since been raised to 7%.*

This show of determination by the Fed was expected to cause a strengthening of the dollar in European markets. Those who have speculated against the dollar, it is believed, will reverse positions as confidence grows that the Fed is determined to slow price increases.

A major consideration by the Fed in approving the raise was the 2% increase in wholesale prices during May—a 24% annual rate of increase.

Equally disturbing to monetary authorities has been the excessive pace of expansion in monetary aggregates since the start of the second quarter.

Money supply grew at a 12% annual rate in May, following a 10% rise in April. The target range is believed to have been close to 4% or 5%.

### FTC Control Over Banking Blocked

A Senate Banking, Housing and Urban Affairs subcommittee has voted to block a consumer-backed move to place rule-making power over consumer banking issues with the Federal Trade Commission.

The action reverses a position taken recently by the subcommittee's chairman and ranking minority member, Senator William Proxmire (D., Wis.) and would rewrite legislation shifting regulation of consumer banking from federal banking agencies to the FTC.

### Speedier Bill-Paying System Explored

A new payments system policy committee of the ABA has been created to provide the American public with more convenient, economical and secure methods of moving money now and in the future.

Chairman of the committee is Richard D. Hill, chairman, First National, Boston.

The primary objective of the committee, according to Mr. Hill, is to determine how needed payments system improvements can be introduced most effectively. The ABA committee will assess new developments and their possible impact on the banking industry, its customers, suppliers, regulatory agencies and other financial institutions.

### Foreign-Bank Cooperation Sought

The Fed has asked foreign-owned banking institutions in the U. S. to voluntarily cooperate with the credit-restraint rules announced by the Fed in May.

The foreign-owned institutions were asked to observe the new reserve requirement on certain foreign borrowings and on increases in outstanding large-denomination CDs. The banks were told that the Fed believes that the effectiveness of its recent actions in combating inflation would be substantially enhanced if the foreign-owned banks would conform to the 8% reserve requirement on any increase over the May average in borrowings from banks abroad, including the bank's own head office.

The Fed also invited the institutions to cooperate in conforming to the 3% supplemental reserve requirement on further increases in CDs of \$100,000 or more, as well as certain other deposits and liabilities.

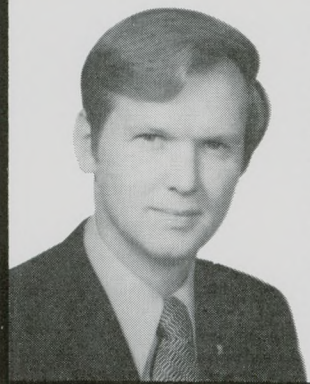


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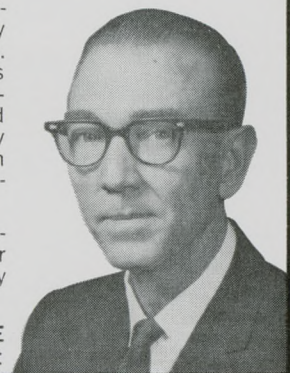


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**DAVID MONTGOMERY**  
Assistant Cashier



**ED POOLE**  
Vice President

# New Customer Services

## Computerized Billing Service Offered to Physicians

PHOENIX—Valley National of Arizona is offering a billing service for physicians throughout Arizona that also keeps track of customer payments.

The service is called Valley Bank's On-Line Information Center (VOICE) and is operated in conjunction with a computer with a voice that mails statements to patients.

A person in the physician's office calls the bank's computer by telephone, enters the physician's security code number and then enters the transaction to be billed. Once a month, all the transactions recorded on each account are totaled and itemized statements are prepared in duplicate, including a monthly report. Originals are mailed to patients and duplicates and reports are delivered to the physician.

The bank presently has about 250 accounts in the program.

## Business Newsletter Started By NBC, San Antonio

SAN ANTONIO—National Bank of Commerce has introduced "News and Business Communicator," a new monthly economic newsletter, to San Antonio businessmen. The publication is compiled by Elvin Schofield, vice president of marketing and economic research at the bank.

The first issue, published in April, featured a summary of the past month's business activities, highlights of economic events on the state and national level and charts picturing specific economic indicators. Local factors given consideration included employment, auto sales, construction, utilities, agriculture, department store sales and convention activities.

## Package Banking Service Plan Offered by First of Arizona

PHOENIX—First National of Arizona is offering a new service called "The Gold One," which provides every banking service an individual normally requires at one monthly charge.

Services included are unlimited check writing with no minimum balance, complimentary personal checks, a safe deposit box, a line of credit from which an account holder can automatically draw, no-additional-fee money

orders, travelers checks, cashiers checks, notary service and a reduced interest rate on personal loans over \$1,000.

The program is available for a single fee of \$3 a month.

## Execs Can Put House in Order With Financial Advisory Service

CHICAGO—Continental Illinois National is one of fewer than a dozen U. S. banks offering personal financial counseling services for executives. Its program is called "Financial Advisory Service for Executives," and the bank says the service offers benefits for the company and for the executive.

The service is said to enable executives to devote their total efforts to management of their companies since they know their personal financial planning is being cared for under the bank's program.

The service offers executives specific recommendations on a wide range of estate considerations including investment objectives, stock options, corporate benefits, insurance contracts, tax shelter investments, future income projections, cash management, taxes and commercial banking.

It also offers a continuous source of guidance on personal financial planning.

The service is available to firms as a fringe benefit for executives.

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First National Bank of Kansas City



Walter Charlton, pres., 1st Trust, Kankakee, is shown giving his views on Illinois banking structure at IBA's recent annual convention. Mr. Charlton is ch. of exec. comm. of newly formed Association for Modern Banking in Illinois (AMBI), whose objective is to obtain legislation allowing multi-office banking in state.

## Multi-Office Banking Issue Splits Bankers in Illinois

### *Advocates of Multi-Bank HCs, Branching Form Group To Seek Legislation Ending Unit Banking in State*

**A**N UNPRECEDENTED RIFT in the 82-year-old Illinois Bankers Association has resulted in 150 banks withholding their dues from the IBA and the formal organization of a rival group called the Association for Modern Banking in Illinois (AMBI). The latter group advocates introduction of multi-office banking in the state. Among its dues-paying members (at press time, there were 160) are six big Chicago banks—Continental Illinois, First National, Northern Trust, Harris Trust, LaSalle National and Exchange National. The first four of these banks also had not paid their IBA dues as of press time, according to an IBA spokesman. At the time of the IBA's annual convention in May, the association had 1,150 members.

Although the dramatic events taking place in Illinois occupy the banking-structure spotlight, there was activity, too, in other Mid-Continent-area states last month. For instance, the newly formed Independent Bankers Division of the Tennessee Bankers Association held an executive committee meeting, and a new group was formed in Louisiana called the Louisiana Independent Association of Bankers. This organization is not a part of the Louisiana Bankers Association, but its members can also belong to the LBA.

The Illinois controversy resulted from the declaration of policy adopted at the convention. Prior to the annual meeting, the association's council of administration—by a close vote of 12 to

By **ROSEMARY McKELVEY**  
Managing Editor

10, with eight members absent—voted to adopt a position of "neutrality" on the subject of multi-office banking and inserted this word into the declaration of policy, which was to be approved or disapproved at the convention. However, those bankers adamantly against any change in Illinois laws, which now prohibit multi-office banking, learned of the neutral position being advocated and introduced an amendment that would reinstate the IBA's traditional opposition to multi-office banking. The final afternoon of the convention was devoted to speakers appearing on both sides of the issue, followed by a standing vote. Each member bank was allowed one "accredited" vote. Those opposing the neutrality stand won—396 to 187—and the IBA again went on record as opposing any change in Illinois' banking laws.

As a result, Walter J. Charlton, president, First Trust, Kankakee, and chairman of AMBI's executive committee, called an organizational meeting of his group for June 21 in Chicago. AMBI was created in February as an outgrowth of an earlier group, Association for Full-Service Banking, whose members advocated a change in Illinois banking laws to allow multi-office banking. AMBI's president is Henry E. Seyfarth, chairman, First National, Blue Island; its vice chairman is Walter Lohman, president, First National, Spring-

field. They will serve until July 15, when results of a mail vote, now being conducted among AMBI members, will elect a slate of full-term officers. AMBI members also are deciding by mail on adoption of an organizational structure and bylaws.

AMBI's executive director, a full-time post, is Harry Allison, formerly president, Upper Avenue National, Chicago, and at one time, vice president, First National, Chicago. Mr. Allison, who works out of AMBI's four-man office in Springfield, said he took the job only on a temporary basis until the new organization is "fully on the road." He indicated last month that it is now on the road, and he intends to return to banking this month. When Mr. Allison leaves, a new executive director will be appointed.

Mr. Charlton said bankers in the state are being encouraged to belong to only one of the groups because, in his opinion, it would be difficult to belong to both AMBI and the IBA and support different legislative proposals. He indicated that sentiment at the June meeting certainly was that many of the banks present would drop out of the IBA.

In a telephone interview with MID-CONTINENT BANKER, Mr. Allison emphasized that bankers wanting a change in Illinois banking laws had wanted the IBA only to remain neutral on the multi-office-banking issue; they didn't demand that the association come out in favor of such legislation. He said

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# Illinois Bankers Split

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that AMBI plans to work hard to have multi-office legislation introduced at the 1974 General Assembly. In addition, he continued, AMBI will become an association similar to the IBA and other state bankers associations. It will work in the regulatory and government relations liaison area and also will provide such services as insurance, trust, installment lending and agricultural lending. He also said that AMBI has been assured of membership in the Central States Banking Conference, which sponsors the School of Banking at the University of Wisconsin at Madison.

According to Mr. Allison, AMBI members' desire to change Illinois anti-branching laws is not a recent one. For at least 25 years, he said, those bankers wanting a change in the laws had hoped such change could be brought about through the IBA. In fact, he pointed out, some bankers as early as the 1920s had expressed a wish to change the laws.

**The IBA's answer.** On June 22, the day after AMBI's organizational meeting, James P. Ghiglieri, newly elected IBA president and president, Citizens National, Toluca, issued a statement voicing the association's regret and concern that some IBA members who favor multi-office banking are leaving the IBA in an effort to foster their objectives. Such action, said Mr. Ghiglieri, can have only a negative effect on banking in Illinois and its ability to provide the best possible banking services in the state.

The IBA officer said that although it wasn't known at that time how many banks plan to withdraw from the IBA, about 10% of the membership had not paid their dues, which were due June 30.

"Branch banking and multi-unit holding company banking are important issues in this state," said Mr. Ghiglieri, "The position that the IBA now holds on these issues was reached in open sessions through the action of the delegates who represent all banking interests in Illinois. Certainly, any further resolutions of their views can be accomplished better within the open forums of the IBA than from outside the association.

"Anyone who allows these issues to divide the banking community in Illinois is overlooking the many other serious and important concerns which have joined us together for the benefit of

good banking."

As an example, Mr. Ghiglieri cited the more than 200 legislative bills in behalf of good banking services that the IBA had studied and acted on during the past year. Eight of these, he continued, concerned multi-office banking. On all the others, there was unanimous agreement among members over the IBA's action, he said. Surely, according to Mr. Ghiglieri, no banker wishes to limit such legislative study and activity, including, the IBA is certain, those who plan to leave the association and deprive it of their support.

Mr. Ghiglieri also pointed to the five established educational conferences and numerous workshops in which more than 3,000 bankers took part during the past year. These programs will be continued, he promised, but the IBA is concerned that employees of banks that leave the association will be deprived of participation.

President Ghiglieri said the IBA regrets also that some bank employees will be deprived of instruction at the Illinois Bankers and Agricultural Lending schools because their banks no longer are IBA members. Such deprivation, he said, injures not only the respective employees and banks, but also the entire Illinois banking community.

Mr. Ghiglieri closed his statement by urging any banks that have contemplated leaving the IBA to give it serious reconsideration. Whatever the differences are, he believes, they are far fewer than Illinois bankers' common aspirations for outstanding banking services to Illinois residents.

**In Louisiana,** about 100 bankers, representative of independent banks, met June 21 at the Prince Murat Inn in Baton Rouge to formally organize and make plans for the future. A group called the Louisiana Independent Association of Bankers (LIAB) was created; articles of incorporation and by-laws were adopted, and a board of directors was appointed. This official group, which is not connected with the Louisiana Bankers Association, has the following officers: president, Wilmore W. Whitmore, president and CEO, First National, Houma; president-elect, R. Stacy Williams, president, Peoples Bank, Natchitoches; and secretary-treasurer, W. C. Earnest Jr., president, Avoyelles Trust, Bunkie.

The group was divided into eight regions, along the same geographical

lines as are the LBA's clearinghouse groups. There are three directors for each LIAB group.

The LIAB's main objective, according to John Kenaley, president, Hub City Bank, Lafayette, is to see that the status quo of Louisiana banking laws is maintained. These laws now prohibit formation of multi-bank HCs and state-wide and metropolitan-area branching. The next regular session of the state legislature will be held in May, 1974.

Mr. Kenaley, who was elected a director of LIAB's Region Three, was the prime mover in having the new group organized. Prior to the recent LBA convention, he held a meeting of independent bankers and tried to get them to sponsor a resolution supporting the status quo of Louisiana banking laws and then get the LBA, during the convention, to adopt this resolution. However, Mr. Kenaley withdrew his resolution when the independents at the special meeting indicated they were unsure as to whether to maintain their stand within the framework of the LBA or to form a separate organization. As a result, the LBA continues in its neutral position on banking laws.

When contacted by MID-CONTINENT BANKER the day after the June 21st organizational meeting of the LIAB, Mr. Kenaley stressed that members of this new group are remaining in the LBA, too.

**In Tennessee,** the executive committee of the new Independent Bankers Division of the Tennessee Bankers Association met June 20 at the TBA office in Nashville. Among subjects discussed was the apparent failure of the independents to obtain enough signatures of state legislators to call a special session of the legislature and thus have another chance to get a bill passed that would curtail HC activity in the state.

As reported in the June issue of MID-CONTINENT BANKER, Governor Winfield Dunn unexpectedly vetoed a bill passed in the just concluded legislative session that would have prohibited multi-bank HCs from establishing de novo banks and acquiring existing banks that have been in operation less than five years. Davidson County would have been excluded from the bill's provisions.

The executive committee talked about the possibility of having a bill introduced before the legislature's next session in January, 1974. A recent ruling by the speakers of both houses of the Tennessee Legislature allows introductions of new bills between legislative sessions.

In addition, the committee considered

*(Continued on page 74)*

## The Structural Evolution Of Bank Competition

### Can It Be Faced in Rational, Comprehensive Way?

I WOULD LIKE to share with you my growing concern over the way in which the entire range of banks and bank-type financial institutions seems to be evolving. The combined pressures of aggressive competition and increasing customer needs assure that the underlying structure of these institutions and their competitive relationships will change significantly in the years ahead. *Therefore, the question before us isn't whether to allow changes, but whether to permit inevitable changes to take place on a piecemeal, ad hoc, catch-as-catch-can basis or under a more comprehensive and equitable regulatory framework.*

I favor the latter course, though I certainly would not propose an additional overlay of restrictive regulations. Nor am I suggesting that we constrain vigorous competition. On the contrary, I feel there are many instances in which a thoughtful review will dictate removal of present regulations precisely to increase opportunities for constructive competition.

To illustrate the need for a rational and comprehensive framework for the future growth of our financial system, I would like first to look at the dual function of banking regulation both as a means of implementing monetary policy and as a watchdog over unfolding competitive forces. Then I would like to consider the present trend toward "de-specialization" and the specific challenges it poses to our present banking structure. Finally, I will offer

By **DAVID ROCKEFELLER**  
Chairman  
Chase Manhattan Bank  
New York City

what I regard as the most important considerations to bear in mind in shaping the banking structure of the future.

Three years ago, the widely respected economist, Henry Wallich, observed that "Banking, with its three federal and 50 state supervisory authorities, and bodies of law to match, is the most overregulated industry in the country."

Despite those accumulated restraints, the vigorous and varied financial institutions of this country have constantly managed to maintain and even enhance the range and sophistication of financial services they supplied to the public. And they have done this with rea-

sonable success in the face of extreme swings of the economic pendulum.

Of course, at the same time that banks are affected by general economic conditions, they are also being used to effect changes in those conditions. In the 1860s, for instance, the necessity of attracting private savings to finance the Civil War led to placement, through banks, of vastly increased government securities. More recently, thrift institutions have been permitted to offer higher interest rates on deposits to attract funds needed for housing construction.

So long as financial institutions remain the channels through which the government controls the flow of credit and implements much of its domestic monetary policy, it is inevitable that banking regulations will continue to evolve as that policy evolves.

One basic purpose of bank regulation continues to be the limitation of a bank's exposure to certain kinds of risk. Because of the mounting financial needs of the '60s and '70s, however, we have come to a new and broader perception of public-interest risk. A clear illustration of this is the 1970 Bank Holding Company Act. I personally feel that this act is proving to be beneficial and that the diversification and expansion it permits are decidedly in the public interest.

But, viewed solely as another legislative act, it does contribute to the

(Continued on page 59)

David Rockefeller is shown giving the talk on which this article is based at the recent Illinois Bankers Association convention in Chicago.



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# More or Less Fed Control Over Banks?

## Speakers Give Two Different Views

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**T**WO DIVERGENT VIEWS of the Federal Reserve System have been expressed by Dr. Lawrence E. Kreider and Dr. Philip E. Coldwell.

Dr. Kreider, executive vice president-economist, Conference of State Bank Supervisors, Washington, D. C., spoke at the Texas Bankers Association's annual convention in El Paso. Dr. Coldwell, president, Federal Reserve, Dal-

las, appeared at the School of Banking of the South, LSU.

Dr. Kreider, a former member of the staff of the St. Louis Fed, called for discontinuance of Federal Reserve efforts to gain greater control over all banks. On the other hand, Dr. Coldwell strongly recommended prompt congressional action to require all insured banks to maintain reserves in the central bank.

\* \* \*

Dr. Kreider covered two areas he believes are related to freedom in banking: 1. Freedom to engage in correspondent banking services, either as a correspondent providing services or as a respondent receiving them for the benefit of a trade area and a bank. 2. Freedom from unchecked, unnecessary, monopolistic regulatory control by any federal or state agency.

According to Dr. Kreider, correspondent banking is one of the banking functions most misunderstood by some bank regulators. He said several factors may account for this: 1. Correspondent banking is not directly a part of Federal Reserve monetary policy, although it is of minor relevance. 2. It is not a key consideration in FDIC insurance matters. 3. Individual interbank transactions are not as easily supervised and examined by a single regulatory agency as are individual commercial and consumer loan transactions.

Two threats in particular to the correspondent banking function need bankers' attention and continued action, he continued. One is to bank stock loan services by correspondent banks to responsible respondent bank officers. He said he recognized that such loans and other forms of interbank lending in a few cases have not been lily white, but he added that significant steps have been taken in the past six months to assure that bank stock loan services through correspondent banking will continue to be permitted to serve communities around the country.

The second threat, said Dr. Kreider, centers on actions by the Fed that would largely transfer the correspondent function from the competitive private sector of the economy to a monopolistic government function vested in the FRB.

At this point, Dr. Kreider referred to what he called "persistent proposals by Federal Reserve officials that banks be compelled, without evidence of net benefit to the public, to have direct and formal affiliation with the Federal Reserve System so that the Fed may dictate unilaterally the reserves to be applied and the form in which they will be held."

If the will of the Fed were to prevail on this issue, said Dr. Kreider, it would largely move the correspondent banking function from the private to the federal government sector. The banking system, he said, then would be one step closer to a federal monopolistic bank regulatory agency devoid of checks and balances inherent in the current dual-banking system.

Two related questions would then arise, the CSBS official said, and they are: "Who shall regulate the regulators?" and "Should any government agency which is independent of the democratic process, in the sense that the Fed is, have any regulatory powers beyond those needed to control monetary aggregates through the Federal Open Market Committee?" He said the answer to the latter question has to be "No."

In summarizing his talk, Dr. Kreider said it will be a tough battle to overcome this "direct-control campaign by the Fed." Hopefully, he continued, reasonable minds in Congress, throughout the country and ultimately within the Fed will recognize this threat for what it is—primarily a nominal substitute for more appropriate aggregate monetary policies.

He then called on his listeners to have sufficient courage in the future to come to the support of the Fed and give it the encouragement and strength

needed to pursue moderate aggregate monetary policies, even when such actions may seem unpopular. • •

Dr. Coldwell discussed developing trends in bank structure, credit and policies as they relate to the monetary policy and regulatory position of the Federal Reserve System. He strongly recommended that Congress promptly take action to require all insured banks to maintain reserves in the central bank.

Significant changes are developing in the nation's banking structure, he said. He then pointed to the 1970 amendments to the Bank Holding Company Act that have permitted establishment of major new multi-bank HCs, and he also spotlighted the remarkable growth of credit extensions and bank loan commitments.

He said that bank policies have begun to react to these developments, resulting in equally significant changes in monetary policy. The rapid increase in economic activity the past few months has brought on a heavier restraining effort by the Fed, he continued. However, these efforts have been blunted to some extent, he said, by a variety of external developments, including the international financial crisis. According to Dr. Coldwell, the central bank's efforts to aid in economic stabilization also have been constrained by the increased proportion of financial transactions undertaken by financial institutions not subject to the Fed's reserve requirements.

The Dallas Fed chief further noted that the bank HC movement is thriving and gaining considerable strength, especially in states where unit-banking

*(Continued on page 71)*



## A Supervisor Views the Banking Scene

FROM THE STANDPOINT of a bank supervisor, I would like to point out a few practices that bankers are indulging in that are tempting them to misuse their opportunities or preventing their banks from reaching their potential, be it through inertia, ignorance or lack of vision.

One of the practices that are tempting some bankers to misuse their opportunities is an obsession with total footings of the bank—with bigness. Sometimes I see a lot more concern evidenced in growth of total footings than in increased profitability or in increased service to the people of a community. If growth is possible only at the sacrifice of profits, such growth cannot be good.

Remember that if you adopt a cut-throat policy to attract business away from your neighbor, he will probably just match your tactic, and you will both wind up poorer and making a smaller profit. Growth that you achieve by improving your community's economy and the operations of your customers is a lot more lasting and beneficial than that which you obtain from your neighbors by merely undercutting them. It doesn't take a really resourceful banker to figure out a way to give something away for free.

Another obstacle to our future is that element of personal self interest which prompts us sometimes to take advantage of our position. Bankers are in an unusually vulnerable position for

By **JAMES W. THOMPSON\***

**Regional Director, FDIC**

**Memphis**

this temptation. They are in the position to say who gets a loan and under what conditions. We see all too many instances where banks lend too much of their total capitalization to their own officers and directors and their interests.

From the standpoint of supervisors, we are always concerned with such a situation, and with good reason. In the first place, bank officers and directors are involved in a conflict of interest every time large loans are approved for themselves.

On the one hand, they have a perfectly human desire to get a liberal loan on favorable terms for themselves. On the other, they have a legal and a moral obligation to do what is best for the stockholders and depositors of the bank.

Sometimes we have difficulty making majority stockholders realize that a bank is not the family corner grocery store, and that when they help themselves to goodies from the shelves, they

*\* Mr. Thompson retired from the FDIC on June 30. The remarks upon which this article is based were delivered by Mr. Thompson at the Mississippi Bankers Association convention in Biloxi in May.*

are taking not from themselves but from the depositors who supply about 92% of the bank's funds and from the other stockholders who supply perhaps another 3.5% or 4%.

This is an abuse which takes many forms. In one case it may be the making of loans at favored rates of interest—or even at no interest. In another it may be the making of loans on collateral or on terms which would never be considered if proposed by an outsider. In still another case it may be a permanent loan, with no plan or intention ever to require repayment.

Fortunately this is not the usual situation, but it does occur often enough to be a major problem with bank supervisors. And where it is a problem, it is usually a severe one. You may be interested to know that our computer in Washington regularly calls to the attention of regional directors those banks whose examination reports reflect such extraordinary indebtedness of directors and officers and their interests.

I am sure that all of you have seen reproductions of the famous advice offered to national banks in 1864 by the first comptroller of the currency, Hugh McCulloch. After covering many of a bank's operations in a manner as fully applicable today as in 1864, the comptroller's advice includes the following:

“Distribute the loans rather than concentrate them in a few hands. Large  
(Continued on page 58)

## Evaluating Your Bank's Performance— A Regulatory Perspective

**A**BETTER understanding of a regulator's approach to bank examinations might assist you in improving the performance of your bank.

The role of the bank examiner began to take on new dimensions under the authority of the banking acts of 1933 and 1935. Since then, the entire scope of the examination has focused upon the prevention of a recurrence of the situation which led to the massive bank failures of the '20s and early '30s.

Today, the supervisory examination has as its chief goals the evaluation of the bank's liquidity and solvency, present and prospective, and the bank's compliance with banking laws and regulations. The quality and liquidity of the bank's assets, the sufficiency of internal controls and safeguards, the adequacy of capital and the soundness of management's policies are the primary concerns.

I shall explain some of the principal factors that a national bank examiner considers in his evaluation of the performance of the directors and officers of a national bank. First, let me discuss evaluation of the directors' performance.

Whether it involves protection against internal fraud, the lending function, the investment function or any other activity of the bank, both statutory and common law have placed

**By CHARLES M. VAN HORN**  
**Regional Administrator of**  
**National Banks**  
**New York City**

responsibility firmly and squarely on the bank's board. Legally, the bank director is the top echelon of management; he may delegate authority but he cannot thereby escape the ultimate responsibility for supervising the affairs of the bank. Although the bank's officers who are not directors may not have the same statutory and common law duties and liabilities, they nevertheless have a moral obligation to keep the directors fully informed and to protect them in every possible way from unwarranted liabilities.

Among the principal responsibilities of the directors are formulation of policies, selection and appointment of well-qualified executive officers, appraisal of the effectiveness of the executive officers in implementing board policies and removal or replacement of those who fail to measure up to reasonable standards of ability and efficiency. Among the more important policies to which bank directors ought to

address themselves are a code of ethics which all directors, officers and employees of the bank are expected to follow; a lending policy; an investment policy; and an effective system of internal controls and safeguards.

Historically, the principal underlying causes of serious banking problems, other than the depressed state of the economy, are management ineptness and self-dealing by management or directors.

Examiners are instructed to consider the recognition and effective handling of self-dealing as one of their most important functions. Among the common self-dealing practices are the following:

- Loans to officers, directors or large shareholders, or their interest, granted on an unsound basis or at preferential rates.
- The use of correspondent accounts as compensating balances for loans to directors, officers or large shareholders.
- The payment of salaries or fees in excess of amounts warranted for such services performed.
- The purchase and sale or lease rental of properties or other goods or services at prices unfavorable to the bank.
- Or the use of bank funds for the payment of personal expenses of officers.

