

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

DECEMBER, 1974

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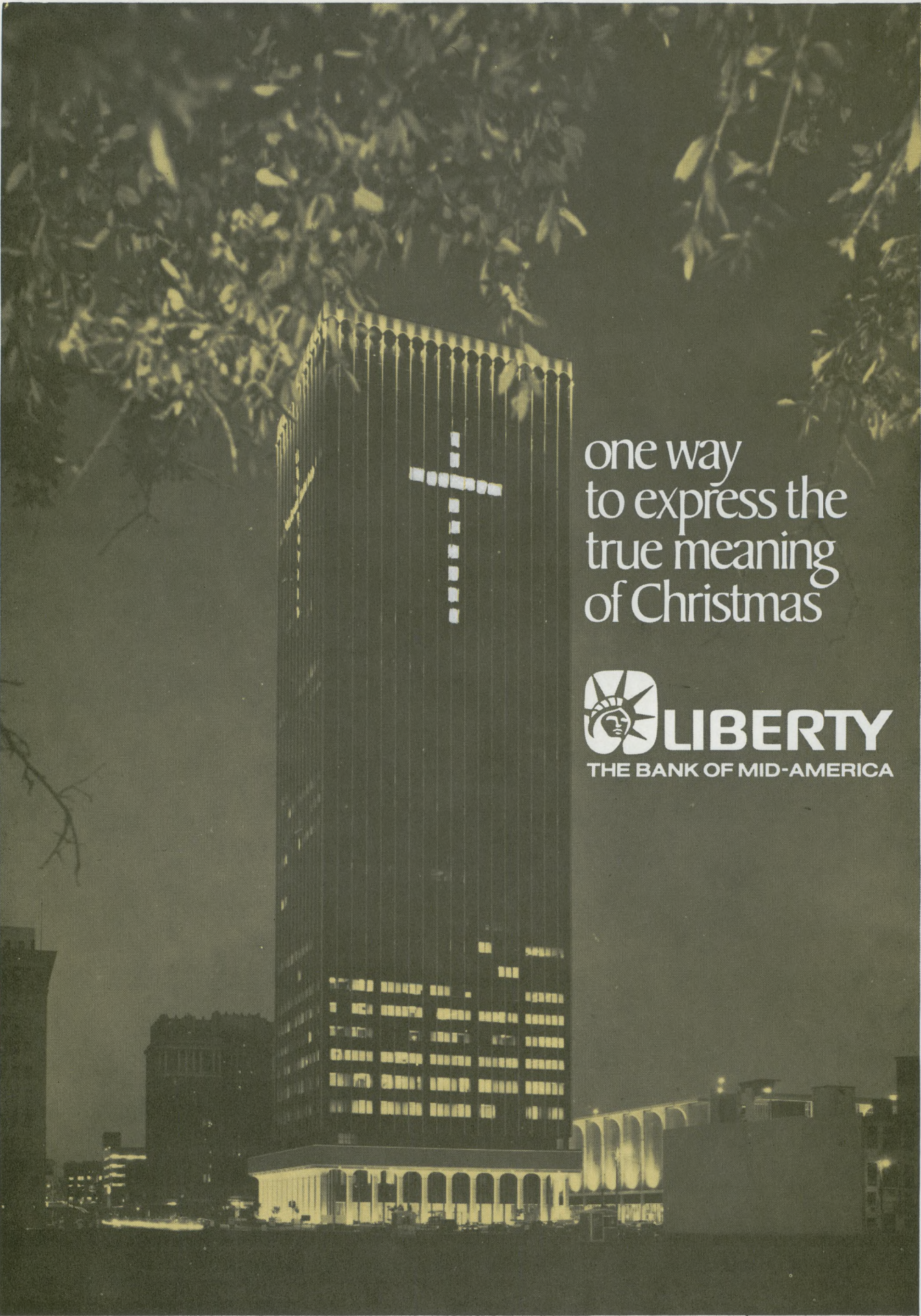
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of Christmas



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Convention Calendar

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

January

- Jan. 19-24:** Robert Morris Associates Loan Management Seminar, Bloomington, Ind., Indiana University.
Jan. 26-29: ABA National Trust Conference, Miami Beach, Fla., Hotel Fontainebleau.
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.
Feb. 9-11: Bank Marketing Assn. EFTS Seminar, Atlanta, Fairmont Colony Square.
Feb. 9-20: ABA National Installment Credit School (First Session), Norman, University of Oklahoma.
Feb. 19-21: ABA Bank Investments Conference, San Francisco, Hotel St. Francis.
Feb. 23-26: Bank Marketing Assn. Holding Company Workshop, Miami, Fountainbleau 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: Association for Modern Banking in Illinois Annual Convention, Chicago, Hyatt Regency 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.
May 18-20: ABA Southern Trust Conference, Williamsburg, Va., Williamsburg Lodge.
May 18-31: School of Banking of the South, Baton Rouge, Louisiana State University.
May 25-29: Assembly for Bank Directors, Hot Springs, Va., the Homestead.
May 26-28: AIB Convention, Minneapolis.
May 29-31: New Mexico Bankers Association Annual Convention, Roswell, Roswell Inn.

June

- June 8-20:** ABA National Installment Credit School (Second Session), Boulder, University of Colorado.
June 11-12: Indiana Bankers Association Annual Convention, French Lick, French Lick-Sheraton Hotel.

August

- Aug. 3-8:** ABA National Mortgage School, Columbus, O., Ohio State University.

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why MGIC, after
studying lender
needs, created
"MAGICUS"—a
whole new system
to aid institutions
and loan processors
using government
programs.**

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their builders and realtors as well as their community. And MAGICUS will help both new and experienced users of government programs streamline procedures and cut costs."

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The Banking Scene

By Dr. Lewis E. Davids

Hill Professor of Bank Management,
University of Missouri, Columbia

Functional Cost Analysis of Banks

FUNCTIONAL COST analysis of 942 Fed-member banks has been released. This study received little publicity in banking publications. Perhaps the reason is that it pertains to members of the Fed and excludes the bulk of non-Fed member banks. Another is that the topic is complex. It involves prororation of overheads.

A brief history of this study of functional cost in banks is appropriate. It was brought up first in 1958 at the Association for Bank Credit Control and Operations convention in Boston. As a result of the meeting, the Boston and New York Fed banks became interested in providing a simplified technique whereby smaller banks could obtain a better idea of their individual costs, thus exercising better control.

The heart of the concept is to provide banks with means of comparing efficiency of their various operations, measured by functional costs on a year-to-year basis, and a form of comparison with banks of like size.

Through this technique, it should be possible for bank management to focus on areas where costs are excessive, related to past years or peer banks in dissimilar circumstances.

Howard Crosse, generally considered progenitor of the Fed's functional cost analysis, has viewed the field. He points out that a commercial bank is conceived as a credit factory of which raw materials are funds placed at its disposal, principally by depositors, in part by stockholders. With these funds, a bank creates credit and sells it at a price, termed interest.

Cost of its principal raw material, deposits, consists of interest the bank pays to time and savings depositors and cost of the services rendered primarily to demand depositors, less service charges. The costs of making and servicing loans and investments are considered manufacturing costs in an accounting sense, deducted from income received.

Other costs, unrelated to processing

assets or deposits, that is, the hard core of overhead and administrative costs, are distributed to both assets and deposit operations in proportion to processing or direct operational costs. This method is recommended by the New York Clearinghouse Association in its booklet, "Bank Costs, Accounting Principles and Procedures."

Another assumption of the Fed's functional cost program is that a commercial bank, for all practical purposes, invests remaining funds without regard to whether they are demand or time deposits. In this concept, deposits in dollars are considered as fungibles. Thus, services the bank performs and sells will provide different sales prices and varying direct production costs.

The analysis enables banks to obtain better ideas of their individual costs, thereby exercising better control.

To illustrate, installment loans yielding highest gross are among the most expensive loans to make and service, but net return of loans and investments will indicate to bank management the relative merits of the portfolio mix. Mr. Crosse points out that the significance of a banking expense analysis does not necessarily lie in demonstrating that demand or time deposits are profitable per se, but that the principal benefit will be found in individual cost ratios derived from such an analysis, their year-to-year comparisons within the bank as a measure of progress in cost control and reduction, and comparisons of similar figures for banks, indicating cost areas requiring examination and corrective action.

For a more detailed explanation, Mr. Crosse's book, *Management Policies for Commercial Banks* (second edition), is recommended.

What was done by the Fed for members on a non-fee basis has been done by at least one of the "big eight" ac-

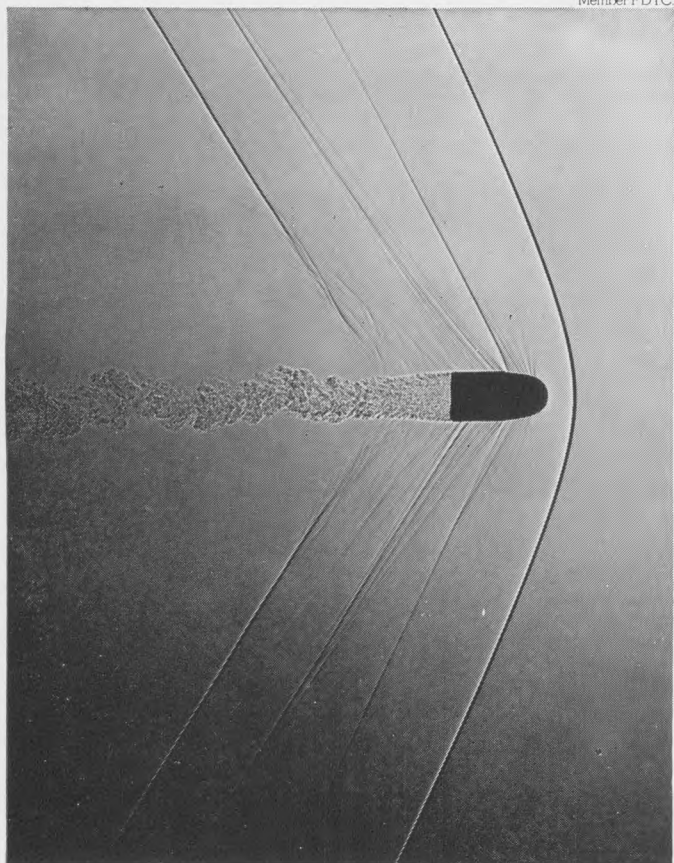
counting firms, providing state bankers' associations with a similar opportunity of having a similar functional cost analysis made, but the Fed and the accounting company have experienced little support for the concept. Reasons for this lack of support are not fully understood at this time, but it appears a number of bank organizations feel the time and effort involved in compiling various logs is not a reasonable trade-off for benefits received.

Some banks that participated in the early days of the functional cost studies felt the information was unrealistic to a small operation. They disagreed with findings of the study, but failed to perceive that the information used by the Fed was that which they had provided. Therefore, logs they provided either contained inaccurate figures for the bank or were accurate figures the bank failed to accept as being realistic.

Some smaller banks' managements felt too busy to take time getting information they deemed irrelevant, because they were making good profits, overall. Why take time and effort to break down items, knowing some of their services were offered at less than true cost as loss leaders, and for competitive reasons?

Having this overview of functional costs brings us to the current study. Its format has been the product of continuous evaluation since inception and reflects cost experiences of participating banks. The current study notes, "Prior to the development of the functional cost analysis program, it was apparent that the banking industry lacked a simplified, uniform system of cost accounting that would entail only modest data collection and would eliminate as many difficult judgments as possible. The functional cost analysis program is intended to fill this void."

The recent study, "Valuing Your Money Inventory," by Citibank of New York's Charles W. Kelly, deals with a bank's functional costs, concluding that
(Continued on page 112)



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NEWS ROUNDUP

News From Around the Nation

Self-Dealing Rule Made Final

National bank officers and directors will begin reporting March 1 on lending and outside business interests that might involve them in self-dealing that could be harmful to bank customers and to the public.

The rule requires disclosure of all outside business interests in which officers and directors have a 10% or greater ownership (5% in some instances). This provision was relaxed from disclosure by 5% or greater interest across the board in the original proposal made last June.

The rule also requires disclosure of all credits, deposits and agreements between a bank and a business where management had an interest.

Dropped was the controversial section that would have required banks to report whenever a business where management had an interest altered its deposit balance by 25% or more. In its place, the Comptroller ruled that banks should report when balances fluctuated beyond an expected range that should be outlined in an initial report.

The required information is only for the eyes of bank examiners, senior loan officers, directors, auditors and attorneys. The information is to be kept on file at the banks, not with the Comptroller.

Liquidity Check Broadened

The Comptroller of the Currency is requiring a maturity schedule of assets and liabilities from the 200 largest national banks and requiring regular reports of past-due loans from all national banks.

He is also tightening examination treatment of loans to large national corporations in which two or more banks provide the loan proceeds.

The new procedures are part of the Comptroller's program to bring bank examinations into line with modern banking practices and are expected to enable regulators to gain a better oversight of the banking system and provide senior bank officers with better tools for bank management.

