

# MID-CONTINENT BANKER

*The Financial Magazine of the Mississippi Valley & Southwest*

**SEPTEMBER, 1974**

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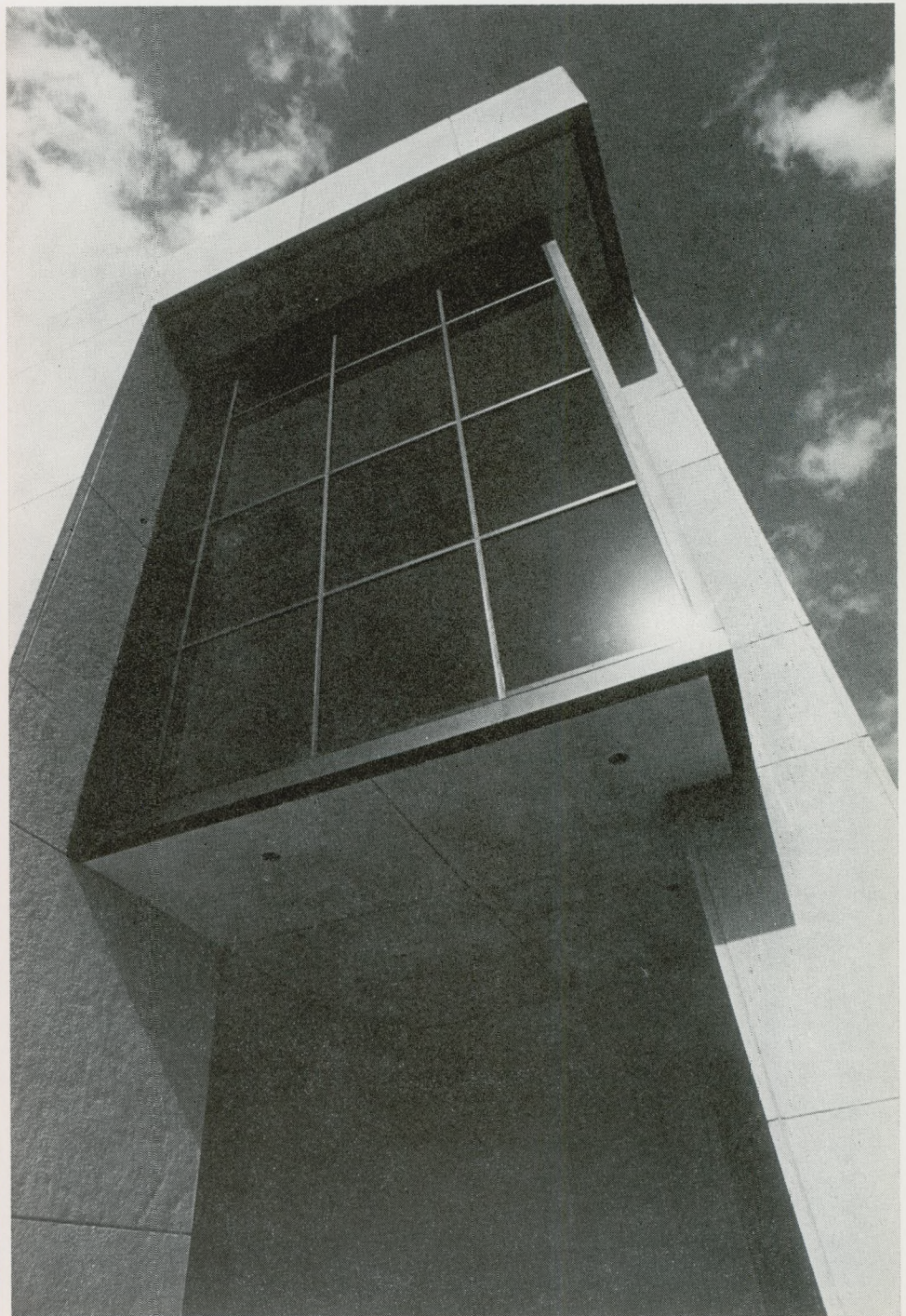
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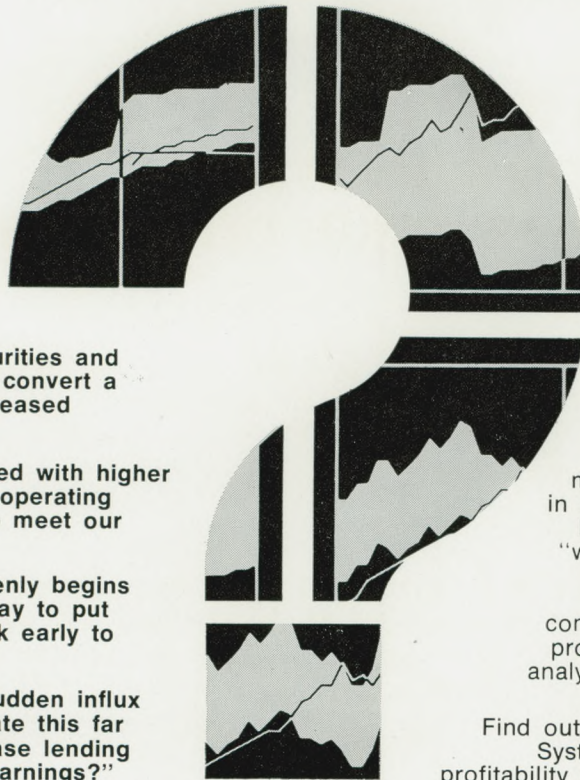
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**M.R.S.**



# The many faces of Liberty's Management Reporting System

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in a changing environment!



"What if we sold some securities and changed our mix. Could we convert a below the line loss into increased operating income?"

"What if we're suddenly faced with higher rates. How will it affect our operating plan. Will we still be able to meet our objectives?"

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"What if we experience a sudden influx of deposits. Can we anticipate this far enough in advance to increase lending limits and improve current earnings?"

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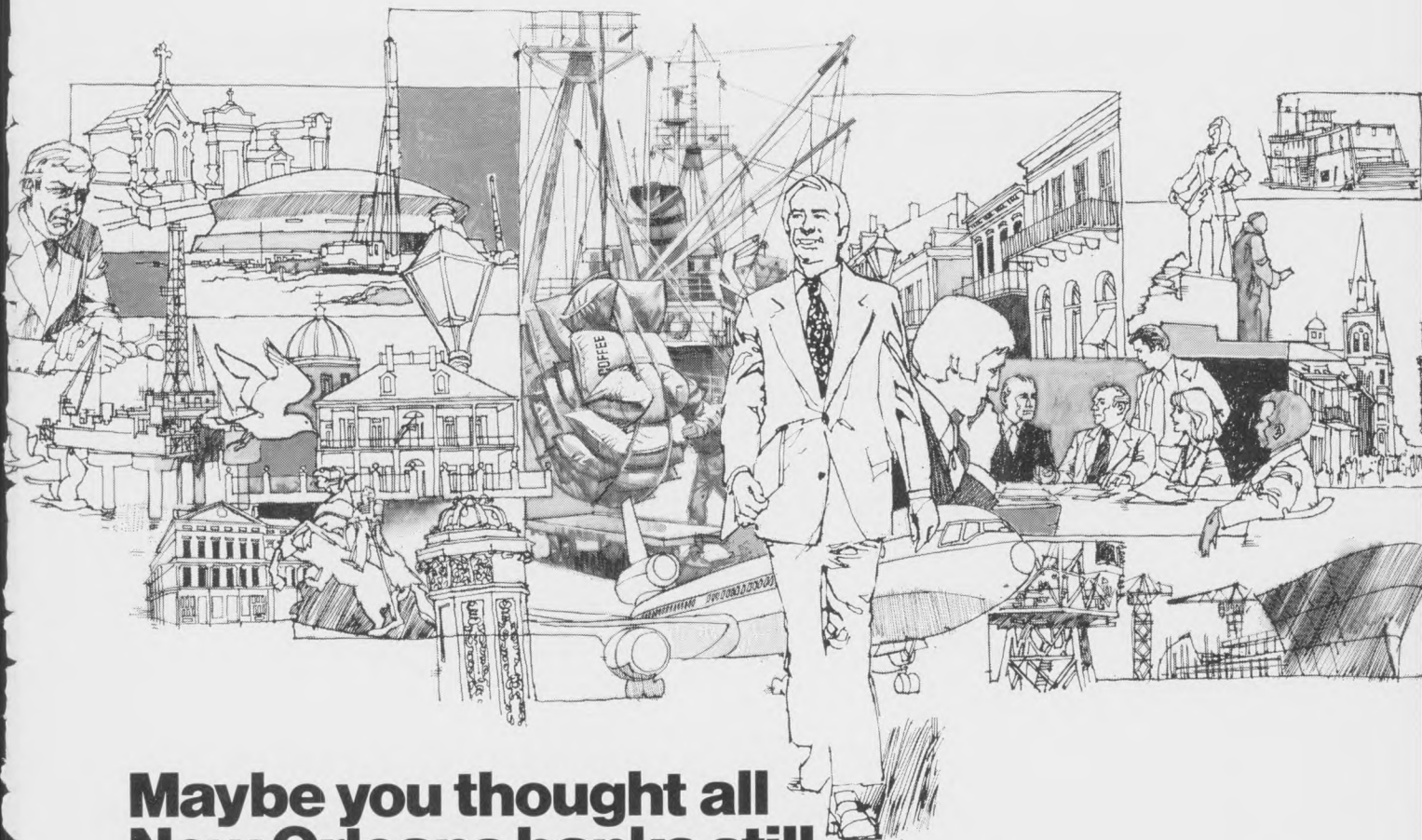


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# Maybe you thought all New Orleans banks still had their first dollar on deposit.

As a businessman in the Gulf South, you're probably not in the habit of thinking about New Orleans in terms of an aggressive banking center. If you thought about it at all, you realized that there was money here. But where was the enthusiasm? Chances are you turned elsewhere. But in case you hadn't noticed . . .

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NEW ORLEANS

# What's the fastest growing bank holding company in Texas?

## Take a look at number one, PanNational Group Inc.

### TEXAS BANK HOLDING COMPANIES RANKED BY 2nd QUARTER EARNINGS PERFORMANCE

	1973 6 MONTHS EPS*	1974 6 MONTHS EPS	% CHANGE	1973 2nd QUARTER EPS*	1974 2nd QUARTER EPS	% CHANGE
PanNational	\$ 0.72	\$ 1.04	44.4%	\$ .37	\$ .60	62.2%
Republic of Texas	1.24	1.75	41.1	.64	.89	39.1
Allied	1.14	1.39	21.9	.56	.74	32.1
First United	1.23	1.50	22.0	.60	.76	26.7
Southwest	1.14	1.34	17.5	.56	.70	25.0
First International	1.20	1.52	26.7	.62	.77	24.2
Texas Commerce	1.16/1.08	1.37/1.29	18.1/19.4	.55/.51	.67/.63	21.8/23.5
Mercantile National	1.06	1.26	18.9	.52	.64	23.1
First Abilene	2.33	3.19	36.9	1.31	1.61	22.9
NBC of Texas	2.03	2.71	33.5	1.13	1.38	22.1
Victoria Bankshares	0.86	1.03	19.8	.46	.56	21.7
Trans Texas Bancorp.	2.09	2.34	12.0	.99	1.18	19.2
Austin Bancshares	1.50	1.76	17.3	.77	.91	18.2
BanCapital Financial	1.02	1.21	18.6	.53	.61	15.1
First Bancorp.	1.05	1.19	13.3	.53	.61	15.1
Texas American	1.31	1.58	20.6	.62	.71	14.5
Frost Bank Corp.	1.48	1.67	12.8	.79	.87	10.1
First City	1.20	1.33	10.8	.61	.63	3.3
Federated Capital	0.75	0.81	8.0	.37	.37	—
First Security Corp.	0.74	0.69	(6.8)	.36	.33	(8.3)

\*Actual reported, not restated for poolings

1973/74 Earnings Chart compiled by Sheshunoff and Company, Inc. for their July 18, 1974 Newsletter.

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## PanNational Group

For a copy of our Annual Report, write Glen Jordan, President, PanNational Group Inc.,  
One State National Plaza, El Paso, Texas 79901 or Telex 749444.

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# Convention Calendar

# MID-CONTINENT BANKER



The Financial Magazine of the Mississippi Valley & Southwest

## September

- Sept. 17: Bank Marketing Association-Missouri Bankers Association First Annual Marketing and Public Relations Seminar, St. Louis, Marriott Motor 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.

## 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.

## December

- Dec. 1-3: ABA Payments System Policy Conference, Chicago, Sheraton-O'Hare Hotel.

## January (1975)

- Jan. 19-24: Robert Morris Associates Loan Management Seminar, Bloomington, Ind., Indiana University.  
 Jan. 30-Feb. 5: Assembly 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.

## April

- April 7-9: ABA Installment Credit Conference, Chicago, Conrad Hilton Hotel.  
 April 8-9: Young Bankers of Tennessee Annual Convention, Knoxville, Hyatt Regency Hotel.  
 April 23-25: Alabama Bankers Association Annual Convention, Birmingham, Kahler Plaza Hotel.  
 April 27-30: ABA Mortgage Conference, Denver, Denver Hilton.

## May

- May 3-6: Louisiana Bankers Association Annual Convention, Fairmont Hotel, New Orleans.  
 May 4-6: Arkansas Bankers Association Annual Convention, Hot Springs, Arlington Hotel.  
 May 4-6: Illinois Bankers Association Annual Convention, Chicago, Palmer House.  
 May 4-6: Texas Bankers Association Annual Convention, Houston, Hyatt Regency Hotel.  
 May 11-13: Tennessee Bankers Association Annual Convention, Nashville, Hyatt Regency Hotel.  
 May 11-13: Missouri Bankers Association Annual Convention, Kansas City, Crown Center.  
 May 12-14: ABA Operations and Automation Conference, Bal Harbour, Fla., Americana Hotel.  
 May 13-15: Oklahoma Bankers Association Annual Convention, Tulsa, Fairmont-Mayo Hotel.  
 May 14-16: Kansas Bankers Association Annual Convention, Topeka, Ramada Inn Downtown.  
 May 17-21: Mississippi Bankers Association Annual Convention, Biloxi, Pete Fountain's Buena Vista Hotel.

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# The Banking Scene

By Dr. Lewis E. Davids

Hill Professor of Bank Management,  
University of Missouri, Columbia

## A Call for a Statesman-like Tax Strategy

IT WOULD be an interesting exercise to compare your bank's tax returns from 1961 to the present. If your bank was in the average tax category, as shown by the annual reports of the FDIC, the effective tax rate in 1961 was 38.3%. In 1962 the rate dropped to 33.4%; in 1963 it was 31.7%; in 1964, 27%; in 1965, 23.1%; in 1966, 20.1%. In 1967 an abnormal increase brought the rate up to 21.3%, but in 1968 the rate dropped to 19.1%. In 1969 it was 20.3%; in 1970, 23.2%; in 1971, 18.9%; and in 1972, 16.8%.

While 1973 figures are not available at this writing, they are expected to show an effective tax of less than half that paid by banks in 1961.

Personal income tax rates are close to double the rate the average bank is now paying.

It is estimated that the average commercial business, while being subjected to a theoretical tax rate of 48% on income over \$25,000, is probably paying at least double the effective tax rate paid by banks.

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**"Banks are considered to be the financial statesmen of their communities. They may not be loved by the general public, but they are respected."**

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Certain strategic policy questions can be raised, predicated on certain philosophies, such as the recognized right of individuals and companies to pay no more tax than they legally must. This concept has been long established in law and is probably a logical extension of man's reluctance to give to the government any more of his hard-earned income than he must.

The author of this column has more than once been on programs at which banking spokesmen have pointed out that commercial banks are at a competitive disadvantage with savings and loan associations in terms of their ac-

tual tax burdens. This may have been true in the last decade, but it is not true now. One of the functions of trade associations is to try to obtain benefits for their members and the American Bankers Association and the various state banker associations all are active in their respective legislative halls, trying to keep bank taxes from being increased.

Often these groups are successful in getting taxes reduced. As a lone voice in the wilderness, the author raises the question as to whether this strategy has reached a point where it may be counterproductive.

As lenders, bankers are often viewed by the lay public as incorporated Shylocks. The great difficulty in raising interest rate maximums bears out this point. In a parallel sense, the effective tax that banks have been paying has been overlooked by the Ralph Naderites; thus, the public is not aware of the low bank tax rate.

A random sample of your non-bank acquaintances will probably reveal that their estimates of what the bank tax rate is will be significantly higher than the rates actually are.

While banks in the past have been able to operate with a good deal of their financial data not subject to public scrutiny, a number of forces are now at work to bring this information to the attention of an increasingly critical public. The recent decision by all federal regulatory agencies that income information of any bank will be made available to all inquiring parties is a case in point.

Bank holding companies going public are required to report income and tax information to the Securities & Exchange Commission. The increased use of computers for quick printouts of data has contributed to ready access of bank financial information to all interested parties.

The major rating agencies in finance have been pressing for greater breakdowns of information on banking, in-

cluding the effective income tax being paid. A quick perusal of this data shows that the larger banks, by and large, are paying a considerably lower effective tax rate than the run-of-the-mill bank. But even smaller banks pay a lower effective tax rate by far than the theoretical 48% tax on income over \$25,000.

The author once spent a summer as a visiting economist with a major chemical firm. It is interesting in this context to relate one of the firm's philosophies, that of deliberately avoiding situations where attempts were made to induce it to locate in an area where low-cost funds were available through the use of industrial bonds.

---

**"The ability of banks to grow will be to a large extent predicated upon the type of record they have demonstrated in the past."**

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The firm also rejected attempts by local chambers of commerce to, in effect, provide it with tax benefits or other privileges not available to the general business community.

It was the company's posture and policy that it wanted to pay its fair share of taxes; it did not want to pay more than its fair share, but it felt that, for it to go into any area under favored conditions was indicative of an attitude which, in effect, would give it an unfair advantage over its competitors.

The firm could have increased its income through such participations, but its experiences had led it to adopt the policy that the short-run advantages of such a procedure were greatly outweighed by exposure to adverse publicity associated with favored tax treatment.

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statesmen of their communities. They may not be loved by the general public, but they are respected.

If you were standing in the shoes of the general public and other businessmen, would you feel it appropriate for any organization to enjoy an effective tax rate substantially below the theoret-

ical rate? The chemical company believed it should pay a rate that would not, in effect, place it in an unfavorable light in the eyes of other firms.

It is submitted that if the trend of the effective income tax rate in banking continues downward, the results will be legislative-imposed tax reform that

probably would be onerous to bankers.

As one views the composition of the legislature in Washington and the emerging leadership of both the House and Senate banking committees, the ability of banks to grow will be to a large extent predicated upon the type of record they have demonstrated in the past.

The sad thing is that the very nature of discussing a sensitive topic of this type flies in the face of the fact that financial institutions generally are leaning in the direction of rewarding those who can minimize their tax positions and thus increase the amount available as earnings after taxes.

It would be quite logical if readers did not agree with the writer. But they are urged to think about the potential of this trend continuing, and the likelihood of an income tax floor being imposed.

Let's not kill a relatively favorable tax climate for banks by overdoing a good thing. • •

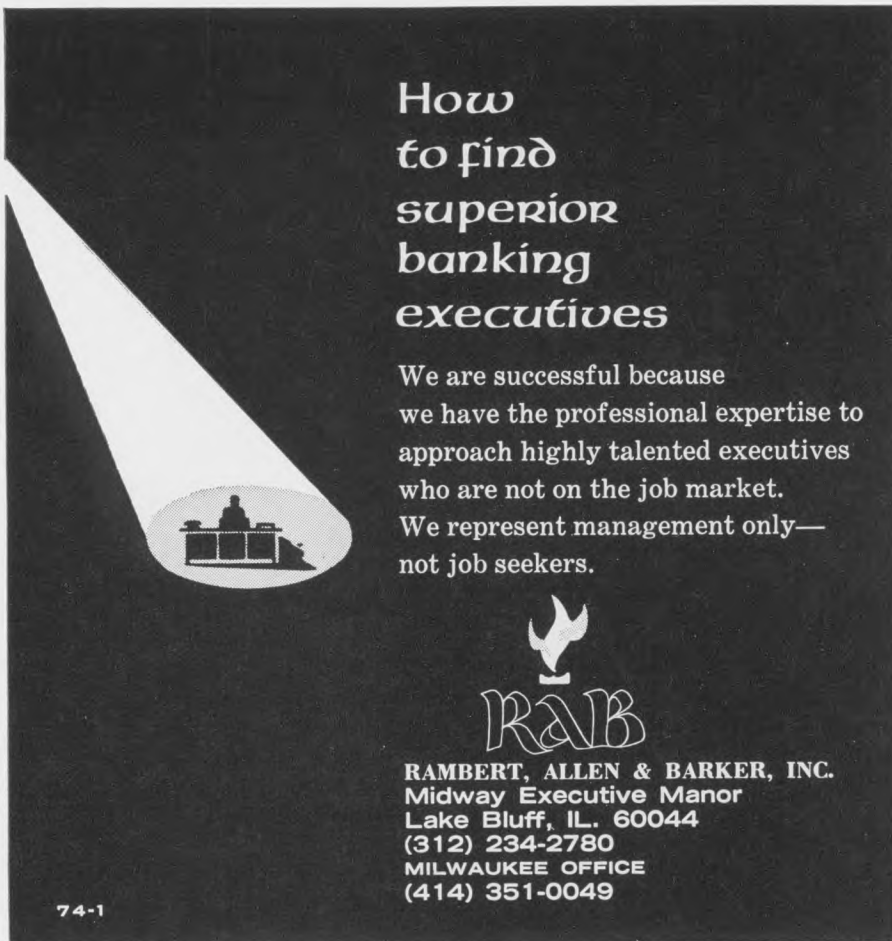
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**How to find superior banking executives**

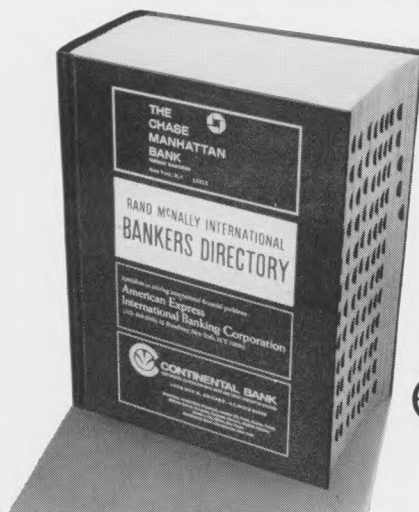
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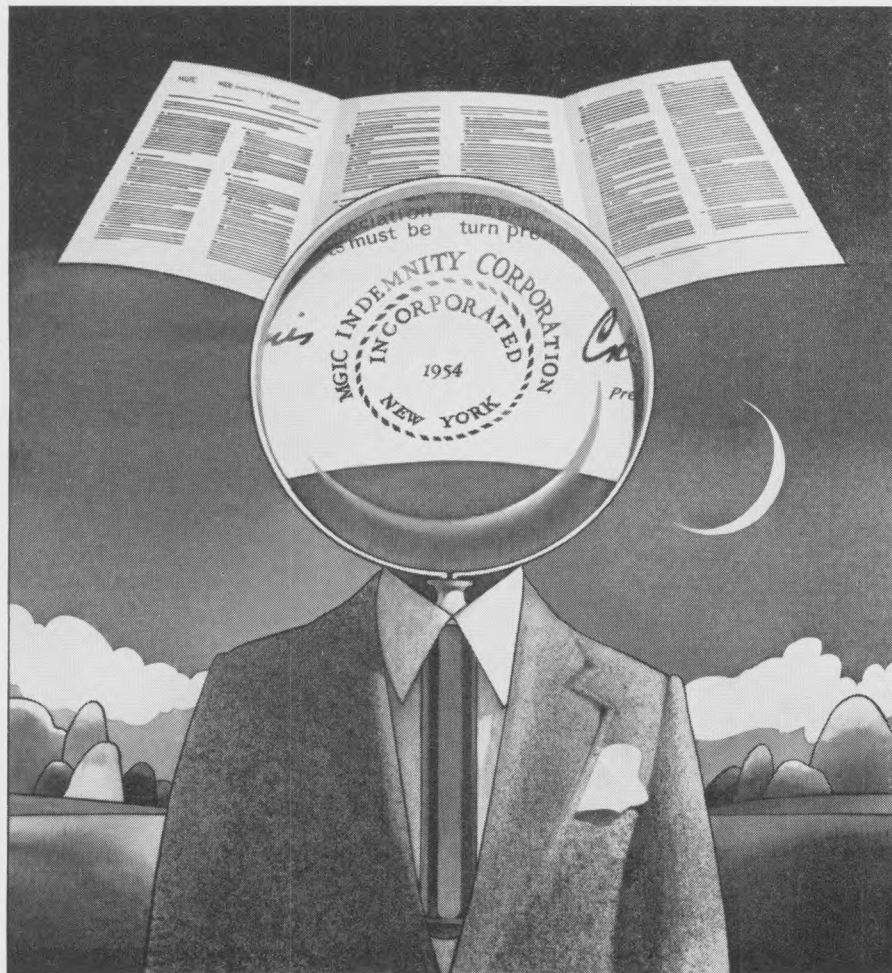
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# NEWS ROUNDUP

## News From Around the Nation

### 152 Problem Banks 'Tolerable'—Wille

Despite the fact that the FDIC's "problem" list of banks contains substantially more large banks than usual, FDIC Chairman Frank Wille contends the situation is not alarming compared to previous years.

Of the 152 banks on the FDIC's problem list, 50 are classified as "serious" problem institutions and, of the 50, five have deposits of \$50 million or more.

Mr. Wille says the FDIC has the tools "to manage a significant number of large problem banks" and he appealed for faith in the ability of regulatory agencies to handle problem banks.

At the end of 1973, 32 banks were in the "serious" category, while 28 were "serious" at the end of 1972.

### SEC Disclosure Regs Termed Burden

The Comptroller of the Currency has claimed that a bill backed by the SEC that would require institutional investors to disclose more about their operations would impose unjustified costs and administrative burdens on banks.

The SEC countered by stating that banks should be treated the same as other institutional investors.

The legislation, which would require public disclosure of securities holdings and large equity transactions of institutional investors, is supported by those who are concerned about the impact of the institutional investor on securities markets.

Although there is little chance the legislation will be enacted this session, the issue is expected to surface again in the new Congress next year.

### Cross-County Branching Argued

The pros and cons of cross-county branching were argued recently before the Comptroller of the Currency in Indiana, where Indiana National, Indianapolis, is seeking approval to be the first bank in the state to branch into a county other than the one in which its main office is domiciled.

Indiana National has argued that the McFadden Act permits cross-county branching because the Act states that national banks can branch anywhere competing financial institutions can branch. S&Ls have authority to branch anywhere within a radius of 100 miles of their home offices in Indiana, regardless of county lines.

William P. Givens, a director of the Independent Bankers Association of America, charged that the "whole banking system would disappear if national banks could follow state S&Ls' standards for branching regardless of the fact that state banks must follow the state banking laws and thus be at a distinct competitive disadvantage."

Mr. Givens is president of Merchants National, Muncie.

A second bank, Citizens National of Whitley County,

Columbia, Ind., is also seeking cross-county branching authorization.

### Commingled Accounts Law Asked

The ABA has called for legislation to permit banks to go beyond the limits of current bank-sponsored investment services and allow bank commingled agency accounts.

The ABA also stated there is no need for such investment services to come under federal securities laws.

In a statement to the SEC, the ABA said, "We believe the provisions of the Glass-Steagall laws do not bar any of these services, and in cases where questions under those provisions have been raised, they have been fully and correctly dealt with by bank regulatory authorities."

Investment firms argue that the entry of banks into a variety of investment services will add to the decline of the securities market. They cite the built-in advantage banks have because of their exemption status under most federal securities laws and regulations. Banks counter that they are helping the securities industry by attracting small investors bank into the marketplace.

### Regulatory System Revamp Asked

Recent bank solvency problems prove that a drastic overhaul of the bank regulatory system is badly needed, Arthur F. Burns, Fed chairman, has said. He added that the Fed would soon propose the revamp.

He said the banking system basically was sound, but he expressed concern about "the carelessness that has crept into our financial system."

He stated that some commercial banks have permitted their liabilities to grow faster than their capital and that they also allowed dependence on volatile funds to reduce their liquidity.

"Financial adventuring on the part of banking firms—whether in the U. S. or abroad—is especially deplorable," he said, "since mistakes on the part of individual banks can have pervasive effects on the state of confidence."

### Fed Says to Break Usury Lids

The Fed has expressed support for legislation that would permit banks and S&Ls to set interest rates for corporate loans higher than usury ceilings in some states—notably Tennessee and Arkansas.

Senator William E. Brock III (R., Tenn.) has introduced a bill to permit federally insured banks and S&Ls to charge all corporate borrowers up to 5% more than the applicable Fed discount rate. Current law permits national banks to charge 1% in excess of the discount rate on 90-day commercial paper in effect at the local Fed bank on this type of loan. The bill would not affect usury ceilings on consumer and mortgage loans.

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MID-CONTINENT BANKER for September, 1974



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## A 'Neighborly' Approach:

### Individual Employees Are Featured In Banks' Advertising Campaign

AN ADVERTISING CAMPAIGN that features individual bank employees instead of banks has been started by Hamilton Bancshares, Inc., Chattanooga, Tenn.-based multi-bank holding company. The theme is, "If it's a question of money, ask the Hamiltons," and, according to R. William Parker, vice president of advertising, the campaign is generating much customer enthusiasm.

This is the first full-scale ad campaign to run throughout the Hamilton system, encompassing 18 banks with 70 offices from Memphis to Johnson City, Tenn., and into northern Georgia.

Mr. Parker describes the campaign as "an entirely new approach to advertising banking services which aims to break the boredom barrier in bank ad-

vertising." It's a direct outgrowth of research indicating that banking prospects prefer a more personal involvement by bank personnel in their individual financial matters. Therefore, the campaign's strategy features Hamilton *people* instead of Hamilton *Bank* and identifies "the Hamiltons" as "your friends and neighbors who work at Hamilton Bank."

According to Richard L. Heffner, executive vice president of marketing, "This is the initial step in a long-range marketing strategy to promote our corporate identity in the Southeast banking community. We are a family of interested individuals concerned about the financial well being of our neighbors and desire to show this concern within every community that

Hamilton serves. We are interested in people, and wherever people visit a Hamilton office, they will be welcome."

"The Hamiltons" program features individual bank employees in newspaper ads and TV commercials. The employees appear in local advertising, making it easy for readers and viewers to relate to the familiar faces they see in Hamilton banks in their areas. "The Hamiltons" theme projects a corporate family into the marketplace as a genuinely warm and friendly group of neighbors, according to Mr. Parker. Advertising copy promotes a two-way empathy between "the Hamiltons" and bank customers, in addition to promoting specific banking services such as savings and checking accounts, mortgages and loans. Bank decals invite banking prospects to "Come in and meet the Hamiltons," while teller buttons greet customers with "Hello, I'm one of the Hamiltons." Among the promotional tie-ins used thus far is distribution of free sugar packets imprinted with the headline from a loan ad: "You can borrow a cup of sugar or a stack of dollars from the Hamiltons."

The obvious success of the campaign was pointed out by Mr. Parker, who said that just three months following the kickoff, a survey showed that in the Chattanooga area, unaided awareness levels of Hamilton Bank advertising had nearly doubled—from 32% to 60%—while total awareness had gone up from 63% to 86%, the highest percentage in the Chattanooga market area. Other Hamilton cities also reported significant increases in awareness of "the Hamiltons," said Mr. Parker. • •

This ad, publicizing bank-by-mail checking accounts, is sample of "the Hamiltons" advertising campaign now being conducted by Hamilton Bancshares, Chattanooga, in firm's banks in Tennessee and northern Georgia.

## New Arrival Help:

### Bank's Newcomer Service Provides Vital Information To Incoming Denverites

People moving to Denver are made to feel welcome by a service recently instituted by First National. The bank's program is called New Arrival Assistance and it's billed as a multi-faceted counseling service for new Denverites.

Newcomers are invited to have a personal interview with a member of the bank's staff to discuss housing, schools, government, tax laws and other pertinent topics. Arrangements are made for introductory newspaper subscriptions and the way is paved for the newcomer to establish bank and charge

card accounts. Other counseling services available from the service include arrangements for mortgage loans, information on available housing and transfers of credit.

Newcomers are not obligated to the bank in any way to be eligible for the service. However, when financial matters are discussed, wouldn't it be logical for the newcomer to give his business to First of Denver?

#### **Agreement Signed:**

### **Tax-Saver Checking Plan Bought by Bank of America**

Bank of America has become the 71st bank in the U. S. to sign a license agreement with Exchange National, Chicago, to market Exchange National's personal checking account, called Tax Deduction Reminder Checks.

The Tax Saver system helps customers organize itemized tax deductible items to enable them to claim all that they are entitled to on their income tax forms.

Exchange National introduced the tax saver account in 1972 and has been licensing it to other banks for almost a year.

#### **In Stillwater, Okla.:**

### **Western Music, Fireworks Enliven 75th Celebration**

A year's planning went into the 75th anniversary celebration at First National, Stillwater, Okla. The bank was organized some seven years before Oklahoma became a state.

On the big day, which had been designated "First National Bank Day in Stillwater" by the mayor, the bank sponsored a western music show for 1,200 people, gave away a color TV, two \$100 CDs and 70 cast iron skillet sets. During tours of the bank everyone received free pen-and-ink drawings of local landmarks, saw an exhibit of early-day photos and artifacts and enjoyed free refreshments.

The bank cooperated with a local graduate student who wrote a history of the institution that was published in installments in the local newspaper, then reprinted in booklet form and

**Youngster helps First of Stillwater officials during drawing for prizes at 75th anniversary celebration of bank. At left is Thomas Reburn, president. At right is Robert Firebaugh, chairman.**



given to leading citizens. The bank also took over sponsorship of the town's Fourth of July fireworks display.

#### **Everything But Loans:**

### **Live Tellers Available 24 Hours, 7 Days a Week At Bank in Indiana**

Many banks now advertise "24-hour service," but it's being provided by unmanned automatic tellers and money machines. However, Colonial National, Newburgh, Ind., has real live tellers available 24 hours a day, seven days a week.

The bank—which actually is located about halfway between the five miles that separate Newburgh and Evansville in southwestern Indiana—provides every banking service except the granting of loans under the new round-the-clock program.

"In fact," said President Gerald McIntyre, "if a customer wishes, he can complete an application for a loan at 3 o'clock Sunday morning, but will have to wait until regular hours for a loan officer to make final approval."

During the extended hours, a customer may use any one of the four drive-up Visual Auto tellers to transact business from his car or go inside the bank's mini-lobby, both located in the rear of the building. The two tellers working during the extended hours are protected by tempered, bullet-proof glass, both on the outside window and inside the mini-lobby.

According to Mr. McIntyre, the reason for the extended hours is to provide a service to the many people who can't make it to the bank during regular hours. As Mr. McIntyre put it, late-night depositories and bank-by-mail are convenient for most transactions, but not if someone has a question that needs to be answered or if he wants to open an account. Then, he wants personal service, said the bank president.

The bank began advertising the service with 10-second TV spots during late-night hours to tell people Colonial National is "open now," and the response, said Mr. McIntyre, has been fantastic. He reported that the first night the TV spots ran, people were coming by at 2 and 3 a.m. to see whether it was true and to transact business.

As evidence that this is a service the public has needed for some time, continued Mr. McIntyre, one of the tellers handled more than 500 transactions on a week night between 11 p.m. and 7 a.m.

#### **To Prove Theory:**

### **Chase Features Handicapped in Television Commercial**

Chase Manhattan Bank has included a handicapped person in one of its new 10-second TV commercials in an effort to show other advertisers that handicapped people can be portrayed in normal situations without harming their commercials or ads.

The handicapped person was included in the commercial in response to an appeal by the United Cerebral Palsy Associations, which has pointed out that handicapped people should be included in advertising just as blacks and other minority groups are.

The TV ad series features workers in various fields citing happy experiences in obtaining Chase Manhattan loans. One of its spokesmen is a computer operator who uses a wheelchair.

#### **8% Interest Plan Explained**

A brief item in the Selling/Marketing section of the July issue describing the special security investment program at Commercial National, Peoria, Ill., has caused some confusion among readers. The article explained how customers of the bank could earn up to 8% by investing up to \$20,000 for one year.

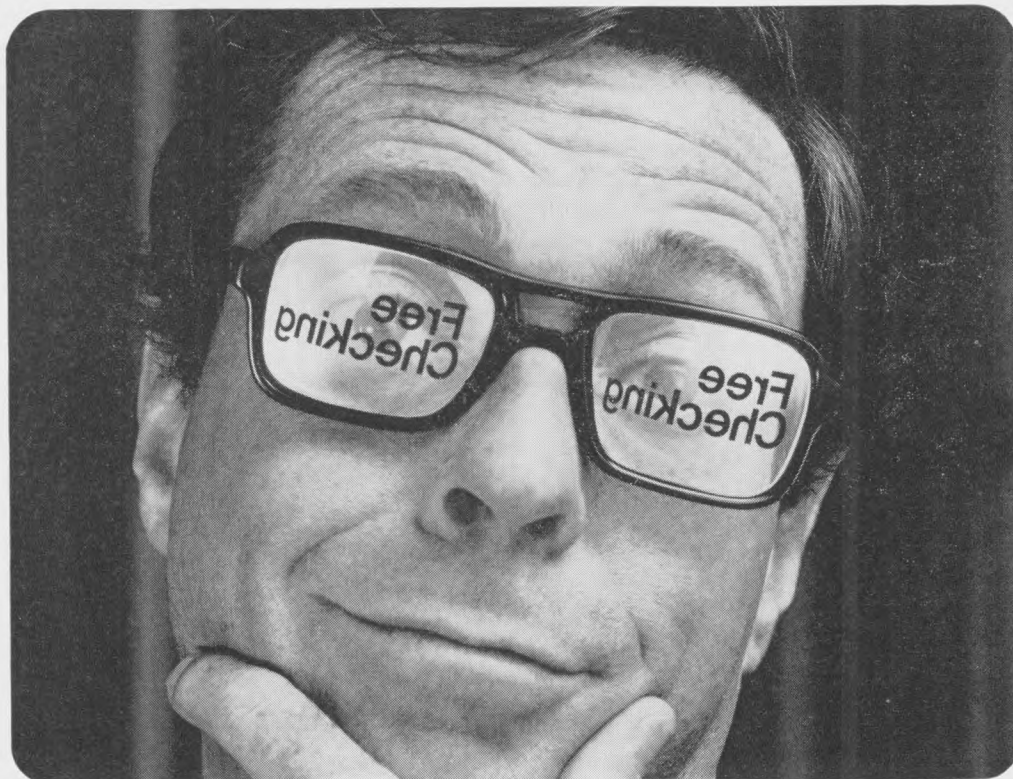
According to William C. Rodgers, assistant vice president, Commercial National's plan involves the assignment of bank-owned government securities to customers as a means of obtaining relatively low-cost funds.