*(Continued on page 62)*

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*Mr. Van Horn spoke at the Oklahoma convention in May.*



# Now what do you do?

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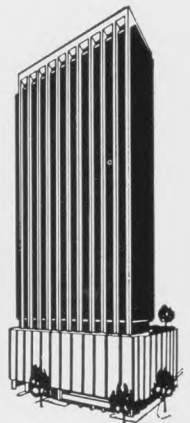
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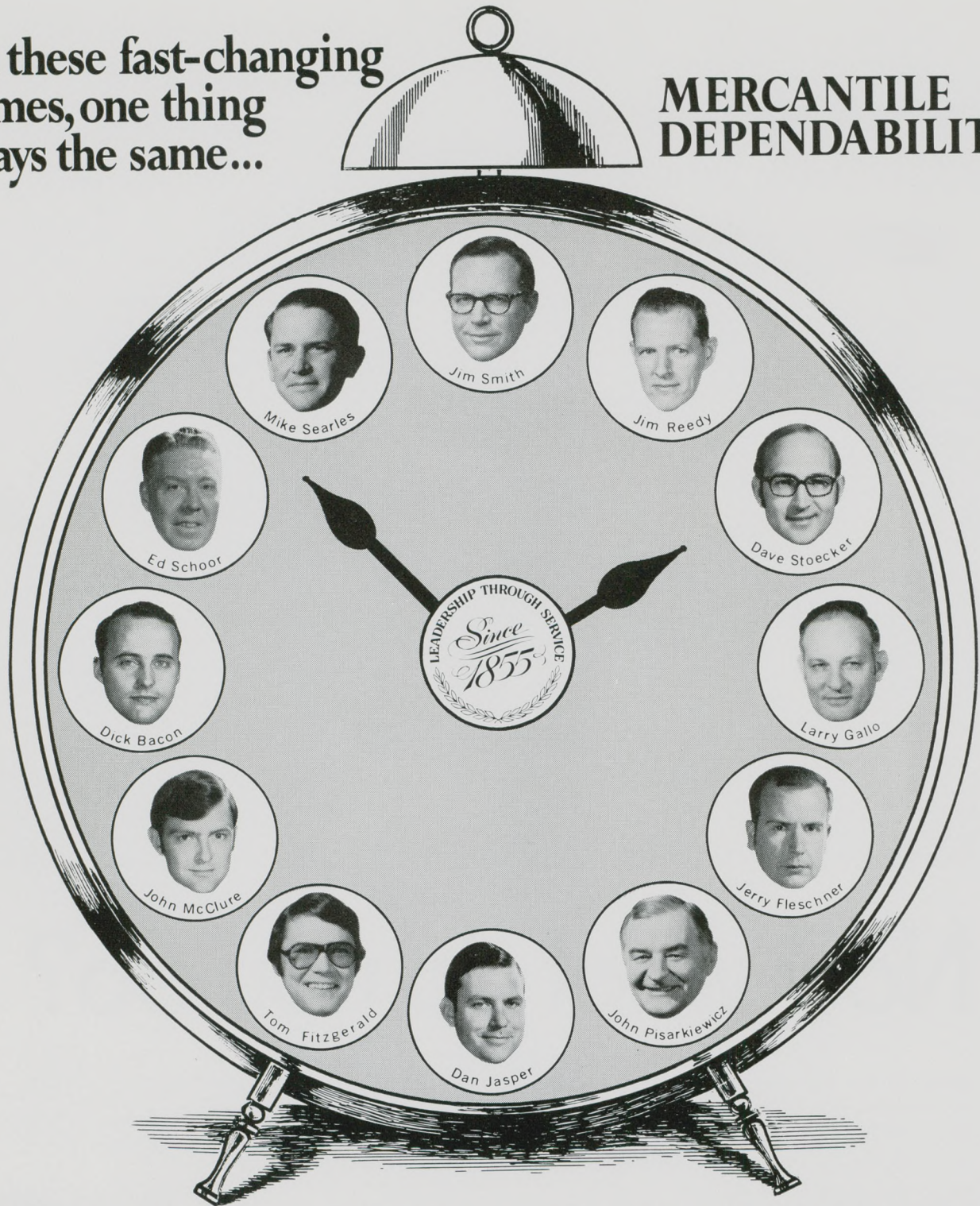
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AFFILIATE OF MERCANTILE BANCORPORATION INC.

Serving over 1100 banks throughout the nation.



**BEFORE**—Farmers & Merchants Bank's Marysville, O., branch looks more like a home than a bank. This feature bugged management until it heard of "facia-wal."



**AFTER**—Is this the same bank? Everything is the same except the "facia-wal" architectural paneling applied to square off the roof line. Now it looks like a bank!

## Economical Exterior 'Facelift' Program Removes Bank's Appearance Stigma

**Y**OUR BANK has a good thing going with its branch located in a shopping center. Business is up, employees are efficient, interior decor is pleasant.

But what's wrong?

Nothing—at least inside the bank. Everything is fine until you go outside and take a hard look at the exterior.

"It doesn't look like a bank; it looks like a house!" is a common remark. "Why did you build your branch to look like a bungalow when it should look like a bank?" is a question that bank personnel think customers are thinking.

This is basically the situation that confronted management at Farmers & Merchants Bank, Milford Center, O., recently. Its branch in Marysville was going great. The only thing wrong was that the building looked more like a home than a business establishment.

Management lived with this situation for some time. But when another bank opened shop in Marysville, thought was given to doing something about making the branch look more business-like.

It isn't practical or easy to change the exterior appearance of a building without considerable cost and inconvenience, management figured. This was one of the reasons why nothing had been done previously to alter the branch's appearance.

But then Fred Kreis, president of the bank, read an article in a bank magazine describing an exterior remodeling technique that was said to be inexpensive, simple to install and that promised little or no disruption of business.

By **JIM FABIAN**  
Associate Editor

The technique involved Maco "facia-wal," which is an exterior covering, or "hanging," that is applied to an existing building that is structurally sound.

The photos on this page show the transformation the Farmers & Merchants branch went through. Now customers don't consider the branch to look like a house. Neither do bank officials have concern that their building takes the back seat to its competitor's structure.

The remodeling job took approximately two weeks to complete and there was no disruption of business, according to Mr. Kreis. Now customers use the word "beautiful" when they are asked what they think of the bank's new exterior. "It looks like a bank, now!" they state.

Although management can't attribute new business directly to the remodeling job, it appreciates the fact that the bank is seen in a better light by its customers. And there is little doubt that the remodeling has contributed to the welfare of the bank from a competitive standpoint.

The Maco "facia-wal" process uses pre-engineered panels that are hung on the exterior of a building to transform what could be considered eyesore exteriors into modern, functional building surfaces. The panels are subassembled at the firm's plant in Huntington, Ind., and can be installed quickly by

local workmen—with no interruption in business hours at the bank.

Exterior contour is no problem, according to Maco officials. Any structurally sound building can be "hung" with "facia-wal" in any configuration. Two or more adjoining old buildings can be blended harmoniously into one unit, enabling a bank to expand with little or no new construction.

The economical use of "facia-wal" can solve the dilemma of whether or not to relocate. No matter how unsightly the exterior of a building appears to be, a remodeling job can remedy the situation, enabling a bank to remain in its favored location, avoiding the costly experience of moving or building a new structure.

The architecturally engineered Maco facade can be utilized to make long, low structures look taller; effective use of lighting can highlight the exterior for evening business or after-hour image building; existing windows can be covered but still be utilized for admittance of light. Textures and colors of "facia-wal" harmonize with those of other building materials that can be retained. Variations of "facia-wal" can be used on less-exposed walls for achieving a total design from all sides.

It is not uncommon for an entire business area to get on the remodeling bandwagon once a bank has had the "facia-wal" treatment. When this happens, the bank stands to benefit from its role as leader in community beautification and as provider of loans to permit local business firms to modernize with "facia-wal." • •



First National Plaza abuts south facade of 60-story bank building (r.). In background is Two First National Plaza Building across Clark Street from bank. Low building in center is consumer finance center and rectangular object in foreground is site for Chagall mosaic. Fountain is in center.

# First of Chicago Completes Building Project

## *Opens Five-Level First National Plaza*

**T**HE OPENING of First National Plaza in May wrote "finis" to the 10-year planning and construction period for the \$200-million First National of Chicago complex.

The block-square project includes the bank's 60-story tower building, opened in 1969; a companion 30-story office building facing the plaza, opened in 1970; and the five-level plaza, which is now in use.

More than 10,000 members of the bank's staff took part in opening festivities in May, led by bank Chairman Gaylord Freeman and other senior bank officers.

On the street level, the plaza in-

cludes a consumer finance center, offering all types of consumer loans; entrances to three restaurants; and the site for a major work of art known as the Chagall mosaic, to be installed next year. The plaza is bordered on three sides by locust trees, expected to reach heights of from 40-50 feet when full grown.

The second level of the plaza includes the three restaurants, an area for specialty shops, an international banking center offering foreign exchange services and a 45-foot-square, nine-spigot fountain, capable of sending columns of water 18 feet into the air.

On the third level is the First Chicago Center, a 500-seat room designed for company meetings and equipped with full services. The center was inaugurated recently when First Chicago Corp. held its stockholders meeting there. Also on this level is parking for customers and tenants.

The two lower plaza levels are utilized by bank operations.

The plaza gardens include 57 skyline honey locust trees, 4,359 hawthornes and evergreens and thousands of annual plants and flowers, the latter to be changed with the seasons.

The bank has scheduled a summer-long series of events to take place in the plaza area at noon. These include folk singing groups, an organ grinder with monkey, art exhibits, choral concerts and other attractions.

Plans for the First National complex were first announced in 1964. The bank demolished a 46-story hotel and other structures (including its own building) that occupied the building site which is bordered by Clark, Madison, Dearborn and Monroe streets. • •

**New First Chicago Center was inaugurated in April when First Chicago stockholders attended annual meeting there. Center is located in plaza area of complex and seats 500.**



# Your banking problems don't keep banking hours.



It would be great if your banking problems ended when your last customer walked out the door. But they don't. Banking problems last through the night. They can occur any time. Over the weekend. During holidays. That's why you need someone you can rely on for help — for as long as you need it. At First American, the men in our Correspondent Bank Division will work to solve your problems 7 days a week for as long as you need them. Whether you need assistance in servicing a large loan, portfolio analysis, data processing, industrial development, international banking, leasing, or help in designing your new bank building.

We don't keep banking hours — so you can.

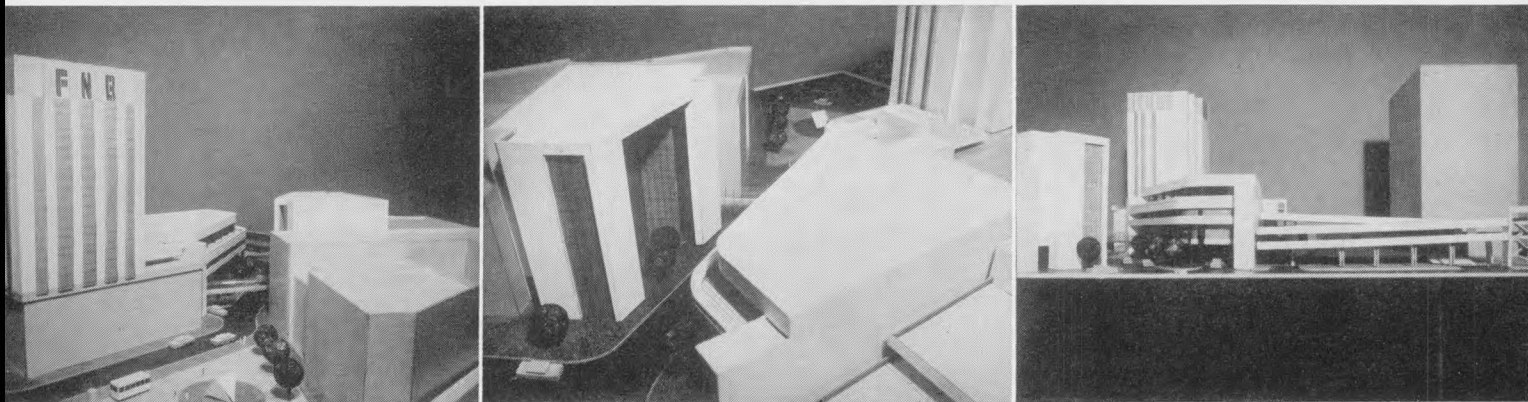
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1-800-342-8392 (Tennessee) 1-800-251-8514 (Bordering States)



First Amtenn Bankgroup

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LEFT: Architect's models depict future look of First National of Montgomery's proposed downtown complex. Program, to cost \$4 million, will update existing 12-story structure (l.), add four-story east addition and eight-story office tower, which will be connected to main complex by glass-enclosed span bridge. Located behind east addition will be multistory parking facility. CENTER: Eight-story office tower

is at left. In right foreground is east addition, which will house 750-seat auditorium, data processing department and staff and private cafeteria facilities. At ground level will be three drive-in windows. RIGHT: Multistory parking garage will adjoin new east addition. Existing First National building is in background and new eight-story office tower is at left.

## For First National of Montgomery —A \$4-Million Building Program

**F**IRST NATIONAL of Montgomery has announced a \$4-million construction program that, according to the bank, will make it one of the largest banking complexes in Alabama.

President James S. Gaskell Jr. described the project at the April 24 stockholders' meeting. It will include construction of a four-story east addition to the present 12-story building, an adjacent eight-story office tower, alterations to the present 12-story structure and a multistory parking facility. All this will add about 97,000 usable square feet to the 112,000 square feet the bank now has.

To be housed in the new eight-story office tower will be the administrative and operations offices of First Alabama Bancshares, Inc., of which First National is an affiliate. Frank A. Plummer is chairman and president of the holding company.

The exterior will be precast concrete tinted to match the limestone in the existing 12-story building. Windows will be accentuated by use of reflective glass. Terraces on both new office buildings will overlook the gardens and flowing fountain in Court Square Plaza, recently completed by an urban-renewal project.

The four-story east addition's ground floor will have three drive-in windows with on-site space for the simultaneous line-up of 15 vehicles. A two-story-high

lobby, utilizing the precast concrete motif, will provide direct access to the existing main banking floor and elevator access to upper floors of the addition and existing building, plus the eight-story office tower.

The second floor will be used exclusively for a staff cafeteria and for private dining facilities for visiting bankers and customers. A completely modern kitchen will serve both the cafeteria and dining room. The entire south and east walls of this floor will be glass enclosed to provide a panoramic view of Court Street Plaza.

First National's data processing department will have exclusive use of the third floor, and the fourth floor will be used as a multi-purpose space for various type meetings and seminars for the bank and HC. When used as an auditorium, this area will accommodate up to 750 persons. The entire area will be flexible in use and size by means of movable, soundproof partitions so as to allow five different meetings to be held simultaneously. An open terrace will run around the periphery of the south and east walls, affording users an opportunity to step outside and view the plaza.

Directly across the street from the east addition will be the eight-story office tower, which will be connected to the main building by a glass-enclosed, clear-span bridge approximately

15 feet above street level.

The first floor primarily will house the bank's travel agency; the second floor will be used by the BankAmericard division, and third through eighth for administrative and operations offices of the HC. Each floor will be designed with completely movable and flexible partitions to provide for various office requirements of the HC's departments. The eighth floor will contain First Alabama Bancshares executive offices and a large conference suite.

Alterations to the existing 12-story building will include a luminated screen around the building's top to conceal air conditioning equipment, elevator towers, etc., and to provide identity with the entire First National Bank complex. The screen and sign will be designed to be compatible with a proposed new exterior surface treatment for the existing 12-story building. The first floor, mezzanine, second and third floors will be altered as necessary to provide easy access to the new lobby in the east addition.

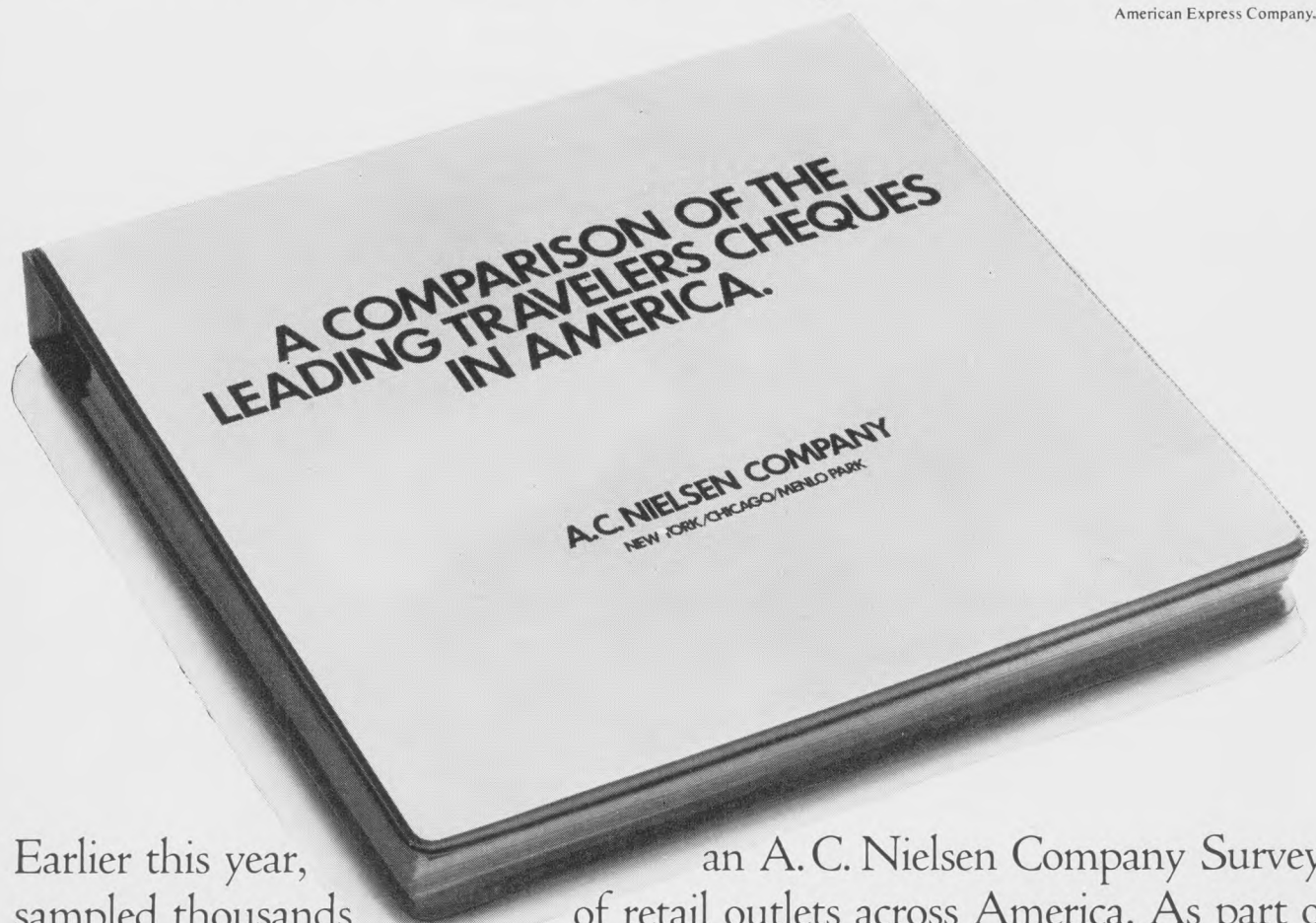
A multistory parking facility will be built by the city of Montgomery, but will be 100% financed and leased for 25 years by First National. Access to the entire complex from this facility will be through the new east addition.

The entire construction program is scheduled to be completed by late 1974. ••



# Our competitors in the travelers cheque business would probably like us to keep the facts in this new Nielsen Survey a secret.

American Express Company.



Earlier this year, an A.C. Nielsen Company Survey sampled thousands of retail outlets across America. As part of this survey hotels, motels, restaurants, service stations and retail shops were asked this simple, direct question: which travelers cheques did they accept? On the following pages we will report some of the more astonishing facts that are found between the covers of this document.

# American Express Travelers more retail outlets across America

American Express Company

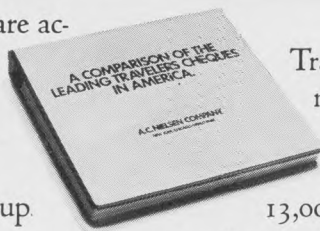


At over 59,000 more service stations.



At over 48,000 more restaurants.

American Express Travelers Cheques are accepted at 48% more retail outlets than the next brand of travelers cheques. Translated into numbers that figure represents over 157,000 places of business that accept the American Express Travelers Cheque but not the runner-up.



More specifically, American Express Travelers Cheques are accepted at over 59,000 more service stations than the next brand of travelers cheques.

At over 48,000 more restaurants. At over 13,000 more hotels and motels. And over 36,000

Survey data projected from sample by A. C. Nielsen.

# Cheques are accepted at 157,000 than any other travelers cheque.



At over 13,000 more hotels and motels.



At over 36,000 more retail shops.

more shops (jewelers, liquor stores, women's clothing, men's clothing, camera and department stores).

Each of these astonishing figures has been documented in the new Nielsen Survey, "A Comparison of the Leading Travelers Cheques in America."

If your customer isn't carrying American Express

Travelers Cheques he could find himself in some pretty embarrassing situations. Over 157,000 of them.

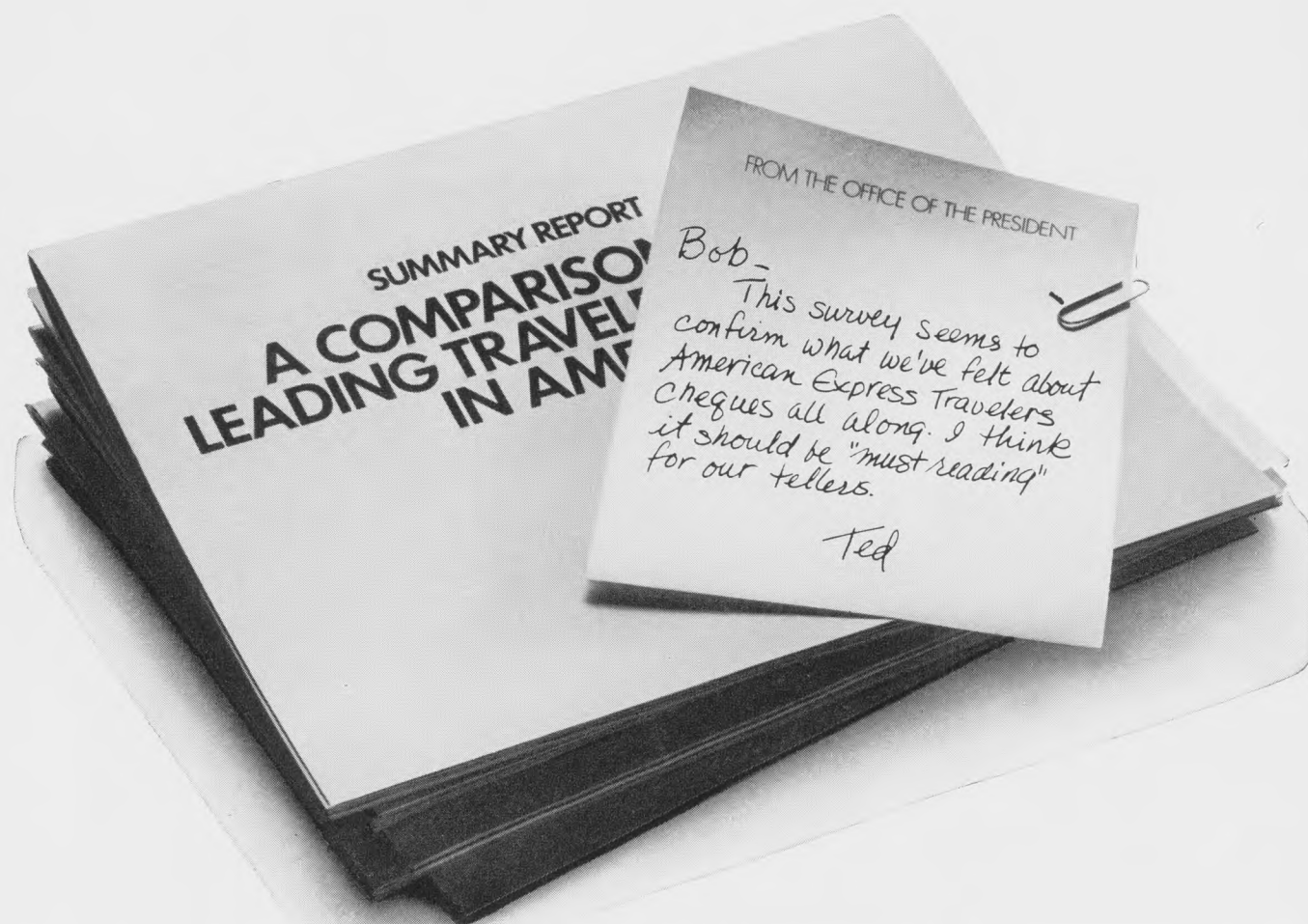
Which travelers cheque should your customers carry? The one that works at 157,000 more retail outlets? Or one that doesn't?

**AMERICAN EXPRESS**

# Which travelers cheque should your customers carry?

## The one that works at 157,000 more retail outlets?

## Or one that doesn't?



If you'd like a *summary* of the report for your bank,  
write: Summary of Nielsen Report, P.O. Box 107, Bowling Green Station,  
New York, New York, 10004.

# Bank Turns to Human Relations Training To Counteract Indifferent Attitude

By DeARNOLD R. BARNETTE

Vice President  
American National Bank  
Chattanooga

WHAT happens to the customers a bank loses?

A study has revealed that out of every 100 customers lost by a bank, on the average, four had died, nine had moved away, 14 had moved to a competing financial institution. But 64 out of every 100—two out of every three—were lost because of indifference on the part of the bank's personnel; by someone who didn't get involved when he should have, by someone who didn't establish a relationship with a customer.

This information, supplied by the Wilson Learning Corp., Minneapolis-based human relations specialists, convinced American National management to initiate two employee programs—counselor selling and counselor relations—put on by the Wilson firm.

We asked ourselves why indifference on the part of bank personnel occurs. Perhaps one reason is that train-

ing in the banking community has tended to be limited to product knowledge and operations skills. We've tended to put the emphasis on balancing the books rather than satisfying the customer. Only recently have banks ventured into the area of behavioral science training. Equipping the officers of a bank with knowledge about people, about human interaction, is becoming more and more recognized as a high priority in developing more productive "calling"/selling officers, better people managers and more effective contact people.

At American National we have recognized the need for giving our officers human relations training that enables them to become more competent in dealing with customers and prospects. But when we analyzed the situation to determine who deals with the customer most often, we discovered another area of serious training deficiency—the contact people of our bank.

Tellers are the people whom customers see week in and week out. To many people, tellers are the bank.

It is with a teller that they want to establish a meaningful relationship. Can a teller with a sour attitude annoy customers and disrupt an entire teller line? Should a new accounts secretary attempt to cross-sell and make the customer feel welcome at his new bank? Is there a right way to tell someone his checking account is overdrawn? As bankers, we can all answer these questions easily with a resounding "yes."

After clearly recognizing the need for human relations training throughout our organization, we turned to the Wilson Learning Corp. for assistance. We began their counselor selling program for our officers and direct selling staff and counselor relations for our contact personnel. The counselor selling program was even extended to some of our correspondents who had similar sales training needs.

Counselor relations, while conceptually similar to counselor selling, was somewhat shorter because it concentrates almost exclusively on human relations. The program, which lasts two full days, was conducted away from the bank to create a casual, free-wheeling atmosphere. The length of the program was considered excellent because it did not burden the remain-

*(Continued on page 46)*

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## Area Banks Report on Counselor Selling Programs

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A NUMBER of banks in the Mid-Continent area are using the Wilson Learning Corp. counselor selling program in various ways.

