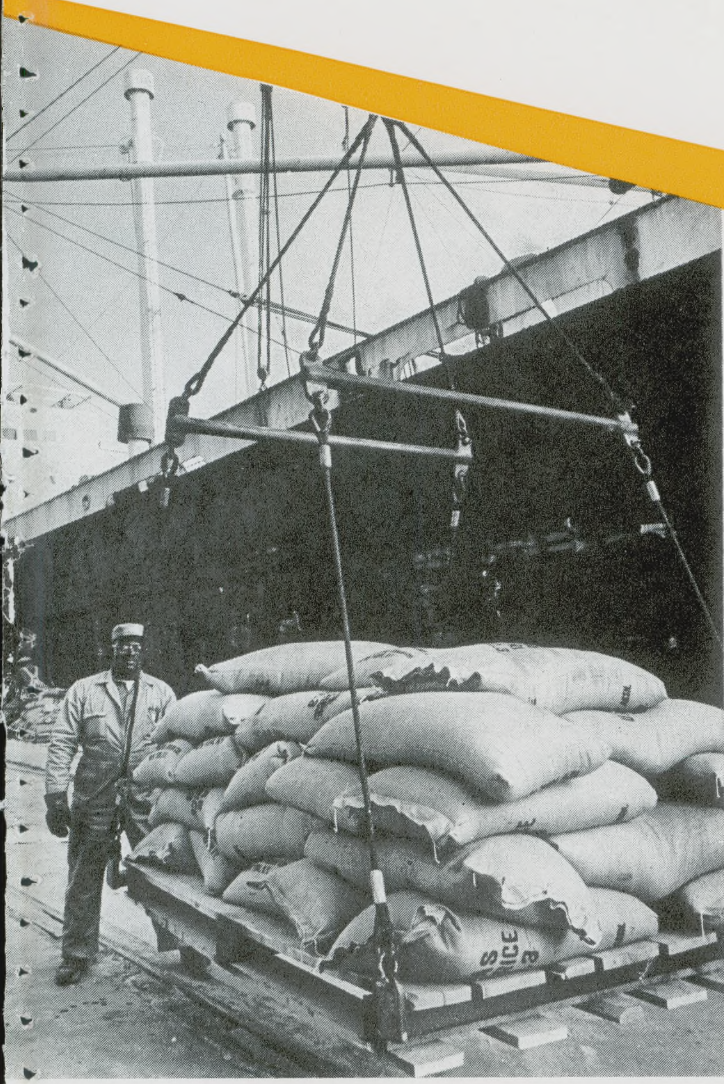
MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

JULY, 1974



International Departments Supply Customers With Services Vital to Foreign Trade

page 48

Extensive Port | River System Brings World's Markets To Inland Manufacturers

page 59

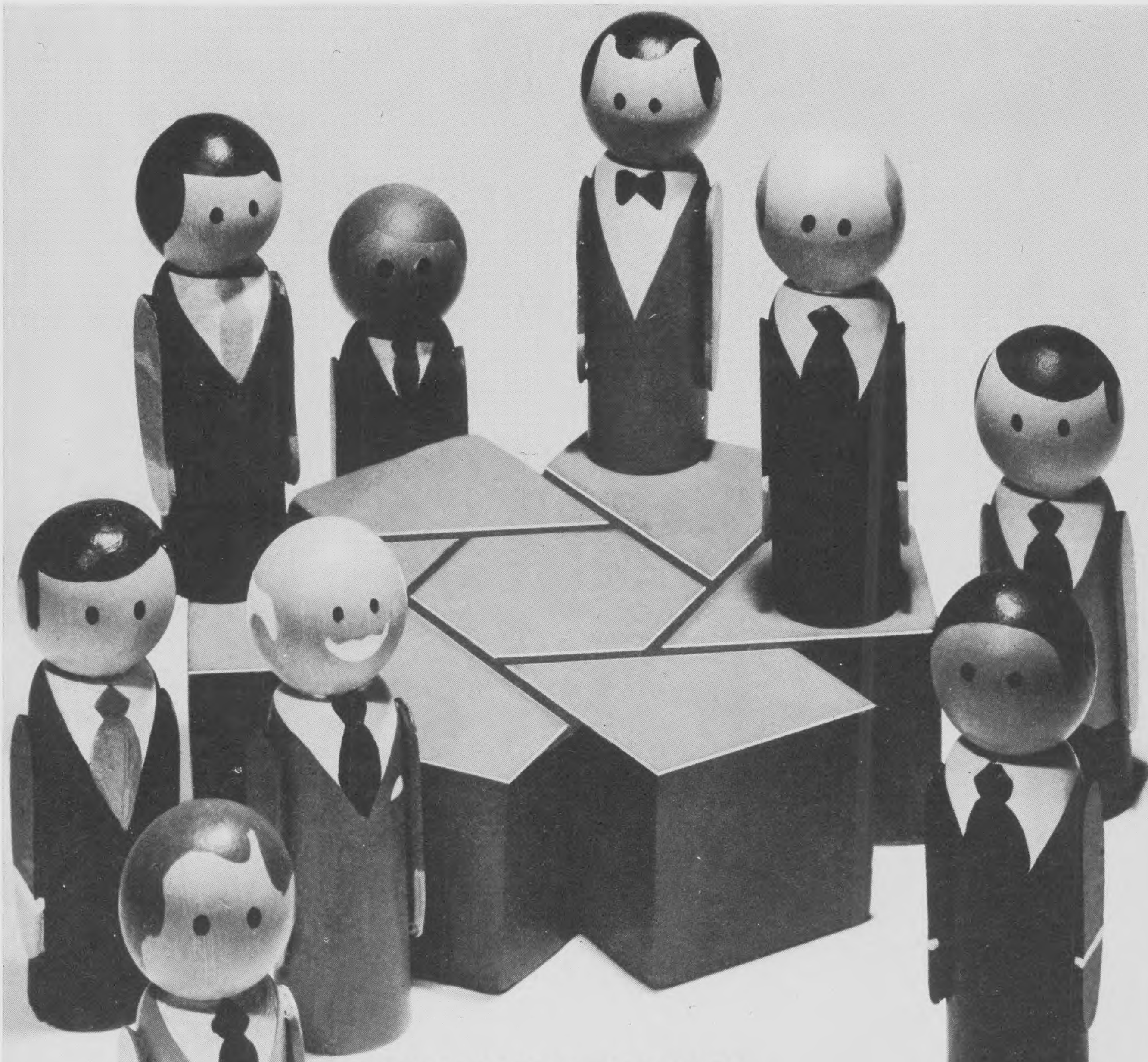
Mid-Continent Ag Exports Help U.S. Regain 'Lost' Dollars

page 64

*EFTS TAKES BANKING SPOTLIGHT

page 29

INTERNATIONAL BANKING ISSUE



MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

Volume 70, No. 8 *July, 1974*

FEATURES

DEPARTMENTS

CONVENTION REPORTS

STATE NEWS

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Convention Calendar

July

July 21-Aug. 2: Southwestern Graduate School of Banking, Dallas, Southern Methodist University.

August

Aug. 31-Sept. 3: Assemblies for Bank Directors, Colorado Springs, Colo., Broadmoor Hotel.

September

Sept. 8-10: ABA Correspondent Banking Conference, Atlanta, Regency Hyatt House.
Sept. 8-10: Kentucky Bankers Association Convention, Louisville, Galt House.
Sept. 12-13: Young Bank Officers of Kansas Convention, Salina.
Sept. 15-18: ABA Personnel Conference, Minneapolis, Hotel Radisson.
Sept. 15-18: Bank Administration Institute Convention, Chicago, Palmer House Hotel.
Sept. 22-25: ABA Charge Account Bankers Division Convention, Chicago, Palmer House Hotel.
Sept. 22-25: Nat'l Assn. of Bank Women Convention, Disney World, Orlando, Fla.
Sept. 26-27: ABA Southern Regional Operations/Automation Workshop, Atlanta.
Sept. 29-Oct. 2: Bank Marketing Assn. Convention, New Orleans.

October

Oct. 17-18: Association of Registered Bank Holding Companies Fall Meeting, Honolulu, Kahala Hilton Hotel.
Oct. 19-23: American Bankers Association Convention, Honolulu, Hawaii.
Oct. 27-30: Bank Marketing Assn.'s Electronic Funds Transfer System Conference, Chicago, Hyatt-Regency O'Hare Hotel.

November

Nov. 7-8: ABA Midwestern Regional Operations/Automation Workshop, Milwaukee.
Nov. 10-13: ABA National Agricultural and Rural Affairs Conference, St. Louis, Chase-Park Plaza Hotel.
Nov. 10-13: Robert Morris Associates Fall Conference, Atlanta, Regency Hyatt House.
Nov. 21-22: ABA Mid-Continent Trust Conference, Chicago, Drake Hotel.
Nov. 21-22: ABA Western Regional Operations /Automation Workshop, Phoenix.

January (1975)

Jan. 30-Feb. 5: Assemblies for Bank Directors, San Juan, P. R., El Conquistador Hotel.

February

Feb. 2-5: ABA Midwinter Trust Conference, New York City, Waldorf-Astoria Hotel.

March

March 2-4: ABA National Credit and Commercial Lending Conference, New York City, Americana of New York.
March 3-5: ABA National Marketing Conference, San Francisco, Fairmont Hotel.

Personnel

Two-Part Teller Training Program Is Well Received by Oklahoma Banks

Mrs. Rayma Morgan, center, explains details of teller teaching program she designed for First National, Tulsa, to one of banking students enrolled in the course, which is administered through AIB.

RAYMA MORGAN, training coordinator for First National, Tulsa, believes in "doing what comes naturally." But without proper training and experience, the natural action may not be the right one.

Armed with this conviction, Mrs. Morgan agreed to design, write and teach a teller training program for First of Tulsa. This same course has now been revised and is being offered by the bank to northeast Oklahoma bankers.

The teaching seminar is being administered through the AIB. It requires 48 hours to graduate and students earn credits toward AIB certificates.

At the present time, 154 students representing banks in Tulsa and 12 surrounding communities are enrolled. Classes are conducted in three-hour segments once a week. The new First Place auditorium is the classroom site.

Mrs. Morgan takes the bulk of the teaching responsibility. She is assisted by First of Tulsa Auditor Jerry Haenggi, former AIB/Tulsa president, and 1974 president Wilbur Waters from Tulsa's Fourth National. Outside speakers and audio-visuals are also used when appropriate.

The program has been divided into two general segments. The first part is actually a loss prevention seminar dealing with bank operations, procedures, and legal requirements tellers must know. Part two involves intensified training in human relations, communications, effective speaking, audit, security and other bank services.

"We feel it is tremendously important for tellers to receive this type of orientation and education," Mrs. Morgan says. "These people are their banks to thousands of customers. Of course officers, new account people and others are vitally important, but in day-to-day operations it is the teller who works directly with the public. And it is the teller's enthusiasm, ability and appearance that makes a good impression or a bad one."

Mrs. Morgan said the training course is the first of its kind in Oklahoma. "Few banks have effective training programs," she explains, "and fewer yet have sessions devoted to tellers. We feel this seminar meets a real need."

Although only a few weeks old, the program has already generated a great deal of enthusiasm.

"We surveyed the class before we began and discovered only one of the banks represented provided formal job descriptions or training procedures for tellers," Mrs. Morgan says. "So we asked the students to design a teller's handbook using their own bank's procedures and forms. This has been done and the work is now in the hands of each bank's appropriate officer."

Mrs. Morgan, a 24-year First of Tulsa veteran, emphasized that AIB membership is not required for the course. But since the program is conducted under AIB standards, three hours of credit are earned by graduates.

"Conditions dictate the importance of training," she adds. "Most banks around the nation are full-service institutions. And we're all interested in providing our customers with the best service possible.

"In the long-run, the banks whose people are the best trained, the best informed and the most professional are the banks that will prosper. We can't solve all the problems in a course like this. But we are taking a big step in the right direction.

"We anticipate conducting this same course again next year, and for as long as it is of value," Mrs. Morgan says. • •


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NEWS ROUNDUP

News From Around the Nation

Bank Stock Buying Plans Upheld

The Comptroller has ruled that banks can continue to offer stock investment services through checking-account deduction plans. The ruling is expected to spur the entry of banks into the stock brokerage business.

Current plans, being offered by about a dozen banks, permit customers to buy any of an initial list of 25 common stocks through an automatic monthly charge of between $20 and $500 to their checking accounts.

Some 40 banks have been awaiting the Comptroller's ruling and are now expected to begin offering the service. Comptroller James E. Smith said he could find no statute that would bar banks from offering the plans. He said the brokerage service benefits the public, particularly the small investor, and that the securities industry "wouldn't be damaged."

New FDIC Reporting Rule

As of June 27, the FDIC is requiring all banks that are not Fed members and which had more than $100 million in deposits at last year-end to send to the FDIC each Thursday daily data for specified deposit items, vault cash and cash items in process of collection for the seven calendar days ending on the preceding day. The report period extends through November 27.

The requirement affects 178 banks holding 28.4% of the total demand deposits held by insured nonmember commercial banks in the U. S.

A similar reporting requirement is expected to begin in early August for a stratified sample of smaller nonmember banks—probably between 300 and 400.

The FDIC will provide aggregations of the data, but not individual bank data, to the Fed and it will attempt to analyze the value of such reports in improving the estimation of changes in the money supply before any permanent reporting requirement is made.

BANKPAC Requires Acknowledgement

BANKPAC, the Banking Profession Political Action Committee, has set a new policy of not making contributions to political candidates who choose not to acknowledge the source of the funds.

According to William A. Glassford, BANKPAC's executive director, "If a candidate we want to support will not accept our check openly, we will not give him one." Some candidates in past elections have requested that donations be earmarked for the candidate but given to the candidate's political party, rather than directly to the candidate. Then, when the candidate reports his sources of donations, he does not have to list the donor who earmarked the funds.

Mr. Glassford says contributions to the 1974 BANKPAC fund are ahead of the amount contributed at this time two years ago, the last time the fund made disbursements.

Equal Savings Rate Sought

The ABA has asked the FDIC to equalize the interest rates banks can pay on savings and time accounts to make them the same as the rates now paid by mutuals in New York state.

The request was made following the introduction of checking accounts by the New York mutuals. The ABA says it believes all institutions offering checking accounts (or similar accounts) should do so under conditions of competitive equality. It termed the new accounts being offered by mutuals as "a blatant violation of the spirit and the letter of the historic distinction between savings and checking accounts."

Pooled Savings Plan Hit

A plan that was offered for one day by Continental National, Phoenix, has been termed illegal by the FDIC. The plan enabled individuals to pool their funds to purchase $20,000 CDs that earned 9% over six-month periods. The CDs were said to be insured by the FDIC.

The high interest rate was made possible because the bank's trust department pooled the $20,000 CDs into instruments of $100,000 denominations, thereby bypassing the 5½% ceiling.

The FDIC was said to have let the bank go ahead with its plan, but the agency declared it illegal on the first day the plan was offered.

FDIC Chairman Frank Wille said the plan was in blatant violation of both the spirit and the letter of the law and regulations which control the rate of interest that banks can pay on insured deposits.

The bank said its plan was based on the premise that the depositor was entering a trust agreement with the bank, rather than depositing funds in an account. The bank plans to contest the FDIC ban.

Sex-Bias Examination Rules Set

The Illinois Fair Employment Practices Commission has told a Chicago women's group it can examine confidential data filed with the agency by banks on their hiring and promotion of women employees provided the group applies for the data in writing and its request is approved by the five-member commission.

Leaders of Women Employed welcomed the ruling as an aid in their campaign to get Chicago banks to comply with antidiscriminatory equal opportunity laws.

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The First's Ron Murray and Jim Pitts

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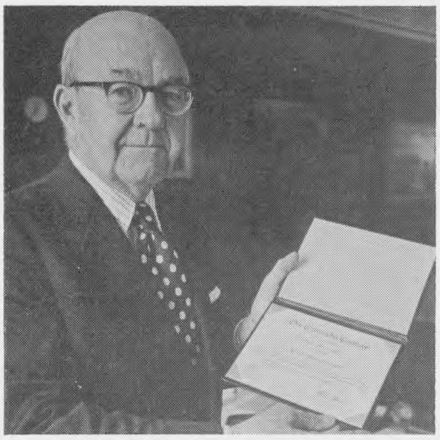
NEWS OF THE BANKING WORLD

• **Eugene H. Adams,** chairman, First National, Denver, and chairman of the ABA governing council, was among five persons receiving honorary degrees from Colorado College last month. Mr. Adams was praised for his "long and quietly distinguished career of financial and industrial leadership in Colorado" and for "his long affection for his native state by exemplary professional service in its behalf."



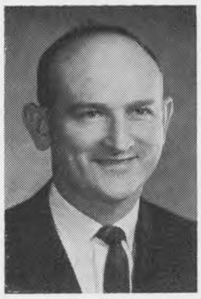
Eugene Adams holds honorary degree he received from Colorado College last month.

• **Robert F. Jackson Jr.** has been named president and chief administrative officer of First National Charter Corp., Kansas City. Mr. Jackson was formerly vice chairman and executive vice president. He succeeds Barret S. Heddens Jr., who will continue as chairman and CEO. Mr. Heddens also serves as chairman of First National, Kansas City. Mr. Jackson joined the HC in 1969. He has been a senior vice president at First of Kansas City.

HEDDENS

JACKSON

• **Garnett P. Furnish,** vice president, Citizens Fidelity, Louisville, has been elected president of the Ohio Valley Chapter of Robert Morris Associates. New vice president is Frank F. Compton Jr., vice president, Ohio State, Columbus, and secretary-treasurer is Kenneth A. Kehlbeck, vice president, American Fletcher National, Indianapolis. Among the new directors is Robert Zachary, senior vice president, Citizens State, Owensboro, Ky.



FURNISH

KATTEL

DEANE

PRUSSIA

• **Richard L. Kattel** has been promoted to chairman of Citizens & Southern National, Atlanta. He retains his title as president, which he assumed in 1971. The post of chairman had been vacant since the retirement of Mills B. Lane, who has continued as a director of the bank.

TSUI

MATTHEWS

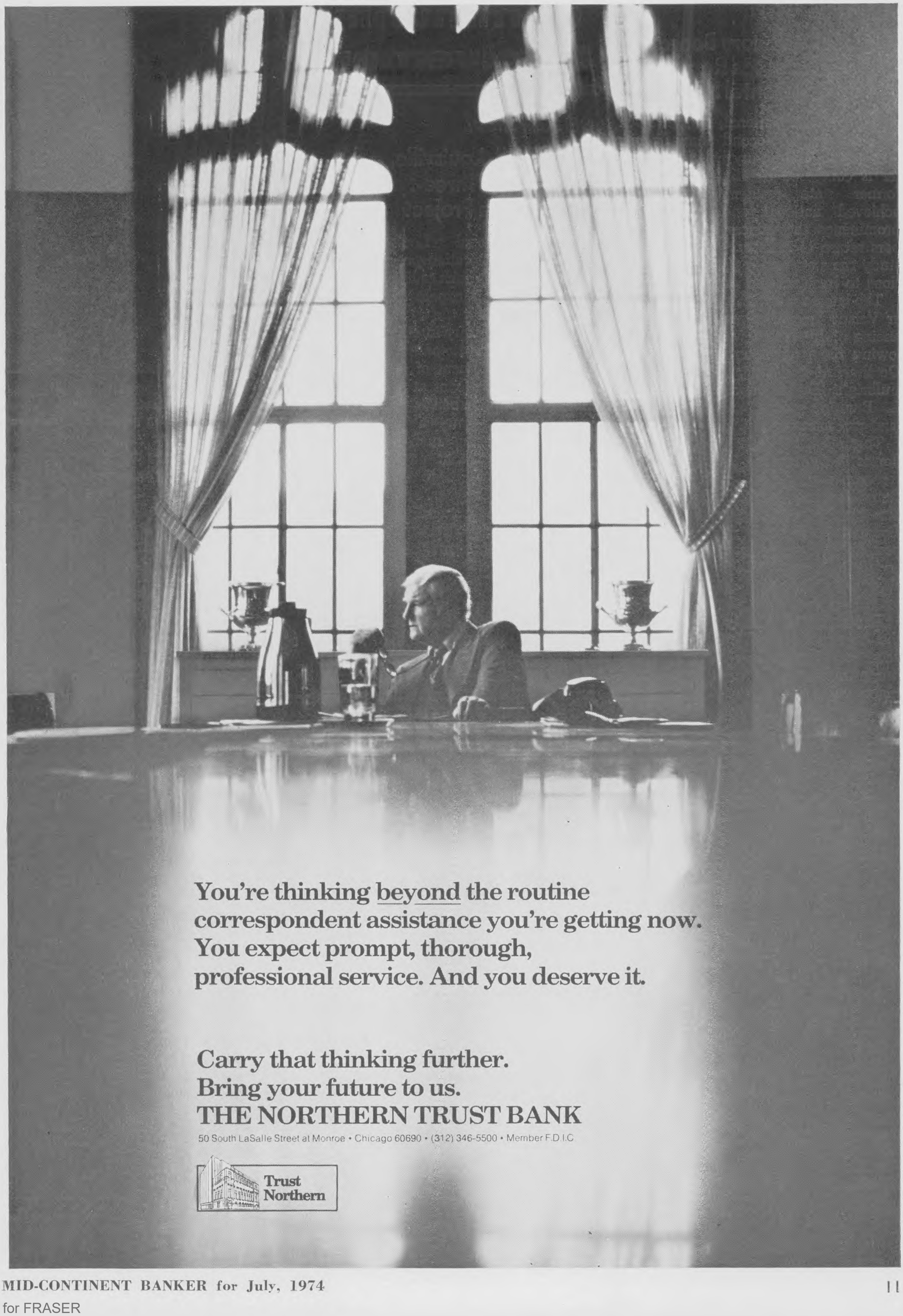
PEACOCK

• **John K. Tsui** has been named a vice president, Bank of New York, and is in the national and special industry banking division, concentrating his efforts in the Midwest. He was formerly with Philadelphia International.

• **Bank of America,** San Francisco, has named Leland S. Prussia Jr. and Thomas A. Deane executive vice presidents. Mr. Prussia heads the bank investment securities division. Mr. Deane has charge of all lending activities of the bank's southern California division and is vice chairman of the loan policy committee. With his new appointment, he becomes a member of the board's advisory council, of which Mr. Prussia already was a member. Both were senior vice presidents.

• **Leslie C. Peacock** has been elected vice chairman and a director of Texas Commerce Bancshares, Inc., and vice chairman and an advisory director, Texas Commerce Bank, both of Houston. He was formerly president, Crocker National Bank and Crocker National Corp., San Francisco. A native Texan, Mr. Peacock joined the Dallas Fed as an economist in 1955, joined ABA in 1960 and joined Crocker National in 1964.

• **William M. Matthews Jr.** has joined Union Planters Corp., Memphis, as president and a director. The firm is the parent of Union Planters National. Mr. Matthews, formerly president, First National Holding Corp., Atlanta, succeeded William D. Galbreath, who had been interim president of Union Planters Corp. since the resignation last November 27 of James C. Merkle. Mr. Galbreath continues as a director of both the HC and bank and a member of the bank's executive committee.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Seeks Land-Use Law:

National Advisory Board Of Bank Releases Report On Environmental Issue

Commercial National, Little Rock, has released the second annual report of its national advisory board. The latter is composed of 15 Arkansans and former state residents who have achieved national and international prominence as business leaders. Members return to Arkansas once a year to study the state and make recommendations to business and government.

The latest report, "The Buffalo Hunter Versus the Environmentalist, a Balancing of Interests," was compiled following the board's annual meeting in October. At that time, Senator William Fulbright (D.,Ark.) and Governor Dale L. Bumpers spoke to the group on land-use management.

Through the report, the board endorses the governor's support of land-resource management and expresses a desire for passage of land-use legislation by the state legislature in 1975. Commercial National describes the report as inviting "a solution that makes economic sense, has political acceptability, avoids harmful side effects and provides for efficient administration."

The bank is distributing copies of the report to association industries, chambers of commerce, newspapers, libraries, members of the Arkansas legislature, heads of state departments and commissions, mayors, all Arkansas banks and S&Ls and the top 500 corporations in the nation as listed by *Fortune* magazine.

Community Involvement

Old Main Street:

First Nat'l, Louisville, Announces Three-Part Restoration Project

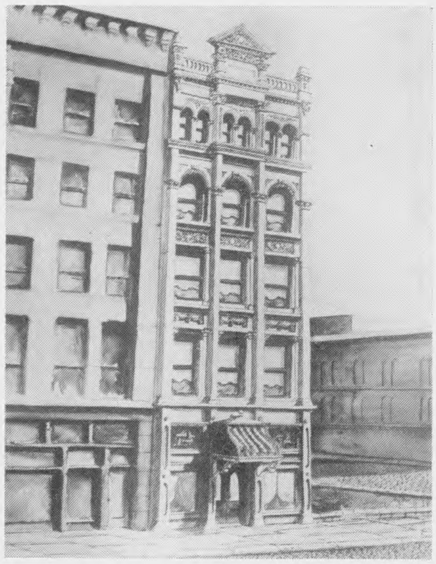
First National Louisville, has kicked-off a restoration project to bring Old Main Street back to life.

The project is expected to be completed in time for the city to celebrate its 200th anniversary in 1978.

The bank's participation takes three forms: a commitment of $1 million toward restoration loans at a lower interest rate than the bank's best commercial customers can obtain; establishment of a Bicentennial Savings Certificate program that pays interest to the legal maximum to investors who want their savings earmarked for use as restoration loans; and the restoration of an old Main Street building as a structure reminiscent of the bank's original office.

The structure to be renovated was built more than 100 years ago in the ornate high Victorian architectural style then fashionable. The five-story building stands at the gateway to the old Main Street area that has been set aside for preservation. When fully restored this fall, the building will become a bank-funded bicentennial information center.

The building is immediately adjacent to the bank's original office, now demolished. It includes a common wall with the old bank building. The refurbished building will contain a rolltop desk used by the bank's first president in its first-floor, old-time bank lobby display.



Artist's sketch of building to be refurbished by First National, Louisville, as part of old Main Street restoration project now underway.

Age-Old Techniques:

Navajo Weaving Exhibit Held by Bank in Dallas As Part of Arts Program

Commonwealth National, Dallas—as part of its continuing emphasis on the arts—recently sponsored a demonstration by Navajo Indian weavers in its lobby. Not only were onlookers treated to a display of the techniques used to produce the beautiful Navajo rugs, but samples of the finished products were placed strategically around the lobby—on the floor and walls.

As part of its arts-promotion project, the bank has an active loan program for owners and prospective owners of art.

Two Navajo Indian women demonstrate art of weaving to Commonwealth Nat'l of Dallas officers, John C. Bacon (foreground), v.p., and Don R. Roberts, sr. v.p.

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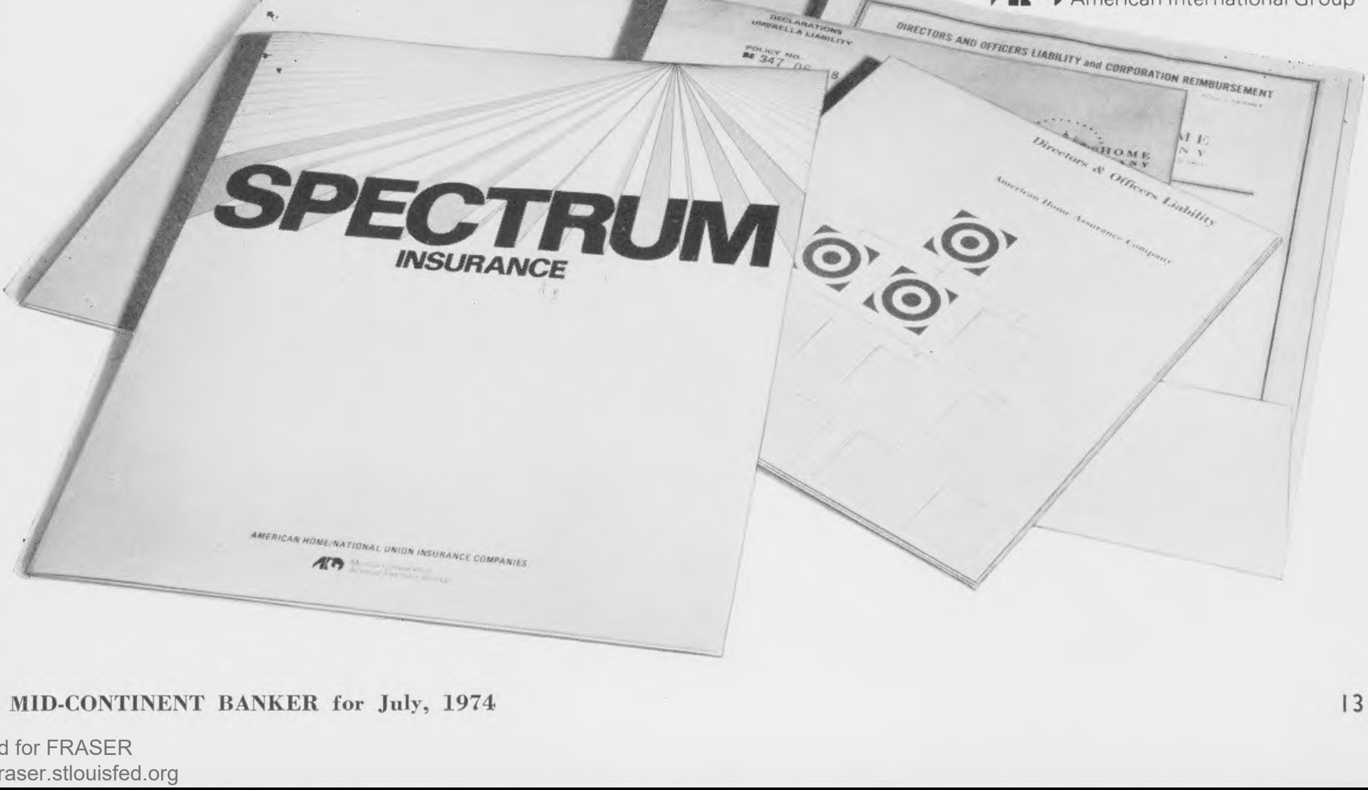

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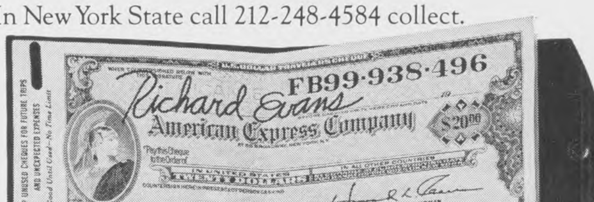


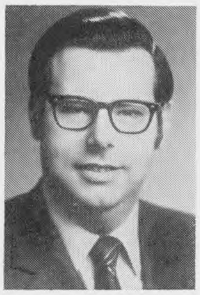
AMERICAN EXPRESS

American Express Company

Corporate News Roundup

• **North Central Life Insurance Co.** Ralph C. Erwin has been named financial agency supervisor to the creditor insurance division of North Central Life Insurance Co., St. Paul. In this post, Mr. Erwin has assumed responsibility for sales and service of the firm's creditor insurance products to financial institutions in eastern Missouri and Illinois.

Mr. Erwin spent nearly 10 years with Chicago's Devon Bank, where he was vice president in charge of marketing. He also has worked for other midwestern banks.



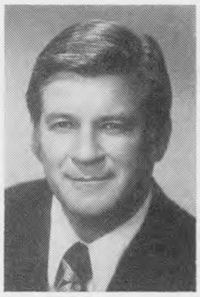
GORFINKLE

RICE

• **James Talcott, Inc.** Recent appointments at this firm include election of Truman F. Rice as senior vice president of Talcott and appointments of Lawrence D. Gorfinkle and Philip E. Reinle Jr. as vice presidents of the Factors Division. Mr. Rice is president of Talcott's New York-based Computer Leasing Division and joined Talcott in 1968. Mr. Gorfinkle went to the firm in 1973 from New York City's Manufacturers Hanover Trust. Mr. Reinle just recently was with Chase Manhattan, New York City, in the factor and finance division.