The report on assets and liabilities is expected to enable regulators to analyze the matching of maturities of assets and liabilities. The inability to do this in the past was one of the major weaknesses of the now-liquidated Franklin National of New York, according to Comptroller James E. Smith.

Financial Reform Speedup Seen

According to Representative Wright Patman (D., Tex.), chairman of the House Banking & Currency Committee, the recent elections should result in the passage of considerable financial reform in the next Congress.

"I am convinced the next Congress will be activist," he said. "We are going to have a great opportunity to do things and to revise the negative policies which have hurt the nation so badly over the past six years."

Mr. Patman outlined four major congressional goals: Reconstruction of financial institutions to assure maximum competition and maximum flow of funds into the mortgage market; restructure of financial regulations to enhance competition and fix a fair credit policy; assurance that housing will receive a steady supply of loan funds; and reform of monetary policy to provide long-range economic stability.

Reserve Requirements Restructured

The Fed has announced a plan to restructure reserve requirements which will result in a slight easing of credit after December 12, while providing substantial incentive to banks to extend the average maturity of time deposit liabilities.

About \$750 million in reserves are expected to be released by the plan through reductions in requirements against time deposits due in four months or longer and against demand deposits in excess of the first \$400 million at each institution.

These measures will be partially offset by a rise in requirements against time deposits due in 30 to 119 days.

The action is designed to improve the liquidity of the banking system by encouraging longer-term time deposits.

SEC Gets Authority

The recently enacted omnibus financial bill contains a little-noticed provision that gives the SEC primary authority to set regulatory standards for financial institutions on securities matters.

Federal banking agencies have had this authority for more than 100 years.

The new law directs federal banking agencies to revise their securities regulations to make them conform to SEC rules on registration statements, annual reports, quarterly reports, current reports, solicitation of proxies, tender offers, insider reporting and disclosure forms. Future regulations also would have to conform.

Bank Hiring Bias Laxness Hit

The Treasury Department has been charged by Senator William Proxmire (D., Wis.) with laxity in enforcing bank compliance with federal equal employment opportunity laws. He said that Congress might have to take action unless the agency strengthened its enforcement.

The senator called on the Treasury Department to use its power to withdraw public deposits if necessary to force compliance, but Treasury spokesmen claim there has been no need for such action, since banks have responded satisfactorily to warning letters.

The General Accounting Office is expected to conduct a detailed investigation of the Treasury's compliance program.

Merry Christmas and Happy 1975 from The First family



*The First National Bank and Trust Company
of Oklahoma City*

NEWS OF THE BANKING WORLD

• **Robert W. Knapp**, who represents St. Louis' First National in several Mid-Continent-area states, has been promoted from assistant vice president to vice president. He joined the bank in 1966, and his territory is Texas, Oklahoma, Tennessee, Alabama and Louisiana.

• **William M. Matthews Jr.** has been named chairman and chief executive officer of Union Planters Corp. and its principal subsidiary, Union Planters National, Memphis. He continues as president of the HC, a post he has held since June, when he came from First National Holding Corp., Atlanta, where he also was president. Richard A. Trippier Jr. has been elected Union Planters National's president. He is president, R. A. Trippier, Inc., and has been a director of the bank since December, 1973. As president of the bank, he succeeds George C. Webb, who became vice chairman, a previously unoccupied post. Realignment of top-executive management coincided with the resignation of C. Bennett Harrison as chairman of the HC and bank. Mr. Harrison didn't announce his future plans.

• **Gabriel Hauge**, chairman, Manufacturers Hanover Trust, New York City, has been made 1975 chairman of the U. S. Industrial Payroll Savings Committee by Treasury Secretary William E. Simon. Mr. Hauge is believed to be the first banking industry representative to serve in that post.

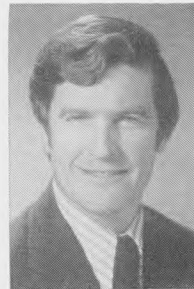
• **C. M. van Vlierden** has been made vice chairman, Bank of America, New York, described as the largest Edge Act international banking subsidiary in the country. Mr. Van Vlierden is executive vice president of the parent Bank



KNAPP



MATTHEWS



TRIPPEER



HAUGE



STERNE



STRICKLAND



McNAIR

of America, San Francisco. He holds top responsibilities for global planning and strategy in BofA's world banking division.

• **Robert O. Anderson**, chairman and CEO, Atlantic Richfield Co., has been elected a director of First Chicago Corp. and First National, Chicago.

• **Robert E. Tobey**, vice president, National Bank of Detroit, is the newly elected president of the Consumer Bankers Association. He succeeds Robert B. Doyle, senior vice president, Hartford (Conn.) National, who becomes a member of the CBA's board of

governors and executive committee. Other new CBA officers are: first vice president, Paul L. Stansbury, senior vice president, Valley National, Phoenix, and second vice president, Mason G. Alexander, senior vice president, Citizens & Southern National of South Carolina, Columbia. Both also are on the association's executive committee.

• **Trust Co. of Georgia** (Atlanta) stockholders last month established a conventional bank holding company as the bank's parent organization. The HC has taken the name Trust Co. of Georgia, and the bank has been renamed Trust Co. Bank. Since 1956, Trust Co. of Georgia has operated both as a registered bank HC and as a commercial bank. A. H. Sterne is chairman and president of the new HC. Robert Strickland was elected chairman of Trust Co. Bank and Champney A. McNair, president. William R. Bowdoin was elected chairman of the bank's executive committee, succeeding George S. Craft. Mr. Craft retired December 1, but continues as a director of both institutions. Mr. Strickland was the bank's president; Mr. McNair, executive vice president in charge of banking activities, and Mr. Bowdoin, vice chairman of the board.

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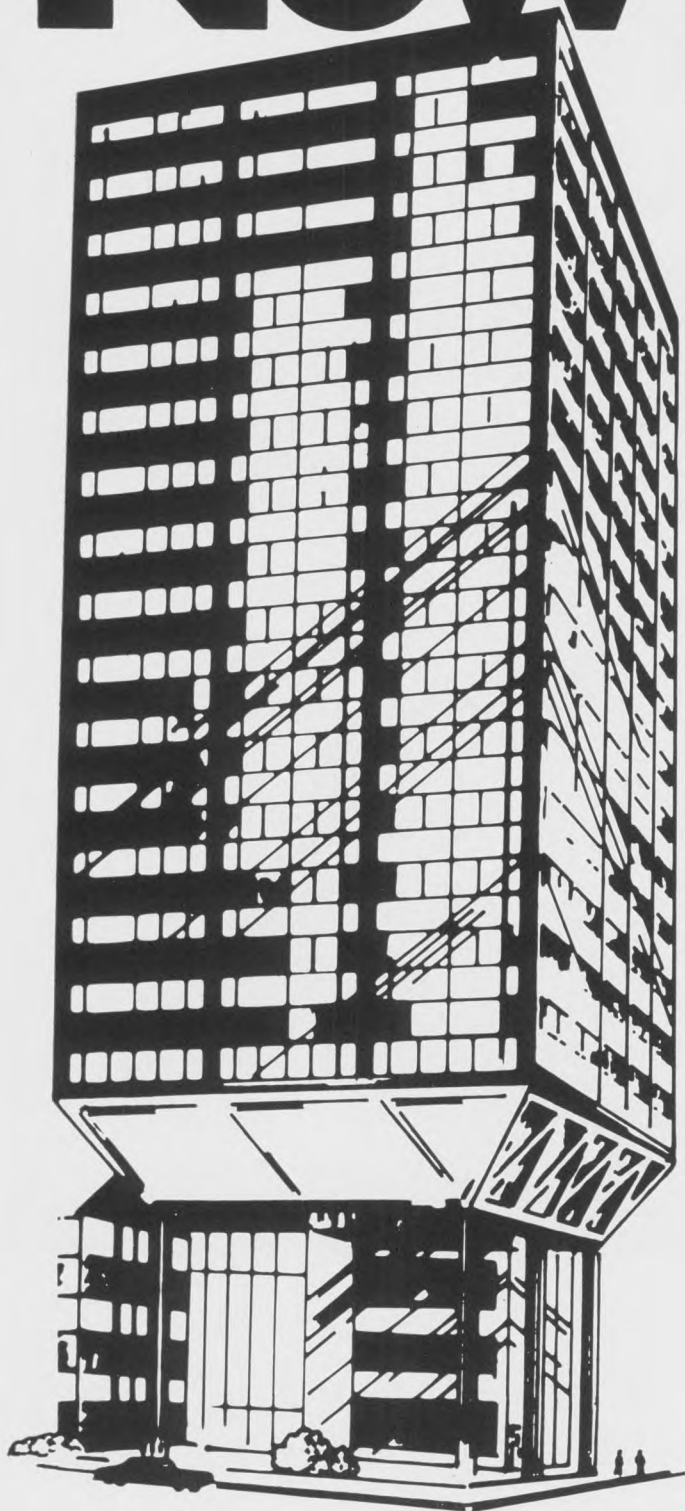
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MID-CONTINENT BANKER for December, 1974

Agricultural News

Agricultural Outlook, Inflation Fighting Main Topics at ABA Rural Affairs Event

RURAL BANKERS had to get up with the farmers to crowd in all the seminars and workshops planned by the ABA at its 23rd National Agricultural and Rural Affairs Conference, held in St. Louis last month. Approximately 800 bankers attended the three-day conference.

They were told that there is no depression in the economic outlook for 1975; that inflation's rate would drop to about 8% by the end of 1975, that short-term interest rates would continue to decline and that long-term rates would continue high as long as inflation continues high.

The agricultural outlook for the coming year includes a continuation of tight supplies of propane; a sluggish year for cotton, with a cutback on planting and a 37.9¢ loan rate; a corn price of \$3 per bushel by next summer if prospects for a large crop are good; the possibility of new highs for soybeans and acreage expansion in the South; milo prices of around \$5 in late spring and summer; and wheat prices dropping to around \$4 if the crop is good.

An improvement in 1975 hog profits was predicted, with prices peaking at around \$50, and a profitable position for cattlemen in some sectors, with prices rising to the mid-\$40 level.

Of the numerous concurrent workshops, the one titled "Financing Capital Requirements of Young Farmers" drew the largest attendance. Participating in this workshop was a young farm couple whose operation turns out 4,500 finished hogs annually.

The couple's advice to bankers was to break with the old traditions and consider the following points:

- Look for a man with a plan who has goals that might just shake up a banker. Make sure the client's goals are high enough so he is challenged to reach them.

- Treat farming as a business, with all agricultural buying decisions made in the same way other business venture decisions would be made.

- Teach the young farmer to make full use of his money so that this knowledge will become second nature to him.

- Put the emphasis on ability and

drive; make sure the farmer is a hustler, not afraid to work hard and long.

- Take the word "limits" out of the loan vocabulary. Don't use loan limits as an excuse for not adequately financing farmers.

In his first appearance as ABA president since the convention in Hawaii, George L. Whyel, vice chairman, Genesee Merchants Bank, Flint, Mich., outlined the four factors aggravating agricultural inflation.

"First," he said, "farmers have been hard hit by spiraling prices of inputs, particularly seeds, fuels and petrochemically based fertilizers and pesticides.

"Second, escalating land prices have increased the farmer's taxes and have discouraged potential growers from purchasing farms.

"Third, inflation has driven the farmer's credit requirements to record levels, but a tight credit market with high interest rates has limited the farmer's ability to finance expanded food production.

"Fourth, basic supply and demand shifts have pushed prices upward. The overflowing silos of the 1950s and 1960s have all but vanished in the face of increased worldwide demand."

Mr. Whyel also outlined a four-point plan for bankers aimed at curbing inflation, increasing farm productivity and returning stability to the agricultural sector.

He called for encouragement of anti-inflationary measures at the national level, calling on bankers to support reduced government spending in most areas. He also said bankers should support some type of world food reserve system and the development of a uniform U. S. policy of food exports that producers and distributors can depend on.

Bankers should also lend support to measures that will give the nation better control over its money supply and seek state action to repeal or liberalize usury ceilings. He said some state usury laws serve only to restrict access to urgently needed credit.

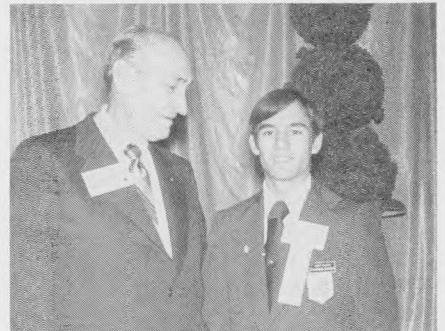
Banks must also take action to maintain an adequate credit flow for farmers and rural businesses, he said, and he called on bankers to make greater use of the Rural Development Act of 1972



Speaking at general session on first day of conference were Clifford M. Hardin, (l.) former Secretary of Agriculture in Nixon Administration, and Esther E. Peterson, former consumer adviser to President Lyndon Johnson. At right is Oliver A. Hansen, pres., Liberty Trust, Durant, Ia., conference ch.