First of Memphis introduced the concept in its area in 1969. To date, 40 classes have been held, with 500 key personnel being trained. Classes are held on a local college campus for periods of five days, with each class limited to 14. One major concept that has evolved from the program—every major decision a bank makes should be viewed in terms of its ultimate effect on customers and potential customers in order for it to be fully market-oriented.

First of Montgomery, Ala., learned of the Wilson program from First of Memphis. Two First of Montgomery officers attended the Wilson Training Center and have since presented the program to about 125 officers and trainees. The bank is considering inaugurating a second program, called managing interpersonal relationships.

The training coordinator at First of Mobile, Ala., has said that each of those who finished the Wilson program did so with a better understand-

ing of their fellow officers. For the first time they all had something in common with one another as to the direction and philosophy of the institution in which they were employed. They were able to share openly new ideas and in many cases get answers to problems that had been bothering them.

Houston National reports that its counselor selling program was so successful that the bank planned to offer the training to its correspondents beginning the first of this year. The bank planned to field a teaching team made up of one member of the correspondent department and the training coordinator. Each session of 15 people was to be held for a week at an off-site location. Banks participating were charged for the service.

First of Dallas started its counselor selling program last fall. The bank's objective is to use the program in such a way that it can instill in its officers the necessary attitude and problem-solving ability that a successful personal banker needs.

Liberty National, Oklahoma City, began its program of counselor selling in 1968 with 41 officers. The bank re-

ports that the consensus of opinion from participating officers was that the course was a good one. A common remark was that the Wilson approach provided the means of developing human relations skills and afforded the opportunity to be critiqued by professionals as an aid to personal development.

Deposit Guaranty National, Jackson, Miss., entered the program to establish a base for a total business development program for officers. The bank reports that, in addition to being successfully received as a sales program, variation in class makeup by officer title and department gave the bank the added benefit of improved internal communications by understanding the other fellow's problems. Deposit Guaranty National is also offering the program to correspondents.

Among smaller banks using the program is Arkansas Bank & Trust, Hot Springs, which reports "astonishing" results. Senior officers who had not made sales calls for 35 years were motivated. One remarked, "The only thing wrong with the course is that I didn't have it 20 years ago!" • •

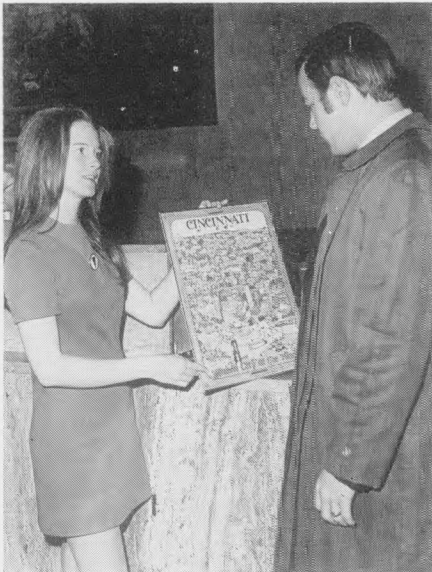
# PREMIUM IDEAS

## 'Watch Your Savings and Lawn Grow'

Lawns in Oak Park, Ill., should be growing vigorously this year, thanks to the people at Oak Park Trust. The bank is offering 40 pound bags of fertilizer to any customer depositing \$500 or more in a new savings account! The promotion is tied to a "Watch your savings and your lawn grow" theme. William R. Langley, bank executive vice president, says the promotion is a "down to earth idea."



## Puzzles Bring Dollars



As an incentive to add money to existing savings accounts or to open new accounts, Central Trust, Cincinnati, recently offered customers contemporary, caricature 250-piece jigsaw puzzles depicting Cincinnati landmarks. The promotion was expected to run five weeks, but the bank ran out of puzzles in half that time!

## Bankers Offer Tree Premium



20,000 new trees have been planted in Oklahoma City, due to a premium promotion sponsored by 22 banks in the area. Trees were given free to anyone opening a new checking or savings account at any of the participating banks. Those opening new accounts received certificates entitling them to five-to-six foot trees from any participating nursery. Six varieties of trees were available. Each participant also received a booklet about the planting and care of trees. The promotion was conceived by Willis Wheat (c.), chairman of the project, and senior vice president, Liberty National; Ken Dew (r.), chairman of Oklahoma City Beautiful, Inc., and senior vice president, Fidelity Bank; and Morrison G. Tucker (l.), president, Oklahoma City Beautiful, and chairman, First State Bank.

## Drawings Used as Premiums



Bank of Lisle, Ill., recently conducted a premium promotion during which it gave sets of four lithographed prints depicting scenes at nearby Morton Arboretum to anyone opening a new checking or savings account for \$200 or more. Bank officials report that the promotion was a success. Photo shows Richard Fitzgerald (l.), bank assistant vice president, presenting framed original drawings to director of Arboretum, Dr. Marion T. Hall.

# Human Relations

(Continued from page 45)

ing staff, and thus avoided logistics problems.

The counselor relations classes, which consisted of from 10 to 15 participants, were led by a bank trainer who had been trained and qualified by the Wilson Learning Corp. in special leader-trainer seminars. The course, which dealt primarily with human relations skills, enabled each participant to better understand himself first. This inward look gave each class member an opportunity to realize and recognize new areas for improvement on an individual basis.

Of equal importance, a better understanding of the customer and the teller's interaction with him was available. The contact person, as a problem-solver, learned how to recognize customer needs and to create a relationship with the customer. The teller accepted the role of the problem-solver—to discover the problem, to determine the causes of the problem and to offer a solution to it as quickly and efficiently as possible.

A spillover asset of counselor relations was a greater understanding of people in general. The husband, neighbor, co-worker, manager—all benefited because of this "people" training. The recognition that there are different types of people with different needs and motivations fostered a greater willingness to communicate and interact.

Our counselor relations and counselor selling programs have been supported by an internal house publication which goes only to the graduates of counselor classes, both officer and non-officer. This graduate house organ serves a variety of purposes—as a reinforcement tool to remind our staff of its counseling skills; as a medium which can breed a common language among officers and staff; as a method to recognize staff members and officers who exemplify the counseling skills and reinforcement of their classroom studies.

Most banks recognize the need for training. Sophisticated training enables a bank to better equip its staff in dealing with its customers. At American National we felt that this training could most profitably be used by contact personnel, because they see customers most often. • •

■ NEW YORK—Arthur G. Cohen, chairman and CEO, Arlen Realty & Development Corp., has been named a director of First National City Corp.

# Why would the growingest bank in Kansas City change its name?

Growth, of course. And since growth is change, we've changed our name to reflect our status as the principal bank in the growing family of United Missouri Banks located throughout Missouri.

But behind our new name you'll find the

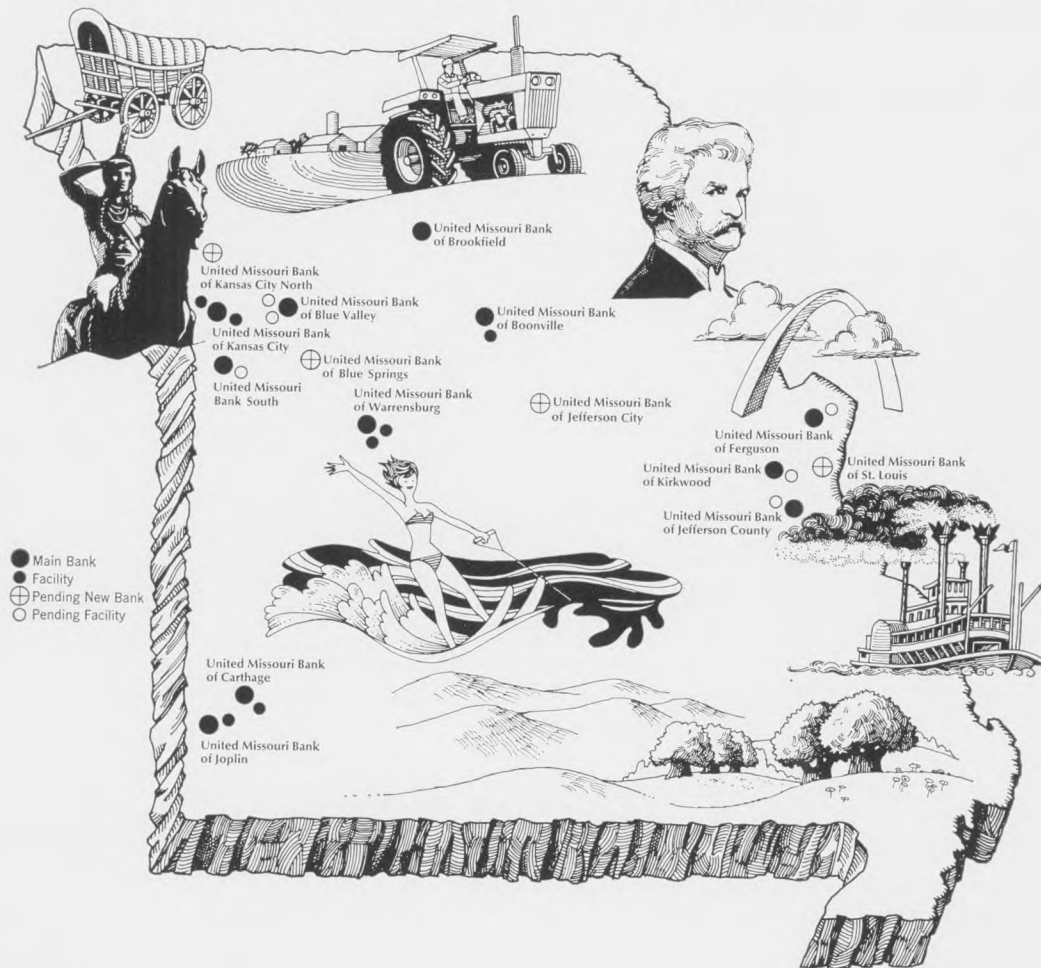
same corresponsable bankers—the men who belong behind your every need.

If your goal is growth, think United.

United. \$800 million strong.

United. With strong financial fingers on the pulse of Mid-America.

United. For growth.



City National Bank is now  
**united missouri bank**  
**of kansas city**

Kansas City, Missouri 64141

Member F.D.I.C.

MID-CONTINENT BANKER for July, 1973



Dr. Nadler was interviewed by local TV station during his visit to Alexandria.

## Triple-Header Banking Seminar Program Reaches Three Sectors of Customers

**G**UARANTY BANK, Alexandria, La., has found a sure-fire way to inform and educate three important sectors of its customers—all in one day and with one major speaker.

What the bank did was arrange for Dr. Paul S. Nadler, economist from Rutgers University, to speak at a trust breakfast, a correspondent banker seminar and a community seminar. It also arranged for Dr. Nadler to participate in a press conference and to make TV and radio tapes of interviews.

In all, the bank reached some 400 important people—from local attorneys down to business customers—during the day's events.

The bank invited local attorneys and CPAs to the trust breakfast. Dr. Nadler spoke briefly about new events in the trust field and then answered questions from the guests.

Then more than 90 correspondent bankers from Chicago to New Orleans took part in a four-hour session with Dr. Nadler and bank officers. Dr. Nadler presented current economic information, after which short presentations and a

demonstration of Guaranty Bank's new Banker 24 service were made. Dr. Nadler recapped the seminar and answered questions.

More than 300 business people attended the community seminar, at which Dr. Nadler spoke on the topic, "73—Boom or Bust?" Again, the audience was encouraged to ask questions of Dr. Nadler.

The correspondent seminar, which was the first given by the bank, was considered to be quite successful, according to Louis Knight, senior vice president and head of the correspondent banking department.

According to Executive Vice President Frank Polk, the response to the seminar indicated a need for more programs of that type to enable bankers to exchange ideas, discuss services and learn about the needs of correspondents.

The day-long event was summed up appropriately by Dr. Nadler, when he said that economic seminars "let people know your bank cares, that you do more than just deal with money." • •

LEFT—Correspondent banker-guests of Guaranty Bank look over Banker 24 demonstration outlining bank's 24-hour electronic teller service. RIGHT—Marketing Director Jim Morris (c.) coordinated plans

for day-long program with Exec. V.P. Frank Polk (l.) and Pres. A. R. Johnson III.





# HELP IS WHERE YOU NEED IT.

The Correspondent Banking Department.  
The First National Bank of Birmingham.

Give us a call  
(205) 328-5120



Joe Knight

Link Skelton

Charlie Gray

Stafford Naff



Member F.D.I.C.

# Increasing Importance of Bank Director Stressed at 1st Ala. Bancshares Seminar

**N**EARLY 300 Alabama bank directors attended a seminar hosted by First Alabama Bancshares in Montgomery recently. Speakers included Edward H. Boss Jr., economist, Continental Illinois National, Chicago; Frank A. Plummer, chairman, First Alabama Bancshares, Inc. and First National, Montgomery; Vincent J. Stahl, vice president, Marsh & McLennan Insurance Brokers, New York; and James S. Gaskell Jr., president, First National, Montgomery.

Mr. Plummer told the visiting bank directors "that the pace of change in modern banking has increased responsibilities and made the present day bank director a more important individual in the financial community. New economic opportunities in Alabama, changes in the banking structure and increased competition now require a high level of competence at the director level."

Mr. Plummer further stated that "the complexities of present day monetary controls require a restructuring of the Federal Reserve System. The present day structure places an unworkable administrative burden on the men charged with managing our economy and monetary system."

Mr. Boss discussed the economic outlook for the nation during 1973 and 1974. He noted that "the sharp rise in economic activity and the acceleration of price increases in the first quarter have led to increased calls for tighter economic policies. Although some reduction in wholesale food prices can be expected as 1973 progresses, of greater concern is the continued strong gain in wholesale industrial prices which reflects more accurately the basic underlying demand pressures due to rapid economic growth."

He said "rising vacancy rates for apartments and a greater number of homes available for sale indicate that the long-expected decline in housing activity is near. But, certainly the pace of consumer spending in the next few months will be a most important determinant of overall business activity."

Mr. Gaskell stressed the need for forward planning by bank directors. "A director's responsibility today goes beyond simply reviewing last month's or last year's history. He must ensure that suitable planning for the future is being done."

"Most banks have done budgeting in one manner or another off and on for



W. H. Mitchell (l.), pres., First Nat'l, Florence, and Robert L. McCullough (c), pres., Opelika Nat'l, join Frank A. Plummer, ch., First Alabama Bancshares and First Nat'l of Montgomery, during break at recent correspondent bank directors' seminar, sponsored by HC.

years—without really being sure what it accomplished. One of the main problems in use of a budget has been the lack of effective follow-up and evaluation. A budget forces planning on ways to reach goals."

Mr. Gaskell concluded, "When all levels of management develop a cost consciousness imposed by a budget, expense dollars are nearly always spent more wisely."

Mr. Stahl discussed the changing liability insurance needs of bank directors. He cited that class-action suits against corporation directors in recent years reflect an atmosphere that should not be ignored by other directors of businesses with responsibilities to stockholders. • •

## 2 Promoted, 4 Elected At First Nat'l, Tulsa

**TULSA**—Two promotions and four elections have been announced by First National.

Named vice president and senior trust officer was Jack W. Dikeman. Promoted to assistant vice president was Gary Scott. New bank officers are Robert C. Fay and Gerard J. Rothlein Jr., trust investment officers; Robert C. Linn, assistant trust officer; and Ray F. Cousins, manager of management services.

Mr. Dikeman was formerly a vice president and trust officer. He joined the bank in 1958. Mr. Scott, who joined the bank in 1967, was formerly an assistant auditor. Messrs. Fay and Rothlein joined the bank in 1972, and Messrs. Linn and Cousins have been with the bank since 1971.

## Extortionist Gets \$100,000

Extortionists continue to "ply their trade" among bankers. In mid-June, an extortionist got away with \$100,000 from an officer of a Chicago-area bank.

The bank officer surrendered the money after receiving a telephone threat against his wife and three children. The caller also threatened that a bomb would go off inside the bank if the money was not paid.

Following instructions, the bank officer placed \$100,000 in a valise, then drove to a designated spot, where he left the auto.

This case emphasizes that bankers should not let down their guard against kidnap-extortion threats and should plan ahead to meet such an event. A sample "alert" plan can be obtained from The BANK BOARD Letter, 408 Olive, St. Louis, Mo. 63102. This publication has a four-page study, "How to Prepare for Kidnap-Extortion Threats," that can be helpful. Cost: four copies for \$1.

## Changes at First NBC

**NEW ORLEANS**—First National Bank of Commerce has promoted Jerry Powell to senior vice president, real estate and mortgage department, and Jesse Shannon to assistant vice president, metropolitan and regional division.

Mr. Powell is president and CEO, First Commerce Real Estate Corp., a subsidiary of First NBC. Mr. Shannon was a commercial banking officer.

## Summerson Joins Corres. Dept. At Security Nat'l, K.C.

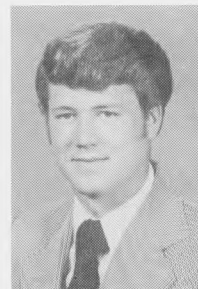
**KANSAS CITY**—Philip D. Summerson was promoted from assistant loan officer to assistant cashier at Security National. He will be a field representative in the correspondent department.

Ramey Edward Beachly has been elected a vice president. He comes from Otoe County Bank, Nebraska City, Neb., and specializes in commercial loans and agricultural credits.

Michael L. Sparks was promoted to assistant loan officer. He joined the bank in 1970.



BEACHLY



SUMMERSON

MID-CONTINENT BANKER for July, 1973

# In the cold, impersonal world of money, there's a need for a big bank that opens its doors and gets involved—personally.

There's no emotion in a financial statement. The whole story is there—in profit and loss—in black and red.

Or is it?

At Manufacturers Hanover, we have stories about our bankers getting "involved" that will never appear on anybody's statement of condition.

Like the time an explosion in the

Wall Street area caused three prominent brokerage firms to evacuate their premises—before the "close of business." One of the firms might have had a financing problem unless it could complete the day's transactions.

Our Wall Street bankers literally opened our doors and offered the firms operating space—telephones, desks, whatever was needed—for as

long as it was needed.

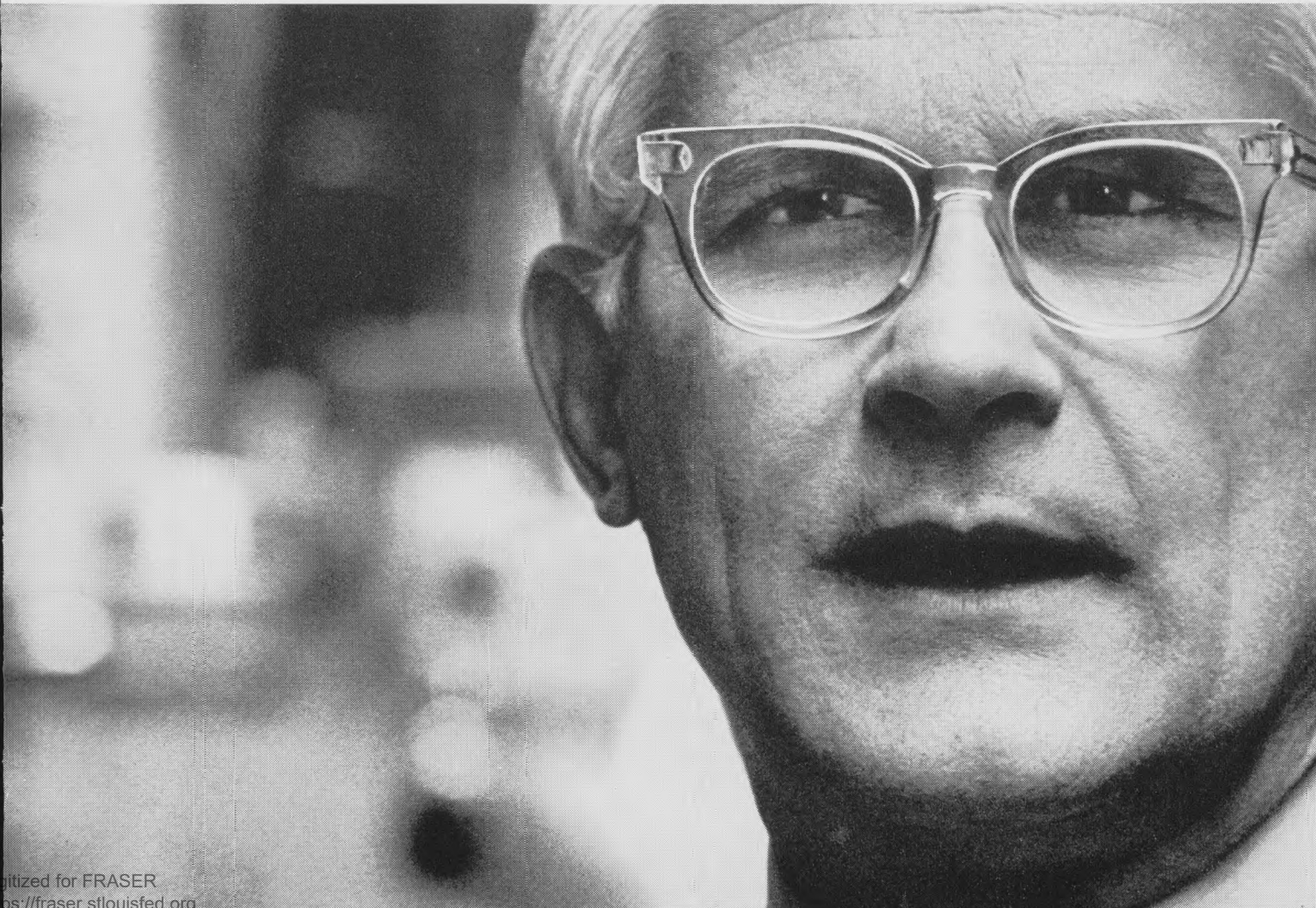
It may not be the sort of response you'd expect from a \$17-billion bank like Manufacturers Hanover. But then again, our bankers aren't the impersonal sort you'd expect in the world of big money.

We respond—in ways that don't show in the balance sheet alone.

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We roll up our sleeves and get the job done.

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### 'EARLY RISERS' OPEN BANK FACILITY

UP WITH the chickens are John V. Anderson and Wilis J. Wheat, both senior vice presidents at Liberty National, Oklahoma City. Complete with nightgowns, tassled caps, alarm clock and lantern, the sleepy-eyed duo opens the bank's new Concourse Lobby in the Liberty Tower at 7:30 a.m. An effective method to call attention to the fact that Liberty has the earliest banking hours in town!



### 'PEEP SHOW' FOCUSES ON NEW BUILDING

HERE'S PROOF that the "peep show" is far from dead! Customers of Valley National, Phoenix, are enticed to see views of the construction of the bank's new building (since opened) by an engaging sign stating "See it all from top to bottom!" The machine, located in the bank's lobby, is patterned after a Kinetoscope and is equipped with a super 8mm cartridge-type movie projector.

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idea  
page

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### BANK SUPPORTS PEACE OFFICERS

DRIVE to increase public awareness of how indispensable peace officers are to the citizens of Philadelphia was sponsored by Industrial Valley Bank recently. Huge sign was unveiled at special ceremonies attended by (from l.) Bank President Joseph A. Gallagher, mounted policeman Edward Fitzpatrick (who posed for illustration), Mayor Frank Rizzo and Police Commissioner Joseph O'Neill. 100 civic and law enforcement officials from areas served by the bank attended the event.

**K**ILGORE (Tex.) National transformed its banking lobby into a huge greenhouse during the town's recent centennial celebration. The bank-sponsored flower show was termed a unique experience for East Texas flower lovers. Theme of the flower show was "Oldtimers, Boomers and Newcomers," and all entries were grouped according to the three categories. A class for creative crafts was held at the bank also. Those participating in the show wore costumes representing major periods in Kilgore's history.

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# idea page

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**T**HE FARMINGTON Township, Mich., beauty queen prepares to release 73 helium-filled balloons at the recent grand opening of the Grand River-Halstead Office of Manufacturers National of Detroit, located in the township. Each balloon represented an office of the bank and carried a card entitling the finder to a free gift at the new office. At right is Thomas L. Sweeney, second vice president, and officer-in-charge of the facility.



**C**OMMEMORATING the first anniversary of the opening of its 27-story bank tower, executives of First National of Arizona, Phoenix, decked out in chefs' hats and aprons, served coffee and doughnuts to building tenants and bank employees. Pouring are Tom Weir (l.), trust division head, and Berl Campbell, assistant to the president. Aprons were decorated with witty sayings to add levity to the occasion.



## Supervisor

(Continued from page 33)

loans to a single individual or firm, although sometimes proper and necessary, are generally injudicious and frequently unsafe. Large borrowers are apt to control the bank, and when this is the relation between a bank and its customers, it is not difficult to decide which in the end will suffer . . ."

I might add that when these large borrowers are important bank officers and directors, the probabilities are greatly enhanced that the end is predictable.

Mr. McCulloch then proceeds to throw in the following pungent comment:

"The capital of a bank should be a reality, not a fiction, and it should be owned by those who have money to lend, and not by borrowers."

With the current wave of speculative buying of bank stocks, this comment is especially timely. And the comptroller included his comment with this thought-provoking observation:

"'Splendid financing' is not legitimate banking, and 'splendid finan-

ciers' in banking are generally humbugs or rascals."

All of this brings out the absolute necessity that since this involves a question of an inevitable conflict of interest on the part of a borrowing officer or director, every effort must be made to apply the highest possible standard of honesty. It is a question of ethics and morality.

There are other ways in which a bank may fail to use its presently increased capacity to serve its community and the state. One of these is to fail to meet the credit needs of its people by simply failing to lend in warranted instances, with the result being that the bank has a low percentage of loans in its total assets. I have never seen an instance of such a bank without hearing the explanation that there is no credit demand locally.

I'm sure that such a bank's people have indeed quit coming to it with credit requests, since they know the predestined outcome—a refusal. But I don't believe that there is any community which does not have a reasonable credit demand, if only it is intelligently sought out and properly served. If this is not done, then your bank has thrown away its justification for existence, and it really has no legitimate complaint

when people who are more perceptive propose a new bank. This is true even in a town which does not really need two banks. This is the type of situation which presents a real problem to your state comptroller and your state banking board—and to my office as well.

I want to talk briefly about some new developments which will affect many of you in the future. These involve applications for new banks, new branches and changes of locations of both banks and branches.

In the first place, new forms have been designed for the FDIC for each of these three types of applications. If you still hold some old forms, don't bother to fill them out; they cannot now be accepted. The new forms are in two sections: (1) The public section, and (2) the confidential section. The public section and any economic survey accompanying the application will be available to any interested person who wants a copy at a modest price. Certain personal information and data entitled to confidentiality will not be made available, but will be held in our confidential file.

You should be aware of the fact that these applications are subject to a new regulation which, whether you are an applicant or an opponent of an application, gives you certain rights and also places on you certain requirements if you are to exercise those rights. So you had better be familiar with both.