• **Howard, Weil, Labouisse, Friedrichs, Inc.** G. Shelby Friedrichs has been named chairman and CEO, Howard, Weil, Labouisse, Friedrichs, Inc., New Orleans, and Gerland J. Foucha Jr. has succeeded Mr. Friedrichs as president. Mr. Foucha was formerly executive vice president and treasurer in charge of operations. In other action, the firm named Milton F. Lewis vice chairman and director and Vincent J. Lewis vice president, both in the New York City office. Milton Lewis was a general partner, Hallgarten & Co., NYC, and Vincent Lewis was that firm's trading department manager.

STUART



HAMMOND

• **Bank Building Corp.** Lee Hammond has joined the Central Financial Facilities Division of Bank Building Corp., St. Louis, as consultant services manager. He represents the firm in northeast Texas. Mr. Hammond had been branch manager in Dallas for Currency Systems, Inc., and, previously, had been a sales engineer for Mosler Safe Co., also in Dallas.

• **LeFebure Corp.** John A. Stuart has been named sales engineer for LeFebure Corp., Cedar Rapids, Ia. He reports to the New Orleans branch office and covers south central Louisiana. He has experience in both banking equipment sales and service and has traveled in Louisiana for about five years.

• **NYTCO Services, Inc.** Jay Triplett has been appointed district manager of the Amarillo, Tex., office of NYTCO Services, Inc., San Francisco. Mr. Triplett has been active in various aspects of the agricultural and feeder cattle industries since 1953.

• **MGIC.** Philip R. Youngwirth has been made regional manager of development in western Kansas for Mortgage Guaranty Insurance Corp. (MGIC), Milwaukee. He formerly represented Xerox Corp. in the sale of educational products to midwestern schools.

• **NCR Corp.** William S. Anderson has been elected chairman and CEO of NCR Corp., Dayton, O., following the retirement of Robert S. Oelman. Mr. Anderson was president for the past two years and CEO for the past year. He will retain the title of president. Mr. Oelman has been named chairman of the executive committee and will continue as a director.

• **Central National Insurance Group.** Richard Beatty Sr. has been appointed manager of a new property improvement loan insurance division at Central National Insurance Group of Omaha. Purpose of the new division is to provide credit insurance on home improvement loans made by banks and other financial institutions.

By Dr. Lewis E. Davids

Hill Professor of Bank Management,
University of Missouri, Columbia

Banks' Employment of College Graduates

BANKS HAVE not been considered leaders in hiring graduates either with undergraduate degrees or with advanced degrees. Is there good reason for this situation? In the last generation, the percentage of the labor force that has had some college or has had baccalaureate and advanced degrees has substantially increased.

However, an increase is especially observable now in our large urban banks. Many small country banks still do not have any staff members, either at the clerical or officer level, who have graduated from or attended colleges. A legitimate question can be raised, "Why is this so?" One response could include the fact that many country banks recruit locally and in these instances simply have had no college graduates seek employment with local banks.

A somewhat different situation exists where college people seeking employment have applied to country bankers. Because of the information available in placement offices at their schools, these college people are fairly sophisticated as to salaries being offered in business. Thus, when approaching bankers, they sometimes cause considerable consternation when they tell the bankers that their salary needs often are considerably in excess of wages paid not only to top clerical, but often individuals in management with assistant cashier and assistant vice president titles.

A banker confronted with such information is likely to consider just what hiring a college person would do to the existing salary structure in his shop. He would conclude that he and his bank are better off in developing the talent in his existing staff. This is quite understandable. It also means that these local bankers probably will not have exposure to the newer type of educational skills the college graduate has acquired.

Perhaps at this point it would be appropriate to point out that college graduates range in the type of career education they have received, from the rather pragmatic courses in accounting, finance, investments, security analysis, to the more esoteric fine arts and liberal arts subjects, including the humanities and sociology, psychology and history.

It is not uncommon for leading spokesmen of major banks to espouse the desirability of hiring students who have taken liberal arts programs. The argument for this is that the nitty-gritty of banking can be rapidly picked up in the bank and that the liberality of the education gives a person insight into values and thought processes that make him or her especially valuable.

"Many small country banks still do not have any staff members, either at the clerical or officer level, who have graduated from or attended colleges."

It is interesting to note that spokesmen for the liberal arts education typically are products of liberal arts education and, therefore, they are, in effect, identifying with the type of education they received.

The other type of bank employer, one hiring those with baccalaureate business degrees, is more inclined to look for a person who can become productive in a short period of time and who does not require a great deal of management training in the bank.

Ten to 15 years ago, most major banks had elaborate training programs for college people, some of these programs lasting more than one or two years. Today most institutions that have had such programs are modifying them so that greater emphasis is placed on putting a college graduate into a position where he is soon working on real decision making. Thus, he has an identification with the pertinency of what he has accomplished.

While bankers were evolving in their attitudes toward undergraduate students, educational institutions, in turn, were passing through a major change. Since 1950 many undergraduate colleges of business have converted solely to graduate work in the area of masters of business administration, doctor of business administration or doctor of philosophy in business. Thus, we find that students who are graduated with these degrees not only are older, but they have had an increased expectation as to their value as employees. Thus, the banker who had consternation at salaries required by undergraduates is more likely to be even more shocked at the salary anticipated by MBAs. Yet our bigger banks have hired significant numbers of MBAs. The large money banks will employ several dozen each school year. In one sense, the MBAs have made significant contributions to these large-money banks and have brought with them some of the latest tools such as economic model building, simulation, probability theory and advanced statistical concepts, including minimum-size sampling for direct verification.

While there are many pluses regarding what the MBAs have done for the money market banks, there is one very definite negative factor of which bankers are well aware. That is, close to half of the students with advanced degrees who are hired by banks will have left their banks within five years. Thus, when banks compute the separation rate of graduate students, a number of them have taken the position that the premium they paid was and is not commensurate with the risk. Some of these banks now, in effect, hire MBAs, but hire them only at the salary scale they would normally pay graduates with baccalaureate degrees. However, this may result in the superior MBA with other job offers opting for

the better-paying job. Some mixed results have been observed. Some MBAs hired under those terms feel discriminated against and have jumped the separation rate from its already high level to even higher levels. On the other hand, a proportion have accepted the salary differential as being part of the ground rules and have, by their superior performances, outperformed students with baccalaureate degrees.

Partly related to this has been the simultaneous expansion of the bank holding company. It is here especially that an individual with advanced degrees does become more acceptable and compatible salary-scale-wise to an institution. Thus, a holding company with a core of MBAs does not experience some of the difficulties of salary structure observed where MBAs are intermeshed into an existing salary structure of a bank.

Approximately a decade ago, the movement toward community colleges and junior colleges made rapid advances. It is interesting to review the typical curriculum of these junior colleges and community colleges because as one does it becomes apparent that the curriculum they have adopted is, to a large extent, more career-oriented than the curriculum found in a graduate school of business. For example, a course such as credits and collections or negotiable instruments will be found in the junior community colleges, whereas many graduate schools simply do not have such an offering. The typical graduate school of business would have courses of a quantitative or mathematical thrust.

Because the junior community college tends to be a nonresident college, it has a certain market segmentation of people who cannot afford either the time or expense of a resident four-year college. These colleges have a strong emphasis toward vocational and career education compared with the more "liberal" education combined with the somewhat lower salary aspirations of the graduates of junior community colleges. For these reasons, we find these individuals are probably more acceptable to commercial banks, and they, in turn, do not find the existing salary structures of commercial banks contrary to their level of expectations.

Recent court decisions, in effect, have had a paradoxical impact on hiring of college trainees by banks. At issue here is the type of training program that typically the small bank may have. Most small banks tend to have on-the-job-training or what is sometimes called vestibule training. That is, the new employee is put next to a person such as a teller or a bookkeeper and told to observe and perform after the rudiments have been mastered. While this is a most logical way of providing on-the-job-training in smaller institutions, a recent court decision has brought the technique into legal disrepute. The problem is that under the equal-pay-for-equal-work concept of the Office of Equal Opportunity, a college person or a person with training in community-junior college, in effect, cannot be paid a differential above the non-college individual who is exposing the college person to a teller's or bookkeeper's work. One Iowa bank was sued recently for this very situation and the Office of Equal Opportunity apparently is moving vigorously in this direction. Thus, in hiring college people for the first time, small banks must recognize the pitfalls that may be created should its "training program" be constituted as violating the equal-pay-for-equal-work concept.

Recently in an attempt to upgrade the level of training of its staff, one midwestern bank hired a college graduate and used such a training program. It has experienced substantial expenses for defending itself, mostly unsuccessfully, against OEO.

Conclusion: There are divergent trends in banks hiring and firing or accepting resignations of college graduates. One of the things often overlooked is the termination interview with graduates who are leaving the bank.

I have had the opportunity of talking with a number of the MBAs who had been employed by commercial banks. They returned to campus after their terminations to seek employment again through the placement bureau of their universities. From talking with them, some observations may be made. Many of them felt they had been assigned work which was of an almost demeaning nature, that is, it did not bring out the skills and training they had acquired. Bankers who have been around for a number of years may point out that one does not start at the top, but that one normally has to learn the foundation jobs and what they comprise before one can become an administrator. Therefore, there is validity on both sides of the question. But as one MBA told me, one does not need to be a teller for months on end to know what the teller's job and the problems comprise. Another problem associated with the MBA may be called overqualification. Thus, the typical MBA will have taken courses of a nature that includes economic models, simulation theory. These are much more advanced than the needs and requirements of the typical bank. Stated another way, it is quite probable that a bank under $1 billion in size will normally not be in a position to utilize some of the academic skills that the new MBA has acquired. Thus, that bank actually has acquired an individual who has not been given the opportunity of utilizing his training. This leads to frustration on the part of both the banker and probably more on the part of the MBA graduate. A number of banks have found that a more salutary experience can develop if they are able to identify the likely MBAs prior to graduation. This can be accomplished by building into the vacation schedule of the bank the opportunity of bringing in a college person, to assigning him or her significant work duties and, in turn, measuring the MBA as to whether these are performed adequately or in a superior manner. An internship is a form of what you might call a trial marriage. To the extent that both employer and MBA candidate are happy, that employee can be given a contract of employment when the summer program ends while he still has one more year of college to complete. With that agreement, the individual has committed himself and the bank, in turn, has had a greater probability of making sure the individual will return to the bank when he gets his MBA.

Suggestion: Bankers should get to know the professors who are teaching in the area of their MBA interests such as finance, data processing or accounting. These faculty members, in turn, frequently will know of the career interests of their students and—to the extent they have students especially interested in banking—this permits the banker to zero in more effectively on those who really have an interest in the area. This is distinguished from the all-too-prevalent practice of many students signing up for many types of interviews, often with industries in which they are not particularly interested.

One last thought: An interviewer who is a younger person tends to be much more effective than an interviewer who is more mature and thus less likely to have rapport and be able to communicate. In addition, rather than have the personnel officer do the interviewing, it is helpful to have a bank officer in whose area there is a need for the graduate. Thus, if it is auditing, the auditor would probably be a more effective individual in explaining the auditing job. Personnel departments may not like this observation, but it is valid.

One of the criticisms made by University of Missouri students is that while they know the types of jobs they're interested in, the individual from the personnel office often does not have the information the graduate believes is significant for his evaluation of the scope and opportunities of the position to be filled. • •

on the move

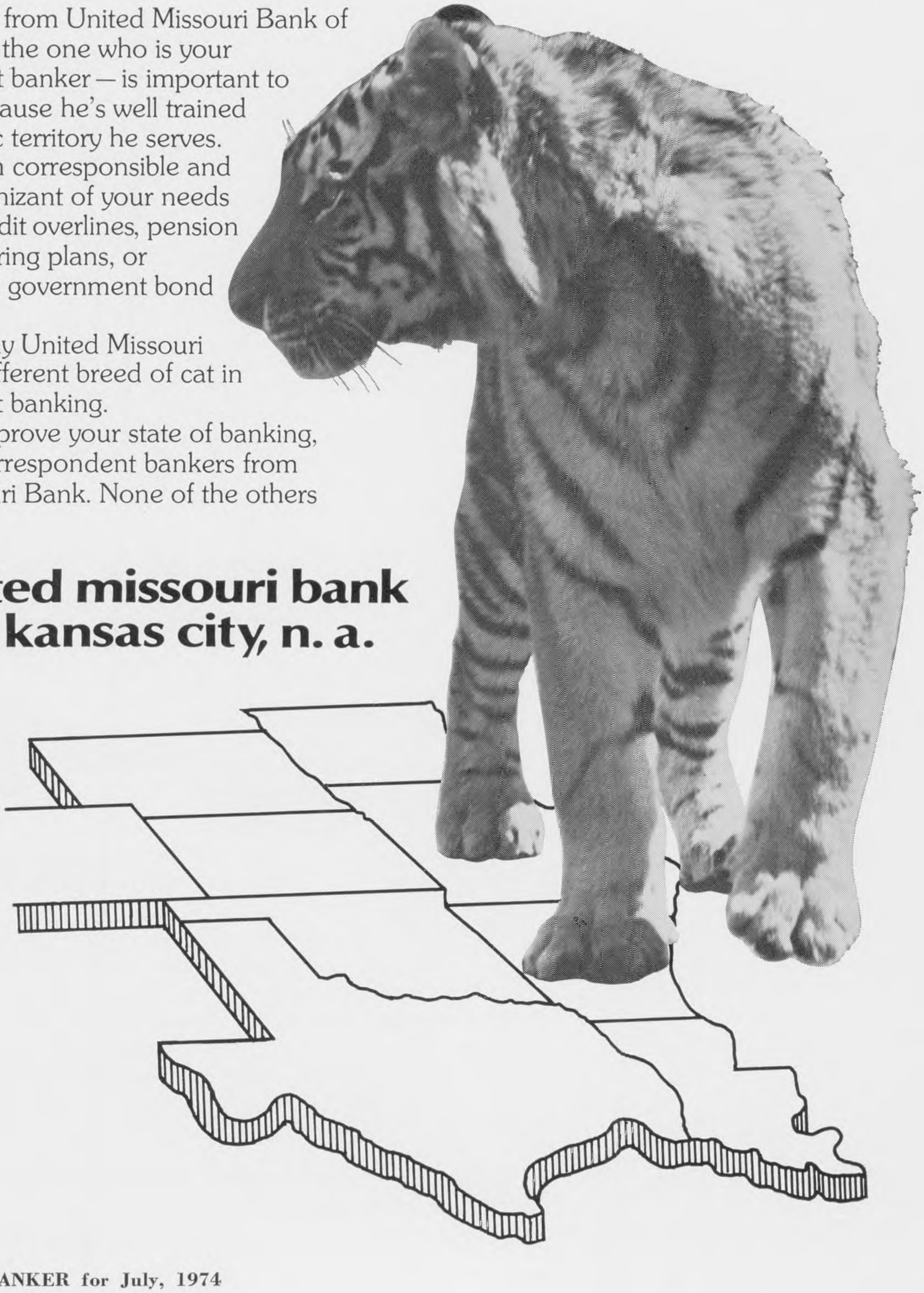
The different breed of cat in correspondent banking.

The man from United Missouri Bank of Kansas City — the one who is your correspondent banker — is important to your bank because he's well trained for the specific territory he serves. You'll find him corresponsible and especially cognizant of your needs — whether credit overlines, pension and profit sharing plans, or municipal and government bond portfolios.

That's why United Missouri Bank is the different breed of cat in correspondent banking.

So, to improve your state of banking, rely on the correspondent bankers from United Missouri Bank. None of the others come close.

united missouri bank of kansas city, n. a.



New Customer Services

Management Information Service Offered by Bank of New Orleans

NEW ORLEANS—Bank of New Orleans and Bankplan of America, Inc., have announced a new management information service for correspondent banks called "Bankplan."

The service is designed primarily for smaller banks that might not otherwise be able to acquire sophisticated operating data. The service includes monthly budgeting and comparisons of financial performance, quarterly analyses and projections of operating data and periodic special studies.

In addition to the monthly analysis of current financial and operating data, user banks will receive analysis comparisons to prior periods, comparisons to budgets and comparisons with banks their size throughout the country.

It is estimated that the service would cost about as much as a part-time clerk.

Stock-Purchase Plan Announced For Banking Group's Customers

Three St. Louis-area banks have announced a stock-purchase plan for their checking-account customers. The banks belong to the Dyna-Group Financial Center and are Hampton Bank of St. Louis and three suburban banks, Clayton Bank, Bank of Crestwood and Bank of Ellisville, the latter to open later this year.

Under the plan, customers will be able to buy common stocks in any of the 25 largest corporations on a regular monthly basis by having between $25 and $500 deducted from their checking accounts each month. The monthly investments are used to buy the stock on the open market. Each investor will receive a monthly tabulation of his purchase. There will be a service charge of $2 a month, plus a proportional share of the brokerage fees on the larger pooled purchases.

When he signs up for the plan, the customer selects the stock or stocks he wants to buy from a list of the 25 largest firms in the Standard & Poor's Industrial Index. The customer then will authorize the automatic monthly checking-account deduction of $25 or more in increments up to $500 each month for each stock he wishes to invest in.

Packets of Foreign Currency Offered by Wichita Bank

WICHITA—Central State—as one of the services of its new international department—offers a "Tip-Pack" to customers going abroad.

The "Tip-Pack" is comprised of 10 U. S. dollars-worth of any foreign currency. The name is derived from the fact that the packet contains plenty of money to help a traveler through various tips and other charges on arrival in a foreign country.

There's no limit to the number of "Tip-Packs" a customer may acquire. If the bank doesn't carry the requested currency in its vault, it can obtain it in a maximum of three days.

Selling/Marketing

For Pigskin Fans:

NFL Player Guide Kits Popular as Giveaways

Need an idea for a sure-fire giveaway to bring football fans into the bank this fall? Roster Packet might fill the bill.

St. Louis County National, Clayton, Mo., brought about 1,400 avid fans into its lobby by offering Roster Packets for one month at the beginning of last year's football season. Republic National, Dallas, handed out some 5,000 Roster Packets last season. Both banks plan to use Roster Packets again this season.

The reason Roster Packets are so popular, according to Jay D. Strauss, president of Roster Packet, Inc., St. Louis, is that they are extremely handy. Each packet consists of a pocket-sized portfolio that includes cards giving the official player roster for each National Football League team. The kits also contain game schedules for each team, playoff schedules and important referee signals. This latter feature helps everyone to enjoy watching football, Mr. Strauss says.

The packets are designed to provide easy access to player information for any NFL team, whether the bank customer is attending a game in person or watching it on TV.

The packets are easy to use. Cards featuring the two opposing teams are placed in the packet's facing plastic windows for ready reference during the game. Players are listed by number, name and position. Names of offensive team players are printed in blue, defensive in red.

Roster Packets for the 1974 season will be ready shortly after September first, Mr. Strauss says. The packets go to press after the NFL teams cut their squads to 50 players. This last-minute printing makes the kits accurate throughout the season, he says.

The vinyl packets containing Roster Packet cards can be imprinted with a bank's name so that fans can be reminded of the bank whenever they refer to the packets.

Banks have used Roster Packets as public relations tools, as door openers, as customer gifts. One thing bankers who have used Roster Packets know for sure—they have no trouble giving them away!

Ribbon of Signatures Cut

A ribbon some 42 feet long and containing the signatures of 5,000 customers of Commerce Bank, Springfield, Mo., was cut recently by the mayor of Springfield at the grand opening of a branch of the bank. The signatures were gathered at the bank's other local offices for 30 days prior to the cutting ceremony. Also featured at the opening was a stack of one million one-dollar bills that was 7½ feet high. Customers were invited to pose beside the stack for souvenir photos. Shown in photo are Art Barner (l.), a.v.p.; the mayor; and James McClure, bank pres.

In Peoria, Ill.:

Customers Get High Interest With Bank's Investment Plan

People in Peoria, Ill., are snapping up the latest bargains at Commercial National. They've been doing so off-and-on for the past year. And the bank has counted more than $11 million as a result, some 75% of it new money.

Customers are offered the opportunity to invest up to $20,000 at 8% for as short a period as one year. They can also invest $5,000 at 7% or $10,000 at 7½%.

The bank calls the offer the Special Security Investment Program and touts it as offering the advantages of high return, short term and guaranteed security. The offer is made both to individuals and organizations.

It's a great way to get people to come to the bank!

First of Many

City's First Med Students Honored by Central State

The first 18 medical students to begin their training in Wichita were guests of honor at a dinner sponsored by Central State Bank recently.

Central State's president, R. G. Langenwalter, described the event as "an opportunity for those of us closely associated with both the university and the medical profession to call attention to this very important class—the first of what we are certain will soon become hundreds of medical students in Wichita."

The students, who began their studies at the Kansas University School of Medicine, will complete an additional 18 months of study in Wichita before receiving their medical degrees from KU.

At First NBC:

Savings, Personal Banking Pushed in Ad Promotions

First National Bank of Commerce, New Orleans, recently announced two new advertising programs. The first program—Collector's Item Savings—is designed to attract new savers through a series of TV, radio and newspaper ads showing how the program can help build future financial security.

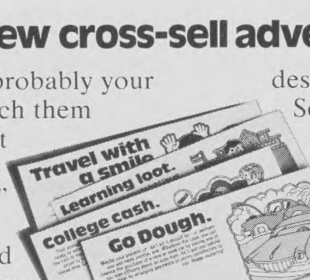
The second program promotes the bank's personal banking service. Each bank office has a personal banking center where customers can obtain advice on personal money matters. The promotion advises customers that their

First Commerce Corp. Pres. Walter B. Stuart (r.), confers with Robert Richley, director, First Advertising Agency, beside ornately framed identifying symbol of Collector's Item savings accounts. First Advertising Agency is the in-house agency for First Commerce, HC whose lead bank is First National Bank of Commerce, New Orleans.

If you're tired of playing cat and mouse to get new business from old customers....

CATCH THIS.

Harland's new cross-sell advertising inserts



Your best prospects for new business are probably your existing customers. But unless you approach them carefully, on a regular basis, they won't bite. That's where Harland Cross-Sell inserts come in. ■ These colorful "mini-ads" feature 15 important bank services from vacation loans to retirement savings. And the snappy graphics and friendly copy communicate in a way both you and your customers will like. ■ Since one of the best times to Cross-Sell is when customers open their checking accounts, you can have one or more of the inserts stitched right into your starter sets. ■ And if you have private design checkbooks, you can have up to 6 Cross-Sell inserts bound right on top. So when your customers pick up a new filler (about once a month), they'll see an attractive "ad" for one of your services. Either way, your customers can't miss them! ■ Cost? About a penny and a half each. ■ Get your Cross-Sell program rolling. Write our Marketing Department or talk it over with your Harland representative.

Because you need more, we give you more.

JOHN H. HARLAND COMPANY
BANK STATIONERS
P.O. Box 13085, Atlanta, Georgia 30324.

personal bankers will treat them like old friends.

Each of the bank's 18 branches includes a framed display in its lobby calling attention to the Collector's Item accounts. The advertising message regarding these accounts refers to the pasttime that many people enjoy of collecting things, from antiques to bottle caps. The ads then encourage customers to collect savings as they would anything valuable so the savings will provide for the customer's future.

The bank's advertising theme is "We know you're going to make it, and we'd like to help you there."

In Kansas City:

Jungle Tiger Lends Image To Bank Ad Program

Instead of a "tiger in your tank" it's a "tiger in your bank." At least, that's the way it is at United Missouri Bank's locations in Kansas City.

Billing itself as "the different breed of cat in banking," United Missouri has developed an advertising promotion featuring Czar, a 500-pound tiger from Los Angeles. According to the bank, the tiger expresses strength, elegance, aggressiveness and vitality—all characteristics associated with good banking.

While Czar was in town, he visited popular locations in addition to the United Missouri banks. It's getting so that, anyone seeing Czar walk nonchalantly across a street in Kansas City (see photo) is immediately reminded of the "tigers" at United Missouri Bank!

Attention-Getter:

Bank's Mascot Cuts Ribbon At Grand Opening Event

Animal mascots are almost a must in Chicago-area banks. They attract a lot of attention and publicity—and they come in handy at official functions, too.

Bank of Westmont, Ill., recently opened a two-story addition to its facilities, along with the assistance of "Loansum," the bank's mascot (see photo). Assisting "Loansum" is bank President Marcel Levesque (l.) and Westmont Mayor James Wright.

The celebration held in connection with the ribbon cutting included a high school band concert, bank tours, door prizes, refreshments and a contest to see who could guess the amount of coins in a five-gallon jar. The winner received a TV set.

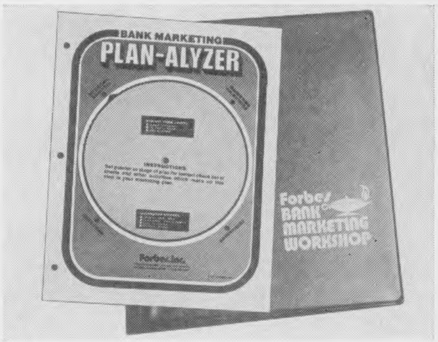
Two days prior to the ribbon cutting, the bank held a preview open house and reception for stockholders.

Needless to say, "Loansum" played a prominent role at all events.

Marketing Course:

Bank Marketing Workshop Offered by Forbes, Inc.

Forbes, Inc., Advertising, Wichita, Kan., has announced its "Bank Marketing Workshop" marketing course for large and small banks that includes forms and instructions for establishing



the situation analysis, developing the marketing objectives and executing the marketing plan. An entire incentive program is presented in the motivation session.

The advertising section is said to be of value to the small bank or the advertising officer who administers a plan through an outside agency.

The course's author is marketing instructor at the Intermediate School of Banking in Lincoln, Neb. He works with nearly 100 banks, advising in the advertising and marketing areas.

Included with the course is a Plan-Alyzer (see photo) that provides a check list for the major bank marketing functions. The course, in the form of a book, is available for $37.50, postpaid, from Forbes, Inc., 2146 N. Old Manor, Wichita, Kan. 67208.

EFTS

Electronic Funds Transfer Systems Take Banking Spotlight Because of S&L's Supermarket Point-of-Sale Plan

ELECTRONIC funds transfer systems (EFTS) are much in banking news and are being given a lot of attention at bankers conventions. However, such systems have been around in various forms for some time.

For example, banks use EFTS in collecting monthly checking-account service charges. No checks are written to pay those charges and no bills are sent and returned with payments. Just a single, one-line entry is printed on each depositor's monthly statement saying, in effect, money moved electronically from his account to the bank's internal account. Another instance of EFTS now in operation—in a modified form—is pre-authorized payments for monthly mortgage or other fixed-amount bills or automatic transfers of funds from checking to savings accounts.

In addition, many banks use computer terminals to update instantly records of deposits, withdrawals and transfers and automatic self-service teller devices to accept deposits, facilitate withdrawals and speed transfers of funds within banks. Of course, growing in usage are the automated tellers—machines that are activated by specially embossed plastic cards and that provide many bank services, including deposit and withdrawal of cash, at any time of the day or night, seven days a week.

What has really brought EFTS to the forefront in banking this spring and summer of 1974 is the revolutionary S&L operation in Lincoln, Neb. Called Transmatic Money Service (TMS), this operation allows S&L customers to deposit to or withdraw from their accounts in the S&L at service counters at two supermarket locations. Store personnel handle the transactions, and S&L customers have access to their accounts any time the supermarkets are open. And, of course, supermarkets are open much longer hours than financial institutions.

Although the Nebraska program has been halted by court action, many knowledgeable persons in the financial institution field believe it will be allowed. In fact, the creator of TMS already has lined up other S&Ls in his state to go in with him on TMS as a cooperative project as soon as he is legally cleared to start up again. In the future, he sees it as an S&L program that not only will be state-wide, but will cross state lines as well.

EFTS has become so important that a bill—S. 3266—has been proposed in Congress that would set up a Presidential Commission to study the subject. Also, the Conference of State Bank Supervisors has established an ad hoc committee on electronic funds transfer systems. Its purpose is to work with interested government agencies and representatives of the private sector to develop the most flexible and efficient EFT system as possible. In addition, it has become a popular topic of conversation among banking leaders and rank-and-file members of the industry as well.

Because of its importance and the ramifications of it for banking, MID-CONTINENT BANKER devoted much space to EFTS last month and even more in this issue. The TMS program in Nebraska is re-examined—this time from an S&L viewpoint (see page 33), and a new project in Washington state is described (see page 35). The latter is a venture entered into jointly by 15 thrift institutions, the object being to provide an around-the-clock electronic financial facility in a shopping center. Beginning on page 38 is an article about an automated financial service program inaugurated by a nationwide credit union. In addition, there are discussions of EFTS by George Whyel, ABA president-elect (page 30), and by a member of the ABA's Payments Systems Policy Committee (page 31). • •

EFTS—Is It Just

Bankers Should Activate EFTS One Part at Time, Not Wait Till Complete System Is Developed

DURING the past few years, bankers have been deluged with speeches and articles about electronic funds transfer systems (EFTS). Every direction we turn, we hear the term. But let's consider whether we may be spending too much time looking at the forest and not enough time at the trees. While we were focusing our attention on the *entire* subject of electronic transfers, others have initiated *specific* programs that involve only one part.

I think we need to stop evaluating the pros and cons of electronic transfers as a *complete system* and start implementing *one part at a time*. The entire system certainly isn't going to be dropped into place overnight, superimposing itself on the American public, retailers, bankers and the government. What we're going to see, and what we are seeing, is gradual conversion to EFTS—one piece at a time—based on need and public acceptance.

EFTS has come to mean many things to many people. What special meaning does it have for bankers? For the moment at least, two major aspects of EFTS command most of our attention: point-of-sale (POS) terminals and automated clearinghouses. These subjects appear to be the most newsworthy, as well as the most controversial. Moreover, our worthy competitors, the thrift institutions, already have devoted a good deal of attention to these two areas—and made some significant inroads.

Mr. Whyel is vice chairman, Genesee Bank, Flint, Mich.

By GEORGE L. WHYEL
President-Elect
American Bankers Association

Let's deal with POS terminals first.

What better example of what can happen when we spend too much time worrying about electronic transfers as a total system and not enough time looking for ways to implement the component parts? We bankers may have had ourselves so convinced that the public would not accept EFTS that our competitors stepped in to fill the vacuum.

"The theoretical arguments about implementing EFTS are important. But while we're arguing, let's see what we must do to protect and increase our share of the market by laying the groundwork for EFTS now."

A thrift institution in Nebraska (see page 33) has established what amounts to a branch in a local supermarket. Though this isn't a true POS operation, it does afford the consumer direct access to money at a convenient location, and the retailer is guaranteed that the customer has sufficient funds to cover his purchase.

By being first to offer this service, this S&L tapped a new source of deposits—deposits that might have gone to local banks.

All parties in this venture appear pleased with the outcome. Customers have benefited through expanded hours of service and the greater convenience of an increased number of locations to conduct financial transactions. Moreover, neither the merchant nor the customer pays a service charge on money kept in interest-bearing accounts at the S&L. Total transaction time is 30 seconds—certainly an added attraction. The supermarket reports that losses from bad checks have been reduced and that new customers have been attracted. And, of course, the S&L has those deposits.

Other thrift institutions have noted the success of this experiment and are eager to try it themselves. We haven't heard the end of this story.

The Nebraska experience has shown what can happen when financial institutions stop worrying about whether customers are afraid of electronic money and start using computers to meet a genuine consumer need—a desire for more convenience and better accessibility to deposits. Nor is this an isolated instance. By analyzing what customers want and how computer technology can help attain those goals, banks as well as thrift institutions should be able to put some aspects of EFTS into operation now. We certainly should not be put off with what may well be unjustified fears of customer reluctance to accept some aspects of EFTS.

Basically, we must decide for ourselves exactly how we want to get into

(*Continued on page 42*)

Around the Corner?

Many Fundamental Policy Issues Face Banking As Automated Payments Systems Are Studied

By AUGUSTUS H. STERNE
Chairman
Trust Co. of Georgia
Atlanta

OVER THE last year, the pace and movement toward electronic funds transfer systems (EFTS) have begun to pick up. The movement is still in its infancy, but, because of the policy implications it raises, it's beginning to attract the attention of bankers at the highest levels.