A repurchase agreement is issued to each investor, guaranteeing that the bank will buy back the securities after a year's time at a specified interest rate, which is currently 8% for those investing \$20,000, 7½% for those investing \$10,000 and 7% for those investing \$5,000. Although the bank earns interest on the securities, the earnings usually are not equal to the interest paid the investors because of various rates the bank paid to purchase the securities. However, Mr. Rodgers explained, at the present time, the loss is more than offset by the savings the bank enjoys from not having to purchase Fed funds.

The investors are not considered to be depositors and the investments are not covered by FDIC insurance. However, the strength of the bank and the government is considered ample insurance.

The plan has been approved by the Comptroller of the Currency, Mr. Rodgers said.

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Administrator,  
725 Melpark Drive  
Nashville, Tennessee 37204



Gentlemen:

Please send me more information on how BanClub can work for our bank.

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Title \_\_\_\_\_

Bank's Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip \_\_\_\_\_

*Film Project:*

## Bank Helps County Assessor Put Property Records on Film

American National, Chattanooga, recently worked in conjunction with the Assessor of Properties to complete the recording of all property record cards for Hamilton County on magnetic film.

Property information was transferred from magnetic tapes onto pieces of Microfiche film, with each piece of film containing records of 260 parcels of property.

Sets of the records were distributed to the county assessor, the state of Tennessee and all title companies and legal firms.

The method of recording is said to have resulted in a considerable savings for taxpayers.

*Bank Helps:*

## Amusement Ride Fees Reduced to Help Ease Penny Shortage

In an effort to ease the penny shortage, Worthen Bank, Little Rock, and the management of War Memorial Amusement Park recently sponsored "Ten Penny Days" during which the park's attractions could be ridden for a fee of 10 pennies, rather than the usual 35¢ to 50¢ fees.

According to bank President James Penick Jr., the promotion was designed to get people to put pennies back into circulation and to encourage use of the amusement park's facilities.

### Historic Film Presented



Lindsay Alexander (l.), vice president, First National, Tulsa, is shown presenting print of film documenting growth of Tulsa to Allie Beth Martin (c.), director of the Tulsa City-County Library and Joan Flint, chairman of the library commission. In background are scenes from film, which is entitled "A City and Its Bank." It was produced in honor of the city's 75th anniversary and the opening of the new First National Tower.

# Community Involvement

*Police Give Hints:*

## Crime Prevention Program Presented by Illinois Bank

Heritage Bank of Country Club Hills, Ill., recently held two crime prevention programs in conjunction with National Burglary Prevention Week.

Participating on the program were members of the Crime Prevention Bureau, who displayed locks and answered questions about residential, commercial and personal security. They



gave out information for home security for vacations, residential and commercial lock recommendations and suggestions for maintaining personal security at home and away from home.

The use of the engraving pen for identifying valuables was demonstrated at each of the programs.

Shown in photo are (from l.) Walter G. Johnson, bank president; Sergeant M. R. Anglin; Officer W. J. Schultz and Chief Robert L. Roberts of the Country Club Hills Police Department's Crime Prevention Bureau.

*On Public TV:*

## Bank of America Helps Fund Japanese Film Festival

Bank of America will fund part of the cost of televising a 13-week series of Japanese film masterpieces over the Public Broadcasting System this fall. The bank made a \$57,000 grant toward the series.

The films in the series are said to represent some of the best Japanese films ever made. The series will be hosted by Edwin O. Reischauer, former U. S. ambassador to Japan and now professor of history at Harvard University.

Title of the series is "The Japanese Film."

### Scholarships Granted



Scholarship winners in Business-and-Partnership program involving First National Bank of Commerce, New Orleans, and a local high school were honored recently as James Baer (l.), director, employee relations at the bank, presented two \$250 scholarships to two graduating seniors. The bank is one of 17 companies participating in a citizen action program for education improvement that calls on each business partner to meet with its respective school, discuss problems, offer requested advice and counsel and assist in mutually agreed upon activities.

*In Palatine, Ill.:*

## Banks Donate Property For Downtown Mini-Park

A new mini-park is being developed in the downtown Palatine, Ill., business district on land donated by Palatine National and First Bank.

Voluntary manpower to create the park is being provided by the Palatine Jaycees. A local landscape architect donated plans.

According to Lee E. Morrison, president, Palatine National, the new park is an example of how community-oriented business and civic organizations can cooperate to improve a commercial area.

The land was formerly the site of Palatine National's building and a variety store.

### Arts Award Given



Exchange National, Chicago, was one of 22 national and foreign corporations chosen to receive 1973 "Business in the Arts" awards by the Business Committee for the Arts. Shown receiving award is Samuel W. Sax (l.), bank chairman and CEO. Presenting award are G. A. McLellan (c.), president, Business Committee for the Arts, and Arnold Gingrich, publisher, Esquire Magazine.



## When you call our Correspondent Department, you've made the right banking connection.

Cullen Center Bank & Trust has all the banking connections you need, whether it's loan participation, help with bonds, cash management, investment advisory services or a total financial package.

Give us a call. We're very easy to get to know. We're not so big that we're never around when you need us. Yet we're big enough to help you out with all the services you expect from a correspondent bank.

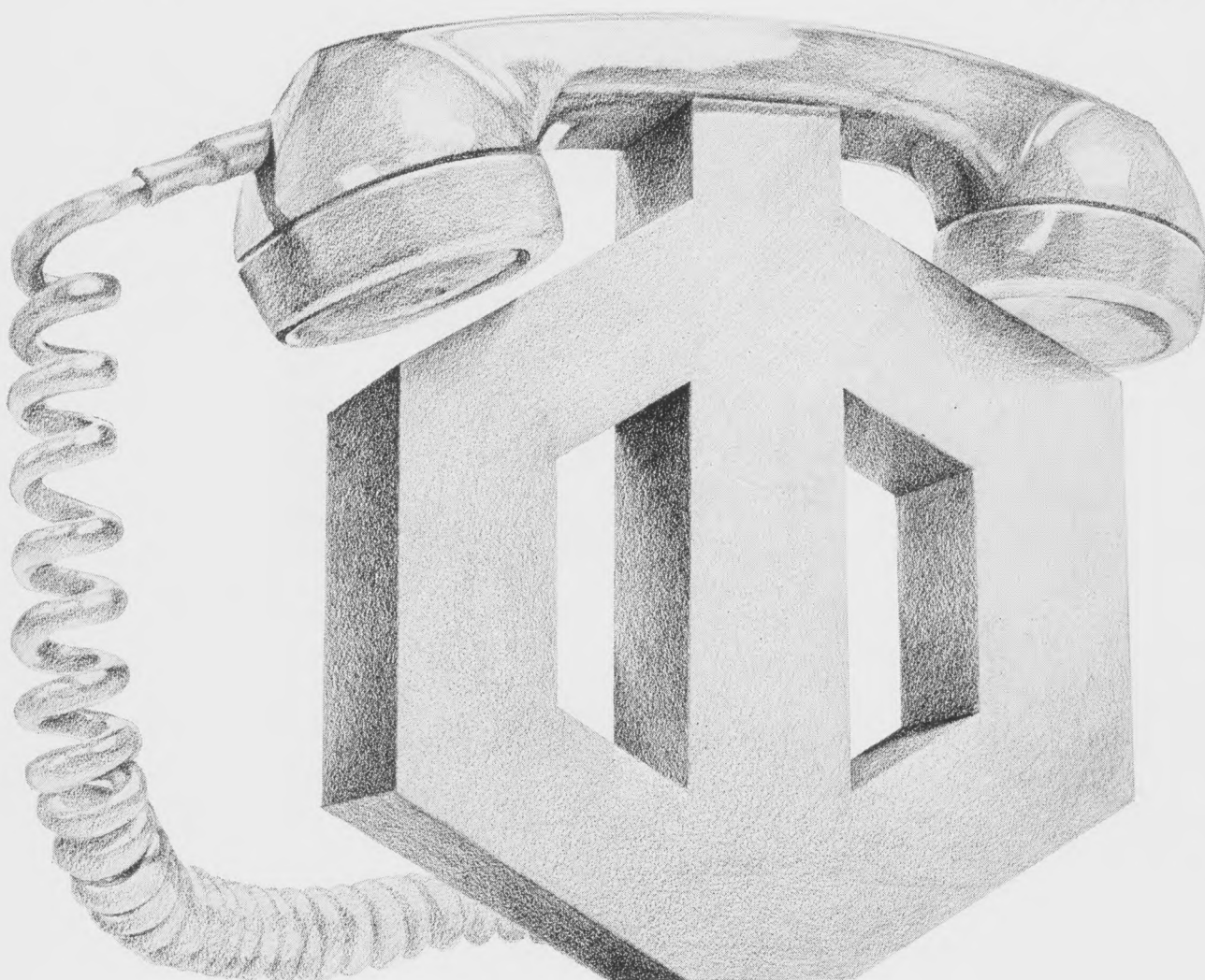
One other thing about us. We're just about the fastest growing bank in the country, reaching \$210 million in deposits in just five short years. And you could be growing with us.

So if you can't seem to get the help you need from your present correspondent bank, talk to us. You won't be getting just another correspondent department. You'll be getting a complete bank working for you.

Call Milton Black, Craig Pemberton . . . or Bob Greer at Cullen Center Bank & Trust. You'll know you've made the right connections.

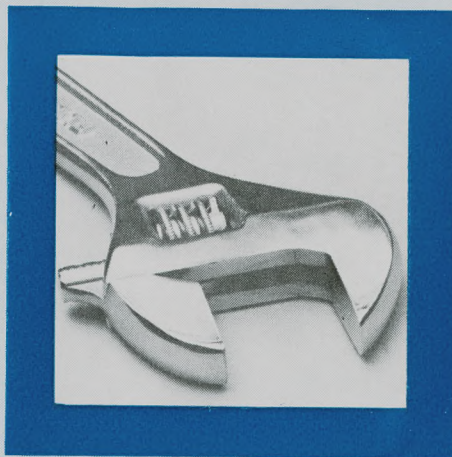
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IDEAS**



# Mississippi A Great Place To Work

Mississippi has achieved its goal of balancing agriculture with industry. As a matter of fact, in the year 1973 alone, 205 industries were built or expanded in our State providing almost 20,000 jobs for Mississippians. These industries required a total capital investment of over \$810 million. Providing financial help is only part of the role played by First National Bank of Jackson in developing and expanding industry in Mississippi. We help seek out markets, locate resources, solve local problems, and find sources for training programs for both new and existing industries. Mississippi is a great place to work. If you want to find out more about Mississippi, its people and its potential for you, First National is the best place to get the story.



 **First National Bank**

Jackson, Mississippi Member FDIC

BRANCHES: Amite County Bank, Gloster/Liberty;  
Commercial National Bank, Greenville/Leland; First National Bank, McComb;  
The Bank of Greenwood, Greenwood; Tylertown Bank, Tylertown

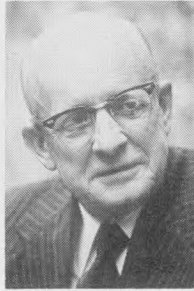
# NEWS OF THE BANKING WORLD



RICE



DAVIS



BOARDMAN



HOUK



ABBOUD



BARKSDALE

• **Allen R. Houk** has been elected executive vice president and director of Southern National, Houston. Mr. Houk was formerly an executive vice president at First National Bank of Commerce and president of First Commerce Realty Investors, both in New Orleans and both subsidiaries of First Commerce Corp. Southern National also elected Ford Hubbard Jr., senior vice president, to its board.

• **Joseph A. Rice** has been elected president and chief administrative officer, Irving Trust, New York City, and **Arthur G. Boardman Jr.** has been named vice chairman. The action was taken to provide the maximum opportunity for Mr. Boardman, who will retire next year, to assist Mr. Rice in taking over the duties of president and to provide additional opportunity to review, evaluate and formulate recommendations concerning the bank's future plans and policies. Mr. Boardman, with Irving Trust since 1932, had been president since 1970 and Mr. Rice vice chairman since 1973. He went to the bank in 1967 and is executive vice president and a director, Charter New York Corp., multi-bank HC that owns Irving Trust.

• **Roy W. Davis**, vice president, Group One, metropolitan division, Continental Illinois National, Chicago, has been elected president, Kiwanis International. He will begin his term October 1.

• **Two bankers** from the Mid-Continent area were named by *Time* magazine as being among 200 young American leaders. They are **A. Robert Abboud**, deputy chairman, First Chicago Corp., HC of First National Bank, Chicago; and **Clarence C. Barksdale**, president and chief executive officer, First National, St. Louis, and executive

vice president of the bank's parent multibank HC, First Union, Inc. *Time's* list included mayors, governors and other government officials, businessmen, educators, lawyers, scientists and journalists.

• **J. Dewey Daane**, a former member of the Board of Governors, Federal Reserve System, has been elected a vice chairman, Commerce Union Bank, and a director of its parent HC, Tennessee Valley Bancorp., Inc., both of Nashville. Just recently, Mr. Daane was named Frank K. Houston professor of banking and finance at Vanderbilt University's Graduate School of Management in Nashville. Mr. Daane was a Fed governor from 1963 until retiring last March.

• **James E. Denny**, Larry L. Snauffer and John R. Swift—all Mid-Continent-area bankers—have had their Stonier Graduate School of Banking theses chosen for the libraries of the ABA's headquarters in Washington, D. C., Rutgers University, New Brunswick, N. J., and Harvard University Graduate School of Business Administration, Cambridge, Mass. Mr. Denny is ac-

counting officer, Mercantile Bank, St. Louis; Mr. Snauffer, vice president, First Security National, Beaumont, Tex., and Mr. Swift, assistant cashier, First National, Chicago. Their theses topics are, respectively, "Problem Solving in the Bank," "An Automated Management-Information System for a Medium-Sized Multi-Bank Holding Company" and "A Lender's Approach to the Evaluation of a Consumer Finance Company."

• **Landon Peters** has been named executive vice president and treasurer, Bank of New York. He joined the bank in 1956 and had been senior vice president and treasurer since 1971.

• **Richard I. Doolittle** has been named administrator, Graduate School of Banking, University of Wisconsin, Madison. The school is sponsored by the 16 states of the Central States Conference of State Bankers Associations. Mr. Doolittle had been associate director for administration, Stonier Graduate School of Banking, Rutgers University, New Brunswick, N. J., since 1965. Also since 1965, he has been AIB national operations director.

**PERSONAL SELF-PROTECTION**  
 .22 CAL. - 7 SHOT AUTOMATIC

Defend yourself against attackers with this high quality non-lethal Tear Gas Protector. Fires 7 rounds in seconds. Solid metal construction. No Federal Firearms License necessary. Don't be confused by cheap plastic imitations that may misfire or jam.

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SEND \$19.95 (NO C.O.D.'S PLEASE) ADD \$5.00 FOR 10 ROUNDS & HOLSTER

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**PERSONAL SELF-PROTECTION**  
 .22 CAL. - 8 SHOT REVOLVER

Defend yourself against attackers with this high quality non-lethal Tear Gas Protector. Fires 8 rounds in seconds. Solid metal construction. No Federal Firearms License necessary. Don't be confused by cheap plastic imitations that may misfire or jam.

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• **MGIC Indemnity Corp.** This firm, which provides directors' and officers' liability insurance for financial institutions, has completed a major expansion of its sales and marketing department. Arthur B. Barnard has been named national director of marketing, with headquarters in the Milwaukee-based company's home office. Four newly named regional marketing directors are



BLISS



WEIS



KOZIOL



KAIN

of interest to the Mid-Continent area: Daniel J. Weis, Great Lakes region, headquartered in Milwaukee, whose territory includes Illinois and Indiana; Ronald G. Bliss, Midwest and South-Central region, headquartered in Kansas City, whose territory includes Arkansas, Kansas, Louisiana, Missouri, Oklahoma and Texas; Patrick D. Kain,

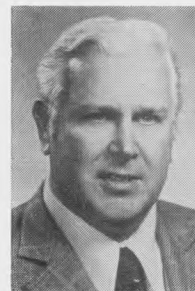
## Corporate News Roundup

West Coast region, headquartered in San Francisco, whose territory includes New Mexico; and Donald P. Koziol, Southeast region, headquartered in Atlanta, whose territory includes Alabama, Kentucky, Mississippi and Tennessee.

• **HBE Bank Facilities Corp.** Fred S. Kummer, president of the St. Louis-based HBE Corp., has announced formation of HBE Bank Facilities Corp., a wholly owned subsidiary, with Ted Luecke as president.

HBE Corp. was founded in 1959 as Kummer Construction Co., a general contracting firm. After completing its first hospital project in 1965, the company turned its full resources to the health-care field, and, as a result, the Hospital Building & Equipment Co. division was formed in 1969.

HBE Bank Facilities Corp., said Mr. Kummer, will function under the same "controlled-cost design/construction concept" and single-source responsibility that HBE Corp. pioneered and developed for the hospital community. With a St. Louis-based sales and management staff, HBE Bank Facilities will offer planning, design, construction, interior design and equipment leasing services to financial institutions throughout the country. Its president, Mr. Luecke, is a 1951 graduate of St. Louis' Washington University School of Architecture.



HANSEN



McLEAN



KUEHNE

• **CMI Investment Corp.** George R. Hansen has been named president, Commercial Mortgage Insurance Service, Inc., a subsidiary of CMI Investment Corp., Madison, Wis. He was executive vice president and joined Commercial Mortgage in 1970, coming from a vice presidency at National Bank of North America, New York City. As Commercial president, he succeeds Bruce Thomas, who became chairman and continues as chief executive officer. Mr. Thomas is chairman, CMI Investment. In other action, CMI Investment announced the promotion of Thomas L. Kuehne to vice president for marketing. He had been vice president for sales, Continental Mortgage Insurance, Inc., another CMI subsidiary. He joined the latter firm in 1967 as district sales director for Arkansas and Missouri.

• **Bank Building Corp.** Donald R. McLean has joined BBC Real Estate Services Corp., a subsidiary of Bank Building Corp., St. Louis. He is consultant services manager, northern division. He had been president, Stix & Co. Properties, Inc., a real estate investment firm and subsidiary of Stix & Co.

• **Delta Corp.** Robert C. Tipton has been appointed executive vice president and chief operating officer of Delta Corp. of America, Miami, mobile home service company. He was formerly with Dealer Service Plan and was a charter employee of Delta, serving from 1960 to 1967.

• **James Talcott, Inc.** Robert J. Cambora has been elected an assistant secretary, James Talcott, Inc., Chicago. He is a senior loan officer with the business finance division's Chicago district office.

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tomers, and for other banks. We like to share what we've learned, and in the sharing, learn some more. So talk with your man from the Whitney today. Your problems may have been our problem sometime. And if it has, you are welcome to our solution.

**Whitney**  
NATIONAL BANK OF NEW ORLEANS  
Established 1883

# Agricultural News

## Emergency Livestock Credit Act of 1974 Guarantees Loans by Commercial Banks

LEGISLATION passed by Congress this summer has resulted in the Farmers Home Administration (FHA) guaranteeing loans by commercial banks and other private lenders to livestock producers.

The guarantees are made under the Emergency Livestock Credit Act of 1974, a law designed to provide aid to producers who face economic disaster because of livestock prices and high costs.

The FHA has advised that farmers and ranchers who want guaranteed loans should contact their bankers, who, in turn, should contact county FHA offices as soon as they have loans for which they want guarantees.

The law permits the FHA to guarantee against 80% of any loss from loans by commercial lenders to livestock producers who cannot get credit without the guarantees. Rural bankers have said the guarantee program

is needed so they can keep on lending money to producers whose equities have been eroded by low prices and high costs.

The law provides for the Secretary of Agriculture to extend financial assistance by guaranteeing loans made to bona fide farmers and ranchers who are primarily and directly engaged in agricultural production for the purpose of breeding, raising, fattening or marketing beef cattle, swine, sheep, goats, chickens and turkeys.

The guaranteed loans can be used to purchase livestock for replacement, but not to permit expansion of herds beyond certain levels; to purchase or produce livestock feed; to pay customary charges for grazing permits and for the use of farm or ranch buildings, pasture land and land for the production of feed crops; to hire, repair or replace farm machinery and equipment necessary for livestock produc-

tion; to transport livestock to and from grazing lands; to build or repair fences and holding pens;

To refinance secured and unsecured debts incurred for the livestock operation under specified emergency conditions; to pay real estate or personal property taxes and water or drainage taxes or assessments that must be paid to permit continuation of the livestock operation; to pay premiums on insurance necessary to secure the loan; to repair or improve livestock water supplies; to repair existing irrigation systems; to pay vet fees and charges for livestock medicines;

To pay wages of hired labor; to pay costs of repair to farm and ranch buildings; to purchase feed, fuel, seed, fertilizer, insecticides and farm supplies; to purchase stock in a cooperative lending agency that is necessary to obtain the loan; and to pay loan fees and costs incident to consummation of the loan.

Loans must be repaid in no more than three years and can be renewed for two additional years. Total loans for any applicant cannot exceed \$250,000. The total amount available for the program cannot exceed \$2 billion, according to the law. The loan guarantee program will remain in effect through July 25, 1975. • •

## "HEY, MR. SALESMAN!

Super Services for your Clients—and earn  
Competitive Commissions with a Proven Company."

*Ronald D. Roberts*

Ronald D. Roberts  
National Sales Manager

"We have been in the **Credit Life**  
business for many years. We think  
we know what we are doing.

**Let us prove it to you!"**

*Wendell J. Garrett*

Wendell Garrett  
General Manager



**Standard Life  
of Indiana**

**Credit Life Division**

110 E. Washington  
Indianapolis, In. 46204 317/923-2425

# Commerce Bank understands the cattle business.

We should.

Ed Lewis, the head of our agricultural business group, has had 20 years of experience in the cattle business.

Let us assist you with a loan. Give Ed Lewis or Mary Belle Jessee a call. Or talk to your Commerce correspondent.



**COMMERCE BANK**

of Kansas City<sup>NA</sup>

10th & Walnut  
816-234-2000

We have the money and the expertise it takes to make the **right** kind of cattle loan.



# Installment Lending

## Consumer Credit Research Center Opens To Explore Major Economic Questions

A RESEARCH center that concentrates entirely on consumer credit problems—said to be the first such center in the nation—has been established at Purdue University.

"The new Credit Research Center (CRC) will provide the consumer, government and the credit industry with impartial data and insight into some of the major questions facing our economic system today," said Dr. John S. Day, dean of the Krannert Graduate School of Industrial Administration at Purdue.

The CRC will have a full-time staff headed by Dr. Robert W. Johnson as executive director. Dr. Johnson, a member of the Krannert faculty, is recognized as a leading authority on consumer and mortgage credit. He has served as a consultant to government and industry, and was one of the three

public members appointed in 1969 by former President Nixon to serve on the National Commission on Consumer Finance.

"We are developing a list of initial research projects," Dr. Johnson said, "based on the major areas of concern to consumers and creditors today." Among topics under consideration are: The degree of discrimination in granting credit to women and minorities; how rate ceilings being imposed by state legislatures may help or hurt the consumer; the availability of credit to low income families; and the impact of the credit card system on the consumer.

The new CRC has received widespread public, private and governmental support, Dr. Johnson noted. Among those endorsing the center concept are the National Consumer Finance Association, the Consumer Bankers Association and the National Retail Merchants Association.

Serving on a 40-member advisory council to CRC are executives of many of the major companies involved in consumer credit as well as representatives of regulatory agencies and universities. Members include executives from Bank of America; J. C. Penney Co.; Sears, Roebuck & Co.; Household Finance Corp.; Standard Oil Co. (Indiana); Chase Manhattan Bank; Diners Club and General Motors Acceptance Corp. Also serving are an appointee of the National Association of Consumer Credit Administrators and a university home economist.

"We feel that CRC will become a focal point of incisive knowledge for use by legislators, the credit industry and the general public," Dean Day commented, adding that the center's major direction will be four-fold:

- To look into the future issues of "consumerism."
- To identify strategic problems common to various segments of the industry.
- To provide hard, impartial research data and analysis for responsible decision-making by credit grantors, legislatures and the courts.
- To broadly communicate research findings relevant to important credit problems.

A key to the center's success, he

### Bankers on Council

Bankers serving on the advisory council of the Credit Research Center include John T. Borman, vice president, BankAmericard division, First National, Chicago; Donald P. Crivellone, vice president, Bank of America, San Francisco; L. P. Juckett, senior vice president, United California Bank, Los Angeles; Ralph H. Teepe, vice president, Chase Manhattan, New York; and O. Keith Weikle, vice president, Citizens & Southern National, Atlanta.

Others on the council representing firms closely associated with banking include Carl Felsenfeld, vice president, Citicorp., New York; John J. Reynolds, president, Interbank Card Association, New York; and William R. Stover, president, Old Republic Life Insurance Co., Chicago.

added, will be its ability to provide the objectivity and diligence of academic research coupled with practical understanding and insight into the day-to-day problems confronting the consumer and the credit industry.

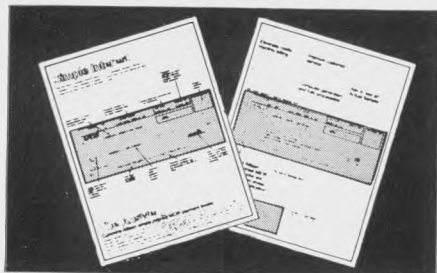
"Credit data currently available to decision-makers today," Dr. Johnson commented, "are often incomplete and used to examine issues from only one viewpoint. And there is no impartial research being conducted on a continuing basis. This is the reason we felt the need for a detached research entity, such as CRC, to fill a void that has long existed."

The new center will be housed within the Krannert Graduate School building on the Purdue Campus. Besides drawing on Krannert facilities and faculty as may be required, the center also will be able to utilize the expertise of other Purdue areas, including computer sciences, sociology, psychology and home economics.

Center activities will be monitored by a governing board consisting of Dean Day, Dr. Johnson, two other Purdue faculty members, a faculty member concerned with consumer credit from another university and four representatives from the advisory council.

The nonprofit center is funded through Purdue University by private contributions. CRC already has more than \$600,000 available for operations during the first three years. Its five-year budget estimates operating costs just in excess of \$1,000,000. • •

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# New Products and Services

- **Bank Administration Institute.** To help banks comply with the Bank Secrecy Act, the BAI has published "The Bank Secrecy Act and Retention of Bank Records."

The new publication describes the act's requirements and provides a suggested schedule for retaining information prescribed by the act, which became effective June 15 following an earlier Supreme Court ruling that affirmed the act's constitutionality.

Copies of the new book have been mailed free of charge to BAI members as part of their annual dues. For more information, write Bank Administration Institute, P. O. Box 500, Park Ridge, IL 60068.

- **American Bank Stationery Co.** A new series of checks designed specifically for the black market has been introduced by American Bank Stationery Co.

Called the "Beautiful Collection,"



This is sample of new series of checks oriented to black market introduced by American Bank Stationery Co. This scene depicts two black children running across field.

this new group of checks has four different "mood" scenes that express blacks' individuality. The manufacturer says the color scenes show a happy black couple, black children running across a field, the beauty of black laughter and the pensiveness of young blacks.

To complement the new checks, American Bank Stationery suggests four cover fabrics ranging from petit point to leather, but banks may offer a full range of 16 cover fabrics to their customers.

Write American Bank Stationery Co., Executive Plaza III, Hunt Valley, MD 21031.

- **Bank Marketing Association.** A complete, self-contained training program designed to increase sales of bank services with every customer contact has been designed by the BMA.

Called "PAR," the program was developed and based on both researched needs as well as recommendations from a nationwide bankers' committee to help banks' cross-selling and customer-relations activities. "PAR" teaches principles, develops knowledge and provides skill-building practice, said the BMA.

Write Educational Media Coordinator, Bank Marketing Association, 309 West Washington St., Chicago, IL 60606.

# New Customer Services

## Night-Depository Service Begun For Individuals at NYC Bank

NEW YORK CITY—Manufacturers Hanover Trust has begun a night-depository service for personal checking-account customers. Heretofore, use of night depositories was restricted to commercial-account customers.

The new service enables customers to make deposits and payments 24 hours a day, seven days a week.

Deposits and payments placed in the night depositories of about 150 of the bank's more than 170 branches are processed the following business day. Receipts for checking deposits and pass-books are returned to depositors by mail.

Each personal checking-account cus-

tomers maintaining an account at MHT branches with night depository facilities receives a key to a depository.

## Call Option Buying and Selling Explained in Bank's Booklet

CHICAGO—Continental Bank has published a booklet explaining the fundamentals of buying and selling call options on the Chicago Board Options Exchange.

Basic terms like "calls" are explained in the text and special glossary section, and the booklet describes the operations of the market by providing several examples of transactions.

"This booklet is intended to be a primer because we found that a definite need existed among both institutional and individual investors about the workings of the market," said Donald W. Graff Jr., commercial banking officer who specializes in lending to securities and commodities dealers. "We hope the booklet points out the market's advantages and risks and its capabilities and limitations."

The booklet is available free from Continental Bank's public affairs division.

## Dividend-Reinvestment Service Offered to HC Investors

OKLAHOMA CITY—Liberty National Corp. has begun providing its shareholders with what it describes as a new, convenient way to acquire new shares in the firm. The service, available only to Liberty shareholders, permits reinvestment of dividends paid quarterly by the holding company in additional shares of the corporation's stock.

An independent agent, acting for participants in the program, buys Liberty National Corp. stock in the over-the-counter market or in negotiated transactions. Stock certificates are delivered to the trust department of Liberty National Bank, where the shares are allocated to participants in full and fractional lots, both of which earn dividends proportionately.

Participants have voting rights for their shares through a nominee and may terminate the arrangement at any time.

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# Holding Companies

- **Southern Bancorp.**, Birmingham, has announced that it has topped the \$1-billion mark in assets. Anchored by the \$647-million Birmingham Trust National, the HC has 58 banking offices throughout Alabama. The HC has acquired or has pending 17 subsidiaries, 12 of which are banks.

- **Two Texas banks** are forming a bank HC, Cullen Bankers, Inc., with

nearly \$300 million in combined deposits. The HC, to be headquartered in Houston, initially will include Cullen Center Bank, Houston, and Citizens National, Dallas.

- **The Fed** has denied the application of Southland Bancorp., Mobile, Ala., to form a bank HC through acquisition of Merchants National, Mobile; City National, Birmingham; and First National, Fairhope, Ala.

- **Mrs. Diana K. Mayer** has been named a vice president of Citicorp, parent company of First National City Bank, New York City. Mrs. Mayer is the HC's first woman vice president. She joined its corporate development department in 1971 after work as a consultant for McKinsey & Co. and as a portfolio analyst with Merrill Lynch, Pierce, Fenner & Smith. She works in Citicorp's subsidiary group, where she is responsible for management support for the real estate and insurance subsidiaries of the firm. She also is a director of three Citicorp subsidiaries.

- **Affiliation** by First Tennessee National Corp., Memphis, of Tower Loan Co., Hannibal, Mo., has been completed. Tower Loan has 19 offices in Missouri and two in Kansas. First Tennessee National's anchor bank is First National, Memphis.

- **The Fed** has approved the application of National Bancshares Corp., Pine Bluff, Ark., to become a holding company through acquisition of National Bank of Commerce, also of Pine Bluff.

- **The Fed** has approved the application of Metro Bancshares, Inc., Kansas City, for prior approval of formation of a bank HC through acquisition of 80% or more of the voting shares of Metro North State Bank, Kansas City.

- **Mercantile Bancorp.**, St. Louis, has completed acquisition of Franklin Finance Co., Clayton, Mo. The firm has 39 offices in 12 states, including Alabama, Illinois, Kentucky, Louisiana, Missouri and Oklahoma.

- **Paul D. Buchholz** has been appointed a vice president at Bank-America Corp., San Francisco. He was previously vice president and regional manager of Ralph C. Sutro Co., San Francisco. Mr. Buchholz will be responsible for the development of non-California mortgage banking subsidiary activities of the HC.



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## BAI Works Actively to Help Bankers Meet Challenges of Change

By **DR. F. BYERS MILLER**  
**Executive Director**  
**Bank Administration Institute**  
**Park Ridge, Ill.**

**T**HE ONE consistent thing about the banking industry—nationally and in the Southland and central states—is change. Like it or not, it's happening.

Although the size, style and location of each bank causes the impact of specific trends to vary, increased emphasis throughout the industry is being placed on sound planning, identifying trends, isolating new challenges and implementing new strategies.



Bankers from the Mid-Continent states, like others across the U. S., must be part economists, part researchers, while wrestling with a myriad of problems such as:

- How will changing technology affect internal bank operations?
- How will customer needs and demands change?
- What legislative and regulatory changes lie ahead?
- How will banks finance tomorrow's growth?
- What form of competition will banking's primary competitors offer?

The list goes on, but today bankers are defining probable changes—and doing something about them—through participation in the Bank Administration Institute.

Southern and central state bankers are meeting these challenges head-on at regular meetings held by 20 BAI chapters, where representatives of 437 individual banks throughout the 10-state region exchange ideas and share new techniques.

Both the number of new member banks (15 in the first nine months of fiscal 1973-74) and attendance at local meetings are steadily increasing. Specific challenges in banking—branching, automation, security, new consumer ser-

Dr. F. Byers Miller has been the BAI's executive director since 1956. He holds MBA and Ph.D degrees from Ohio State University, Columbus, and was active in academic circles for many years. He was founding dean of the School of Business Administration, University of Richmond in Virginia. He also has been a consultant to numerous business organizations and government agencies at state and federal levels.

Dr. Miller has been listed in "Who's Who in America" since he was 39 for his professional achievements as educator and businessman. He recently received the BAI Key for meritorious service to banking.

vices, holding company operations—are discussed by all levels of bank management.

Individual leadership continues to be demonstrated by bankers from the South and central states. Within the 13-state region served by MID-CONTINENT BANKER, John V. Anderson, CBA, executive vice president, First National, El Reno, Okla., and Eugene C. Ernsting, president and chief executive officer, Roselle (Ill.) State, currently serve on the BAI's executive committee and on the board as directors-at-large.

BAI district directors, who coordinate activities via state directors among the individual chapters in their areas of responsibility, currently include Richard E. Nylander, president, First National, Northbrook, Ill., and David McLelland, CBA, vice president and cashier, Fort Worth National. As district directors, both also serve on the BAI board.

To help bankers analyze the problems and opportunities confronting the banking industry today on a national level—and to seek answers posed by the challenge of change—the BAI operates 10 commissions, each specializing in a specific area of banking operations. Each commission explores—for example—changes in trusts, taxes, automation, security, holding company op-

erations and the particular problems of small banks.

Six of these important commissions are now chaired by bankers from the Mid-Continent region. They include:

*Accounting commission:* John J. Gleason, senior vice president, Northern Trust, Chicago; *audit commission:* Betty Gulick, auditor and manager of audit services, United Missouri Bancshares, Inc., Kansas City; *personnel administration commission:* Leon G. Fox, vice president, Mercantile Bancorp., Inc., St. Louis; *smaller bank commission:* Horace Dunagan Jr., president, First State, Caruthersville, Mo.; *tax*

(Continued on page 88)

## BAI's 50th Convention Scheduled This Month; Neil Armstrong to Speak

**T**HE 50th ANNUAL convention of the Bank Administration Institute will be held at Chicago's Palmer House from September 15-18.

Headlining the program will be former astronaut Neil Armstrong, banker K. A. Randall and economist Walter Heller. Also on the program are 24 concurrent sessions covering audit, control, operations, management, government and personnel administration, a question-and-answer session, an equipment display and entertainment. A separate program for women will also be held.

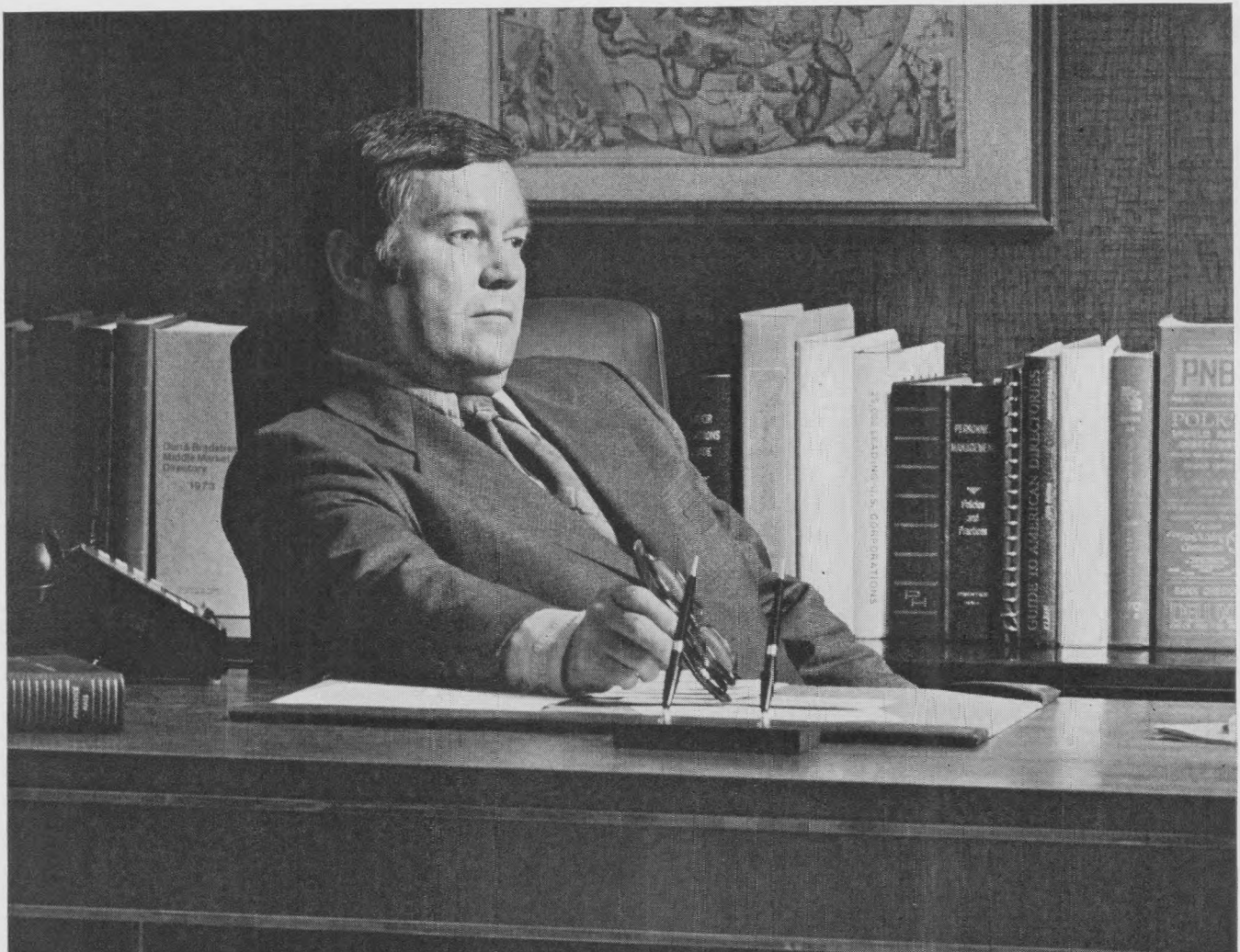
The convention will conclude with a special 50th anniversary celebration featuring Red Skelton.