In general, the new forms require more detailed and specific information, and we are going to require that all applicable questions be properly answered before we accept an application for filing. You will find that after your application is accepted, you must publish notice of exactly what you propose, and this must be within 15 days of acceptance of your application. Those opposed have a similar time period in which to notify the regional director of an intention to oppose the application. Such notice is necessary for opponents later to request a formal hearing on the application. I will not attempt to cover here the details of this new regulation, but you must familiarize yourself with it if you are to serve your own bank's interest properly.

You will also recall that beginning with the call and earnings reports for the end of 1972, all such reports will be available to anyone requesting them for a small fee. Similar reports are also being made available by the comptroller of the currency for national banks and by the Fed for state-member banks. Each agency will supply reports only on its own banks. You may also be interested in knowing that we will notify each bank of the identity of per-

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sons requesting copies of its reports.

With all of the changes in banking which have occurred within the last 10 years, I find that I am spending a relatively small portion of my time on those duties which in prior years occupied virtually all of the time of my predecessors.

Let me urge you to make a special effort to keep up with these new laws and regulations which have come to be so much more important to banks in recent years. The simple truth is that unless you do, you cannot be an effective officer serving the best interests of your bank and its stockholders. ••

## Structural Evolution

(Continued from page 31)

"crazy-quilt" pattern of our present regulatory blanket. As a result of the attempt to bring all banks and bank-type financial institutions under one blanket, however, a number of overlapping jurisdictions and inequities are being exposed. The critical question is whether they can be dealt with in a more comprehensive way than simply tugging the cover this way and that.

Sudden expansions of powers for one class of institutions by state action that are not balanced by corresponding action at the federal level, or vice versa, can tend to exaggerate unfair competition. Even if legislation follows in due course to restore the balance, the time lag can, in itself, represent a substantial inequity.

The negotiable-order-of-withdrawal account, initiated by state-chartered savings banks in New Hampshire and Massachusetts, is probably the most visible current example of regulatory time-lag. (These accounts now are confined to the above two states as a result of action by the U. S. Senate.) It is also a timely example of my *second* major subject area—"de-specialization" by most banks and bank-type financial institutions into a broader range of markets and customer services.

Though the impact of NOW accounts is by no means clear, as yet, they do threaten to disrupt the deposit-gathering balance among certain New England financial institutions by offering, in effect, interest-bearing checking accounts.

The NOW account should be recognized as only the latest in a series of financial mechanisms designed to increase the variety of services available to the consumer. That, in itself, is not objectionable. It is certainly consistent with the overall trend of banking developments in recent decades.

Indeed, the pace of change is so fast today that it is no longer considered wild-eyed heresy, even in some banking circles, to suggest that savings accounts may one day be subject to withdrawal by draft or that interest might be paid on demand accounts.

Nor is it regarded as *inconceivable* that eventually checking privileges may be adopted by thrift institutions or that facilities for consumer credit and personal trust powers may go to non-bank institutions.

One can certainly imagine a time when banks will merge across state lines and with a greater variety of bank-related financial institutions.

But I do not believe that the most productive way to reach these goals is to move forward on an ad hoc basis, creating inequities, inviting abrasive conflicts of jurisdiction and fighting out each individual innovation before regulatory bodies and in the courts and legislatures around the country. Frankly, we have done too much of that already.

I cannot endorse the NOW account as a specific development precisely because it is a piecemeal attempt to meet a very real, but far more comprehensive, public need. And it is so contentious as a partial answer that it can only have the effect of further dividing

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the financial community and postponing the more substantial effort that is underway. Especially, with the Hunt Commission proposals on the table awaiting Administration action and so many, within the government and without, addressing themselves to the larger problem of restructuring the nation's financial system, the NOW account could subvert, scuttle or delay their broader and more lasting efforts.

To a marked degree, commercial and savings banks are not only getting into one another's traditional business, but also into the same new marketing opportunities. For the most part, this is happening in a climate of healthy competition.

Whether or not this "de-specialization" trend is given the kind of official latitude contemplated by the Hunt Commission report, it was brought about by competitive urgencies familiar to bankers. As liquidity pressures have built up and technological advances have provided opportunities for new earnings by banks and non-banks alike, progress toward "de-specialization" has been given additional impetus. It is no longer profitable enough or comfortable enough to sit back with our specialties and wait.

Since one institution's "de-specialization" is another's *competition*, such a

trend could pose special difficulties for smaller commercial banks. They have tended to be "de-specialized" all along, in meeting a wide variety of local financial needs, including savings deposits, consumer credit, mortgage lending and small business loans. Consequently, they will feel a greater impact from the new competition of a savings and loan neighbor down the street that suddenly offers checking-type accounts. The country bank may not have another untapped area to enter by way of response, though I expect more smaller banks will take advantage of the opportunity of expanding into near-banking activities under a bank holding company.

For the largest commercial banks, long dependent on business lending, the impressive growth of regional banks as well as the advent of commercial paper and other direct market instruments have sharpened competition considerably and forced many of them to seek a broader loan market. On the liability side, with the growth of demand deposits stalled by a variety of competitive forces, these larger banks like Chase have been forced to depend more heavily on purchased funds.

To offset the costs of purchased funds and to diversify the revenue base, larger banks have generally expanded their marketing activities here and abroad wherever profitable opportunities could be found. They also have diversified directly and through their holding companies into a broader range of finance-related income-producing services. One major thrust has been into retail consumer services. In this respect, larger banks have taken a lesson from smaller commercial banks with their established community business.

At Chase Manhattan, for instance, in addition to extensive overseas expansion, we have taken considerable strides forward domestically in the near-banking field during the past few years. We have agreed, in principle, to merge with Dial Financial Corp., an Iowa-based consumer finance business with offices in 33 states. In addition, we have moved into the mortgage banking field with offices in the Midwest and Florida and have added factoring, leasing and credit card services to our New York operations.

Since no bank can afford to sit tight while awaiting a comprehensive restructuring of the financial system, we all must be alert to new ways of "de-specializing" productively within the present structure.

Let me conclude by telling you how I would hope to see financial institutions evolve in the future.

The Hunt Commission was appointed in an atmosphere of financial crisis brought about by tight credit and a deteriorating mortgage market. Since then, the overall financial climate has improved, but new clouds are again on the horizon bringing with them a renewed sense of urgency.

Though we should take time to review, thoughtfully, the rather delicate relationship between external regulation and internal competition, endless review is a luxury we can ill afford. It seems to me that we must press for an early and appropriate legislative response that deals with the *entire* problem rather than isolated fragments.

I believe it is of fundamental urgency to simplify, clarify and, perhaps, consolidate the responsibilities of the present multitude of financial regulatory entities.

As it stands now, there is simply too much fragmentation. Federal Reserve officials are seeking to extend reserve requirements to savings banks and other non-members. The Justice Department is proposing antitrust action to block certain cooperative uses of terminal equipment or "electronic tellers." The Federal Trade Commission is asking for various controls over retail banking. The Securities and Exchange Commission seeks authority to oversee a broad range of trust services.

Until these and many more overlapping jurisdictions governing the financial institutions of this country are disentangled and reordered in a comprehensive way, financial institutions will not be able to move ahead with maximum effectiveness to respond to the mounting needs of their customers.

Without a flexible and equitable framework within which to design and market their various services—one that takes fully into account the differentials in tax rates and reserve requirements between various banks and bank-type institutions—they cannot serve themselves, their customers or the country to best advantage.

No one can know at this date exactly what role the commercial banking industry will play in the irresistible change that lies ahead. But I suggest that there is a lesson in our past that will certainly figure prominently in our future.

Historically, when commercial banks ignored the needs of small depositors, mutual savings banks arose to fill those needs and became our competitors. When commercial banks declined to offer long-term mortgage lending, S&Ls sprang up to fill that void and joined our competitors. In due course, credit unions, pension funds and an assortment of other financial entities joined

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great sorrow that  
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the ranks of our competitors by meeting public needs we had ignored.

As we look forward now to the competitive realignment of various financial institutions, we would do well to bear in mind that we created many of them through our own failures to respond to the manifest needs of customers.

Let the national dialogue move forward toward the much-needed restructuring, for it is long overdue. But, in the meantime, let us bear in mind that the only certain way to assume our proper role in the highly competitive financial environment of the future is to respond to emerging public needs whenever and wherever they press upon us. ••

## Evaluating

(Continued from page 34)

cers, directors or large shareholders.

Our examinations reveal that self-dealing transactions are frequently made without awareness of the entire board. Based upon this experience, it is recommended that lending officers be required to report to the board any extension of credit by the bank, direct or indirect, to any director or officer or to any partnership or corporation in which any director or officer may have a financial interest. Also, it is recommended that the entire board take special action in connection with any transaction between the bank and one of the bank's officers, directors or large shareholders or their interests. Renewal of loans should not be overlooked.

Conflict of interest is only one of many topics which should be covered

by a statement of conduct or code of ethics. Many of the larger banks have formulated comprehensive statements of conduct; it is believed that the board of every bank, regardless of size, should give serious consideration to adoption of such a statement. The American Bankers Association has published a booklet entitled, "The Drafting of a Bankers Code," which might be used as a guide.

Loans generate the greater part of a bank's earnings; on the other hand, a vast majority of the serious banking problems manifest themselves in the loan portfolio. Hence, the need for a lending policy, crystallized into a comprehensive written statement. The formal statement should avoid the pitfalls of being too brief and too vague. Due weight should be given to such relevant factors as the deposit structure, the ability of the staff to service loans and the legitimate credit needs of the community.

At a minimum, the following 10 points should be covered:

1. The maximum amount that lending officers may approve.
2. A suitable aggregate loan total.
3. The proportion of various types of loans, such as commercial loans, term loans, real estate loans, or consumer loans, in the portfolio.
4. The geographic area from which loans should ordinarily be generated.
5. The complete and reliable credit information to be required of borrowers.
6. The written acknowledgement of the borrower, at the inception of the loan, of his understanding of repayment arrangements.
7. The types of loans and collateral

considered desirable for the bank's portfolio.

8. The types of loans and collateral considered inappropriate for the bank's portfolio.

9. Audit of the loan transaction.

10. The periodic review, inspection and administration of loans after disbursement.

Space does not permit me to elaborate on each of the 10 points, but I do wish to emphasize the last two—audit of the loan transaction and the administration of loans after disbursement.

Many of the loan problems we encounter in the examination process might have been avoided, or at least minimized, by audit of the loan transaction at the time the loan was put on the books. The following are some procedures which should be performed by someone other than the person handling the loan transaction:

- Ascertain that the loan meets all legal requirements. Although excessive and illegal loans frequently arise through inadvertence or carelessness, the bank's directors may be held personally liable for losses sustained on illegal loans.
- Confirm that the loan, combined with other obligations of the particular borrower, was within the lending authority of the officer or committee which authorized the loan. Frequently, loan problems arise because a lending officer has granted loans in excess of his established limits.
- Verify that unsecured or inadequately secured loans are supported by current and adequate credit information and that the borrower is aware of the necessity for furnishing up-to-date credit information during the life of the loan.

- Verify the validity and the value of collateral.

- Verify that liens are perfected and that legal documentation is filed, if necessary.

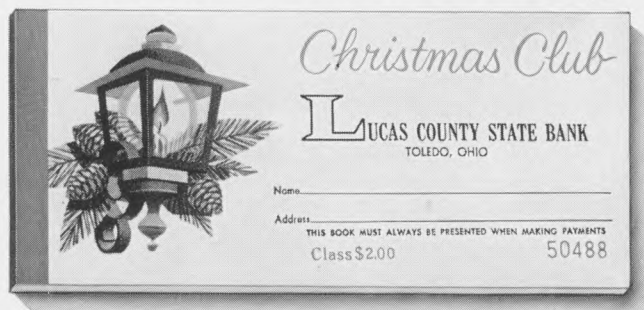
- And finally, verify that loan proceeds were disbursed in accordance with sound lending procedures.

The volume of loans subject to criticism in our examination reports has increased significantly. One of the principal contributing factors is the lack of effective loan administration. Many loans reasonably sound at their inception developed into problems and losses which might have been avoided, had they been reviewed at least once each year or more frequently if warranted by prevailing economic conditions.

The supervisory examiner does not review every single loan in the bank's portfolio. The size of line taken off for review by the examiner depends upon

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the size of the bank, management competency, adequacy of capital protection and the asset condition as indicated by previous examination reports. The supervisory objective is to effect a thorough examination without wasting time on smaller loans of little or no significance in relation to the solvency of the bank.

For example, in a bank with \$2 million gross capital funds, the examiner might be looking at all loans in excess of \$15,000. Generally, by reviewing loans of this size, plus the past due and smaller loans we may have reasons for investigating, we cover approximately 80% of the dollar amount of the loan portfolio.

Just as the board has the responsibility of formulating a lending policy, the directors should establish and define by resolution, an investment policy which fits the liquidity requirements of the bank. The investment policy statement should include the following:

- Delegation of authority to buy and sell investments. The board should ratify all transactions made under delegated authority.
- Distribution of maturities to reflect liquidity requirements and the trend of interest rates.
- Investment quality standards.

- Geographic origin of the obligations.

- Limitation on obligations of one issuer, other than those of the U. S. government.

- Position in tax-exempt issues.

Every bank, regardless of size, should have an internal audit program which includes controls suited to its operations and designed to disclose irregularities and shortages. When the size of the bank warrants, a full-time auditor or auditing staff, responsible only to the board of directors, should be hired. The audit policy, formulated by the board of directors, should cover segregation and rotation of duties, mandatory vacations for officers and employees, dual control, selection and training of audit personnel, outside audits, direct verification, disbursement of loan proceeds and a list of reports to be submitted at least monthly to the board.

The importance of instituting effective audit procedures and internal controls cannot be over-emphasized. Examinations by the federal supervisory authorities do not purport to be audits and should not be relied on as such. Ordinarily, such examinations do not include detailed checking of routine transactions or direct verification of individual deposit and loan balances.

Formulation of a statement of con-

duct or lending, investment and internal control policies must, of necessity, be the result of joint efforts of management and directors. Management should draft suitable recommendations for changes as circumstances warrant. No policy, however well conceived, should remain unchanged over the years.

It is not enough for the directors to merely set forth the policies in lending, investment, internal controls and other areas. Continuous supervision must be exercised. The flow of significant information from management to the directors facilitates this testing of management performance against directors' standards and directives.

Directors often complain that they are not receiving enough information from management, but they just don't know what to ask for. On the other hand, management alleges that the directors do not appear to utilize the information made available to them. While it is the duty of the bank's active management to keep the directors informed, it is imperative that the directors utilize all available relevant information in making their decisions.

As a minimum, directors should insist that the following data be made available to them at least monthly:

- A comparative statement of condition relating the current position, dollar-wise and percentagewise, with the previous month and the corresponding date a year ago.

- A report on the liquidity position of the bank, comparing the current position with the previous month or other prior date.

- A report of the structure of the investment account, including a recapitulation by maturity dates; a detailed list of all investments purchased or sold during the preceding month; and a report of appreciation or depreciation.

- A comparative statement of profit and loss comparing each category of income and expense for the month with the same month last year; also the aggregate for the year to date with the same date a year ago. A list of expenses paid during the month might also be submitted.

- A detailed list of loans granted during the month, including the name, amount, purpose, terms, collateral, endorsers or guarantors and the borrower's total liability, direct and/or indirect, to the bank.

- A list of all past due loans with the name, total liability, past-due portion, collateral or endorsers, if any, and the nature of collection efforts taken or contemplated.

- A detailed report of weak credits, including loans which have deteriorat-



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ed in the previous month as well as loans or other matters criticized by supervisory authorities.

- A list of demand loans "celebrating an anniversary" during the following month. A history of the obligation might be of interest.

- A detailed list of cash items and overdrafts, together with a report of all amounts carried in the holdover, throw-out, or suspense account. Each item should show the name, amount and date of origin.

- A detailed report of audit functions performed during the month.

- A list of important new and closed checking and savings accounts.

The directors' examination affords a vehicle for testing the effectiveness of the officers' reports. From the inception of the national banking system, the bylaws of national banks contemplated that the directors would make, or cause to be made, through periodic examinations to test the soundness of the bank's investments and loans, the effectiveness of management in implementing board policies, earnings and expenses, dividend policy, adequacy of insurance and fidelity coverage and the internal controls.

Directors not qualified to perform the more technical aspects of the exam-

ination should employ a competent, outside accountant to conduct the examination in their behalf. If that is done, the board or the examining committee should carefully review the accountant's report in order to fully comprehend the significance of the details of the report.

The directors are responsible for implementation of their policies by honest, diligent and competent officers and employees. Committee participation, review of periodic officers' reports and directors' examinations are all part of the process. The directors should know whether unsafe and unsound banking practices exist. Directors' examinations are of course in addition to the examinations made by the supervisory authority. The supervisory process provides a means of maintaining a constant vigil over the condition of the nation's banks.

Essentially, a regulatory examination is an evaluation of that bank's directors, officers and employees. These are the people who make the difference between one bank and another. After all, the bank itself is merely a corporate shell.

The examiner's judgment of the executive management is based upon a number of factors including the ade-

quacy of capital; the bank's liquidity position; its earnings compared with banks of similar size;

Provision for management succession; the bank's service to the community; adequacy of the bank's system of internal controls and safeguards; adequacy, efficiency and effectiveness of staff; compliance with laws and regulations;

The extent of detrimental domination, if any, by one or more persons; adequacy of information furnished to the directors; quality and liquidity of the loan account; diversification in the loan portfolio; effectiveness of collection efforts; and adequacy of credit files.

I shall comment briefly on the Comptroller's guidelines for capital; liquidity; earnings; and assets quality.

Capital adequacy is appraised in relation to the character of the bank's management and its asset and deposit position as a going institution under normal conditions. We look for a reasonable margin of safety, with due regard to the bank's capacity to furnish the broadest service to the public.

Traditional capital-to-risk assets and capital-to-total deposit ratios are no longer relied upon, because of their arbitrary nature. In evaluating capital adequacy, the Comptroller's office considers the following factors: the quality of management, liquidity of assets, the history of earnings and the retention thereof, the quality and character of ownership, the burden of meeting occupancy expenses, potential volatility of the bank's deposit structure, the quality of operating procedures and the bank's capacity to meet present and future financial needs of its trade area, considering the competition it faces.

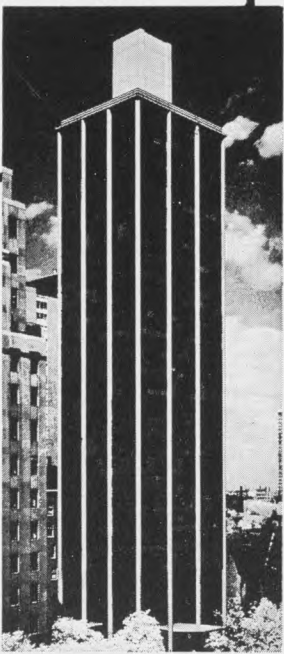
In addition, we use a formula which relates capital to the volume of loans and discounts. The numerator is gross loans and discounts. Total capital accounts, including reserves, are the denominator. This loans-times-capital ratio is a first, quick test of capital adequacy. Where gross loans exceed seven times the total capital accounts, the bank is scrutinized more closely. We analyze the loan portfolio for quality and liquidity. Commercial paper, brokers' loans, municipal loans and loans guaranteed or insured by the U. S. government are among those taken into consideration. Application of any rule-of-thumb obviously requires judgment. By carefully evaluating all relevant factors, the Comptroller's office avoids penalizing well-managed, profit-conscious banks.

Supervisory authorities make no secret of their concern with the liquidity position of banks under their jurisdiction. Since 1966, the liquidity compu-

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## Bank of the Southwest

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tation has become part of the regular reporting requirements, at call dates, for all national banks. Many of you may be familiar with the formula which considers all liquid assets, deducts all immediate claims and compares the remainder with net deposits.

Subject to a certain amount of flexibility for individual situations, we consider 20% to be the minimum acceptable standard. When the liquidity percentage falls below this level, we analyze the bank's assets for commercial paper, broker's loans, commodity credit loans and other assets of a highly liquid nature.

After adjusting for such considerations, banks found to be non-liquid are required to file frequent periodic reports until an acceptable level of liquidity has been attained.

Earnings are extremely important from a supervisory standpoint. A good earning bank is a more viable competitor and normally, a more progressive institution overall.

We compare the individual bank with banks of similar size. The FDIC now makes this useful information quickly available to all insured banks. Make sure to review the copy of the FDIC summary mailed to your bank. You can thus readily compare your bank's performance with the earnings of institutions in your size group.

If your bank's earnings are less than average for banks of similar size, the board or a committee thereof should carefully analyze the causes of your unfavorable situation and consider the steps necessary to bring about improvements.

The examiner, representing the supervisory authority, exerts an influence which we believe to be beneficial. The

examination process subjects your assets to an expert, impartial, objective appraisal, thereby furthering a sound banking system. To a large extent, the examiner's appraisal of the loan account is the basis for his conclusions regarding the condition of the bank, the strength of its management and its service to the community. After all, a bank's asset quality depends in large measure on the soundness and liquidity of its loans.

A bank's asset quality is measured initially by relating the aggregate volume of assets classified "substandard" "doubtful" or "loss," to gross capital funds, including reserves. Each bank is assigned to one of four categories.

Generally speaking, banks with total classified assets of less than 20% of gross capital funds receive an "A" rating, the highest one. Banking after all, is a risk business and the evaluation of credit involves a matter of judgment. It is certainly no reflection upon management or the directors if an examiner criticizes a moderate volume of the bank's assets.

When classified assets amount to more than 20% but less than 40% of gross capital funds, banks earn a "B" rating.

A "C" rating goes to banks with classified assets aggregating more than 40% but less than 80% of gross capital funds, and a "D" rating to banks with classified assets in excess of 80% of gross capital funds. With few exceptions, a bank with classified assets aggregating 40% or more of the capital structure warrants more than the usual supervisory attention.

Despite recent technological advances, effective banking continues to depend primarily on well-qualified

bankers. Yet all too many banks lack competent successors to take the place of incumbent managements. While the quality of bank management in terms of education and training is higher today than ever before, the number of individuals capable of filling positions of responsibility presents a problem. Traditionally, bank salaries, including incentive payments and other fringe benefits, have lagged behind those of industrial firms. Your bank cannot afford to fall behind in the competition for qualified personnel.

In closing, let me assure you that your objectives and the objectives of the bank supervisors are the same—safe, sound and profitable banks capable of serving the ever-expanding needs of the public. The high levels of deposits, loans, investments and earnings are the best evidence of how well commercial banks have responded to an expanding economy. I am confident that your banks will continue to play a crucial role in the development of the promising potential for economic growth in the nation. • •

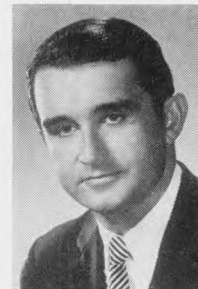
### Three Senior Vice Presidents Named at Capital Nat'l, Houston

HOUSTON—Capital National has promoted three vice presidents to senior vice presidents. They are John William Worsham, manager of the correspondent banking department; Dick James Ralph, head of the trust division; and Howard Raines Hackney, head of the lending division.

Mr. Worsham is vice president of the Correspondent Bankers' Section of the Texas Bankers Association and is a BBA and LLB graduate of the University of Texas.

### New Branch Quarters Opened

Lawrence A. Merrigan (c, foreground), pres., Bank of New Orleans, helps Victor Guedimin (r.), mgr., West Bank Branch, cut a ribbon at the opening of the branch's new quarters June 4. The new structure, containing 3,500 square feet, has more than doubled the area of the former West Bank office. The branch has four drive-in banking lanes connected to the main building by pneumatic tubes.



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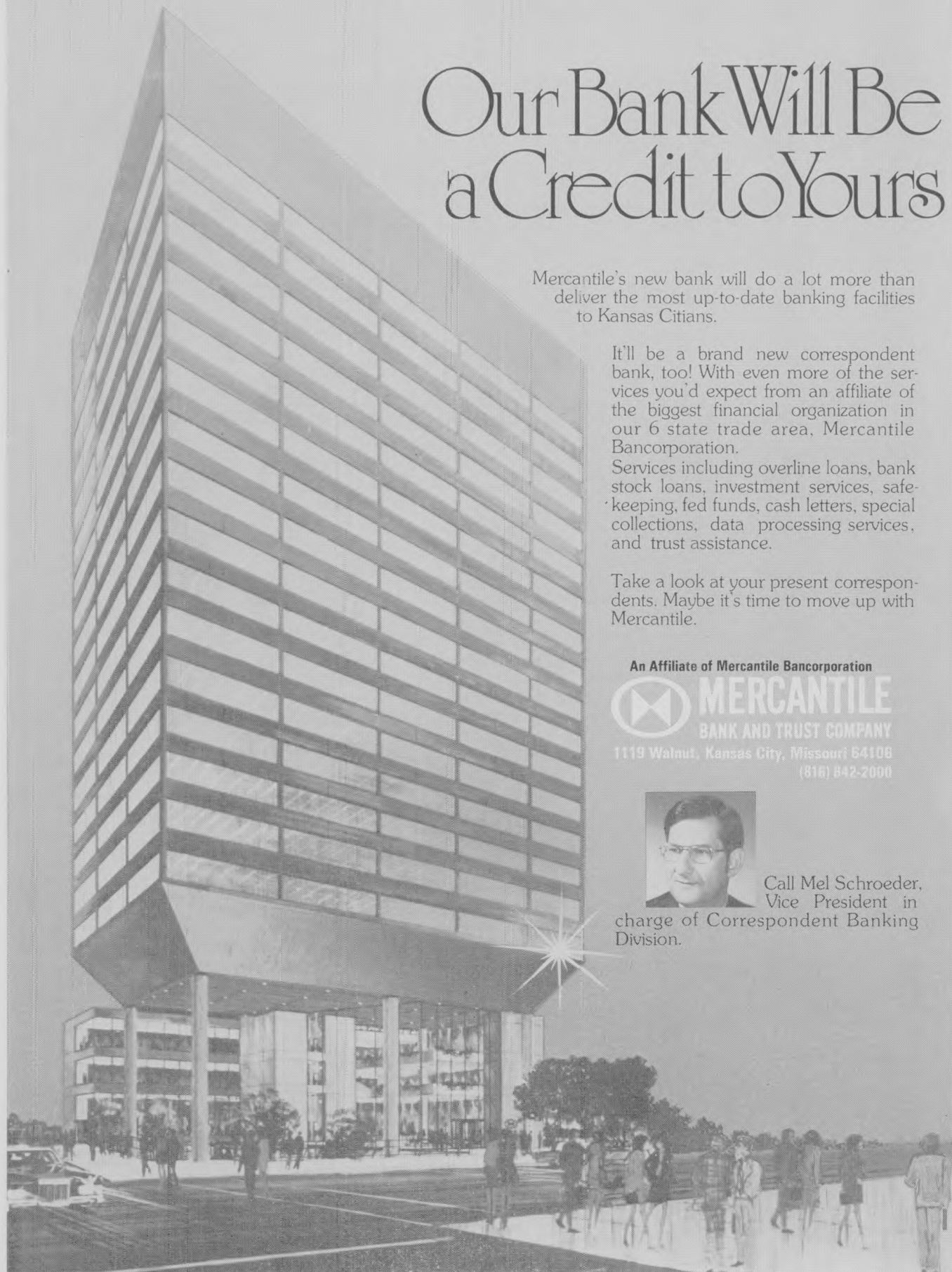


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Call Mel Schroeder,  
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Mans-Steel, Inc., located in Mansfield in 1970, signaling beginning of reversal of community's fortunes. Plant employs 200 men.