Last year, the ABA established the Payments System Policy Committee (the Hill Committee) to move the ABA into a second phase of focus on payments system developments. The first phase ended in 1971 with publication of the Monetary and Payments System Report, the MAPS for short. The two basic recommendations of the phase one MAPS Report were that:

1. Local automated clearinghouses should be established for the clearing of paperless entries.

2. The bank credit card should be used as the vehicle for moving banking into a point-of-sale (POS) system.

I am a member of the ABA's Payments System Policy Committee, and—in the few meetings the committee has held—we have discussed and considered a number of the basic policy issues facing us all. Some of these are:

1. What is the economic feasibility of an electronic funds transfer system?

2. Is it necessary or desirable to have more than one electronic funds transfer system?

3. If multiple systems develop, what are the steps that must be taken to ensure compatibility among them?

4. In an electronic funds transfer environment, how can competing banks achieve product differentiation?

5. What is the relationship between cooperation and competition in EFTS development?

6. Do antitrust issues arise where banks cooperate to offer electronic funds transfer services?

7. What kind of access should thrift institutions have in the payment mechanism, particularly regarding automated clearinghouses?

8. What should be the Fed's involvement in a POS system, particularly the operation of the switching center and settlement facilities?

9. Is the Fed's extension of Regulation J to debits and credits over its wire transfer network a sound policy? What are its long-term implications?

As you can see, both the Fed and the banking community are busily addressing the fundamental policy issues regarding development of electronic funds transfer systems.

We are being asked what role other organizations should have in the payment mechanism. It's a fair question and deserves an answer. But perhaps we should start with ourselves, with our own banks. If the Fed is trying to define its role, don't you think we should be defining our own roles, too? Instead of responding to someone else's Regulation J, we should be responding to a Regulation J of our making. That Regulation J should begin to answer such questions as:

1. What business is my bank in?

2. How does electronic funds transfer fit into that business?

3. Shall we continue to depend mainly on the Fed to operate the intercity clearings system, whether paper or electronic?

4. What will be the functions of large commercial banks, groups of banks (Interbank and BAC) and communications companies?

5. What posture should my bank take toward an aggressive EFTS development?

6. What decisions should be made right now in my bank to capitalize on this development?

Successful executive officers of banks all have one characteristic in common: They know how to ask questions—the right questions. Most of us know that if we ask enough of the right questions, the true facts will emerge. We also know that questions have a way of answering themselves, particularly if a bank management persists in asking them. Therefore, let me suggest questions I would propose for any bank to answer when it seriously considers entering this emerging world of EFTS.

Planning. The first question I would

". . . look at the EFTS movement not as a movement that your bank will have to join someday simply to remain competitive, but as a real opportunity that can significantly alter the posture of your bank in the retail banking sector."

encourage an executive officer of a bank to ask himself is just how well is his bank *planning* for electronic funds transfers. The answer to that question will say a lot about the bank's policy toward EFTS and the nature and character of the chief executive officer.

Trust Co. of Georgia has been planning for EFT since 1971. We have provided full-time people for the Atlanta Payments Project for several years, and they not only have contributed to the overall research, but also have considerably improved our knowledge of the opportunities and problems associated with new EFT services. We have been active in the COPE Committee and have had upward of a dozen officers of our bank actively associated with it. Recently, we established a research group to stay abreast of developments in the payments mechanism and to coordinate the development and evaluation of electronic funds transfer services provided by our bank.

Development of an electronic funds transfer system is inevitable. The question that bank management needs to ask is not *whether* it will occur, but *when and how* it will occur. Until a bank commits personnel to the planning process within the bank on a full-time basis, there cannot be a real planning effort. I encourage you to look at the electronic funds transfer movement not as a movement that your bank will have to join someday simply to remain competitive, but as a real opportunity that can significantly alter the posture of your bank in the retail banking sector.

In that regard, let me suggest a few questions for your bank's management to ponder:

1. What is an electronic funds transfer system?

2. What services can EFT systems provide?

3. What is the value of having an electronic funds transfer system?

4. How many executive officers of your bank are aware of EFT system developments?

5. What attitude do banks in your city have toward EFT? Are they doing anything on a cooperative basis? Are banks in your city prepared to address EFT in an aggressive, innovative way, or are they likely to adopt a system developed by someone else?

Hardware and Software. But planning is not enough. Your bank needs to have the systems necessary to carry out the plan. Computers and computer systems are necessary to process tapes from an automated clearinghouse and to control terminal networks and authorization centers for POS systems. But beyond equipment, a bank needs to assess its technical staff capabilities to develop EFT systems. It is not enough simply to buy someone else's software package. You must be able to develop the custom modifications necessary to support your strategy.

". . . we must stress the marketing aspects of EFT services. Marketing in this case translates into widespread bank acceptance first, then company acceptance, merchant acceptance and then consumer acceptance."

The kinds of questions you need to answer in this area are:

1. How up to date is our computer equipment for processing automated clearing tapes?

2. Do we have the technical sales ability to market automated clearinghouse services?

3. What is our capability for on-line computer services? Do we have the computer equipment? Do we have the proper staff to support such a system technically?

Beyond these basic questions lies a series of other issues that must be addressed to identify a bank's needs more clearly. Some of these are:

1. How modern are your demand-deposit-accounting and credit-card-accounting systems?

2. Do these systems offer descriptive statements?

3. Does the DDA system allow for overdraft privileges?

4. Do you have a computerized central information file that associates a customer with all his account numbers?

5. How modernized is your savings-account system? Is it passbook oriented? Can it be linked to a point-of-sale system, a teller-terminal system or a cash-dispenser system?

Marketing. Most important in development of EFT service offerings is marketing. It's well established that EFT technology is here and is proved. The policy issues are being studied now, and many of them will be resolved in the near term. Legal issues will need attention as services develop, but they have not been a problem so far. The economics will need reevaluation, but I'm satisfied that EFTS will generate sufficient cost savings and revenue to justify implementation, *provided* we attain a significant volume level.

With the large initial investment we will have to make—if we are to achieve a low cost of processing each EFT transaction—we must stress the marketing aspects of EFT services. Marketing in this case translates into widespread bank acceptance first, then company acceptance, merchant acceptance and then consumer acceptance. And each of these potential system users requires a different marketing strategy.

It may well be that the traditional people we call corporate marketing staff will not prove suitable for the marketing of EFTS. It's not enough to have bank marketing people who can analyze accounts or who can make decisions on whether a loan should be made. These elements are important for our traditional banking business, but for the marketing of EFTS, we need to begin to consider the need for a new kind of person. As I see it, this person would combine the qualities of selling ability with technical competence. He wouldn't be a programer, but would have to be able to understand systems and explain them simply and easily to customers.

It may be that bank personnel normally associated with operations may have to be assigned marketing functions. Our bank already has done this for the marketing of automated clearinghouse services, and I suspect we will see this expand to other services as they develop.

It's certainly appropriate to pose some pertinent questions for bank management in the marketing of EFTS:

1. What is the proper strategy for marketing EFTS to corporations?

2. Do we understand our corporate customer's needs sufficiently well to develop the proper approach that provides benefits to all interested parties —the bank, corporation and customer?

3. What kind of bank staff is required to market these services effectively?

4. Is the bank organized properly to sell these services?

5. If a new marketing organization is needed, what should it be?

Corporate marketing is considerably different from consumer marketing, and electronic funds transfer services seem likely to require a different marketing strategy from our traditional marketing approach. EFT services will pull together many services we have marketed separately in the past. Packaging services to our customers will become more important than it is today, simply because our banks will be able to offer packaged services more efficiently.

To develop a cohesive marketing strategy for our customers, we must ask questions like:

1. What packages of services will EFTS make available to our consumers?

2. What prices can we charge for these packaged services?

3. What new services become possible as a result of EFT systems?

(Continued on page 34)

S&L Transmatic Money Service —Only the Beginning?

Other, More Sophisticated EFTS Innovations To Follow Supermarket Point-of-Sale Program

THE POINT-OF-SALE program started in two supermarkets early this year by First Federal S&L in Lincoln, Neb., is just one part of a series of funds-transfer programs the S&L is initiating. The current program, called Transmatic Money Service (TMS), really should be called—in First Federal lexicon—TM III because it was preceded by pre-authorized mortgage payment and savings programs, TM I and TM II. And—what's important to commercial banking—three other Transmatic services are on the "planning boards."

TM III, over which bankers are so concerned at present, allows customers of First Federal S&L of Lincoln to deposit or withdraw from their accounts at terminals at either of two Hinky Dinky supermarkets in Lincoln. Store personnel handle the transactions and operate the terminals, and savers can have access to their accounts *any time the stores are open!*

Several suits, including one instituted by the state of Nebraska, have halted the operation, but First Federal believes the courts will decide to let the program continue.

Disclosure that the current so-called Hinky Dinky operation was just part of a six-part Transmatic Money Service plan was made in an article—entitled "TMS: What Hath John Dean Wrought?"—in the May, 1974, issue of *Savings & Loan News.* The magazine is the official publication of the U. S. League of Savings Associations, headquartered in Chicago.

The article was based in part on an interview with John Dean, executive vice president and general counsel of First Federal and principal creator of the TMS programs. As stated above, TM I and II are pre-authorized mortgage payment and savings account programs, which, by the way, are offered by more than 600 savings associations to their customers. TM IV would be an electronic bill-paying system, tailored to the needs of each First Federal customer. TM V would broaden the plan to include consumer credit, making it possible for First Federal savers to charge purchases to a First Federal credit account. TM VI would wrap the system together in a financial counseling package.

However, since it's TM III that is causing the most furor right now, the *S&L News* article was devoted mainly to it and referred to it simply as TMS. The article pointed out that for Mr. Dean and First Federal, TMS is merely a beginning.

"Look at TV," Mr. Dean was quoted as saying. "The first big job was to get people to buy one. Once they did, it was simple to sell them an improved model."

According to *S&L News,* TM IV and V are Mr. Dean's improved models, continued the magazine, and by the time TM V arrives—if it does—First Federal will have at least helped to force some fundamental changes in the nation's payments system. First Federal President Gladys Forsyth said, "We're talking about a complete national change in the handling of money. Convenience will be the big factor."

And, continued the article, there's nothing more convenient than having a savings account as handy as a supermarket, according to Mr. Dean.

Not everyone agrees on TMS' advantages, as the article pointed out, citing quotes from several bankers and S&L representatives.

Frank Starr, president, Omaha National Bank, Nebraska's largest bank, said he wants equal privileges, to be able to do the same thing, to compete with TMS so that the best man wins. The article said Mr. Starr has no doubt who the best man will be.

Another Omaha banker, F. Phillips Giltner, president, First National, was quoted as saying, "We're really looking at the banking system versus the S&L system. Historically, banks have always had demand deposits. We have certain reserves. We have access to the (Federal Reserve) discount window. We have our own taxation.

"The Fed has tried to control the money supply. If all the deposits flow into the S&L business (presumably because TMS or a similar system gives the business a significant competitive advantage), the Federal Reserve will be deprived of its sacred rights.

"We think we should look at all the possibilities. Let's raise some questions,

Pros and Cons of Point-of-Sale

ADVANTAGES

1. **Consumers have access to their accounts any time supermarkets are open, often 14 hours a day and including weekends.**
2. **Less expensive for financial institution to implement service, since supermarket provides both personnel and site.**
3. **POS plan, if successful, could lay groundwork for more sophisticated electronic financial services.**

DISADVANTAGES

1. **Substantial costs could result for financial institution (because of no-fee basis).**
2. **Direct contact between customer and his financial institution is lost.**
3. **In essence, S&L is turning over part of operation of its business to supermarket personnel, who are nonbankers.**

Transmatic Money Service

wait just a minute and see how TMS affects both of our businesses."

Mr. Giltner, said the article, was party to the Nebraskans for Independent Banking suit that, on March 1, shut down the TMS program.

He also said he'd like to see Regulation Q lifted for banks if First Federal gets into the demand-deposit business at a multitude of outlets (Mr. Dean already has announced plans to offer his TMS service through Hinky Dinky outlets in Omaha, Mr. Giltner's primary market).

William C. Smith, president, First National Bank, Lincoln, asked—through the article—who is going to pay for this if it really spreads and people really use a small savings account as a checking account. He pointed out that the typical checking account has 10 withdrawals to each deposit. At that point, he added, the overhead becomes very substantial. He answered his query as to who would pay for it with "The consumer, that's who."

Dale L. Young, vice president at Mr. Smith's bank, also was quoted in the article. "Let's say there's a 30¢ to 40¢ processing cost for one of those transactions," he said. "Add the 5.25% savings account interest rate and just the postage on the monthly statement.

"A $500 TMS account could wind up costing 9%."

However, in the article, Mr. Dean steadfastly maintained that he can offer an interest-bearing, demand-deposit type of TMS account on a no-fee basis. He pointed out that TMS money is the lowest-rate money available, and he's convinced that electronics will help keep his costs in line.

A member of the S&L industry—Bruce Barton, president, Conservative Savings, Omaha—was quoted as saying that Hinky Dinky and First Federal are misrepresenting TMS when they say it's a funds-transfer system. Because savers can make deposits at those stores, that makes TMS a branch.

This sentiment was echoed in the article by George Knight, president, Citizens State Bank, Lincoln, who called TMS a savings facility.

"Hinky Dinky people take money there," said Mr. Knight in the *S&L News* article, "but they are nonbankers. Are we going to put (similar types of) branches everywhere—in filling stations and liquor stores?"

He also is a party to the NIB suit.

If TMS lives, Conservative Savings' Mr. Barton told *S&L News*, his firm would join up. He believes electronic funds transfers are inevitable and "when they hit, you've got to join."

The president of Union Loan & Savings in Lincoln—Kenneth D. King—told the S&L magazine he simply doesn't like TMS because it tends to come between the customer and the savings association. Everyone in the S&L business, he added, has the same product; the only thing that's different is service.

At Union Loan, he emphasized, "We've taken the position that it is important to deal directly with the customer."

Another reason Mr. King is against TMS is that he believes it's wrong for savings associations to pit big grocers (like Hinky Dinky) against little ones. If S&Ls can make five customers change grocers because of some service they offer, it's wrong, he maintained.

Another S&L man, William A. Fitzgerald, executive vice president, Commercial Federal Savings, Omaha, told *S&L News* TMS could become a competitive tool in small communities, but wouldn't create a threat in a major city.

"Besides," he added, "many customers can't see doing (banking or S&L) business in a grocery store."

The man in the middle of the controversy is Thomas R. Bomar, Federal Home Loan Bank Board chairman, who said he anticipated—even expected—some criticism. He told *S&L News* the guideline he tries to follow is this: When these things (such as TMS) are done, will they be in the long-term best interests of the public and the S&L business? If the answer is yes, said Mr. Bomar, he's prepared to live with the criticism.

Despite criticism from some members of the S&L industry, the article pointed out that at least eight S&Ls are seriously considering joining John Dean's TMS plan. One of these is State Federal Savings, Beatrice, Neb. However, according to the article, State Federal Savings' president, L. E. Whittaker, said he finds it difficult to visualize TMS in every store in the country.

"And when I think of TMS trying to compete with BankAmericard," he continued, "I'm not so certain David can beat Goliath again."

The article then asked whether TM III really will become TM IV and V and then TM VI, whether the Transmatic savings account really will become, for all practical purposes, an interest-bearing checking account.

"Has John Dean devised the plan that will guarantee competitive equality for the S&L business in tomorrow's convenience-oriented market," asked the article, "or has he prematurely precipitated the Armageddon many (S&Ls) fear will lead to the loss of the savings-rate differential and subsequent disaster for the housing market?" • •

Policy Issues

(Continued from page 32)

4. Do we need to market EFT services as individual banks or is it proper to consider joint marketing with other banks?

Branching. Like most cities where branching is allowed, Atlanta has developed strong branching networks, necessitating extensive commitments in fixed assets. There are good reasons behind this, for the evidence suggests a correlation between market share and numbers of branches.

The advent of EFTS may begin to change this branching strategy. Instead of having the typical expensive branch provide for all basic needs of our customers, we may find that less expensive branches will perform just as good jobs. When EFTS becomes available, employees may have their paychecks automatically deposited, their routine bills paid automatically and cash available almost anytime of day or night through automated teller machines and POS terminal systems in merchant locations. A customer won't need to use a branch as often as he does today, and we will not need to build them as elaborately as they are now being built.

While development of a new branching strategy may be some time off, top management should begin now to address such questions as:

1. What is the bank's current branching strategy?
2. What impact are automated tellers and cash dispensers having on this branching strategy?
3. Will automated clearinghouse services impact the branching strategy?
4. Will POS services impact the branching strategy?
5. If the answers to the last few questions are yes, what alternative branching strategies are possible, and when should they be implemented?

Conclusion. I have posed a number of difficult questions. If bankers can't answer these questions now, perhaps they can begin to develop resources that can answer them. When answers are found, they will tell bankers a great deal about a significant development in banking and about how each bank and its community fit into it. • •

A Shared Facility for Mutuals, S&Ls

It's Free Standing and Automated And It's Open 24 Hours a Day

NEARLY EVERYONE has heard this at one time or another: "I've got some bad news and some good news for you." Well, there's some good news and some bad news for commercial bankers in connection with a new thrift institution project in the Seattle suburb of Bellevue, where 11 S&Ls and four mutual savings banks have opened a joint-venture, free-standing, automated facility called the Exchange. The facility offers on-line automated machines (Diebold TABS 500), with total teller service for withdrawals of cash and deposits and utility-bill payments. The facility is open 24 hours a day and is located in a shopping center.

The bad news, of course, is that this program—which became operational last month—is one more example of how thrift institutions are making inroads in the commercial-banking field. Another example is the "Hinky Dinky" operation in Nebraska, which is discussed in other articles in this issue and also in last month's issue of MID-CONTINENT BANKER.

The good news is that the legislation that allowed creation of the Exchange also allows commercial banks in Washington state to set up similar projects. In fact, a commercial-bank cooperative venture, now in the planning stages, is set to start up next winter. But more about that later in this article. First, here's a rundown on the Exchange:

The Bellevue project has been incorporated as the Exchange Systems, Inc., with Richard P. Yanak, an independent consultant, as president. The new corporation, formed to operate the facility, handles the daily transfer of clearings among participating institutions, much like a commercial banking clearinghouse, and maintains checking accounts with banks to keep the machines stocked with needed cash for withdrawals.

When a customer inserts his magnetically encoded transaction card and the machine verifies that the card is properly encoded, a set of available services is displayed. The customer then selects the desired service, for instance, deposit or withdrawal, amount involved and other information by pressing the appropriate buttons.

The machine records the transaction on a multiple-copy document, returns one copy to the customer for his records and retains one or more copies for use by the Exchange and the participating institution. The machine also creates a MICR record of the transaction internally as an audit trail. In addition, it records the transaction usage on the magnetic stripe of the plastic transaction card before returning the card to the customer.

Customers may communicate via a TV monitor with an aide who helps with the operation of the machines during transactions, or the customer may ask for direct assistance from a hostess, who is stationed at the Exchange during shopping center hours.

According to Mr. Yanak, the primary objective of this cooperative effort is to research the technology of electronic financial transactions, equipment and services so that the thrift industry will be able to extend new services to its customers. For instance, Edward N. Lange, counsel for the Washington Bankers Association, Seattle, told Illinois bankers at their recent convention that future plans call for transferring money from one account in one institution to an account in another. For example, a clothing store charge-account bill could be paid by crediting the clothier's account at its S&L and debiting the consumer's account at a different S&L. Mr. Lange is with a Seattle law firm.

Initial joint investment on the part of participating institutions is $100,000, which—divided by 15—amounts to just $6,700 per institution.

Backers of the project point out that its advantage to the consumer is easy access to a portion of his savings funds while interest is being earned on those funds.

New legislation passed in Washington state allows thrifts to set up cooperative automated branches, but does not require them to share such facilities. This legislation also permits commercial banks to set up similar operations, but banks must share them on a nondiscriminatory basis.

What Bankers Can Do. In his Illinois speech, the WBA's Mr. Lange described the legislation his state passed to allow formation of such projects as the Exchange.

In the legislature's 1973 session, the thrifts sponsored legislation that would permit manned satellite facilities on the same basis as that permitted federal S&Ls under Federal Home Loan Bank Board rules. In addition, this legislation would authorize automated unmanned satellite facilities for thrifts and would grant thrifts the power to share these facilities with all other financial institutions.

Instead of the usual response of the commercial banking industry of "No, they can't do it," continued Mr. Lange, the banks said, "Let all financial institutions do it on the same basis." Essentially, they wanted competitive equality in this matter.

After the initial response from the banking industry, said Mr. Lange, and the inability of S&Ls, mutuals and commercial banks, large and small, to agree on a form such competitive equality would take, the Washington Bankers Association undertook a detailed study of what its proposal should be. The first decision reached by commercial banks, according to the speaker, was to eliminate the question of manned satellite facilities because bankers regarded them as a question of branching, an issue they didn't want to go into at that time. Another reason bankers believed the bill shouldn't touch the branching issue was that S&Ls and mutuals have unlimited branching power in Washington, said Mr. Lange, and, thus, to establish manned branches, they needed no further legislative authorization.

After examining studies made by professors and other consultants, the bankers' committee concluded:

1. Automated facilities should be permitted anywhere, not be confined to existing branch restrictions.

2. No numerical or geographical re-

strictions could be supported or justified objectively from the standpoint of public interest in convenience to banking services.

3. An automated facility should be shared by all like institutions that wanted to share expenses. Mandatory sharing would take away the competitive aspect of seeking prime locations, would afford to all consumers use of machines in high traffic areas, such as airport terminals, and would reduce the clutter created by numerous such facilities in these locations.

4. Requiring sharing would take away the competitive thrust of a large branch institution that is trying to establish a new market area by creating a unique service in an area that it currently could not serve. If a new bank sought to go into an area, said Mr. Lange, it would be faced with the requirement of having to share with existing banks and thus lose the uniqueness of its appeal.

EFTS S&L Plan OK'd

The Justice Department has given its approval to a FHLBB proposal to enable S&Ls to operate remote service units anywhere in their home office's state and anywhere in the "primary service area" of a branch office—without regard to state lines—when the branch is outside the home-office state.

See August issue for details.

5. Sharing would lower the cost to the public and to the financial institutions.

6. Public convenience would be improved because of the number of places at which the facilities would be available for use.

After this study was completed, all bank chief executives in the state were called together to discuss it, and—since no one objected to the proposal—a bill was prepared for the legislature. As drafted, the bill required commercial banks to share in satellite facilities with other commercial banks and thrift institutions to share with other thrifts.

The thrifts urged the legislature not to subject them to the mandatory-sharing requirement because federal S&Ls would not be subject to it. They pointed out—correctly, according to Mr. Lange—that federal S&Ls wouldn't be subject to any such restrictions although national banks, because of the McFadden Act, could be subjected to such a restriction.

A bill passed the legislature *permitting* thrifts to share, but not *requiring* them to share. The bill requires commercial banks to share on a nondiscriminatory basis. The automated satellite facilities, under the bill, are not to be considered branches.

"Probably the greatest benefit to be derived by the commercial banking industry of our state from this study and the bill," said Mr. Lange, "was the cooperation and open-mindedness achieved by all working on this problem, notwithstanding historical differences of opinion on the question of branch banking. However, another not insignificant benefit was the recognition by commercial bankers that they were somewhat behind their competitors in assessing the impacts and possible or desirable approaches to electronic funds transfer. Another benefit was the acknowledgment and recognition that thrift institutions do not desire to have checking accounts. *The thrift institutions apparently have decided not to seek checking-account powers in the conventional sense. They intend to skip the whole generation of paper-recorded transfers and go directly to electronic funds transfers for third-party payments.* Thus, they will avoid the expense of the paper-transfer system.

"The next very important realization achieved by many banks engaged in this study was the acknowledgment and recognition that their principal competitive threat was not a branch of a commercial bank, but a branch of a thrift institution. Under Federal Home Loan Bank Board rules, a federal S&L could create a 'mini branch' or some other branch in a bank's area and offer to the public third-party transfers on a more favorable basis than similar services by commercial banks—for example, interest on an account from which third-party transfers could be made. To top it off, the account could bear interest at a rate higher than that which could be paid on a savings account by a commercial bank."

According to Mr. Lange, commercial banks also are preparing to implement facilities similar to the Exchange. Seattle-First National, the state's largest commercial bank, is now issuing debit cards for use in total teller machines at a majority of its more than 150 branches. The bank also is applying for approval under the new law to go into locations where it couldn't otherwise establish branches.

In other action, said Mr. Lange, a non-Washington state bank holding company subsidiary is starting a bank service corporation that would be made up of at least six of the 10 largest banks in the state as owners and sponsors. This bank service corporation would own and operate not less than 40 automatic satellite facilities at locations throughout Washington. These facilities would be on line and in operation by next November 1, and all commercial banks in the state would be invited to take part. Included among the sponsoring banks are banks that issue Master Charge cards and BankAmericards. The facilities would be able to move to point-of-sale and transfer capacities when and if necessary.

"All of this makes it clear that commercial banking has an exciting future," said Mr. Lange in closing his Illinois talk. "It also makes it clear that to compete in the future, we (commercial bankers) had better quit fighting among ourselves and be ready to defend ourselves and the public from some of the proposals of thrift institutions and credit unions. We cannot afford the luxury of inter-industry bickering. While we carry on that type of argument, our markets and customers will be taken away from us by the credit unions and the S&Ls or mutual savings banks." • •

'Talk' to the Computer

All electronic funds transfer systems (EFTS) developed up to now are operated manually. Now comes announcement of a system that allows a person to "talk" to a computer, to feed verbal data directly into its memory for storage, computation and subsequent printout and use.

This speech-recognition system—along with a speaker-identification system—was developed and built by Threshold Technology, Inc., Cinnaminson, N. J. A firm spokesman said both systems have a variety of applications in banking, particularly in automated transactions and EFTS. In fact, the first such Threshold system already has been purchased by Barclays Bank of London, which will soon install it at Heathrow International Airport for use in foreign currency exchange. In use, the teller simply will speak into a miniature microphone worn on a lightweight headset, the amount and type of currency offered by the customer and kind of currency desired. The system recognizes his words, shows them instantly on a display in front of him for verification, then computes the amount to be dispensed, displays that amount, and the teller makes the payment. If a signature is required from the customer, an accessory speedily prints out a form record of the transaction.

The Threshold systems—described as compact assemblies that require no more space than a desk top—are said to offer security against forging or tampering because each person's voice characteristics are as distinctive as his fingerprints.

Now what do you do?

Ninth inning. Two out. Score's tied, and the winning run is caught between first and second. What do you do? Try to fake out the second baseman and steal? Cut back to first? Slide?

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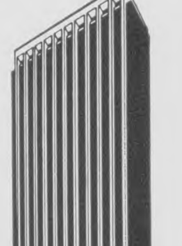

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Automated Teller Program Begun for Credit Union

THE AGE of electronic funds transfer services (EFTS) not only has arrived for thrift institutions, but for credit unions, too. Witness the Rite on-Line Automated Teller program begun by NCR Corp. for members of the NCR Employees Credit Union.

The credit union introduced the NCR 770 automated teller April 1 as an extension of its Rite on-Line point-of-purchase program, which has been available to members since 1968. The automated teller is a full-service mini-office with 24-hour availability. NCR Corp. said it transformed Rite on-Line from a point-of-purchase service to a *total* service program.

The Rite on-Line automated teller can make every financial transaction that a credit union cashier makes at the main office. In a matter of seconds, a member is able to withdraw from or deposit to his share savings account, obtain cash advances from his Rite on-Line credit account, make payments to his loan account, transfer funds from his savings to make loan payments and pay his utility bills. The automated teller is located in the lobby of a main building of the NCR headquarters complex in Dayton, O.

NCR's Rite on-Line is a widely accepted draft program used by credit union members throughout the country. Drafts, similar to checks, can be signed at a point-of-sale or service, allowing a member to tap his pre-authorized line of credit for a purchase, payment or cash advance.

The NCR 770, said its manufacturer, expanded and automated Rite on-Line. NCR and its credit union combined efforts on the program last fall, when manufacture of the 770 prototype began. At that time, the credit union was selected to be the test pilot for the automated teller. Its 20,000 Dayton-area shareowners and already popular Rite on-Line service provided a perfectly suited test market, said NCR, and the terminal's location gave both members and company officials excellent access. NCR added that the opportunity enabled the credit union to become the first major institution in its category to list 24-hour automated financial convenience among its services.

As a preliminary to unveiling the new machine, the credit union developed a Rite on-Line plastic card and issued these cards last January to all Dayton-area members and an additional 3,500 shareowners throughout the country who currently are using Rite on-Line accounts. The cards principally were manufactured to be the necessary

To help members of NCR Employees Credit Union become familiar with Rite on-Line automated teller, the credit union stationed "Auto-Mates" at installation during first weeks of operation to offer assistance or answer questions. Two Auto-Mates—attractive young women wearing specially designed outfits—are shown here demonstrating usage of automated teller.

activation device for the 770, but serve a dual role as an identification card shown when Rite on-Line drafts are written, giving acceptors a means to double-check the drafts' validity.

According to NCR Corp., creation of the Rite on-Line card itself represented an important accomplishment for the NCR Credit Union and for the credit union industry: It's the first major plastic card originated by a credit union as a key to a service, with identification being a secondary use. In Dayton, where Rite on-Line has long been recognized as a competitor for consumers' point-of-purchase credit business, said NCR, the card now extends that competitiveness to cover the whole range of financial transactions available at the self-service terminal. For members, NCR continued, the card is proof that the firm's credit union can serve them as efficiently as any larger institution, and—within the CU industry—the new Rite on-Line program moved the NCR Credit Union to the forefront as "the most contemporary organization."

Within just a few weeks, said NCR, its 770 proved itself to the credit union. Its favorable acceptance among local users suggests to the firm a number of possibilities for the future. The credit union has one suburban service center at a popular shopping center in southeastern Dayton, and members living in that area often find it more convenient to visit than the main office downtown. An automated teller could provide the same time- and fuel-saving convenience, 24 hours a day, for residents of Dayton's other surrounding suburbs, NCR pointed out. The firm added that in the credit union's service divisions in Ohio, Kansas and Delaware, an automated teller could operate as it does in Dayton, supplementing service hours and saving members trips to credit union offices for most regular transactions. In-plant automated tellers in major NCR branches throughout the country would mean on-the-spot service for thousands who now rely on the telephone and mail for almost all their credit union business.

"Nationwide," said NCR Corp., "the credit union's involvement in this test program has spotlighted it as a pioneer in automated credit union financial service, and at the home of the credit union in Dayton, the NCR 770 has opened the door to more modern methods of serving its shareowners." • •

Money, Coin Banks And Citations Offered In Exchange for Pennies

The penny shortage may be short lived thanks to efforts of banks to get people to bring in any they may have stashed around their homes. Various incentives are being offered, the most popular, of course, being money. For instance, First American National, Nashville, announced it would pay $1.10 for every 100 pennies—wrapped or unwrapped—taken to any of its 25 offices.

The Treasury Department and Bureau of the Mint are issuing special citations to all citizens who turn in $25 or more in pennies to banks for exchange or deposit. Banks keep records of names and addresses of those turning in the pennies and forward these lists to Washington, where the Treasury will issue the citations.

According to J. W. McLean, chairman and CEO, Liberty National, Oklahoma City, there's no actual shortage of pennies because the Mint has produced approximately 62 billion pennies during the past 15 years. Normally, he continued, such an amount is ample to take care of demand, but—because of speculation that the copper penny will be replaced by aluminum to accommodate the rising cost of copper and the public's natural tendency to accumulate small coins at home—about 30 billion pennies have dropped out of circulation.

Boone County National, Columbia, Mo., offered the special Treasury citation and a University of Missouri tiger coin bank in exchange for pennies totaling $25 or more. By the middle of June, 12 persons had qualified, and $492.92 in pennies had been turned into the bank. Individual contributions ranged from $26 to $65.80.