J. C. Walton (l.) and R. L. Walton congratulate ABA Pres. George L. Whyel (r.) following latter's talk at conference. The Waltons are sr. v.p. and pres., respectively, Farmers & Merchants State, Bushnell, Ill. R. L. Walton is also ch., ABA Agricultural Bankers Div.



J. Rex Duwe (l.), newly elected ABA pres.-elect, and ch. & pres., Farmers State, Lucas, Kan., chats with Raymond Nickels, member, 4-H Report to Nation Team, who spoke briefly at conference.



Taking part in popular workshop for financing capital requirements of young bankers were (from l.) David W. Patchin, v.p., Nat'l Bank, Norwich, N. Y.; Thomas G. Brown, professor of farm management, University of Missouri, Columbia; and Mrs. and Mr. Wayne Heberer, hog farmers.

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and the Emergency Livestock Loan Act passed this year. He said a recent ABA survey showed that fewer than one-in-10 bankers polled had any loans outstanding or were presently processing guaranteed loans under the Rural Development Act.

He also told bankers they must strive to comply with the federal government's request for voluntary action on their part to insure top-priority in their loan portfolios assigned to housing, agriculture and industry.

The fourth area where bankers can fight inflation, he said, "is right across the loan officer's desk—in dealing with farm customers. Each time a farmer requests a loan, the banker must ask himself if the loan he is about to make is inflationary." Bankers should require ample loan documentation, including income statements and cash flow charts, he said. • •

Art, Anyone?

Bank Devises Charge Card For Acquisition of Fine Art

Customers of First Security Bank, Oak Brook, Ill., can become collectors of fine art through a new credit arrangement made between the bank and a Chicago-area art gallery.

Under the arrangement, the bank will issue a special charge card to be used solely for the purchase of artwork at any of the gallery's five locations in the Chicago area. Applications for the card were mailed to bank customers and are also available at the bank and at any of the galleries.

The cardholder agreement is similar to those of major credit cards with minimal monthly payments and a monthly finance charge of 1½% calculated on the average outstanding balance with a 25-day free period option incorporated.

"Exclusive artwork is no longer a luxury of the wealthy," said Larry Spoden, bank president. "Under our new program . . . almost anybody will be able to purchase fine art."

Bank Hits Sidewalks

R. N. Shafer, president, First State, Mendota, Ill., explains operation of mini-check book balancer during sidewalk sale at which bank maintained sales table. Items valued up to \$2.75 each were sold for \$1, with all proceeds going to local sweet corn festival committee.



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Community Involvement

Educational Aid for Spanish-Americans Developed by Continental Illinois National

A SPANISH-language kit for adult financial education has been prepared by Continental Illinois National, Chicago, for use by social agencies, business firms and banks.

The kit is a Spanish version of the bank's money-management education program, introduced in 1971. The Spanish-language version was created to help low-to-middle-income Spanish-speaking adults learn how to handle their personal spending patterns, solve their financial problems and become better-informed consumers.

The kits are available at nominal cost to banks in areas having large Spanish-speaking populations and at no cost to social agencies and adult-education programs.

"Offering this Spanish translation of consumer education materials could be particularly appropriate as a community-service project for a bank in an area with a large Spanish-speaking population," said Thomas G. Patterson, vice president of Continental Bank's keyline management services division, which is coordinating national distribution of the kits.

The Spanish translation of the materials resulted from a growing awareness by bank officials that Spanish-speaking Americans—who number more than 10 million nationwide and 250,000 in Chicago—often have a language handicap in dealing with financial matters.

"Many Spanish-Americans do not speak or understand English, and therefore find it difficult to understand financial transactions which are conducted in English or forms that are printed in English," said Charles R. Hall, executive vice president for administrative services at the bank.

"This program will translate those financial transactions into the language spoken by Spanish-Americans, and also will help explain some of the basic procedures involved," he added.

The course, "Wise Use of Buy Power," centers around a fictitious family and its acquaintances whose realistic personal money-management problems are used to illustrate the kinds of situations that may confront low-to-middle-income Americans during their daily activities.

The course is divided into 10 lessons, each dealing with a specific problem, such as buying a used car, signing a contract for purchase of consumer goods and handling financial emergencies.

So that the booklets can be adapted for use anywhere, Continental's name appears only on the title page to protect the bank's copyright. A fictitious bank, Urban National, is used in illustrations of banking documents.

Among the situations illustrated in the kit is that of a Spanish-American who bought a used car with a faulty transmission and worn brakes. He hadn't known about the defects when he signed the contract and he didn't realize until too late that the contract was for the car "as is." He was stuck with the contract—and the car.

Also illustrated is the case of a woman who gave a kitchen utensil salesman a \$50 down payment on a set of cooking pots and agreed to pay the balance when her pots were delivered. The pots never arrived, and the woman found that the company the salesman said he worked for didn't even exist.

"We feel the audience to whom this material is directed has a great need for the basic kind of information that closely reflects the financial problems of day-to-day living," said Mr. Hall. "We purposely kept the language simple, the situations down-to-earth and

Apparel Donated



John P. O'Connell, personnel dir., First Nat'l, Montgomery, Ala., assists Lt. Beatrice Kyzer, Montgomery Salvation Army, with loading of the bank's out-of-service career apparel. The bank donated about 3,000 old outfits to the organization.

have done everything we could to make the information useful to these families. We hope we can make a socially useful contribution to their well-being through this course," he said.

Continental has invested approximately \$250,000 in researching, writing, producing, printing and distributing its high school and adult versions of the Family Financial Education Program since 1968. The cost of translating and printing the Spanish adult version was more than \$32,000. • •

In Austin, Tex.:

Bank Fights Inflation With Publicity Program

The individual can fight inflation! This is the message being circulated by Allan Shivers, chairman, Austin (Tex.) National, in a publicity program utilizing TV, radio and newspaper advertising, as well as direct mail.

"Action by individual Americans can help bring our economy back in line," former Texas Governor Shivers says. "Each of us must commit to spending less and saving more. We need to be selective and to weigh our purchases against our real needs."

"If enough people make a concerted effort," he says, "the flow of money can be redirected. Some prices could come down. We can hope for lower mortgage, financing and tax rates."

Leon Stone, the bank's president, says, "We simply believe that serious action is needed to fight inflation—by government, business and individuals. None of us has done as much as we must. We feel the responsibility to speak out because we are all facing problems created by inflation and we think it's time we each realize we can do something about them."

Through 18 Outlets:

Fuel Conservation Brochures Given by Hamilton Bancshares

Brochures on how to save on power and fuel consumption are being distributed through the subsidiaries of Hamilton Bancshares, Chattanooga.

John Vorder Bruegge, president, Hamilton National, Chattanooga, the HC's lead bank, stated that the bank's position is in complete cooperation with federal, state and local authorities in the encouragement of voluntary conservation of energy.

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Commercial Lending

Sound Reasoning to Be Needed:

Closer Scrutiny of Credit Judgments Predicted by Incoming RMA President

AN INCREASING EMPHASIS on quality of loans and loan pricing was predicted by Frank R. Dyer Jr., newly installed president of Robert Morris Associates, at RMA's annual fall conference last month in Atlanta. Mr. Dyer is executive vice president, Philadelphia National.

He explained that more attention would be given to quality because bankers in commercial lending departments manage their banks' "risk" assets, and their first responsibility is the safety of their banks' depositors' money. He said that pricing would be emphasized because it's the key factor, apart from loan volume growth, that makes an impact on banks' bottom-line performances. Ultimately, he added, it will be banks' earning records that will attract more capital into the banking system.

The new RMA president told his audience that he doesn't suggest compromising on quality, nor does he deny the importance of a good operating record. However, he said, beyond these criteria, he offered a new consideration he calls "perspective" and which he said means, "Does it all make sense?"

In a limited growth environment, he continued, bankers, as lenders, will increasingly have the power to "make or break." The consequences of saying "No" today and tomorrow may be quite severe, he warned, because bankers can't assume that competition is waiting with open arms to embrace their rejects. Lending decisions based on an eagerness to capitalize on profitable opportunities may be in the best short-term interest of shareholders, said Mr. Dyer, but may not be in their best long-term interest.

"Our credit judgments will be more closely scrutinized," he predicted, "and we'd better be able to defend our decisions with sound reasoning. And so I say again—perspective—does it all make sense, not only from an earnings viewpoint, but in the context of the bigger picture—our communities and the economy."

According to Mr. Dyer, credit standards are being tightened and there's a premium on analytical know-how—

the kind of technical skills required to tear financial statements apart, sift out the good and the bad and develop conclusions based on sound financial reasoning.

"This is all part of the process of getting to know our customers better," he said. "I mean *really* developing an in-depth knowledge and understanding of what makes them tick—their strengths and their weaknesses—much of which can be brought to light by improved analytical procedures. This, it seems to me, will be another challenge for us—in short, to do the basics of our jobs better. Credit education has long been one of the real strengths of this association, and we mean to continue this emphasis in the period ahead."

Quantity versus quality. In his report as outgoing RMA president, Norman J. Collins said that bankers haven't lost their way, but have strayed considerably from the path of sound banking principles that were followed in the past. In their zeal to expand their activities and markets, he continued, and in developing full-service banks, at times the *quantity* of services seems to have been paramount and the *quality* of services only a secondary consideration. Furthermore, he said, bankers' financial and human resources have been devoted so heavily to expansion of peripheral outlets and/or lines that they literally were forced to neglect their major activities. Mr. Collins is senior vice president, South Carolina National, Columbia.

"Who among us," he asked, "has not seen banking organizations in which it was relatively easy to get \$25,000 or \$50,000 for legal and consulting fees in acquiring the two offices of Bid-a-Wee Finance Co. of Scrugg Harbor, West Dakota, but it was impossible to obtain \$5,000 or \$10,000 to carry out a training program so that personnel could better serve existing customers in the commercial lending area? The result has been a lower level of professionalism than we would have hoped to achieve and, accompanying this, there has been some compromise of the standards of excellence set out as the

basic objectives of RMA over the years."

Mr. Collins discussed some of the developments he believes made these results almost inevitable and offered some suggestions on actions bankers must take to "get back on course."

He pointed to geographic market extension and product-line diversification with their attendant expansion of banking activities and said he couldn't begin to estimate the cost in dollars and in management time and energy that has gone into them over the past decade. In just 10 years, according to Mr. Collins, there were more than 13,000 new domestic and 400 foreign branches, more than 1,000 bank acquisitions by multi-bank holding companies and—in the last four years alone—about 2,000 HC de novo notifications received on acquisitions received or approved by the Fed.

Mr. Collins said he believes it was Fed Governor George Mitchell who observed that there were more banks than there were good bankers in this country.

"Whether you accept or reject this idea," said Mr. Collins, "ask yourself how we could possibly have undergone such a vast expansion of our activities in such a short period without suffering some general decline in the professionalism in our industry."

Reflecting the great expansion in banking experienced in the last decade, the speaker continued, the number of employees in commercial banks increased by more than 400,000, or by nearly 70%. With this incredible growth in number of bank employees, he said, combined with an almost insatiable and immediate demand for line personnel, a decline in professionalism such as that recorded in the exchange of credit information was virtually inevitable. He pointed out that credit training programs were curtailed so that banks could meet the need for branch personnel and staff other operations.

"I think the time has come," said Mr. Collins, "when we reduce our efforts to determine just how far the definition of the banking business can be stretched, and we devote our energy instead to strengthening the basic fiber of the present business of banking."

The outgoing RMA president then made a few observations concerning the primary area of banking—and RMA members' primary area—interest-lending. Ten years ago, he said, interest and loan charges provided 64% of insured commercial banks' income, but today the figure is about 70%. Based on findings of the research department of a major bank, he continued, the

(Continued on page 72)

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The Bank of Greenwood, Greenwood; Tylertown Bank, Tylertown

Personnel

Bank Personnel Policies, Practices Upgraded, According to BAI Study

THE BANK ADMINISTRATION INSTITUTE'S recently published "Seventh Biennial Survey of Bank Personnel Policies and Practices" has shown a substantial movement among banks to upgrade and formalize personnel policies and practices.

Surveying more than 3,800 banks, the BAI found indications that the personnel function in banks is moving from part- to full-time activity; written personnel policies are becoming more prevalent, particularly in the areas of conflict of interest, drugs and solicitations; and more supervisors take part in personnel selection and placement. The survey indicates a more obvious effort by bank management to voluntarily improve internal communications through the personnel program and give a more formal status to personnel policies and practices.

Since the last poll, in 1972, the following conditions have emerged among participating banks:

- A 10% rise in turnover rates.
- A 6% conflict of interest and drug possession policy increase.
- A 2½% increase in four-day work weeks.
- A 10% increase in walk-in job applicants.
- If banks test applicants, the majority are tested for typing skills.

- Written salary administration policies rose by 2% to 38%.
- Six percent more banks gave two salary reviews to full-time personnel during their first year of employment.
- Banks with no written job descriptions have declined 8%.
- A 2% increase in full-time staff positions for women.
- Sixty-six percent of the banks had 66% or more women on their staffs.
- Personnel function manager reported to the president in 52% of the banks.
- Fewer banks had no mandatory retirement age for nonbank board members; 32% (a 5% increase) cited ages 65 or 70 as mandatory age limits.