## Missouri Town Bucks Status Quo With Aid From SBA, Bank Loans

**H**OW DOES a rural-oriented southern Missouri community with a population of 1,056 in 1970 jump to 1,450 population in three years?

Mansfield, located at the crossroads of the Ozarks in Wright County on Highways 60 and 5, some 50 miles east of Springfield, has set an example in community development and growth that is hard to beat.

The success of Mansfield lies in the city's unique ability to utilize an array of governmental programs to its advantage, totaling \$1½ million in three years. Mansfield Mayor Gorman Short has worked diligently with his community's citizens, who have shown vision and wisdom in utilizing a combination of state, regional and federal programs. Mr. Short, who has been Mansfield's mayor for four years, has a knack for becoming informed and knowledgeable of what's available and then using the best of what he learns to benefit his community.

"Mansfield had been standing still until 1970," Mayor Short said. The 1960 census figures showed a population of 949 compared to 1,056 in 1970.

"When a store closed on the square, there wasn't another to take its place, and the space generally was vacant," the mayor said. "Three years ago, 80% of Mansfield's high school graduates were forced to seek employment in Springfield, St. Louis or Kansas City. Mansfield simply didn't have jobs for

the head of the household. Prior to 1970, Mansfield averaged three new homes constructed annually."

In the opinion of Mayor Short, Mansfield turned from a downhill slump to a boom town in 1970, when Mansfield's Industrial Development Corporation (MIDC) received a \$578,688 loan from the Commerce Bank of Springfield in cooperation with the Small Business Administration's Community Economic Development Division to assist Mans-Steel, Inc., in building a plant and facilities in the Mansfield Industrial Park. In 1973, Mans-Steel, Inc., employs 200 semiskilled and skilled men and a receptionist. Mans-Steel brought a skeleton staff of 12 and the 188 remaining employees were hired and trained from local residents.

The MIDC's objectives are to promote community betterment, create job opportunities and make life better

for its residents. MIDC President Joseph Coday, executive vice president, Bank of Mansfield, says, "Prior to 1970 and the MIDC and SBA local development company loan, our community was on the verge of dying. Before the SBA local development company loan, which enabled construction of Mans-Steel's building, Mansfield didn't have employment to offer its male residents," he said.

"Today, Mans-Steel hires and trains men and enables Mansfield to retain many of its 50 high school graduates annually. The firm operates two shifts and has a projected payroll in excess of \$1.2 million. Because Mans-Steel employs primarily men, and the city's other two major employers hire primarily women, it is ideal for both a husband and his wife to find employment in Mansfield," he concluded.

Mansfield's two other major employers are Ballew Hatchery, which has ap-

Principals in Mansfield's turnaround are (from l.) Gorman Short, mayor; Joseph D. Coday, exec. v.p., Bank of Mansfield; William V. Turner, pres., Commerce Bank, Springfield.



proximately 50 employees and operates three shifts in a 24-hour operation, while Tobin-Hamilton Shoe Co. has 400 employees, 80% of whom are female.

Another SBA borrower in Mansfield was Ken Ballew Hatchery, Inc., which received a \$25,000 direct SBA loan to be used as working capital. The loan was paid in full in 1965. "SBA has been a tremendous boost to the hatchery and in 1962 the \$25,000 loan was far larger than I could have obtained from a bank," said Ken Ballew. "Mansfield has truly come alive and shown fantastic growth since 1970. Today, Ballew Hatchery has 12 poultry farms producing 1.8 million ready-to-lay pullets supplying a major coast-to-coast egg producer and one million day-old chicks sold annually for a total of \$3 million annual volume."

Tobin-Hamilton's 1972 payroll was \$1.5 million. Tobin-Hamilton recently added 25,000 square feet of space for new machinery in a major expansion program," Mr. Coday said.

According to William V. Turner, president, Commerce Bank of Springfield, which participated in the local development company loan with the Bank of Mansfield and the SBA and helped make the location of Mans-Steel plant a reality in Mansfield:

"As one who grew up in Mansfield, it has been my pleasure to watch the community leadership of this small town organize itself in such a way as to move forward in an outstanding manner. By joining together the business, civic and governmental functions, they have accomplished what very few small towns are able to accomplish. They have secured two fine industrial plants in the past few years and, in addition, they have done many things to make the community a better and more enjoyable place in which to live. As an example, they have recently constructed a new community swimming pool. New homes are sprouting up all over town and the economy of Mansfield is the best that it has ever been. There are, of course, many reasons why this has been done, but the primary reason falls back to the fact that it is people working together to help other people," Mr. Turner said.

"Furthermore, I had the opportunity to work with one of our good friends and customers when he was deciding where to locate a new plant. He looked at several communities and finally he took a look at Mansfield. After visiting with the people in a leadership capacity in the town, he quickly decided to locate Mans-Steel there and that factory is now employing some 250 people," he concluded.

According to the U. S. Chamber of

Commerce, new industrial jobs mean that for every 100 new factory workers brought to a town, there are 359 more residents, 91 more school children, 100 more households, \$710,000 more personal income per year, \$229,000 more bank deposits, three more retail establishments, 97 more passenger cars registered, 65 more employed in non-manufacturing and \$331,000 more in retail sales per year.

The Mansfield Industrial Park is 70% completed for the 30 acres now planned for development. The steel company was a major factor in turning a dying community into a thriving community. Approximately 150 new homes have been built in three years. During 1971 and 1972, there were some 150 homes built in Mansfield's three new subdivisions, ranging in price from \$14,000 to \$25,000.

"It hasn't been easy and at times there was a tremendous pinch on the city of Mansfield as it experienced growing pains during the past three years. For example, the city provides utilities and the town had a capital outlay of \$400 per home to make utilities available. Certainly, the surrounding communities benefited as Mansfield's home construction necessitated purchase of building materials from many of the surrounding towns," Mayor Short said.

"Furthermore, deposits at the Bank of Mansfield have increased 45% in the past four years," said Mr. Coday. "We have noticed Mansfield residents have confidence in the community and want to invest in both businesses and real estate."

Mansfield is soon to get its first shopping center, with construction on the center's eight stores scheduled for this year.

Donald F. Hunter, president, Farmers & Merchants Bank, says, "My bank's deposits have doubled in three years. The city has experienced phenomenal growth. Today, it is easier to get a bond issue passed. The community formerly was almost entirely elderly while in 1973 the average age is much, much younger," Mr. Hunter concluded.

The real success of Mansfield lies in the city's unique ability to utilize a wide array of state, regional and federal programs to its advantage, according to Mr. Coday.

For example, Mansfield and surrounding towns recently completed a pledge drive of \$400,000 to construct an 80-bed medical center, with the remainder of the \$1,600,000 funds to be supplied by Cox Medical Center of Springfield and the Department of Health, Education and Welfare. The present 29-bed Mansfield Community

Hospital is outdated and often necessitates residents going outside Mansfield to obtain medical care.

Through the efforts of the Department of Housing and Urban Development (HUD), Mansfield's senior citizens will have a new 35-unit apartment project plus community building constructed at a cost of approximately \$750,000 in the future. This project is being made possible by a HUD grant.

The new public pool offers separate facilities for diving, swimming and wading, and is in close proximity to the school facilities should the physical education department desire to use it for grade, high and junior high school students. The \$145,000 pool was constructed by the use of matching funds made available by the state of Missouri and through a local bond issue.

Recently, Mansfield residents voted \$35,000 in bonds for construction of an airport designed to handle all private planes within a 15-mile radius. The state has allocated \$35,000 in additional funds. Still additional funding via the Federal Aviation Agency in the amount of \$70,000 plus \$40,000 from the Ozarks Regional Council will build the airport.

Is it any wonder that Mansfield is a growing community? • •

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## Fed Control?

*(Continued from page 32)*

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laws are in effect and where HCs are not restricted (such as Missouri, Texas and Florida).

In summary, Dr. Coldwell linked together several recent bank and policy trends in a set of principles as follows:

- For all depositary institutions, especially all banks, universally required reserves kept in the Reserve banks according to system rules are necessary both to improve effectiveness of monetary policy and to ensure, for equity purposes, that all financial institutions participate and contribute to national monetary policies.

- Mandatory membership in the Fed is not, and need not be, a part of the proposal for universal reserve requirements.

- The dual-banking system can continue to be a vital force in American banking even with universal reserve requirements.

- Voluntary restraint by all banks in periods when credit extensions are rising too rapidly would reduce the need for central bank restraints.

- Recognizing competitive pressures, banks should exercise greater self discipline in loan commitments, in money market purchases of large CDs and federal funds and in bidding for public funds. • •



# Harris Trust Polls Public On Window Display Value

**WOULDN'T YOU** like to know what your customers and the general public think of your bank? Wouldn't you like to know how they react to your window displays and your methods of doing business?

Hardly any banker would answer "no" to these questions, but one of the few banks that has endeavored to learn the answers is Harris Trust, Chicago.

By means of a mechanical device called an Opinionmeter, Harris Trust posed a series of questions about the bank, its customers and its window displays. The questions appeared on a panel on the Opinionmeter. They could be answered by pressing buttons on the machine. The device also tabulated the answers.

For example, Harris Trust posed the question: "What is your overall opinion of Harris Bank?" The machine offered six answers: "An excellent bank," "A good bank," "An average bank," "A below-average bank," "An unsatisfactory bank" and "Don't know."

At the same time, the bank mounted two different window displays, one with a football theme and the other with a vacation motif. Customers were asked: "Do you feel the design of the windows is consistent with the way the Harris Bank really is?" Possible answers were: "Yes," "No" and "Not sure."

Answers, when evaluated, showed that those responding had a high overall opinion of Harris Trust. But only about half felt the displays were consistent with the way the bank really is. In other words, Harris Trust spokesmen commented: "We don't seem to be as accurately reflecting the bank in our windows as we could be."

Some of the results obtained reflected the value—or lack of it—of window displays in general. Of respondents answering the Opinionmeter poll, 71% had noticed the displays, but roughly half merely glanced at them. However, 29% had at some time come into the bank because they were attracted by something in the windows.

Reaction to the specific window displays can be described as lukewarm. The football display was considered more modern, but the vacation display was rated more attention-getting and friendlier. On the basis of informativeness, both were scaled "very low."

Although the Harris Trust window displays were voted "a little better" than those of other financial institutions, nonetheless the respondents considered the vacation displays "average" and the football display "below average" when rated against such displays generally.

Asked about what was most likely to attract them in a window display, the large majority liked seasonal, educational and sports/hobby themes.

Although the people taking part in the poll indicated they were comparable to the bank's total customer base in terms of sex and education, they were younger, more likely to be single, had lower incomes and were more likely to work in Chicago's Loop, where Harris Trust is located.

In other words, younger men and women are the people most likely to take part in a poll. • •

Center photo shows two young women casting their opinions on Harris Trust's Opinionmeter device. They are answering questions about the bank's two window displays—vacation-days (top) and football (bottom).

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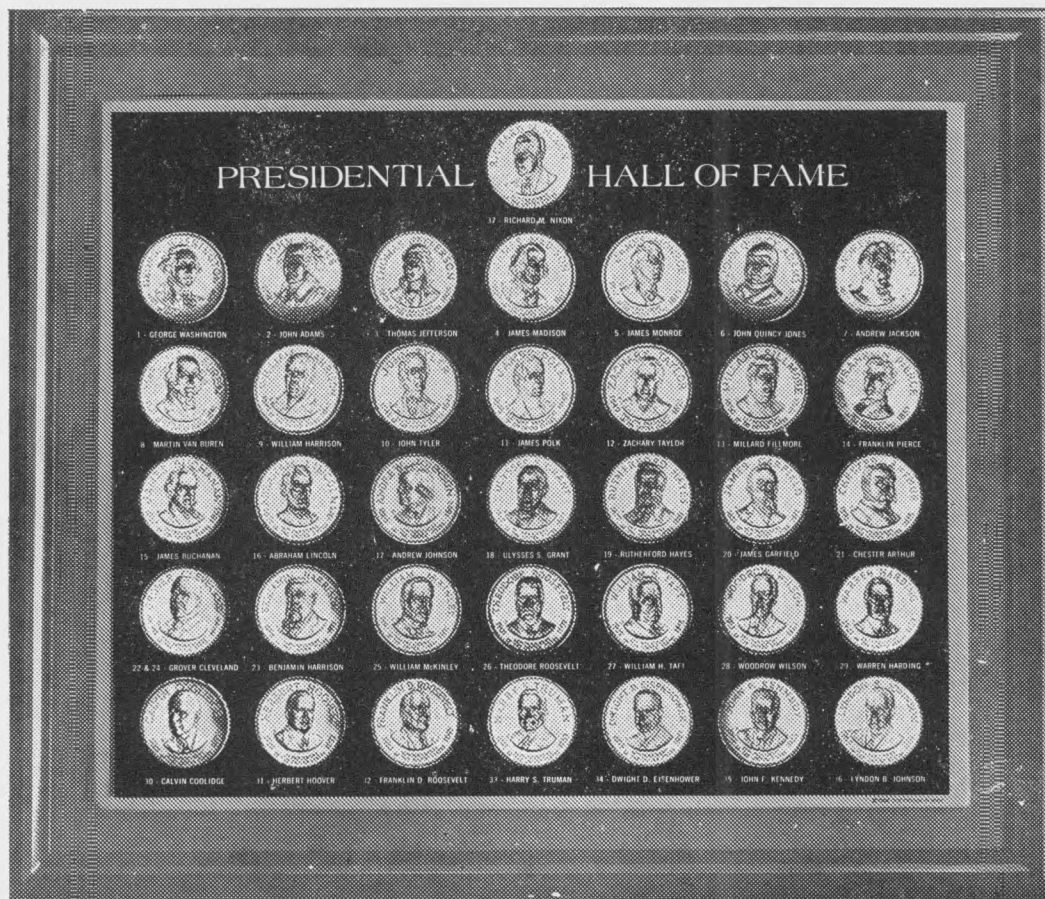
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MID-CONTINENT BANKER for July, 1973

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## Illinois Split

(Continued from page 30)

the June 19th State Supreme Court ruling that will allow the suit brought by Memphis Bank and First American Bank of Memphis against First Amtenn Corp., multi-bank HC based in Nashville, to be heard in the Chancery Court of Shelby County. The two plaintiff banks contend that First Amtenn's plans to establish a de novo bank in Memphis would violate the state's branching statute, which allows branching only within county lines. First Amtenn is located in Davidson County, while its Memphis acquisition would be located in Shelby County. The Shelby County Chancery Court had ruled that it wasn't sure of its jurisdiction in the case, and the question then went to the State Supreme Court.

The Independent Bankers Division's executive committee will now monitor this suit.

In Alabama, a uniform county-wide branching bill was introduced last month both in the House and Senate. (Branching now is permitted by local legislation.) The Alabama Bankers Association issued a statement of neutrality on the bill, pointing out that while many members of its executive council had personal feelings of opposition toward the bill, the consensus was that the association membership is too divided for the Ala.BA to take a position for or against the measure. The Ala.BA's system of minutemen and its considerable weight in the legislature, said Executive Vice President Howard J. Morris Jr., thus will be withheld from the legislative battle that appears certain to be fought over the issue.

The bill was heard in the House Banking Committee June 27 and was reported out by a vote of 10 to 2. It then went on the calendar as of June 28.

In Missouri, the banking scene is quiet now that the 1973 legislative session is over, and none of the major banking bills were passed. SB 9 would have allowed bank facilities to make loans, and SB 10 would have revised the state's Banking Code. The latter bill would have allowed state-chartered banks to have the same flexibility as national banks. In addition, it would have limited the assets of any one bank HC to no more than 10% of the total banking assets in the state, would have prohibited acquisitions of new charters and new banks by multi-bank HCs and would have placed a moratorium on

their growth until 1976 to give the legislature time to study the implications of such growth.

Repeal of the state's controversial holder-in-due-course doctrine also was defeated. Thus, the law continues to require consumers to keep up installment payments to banks and loan companies on goods or services even though the latter are defective or are no longer provided.

SB 126 would have increased the usury rate from 8% to 9%.

One bill affecting banking was passed. SB 89, with the full support of MBA-member banks, became law as emergency legislation with Governor Christopher Bond's signature June 12. Under this law, banks pay the same rate of interest as the Treasury bill rate.

In Indiana, the day before the legislative session adjourned on April 19, House Concurrent Resolution 45 calling for a legislative study of Indiana's banking structure, along with other matters, was adopted by a voice vote in both the Senate and House. In his report to the Indiana Bankers Association's convention last month, outgoing IBA President Paul N. Dinkins (president, Irwin Union, Columbus) presented what he described as "an oversimplification in shaping any change of banking structure":

1. Decide on a geographic area. In this connection, Mr. Dinkins said he suspected this might have to be something more than present county limits and something less than state-wide. There has been some talk of using the officially designated 13 planning regions of Indiana, which actually are economic regions, he added.

2. Decide what types of banking structure activities would be permitted within these regions. The possibilities are one or more of the following—branching, merging or multi-bank holding company.

3. Decide whether a timetable for phasing any changes might be desirable.

4. Decide whether any further limitations as to size might be desirable and in the best interests of the general public.

Mr. Dinkins then urged his listeners to play an active role in this matter and also advised them to study this issue and ask themselves the following questions:

1. What is in the best interest of the people of my community?

2. What is in the best interest of the shareholders of my bank?

3. What is in the best interest of the officers and employees of my bank?

Mr. Dinkins told his fellow Indiana

bankers not to give these questions first-blush answers, but to consider them carefully and honestly and, above all, to be realistic.

Several Bills of interest to Indiana bankers were passed during the 1973 session:

A tax package—HB 1144—was adopted, and part of this package is a supplemental net income tax that will be paid by banks as well as by all types of business and industry. The new supplemental net income tax will be increased from 2%, effective last January 1, to 2.5% on January 1, 1975, and to 3% on January 1, 1977.

Three bills—HB 1155, 1187 and 1210—lower to 18 the age requirement for incorporators of banks or trust companies, the legal age for transfer of negotiable instruments, contracts with pawnbrokers and the power to execute oil, gas and mineral leases and mining contracts and to contract for loans and for investing in financial institutions. HB 1312 allows banks to establish a common trust fund for investment by other fiduciaries.

HB 1473, sponsored by the Indiana Bankers Association, makes several changes in the law concerning loans secured by real estate and also increases from \$1,000 to \$2,500 the amount of an unsecured loan requiring a financial statement. Another provision clarifies the law to permit banks to extend single-payment mortgage loans by requiring that only the interest be paid (principally for the purpose of home mortgage exemption loans). This law also provides certain exclusions in determining the aggregate sum of real estate loans that can be held by a bank at one time. Excluded from the aggregate sum of real estate loans are such loans or portions of loans that are either privately insured or government insured. Also included is a provision that would make loans on unimproved real estate essentially the same as the existing provision of loans on improved real estate. • •

### Landscaping Award

The Maple-Telegraph Office of Manufacturers National, Detroit, recently received an award of merit in recognition of its contribution to a more beautiful Michigan. The annual award, presented by the Wing Lake Shores Branch of the Farm and Garden Association, is given to a firm that has set an example for well-groomed and litter-free landscaping. Accepting award for bank are Fred E. Speer (l.) and Paul E. Ellis (2nd from l.).



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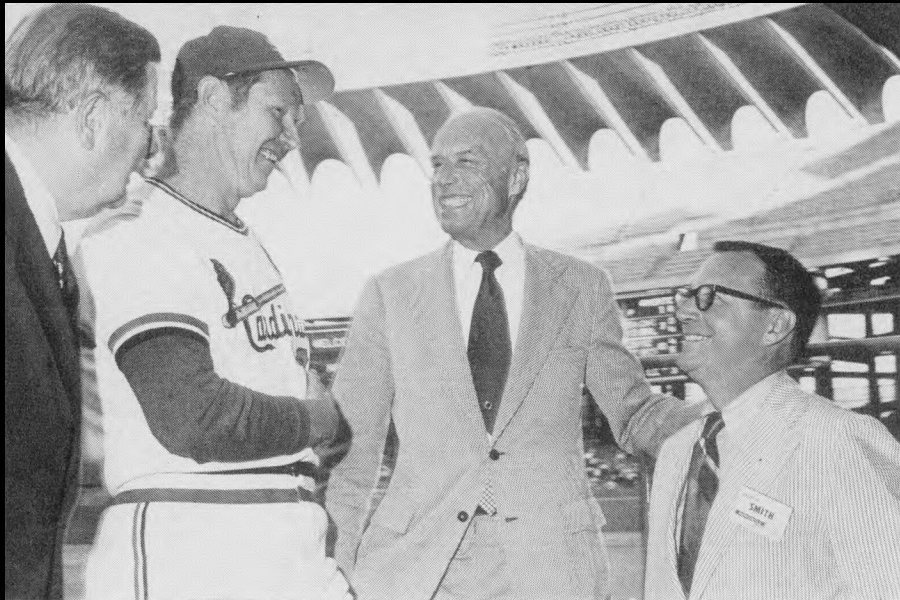
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ST. LOUIS CARDINAL leaders, Manager "Red" Schoendienst and "Bing" Devine, general manager, are pictured in a pre-game view from the dugout with Mercantile President Harrison Coerver (l.) and James A. Smith, v.p. in charge of the bank's correspondent department.



PRE-GAME SPEAKERS, in what have become known as "bullpen sessions," are pictured above. All are officers of Mercantile Trust: Daniel B. Phelan, sr. v.p., James A. Smith, v.p.; Thomas L. Ray, sr. v.p.; and Leigh A. Doxsee, v.p.

BELOW, LEFT—J. Michael Searles (v.p., Mercantile) and Mrs. Searles, with E. M. Porter (r.), pres., Farmers Bank, Bowling Green, Mo., and Mrs. Porter.

CENTER—Mercantile V.P. Ed Schoor (l.) with Mrs. Truitt and Donald V. Truitt, pres., 1st Nat'l, Montgomery City, Mo. Mr. Schoor, a 50-year veteran with the bank, retires August 31.

RIGHT—Mrs. Franks; William G. Franks, pres., 1st Nat'l, Okawville, Ill.; with James J. Reedy, v.p., Mercantile; and Mrs. Reedy.

## Baseball and Banking at Mercantile Trust

THE ST. LOUIS CARDINALS won one and lost one for guests of Mercantile Trust last month, as the bank hosted its 20th annual baseball party for correspondent bankers and wives.

Started 20 years ago, as a "first nighter" party at the season's opener in St. Louis, the bank's baseball parties, now hosting some 1,400 bankers and their wives, are held on two successive nights. Thus, guests from "west" of the Mississippi on June 6 saw the Cardinals win, while those "east" of the Mississippi saw the St. Louis team lose on the next evening. (Even so, a "good time" was had by all, as the accompanying photos indicate.)

Mercantile also mixes a little banking with its baseball parties and in pre-game "bullpen" sessions, as they are

called, banker guests heard short talks by several of Mercantile's top officers.

Harrison F. Coerver, president of Mercantile, discussed the subject of management planning, concentrating his attention on the value of budgeting, not only to the bank but to the lending officer, who often must insist upon budgets and projections of earnings from borrowers. This can help the borrower "set his course," said Mr. Coerver, and it also helps the loan officer determine how, when and if a loan can be repaid.

Mr. Coerver listed some advantages of budgeting, which he felt could be of value both to the banker and his customer:

1. A definite goal is fixed and a plan







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dential nature of the banking business; discourages bridge-table gossip! No. 115, 4 copies for \$1.

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MID-CONTINENT BANKER for July, 1973

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outlined to attain it.

2. All phases of the business are coordinated.

3. Responsibility is fixed.

4. Controls are established for sales, production, inventories, etc.

5. Most efficient operating costs are determined.

6. Complete knowledge of costs is assured.

7. Finances are planned.

8. Management can determine the effectiveness of its organization.

9. An estimated balance sheet and a profit-and-loss statement are prepared.

10. It enables corrections to be made in operations before the preparation of financial statements at the end of a period.

If the foregoing principles are observed, said Mr. Coerver, it often will be possible for the lending officer to uncover a bad loan *before* it is made and *before* it gets into that "slow or workout" category.

Other "bullpen" speakers included Thomas L. Ray, senior vice president in charge of the bank's bond department; Leigh A. Doxsee, vice president in charge of marketing; and Daniel B. Phelan, senior vice president in charge of the bank's recently formed international department.

Mr. Phelan was quite optimistic about the future of international banking and the services to be performed for banks in the Midwest. He cited several examples to demonstrate that local-area banks and their customers can profit by investigating foreign markets as a means of increasing sales.

More and more banks in the central part of the country, he said, are furnishing international services. Seaboard cities no longer have a complete "lock" on this type of business, he explained.

Mr. Doxsee predicted that banks, in the future, will be serving more individual customers than corporate customers, and he observed that banks must be prepared to solve the financial problems of the "man on the street." Therefore, he said, banks must be customer oriented, rather than product oriented. He asked bankers: "In the future, will you market what you have (now) or what your customer needs?"

Mr. Ray, taking a brief look at the bond market, interest rates, and the possibility of forthcoming controls, found it impractical to predict what the market "might or might not do." However, he did express the belief that smaller banks could be more aggressive in the purchase of CD's in the larger amounts. Much of this money is now moving into the savings and loan associations, he warned, and if they can use it profitably then banks certainly can make profitable use of this type of "purchased funds." • •

MID-CONTINENT BANKER for July, 1973

## ABA Moves to Split Ag-Community Banker Group After Convention

WASHINGTON—The ABA will split its Agricultural and Community Banker Division into two separate divisions, effective after the annual ABA convention in Chicago October 6-10. The separation was decided on at the association's spring meeting in White Sulphur Springs, W. Va.

Thomas R. Smith, division chairman and president, First National, Perry, Ia., requested the split. In a letter to the ABA board, he said the interests of small bank members can best be served by a separate Community Banker Division. The new division, he said, also should increase small bank participation in the ABA. He emphasized that the work of the projected Agricultural and Community Banker divisions should be closely coordinated.

The ABA adopted the community banker structure a year ago, when it reorganized its Agricultural and Rural Affairs Division into the Agricultural and Community Banker Division. One of the first projects undertaken by the community banker committee of the division was a survey of all the nation's community banks with deposits of \$50 million or less. Heaviest response came from banks in communities with less than 50,000 people. Community bankers cited as their major problems the need for industry, housing and improvement of medical services and water-sewage facilities and bank personnel problems.

### Kerr, Seven Others Promoted At National Boulevard Bank



KERR

CHICAGO—Joseph P. Kerr has been promoted from assistant vice president to vice president at National Boulevard Bank. The bank also announced the following promotions: from assistant auditor to assistant vice president, Edward G. Griffiths; from operations officer to assistant vice president, Everett J. Lockenvitz; to credit officer, Shirley Hillmer; to auditing officer, Mark A. Lustig; to bond operations officer, Mara L. Tomsons; to automated services officer, Josephine M. Varchetto, and to computer operations officer, Thaddeus E. Witwicki.

### Two Vice Presidents Elected At National Bank of Commerce

MEMPHIS—National Bank of Commerce has elected two new vice presidents—William O. Mackey, manager of the installment loan division, and Dr. Wallace G. Webb, training and development. Mr. Mackey joined NBC in 1961 and Dr. Webb comes from First Union National of North Carolina.