General convention chairman is John H. Perkins, president, Continental Illinois National, Chicago.

A general session will begin the convention on Monday morning and will feature Messrs. Randall and Armstrong. Concurrent sessions will begin Monday afternoon and continue until noon on Wednesday. Dr. Heller will address the Wednesday luncheon session, which will be followed by the annual meeting, question-and answer panels, reception, banquet and entertainment.

Four drawings will be held throughout the convention at which two-volume, 1,000-page BAI manuals will be awarded.

BAI is headed this year by Horace H. Harrison, executive vice president, United Virginia Bankshares, Richmond. First vice president is George W. Dennis, CBA, senior vice president, Manufacturers Hanover Trust, New York City, and treasurer is J. Franklin Mellem, senior vice president and controller, National Bank of Detroit. • •



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## Indexation in Corporate Lending Test Being Made by Union Planters, Memphis

UNION Planters National, Memphis, in mid-August filed a lawsuit in what may become a landmark decision in the use of indexation in corporate lending.

William M. Matthews, Jr., president

and chief executive officer of Union Planters Corp., the bank's parent firm, said the suit was "unprecedented," and would have "significant impact" on the nation's lending principals. The suit will decide the issues of whether or not a bank may legally charge and collect indexed principal and, if not, whether a corporation may legally waive its rights to claim usury under either Tennessee or federal law.

The suit, which named Aztec Properties, Inc., a Tennessee corporation, as the defendant, claimed that Aztec Properties borrowed \$50,000 for a period of 31 days, which was paid with interest at maturity, but that it refused to pay "indexed principal" of \$500, which was also due at maturity under the provisions of the note.

Contained as an exhibit in the suit is the certified resolution of Aztec's board of directors, signed by the corporation's chairman, authorizing the firm's president to borrow on behalf of the corporation. The resolution specified the borrowing of \$50,000 from Union Planters, repayable in "constant U. S. dollars adjusted for inflation under the Consumer Price Index published by the U. S. Department of Labor . . ." and authorized Aztec's president to sign all necessary documents to accomplish the loan, "including a waiver of the defense of usury."

Union Planters claimed in its suit that Aztec Properties repaid the original principal and interest when due, but failed to comply with the provisions of the note allowing the collection of indexed principal. The indexation clause, bank sources said, is an adjustment for inflation of the principal amount of the note over its period to maturity. Such an adjustment, they noted, would allow the bank to receive at maturity the same dollar value which was borrowed by the defendant on the date the note was executed.

The provisions of the note specified the repayment of the principal amount of the note, multiplied by a Consumer Price Index adjustment factor. The factor was to be calculated by dividing the consumer price index at maturity by the index at the date of borrowing. Both index figures were to be for the

most recent months available preceding both borrowing and maturity.

The Consumer Price Index adjustment factor for the period in question was a 1% increase, based on an index of 145.6 in May, 1974, and an index of 147.1 in June, 1974. Under the provisions of the note, the "indexed principal" due and payable under the note would be \$500, which Aztec refused to pay.

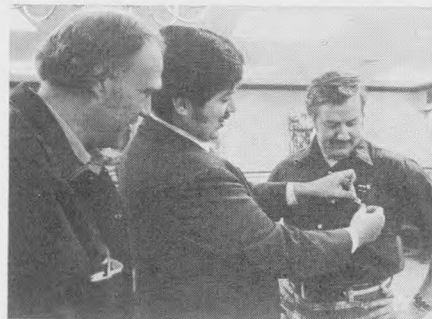
The note also contained a clause under which the defendant claimed it was fully informed of the constitutional and statutory limitations on interest rates in Tennessee. The clause specified that Aztec Properties would "voluntarily, intelligently and knowingly, without compulsion, elect to waive . . . its right to plead the defense of usury under the laws of the State of Tennessee or the United States of America."

Mr. Matthews noted that a favorable decision on the suit would allow Union Planters to offset the erosion of its principal by inflation. "This could be one of the most important tests of the banking system under the much talked-about indexation proposals which recently have been a popular subject with the nation's business and financial press," he said.

Mr. Matthews cited four indices of price change which could be considered possible measures of inflation and applicable to the adjustment of loan principal. Those included were the Wholesale Price Index, the Gross National Product Deflator, which is an implicit price index, the Consumer Price Index and a trade weighted foreign exchange index.

He said the Consumer Price Index was selected for the calculation of the index adjustment factor because it is the most stable of all currently available indices, since it does not exhibit extraordinary upward or lateral moves.

### Flag Pins for 4th



Heritage Bank of Country Club Hills, Ill., celebrated the recent Fourth of July holiday by giving away lapel flag pins to customers. Shown in the photo are Edward H. Hayes (c.), pinning flag on customer John Novak (r.), while Mr. Novak's business partner, Don Lorenz (l.) looks on.

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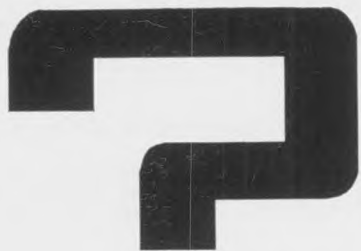
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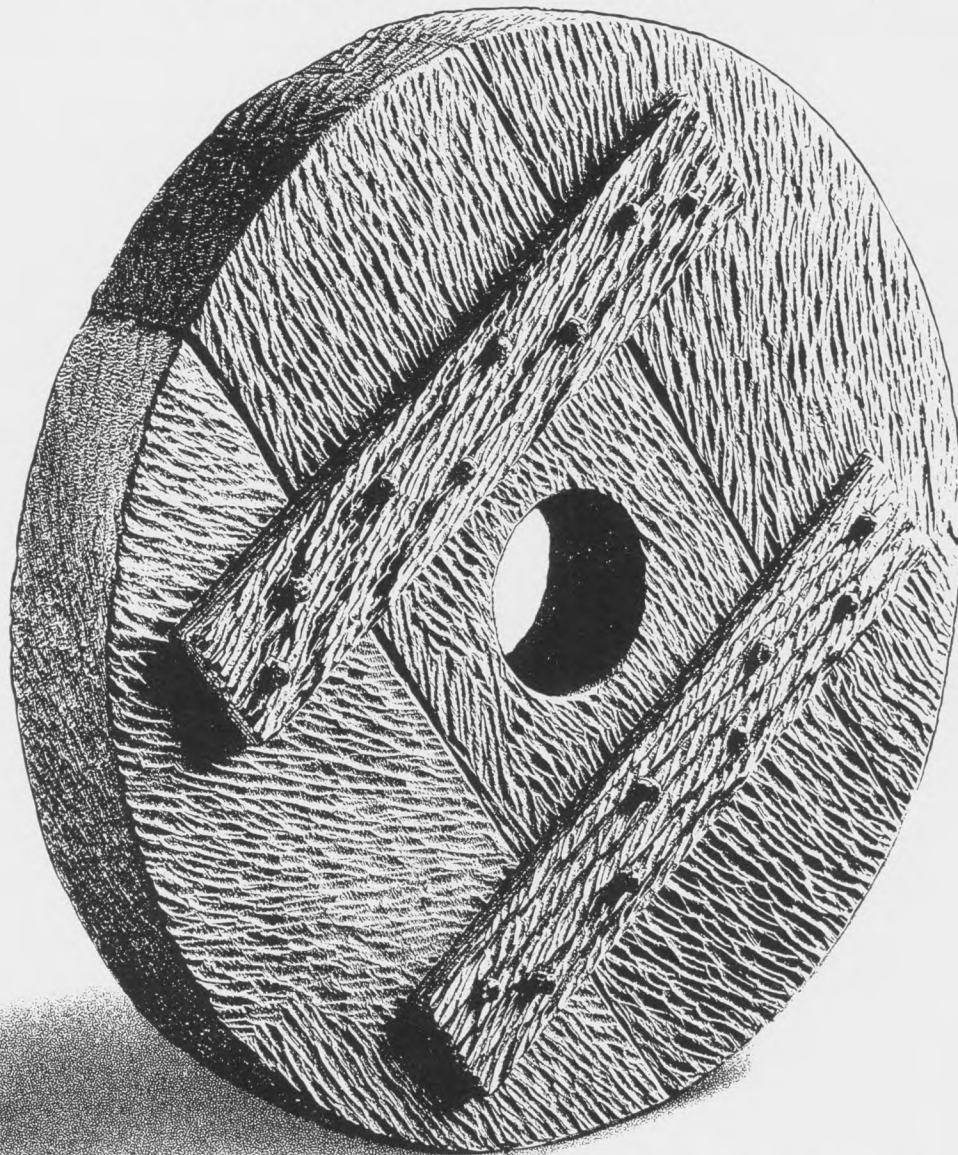
Take the idea of correspondent banking. We think it's a bigger, broader, more relevant concept today than ever before. For the same reason that breathed life into the correspondent system in the first place: to let banks extend their services without over-extending their resources.

Citibank is behind the system of correspondent banking because we know it works. Because we do a lot of things to help make it work — using the skills, the systems, the experience, the innovativeness that have made Citibank a leader in every area of banking.

We're always ready to put our shoulder to your wheel. Just get in touch with your Citibanker, Correspondent Bank Department, 399 Park Avenue, New York, N.Y. 10022 — or call (212) 559-2411.

**FIRST NATIONAL CITY BANK**

Bankers everywhere call us "Citibank"



Member F.D.I.C.



**"Sometimes I wonder if I'm working for the bank or the bank's working for me."**

If you sometimes get the feeling your bank is doing you a special favor by working for you, maybe it's time you changed banks.

At First National we have an obligation to our customers. Because each account we service makes it possible for us to be in business.

After all, that's the name of the game. And our officers and staff have made a promise to give each of our customers, new and old, the kind of service, attention, courtesy and professionalism that

has made First National the most popular and innovative bank in Mobile. Caring what people say about us has to be more than just words on paper.

Because at First National we want you as a customer not only today, but from now on.



We care what people say about us.



**"I think a bank should be open in the evening for people who need it."**

At First National, we agree. After all, when most people seem to have free time to do their banking, banks are closed.

It's not that way at First National. We're ready to do business when you are.

Each week eight of our Office Park Plaza branches have a banker on duty from 7 until midnight. He's what everyone calls our Midnight Teller.

But we don't stop there. We also have four Day-Night Tellers that are open anytime, 24 hours every day.

At Cleveland, Office Park Plaza, Overlook and our newest at Skyline Plaza.

To use them, all you need is our special Day-Night BankAmericard. If you don't already have one, you can apply at any of our 11 offices.

Since we care what people say about us, we open longer than other Mobile banks.



We care what people say about us.



**"Well, when you apply for a loan, banks just give you the third degree."**

No matter where you apply for a loan, you'll usually have to answer a few questions before your application can be approved.

Only a lot of places make you feel like the only one to get a loan to prove you don't need one.

Well, relax. First National has this problem solved. Our loan application takes only about 5 minutes to fill out. And we keep the questions to a minimum.

If you're already a First National customer, we'll be able to give you an answer on your loan in just a few minutes.

At First National we won't give you the third degree. We promise.

What we will give you is our promise to do our best to take a hour of your time without taking all day to do it.

At First National we care what people say about us. Because we want you as a customer not only today but from now on.



We care what people say about us.

These are examples of newspaper ads First of Mobile published in its consumerism program based on what people are really saying about banks.

# Bank Features Customer Complaints In Daring Consumerism Campaign

**"LET'S face it,"** Richard "Dick" Pennington mused recently, "if you're in the banking business, it's a safe bet that a large number of your customers are probably talking about you behind your back."

In making such a candid confession, Mr. Pennington, vice president in charge of marketing for First National of Mobile, was focusing on the new realities of today's consumerism movement as well as bank marketing.

"Even though we hate to admit it, every bank has customers who are dissatisfied about one thing or another,"

he said. "The Louis Harris poll proved that in 1969, and we found that things haven't changed much since then. Yet, even though consumers are griping, it is possible for a bank to utilize its gripes and complaints into a very positive and stable marketing position."

In fact, First National recently did just that when it launched its own full-scale advertising and marketing program based on consumerism, or what people are *really* saying about banks.

This ingenious concept was accomplished through First National's advertising and marketing agency, Barney & Patrick of Mobile, together with an Atlanta creative and production boutique, known as Great American Bank Campaigns.

Picture, if you will, a TV commercial that opens with a series of short, negative comments or gripes, spoken by

real people filmed in Mobile's streets and suburban shopping malls.

These negative comments are compelling for the home television viewer because they depict a controversial situation with newsreel-type realism that's uncommon in most of today's "me-too" commercials.

Used as a point of departure, the negative comments get the viewer involved instantly. This permits the bank then to say, for example, "OK, you consumers are right . . . our bank and other banks haven't been open when you need us . . . and that's why we've



**LEFT:** In this TV commercial featuring real First of Mobile customer, man is asked, "Is your banker ready for you as late as midnight?" He answers, "First National's Midnight Teller is the main reason I changed to First National . . . convenience, location, they've got it."

**RIGHT:** Another First of Mobile customer tells TV audience, "I was delighted in the way the First National employees helped my son in opening his first savings account."



installed all these new 24-hour banking machines and added our exclusive new live midnight teller because you asked for it." This part of the message is followed by an authentic First National customer who, in effect, verifies the fact that FNB's new later hours make it convenient for him to bank anytime he chooses.

"Every comment we used," said Mr. Pennington, "both positive and negative, was unrehearsed and spontaneous—not the product of some copywriter's imagination—which took many long hours of skillful interviewing and editing on the part of our agency and the production company."

The bank believes that consumers tend to disbelieve most TV commercials simply because they realize that the actors in them are being paid to utter favorable things about a particular washing machine, or detergent, or bank.

"It's harder to work with real people," said Mr. Pennington, "but that's the only way to get believable comments for a campaign that is based on truth."



First National's agency and production crew film typical Mobile consumer interview.

Although the Age of Consumerism is here to stay, many banks are still facing marketing problems the same way they did several years ago. If one looks at all of the similarities in bank advertising, one might assume that the banks asked themselves: Should we use beautiful pictures this year, or comedy, or introduce a new musical jingle? "Bank advertising wasn't meant to be a hit parade battle, or a 'my bank's funnier than your bank' sort of situation," said J. Tyler Turner Jr., vice president, Barney & Patrick.

Mr. Pennington added, "Instead of putting our heads in the sand and blithely ignoring the fact that consumers do have legitimate complaints, we decided to meet the consumerism challenge head on . . . something un-

heard of in advertising . . . especially bank advertising. We bankers tend to be conservative in money matters (which can be good), as well as marketing matters (which can be bad)."

Realistically speaking, consumers cannot be expected to accept or act upon commercial messages in any medium which is not pertinent to today's marketing situation. Although most bank marketing men would find it comforting to show only people who say nice things about their banks, it was felt that this easy way out would result in a *testimonial* campaign rather than one based on *consumerism*.

"Consumerism," said Mr. Pennington, "involves real people saying real things. And the things they say are not always favorable. Fortunately, Barney & Patrick and Great American Bank Campaigns were able to achieve an ingenious creative twist. The negative comments we used served as a springboard which enabled us to get across the positive side of our story most effectively. This made the positive side of our story all the more believable and compelling to the audience

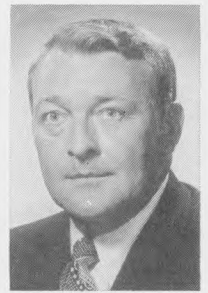
. . . whether they see it on TV, in the newspapers, on billboards or hear it on radio."

Finding out what a bank customer likes and doesn't like can be a nerve-racking experience for many bankers with less intestinal fortitude than that exhibited by First National.

Actually, the bank's current campaign was a miniature duplication of the now famous (or infamous) poll conducted by Louis Harris to discover consumer attitudes toward banks and banking services.

In many respects, the Mobile study paralleled the Harris results, but a large share of new information also was gained. For instance, a large majority of those interviewed had nothing but good things to say about banks in gen-

"Every comment we used, both positive and negative, was unrehearsed and spontaneous—not the product of some copywriter's imagination."  
—Richard Pennington.



eral and First National in particular.

"That was great to hear, but it didn't give us enough to build a campaign around," said Mr. Turner. So everyone dug deeper and succeeded in getting down to the real nitty-gritty of the situation.

As Mr. Pennington summarized it, "When the consumers finally opened up to our questions, they really gave us a piece of their minds.

"This was the only way for us to establish a realistic marketing position in preparation for the highly competitive years ahead in banking."

Results have been more than worth the effort, according to Mr. Pennington.

"Consumer reaction to our advertising has been tremendous," he continued. "People now recognize First National as the one bank in town that is actually doing the things that people want. Before this campaign was created, we were more or less deciding what we were going to promote during the forthcoming year, and then we created a new campaign for each new marketing objective on our agenda."

He envisions that First National will operate under the consumerism banner for some time to come.

Results within the bank also have been very gratifying. "We have established a whole new set of rules for communicating among our tellers, officers and customers," according to Mr. Pennington. "And the feedback and financial returns indicate that consumers really appreciate our new attitude toward them.

"Both our advertising agency and the GABC production company deserve much of the credit for implementing this new program for First National. The help of these talented people coupled with our own staff has succeeded in maintaining a very strong position in the Mobile market for our bank." • •

- A-1-A BOOK STORE**  
10% discount on all purchases over \$1 thru July.
- APACHE C. D. PEST CONTROL, Inc.**  
7225 Manchester  
10% off services thru June.
- ARTHUR'S**  
7823 Manchester  
20% off entire stock of new spring and all weather coats thru June.
- BARBIE FRANK SHOP**  
7341 Manchester  
20% off all dresses and suit sets thru June.
- BLUSTEIN'S, Inc.**  
7331 Manchester  
50% off entire stock, sale \$18. 50% off and get the 6th year free all over and alterations orders to arrive from "Special Offer" thru August.
- BRANHAM TREE SERVICE, Inc.**  
7123 Manchester  
10% discount on all work contracts thru September.
- BROWN'S TOGGERY**  
7188 Manchester  
10% discount on all clothing and furnishings thru July.
- BURGER CHEF**  
7434 Manchester  
Free coffee changeover with any \$1 purchase thru June.
- CINDERELLA GLASS SHOP**  
7234 Manchester  
10% discount on all items thru July.
- DREAMLAND SHOE COMPANY**  
7332 Manchester  
\$1 off any men's or women's shoes thru June.
- DUFER & SON RADIO & TV REPAIR**  
7185 Manchester  
10% discount on service charge thru June.
- EGG AUTO BODY, Inc.**  
7023 Manchester  
10% discount on parts thru June.
- EMPIRE SUPPLY COMPANY**  
7283 Manchester  
10% off any \$10 or more purchase thru July.
- 50 MINUTE CLEANERS**  
7223 Manchester  
20% off any dry cleaning order.
- GAMM'S SHOES**  
7343 Manchester  
10% off all children's shoes thru June.
- GOODFELLOW ANTIQUES**  
7176 Manchester  
10% discount on all purchases over \$1 thru June.
- GOODYEAR SERVICE STORE**  
7443 Manchester  
15% off all air conditioner repairs (except those on sale thru August).
- HALE CARPET COMPANY**  
7223 Manchester  
Free carpet padding with carpet orders thru June.
- HART JEWELERS**  
7342 Manchester  
20% on 30% discount depending on item thru July 25.
- HERMAN'S TOGGERY**  
7214 Manchester  
50% off your choice with full purchase, rest of your choice with full purchase thru July 25.
- IMPERIAL LAMP & SHADE, LTD.**  
7422 Manchester  
20% discount on all lamps, 10% discount on all shades (except for sale items) thru June.
- KAY'S WOMEN'S WEAR**  
7322 Manchester  
20% off ladies' hand-painted shoes, all made-to-order shoes and any 1/2 size from bank thru June.
- KENNEDY BROWNE MUSIC CO.**  
7302 Manchester  
30% off any 40¢ single record or record album. 10% off complete record collection thru June.
- LLOYD'S BEAUTY SHOPS**  
7400 Manchester  
50% off haircuts, 20% off hair coloring, \$50 payment for \$100. 50% off set and combout thru June 30.
- LONDON SHOP**  
7344 Manchester  
10% off all sport coats and suits thru July.

## SAVE AT THESE P.C. MERCHANTS WHEN YOU ARE A . . .



### NOW, TOTALLY NEW BANKING BENEFITS FOR YOU!

Receive a Preferred Citizen and get **COST-FREE CHECKING**. As a Preferred Citizen maintaining both a checking and savings account you are eligible for cost-free checking. Ask any bank officer for information on this special service.

**PREFERRED TRAVEL RATES**. Through a special arrangement with a local travel bureau, Preferred Citizens get better rates on travel.

**DISCOUNTS AT AREA MERCHANTS**. Get big shopping savings from local merchants through money-saving discounts on special items. Show your Preferred Citizen card at stores displaying the Preferred Citizen Merchants' Stamp and take on exciting merchandise and services!

Come join Citizens National Bank today! Open a savings account and a checking account and special money-saving type of bank customer—a Preferred Citizen!

**CITIZENS NATIONAL BANK**  
OF GREATER ST. LOUIS  
7300 MANCHESTER • Phone 645-0666 • Member FDIC

- MAPLEWOOD CARB & GIFT SHOP**  
7206 Manchester  
Special 10% off (except on purchases necessary) thru June.
- MAPLEWOOD PAWN SHOP**  
10% off sale price on any new or used merchandise thru June.
- MAPLEWOOD SUNOCO**  
7195 Manchester  
Free fuel and groceries with take-up 4-cyl. \$10.95; 6-cyl. \$14.95; 8-cyl. \$18.95. All cash sales. Trading in Maplewood area. \$7.50 service call in Maplewood area. \$2.00. All offers thru June 30. (Fuel taxes not included.) Available year-round for Preferred Citizens.
- MARY GEORGE BRIDALS**  
7315 Manchester  
10% discount on wedding gowns thru July.
- MCCAUSLAND AUTO REPAIRING**  
7023 Manchester  
10% discount on all parts thru June.
- MR. STEAK**  
7187 Manchester  
10% discount on any steak dinner or lunch thru July 31.
- MODE O'DAY FROCK SHOP**  
7349 Manchester  
10% off all June purchases thru June.
- P. N. HIRSCH & CO.**  
7376 Manchester  
10% discount on all men's shirts thru June.
- PARAMOUNT JEWELERS, Inc.**  
7348 Manchester  
10% off all merchandise (exclusive of franchisee) thru July.
- PHASE IV PLAQUE & GIFT SHOP**  
7369 Manchester  
20% discount thru June.
- MANHATTAN FURNITURE INTERIORS**  
7403 Manchester  
10% discount on selected items thru June.
- MAPLEWOOD FLORIST**  
7268 Manchester  
To take on terrace plants, buy one at the regular price, get one for 1/2 price thru June.
- POSTER OFFICE**  
7261 Manchester  
\$2 poster, \$1.50, \$3 poster, \$2.75, \$1 poster etc.
- RAY'S BEAUTY SALON**  
7276 Manchester  
\$25 permanent, \$15.50, \$17.50 permanent, \$10.50. Permanent, \$7; shampoo & set, \$2.50 thru June.
- E. J. RECALL DRUG COMPANY**  
7300 Manchester  
15% off all Rx's with purchase (excluding special sale price items) thru June.
- ST. LOUIS COUNTY OBSERVER**  
2621 St. Louis  
50% discount on any selected ad placed at our office until Dec. 1.
- E. C. SCHEIDT HARDWARE CO.**  
7226 Manchester  
20% off any purchase of \$5 or more of 62 light bulbs thru June.
- SILGIA SHOES**  
7223 Manchester  
Free can or bottle of Crestor Polish \$3.00 value with purchase of any leather shoes.
- SHOPPERS DISCOUNT VARIETY**  
7302 Manchester  
Very special prices on 5 featured items listed in this ad each month.
- SIMPLEX SHOE REPAIR**  
7296 Manchester  
10% discount on all shoe repairs thru June.
- STATE FARM INSURANCE**  
Brentwood, Mo. Agents  
Free used auto thru June 30.
- UNITED PRINTING & STATIONERY**  
7326 Manchester  
20% discount on order on items for stationery and office supplies.
- VAZIS CAMERA & PHOTO SERVICE**  
7182 Manchester  
20% discount on any instamatic camera thru June.
- WORTH DISCOUNT INTERIORS**  
7300 Manchester  
30% discount on select items thru June.

**TOP:** Citizens Nat'l, Maplewood, Mo., offers package of services that include discounts at local stores. This newspaper ad introduced "Preferred Citizens" club. Similar listing of retailers with discount offers also is included with bank's statement mailings.

**BOTTOM:** St. Louis' General Bancshares banks also have package offer—called "Click"—that includes merchants' discounts for purchasers of packages. This is sample of sheet of coupons contained in monthly mailing to "Click" subscribers.

# Cooperative Statement Mailings

## Asset or Liability?

By **ARTHUR C. NORRIS**  
Contributing Editor

**I**S THERE any way in which banks can transform the monthly mailing of statements—now entirely a liability—into an asset?

Each month it costs a bank 20 cents in postage alone to mail an average checking account statement. Mailed with the statement, of course, is an enclosure of some sort usually intended to sell another bank service. But bankers are agreed that few sales of other services are made as a result of such mailings.

But suppose a bank joined with a commercial customer in a cooperative effort to sell the merchant's products or services? This might be done by enclosing with the monthly statement a sales piece, prepared by the commercial customer, which would sell an item of merchandise. For instance, in late spring an opportunity to sell air conditioners through use of bank-statement mailings might be offered to a dealer in electrical appliances. Or when new model automobiles appear, a local dealer might use bank-statement mailings to call attention to his display of new cars. The customer would be able to make sales, and the bank would have an opportunity to finance the large ticket items.

This service might be offered at no charge as a means of creating good will and binding the merchant more tightly to the bank. Or it might be offered for a small charge that would aid in paying that monthly postage bill which, it seems, is going to be larger every year.

St. Louis bankers with whom the idea was discussed were agreed that the idea had merit—in fact, certain St. Louis banks are using an adaptation of the idea—but pointed out certain difficulties that would be encountered.

At the same time, they did think it might be used by banks in small towns, assuming, however, that the mailing piece provided by the local merchant was light enough in weight so that it did not increase the weight of the mailing. In other words, the merchant's mailing piece would have to be

**Remine's**  
RESTAURANT

**\$1.00 Off Any \$5.00 Purchase Of Food And/Or Beverage.**

Chicken Dinner—Our Specialty Good In The Dining Room Only

Coupon good any Tues., Wed., Thurs., or Friday

8003 Riverview Drive / 800-1800

**Luigi's**

**50c OFF on any LARGE PIZZA**

Coupon good Mon. thru Thurs.

12705 Manchester — 392-8888  
3123 S. Brentwood — 362-7226  
55 Village Square — 921-8282  
8800 Brentwood — 626-3200

**LIFE LOW CARPET CITY**

where paying less is only the beginning

11205 St. Charles Bank Road—788-8411  
5445 South Lindbergh—487-1068

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**Levin's**

With this coupon **Only \$14**

Regular Price \$27

Open Daily 10 am to 10 pm

Pump 98¢ circumference denim bean bag with red weltting... filled with polystyrene beans... Seal!

8003 Riverview Drive / 800-1800

**BRECKENRIDGE RAMADA INNS**

1 FREE DINNER with purchase of 1 or more dinners (Appetizers, desserts, and all beverages not included.) Coupon good Mon. thru Thurs. April 15 thru June 15th at these locations:

Southwest St. Louis County, Mo. West St. Louis County, Missouri  
144 W. 10th St. 1200 Post Business Bldg. #1244  
Phone 314-943-4300 Phone 314-878-1400

South St. Louis County, Missouri  
South Lindbergh St. 1200  
Phone 314-988-0000

(Not valid during name advertisement)

**Valuable Coupon**

This entitles Click Members to one Naughtahide Man Size Recliner as pictured with any purchase of \$29.95 or more. This coupon valid April 15 thru June 15.

**Crossroads**  
FURNITURE, HOME DECOR, BEDROOMS

1-270 S. Brown St., Evans Chapel, Hazelwood, Mo. • Open 10 to 10

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**Bill Murphy's Sporting Goods Co. FOR THE ANGLER**

10% off on everything else price ON ALL FISHING TACKLE (min. \$10.00 purchase)

Kalamazoo at Chambers Ad.  
Brazos Hills Shopping Center  
Shorewood, Mo., Thurs. and Fri. 9:30 a.m. to 9:00 p.m.  
Sat. 9 a.m. to 9:30 p.m. Sun. 10:00 a.m. to 10:00 p.m.  
Phone: 868-9600 or 868-9601

**10% DISCOUNT on any purchase**

only at **Steve Mizerany—Joe Farhart NEW DEAL**

4719 Gravois—Next to Bore Mill Restaurant 481-3222  
No salesperson's commission here! Terms available

**BRECKENRIDGE RAMADA INN**

Southwest St. Louis County, Mo. 144 West 10th St. #1244 across from the Chrysler Plaza

Please call Southwest sales office 343-4300 ext. 166 or 167 to make arrangements for use of the pool.

**FREE INDOOR POOL PRIVILEGES FOR YOU AND 1 GUEST**

MID-CONTINENT BANKER for September, 1974

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## MEMBER THE GREEN BRIEFCASE CLUB

This card is carried by members of Manchester Bank of St. Louis' "Green Briefcase Club." Member's name is inserted on "briefcase" part of card, and name of sponsoring bank is listed on back. Membership in club is offered to employees of commercial customers of bank and includes many extra bank services. Club name is derived from green briefcases carried by bank's customer contact people.

similar to present bank-service sales pieces so that a 20-cent mailing would not become a 30-cent mailing.

This problem was one cited as an objection by the president of one neighborhood St. Louis bank. "How would you go about policing—as it were—the merchant's mailing piece so that it would not increase the cost of mailing the bank's statement? In most cases, it's a safe bet that the merchant would use printed matter supplied by the manufacturer. He would have no control over the weight of that selling piece and the bank would be placed in the position of refusing to make the mailing if offered something that was too heavy. Obviously, this would lead to ill will, not good will."

Another objection to such a program brought up by a St. Louis banker was the problem of selection.

"Suppose your bank has 25 commercial customers who handle air conditioners. Or suppose the bank floorplans a half dozen automobile dealers as this bank does. How are you going to decide which customer to serve first? In the case of the 25 dealers in air conditioners, it would take more than two years before all of them could be served. Or in the case of the auto dealers, it would be six months before the last of them would have a chance at the bank's statement mailing."

Nonetheless, banks have used somewhat similar tie-ins with commercial accounts. One of the most recent (June,

1974) was used by National Bank of North America, West Hempstead, N. Y., in opening two new branches on Long Island. Customers at two chain supermarkets serving the areas in which the branches were opened received a certificate worth \$3 with a purchase of \$10 or more. The \$3 certificate could be redeemed at either of the two National of North America branches by depositing it in a checking account. The promotion continued for three weeks.

Similarly, the Bank of St. Louis some time ago offered as a premium when a new account was opened one of a selection of reproductions of oil paintings. As part of the promotion, the bank tied in with a picture framer who offered to mount the painting in any one of three frames at a discount price.

And again, in opening the National Bank of Affton, Mo., Manchester Financial Corp. obtained a tie-in with a supermarket in a nearby shopping center. Customers opening accounts in the new bank with deposits of certain sizes received coupons for which they could obtain three rib-eye steaks free of charge at the supermarket. This promotion, although planned well in advance, happened to coincide with the beef shortage. As a result, customers of the National Bank of Affton were eating steak when most people were lucky to eat hamburger. The bank gave out coupons for more than 7,500 steaks, and somehow the supermarket met the demand.

In another twist directed toward tying commercial accounts more closely to the bank, Manchester Bank, St. Louis, also part of Manchester Finan-

*(Continued on page 71)*

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## New Bank Seeks—and Finds—Local Merchants, Residents as Stockholders

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**W**HAT better way to bind local merchants and residents to your bank than to involve them as stockholders?

Such is the philosophy of St. Louis' Dyna-Group banks, an association of four city and suburban banks that perform much of their marketing, purchasing and data processing as a group. The four banks are Hampton Bank, St. Louis; Bank of Crestwood; Clayton Bank and Bank of Ellisville. The latter three are in St. Louis suburbs.

To obtain local people as stockholders in Bank of Ellisville during its formation, organizers mailed a form letter to hundreds of area merchants and residents telling them that stock was available and enclosing a card to be returned if the reader was interested

in buying shares.

Approximately 1,700 cards were returned. To these people another form letter was mailed telling them how to buy stock in the bank, quoting the price at \$9.50 a share and stating that purchases were limited to a minimum of 100 shares and a maximum of 500. Included was a purchase form to be filled out and a prospectus for the common stock of the bank.

The prospectus stated that 56,498 shares were being offered, not by the bank, but by James R. James Jr., chairman and president, and holder of 119,356 shares. It was explained that the selling stockholder was offering the shares at his cost plus interest expense.

The prospectus went on to detail the background of the bank, where it

would be located in Ellisville and the approximate date of opening. Capitalization figures were given and the stock described precisely. Officers and directors were listed together with number of shares in the bank each held. The prospectus concluded with a statement of condition.

Of the 1,700 purchase forms and prospectuses mailed, 200 resulted in actual purchases of stock by Ellisville merchants and residents. Thus, these individuals were in a position to tell other Ellisville merchants and residents about "my bank."

Two other Dyna-Group banks used this approach at the time they were organized. Approximately 200 area residents bought stock in Hampton Bank and 250 in Bank of Crestwood. • •



# 'Flowering' of Banks' Annual Reports

They're Bigger, Better, More Colorful and Interesting  
In Effort to Create Greater Shareholder Readership

TIME WAS when a bank's annual report was a sedate presentation of facts and figures . . . and most of the facts were simply figures. But this is the time of the flowering of the annual report. Essentially an opportunity whereby the bank's—or the holding company's—CPA details the bank's financial position, it has become a thing of beauty and—considering the profit picture most bank reports present—a joy forever.

In days of yore, the report merely listed accounts by name and followed those accounts with figures in serried ranks. The accounts—in name at least—are still pretty much the same, but bankers are endeavoring to dramatize the figures, to present them in terms of pictures that will draw the eye and then enable the eye—of a non-CPA, that is—to grasp them. Witness the cover of the annual report of Liberty National Corp., Oklahoma City. On that cover, side by side, are two pictures of different size of the HC's home office. The smaller dramatizes 1972's per-share operating earnings of \$3.64; the larger typifies 1973's per-share operating earnings of \$4.69. Liberty National Corp. shareholders must have found those contrasting pictures beautiful indeed.

MID-CONTINENT BANKER each year receives several hundred annual reports. They come from as close by as Boatmen's National just across the street here in St. Louis and as far away as Banco de Ponce, Ponce, Puerto Rico. The impressions they make range from the ultraconservative—Nortrust Corp., Chicago; Second National, Richmond, Ind.; First Abilene (Tex.) Bancshares—through the informative—First Bancshares of Florida pictures a simulated map of the state dotted with flags marking member bank locations—to the psychedelic—Chemical New York Corp. displayed the names of its seven units in eight neon-like colors on its glossy black cover.

First Bancshares of Florida underlined in an ingenious manner those figures particularly pertinent to the stockholder. On the inside front cover was a simplified balance sheet printed in black on white. Ringed in red were

By **ARTHUR C. NORRIS**  
Contributing Editor

figures for five accounts: assets, total shareholders' equity, net income, salaries and benefits and interest on deposits. Attached to the red circles were cartoon-like balloons that commented on them; for instance, about total shareholders' equity, "This is what you own"; or interest on deposits, "High cost of money affects us, too!"

One of the most significant dramatizations of what an HC does was contained in the report of First Tennessee National Corp., Memphis. Printed in reverse against contrasting color blocks were the HC's four divisions: regional banking, community banking, real estate and finance and insurance. Again in reverse type under each divisional color block were the division's "products"—consumer finance, credit life, accident and health insurance. Below the "products" listings were maps centered on Tennessee with the states served by the HC in a color contrasting with the surrounding states.

It is a rare annual report that lacks

## Annual Reports Given Library



Eads Poitevent (l.), pres. & ch., Internat'l City Bank, New Orleans, presents a complete file of the bank's annual reports to M. Eugene Wright Jr., city librarian, New Orleans Public Library. The set of reports has been placed in the business information section as part of an effort to obtain complete information on the area's outstanding businesses for reference and study by business students and historians of the city.

evidence of originality, ingenuity and inventiveness. Kudos must go to An-corp Bancshares, Chattanooga, for sheer originality. Its annual report simulates an old-time ledger, the kind bound in cloth with leather back and corners. On this the legend, "Yesterday, Today & . . .," is embossed. Inside, most pages are loaded with color, but the most colorful of all is a spread that precedes the actual figures of the consolidated balance sheets, consolidated statement of income, etc. Against simulated ledger sheets with their blue and red rulings are four-color graphs showing operating income, operating expenses, stockholders' ownership and net income as a return on average stockholders' ownership. In other words, the nuts-and-bolts figures in which the average shareholder is most interested.

Maps showing areas served by bank or HC or locations of member banks or branch offices are almost commonplace, but Wyoming Bancorp., Cheyenne, came up with one that was truly startling to this uninformed commentator. On a full-page map of Wyoming, the state's energy resources are indicated in different colors representing coal, oil shale, oil, gas and uranium. For those of us who tend to think of Illinois, Appalachia and Pennsylvania as "owning" the country's mineable coal, it comes as a surprise to see at least 50% of Wyoming colored yellow for coal.

One of the major reasons why reports have become colorful rather than austere is obvious. Bank administrators want to lure the stockholder into giving the annual report more than a casual glance. This purpose is accomplished by making the report interesting in appearance and by using a wealth of color in different ways.

National Bancshares Corp., San Antonio—by using a double-fold cover—presented reproductions of four oil paintings by Winifred Newman. Pictured in full-color on stippletone cover stock, the reproductions look and even *feel* like oil paintings.

National Detroit Corp. pictured a night scene of downtown Detroit on its cover. Inside, color photographs of the financial sections of foreign capitals

dramatized NBD's overseas operations: to wit, London, Frankfurt, Tokyo, Adelaide, Sydney, Hong Kong and Taipei.

Fourth Financial Corp., Wichita, presented a distinct novelty—a self-cover that did away with that expensive envelope in which most annual reports are enclosed for mailing. The cover pictured the HC's office building in process of construction and as completed.

Many banks endeavored to offer stockholders a picture of the business past and of future possibilities. Hancock Bank, Gulfport, Miss., did it with color photographs showing the role of agriculture in the economy of southern Mississippi. Other pictures told the story of the livestock and dairy industries and still others that of forest products.

Alabama Bancorp., Birmingham, did much the same for its state with regional analyses prepared by the School of Business, University of Alabama. For analysis purposes, the state was divided into three regions: the central-industrial, the black belt (so-named because of its fertile black soil) and the coastal plains.

United Bank of Denver presented a detailed study of the national economy and gave it human interest through use of imaginative photographs reproduced in black and white. Barnett Banks of Florida, Jacksonville, limited its analysis to its state and essentially to how the state's financial picture affected the bank's progress and future.