The survey further stated that 39% of the banks had written policies on dress and appearance, while over 80% had no set grievance procedures.

New employees, particularly tellers, receive the greatest amount of training, most done on the job. Sixty-three percent of the banks used no audio-visual training aids, but the use of outside educational facilities increased in every category, with the American Institute of Banking ranking first at 91%, a 12% increase.

In answering a final open-ended

question, participants listed state and federal legislation, better understanding of modern adult education and training concepts and labor relations law as major concerns of additional needs to keep pace with personnel development over the next three to five years.

Copies of the BAI's "Seventh Biennial Survey of Bank Personnel Policies and Practices" have been mailed free to BAI-member banks as part of their annual membership. • •

BAI Releases Publication; Will Clarify and Advise On New Pension Reform Bill

PARK RIDGE, ILL.—Implications of President Ford's recently signed Federal Pension Reform Act are examined in the Bank Administration Institute's publication, "The Income Security Act of 1974."

Prepared by the BAI's actuarial firm, Hewitt Associates, Deerfield, Ill., the report is divided into two sections, one explaining implications of law from minimum standards established for plan participation and vesting to a timetable for compliance and the second summarizing the act in detail.

According to the report, minimum standards set by the act for plan participation and vesting probably will favor employees in a number of areas:

- Early entry into the plan, with age 25 and one year's service standard, extending coverage to most employees shortly after they're hired.
- Greater status for part-time, seasonal and re-employed participants.
- No removal of benefits, once vested, except for a limited number of causes.

White Orchid Possesses Secret Power That Kills Tedium in New Orleans

FIRST NATIONAL BANK OF COMMERCE, New Orleans, has made great progress in the proof transit department, exchanging the tedium usually associated with that work for enjoyment by those employed there.

The plan is simple. Those processing over 10,000 items in an eight-hour period are rewarded with an invitation to join the elite "White Orchid Society," receiving an orchid as a membership badge.

The society was formed in September, 1973, by Vice President and Operations Manager John Rehage and Proof Transit Manager Mary Roig. The pro-

gram not only honors outstanding proof operators, but incites others to higher output. Fourteen operators have merited membership so far, with one charter member, Verna Turner, holding the record of 18,800 items processed. One worker reached the 10,000 point after only three months in the department. Another declined the flower when asked to join the society. Luis Landa was happier with the box of cigars given him.

With the society, First NBC has gotten its personnel more involved with balancing of deposit items, correcting errors and preparation of other items for computer processing. • •

OSHA Checklist Published

The Bank Administration Institute has developed a "Self Inspection Checklist," to prepare banks for state and federal compliance inspections under the Occupational Safety and Health Act of 1970 (OSHA). The checklist, which enables banks to inspect their own premises for compliance, follows an earlier BAI publication, "The Occupational Safety and Health Act of 1970 as It Applies to Banks and Bankers," describing bankers' duties and responsibilities under the act.

The new checklist's questions are constructed so a "no" answer will indicate potential problem areas, resulting in citations and fines during a government inspection.

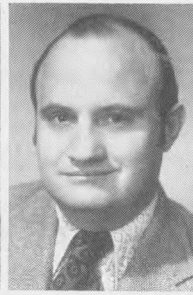
Copies of the publication have been mailed to all BAI member banks without charge.

Corporate News Roundup

• **Bank Building Corp.** Andre J. Piot has been named general manager of BBC BancServices, a division of Bank Building Corp., St. Louis, and George P. Cardis has joined the corporation in the northern financial facilities division as a consultant service manager. He will represent the corporation in the



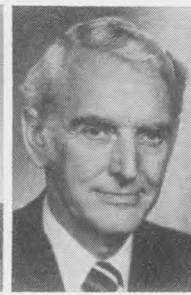
PIOT



CARDIS



SILBERNAGEL



MacDONALD



SHANKL

Chicago metropolitan area. Mr. Piot joined Bank Building in 1971, following his employment with Monsanto Co. Prior to joining the corporation, Mr.

Cardis held several executive positions with general contracting and real estate development firms in the Midwest.

• **CMI Investment Corp.** Edward G. Silbernagel has been named president of CMI Credit Insurance, Inc., a subsidiary of CMI Investment Corp., Madison, Wis. In other action, Robert Shanklin was appointed assistant vice president and sales manager for Continental Mortgage Insurance, Inc., another CMI subsidiary. Mr. Silbernagel has been executive vice president of CMI Credit since its creation in 1970. Bruce Thomas, chairman of CMI Investment Corp. and president of CMI Credit since its inception, will become chairman of CMI Credit. Mr. Shanklin, who has been with Continental since 1971, succeeds Thomas L. Kuehne, who was promoted to vice president-marketing for the parent company.

• **Howard Weil Labouisse Friedrichs, Inc.** Vice presidents A. Pike Howard II, J. Alfred Levert II, John B. Levert Jr. and D. Denis Murrell were named directors of Howard Weil Labouisse Friedrichs, Inc., New Orleans, recently. Mr. Howard has been with the firm since 1969; J. A. Levert since 1966; J. B. Levert Jr. since 1970 and Mr. Murrell since 1962.

• **American Express Co.** New titles for general managers of the American Express Co.'s travel-related services divisions were recently announced. Michael E. Lively has been named president, travelers cheque division; Ray F. Mullan, president, money order division; Aldo Papone, president, travel division, and Maurice Segall, president, card division. Mr. Lively joined American Express in 1949; Mr. Mullen, 1958; Mr. Papone, 1974, and Mr. Segall, 1971.

• **Mosler Safe Co.** Mosler Safe Co., Hamilton, O., recently announced the election of Joseph MacDonald as senior vice president and general manager, corporate marketing; Albert Kocher, vice president-business and product planning and Edward J. Mulvey, vice president and general manager, electronic division, Danbury, Conn. Mr. MacDonald will direct the organization's sales, installation and service operations.

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MEMORANDUM TO: BANK OFFICERS
FROM: Carter H. Golembe
RE: Bank Expansion Quarterly

Effective expansion strategy for banks and bank holding companies depends on precise and current information on industry developments. This is available in Bank Expansion Quarterly, a Golembe Associates publication now in its eighth volume.

Four times each year, BEQ provides information drawn from all applications filed with federal regulatory agencies for acquisitions, mergers and *de novo* expansion. Nine key facts are given for each acquisition, including price, premium, and dilution. One major section of BEQ is devoted to bank mergers and bank acquisitions by bank holding companies. Another major section provides the same kind of essential financial data for each non-bank acquisition by a bank holding company.

Each volume of BEQ also analyzes significant developments in bank mergers and acquisitions, non-bank activities, and branching. The 250-page Volume VIII discusses the expected ruling by the Comptroller of the Currency to allow national banks to set up off-premise automatic tellers and point-of-sale terminals.

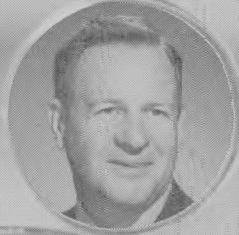
I sincerely believe that the factual material provided by BEQ is an essential tool for expanding banks and bank holding companies. And I know that the annual price of \$375 for this kind of financial information is far below the cost of gathering it on an individual basis.

If you would like to subscribe to BEQ or want more information, please drop me a note.

If you have a banking problem here are nine great solutions.



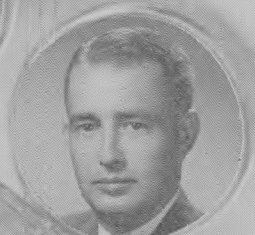
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Holding Companies

Fed Denies American Fletcher's Bid To Acquire Savings & Loan in Phoenix

THE FED has denied a bid by American Fletcher Corp., Indianapolis, to acquire Southwest S&L, Phoenix, citing insufficient capital as the basis for the denial.

The action is seen as leaving the door open for consideration of other acquisitions of S&Ls by bank HCs, since no suggestion was made that such an acquisition would be denied under normal economic conditions.

The Fed said the acquisition was denied because it would drain too much money from American Fletcher, which planned to buy the S&L with loans from banks affiliated with the HC.

The Fed also cited the fact that American Fletcher would need to make a "continuing infusion of capital" to the S&L, which, due to the HC's "highly leveraged" position, could hurt its ability to "deal with adverse conditions in the economic environment."

The denial added weight to the Fed's recently stated view that bank HCs should generally slow their ex-

pansion rate into new activities and should direct their energies toward existing operations.

Both the Federal Home Loan Bank Board and the National Association of Mutual Savings Banks were against the acquisition, the first citing that any acquisition would have had adverse economic effects and would be inconsistent with congressional intent. The latter organization said such an acquisition would have adverse effects on competition.

American Fletcher has been attempting to acquire the S&L since April, 1972, when it announced an agreement to purchase 80% of the S&L's outstanding stock. The Fed ruled in August, 1972, against permitting HCs to acquire S&Ls. American Fletcher went to court to force a decision based on the merits of the case. The HC's suit was withdrawn early in 1973 and its application to acquire the S&L was refiled with the Fed soon thereafter. The Fed responded in August, 1973, by announcing it was reopening the question of S&L ownership by HCs. ••

Suit Filed Against BofA Corp.

A data processing firm in New Jersey is suing BankAmerica Corp., San Francisco, and its financial computer services affiliate, Decimus Corp., charging violations of the Sherman and Clayton acts and charging the HC with monopolizing data processing services provided to commercial banks.

The suit resulted from BankAmerica's establishment of a de novo office in New Jersey, some 30 miles from New York City. Similar offices are being considered for the Chicago area, as well as other locations throughout the country.

The suit alleges that ownership and control of Decimus by BankAmerica "is contrary to the public interest and is not a proper incident of the limitations of defendant bank" and thus violates the Bank Holding Company Act amendments of 1970. The amendments permit banks to establish offices for their non-banking operations throughout the nation, overriding state laws prohibiting interstate expansion of banking per se.


- **First Arkansas Bankstock Corp.** recently published its intention to file an application with the Fed to establish de novo a credit life and disability company to be known as Consumers Protective Life Insurance Co., an Arizona full capital credit life company. FABCO is located in Little Rock.

- **The Fed** recently announced approval of an application by First Tennessee National Corp., Memphis, to engage in additional credit-related insurance agency activities through its subsidiary, Tower Loan Co., Hannibal, Mo.

- **The Fed** has announced approval of the application of Southland Bancorp., Mobile, to become a bank HC through acquisition of Merchants National, Mobile, and City National, Birmingham.

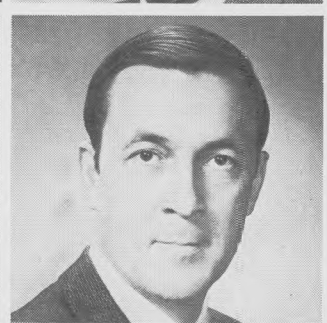
- **The Fed** announced modification of its July 3rd order, which permitted Alabama Financial Group, Inc., Birmingham, to engage de novo in certain insurance activities. The Fed has rescinded approval for the HC to act as agent in the sale of mortgage guaranty insurance.

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



George Dudley,
Correspondent Division

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



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

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

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

know how to solve problems like yours.

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

FIRST NATIONAL BANK

of Kansas City, Missouri

a Charter Bank 

Depend on The First People.

Member F.D.I.C.

Installment Lending

ABA Study Shows Spending Is Up, Buying Is Down in 1973

CONSUMER SPENDING slowed in 1973, even though Americans spent more to purchase goods and services than they did during 1972, the ABA has reported.

After figures are adjusted for inflation, consumer spending increased only 2½% in 1973, compared with 7% in 1972, Alan R. Ettman, associate director, ABA Installment Lending Division, stated.

Citing the ABA's latest annual "Installment Lending Survey," he said the year began very strongly with consumer spending slowing abruptly after a high first quarter rate.

Mr. Ettman stated, "Consumer outlays rose \$26.8 billion in the first quarter but only \$9.2 billion in the fourth." Consumer credit growth rose only \$1.8 billion the first quarter, jumping to \$7.5 billion in the fourth quarter.

Despite slowing consumer spending, there was a 14.5% increase in total consumer credit outstanding during 1973, exceeding the previous year's 13% rise. At 1973's end, total consumer credit outstanding was \$180.5 billion, of which \$33 billion was non-installment credit.

Mr. Ettman pointed out that the

consumer credit surge at a time of slowing consumer spending is explained to a great extent by the strong inflationary pressures in 1973, particularly in the year's latter half.

He said that inflation, especially at high rates, encourages borrowing and discourages saving. When money's purchasing power declines faster than money can earn in savings, the incentive to save is reduced and the incentive to borrow increases, due to the prospect of paying back borrowings with depreciated dollars.

The rapid rise in prices, especially essential budget items—food and gasoline—forced many families to take on more debt while attempting to balance family budgets.

"These pressures on family budgets accounted for the sharp increase in delinquency ratios late in 1973," Mr. Ettman said.