New NCR 770 Automated Teller to Be Available to Banks in Fall

THE NCR 770 automated teller used by the NCR Employees Credit Union (see page 38) will be available to commercial banks this fall. This programmable electronic self-service financial terminal allows financial institutions to offer services on a 24-hour, seven-day-a-week schedule.

The 770 can be linked directly to a computer or it can be operated independently. It permits bank customers to deposit or withdraw funds, make payments on mortgages, loans or other pre-authorized bills such as utility bills or transfer funds from one account to another.

The new terminal leads customers through various transactions. Customer options are shown on an instruction display on the front of the machine. The customer responds by depressing one or another of the function keys in a step-by-step progression. As each choice is made, the display gives additional instructions. The terminal's numerical keyboard, like its function-control keys, is mounted horizontally rather than vertically. This provides additional customer security, said William F. Walsh, vice president, financial systems marketing, since it's virtually impossible for anyone else to see the numbers entered.

NCR 770 automated teller is being used here to make deposit. Slot at top of terminal is for insertion of embossed plastic card with magnetic-stripe encoding, which activates machine. These automated tellers will be available to banks this fall.

The machine is activated by an embossed plastic card with magnetic-stripe encoding. Entering this card into the terminal and indexing a secret code number activate the terminal. When the latter is being operated on line, transaction data from the terminal is incorporated immediately into the flow of data for the bank. In an off-line operation, this data can be captured both on a journal tape and optional tape cassette for later processing.

The NCR 770 has two "bill banks," each offering a different denomination. The bills are not packaged, but are dispensed individually into the customer-access drawer. Mr. Walsh said this allows customers to withdraw a variety of sums rather than being limited to multiples of $25 or $50. • •

Bankers Should Activate

(Continued from page 30)

the electronic transfer business. Do we want to emulate the Nebraska experiment? Or do we want to develop true POS operations? What other options are available to us? I suspect the answers to these questions may depend partially on retail marketing operations in specific communities.

For example, changes in the way retail stores operate in your community already have made it easier for banks to install POS systems that would permit transfers of funds and credit advances. Today many large department stores are using computer terminals as inventory devices, cash registers and sometimes as a means of issuing credit. From that point on, department stores follow the traditional billing system of sending out monthly statements. Thus, we have a payments system that is a mixed breed of computer technology and traditional payment mechanisms.

Paperwork and computer work done by the stores often are repeated by banks. Perhaps this duplication could be eliminated or reduced. Perhaps working together, banks and retailers could develop more economical ways of handling payment transfers while serving customers better. Local stores might be interested in hearing bankers' ideas about streamlining their billing through POS terminals.

What would stores gain? Although as yet there's no definite proof, POS transfers might afford retail stores some savings, as losses from bad checks and costs of processing checks diminish.

Granted, much exploration has yet to be done in the feasibility of marketing POS operations to customers. However, I believe this merely argues for closer examination of benefits that consumers, retailers and banks might receive. Certainly, it's no reason to forfeit the field until we've explored the possibilities.

"By analyzing what customers want and how computer technology can help attain those goals, banks . . . should be able to put some aspects of EFTS into operation now."

A second aspect of EFTS that demands our attention is the automated clearinghouse. Thrift institutions already have demonstrated their eagerness to get involved in this area—but as equal partners with banks. Clearly, this would represent a major change in banking's relationship to the thrift industry.

The automated clearinghouse is merely a device to enable quicker clearance of checks, but automation doesn't change the basic function of the clearinghouse—clearing third-party payments. If thrifts are granted direct access to automated clearinghouses—even if only to clear drafts deposited in their customers' savings accounts—it would set a precedent for their direct, equal participation in a third-party payments system. In essence, granting all financial institutions direct access on equal terms to automated clearinghouses would be the first step in granting all financial institutions the power to offer checking accounts.

Certainly, thrift institutions, as they are presently constituted, operate under handicaps—particularly during periods of rising interest rates. For this reason, the ABA would not oppose expanding their authority to offer certain consumer services—but only as long as they were willing to play by the same ground rules that govern banks. If thrift institutions want the power to offer consumer checking accounts, they must be willing to accept the same treatment as banks in areas of deposit interest rates and reserves.

So far, they have given no indication of their willingness to do this. Con-

sequently, if they were to gain direct access to automated clearinghouses now, they would be one step closer to gaining full checking-account powers—without relinquishing any of their special privileges. For this reason, bankers must oppose thrift institutions' efforts to win direct equal access to the new automated clearinghouses.

Automated clearinghouses and POS terminals are two components of EFTS that are following different paths to acceptance. Just as these components are being put into place one at a time, I believe that certain geographical areas will employ electronic transfers before other areas.

For example, it seems to me that communities with populations under 250,000 have the best opportunity to do the real pioneering in EFTS and, concurrently, to gain additional deposits from new customers. It was no accident the Nebraska S&L picked a supermarket in Lincoln to offer its innovative service. In smaller communities, it's more likely that a large portion of the population will shop in a smaller number of stores. If you can discover the few large stores where most of the people shop, you have an ideal test situation for POS terminals. The important factor is that the overlap or potential overlap of bank customers and store customers be fairly large.

By contrast, in large cities a bank that sets up POS outlets in a given neighborhood may find that customers shop in other sections of the city. It's harder to reach an economical degree of market penetration without entering into prolonged negotiations with a large number of other banks, retailers and perhaps government.

As a further inducement for those banks in smaller communities to explore EFTS options, let me cite one commonly known fact that may bring the whole argument home. When a customer comes into your bank to cash a check, how much does he withdraw? Usually, enough to last several days. He puts the money in his pocket and forgets about it. Meanwhile, you're losing the use of that money, and it's not doing the customer any good. Why not use the added convenience of EFTS to persuade him to leave his money in the bank until he really needs it?

Another common-sense comment for those who embark on electronic funds transfers: Make sure the system is sound before placing it in operation. Though banks have much to gain by introducing new services to the public, they have a great deal to lose if those systems don't work properly. If the difficulties involved become too great, if machinery malfunctions and employees are not well trained, people will lose faith in the system and perhaps even stop conducting business with banks. But this need not happen. Technology for electronic transfers already is well advanced and could be smooth running by the time a nationwide electronic transfer system becomes a reality.

Today we bankers have both negative and positive reasons for exploring all the potential of EFTS. Clearly, the thrifts have served warning that they will not sit idly by waiting for us to decide whether or when we will enter the field. The challenge has been voiced, and we must answer.

On the positive side, EFTS offers us the tools to reduce the ever-mounting piles of paperwork that have become unduly burdensome, to increase the number of places where customers can conduct bank business, to attract new deposits and perhaps to reduce overhead.

The theoretical arguments about implementing EFTS are important. But while we're arguing, let's see what we must do to protect and increase our share of the market by laying the groundwork for EFTS now.

That's what is required if we are to remain in business, if we are to serve the public effectively. • •

"Week after week, you depend on one of our correspondent bankers. But a lot of people you never see are helping you, too."

George Dudley,
Correspondent Division

Clockwise from top:
J. Walter Peniston
William O. Weis
William J. Fisher

"When a good customer asks for a lot of money, we can help.

We can help when a key employee leaves and you have to fill the position quickly; when you want to sell Fed funds; when you need checks collected—fast; when you want to buy bonds and treasury bills.

You want a correspondent banker you can depend on. And you want to know that the bank he represents is staffed with professionals in every department—people who know how to solve problems like yours.

We've got really good people in our Correspondent Division. And we have hundreds of other professionals—behind the scenes—helping your First National correspondent help you."

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Offering of International Services Becoming a 'Must' for Inland Banks

Increasing numbers of export-minded customers call on bankers to handle foreign transactions

INTERNATIONAL banking has been termed one of the most profitable and rapidly expanding areas in the banking community today.

And many economists predict that an increasing number of medium-sized, inland banks will be taking part in international activities.

As more regional businesses enter the export market, bankers who have paid little or no attention to foreign trade are going to find themselves becoming involved in order to keep their customers' business. More than one bank has found that its customers have taken their business to other banks, simply because the other banks offered international services. If a customer has to go to another bank to obtain a specialized service, the danger exists that he will eventually take all his business to that bank.

Economists say that it is the responsibility of the inland bank not to only service corporate customers' foreign transactions, but to educate these customers in international banking as well. If this is done—and done well—both the customers and the bank will profit.

Expanded activity by inland banks is expected to result in a strengthening of correspondent ties. Most medium-sized bank managers will agree that it is far better to service an exporting customer through the assistance of a correspondent bank than it is for the customer to deal directly with the correspondent bank.

The extent of international trade proves that there is plenty of business for everyone. The internationalization of banking operations, to which money-center banks devoted much attention in the 1960s, is continuing in this decade, a factor that proves the point that international banking is one of the fastest growing areas of activity for U. S. banks.

The continued expansion of multinational corporations between now and the year 2000 is expected to create increasingly heavy demands for financing capital in the international market. Any bank that does not prepare itself for participation stands to lose ground.

No one says this participation will be a simple matter. The need is for individual aggressiveness; for the development of new and innovative banking services, especially in areas of money management; and for an awareness and adoption of new technology that can be useful in opening new markets.

It has been said that international banks will have to take on the role of problem-solver at a sophisticated level in order to be successful. They must offer a complete financial package that includes counseling services. And they must charge for these services.

The way in which an international bank solves problems can enable it to retain its individuality while turning a profit.

The correspondent relationship system in the U. S. is well suited for providing small- and medium-sized banks with the opportunity to enter the international market.

There is hardly a community in the nation that will not eventually have a need for international banking services of one kind or another, trade experts say. As major industries relocate away from the nation's coast areas, inland banks are feeling demands for money transfer, foreign currency exchange, credit information and foreign check clearance services.

Inland banks must be able to satisfy these demands in order to stay competitive.

A major bank can provide two important functions for its correspondents —direct access to the international market and new services that are tailored to the demands being made on the downstream bank.

Providing access to the international market usually involves mechanical, financial and advisory services on the part of the money-center bank.

Mechanical service puts the lead bank's overseas branches to work performing such tasks as currency transfer on a spot basis, handling commercial letters of credit and documentary exchange, buying and/or selling foreign currencies, collection of foreign checks, credit information on a foreign client, etc.

Small- and medium-sized banks normally have not had sufficient international business transactions requiring commercial letters of credit or documentary transactions to set up full-time departments to handle such matters. Instead, they have relied on their larger correspondent's facilities.

With the increase in corporations entering export and import trade, it is likely that inland banks will be called upon enough times that they will find it worth their while to offer such services.

It has been said that the majority of bankers not interested in offering international services turn deaf ears to suggestions that they investigate establishing such services. It has been predicted, however, that these bankers soon will have little choice in the matter. Export-minded customers will eventually place these bankers in the position of either offering international services or losing a good portion of their customers.

The article on the following pages presents illustrations of how inland banks are serving their customers through their international departments. The variety and number of instances of assistance indicate the growing role bank international services are playing in today's banking picture. • •

Inland Bank International Departments Provide Quick, Accurate Service

Case studies reveal extent of international financing assistance local customers can obtain without dealing long distance

THE SCOPE of international banking services extends from supplying letters of credit to arranging complicated financing arrangements. It takes a well-trained staff and an efficient department operation to remain on top of the challenges thrown at international banking departments by bank customers and correspondents.

There was a time when inland banks referred customers with international banking needs to correspondents in New York City or San Francisco. Now many of the inland banks maintain comprehensive international departments of their own so that customers can be assured of the rapid transactions that are so vital to international business today.

Just what services are bank international departments providing for their customers? This is the question MID-CONTINENT BANKER asked its readers, and the replies that are summarized in this article give a comprehensive overview of the indispensable functions these departments are providing on a day-to-day basis.

• Recently, **First National Bank of Chicago** was approached by one of its midwestern customers involved in the feed grain commodity export business to provide the import financing for the purchase of wheat by a Far Eastern nation. In such situations, the exporter usually is offered the option to bid on the contract no more than two or three days before the bidding date. In order to structure a complete bid (including trade financing), the exporter must rely upon U. S. banks to have both the ability to respond quickly to such requests and the global coverage and interest in lending substantial amounts to a wide variety of foreign borrowers.

In this particular transaction, a firm commitment was made by First of Chicago in a matter of hours stipulating that the bank would issue letters of credit in specified amounts in favor of the customer through qualified banks in the importer's country. Under these letters of credit, the bank would negotiate the documents and discount non-recourse time drafts for the exporter as each shipment of grain was made.

This customer, therefore, had a good chance of winning the export contract simply because it was able to offer a complete trade financing package along with its export bid.

In other situations in which grain export contracts are of a greater amount than the bank is willing to individually finance, the loan would be syndicated among interested domestic correspondents. In any case, however, the bank would attempt to comply with the short time framework under which such deals are formulated.

• Following a Friday afternoon shopping spree in London, one of the customers of **Third National, Nashville,** found herself without funds for her return trip to the U. S. the next day. The bank's international department was informed of the situation, but, as it was after banking hours on Friday in London, no telephone or cable could reach England in time for the woman's departure.

One of Third National's international bankers contacted the bank's New York correspondent and learned that one of the correspondent bank's officers was leaving for London that evening. The funds were transferred from Third National to the New York bank. By Saturday morning, the woman in distress had received her money by personal courier and was able to leave for home.

According to a representative at Third National, the bank will go to any length to provide personal service to its customers.

• A customer of **First National, Fort Worth,** who is a wholesaler of fireworks, travelled to Brazil where he found a small manufacturer of a series of firework displays and effects that was unique and not available in the U. S. Due to limited credit in Brazil, the manufacturer could not produce sufficient displays for the customer of First of Fort Worth. The customer requested assistance from the bank because he was moving into his buying season in preparation for the Fourth of July and other summer events.

The bank's international department considered several approaches to the situation, but settled on a financing tool that bankers have used since the earliest days of financing international trade.

A red clause letter of credit to the Brazilian manufacturer was issued through the bank's correspondent in the manufacturer's city. The "red clause" takes its name from the practice of including in red ink a separate paragraph on the letter of credit which permits the beneficiary to obtain funds or a loan from the negotiating bank to fill the orders placed by the bank's customer. Under this procedure, the manufacturer draws the funds required and repays the loan with the presentation of the shipping documents as called for in the letter of credit.

This letter of credit constituted a blank check for the amount indicated. The manufacturer could walk away from his obligation. Thus, it was necessary for the customer to pay the advance. This procedure can only be followed when the customer has complete faith in the manufacturer.

• A customer of **First City National, Houston,** sold two aircraft to a foreign government. However, certain components of the planes were imported from Japan while the remainder were manufactured in the U. S.

Working closely with the manufacturer and the Export-Import Bank of the U. S., together with officials of the foreign government, First City National was able to arrange an export finance package meeting the needs of all parties. The duality of component origin made the transaction unique.

• After a trip to the Far East by the president of a firm manufacturing laser instruments for the construction indus-

Don Alexander, Vice President and Manager, International Department, with Don Gardner, International Banking Officer

You don't need to go to the coast for international assistance.

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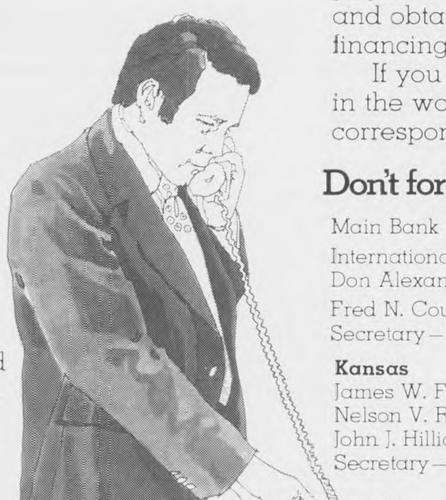

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Nelson V. Rogers	234-2622
John J. Hilliard	234-2488
Secretary—Lisa Lamanske	234-2491
Missouri	
Elmer Erisman	234-2482
John C. Messina	234-2486
Frank W. Greiner	234-2485
Secretary—Linda Breidenthal	234-2489
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THE WONDERFUL WORLD OF BANKING

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try, **Union National, Little Rock,** was asked to assist the firm in the negotiations for the sale of two instruments to a foreign firm. This first export operation for the firm brought into focus potential export sales opportunities in other areas of the world.

Thus, Germany and Spain were selected as primary export markets and, with the assistance of the bank's European correspondents and the U. S. Department of Commerce, a list of prospective distributors was developed and appointments were made for a visit to the continent by a representative of the laser manufacturer.

The net results of Union National's efforts on behalf of its customer included finalizing distribution arrangements in both Germany and Spain, providing the manufacturer with access to the Common Market nations.

In addition to marketing assistance, Union National was also called upon to translate brochures and operating manuals, make credit evaluations of prospects, renegotiate letters of credit, counsel in shipping procedures, prepare documents, etc. The laser manufacturer has become a preferred customer of the bank.

A correspondent of Union National in the agricultural area of Arkansas was faced with a request from one of its customers who wanted a letter of credit opened in favor of a government purchasing agency in a South American country.

Ordinarily, this is not a complex matter. But in this case the bank had only a few hours to make all necessary arrangements for the issuance and delivery of the document. Furthermore, the letter of credit had to be in Spanish.

The bank provided this service in record time, utilizing its agency agreements in South America.

• **Merchants National, Indianapolis,** services its correspondents' international banking needs. One of these correspondents contacts Merchants National for import letters of credit. The correspondent evaluates the credit of its customers as it would for any domestic loan. Once approved, it requests Merchants National to provide the expertise and foreign correspondent bank network required to issue the letter of credit. The fact that the two banks are 100 miles apart causes no servicing problems, officials state.

Servicing the export market can be attractive to medium- and small-size banks when consideration is given to U. S. government guarantee/insurance programs that cover the commercial and political risks of foreign receivables. Government guarantee/insured loans are highly liquid because of Merchants National's discount window coverage through the Export/Import Bank.

• A multinational firm in Tennessee that sells more than 100 products throughout the world was experiencing difficulty centralizing the collection of its overseas receivables. The firm had devised its own collection form, but money was being remitted by banks from the West to the East coast and the firm was experiencing delays on almost every foreign payment. A member of the international department of **Commerce Union Bank, Nashville,** met with the firm several times and devised a special collection form, wrote to the foreign banks of the firm's customers to centralize payments through Commerce Union and arranged for one of the bank's collection division people to meet regularly with the customer's international division.

For years the firm had maintained substantial corporate accounts with a bank in its town. This bank is located far from most major money centers and payments by mail were creating substantial float problems for the firm. The local bank had made every effort to centralize payments for its customer, even though it had no foreign correspondents and no formal international department. When the bank learned of Commerce Union's efforts to assist the firm, it realized it could participate through an existing correspondent relationship between the two banks.

Thus an arrangement was made to centralize all of the firm's payments through Commerce Union and effect immediate credit to the correspondent bank for the multinational firm's account. The firm now has access to all of Commerce Union's international services through the local correspondent.

• A manufacturer, who was referred to **First National, Little Rock,** by one

(Continued on page 52)

Progression of Events for a Typical International Transaction

WHAT ARE the specific steps a bank takes when handling an international transaction? They vary, of course, by bank, but the following is typical of many international departments. It was submitted by Union Planters National, Memphis, which had a request from a correspondent in Mississippi which had a customer desiring to import handbags.

Step 1. The correspondent fills out an application for a commercial letter of credit provided by Union Planters.

Step 2. The correspondent and its customer both sign the application, thus both the correspondent and its customer become liable for all drafts and charges incurred under the commercial letter of credit.

Step 3. Union Planters receives the application and issues the commercial letter of credit. The original and one copy are sent to a bank in the exporter's city. (If the letter of credit doesn't designate a foreign bank through which the credit is to be advised, Union Planters makes the designation.)

Step 4. When the exporter prepares the shipment and the merchandise is loaded on a carrier, the exporter obtains a bill of lading. The bill of lading, along with the necessary documentation called for in the commercial letter of credit (usually commercial invoice, drafts, customs invoice, packing list, insurance), are forwarded to the exporter's bank.

Step 5. The foreign bank forwards all documents to Union Planters for negotiation under the letter of credit.

Step 6. Union Planters receives the documents and checks them for conformity with the letter of credit. If they are in order, reimbursement according to the instructions of the foreign bank is carried out.

Step 7. Assuming a time draft for 60 days, Union Planters accepts and discounts the draft and remits the net proceeds (seller is paying the discount) to the foreign bank for the account of the seller. This is done the same day the documents are verified.

Step 8. Union Planters forwards all documents (except the draft) to its correspondent, which advises its customers of the date of maturity of the accepted draft.

Step 9. The correspondent releases the documents to its customer for clearance through customs.

Step 10. At maturity, Union Planters charges the correspondent's account for the face amount of the draft.

Step 11. The correspondent charges the customer's account.

of its correspondents, wanted to license a manufacturer of its product in Europe. Within 60 days, the bank had the managing director of an English firm in a related industry in the customer's office and the negotiations are progressing toward an agreement.

In another case, a customer told First National that he wanted to export agricultural machinery. Within four months, the bank had five representatives of the largest cooperative in Italy on hand to see the product.

One correspondent asked First National to assist a customer who was starting to export an agricultural product direct to Europe. The bank set up a collection procedure that allowed the correspondent to have its customer's money back in the correspondent bank in a minimum amount of time.

• **United Bank, Denver,** provides international service that has resulted in considerable savings to customers through prompt payment to customers' local accounts from business contacts outside the U. S.

Payment orders sent through the mail usually take a minimum of two days to be credited. Mail processing of checks can take as long as 15 days. United Bank maintains accounts of major banks around the world on a constant basis. These accounts are debited and credited immediately upon receipt of wired instructions, without intermediate processing in money-center banks.

Transactions of this kind usually involve sums in excess of $7,500, but they can be in any amount. A large transaction of this kind, for a multinational industrial manufacturing firm with headquarters in the Denver area, involved more than $3 million transferred from a Belgian bank for purposes of capital acquisition. Assuming a flat 10% interest rate, the savings to the client on this single collection was between $2,500 and $10,834, depending on the alternative method of payment.

The bank has handled the collections for entertainers appearing abroad and enabled the exchange of foreign currencies carried by the ski celebrities who populate the Colorado slopes.

• Recently, an Indiana livestock exporter was awarded a contract to sell 1,000 head of dairy cattle to an Eastern Bloc country for a total of over $1 million. Terms of the sale were conditional upon the opening of a confirmed, irrevocable commercial letter of credit by the importer in favor of the Indiana exporter, and negotiable through **American Fletcher National, Indianapolis.**

When the letter of credit was finally opened, it was confirmed through a New York bank, which created delays for the exporter when it was time to present his documents, negotiate his drawings and make the corresponding payments to his suppliers.

Cattle exports of this size tend to be made in several air shipments, on a three-to-five-day interval basis. Accordingly, when a small, cash-tight company has to cover its domestic cattle purchases and pay the air freight carrier in advance of each flight, it is important that he be able to negotiate his documents immediately under the supporting letter of credit.

Because of this rapid cash turnover requirement, American Fletcher suggested and was allowed to add its confirmation to that of the New York bank, which enabled the exporter to negotiate and receive payment under his sight draft drawings in Indianapolis.

In addition, American Fletcher arranged for the exporter's local bank, a correspondent, to provide the pre-shipment air freight financing and receive its repayment less than a week later as a result of the exporter's subsequent letter of credit negotiation at American Fletcher.

• Recently, a bank in Mexico established a letter of credit in favor of a Milwaukee supplier. This credit was notified through a New York bank and involved a shipment of merchandise emanating at Milwaukee and crossing the border through Laredo, Tex., with final destination being Mexico City.

In due time, the shipment arrived in Laredo but could not cross the border due to a discrepancy in the documents. To compound the problem, the supplier had erroneously mailed the documents to the customer's broker in Laredo instead of to the New York bank. This shipment could not be processed until its corresponding relative documents had been accepted and the beneficiary paid. Further complicating this situation was the fact that both the Mexican import permit and the letter of credit were about to expire. The problem came to the attention of **Laredo National.**

Ordinarily, the chain of communication would have been from the supplier to his local bank, to the New York bank, to the bank in Mexico, to the purchaser (the account party) and then back in reverse order. Obviously, time did not permit this. Because of the critical nature of the problem, Laredo National contacted the bank in Mexico directly and was able to obtain authorization to effect settlement to the beneficiaries. As a result, this particular problem was settled within 48 hours.

• When calling on a regional correspondent bank in northern Kentucky, an account officer of **First National, Louisville,** uncovered the fact that one of the correspondent's larger customers was having problems getting its import and export business handled properly and expeditiously through its normal out-of-state channels.

Sensing an opportunity to be of service, the international department of First of Louisville scheduled a joint call on the regional banker and his customer. The customer was a wholly owned subsidiary of a major U. S. corporation.

In order to solidify its relationship with the regional bank as well as get its foot in the door with the corporation, First of Louisville set up a program whereby the regional bank applies to First of Louisville for import letters of credit on behalf of the subsidiary firm. First of Louisville handles all the paperwork and, for carrying the

customer credit risk, the regional bank splits the normal letter of credit fee.

As a result of this agreement, the regional bank has increased its deposits with First of Louisville to cover drawings against letters of credit; the subsidiary firm has increased its deposits with the regional bank for the same reason; the regional bank picks up extra income from the fee-split arrangement; First of Louisville has an inside track with the parent corporation; and the subsidiary benefits by a quicker and more efficient documentation service.

Acting on a tip from a local patent attorney, an officer of First of Louisville's international department scheduled a call on a local manufacturer of highly specialized packaging machinery. During the call, it was discovered that the firm was small, but had the capacity to expand. The firm had received several unsolicited inquiries from abroad, but none had been followed up due to lack of expertise in the export field as well as a shortage of personnel to make the followup calls.

First of Louisville recommended that the firm obtain the services of a combination export manager/export sales rep to cash in on its export potential. The firm was also put in contact with the Department of Commerce field agent and told of the service available from the agent.

The firm is now exhibiting its products at a trade show in Stockholm. It has secured the services of an export sales rep and is ready to make shipment on its export order.

As a result of this assistance, the firm is expected to transfer all its corporate banking facilities to First of Louisville.

• A customer of **Worthen Bank, Little Rock,** operates a specialty air carrier freight service using small, fast, French-made jets. Recently the customer contacted the Worthen international department and requested advice on transportation and payment terms in the negotiation of the sale of a jet engine valued at $100,000. The buyer, a Norwegian firm, had requested shipment by sea.

On the advice of Worthen, the usual letter of credit provisions were modified. The customer's draft was immediately honored on presentation of an inland motor carrier's bill of lading. Payment of this shipment, destined for Norway by sea, was completed four days after it left the customer's premises.

• A corporate customer of **Liberty National, Oklahoma City,** desired a five-year loan for acquisition purposes in Mexico. The ground rules for offshore investment have been changed since the government eliminated capital restraint programs early this year.

Currently, the U. S. corporate customer borrowing in Eurodollars from a U. S. offshore branch bank must absorb an additional three-quarters per cent over the cost of funds to compensate for the lending bank's 8% reserve requirement. The same borrower is permitted, however, to borrow direct from a foreign bank without reserve penalty and thereby lower the borrowing cost. In this instance, the borrower sacrifices local bank loan servicing and takes on the risks inherent in a future borrowing relationship.

Alternatively, a borrowing in Mexican pesos for the acquisition would be subject to the erratic movement of the forward peso and subsequent difficulty in covering the forward exchange. Or a direct U. S. dollar loan would entail normal balance requirements and could have adverse effects on the bank's liquidity position during periods of tight money.

After considering the alternatives, the borrower and Liberty National decided on a U. S. dollar loan, based on floating prime from the Mexican acquisition. The loan agreement also provided an option for funding in selected foreign currencies, as well as Eurodollars. The multi-currency option would be consistent with favorable rate structures, availability of funds and existing U. S. government regulations.

• After experiencing an auto accident in Mexico, a Kansas City businessman was not looking forward to spending the night in a local jail, although that fate seemed destined for him since he didn't have enough cash to post bond.

Since it was late on a Friday afternoon, the businessman doubted if the complicated procedures of transferring money from his suburban hometown bank to Mexico could be completed that day. When he called his bank, however, he learned that the money could be transferred through the international department of **Commerce Bank, Kansas City,** which happened to be a correspondent of the businessman's bank. The funds arrived that afternoon and the businessman stayed in a comfortable motel.

There's little doubt that this businessman's loyalty to his bank was cemented through this service.

• A domestic correspondent sent an inquiry to **Liberty National, Louisville,** recently about a client that was interested in locating a source of a specified product. The product was necessary for the firm to continue manufacturing. The firm had formerly received the product from a domestic supplier, but the supplier had discontinued production.

From the information received, a status report, along with a trade inquiry letter, was mailed to those overseas correspondents that were located in countries likely to manufacture the specified product. The foreign correspondent banks returned names and status reports of those firms interested in Liberty's proposal and the domestic correspondent's client was informed of the leads.

The client then contacted the foreign sources directly, with good results following. The resulting international banking transactions were handled by Liberty's international department.

• A community bank which is a correspondent of **First National, St. Louis,** had a customer that imported plastic flowers from Hong Kong. The correspondent lacked banking contacts in Hong Kong as well as expertise in a rather technical area.

Working through First of St. Louis' international department and in conjunction with the regional banking division, a $300,000 letter of credit was issued through the correspondent in behalf of its customer. Through the correspondent system, the community bank was able to provide international services to its customer. • •

First Nat'l Bank of Commerce Finances Mammoth Crane

NEW ORLEANS—The most powerful crane ever constructed on land or sea was made possible through financing arranged by the international department at First National Bank of Commerce and participation by the Export-Import Bank.

Edwin G. Jewett Jr., senior vice president at First NBC, learned of the project through contacts in Central America, where the customer—Micoperi, S.p.A., an offshore contracting firm based in Italy—was working on a project. Through a complicated turn of events, Mr. Jewett attended a meeting with representatives of Micoperi, which resulted in the bank carrying more than $10 million of the cost of outfitting a ship with the huge crane.

The crane was manufactured in Maryland and Minnesota and has a lifting capacity of 2,000 tons static lift over the ship's bow and 1,600 tons rotating lift—said to be more than twice the capacity of any ship-mounted crane in the world.

The crane was mounted on a special ship in New Orleans, but the fully rigged unit, which stands 180 feet above the water line, could not be fully assembled at the Avondale assembly plant because it would have been too tall to pass under Mississippi River bridges in the New Orleans area.


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Comptroller Asks Officers, Directors To List Outside Interests for Examiners

A DISCLOSURE regulation to tighten controls on self-dealing by officers and directors of national banks has been issued by Comptroller of the Currency James E. Smith for comment.

The regulation would require bank managements to list outside business interests for bank examiners. The list would be kept on file in the bank and there would be no public disclosure. The list would be available by subpoena, however.

The reasoning behind the regulation was that it should function like an office account.

Issuance of the regulation is said to have been the direct result of the Comptroller-FDIC investigation into the collapse of U. S. National, San Diego, last October. That bank's chairman had made loans to firms in which he had sole or partial ownership without detection by bank examiners.

Reaction to the U. S. National situation spurred regulatory agencies to seek tighter regulation in several areas. Last January, the Comptroller, the Fed and the FDIC joined in proposing that banks be made to classify standby letters of credit as liabilities and account for them under lending limits. That rule, which is still pending for revisions, resulted from a finding that letters of credit were widely used by the chairman of U. S. National to secure loans for his companies.

The self-dealing regulation would take effect on January first and would require that business interests of any type be disclosed. Transactions between the bank and the business that would be listed include loans, check, cash or other advances, sale of notes between the company and the bank and the issuance of acceptances, letters of credit or other obligations benefitting the company.

A banker or director would have a legal interest in a business if he or his immediate family owned 5% or more, or could influence the management of the company indirectly. Bankers borrowing $100,000 or more from a company would also be considered to have an interest.

The regulation also would require the reporting of a material change between the bank and the business. A business increasing its deposits with a bank by 25% or more would fall into that category.

A new federal form, SC 8013-06, would be provided management and directors for keeping track of affiliations. The forms would be updated annually and would be kept on file for two years after an official left his position. • •

In Birmingham:

Bonus Barrels Draw Crowds To Branch Anniversary Party

The possibility of winning up to $100 drew some 2,500 customers to two low-traffic branches of Exchange Security Bank in Birmingham, Ala., recently.