Efforts to get the common touch into bank reports were made in different ways. Commerce Bancshares, Kansas City, did it by presenting each of its affiliated banks as an entity. Each bank was listed beside a group of color photographs of the bank's city. Above its name was a map on which the bank was located with a square in color. Below were a brief history of the bank, a list of major officers and a capsuled report.

Merchants National Corp., Indianapolis, offered a discussion of banking problems and prospects among the lead bank's three top officers and two of the country's top banking analysts. Hawkeye Bancorp., Des Moines, Ia., prepared a four-page, full-size newspaper in which short articles discussed different facets of the state's and the bank's economy. Featured was an editorial titled, "Iowa's Great Problem," the fact that the average Iowa farmer has credit needs of more than \$80,000 annually, but two out of three Iowa banks have a lending capacity of only \$50,000.

United Missouri Bancshares, Kansas City, opened its report with a discus-

sion of the many facets of corporate art collections. Scattered through its report were color reproductions of 16 representative examples of American portrait painting from the collection housed in United Missouri of St. Louis. On its cover was a portrait of Joseph Bogart, a War of 1812 artillery colonel, by Rembrandt Peale, son of the better-known Charles Willson Peale.

All bank reports include pictures of officers, but the trend seems to be away from the stiff portrait and toward a more human-interest approach. Texas Commerce Bancshares, Houston, used action photographs of major officers out in the field working; for example, C. B. Carter, president, Texas Commerce of Lubbock, is shown in a feedlot of the Three-C Cattle Co. with co-owner-manager, E. R. Bowles.

An outstanding human-interest presentation was that of Crocker National Corp., San Francisco. On the report's cover is a picture of Mrs. Millie Crom, a Crocker Bank (San Diego) customer, coming out of the door of the bank. Inside, six typical customers of Crocker banks are pictured on their jobs where they tell how and why their Crocker bank has helped them through loans, financial counseling and understanding of individual problems.

What is behind this concentration on bigger, better, more colorful and more interesting annual reports? Harry A. Englehart, public relations manager, Mellon Bank, Pittsburgh, gives one answer:

"To enhance the public's understanding of the nature and scope of its business . . . the 1973 report describes the services we offer customers and discloses definitive information about our holdings and investment authorities without violating any of our fiduciary responsibilities. In addition, the report contains a section that outlines some of our thinking on the major regulatory issues facing the industry."

In closing, this observer would like to comment on the two reports that most quickly caught his eye. One was that of First Chicago Corp. on whose chocolate brown cover the well-known emblem of Chicago's First National was imprinted in gold. The emblem is a stylized "1st" decorated with four devices printers call "Spanish curves" inside three concentric circles.

The other was that of Farmers Bank, Dover, Del. In rich black and white against a gray tone was a photograph of a single graceful daisy. Below the seven-by-seven-inch photograph in light green 14-point type was the simple legend: "Farmers Bank of the State of Delaware—1973 Annual Report." • •

## One-Day Marketing Seminar Set for St. Louis Sept. 17

ST. LOUIS—A one-day First Annual Marketing and Public Relations Seminar will be held September 17 at the Marriott Hotel here, co-sponsored by the Missouri Bankers Association and the Illinois-Missouri Chapter of the Bank Marketing Association (BMA).



QUIGLEY

Lawrence Quigley, vice president, First State Bancshares Corp., St. Louis, and BMA Chapter president, will serve as seminar general chairman. Speakers will include Charles W. Risley Sr., president, Missouri Bankers Association, and president, Excelsior Trust, Excelsior Springs, Mo.; Eugene J. Callan, BMA second vice president, and vice president, First National City Bank, New York; and Norwood "Red" Pope, vice president, First at Orlando (Fla.) Corp.

Among the topics scheduled are, "Marketing—A Profitable Management Tool," "Marketing Research, Key to Bank Growth," "How to Communicate With Your Newspaper, Your Radio and TV Station, Your Legislator and Your Employees," "The Challenges Ahead in Banking," "Effective Advertising for Small Banks" and "Consumerism, Unions, Women Libbers and Other Frightening Things."

*In El Dorado, Kan.:*

## Diamond Jubilee Anniversary Features Gems as Premiums

"Thanks to you" was the theme of a three-month 75th-anniversary celebration at Citizens State, El Dorado, Kan. The bank expressed its appreciation to customers orally, in print and in letters three feet high on the side of the bank building where nobody in town could possibly miss it.

The bank conducted a savings promotion offering simulated diamond jewelry to those making qualifying deposits. The bank had to reorder jewelry twice to fill demand.

A genuine 75-point diamond was given away at the bank's anniversary party. The gem is valued at \$1,100 and was one of 17 prizes awarded during a live radio broadcast from the bank's lobby.

A special eight-page newspaper supplement traced the bank's history. The bank is looking forward to its centennial in 1991!



While Bill Patterson and the Countrymen get ready to bang out lively tune, L. Neal Patterson (at microphone), v.p. & cash., First Nat'l, Gorham, Ill., announces name of winner of one of many prizes donated to Gorham Country Day by city's merchants.



Southern Illinois University guard explains to two visitors details of anti-drug display, which was part of Gorham Country Day.

# Small Town Gets 'Shot in Arm' From Bank's Civic Celebration

## Festival Has Music, Prizes, Locally Made Articles

By **ARTHUR C. NORRIS**  
Contributing Editor

**C**AN a small town that has lost two-thirds of its population be revived and given new life?

That is the question the people of Gorham, Ill., under the leadership of new and aggressive management at their First National Bank are trying to answer. And after the boisterous start at revitalization they accomplished early this summer, it seems probable that the answer will be "Yes."

Gorham is a town of less than 400 residents deep in far south Illinois almost on the Mississippi River. In 1914, when First National was organized, the town's population was more than 1,100.

In those days, the little city was an important junction on the Missouri Pacific Railroad. But over the years its significance wasted away until trains no longer even stopped there. And as the town's importance disappeared, jobs did also, so that slowly residents moved away.

In 1971 control of First National was bought by Ronald Sablick, present chairman and president, from Robert Z. Morris and E. A. Hon. Mr. Sablick controls eight southern Illinois banks. Early this year, actual management was assumed by L. Neal Patterson with the title of vice president and cashier.

Mr. Patterson was raised on a farm near Galatia, Ill. After obtaining a degree in business administration from the University of Evansville (Ind.), he worked for five years for Household Finance Co. About three years ago, he joined the staff of the C. P. Burnett & Sons, Bankers, Eldorado, Ill., where he devoted much of his time to installment loans. A year and a half later, he became assistant vice president at Gallatin County (Ill.) Bank, which also is owned by Ronald Sablick.

Once he had been in Gorham long enough to get the feel of the community and to know its people, Mr. Patterson began to cast about for some way to reverse the retrogressive trend of the town. "Our idea was to change the town's attitude," he said. "We thought that if enthusiasm could be generated for any sort of local endeavor, anything might happen."

With this idea in mind, the bank's



Mrs. Louise Amschler and Mrs. Meta Fritsche take time out from their duties of selling handmade patchwork quilts to eat lunch.



Model T pickup truck, owned by Jerry Coulter, national bank examiner and Gorham resident, proved popular with youngsters. Mr. Coulter took children on rides in truck during Gorham Country Day.

staff latched onto a simple thought. "Local people like country music," they argued. "Why not make the most of a good thing and put on a Gorham Country Day in order to get local residents pulling together for the good of the town and to attract outside people to Gorham?"

On that foundation, the bank staff and the townspeople built a real wingding of a celebration, which had as its focal point that simple idea of country music and country gospel music. The event ran all day Sunday, June 9, with three country bands taking turns playing on an improvised bandstand.

To get everybody into the act, area merchants donated prizes, which were raffled off at intervals during the day, while the area's church, civic and fraternal organizations assumed responsibility for booths of various sorts.

Throughout the day, the "country" theme was emphasized. There was a "country" store where home-canned jars of fruits and vegetables were offered for sale. Another sold fresh vegetables from local gardens. A third displayed cakes and pies baked by local housewives. A fourth had patchwork quilts hanging up to be admired and bought. Then there was a local man who took photographs while his wife, an artist, offered examples of her work.

In the bank itself, the many prizes offered by the merchants were displayed for a week before the event. On the day itself, the lobby housed an exhibit of old currency and coins and also of counterfeit bills obtained from the Federal Reserve Bank.

Area dealers in automobiles, mobile homes and farm implements brought examples of their wares to Gorham and had them on display. The Illinois Bu-



Debbie Patterson takes charge of soft drink stand sponsored by First Nat'l, Gorham. Bank gave away more than 1,800 free drinks during Gorham Country Day. Debbie is daughter of L. Neal Patterson, v.p. & cash. of bank.

reau of Investigation assembled an informative display on drug abuse. The Jackson County sheriff's office showed how vigilance can prevent much crime.

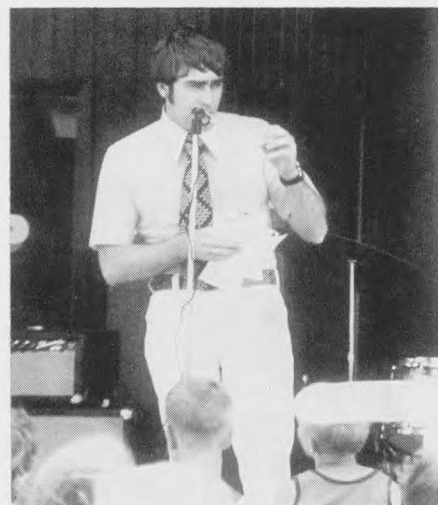
Part of the idea was to draw people from distant points to Gorham so that they would learn about the recreational facilities the area offers. Gorham is within the Shawnee National Forest area, is close to two man-made lakes plus the Crab Orchard lakes and is adjacent to the Big Muddy and Mississippi rivers. Hunting, fishing and boating are synonymous with the area. And for those who are not sportsmen there is scenery galore, plus ideal camping locations.

So that outsiders would learn about Gorham Country Day, the bank spread the word far and wide. Placards were tacked to telephone and electric poles for miles around. Radio stations in nearby Carbondale, Marion, Murphysboro and McLeansboro carried service announcements about the upcoming event.

In addition to the advertising cost, First National financed a soft drink stand where 1,800 cups of soda were given away during the day. The bank's total cost was approximately \$500.

"Although the bank inspired the event," Mr. Patterson commented, "what really made it go was that our Gorham Country Day became a community effort. Almost everybody became enthusiastic and pitched in to make our party a success.

"Although our day started off with rain, which certainly held down attendance, the skies cleared around midday and we drew close to a thousand visitors to our displays, probably a third of whom were outsiders. The members of the town board—Gorham has the village form of government—were so pleased with the response that Gorham Country Day is now planned as an annual event." • •



L. Neal Patterson, v.p. & cash., First Nat'l, Gorham, acts as master of ceremonies during Gorham Country Day. Here he announces name of winner of prize—one of many contributed by Gorham merchants.

*In Houston:*

## 'Money Jug' Guess Contest Highlights Bank's Birthday

To celebrate its first birthday, Lakeside Commerce Bank in Houston held a "money jug" contest and invited neighborhood children in to guess how much money the jug contained.

About 2,000 youngsters visited the bank during the two-week contest and estimates of the money contained in the jug ranged from \$1.70 to \$5,000.

An 11-year-old girl came within 50¢ of the correct figure, so she was entitled to all the money she could pick up in five double-handed dips into the jug—plus a \$25 savings account. She managed to scoop up \$171.83. Four other runners-up were given opportunities to scoop their rewards out of the jug, but none were permitted to take as many scoops as the first-place winner.

Fifth place winner was the eight-month-old son of Harry Theofilides, quarterback for the Houston Texans. The infant managed to scoop up \$43.22 from the jug with his dad's help!



Winners in Lakeside Commerce Bank's "money jug" contest stand poised for action. Each was permitted to scoop up money from the jug. The bank in Houston was celebrating its first anniversary.

*In Addison, Ill.:*

## Bank Earmarks One Million For Leasehold Improvements

First Security Bank, Addison, Ill., has earmarked \$1 million for leasehold improvements to business structures in the Addison-Villa Park area.

Businessmen can use the funds for interior work, such as updating furnishings, painting, heating or air conditioning and remodeling. Exterior landscaping work also qualifies. The funds can also be used for purchasing company cars, office equipment or operating equipment.

Many banks in the area have discouraged corporate borrowing, a bank spokesman said. The money became available through the bank's growth during the first half of 1974 when assets grew from \$2.5 million to \$3.8 million.

# Red's and



# Wilbur's back...

## And Tulsan's will never come back.

At the Fourth, back in Tulsa, backs are popping up everywhere.

But that certainly doesn't mean that we are turning our backs on our customers. It means just the opposite.

Our new slogan, "You'll never come back," has created quite a stir among Tulsans. It was purposely a week after the first introduction of the slogan that our advertising explained the true meaning of the phrase. Fourth National Bank had decided to make itself the most convenient bank in the city.

Being large, and downtown—the obstacles were great. But our program was to change the systems of our bank so that once a new customer came to the bank and signed the various papers—he would never have to come back.

With this new approach, Fourth National fortifies its position as the city's most aggressive—and convenient—bank.

Watch for future news of The Background—what the Fourth is doing back in Tulsa. You'll see the aggressiveness of our programs in the city and understand the aggressiveness of our programs for you—correspondent banking.

Backs, courtesy of Wilbur Waters and Glenn "Red" Ward.

# The Background,



# what the Fourth is doing back in Tulsa.

## *Another Phase of EFTS:*

# Direct Deposit of Social Security Checks To Be Tried Out in Pilot Program

## *First in Georgia, Then Florida, Then Nationwide*

**A**NOTHER IMPORTANT PHASE of electronic funds transfer systems (EFTS) will begin this November, when the Treasury Department, the Social Security Administration and the Federal Reserve System will initiate a direct-deposit-of-social-security-check program in Georgia. The direct-deposit arrangement will be implemented in five stages with complete conversion of such government payments by the end of 1976 to a nationwide EFT system planned by the Treasury and the Fed.

The pilot project will enable Georgia's 700,000 social security and supplemental security income beneficiaries to have their checks deposited directly to their accounts in banks or thrift institutions.

The Treasury will notify Georgia recipients of the program by including explanatory information with their checks the first few days of November.

The Treasury emphasized that the program is strictly voluntary: Social security recipients will be able to continue getting their checks at their homes if they wish.

The Treasury prepares and mails 27 million social security checks and 3.5 million supplemental security income checks for delivery by the U. S. Postal Service during the first few days of each month.

According to a Treasury-Social Security report, advantages of the direct-deposit arrangement to a recipient include: 1. Reduced possibility of loss, destruction, theft or forgery of the check. 2. Elimination of the inconvenience and problems of getting the federal check cashed. 3. Assurance of uninterrupted deposits during periods of relocation or temporary absence from the recipient's place of residence. *The report also indicated that four out of five social security beneficiaries already have checking or savings accounts.*

Representatives of national trade associations for commercial banks, S&Ls, mutual savings banks and credit unions,

By **ROSEMARY McKELVEY**  
Managing Editor

together with representatives of the concerned federal regulatory agencies, have been meeting monthly with officials of the Treasury, Social Security Administration and the Fed in a cooperative effort to evolve an effective direct-deposit system. The Social Security Administration will be the first benefit program agency in the implementation of Public Law 92-366. The statute amended by Public Law 92-366 (R.S. 3620) defines a financial organization as any bank, S&L, savings bank or federal or state-chartered credit union.

It's also the law's intent, said a Treasury spokesman, that a payment made by the U. S. in favor of a financial organization shall represent the full amount due the beneficiary. Therefore, there will be no allotment of payment in this program. The system of direct credit to financial organizations will involve only the forwarding to each financial organization individual checks payable to the organization for credit to the account of the named beneficiary. When the electronic funds transfer system is implemented, the necessary data to credit individual accounts will be transmitted via wire or other media.

As mentioned earlier, the Georgia pilot program is the first of five stages. Stage II will involve extending the pilot operation to Florida next April. (The Treasury spokesman said the two states were chosen because of their electronic funds transfer readiness.) All 1.4 million social security and supplemental security income beneficiaries in Florida will have the opportunity of opting to have their payments sent to financial organizations. As in Georgia, the Treasury will enclose explanatory information with the Florida checks to be delivered during the first few days of April.

Stage III will begin in July, 1975,

when the new direct-deposit system goes nationwide. All social security and supplemental security income beneficiaries throughout the country will be informed of their option to have their payments sent directly to financial organizations. Stage III will span July, August and September, 1975.

In Stages I, II and III, the new procedure will involve use of an especially designed direct-deposit-authorization form, Standard Form 1199, which will replace the current Standard Form 222 special power of attorney. This new form will be made available, on a geographical basis, before the start of each new stage. The forms will be distributed to banks and other financial organizations and to Social Security Administration field offices. In addition, consideration is being given to enclosing the direct-deposit-authorization forms with the informational data sent with beneficiaries' checks.

The new direct-deposit-authorization form is designed with simplicity in mind, according to the Treasury. A beneficiary who wishes to take part will complete the top half of the form and then take it or mail it to the financial organization of his choice. The latter will complete the bottom half of the form and send it to the local Social Security field office. Instructions for completing the form are printed on the form's reverse side.

Treasury officials have stressed to representatives of national trade associations the importance of a smooth transition to the direct-deposit system and have emphasized that individual financial organizations should not "jump the gun." Promotion of this program outside the pilot area of Georgia will result in significant problems for the government and confusion for the beneficiaries, the Treasury warned. If any powers of attorney are prematurely granted to financial organizations by beneficiaries, the new direct-deposit-authorization form—Standard Form



**“I finally met a big-city banker who knows what’s happening on Main Street. He’s with American National!”**

“His name is Mike Byrne. 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.

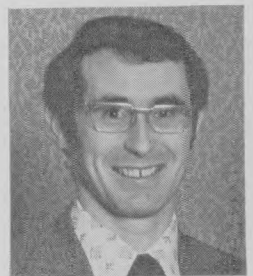
It can give us a really sophisticated portfolio analysis, and complete bond accounting.

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 Mike’s here, I’d like you to meet him.

He’s one big-city banker who understands our situation, too.”



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### Mutuals Plan EFTS Unit

Seven New York-area mutual savings banks have formed a data processing firm that will be the nucleus of an eventual EFTS operation. Equipment for the company is expected to be ready by mid-1975 with the first member-bank using the data center by the end of 1975.

The center is expected to eventually be able to provide on-line processing for more than 2,500,000 accounts and as many as 1,000 on-line terminals.

The banks expect to use the computer for on-line savings and mortgage processing. Additional services, when authorized, will include on-line processing for negotiable order of withdrawal (NOW) accounts, consumer loans and 24-hour self-service teller machines.

The network will be capable of servicing banking locations anywhere in New York state and, if authorized, on an interstate basis.

Stage IV will be a pilot electronic funds transfer system in Georgia and Florida, commencing during the latter half of 1975 or early in 1976. The Treasury will provide payment information in the form of magnetic tape to the Federal Reserve System. The Fed will relay the information through its existing communications network and distribution system to the Fed office nearest the beneficiary's designated financial organization. From this point, the payment information will be distributed by electronic or paper media through the local Fed office's established distribution system to the financial organization. The pilot system will be operated for several months before it's extended to other areas of the country.

Stage V will be the initial conversion of social security payments for those beneficiaries participating in the direct-deposit system to a nationwide EFT system. The Treasury and the Fed plan to complete this conversion by the end of 1976.

The Treasury soon will begin planning with the Veterans Administration, Railroad Retirement Board and Civil Service Commission to lay the ground work for extending the direct-deposit system to their recurring monthly payments.

In discussing Stage I—the direct-

### EFTS Conference Set

The ABA's first annual Payments System Policy Conference will be held December 1-3 at the Sheraton-O'Hare Hotel, Chicago. Theme of the meeting will be "EFTS—Decisions Needed NOW," and focus will be on current developments in EFTS.

The conference is designed to generate better understanding in the areas of identification and evaluation of the factors encouraging and impeding EFTS development, measurement of the scope of opportunities and risk and a forecast of the impact of EFTS on the structure of the financial industry.

deposit system in Georgia—a Treasury spokesman said that after informing beneficiaries about the plan through stuffers to be mailed with their November checks, no additional offering will be made. The reason given was that the Treasury will need time to evaluate the program after the initial mailing of information on it. The spokesman pointed out that at this point, it's difficult to establish goals concerning beneficiary participation, but the Treasury has projected an approximate 40% participation goal. • •

1199—will have to be re-executed at the time the program is extended to other areas of the country. Promotion of the pilot program in Georgia must coincide with distribution of the supply of new authorization forms to financial organizations and Social Security field offices late this month.

## ABA Forms Direct Deposits Task Force

THE AMERICAN Bankers Association's Task Force on Direct Deposits of Federal Payments held its first meeting early in August.

Task Force Chairman Joseph A. Perrett, who is also senior vice president of Maryland National, Baltimore, said the Task Force was formed in response to the Treasury Department's July 25 announcement of the Social Security Administration's Direct Deposit program, requesting a cooperative industry effort to evolve an effective system for the direct deposit of recurring payments.

The ABA Task Force, composed of bankers representing large and small banks from across the country, will work closely with the Treasury, the Federal Reserve, the Social Security Administration and other emerging direct pay deposit federal agencies.

The overall mission of the Task Force was defined briefly as follows:

- Work with the Treasury through the phases of its program toward the

ultimate objective of a Direct Deposit Electronic Funds Transfer System.

- Represent the banking community to help ensure that the requirements of each phase of the Treasury program are consistent with the capabilities of the banking community.

- Assist the Treasury in managing the transition between phases in an orderly manner, keeping in mind the desires of the banking customer, the objectives of government and the capabilities and timetables of the evolving National Automated Clearing House Association.

Mr. Perrett emphasized that the Task Force has been organized to represent the banking community and provide informed participation in the Treasury's planning process.

He also repeated the Treasury's request that to avoid "significant problems for the government and confusion for the beneficiaries," banks are urged not to promote the program prematurely. • •



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investment people in the business, enabling you to obtain the maximum yield from your portfolio.

People who are constantly aware of what's happening, where, and how to best take advantage of the opportunities.

In addition, complete computer reports of your investments are included. So, you get instant advice—instant

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Republic Portfolio Advisory Service to correspondent banks. It could give your portfolio a new lease on life.



**REPUBLIC NATIONAL BANK.  
THE ACTION BANKERS**

*In St. Louis, Kansas City, Texas:*

# Regional Automated Clearing Houses Formed to Handle EFTS Operations

*National group also formed to standardize operating rules*

**D**EVELOPMENTS in the world of electronic funds transfer systems (EFTS) are coming so fast that it's hard to keep up with them. For instance, in just the last several weeks, there have been announcements of formations of or plans to form at least three regional automated clearing houses (ACHs) in the Mid-Continent area—St. Louis, Kansas City and Texas.

Then from Washington came announcement of establishment of the National Automated Clearing House Association (NACHA), to which the various regional CHAs around the country may belong. NACHA was formed, said Russell Fenwick, its president, not only because of the rapid growth of automated clearing house activities throughout the country, but also due to U. S. Treasury Department plans to use a direct-deposit system for government disbursements (page 46).

"These events demonstrate the need for an inter-regional exchange capability for electronic debits and credits among automated clearing houses," said Mr. Fenwick, senior vice president, Bank of America, San Francisco. "There also is need for a mechanism which will establish and administer nationwide standards and operating rules."

The various regional CHAs should be of interest and useful to small banks, including those in rural areas, as well as to medium-sized and large banks in cities and suburban areas. As pointed out by John French, chairman of the steering committee of the new Mid-America Clearing House Association (MACHA) in the Kansas City area, debits and credits to accounts of businesses, consumers and governmental bodies will be possible electronically without reliance on multiple handling of checks. Mr. French is vice president, Commercial National, Kansas City, Kan.

This advantage also was pointed out in an announcement by Clarence C. Barksdale in St. Louis of the formation of a special committee that will work for

**By ROSEMARY McKELVEY**  
Managing Editor

creation of an automated clearing house to be used by banks in the bi-state region of Missouri and Illinois. Mr. Barksdale is president, St. Louis CHA, and president and chief executive officer, First National, St. Louis. The announcement described ACHs as a means of substituting electronic transactions for conventional check-processing systems, thereby limiting the rapid growth of paperwork involved in receipts and disbursements. Operation of ACHs requires a central computer operation, which is expected to be provided by the Federal Reserve banks.

Mr. Barksdale emphasized that the ACH committee's first responsibility will be the study of ways in which *all* bankers in the St. Louis region can be provided access to the benefits of an automated clearing house.

"Plans for use of EFT systems by corporations and large government agencies, including the Air Force and Social Security Administration, are making it necessary for all major banking communities to have the capability to process transactions by computer," said Mr. Barksdale. He added that formation of NACHA has for the first time provided the necessary standards and guidelines for national interchange of such transactions.

Membership in the St. Louis ACH will be open to banks with their own EDP operations or access to such facilities—they would be called operational banks—and to banks with no EDP capabilities. The latter would be called "receiving" banks and would receive ACH paper documents instead of computer tapes, explained Lawrence R. Chapman, chairman of the Special St. Louis ACH committee and vice president, First Union, Inc., St. Louis-based multi-bank holding company. Members of his committee include bankers from the St. Louis and southern Illinois region.

MACHA—expected to be operational

by mid-1975—will exchange computer tapes among area banks. According to Mr. French, four major types of transactions will be accommodated initially by the ACH:

- "Bill-Check," which will permit consumers to pay recurring billings, but of varying amounts—such as utility bills—without writing checks.

- Automatic deposits to payrolls, to permit employers to deposit employees' wages or salary payments directly into their checking accounts.

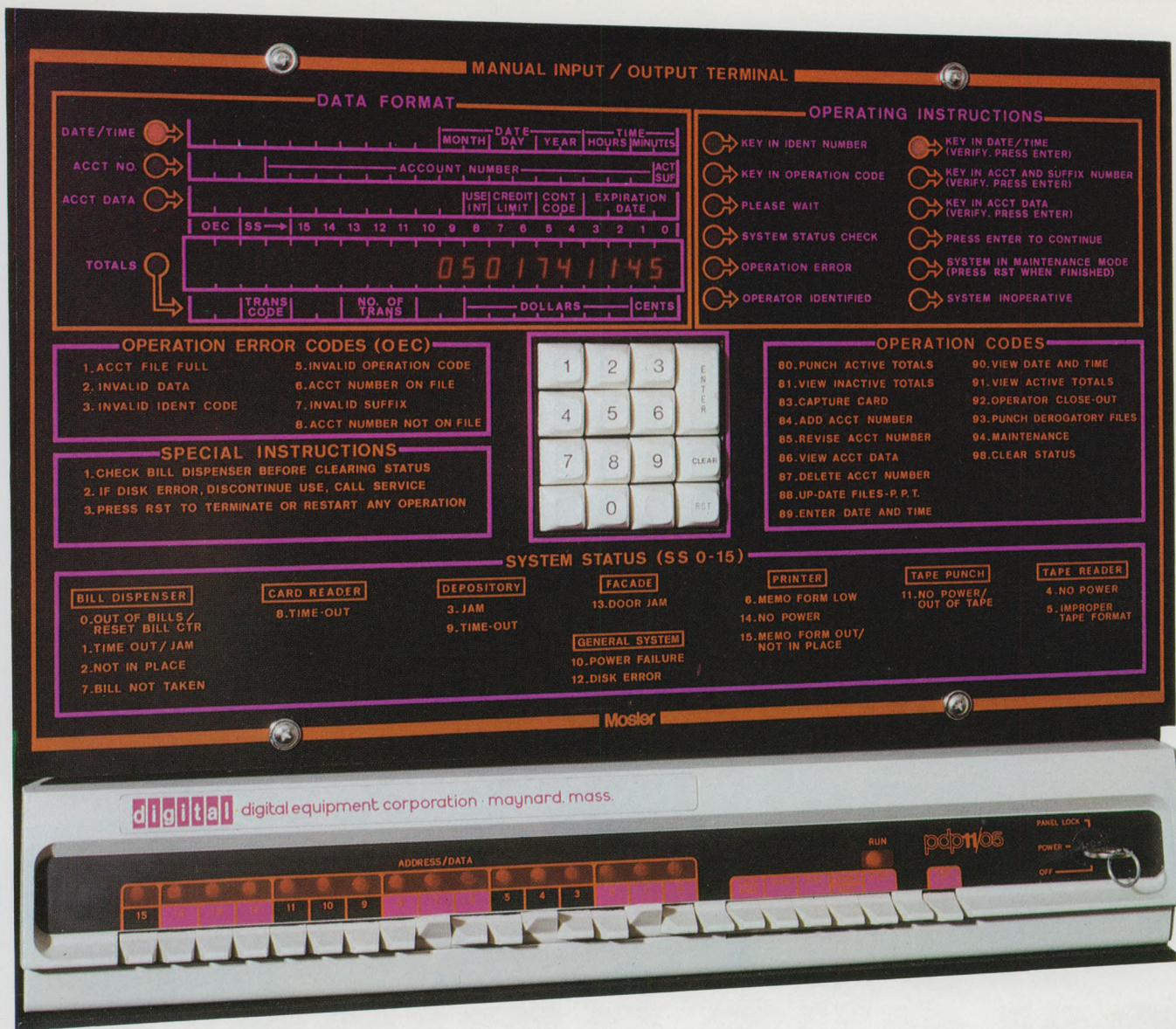
- Pre-authorized debits, which would permit consumers to authorize charges to their checking accounts on specific dates each month for regular payments, such as mortgage payments.

- Pre-authorized credits, which would permit automatic deposits into consumers' checking accounts, such as corporations depositing dividend payments directly into their stockholders' accounts.

The automated clearing house also will provide one of the initial building blocks that will establish the base for broader electronic payments developments, including the much-discussed and widely anticipated "point-of-sale" (POS) electronic payments system, said Bernard J. Ruysser, president, Greater Kansas City Clearing House Association, and president, Commercial National, KCK.

Geographically, MACHA initially will serve banks in the greater KC area, but an early expansion is anticipated to include all states in Mid-America. In addition, exchanges of tapes with other regional ACH facilities for electronic payments might be practical.

In addition to joining NACHA, which will permit exchange of information and perhaps other interrelationships over time, local bankers' committees have been formed to consider the legal, marketing, educational and operational aspects of the MACHA plan. The ACH hardware will be housed at the KC Fed, which currently provides the



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North Central Regional Vice-President Bill Ball discusses insurance programs with Frank Romero, Vice-President of the North Hills Bank, Kansas City, Missouri.

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regular clearing house facility for exchanging checks.

Some banks may point out that they already offer automatic payroll deposit to local industries even without belonging to an automated clearing house association. However, the St. Louis ACH's Mr. Chapman said today everyone on the staff of a company signed up for an automatic payroll service with a bank may not keep his account at that bank. Therefore, under current conditions, the bank must offer some method for an employee to immediately withdraw his funds for deposit in another bank. Typically, this is one free check per pay period. This involves much paperwork and employee time. Accordingly, the payroll service is not in wide use.

By joining a regional automated clearing house association, continued Mr. Chapman, this process would be simplified. A corporation's payroll tape would be received by a bank. On-us items would be captured and the remainder sent to an ACH. The regional ACH then would distribute the deposits via tape or paper documents to the banks of the employees.

The Texas ACH is called Southwestern Automated Clearing House Association (SWACHA), which is a nonprofit Texas corporation with membership open to all commercial banks. Like the other regional ACHs, SWACHA's purpose is to develop a more economic and efficient system of transferring funds than is presently found in the flood of paper checks.

"Last year," said John C. Farrell, SWACHA's president, "Americans wrote more than 20 billion checks. By 1980, that mountain of paper will total 44 billion checks per year. Obviously, a more efficient system of funds transfer must be found for a portion of these payments if the nation is to escape being buried in a deluge of paper." Mr. Farrell is senior vice president, banking services division, Republic National, Dallas.

Services being considered by SWACHA are very similar to the goals set by the greater Kansas City ACH, including direct deposit of payrolls in banks of employees' choices and automatic payments of recurring bills such as insurance premiums, mortgage payments and installment loan payments.

Mr. Farrell noted that individuals will benefit in numerous ways, including time and cost savings in depositing checks and the convenience of not having to write checks or incur postage expenses to pay bills, but—at the same time—retaining control of when bills are paid and how much is paid.

He said the basic relationship between banks and their customers

wouldn't change, but greater convenience and efficiency would result from development of automated clearing houses.

The National Automated Clearing House Association was incorporated as a nonprofit Delaware corporation June 20 by the four existing ACH groups that were committed to operational ACHs by July 1. These initial incorporating members are the California, Georgia, New England and Upper Midwest ACHs.

Bankers in 30 other areas, known to be actively studying ways of handling interbank exchange of electronic debits and credits, were the groups to which NACHA sent invitations for charter membership in NACHA and representation on its interim board. The interim board is expected to serve until 1975, when a regular board will be elected.

Bylaws of NACHA provide one vote on the interim board for regional members located in each of the 12 Fed districts. In cases where more than one regional member is located in the same Fed district, the vote will be divided equally among those members.

Nonvoting advisers to the board will include one representative each appointed by the Fed's Board of Governors, the ABA's Payments System Policy Committee and Operations and Automation Division and the Bank Administration Institute.

Mr. Fenwick said the ABA has agreed to provide administrative and staff support for NACHA, but the latter has been established as an entity independent of the ABA. Frank P. Cur-

ran, ABA staff director of payment system planning, is serving as NACHA secretary-treasurer.

NACHA has purchased the SCOPE computer software package and the related licensing authority from the Los Angeles and San Francisco clearing houses for \$200,000. The money will be paid from membership fees (\$25,000 for each ACH facility) on the basis of \$15,000 for each facility until the full \$200,000 is paid. The figure will partially repay the San Francisco and Los Angeles clearing houses for the more than 4½ years their Special Committee on Paperless Entry spent developing the SCOPE software package, procedures, legal documents, operating rules and other related materials. The ground-breaking work of the California SCOPE group, begun in 1968, has resulted in the ACH movement in the banking industry today.

Mr. Fenwick said the first major effort ahead for NACHA is the redesign and redevelopment of the software programs to improve operations efficiency. The system is sound, he continued, but the original SCOPE programs were developed to operate on small-scale IBM System/360 computers. The result, he said, is that the programs are segmented into more routines than are really needed, and there are too many operator interventions.

Initial efforts also will be directed toward setting inter-regional exchange and settlement schedules and establishing national operating rules for handling addendum records for descriptive information. • •

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## Nationwide EFT System Faces Problems That Call for Ingenuity of Experts

**H**OW SOON will EFTS be a reality in the U. S.? This and other questions are being asked by people throughout the financial industry, according to Oscar W. Jones, director of loss prevention services of Scarborough & Co., Chicago.

According to Mr. Jones, optimistic advocates of EFTS predict that five years will bring virtually total saturation of the banking industry by EFTS. Yet hurdles remain to make this prediction seem improbable, such as legal clarification, standardization and definition, including the decision whether or not a remote on-line point-of-sale terminal constitutes branch banking.

Also, further development and refinement of the electronic hardware necessary to link the nation's finances into the one massive network system neces-

sary to efficiently handle the enormous volume of items must be tackled, according to Mr. Jones.

Once this is accomplished, there will be an additional problem of developing the necessary technical capabilities of banking personnel sufficient to efficiently handle the necessary hardware associated with EFTS.

Finally, some \$40 billion must be budgeted to pay for the installation and implementation of a nationwide EFTS system. Who will pay for it?

Other problems present themselves in the forms of the security, internal controls and audit capabilities necessary to adequately police nationwide EFTS and thereby to provide the necessary safeguards against accidental or intentional destruction of data, embezzlement and circumvention of IRS record-keeping requirements. • •

# TMS Program Is Subject of Seminars For S&L Representatives, Bankers

*Presentations Followed Later by Judge's Ruling That POS Operation Does Not Violate State Law*

WITH THE RULING last month by a state district judge in Lincoln, Neb., that First Federal S&L of Lincoln's point-of-sale (POS) operation at two supermarkets did not violate Nebraska law, the S&L immediately applied to the Federal Home Loan Bank Board to resume what it calls its Transmatic Money Service (TMS) program at the Hinky Dinky supermarkets.

The judge's August decision followed on the heels of two TMS seminars sponsored by TMS Corp. of the Americas of Lincoln, a company formed as a subsidiary of First Federal S&L to package and sell the TMS program to financial institutions throughout the country.

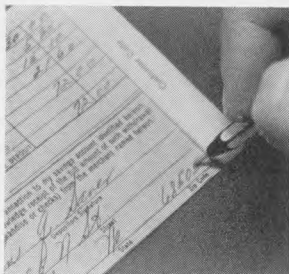
By **ROSEMARY McKELVEY**  
Managing Editor

The TMS-Hinky Dinky operation was started last January, when it was announced that First Federal S&L customers could deposit to or withdraw from their S&L accounts or have checks guaranteed by the S&L at two Hinky Dinky supermarkets in Lincoln any time the stores were open. A special transaction verification terminal, on line to the S&L, was installed at the two supermarkets. All an S&L customer needed was a specially encoded card and an identification or security number known only to himself and the S&L

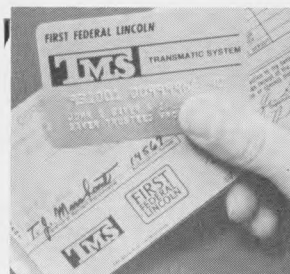
to ensure that no one but the customer could have access to his account. Supermarket personnel operated the terminal at the service counter. A step-by-step explanation of the program is shown with illustrations on this page.

In February, suits were filed to put an end to the service—one by the Nebraska attorney general and another by the Nebraskans for Independent Banking (NIB), a trade group composed of 245 of the state's independent commercial banks. A restraining order was issued in late February by a Douglas County district judge in Omaha, but this order later was lifted. However, the Hinky Dinky supermarket decided not

## How TMS Transaction Is Completed at Hinky Dinky Supermarkets



**STEP 1:** The customer fills out a TMS transaction ticket with the amount to be deposited or withdrawn, signs it . . .



**STEP 2:** and gives the TMS card, ticket, money to be deposited and identification code to the Hinky Dinky TMS cashier.



**STEP 3:** The cashier embosses the ticket and places the customer's TMS card in the IBM 2730 remote terminal . . .



**STEP 4:** then calls First Federal of Lincoln's computer. When ready to receive, the computer responds orally with the word, "Proceed."



**STEP 5:** The type and amount of the transaction and the identification code are entered using the 2730's keyboard . . .

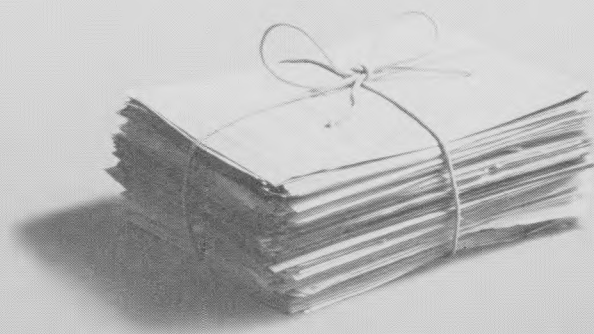


**STEP 6:** and the bar is drawn across the card to transmit the magnetically coded information from the stripe on the back.