Banks continued as the nation's installment lending leaders in 1973, he said, even though they lost a small share of the installment lending market. Bank loans accounted for 53.4% of the increase in installment credit in 1972 and only 48.3% a year later.

Mr. Ettman went on to say that

other financial institutions—except finance companies and retail outlets—experienced slight drops in their relative shares. Finance companies increased their share of the installment credit rise from 20% in 1972 to 25.6% during 1973.

The expansion in installment credit alone was especially strong in 1973, climbing 15.8%, compared with a 14.4% increase the previous year.

Non-installment credit rose only 9.3% in 1973.

The installment lending survey contains statistical information gathered from 826 banks on such subjects as portfolio mix, current loan terms, income and expenses, losses, bank card and check credit operations and new lending areas—automobile leasing and simple interest payment plans.

This study may be obtained from the ABA's Order Processing Department, 1120 Connecticut Ave., N.W., Washington, D. C. 20036. Cost is \$5. Please refer to catalog #2045, Installment Credit Survey 1973. • •

Home Improvement Loan Increase Due to Inflation, ABA Says

WASHINGTON, D. C.—Home improvement loan volume is expanding significantly faster than total installment loan volume, Alan R. Ettman, associate director, ABA Installment Lending Division, reports.

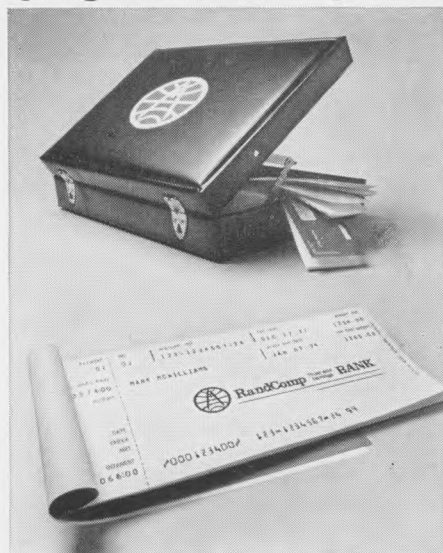
"A comparison of loan volume between the first seven months of 1973 and 1974 shows home improvement loans increased 11%," he said.

Gains in the home improvement area are the result of the stress inflation has put on the home buyer, builder and lender, according to Mr. Ettman.

Because of increasing home and mortgage costs, more people are improving their present homes rather than stepping up to larger, more expensive ones, a trend that will continue as long as money is tight and inflation continues to bite into family income, Mr. Ettman continued.

After the first seven months of 1974, total consumer credit volume was \$98.948 billion, compared to \$96.175 billion for the same period in 1973. Home improvement loan volume for the same 1974 period was \$2,962 billion compared with \$2,671 billion at the end of July, 1973.

Your Rand McNally man knows how to plug the holes in your coupon book operation.



Certainly as a bank official, you will be interested in a coupon system that gives you the finest coupon available as well as over 99% readability, 100% flexibility and excellent audit controls.

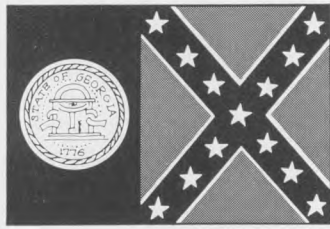
Your coupon can be as simple or as complete as you wish. Optional pre-printed data covers a broad range, including interest and method of calculation, scheduled balance, gross payment amount, payment date, and whatever else is pertinent to the loan. With no additional charge.

Talk to your Rand McNally man. He can help fill the gaps in your present coupon book system.

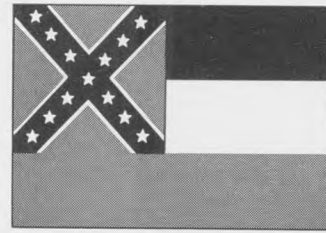


RAND McNALLY
Financial Systems Division

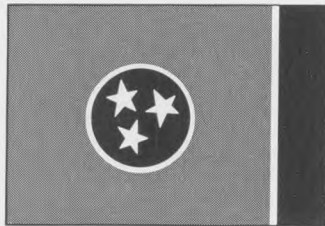
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206 Sansome St., San Francisco, Calif. 94104



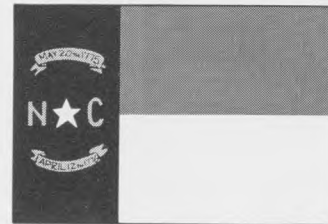
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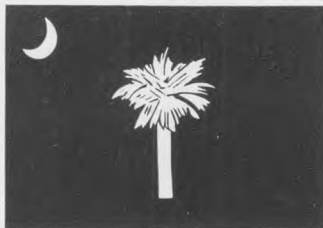
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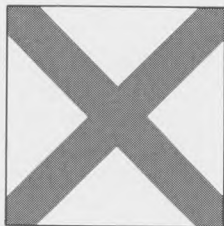
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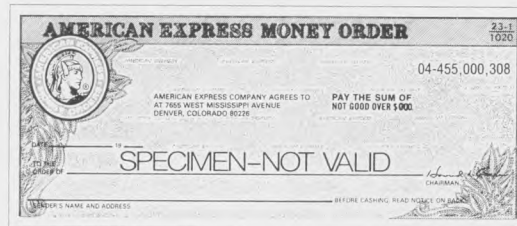
SOUTH CAROLINA



FLORIDA



ALABAMA



NOW, 332 FINANCIAL OUTLETS IN the south.

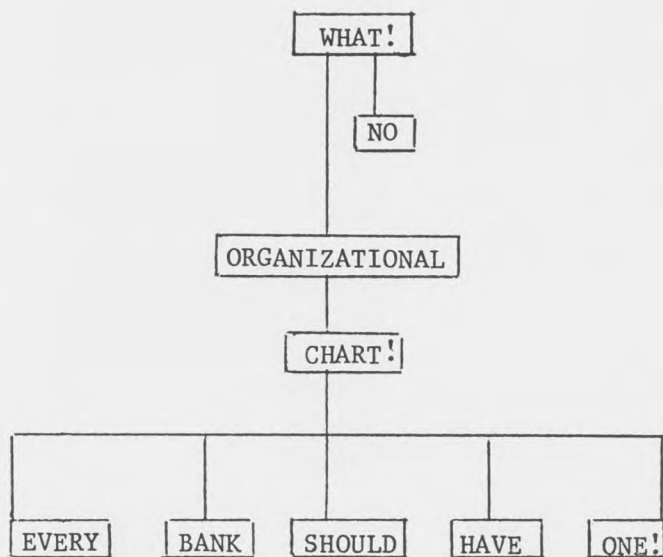
Southern bankers know a good thing when they see it! In less than a year's time, 332 offices of banks and savings and loans in the South have signed on with the new Financial Institution Money Order Program (F.I.M.O.) of the American Express Company... and every month the number increases. With fast success like this, you know the Program has something special to offer. Find out today just why so many southern financial institutions, and indeed institutions all across the nation, are rapidly going with the new FIMO Program. Complete information takes only a phone call or a letter. Write or phone today:

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AMERICAN EXPRESS

American Express Company, Money Order Division

Operations



By OSCAR W. JONES

Director
Loss Prevention Services
Scarborough & Co.
Chicago

NOT LONG AGO, an assistant vice president at a \$75-million bank (with a staff of 119 persons) was asked, "To whom do you report? Who is your senior officer to whom you are directly responsible and accountable for your function?"



Would you believe that, "Well, there's no certain one . . ." was his answer!

Further questioning revealed that he had been employed at the bank over three years. It's no wonder he hadn't had a promotion since he had been hired. Nobody had undertaken to evaluate his performance. Nobody knew to whom he should report!

But it wasn't until the bank's president was questioned on the matter that the real problem was finally exposed. For when the president was asked as to just where on the organizational chart the assistant vice president fitted, it was learned that the bank had never yet developed an organizational chart! Instead, 119 persons were expected to miraculously coordinate their functional performances, in the complete absence of any clearly defined lines of authority and responsibility, and somehow run a \$75-million bank!

It should come as no surprise to anyone that this bank's return on its shareholders' equity over the past five years has averaged only 6% a year. A loss is expected in the current year. However, in the absence of clearly defined lines of authority and responsibility for a staff of 119 persons, this bank is actually fortunate to have had even a 6% return on equity over the past five years. It is certainly understandable that a loss can be expected in the current year.

For today's highly competitive financial atmosphere certainly is no place for a bank that hasn't even yet developed its organizational chart!

"But," the small-town or suburban banker may respond, "our bank has only 25 (or 15 or 7) persons on its entire staff! We don't need an organizational chart! We're not that big!"

Of course this is fallacious thinking. For the lower the bank's payroll budget, the more demanding it becomes that bank personnel be utilized to the maximum of their talents and abilities, with a minimum of duplication or overlapping of duties. On the other hand—in the case of the bank with a staff of 119 persons—the sheer numbers themselves demand that clearly defined lines of authority and responsibility be charted.

And yet, across the nation, one will probably find the organizational chart to be the most neglected management tool available to the bank. Especially is this true in banks under \$100 million in size. Perhaps its absence from most banks this size stems from the bankers' failure to recognize its merits.

But bankers who have used the or-

ganizational chart will be the first to say that, through its charting of clearly defined lines of authority and responsibility, it will provide:

1. Assurance to members of the bank's staff as to just what their individual duties and responsibilities are.
2. Clearer guidelines for management's establishment of salary and benefit scales and schedules.
3. Clearer guidelines for the bank staff's understanding of individual reporting responsibilities.
4. Maximum utilization of officers' and employees' talents and abilities.
5. Maximum output of operational work flow.
6. Higher morale among bank personnel.

A few questions and answers—

Q. Is an organizational chart difficult to understand and to follow, once it is established?

A. An organizational chart is so simple that bank personnel would have to have help to *misunderstand* it! (Put it another way: Don't hire anyone who *can't* understand it!)

Q. Who should first establish the bank's organizational chart?

A. The board of directors, with the full participation of the bank president, should establish the organizational chart.

Q. Is outside professional assistance necessary, or desirable, in establishment of an organizational chart?

A. Consultation with the bank's outside independent accounting firm may prove helpful, especially if the bank has—say—more than 100 persons on its staff.

Q. Should the organizational chart be reviewed periodically by the directors and management?

A. The organizational chart should be reviewed at least annually by the board, with the bank president's full participation. Also, the chart should be reviewed at other times in the light of the establishment of, or changes in, any major bank management policies and/or procedures.

Conclusion. Bankers who haven't yet taken full advantage of this splendid management tool should establish its use and thereby begin to enjoy smoother operations, maximum efficiency and higher morale in their banks.

Cost to implement in a \$50-million bank:

1 pencil	10¢
1 sheet of paper the size of an 8½×11-inch page	5¢
TOTAL COST	15¢

Cost of failure to implement: \$?

BETTER TOOLS BUILD BETTER BANKS.

When the construction of a bank is completed, that's when the *real* building begins; the building of business. And because the foundation of a bank's business is its checking program, Harland has designed ALL NEW SALES TOOLS to help your New Accounts people sell your bank's checking program. New portfolio. New lobby folder. New check selection folder. And several completely new checks to aid in building business. Whether your bank is old or new, large or small, Harland's exciting new products and marketing ideas can help. Ask your Harland Representative about what's new.

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Help You Keep On Building.

HARLAND

FINANCIAL STATIONERS - P.O. BOX 13085, ATLANTA, GEORGIA 30324



Missouri Bank Mounts PR Program To Establish New, Unstuffy Image

“ON YOUR WAY to tomorrow” was the slogan devised by Boone County National, Columbia, Mo., as the foundation for a campaign to change its image as a “rich man’s bank” to that of one serving its target audience, people 25 to 49 years old.

At a staff meeting to kick off the program to establish the new image, the reason for the slogan was explained in this way:

“‘On your way to tomorrow’ reflects the spirit and direction of the bank and its management, i.e., it is futuristic, forward looking and actively suggests growth, innovation, change and mobility.”

As part of this campaign, the bank shortened its name—for advertising purposes only—to “Boone County Bank” and developed a stylized “B” (see illustration) as an identifying symbol. Teaser ads were run in local newspapers displaying the stylized “B” underlined by the slogan. Typical ads showed a woman uncovering a dish and finding the “B.” Others had a man turning on a television set and a mechanic lifting the hood of an automobile to reveal the “B.”



Boone County Bank

on your way to tomorrow

Bank literature and letterheads were redesigned to harmonize with the new image and to incorporate the stylized “B.” New signs were placed on the bank building exterior emblazoned with “Boone County Bank” and the big “B.” And finally a campaign was launched to tell local residents about the new slogan and what it meant to the bank and its customers.

This campaign was built around large display space in local newspapers and a sweepstakes giveaway. The ads showed young people at play and work under the headline: “On your way to

tomorrow.” They emphasized that “tomorrow will be only as great as the way we’ve prepared for it,” and that Boone County Bank can help meet “the needs of tomorrow.”