Six new assistant cashiers were also elected. They are Charles R. Grantham, Billy Floyd Turner, Richard Slater, Burton Milnor, E. Bracton Thoma III and Miriam Grady.

■ CENTRAL BANCSHARES of the South, Inc., Birmingham, has received Fed approval to acquire Deposit National Bank of Mobile County, Pritchard, Planters & Merchants, Uniontown, and First National of Auburn.

■ COLONIAL BANK, Chicago, has moved to its new two-level home. The structure has three drive-in lanes.

### Missouri Young Bankers Group Elects Gillmor Chairman

COLUMBIA, MO.—William W. Gillmor, cashier, Missouri Bank, Kansas City, was elected chairman of the Young Bankers of the Missouri Bankers Association at the group's ninth annual seminar here last month. He succeeded J. Michael Searles, vice president, banks and bankers department, Mercantile Trust, St. Louis.

Elected vice chairman was Michael G. Harper, assistant vice president, Plaza Bank, Kansas City.

The two-day program attracted a record attendance of 244 and covered such subjects as marketing, investing, salesmanship and economic education.



J. Michael Searles (l.), outgoing chairman, Missouri Young Bankers, visits with James E. Brown, president, Mercantile Bancorp., and senior vice president, Mercantile Trust, both of St. Louis, during group's annual seminar last month. Mr. Brown was one of the seminar's speakers.

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# Examples Everywhere of Involvement Of Bankers in Community Affairs

By OSCAR W. JONES  
Scarborough & Co.  
Chicago

LOOKING BACK over the past five years, one will recall that there has been much controversy over the question of a bank's responsibility to its community, i.e., the environment, the



public welfare, etc. In fact, this general issue has stirred up sharp divisions of opinion as to just how far banks should go in support of promotional activity, and even legislation, directed toward

varying degrees of efforts to be expended in the improvement of the community's educational programs, anti-pollution programs, public health and other community programs. Just how deeply should banks become involved?

Strangely, this question still remains very much in the discussion stage today, from the board rooms of the big-city banks to the sidewalk benches in front of the small rural banks across the country. However, it is such a much discussed controversial subject simply because of failure on the part of many people across the nation to recognize the role banks already play in the overall scheme of our complex society. Even today, there are some bankers who fail to recognize the uniquely powerful positions they occupy in their communities. Perhaps, sometimes, bankers' being accused of failing to promote the general welfare of those communities—through the vehicle of their banking institutions—actually is the result of a gross underestimation of what they already are actually doing.

But first, why do bankers occupy this unique position in our society? Let's examine some of the underlying philosophy on which this concept is based: No other country in the world can match the United States as a country which is the ideal gathering place for the most affluent, the best informed and the most powerful people in the world. As the hub of world commerce, the U. S. ranks second to none.

In view of these unique national qualities, it is only in order to say here that these qualities were not acquired accidentally. Rather, they are the unique benefits that have been generat-

ed only by a likewise-unique socioeconomic system which prevails in this country, and which is more perfectly enjoyed here than in any other country in the world. Let's examine some of the ingredients of this system.

One doesn't have to be an expert sociologist or economist to realize that within western society—and specifically the United States—national decisions concerning both social and economic policies and goals are made by the voting process. Either directly or indirectly, it is by this process that the basic national problems of unemployment, inflation, growth and international financial stability are faced and dealt with. It was by this means that our present monetary system, within which approximately 14,000 commercial banks play the biggest role, has been developed through past decades of American history. The success of this system thus far speaks for itself. Nobody can deny that, through the intricate workings of this banking system, the very pulse of the economic heartbeat of the nation is measured, and through this means economic plagues such as unemployment and inflation are fought and won.

True, there have been—and there undoubtedly will continue to be—temporary flaws and setbacks in the behavioral pattern of this gigantic controlling force of our economy. Again it can be said, however, that the basic and ultimate validity of this socioeconomic system speaks for itself. Also, a realistic appraisal of the results of this system, as compared with those of other countries of the world, only will convince the most skeptical that today's commercial banks—functioning as the extended arms of this gigantic system—are carrying out the mechanics of a unique and, above all, the most successful system in the world.

So if there is a valid question on the subject, it is not "How far should bankers become involved?" but rather it is "Bankers already are most deeply involved. What positions have they taken on the issues at hand?"

Let's take a look and see what positions they already have taken on some of the "community-oriented" projects.

First, let's take a look at minority groups. All over the nation, banks are making loans to qualified minority groups, as well as to qualified individual members of those groups. Banks are providing financing for better housing, better job opportunities and a better life in general for those who might

previously have been deprived of some of these for reasons no better than their numerical minority among the vast population of our nation's "melting pot" society.

Another "hot" subject in today's banking circles is that of pollution and urban blight. Yet when we carefully examine the facts, it is learned that, almost without fail, bankers recently have been rallying to the scene of their city's slum areas and rundown districts and have stood alongside their business and legislative peers in efforts to remedy these community faults.

It would be a gross injustice to bankers in small towns and communities across the land were we to neglect mentioning the good jobs they have been doing in attracting and promoting industry into their communities. This always means better jobs for the workers, as well as other collateral benefits from the new economy in the area.

Today's youth is tomorrow's adult citizenry. And without student loans, many of today's youth would have a very dim prospect for a meaningful adult life. Banks earn little on these loans when the processing and red tape are considered, but they make the loans nevertheless, in order that every youth may have the opportunity for a better education with which he may better prepare himself for tomorrow. Also, in many other educational areas, banks promote special projects aimed toward funding educational programs for their communities.

And let's not forget that banks historically also are among the largest givers to charitable organizations and the multiplicity of other nonprofit endeavors that aim toward keeping America the best place in the world in which to live. In fact, banks usually are instrumental in the annual launching of these drives.

We have mentioned only a few specifics. The list is almost endless. Whenever members of today's community need financial assistance, whether it be only counseling or if it be monetary funding itself, the banker can almost always be seen in the foreground.

So it cannot be said that banks have not rallied to the call for involvement in their communities' affairs. Everywhere one looks today, tangible results can be seen—newly developed homes, better jobs, better schools and a better way of life in general for today's American citizens. And standing beside those citizens, working hand in hand to help them attain—and maintain—that better way of life are their communities' bankers. With perhaps rare exceptions, those bankers should never be accused of not being involved in their communities' affairs. • •

## Appointment, Retirement Announced At Chicago's Harris Trust

CHICAGO—Robert W. Rogers, senior vice president, has retired from Harris Trust, and Vice President George R. Slater has been named executive of the personal banking group.



SLATER

In his new post, Mr. Slater is responsible for the activities of five divisions—personal accounts, savings, real estate, installment loans and charge card. He joined the bank in 1964, was named vice president in 1965, division administrator in 1968 and deputy group executive, personal banking group, last January. Before going to Harris, he was a vice president at Citizens National, Decatur.

Mr. Rogers, with the bank 42 years, headed the personal banking group.

■ CITY NATIONAL, Rockford, held ground-breaking ceremonies June 6 at its new motor banking facility. The structure, to be designated as "City-Mini-Bank," will have a central tellers complex with seven drive-up stations and a walk-in area.

## Trust Dept. Open House



National Boulevard Bank, Chicago, held a tour of its newly remodeled and expanded trust department quarters May 2-3. Customers of the department were given casein wildlife prints done by James Lockhart, Chicago artist, known for his wildlife art. Mr. Lockhart is shown at right with Chief Executive Officer Irving Seaman Jr. (c.) and Marshall A. Warshauer, v.p. & tr. off. The American Eagle painting in the photo is one that both Presidents John Kennedy and Lyndon Johnson wanted to buy for the White House, but it was not for sale. The painting complemented the bank's ecology-oriented promotion of national wildlife checks, whereby a donation is made to the Wildlife Federation based on the number of wildlife checks canceled through the bank.

## New Presidents Are Assigned To 3 Suburban Group Banks

Three members of the Suburban Bank Group, headquartered in Palatine, have new presidents as of June 1.

Lee E. Morrison, who was president, Suburban Bank of Hoffman Estates, now is president of Palatine National. He succeeded Gerald F. Fitzgerald, who stepped down as president, but remains chairman.

Glen Short, formerly president, Suburban National, Palatine, became president, Suburban Bank of Hoffman Estates. Gordon Ramsay, a newcomer to the Suburban Bank Group, has succeeded Mr. Short at Suburban National, Palatine.

■ JAMES E. COPLEN joined Citizens First National, Princeton, June 18 as trust officer. He held the same post at a Dubuque, Ia., bank.

■ JAMES M. DUIES has moved up from executive vice president, a post he had held since 1968, to president, Oakland National. He succeeded H. J. Rutherford, who retired as president and chairman after 64 years with the bank.

■ FIRST NATIONAL, Decatur, has named B. G. "Bob" Swires assistant farm manager. He is a 1972 graduate of the University of Illinois, where he received a BS degree in agricultural economics. Before going to the bank, he was in a management training post at Tabor & Co.

■ JAMES N. BRASEL, an auto financing specialist, has joined Woodstock's First National as installment loan officer. He succeeded Al Drolet, who has moved to the commercial lending division. Mr. Brasel was formerly with Commercial Consulting Services, Inc., which specializes in installment loan procedures and counseling.

■ FIRST NATIONAL, Rockford, has appointed Edward C. Conrads trust officer. He comes from Security Pacific National in California.

■ FIRST NATIONAL, Chicago, has elected three trust officers—James M. Harvey, Terrance J. O'Donnell and Guy E. Wickwire. In addition, the bank elected three bond investment officers—E. Jane Brown, Alanson J. Donald Jr. and David D. Sullivan.



Good things come in threes as far as Miss Amanda Jones is concerned. She is shown here receiving a \$1,000 scholarship from Ray G. Livasy, pres., Millikin Nat'l, Decatur, after being named Miss Illinois Universe May 4. Then, on May 19, Miss Jones was chosen Miss U.S.A. and will represent this country in the Miss Universe Contest. During her appearance at the bank, Miss Jones sang and gave dramatic readings. Later, a press party was held in the bank's executive suite, where the mayor and city manager of Decatur presented her with a Decatur medallion of welcome. A Millikin Nat'l spokesman said he believes this is the first time any Decatur bank president had the privilege of presenting a \$1,000 scholarship to a Miss U.S.A. winner.

■ FIRST TRUST, Kankakee, has announced a retirement and an appointment. Henry R. Eden, vice president, retired after 49½ years' service there. He started as a messenger. Jerald L. Johnson has joined the bank as director of marketing. He had been with the Illinois Bell Telephone Co. the past eight years.

■ CENTRAL NATIONAL, Chicago, has named the following assistant cashiers: Michael Polanski, Robert Rosenblum, Woodrow A. Sutton Jr., Keith R. Feldott, Clifford H. Yentes and James F. Donovan.

■ ELMHURST NATIONAL has made Delbert R. Washburn personal loan officer. He was formerly installment loan interviewer.

■ HAROLD L. WILSON has advanced from vice president and assistant trust officer to executive vice president, National Bank of Canton. Larry Horton Jr., who was assistant vice president, moved up to vice president with extended lending responsibilities.

■ GLENVIEW STATE has moved into its new headquarters building at 800 Waukegan Road. The bank also maintains its original building at 1825 Glenview Road and a military facility at Glenview Naval Air Station.

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# Speakers Consider Changes In Structure, Supervision

By RALPH B. COX  
Editor & Publisher

THE FUTURE structure of banking in Indiana, bank supervision, the state of the economy and future banking services all came under scrutiny last month at the Indiana bankers convention in French Lick. "Looking Ahead" was the theme of the convention that brought attention to the foregoing subjects.

Newly elected officers of the association are pictured and listed at the bottom of this page. The IBA's new president, James P. Coplen, succeeded Paul N. Dinkins, president, Irwin Union Bank, Columbus. Both men were elected to the ABA's governing council, and Mr. Dinkins also was named a member of the ABA nominating committee, with Mr. Coplen selected as alternate delegate.

**Presidential Address.** In his address to Indiana bankers, Mr. Dinkins concerned himself with the problem of future structure of banking in the state. He recognized that differing viewpoints existed within the state (efforts have been made during the last year and previous years to expand branching beyond county lines), but Mr. Dinkins expressed the hope that Indiana banking could present a united front to the public and to the state's legislators.

Mr. Dinkins reminded Hoosier bankers that a special committee had been appointed in late 1972 to determine if and how a study on banking structure

should be conducted in order to guide IBA policy on legislation in the 1974 Indiana General Assembly.

Both the forces for "change" and the "status quo" are represented on this committee, but no definite recommendations had been made by this committee by mid-June, he said.

It was the viewpoint of Mr. Dinkins that the committee has three important objectives:

1. To determine if any change in structure would be in the best interest of the general public, bank shareholders and bank officers and employees.

2. To determine if Indiana bankers should help shape the future rather than fight against inevitable change. Again, he said, competition and better service to the public should be the banker's guidelines.

3. To determine if structural changes in other states should be considered as Indiana's structure is evaluated. (Mr. Dinkins obviously was referring to the fact that Indiana should be "in step" with other states and other changes occurring around the nation.)

Mr. Dinkins also reminded bankers that the Indiana General Assembly had adopted a resolution during the final days of the 1973 session calling for a legislative study of Indiana banking structure. So a study by the assembly is coming, he advised.

He urged Indiana bankers to inform themselves on this important subject and when studying the subject to ask what is in the best interest of the pub-



TOP—Convention speaker Dr. F. Byers Miller (l.) checks his speech with Paul N. Dinkins, 1972-73 IBA president. Dr. Miller is executive director, Bank Administration Institute; Mr. Dinkins, pres., Irwin Union Bank, Columbus.



BOTTOM—Preparing to conduct ABA meeting for Indiana bankers are Richard J. Bond, pres., Security Bank, Vincennes; and Jon S. Armstrong (r.), ABA state vice president and pres., St. Joseph Valley Bank, Elkhart. Mr. Bond was chairman of nominating committee.

lic, the bank's shareholders and the bank's employees.

**Changes Ahead.** Dr. F. Byers Miller, executive director, Bank Administration Institute, also referred to changes ahead in his talk to bankers. "In the decade ahead," he said, "banking will be faced with the need to provide more competitive services in a changing marketplace under changing legal guidelines, using a changing mix of resources and new organizational patterns."

Dr. Miller suggested that banks, in order to perform properly, will require people with more technical and specialized education who will maintain up-to-date, intensified development of industry standards and measurement techniques that will help bank management determine whether a given change is, in fact, progress.

Dr. Miller also pointed to the changing deposit and loan mix. A recent study, he cited, predicted that by the year 2000 the majority of bank deposits will come from *individuals* who are net savers, and the majority of loans will be made to individuals who are net spenders.



NEW IBA OFFICERS—President, James P. Coplen, pres., Nat'l Bank of Logansport; vice president, Richard A. Life, pres., Wabash Valley Bank, Peru; and treasurer, Robert W. Pierce, pres., Sullivan State Bank.



As this trend develops, he said, banks will be working in smaller amounts. Thus, bankers will have to see more people, make more decisions and handle more paper. Unit costs will become more significant and a reduction in such cost could have a multiple effect on profits.

The BAI, said Dr. Miller, has launched several projects to help banks meet the challenges of the future. Among these, he said, is a project to measure the performance of the check-collection system, a means of measuring the profitability of a commercial customer and efforts to help the smaller institution become more effective competitively so that it can meet increased competition from the larger institutions.

**Fed Reserve Proposal.** Indiana's director of the Department of Financial Institutions, James E. Faris, in a featured address on the opening day of the convention, expressed the opinion that the most serious threat to the dual-banking system is the Federal Reserve's drive to attain universal reserve-setting authority.

"Make no mistake," he said, "it is a carefully conceived attempt to increase the system's regulatory authority over state nonmember banks using its legitimate monetary policy function as the vehicle."

He noted that the Fed began its push in earnest in late April when Chairman Arthur F. Burns, in an address to the leaders of the American Bankers Association, made a plea for universal reserve requirements. This was followed on May 16 by a direct request by Chairman Burns to 190 of the nation's largest nonmember banks that they voluntarily comply with the board's action in setting supplemental reserve requirements on marginal increases in outstanding CDs of \$100,000 or more.

This example clearly illustrates, said



### Banks Asked to Finance Rural Fuel Crisis

Indiana's Lieutenant Governor Robert D. Orr appealed to the state's bankers during their convention to supply financing for "advance purchases" of LP gas needed this fall in drying grain harvested in the state.

Fuel shortages are expected, the lieutenant governor warned, and advance commitments are needed (with adequate financing), he said, if Indiana farmers are to properly care for grain harvested. It was later learned that an "available" supply of LP gas (from a North African firm) had been sold. However, when a new supply is found, financing will be needed and Indiana bankers were urged to help.

Mr. Faris, that the dual system is fighting in its very life.

In order to reestablish supervisory equality for state banks, Mr. Faris said it would be necessary for state banking departments to prove they could be capable of performing the total supervisory function. And this would mean, he said, that state supervisors would have to conduct serious analyses of their departments to determine deficiencies and seek the help of state asso-

ciations in securing any needed reforms in state laws.

Eventually, he said, federal legislation would be needed to accomplish these three things:

1. Establish a procedure for the evaluation and accreditation of state banking department capabilities.

2. Authorize the withdrawal of the Fed and FDIC from the supervision of state banks in those states where the banking departments meet certain performance criteria.

3. Create a regulatory assistance program to supplement the efforts of those few state departments that are not ready to perform the supervisory function on their own.

**Inflation and Controls.** Darryl R. Francis, president of the St. Louis Federal Reserve Bank, in discussing interest rates and inflationary pressures, expressed the opinion that inflationary pressures would not subside without a reduction in monetary stimulus. Any postponement of actions to restrain monetary growth, he said, implies that a more costly anti-inflationary battle must eventually be waged.

Speaking the day before President Nixon announced current price controls, Mr. Francis stated his belief that wage-price controls "in and of themselves should not be viewed as a basic cure for inflation. . . . Controls can have the appearance of working," he said, "only if rational fiscal and monetary actions are taken. Otherwise, the conflict between real economic forces and the administered economic programs will create a situation which is acceptable to no one." • • •

■ **FIRST NATIONAL**, Mitchell, has promoted Robert Lewis from vice president to vice president and cashier. A banker 20 years, Mr. Lewis joined First National in 1969 and became vice president in 1972. As cashier, he succeeded Mrs. Beulah Knight.



LEFT—Convention speakers Darryl R. Francis (l.), pres., Federal Reserve, St. Louis; and James E. Faris, director, Indiana Department of Financial Institutions, chat with George Astrike, exec. v.p., Wabash Valley, Peru.



RIGHT—Banquet speaker Gayle Gupton and Mrs. Gupton (l.) are greeted by IBA President Paul Dinkins and Mrs. Dinkins (r.). Mr. Gupton, sr. v.p., Third Nat'l, Nashville, appears before hundreds of banking groups annually.

## RMA's Ohio Valley Group Holds Spring Conference

New officers of the Ohio Valley Chapter of Robert Morris Associates include a Kentuckian, Garnett P. Furnish, vice president, Citizens Fidelity, Louisville, who is the chapter's new vice president. Other new officers, both of Ohio, are: president, Albert T. Lord, vice president, First National, Cincinnati; and secretary-treasurer, Frank F. Compton Jr., vice president, Ohio State, Columbus.

Arch G. Mainous Jr., president, Citizens Union National, Lexington, is the retiring president of the chapter.

The chapter held its 29th annual spring conference in Lexington in May, and speakers included James E. Bassett III, president, Keeneland Association, "Investment Potential of the Thoroughbred Horse"; William E. Ezzell, chairman, Kentucky Mortgage Co., "Real Estate Investment Trusts"; Professor Charles W. Hultman, Department of Economics, University of Kentucky, and Thomas P. Bell, local attorney and Super Bowl referee. In addition, James R. Grandstaff, senior vice president and cashier, Huntington National, Columbus, O., spoke on "The Concept of a Combined Loan Administration," and Maurice R. Kirkwood,

## Kentucky News



Arch G. Mainous Jr. (r.), retiring president, Ohio Valley RMA Chapter, is shown with new chapter officers (l. to r.): president, Albert T. Lord; secretary-treasurer, Frank F. Compton Jr.; and vice president, Garnett P. Furnish.

vice president and board secretary, American Fletcher, Indianapolis, had the topic, "Banking Structure in the Future."

### Kentucky Death

O. ENDLER JR., president, First & Peoples Bank, Russell.

■ GLENN DIEDRICH was elected president, First & Peoples Bank, Russell, June 1, succeeding the late O. Endler Jr. Mr. Diedrich, formerly vice president, joined the bank 25 years ago as a teller. He is a graduate of the School of Banking of the South, Louisiana State University, Baton Rouge.

■ OHIO VALLEY NATIONAL, Henderson, has a new employee, Maurice D. Farmer, assistant vice president. In addition, William T. Latta has relinquished the title of trust officer, but remains president, and Thomas M. Latta and Harvey W. Mitchell are assistant trust officers.

■ JAMES G. NICHOLS has joined Wilson & Muir, Bankers, Bardstown, as president and chief executive officer. John W. Muir has retired from the presidency, which he had held since 1961, but continues as chairman. Mr. Nichols was formerly vice president, Central Bank, Owensboro.

■ B. J. FARLESS has advanced from vice president to president, First Bank, Princeton. He succeeded Edwin Lamb, who is now chairman. Eugene Butters has moved up from assistant vice president to vice president and John McKinney from cashier to vice president and cashier.

## Hamilton Bank of Nashville Opens in Remodeled Hotel

NASHVILLE—Hamilton Bank has opened for business in limited quarters in the former Noel Hotel. The bank plans to occupy a larger area of the building upon completion of remodeling.

Hamilton Bank is the first major new bank in the city since the late 1950s, according to bank officials.

Incorporators of the bank include L. Lamar Rankin, former executive



Three Hamilton Bank executives discuss opening-day deposits of \$3.9 million at new Hamilton Bank of Nashville. L. to r. are James Vann, exec. v.p., Hamilton Bancshares, Chattanooga; T. Wendell Holliday, 1st exec. v.p. of HC; and Robert McFather, v.p.-correspondent banking, Hamilton Nat'l, Chattanooga.

## Tennessee News

vice president, Hamilton National, Chattanooga, who serves as president; Finis Nelson, chairman; J. E. Whitaker, former chairman of Hamilton of Chattanooga; Carmack E. Cochran; Webb Follen Jr.; Homer Gibbs; Ralph L. Jones; William J. Wilson; and William S. Wire, all of Nashville.

A formal opening is planned upon completion of remodeling.

■ EARL J. PLATT has been elected president of Pioneer Bank, Chattanooga, succeeding the late E. R. Cotter. Parker W. Ingalls was promoted to senior vice president and senior trust officer and George M. Clark Jr. was named senior vice president.

■ WILLIAMSON COUNTY BANK, Franklin, has elevated Wayne King and Walter Short from assistant vice presidents to vice presidents and named Thomas Randolph assistant vice president and Harry D. Tidwell commercial officer.

## Promotions, Awards Announced At American Nat'l, Chattanooga

CHATTANOOGA—American National has promoted three officers. Charles A. Holder was named vice president and senior loan officer in charge of the commercial loan department; William G. Hughes was named senior commercial loan officer; and John F. Eary was named credit officer.

Mr. Holder joined the bank in 1954, Mr. Hughes in 1965 and Mr. Eary in 1969.

Mr. Eary was one of two American National officers winning honors for Robert Morris Associates activities. He won first place in the Southeastern Chapter case study competition. Another honoree was Steve Weddle, branch officer, who placed second in a competition for special types of lending.

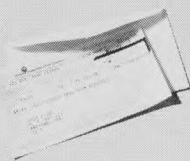
■ HAMILTON BANK, Johnson City, has named Albert M. Berry a branch manager. Mr. Berry joined the bank in 1968.

■ MRS. PAULETTE WHITWORTH, vice president, First American National, Nashville, has received honorary membership in Delta Kappa Gamma, international education society for women.

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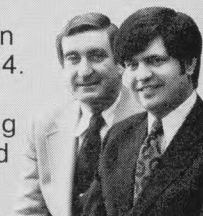
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# Mississippi News

## Centrex Telephone System Installed at Hancock Bank

GULFPORT—Hancock Bank has installed a Centrex telephone system, which provides individual numbers for bank employees. Thus, outside callers don't have to go through the bank's

switchboard. However, under the new system, if a caller doesn't know an employee's private number, he can be routed through the switchboard.

The new system links all local Hancock branches and its computer center. It was designed, manufactured, engineered and installed through the joint efforts of South Central Bell, Western Electric and Bell Laboratories.

Directories showing the private number for each officer in the bank were distributed by the bank through the mail and also were placed at each teller station and branch location.

■ MRS. GENEVIEVE F. BROWN, assistant vice president, Brookhaven Bank, was elected first vice president of the Mississippi Federation of Business & Professional Women's Clubs at the state convention last month. She also was nominated to represent the state group at the national convention to be held in Miami. Mrs. Brown has been with Brookhaven Bank 21 years.

■ DEE HAMILTON, vice president in charge of business development, Hancock Bank, Gulfport, has been appointed chairman of the ABA's education committee. At the bank, Mr. Hamilton heads the business development program, local development of new business, correspondent banking and the newly organized women's department.

■ FIRST NATIONAL, Jackson, has elected Mark M. Porter to the board. He is a partner and member of the board and executive committee, F. W. Williams State Agency.

## New Waynesboro Building



Here are two views of First State of Waynesboro's new quarters. The three-story Main Office was completed by Bank Building Corp., St. Louis, consultant and construction manager for the project. Charles P. Guariglia, an associate of BBC, was the architect. The structure, which houses the bank's public and operational functions, features an arched colonnade that extends around three sides. Although traditional in its effect, the exterior combines clean contemporary accent lines to give the building timeliness. Inside, use of fine finished marble and traditional wood furnishings creates a luxurious atmosphere. A decorative wallcovering of architectural sketches is featured on the rear wall of the 12-station teller line.

■ JACK R. CASE, cost accountant at Hancock Bank, Gulfport, has been elected president for 1973-74 of the Tri-State Gulf Chapter of BAI.

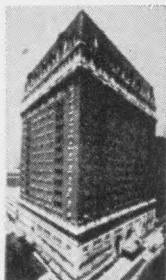
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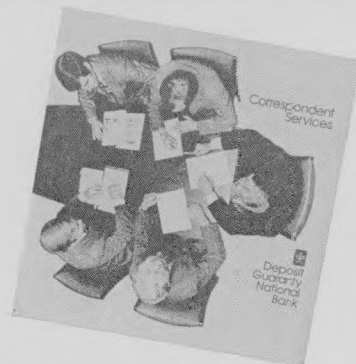
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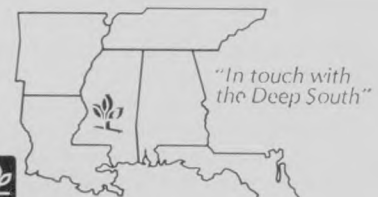


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## FFA, Cancer, Heart Fund Drives Keep Centre Bankers Busy

CENTRE—Farmers & Merchants Bank officers not only work hard at their jobs, but contribute a lot of their spare time to various community projects, too.