**STEP 7:** The computer verifies data entered and supplies authorization code, completing the transaction. The cashier returns the TMS card, money withdrawn and a copy of the transaction ticket.

# There must be a reason over 250 other lenders have turned their student loan administration over to First Minneapolis.



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to resume the service until litigation is settled, and the program was ended February 28.

In May, a group of two national banks, two state banks, six state-chartered S&Ls and one federal S&L filed suit against the FHLBB and its members, the supermarket chain and First Federal S&L. This suit challenges the legality of the FHLBB's regulation that allowed the TMS program to go into operation as well as the legality of the program itself.

Because of the latest development—the state district judge's ruling that TMS is not illegal—the program, according to a First Federal S&L spokesman, will be resumed immediately after FHLBB approval is given. The FHLBB approved the original operation under a temporary regulation, and so First Federal S&L had to refile an application for approval under new FHLBB regulations.

TMS Corp.'s Chicago seminar attracted 300 persons, and 150 attended the one in Los Angeles. Although most of those who attended were members of the S&L industry, some bankers and banking association representatives were present.

This writer attended the Chicago seminar, which—like its counterpart in Los Angeles—was a full-day, in-depth study of the TMS operation and its effect on the future of the financial industry. Both seminars were keyed by Dr. Paul Nadler, who is well known to commercial bankers, having spoken to many of their associations over the years. He is professor of business administration, Rutgers University, New Brunswick, N. J.

The TMS program is a product of the S&L industry and was initiated as a competitive tool for First Federal S&L. However, its creator, John E. Dean, executive vice president of the S&L, emphasized at the seminars that the service could be shared by more than one financial institution, including commercial banks. In fact, he added, should more than one institution want to offer POS at the same supermarket, there could be only one terminal in the store because a supermarket simply doesn't have the space or personnel to allow installation of more than one such device.

According to Vern F. Roschewski of First Federal, the TMS program is merely an extension outside of what his S&L is doing for customers on the S&L's premises. He noted that all that are needed to start the POS program in a store are a \$500 terminal, a 110-volt plug and a regular telephone. It's a two-card system—a customer's card and a card for the terminal; otherwise, the system won't work, he said. The four-

digit identification number for the customer can be created by the depositor himself. For instance, he can use the month and year of his birth.

Should the computer at the S&L ever break down, said Mr. Roschewski, TMS transactions can be conducted at the supermarkets by telephoning the S&L, where there is always someone on duty when the supermarkets are open just for that purpose.

Mr. Roschewski also discussed the relationship between the S&L and the supermarket chain. He said that Hinky Dinky established a \$25,000 account with First Federal for use in transferring funds to or from a First Federal customer's account through TMS. If a customer made a deposit at the Hinky Dinky outlet, he was given credit in his savings account at the S&L, and an equal amount subsequently was removed from the Hinky Dinky account at the S&L. If a customer made a withdrawal, the money was transferred from his account to that of Hinky Dinky at the S&L.

First Federal also had a pre-authorized overdraft agreement with Hinky Dinky in case the amount of deposits exceeded the \$25,000 deposit the supermarket had placed with the S&L. First Federal settled with Hinky Dinky on a weekly basis through the S&L's account at a commercial bank.

Hinky Dinky supermarkets were represented on the seminar programs by their executive vice president, Thor J. Skaar. He said that a task group within his organization studied TMS before agreeing to try it out and anticipated problems with store personnel and wondered how much information their customers would need to use TMS. He added that there was no need to worry

on either count as there were no problems. According to Mr. Skaar, TMS customers at his stores follow a normal traffic pattern—there are no peaks with lots of First Federal customers waiting to be served or valleys with very few in line. Deposits far outweighed withdrawals, he continued, and said he believes this emphasizes the customer convenience of the TMS program.

Mr. Skaar said there were no equipment failures during the weeks the TMS program was in operation last winter; TMS provided a guarantee against bad-check losses, and Hinky Dinky will enjoy a competitive advantage as long as the TMS program is exclusive with its supermarkets. He told the audience that his customers liked the convenience factor of TMS, but added that he didn't know whether offering TMS increased store traffic or boosted supermarket sales.

John E. Lydick, First Federal's marketing director, described profiles of persons who prefer to use TMS and those who don't. According to Mr. Lydick, those who like TMS are younger, better educated, earn higher incomes and own houses of higher value than those who don't prefer TMS. The latter, as described by Mr. Lydick, are older—53 years or more, earn lower incomes and have lower-value homes. First Federal, continued Mr. Lydick, also gathered information on TMS customers at Hinky Dinky that showed what percentages live within one- and two-mile radiuses of the store, more than two miles and within three miles. These profiles, he pointed out, enabled First Federal to put together a direct-mail campaign.

At the seminars, booklets were distributed describing the TMS package and how it can be licensed. • •

## Nebraska Bank Makes EFTS Test

OMAHA NATIONAL, Nebraska's largest bank, has begun a move to counter thrift industry advances in the EFTS area. The bank has begun a public demonstration of on-line computer equipment similar to that used last winter by First Federal Savings in two Hinky Dinky supermarkets in Lincoln.

Also, a district court judge has ruled that the Hinky Dinky operation does not violate branch banking restrictions in Nebraska, thereby lifting the ban on such operations that has been in effect since February 28. The ruling was the second by a district judge affirming First Federal's right to install on-line computer equipment in remote locations.

The purpose of Omaha National's demonstration is to show the public that banks have the capability to pro-

vide EFT services and to prepare for the time when commercial banks will be permitted to initiate Hinky Dinky-type operations. An effort to push enabling legislation through the Nebraska legislature is expected next year.

The test links Omaha National's Main Office with two of the bank's facilities in Omaha. The facilities are, in effect, stand-ins for stores or other places where EFTS installations could be made.

The district court judge turned aside a complaint by the Nebraska attorney general by ruling that the Hinky Dinky chain was not conducting a banking or S&L business in violation of state law when it introduced its TMS program at two supermarkets last January. The attorney general has appealed the ruling in the state supreme court. • •



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# Importance of EFTS Shown in Missouri In Series of State-Wide Meetings

REGIONAL MEETINGS of an informational character on EFTS were held by a Missouri Bankers Association task force on EFTS in various sections of the state late in July and early in August. The task force is working under the MBA's operations committee, whose chairman is James T. Herfurth, vice president and operations officer, Central Trust Bank, Jefferson City. James F. Martin Jr., former MBA president, is the task force's chairman. He's executive vice president, Bank of Lee's Summit.

In addition, this year's series of MBA regional meetings (page 96) will feature presentations on EFTS.

In describing the work of the special task force, Mr. Herfurth referred to EFTS as "the most revolutionary technological advance in the history of the financial industry." The task force, formed just recently, has held several meetings and plans another one September 19.

Initially, said Mr. Herfurth, opinions will be sought from bank supervisory agencies to clarify that banking transactions, which originate via an electronic device, such as an off-premise automated teller or point-of-sale (POS) terminal, actually are consummated within a bank processing center and thus are not restricted by existing laws to detached facilities.

"It is possible," continued Mr. Herfurth, "that certain technical amendments of Missouri banking laws will be needed to permit Missouri's bankers to compete with other financial institutions, as well as retailers and other credit grantors, in providing services considered to be in the domain of banking." (The Federal Home Loan Bank Board last June 26 proposed amendments to regulations governing S&Ls to extend and expand "pilot-project" funds transfer.)

"EFTS," said Mr. Herfurth, "will involve many complicated steps in the direction of a 'checkless society,' but the concept is simplicity itself. When EFTS is in full operation in Missouri, as pilot programs in Nebraska and Kansas already have shown, people will be able to buy groceries (for example) with their paychecks and simultaneously make deposits to or withdrawals from their bank accounts, right there at the store's checkout counter. The convenience to people is fantastic, and the popularity of the concept already has been demonstrated."



Richard J. Pflieger (l.), v.p., Missouri Bankers Association, and pres., Bank of St. Ann, is shown at special meeting on EFTS held July 30 in St. Louis. With Mr. Pflieger are Dick Dale (c.), MBA general counsel, Jefferson City; and James T. Herfurth, ch., MBA operations committee, and v.p. & operations officer, Central Trust Bank, Jefferson City.

EFTS task force activities, Mr. Herfurth concluded, will include educational programs for the MBA membership and the public, legislative and regulatory studies and interbank (clearing house) communications and settlements. • •

## Tax-Deduction-Reminder Check Offered by Bank of America

SAN FRANCISCO—A check to help customers at tax time has been introduced by Bank of America.

Called a Tax-Deduction-Reminder Check, it is imprinted with 12 deduction categories across the bottom. When writing such a check, a depositor simply marks the appropriate box for a record of whether the check covers a deductible expense.

The 12 most common deduction problems printed on the check are: business/job expense, casualty or theft

loss, contributions, dependent-care service, dissolution/alimony, home office expense, interest expense, investor's expense, medical expense, property/state income tax, political contributions and sales/gasoline tax.

Purchasers of the new check receive, as part of the check register, a "Guide for Tax-Deduction-Reminder Checks," describing the general nature of each deduction category.

These checks are available free to customers on BofA's all-in-one and custom checking plans and for the same cost as personalized checks to those on other plans.

## What a Retirement 'Check'!



A check that actually could be described as "delicious" was presented during a lobby reception to a retiring officer of Houston's Fidelity Bank. The "check," written on a 3 x 6-foot cake, is being "signed" by Chairman Howard Wolf as the retiree, Senior Vice President Atwood B. Myklebust, watches. The latter then shared the cake with about 200 of his customers during the reception. Mr. Myklebust remains an advisory director of the bank.

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<input type="checkbox"/> Casualty or theft loss	<input type="checkbox"/> Dissolution / Alimony	<input type="checkbox"/> Investor's expense	<input type="checkbox"/> Property / State income tax
<input type="checkbox"/> Contributions	<input type="checkbox"/> Home office expense	<input type="checkbox"/> Medical expenses	<input type="checkbox"/> Sales / gasoline tax
⑆ 1 234 ⑆ 34 5⑆ 268 ⑆ 0999 ⑆ ⑆ 034 56 ⑆			

Bank of America's new Tax-Deduction-Reminder Check has 12 deduction categories printed on bottom of it, as shown here. When writing check, customer marks appropriate box for record of deduction. Check plan is marketed by Exchange National, Chicago.

# Rice is a main course in Houston.

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Some of the world's most traveled rice is grown right here in the Houston area.

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**LEFT:** Motor home category of RV industry enjoys fastest growth—2,639% in eight-year period. **RIGHT:** Interior of modern mobile home can pass for apartment. Square footage of average mobile home equals that of two-bedroom apartment.

## Mobile Home, RV Situation Improves; Do Bankers Realize Profit Potential?

By **JIM FABIAN**  
Associate Editor

**W**HAT IS the status of the mobile home and recreational vehicle (RV) industries and what effect have tight money and the energy crisis had on mobile home and RV loan portfolios at banks?

Representatives of the mobile home and RV industries report that the worst of the adverse conditions plaguing the industries is behind them. Tight money and the energy crisis took their toll, they admit, but, providing current material shortages can be overcome, an almost back-to-normal situation is predicted for the future.

Mobile home sales have been forecasted to recover from the low levels of 1973 and early 1974 to show gains during the last half of 1974. It has been estimated that industry revenues will grow from \$4.5 billion in 1973 to \$9.5 billion in 1980, a compound annual growth rate of 11.3%. During the same period, annual shipments of mobile homes should increase from today's near-600,000 to approximately 900,000, a compound annual growth of about 6.5%.

Interest rates are expected to remain high, but they also are expected to drop enough to create stronger consumer demand, greater money availability from financial institutions and an

increase in the size of mobile home dealer inventories.

The demand for low-cost housing that has not been satisfied in recent months due to economic uncertainties and the cost of available money is expected to create the basis for strong industry growth in 1975 and 1976.

In addition, the economic advantages of mobile homes continue to increase as financial packages for their purchase are improved and as the cost of conventional housing escalates at a rapid pace.

The Recreational Vehicle Institute recently announced its forecast for the RV industry, along with a resume of past performance.

Last winter the fuel crisis caused sales of RV units to plummet 70% from the previous year's figures. However, by March, RV sales were beginning to pick up, catching many manufacturers with a shortage of vehicles. By the end of May, 130,200 units had been shipped in 1974.

Although they represent the smallest slice of the total RV market, motor homes are the fastest growing segment of the industry. In 1965 sales of motor

homes totaled 4,710 units. By 1973 the figure had grown to 752,500 units, an increase of 2,639%. Travel trailers, representing the largest segment of the RV industry, enjoyed a 177% increase in the same period, and all RV categories combined have registered a 290% increase.

Shipments for the 1974 year are expected to reach 500,000 units, compared to 750,000 units in 1973. Financial institutions are expending about \$1.2 billion annually for RV purchases.

One factor working to improve the sales of mobile homes is the growth of mobile home communities, which has been sparked by the production of some 1,600 mobile home units daily.

One out of every five single family homes being built today is a mobile home and more than eight million people in the U. S. live in mobile homes, according to First National City Corp., New York.

More than 15,000 mobile home parks are currently in operation across the country, ranging from simple, low-rent lots to lavish estates. About 40% of all mobile home owners live in one kind of mobile home community or another.

An aid to mobile home financing was enacted recently, resulting in a new

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Only six Kansas City banks have full service international departments, and of those only Mercantile has gone as far as ownership in foreign banks.

The primary goal of our international department is to facilitate the flow of trade—both import and export—from the entire midwest to the rest of the world. To that end the Mercantile banking system has established the area's largest and most professional staff of international bankers.

Remember, when you have a need for international banking services there are six banks to choose from, but only Mercantile has its own foreign exchange trading department and only Mercantile can draw on a staff of sixty international banking specialists.

Please call us at 842-2000 and ask for Jack Sutherland, our Vice-President in charge of international banking. He can prove that we'll do a better job for you with overseas banks. But why shouldn't we? After all, there's a good chance we own the bank.

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FHA mobile home loan insurance program aimed at improved mobile home purchase financing. The fixed interest rate previously required has been replaced by an 11.25% interest rate that will be adjusted as market conditions require. Conventional rates generally are in the 12% to 15% range.

Also, HUD has undertaken a variety of changes, both in the Title I program and through the Government National Mortgage Association, to insure better underwriting by lenders and to otherwise make the new program actuarially sound. A key element of the revised GNMA pass-through securities for mobile homes insured under Title I is the introduction of a co-insurance feature under which the lender is required to assume a 10% risk of loss on each loan.

#### Warranty Required

The FHA Title I program provides consumer protection by requiring a one-year warranty from the manufacturer against defects in mobile home units and a requirement that units be tied down or stabilized against high winds.

What effect have recent developments in the mobile home and RV industries had on bank lending practices and policies? In an attempt to learn the answer to this question, MID-CONTINENT BANKER surveyed a number of banks.

A good many bankers seem to be willing to let competing financial institutions take over mobile home and RV loans. This is primarily due to the fact that a number of banks are having unpleasant experiences with these types of loans. Other factors influencing loans in this area include a rising average delinquency rate for mobile home loans (despite the ABA's reported decline) and a general cutoff in bank funds for this type of lending. A number of banks resist the long maturities on mobile home and RV loans and some have taken steps to shorten the length of this type of loan.

While a number of banks are taking steps to boost the amounts in their mobile home/RV loan portfolios, others are trimming the size of their portfolios

or eliminating this type of lending altogether.

A majority of surveyed banks (57%) reported decreases (averaging 30%) in the value of their mobile home loans over the past year. However, the other 43% reporting increases posted average boosts of 47%.

The average loan delinquency rate for mobile homes averaged 4.33% last year and has risen to 4.36% this year, the survey revealed.

Twenty-three percent of the responding banks said they stopped granting mobile home loans during the past year. Reasons given were shortage of funds, dissatisfaction with long-term maturities and insufficient returns on the loans. The majority of responding banks maintained mobile home loan portfolios of less than \$10 million and the average rate of return from the loans ranged between 10% and 12%.

Thirty-one percent of the responding banks reported they expect to allocate additional funds to their mobile home loan portfolios in the coming year, which points to a resurgence of mobile home sales in the areas those banks serve.

#### Keen Competition

Non-bank competition is active in the financing of RVs, according to the Recreational Vehicle Institute, which says that credit unions are taking note of RV loan potential and more and more of them are actively promoting RV loans to their members.

Finance companies are aggressively getting involved in RV financing, too, both on the retail and dealer levels. Westinghouse Credit Corp. now has over 100 offices across the country concentrating on this market, with 60% of the company's RV loan volume in dealer floorplanning.

General Electric Credit Corp. has been actively involved in the RV market for only 30 months, but already is operating 20 offices across the country concentrating on RV loans. About a third of this activity is in floorplanning and the company is going after more business on both wholesale and retail levels.

#### Larger Down Payment

Banks have tightened their mobile home lending policies by requiring larger down payments, reducing maturities, seeking higher discount rates and becoming more thorough in checking customer's credit ratings.

In the RV area, 42% of the reporting banks said the value of their RV loans increased during the past year, with increases averaging 30%. Fifty-eight percent of the banks reported decreases, averaging 18%.

The delinquency rate for RV loans averaged 2.46% a year ago; the present rate averages 1.92%.

Eleven percent of the reporting banks stopped granting RV loans during the energy crisis and tight money periods. They cited shortage of funds, insufficient return on loans and poor quality of RV paper as the principal reasons for their action.

Thirty-eight percent of the responding banks reported they expect to add funds to their RV portfolios in the coming year, due primarily to customer demand and good past financing experiences with RVs.

#### Loan Policies Tightened

RV loan policies have been tightened by some banks, for the same reasons mobile home loan policies were tightened. However, since an RV is considered to be a luxury and a mobile home a necessity, banks financing RVs are making doubly sure that owners will be able to repay the loans.

It would appear that, although mobile home and RV manufacturers have weathered their respective storms, many banks have not received the word, or they are willing to forfeit potential profits to non-bank competition (see box on this page).

Past experience has shown that banks can profit from mobile home and RV loans, provided they are handled correctly. It stands to reason that the vast majority of the 600,000 mobile homes coming off the assembly lines each year—as well as the 500,000 RVs—are being financed by some institution, and at a profit.

The potential for banks continues to be great. • • •

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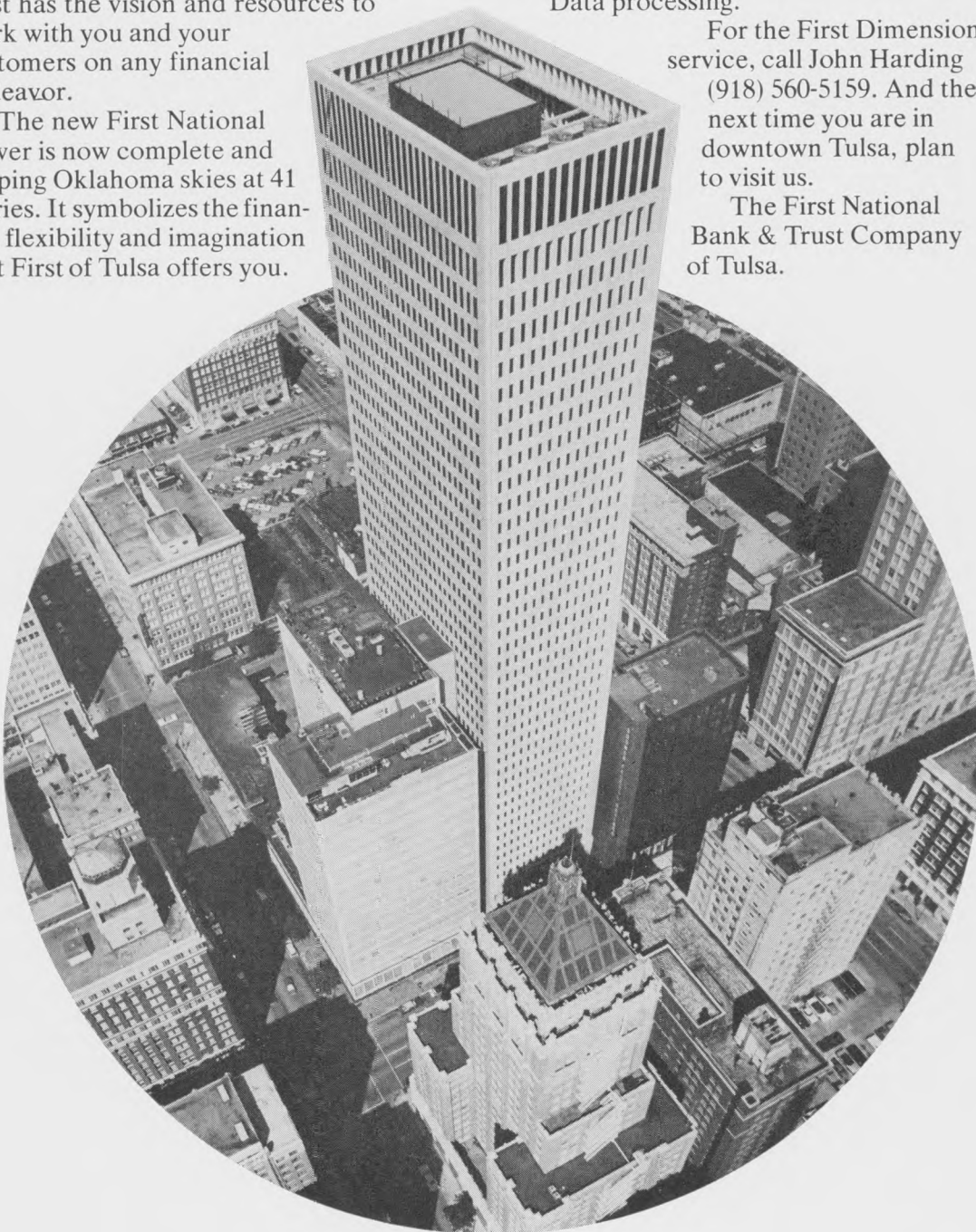
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# Factors That Should Be Considered by Bankers When Making Mobile Home Loans

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**D**ESPITE the tight money situation that prevailed during much of 1973, banks emerged with solid portfolios. Counteracting the scarcity of money which forced bankers to cut back on mortgage financing and installment lending, a tremendous demand for borrowing permitted banks to select opportunities that offered maximum yields at the least risk.

A significant portion of these opportunities were mobile home loans, which provide banks with their most profitable category of lending because of their size—\$6,000 and up—and relatively long terms—typically 120 months.

Additionally, mobile home loans are not affected by the same usury laws that govern real estate financing. Recognizing the continuing growth of the mobile home industry (it accounts for more than one-fifth of all single-family housing starts) and the profitability inherent in mobile home lending, banks have become the primary source of funds for an industry once dominated by finance companies.

Mobile home shipments have increased steadily—from some 200,000 in 1967 to about 600,000 in 1973. The increases, which are expected to continue in the years ahead, mean an expanding market for bank loans. This growth, however, should not lull bankers into thinking that more mobile homes automatically equal increased lending profitability.

Bank lending officers are under pressure from management to make loans that will produce the best yield; they're under pressure from mobile home service companies, whose existence depends on the volume of loans they can generate; and they're under pressure from mobile home dealers needing inventory financing. In addition, the sharp decline in auto sales—resulting primarily from fuel shortage fears—has left some banks with a surplus of funds that might otherwise have been invested in auto loans.

Under these circumstances, the banker, in order to put his lendable funds to work, may well be tempted to "leap before he looks"—making loans that appear to offer high yields, but without first completing a credit check.

Any lender so tempted should heed this advice: Be as careful and as thorough in your credit investigations now as you ever have been at any time. This applies whether you're considering a mobile home loan, another type of installment loan, or a mortgage loan. It's especially important today in certain sections of the country and in certain industries where materials shortages are creating rising unemployment among persons with previously excellent work records and credit backgrounds.

Bankers interested in mobile home financing should consider the following factors:

*Recourse vs. non-recourse.* First, to exercise proper credit control, provide your dealer with inventory financing at rates that are realistic in the light of your competition, and treat him as a partner. By doing this, you are assured of the right of first refusal on retail contracts generated by the dealer. Even though you may reject a high proportion of the retail contracts he submits, those that you do accept will provide high-yield investments.

One of the country's most successful mobile home lenders is a Chicago bank which has financed dealers on a non-recourse basis for more than 10 years and has consistently purchased high-grade loans. This bank's repossession rate has been low because it has stayed with the dealers that it knows.

You may prefer, as some lenders do, to finance a dealer on a recourse basis, with the dealer co-signing for his customers and retaining a portion of the add-on interest rate as a reserve against defaults. This system, however, weakens the dealer. He is taxed on the reserve fund, but cannot use it to op-

erate his business, and two-thirds of the reserve will normally be eroded by prepayments. If the dealer goes out of business, the bank is stuck with his inventory.

With credit insurance available to protect the lender's investment, recourse financing is no longer necessary. Another compelling reason for bankers to use non-recourse financing is that a dealer can readily obtain such non-recourse financing from other lenders and service companies competing for his business.

Obviously, the retail contracts generated by the dealer will go to the dealer's source of non-recourse financing. Thus, the lender who insists on recourse financing is likely to find his mobile home loan applications limited to a trickle of retail contracts—probably marginal or sub-marginal deals rejected by the non-recourse lender.

*Service companies.* Relatively few lending institutions have staff personnel with the special expertise required for mobile home financing. Most lenders rely on service companies, which serve as extensions of the lenders' installment loan departments. They develop mobile home loans for the banker, handle financial arrangements on dealer participation, act as liaison between dealers, banker and insurers and assist in the collection of payments and in repossession.

In dealing with the service company, as with the dealer, you must be realistic. Whatever add-on interest rate your mobile home loans carry, the service company needs about 2% in order to operate properly. Out of its percentage, the service company generally pays the dealer a ½% to ¾% participation for doing business with the company. He also pays the premiums for credit insurance and provides reserves for chargebacks from his fee.

Just because you have signed up with a service company, don't make the mistake of routinely accepting each





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package of loans the company submits. Too many lenders fail to make the proper investigation of a mobile home loan package, assuming that the service company has already done so.

Although most agreements between service companies and lenders provide for a credit investigation by the service company, its judgment should not be a substitute for your own.

**Repossessions.** The banker involved in mobile home lending must realize that there will be eight to 10 repossessions per 100 units in the typical portfolio. Most occur between six and 30 months of the date of purchase.

Each repossession reduces the bank's

income from its mobile home portfolio by close to \$500. If your portfolio contains too much marginal and sub-marginal business, the repossession rate will increase substantially, and the yield from your portfolio will decline accordingly.

Credit insurance, of course, protects your principal, besides reimbursing you for necessary expenses incurred in the repossession and resale of a mobile home.

These are but a few points to keep in mind when handling mobile home loans. When properly handled, these loans can be some of the most profitable loans in any bank's portfolio! ••

### Gov't Help to Small Business To Be KC Conference Subject

KANSAS CITY—A national pilot project, a "Government Assistance to Small Business Conference," will be co-sponsored by nine federal agencies September 30-October 1 at the Plaza Inn here. The conference, scheduled to run 10 a.m.-6 p.m. daily, is expected to attract 500 to 1,000 small business men and women from four states, including Kansas and Missouri.

According to Deryl K. Schuster, Region Seven director, Small Business Administration, this is the first conference of its type in the country. The SBA will coordinate the conference. Other participating agencies are the Departments of Commerce, Defense, Housing and Urban Development and Labor, Environmental Protection Agency, Federal Energy Administration, General Services Administration and Internal Revenue Service.

Speakers will include Commerce Secretary Frederick Dent and SBA Administrator Thomas Kleppe.

More information may be obtained from the SBA, Room 2300, 911 Walnut St., Kansas City, MO 64106.

■ HOWARD W. CATER JR. has been elected vice president, Bank of the Southeast, Birmingham. He is manager of the new University Office. Mrs. Aline Blackburn has been elected assistant vice president and manager of the downtown office.

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Since price stability is directly related to the stability of owners, it's important to note that holders of municipals comprise professional people, wealthy families, commercial banks, trust and estates, insurance companies and large corporations. All rely heavily on the soundness of municipals, as well as the tax-exemption feature. Speculators are not attracted to these securities because of this stable base.

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# What Can Bankers Expect From Service Companies?

**S**ERVICE companies have become an important adjunct for the distribution and financing of mobile homes.

What does a service company do? That varies from one service company to another. But the minimum services should include:

- Building a strong group of dealers and continually checking them to see that the paper they generate is sound and profitable for the lender.

- Handling all the details involved in floorplanning, especially unannounced inventory checks.

- Setting up paperwork procedures for the lender and his dealers.

- Collecting delinquent payments and handling the repossession of mobile homes.

- Setting up and securing complete insurance coverages for the lender and dealers. Most service companies can guarantee a "fixed yield" rate through proper insurance protection.

- Investigating homeowner complaints regarding dealer or manufacturer warranties and service. It is extremely important that the lending institution does not become embroiled in buyer/seller disputes. It is the job of a service company to see that such arguments are settled to the satisfaction of all concerned.

These points do not include all the services rendered by the average service company. They represent only the minimum a lending institution can reasonably expect.

Each service company is different from every other. Even their personnel, procedures, expertise and financial strengths may vary from one year to the next. That's why most successful lending institutions constantly re-evaluate the performance of their service companies.

Service companies solicit, investigate and screen mobile home dealers as credit-worthy sources of mobile home paper. They make frequent calls on the dealer and they pursue business development and good will programs. They provide realistic guidelines for wholesale and retail financing. They make frequent floor plan checks of the units that are floor planned for the dealer. They advise and guide the dealer and the lender in the proper filing of wholesale and retail security instruments. They investigate service complaints and customer problems. They arrange for factory repurchase agreements. They

act as watch-dogs on manufacturers' price lists, freight, accessories and added equipment.

Service companies render prompt action on the collection of late payments. A full-time staff handles any account that has become delinquent a specified amount of time. The service company physically repossesses mobile homes when necessary. It provides for the sale of repossessed mobile homes and full recovery of the funds loaned.

Service companies reduce the potential loss that a lender may suffer on the mobile home loans it makes. If desired, the mobile home service company provides all required forms, contracts, applications, agreements and rate books. The service company provides appraisal service for used mobile homes at no cost to the lender and it protects each transaction with physical damage insurance including vendor's single interest. It also offers optional credit life insurance and lender's indemnity insurance.

The service company is not merely a consultant to the lending institution, not just an operational arm of it; it is a near-physical extension of it. The manner in which it comports itself reflects directly on the lending institution; its name, reputation and stature in the community.

What should a lender observe and

investigate before choosing a service company?

- Its stability in the industry,
- Its experience and expertise,
- Its financial strength and, finally,
- The degree of credit loss protection afforded.

Bankers apply the same criteria in the choice of a service company as they would in the choice of a director or officer of their institution. The service company should meet the same high standards of acuity, judgment and industry as any other key member of the bank's organization. The service company ultimately chosen will operate in an extremely sensitive area. You will rely heavily on its knowledge and expertise in a market where, at least initially, you have somewhat limited experience.

In the final analysis, you will base your selection of a service company on a combination of three elements: First, you will weigh the cold, hard facts concerning the services offered; second, you will evaluate the business acumen of the company in question; and, last, somehow, somehow, you will develop a "feel" for the character and worth of the personnel who will be working for you.

Team-work between the service company and the lender, therefore, is a necessity. ••

## Inflation, Extended Maturities Are Factors In High Mobile Home Delinquency Ratios

**M**OBILE HOME segments of bank lending portfolios are experiencing a marked increase in delinquencies and repossession ratios, according to the ABA's Installment Lending Division.

Mobile home delinquencies (over 30 days or more past-due) were 4.34% of loan outstandings as of February 28. This delinquency figure declined slightly, to 3.61%, as of April 30, yet it remained significantly higher than comparable ratios for that time of year, according to the ABA.

The two principal reasons behind this disturbing development are inflation and lengthening maturities, ac-

ording to Alan R. Ettman, associate director of the Installment Lending Division.

In the August issue of *Banking*, Mr. Ettman points out that the typical mobile home owner is either under 25 or over 55, a blue collar worker with a modest income or a retiree. These factors place him as one of the front-line victims of the soaring cost of living.

Apparently individuals in the grip of inflation are becoming increasingly frustrated trying to cope with costs. In desperation, they are deciding to turn their mobile homes over to the bank, lock, stock and barrel, Mr. Ett-

(Continued on page 71)

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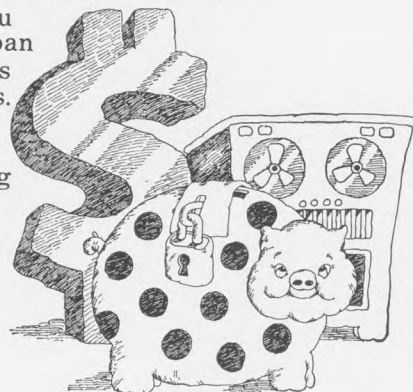


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man says.

According to Harley N. Patton Jr., senior vice president, Central Bank, Denver, these individuals see no other way out but to give up their homes, especially when they learn they can obtain rental housing at lower cost. Mr. Patton says a contributing factor to the situation is the fact that mobile home park rental rates have skyrocketed, pushing the monthly cost of ownership far beyond the amount expected when the home was purchased.

The second factor contributing to rising delinquencies and repossessions is attributed to the lower downpayments being asked by lenders, which result in longer maturities. Some lenders have extended repayment terms to 15 years or more, meaning that the buyer builds little equity in the early years of ownership. When such an owner is faced with the inflated cost of living and he knows he will be saddled with payments on his home for many years to come, he often gets discouraged, according to Mr. Ettman, and is likely to give up his collateral voluntarily because his investment is not that significant.

The typical mobile home owner is also most likely to be affected by layoffs resulting from the energy crisis, Mr. Ettman says. With unemployment at 5%, personal income reduced by fewer overtime hours and less part-time work, it is not surprising to see mobile home delinquencies and repossessions on the increase.

The increase in the number of mobile home service companies has also had an effect on the situation, Mr. Ettman says. This rapid growth has resulted in more competition for customers and has sometimes resulted in a lowering of credit standards. Some service companies have been suspected of acquiring marginal loans from dealers in order to satisfy the demands of permanent lenders for volume, Mr. Ettman says. In some instances, service companies have been known to accept poor credits with the understanding that the dealer will pass along some high quality loans which normally would have been purchased by local banks directly from the dealer, he says.

With the tremendous increase in the number of these companies, he says, it is not surprisingly for a highly competitive market to develop that is vulnerable to marginal practices.

Mr. Ettman says that, despite the present situation, the outlook for mobile home lending by banks in the future is bright, due to the fact that conventional housing costs continue to rise beyond the means of most home buyers. Despite the high cost of money, the profits

generated through mobile home lending remain favorable, he says.

If and when inflationary pressures ease, he says, and the economic effects of the energy crisis temper somewhat, mobile home delinquencies and repossession ratios should improve. ••

## Cooperative Mailings

(Continued from page 40)

cial Corp., offers employees of its commercial customers a program, called the Green Briefcase Club (the name stems from green briefcases carried by the bank's customer contact people) whereby they receive a package of services free or at reduced rates. The package includes free checking, free personalized checks, postage paid both ways on deposits, reduced-cost safe deposit box, reduced-cost travelers checks, no-charge automatic transfers of funds from one account to another, personal loans at a reduced interest rate, auto, recreational vehicle and boat loans with a smaller down payment and reduced interest rate and free notary public service.

Many of these free services are now available from many other banks, but the Green Briefcase Club has one unusual feature. If an employee of a com-

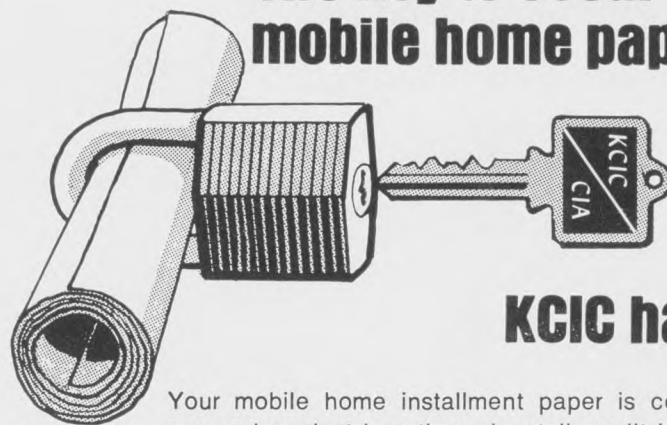
mercial customer opens a Christmas Club account and completes 49 payments, Manchester Bank pays the 50th payment. This feature was devised as a means of meeting the competition of banks that offer interest on Christmas Club accounts without having to perform the bookwork necessary when interest is paid.

George Guernsey III, executive vice president and marketing officer of Manchester Bank, cited these two examples of how Manchester Financial banks were binding commercial customers to the banks. In the case of the rib-eye steak promotion, the supermarket used as a supplier was a unit in a local St. Louis chain which is a customer of the bank. The supermarket's competition was a unit in a national chain which is not a customer.

In the case of the Green Briefcase Club, any employee of a commercial customer may become a member by filling out a simplified credit application. Membership in the club with its concomitant advantages thus becomes a fringe benefit available to workers at the commercial account's store, office or factory.

"It would be difficult for a large bank to offer an individual commercial customer the statement mailing service you describe," Mr. Guernsey commented, "simply because of the prob-

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lem of selection. You pick one customer for the service and you make all similar customers mad. You would have to have a dealer in something unique—green giraffes, let's say—before a large bank could offer the service.

"Nonetheless, as you go down the line, there comes a point where you reach a town with only two or three banks. Your particular bank might have only two or three customers who were selling air conditioners. You could then offer the service to all three. In fact, this statement mailing service we're talking about might become a means of convincing other dealers in air conditioners to shift their accounts to your

bank.

"It seems to me that the best way to work the idea would be to have a common mailing that would sell a particular item or service. You would then list the names, addresses and phone numbers of all the customers of your bank who sold the particular item or service."

Both Mr. Guernsey and A. Joseph Williamson, vice president—marketing, Dyna-Group Banks (Clayton Bank, Bank of Crestwood, Hampton Bank, St. Louis, and Bank of Ellisville, all in the St. Louis area) said that their banks had been approached by commercial customers with requests to insert the

customer's sales material in statement mailings.

Mr. Williamson's reaction was typical. "One of our banks has at least six automobile dealers as customers. Whichever one the bank served first, it would make the others angry. We have been asked by certain customers—I remember in particular insurance agencies and restaurants—to include sales material in our mailings or to permit the use of our mailing list by the customer. Again the problem becomes a matter of who gets served first. Clayton, as you know, has many fine restaurants. My feeling is that the only way we could permit such a mailing would be to list all the restaurants that bank at Clayton Bank. That list might become so long that it would cheapen the entire project. The same thing would be true of insurance agencies. We have too many customers who sell insurance."