Customers were invited to drop by either of the two branches as part of the bank's one-day celebration of its 10th year at the two branch locations. Each branch lobby contained a bonus barrel with coupons worth from $1 to $100. Each customer was invited to select one coupon.

The event was publicized by direct mail and radio.

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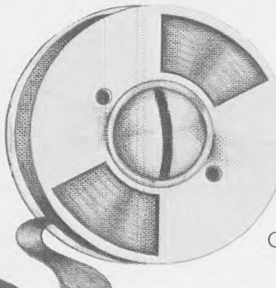

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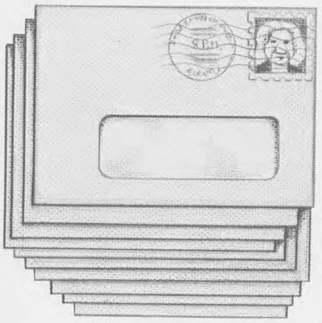

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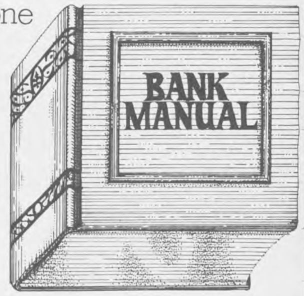

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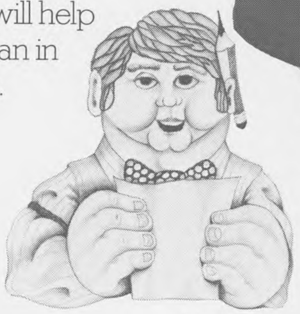

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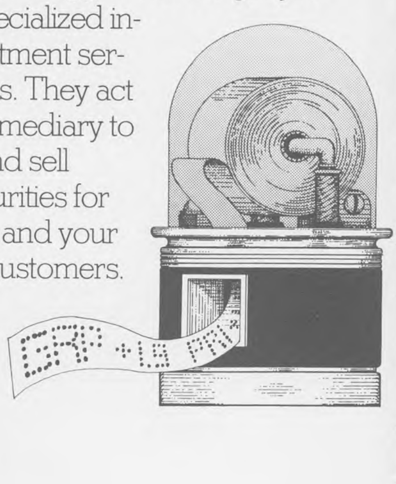

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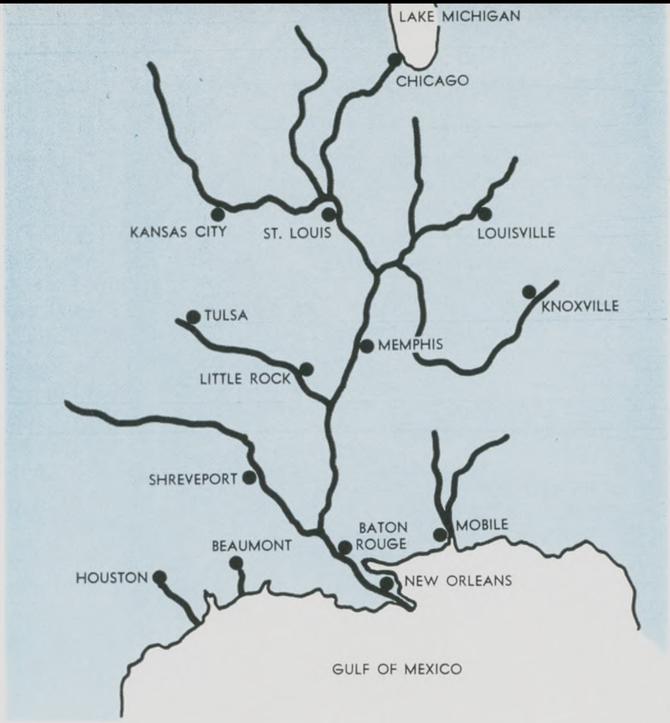


Ports, Waterways Play Important Roles As Gateways to International Markets

THE NUMEROUS major seaports in the Mid-Continent area serve as gateways to the world. As such, they are opening the entire mid-section of America—via connecting river systems—to international markets. Thus, these ports figure prominently in the services offered by many banks that maintain international departments.

The Port of New Orleans is second only to New York in total tonnage. It is the receiving point for traffic originating on the Illinois, Ohio, Tennessee, Missouri, Arkansas and Red rivers—all joined to the Gulf of Mexico by the Mississippi River.

The Port of Houston is fast becoming one of the nation's busiest harbors. It was the embarkation point for most of the wheat that was shipped to Russia in the past year, wheat that was transported to Houston by railroad and trucks.

The Seaport of Chicago, with direct access to world markets through the Great Lakes, is establishing new highs of total tonnage, despite the fact that the Great Lakes are icebound a portion of every year.

Another Gulf port, Mobile, faces a booming future when a proposed channel is dug to connect the Tombigbee and Tennessee rivers.

These four ports, plus those in other major Mid-Continent cities, keep international trade humming, provide economical outlets for all types of foreign-bound commodities, play key roles in the balance of payments picture and enable almost every bank in the area to profit from providing international services to their customers.

Foreign waterborne trade at the Port of New Orleans during calendar 1973 amounted to a record-setting 31.6 million short tons valued at $5.3 billion, according to official tabulations of data furnished by the U. S. Department of Commerce.

The tonnage total represented a 27% increase over 1972 figures, with the total value representing a 52% increase over the 1972 total.

Total tonnage of imports in 1973 was 9.7 million, up 28% over the 7.6 million tons handled in 1972. Exports totaled 22 million tons, up 27% over the 1972 total.

Import value was $1.8 billion, a 24% increase over 1972 figures, and total

Ship at left is unloading containerized cargo at Port of New Orleans while barges at right await loading on decks of ships that will carry them to foreign ports where they will proceed to destinations via rivers.

Ships dot main channel stretching 50 miles to connect Gulf of Mexico with Port of Houston. Most of wheat sold to Russia passed through this port.

exports were valued at $3.6 billion, up 72% over the 1972 total value.

Japan continued to be the leading receiver of U. S. exports from the Port of New Orleans, with Italy second, Russia third, West Germany fourth and the Netherlands fifth. Other countries receiving major exports through the port include mainland China, the Republic of China, Poland, Spain and Brazil.

The port serves practically the entire Mid-Continent area, with some exports originating as far north as Canada.

The Port of Houston handled 86.4 million tons of cargo last year (domestic and foreign), a 20% increase over 1972. Much of this increase was due to the shipments of wheat to Russia (almost 80% of all grain involved in the U. S.-Russian deal moved through the port of Houston).

Although New Orleans is the world leader in total grain shipments, Houston is the world's leading wheat port. Houston also is a large exporter of rice, both bagged and in bulk.

The port maintains grain elevators on its ship channel with a capacity of 28 million bushels which deal primarily in wheat and milo. In addition, a two-million bushel elevator handles bulk rice. These commodities arrive at the port by train and truck from North Texas, Oklahoma, Colorado and Kansas.

Other chief exports from Houston include oil well machinery and all types of petrochemical products, including synthetic resins, fertilizers, potash, cotton and cotton linters.

The port's trade area takes in the section of the country between Chicago and Denver, from the Canadian border to the Gulf. The port is served by six railroads and 40 interstate freight lines. Some 25 million tons of the port's annual total cargo move by barge over inland river routes.

In the past 20 years, the Port of Houston has built 17 new wharves and is currently involved in a major building program.

The Seaport of Chicago is the international gateway for the manufactured and agricultural products coming in from a 500-mile radius of Chicago in every direction but the east. Tonnage figures for 1973 have not yet been released, but 1972 figures show total export tonnage (excluding whole grains) of 1.1 million, with imports hitting the 2.1 million mark. Whole grain is the port's primary product and is tabulated separately. A total of 1.4 million tons of whole grain passed through the port in 1972. Thus, total international tonnage handled in 1972 was 4.5 million.

Other principal exports include milled grain products, coke, petroleum and asphalt, clay, iron and steel, iron and steel scrap, animal fats and animal byproducts.

Chicago became a major international trade port in 1959 when the St. Lawrence Seaway was opened. The port is also connected with the Gulf of Mexico through the Illinois-Mississippi river system.

Chicago has long been an important shipping center, since more than 30% of the nation's gross national product is produced within 300 miles of the city.

The Seaport of Chicago is comprised of two major sections—the Navy Pier Terminal adjacent to the Loop and the Calumet Harbor terminals on the south side. The entire Seaport includes 11 overseas cargo terminals and six deep-water elevators.

Technical and economic feasibility studies are now being undertaken which are expected to lead to extension of the Great Lakes shipping season, which is expected to result in considerably more international trade for Chi-

Ships tie up at Navy Pier, one of two harbor areas making up Seaport of Chicago. Illinois is said to be nation's leading state in international trade.

cago. The St. Lawrence Seaway currently handles about one-eighth of all U. S. foreign traffic with the Seaport of Chicago accounting for one-third of the total Seaway overseas traffic.

Scheduled steamship service is now available from Chicago to 120 ports in 65 countries. Helping to develop overseas shipping is the priority task of the recently established International Trade Division of the Illinois Department of Business and Economic Development.

The Port of Mobile is looking forward to a prosperous future tied in with the opening of a channel linking the Tennessee River, which cuts across the northern portion of Alabama, with the Tombigbee River, which serves the Port of Mobile.

Within a decade, the $386 million waterway project is expected to be completed, enabling river traffic from Tennessee and northern Alabama to be routed directly to Mobile, instead of having to get to the Gulf of Mexico via Memphis and New Orleans. Barge traffic to the port is expected to double upon completion of the waterway.

The Port is now linked to shippers throughout Alabama by a system of rivers, including the Alabama, Coosa, Tombigbee and Black Warrior. The Chattahoochee River along the Georgia border also connects to the port via the Intercoastal Waterway.

Total tonnage handled by Port of Mobile in the 1972-73 fiscal year was more than 28 million, including both domestic and international shipments. Agricultural products top the list of items handled through the port, with animals and animal products, minerals, timber and chemicals also handled in large quantities.

Mobile is expected to share in the increased oil shipments that will result with the development of supertanker port facilities off-shore along the Gulf Coast. • •

New International Trade Center (left, center) plays host to consuls of 26 foreign countries stationed in Port of Mobile area.

Planning 1974 ABA Correspondent Banking Conference Sept. 8-10 in Atlanta are (seated, l. to r.) Paul Lindholm, conf. ch., and David Rockefeller, opening session keynoter; and (standing, l. to r.) John Clark, director, ABA Correspondent Bank Division, and Roger Lyon, ch. of division and exec. v.p., Chase Manhattan, New York City.

'Developing Future Strategies' Theme Of 1974 Correspondent Conference

Problems and opportunities confronting correspondent banking will be spotlighted at the ABA's 1974 Correspondent Banking Conference September 8-10 at Atlanta's Regency Hyatt House. Paul Lindholm, senior vice president, Northwestern National, Minneapolis, will preside as conference chairman.

The theme will be "Developing Strategies for the Future," and the keynote speaker will be David Rockefeller, chairman, Chase Manhattan, New York City, who will appear at the opening session September 8.

The conference will offer a variety of working sessions featuring such key banking executives as Richard L. Thomas, president, First Chicago Corp.; William H. Dougherty, president, NCNB Corp., Charlotte, N. C.; John F. McGillicuddy, president, Manufacturers Hanover Trust, NYC; John S. Reed, executive vice president, First National City, NYC, and Charles C. Smith, administrative vice president, Bankers Trust, NYC.

Both the general and workshop sessions will confront issues such as appraising credit needs and risks for holding companies, opportunities with thrift institutions, the evolving payments system, check processing, electronic funds transfer systems, credit card payment strategies, managing the correspondent bank division as a profit center and new services and products.

"Correspondent banking is becoming increasingly involved as users, as well as suppliers, of funds," said Mr. Lindholm. "For this reason, the correspondent banker has to continually be aware of future developments in banking. Our conference is geared to give bankers this awareness."

Suggestion Pays Off!

A suggestion that banks belonging to Mid America Bancorp., St. Paul, Minn., put their phone numbers on check blanks, made by Reverend Richard Blank (r.) paid off in 50 silver dollars recently. The reverend was the first winner in a monthly contest among bank depositors to submit suggestions for improved service. Shown "depositing" the $50 are Bernhard Loewen (l.), vice president, and Harold D. Keturakat, president, Mid America National, Roseville, Minn., the HC affiliate at which Reverend Blank banks.

Agricultural Products Lead U. S. Exports To Recapture Many 'Lost' Dollars

By GAIL M. VOLTZ, Public Relations Department, Chicago Board of Trade

THE YEAR 1973 could easily be referred to as "The Year of U. S. Agriculture" on the basis of grain production, prices and exports.

The United States was undoubtedly *the* producer for the masses in such commodities as wheat and feed grains. According to one study, the U. S. supplied grains to approximately 25% of the world (excluding the U. S.). Even more startling is the fact that U. S. farmers, constituting only one-tenth of 1% of the world's population, were the producers of this enormous crop. And the products of one out of every four harvested U. S. acres (85 million) were exported.

Despite weather problems during the spring of 1973, the U. S. was still able to supply nine-tenths of the world's soybean needs, three-fifths of its feedgrains, two-fifths of its wheat and one-quarter of its rice.

The recent upswing in U. S. agricultural exports began only two years ago with the sale of 10 million metric tons of wheat to the Soviet Union, and ballooned in 1973 with unusual world demand for soybeans, soybean products and corn, as well as wheat. In 1972 agricultural exports were valued at \$9.4 billion, an increase of \$4.4 billion over the total recorded 10 years earlier.

1973's agri-export worth far surpassed the record \$9.4 billion by 88%, totaling \$17.7 billion at the close of the crop year.

As a result, the entire U. S. economy's balance of payments went into the "black" by \$1.68 billion in 1973, despite record agricultural *imports* of \$8.4 billion. The net contribution of agriculture was \$9.2 billion, quite a jump from the \$0.9 billion ag contribution to the balance of payments in 1969.

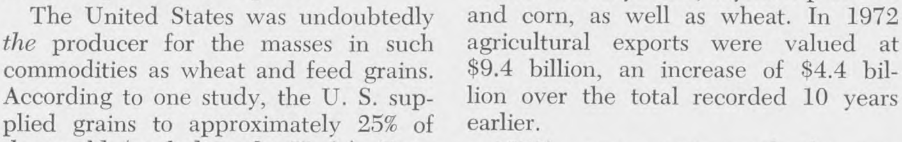
The growth in exports from \$5.9 billion in 1969 to \$17.7 billion in 1973 was accompanied by an increase in net farm income from \$16.8 billion to a record \$26.1 billion. U. S. agriculture employs 4.3 million individuals. In addition, over 30% of the U. S. labor force is employed on the farm directly or in jobs related to agriculture.

Growth in our farm exports had begun to accelerate late in 1972 and continued through 1973 as a result of the opening of East-West trade, reduced agricultural production in many areas of the world, continued gains in demand stemming from higher incomes in major foreign countries, as well as the disappearance of anchovies in the coastal waters of Peru.

Unfavorable weather conditions in 1972 caused agricultural shortfalls, particularly in the Soviet Union, Southeast Asia, Australia and parts of Latin America and Africa. Crop output was down sharply in these areas and major exporters other than the U. S. did not have the facilities or uncommitted supplies to meet import needs.

At the same time, economic growth in many developed countries was continuing to advance at record rates, and they were importing more farm products to satisfy increased demand for food resulting from higher incomes. A number of developing countries—notably Taiwan, Korea, Brazil and Mexico—were also achieving substantial increases in per capita income. This factor, together with population gains, contributed to substantial increases in

Value of U.S. Agriculture Exports



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the demand for imported food products. Also, many countries, developing as well as developed, were using stepped-up agricultural imports as an instrument to reduce the impact of the inflationary effect on food prices.

Basically, these factors are but a few which prompted agricultural exports to contribute substantially to a favorable trade balance of $1.68 billion in 1973—measurably better than 1972's deficit of $6.4 billion. And the United States was able to feed not only its own population, but major segments of the world's population.

1974—the USDA is optimistic about the agricultural sector but does not expect to meet or surpass the records set in 1973.

Wheat production for crop year 1974/75 is forecast at approximately two billion bushels, up over 20% from the previous year, and exports are estimated at one billion bushels versus 1.2 billion bushels last year.

Soybean production is forecast at 1.57 billion bushels which is unchanged from last year, but exports are expected to reach 575 million bushels versus 525 million bushels during 1973.

Feed grain production is estimated at higher than the 1973/74 season, but exports will be slightly lower. Production is forecast for 234.8 million tons versus 205 million tons, and exports should equal 36.7 million tons versus 39.8 during 1973/74.

Exports in the soybean complex (soybeans, soybean oil and soybean meal), and wheat and feedgrains, should continue on an upward trend for years to come. The United States has the proper conditions for growing 70% of all the soybeans produced in the world, and 50% of corn and feedgrains. The U. S., although producing 25% to 30% of the world's wheat and rice, shares its growing ability with such countries as Canada, Australia, Argentina, Russia and China.

The agricultural financial outlook for 1974/75, though optimistic, is not expected to meet the 1973 records. Realized net farm income, for example, is estimated at 20 to 23 billion dollars, the second highest on record, but down markedly from over $25 billion in 1973. The use of short and intermediate term loan funds to purchase farming inputs is expected to increase as the quantity and prices of inputs, particularly fertilizer and fuel, continue rising throughout 1974. However, farmer demand for short and immediate term loans will be moderate because of the carryover of large cash balances and time deposits.

The use of farm mortgage loan funds is expected to increase as land prices rise further and as farm operators and landlords attempt to enlarge their operations and make additional capital improvements.

Despite the forecasts for slightly unchanged or lower agricultural exports, agriculture will not feel the effects in any large degree. Whatever success has been achieved in the distant past, or even the last five years, can expect to continue or be surpassed in the longer term. • •

Research, Development Over Two-Year Period Produce New Bank Logo

When a bank adopts a new logo, it must be something the bank can live with for years to come; the design must be such that anyone who looks at it has no doubt which bank it is describing.

One example of a bank with a new logo is Mercantile Trust, St. Louis, whose communicative signature now is "Mercantile Bank" (see illustration). The bank has not, however, changed its legal name, Mercantile Trust Co., N.A. The new signature is set in a typeface created especially for the bank and is used with Helvetica type for legal bank names.

Eventually, the new logo will provide a unified communicative identifier for affiliate banks of Mercantile Bancorp., Inc., multi-bank holding company of which Mercantile is the lead bank.

MERCANTILE
BANK

More than two years of research and development led to creation of the logo by Lippincott & Margulies, New York City, a firm specializing in communications, marketing and design. Obata Design, St. Louis, has been retained to develop its use throughout the HC in a coordinated corporate-identification program. Mercantile Bancorp. affiliates will use the logo on an evolving basis and in a manner recognizing local needs within the total system.

"The new graphic signature," said Chairman Donald E. Lasater, "is only an initial expression of a more comprehensive corporate program that will unfold during the near and longer-range future. The logotype and the new 35-story Mercantile Tower now under construction are far more than graphic and architectural trademarks. They are outward manifestations of our total commitment to profitable growth as the preeminent banking institution serving the financial needs of our region. . . ."

Edge Act Corporations Put Sponsoring Banks Where the Action Is

By JIM FABIAN, Associate Editor

IN 1919, when Senator Walter Edge introduced a bill that eliminated state boundary restrictions for the formation of international banks, he probably didn't foresee the scope of the act's application.

The bill, passed as the Edge Act, amended the Fed's Regulation K to provide for the formation of banks without regard to state boundaries as long as their "activities in the United States are restricted to operations clearly related to international or foreign business."

The first Edge Act corporation was opened in New York City. By 1929 only three corporations had been formed—all of them termed unsuccessful.

The first surge of Edge Act corporation formations took place between 1955 and 1965. Some 35 corporations were formed in that decade, primarily because of the reestablishment of normal trade flows, the relaxation of exchange restrictions, a great surge of U. S. overseas investments and the emergence of the dollar as the principal reserve currency following World War II.

These Edge Act corporations do everything commercial banks do—including the acceptance and maintenance of deposits, the making of loans and the providing of other financial services. The only difference is that the services of these corporations are limited either to customers located outside the U. S. or to support international business activities of U. S. customers.

In the late '60s, banks became aware of the usefulness of Edge Act corporations as a means of tapping the vast Eurodollar market. By 1970, approximately 70 corporations had been formed, located in several U. S. cities, including New York, Chicago, Miami, New Orleans, and San Francisco. Today, corporations are located in other cities as well.

According to James E. Green Jr., executive vice president, Citizens & Southern National, Atlanta, C&S went into Edge Act banking because it was the most logical route for the bank to take to handle the bank's international business. An Edge Act corporation located in a port city (C&S has banks in Miami and New Orleans) enabled the bank to go right to the centers of international activity, placing the bank in the position of offering international services to customers throughout a region, rather than just in the bank's normal trade area.

Quay W. Parrott, manager of the C&S Edge Act corporation in New Orleans, says the bank puts C&S face-to-face with the customer, which is important when developing customer relationships.

One reason C&S went into Miami was because that city is the primary port of entry into the U. S. for Latin American visitors and it serves as the Latin America headquarters for many of the large U. S. corporations. The Miami office permits the bank to make contacts and enables the bank's international customers to do business right on the spot.

Mr. Parrott says the New Orleans office, on the other hand, has opened the vast international market of the Mississippi valley and its trade with every corner of the world to C&S. The New Orleans office enables the bank to provide the documentary services related to this trade.

He also says that the bank's overseas correspondents can direct letters of credit through Edge Act corporation offices, enabling payments at the port where the bulk of the title documents are cut. All parties benefit with this procedure, he says. The exporter receives his money instantly and the bank has provided a service for the foreign correspondent bank and received a fee for handling the transaction.

Not all Edge Act corporations are located in port cities, however. Mercantile International Corp., for example, is housed with its parent, Mercantile Trust, St. Louis.

According to Daniel B. Phelan, senior vice president and head of the international banking department at Mercantile, the bank's need for an Edge Act corporation wasn't for document processing in a port city. Although many such offices are located in port cities or money centers, most regional banks have them in their home cities.

Mr. Phelan says Mercantile uses its Edge Act corporation as a vehicle to hold foreign investments, as the bank has the capability to handle all foreign trade transactions in St. Louis.

He adds that, through investments of Mercantile International, the corporation can call on co-shareholders throughout the world for assistance and additional services for correspondent banks and customers of Mercantile Trust.

The corporation, along with the bank's international banking depart-

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Edge Act Corporations in the Mid-Continent Area

Following is a listing of Edge Act corporations in the Mid-Continent area as of the first of this year:

American National Overseas Corp., Chicago.
Bank of America International of Chicago.
Bank of America International of Texas, Houston.
Citizens & Southern International Bank of New Orleans.
Continental International Finance Corp., Chicago.
Crocker Mid-America International Bank, Chicago.
First Chicago International Finance Corp., Chicago.
First Dallas International Banking Corp., Dallas.
First National City Bank (International-Chicago).
First National City Bank (International-Houston).
Indiana National Overseas Corp., Indianapolis.
Mercantile International Corp., St. Louis.
Republic International Co., Dallas.

ment, places Mercantile in the position of being able to handle all international financing and banking problems for its customers.

An Edge Act corporation can take the form of a consortium, such as Allied Bank International, located in New York City and owned by some 18 inland banks, including First National, St. Louis, and First National, Memphis.

According to William S. Salter, vice president, First of St. Louis, and head of the international banking department, the main reason for Allied Bank is the syndication of loans that it makes possible among the owners. Each bank put in $2 million at the inception of Allied, and each owner bank considers the contribution as a valuable investment.

Allied Bank is a part of each owner bank's international scene, although some owners make more use of the corporation than others. Allied supplements the activities of the international department at First of St. Louis. It is considered to be one of the many tools the department has at its disposal to service its international customers.

Through its branches in London and Nassau, Allied enables its owners to share the costs of foreign office representation.

In short, Mr. Salter says, Allied is a vehicle that enables 18 medium-sized banks that are not situated in strategic port areas to compete effectively with larger banks that are located strategically.

How can Allied Bank be of use to its owners? Recently, First of St. Louis was approached by a large corporate client needing seasonal working capital for an overseas subsidiary to supplement its existing international line of credit. Since the bank already had commitments to this client equal to its legal limit, Allied Bank was approached to participate in this credit facility.

By financing that portion of the credit over First National's legal limit, Allied allowed the customer to meet its international borrowing needs and maintain its banking relationship with First of St. Louis.

When First of Memphis considered joining Allied, it realized the consortium would create an institution with a larger capital base—and therefore more financial strength—than a single bank could provide. The representation Allied gives its members in foreign cities is worth more than the $2 million contribution each member made to establish the corporation, a spokesman for First of Memphis said. The value of Allied as a clearing bank in New York for Euro-transactions, payments of bankers acceptances and other transfer functions is tremendous to its owners.

According to a representative at First of Memphis, the bank's membership in Allied Bank also provides additional services for customers, such as serving as an agent for their needs in New York City, setting up appointments and obtaining introductions for those traveling or doing business overseas and providing financial services wherever they are needed through participations. • •

Houston, Chicago Edge Act Banks Opened by Bankers Trust, NYC

Bankers Trust Co., New York City, opened its second and third Edge Act corporation offices last month—in Houston and Chicago. Additional offices are planned for Atlanta and Miami later this year. The first office was opened in Los Angeles.

Bankers Trust International (Southwest) Corporation, Houston, will assist firms throughout Texas as well as in other parts of the Southwest and Gulf Coast. Services will include loans, advances and discounts, letters of credit, foreign exchange, acceptance financing; Euro and local currency financing, demand and time deposits and financial counseling.

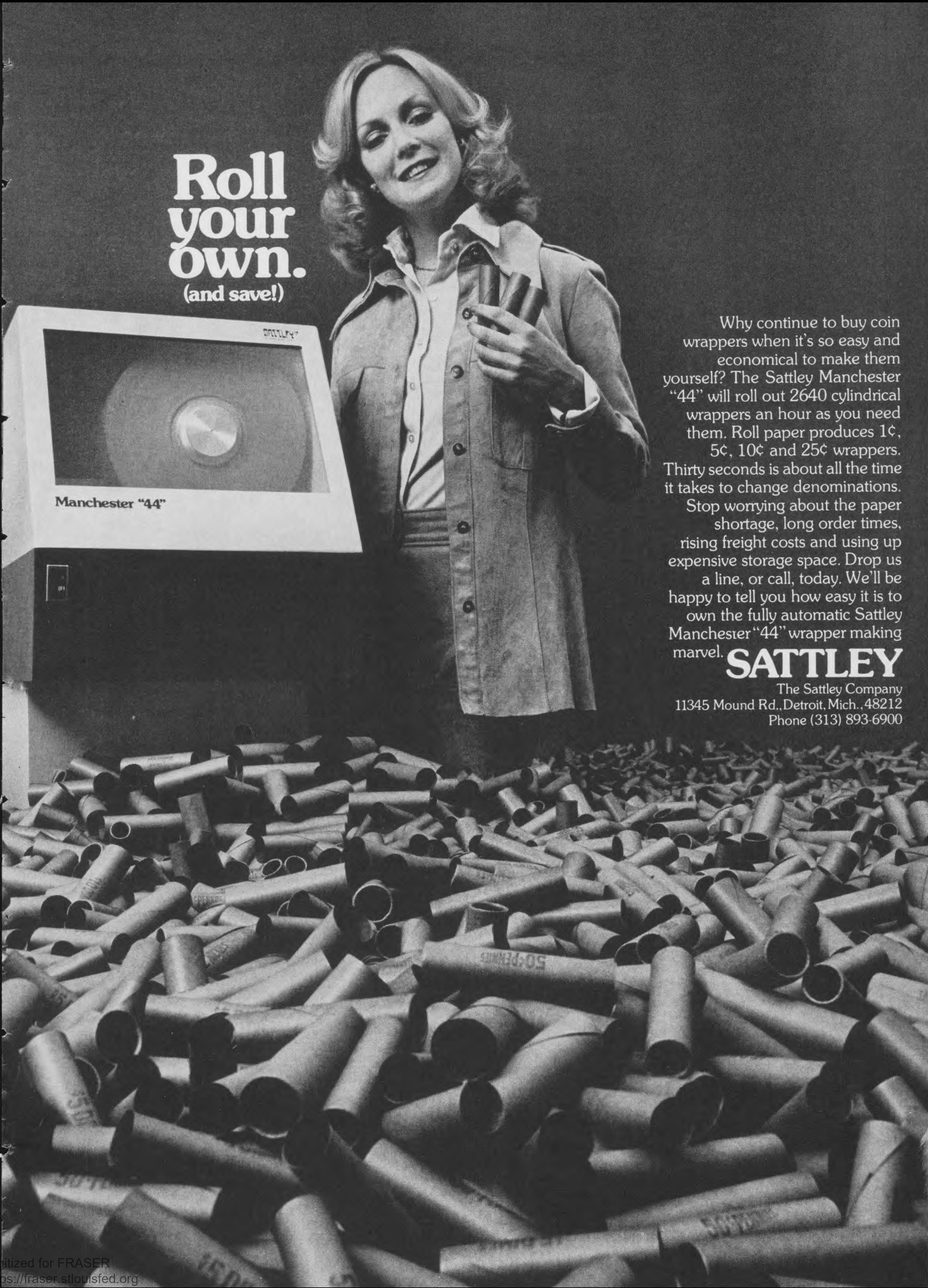
Alfred Brittain III, Bankers Trust chairman, said at the opening of the Houston office, "We feel that our entry in the Southwest will be helpful to small and medium sized businesses as well as for the largest multinationals. . . . The global demand for capital has never been greater, and a number of industries based in Houston and the Southwest could benefit from the services of a bank of our scope."

The Chicago unit is called Bankers Trust International (Midwest) Corp. and "will serve the diversified industrial and agricultural economy of a seven-state area and will provide banking services which help link Chicago and the Midwest with the other major trade areas of the world," according to Mr. Brittain.

Tokyo Rep Office Opened

HOUSTON—First City National has opened a far eastern representative office in Tokyo to serve the financial needs of U. S. companies doing business in Japan as well as those Japanese and other far eastern firms requiring financial assistance with their operations in the U. S.

In addition to the Tokyo office, First City operates branches in London and Nassau and is a partner in banks in London and Jakarta.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Banks Opening Rep Offices to Assist International Clients

BANKS are increasingly taking advantage of their prerogatives to open representative offices in cities throughout the nation to service their customers. Some offices serve domestic clients, but others cater exclusively to international accounts.

Irving Trust Co., New York City, opened a representative office in Chicago in May to service international accounts there. Not an Edge Act corporation, according to a bank representative, the office is a wholly owned subsidiary of the bank.

The office is the first representative unit in the U. S. for Irving Trust and it was established to assist Chicago area and Midwest customers with their expanding international business.

The reasoning behind the establishment of this office was given to MID-CONTINENT BANKER by Wolfgang W. Koenig, vice president, North American Region-International Division: "We think the expansion of international trade from the Midwest is going to continue at a phenomenal rate, both in terms of volume and new companies entering the market. A Midwest staff will give us more direct and frequent contact with our customers and, thus, enable us to serve them better with the wide variety of international services we offer. When the customer wants and needs our help, we want to be on the scene."

An example of how international customers can be served from a representative office was reported by First National, Memphis, which maintains a representative office in New Orleans.

The regional manufacturing plant of one of the larger concerns in the U. S., located in Louisiana, was experiencing delays of up to three weeks in receiving funds due for exports to Australia. The shipping documents, which were prepared at the Port of New Orleans, were being mailed back to the plant after shipment was made and then sent to a New York bank to be handled for collection through an Australian bank.

The time elapsed between shipment and return of payment to the company's office in Louisiana would run as much as four weeks. This included up to four days' mail time in the U. S. forwarding the documents to New York, up to two days for processing in New York and up to five days' mail time to Australia.