For instance, the Gaylesville FFA Chapter was able to buy beef steers for its livestock projects because of the efforts of Mrs. Jane Poovey, vice president and loan officer. With the bank's support, the chapter expanded its livestock program by providing on-campus steer projects for 13 Cherokee County agribusiness students. The steers were trained and fitted for fat steer exhibits. Through the efforts of the school coordinator and Mrs. Poovey, financing was provided for the boys not only to purchase their calves, but support their feeding programs.

Mrs. Poovey also served as 1973 Cancer Crusade chairman for Cherokee County, which was the first county in the state to reach its goal this year. Mrs. Mary George Jordan Waite, the bank's chairman and president, is 1973 Cancer Crusade chairman for Alabama. She is the first woman to hold this post. J. W. Hampton, senior vice president, was 1973 Heart Fund chairman for Cherokee County. Again, Cherokee was the first to reach its goal in the state.

## Alabama News

■ **FIRST NATIONAL**, Mobile, has promoted four and opened its new Grand Bay Office. Promoted were L. Donald Andress from assistant personnel officer to assistant vice president, Mrs. Beverly C. Hutchison to assistant cashier, Kenneth Niemeyer to assistant trust officer and D. U. Maddox to trust real estate officer. In addition, James R. Pendleton was transferred from the trust department to the mortgage loan department as a real estate officer.

■ **ARTHUR W. BELL**, assistant cashier, First National, Birmingham, has been named National Member of the Year by the National Association of Credit Management.

■ **WILLIAM M. MILLER**, vice president, First National, Birmingham, recently returned from a trade and reverse investment mission to Japan sponsored by the National Association of State Developers, the Alabama Development Office and the U. S. Department of Commerce.

## Hamilton Is Elected President Of Alabama's Young Bankers

M. P. Hamilton Jr., vice president and cashier, State National of Alabama, Decatur, was elected president of the Young Bankers Section of the Ala.-BA last month. He succeeded Wilbur B. Hufham, corporate planning officer, First Alabama Bancshares, Inc., Montgomery.



HAMILTON

Other new Young Bankers officers are: vice president, J. S. Nelson, assistant vice president, City National, Selma; treasurer, W. R. Haley Jr., assistant vice president, Bank of Heflin; and secretary, William D. Hart, vice president, Bank of Atmore.

■ **FORT PAYNE BANK** has announced its intention to join Alabama Bancorp., Birmingham-headquartered multi-bank HC.

■ **FIRST NATIONAL**, Montgomery, has installed three automatic teller machines, known as 24-HOUR BANKS, in three of its branches. Eight weeks of public demonstrations of the machine were held to acquaint the public with them.

## Price Named VP-Marketing At Central Bank, Monroe



PRICE

MONROE—Ben Price has joined the Central Bank as vice president for marketing.

Mr. Price, a native of Louisiana, entered banking in 1962 as a management trainee at Louisiana National, Baton Rouge, and was given full-time marketing division responsibilities in 1964. In 1971 he went to Little Rock's Union National as vice president and marketing director. There, he managed all marketing functions under the framework of the management-by-objective system.

■ **MADISON L. FUNDERBURK** has retired as chairman and chief executive officer, First National (formerly Citizens National), Houma. Claude B. Duval, Houma attorney, has been elected chairman. President Wilmore W. Whitmore was designated chief executive officer with full management responsibility.

## Louisiana News

■ **FIRST NATIONAL**, Shreveport, has announced these promotions: Jerry D. Boughton, from vice president to senior vice president; Dale G. Phillips, A. Hartie Spence, James D. Talley and Donald R. Updegraff, from assistant vice presidents to vice presidents; Clifford A. Worthington, from assistant cashier to vice president; Miss Irene Baker, from assistant cashier to assistant vice president; Robert F. Knight, to auditor; Mrs. Laurie S. Glassell, to assistant vice president; and David L. Winkler, to assistant cashier.

■ **MRS. JOYCE K. O'BRIEN** has been named a banking officer at Ponchartrain State, Metairie, which opened last February. This title replaces that of assistant cashier, which has no real relationship to modern banking operations, said President Edward C. Boldt. Mrs. O'Brien was a new accounts and customer service representative with another bank before joining Ponchartrain State last January.

## Guaranty of Alexandria Announces Promotions

ALEXANDRIA—Guaranty Bank has announced three promotions and two appointments, including the advancement of Joseph D. Hutchison from loan officer to vice president.



HUTCHISON

Mrs. Alice Wood moved up from administrative assistant to marketing officer and Willis B. Ryland II from administrative assistant to loan officer. Curtis J. Paul was advanced to personnel officer and Lee H. McCann to loan officer.

Mr. Hutchison went to the bank in March, 1972, after working as branch manager and supervisor of a national financial firm.

■ **ST. LANDRY BANK**, Opelousas, has named Winston Fontenot assistant vice president at its Eunice Branch. He will be involved in public relations, lending and other bank programs. Mr. Fontenot was formerly assistant cashier at Whitney National, New Orleans.



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## Burkett Elected President Of Junior Bankers Section

Wesley Burkett, assistant vice president, First State, Springdale, was elected president of the Junior Bankers Section of the Arkansas Bankers Association at its annual educational conference June 2 in Hot Springs. He succeeded Joe Taylor III, assistant cashier, Fidelity National, West Memphis.

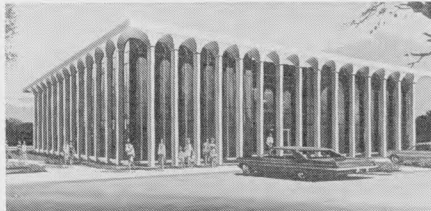
Other new Junior Banker officers are: vice president, Robert Dill, assistant vice president, Simmons First National, Pine Bluff; secretary, James Sangalli, assistant vice president, State First National, Texarkana; treasurer, Bill May, installment loan officer, Citizens Bank, Jonesboro; historian, Ralph E. White, assistant vice president, Arkansas Bank, Hot Springs; and parliamentarian, Robert L. Smith, assistant vice president, Citizens Bank, Bentonville.

■ SECURITY BANK, Harrison, has revealed plans for a full-service branch adjacent to the Ozark Mall Shopping Center now under construction. Construction was scheduled to begin July 1 and be completed by the end of the year. A temporary facility was to be opened last month. The permanent branch will have three covered drive-up banking lanes.

■ UNION NATIONAL, Little Rock, has elected two new directors, Winthrop Paul Rockefeller and James B. Nichols. Mr. Rockefeller is the son of the late Governor Winthrop Rockefeller of Arkansas and has agricultural interests and major cattle operations primarily in Arkansas. Mr. Nichols is vice president and general manager in Arkansas for Southwestern Bell Telephone Co.

# Arkansas News

## Planned for Hot Springs



This is an artist's rendering of the new building that will house Grand National, Hot Springs, which opened March 12. The structure—to be ready early in 1974—will have a plaza area, to be called Grand Plaza. Arts and crafts shows and community exhibits will be featured there. The building will have a large community room and four drive-in windows. The bank's temporary home is located at the rear of the property on which the new structure will be erected. The bank opened with \$2,250,000 in total capital accounts and, within three months, reached more than \$6 million in total resources.

■ WILFORD R. PRUETT, president and chairman, Union Bank, Benton, has been appointed to the Arkansas Museum and Cultural Commission, filling the vacancy created by the death of former Governor Winthrop Rockefeller. Mr. Pruett also has been elected to the board of the Southeastern RMA Chapter, representing Arkansas.

■ ARKANSAS BANK, Hot Springs, has opened a full-service branch in temporary quarters in Hot Springs Village. The bank said the new facility is Garland County's first full-service branch bank opened under provisions of the Full-Service Banking Act, which became law in late March. Vice President J. O. Brown is officer in charge of the new office.

## New Banking Complex Announced By First Nat'l, El Dorado

EL DORADO—First National will begin construction August 1 on a new banking complex in the downtown section.

The first step in the multi-phased program will be the erection of a three-story, 30,000-square-foot structure immediately south and adjacent to the existing building. The new building will occupy the east half of the half block on which the Garrett Hotel was formerly located. The remaining portion of the hotel property will become a customer parking area. The new building will feature a plaza-level lobby enclosed by reflective, insulated glass walls, set in natural-finish aluminum frames resting on a ribbed limestone base.

On completion of the new building in the fall of 1974, all banking and internal work services in the present lobby will be moved to the new structure. The second phase then will begin with removal of the exterior walls around the present bank lobby. This area will become a plaza leading into and linking the new lobby with Union Square. The area west of the present building and fronting on Main Street will become an open plaza leading into the new building. The second floor of the existing structure will be remodeled and enlarged for the trust department.



This is artist's sketch of how First Nat'l, El Dorado, will look when multiphased building program is completed. Structure at left will be erected. Building at right is present bank quarters, which will be remodeled.

■ ROBERT N. SIMS has been named a loan officer at First Jacksonville Bank. He was formerly with Phillips National, Helena, and National Bank of Commerce, Corinth, Miss.

■ GORDON E. PARKER joined First National, El Dorado, June 15 as president. He succeeded H. C. McKinney Jr., who became chairman and chief executive officer. Mr. Parker was formerly president and CEO, Imperial Valley National, El Centro, Calif., posts he had held since 1967. Previously, he was with Union National, Kansas City, and First National, Great Bend, Kan., in the Mid-Continent area, as well as First Navajo National, Holbrook, Ariz.

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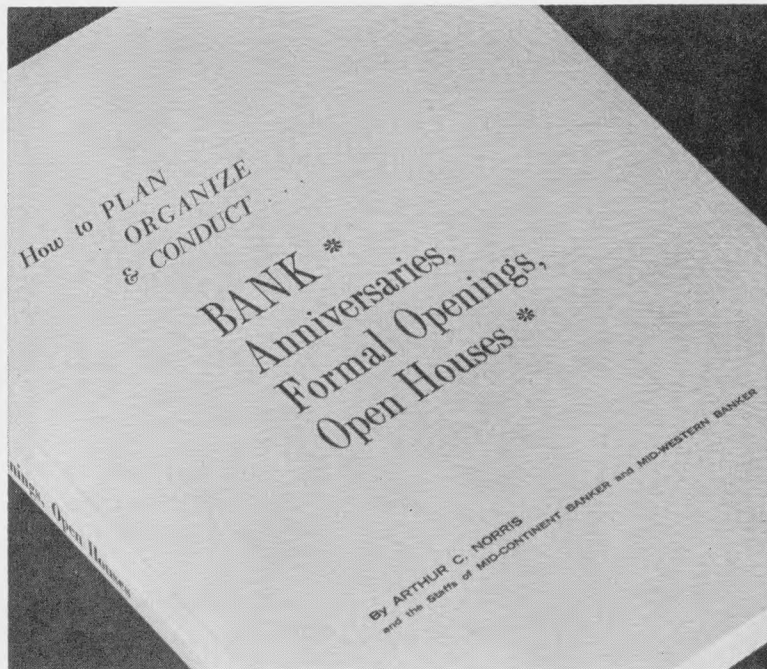
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## Kanaly Is New Chairman of TBA Trust Division

HOUSTON—E. Deane Kanaly, vice chairman and CEO at River Oaks Bank, has been elected chairman for the ensuing year of the Trust Division of the Texas Bankers Association. He succeeds John P. League, senior vice president, First Wichita National, Wichita Falls.

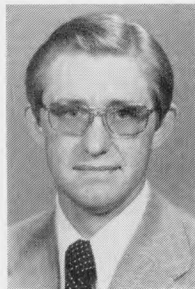
Other new officers include George K. Meriwether III, vice president and executive trust officer, Austin National—first vice chairman; Jerry D. Minton, senior vice president and executive trust officer, First National, Fort Worth—second vice chairman; and Lucien L. Morrison Jr., senior vice president and trust officer, Corpus Christi Bank—secretary-treasurer.



Principals at recent 52nd annual TBA Trust Division convention included E. Deane Kanaly (lower r.) and Jerry D. Minton (upper r.) who were elected chairman and second vice chairman, respectively; D. Roy Menninger (lower l.) and Dr. Edwin O. Timmons (upper l.) speakers on the program.

### Hogg Goes to Lubbock National As Agricultural Loan Officer

LUBBOCK—Nelson D. Hogg has joined Lubbock National Bank as a vice president and agricultural loan officer in the commercial and farm loan department. He came from First National, Lamesa, where he was a vice president and loan officer.



HOGG

Mr. Hogg entered banking in 1965 with First National, Lubbock, and moved to First of Lamesa in 1970. In addition to his banking career, he has farming and cattle interests.

# Texas News

### Williams Joins Corres. Dept. At Lubbock National Bank

LUBBOCK—Bryan J. Williams III has been elected assistant vice president in the correspondent bank department at Lubbock National.



WILLIAMS

Mr. Williams was formerly a credit analyst and correspondent man at First National, Fort Worth, where he served for four-and-a-half years. Prior to that, he was with First National, Post; First National, Lubbock; and the 11th Federal Reserve District as an examiner.

### State National, Corpus Christi, Names Richard King III Chairman

CORPUS CHRISTI—Richard King III has been elected chairman of State National. He joined the bank in 1962 and has been vice chairman since 1970. He succeeds his grandfather, Richard King Sr., who is currently chairman emeritus.

The new chairman's corporate responsibilities will continue to be in the areas of community development, public affairs and business acquisition activities for the bank.

### Pace Joins State Nat'l, El Paso

EL PASO—State National has elected Charles R. Pace a senior vice president. Mr. Pace was formerly vice president in the investment division at National Bank of Commerce, Dallas.

He will be manager of the investment department.

■ AIRLINE COMMERCE BANK, Houston, has announced plans to open a 12-lane drive-in facility across Airline Drive from the Main Office on August 29.

■ TED F. HUGHES has been elected executive vice president of Tarrant State Bank, Fort Worth. He joined the bank in 1969 and was formerly a vice president.

■ ROBERT R. KLINE has been elected to the board of Stone Fort National, Nacogdoches. Mr. Kline recently retired from business and returned to his home in Nacogdoches to live.

## Groundbreaking in Tyler



Breaking ground for new \$1.2-million home for Heritage National, Tyler, recently, were Allen M. Burt (l., foreground), bank president, and, from l., Joe Buskuhl, architect, Harwood K. Smith & Partners; Hunter Fisher, Claire Bell and H. L. Longcrier Jr. (kneeling), all of Henry C. Beck Co., general contractors; and Philip Shepherd, architect, Harwood K. Smith & Partners. Bank building is scheduled for completion in early 1974.

### John Stuart Named President At Capital Nat'l, Austin

AUSTIN—Capital National has elected John T. Stuart III president, chief operating officer and a director, succeeding Robert T. Present, who was named chairman and CEO. Edward Clark, former chairman, was named senior chairman.

Mr. Stuart was previously executive vice president at Republic National, Dallas. Mr. Present joined the bank as president and CEO in 1970 following service with First National, Dallas.

■ FIRST CITY NATIONAL, Houston, has elected Thomas Harper III and William P. (Bill) Mobley Jr., assistant vice presidents. William J. Mossay was promoted to assistant auditor, Lawrence J. Petru was elected auditing officer, Carolyn L. Palasota was named administrative officer and James S. Riley Jr. was elected correspondent banking officer.

■ SOUTHERN NATIONAL, Houston, has elected Randall L. Perry assistant vice president and trust operations officer and promoted Judith Turner to assistant controller. Henry F. LeMieux has been elected to the bank's board and to the board of its HC, Southern National Corp.

■ JAMES E. KIRKLAND has joined Corpus Christi Bank as a vice president. He was formerly a vice president with Guaranty National.

# No bank is an island...

Not even a bank as big as First City National.

So when one of our correspondent customers calls on us, we try to give the kind of help we appreciate when we're on the receiving end. We try to be available. And responsive. And competent.

Ours are the full and complete correspondent services you'd expect from Houston's largest bank.

And, far from being an island, you'll be connected through us with five continents as soon as you pick up your phone.



# ...unless it wants to be.

The correspondent bankers at First City National keep in touch with our customers. But...

We don't push.

We know that you are more than equal to the demands your community normally places on you.

So, as long as we're sure you know what services we can provide, we leave it to you to tell us when you want them.

Write: P.O. Box 2557, Houston, Texas 77001.  
Or, better still, phone Bill Boyd at: 713-229-6185.

**FIRST CITY NATIONAL**   
*Bank of Houston*

*A First City Bancorporation Member*

# New Constitution Adopted; Clark Elevated to Pres.

By **LAWRENCE W. COLBERT**  
Assistant to the Publisher

COMPARED to last year's convention, the 62nd annual convention of the New Mexico Bankers Association in Santa Fe unfolded as a quiet and harmonious gathering. Not only was it harmonious, but it was the largest convention ever—with more than 1,150 registered.

Speakers, for the most part, struck optimistic notes. For instance, Governor Bruce King reported that the state enjoyed a 12% advance in personal income last year, making it the second highest in the nation. He also reported that 55,000 more jobs had been created since January, 1971.

Claude Leyendecker, retiring NMBA president and president of Mimbres Valley Bank of Deming, reported on his year as president:

"We definitely strived this year to do something different in our seminars, and I believe we accomplished this end. We leaned more toward the workshop procedure and worked for more quality in our presentations and one new workshop on operations was added. I heard so many fine remarks about our workshop programs, and I am sure we will have much more of the same next year and for years to come.

"The respective standing committees and their chairmen did just outstanding jobs, and I wish time would permit my recognizing each and every one of them.

"The legislative committee and staff

handled 37 pieces of legislation pertinent to the interest of commercial banking during the recent session of the New Mexico state legislature.

"The importance of the pros and cons of a great deal of this legislation was overshadowed by legislation which was much more controversial and carried a greater 'charisma' about it as far as the news media were concerned. However, I like to think that we handled some legislation which was equally important to our industry, if not as colorful. For example: Our legislation program included passage of various bills implementing procedures desired by the commissioner of banking, which clarify some of his various duties. A bill designating credit card transactions as retail installment charges will do much for the bank credit card situation. Another bill permitting deposits of public funds on time deposits with banks for longer than 12 months will prove very beneficial.

"Some important legislation, which we helped defeat, included the garnishment exemption allowable; replevin statutes amendment limitation; the holder-in-due-course and waiver-of-defense doctrine in consumer transactions; and reduction of bank interest rates—all of which, if passed, would have had a definite affect on our industry.

"In particular, I do want to mention the outstanding jobs accomplished by Bob Nix, our legislative committee

chairman, and Bobby Mayfield, our legislative director. These two gentlemen saw to it that we batted 1,000% again with our legislative program. Of course, Bobby Mayfield was paid for his efforts, but Bob Nix took the time and expense out of his banking duties to spend close to full time here in Santa Fe looking after our legislative interest. I know the Kipp Rich group had a lot to do with Bob Nix's duties in this respect, and I want to thank them also. They surely helped me by putting their airplane at my disposal during those busy days of the legislature.

"After 62 years of use, your executive committee determined that our 'archaic' constitution was not meeting the needs of your association. It was decided that a committee should be appointed by your president to draft a new constitution to be ready for ratification on this convention floor.

"I appointed what I considered a 'blue ribbon' committee with Ed Tatum as chairman. The membership was made up of Ted Bonnell, Bud Brasher, Paul Barnes, Jim Clark, Rex Reeves, Doug Stone and Bill White. These gentlemen did an outstanding job in drafting this newly proposed constitution.

"I would like to mention in particular, our 'bank women,' who again this year were taxed with the responsibility of handling 'Bank Week,' and performed in such 'yoeman' fashion that your executive committee determined the 'Bank Week Program' important enough to include and fund as a standing committee of the association. The banking story needs so badly to be told over this state. We need to be looking after the state's banking image and the 'banking gals' have proved they can do the job.

"This year I was appointed to the board of directors of the Southwestern Graduate School of Banking at SMU, which has been a tremendous experience for me. This school enjoys the highest reputation of schools of its type in the country. I definitely recommend to you executive officers that you use this school's facilities by enrolling your promising young people, both male and female, in either the commercial banking or trust schools.

"In January of this year, your executive committee determined that your association should take the lead in cre-



**NEW NMBA OFFICERS**—James A. Clark (l.), pres., Security Nat'l, Roswell, was elected assn. pres.; Henry Jaramillo Jr. (2nd from l.), pres., Ranchers State, Belen, was elected pres.-elect; and Robert E. Lockhart (2nd from r.), sr. v.p., Santa Fe Nat'l, was elected assn. treas. Denton R. Hudgeons (r.) assumes new title of exec. v.p. instead of exec. sec.

ating better communications and liaison with our Washington congressional delegation, as far as the banking community in New Mexico was concerned; consequently, a Washington visitation by 12 New Mexico bankers has been scheduled for June 13-15. Many other associations throughout the country are and have been making such visits each year with a high degree of success," Mr. Layendecker stated.

Rex J. Morthland, ABA president-elect and chairman, Peoples Bank, Selma, Ala., spoke on the changing competitive climate. Mr. Morthland spoke at five other Mid-Continent-area conventions and a synopsis of his talk appeared on page 30 of the June, 1973, issue of MID-CONTINENT BANKER.

Also addressing the convention was Frank A. Plummer, chairman, First National, Montgomery, Ala., who spoke on "Credit and the Changing World of Banking."

Mr. Plummer stated that the traditional "modus operandi" of commercial bank boards of directors would not be effective in the competitive financial markets ahead. Establishing the background of the competitive pressures which will result from the Hunt Commission Report and the Bank Holding Company Act of 1970, Mr. Plummer stated that the thrust of board action must be re-channelled to personnel programs, loan policy formation, problem loan review and community problems.

He further stated that a similar problem existed with regulatory authorities. "At the present time, it would appear mandatory that the Federal Reserve Board divest itself of administrative detail, or as an alternative the board should be enlarged so that areas of responsibility could be properly delegated. It is obvious to any observer of the economic scene that the problems of in-

flation, balance of payments and the plight of the dollar are paramount on the current scene. Policing truth in lending is not compatible with the responsibility of monetary control," Mr. Plummer stated. "I have confidence that we can manage change," he concluded.

In association elections, James A. Clark, president, Security National, Roswell, was named NMBA president, moving up from the post of vice president. Henry Jaramillo Jr., president, Ranchers State, Belen, was elected president-elect (newly established title for post formerly bearing the title of vice president). Robert E. Lockhart, senior vice president, Santa Fe National, was elected treasurer. Denton R. Hudgeons, formerly executive secretary, now bears a new title of executive vice president called for in the new constitution.

Three new members were elected to the executive council (formerly executive committee). They are Martin Pierce, president, Citizens Banks, Farmington; Lewis C. Vencill, president, Grant County Bank, Silver City; and Wayne Stewart, President, First National, Alamogordo.

At a meeting of the New Mexico members of the ABA, Rex E. Reeves, president, Farmers & Stockmens Bank, Clayton, was elected to the ABA governing council. E. H. Tatum Jr., president, First National, Santa Fe, was named New Mexico's member on the ABA nominating committee, and Mr. Jaramillo was named alternate.

Newly elected President Clark announced that the 1974 NMBA convention will be held in Albuquerque June 13-15 at the Hilton Inn. Also, the association elected to accept the invitation of Roswell as the site of the 1975 convention. • •

**ELEVEN PAST PRESIDENTS** of the NMBA were recognized during the convention. They are (l. to r.): E. C. Smith, Citizens State, Springer; G. Kenneth Brashar, First Nat'l, Espanola; G. Wilbur Jones, First Nat'l, Tucumcari; Robert L. Tripp, Albuquerque Nat'l; Fred Cole, First Nat'l, Artesia; Charles K. Johnson, First Nat'l, Artesia; J. P. Brandenburg, First State, Taos; T. B. Hood, Bank Securities, Inc., Alamogordo; Rex E. Reeves, Farmers & Stockmens Bank, Clayton; Douglas B. Stone, Portales Nat'l; and Edward H. Tatum Jr., First Nat'l, Santa Fe.



MID-CONTINENT BANKER for July, 1973



NMBA PRESIDENT Claude E. Leyendecker (l.) chats with Rex J. Morthland following Mr. Morthland's talk.



50-YEAR BANKER—Fred Cole (l.), dir. and retired v.p., First Nat'l, Artesia, was recognized for 50 years of banking service. Congratulating him are Mrs. Cole and Claude E. Leyendecker.



SOMERS H. WHITE (r.), pres., Management and Financial Consultants, Phoenix, tests memory of J. S. Stearns, pres., Citizens State, Vaughn, as he is distracted by attractive model. Stunt was part of talk by Mr. White on "How to Make Your Bank Grow With One-Half the Effort."



LEFT: New Mexico Governor Bruce King gives a progress report for the state. RIGHT: Frank A. Plummer, ch., First Nat'l, Montgomery, addresses convention on "Credit and the Changing World of Banking."

# Oklahoma News

## WE'RE MAKING A GOOD BANK BETTER.

Correspondent banking is an all-bank involvement for us. Every officer at Commercial National Bank is part of our Correspondent Bank Department. We're all working to help you. By keeping ahead instead of keeping up. And by remembering that correspondents come first. That's how we got to be a good bank. And that's how we're getting better.



Seated: Norman Farris, Richard C. Butler, William H. Bowen  
Standing: John Ramer, Hubert Barksdale

**COMMERCIAL NATIONAL BANK OF LITTLE ROCK**  
MEMBER FDIC

### KC Fed Computer Link Serves Oklahoma Banks

A terminal-to-computer link has been established between six banks in Oklahoma City and Tulsa and the Kansas City Fed. The system is capable of transmitting funds from Oklahoma to New York, or vice versa, within five minutes.

With funds-transfer volume running about \$750 million in about 500 transactions daily, the nearly automatic transfer procedures are said to be benefiting both the user banks and the Fed.

Participating banks include First National, Liberty National and Fidelity Bank in Oklahoma City, and First National, Fourth National and National Bank of Tulsa in Tulsa.

The system provides hard copy records, including a complete daily summary of each bank's activity.

### Service Awards Presented By First National, Tulsa

TULSA—Two officers with a total of 65 years of service headed the list of service award recipients at First National recently.

G. Q. Tucker, assistant vice president, was recognized for a 35-year record of service and Charles B. Neal, senior vice president, was honored for 30 years of service. Mr. Tucker joined the bank in 1938; Mr. Neal in 1943. Mr. Neal is also a member of the bank's executive committee.

Awards for 25 years of service went to David C. Rhodes, vice president and cashier; Lewis Gammon and Robert W. Heathcock, vice presidents; and Edward Ritschel and Edwin Snider, assistant cashiers.

Those with five, 10, 15 and 20 years' service were also honored.



F. G. McClintock (c.), ch., First Nat'l, Tulsa, congratulates G. Q. Tucker (l.) and Charles Neal (r.) for their long service to the bank.

### Law Award Presented



Liberty National, Oklahoma City, has presented its 21st annual \$500 law research scholarship to a senior law student at the University of Oklahoma. Photo shows T. Joseph Semrod, Liberty's president, presenting check to John Terrence Pansza at a special dinner at the Petroleum Club.

### NBT Gives Service Awards

TULSA—Five officers of National Bank of Tulsa were among those honored recently at a service awards banquet.

Cited for 25 years of service was Donald C. Morris, assistant cashier. Marcus R. Tower, vice chairman, and L. Harold Wright, vice president, were recognized for 20 years' service; and James J. Bredenger, assistant trust officer, and Dan R. Morgan, assistant cashier, received recognition for 10 years with the bank.