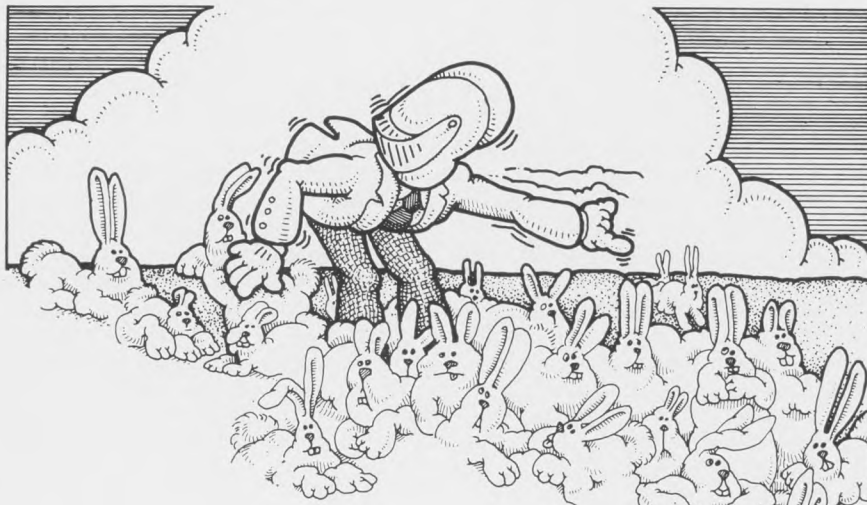
Nonetheless, one independent St. Louis suburban bank (Citizens National, Maplewood) and the General Bancshares Banks, St. Louis, are doing exactly what Mr. Williamson did not consider acceptable. (General Bancshares includes Bank of St. Louis, Jefferson-Gravois Bank, Northwestern Bank, Baden Bank, all in St. Louis, and Commercial Bank, Olivette, and Lindbergh Bank, Hazelwood, both in St. Louis County.)

In March, Citizens National introduced its "Preferred Citizens" club. This is a package deal directed primarily at retail customers and is successfully tying commercial customers to the bank.

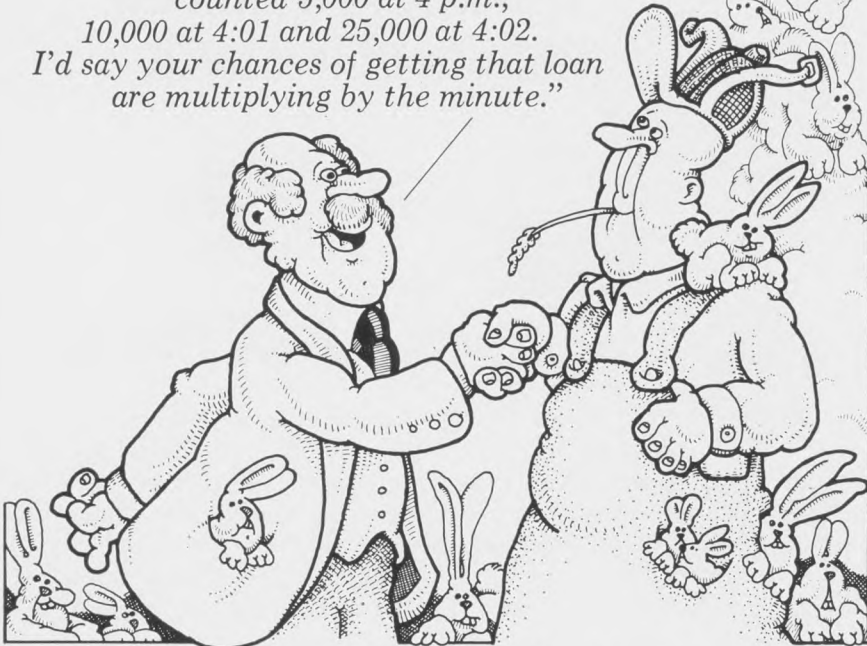
Basic to the package deal is this approach. To become a Preferred Citizen, the customer must open or have active both a checking and a savings account at Citizens National. These two accounts are the "initiation fee." In return, the Preferred Citizen receives a membership card printed on gold card stock. The card entitles him to cost-free checking, preferred rates on travel opportunities, discounts at area merchants, preferential loan consideration, his own personal banker and the *Preferred Citizens News* every month.

A typical *Preferred Citizens News* contained a message from J. O. Holton Jr., Citizens National president, an offer of a new foreign exchange service provided by the bank, news notes about Maplewood merchants and bank employees and a sales message about the "Trip of the Month," in this case to New Orleans.

On the back of the single 8½ x 11-inch sheet were the advertising offers of 52 Maplewood merchants and service shops ranging from the A-1 Book Store to Worth Discount Interiors and including offers of clothing, jewelry,



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automobile service, shoes, drugs, radio and TV repair and even a discount on a classified ad in the St. Louis County *Observer*.

A typical ad read: "Hale Carpet Co., 7233 Manchester, 20% discount on all carpeting for two months."

The package offer being promoted by the General Bancshares banks is tied in nationally with the franchise arrangement known as the New Outlooks Club. Through the latter organization, members receive certain discounts at motels and rent-a-car agencies.

The banks themselves offer all the free services contained in the Preferred Citizens Club plus overdraft protection to BankAmericard and Master Charge card holders and free travelers checks, cashiers checks and money orders. More noteworthy benefits are a \$10,000 accidental death or dismemberment insurance policy and a special savings account offer whereby a member opening a savings account has \$5 added to his first deposit. Membership fee is \$3 a month plus \$1 if a spouse also obtains the accident policy. Obviously, this offer substitutes a small monthly fee for the now widespread offer of free checking.

General Bancshares also makes discount travel offers, the first of which was a six-day, five-night trip to Acapulco for \$265 a person.

As part of the monthly mailing to club members, the General Bancshares banks include a sheet containing coupons with which club members can obtain discounts at various merchants and restaurants. These coupons are approximately 2 x 2½ inches and make offers more detailed than those in the Citizens promotion. In the case of both clubs, the advertising service is offered to the merchants free of charge.

Of course, the value of the promotion to the merchants using it is determined by one question: "Does it bring in business?" Representative Preferred Citizens Club merchants contacted were agreed that the program had definitely pulled in business. A hardware dealer knew of at least five sales he had made as a result of his free club ad. A service station sold three tune-ups. A furniture store made seven substantial sales. A clothing store had a dozen customers claim the discount.

One merchant made a significant comment. "A major value of this promotion is that it brings customers into our shopping district. Anything that will do that helps us all, even if we can't trace individual sales directly to the promotion."

He was referring to the fact that the merchants using the Citizens National promotion are almost all in a compact

shopping district of which the bank itself is the virtual center. In other words, Citizens National is promoting business for its town, Maplewood.

In contrast, the merchants using the General Bancshares promotion are scattered over a wide area. Only one of 15 offers is by a merchant or other entrepreneur anywhere near a General Bancshares bank. This was an appliance dealer about three miles from one of the banks, but not in its immediate trade area. Only this merchant reported response to his club ad.

The obvious conclusion is that a promotion of this type must be tied to a closely integrated community. If the

merchants who are being promoted sprawl over a wide area, apparently the response is virtually nil. ••

• **Four bankers** have joined the board of the National Council for U. S.-China Trade, lending their know-how to the development of increasing trade between this country and the People's Republic of China. The bankers are David Rockefeller, chairman, Chase Manhattan; Gabriel Hauge, chairman, Manufacturers Hanover Trust, and G. A. Costanzo, vice chairman, First National City, all of New York City; and A. W. Clausen, president, Bank of America, San Francisco.



**In  
New Orleans  
International  
City Bank  
has the world  
watching.....**

From ICB's inception, banking innovations, incorporating the most advanced automated facilities, continue to attract international visitors. An acknowledged leader in 24-HOUR BANKING, ICB will soon offer TELLER-MATIC service throughout its entire system, including a new office in the heart of New Orleans' business district. ICB also continues to expand totally automated TELLERVUE banking at both indoor and drive-up locations. Visitors welcome. Next time you're in New Orleans, come see the space-age innovators at ICB.

**ICB**  
**INTERNATIONAL  
CITY BANK**  
AND TRUST COMPANY  
321 ST. CHARLES AVE.  
NEW ORLEANS, LA. 70130

Carondelet/ Common Office  
201 Carondelet  
Carrollton Office  
2331 S. Carrollton  
Gentilly Office  
3231 Gentilly  
Perdido Corner Office  
Perdido at St. Charles  
Piazza Tower Office  
1001 Howard  
Prytanis Office  
4210 Prytanis  
St. Claude Office  
4000 St. Claude  
University Office  
Front at Jefferson  
West Bank Office  
2140 Gen. De Gaulle

# Union Planters National Takes Initiative In Thwarting Robbers, Check Artists

## Reward System Formed To Stem Tide of Crimes Against Memphis Banks

**A**LARMED at the fact that bad checks have become the largest single cause of loss to banks—about \$400 million annually—Union Planters National recently sponsored its first fraud prevention clinic for business owners in its primary market area.

The bank found the program so successful that another clinic is under consideration, possibly for the Christmas season when fraudulent paper losses and credit card thefts run highest.

According to recent estimates, Americans write upwards of 26 billion checks a year. Of those checks, approximately one in 180 cleared in the United States usually is returned unpaid because the check is forged, written on a non-existent account or is NSF. American businesses lose well over \$1 billion each year through forgery and documentary fraud.

Supermarkets are deluged with approximately 30% of the bad paper; department stores receive 21%. The remainder is distributed among gas stations, liquor stores and taverns (13%); banks, hotels and hardware stores (3%); and restaurants (2%).

Law enforcement agencies, particularly local police department document bureaus and the FBI, are making significant headway in their attempts to find and prosecute fraudulent check passers and forgers. But they contend that they could do a better job if more citizens, shopowners and businessmen were more familiar with the ways in which these criminals operate and could be taught to protect themselves from being victimized.

One solution is the town meeting, sponsored by a bank or clearinghouse association, at which document experts, the Secret Service, the FBI and other law enforcement agencies can help unite the business community in a plan of action.

If the program is oriented toward

*(Continued on page 84)*

## WANTED for bank robbery



at Union Planters Bank  
1085 S. Bellevue Blvd.  
January 10, 1974

at Union Planters Bank  
4134 Elvis Presley Blvd.  
January 17, 1974

at Union Planters Bank  
2764 Lamar Avenue  
February 8, 1974

## \$1000 Reward

A reward of at least \$1,000 will be paid to the person or persons providing information to the appropriate authorities which leads to the arrest and conviction of each of the individuals pictured above. The award will be shared when two or more persons provide information leading to the arrest and conviction of a single bank robber.

The Bank Reward Committee established by the undersigned Memphis banks shall have final determination of who is entitled to rewards. The above reward offer continues until December 31, 1974 or until its earlier revocation.

**IF YOU HAVE INFORMATION ABOUT A BANK ROBBERY, do not call a bank. Call the FBI: 525-7373; the Robbery Bureau of the Memphis Police Department: 527-6681, Extension 434; or the Theft Division, Shelby County Sheriff's Office: 525-7531, Extension 41. Join us in a campaign to put robbers out of business—and behind bars.**

Commercial & Industrial Bank  
First American Bank  
Guaranty Bank & Trust Co.  
Union Planters National Bank

**ABOVE: Reward ad in Memphis newspapers includes photos and sketch of robbers being sought by police. BELOW: Union Planters Nat'l Pres. George C. Webb (at podium) addresses businessmen at bank's fraud prevention clinic.**



## Fraud Prevention Clinic Educates Businessmen On Check Artist Tactics

**O**N THE MORNING of Monday, March 18, 1974, officials of four Memphis banks, the city's police department and the local FBI office met with news media representatives to announce an unprecedented move on the part of the city's banks: On the initiative of Union Planters National, four banks had joined forces in funding and operating a reward system to raise the robbery solution rate and hopefully bring some relief to the city's robbery-plagued banking system.

In a cruel twist of coincidence, one of the most bizarre bank robberies in recent memory was attempted that same afternoon.

When the escape was brought to a violent and pyrotechnic end in the parking lot of a south Memphis department store one suspect lay dead, the remaining two were in police custody and three badly shaken but grateful hostages were released unharmed to their families. Two police officers, injured in the chase and apprehension, were in satisfactory condition, and one TV newsman was soon to be \$1,000 richer for his selfless attempt to stop the getaway vehicle by ramming it with his station's news cruiser. The event made national headlines.

What began as a frightening, potentially explosive situation proved, in another sense, to be an opportunity for one of the participating banks to make good on its announcement earlier in the day. The newsman was awarded \$1,000 for his participation in the apprehension—and, hopefully, the conviction of the individuals responsible for that robbery, in which nearly \$50,000 was taken from Union Planters National.

Several weeks later, officials of Union Planters were notified by the FBI that another suspect in an earlier robbery had been identified under the reward program and that a warrant had been prepared for his arrest. The sus-

**Standard Life now offers a new concept in key man insurance which produces unique results for financial institutions.**

This plan was developed by specialists in the financial field especially for financial institutions — and is underwritten by Standard Life, a company with more than one and one half billion dollars

of insurance in force.

A few minutes of your time with a Standard Life agent will convince you that this is one of the most positive ways available to protect your key men and keep them with you. He'll be calling on you soon . . . or, if you'd prefer to have the details immediately, call George Gear, Chairman, or Richard Newman, President, at (601) 948-5300.

# Key note your key men.



Richard Newman, Jim Long, George Gear, Glen Knight, Austin Clay



Insurance Company

P.O. Box 1729 • Jackson, Mississippi 39205 • (601) 948-5300

pect surrendered himself approximately one week later.

The four banks—Guaranty Bank & Trust, First American of Memphis, Commercial & Industrial and, particularly, Union Planters—have been encouraged by the city's response to the reward system.

"It should help reduce bank robberies," said Ted Gunderson, special agent in charge of the Memphis FBI office, "because the more robberies we solve, the less likely others are to try similar crimes."

Union Planters hailed the reward system as an excellent opportunity, not only to raise the crime solution rate and increase cooperation within the community, but to unite several of the city's banks in a powerful, non-competitive program to protect their industry in a city seemingly overburdened with robberies of all kinds.

The reward system is a model of simplicity, similar to programs proved successful in other cities.

Representatives from the city's eight banks were contacted by Union Planters and invited to attend planning sessions, at which the problem and possible solutions were discussed. When the meetings were completed, four banks remained to participate in the program, and officials are hopeful that others will join as the system proves itself.

The banks agreed to share the cost of placing newspaper advertisements, prepared by Union Planters' advertising department. The initial ads displayed security camera photos taken in two actual unsolved robberies and a composite sketch of another suspect.

Ad copy instructed citizens with information on the identities and locations of the pictured suspects to contact

law enforcement agencies—not the banks—where detailed records of "tips" were kept to aid officials in determining who should receive the rewards when convictions were secured.

The ads were placed economically by using the space rate earned by Union Planters in its regular retail service advertising in local newspapers. The resulting lower costs were distributed on a pro-rata basis among the participating banks, using the respective number of branches as a proportionate measure.

It was agreed that rewards would be funded by the individual bank whose robbery was solved through the identification and apprehension of the suspect or suspects pictured.

One of the factors in the success of a program of this type was illustrated in another city some time ago by a suspect who turned himself in to the FBI after seeing his picture in a similar advertisement offering a substantial reward.

He reportedly told agents to "Come and get me. I'm not going to let any of my friends make \$10,000 on me."

Congratulations on a successful program may be premature, but the present posture of the participating banks in Memphis is one of cooperative determination to dry up at least one source of income for the city's criminals.

"We just got fed up with the number of robbery attempts on Memphis banks, and looked for some other way to help out law enforcement agencies here," said one Memphis banking officer. "If our efforts to break the pattern in the criminal community make even one would-be robber pack up shop and go elsewhere, then that, to us, is progress." • •

## Speakers, Topics Announced For NABW Convention At Walt Disney World

The 52nd annual convention of the National Association of Bank Women, scheduled for September 22-25 at Walt Disney World, Orlando, Fla., will feature Frederick Deane Jr., Julia M. Walsh, and Dr. Paul S. Nadler.

Mr. Deane is chairman, Bank of Virginia Co., Richmond; Miss Walsh is executive vice president, Ferris & Co., Washington, D. C.; and Dr. Nadler is professor of business administration at Rutgers University.

Also on the program will be Carmine T. Pallotta, deputy commissioner of banks for Massachusetts; Congressman William Gunter Jr. (D., Fla.); and J. Bernard Shumate, president, First National, Miami.

Workshops will include "Working Your Way Through the Corporate Structure," "Are You in a Holding Company Pattern?" "The Name of the Game Is People," "Consumers: Ignore 'Em or Adore 'Em?" "Branch Manager: Stepchild or Stepping Stone?" "Management Looks at Marketing," "Tapping New Sources for Profits" and "A New Look at Trust Services."

Seventeen scholarship awards will be made at the convention, which will be presided over by Jean G. Wofford, vice president, First National of South Carolina, Spartanburg, NABW president.

■ JAMES H. MADDUX has been named auditor of Fort Worth National, replacing Raymond D. Thornton, who has assumed a new post with another subsidiary of the bank's HC, Texas American Bancshares.



Over 270 banks enjoy comprehensive reports and on-line inquiry at no cost for basic software.

They use the NCR Central Information File.

Wouldn't a deal like that reduce the strain on your EDP budget?

**NCR**

Complete Computer Systems



## If Capital Adequacy is a problem, we can help...

If you have outgrown your capital base or have expansion plans that will require additional capital, there are several ways we might be of help.

As an example, we can counsel with you on the best method for raising new capital, regardless of the size of your bank.

Helping solve a capital adequacy problem is only one of many ways we can and would like to be of help in improving your profit picture.

Remember, our business is making your business more profitable.  
All it takes is a phone call.

Correspondent Department



# DEPOSIT GUARANTY NATIONAL BANK

GROW WITH US / MEMBER F.D.I.C.

Main Office: Jackson, Mississippi Area Code 601 354-8076

Branch Banks: Greenville Bank, Greenville; Mechanics Bank, McComb; City Bank & Trust Co., Natchez; Monticello Bank, Monticello; Newhebron Bank, Newhebron; Farmers Exchange Bank, Centreville, and offices in Clinton and Pearl.

MID-CONTINENT BANKER for September, 1974

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As part of "security" theme of festivities surrounding premiere of movie, "The Bank Shot," film was delivered to Cincinnati Mayor Theodore Berry (c.) by armored truck driver, Joseph McDonald, Mosler v.p., and Mrs. McDonald (l.) and "Miss Mosler" (r.) watch transfer.

## Mosler Safe Is 'Star' of Movie; By the Way, So's George C. Scott

A NEW "star" was born with the grand premiere in Cincinnati of United Artists' new movie, "The Bank Shot."

"The Bank Shot" is a hilarious story about a bank heist that involves the kidnapping of an entire bank—temporarily housed in a mobile home.

Directed by Gower Champion, the movie stars George C. Scott and Joanna Cassidy, but also catapults to stardom the trusty protector of the bank's money—a Mosler safe, which thwarts the carefully laid plans of the crooks.

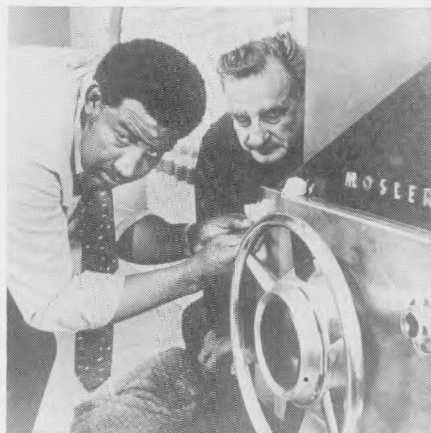
In the first minutes of the movie, the crooks all agree that just cracking the Mosler safe is going to be a tough job. But they have yet to realize this particular safe is a new, experimental model that's virtually uncrackable. The resulting antics of the crooks in camouflaging the kidnapped bank while trying to crack the safe ends with a unique twist that George C. Scott fans will love.

Mosler officials, local community leaders and other dignitaries, bank officials and media representatives all turned out to view the premiere of the movie on July 16, following a reception and dinner hosted by Mosler, Mid-States Theaters and United Artists. Among those attending was Cincinnati Mayor Theodore Berry, who signed for receipt of the film—delivered to the theater in a Brinks truck.

Mosler President William Ayres welcomed the guests and introduced the film.

Mr. Ayres noted that Mosler started building safes in 1867 and has such credits to its name as constructing the gold storage vaults at Ft. Knox and the repository for the Declaration of Independence and Bill of Rights. He then said today's Mosler is far different than its past image portrays.

"We've expanded our products and



In movie, "The Bank Shot," actors George C. Scott (r.) and Frank McRae play crooks who try to "outsmart" Mosler safe in bank temporarily housed in mobile home. Movie's grand premiere was held in Cincinnati following reception and dinner given by Mosler for its own officials, local community leaders and other dignitaries.

services from safes and vaults and become deeply involved in automated customer service systems, electronic surveillance and computer-oriented transaction systems," he continued.

"But," he added, "it has been said that 70% of the world's wealth is protected by Mosler equipment and this is a record of which we are all proud."

As those who saw the movie witnessed, Mosler maintains that reputation in "The Bank Shot."

Cincinnati is known as the "Safe Capital of the World," with most major safe makers in the nation having started business there. Following the Cincinnati premiere, "The Bank Shot" opened in theaters across the nation. • •

### Prizes Mark Celebration Of \$2 Billion in Savings

To celebrate the milestone of achieving \$2 billion in total savings deposits, First National, Chicago, gave away 10 color TV sets to winners of a drawing.

Entry blanks were attached to fake \$2 billion bills, which were available at tellers' windows, reception desks and on the bank's plaza.

First National claims to be the only Illinois bank in history to reach \$2 billion in savings deposits.

### Sponsorship Again Planned by ABA Of Football Games This Fall

WASHINGTON—The ABA again will co-sponsor the televised National Football League games this season, beginning October 27. Throughout October, November and December, the association will help sponsor the series of televised games that will conclude with the championship play-off December 27.

Specially prepared TV promotions for America's bankers will be shown during the telecasts, with former Astronaut Neil Armstrong—first man to land on the moon—scheduled to appear in one or more of the 60-second promotions. Mr. Armstrong recently signed an agreement with the ABA giving the association the option to use him as its advertising spokesman for a period of up to three years. Each commercial is designed to show the role of banks in the growth and development of communities and how people can better use their banks.

In addition to the regular season and championship play-off games on NBC, the ABA will sponsor a special six-part series of programs based on Carl Sandburg's biography of Abraham Lincoln. Emmy Award winner Hal Holbrook will portray President Lincoln, with the first of the hour-long NBC specials being telecast September 6.

(An Advertising Page)

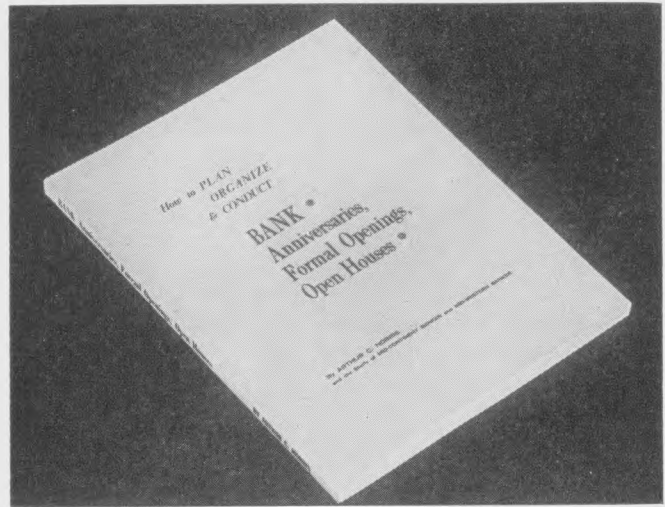
# The Financial Buyer's Guide

PRODUCTS • SERVICES • IDEAS

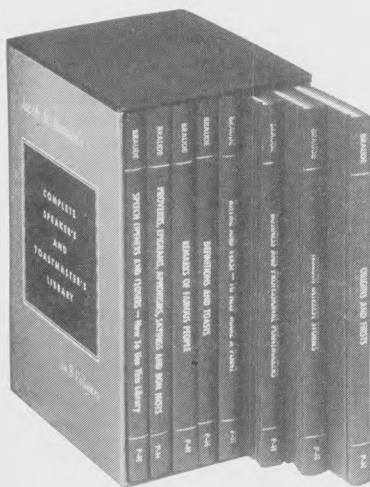


Pendant shown 4 times actual size.

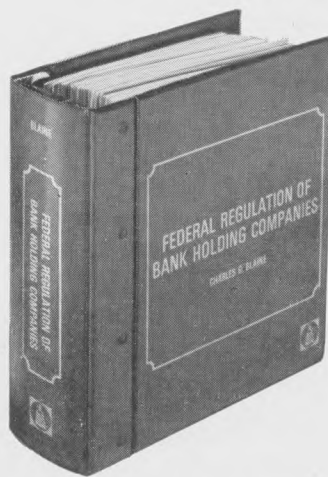
**"SAVERS, WE LOVE YOU."** A premium promotion specially designed for customer appreciation. The program features a hand-engraved sterling silver heart pendant with simulated diamonds in a rich jewelry box; with newspaper, radio and in-bank displays included at no extra charge. Also available are flyers, postcard mailers and a 30-second TV commercial. Program, which is brand new this year, has already proven a winner for dozens of Massachusetts clients, opening thousands of new accounts and increasing deposits \$35 million in just one month. For complete details, including guaranteed sale feature, exclusive use, write: G. Burke Agency, Inc., 214 Statler Office Building, Boston, Mass. 02116 or call 617/542-0383. "Flair for the Thrifty Since 1950."



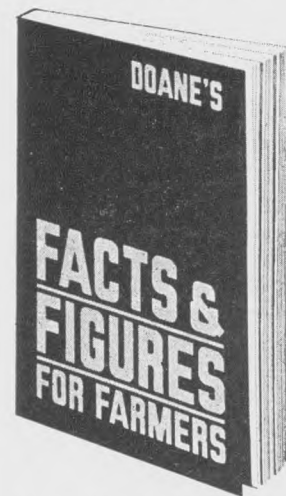
**HOW TO PLAN, ORGANIZE & CONDUCT BANK ANNIVERSARIES, FORMAL OPENINGS, OPEN HOUSES.** This book is actually a practical "how-to" manual that provides the banker with workable "formulas" for organizing and conducting any type of bank opening. Based on hundreds of successful openings, the book presents a planning approach, checklists of opening-day problems, as well as detailed plans (including budget samples) used in actual openings and anniversaries **\$15.00** postpaid. Send check to MID-CONTINENT BANKER, 408 Olive, St. Louis, Mo. 63102 (Missouri banks add 3% sales tax.)



**SPEAKER'S AND TOASTMASTER'S LIBRARY.** Used regularly by more than 30,000 accomplished speakers, professionals with national reputations. Thousands of fresh, original selections not found in other anthologies at any price. Arranged by subject category in eight volumes. Saves you 90% of normal "look-up" time. **\$29.50.** Send check to Commerce Publishing, 408 Olive, St. Louis, Mo. (In Missouri, add 3% tax.)



**FEDERAL REGULATION OF BANK HOLDING COMPANIES.** An exhaustive analysis of the Bank Holding Company Act of 1956, as amended, published by The Bureau of National Affairs. This reference material will prove indispensable to legal advisors, management of banks and bank holding companies. Contains 494 pages, indexed, loose leafed to accommodate supplements when available. **\$45.00.** Send check to Commerce Publishing Co., 408 Olive, St. Louis, Mo. 63102. (In Missouri, add 4% tax.)



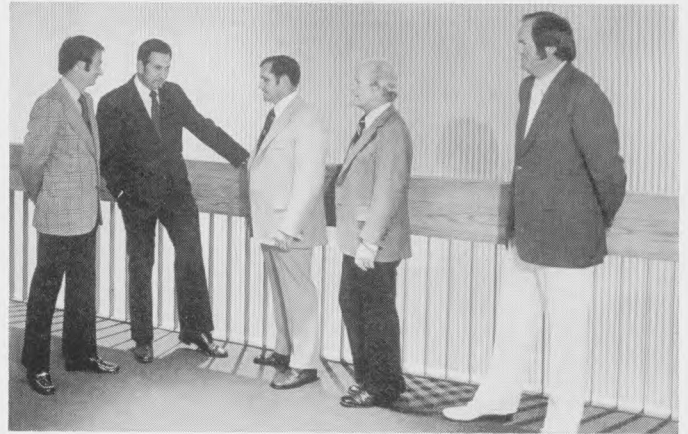
**FACTS & FIGURES FOR FARMERS (AND BANKERS).** A complete reference source that will help the farmer (and his banker) calculate inputs, measure land, figure silo capacities, balance rations, calibrate sprayers, analyze budgets, estimate space requirements, machinery operating costs and capacities . . . to name just a few sections in the book. **\$6.95** postpaid. Send check to Commerce Publishing, 408 Olive, St. Louis, Mo. 63102 (In Mo., add 4 1/2% tax.)

MID-CONTINENT BANKER for September, 1974



Exterior of Bossier Bank is of structural steel, clad in warmtone concrete of sandblasted limestone aggregate with bronze-tinted glass.

Standing on second level, overlooking two-story atrium, are (from l.) Samuel B. Love, v.p. & controller; Robert L. Taylor, ch. & pres., D. L. Laughlin, exec. asst.; Raymond L. Bond, sr. v.p.; and Jimmie H. Davis, v.p.



## Bossier Bank Moves Into New Home

**T**HE LONG-awaited move of Bossier Bank into its gleaming new Main Office occurs this month in Bossier City, La.

First day of business in the new structure will be September 9, with a gala grand opening set for Sunday, September 15. The open house will include tours of the three story, 80,000 square-foot building, refreshments and the awarding of generous prizes to visitors in the form of savings accounts.

First prize will be a \$1,500 saving account, second prize will be an account of \$750; third prize, a \$500 account; fourth prize, a \$250 account; and five fifth prizes of \$100 accounts.

During the week of September 9, the bank plans to hold in-bank receptions for correspondent customers, commercial customers and prospective customers.

The exterior of the handsome building is warmtone concrete of sandblasted limestone aggregate with bronze-tinted glass. The building is set back 50 feet from Barksdale Boulevard and the front plaza is landscaped with low flowing trees and shrubs.

Focal point of the interior is a two-story open well, or atrium. Executive

offices, the board room, and the trust, investments, mortgage loan, marketing and bookkeeping departments are on the second floor. The board room features a glass wall that overlooks the lobby. An officer lounge is located adjacent to the board room.

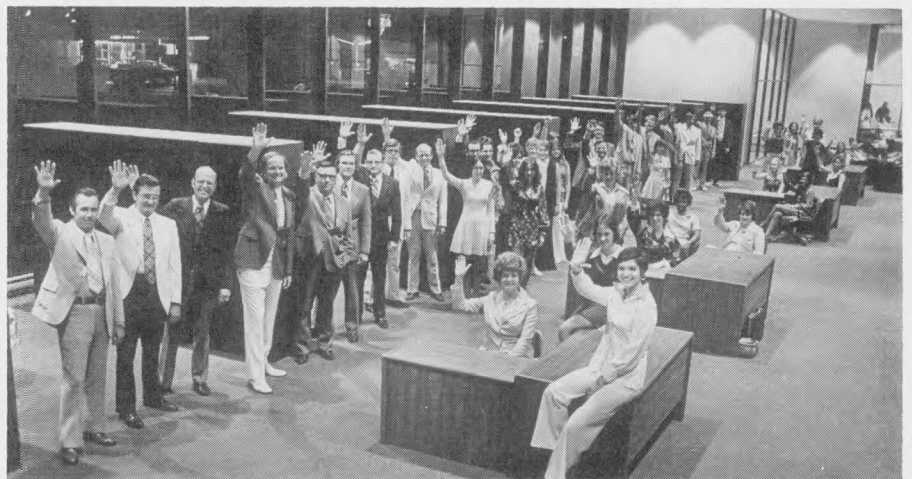
An employee-tenant lounge area doubles as a community room. It has a seating capacity of 150 and is equipped

with a screen for audiovisual presentations.

The bank occupies the lower two floors of the building, with the third floor leased to tenants.

A drive-in with four lanes is located to the rear of the building and parking for 360 cars is available.

Cost of the building is in excess of \$2 million. • •



Commercial and installment lending officers and personnel of Bossier Bank send greetings from main banking area of bank's new building.



# Hamilton Helps.

**Hamilton Bank**  
Being your good things bank is our thing.  
A Hamilton Bancshares bank, Member F.D.I.C.  
Chattanooga, Tennessee 37401





FOUR MEMBERS of BMA convention host committee meet in front of historic Jackson Square in New Orleans where convention will be held Sept. 29-Oct. 2. Edward C. Boldt (2nd from r.) is ch., host committee and pres., Ponchartrain State, Metairie. Other committeemen are Gilbert M. Mellin (l.), v.p., Whitney Nat'l, New Orleans—women's program; John Longmire (2nd from l.), asst. mgr., First Nat'l of Jefferson Parish, Gretna—registration/personnel; and Paul F. Steen, v.p., Bank of New Orleans—promotion/publicity.

## BMA Plans 'Unconventional Convention' For New Orleans, Sept. 29-Oct. 2

NEW ORLEANS, site of the Bank Marketing Association's 1974 convention, is, of course, noted for its fine cuisine and many forms of entertainment. However, the host city will be matched by the BMA, which will set before its members a veritable banquet of marketing, advertising and public relations ideas, along with such extracurricular fun as a Mardi Gras party featuring special jazz numbers by trumpeter Al Hirt. The convention will be held September 29-October 2, with the meetings and exhibits scheduled for the Rivergate Exposition Center and the Marriott as the headquarters hotel.

As is traditional with BMA conventions, there will be departmentals, rap sessions/lunches, workshops, general sessions and bank marketing courses during the three days. The bank marketing courses will be open only to pre-registrants.

Departmentals will be divided into five categories: sales, research, advertising, planning and new services. One session of each category will be presented on each of the three days of the convention. Topics covered will be

cross selling, developing service packages, more value from advertising dollars, consumer banking, selecting calling officers, use of incentives in busi-

ness development, free checking market research, the new account market, commercial marketing, automated banking, employee motivation, automatic investment service, counseling services for consumers and the legislative environment for banking.

Two of the three general sessions were finalized by press-time. On Tuesday, October 1, the general session will feature the best TV commercials of 1974 and at Wednesday's session, TV Sportscaster Howard Cosell will speak.

The Rap Sessions/Lunches will be held on Monday and Wednesday, September 30 and October 2. Tuesday's luncheon will feature the presentation of BMA's Golden Coin awards.

Daily workshop sessions will cover the following topics: Marketing bank services to corporations, banking criticism, bank advertising, community bank marketing, marketing staff effectiveness, bundled accounts, product management, generating new deposits, making officer sales calls profitable, advocacy advertising, market potential estimation, the outlook for automated tellers systems, the personal banker ap-

### Convention Program

#### *Sunday, Sept. 29:*

First Timers Orientation and Reception.

Early Birds Reception.

Educational Exhibits Open.

Spouses Hospitality Suite Open.

#### *Monday, Sept. 30:*

Special General Session Keynote Speaker.

Spouses Program.

Hospitality Suites.

Educational Exhibits.

#### *Tuesday, Oct. 1:*

Best TV Commercials of 1974.

Spouses Tour of New Orleans.

Educational Exhibits.

Golden Coin Awards.

#### *Wednesday, Oct. 2:*



Howard Cosell, Speaker.






Mardi Gras Party with Al Hirt.




#### *Thursday, Oct. 3:*


Post-Convention Tours Depart for Acapulco, Mexico City, Merida and Yucatan.

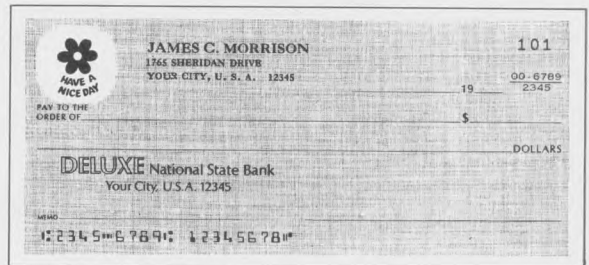
# Signs of the times.

Time  was when plain safety paper checks were king. But times have changed. 

With school time here,  and student checking on the rise, you'll find that young people, particularly, relate to  Personal Touch checks with their choice of over 250 symbols  allowing self expression. Students are especially tuned to the signs of the  Zodiac, "in symbols" of peace, love and fun and sports and hobbies. 

Personal Touch is a sign of the times  and there's no better time than right now to display  them in your new account's area. 

There's something for everyone. It's the Personal Touch way. 



"Personal Touch"™ CHECKS  
**DELUXE** CHECK PRINTERS, INC.  
SALES HDQTRS. • 3440 N. KEDZIE, CHICAGO, ILL. 60618  
 STRATEGICALLY LOCATED PLANTS FROM COAST TO COAST

**BMA Officers**



**RENAUD**



**DOMM**



**CALLAN**



**HERMAN**

proach and developments in installment credit.

The bank marketing course will be conducted in two daily sessions by Dr. Leonard L. Berry, associate professor and chairman, department of marketing, Virginia Commonwealth University, Richmond. Class sessions will deal with the philosophy of marketing, the marketing management process, marketing research, product strategy, advertising strategy, personnel selling strategy and marketing planning.

A program for women will include a special hospitality suite at which infor-

mation about shopping and tours will be available.

BMA officers are T. E. Renaud, chairman and president, Twin City Bank, North Little Rock—president; C. Harry Domm, vice president, Girard Bank, Philadelphia—first vice president (and convention chairman); Eugene J. Callan, vice president, First National City Bank, New York—second vice president; and Raymond O. Herman, assistant vice president, Citizens & Southern National, Atlanta—treasurer.

**Reward System**

*(Continued from page 74)*

businessmen and women and is structured as a give-and-take forum, a learning experience, it can be highly successful in drastically reducing the number of bad checks that inevitably come bouncing back to the cash register.

American Express Co. reports that over 30 such meetings have been sponsored by major banks across the country in the past several years. They report "a most rewarding response from bank customers, press, radio and television and law enforcement organizations."

Union Planters' program was presented with a minimum of expense, and was held in a free public facility. Enrollment, at no charge, was limited because the initial program was an experiment, and bank officials admittedly didn't know what to expect. They were pleasantly surprised.

With minimal advance notice, mod-

est in-bank promotion and a few calls to selected high-volume businesses, the clinic drew representatives from approximately 150 retail firms. And they all came with the same question: What can you tell us to keep us from being stuck with bad checks and stolen credit cards?

The answers came from American Express, the FBI, and Secret Service, the Memphis Police Department document squad, the Shelby County attorney general's office and Union Planters' own teller training school and Master Charge security department. The trend of the discussion and questions prompted more than one observer to comment that this type of thing should have been done long ago. It was obviously needed.

In the three and one-half hour clinic, participants were told how to spot the fraudulent traveler's cheque, how to prevent being taken for a ride by the forger and how to prevent losses through the acceptance of stolen credit cards.

The attorney general's office provided information on prosecution procedures in fraud and forgery cases, and the Secret Service explained the problems connected with counterfeit currency and simple ways to detect it.