After payment, the same amount of mail time was spent when the Australian bank airmailed a request to the New York bank to pay the exporter, and the time for the New York bank's check to be cut and mailed to Louisiana. At today's interest rates, a $20,000 collection would cost the company about $180 in interest during the waiting period.

The international banking people at First of Memphis and its document processing subsidiary, First Memphis International Corp., New Orleans, arranged for the freight forwarder in New Orleans, who was preparing the documents, to deliver them by messenger to First Memphis International's office two blocks away; whereupon they were airmailed direct to the Australian bank with instructions to cable the proceeds of the collection back to New Orleans through a debit to the Australian bank's account in Memphis.

This system resulted in the collection proceeds arriving in the office of the Louisiana plant within 15 days after shipment from New Orleans, representing a minimum savings in interest to the firm of $80. The cost of this service was the fee for one cable from the Australian bank to the Memphis bank. • •

Export Promotion Multiplier Pact Made by Department of Commerce And Heller International Corp.

CHICAGO—Walter E. Heller International Corp. has been designated as an "Export Promotion Multiplier" by the U. S. Department of Commerce. The firm will work with the government agency on an official basis to stimulate exports by U. S. producers.

The compact is the first to be made by the Department of Commerce with a nationally and internationally operating financial services company, according to Gerald M. Marks, Chicago regional director of the department. He said these agreements establish a working arrangement on a national basis. The objectives are to motivate U. S. firms that are not exporting to foreign markets, as well as to help existing exporters increase the scope and density of their overseas market coverage.

Gerald M. Marks (r.), Chicago regional director of U. S. Dept. of Commerce, presents "Export Promotion Multiplier" agreement with Walter E. Heller International Corp. to Burton R. Abrahams, pres., Walter E. Heller Overseas Corp.

Burton R. Abrahams, president of Walter E. Heller Overseas Corp., Chicago-based subsidiary of Heller International, said that Heller export factoring permits a U. S. manufacturer to sell on open account and eliminate all credit responsibilty.

'Mr. Greenthumb':

Tongue-in-Cheek Advertising Features Groundskeeper

A faceless character named Gilbert Greenthumb was featured in advertising for the opening of the new banking center at First National, Boulder, Colo., recently.

Mr. Greenthumb is touted as a groundskeeper who is responsible for installing hundreds of plants, trees and shrubs at the new facility. He passed out garden seeds and potted plants to customers during the opening.

In the bank's advertising, Mr. Greenthumb emphasized the uniqueness of the bank's new building and called attention to the bank's personal service, featuring face-to-face teller contact in drive-up lanes. The fact that Mr. Greenthumb's face is always obscured by greenery contrasts with the face-to-face teller service.

Bank officials state that the Greenthumb technique resulted in favorable community interest and response.

Bankers Have Friend in Export-Import Bank

BANKERS with customers desiring to do business abroad have a friend in the Export-Import Bank (Eximbank). The sole function of Eximbank is to finance exports.

But Eximbank is not a competitor of commercial banks; rather, it operates only in the area where adequate financing arrangements cannot be made through a commercial bank, for one reason or another.

Currently, Eximbank is supporting U. S. exports at the rate of more than $10 billion annually with a wide variety of loan, guarantee and insurance programs and related services.

Eximbank is an independent agency of the federal government. Its function is to finance exports, thereby helping American suppliers meet the growing, world-wide demand for credit. Eximbank also helps U. S. firms meet the competition from exporters in other countries that are able to offer attractive terms because of government subsidization.

More than 250 commercial banks in the U. S. are using one or more of Eximbank's programs, including programs of professional training in international financing and through participation in seminars held throughout the nation.

Since Eximbank lends only on a participation basis, commercial banks provide at least half of all financing arranged through the government agency. More than three-quarters of Eximbank supported transactions involve guarantees or insurance, many operated in conjunction with the Foreign Credit Insurance Association (FCIA). (See article below.)

Eximbank cooperates with private financing, it doesn't compete with it. Eximbank backstops by assuming the longer terms and higher risks that its commercial banking partners are unable or unwilling to take. Where adequate private financing is available at rates and terms that satisfy the requirements of a given situation, Eximbank stands aside.

In short, Eximbank's rule is participation where necessary to complete a sound U. S. export transaction.

Eximbank offers insurance against the risks of nonpayment by the overseas buyer. This protection is offered against both the political and commercial types of risk. The U. S. exporter who advances credit to a foreign customer and protects the sale with Eximbank insurance finds it easier to sell his export paper to a commercial bank, should the need arise.

Eximbank encourages commercial banks to buy export obligations. It will make advance commitments to take the paper off the commercial bank's hands, through discount loans, anytime such action is requested. In making a discount loan, Eximbank will advance up to 100% of the outstanding value of the obligation, and will charge less interest than the commercial bank is getting on the obligation.

Guarantees of loans made by commercial banks to finance exports are another form of Eximbank service. The guarantees are available for medium-term credits. They will cover up to 100% of the outstanding amount of the loan, plus interest up to 6%.

A requirement is that the purchaser make a cash payment, usually 10%. The commercial bank finances the remainder of the transaction without recourse to the exporter and assumes the com-

(Continued on page 76)

FCIA Assists Banks in Global Marketing Efforts

By JOSEPH PAGAN-BIRD, Assistant Vice President, Foreign Credit Insurance Corp.

DURING 1973 the Foreign Credit Insurance Corp. (FCIA) undertook to further assist banks in their global marketing efforts through the expansion of the "buyer credit" concept.

Under the "buyer credit" approach, accommodations offered through U. S. banks to overseas customers for the purchase of U. S. goods can be insured against commercial and political risks by the FCIA working in conjunction with the Export-Import Bank of the United States.

Hence, the "buyer credit," wherein the bank maintains a direct lending relationship with the foreign importer, might best be described as the "opposite side of the coin" to the more familiar "supplier credit" which enables a bank to offer discounting/advance facilities to the U. S. exporter whose receivables are backed by FCIA comprehensive coverage.

The "buyer credit" concept, as applied to FCIA short term, medium term, or combination dealer type policies, affords the bank:

- Virtually risk-free financing overseas and subsequent build-up of its foreign portfolio;
- Access not only to new foreign importers of U. S. goods but also to domestic exporters;
- The ability to offer larger credits than the bank would in all probability have extended in the absence of FCIA insurance.

Consequently, many bankers, recognizing the invaluable marketing tool which the "buyer credit" presents, are increasingly availing themselves of this protection. In essence, the "buyer credit" concept has allowed the international banker to trade abroad with the assistance of FCIA.

FCIA insurance is also an advantage for the banker's relationship with the U. S. supplier or manufacturer. Where the bank assumes and insures the credit risks, the U. S. firm may treat the transaction as if it were virtually on a cash basis, thus enhancing the bank's image with its exporting clients and providing the bank with an entree to additional international and domestic business from the exporter.

Exporters of all sizes and encompassing a wide spectrum of products have found FCIA insurance a boost to their international sales. It not only provides protection against the unforeseen but also affords greater market penetration, competitive sales terms and improved financing capabilities.

A commercial banker experienced in international credit matters can provide his exporting client with such pertinent information as buyer creditworthiness, possible problems to anticipate in the creation and maintenance of a legally enforceable indebt-

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P.O. Box 1729 • Jackson, Mississippi 39205 • (601) 948-5300 edness and advice concerning the exporter's obligations to the insurers as individual situations arise.

And the banker can be of even greater assistance if he agrees to assume the credit risk associated with the exporter's foreign receivables and become the exporter of record, taking title to the goods as he would under a letter of credit transaction. In this case, the bank is eligible for FCIA insurance in its own name, even though the bank is acknowledged by endorsement as not being the exporter.

Bankers who make active use of FCIA insurance in their own names acquire a sales tool by relieving the exporter of his obligation to maintain a foreign credit collection and accounting department. Moreover, the banker with a proved performance record with FCIA will find that FCIA underwriters will establish a presumption in favor of the banker's credit judgments, thereby expediting the processing of applications for credit lines.

The international banker with an established reputation—like his corporate treasurer counterpart in industry—can achieve a virtually loss-free record in international credits by exercising the same care when making credit judgments on FCIA-insured transactions as he would on uninsured transactions.

Previously, we mentioned the FCIA short term and medium term policies. Let us take the opportunity now to explain these policies to you further.

Under a short term policy, a commercial bank functions in a manner similar to a commercial factor and agrees to purchase without recourse the short term obligations of certain exporting clients. The exporter must offer the bank "whole turnover" (or a reasonable spread of risks), and the bank, in turn, must insure all such purchased receivables with FCIA.

Otherwise, it operates as any other commercial factoring operation. The bank's international department becomes the foreign accounting, collection and credit department for the manufacturer.

The principal difference between the short term and medium term coverage is that the former requires a blanket type policy whereas the latter is administered on either an individual transaction or a repetitive sales-single buyer-basis.

It is especially useful for the bank to purchase FCIA medium term insurance in its own name in connection with distributor or dealer-type financing—particularly where the bank maintains a relationship with the buyer and one or more of the buyer's U. S. suppliers.

Where the overseas distributor is involved in a floor planning arrangement, the bank may elect to use the FCIA combination short term-medium term policy instead of the medium term policy.

The advantages of FCIA insurance in the bank's name for dealer financing include:

1. It offers the bank security.
2. It allows the bank to grant longer term financing for its foreign dealer customers than the bank might otherwise provide.
3. It enhances the financial flexibility of the foreign distributor by placing him in a position to finance his local receivables.
4. The U. S. supplier benefits most since he is now virtually selling for cash to the U. S. commercial bank. The exporter can reinforce his own credit evaluations, thus further reducing the likelihood of loss and benefits by being able to obtain credit for the foreign buyer without restricting his own credit needs.

International bankers are encouraged by FCIA to obtain insurance in their own names as a competitive marketing tool. Its application will prompt increased exports on the part of U. S. business and greater interest in U. S. goods on the part of foreign buyers.

It's not only the patriotic thing to do in relation to America's commitment to export expansion, it is also rewarding when considering the overall multiplier effect in new business and income if aggressively pursued. • •

Exim Bank

(Continued from page 74)

mercial risks on the early installments while the commercial risks on later maturities and all political risks are assumed by Eximbank.

Direct lending is a third form of Eximbank assistance. It is confined almost entirely to participation by Eximbank in loans made by commercial banks and other private lenders. The customary arrangement is for Eximbank and a commercial bank each to put up half the money for a transaction, after a 10% cash payment by the purchaser.

Eximbank will guarantee the commercial bank's part of the loan and will, where necessary, agree to take the later maturities so the commercial bank can be paid off first.

Eximbank also offers commercial banks export finance counseling and credit information services, professional training in international finance, an orientation program for business and industry and commercial bank export symposia. • •

Some 'Bankers' Hours'

Profile of 'Small Bank' President: Heavy Workload, But Small Salary

HOW LONG are the hours, how heavy is the workload of the average president of what can be termed a "small bank"? In a recent forum for presidents of small banks (less than $25 million in resources), the Bank Administration Institute surveyed 100 senior officers in an attempt to obtain a composite of how many hours these officers put in and the burden of work they carried.

The resulting profile: The average senior officer is 49 years old, has had 22 years' banking experience and has been president of his bank seven years. He certainly works at the bank or on bank business more than the traditional 40 hours a week and, in addition he then takes work home about three nights a week.

This heavy workload stems from the fact that this average bank president is active not only in administration, but has much to do with lending, investment, marketing and public relations. And most such officers are paid less than $25,000 a year; only a minority are paid more.

For a broader picture of bank presidents' remuneration, the BAI reported that banks with less than $5 million in resources paid presidents an average of a little above $12,000 a year. The average rose to close to $27,000 for $20- to $25-million banks.

Queried about home mortgage money, 29 presidents said they were still approving loans to all qualified applications; 31 said they were limiting funds to "select buyers," and 42 said only bank customers would be considered for mortgages.

Interesting sidelights obtained from the questionnaire: 32 of the 100 bankers followed their father's footsteps into banking. "Would you do it all over again?" the hundred were asked, and 89 replied "yes." • •

Bank Gives 50-Year-Old 'Tommie' Gun To Police Department for Display

"TOMMIE" has been retired at Crystal City (Mo.) State after a 50-year association with the bank. More formally known as a Thompson submachine gun, "Tommie" has been given to the Crystal City Police Department, where the gun will be displayed in a glass-enclosed case.

The bank decided to relinquish ownership of the "Tommie" gun because of more modern security measures such as electronic devices, closed-circuit surveillance units and photo-identification cameras. In addition, said President T. G. Hagen, "The possibility that the gun might be taken during a robbery attempt and used against us has always concerned me. Fortunately, this has never happened."

T. G. Hagen (l.), pres., Crystal City State, discusses "Tommie" gun bank presented to Ernest (Jaybird) Carr, chief of Crystal City police. Gun, which had been in bank's possession nearly 50 years, will be displayed in glass-enclosed case at police department.

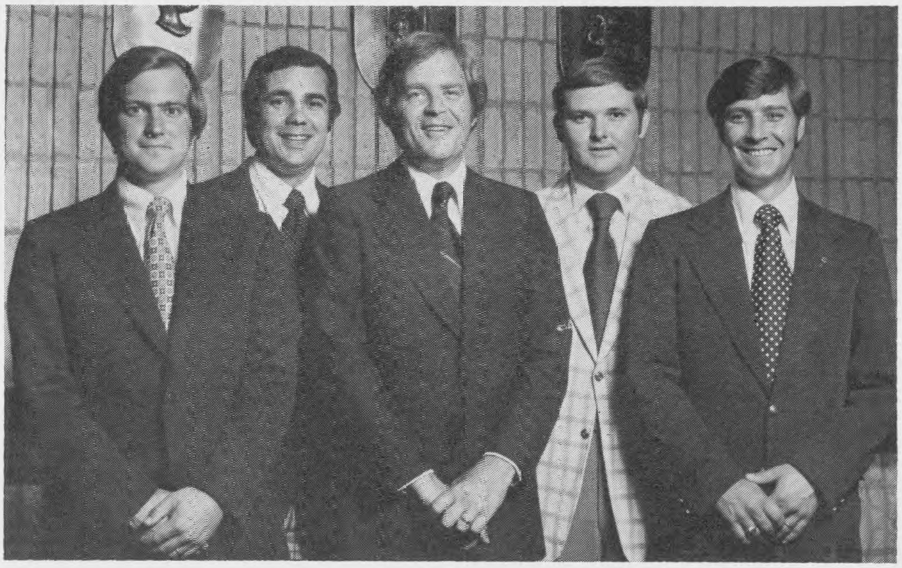
Crystal City State—a member of First Union, Inc., St. Louis-based multibank HC—bought the gun in 1925 after its payroll was stolen. The payroll had arrived by train for delivery to the post office, where an authorized bank officer was to collect it and take it to the bank under armed guard. The money was taken between the train and post office.

When the bank moved to its present location, it put a guard tower outside the building and a secret room in the interior overlooking the bank lobby. A guard stationed in the tower kept the machine gun in an iron storage box, where it could be reached easily in an emergency. Unexplainably, it was not removed during an unsuccessful 1928 robbery attempt on the bank. As times changed, the outside guard tower was no longer needed, and the chance of injuring innocent bystanders was too great for the inside guard to rely on the machine gun. Therefore, "Tommie" was retired and placed in permanent storage, and the end of World War II saw the secret guard room eliminated as a result of a remodeling project. • •

Decatur's Double Winner

Miss Illinois/Universe of 1974 looks at a Stephen Decatur medallion award presented to her by Decatur Mayor James Rupp (l.) while Ray G. Livasy, pres, Millikin Nat'l, Decatur, looks on. The young woman, Miss Karen Morrison, received the medallion and a $1,000 scholarship from the bank in the latter's directors' room. Miss Morrison went on to win the title of Miss U.S.A. May 18 and now qualifies for the Miss Universe pageant in July. This is the second consecutive year that a Miss Illinois/Universe in Decatur went on to capture the national title. It also is the second time that Millikin Nat'l had the good fortune to have a double winner for its $1,000 scholarship award.

Arkansas Junior Bankers Elect Officers



Robert Dill (c.), assistant vice president, Simmons First National, Pine Bluff, was elected president of the Junior Banker Section of the Arkansas Bankers Association at the group's annual convention last month in Little Rock. Other new officers (from l.) are Bill Bowman, commercial loan officer, McGehee Bank—treasurer; Bart Lindsey, marketing officer, First National of Phillips County, Helena—secretary; Randy White, assistant cashier, First National, Nashville—historian; and Ralph White, assistant vice president, Arkansas Bank, Hot Springs—vice president. The new parliamentarian—Robert Doss, assistant vice president, City National, Fort Smith—is not pictured.

Hawkins Is Elected President Of Tennessee Young Bankers

MEMPHIS—R. Murry Hawkins Jr., president, National Bank, Murfreesboro, was elected president of the Young Bankers Division of the Tennessee Bankers Association at the group's annual convention recently. Mr. Hawkins succeeded Jeffrey Golden, first vice president and cashier, City Bank, McMinnville, who was elevated to chairman of the group.

Other officers elected included Robert J. Williams, cashier, First National, Savannah, elevated from vice president to president-elect; and Lee Beeman, executive vice president, Dayton Bank, elected vice president.

New group directors elected were David E. Wilson, vice presdent, Hamilton Bank, Morristown—Group One; Dave Ramsay, assistant vice president, American National, Chattanooga—Group Three; and Jerry Paschall, vice president, Farmers Exchange Bank, Union City—Group Five.

Convention events included an enactment of a bank extortion plot, presented by the FBI and a presentation on "How to Make Your Banking Career Go Twice as Fast With Half the Work." Representatives of Merchants National, Columbia, and Second National, Jackson, presented programs on how their banks attract young adults.

Also on the program were talks by John Wright, then-TBA president, and president, American National, Chattanooga; McCoy C. Campbell, senior vice president, same bank; and William J. Wade, assistant vice president, Third National, Nashville.

New officers of Young Bankers Division of Tennessee Bankers Association are (from top) R. Murry Hawkins Jr., pres.; Mrs. Hawkins; Jeffrey Golden, ch.; Mrs. Golden; Robert Williams, pres.-elect; Mrs. Williams; Lee Beeman, v.p.; Mrs. Beeman. 425 attended convention.

Harper Heads Mo. Young Bankers

Elected to head the Missouri Young Bankers for 1974-75 were Mike Harper (c), vice president, Plaza Bank, Kansas City—chairman; and John W. McClure (r.), correspondent bank officer, Mercantile Trust, St. Louis—vice chairman.

Steve Nelson Is President Of Alabama Young Bankers

MONTGOMERY, ALA.—Steve Nelson, vice president, City National, Selma, was elected president of the Alabama Young Bankers Association during the group's 19th annual conference, held recently. New vice president is William R. Haley Jr., vice president and cashier, Exchange National, Montgomery. Also elected were Miss Kay Ivey, assistant cashier, Merchants National, Mobile—treasurer, and Gene Boyd, executive vice president and casher, Jacksonville State—secretary. Miss Ivey is the first woman to be elected an officer of the association.

Conference speakers included John E. Swearingen, chairman, Standard Oil Co. (Indiana), who keynoted the meeting; Samuel C. Evans, Department of the Treasury, Atlanta; Chauncey E. Schmidt, president, First National, Chicago; and Dr. Robert G. Kelly, Indiana University.

Wilbur B. Hufham, First Alabama Bancorp., was named the outstanding young banker for 1974.

Annual Golf Tournament Held by American Nat'l, St. Joseph, Missouri

FAIR WEATHER, good friends and excellent golf were in evidence last month as American National, St. Joseph, Mo., held its 23rd annual golf classic for customers and friends of the bank.

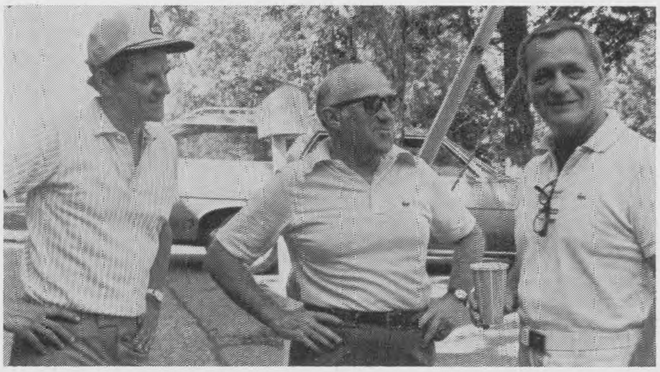
Top prize of the event went to Kansas banker Nik Perrigo of Citizens State, Hiawatha. His low score of 77 was matched by several others who were ineligible because of previous wins of the bank's traveling cup. Other prizes, including a little-known (but popular) award to the "thirstiest" golfer, were given.

Officers and directors of the bank, headed by Don Folks, vice president in charge of the correspondent bank department, hosted the one-day event. • •

TROPHY WINNER Nik Perrigo (l.), Citizens State, Hiawatha, Kan., is shown receiving "traveling cup" from host banker, Don Folks, v.p., American Nat'l. Three wins are required for permanent possession.

HOST BANKER Don Folks, v.p. and head of correspondent dept., American Nat'l, is flanked by golfers Jim Needham, Valley State, Atchison, Kan., and Robert Popple, Chillicothe (Mo.) State.

GOLF CARS were provided for all golfers. This foursome (from l. to r.): Truman Wilson, state senator; Jerry Hilliard, dir., host bank; Jim Kirkpatrick, Missouri's secretary of state; and William F. Enright Jr., exec. v.p., host bank.



A THREESOME VISITS: Lowell Ripley, First State, Forest City, Mo.; Allen Moore, Chillicothe (Mo.) State; and Charles K. Richmond, exec. v.p., host bank.

NINETEENTH HOLE was popular spot. Shown here: Beverly Pitts Jr. and Charles K. Richmond, host bank; Carl Minor and Earle Minor, Farmers Bank, Maysville, Mo.

FIRST TEE provided this snapshot: Terry Gardner, v.p., host bank; Robert Ross and Sam Knittle, City Nat'l, Shenandoah, Ia.; and Noble Avers, dir., host bank.

(An Advertising Page)

The Financial Buyer's Guide

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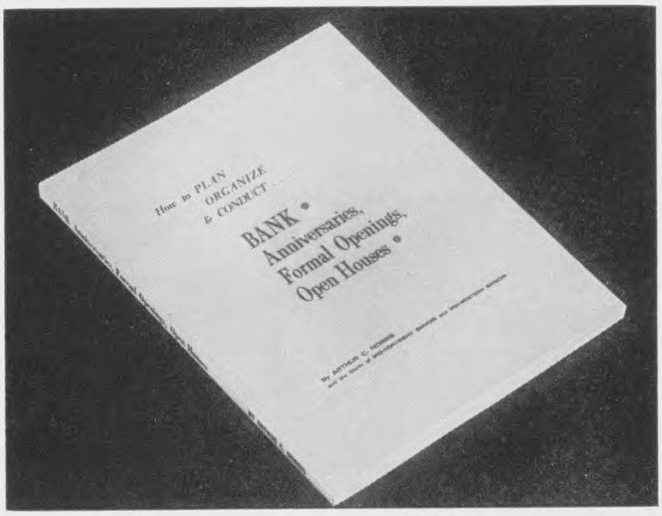

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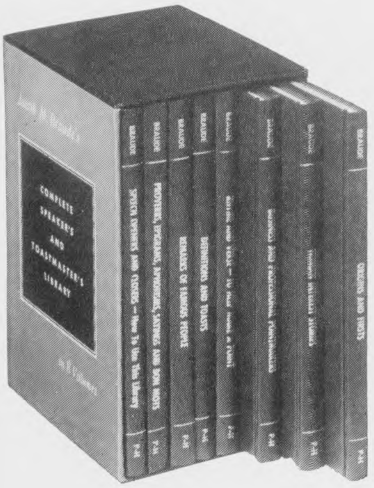

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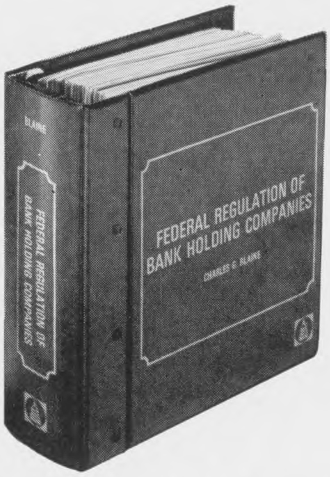

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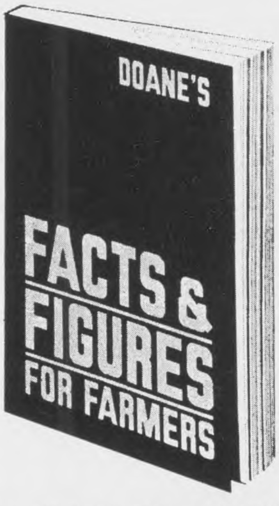

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'How-to-Be-a-Widow' Program Created by Alabama Bank 800 Women Attend Seminar!

TOP: Attorney who spoke at First of Montgomery's preparation-for-widowhood program gives advice to guest during question-and-answer session.

BOTTOM: Information on insurance is given two guests by insurance expert, also during question-and-answer session.

By MRS. JEN MOONEY
Assistant Vice President
& Women's Division Officer
First National Bank
Montgomery, Ala.

TRANSLATING community needs into banking services is our goal in the women's division at First National of Montgomery.

A new bank service that recently became a reality for the women of Montgomery was the result of a telephone call two years ago from a frightened young woman. I didn't know her, but her plight was similar to that of others I had been encountering with regularity in my work as women's division officer for the bank. She told me her story—in brief, her husband had been injured in an automobile accident, and her doctor had advised her that he would not survive. Her question to me was, "What should I do? I know very little about my husband's business affairs, and I am so unprepared to manage things."

In the process of helping this young woman, I learned a great deal myself. There were indeed many things she, and any other woman in her situation, should do. More than that, it soon became painfully apparent that there also were a number of arrangements she and her husband together should have (and had not) made long before "What should I do?" became her problem.

From that time on, I made notes on such calls and inquiries and was soon convinced that the majority of women have only a vague notion of what to do in the event of widowhood. I found they seldom consider—in advance—that the average woman will spend 12 years of her life as a widow, nor do they give sufficient thought to the importance of careful plans that they and their husbands should make to prepare for the possibility of widowhood.

In 1969, we published a booklet, "Let's Talk About Money," which is used in our women's division for group programs and individual counseling. The booklet covers budgeting, buying, borrowing and banking for women, all very useful information, but, unfortunately, help for the crisis of widowhood was not included. To remedy this omission, the booklet was revised a year ago and a new chapter added: "For Women Only. Of Widows, Wills and Estate Planning." The addition proved to be valuable, but still something more was required if we were to offer sound financial advice to women.

Consequently, last summer I began assembling information for a second booklet devoted solely to preparing women for the immediate problems and decisions with which they are confronted when their husbands die. Our "Widow's Guide and Checklist" was ready for publication in April, 1974. We had originally planned to introduce this new service through advertising, but decided instead to offer an introductory program of "widowhood training." Special invitations were sent to many women: customers, trust prospects and others. General invitations appeared in the newspaper. The women were invited to send in questions prior to the program (hundreds were received); written questions also were solicited during the program.

The program was conducted in two identical sessions, one in the morning, one in the evening to accommodate the ever-increasing number of working women. In all, 800 women attended, about evenly divided between the two sessions. To our surprise, there were a good many men present in the evening. Some were there because they, too, wanted to find out what their wives needed to do and know; others because their wives asked them to attend. Some women who attended the morning session came back in the evening and brought their husbands. Both audiences were most responsive and deeply appreciative of the guidance presented by our panel of experts, materials contained in the package (which included a copy of "Widow's Guide and Checklist") given to each person, and the information offered during the question-and-answer periods.

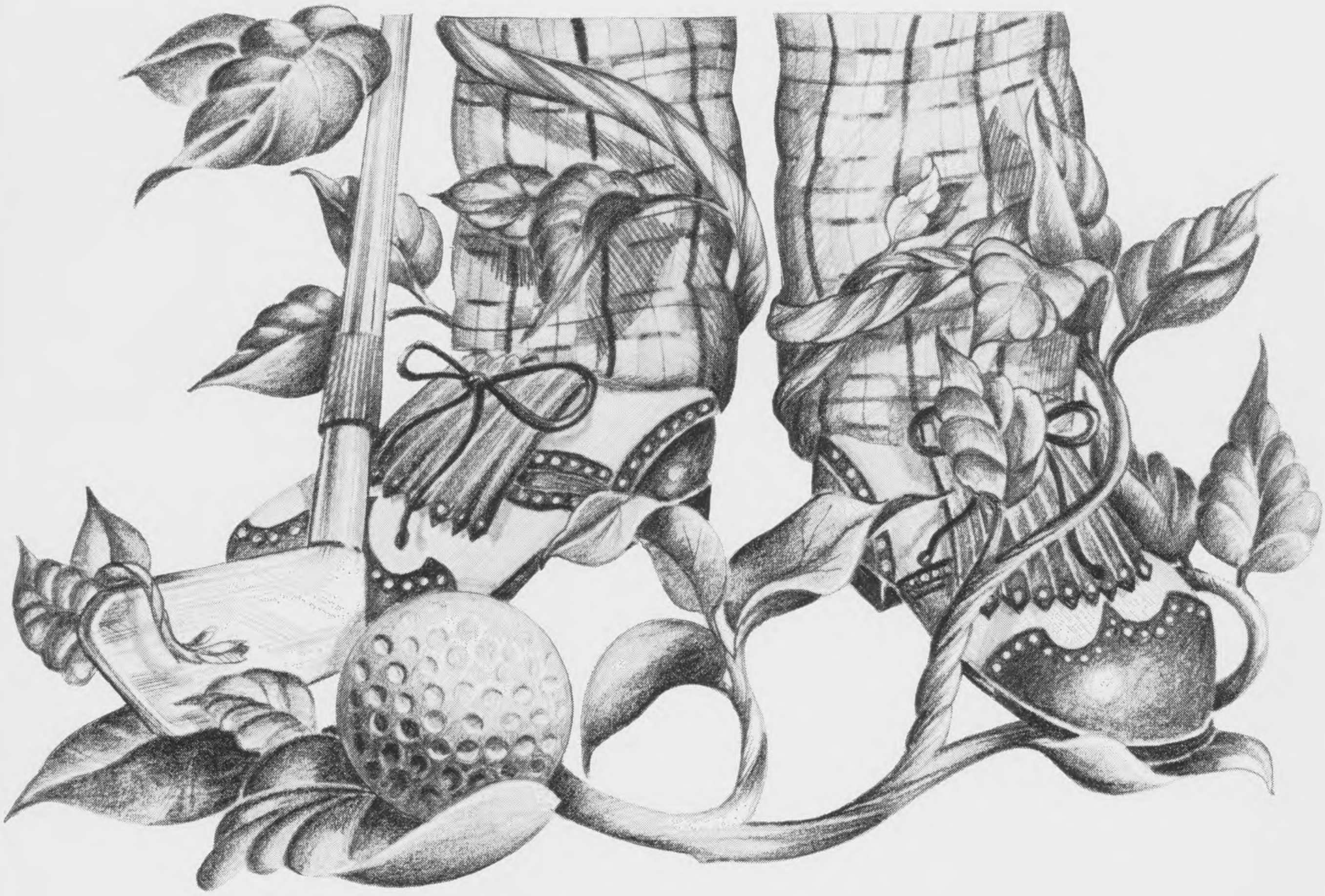
During the planning stages, some of our own bankers and others outside the bank questioned the advisability of a program dealing so publicly with such unpleasant matters as death benefits and funeral arrangements. We did make every effort to keep things from becoming too gloomy during the program by interspersing bits of humor at every opportunity.

The enthusiastic approval from those who attended, as well as others whom we have heard from since the program, offered convincing evidence that we were on the right track and had correctly interpreted a need that existed in our community.

By the end of May, we had received

This is overall view of crowd at morning session of First of Montgomery's "What Should I Do?" program.

When you're faced with a tangled situation...