Page-dominating ads telling the story of the sweepstakes were headlined: “Win Tomorrow!” with a sub-headline, “Tomorrowland, Disney World.” First prize in the sweepstakes was a four-day, three night, all-expenses-paid trip to Disney World in Florida. Two second prizes were an Accutron calendar watch. Five third prizes consisted of \$25 starter savings accounts or a \$25 add-on to an existing savings account. Ten fourth prizes were “2001” movie sound track record albums.

To participate in the sweepstakes, it was necessary only to come into the bank and register for the drawing. No other action was necessary. The drawing itself was the climax of an open house at the bank at the culmination of the campaign.

Results of the change in image and of the advertising campaign are indicated by the fact that in a year’s time bank resources increased by approximately \$1¼ million. • •

Fed Won’t Limit Premiums

The Fed has refused to limit offerings of premiums by banks, claiming it does not have primary jurisdiction over the practice. The request to curb incentives by banks was made by the Retail Jewelers of America and the National Retail Hardware Association.

The trade associations asked for limitations on premium use as inducements for making deposits. It wanted incentives used only at branch openings or similar events.

The Fed based its decision primarily on the fact that “the underlying authority of both state-member and national banks to engage in premium activities is derived from the respective chartering authorities of those institutions rather than from the Board.”

The Fed’s premium policy regards premiums as advertising or promotional rather than payment of interest on deposits.

‘Best Ever’ Promotions:

Silver Goblets Profitable For Two Illinois Institutions

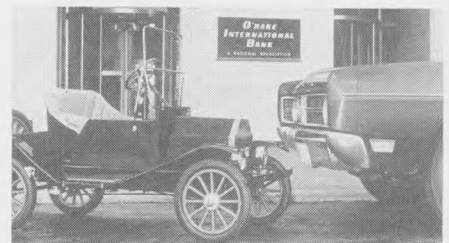
City National Bank, Kankakee, Ill., and Arlington Federal Savings, Arlington Heights, Ill., conducted incentive promotions recently featuring silver goblets supplied by Salem China Co., Salem, O.

Officials of both institutions agree that their promotions were the most successful ever staged. City National’s brought in more than \$1 million in deposits and Arlington Federal’s promotion was so popular that it was forced to extend the offer for 90 days.

Requirement for free goblets at City National was a \$25 deposit in either a checking or savings account, new or add-on, with additional goblets available for purchase with each additional \$25 deposit. The average deposit far exceeded the minimum, according to Don R. Frank, president. A total of 291 new savings accounts and 84 CDs were opened during the two-month promotion. A number of new checking accounts were also opened by those desiring goblets. The retention rate of the accounts has been “quite high,” according to Mr. Frank.

Arlington Federal spiced its promotion with monthly drawings for sets of 12 goblets. It also presented the customer who deposited the institution’s 100 millionth savings dollar with a set of 12 each of the three goblets being offered.

Inflation Illustrated



O’Hare Internat’l, Chicago, portrays today’s shrunken dollar, comparing a 1910 Tin Lizzie reproduction with a modern car. The small-sized Model T, which retails at \$495—about the same as the original—is part of the bank’s inflation-fighting campaign.

Use our software to get rid of hard wear on your computer staff.

We have two computer programs. Developed by a bank, they fit the internal workings of a bank easily. They use less computer running-time. They are debugged.

The result is an important new dimension of computer use for you with no tremendous stress on your personnel.

Our Credit Card Software is a true "system" with logical progressions. Its detailed reporting helps you better control bad credit and fraud.

Our two options are unique. First, descriptive billing that eliminates tons of paperwork and even has the capability to identify out-of-the-area merchants by name. Second, an on-line, stand-alone system for both monetary and non-monetary data entry with video display for instant accurate credit card authorizations.

More foreign and domestic banks have purchased our credit card system than any other available.

Our Central Information File identifies your customers. Tells you what they're doing with you. And, more important, what they're not doing. So the marketing people can cross-sell additional services.

In addition, CIF gives the credit people complete borrowing status information. And the operations people increased efficiency.

Both of these proven programs come complete. Even in-depth training at our center is provided. For more details write: Herbert M. Richardson, Jr., Senior Vice President, First National Bank of Louisville, First National Tower, Louisville, Kentucky. Or call (502) 581-5386.



Banks Sanction Youngsters' 'Rip-Off' With Bike Safety Flag Giveaway

YOUNGSTERS in St. Joseph, Mo., were offered a chance to—as the newspaper advertisements read—“rip-off” American National and Belt National when the two banks had successful “bicycle safety flag” promotions. They were held at each of the institution’s new consumer facilities, opened earlier this year.

Thirty-four bank officers placed free safety flags, manufactured by Action Pennants, Port Huron, Mich., on the bicycle of any youngster who pedaled to either of the facilities. Twelve hundred flags were installed before the supply ran out around 11:30 that morning.

Dick Thomas, vice president-marketing, American National, estimated that several hundred more could have been distributed. Additional flags were immediately re-ordered for those who did not arrive in time.



Hard at work during American National's "bicycle safety flag" promotion were (l. to r.) bank officers Robert F. Coil, v.p.; Morris George, a.v.p., and Ronald L. Goforth, a.v.p. & tr. off.

Even the Park Department called, wondering if it could get some flags for mowers, tractors, etc. The banks' management said they would get the warning devices to the department when the new order arrived.

Officials of American National and Belt National felt they were aided a good deal by the beautiful fall weather. If a warm, sunny day can be predicted, then this is the kind of day to have this type of program. Any time before school starts or at the beginning of vacation is an ideal time, but good weather is the key.

News coverage provided by St. Joseph newspaper and radio stations was said to be outstanding.

Several bank officers believed it to be the most meaningful thing the institutions had done in the city from a “community relations” standpoint. The



Gilbert "Gib" Tootle, sr. v.p., and managing officer, American National, St. Joseph, Mo., finishes installation of safety flag on bicycle belonging to one of youngest customers to take advantage of bank's offer.

safety aspect of the project provided a good “image” effort, with a pamphlet of St. Joseph bicycle safety regulations included in the items given the youngsters.

Two area grade school principals, taken with the promotion, made an announcement in school about the free flags. It was felt by the banks that this increased participation by students, because there was evidence that some came from six or seven miles away. ••

In Pittsburgh:

Loan, Savings Customers Offered Trading Stamps In Successful Promotions

Trading stamps have been used as premiums by Equibank, Pittsburgh, on two occasions this year, substantially increasing the bank's loan business and deposit totals.

The first promotion offered stamps to customers taking out auto and personal loans. For three months, the bank gave each loan customer taking out a loan of at least \$1,000 and up to \$1,499 two certificates worth two complete books of S&H Green Stamps. For each additional \$500 borrowed, customers were entitled to another certificate.

According to C. Michael Miller, director of marketing, the promotion was highly successful. Direct loans increased 20% over the same period a year earlier. This amounted to 10% higher result than had been anticipated.

The bank ran a savings promotion for 90 days immediately following the loan incentive program. Stamp certificates were given to customers deposit-

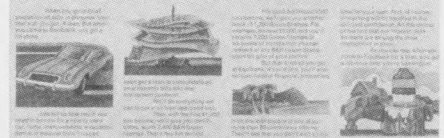
ing at least \$250 into new or existing accounts. The more money customers deposited, the more certificates they were entitled to, with the top figure being a \$5,000 deposit, good for four certificates. Mr. Miller said the offer enabled the bank to compete aggressively with thrift institutions and Treasury bill offerings.

Total deposits during the promotion exceeded \$40 million. It was estimated by Mr. Miller that at least 50% of those deposits were due to the promotion. More than 39,000 certificates were issued to more than 28,000 customers. Average deposit was well in excess of \$1,000.

When you get an auto or personal loan of \$1,000 or more from us, you get two things:



1. THE MONEY 2. THOUSANDS OF GREEN STAMPS



Equibank
Weren't more than a bank, were a helping hand.

Sales pitch for trading stamp promotions conducted by Equibank, Pittsburgh, featured straightforward message: “When you get an auto or personal loan of \$1,000 or more from us, you get two things: 1. The Money; 2. Thousands of Green Stamps.”

To enhance the savings promotion, the bank conducted an employee incentive program with each of its 82 offices awarded one book of trading stamps for each book distributed to a customer. The various office managers distributed the books to individual employees at their discretion. The managers of the most productive 25 offices received vacation awards.

In both promotions, trading stamp certificates were mailed directly to customers who were directed to redeem them at any of the nine redemption centers in the Pittsburgh area.

St. Louis Bank Has Convenience Center



In a move aimed at increasing the number of services available to walk-in customers, First National, St. Louis, has opened a new customer convenience center in its downtown head-quarter's lobby. It is open for use by the public during business hours and includes time-and-temperature service, copying machine, adding machine and stamp sales and mailing facilities. Also available is a wide assortment of free informational literature of interest to customers, local residents and visiting tourists.

Grand-Opening Package Features Treasure Chest And Wheel of Fortune

After a bank completes a building or remodeling project, it wants to unveil its new quarters or branch or facility with an appropriate celebration. But how? Pope County State, Glenwood, Minn., can be of some help. It held a grand opening of its new building that drew about 2,000 persons in a city that has a population of only 3,000!

The bank's opening featured a "wheel of fortune" and a "treasure



Members of Gilbertson Advertising Co., Minneapolis, are grouped around firm's grand-opening package, which features "wheel of fortune," "treasure chest," balloon-inflating device and cylinder to hold entries for prizes.

chest," both part of a package furnished by Gilbertson Advertising Co., Minneapolis. In addition, the bank served food and held a drawing for a free TV set.

The Gilbertson firm's objective, said Donald Gilbertson, is to put some fun and excitement into a grand opening.

Its wheel of fortune works like this:

A bank employee hands a card to a visitor, who fills it out and then returns it to the employee. This card enables the visitor to one spin on the wheel. After the wheel stops, he receives a gift that bears the same number as the one on which the wheel stops. Each visitor also receives a card to fill out for a chance on a grand prize. Mr. Gilbertson pointed out that the card system allows the host bank to control the traffic at the wheel of fortune.

In the treasure chest promotion, a visitor receives a key, which he tries in the chest. If it unlocks the chest, the person receives a gift. Because every key won't work, the bank doesn't have to buy a gift for each key, but can still maintain excitement as the guests try out their keys.

Gifts for both the wheel of fortune and treasure chest also are included in the package.

One of the ultimate accolades came from Northwestern Bank, Owatonna, Minn., which pointed out that the Gilbertson firm wasn't selling just a bunch of specialty items . . . but had a program that was planned and was successful at other financial institutions.

Male Oriented:

Home Improvement Loans Promoted by Banks Offering Power Tools

The majority of bank premiums are geared to women or the kitchen, bath or bedrooms of a home. But occasionally a premium is offered which is



primarily attractive to men and the workshop in the garage or basement.

Such premiums include power tools, and they have proved to be excellent incentives to get customers to take out home improvement loans.

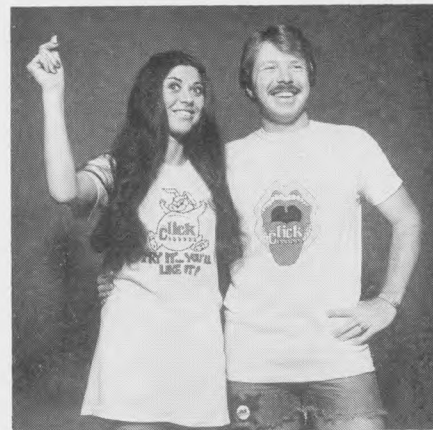
Old Stone Bank, Providence, R. I., ran a 60-day promotion that resulted in 490 loans totaling some \$2 million. The promotion was heavily advertised in the traditional media and was touted at a booth at a home show. Premiums offered included a jig saw kit, a sander kit, a drill kit, hedge trimmers and grass shears—all manufactured by Black & Decker.

The bank also ran a new deposits promotion featuring nine different home appliances. Included was a Black & Decker jig saw that could be obtained at no cost with a deposit of \$5,000 or more.

Maryland National, Baltimore, offered a selection of power tools that resulted in its home improvement loans doubling over figures for the previous year.

Chase Manhattan, New York City, conducted a somewhat similar promotion, offering a drill/jig saw to anyone taking out a home improvement loan of \$2,500 or more. A 40% increase in new loans was the result.

Banks Have Own 'T' Party



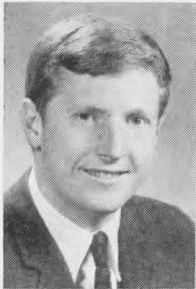
"Underwear elevated to glamour, the current Model T," was Time magazine's comment in reporting the burgeoning craze for colorfully decorated T-shirts. Six St. Louis General Bancshares banks took advantage of the craze to advertise their current new customer promotion, "Click," a savings-checking package deal. "Click" members receive a coupon as part of their "club" mailing with which they may buy direct from the distributor either an adult's or child's T-shirt for \$1.50 plus a mailing charge. At press time, more than 1,200 shirts had been sold.

Bank Investments

Portfolio Managers Face New Factors In Making Year-End Bond Decisions

By J. DAVID BROCK
Second Vice President
Bond Department
Northern Trust Bank
Chicago

THE RATIO of bank investments to total assets has declined significantly over the past few decades, while at the same time the difficulties of effectively managing bank portfolios have increased dramatically. Thus, bank portfolio managers face new considerations in making portfolio decisions.