■ KENNETH K. McILHANEY has been named loan review officer at Stock Yards Bank, Oklahoma City. Mr. McIlhaney was formerly a national bank examiner.

■ UTICA NATIONAL, Tulsa, has promoted Bob W. Owen to executive vice president, Mike J. Thayer to assistant vice president and Sue Heslep to assistant cashier.

■ CITY NATIONAL, Lawton, has promoted Robert Nall to cashier and Lee Wall to assistant vice president.

■ MADILL NATIONAL has promoted David C. Dunn to vice president and cashier and Mack Stafford to assistant vice president.

■ FORREST D. JONES, senior vice president, Fidelity Bank, Oklahoma City, has been elected chairman of the executive committee of the ABA's Installation Lending Division.

■ FIRST NATIONAL, Oklahoma City, has elected Willard P. Scott and George J. Records to its board. Mr. Scott is with Kerr-McGee Corp. and Mr. Records is with Midland Mortgage Co. and Midland Mortgage Investors.



# New Center For Your Financial Needs.

Tulsa is growing in importance as a hub of business in the Southwest. And now, more than ever, First of Tulsa has the vision and resources to work with you and your customers on any financial endeavor. Regardless of size.

With the new First National Tower now topping Oklahoma skies at 41 stories, and assets over \$600 million, First is building a new dimension in banking services—the First Dimension. It means that First of Tulsa offers you the flexibility and imagination to help

you and your customers reach the goals you've set.

Loan participations. Trust and financial management programs. Bond services. Directors' audits. Bank profit planning and security measures. Data processing.

Whatever your need, let's join forces and reach new heights together! For First Dimension services, call John Harding (918) 560-5159.

The First National Bank & Trust Company of Tulsa.

**FIRST** | **TULSA**  
YOUR FULL SERVICE BANK

MEMBER FDIC

MID-CONTINENT BANKER for July, 1973

## Free Parking Provided By Pittsburg Bank

PITTSBURG—First State provided free parking for motorists in the downtown section April 12 in observance of Kansas Bank Week.

The bank "purchased" the parking meters, paying \$250 to cover the meters for the one day. The city collects \$170 from the meters on an average day, but since the meters are in operation for a longer period on Thursdays, when stores stay open longer, the larger figure was considered appropriate for the bank to provide free parking for the day.

The free parking was the bank's way of focusing the public's attention on the special observance by Kansas banks and the important roles they play in communities. This was the second year the bank provided the free meters.

First State also awarded a \$25 savings bond in a free drawing at closing time April 13 and, on both days, served coffee and refreshments in the lobby to customers.

In other action, the bank announced plans for a major expansion of its drive-in and walk-up facilities, scheduled to begin in about a month. The project will double the present capacity of the facilities from three to six. A new parking lot will be located along the north



Motorists in downtown Pittsburg were welcomed April 11 with free parking, provided by First State, Pittsburg, in observance of Kansas Bank Week. The bank placed the hoods over the meters in the morning and removed them in the evening.

# Kansas News

side of the drive-in, and the present parking area will be incorporated into the drive-in expansion. Mosler Co. will supply and install the drive-in equipment.

■ **FIRST NATIONAL**, Parsons, held open house recently in its new motor bank facility at 18th and Corning.

■ **STATE SENATOR WINT WINTER** has joined Peoples National, Ottawa, as a vice president. He replaced James Asher of Englewood, Colo., who remains on the board. Senator Winter also is a director of the bank. He and Robert Green are dissolving their association in the practice of law.

■ **FIRST NATIONAL**, Wamego, has promoted W. E. Bradford from vice president to senior vice president and Don Eisenbeis from cashier to vice president and cashier.

■ **LEE VAN METER**, who was trust investment officer at Johnson County National, Prairie Village, is now vice president and trust investment officer. He joined the bank's trust department in 1969 after having been with a national stock brokerage firm. Donald W. Trotter was moved up from assistant trust investment officer to trust investment officer, and John C. Lee, formerly assistant cashier, has been made assistant vice president. He is a specialist in consumer loans in the commercial department.

■ **SOUTHGATE STATE**, Prairie Village, has named two officers to the expanded commercial loan division. E. Dudley McElvain, formerly an officer at Home State, Kansas City, was named senior vice president and head of the division. David D. Bryan has joined the bank as vice president. He has had commercial lending experience at two area banks and in Ft. Lauderdale, Fla.

## Towle Elected President Of Kan. Bankers Surety

TOPEKA—Donald M. Towle was elected president and managing officer of the Kansas Bankers Surety Co. last month, succeeding Joseph W. Morrissey. Mr. Morrissey has retired as an active officer, but holds the title of chairman.

In other action, David E. Abendroth was elected secretary and Mrs. Mary E. Williams assistant secretary.

Mr. Morrissey joined the firm as secretary in 1952 after 25 years with the Comptroller of the Currency as a national bank examiner. He worked out of Kansas City in Missouri, Kansas, Oklahoma, New Mexico, Colorado, Wyoming and Nebraska. He became president of Kansas Bankers Surety in 1965. During the past 14 years, Mr. Morrissey spent his summer vacations serving as a staff officer at the Graduate School of Banking at the University of Wisconsin, Madison.

Mr. Towle also joined the firm as secretary in 1967 and was promoted to vice president and secretary in 1971.

Mr. Abendroth was graduated in 1970 from the University of Kansas, where he received a journalism degree. During the three years following his graduation, he was an account executive with WIBW-TV in Topeka.

■ **R. B. HESS**, executive vice president, First National, Scott City, will observe his 50th anniversary there August 1. Starting as a bookkeeper, Mr. Hess is the only executive vice president the bank has ever had. He also is on the board. He was inducted into the Kansas Bankers Association's 50-Year Club at the association's annual convention in May.

■ **JOHN C. MALONEY**, who joined Fourth National, Wichita, in January and was assigned to the corporate legal staff, has been admitted to the Kansas Bar.

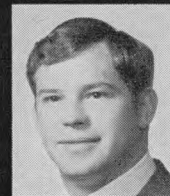
## Kansas Death

**B. L. PERRY**, chairman, executive committee, Condon National, Coffeyville. Mr. Perry had previously served the bank as chairman and president for about 50 years.

# CNB

## COMMERCIAL NATIONAL BANK

6th & Minnesota Ave. 913 371-0035  
Kansas City, Kansas 66101



JOHN STRUBE



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### PROFESSIONAL CORRESPONDENT BANKING SERVICE



# SECURITY NATIONAL BANK

*THE Bank of Kansas City, Kansas  
Announces the Election of*

**RAMEY EDWARD BEACHLY**

*As Vice President*

*Mr. Beachly (Ramey) joined Security National on July 2nd, 1973 specializing in commercial and general loans, as well as agricultural credits.*

*He has over twenty years banking experience, college degrees of B.Sc.; LLB; JD; a long list of civic, community and agricultural activities; and roots in the midwest.*

*Ramey looks forward to personally serving you.*



**THE BANK**  **SECURITY NATIONAL BANK**  
Seventh and Minn. — Kansas City, Kansas 66117  
Dial Direct - 913-281-3165 Member F.D.I.C.

### Betz Named Corres. V.P. By First Nat'l, St. Louis

ST. LOUIS—First National has announced eight promotions, including that of Charles S. Betz in the correspondent banking division from assistant vice president to vice president.



BETZ

Others receiving promotions included Horacio R. Altamirano, to assistant vice president; Ronald E. Markel, to manager of the new Chipewa-Watson facility; Donald C. Hartig, to bond investment officer; Kenneth S. Franklin Jr., to commercial banking officer; and Mrs. Alice M. Bono and Mrs. Charlotte I. Lebonick, to personal banking officers.

James M. Reeder, auditor for First Union, Inc., HC controlling First National, was elected auditor of the bank and will serve both organizations.

Mr. Betz joined the bank in 1961. He joined the correspondent banking division in 1962 and was transferred to the national accounts division in 1969. In May he was transferred back to the correspondent banking division. He is responsible for covering the bank's Missouri territory.

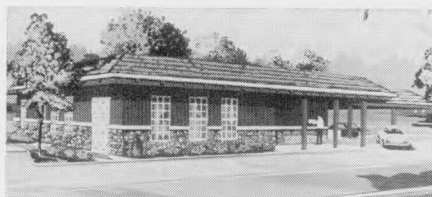
In other action, the bank elected Ted C. Wetterau, president of Wetterau Foods, Inc., to its board.

### June Ellison Elected Chairman Of St. Louis NABW Group

ST. LOUIS—Mrs. June Darby Ellison, public relations officer, Mercantile Trust, has been elected chairman of the Metropolitan St. Louis Group, National Association of Bank-Women Inc. She succeeded Mrs. Ruby M. Fritz, assistant vice president and assistant secretary, Alton (Ill.) Banking & Trust Co. Mrs. Ellison and the other new officers will take office after the national NABW convention next fall.

Elected to serve with Mrs. Ellison for 1973-74 are: vice chairman, Mrs. Lois Leach, vice president, Troy (Ill.) Security Bank; secretary, Mrs. Laura Mae Boemler, assistant cashier, Citizens National of Greater St. Louis, Maplewood; and treasurer, Mrs. Lyla Rehbein, assistant cashier, Bank of O'Fallon, Ill.

### Union Nat'l Plans Facility



Construction is expected to begin this summer on the Northside Office of Union National, Springfield. The facility will include two drive-in tellers operating three lanes. The facility is now operating out of temporary quarters.

### United Mo. Promotes 3

KANSAS CITY—United Missouri Bank has named Keith W. O'Rourke a vice president and Charles G. Barnes and John F. Lasswell assistant trust operations officers.

Mr. O'Rourke was formerly an assistant vice president. He rejoined the bank last year. Mr. Barnes joined the bank in 1971 and is with United Missouri's trust department office in New York City. Mr. Lasswell has been with the bank since 1970.

### Two Elected to Vice Presidents At Mercantile Trust, St. Louis

ST. LOUIS—Mercantile Trust has elected Kramer J. Weissenborn and Elmer H. Austermann Jr. vice presidents, and promoted Alfred A. Woodson to assistant operations officer, Pauline (Polly) Gish to assistant accounting officer and George T. Bidleman Jr. to assistant investment officer.



AUSTERMANN

Mr. Weissenborn joined the bank in 1955, Mr. Austermann in 1968, Mr. Woodson in 1946, Mrs. Gish in 1943 and Mr. Bidleman in 1970.

Mr. Austermann is assigned to the banks and bankers department.

■ WORNALL BANK, Kansas City, has changed its name to United Missouri Bank South, following affiliation with United Missouri Bancshares, Inc. The bank has also opened a new motor facility in Kansas City at 9201 Ward Parkway, which is operating out of temporary quarters until a permanent building can be completed.

ST. LOUIS—Boatmen's National has promoted five officers and elected a new officer.

Promoted were Clark Adreon Jr., Larry D. Bayliss, John R. Bradbury and Theodore E. Rumpf, all of whom were elected assistant vice presidents, and Reis V. Beckemeier, who was elected a trust officer. The new officer is Stephen F. Pieper, who was elected an assistant cashier.

Mr. Adreon joined the bank in 1967, Mr. Bayliss in 1968, Mr. Bradbury in 1968 and Mr. Rumpf in 1964. All were formerly assistant cashiers.

Mr. Beckemeier joined Boatmen's in 1970 and was formerly an assistant trust officer. Mr. Pieper has been with the bank since 1969.

■ E. E. ROMINES has joined Bank of Thayer as executive vice president. Mr. Romines has been in banking for 34 years and is a past president of the Missouri Independent Bankers Association.

■ BOATMEN'S BANCSHARES, INC., has announced changes in the names of its three subsidiary banks in the St. Louis trade area. Manchester Community Bank is now Boatmen's Bank of West County; Bank of O'Fallon is now Boatmen's Bank of O'Fallon; and Bank of Concord Village is now Boatmen's Bank of Concord Village. Boatmen's Bank of O'Fallon has promoted Richard B. Saali from president to chairman and named Charles N. Denton, former executive vice president at Boatmen's Bank of West County, to president.

■ BANK OF ASH GROVE recently celebrated its 90th anniversary. The bank authorized a compilation of its history by President John K. Hulston, which was published in the Ash Grove newspaper.

■ BARNEY RULLMAN has been elected president and a director of Commerce Bank, Tipton, succeeding John Meyer. Mr. Rullman was formerly with Commerce Bank of Springfield.

■ MRS. MARY C. ETZKORN has been elected installment credit officer at Big Bend Bank, Webster Groves. She joined the bank in 1962.

### Missouri Death

CHARLES M. HENNEMEYER, executive vice president and director, Southwest Bank, St. Louis. He had been with the bank since 1955 and was a past president of the Missouri Installment Bankers Association.

## 2 Senior Vice Presidents Elected At St. Louis Union Trust

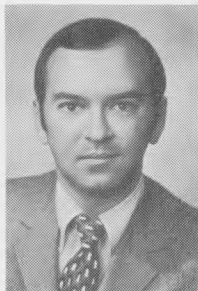
ST. LOUIS—Thomas H. Hensen and Henry O. Johnston have been elected senior vice presidents of St. Louis Union Trust.

Mr. Hensen, who joined the firm in 1958, was formerly vice president in charge of the investment advisory department. He will continue in that capacity and assume responsibility for management of the research department.

Mr. Johnston joined the firm in 1959. He was formerly vice president in charge of the personal trust investment department and will take full charge of that department.



HENSEN



JOHNSTON

## United Mo. of St. Louis Opens

ST. LOUIS—Newly chartered United Missouri Bank of St. Louis opened for business recently with capital and surplus of \$1 million each.

Officers include R. Crosby Kemper Jr., chairman; John B. Prentis III, president; Ronald C. Smith, vice president; Thomas J. Zinselmeyer, cashier; and John J. Kramer, secretary.

■ BANK OF CRANE has promoted Joe Lewis to vice president and Jim Mallonee to assistant vice president.

■ MISS MARTHA HELMKAMP, vice president, First National, Wellston, is observing her 50th anniversary with the bank this month.

■ MRS. SHIRLEY M. KOLAR has been named personnel director of First North County Bank, Jennings. She also serves as secretary and assistant treasurer. She joined the bank in 1960 as a charter employee.

■ W. J. BERKLEY has been elected vice president of Bank of St. Louis.

■ COMMERCIAL BANK of St. Louis County, Olivette, has elected Jack A. Brizius as president, Mrs. Irvin A. Appt as vice president, Charles W. Nobe as assistant cashier and Mrs. Thomas R. Mason Jr. as assistant secretary.

MID-CONTINENT BANKER for July, 1973

## 2 Join Commerce Bank, St. Louis

ST. LOUIS—Commerce Bank has appointed John L. O'Brien a vice president for development and Jerome M. Greenblatt as an assistant vice president.

Mr. O'Brien was formerly president and general manager of the Better Business Bureau of Greater St. Louis and Mr. Greenblatt was formerly general manager of the V. L. McCormack Co.

■ ELLSWORTH H. BREIHAN JR. has been elected to the board of Mark Twain South County Bank, St. Louis County.

■ CURTIS CANNON, president, Wentzville State Bank, has completed 55 years in banking. The bank held a four-day anniversary celebration for Mr. Cannon in June.

■ FARMERS & MERCHANTS, Bolivar, has signed an affiliation contract with Commerce Bancshares, Inc., Kansas City.

■ JAMES J. THOLE, assistant comptroller, Mercantile Trust, St. Louis, has been elected assistant comptroller of Mercantile Bancorp.

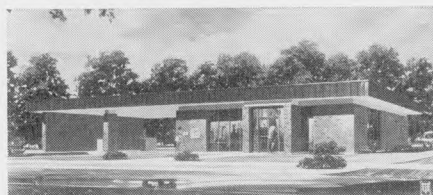
■ DEAN JARBOE, president, Plas-Chem Corp., has been elected a director of Commerce Bank, University City.

■ JEROME TWITTY has joined Commerce Bank, Springfield, as a vice president in the commercial loan department. He was formerly with Boone County National, Columbia.

■ COUNTY NATIONAL BANCORP., Clayton, has announced completion of the acquisition of Big Bend Bank, Webster Groves.

■ MRS. EMILY SCHEPERS has been named an assistant secretary of Tower Grove Bank, St. Louis. She joined the bank in 1953 and is manager of the safe deposit department.

## First of St. Louis Facility



Construction has begun on a new drive-in, walk-up banking center for First National, St. Louis, at the intersection of Watson Road and Chippewa Avenue in south St. Louis. The facility will feature a BANK24 electronic teller system and a night depository and will be open from 8:30 a.m. to 6 p.m. weekdays and from 9-12 on Saturdays.

■ JOHN F. RYAN has been elected president of Fidelity Bank, Creve Coeur. He was formerly president of Carondelet Savings and Loan in St. Louis and has been associated with Jefferson Bank, St. Louis. He succeeds Arlie A. Appler, who has resigned.

■ FIRST NORTHWEST BANK, St. Ann, has named Thomas L. Mouser assistant vice president and assistant secretary and Raymond M. Spears as assistant vice president.

■ FIRST NATIONAL, Kansas City, has elected Stephen A. Melcher assistant vice president and James C. Stewart assistant cashier. Both men joined the bank this year.

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■ M. WELDON ROGERS III, senior vice president and treasurer of Missouri Portland Cement Co., has been elected a director of Boatmen's National, St. Louis.

■ CHESTERFIELD BANK's affiliation with First Union, Inc., St. Louis, has been approved by the Fed.

■ BEN A. PARNELL JR., president, Peoples Bank, Branson, has completed an eight-day tour as a member of the third annual Trade Mission to Germany and France.

■ MRS. JERRY JONES has been named mortgage loan officer at Mark Twain Northland Bank, Jennings. She has been with the bank for five years.

■ AMERICAN NATIONAL, St. Joseph, has announced plans for a new facility at Lovers Lane and Ashland avenues on a nine-acre tract. The three-story building will include 8,000 square feet of space and is expected to be completed by mid-November.

■ EDWIN E. McWILLIAMS has been named operations manager/data processing at American National, St. Joseph. He was formerly with Inter-Continental Computer Research, Mission, Kan.

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## Passbook Comeback?

Who says savings passbooks are passé? Not the people at Highland Community Bank, Chicago!

Results of a recent survey showed that the bank's savings customers were overwhelmingly in favor of having savings passbooks. Since the bank believes in giving its customers what they want, conversion to a passbook program was authorized.

All new regular savings customers now automatically receive passbooks when they open an account. Those with existing savings accounts are urged to stop by the bank to pick up a passbook.

The bank also issues photo identification cards to eliminate the possibility of anyone making a withdrawal from someone else's account.

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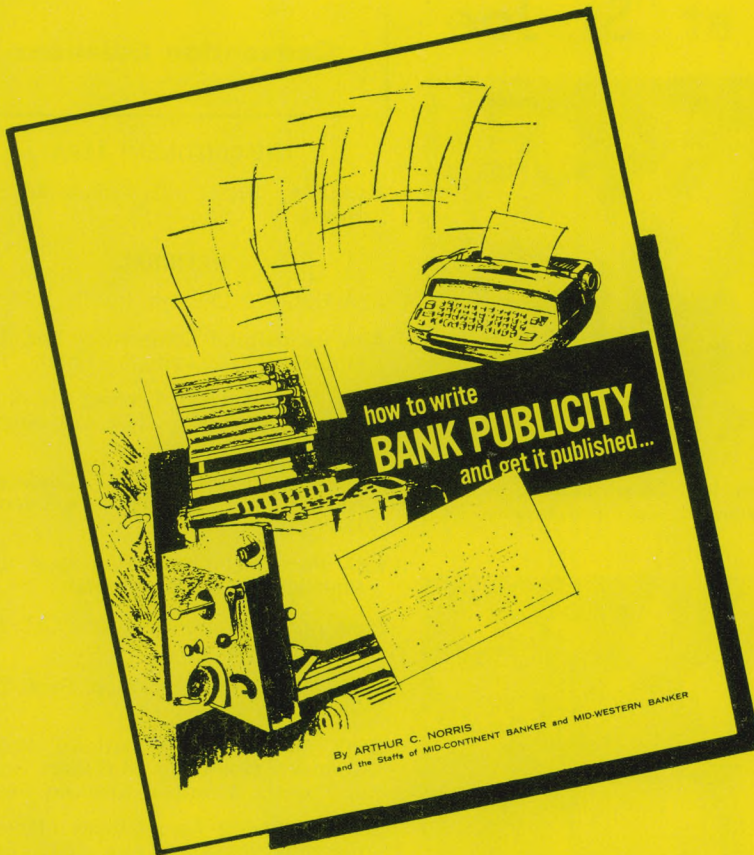
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**Constructing the News Story . . .** We literally draft a blueprint for writing a complete news story, tell you the six questions your story should answer to be complete, outline the simplicity of the classic "AP lead," give you examples of how to write news stories about your bank and show you how to apply these broad principles to bank publicity.

**The Mechanics of the News Release . . .** We show you how to prepare a news release to increase its chances of being used, give you tips on dealing with reporters and their newspapers and even tell you what to do when—invariably—a mistake creeps into the news release you send out.

**What's News? . . .** We explain what constitutes news, list over 100 news stories that can be written about your bank, explain how to differentiate between what is news and what should be announced in an advertisement and even delve a little into the problem of what is "human interest."

**Placing the News Story . . .** We explain the procedure for getting news about your bank into the news media, tell you how to decide in which news section the story belongs and offer a few thoughts on when to call and how to handle a news conference.

**Placing News in Banking and Business Publications . . .** We examine the problems you

will have to solve if you want to shoot a good game of getting news about your bank into localized and specialty publications.

**How to Handle Photos . . .** We tell you how to have pictures taken that tell a story, what type of photo to send out, what information to supply, and even how to attach the picture caption to the photographic print.

**Handling "Sticky" Situations . . .** We tell you—when a "sticky" situation arises in your bank—how to hold adverse publicity to a minimum—situations like money shortages, officer suicides, missing officers; in the event of a holdup how to protect your people from threats and coercion, and in all cases how to handle both the news people and the police.

**How Not to Do It . . .** We give you examples of how publicity stories should not be written in order to underline the poor approaches that all too frequently are made in writing bank publicity.

**"Tie-In" for Better Publicity Results . . .** We outline how to make community events and historical anniversaries work for you as a means of getting publicity that might be termed "free."

**Dealing With News Media . . .** We give you eight simple rules on how to make and keep friends among news people and in each case expand the rule so that you will have a short course in "How to Win News Friends and Influence News People."

**Odds and Ends . . .** We discuss various angles on getting publicity printed that didn't seem to fit into any of the preceding chapters.

**Bibliography . . .** We give you the names, titles and publishers of various books on publicity and public relations as recommended by a number of professors of journalism.

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## Convention Calendar

### MID-CONTINENT AREA

Kentucky, Sept. 9-11, Louisville, Galt House.

### NATIONAL

ABA, Oct. 6-10, Chicago

ABA Agricultural Conference, Nov. 11-14, Minneapolis, Leamington Hotel

ABA Charge Account Bankers Div. Annual Convention, Sept. 23-26, Los Angeles, Century Plaza

ABA Mid-Continent Trust Conference, Nov. 5-6, St. Louis, Stouffer's Riverfront Inn

ABA Personnel Conference, Sept. 16-19, Philadelphia, Sheraton Hotel

Bank Administration Institute, Oct. 28-31, San Francisco

Bank Marketing Association, Sept. 23-26, San Francisco

Bank Marketing Association's Holding Company Marketing Workshop, Nov. 4-7, Phoenix, Mountain Shadows Resort

Bank Marketing Association's Marketing Planning Workshop, Aug. 12-15, Toronto, Canada, Royal York Hotel

Bank Marketing Association's Southeast Regional Conference, Nov. 19-21, Atlanta, Executive Park Motor Hotel

Bank Marketing Association's Trust Marketing Workshop, Oct. 28-31, Phoenix, Mountain Shadows Resort

Consumer Bankers Assn., Oct. 28-Nov. 1, Newport Beach, Calif., Newporter Inn.

Robert Morris Associates Annual Fall Conference, Oct. 21-24, Phoenix, Del Webb's Townehouse

Robert Morris Associates Regional Workshop on Accounts Receivable and Inventory Lending, Sept. 10-11, Dallas, Sheraton-Dallas Hotel

Robert Morris Associates Regional Workshop on Construction and Real Estate Development Lending, Sept. 12-13, Dallas, Sheraton-Dallas Hotel

### NATIONAL (1974)

Independent Bankers Assn., March 20-24, Dallas, Fairmont Hotel

■ DETROIT—Manufacturers National has promoted John M. Ryan from vice president and personnel director to vice president-administration and Paul L. Saylor from second vice president and trust officer to vice president.

■ NEW YORK—Donald W. May has been made a vice president at Irving Trust, where he heads the corporate trust department. He was formerly vice president and assistant treasurer, Charter New York Corp., bank HC of which Irving Trust is the principal affiliate.

MID-CONTINENT BANKER for July, 1973

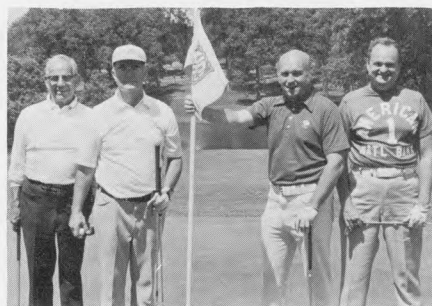


THREE GENERATIONS of golfers are pictured here. From the left: Conger Beasley, dir., host bank; Ogden Risley, ch.; C. W. Risley, pres.; and C. W. Risley Jr., v.p., from Excelsior (Mo.) Trust; and Charles Richmond, sr. v.p., host bank.

WHEN THE month of June rolls around, bankers from the St. Joseph, Mo., "trade area" can be expected to pack their golf clubs in the trunks of their cars and head for the annual golf party sponsored by American National. For 22 years, this has been the tradition and not once has rain interfered with the day, although there have been some narrow squeaks.

The order of the day has been golf, pinochle, pitch or poker, some good "fellowship," plus a buffet dinner. Hosted by the bank's correspondent department and other officers and directors of the bank, the day-long affair has attracted representation of some 300 bankers.

The coveted prize has been a "leg on" a traveling golf cup, with three wins giving the banker permanent possession. This year's winner was Bob Anderson of Planters State, Salina, Kan. His was the first name on the cup, which was "retired" last year by Bill Welch of Citizens National, Chillicothe, Mo. (Only two more to go, Bob. But it's a tough field!)



AT THE END OF NINE: Wayne Dailey, exec. v.p., Nat'l Bank of America, Salina, Kan.; Charles Grutzmacher, pres., 1st Nat'l, Onaga, Kan.; Harry Whittaker, dir., 1st Nat'l, Wamego, Kan., and Milton Tootle, pres., host bank.



CUP WINNER Bob Anderson (r.), Planters State, Salina, Kan., is pictured with host bankers Donald Folks and Dick Thomas. Mr. Folks heads the bank's correspondent dept.; Mr. Thomas, the bank's marketing dept.



AT THE CLUBHOUSE after 18 holes are John Wray, v.p., Belt Nat'l, St. Joseph; Duane Stoskopf, pres., Kendall State, Valley Falls, Kan.; Donald Folks, v.p., host bank; and Milton Tootle Jr., attorney, son of the president of the host bank.



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