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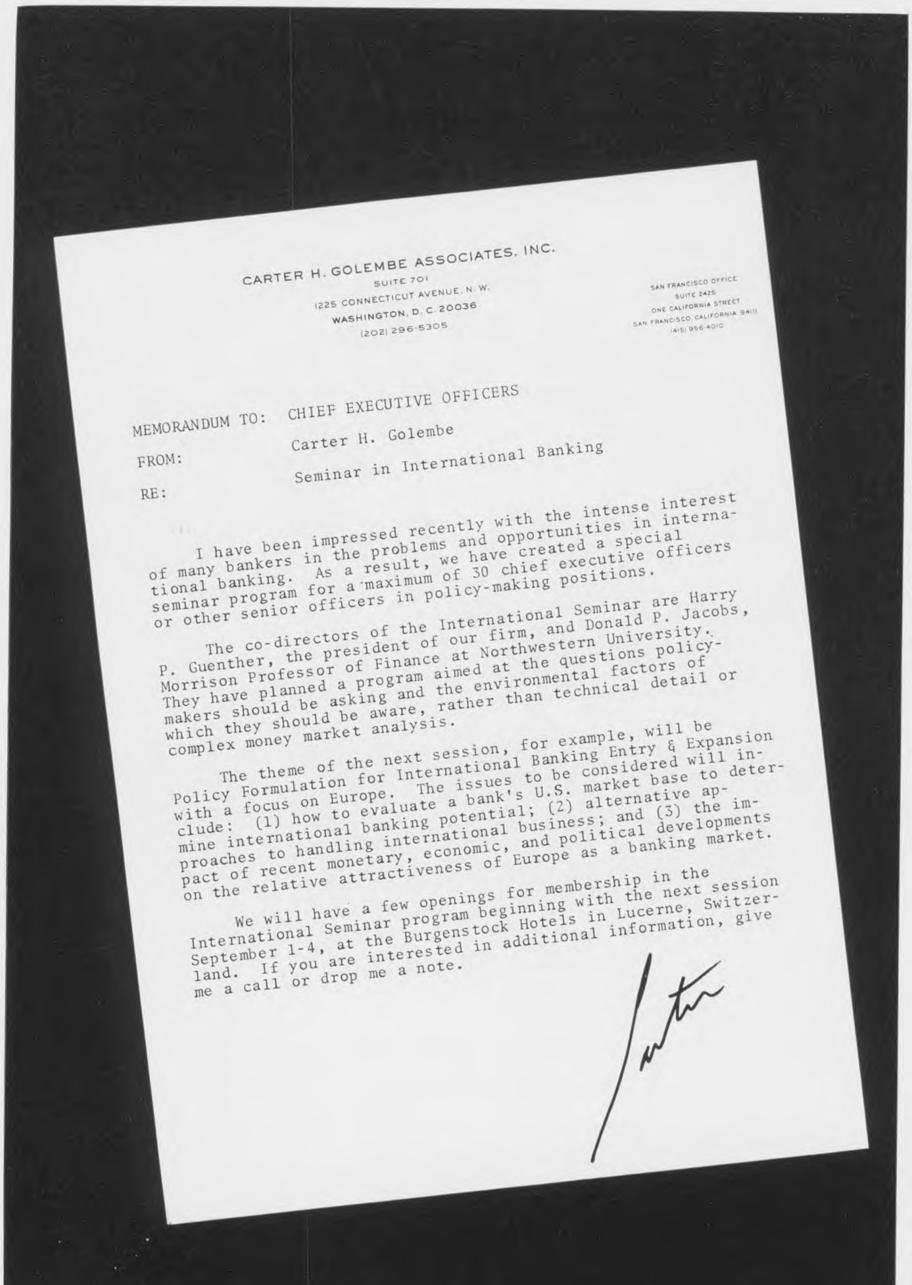
more than 400 requests for further information and particularly for the materials and booklets distributed during the program. Our panel experts reported that they, too, had received many telephone inquiries and compliments. Requests that we repeat the program continue, as well as requests for assistance and advice from women who had heard about the program from their friends.

We feel that we introduced our "Widow's Guide" in an appropriate, noncommercial manner and that First National will reap long-term benefits from this effort. We identified First National as a bank that is sensitive to bank-related community needs. As a result, we were able to establish a new relationship with many of our customers and to make direct contact with numerous non-customers for the first time. We are proud that First National was *first* in its area to offer this needed and welcome program, which will be a continuing service of our women's division, available to all the women of Montgomery. • •



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MEMORANDUM TO: CHIEF EXECUTIVE OFFICERS

FROM: Carter H. Golembe

RE: Seminar in International Banking

I have been impressed recently with the intense interest of many bankers in the problems and opportunities in international banking. As a result, we have created a special seminar program for a maximum of 30 chief executive officers or other senior officers in policy-making positions.

The co-directors of the International Seminar are Harry P. Guenther, the president of our firm, and Donald P. Jacobs, Morrison Professor of Finance at Northwestern University. They have planned a program aimed at the questions policy-makers should be asking and the environmental factors of which they should be aware, rather than technical detail or complex money market analysis.

The theme of the next session, for example, will be Policy Formulation for International Banking Entry & Expansion with a focus on Europe. The issues to be considered will include: (1) how to evaluate a bank's U.S. market base to determine international banking potential; (2) alternative approaches to handling international business; and (3) the impact of recent monetary, economic, and political developments on the relative attractiveness of Europe as a banking market.

We will have a few openings for membership in the International Seminar program beginning with the next session September 1-4, at the Burgenstock Hotels in Lucerne, Switzerland. If you are interested in additional information, give me a call or drop me a note.

Carter

For Its 75th Year:

Replica of First Home Offered as Coin Bank During Anniversary

Valley National of Arizona, Phoenix, is operating out of a new, 40-story building now, but—because 1974 is the bank's 75th-anniversary year—it is remembering its first home in an unusual way.

Bonnie Clark, Valley Nat'l secretary, drops coin in cardboard bank replica of general store in which forerunner of bank was established in 1899. Cardboard banks are being distributed as part of Valley Bank's 75th-Anniversary celebration.

Valley National is giving away cardboard coin banks in the shape of the Solomon General Store, birthplace of Gila Valley Bank and forerunner of Valley National. The coin bank was designed from a photo taken of the store in 1899, long before Arizona became a state.

The cardboard banks come flat and have self-locking bottoms and will be distributed at VNB branch openings and special functions.

Overdraft Service Customers Get Free Checking Plan

ST. LOUIS—A free checking plan for personal accounts has been introduced by American National, Brentwood Bank and City Bank. The plan is offered to Master Charge cardholders who also apply for the banks' Master Charge overdraft service.

The offer includes unlimited supply and use of checks with no minimum-balance restrictions. Customers also may receive a personal Money Machine cash card good for $50 on a 24-hour basis.

Bank on our experience.

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Whitney
NATIONAL BANK OF NEW ORLEANS
Established 1883

New officers of NMBA include (from l.) Henry Jaramillo, pres., Ranchers State, Belen—pres.; Wayne Stewart, pres., First Nat'l, Alamogordo—pres.-elect; Robert E. Lockhart, sr. v.p., Santa Fe Nat'l—reelected treas.; and Denton R. Hudgeons, reelected exec. v.p.

National Banks Might Get POS Authority, Comptroller Tells New Mexico Bankers

COMPTROLLER of the Currency James E. Smith told those attending the 63rd annual convention of the New Mexico Bankers Association that he has asked the attorneys in his office to make a determination whether it would be legal for him to authorize national banks to install point-of-sale (POS) computer terminals in supermarkets.

Although he doubts the attorneys will consider such a move to be possible, Comptroller Smith said he would give his authorization to such action if it would be upheld by the courts. The move would put national banks on a par with thrift institutions such as First Federal S&L, Lincoln, Neb., which was the first thrift to enter the POS field with installations in two Hinky Dinky supermarkets.

He added that he was hopeful that the problem of POS terminals could be solved without any clash between proponents of branching and their opponents.

Willis W. Alexander, ABA executive vice president, urged bankers in attendance to "get a piece of the action" by evaluating, accepting and embracing new technological developments. He said that banks must give their customers the services they want and that many Americans would be willing to pay the price to lick inflation if only someone would show them how to do it.

Outgoing NMBA President James A. Clark, executive vice president, Albuquerque National, reported on his year in office. He said new bylaws were adopted by the executive committee to carry out the association's new constitution, that the association sponsored a trip to Washington for the first time, that the five NMBA groups were reorganized and that three legislative committees were appointed to work in the areas of record retention, state bank code revision and interest regulation revision.

NMBA Executive Vice President Denton R. Hudgeons reported that four new banks opened in the state during the year and that 124 banks are members of the association. He announced that the association's second annual Washington, D. C., trip would take place in September.

Henry Jaramillo Jr., president, Ranchers State, Belen, moved from president-elect to president of the association, and Wayne Stewart, president, First

LEFT: James E. Smith (l.), Comptroller of the Currency, and convention speaker, chats with incoming NMBA Pres. Henry Jaramillo. RIGHT: Outgoing NMBA Pres. James A. Clark (l.), exec. v.p., Albuquerque Nat'l, makes threesome with convention speaker U. S. Senator Pete V. Domenici and NMBA Exec. V.P. Denton R. Hudgeons.

Introducing our new Southwestern Division

If you've got oil and chemical operations to finance, we've got a Petroleum and Chemical Loan Department.

In short, Harold Stallings and his experienced oil and chemical pros are ready to discuss any type of petroleum and chemical industry financing you may be in need of. And of course, they can get you to the right people fast for all of our other bank services.

If you've got farm and ranch business to support, we've got an Agricultural Loan Department.

One of the most experienced farm and ranch bankers in the Southwest heads this department . . . Tommie Stuart. Among the many services he and his specialists can offer are financing of cattle feeding programs, feed grain inventories, breeding herds; technical and financial counseling to prospective farmers, ranchers and cattle feeders; and financial planning for any farm or ranch operation.

If you've got the need for big bank assistance, we've got a Correspondent Banking Department.

John Cope and our Correspondent Banking Department representatives can offer other banks our resources for overline assistance; help set up profit sharing and pension programs; provide information in specialized areas of banking such as petroleum and chemical loans, international banking, agricultural credit, portfolio management, installment lending, and trust services. Whatever your Correspondent Banking needs may be in the Southwest, we've got the people ready to help.

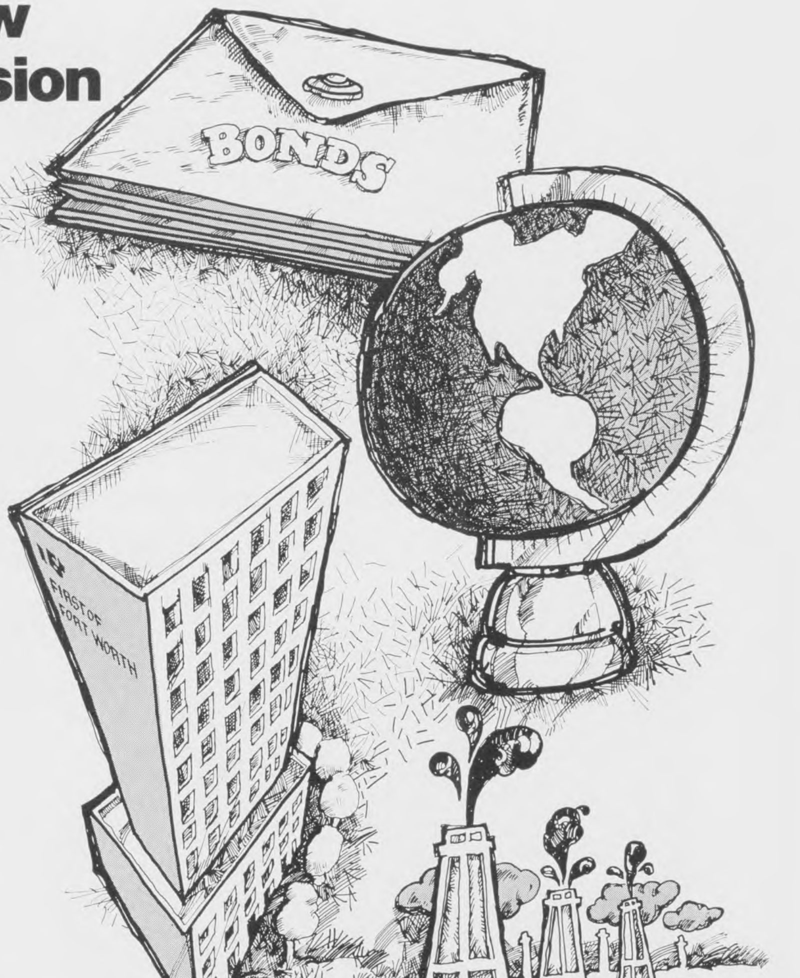
If you've got bonds to buy or sell, we've got a Bond Department.

Under the leadership of Alan Greear, our Bond Department specialists can arrange purchase or sale of U.S. Government and Federal Agency Securities and tax-free Municipal Bonds; provide credit information to bond customers and prospects; review and appraise bond portfolios; and offer general investment assistance in permitted classes of investments.

If you've got business across the world, we've got an International Department.

Peter Jay heads our International Department. He and his team of experts can help finance exports and imports; provide lines of credit; provide foreign funds; purchase and sell foreign currencies; and arrange international monetary transfers.

Our Southwestern Division is headed by Alan Snodgrass. The services of each department in our new division all have one thing in common: each is a highly specialized and technical area of banking. Our Southwestern Division is staffed by experienced people more than capable of meeting the challenges. And whether you need services of one or all of the departments, our experts will team up to make sure you get all the banking you need. For more information, call us at 817/336-9161.



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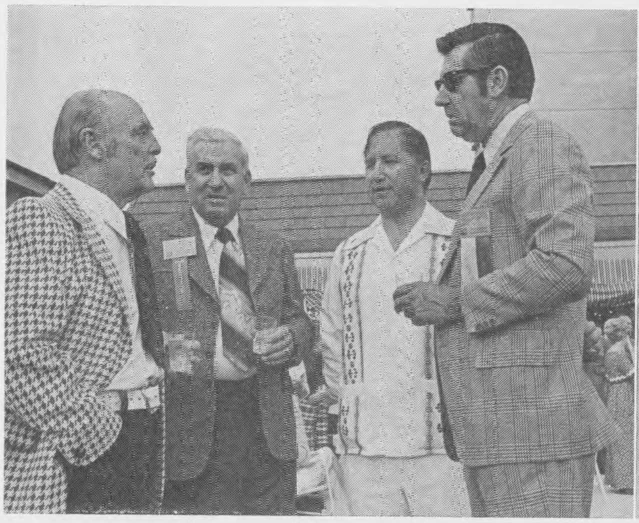

LEFT: Chatting at past presidents' luncheon were (from l.) G. Wilbur Jones (1953-54), pres., First Nat'l, Tucumcari; Rex E. Reeves (1970-71), ch., Farmers & Stockmen's, Clayton; Arthur Ortiz, pres., Centinel Bank, Taos; and Claude E. Leyendecker (1972-73), pres., Mimbres Valley Bank, Deming. RIGHT: Reviewing old times were (from l.) Edward H. Tatum Jr., v-ch., First Nat'l, Santa Fe; Townsend B. Hood, ch., Bank Securities, Inc., Alamogordo; Bob Nicks, pres., Citizens State, Springer; Roy Davidson, state banking commissioner; George Blocker, dir., New Mexico Bank, Hobbs; and J. C. Hester, retired ch., Bank of Santa Fe.

National, Alamogordo, was named president-elect. NMBA Treasurer Robert E. Lockhart, senior vice president, Santa Fe National, was reelected to his post, as was Executive Vice President Denton R. Hudgeons.

Charles K. Johnson, president, First National, Artesia, was elected New Mexico's member of the ABA nominating committee, and outgoing President Clark was elected as alternate.

Attendance was 1,290, the largest on record, and next year's meeting will be in Roswell from May 29-31. • •

Rosenberg Heads AIB

Russell E. Rosenberger was elected AIB president at the institute's annual convention in Baltimore late in May. He is a banking officer and assistant branch manager at Philadelphia National, Conshohocken, Pa. Elected vice president was Earl B. Bloodworth, vice president and trust officer, Security Bank, Vincennes, Ind. Among the new executive councilmen elected were George H. Alexander, commercial banking officer, Continental Illinois National, Chicago, and Richard L. Killmon, vice president, Fidelity Bank, Oklahoma City.

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Life Is Named President Of Indiana Bankers Assn.; 'Public Mood' Discussed

By BERNARD A. BEGGAN
Senior Editor

"THE CHALLENGE of Change" theme of last month's Indiana Bankers Association annual convention in French Lick could have been subtitled, "The Changing Public Mood." Speakers dwelled on the latter topic as they addressed themselves to inflation, the energy crisis and even the credit-worthiness of women.

C. Jackson Grayson Jr., former chairman of the price commission, called inflation "the runaway problem of the United States" and added four more potential trouble spots: centralization of our economic system, distribution of income, shortages and international interdependency.

He said the short-run dangers of "this rampant inflation are the enactment of standby and/or mandatory controls that labor could explode (seeking more earnings)." He said "controls not only limit the signal system, they breed more controls and that's when black markets start to creep in." He is further concerned that more and more economic decisions are being moved up into the political arena.

"Let's get back to fundamentals," he said, noting that "public sentiment is much against business, and businessmen themselves are asking for special considerations; so is labor and this is how the government gets into the business picture." He said there is a "paucity of data in the government and there are no economic models flexible enough to help run the government.

"Believing inflation is inevitable is a dangerous belief," he said. "I'm somewhat pessimistic but not fatalistic; we can stop inflation if we do these things—have more fiscal and monetary restraint, de-regulate the economy, watch big business (monopolies) and revamp all government." He urged business leaders to get involved in politics—"we need more advocates of capitalism"—and called for more economic education, particularly at the university level.

George V. Myers, president, Standard Oil Co. of Indiana, said, "Public confidence in our institutions, including business, is at one of the lowest points since pollsters began taking the national pulse. In addition, the business community continues to lose favor among those generally considered to be its supporters—the professional and managerial group, college graduates, the affluent and others active in publc affairs.

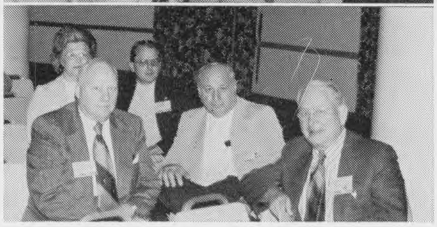
"We have reached the point where no less than 35% of the public thinks business is making too much profit, while 40% think the government should act to limit corporate earnings. Congress has a serious image problem of its own. In a recent survey, unions, Congress and big business were almost in a dead heat for last place.

"What appears to be shaping up is the most serious assault on private enterprise since the depression," he said.

He continued: "While the problems of energy supply and demand are complex, it is clear that our immediate challenge is to increase the supply. Unfortunately, the political approach being taken to what are basically economic problems leads to proposals which fall in the latter category."

He cited bills calling for vertical dissolution of the oil companies and other bills that would put the government into the oil and gas business, through a Federal Oil and Gas Corp. Still other measures would extend federal control of natural gas prices to intrastate, as well as interstate sales.

"In total, such notions represent economic know-nothingism in its most virulent form, completely ignoring practical realities. All of these pro-



TOP: Pictured at annual Rose Breakfast are (l. to r.) C. Jackson Grayson Jr., dean and professor, School of Business Administration, Southern Methodist University, Dallas, and convention speaker; Nick Frenzel and Jack Bennett of Merchants Nat'l, Indianapolis, hosts for breakfast; and Robert Nelson, IBA exec. v.p., Indianapolis.

BOTTOM: Waiting for convention business session to begin are front row (r.), Rolland Neese, Union Bank, Franklin, and IBA pres., 1965-66; second row (l. to r.), Herm Elett, Citizens Nat'l, Marion; and Tom Marcuccilli, First Valley Bank, Gas City; back row, Mr. and Mrs. Richard Puckett, United Bank, Upland.

NEW IBA OFFICERS are (l. to r.) pres., Richard A. Life, pres., Wabash Valley Bank, Peru; v.p., C. Lloyd Griffis, pres., Old-First Nat'l, Bluffton; outgoing pres., James P. Coplen, pres., Nat'l Bank of Logansport; treas., Howard Brenner, pres., Tell City Nat'l; and dir. for one-year term, Benton M. Wakefield Jr., pres., First Bank, South Bend.

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Mr. and Mrs. Walter Schlechte (seated, l.), Old Nat'l, Evansville, join three bankers from First Nat'l, Richmond, and their wives at Rose Breakfast. Mr. and Mrs. Reed Adelsperger are seated, c.; Mr. and Mrs. Carl Crouch, seated, r.; and Mr. and Mrs. James Carter, standing, r. Standing, l., is Dr. Lawrence E. Kreider, exec. v.p. & economist, Conference of State Bank Supervisors, Washington, D. C.

posals would constitute a backward step toward a statist, no-growth, state-dominated economy."

In his address on "Women and Credit," Eugene H. Adams, chairman, ABA governing council, echoed the public's mood, saying, "We are expected to be sociologists, judges, philosophers and statesmen. At a time when experts are struggling to identify changing attitudes and needs, bankers are being asked to act on the basis of these new realities."

Mr. Adams, immediate past president of the ABA and chairman, First National, Denver, said, "Bankers should re-examine the validity of using sex or marital status as an indicator of credit-worthiness. We must examine ways in which women, or at least some women, feel they are being denied access to the economic benefits of living in America."

He cited several common complaints: 1. Income, length of employment, previous credit history and financial obligations are far more valid guidelines for granting credit to women than sex or marital status. 2. The final decision about relying on a wife's income may more appropriately be made by the couple. 3. A woman who marries should not become a non-person as far as her credit rating is concerned. 4. It is questionable whether statistical evidence will support the premise that families where the wife is the primary means of support are necessarily less credit-worthy than those in which the man brings home the larger paycheck. 5. A family's means of birth control clearly is a personal matter and should not be subject to inquiry. 6. The single woman should be allowed to choose her own life style, which may include owning a house—mortgage and marriage are not necessarily synonymous. 7. Court-ordered support payments and/or income from a steady part-time job may be stable and should be considered in the review of a loan application from a woman.

Using slides, William T. Dwyer, vice president, First National, Chicago, spoke on "Adequacy of Bank Capital and Other Credit Considerations." He said, "The best judge of management should be someone who has performed in the role of CEO. The man who has been forced to 'do' and not just 'know' can make appraisals of peers better than the analyst who has not faced the dead end of decision making."

TOP: Lobby conversation is carried on by H. A. "Bud" Yates (l.), Bank of Indiana, Gary, and Dann Small, Nashville State.

BOTTOM: Two IBA convention speakers hold discussion. At left is William T. Dwyer, v.p., First Nat'l, Chicago. At right is George V. Myers, pres. & chief operating officer, Standard Oil Co. of Indiana, Chicago.

He made two important points in connection with four areas of management responsibility: planning, organizing, leading and controlling.

"It isn't surprising," Mr. Dwyer said, "that real accomplishments are achieved only when these four are orchestrated as one. The successful application of one is interdependent on appropriate actions taken in the other three.

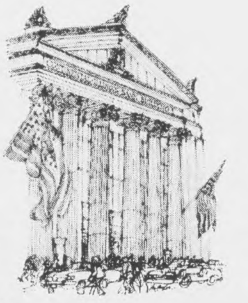
"Second, effective answers . . . become necessities as the organization develops multi-departments to handle varied markets and products. Managing is a full-time effort in planning for results and then acting to achieve those plans."

Former Indianapolis banker James E. Lentz, on leave with the Indiana Department of Commerce, said rural development is the main concern of his department and cited a survey reporting that only 43% of college graduates in Indiana will remain in the state.

He said Indiana ranks 50th in federal dollars coming back to the state, then listed the state's advantages: good energy supples, location, the interstate system and a growing maritime function. He noted that 20 states now have offices overseas and criticized banks outside Indiana "for taking overseas financing away from us." He urged bankers to take part in setting up economic development centers in their towns and cities.

Outgoing association President James P. Coplen reported a legislative committee is now studying the state's banking laws and will decide what action is needed for any improvement. The president of the National Bank of Logansport said, "Our association has taken a position of neutrality (on bank structure) and added, "We've been criticized for that position but for the moment we are committed to it."

New IBA Officers. Richard A. Life, president, Wabash Valley Bank, Peru, was elected president of the IBA. New vice president is C. Lloyd Griffis, president, Old-First National, Bluffton. Howard Brenner, president, Tell City National, was elected treasurer. Elected to one-year terms as members-at-large of the association's board were Benton M. Wakefield Jr., president, First Bank, South Bend; R. J. Brunton, president, Citizens National, Evansville; and Robert A. Morrow, president, Lincoln National, Fort Wayne. • •



NEWS
From the Mid-Continent Area

Alabama

■ UNION BANK, Montgomery, has established a correspondent bank department, with J. Donald Lamon as vice president in charge. Mr. Lamon, who joined the bank July 1, was manager of the Montgomery office of Hendrix, Mohr & Yardley, Inc., Birmingham. Before joining that firm in 1971, he was with Birmingham Trust National 15 years, working primarily in investments and correspondent banking.

LAMON

TATE

■ CLYDE N. TATE has been elected chairman of the organizers of Southern National, Birmingham. Since 1964, he has been with Central Bank, Birmingham, and most recently was senior vice president. He also spent 10 years in U. S. Steel's treasury department. The new bank's proposed initial capital is $3 million, reported to be the largest amount for any new bank in the history of Alabama banking.

■ FIRST NATIONAL, Birmingham, has promoted Richard E. Anthony and Clarence L. Bagwell from assistant cashiers to assistant vice presidents and Charles Boswell and Mrs. Margaret Dorough to assistant cashiers.

■ FIRST CITY NATIONAL, Gadsden, is being acquired by First Alabama Bancshares, Inc., Montgomery. The Fed approved the proposed acquisition in a 7-0 decision.

■ CENTRAL BANK, Montgomery, has named Harold J. Herman vice president—commercial loans. He previously was vice president, Commerce Union Bank, Nashville. Peyton McDaniel has been elected vice president of the bank's holding company, Central Bancshares of the South, Inc. Mr. McDaniel, with the HC three years, remains manager of its national accounts department and also has assumed managerial control over the new corporate cash management department.

■ MRS. HELEN S. BUMGARDNER, vice president, Exchange Security Bank, Birmingham, has retired after 34 years in banking. Mrs. Baumgardner joined Exchange Security in 1959 and became its first woman branch manager (Bessemer Office) and one of its first women vice presidents.

■ A. HAROLD WINN JR., trust officer, Merchants National, Mobile, has had his thesis from the ABA's National Graduate Trust School accepted for the ABA's library and the library of Northwestern University, Evanston, Ill. Subject of the thesis is "Management of Oil and Gas Interests in Trusts and Estates."

Arkansas

■ FIRST NATIONAL, Little Rock, has elected Charles A. Hadden vice president and trust officer and Charles O. Stewart and John Mize assistant vice presidents. Mr. Stewart had been corporate trust officer since 1972. Mr. Stewart was named urban affairs officer earlier this year.

■ UNION NATIONAL, Little Rock, has named Jim Watts assistant vice president. Mr. Watts, with the bank since 1967, was formerly an assistant cashier. He established and is responsible for marketing and operating the freight payment department and works on other phases of bank advertising and marketing.

■ CITIZENS BANK, Jonesboro, has elected Walter E. "Wally" DeRoeck president. He was formerly executive vice president and has been with the bank nine years.

■ DEBERT GRAVES has been named cashier, Arkansas Bank, Hot Springs. He joined the bank 17 years ago and has been head teller, personnel officer, loan officer and branch administration officer.

■ FIRST NATIONAL of Lawrence County, Walnut Ridge, has announced plans to erect a three-story building to house its Main Office. The structure, to be erected in two stages, will have an exterior facing of black glass, which will be specially treated to reduce glare without impairing visibility for building occupants. Highlighting the building's simple outline will be a series of dramatic concrete arches rising the full height of the structure. An overhead facade will be made of textured concrete.

■ BOB PERRY, who is in Worthen Bank of Little Rock's correspondent division, has been promoted from assistant vice president to vice president. He joined the bank in 1968, coming from Sooner Life Insurance Co., Ponca City, Okla., and represents Worthen in southwestern Arkansas and eastern Oklahoma. Worthen also promoted Robert L. Trammel from assistant controller to vice president and assistant controller. He has been with the bank since 1971 and formerly was on the audit staff of Ernst & Ernst in Little Rock.

Illinois

■ GILBERT J. McEWEN, an assistant vice president in Harris Bank of Chicago's Midwest correspondent banking group, retired June 30 after

PERRY

McEWEN

"I finally met a big-city banker who knows what's happening on Main Street. He's with American National."

"His name is Marty Noll.

And he really knows something about small-town banking.

He was telling me about something called the Bond Portfolio Service. It's a fully computerized investment management system, for even the smallest portfolios.

It can give us a really sophisticated portfolio analysis, and complete bond accounting.

And it actually reduces clerical costs, too.

You know, I think he's right:

We've got more than a third of our assets in our investment portfolio, and we should let the computer give us a hand.

Next time Marty's here, I'd like you to meet him.

He's one big-city banker who understands our situation, too."

AMERICAN NATIONAL
THE IDEA BANK
BANK AND TRUST COMPANY OF CHICAGO

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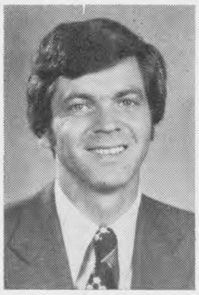
38 years with the bank. He has represented the bank in northern Illinois and Iowa for 20 years. In other action, Harris Bank named Senior Vice President B. Kenneth West group executive in charge of international banking and five new vice presidents. In his new post, Mr. West succeeds Lambert W. Bredehoft, also senior vice president, who retired April 30. Mr. West went to the bank in 1957. Newly named vice presidents are Charles H. Davis, Dennis E. Le Jeune, Bruce F. Osborne, Robert O. Beavan and David S. Finch.



MERRELL

WEST

■ MILLIKIN NATIONAL, Decatur, has formed a wholly owned subsidiary, Millikin Mortgage Co., with Thomas L. Merrell as president. Mr. Merrell, who has been in business relating to real estate the past 15 years, has resigned as vice president of a South Bend, Ind., mortgage firm, where he had charge of the commercial mortgage division.

■ FIRST NATIONAL, Chicago, has announced the following appointments: J. Hallam Dawson from vice president and deputy head, international banking department, to senior vice president and deputy head; Leo H. Garman from vice president to senior vice president, international banking; Senior Vice President Robert L. Heymann to deputy head, trust department; and Paul W. Velten from assistant vice president to vice president, international banking. John J. Nevin, president and chief operating officer, Zenith Radio Corp., was elected to the boards of the bank and its holding company, First Chicago Corp.

■ FIVE VICE PRESIDENTS have been named at Chicago's Continental Illinois National: Michael F. Foley, David G. Handy, Donald J. Howe, Thomas A. Shambeau and Edward D. Foulke.

■ UNION NATIONAL, East St. Louis, has a new chairman—Albert J. O'Brien—and new vice chairman—Holland F. Chalfant Jr. Mr. O'Brien is a former president and vice chairman, Ralston Purina Co., St. Louis, and is now chairman, Mount Vernon Corp., St. Louis, and a director, Missouri State, St. Louis. Mr. Chalfant was vice president, Manchester Bank, St. Louis, before joining Mount Vernon Corp. in 1970. He is president and treasurer of that firm. His banking career has included being vice president of the old Security Trust, St. Louis, and assistant vice president of St. Louis' Mercantile Trust. He also is on the board of Missouri State and Bank of Springfield, Mo.

■ JOSEPH J. KURTZKE has joined River Forest State as vice president in charge of its national division. Since 1971, he had been vice president, commercial loan division, of a large neighboring suburban bank.

■ CARROLL R. LAYMAN has joined First National, Skokie, as vice president—commercial banking services. He was vice president, marketing and business development, Capital City State, Des Moines, Ia.

■ NATIONAL BOULEVARD, Chicago, has named C. Koehler Kindahl, William A. Mulvihill and Lewis H. Ruff assistant vice presidents.

■ PATRICK T. O'BRIEN has been named a vice president in the securities services division, operating department, Northern Trust, Chicago.