It appears that flexibility in a bond account has become increasingly popular. If the recent history of change in bank balance sheets is reviewed along with the significant changes in rate levels, this emphasis on flexibility is easily understood.

Broad changes in bank asset structures have occurred since World War II. Bank credit outstanding has declined from about 80% to about 30%.

Given a trend from investments to loans, what are the implications for the portfolio manager? As liquidity has been steadily wrung out of the asset side of the statement, many bankers have become particularly concerned that their remaining investment accounts be flexible.

Thus, these bankers actively structure their portfolio commitments so they may read and react to the banks' changing financial condition and establish enough flexibility to take advantage of wide swings in rate levels.

The development of liability management operations has become increasingly important as a result of this change in bank credit. Bankers recognize that the liability side of the statement is substantially more subject to control compared to 10 or 15 years ago.

When management of investible funds is greatly influenced by the overall financial structure of the bank, ex-

pected changes in future long-term and short-term rates have an important impact on management of the investment account.

What will the term structure of interest rates look like in six months or a year? Does that affect today's decisions? If so, in what way? Answers to these questions are affected by the accuracy of financial and economic forecasting.

Recent forecasting problems have been many and complex. Accordingly, it may be well to consider no massive shift in maturity structure based on interest rate forecasts. Many banks that extended significantly last fall in keeping with the standard forecast, find that, at today's levels, substantial depreciation has occurred in their investment accounts. This commitment to longer bonds has added to some banks' current liquidity difficulties.

This is not to say that expected changes in rate levels should play an insignificant role in portfolio decisions. To the contrary—with the recent volatility of interest rates, this type of approach becomes particularly important. The ability of management to react in keeping with expectations may provide the bank with a significantly better source of earnings.

This does not suggest that a bank portfolio, depending on management's forecast, should be concentrated in either six-month or 25-year investments. It serves to emphasize that many bankers are interested in moderately shortening or lengthening the account in keeping with expected changes in financial markets.

To analyze the potential benefit of a shortened or lengthened investment holding period, bankers have developed a break-even yield concept. This is the yield basis that must be achieved to equate bonds of different maturities. Expectations as to future rates remain crucial to the decision, but adjustments such as this are more easily considered when management quantifies the investment problem.

Tax-loss trading is another portfolio mechanism that has been meaningful to banks. With the precipitous drop in market prices over the past few months,

as against the rather bullish forecasts that prevailed in the fall of 1973 and the following winter, this may be a year for many banks to consider examining opportunities in this area.

The cost of funds is high and other operating expenses are expected to continue to rise, yet 1974 should prove profitable for most banks. Many will continue to have taxable incomes in excess of \$25,000, with many falling well into the 48% bracket.

A major requirement for such portfolio adjustments is the ability of management to forecast earnings and subsequent tax liabilities. A bank must have sufficient taxable income so any loss will be a deduction against ordinary income or non-preferential gain at the 48% rate. Such tax planning is not easy, but management must determine how much gross loss to generate for tax purposes.

Another requirement is to have on the books tax-exempts acquired at a premium and currently selling at a loss from amortized book value. One of the most important reasons for banks to purchase premium bonds is for tax-loss trading purposes.

However, other reasons merit comment.

Discount bonds tend to fall farther and faster in a down market. With discounts, the investor must give up a greater percentage price-wise of the market value in order to achieve the same after-tax yield level on a higher coupon bond. Thus, many portfolio managers believe premium municipals provide added protection.

The mathematics of the basis book affects the decision to buy premiums in another way. If reinvestment rates on future coupon income are greater than the cost basis, then true yield to maturity will be higher. Similarly, if reinvestment rates are lower, then yield to maturity will be lower. It is this reinvestment rate factor that often lends support to buying premium bonds.

If a bank commits funds to municipals, yet management anticipates future periods of high short-term rates, the tendency is to buy the high premiums to generate greater cash flow to be reinvested at those relatively high rates. This would result in a beneficial impact on yield to maturity.

Should a bank sell premium municipals at a loss, management typically reinvests into bonds of similar quality and maturity. The advantage to the bank is a deduction on what would normally be non-deductible premium amortization and to make use of the tax savings over the life of the trade.

A transaction such as this, with no

(Continued on page 52)



**Wishing You a
Happy Holiday Season**

As the year draws to a close, all of us in the Correspondent Banking Division of Third National Bank in Nashville would like to express our thanks for giving us the opportunity to work with you. To all our correspondent banking customers... a Merry Christmas and a Happy New Year!

Tommy Butts	Hill Ferguson III
Roy Lawrence	Sonny Johnson
Helen Miller	Clarence Suiter, Jr.
Ish Smith	Bob Calloway
Jane Sherrill	Janey Smith

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IN NASHVILLE**

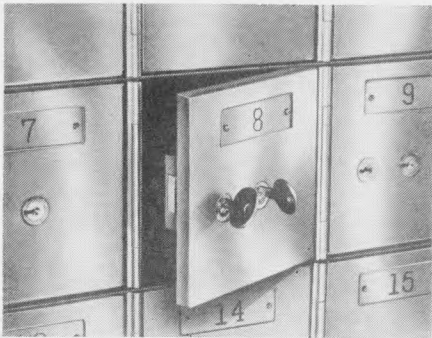
Member F.D.I.C.

• **Meilink Bank Equipment.** All production efforts at Meilink's Flatrock, Mich., plant are now concentrated on safe deposit boxes. New production techniques will expedite output of boxes in the six most popular opening sizes, according to the manufacturer.

Unique construction methods are said to enable the company to manufacture a stainless steel door without the normal additional cost and, as a special feature, the doors are available in a deep-tone bronze or a fine grain natural satin finish.

The continuous low profile hinge design provides a contemporary appearance. Interlocking hinges and UL approved locks give maximum security. Numbering requires no special tools or skills and can be done "in the field."

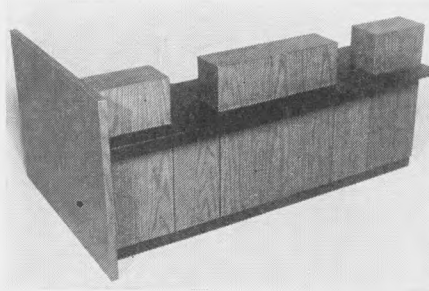
Write: Meilink Bank Equipment, 3100 Hill Ave., Toledo, O 43607.



• **BBC BancProducts.** An economical and easily installed modular teller station is now available from BBC BancProducts.

Called Mod 7, the unit is called an economical solution to meeting the customer service needs of small banks, S&Ls and credit unions. It can be at the job site three weeks after the order is

New Products and Services



placed and is designed to adapt to most "on line" bookkeeping systems. Undercounter cabinets can be arranged through the modular components in any number of stations with various characteristics.

The system is available in three color/wood grain combinations. The Mod 7 is designed to simplify electrical service and alarm installation, with die front panels that lift off easily for access to wiring.

Write: Sales Manager, BBC BancProducts Division, Bank Building Corp., 2121 Walton Road, St. Louis, MO 63114.

• **Bank Administration Institute.** A comprehensive reference work of two volumes and 950 pages, describing the latest banking methods and informa-

tion generated by technology, legislation and administrative policies and practices, has been published by the Bank Administration Institute. It is called the Bank Administration Manual.

The publication consolidates many articles that appeared in the 1970 edition and includes significant regulatory policies affecting all banks. It is in an encyclopedic format and thoroughly illustrated, with index and body cross-referenced for easy access to the subject material.

Write: Bank Administration Institute, P. O. Box 500, Park Ridge, IL 60068.

• **Diebold, Inc.** To graphically demonstrate the operating simplicity and versatility of its TABS Total Automatic Banking systems, Diebold, Inc., is now making available a 12-minute color film, entitled, "Money Grows Up: A New Era In Banking." It shows the



evolution of man's exchange of objects of value and explains benefits of the system's use. The film concludes with a demonstration of the machine's use by three typical bank customers: a construction worker, a business executive and an elderly woman.

Write: Diebold, Inc., Canton, O 44711.



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"Customer and staff acceptance has been excellent!

"This is our third Meilink system. Ours is an auto oriented banking market and we intend to keep pace. We currently have two additional branches with Meilink systems built in for future expansion."

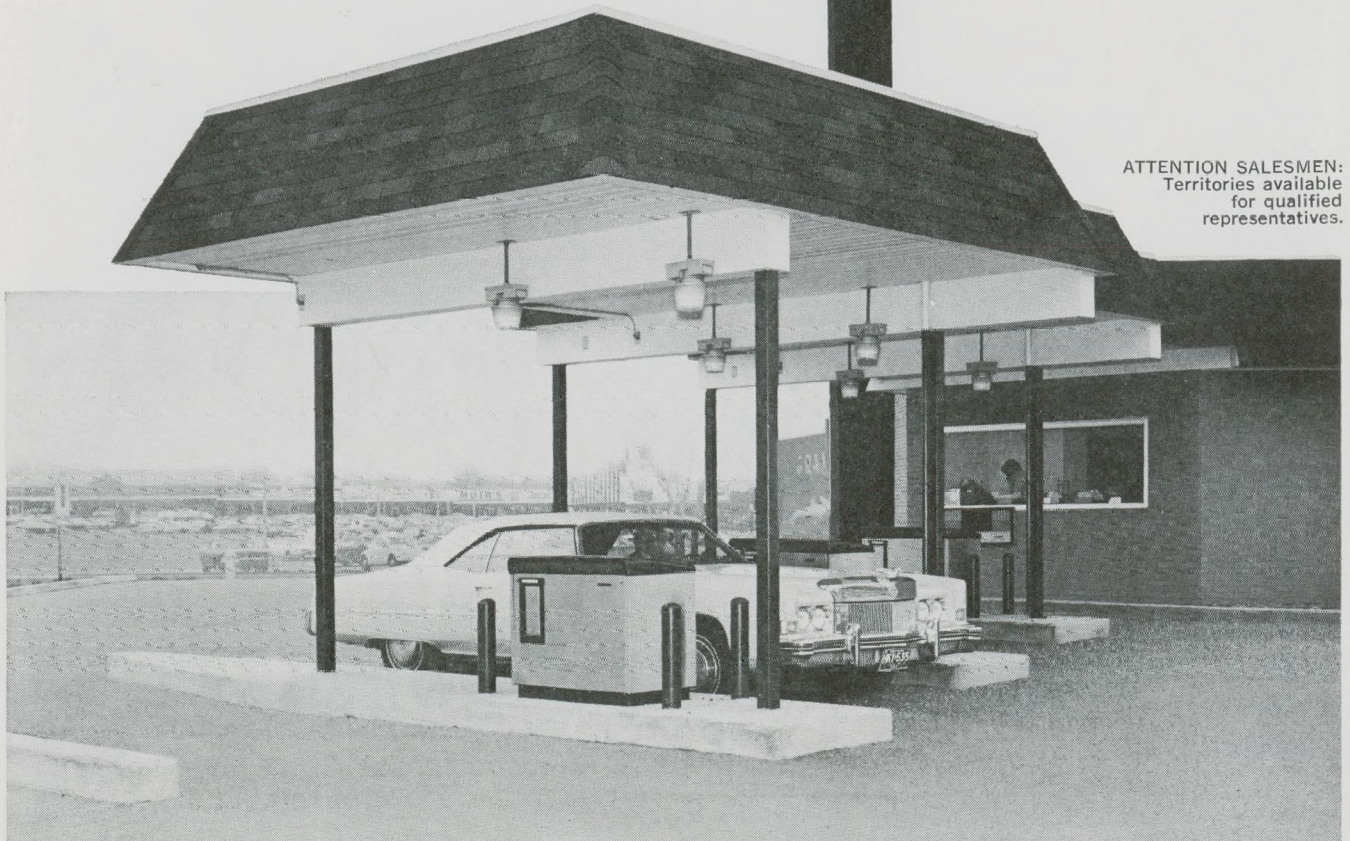
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Sketches of architect's designs for Bank of New Orleans depict importance of information/receptionist station (l.) and utilization of glass-enclosed cubicles affording customer privacy (r.).

The Philosophy of Bank Management Should Be Reflected in Its Building

“LIBERAL,” “conservative,” “progressive,” “traditional.”

With banks, as with people, labels may not paint an entirely true picture. What's liberal in the hills of Georgia may be conservative to the laissez-faire-inclined New Orleanian. The progressive Virginian may be regarded as basically traditional by a Dallas banker.

Labels notwithstanding, bank management should have an approximate, if not precise, idea of the philosophy it wants to pursue and achieve. In this fast-paced age of keen competition, a growing number of institutions and businesses are hastening to project their own identities—unique, singular and separate from others—in an effort to proclaim, “Hey, look at me!” A basic way to accomplish this important image building is through architecture.

This identity concept has never been more applicable to the banking community than it is today. With new banks and newly opened branch offices proliferating in commercial and suburban areas, management has come to recognize that architectural and interior design are crucial in establishing a public image.