The police department's document squad briefed the businessmen on local activity in stolen and forged checks, and cited several examples of how drastic losses were prevented through an alert storeowner's courage in asking a few questions when confronted with suspicious checks.

The clinic spawned interest among other business groups that resulted in requests for films, lecturers and printed material on the subject. A local radio station requested an interview with a bank representative and a document squad officer for one of its morning talk shows. The city's business community responded well, in general, and confirmed Union Planters' belief that such preventive education was long overdue in the light of increasing forgery and fraud statistics.

Meanwhile, the fraud artists are still at work. An encouraging note is the fact that they can be put out of business, or at least deterred to a significant degree, through education of their intended victims and the application of caution and common sense.

A bogus check passer arrested in Mobile, Ala., some time ago was an effective spokesman for his peers across the country.

When asked if he carried a gun, he just shook his head and reached in his pocket. He pulled out a silver plated ball point pen.

"This is my gun," he said seriously. "I get all the money I need with it."

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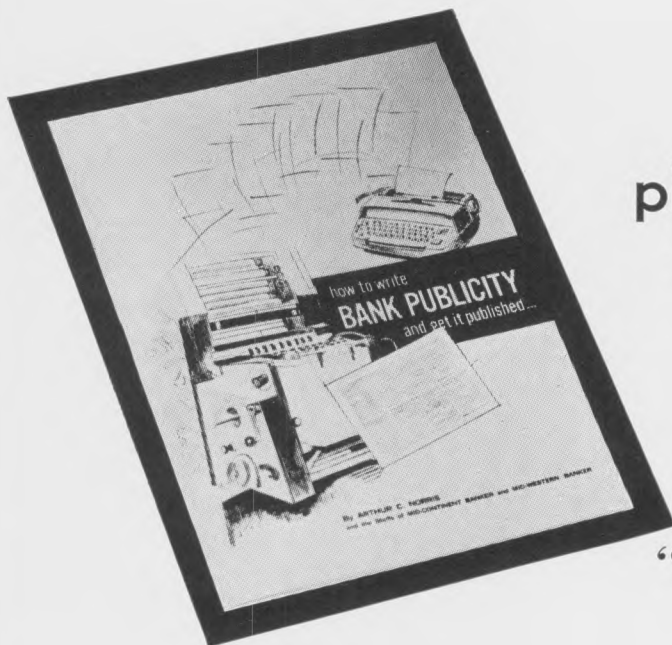
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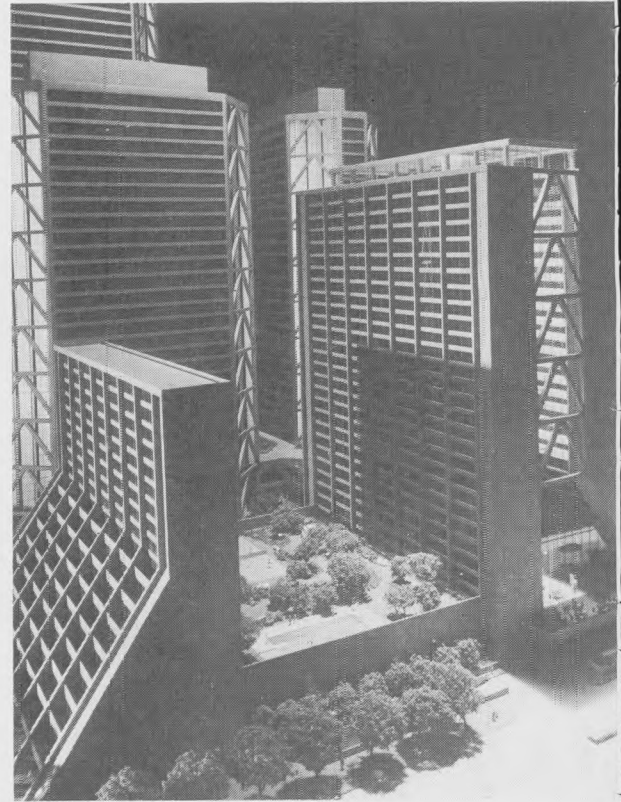
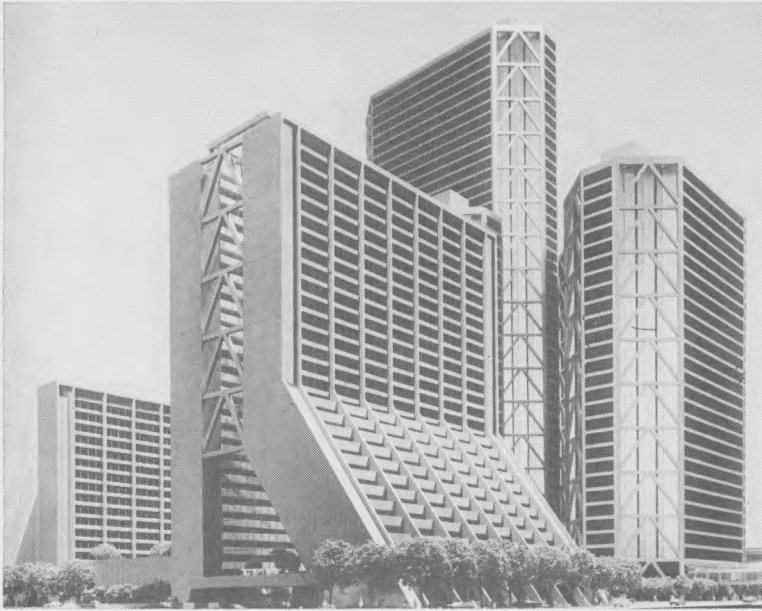
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In St. Louis:

# Hotel Plans Unveiled For Mercantile Center

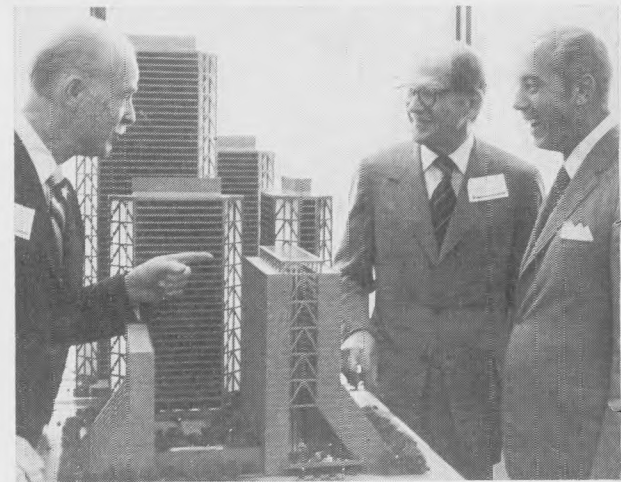
**A**NOTHER STEP in the \$150-million, six-city-block urban development known as Mercantile Center in St. Louis was taken July 30. At that time, Western International Hotels, Inc., and Mercantile Center Redevelopment Corp. unveiled plans for a \$45-million, 30-floor hotel, which will be built on the east boundary of the 10-acre center in the city's downtown section. Construction is set to begin in late spring of 1975, and the hotel is scheduled to open during 1977.

The redevelopment corporation was formed under Missouri statutes as a joint venture by Mercantile Trust and Crow, Pope & Land Enterprises, St. Louis. This firm and the bank each have 50% participation in the redevelopment corporation.

President of Mercantile Center Redevelopment Corp. is Donald E. Lasater, chairman and chief executive officer, Mercantile Trust, whose future home, now under construction and to be called Mercantile Tower, will be located at the western end of a covered garden mall that will connect the hotel and bank structure and three other towers in the center. The bank building is expected to be completed next spring. Construction on the entire project—five buildings and the mall—should be completed within nine years.

The hotel, yet to be named, will have 800 guest rooms and extensive ballroom and public meeting space. The structure will resemble an inverted "Y" with twin towers connected by full-length glass walls with a skylight at the top. The lobby will be 28 stories high, separating the two towers.

The atrium lobby will be on the second level of the building, in keeping with the master plan for above-street-level lobbies, plazas and skywalks throughout Mercantile Center. It will be dramatically landscaped and decorated with fine art and will focus on a towering cylinder of elevators and walkways, exposing hotel guests to a sweeping view of the entire center complex with its enclosed garden

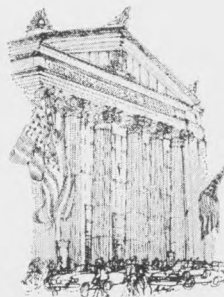


**TOP:** In foreground is model of \$45-million, 30-floor luxury convention hotel to be erected on east boundary of Mercantile Center in downtown St. Louis. It will be second of five structures that will form center complex and will be operated by Western International Hotels, Inc. First building in center is now under construction and will be occupied by Mercantile Trust.

**CENTER:** Model of building at left is proposed 200-room tower expansion to be erected sometime in future after main hotel (model at right) is up and in operation. Ballrooms and public meeting areas with swimming pool and tennis courts on its roof (garden-like area in center) will separate two buildings.

**BOTTOM:** Donald E. Lasater (r.), ch., Mercantile Trust, St. Louis, and pres., Mercantile Center Redevelopment Corp., laughs at remark made by L. P. Himmelman (l.), ch. & CEO, Western International Hotels. Trammell Crow (c.), of Dallas, is pres., Crow, Pope & Land Enterprises, St. Louis. They are standing around model of St. Louis' Mercantile Center, joint venture of Mercantile Trust and Mr. Crow's firm.

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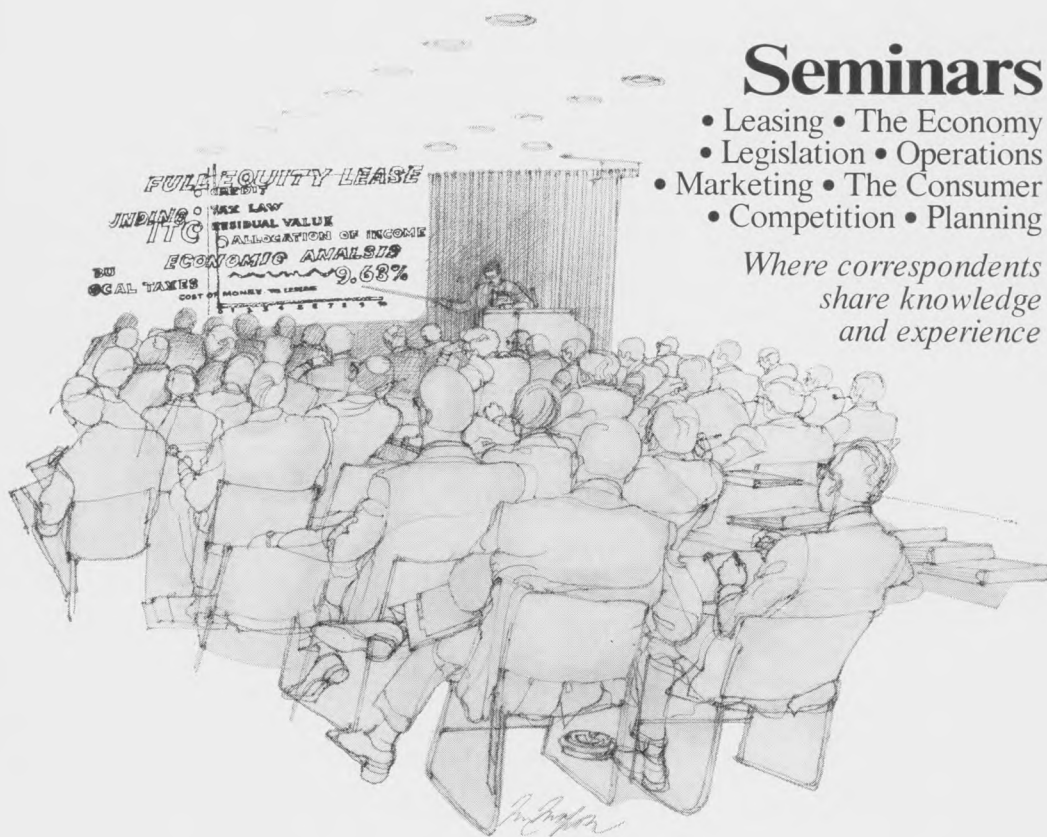


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mall as well as the new Convention Center (still to be built) to the north, the Gateway Arch and Busch Stadium to the south and the Mississippi River to the east. Parking facilities will be underground.

The hotel will be connected by overhead walkways with two of the Midwest's largest department stores, Famous-Barr and Stix, Baer & Fuller.

The hotel will be located on a two-block area bounded by Washington, Locust, Broadway and Sixth. St. Charles Street will be permanently closed and vacated between Broadway and Sixth. The remaining area will be reserved for construction of a future 200-room hotel addition.

Concrete and steel with glass will be used extensively, in a manner similar to the other four towers in the complex. The distinctive three-floor-high triangular steel trusses, which function as a wind-bracing system as well as an esthetic element in other Mercantile Center buildings, will be repeated on the hotel.

Architect for the hotel is Thompson, Ventulett & Stainback, Atlanta. Supervising and coordinating architect will be Svedrup & Parcel & Associates, Inc., St. Louis. This firm also is the architect for the 35-story bank tower. Thompson, Ventulett & Stainback is associate architect for the tower.

Financing arrangements for the hotel have not been completed. Financing is scheduled to be ready shortly before construction begins in the spring. Although the hotel will be privately owned and financed, its development was made feasible through Missouri's Chapter 353 urban redevelopment law and city of St. Louis enabling ordinances.

The hotel project marks Western International's first entry into the St. Louis market. The 44-year-old, Seattle-based firm has planned, built and operated such outstanding hotels as the St. Francis, San Francisco; Century Plaza, Los Angeles; Bonaventure, Montreal; Continental Plaza, Chicago; Shangri La, Singapore; Mayflower, Washington, D. C.; and the new Crown Center Hotel, Kansas City. In 1970, Western International merged with UAL, Inc., parent company of United Airlines. • •

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## BAI Works Actively

*(Continued from page 30)*

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*commission:* Travis G. Howard, vice president, Texas Commerce Bank, Houston; *trust commission:* O. Norris Avey Jr., vice president and trust officer, First National, Memphis.

Throughout the BAI organization, bankers help other bankers through chapters, commissions, educational opportunities and research. All share a mutual concern—more comprehensive banking services through cost-effective programs.

A recent survey, for example, predicts that by the year 2000 the majority of bank deposits will come from individuals who are net savers and the majority of loans to individuals who are net spenders. This will be a significant change from the past when the majority of deposits came from business organizations. Thus, bankers will be working with smaller amounts requiring more people to make more decisions and handle more paper in order to maintain the volume.

Moreover, people changes have become more apparent. A recent BAI survey of senior bank executives revealed that banking is attracting better people than ever before; however, personnel policies are becoming more controlled by the government, resulting in a loss of freedom and independence.

From within and without, young people are challenging traditional banking policies. Their mobility, possible demise of private pension plans and a tougher level of competition from other industries often mean less loyalty and a higher degree of forcefulness in expressing opinions.

With more people handling more paperwork at banks, there arises an ever-increasing dependence on machines such as automated tellers and cash dispensers. A recent survey of BAI officers around the country revealed that automated banking is the primary challenge in the industry today.

Electronic transfer of funds is affecting decisions that are being made by bankers on whether to stand pat, simply extend banking hours, install cash dispensers, include automated tellers, install deposit equipment or design a combination system. And while this goes on, there is much discussion about automated clearing houses, transferring debits and credits by magnetic tape through a national computer network.

We are in a situation in which technological developments have been occurring at a more rapid pace than our ability to use that technology.

Bankers may also be thinking too much in terms of our competition as it currently exists, rather than the competitive forces that may exist tomorrow. New technologies can well enable other organizations to perform some of the services the banking industry has traditionally provided.

While one cannot accurately predict all the ramifications of the Hunt Commission recommendations, there is no doubt that some of our present competitors will be given additional powers to compete with us in a broader spectrum of services, with the lines between various types of financial organizations blurring as the government becomes more involved.

The entire structure of the banking industry has changed with the emerging holding company concept and the broader branching powers being authorized in many states.

These challenges and changes, as well as others, will be in the spotlight during the BAI's 50th anniversary convention in Chicago September 15-18. The "Challenge of Change" will be the theme so that bankers can work out solutions in the decade ahead.

By working within its own membership, with allied trade associations and other interested organizations, the BAI is meeting some of today's challenges in the following manner:

- Our recent work on measuring the performance of the check-collection system, measurement of commercial customer profitability and development of a diagnostic financial profile to help banks measure their performance will be broadened by a new project on measuring computer productivity.

- We are conducting more educational events—nearly 100 during the past year—focusing on specific problems to help prepare individual bankers to meet the challenges of the '70s.

- We are focusing greater attention on helping smaller institutions to become more effective and competitive so that they can meet increased competition from the larger institutions. Our smaller bank commission and smaller bank presidents' forum provide the input for many successful bankers.

- The BAI is concerned with the growing problem of rejects and mis-sends of checks, a problem that indicates inefficiencies in processing. Two task forces are working on specific parts of this problem under the guidance of a steering committee, assisted by other banking groups.

- We are also working with other banking groups to develop standards for interbank transmission. Both compatibility and efficiency require standards before we are locked into diverse systems with built-in inefficiencies.

The world of finance is moving at an accelerated pace, creating concern and excitement in every sector of the banking industry. Banks that adapt, seek new ideas and progress during these times will be the financial leaders of tomorrow. • •



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### Regional Meeting Dates

- Region 1—Sept. 26—Overland Park
- Region 2—Sept. 25—Chanute
- Region 3—Sept. 19—Manhattan
- Region 4—Sept. 24—Wichita
- Region 5—Sept. 18—Hays
- Region 6—Sept. 17—Dodge City

## 'Kansas Banking Is for Everyone' Continues as Theme of Regionals

### Regional Vice Presidents



DOMER



DANIEL



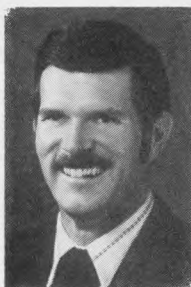
GUGLER



ESTEP



HADDOCK



WILSON

"KANSAS Banking Is for Everyone" continues to be the theme of the annual regional meetings of the Kansas Bankers Association. The meetings get underway this month, beginning September 17 and ending September 26.

KBA President Bob Jennison, president, First State, Healy, will take part at the identical sessions at six locations.

Each program will begin with an agricultural key bankers luncheon at 11:45 a.m., followed by registration at 1:15 p.m. General sessions will begin at 2 p.m. and end at 4:30 p.m. Concurrent sessions will be held for chief executive officers and other officers and personnel. Regional vice presidents will preside at the chief executive officer sessions and regional secretaries will take charge at other officers and personnel sessions.

Topics on the agendas of the chief executive officer meetings include recodification of state banking laws, the payments system, the 1975 KBA legislative program and regional business.

The other officers and personnel session will explore the Uniform Consumer Credit Code, security methods, ways of developing more and better customers and the 1975 legislative goals of KBA.

The concurrent sessions will be followed by social hours and banquets, at which the featured speaker will be Charles E. "Tremendous" Jones, president, Life Management Services.

Mr. Jones entered the life insurance

selling field at age 22 and won his first award the following year. Ten years later he was awarded the highest management honor for sales exceeding \$10 million. At 37, his office topped the \$100 million sales-in-force mark, at which time Mr. Jones retired to devote all his efforts to lecturing and consulting.

Individual regional programs are as follows:

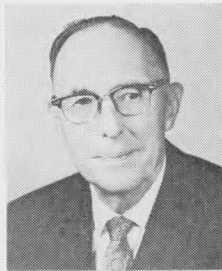
*Region One*—September 26—Overland Park. Registration will be held in Hall I at Glenwood Manor; key banker luncheon, Barcelona Suite, Glenwood Manor; CEO's meeting, Crystal Room, Glenwood Manor; other officers and personnel, Halls II, III and IV, Glenwood Manor; social hour and banquet, Convention Center.

Chairman of Region One is R. R. Domer, executive vice president, Security National, Kansas City, which he joined nine years ago, following service with First National, Centralia, and First National, Tulsa, Okla. Mr. Domer has served KBA as director, member of the governing council, chairman of the agricultural committee and member of the personnel and state-wide advertising committees.

*Region Two*—September 25—Chanute. Registration will be at the Administration Building at Neosho County Community Junior College; key banker luncheon, Student Union Lounge; CEO's meeting, Academic Arts Building, Lecture Hall; other officers and personnel, Administration Building Auditorium; social hour and banquet,

# What A Group!

At the KBA Regional Meetings, Security National of Kansas City will have . . .



**Bill Webber**  
*Chairman of the Board*

The senior banker in the state—Chairman of the Board, Bill Webber—with his vast fund of financial knowledge.

The newest fifty-year banker—Vice President, John Peterson—and his own personalized form of customer service.



**John Peterson**  
*Vice President*

A seasoned young correspondent—Asst. Cashier, Kenneth Domer—carrying on the traditions of the Security National and the Domer family.

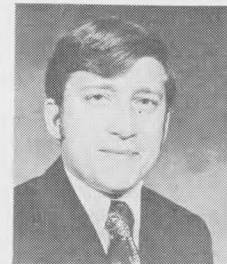
And the newest correspondent officer—Robert N. McDowell—a youngster in years but an “oldster” in collegiate and alumni and military activities as well as the business of serving people.



**Kenneth Domer**  
*Asst. Cashier*

The SNB Group will be augmented at various meetings by President Gray Breidenthal; Executive V.P. Bob Domer; V.P. Ramey Beachly; V.P. Jay Breidenthal and others.

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**Robert N. McDowell**  
*Correspondent Bank Officer*

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Dean W. Daniel, president, First National, Coffeyville, is chairman of Region Two. He was with National Bank of Tulsa for 15 years prior to joining First of Coffeyville as president in 1971. He has served KBA as a member of the consumer credit committee and is a graduate of the Southwestern Graduate School of Banking at Southern Methodist University.

*Region Three*—September 19—Manhattan. Registration will be at the Student Union, Kansas State University; key banker luncheon, Ramada Inn; CEO's meeting, KSU Student Union, Little Theatre; other officers and personnel, KSU Student Union, Forum Hall; social hour, Ramada Inn; banquet, KSU Student Union.

Chairman of Region Three is Wendell D. Gugler, executive vice president, First National, Abilene. He joined his bank in 1957 following service in an insurance and loan office. He was elected cashier of his bank in 1958, vice president in 1967 and executive vice president in 1970. He is a graduate of the Graduate School of Banking at the University of Wisconsin.

*Region Four*—September 24—Wichita. Registration will be held in the Southwest Lobby at Century II; key banker luncheon, Holiday Inn Downtown, Terrace Room; CEO's meeting, Century II, MR201; other officers and personnel, Century II, MR101; social hour an banquet, Century II, Exhibition Hall.

Noel R. Estep, executive vice president, Southwest National, Wichita, is chairman of Region Four. He joined the bank in 1954, following military service. He had served in various capacities from auditor through vice president and cashier prior to being elected executive vice president in 1970. He was elected a director in 1973. He has served as state representative for Kansas in the Independent Bankers Association of America since 1971.

*Region Five*—September 18—Hays. Registration will be in the Art Gallery of the Memorial Union at Fort Hays State College; key banker luncheon, Ramada Inn, Williamsburg Room; CEO's meeting, Fort Hays State College Ballroom, Memorial Union; other officers and personnel, Fort Hays State College, Black and Gold Room, Memorial Union; social hour, American Legion Hall, 13th and Canterbury Road; banquet, Fort Hays State College, Ballroom, Memorial Union.

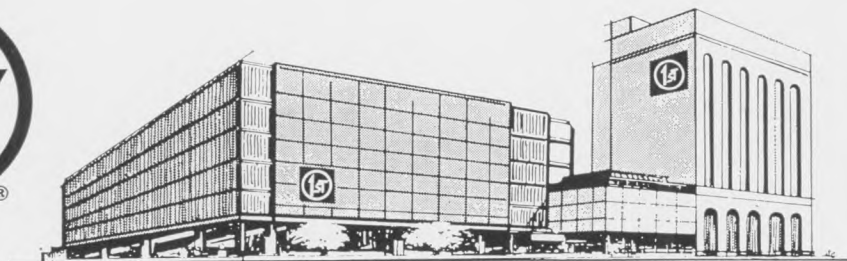
Chairman of Region Five is Dean D. Haddock, president, Guaranty State, Beloit, which he joined as ag rep in

**Our correspondent people talk your language because they've had experience with your kind of bank—and plenty of experience at First to make decisions.**

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1952. He is vice chairman of KBA's advertising and marketing council and is past state president of the Kansas Association of Bank Agricultural Representatives. He is a graduate of the Graduate School of Banking at the University of Wisconsin.

*Region Six*—September 17—Dodge City. Registration will be in the Theatre Lobby at Dodge City Community College; key banker luncheon, Santa Fe Trail Room, Dodge City Community College; CEO's meeting, Choral Room, Dodge City Community College; other officers and personnel,

Theater, Dodge City Community College; social hour, Silver Spur Lodge, poolside; banquet, Silver Spur Lodge, convention center.

Clarence A. Wilson, president, Home State, LaCrosse, is chairman of Group Six. Previous service was with Kinsley Bank and Hanston State. He is a director of Home State; chairman of Farmers State, Albert; president of Central Kansas Bankshares, Hutchinson; and a director of Central State, Hutchinson. He is a graduate of the Colorado School of Banking at the University of Colorado. ••

■ **ROBERT McDOWELL** has been appointed correspondent banking officer at Security National, Kansas City. He had been in financial management training at the bank before joining the field representatives in the agri-business development activity of the correspondent department. He is a Vietnam veteran and a graduate of Baker University.



McDOWELL

# There's more to being a good correspondent bank than calling yourself one!

It takes men ready to become personally involved in your problems. Men with the authority to make decisions, and the knowledge in their field to make the right ones. Men like Beanie Broadhead, John Karn and Phil Miller... agricultural pro's from the First Stock Yards Bank. Just give them the chance to show you the difference

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## Certified Comm'l Lender Title May Now Be Earned by Bankers Under New ABA Program

**C**OMMERCIAL LENDING officers in banks now can earn the title of Certified Commercial Lender (CCL) through a program just established by the ABA's Commercial Lending Division. According to George E. Phalen Jr., division chairman and executive vice president, First National, Boston, the program has four objectives:

- To raise the professional standards and improve the commercial lending function within the commercial banking system by giving special recognition to those commercial lenders who, by passing qualifying examinations and fulfilling prescribed standards of performance of conduct, have demonstrated a high level of competence and experience in their field.

- To identify persons with acceptable knowledge of the principles and practices of commercial lending, related disciplines and laws affecting commercial lending.

- To encourage commercial lending officers in a continuing program of professional development.

- To assist commercial bank management in assessing the abilities of commercial lending officers.

To be eligible for the CCL program, three prerequisites must be met:

1. *Employment*—(a) officers and nonofficers of ABA-member banks and (b) qualified employees of federal and state agencies.

2. *Experience*—five years' commercial lending experience.

3. *Education*—attendance at the

National Commercial Lending School and/or National Commercial Lending Graduate School is preferable, but not mandatory.

Responsibility for administering the program rests with a 10-member accreditation board under the Commercial Lending Division's supervision. In certain instances, this board will have the power to make exceptions to the educational requirements of applicants.

Following formal application to the accreditation board secretary (the director of the Commercial Lending Division), together with a letter of recommendation from the chief executive officer of the applicant's bank, a review will be made and a three-part examination given. Each part of the written exam will last two hours, with a minimum passing grade established for

each section. To qualify for the CCL designation, an applicant must receive a passing grade on all parts. Completion must be accomplished within three years.

Graduation from the National Commercial Lending Graduate School will exempt applicants from one of the three parts of the exam.

At the accreditation board's discretion, certain experienced commercial lenders may be considered for certification with the provision that, at the date of application, the applicant (a) must be at least 40 years old and (b) have had a minimum of 15 years' commercial lending experience. This "grandfather clause" will terminate at the end of five years from the date of the program's inception.

As a Certified Commercial Lender,

an officer may use the CCL designation with his or her name on his or her bank's letterhead and business cards. Certification is for individuals only; the CCL designation may not be used to imply that commercial banks are certified.

Applications for the CCL program are now being accepted. They each must be accompanied by a \$60 payment. Candidates selected for certification will pay an additional \$25 fee. Each reexamination will cost another \$50. "Grandfather clause" applications will carry a \$100 fee.

Those interested in further information should contact Dr. Peter A. Reilly, ABA Commercial Lending Division director, at the ABA headquarters in Washington, D. C. • •

(Advertisement)

## *Unusual Business Meeting Site Offers Woodland Cabins, Country Cooking, Rustic Recreation, Ozark Beauty*

**N**OVELTY in a business meeting site is represented by Wilderness Lodge, a weekend and vacation recreational complex deep in the Ozark woodlands approximately 110 miles south of St. Louis over modern highways. Nestled in a remote pine valley at the headwaters of the crystal-clear Black river, Wilderness Lodge is in the Taum Sauk region of Missouri's rugged and scenic Reynolds county.

For an escape weekend, a leisurely vacation or a business seminar, this virtually untouched woodland area offers some of the finest "get-away-from-it-all" atmosphere imaginable.

Wilderness Lodge is a sanctuary for those who love the solitude of nature. Large enough to provide the comfort you desire, it is small enough to assure privacy. Close enough to St. Louis to be convenient, it is far enough to offer radiant blue skies and starlit nights.

"A place for all seasons" is how the people who operate Wilderness Lodge describe their facility. Imagine: spring walks in the greening woods with wild flowers peeping through the undergrowth, trail rides through forests of pine, oak, dogwood and redbud, summer fun in clear river pools, autumn surrey rides bundled up against the brisk breeze, winter coziness before a crackling wood fire.

The dining room offers real down-home country cooking, woodland cabins feature stone fireplaces and all about is the rugged beauty of the



Ozark wilds sure to refresh you in a manner almost magical.

Recreation of all types for all interests is available. Canoe float trips of one-half hour to three days are easily arranged. Hundreds of miles of forest and riverside trails allow guests the pleasure of a before-breakfast canter or a blood-tingling all-day adventure. You may choose one of the Lodge horses or bring your own; stable facilities are excellent and livery fees are reasonable.

Free-flowing Black river offers crystal-clear fishing holes and, even if the fish aren't biting, the river itself is a thing of grandeur you'll long remember. And the Black is as safe a river as you'll find for the children to swim or paddle in.

Play tennis on either of two newly constructed Laykold courts or enjoy the platform tennis installation, a game which combines paddleball, tennis and squash. Other recreational facilities are

croquet, badminton, archery, horseshoes, volleyball, shuffleboard and a variety of table games. Always something to do; always something you'll want to do.

For business meetings Wilderness Lodge has rooms to accommodate five to fifty. All are designed for quiet concentration and effective discussion. In addition an outdoor pavilion can be used either for meetings, dinners, dances or other functions.

Wilderness Lodge is truly a rustic experience, beautifully adapted to fun and recreation, business or a combination of both. Experience of the wild is always a pleasant change of pace; for this purpose Wilderness Lodge is made to order.

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# EFTS, State Treasurer, Bank Commissioner Will Highlight 1974 MBA Regional Meetings

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**T**ENTATIVE plans for the 1974 Regional meetings of the Missouri Bankers Association call for sessions on electronic funds transfer systems and presentations by Missouri Director of Finance William Kostman and Missouri Treasurer James Spainhower, who will discuss their jobs and answer questions from the floor.

Banquet speaker at all regionals will be Oklahoma Lieutenant Governor George Nigh, who is known as "Oklahoma's Will Rogers." He was elected the youngest lieutenant governor in the history of Oklahoma in 1958 at the age of 30.

Also expected to speak at each regional is MBA President Charles W. Risley Sr., president, Excelsior Trust, Excelsior Springs.

This year's meetings are split into two months—September and October—with Regions One through Four in September and Regions Five through Eight in October.

Each regional will include a short

business meeting, conducted by MBA regional vice presidents. Following is background material on the regional vice presidents.

*Region One.* G. Jack Jones Jr., president, Clifford Banking Co., Clarksville,

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## Regional Meeting Dates

**Region 1, Sept. 23—Kirksville**  
**Region 2, Sept. 24—Trenton**  
**Region 3, Sept. 25—St. Joseph**  
**Region 4, Sept. 26—Kansas City**  
**Region 5, Oct. 10—St. Charles**  
**Region 6, Oct. 9—Poplar Bluff**  
**Region 7, Oct. 8—Springfield**  
**Region 8, Oct. 7—Jefferson City**

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has held his position since 1959. He is a past president of the Six-County Bankers Association and a past councilman of Clarksville.

*Region Two.* W. J. Ingraham joined Cook & Vencill Bank in Galt as an of-

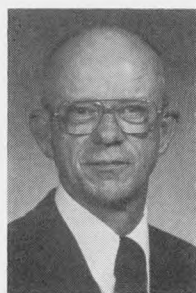
ficer trainee in 1968. He was elected cashier in 1969 and vice president and cashier in 1971. He has attended the schools of basic, intermediate and advanced banking at the University of Nebraska, Lincoln.

*Region Three.* William H. Corken, president, Bank of Atchison County, Rock Port, entered banking in 1956 and attained his present position in 1969. He is a graduate of the Graduate School of Banking at the University of Colorado and the University of Wisconsin.

*Region Four.* Marcus W. Dittman, president, North Hills Bank, Kansas City, has been in banking since 1956 and is a founding officer of Central Bank, Central City, Neb., and First National, Richmond, Mo. He is a graduate of the Graduate School of Banking at the University of Wisconsin.

*Region Five.* Paul H. Knoblauch, president, First National, St. Charles, joined the bank in 1945. He was made supervisor of operations in 1952 when

## MBA Regional Vice Presidents



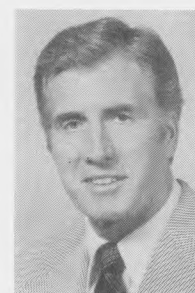
JONES



INGRAHAM



CORKEN



DITTMAN



KNOBLAUCH



SPARKMAN



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*Bankers should recognize these insurance needs in order  
to protect their loans and also the borrower's estate:*

Loans made to small businesses quite often have hidden risks in them. Bankers should "probe" for these hidden risks when they make or renew this type of loan and never hesitate to recommend additional insurance protection where needed.

*For example:* Determine if the business is dependent almost entirely on the owner. Will the business survive if he dies? If the answer is "no" or "doubtful," then protect that loan with ordinary or term-life insurance.

*Another example:* What will happen to a partnership if one of the partners dies? Can the surviving partner "buy out" the heirs of the deceased? Most often this is desirable. Again, protect these cases with ordinary or term-life insurance.

*Another example:* Does "Farmer Brown" have sufficient insurance for estate taxes on farmland that has appreciated in value since he bought it 40 years ago? Another insurance need!

We stand ready at Insurance Enterprises to help all of our banker agents with insurance problems of this type. Often we can explain the insurance need to the borrower and thus help the banker protect BOTH his loan and his borrower.

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**Regional Meeting Speakers**



KOSTMAN



SPAINHOWER



NIGH

he was appointed assistant cashier. In 1956 he was assigned to the loan department and in 1966 he was elected a director. He became president in 1967. He is also a director of First National, St. Peters, and of Harvester National, St. Charles.

*Region Six.* E. Van Gibbs joined Farmers State, Risco, in 1952 as a teller, was named cashier in 1955 and vice president in 1960. He served MBA as a group chairman in 1964. Photo not available.

*Region Seven.* Etsyl Sparkman, president, Empire Bank, Springfield, entered banking in 1941. He has been with Empire Bank for almost six years and had previous service with Citizens Bank, Springfield, and First State, Rolla. He is a graduate of the Stonier Graduate School of Banking at Rutgers University. He is chairman of the Springfield Bankers Association (Clearing House) and is a past president of the Southwest Missouri Chapter of the Bank Marketing Association, the Ozark

Empire Bankers Association and the Missouri Independent Bankers Association.

*Region Eight.* Donald V. Truitt, president, First National, Montgomery City, began his banking career in 1947 at Callaway Bank, Fulton. He joined his present bank in 1954 as cashier, advanced to executive vice president in 1966 and assumed the president post in 1970. • •

**A 50-Year Banker**

Elmer Erisman, v.p., correspondent dept., Commerce Bank of Kansas City, celebrated his 50th year with the bank August 12. He joined the bank as an office boy at the age of 13. Mr. Erisman travels in Missouri.



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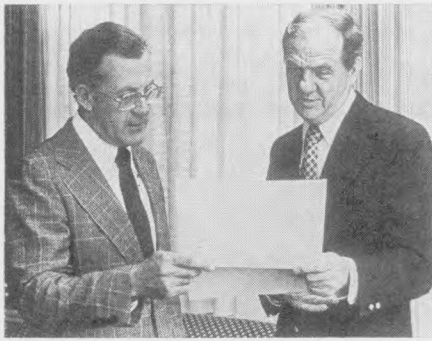
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Commercials Star Malden



A TV advertising campaign is being staged by American Express Travelers Cheques that is expected to reach more than 110 million adults. The commercials feature Karl Malden (r.) stage, screen and TV personality, who is shown with Michael E. Lively (l.), senior vice president and general manager, American Express Co.—Travelers Cheque Division. The commercials have been appearing in prime time on the three major networks.

■ JOE F. RAYL, chairman and president, First City Bank, Springfield, has been named an advisory director, United Missouri Bancshares, Kansas City. Mr. Rayl's bank recently became affiliated with the KC holding company and hopes to change its name to United Missouri Bank of Springfield. Mr. Rayl is chairman, Citizens Bank, Climax Springs.

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We look forward to seeing our Missouri friends at the regional meetings this month and next.

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HUBERT V. KRIEGER	Auditor and Comptroller
JERRY L. BYRD	Vice President
EARL D. PEPPERS	Vice President
EARL R. LUNDIUS	Assistant Vice President
LEONARD W. HUDDLESTON	Assistant Vice President
JACK K. ISHERWOOD	Assistant Vice President
WILLIAM O. ROBARDS	Assistant Vice President
FRED G. FETSCH	Assistant Cashier
VIRGINIA F. HAUSER	Assistant Cashier
CHARLES C. SMITH	Assistant Cashier
MARIE WELLINGHOFF	Assistant Cashier
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HARRY C. MUMMERT	Vice President
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MEMBER F.D.I.C.

# NEWS

## From the Mid-Continent Area

### Alabama

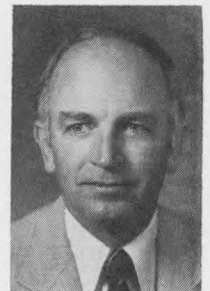
■ **TERENCE C. BRANNON** has been promoted to senior vice president in charge of loan and credit functions for Central Bancshares of the South, Inc., Birmingham, and its nine member

banks. He was formerly senior loan officer at Central Bank, Birmingham.

■ **ROBERT ST. PIERRE** has been elected executive vice president at Birmingham Trust National. He was formerly senior vice president at Union Commerce Bank, Cleveland.