■ AMERICAN NATIONAL, Chicago, has established a municipal bond trading department, with John J. Walsh as manager. He was with DuPont, Walston & Co. American National also named Richard K. Maguire vice president with responsibility for personal banking services.

Indiana

■ JAMES L. DAWS has joined Merchants National, Indianapolis, as assistant cashier in the Indiana division of the commercial department. He was formerly with a South Bend bank and has extensive experience in agricultural and commercial lending. The bank also named James D. Madigan and William C. Scott vice presidents. Mr. Madigan joined the bank in 1967 and is plan manager, Master Charge card program. Mr. Scott was formerly vice president, Central National, Cleveland. At Merchants National, he is responsible for developing and servicing national accounts throughout the United States.

DAWS

■ O. WEBBER LaGRANGE, assistant vice president, American Fletcher National, Indianapolis, has been elected president, Central Indiana Bankers Installment Credit Association. Other new officers are: vice president, J. D. Strietelmeier, vice president, First Bank, Speedway; and secretary-treasurer, Richard A. Cantin, vice president and consumer credit officer, Merchants National, Indianapolis.

■ LAWRENCE M. SEXTON has been named assistant vice president, international division, American Fletcher National, Indianapolis. He joined the bank last April.

■ AMERICAN NATIONAL, South Bend, has promoted Dale L. Schultz to manager, installment loans and BankAmericard department. He was assistant vice president, commercial loan department. Philip A. Rau of the installment loan department has been named an assistant cashier.

■ OLD NATIONAL, Evansville, has begun construction of its 10th full-service branch, to be located on the city's far east side. It is scheduled to be completed and opened around August 15.

■ LAFAYETTE NATIONAL has promoted the following from vice presidents to senior vice presidents: Miss Mary B. Fobil, David H. Howarth, Gordon J. Kingma, Robert G. Mitchell and Harry J. VonSeggern.

■ ANTHONY WAYNE BANK, Fort Wayne, has named Constance M. Meeks and Dennis P. Kinney assistant cashiers.

■ PURDUE NATIONAL, Lafayette, has announced the following promotions: to vice chairman and executive vice president from executive vice president, Stanley R. Boughton; to executive vice president from senior vice president, James A. Posthauer; to senior vice president and senior trust officer, heading the trust department, from senior trust officer, James S. Backoff; to senior vice presidents from vice presidents, Maurice J. Ferriter, Richard R. Stanfield, Robert H. Kneal and Roy V. Conkright; to vice presidents from assistant vice presidents, Windsor Smyser, Phillip M. Kelley, Joseph E. Cross, William Powers and Donald R. Simmons; to assistant vice president from assistant cashier, Hugh H. Steele Jr.; and to assistant cashier and manager, credit department, Steven A. McQueen.

■ FARMERS STATE, Plainville, has been merged with Peoples National, Washington, and has become the Plainville Office of the latter bank. Vice President Richard K. Branaman has charge of the office.

Our idea of correspondent banking:

THE COMMITTEE OF ONE.

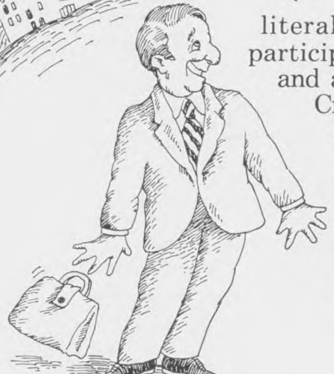
Our people are real, live, experienced correspondent professionals, with years of correspondent banking behind them. So, since they aren't shiny new management trainees or just goodwill ambassadors, they have the authority to okay loans or services on the spot. Without going through a committee.

WE CALL YOU BY NAME. NOT BY PHONE.

Because we work person to person, eye to eye, with the management of every correspondent bank, right there *at* the correspondent bank, things get done faster. Friendlier.

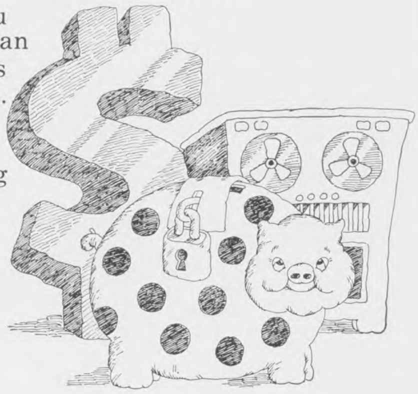
WE'RE THE BANK FOR THE NEW DOWNTOWN.

NBB is the biggest bank on Michigan Avenue. The hub of Chicago's new changing skyline. But we'll extend the New Downtown to wherever you are.



WE'RE BIG ENOUGH TO SERVE YOU, BUT SMALL ENOUGH TO TAKE CARE OF YOU.

That's why we can give you literally dozens of services. Like loan participations. Bond portfolio analysis and advice. Safe-keeping of securities. Credit information. Use of our computers. Executive search. And more. It's all part of being whatever kind of bank you need us to be.



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NBB

The bank for the New Downtown

NATIONAL BOULEVARD BANK OF CHICAGO

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Kansas

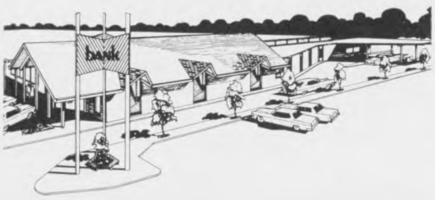
■ FOURTH NATIONAL, Wichita, has announced the purchase of a site in west Wichita for a facility and the retirement of Vice President Hilaria M. Corrigan. Mrs. Corrigan, a banker 46 years, joined Fourth National in 1944. She is a former Midwest regional vice president and national corresponding secretary, National Association of Bank-Women Inc.

■ GRAYDON SHARPE is president and CEO of the new First National, Derby. He was formerly vice president in the correspondent bank division, First National, Wichita. In that post, he traveled in Kansas, Oklahoma, the Texas Panhandle and Colorado.

SHARPE

CORRIGAN

■ TOPEKA STATE is expanding all three of its Topeka banking facilities. Construction has begun on the permanent Brookwood Bank Facility (see illustration) in the Brookwood Shopping Center, with completion scheduled for early fall. Construction also is underway at the bank's drive-up facility, whose lobby will be four times as large as at present. In addition, there will be two inside teller windows instead of one, and two drive-through stations with pneumatic tube and pushbutton voice contact systems are being built.



The main bank is to be remodeled, but plans have not been completed on that project, although the "classic banking look" of the interior with high carved ceilings and marble block walls will not be changed.

■ FIRST NATIONAL, Larned, has named David M. Schaller a consumer loan officer and assigned Wendell Graham to an officer's training program. Mr. Schaller and Mr. Graham both recently joined the bank.

■ ROBERT A. LEFTWICH has been elected cashier, Allen County State, Iola. He was formerly with Union National, Wichita.

■ QUINDARO STATE, Kansas City, has changed its name to Arrowhead State, has elected Glen W. Payne vice president and has begun construction on its new quarters. Mr. Payne was formerly vice president and manager, installment loan department, United Missouri Bank South, Kansas City, Mo. Arrowhead State's new building, to be called Quindaro Banking Center, is expected to be completed October 1.

■ CENTRAL STATE, Wichita, has named Donald R. Murphy assistant vice president, customer relations.

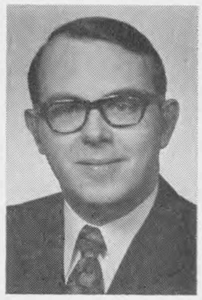
■ SECURITY STATE, Great Bend, has announced plans to open a facility adjacent to the Westgate Shopping Center in the western section of the city. The facility will be called Security State Bank Westgate and will be in operation this fall. Mrs. Velda Gilliland, with the bank since 1968, will be its manager. Mrs. Betty J. Sloan, cashier of Security State, has been designated senior bank officer responsible for the new facility's operation.

Kentucky

■ CITIZENS FIDELITY, Louisville, has consolidated its BankAmericard and time credit divisions into one consumer loan division and has promoted William J. Browne to senior vice president and manager of the enlarged department. Mr. Browne joined the bank in 1970 and had been vice president and manager, time credit, since last August. He was manager, BankAmericard, January, 1972, to December, 1972. The bank also promoted Henry Ryan, accounting, and Michael Currier, public relations, to assistant vice presidents.

BROWNE

RICHARDSON



GUGEL

■ FIRST NATIONAL, Louisville, has promoted Philip C. Gugel, international banking, and Herbert M. Richardson Jr., corporate banking, from vice presidents to senior vice presidents. Mr. Gugel went to the bank in 1972 and Mr. Richardson in 1959.

■ LOUISVILLE TRUST has announced the following promotions: Michael C. Huettig from trust officer to vice president and trust officer; William S. Duffy from assistant trust officer to trust officer and Patricia A. Nowacki from trust administrator to assistant trust officer.

■ CHARLIE D. MITCHELL has advanced from assistant vice president and trust officer to vice president and cashier at Central Bank, Owensboro.

■ FIRST SECURITY NATIONAL, Lexington, has promoted David Burke and Mrs. Mildred McGhee to assistant cashiers and named Winn V. Hutchcraft Jr., formerly an assistant national bank examiner, an assistant cashier.

Louisiana

■ F. GEORGE RAMEL has been elected a director and vice chairman, Continental Bank, Harvey, which opened last fall. Mr. Ramel retired last year as president, Hibernia National, New Orleans, and its parent company, Hibernia Corp.

■ JOHN B. O'DONNELL has joined International City Bank, New Orleans, as senior vice president and loan review officer. He had been with the FDIC since 1956. Mr. O'Donnell was instrumental in establishment of and was director of the FDIC's Training Center in Roslyn, Va. In 1972, he was assigned to the newly created Projects and Planning Branch, the FDIC's "think tank." This is a blend of disciplines, which, in addition to banking, includes legal, statistical, accounting and economics background. He was the No. 2 man in the branch, responsible for project implementation and day-to-day operations.


RAMEL


O'DONNELL


STUART

■ WALTER B. STUART III, president, First Commerce Corp., HC of First National Bank of Commerce, New Orleans, recently was selected the first honorary member of Beta Gamma Sigma, a national business honor society. Mr. Stuart was selected on the basis of his "distinguished business achievements and his numerous civic contributions."

■ EARLE JOSEPH PORSCHE has joined Pontchartrain State, Metairie, as vice president. He was formerly an examiner with the Louisiana banking department and served a year as review examiner and assistant to the department's commissioner.

■ GUARANTY BANK, Alexandria, has elected six new officers: Freeman Hix Jr., accounting officer; Willie L. Spears, loan officer; E. J. Guzzo Jr. and Archie M. Stewart, marketing officers; and Mrs. Ella Fay Bordelon and Mrs. Sadie L. Linzay, administrative assistants.

■ BANK OF NEW ORLEANS has opened its new Kenilworth Branch, which features seven interior paying and receiving tellers, a separate collection teller area, four drive-up lanes connected by pneumatic tubes to the branch building and off-street parking for 35 cars. The branch also has complete vault and safe deposit facilities, a night depository and an automatic teller for 24-hour, seven-day-a-week banking. In the accompanying photo, the ribbon is cut at the branch opening by Mrs. Roy F. Baas, wife of the branch manager. With her are Lawrence A. Merrigan (l.), president; Mr. Baas (2nd from l.) and Lieutenant Governor James E. Fitzmorris, a director of the bank.

Mississippi

■ J. HERMAN HINES will become chairman and chief executive officer of Deposit Guaranty Corp. and Deposit Guaranty National Bank, Jackson, next January 1. Russ M. Johnson will retire from those posts December 31. Mr. Hines currently is president and chief operating officer of the bank and vice chairman of the holding company. He joined the bank in 1936. In other action, the bank announced the promotions of Lowell F. Stephens to senior vice president and trust officer, James E. Allen to vice president and senior trust officer, Donald L. Jordan, W. H. Mounger Jr. and A. H. Ritter Jr. to vice presidents and trust officers and James T. Stevens to trust officer. J. Ed-


We're building up to something.
With concrete.
Steel.
Fabric.
Glass.
And people. The kind of people with the kind of attitude that has made us the growth leader in Northern Louisiana.
In early summer, our dream will be ready.
For us.
And for you.
We're building up to something at Bossier Bank & Trust Company. A lot more than just a building.
Bossier Bank
& TRUST COMPANY


WHITNEY


RITTER


L. STEPHENS


ALLEN


JORDAN


MOUNGER


HINES


JOHNSON

mund Johnston Jr., vice president and trust officer, was given new and broader responsibilities. William A. Whitney has joined the bank as senior vice president and trust investment officer responsible for trust investment portfolios. He was vice president and senior trust investment officer, First Hutchings-Sealy National, Galveston, Tex.

■ MRS. GENEVIEVE F. BROWN, assistant vice president, Brookhaven Bank, has been elected president-elect, Mississippi Federation of Business & Professional Women's Clubs.

Missouri

■ CASS BANK, St. Louis, has moved to its downtown location after having operated for 44 years in north St. Louis. The old building is being used as a facility and continues to house computer operations for the bank's automated payroll and freight payment plans, Paydata and Freightpay. The bank sponsored several special activities in connection with its opening. These included the "Bank 'N Bus" program, a public service bus subsidy program designed to encourage use of the Bi-State bus system. In the accompanying photo, Mayor John Poelker (c.) cuts a ribbon of brand-new, uncirculated dollar bills, assisted by H. J. Krieg (l.), president, and H. C. Hartkopf, chairman.

■ CHARLES RUPRECHT, chairman, Commerce Bank of St. Louis, also has been named president. Larry Lumpe, who was president, has gone to Commerce Bank of University City as president. He succeeds Dale Boughton, who now is president, First National, Wellston. Mr. Lumpe, a past president, Missouri Bankers Association, was president, Commerce Bank of Poplar Bluff, before assuming the St. Louis post. Mr. Ruprecht joined the bank last September, coming from the post of executive vice president in charge of operations at Pet, Inc., St. Louis.

■ GEORGE T. GUERNSEY III, executive vice president, Manchester Bank, St. Louis, has been elected president, St. Louis AIB Chapter. Others who will serve during the coming year are: first vice president, Richard L. Johannesman, vice president, Mercantile Trust; second vice president, Albert A. Miller, vice president and cashier, Big Bend Bank, Webster Groves; associate vice president, Nina M. Dix, First National; and treasurer, Michael P. Dolan, vice president and secretary to the board, Commerce Bank of University City.


RUPRECHT


GUERNSEY

■ EUGENE F. WILLIAMS JR., president and CEO, St. Louis Union Trust, also has been elected chairman, succeeding the late David R. Calhoun. Mr. Williams also is an executive vice president, First Union, Inc., St. Louis-based HC to which St. Louis Union Trust belongs. The latter firm has a new director, Harold E. Thayer, chairman and CEO, Mallinckrodt, Inc., St. Louis.

■ CHARLES E. ARNTSEN has joined Kansas City's Mercantile Bank as a vice president and trust officer. He was vice president, Second New Haven (Conn.) Bank. In other action, Mercantile Bank elected Bernard Dickens to its board. He is executive director, St. Joseph's Hospital.


WILLIAMS


ARNTSEN

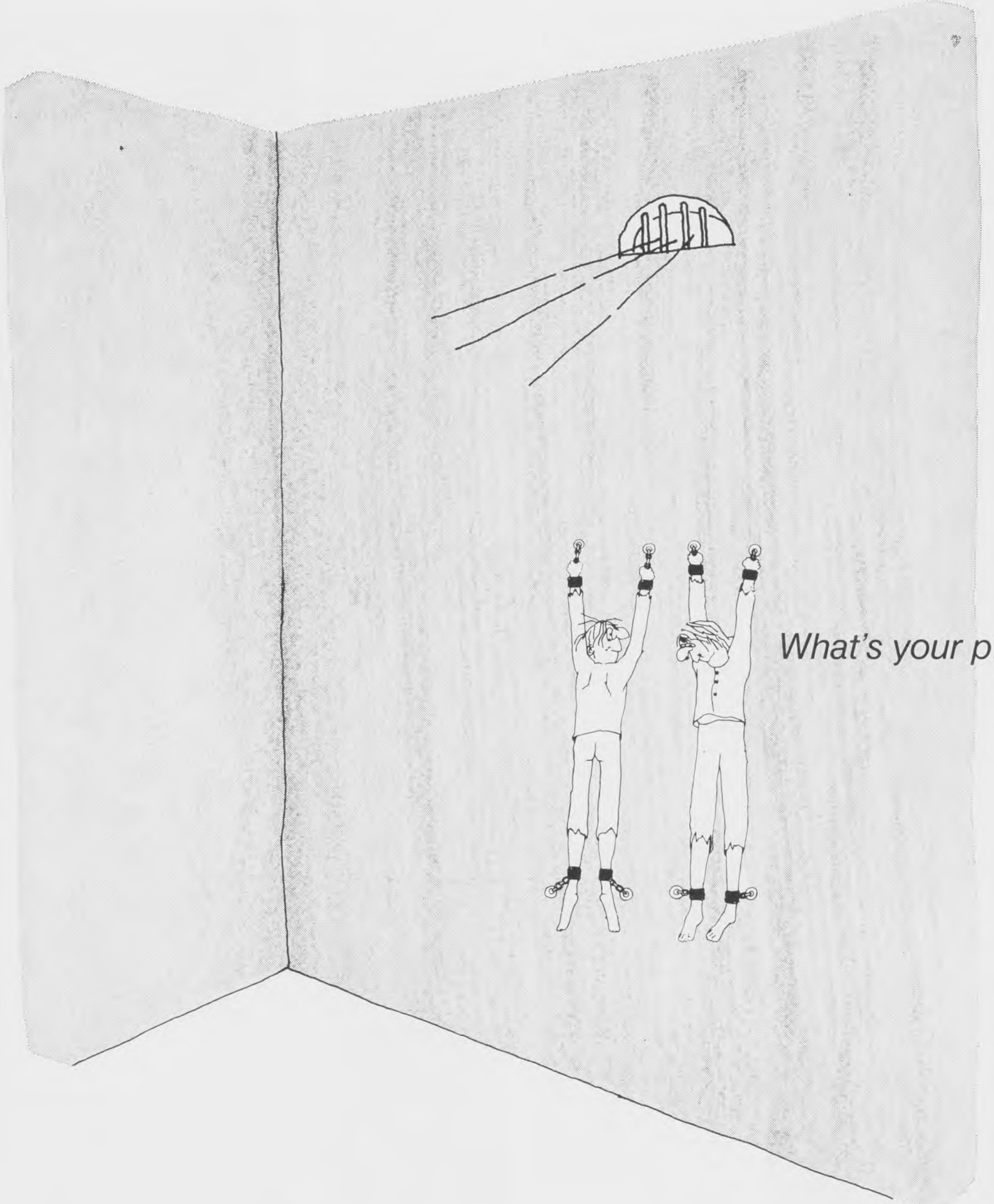
Firm Hold on Past

ST. LOUIS—There's a 45-year-old bank in St. Louis that has always had an employee who can converse in German, has never been remodeled and has never advertised or offered free gifts for new accounts.

All this was revealed in a feature article in the St. Louis *Globe-Democrat* about South Side National. The bank is located in St. Louis' German section, and so it was natural to have an employee who can speak German. At present, Miss Marlies Uhaendler, a native German, fills that requirement. Her main job is being secretary to J. Richard Furrer, executive vice president, but she's always available for those customers who drop by her desk just to speak German. The bank has one account still conducted entirely in German. It belongs to a former resident who returned to Germany, but still banks with South Side National. Miss Uhaendler is responsible for handling this account.

The bank has retained its original marble floors and counters, high ceiling, huge brass vault and ornate iron work around tellers' cages because its customers have indicated they like it that way, Mr. Furrer was quoted as saying in the *Globe* article.

As for not advertising, President George Helein told the *Globe* that the bank's reputation for personal service has brought it advertising that "money can't buy."



What's your plan?

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Member F.D.I.C.

Mel Schroeder

Mel Schroeder

Vice-President,
Correspondent Banking

■ GEORGE M. BAGGOTT, who heads the St. Louis metropolitan division of the correspondent division at Mercantile Trust, St. Louis, has been promoted to assistant vice president.

■ JAMES J. REEDY has been elected president of the new Mercantile National Bank of St. Louis County, which is scheduled to open this summer in the Ballwin area. He was formerly vice president, banks and bankers department, Mercantile Trust, St. Louis. Other officers of the new bank are: vice president, Elmer H. Austermann Jr.; assistant vice president, Donald A. Seiler; and cashier, Leo Malaschak Jr. Mr. Austermann also was vice president in Mercantile Trust's banks and bankers department. Mr. Seiler was in that bank's personal loan division, and Mr. Malaschak was assigned to Mercantile Trust's 13th and Olive Facility.

BAGGOTT

REEDY

KREIGHBAUM

AUSTERMANN

■ THE NEW United Missouri Bank of Jefferson City opened July 1 in a temporary building and became the 15th bank in the United Missouri Bancshares organization. R. Crosby Kemper is chairman; John S. Kreighbaum, president; John H. McHenry, vice president; and Larry L. French, cashier. Mr. Kemper is chairman of the HC and United Missouri Bank of Kansas City. Mr. Kreighbaum was with the HC and, before that, was a commercial officer, western states group, United Missouri Bank of KC, and corporate accounts division, Mr. French was also with the HC, and Mr. McHenry was an organizer of Mid-State Telephone Co. and an officer of Capital City Telephone Co.

■ AMERIBANC, INC., St. Joseph-based multi-bank HC, has acquired five separate banks, all located in northwestern Missouri. The banks are First National, Plattsburg; First American Bank, Skidmore; First National, Stewartsville; First American Bank, Union Star, and Bank of Edgerton. Earlier, Ameribanc announced the pending affiliation of First National, Tarkio.

■ CONTROLLING INTEREST—84%—in First National, Wellston, has been acquired by a group of investors headed by Thomas J. White, St. Louis County real estate developer. Mr. White was elected chairman and S. Dale Boughton president. Fred H. Rider, who was president, now is vice chairman. Mr. Boughton was formerly president, Commerce Bank of University City. First of Wellston plans to move by the end of the year to Westport Plaza and change its name to Plaza First National of Westport.

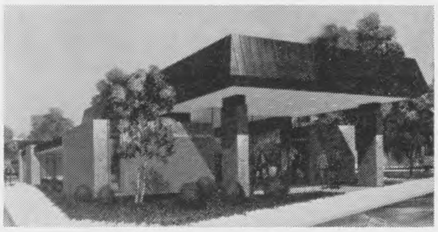
■ FIRST UNION, INC., St. Louis-based multi-bank HC, plans to acquire Kansas City's Columbia Union National, which has total deposits of $154 million and total assets of $206 million. The bank will be the largest to affiliate with First Union since the HC began operations in 1970.

P. F. Lichtenstein Dies

Philip F. Lichtenstein, 70, chairman, "ABC" banks, St. Louis, died June 3 after a lingering illness. He entered banking 33 years ago with American National, where he was president, 1950 to 1971, when he became chairman. He also held that post at City and Brentwood banks.

DIED: *Lanny R. Price*, 37, president, Citizens Bank, University City, on June 8 of cancer. *Miss Esther Woehlke*, assistant cashier, Citizens National, Maplewood, on June 9 after a long illness.

New Facility Planned



This is an artist's sketch of Chippewa Trust of St. Louis' facility that will be located at the corner of Gravois and Gertrude in south St. Louis. The building is expected to be completed early in 1975 and will have four drive-up, two walk-up and four lobby teller windows.

■ BANK OF ST. ANN has presented its eighth annual $500 scholarship award. The competition is open to any graduating senior whose parents have a checking account at the bank. This year's winner, Kealoha Lee Anderson, is shown receiving her check from the bank's president, Richard J. Pfleging.

HC Law Signed by Bond

Missouri Governor Christopher "Kit" Bond has signed a bill limiting the growth of HCs in the state. The bill limits any one HC's acquisition of deposits to 13% of the state's total. It represents a compromise between the state's independent bankers and HCs.

The signing of the bill into law averts a ballot fight that was scheduled for November should the bill not have been signed.

The bill becomes effective next January 1.

New Mexico

■ J. MICHAEL KELLER has joined American Bank of Commerce, Albuquerque, as vice president and head of the mortgage division. He was vice president in charge of commercial loans, Mountain States Financial Corp.

■ DEMING NATIONAL has elected John C. Moore vice president. Mr. Moore, a 17-year banker, was president, Bank of the Hills, Cedar Park, Tex., the past 1½ years.

■ JOHN S. HAWKES has been named president, Security Trust, Albuquerque, succeeding Hale M. Knight, who resigned. Maurice Hobson has taken Mr. Hawkes' former post of president, Security Bank, Alamogordo. Mr. Hobson is vice president and secretary, Bank Securities, Inc., of which the Alamogordo bank is a wholly owned subsidiary.

■ FIRST NATIONAL, Albuquerque, expects to complete a new drive-up facility at 5300 Copper NE in mid-August. The facility will have five lanes, including one for commercial business, and will replace the one at 5301 Central NE.

■ STATE SENATOR BOB WOOD has become president, First National, Portales. He had been executive vice president and succeeded John J. Maloney, who has become president, First National, Clovis.

■ THOMAS G. BATTIN has resigned as president, First National, Clovis, to enter private business. Succeeding him at the bank is John J. Maloney, formerly president, First National, Portales.

■ CONSTRUCTION has started on Plaza del Sol National of Albuquerque's permanent quarters. Completion is scheduled within a year. The eight-story Mayan-style building will be built around a concourse.

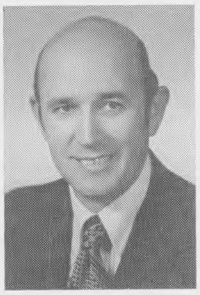
Oklahoma

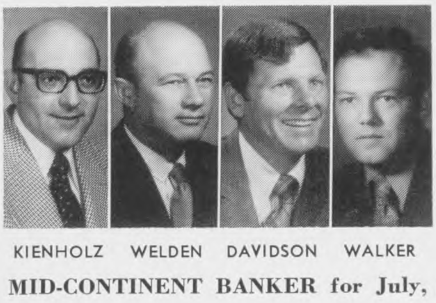
■ KENT A. POLLEY has joined Oklahoma City's Fidelity Bank as vice president and trust officer. He was an officer in the trust department of First National, Oklahoma City, until engaging in private estate management this past year.

■ JOHN C. SHUPERT JR. has been promoted from assistant vice president to vice president, First National, Tulsa. He joined the bank in 1968.

■ LIBERTY NATIONAL, Oklahoma City, has elected the following vice


SHUPERT


POLLEY


KIENHOLZ WELDEN DAVIDSON WALKER

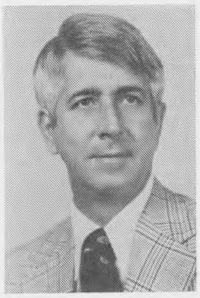
presidents: James L. Kienholz, Larry A. Walker, James E. Welden and D. DeWayne Davidson. Mack Q. Murray was named an assistant vice president. Mary Creegan was elected vice president of the bank's holding company, Liberty Financial Corp.

■ ROBERT M. RADFORD has moved up from assistant vice president to vice president, First National, Oklahoma City. He is a commercial loan officer and joined the bank in 1972. The bank also appointed James R. Claborn an assistant vice president. He was formerly with APCO Oil Corp.

■ J. ROBERT HAYNES has been promoted from assistant vice president to vice president, National Bank of Tulsa, which he joined in April, 1973. He became manager of the newly formed cash management department last January. Before going to NBT, Mr. Haynes was with Sun Oil Co.

Tennessee

■ G. S. "SMOKEY" WEBB has been designated president and chief executive officer of Hamilton Bancshares of Chattanooga's planned de novo bank in Knoxville due to open later this year. Mr. Webb had been president and CEO, Hamilton Bank, Morristown. James L. Hipsher, who was executive vice president, Hamilton National, Chattanooga, has succeeded Mr. Webb as president and CEO at the Morristown bank. Mr. Webb was elected chairman there in addition to his Knoxville bank posts.


HIPSHER


WEBB

■ HAMILTON NATIONAL, Chattanooga, has named James B. Leport assistant vice president and manager, real estate department, and C. Woods

Willis assistant vice president-operations. Mr. Leport was a commercial-construction loan officer, Union Commerce Bank, Cleveland. Mr. Willis was with Citizens & Southern National, Atlanta.

■ HAMILTON BANCSHARES, INC., Chattanooga, has received Fed and stockholder approval of the proposed merger of First American Bank, Memphis, with the holding company. Consummation took place June 17. In other action, Hamilton Bancshares elected two new directors, Carmack Cochran and David D. Hamilton. Mr. Cochran was instrumental in helping establish Hamilton Bank of Nashville and has been a director since the bank opened in late 1972. He is president and general counsel, Nashville Transit Co., and chairman, Southern Coach Lines, Inc., and Lookout Mountain Incline, Inc., Chattanooga. Mr. Hamilton is chairman, Hamilton Bank, Dalton, Ga., and president and chairman, CrownAmerica, Inc.

■ ALBERT BERRY, manager, Mountcastle Branch, Hamilton Bank, Johnson City, has been promoted from assistant cashier to assistant vice president.

■ THIRD NATIONAL CORP., Nashville, has acquired Bank of Sevierville.

Texas

■ FORT WORTH NATIONAL and Texas American Bancshares have announced promotions and the formation of a new trust investment services firm as a wholly owned subsidiary of the HC. John B. Hubbard has been named chairman of the trust committee of the bank and senior vice president-trust of the HC. Bruce Petty, a bank senior vice president, has been named to succeed Mr. Hubbard as head of the bank's trust division. Harold M. Achziger has been proposed as president of the new subsidiary, Texas American Investment Services, Inc. He is currently a senior vice president and trust officer at the bank. John A. McClelland has been promoted from treasurer to vice president and treasurer of the HC.


HUBBARD


PETTY


McCLELLAND


ACHZIGER

■ L. DAVID HARRISON has been elected senior vice president and comptroller of Mercantile National, Dallas. He was formerly senior vice president-finance of Texas American Bancshares, Fort Worth.

HARRISON

■ FROST NATIONAL, San Antonio, has promoted Dee R. Griffin from assistant vice president to vice president. Elected to officer status were Rebekah V. Anders (automation officer), Jan L. Kassaw and Brian L. Smith (investment officers).

■ LUBBOCK NATIONAL has elected Carol Beth Covey vice president and named Mary Ellis Maedgen Key to its board. Miss Covey joined the bank in 1960. Mrs. Key is the daughter of the late C. E. Maedgen Sr., founder of the bank, and sister of the late Charles E. Maedgen Jr.

■ FIRST CITY NATIONAL, Houston, has promoted Paul H. Camerlengo to vice president, Charles C. Loomis and Gerald A. Carwile III to assistant vice presidents, and elected William C. Carrington and Martin S. Jones, personal banking officers; Darryl D. Marks, Master Charge officer; and Anneliese Bosseler, international banking officer.

DIED. Mrs. Margaret E. Noble, former chairman, Texas City National. She was a veteran of more than 50 years in banking. Among her surviving children is William M. Noble, president, American Bank of Commerce, Victoria.

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CULLEN CENTER BANK OF IDEAS

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TRAVELMATS

Has gone out of business. Send orders to Business Industries Inc., Onamia, Minnesota. Manufacturers of placemats, napkins, car mats, desk pads, etc.

• **Fourth National Corp.**, Tulsa, has received Fed approval to acquire Diversified Mortgage & Investment Co., Tulsa, which is involved in the origination, sale and service of one-to-four family residential mortgage loans and interim construction loans.


FAST. . . period!
Memo frm
VIC EVANS, Supvr. of Bank Oprtns, N.S.Y.N.B.
"Have to move along. 1,001 dtls have to be geared to meet crspndt needs & mesh w/oprtns of cstmr bnkrs . . . Only way to abbreviate the wait for action!"
"Also hve to know our cstmrs & their needs. Essential to a bnk whose ratio of due-to-bnk deposits in ratio to ttl deps. runs alwys o'er 80%!"
"Prdn me. Hve to scoot. Ph. call for me on 618-271-6633. Hve to tk care o' the cstmrs. U-2 if you call that No.
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