STUARDI



GEIL

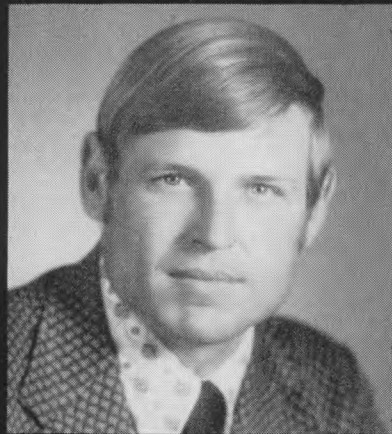
■ **MERCHANTS NATIONAL**, Mobile, has named Al E. Stuardi executive vice president-building corporation, Roger J. Geil senior vice president and branch supervisor, Robert H. Massey vice president and E. Carroll Culpepper and James S. Dowdell assistant vice presidents. R. Melvin Moseley was named senior trust officer-operations and Lee B. Sledge III and Stewart Thames Jr. were named trust officers. New officers include William G. DeMouy Jr., Nathaniel Johnson, Robert M. Sands Jr. and Daniel C. Thomas, assistant cashiers; Roger Brown, Judith Miller and Ryland Murden, assistant trust officers; and Linda B. Strong, assistant personnel officer.

■ **FIRST NATIONAL**, Mobile, has promoted G. Wayne Chisenhall to vice president and Joseph L. Lomax to assistant vice president. Daniel Britton was elected assistant trust officer, Dennis L. Hodge was named loan officer and Charles D. Wilkinson was named investment officer.

■ **FIRST ALABAMA BANCSHARES** has acquired American Bank, Hartselle. The HC's resources are said to surpass the billion-dollar mark.

■ **FIRST NATIONAL**, Birmingham, has named Henry A. Long Jr., vice president and trust officer and Michael W. Underwood assistant vice president and commercial loan officer.

■ **CHARLES E. CARPER III** has joined Executive Security Bank, Birmingham, as assistant vice president. He was formerly senior vice president and manager of a mortgage banking firm in Birmingham. In other action, the bank has elected Frank A. Plummer, chairman, president and CEO, First Alabama Bancshares, Montgomery, to its board.



Let our billion dollar organization help your bank profit.

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**First Alabama Bancshares, Inc.**

Affiliate Banks:

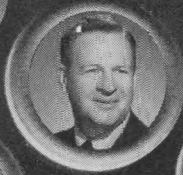
The First National Bank of Montgomery  
Exchange Security Bank, Birmingham  
The First National Bank of Huntsville  
The City National Bank of Tuscaloosa  
The Dothan Bank and Trust Company  
The Selma National Bank  
First City National Bank of Gadsden  
The First National Bank of Athens  
The First National Bank of Bay Minette  
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Hartselle

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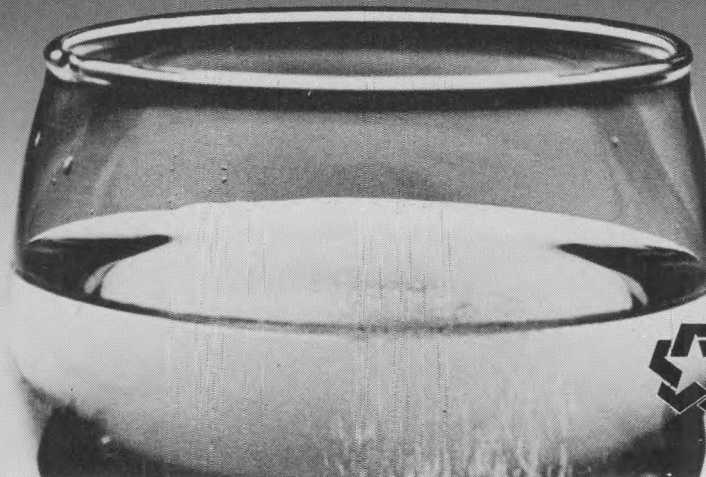
Mike Miller



Sharon Swindell



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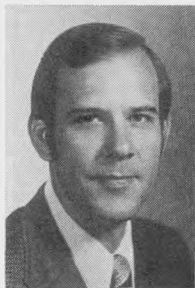


**First  
American**

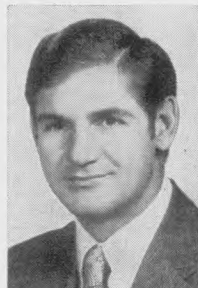
First Amtenn Bankgroup

## Arkansas

■ **WORTHEN BANK**, Little Rock, has named three new vice presidents, including Larry Breashears, Mickey Cissell and William L. Blair. Messrs. Breashears and Cissell are correspondent officers. Also promoted were Sondra Boykin, Carol Crain and George Smith to assistant vice presidents; Buddy Garrett, Doris R. Stockard, Richard Smith and Jett McLaughlin to assistant cashiers; John Rutledge to commercial loan officer; Fred Rains to marketing officer; and Rose Marie Shinkle and James W. Walker to administrative assistants.



BREASHEARS



CISSELL

■ **MARLIN D. JACKSON** and his family have purchased the property of Security Bank, Paragould, for \$1.2

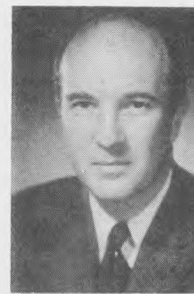
million in what is believed to be the largest single real estate transaction in the community's history. Mr. Jackson is president of the bank. The transaction was made to increase the bank's capital position, according to Mr. Jackson.

■ **UNION NATIONAL**, Little Rock, has named Colonel Charles D. Maynard senior vice president and director of marketing and elected Bill Yoder manager of customer service and Anne Miller Head and Gary Haynes assistant cashiers.

## Illinois

■ **W. JAMES ARMSTRONG**, senior vice president, Northern Trust, Chicago, has been named head of the banking department. He succeeds Lynn H. Miller, who has joined St. Louis' Mercantile Trust as executive vice president in charge of banking and a director. Mr. Armstrong formerly headed Northern Trust's national group and was administrative officer of the banking department.

■ **NORTHERN TRUST**, Chicago, has named Ben T. Reidy and David W. Fox senior vice presidents; David W. Hollman and William Holt vice presi-



ARMSTRONG



REIDY

dents; and Thomas F. Hart, Victor S. Nelson, Glen T. Rey, Robert K. Seston, Mary Ann Banach, Joseph M. Jarosz, Catherine M. Munroe and Donald P. Peterson second vice presidents. Gerald P. Harbison was named a personal banking officer, Fred K. Stewart Jr. was appointed a commercial banking officer and Leonard H. Peifer and Sibrand Jurriaans were named international banking officers. Mr. Reidy, who formerly traveled in the Southwest for the bank, now is head of the national group in the banking department.

■ **HARRIS BANK**, Chicago, has named Russell L. Mitchem, James A. Newell and Robert C. Hawley vice presidents; Gary D. Clark, Dale F. Jacobs, Marcelo C. Mariaca, D. Bruce Frobes, Paul F. Lawless, John R. Tilton, Robert W. Turpin, Robert M. Elder, Noble Lieu, Robert L. Tomiello and Jerome E. Zak assistant vice presidents. In other action, David L. Webber has been named head of the branch and multi-bank planning section in anticipation of the passage of multi-bank legislation, John C. Maulding has replaced Mr. Webber as administrator in the banking department's financial group and Jerry H. Pearson has succeeded Mr. Maulding as administrator in the banking department's midwest group. All are vice presidents.

■ **PLANS** for a banking facility in the new Heller International Building in Chicago's Loop have been announced by Continental Illinois National. The limited-service facility will provide check cashing, deposit, withdrawal and loan payment services. It is expected to be opened next year.

■ **EXCHANGE NATIONAL**, Chicago, has elected E. Ronald Field to assistant vice president; Gregory S. Kobus, Angelica Lee and Leonard M. Livingston to commercial lending officers; Paul D. Colitti to communications officer; Glenn D. Gustafson and David V. Larson to customer service officers; and Elazar Bachar and Samir I. Khoury to assistant cashiers.

■ **CONTINENTAL ILLINOIS NATIONAL**, Chicago, has elected J. Jo-



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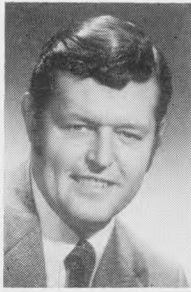
**THE "BANKERS" BANK OF CENTRAL ILLINOIS"  
IN OUR SECOND CENTURY OF SERVICE**

**THE MILLIKIN NATIONAL BANK**  
OF DECATUR  
Decatur, Illinois

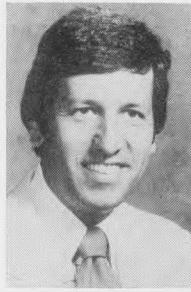
Service Since 1860

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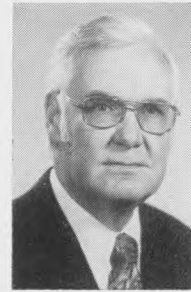
ANDERSON



MORVIS



QUIGLEY



HUGHES

seph Anderson a senior vice president in the planning and development division of the bank and its HC, Continental Illinois Corp. Elected vice presidents were Alvin K. Christiansen, Robert E. Simond Jr. and Andrew M. Jakes. Philip A. Carraro, Frederick J. Florjancic Jr., John G. Nestor, Daniel C. Rohr and David S. Conley were named second vice presidents.

■ DANIEL N. QUIGLEY has assumed the additional title of director of corporate planning at National Boulevard Bank, Chicago. He is a vice president in charge of the personal bank department and was with Manufacturers Hanover Trust, New York City, before joining National Boulevard.

■ GEORGE M. MORVIS has resigned as secretary of the Illinois Bankers Association to become president and CEO of Financial Shares Corp., Rolling Meadows, Ill. The firm offers general management consulting services to financial institutions and trade associations. Mr. Morvis was with IBA for more than eight years, beginning in 1966 as director of public relations and advancing to secretary in 1968.

## Indiana

■ JOHN W. ARBUCKLE, president, Indiana Bell, has been elected a director of American Fletcher National, Indianapolis.

■ MERCHANTS NATIONAL, Indianapolis, has promoted Robert P. Wright to vice president, Benton R. Millis to assistant vice president and assistant general counsel, James P. Mc-

Callister to branch manager and assistant cashier and Norman S. Hatch to assistant cashier.

■ LEX B. WILKINSON has assumed the post of president and CEO at American National, South Bend, following the resignation of Meredith Nicholson III, who has joined Glenview (Ill.) State as president. Mr. Wilkinson will continue as chairman and president and chief executive of American Affiliates, Inc., the bank's parent firm. In other action, Dale L. Schultz has been elected a vice president.



■ FIDELITY BANK of Indiana, Carmel, is building a two-story contemporary structure as its permanent home. The construction site is adjacent to the temporary home the bank has been using since its opening a year ago last month. The two-story structure will contain about 14,000 square feet of space and is expected to be completed late this year. The bank opened its first branch early this year in the executive headquarters of Aero Mayflower Transit Co.

■ PATRICIA W. MABBATT has been named assistant vice president and trust officer at First Bank, South Bend. She was formerly with Sears Bank, Chicago and Oak Park (Ill.) National.

■ ARTHUR H. McELWEE JR. has been named president and chief ad-

ministrative officer at St. Joseph Bank, South Bend, succeeding Jerome B. Kearns, who has been made vice chairman. Mr. McElwee was formerly executive vice president. John C. Schuster was named executive vice president to succeed Mr. McElwee.

■ ST. JOSEPH VALLEY BANK, Elkhart, has named Irvin L. Kloska vice president and E. Geer Dunbar branch manager.

## Kansas

■ OLIVER H. HUGHES has been elected chairman and CEO at Merchants National, Topeka. He succeeds Robert M. Bunten, who has been named honorary chairman. Mr. Hughes was formerly vice chairman of the bank.

■ EDWIN JENKINS JR. has been named vice president at First State, Topeka. He was formerly senior vice president at Capital City State, Topeka.

■ MRS. VELDA GILLILAND has been appointed assistant cashier at Security State, Great Bend. She will manage the bank's new Westgate facility, which is expected to open by November.

■ LARRY MAYER has joined National Bank, Wichita, as consumer loan officer. He was formerly with a Kansas City finance firm.

■ SOUTHGATE STATE, Prairie Village, has named Joe A. Herring vice president and Charles R. Brown assistant vice president. Both were for-

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merly with Commerce Bank, Kansas City, Mo. In other action, Charles W. Aldrich was promoted to installment loan officer.

■ MRS. RUTH M. SCHLATTER was honored by Industrial State, Kansas City, upon her retirement with a "Ruth M. Schlatter Day" throughout the community. She observed her 46th anniversary with the bank in August. She was a vice president and will continue as a director.

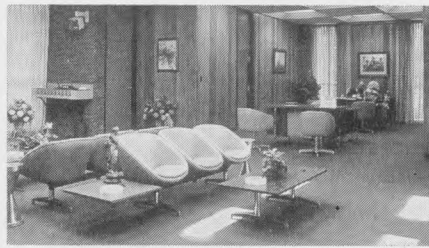
■ FIDELITY STATE, Topeka, has promoted John Bauer Jr. to assistant cashier and marketing officer and named Gary A. Williams to branch manager, succeeding Mr. Bauer.

## Kentucky

■ GEORGE M. BIGG has been promoted to vice president in the commercial loan division at Citizens Fidelity Bank, Louisville. He joined the bank in 1973, coming from Continental Illinois National, Chicago.

■ JAMES R. SIMPSON has been named auditor of Newport National. He was formerly a national bank examiner.

## New Home for Branch



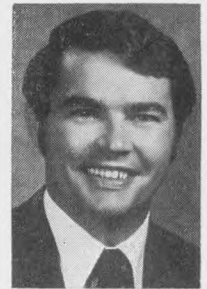
This is an interior view of the new home of the Lone Oak Branch of Citizens Bank, Paducah. The 20-year-old office recently had been housed in a mobile home. The new brick building contains 3,100 square feet and a basement records storage vault. Two new Mosler Pneu-Vista 800 drive-in units have been installed in addition to one drive-in window. Room for future expansion was designed into the drive-in system. The new structure also has Mosler security equipment—including the Photoguard 35 surveillance camera attached to the brick wall at left above the check-writing desk—Mosler vault door, night depository, safe deposit boxes and teller counters.

■ HENRY D. FITZPATRICK JR. has been elected president of Bank Josephine, Prestonsburg. He was formerly senior vice president and trust officer.

■ JOHN C. NICHOLS II, formerly an executive vice president at Citizens Fidelity, Louisville, has been named a senior vice president and chief financial

officer of Convenient Industries of America, operator of Convenient Food Mart stores.

■ MICHAEL L. DOUGLAS was promoted to vice president-trust operations at First Kentucky Trust, Louisville.



DOUGLAS

■ LIBERTY NATIONAL, Louisville, has purchased the Colgate-Palmolive Building for use by its computer and



Colgate-Palmolive Building in Louisville.

operations departments. The bank plans to utilize about one-half of the building's 42,000 square feet and will gradually take over the remaining portion as the need arises.

## Louisiana

■ CENTRAL BANK, Monroe, has elected James A. Altick executive vice president, named Ira Phillips Jr. and Roy C. Post senior vice presidents; Wendell P. Shelton vice president; Lonnie D. Brothers, Thomas R. Hyland and William C. McKie assistant vice presidents; Stan A. Hargett assistant cashier; and Elizabeth Nelson assistant controller.

■ NATIONAL AMERICAN BANK, New Orleans, has promoted Thomas J. Lattie to vice president, C. Bryan Frater and Scott S. Zelden to assistant vice presidents, James W. Brodtmann to banking officer and Robert T. Reynolds to assistant manager of the electronic data service.

■ DENIS O'CONNELL has been elected president of the recently established Louisiana Equity Capital Corp., a small business investment firm licensed by the Small Business Administration. The firm is a joint venture of Louisiana National, Baton Rouge; Bank of New Orleans; and Ouchita National,



Left to right, Robert Thompson, Norman Farris, Hubert Barksdale


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Monroe, and will provide venture capital to small firms in the state and the Gulf Coast area.

■ **LOUISIANA NATIONAL**, Baton Rouge, has promoted Paul L. Allen and Eugene Daniel to assistant vice presidents. They joined the bank in 1970 and 1966, respectively.

#### Treasury Dept. Award



Louisiana volunteer state chairman James H. Jones (r.), chairman and CEO, First National Bank of Commerce, New Orleans, presents the first Department of the Treasury "Twin Seal" award in Louisiana to Lieutenant Governor James E. Fitzmorris for his support of the U. S. Savings Bonds program, "Take Stock in America."



■ **MALCOLM A. LEVY** has retired as assistant vice president at Guaranty Bank, Alexandria, following 41 years of service. In photo, bank President A. R. Johnson III (l.), who is also president of the Louisiana Bankers Association, presents framed resolution to Mr. Levy commending him for his service with the bank. Mr. Levy joined the bank in 1933.

■ **SAL C. QUARTARARO** and John W. Fredericks have been promoted to vice presidents at First National Bank of Commerce, New Orleans. Stan Ellington was raised to assistant vice president.

## Mississippi

■ **HANCOCK BANK**, Gulfport, has installed an 812A PBX communication system which is expandable in 160-line increments to a total of 2,000 station lines. The system permits incoming calls to go directly to the departments and people concerned, according to Walter Hinkle, vice president-operations, at the bank. The installation is said to be the first of this type of phone system ever made by the Bell System.



Walter Hinkle, operations vice president at Hancock Bank, watches bank's operator use 812A PBX console. New equipment has enabled bank to cut its operator staff in half.

#### 'Star' Visits Bank



"Benji," canine star of the movie with the same name, stopped in at Mississippi Bank while in Jackson recently to promote the film. Sharing the honors of holding a copy of a Jackson street map with "Benji" is Max T. Allen Jr., bank president. "Benji" is a veteran of the TV circuit, having appeared in one show for nine years.

## Missouri

■ **THE NEW HARVESTER NATIONAL**, St. Charles, will open around September 15, with Paul H. Knoblauch, vice president, Region Five, Missouri

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Bankers Association (see page 96), as chairman and president. He also remains president, First National, St. Charles, and a director, First National, St. Peters. James Borgman, formerly customer service officer at First of St. Charles, has been elected vice president and cashier of the new bank, which will be located about five miles outside the city limits. Its vice chairman is Ralph Prinster, a real estate broker and vice president, Site Finders, Inc., Realtors. Board secretary is Robert R. Meers, president, Ellis-Rodes-Meers & Co., a general insurance agency. Paul F. Niedner, a St. Charles lawyer, is the new bank's legal counsel. Erwin H. "Bud" Schumpe, who has been in the agricultural business all of his life, is a director of Harvester National.

■ WILLIAM W. GILLMOR has joined Bank of Independence as an assistant cashier. He was formerly cashier at Missouri Bank, Kansas City. He is immediate past chairman of the Missouri Young Bankers.

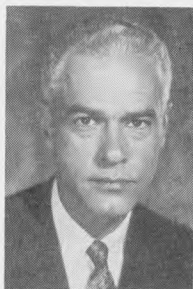
■ LYNN H. MILLER has been elected executive vice president and a director of Mercantile Trust, St. Louis. He will have responsibility for all commercial lending activities and for the national, correspondent bank, international and consumer banking departments. He was



MERSINGER



MILLER



DOXSEE



KIRK

formerly a senior vice president at Northern Trust, Chicago. Mercantile Trust has also promoted Stephen K. Rick to assistant vice president. Mercantile Bancorp. has elected Richard J. Mersinger and Leigh A. Doxsee vice presidents. They will be responsible for holding company planning activities and marketing, respectively.

■ JOHN R. KIRK JR. has been elected president of United Missouri Bank, St. Louis, succeeding John B. Prentis, who resigned recently. The bank has also elected Ronald C. Smith executive vice president and a director. Mr. Kirk is chairman of United Missouri Banks of Kirkwood and of St. Louis. Mr. Smith was formerly senior vice president at United Missouri Bank of St. Louis.

■ RICHARD H. THOMAS has been elected an assistant cashier at St. Louis County National, Clayton. He will be responsible for the customer services department.

#### Bank Houses Museum

The village of Milo made the Missouri tourist map for the first time this year, due to the Bank of Milo Museum, operated by J. D. Ochsner of Nevada.

The museum occupies the building that formerly housed Bank of Milo, which has been empty since the bank closed in 1943. A display of some 5,000 items gathered by Mr. Ochsner is open to the public in the 1908-vintage bank building on weekends during the summer months.

■ JACK G. BROWN has been promoted to trust officer at First National, Kansas City. He was formerly an assistant trust officer and joined the bank in 1971.

■ UNITED MISSOURI BANC-SHARES, Kansas City, has acquired First City Bank, Springfield, and First National, Milan, as its 16th and 17th acquisitions.

#### Design Award Presented

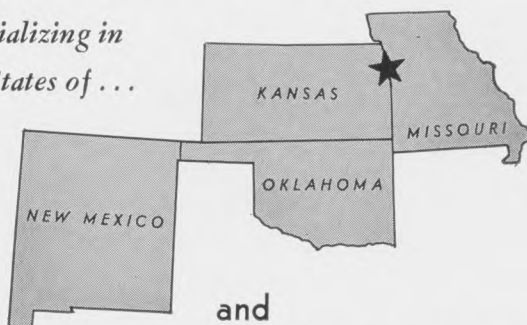


Clay Niemeyer (r.), president, Jefferson-Gravois Bank, St. Louis, receives award of excellence from William F. Cann, chairman, Bank Building Corp., St. Louis, recognizing outstanding design of bank's new facility. Jefferson-Gravois was one of 14 financial institutions receiving awards in Bank Building's annual nationwide design awards competition.

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## **Manchester Bank—Hampton Office**

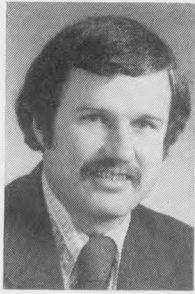
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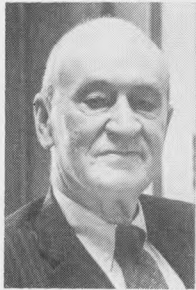
Member  
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SHY



BOESCHE



FOX



FRAHM

■ **COMMERCE BANK**, Kansas City, has named Frank Boesche, senior vice president, as chief administrative officer, and Paul Shy, vice president, as manager of the national accounts division, succeeding Mr. Boesche in that post. The bank has also elected Hal Payne an assistant vice president.

■ **JOHN FOX**, retired chairman and chief executive officer of St. Louis' Mercantile Trust, has been named president and a director, Bank of Ladue, located in suburban St. Louis. He succeeded William C. Ladwig. Mr. Fox was with Mercantile from 1933 until retiring in 1970. He was its president from 1962-67.

■ **ROBERT A. FRAHM JR.** has been elected to the board of Mercantile-Commerce Trust, St. Louis. He is a senior vice president in the commercial lending division at Mercantile Trust, St. Louis.

■ **AMERIBANC, INC.**, St. Joseph-based HC, has acquired Bank of Higginville. The acquisition is the seventh

to be announced in the past few months.

■ **FIRST NATIONAL**, St. Louis, has named Denning R. Smith marketing planning officer and John L. Dudash II marketing officer in charge of marketing communications. Mr. Smith came from Continental Illinois National, Chicago, and Mr. Dudash came from Liberty Loan Corp., St. Louis.

■ **MERCANTILE NATIONAL** of St. Louis County celebrated its grand opening last month. The ribbon was cut by James J. Reedy, president, and the money ribbon was donated to the Shriners Hospital for Crippled Children. The bank is located at Woods Mill and Clayton roads.

■ **BOATMEN'S NATIONAL**, St. Louis, has elected Frank C. Dunne, Adelbert A. Francis II, David A. Palmer and Robert J. Reynolds assistant trust officers. Paul H. Young Jr., executive vice president-treasurer, Seven-Up Co., has been elected a director.

### Chippewa Trust Groundbreaking



Chippewa Trust broke ground recently for its new banking facility at the corner of Gravois and Gertrude avenues in South St. Louis. Participants included (from l.) Norman B. Leppo, president, Planned Projects, Inc., architects for the building; Marvin Reiss, president, Gravois Businessmen's Association; Alderman Albert Holst; Robert Thill, Calhoun Contracting Co., facility builder; Clifford A. Schmid, bank president; William E. Peterson Jr., bank chairman; Malcolm C. Calhoun, Calhoun Contracting Co.; and the Reverend Bernard Boessen, president, Bevo Community Improvement Association.

## New Mexico

■ **ROBERT M. CASSON** has been promoted to vice president and auditor at Bank of New Mexico, Albuquerque. He had served as auditor since last year. Also promoted was Timothy R. Fischer to assistant vice president and assistant auditor and Lillie Chavez and James F. Karros to assistant cashiers.

■ **FIRST STATE BANK-RIO RANCHO ESTATES**, Bernalillo, has promoted Al Lane to assistant vice president and Mary E. Aguilar and Albert Burch to assistant cashiers.

■ **SAN MIGUEL STATE BANK's** application for establishment has been denied by the State Banking Department. The bank was to be located in Las Vegas.

■ **RUIDOSO STATE** has received approval to build a new Gateway Branch and to relocate its Ruidoso Downs branch.

■ **FIRST NATIONAL**, Albuquerque, has promoted Dolores A. Schultz and Mary Jean Sanchez to assistant cashiers.

■ **WILEY D. KERR** has been elected vice president of First National, Lordsburg. He had been with the Federal Land Bank Association of Las Cruces.

■ **FARMERS & STOCKMENS BANK**, Clayton, recently held an open house to show off its remodeled quarters.

■ **FIRST NATIONAL**, Clovis, has promoted Mrs. Betty Hodge, Mrs. Virginia Varga and Dale White to assistant cashiers.

■ **CITIZENS BANK**, Albuquerque, has named Tincy Joy Day and Judith L. Mues assistant cashiers. Jerrell A. Atkinson, CPA, was named an advisory director.

## Oklahoma

■ **ROBERT V. SELLERS**, chairman and CEO, Cities Service Co., has been elected to the board of First National, Tulsa.

■ **FIDELITY BANK**, Oklahoma City, has elected Doyle E. Groves assistant vice president and Wanda Cline assistant cashier. They both joined the bank in 1970.

■ **FIRST TULSA BANCORP.** has formed a marketing function headed by Denzil Oswalt. Vicki Maguire is marketing officer. The team will handle all marketing activities of the HC. First National Bank, Tulsa, lead bank of


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George Dudley,  
Correspondent Division

Clockwise from top:

J. Walter Peniston  
William O. Weis  
William J. Fisher



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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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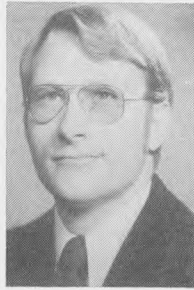
Member F.D.I.C.

the HC, will continue to function with its own marketing division headed by Lindsay L. Alexander, vice president.

■ **ROBERT J. REICHERT** has been promoted to vice president at Fidelity Bank, Oklahoma City. He has been in the correspondent bank division since 1971 and joined the bank in 1970.

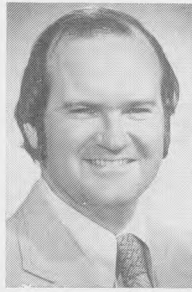


REICHERT



OSWALT

■ **GAINES S. DITTRICH** has been elected vice president of NBT Corp., Tulsa. He was previously an assistant vice president at First City Bancorp. of Texas, Houston. NBT Corp. and National Bank of Tulsa have elected Charles J. Waidelich to their boards. Mr. Waidelich is president, Cities Service Co.



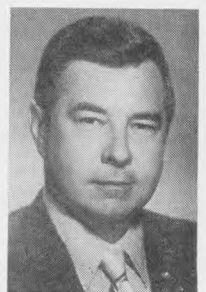
DITTRICH



FARMER



PAYNE



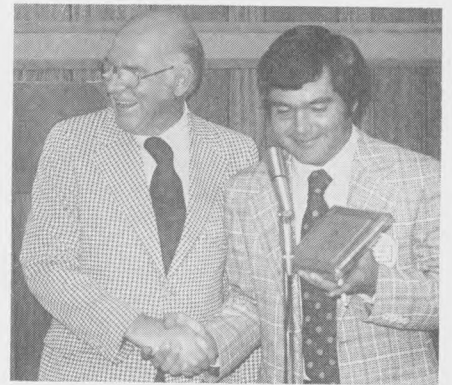
NEELY

■ **FIRST NATIONAL**, Oklahoma City, has elected John G. Farmer and Joseph H. Payne senior vice presidents and trust officers. Both men joined the bank last year. Jerry M. Williams was elected vice president and trust officer and Albert J. Bezdicek was elected assistant vice president and trust officer. Douglas W. Freebern and Michael L. Major were elected assistant cashiers. Robert H. Chitwood, president, Cities Service Gas Co., Oklahoma City, was appointed a director.

■ **CITY NATIONAL**, Lawton, has promoted Robert G. Lawrence to trust officer.

■ **WILLIS WHEAT**, senior vice president, marketing, at Liberty National,

Oklahoma City, recently accepted the 1974 distinguished service award of the Oklahoma City Advertising Club on behalf of the bank for the bank's "Let's Talk Business" communications and economic education campaign. Mr. Wheat is shown at left accepting award from John Farr, ad club president.



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**Tennessee**

■ **STEVE NEELY** has been elected president, Guaranty Mortgage Co., Nashville, which was purchased in 1972 by Nashville's First American National. Mr. Neely, with the bank since 1947, became a senior vice president in 1971. He has been a director of Guaranty Mortgage and has worked closely with the firm's officials for 24 years. Mr. Neely began his business career in 1940 as an administrative assistant to the late Representative J. Percy Priest.

■ **FIRST AMERICAN NATIONAL**, Nashville, has promoted David C. Deyhle, Richard H. Fitzgerald, Larry D. Hand and Donald R. Mullican to assistant vice presidents and named Roy Wayne Calvert trust officer. New officers include Donald Denbo, Jeffrey E. Lawrence, Zachry F. Martin, Vema S. Minor, Edwin W. Moats Jr. and Gary O. Sharp, who were named assistant cashiers, and Joel A. Troxler, who was elected an assistant trust officer.

■ **HAMILTON NATIONAL**, Chattanooga, has promoted Gregory K. Haskew to assistant vice president and branch manager and Ronald K. Baldwin and Stephen A. Bullard, assistant

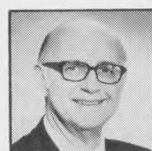
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Charles Rice



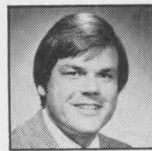
Marvin Bray



Jerry Philpott



Charles McNamara



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cashiers, to branch managers. Robert B. Kemp Jr. has been elected investment management officer.

■ **FARMERS EXCHANGE BANK**, Union City, has promoted Will M. "Ikey" Hudson to assistant vice president and trust officer and Woodie Cobb Jr. to installment loan officer and assistant manager of the time pay loan department.

■ **EDMOND D. BUSIC** has been elected assistant vice president at Hamilton Bank, Johnson City. He was formerly vice president, cashier and a director of Hamilton Bank of Warren County.

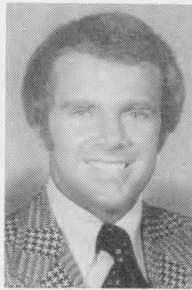
■ **FIRST AMTENN CORP.**, Nashville, has acquired Cleveland National, the eighth Tennessee bank to be acquired by the holding company, whose lead bank is First American National, Nashville.

■ **THIRD NATIONAL**, Nashville, has promoted Joseph H. Sayers Jr. to assistant vice president, Paul J. Brown to commercial officer and Hugh G. Eldredge Jr. and Calvin W. Fite Jr. to trust officers.

## Texas

■ **CORPUS CHRISTI BANK** is now operating in its new 20-story tower, which is located in the heart of the city's major business area and on the former site of the old Driscoll Hotel. The black Brazilian granite structure has a three-story banking area, which has one level above ground, with a large, raised two-story "open area" in the main portion. The bank also occupies one below-ground level. The new quarters have a community room, upper-level parking adjacent to the bank, employee dining facilities and all-new, expanded offices and banking areas. The building and windows are designed to withstand severe storms with winds up to 185 miles an hour.

This is exterior of new black Brazilian granite quarters of Corpus Christi Bank. Three-story banking area in foreground, attached to 20-story tower, has one level above ground, with large, raised two-story "open area" in main portion of bank, and one level below ground.



HUDGINS



NORWOOD



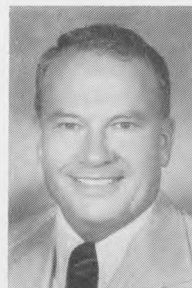
PROCTOR



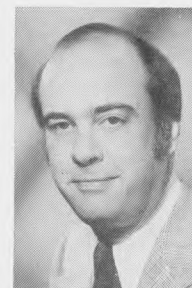
BUNTEN



McNABB



CORBETT



CAGE

■ **JOHN R. BUNTEN** has been promoted from senior vice president in charge of the southwestern division at Republic National, Dallas, to executive vice president in charge of the newly created U. S. division. This division is composed of the national, southwestern and public relations divisions, a new commodity division and Republic National Leasing Corp. Advanced from vice presidents to senior vice presidents at the bank were James F. Chambers III, Joe B. Fortson III and Robert T. Rork, all of whom also were elected to the executive committee. Mr. Chambers has charge of the consumer division under the metropolitan division; Mr. Fortson is in the real estate division; and Mr. Rork heads the metropolitan division's commercial division.

■ **FROST NATIONAL**, San Antonio, has promoted Fenner S. Corbett and R. Carl Hudgins to vice presidents. Mr. Corbett joined the bank in 1969, Mr. Hudgins last February.

■ **HAROLD W. (WOODY) McNABB III** has been elected vice president in the commercial loan division at National Bank of Commerce, Dallas. Clarence M. (Buck) Newsom was elected assistant cashier and head of the purchasing department.

■ **GARY W. CAGE** has been elected vice president-finance of Texas American Bancshares, Fort Worth. He was formerly with Price, Waterhouse & Co., Fort Worth. The HC elected Stuart Hunt of Dallas to its board recently and promoted Bob G. Scott to vice president and controller. Mr. Hunt is

chairman, Exchange Bank, Dallas, and president, Silco, Inc.

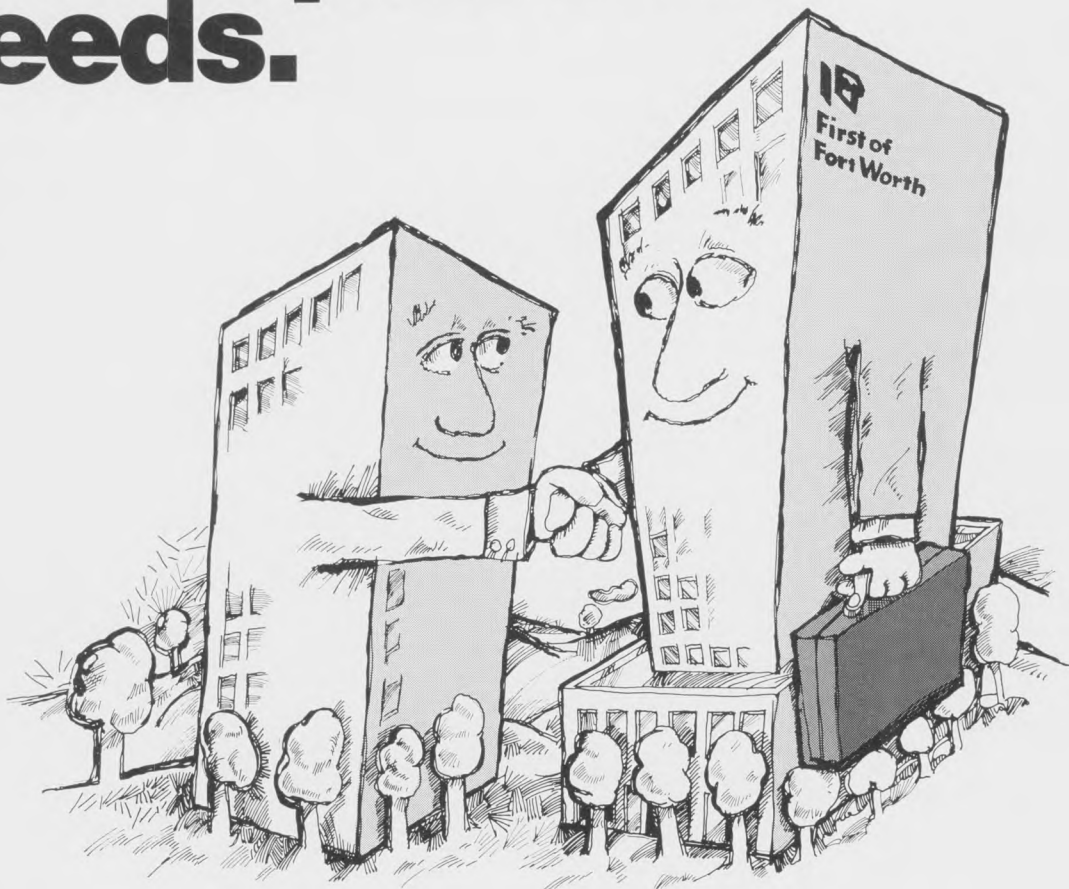
■ **FIRST NATIONAL**, Fort Worth, has promoted W. Charles Proctor to vice president and trust officer and Robert C. Goggins and Harvey L. Urban were elected assistant vice presidents. Thomas G. Pittman was elected an installment loan officer and Donald R. Smith and Charles C. Spahn were promoted to trust officers. First United Bancorp. has promoted Alan Q. Norwood Jr. to vice president and assistant secretary. Mr. Norwood joined the HC early this year, coming from First National, Fort Worth.

■ **HERITAGE NATIONAL**, Tyler, held grand opening ceremonies for its new office recently. The bank is housed in the new Independence Place, a four-story building on Highway 69. The bank occupies the first floor, having moved from temporary quarters in a shopping center. Highlight of the opening was the lifting of the traditional ribbon by a hot-air balloon. Customers were offered rides in the balloon during the day.



Heritage Bank President Allen M. Burt is shown in his new office in the bank's recently opened quarters in Independence Place.

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**ABA Pension Workshops Set for Fall Months**

The ABA has slated five one-day workshops on major pension legislation expected to pass Congress. The workshops will be geared to tell bank personnel managers and pension trust administrators, portfolio managers and trust operations officers what they need to do to comply with the new law.

The first workshop will be September 26 at the Mark Hopkins Hotel in San Francisco and subsequent meetings will be held October 1 at the Americana Hotel, New York City; October 3 at the Sheraton-O'Hare, Chicago; October 8 at the Fairmont Hotel, Atlanta; and October 10 at the Hyatt Regency Hotel, Houston.

A general session featuring a panel of bankers will cover eligibility coverage and vesting, tax treatment of lump-sum distribution, HR-10 retirement plans and plan termination insurance. A trust session and a personnel session will be held concurrently in the afternoon.

**\$13.8-Million Contract Signed**



J. W. McLean (l.), ch., Liberty National Corp., Oklahoma City, signs a five-year extension of a contract between the holding company's bank, Liberty National, and Western Union's National Sharedata Corp. At right is Daniel B. Stuart, pres., National Sharedata. Under the contract, the latter firm—headquartered in Dallas—manages the bank's computer facilities and markets automated data processing services to firms and banks in the area. The contract extension is valued at \$13.8 million.



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