Accordingly, several important considerations must be made by the bank-

By **AUGUST PEREZ III**

**August Perez & Associates
New Orleans**

er to satisfactorily represent a true picture of his bank's attitudes before his architect can translate those ideas into reality. Self-analysis is a must.

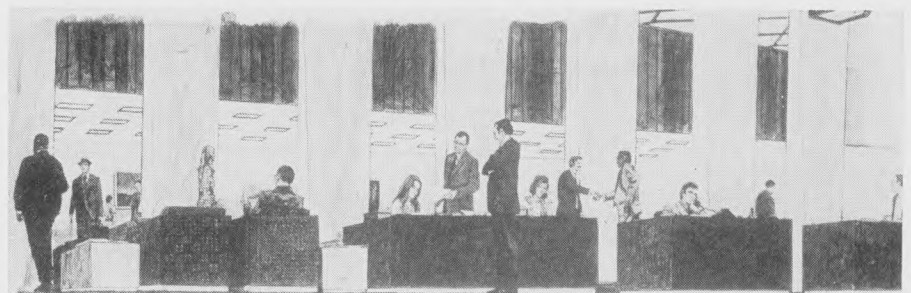
This article is not so pretentious as to suggest which design will best suit a particular bank's philosophy once it has been defined; rather, it seeks to flag for a few factors to consider when selecting an architect and when contributing to the formulation of the programming phase. The contributions the banker makes will reflect what he thinks of his bank's role within the community. This input, in turn, will weigh heavily upon the architect's decisions affecting design, spatial concepts and relationships—and resulting function.

It will be for the architect to determine if marble walls, period furnishings and high ceilings best display the bank's image, or if chrome, plexiglas, contemporary appointments and supergraphics do the job.

Following are specific decisions the architect will have to make: Shall the vault be displayed prominently or casually? Are the location and design of this traditional symbol of security as significant now as they once were? Functional considerations must include the determination of the vault's distance from tellers. Will tellers utilize carts or security boxes to transfer cash to the vault? Where will the safe deposit boxes and private customer rooms be located? Will the staff member in charge of safe deposits have additional duties and how will this affect the design and location of his office?

Banking attitudes regarding design of the all-important officers' area have

Banking attitudes had an effect on design of officers' area at Bank of New Orleans.



changed considerably. Yesterday's stereotyped sea of desks in the banking lobby is frequently considered "too public" by officers working in a socially conscious area. A growing emphasis on customer privacy has inspired the utilization of glass-enclosed cubicles or alcoves where one can be "seen but not heard." However, others prefer to be in an open area where officer and customer can meet but relocate to nearby "privacy pods" when seclusion is desired.

A banker's options for either complete privacy or openness, or anything in between, should be determined early in the planning stages. The controversy regarding this particular space has proponents on both sides, so careful deliberation is necessary. The architect will likely recommend organizing the officers' platform in an open, spacious manner that is not intimidating, while, at the same time, exuding an air of friendliness, confidence and relative privacy.

A bank's clientele—urban, rural or suburban—will generally suggest to the architect the type of teller's cage to be used. Should cages be high and secure, low and open or a compromise between the two? How long should tellers' lines

be, considering peak transaction periods? Will the designer chance a tellers' row backed up to an external wall, particularly one of glass? Can space be saved by "snaking" teller lines defined with ropes? Will supervisory personnel be within easy accessibility of tellers? Where will the architect locate customer check-writing desks?

For drive-up banking accommodations, single drawer or multiple remote units will be considered. If remote units are desired, will direct visual access between customer and teller exist or will television units be utilized? Where should drive-up tellers be located in relation to the vault, records or other tellers? Is the bank in a downtown location so that walk-up windows would attract pedestrians?

Since the architect is charged with making provisions for security equipment required by his client and the federal government, he must determine if an atmosphere of easy ambience or a fortress-like appearance should prevail. Due to greatly improved and sophisticated security equipment, bank robberies are increasingly less successful. Thus, architects are generally choosing an atmosphere that promotes security, but not at the expense of

comfort and function for employees and customers.

A well conceived location for an information/receptionist station cannot be over-stressed. Proper location and successful function of this person reflect an atmosphere of orderliness along with a feeling of welcome, helpfulness and efficiency.

An increasing number of contemporary banking establishments are concerned with the cultural enrichment of their communities. If a bank is so inclined, should the design include an area designed especially for such "now" happenings as art exhibits, song fests, photography and crafts displays? Will the area also be adaptable for use as a museum, gallery, exhibition hall or meeting place? Artistic amenities as part of the bank's permanent overall scheme must also be considered. Provocative graphics are the going thing among some establishments. Location of the site will help determine if exterior signs need shout and overwhelm or be restrained but helpful. The architect will avoid the gaudy, all-consuming neon image.

Spatial quality must also be considered by the architect in both public and private areas. Generosity or tightness of space will contribute to the image you project. Should restrooms be accessible to the public? Will the employees' lounge include full kitchen facilities? Will exterior landscaping serve as a model for the neighborhood and relate to the general area? Should the architect bring the outdoors inside by exploiting greenery and glass?

Although bankers should be more aware of expensive building costs than most people, they may still be shocked if several years have elapsed since their last building or renovation venture. Keep in mind that the charges on money bankers lend have doubled within the past five years. Building materials, land and labor have kept corresponding pace. Institutional structures are costly, but are well worth the expenditure when this encapsulating factor, "institutional image concept," is recognized.

The random points made above will undoubtedly stimulate countless additional ones according to individual needs, desires and budgets. Remember that, although employees, public relations and advertising can be redirected to change a bank's image, a building cannot be altered easily.

Allow the architect to tell the bank's real story—through architecture—at a glance. Select him early—even before a site is chosen. Work closely with him so that the architect's design really says what the bank's philosophy is. • •

Signs of the Times



Bank signs tell the story. They identify the institution, provide helpful information and can be put to work as message centers. These three types of signs by American Sign & Indicator Corp. grace banks in the Mid-Continent area. LEFT: Huge three-faced sign atop First American National, North Little Rock, Ark., can be seen from afar, includes bank's name, time and temperature. CENTER: Distinctive pylon model is also three-faced, offering time, temperature and double stroke identification symbol for Central National, San Angelo, Tex. RIGHT: Double-faced time and temperature twin signs identify Cass Bank in downtown St. Louis.

High Costs, Energy Conservation Challenge Bank Planners, Builders

TWO IMPORTANT factors in any bank building project are total cost and efficient operation. Although these factors have always been important, they have become more so in the last year due to inflation and the energy situation.

Bank construction specialists are acutely aware of these factors and are offering advice to prospective customers on how building and operating costs can be shaved by adequate planning and utilization of building components.

"In bank construction, inflation will be with us at least for the next few years. We have already contracted for it in our labor agreements," says Peter H. Bunce of the Bunce Corp., St. Louis. "This means that the banker planning a building project does not have the opportunity to cut costs in a real sense. Each brick that he lays in 1975 will cost more than a brick laid in 1974. His only real opportunity is to cut waste and inefficiency in the process of planning and building."

Mr. Bunce advises bankers to plan and build as quickly as possible because the longer purchases are delayed in a building project the more they will cost. Since a contractor's bid is based on his costs, the sooner he is free to buy, the lower his bid will be, he says. Procrastination and delays cost dearly, and because of this fact, bankers are turning to "fast track" construction management contracts that can speed a construction start (and completion) by months. On a modest bank building project, Mr. Bunce says, a three-month time saving would not be unusual with this system, and, in today's market, such a saving could amount to 5%.

Do not build more than you want or need, Mr. Bunce advises. Be disciplined and determine how space will be used while the project is in the planning stage. Wasted space can result in tying up the bank's money in a nonproducing asset. For this reason, he says, bankers should make sure they are advised by experienced planners.

Mr. Bunce also advises bankers to be cost-conscious during the design

stage and to be so in a discriminating manner. Many large firms hire cost consultants to give them specific cost inputs on their projects and on the specific decisions they are asked to make. On smaller projects, a knowledgeable contractor can provide the same service if he is brought into the project in the design stage. Real cost control should take place during the design stage, he says.

Another thing to keep in mind, according to Mr. Bunce, is that the decisions made during the building planning process will heavily influence ongoing operating costs once the building is completed. How well a building is laid out may determine how many people are necessary to staff it. Also, well-designed equipment costs less to maintain than poorly designed equipment.

Louis G. Schilly, vice president, client relations, at Ste. Genevieve Design and Building Corp., Ste. Genevieve, Mo., advises bankers to be flexible in design requirements so the builder and designer can introduce economies. For instance, he says, banks should not be built like fortresses. "Obviously, vaults must be built to requirements, but other areas can be designed in a fashion to lend themselves to the use of less costly materials while still

being pleasing and functional," he says.

He also recommends the "fast track" method of design and construction which permits the construction phase to be started prior to completion of all detailed working drawings. This can avoid delays, allow better utilization of manpower and cause a reduction in inspection fees and supervision costs.

Ralph Frizzell, vice president, Leavell Development Co., Denver, recommends a program of value engineering, close investigation of structural systems and, whenever possible, the use of shelf-carried components. Such a program could result in shortened construction time, he says.

Robert L. Schutt, president, Bank Consultants of America, Denver and Chicago, says the investment in a bank building should be viewed as a profit-making function, which means it should be analyzed financially. "Without question," he says, "the greatest way to cut the cost of a new building is to know that cost before you get so deeply involved that it is impossible to get out."

He advises the use of yardsticks that are critical in establishing the fundamental premises in making decisions: Will this investment make more money than other use of the funds? If so, at what point is optimum return achieved?

(Continued on page 46)

Bankers Have Good Ideas, Too!

Not all good ideas on building bank structures come from planners.

For instance, when Charter Bank of Overland, Mo., planned its new motor bank facility, bank personnel wanted to make sure the operation would be most efficient so they outlined the remote unit islands in chalk on the pavement and used actual cars in checking to be certain that tellers would be able to see drivers. The procedure was helpful and resulted in various changes, according to Webe H. Naunheim, chairman and president.

The bank also arranged for tellers to make suggestions concerning placement of equipment for maximum convenience and efficiency in the belief that those who work with the equipment would be most knowledgeable about its placement.

The building of Farmers State Bank, Mexia, Tex., was designed with no-load bearing walls. This foresight has proved to be a valuable asset, according to H. J. Nussbaum, president, because it will permit expansion of the bank's officers' quarters at a nominal cost.

High Costs

(Continued from page 45)

When these questions are answered, Mr. Schutt says, the basic building requirements take form in logical sequence.

It is important to determine the most effective financing vehicle for a program, he says. Among the possible choices are ownership, joint venture, HC, REIT and leasing. The proper selection of one of these could result in more net income (or savings) than any cost-cutting technique, he says.

Norman B. Leppo, president, Planned Projects, Inc., St. Louis, says one important way to cut costs is to make every effort to avoid the always expensive last minute crises which arise during the actual construction. Most of these occur because insufficient homework was done when the project was on the drawing boards, he says. The best way to avoid such pitfalls is to engage a firm that recognizes this problem and delivers a complete, thorough and carefully screened set of construction documents.

On the question of conserving energy in a new building, the following hints were submitted by various builders:

- Cut down on unnecessary lighting.

Put lighting where it is needed and do not be concerned about an over-all lighting level.

- Make sure the building is well insulated with the best insulating materials. Consider insulating masonry walls, cut down on glass surfaces and use insulated glass that is tinted to keep out solar heat.

- Consider utilizing a basement rather than an upper floor because basements cost less to heat and cool than upper floors.

- Reduce ceiling height and use smaller windows to conserve heating and cooling expenses.

- Select mechanical and electrical systems that are economical to operate and maintain. Make sure maintenance personnel are well trained in energy conservation.

- Insist on efficient operating systems because they usually are stingy in the use of energy.

- Do not insist on tried-and-true components. Be open to new materials, equipment and systems that can conserve energy.

- Engage a construction team that is energy conservation minded. Make sure it does not cut costs with equipment that could result in higher energy consumption or even waste of energy.

Never before have bankers had the wide choice of plans, materials and technology that are offered today by

the construction industry. The test of a good builder is the development of projects that will make the most of these choices, resulting in a functional, attractive bank building that not only provides the most for the banker's dollar but conserves the nation's supply of energy. • •

Norman Rockwell:

Bank Sponsors Art Exhibit During Downtown Promotion

As its part in a "moonlight madness" merchant promotion, First Trust, Kankakee, Ill., held an art exhibit in its lobby featuring 20 original Norman Rockwell pencil drawings. In addition, an old-fashioned popcorn wagon was parked on the sidewalk in front of the bank and popcorn was sold for a dime a bag.

Shoppers were invited to view the exhibit on the first evening of the promotion and for two weeks thereafter during regular banking hours.

A book, plaques and prints associated with artist Rockwell were sold at cost during the exhibit.

The bank received a good amount of publicity in the press and favorable comment from the public for its exhibit.

'Put Your Money Where Your Wall Is!'



The saying used to be "Put your money where your mouth is," but, from the looks of this photo of new wall decor in the cafeteria at First National, Fort Worth, the saying should be altered to "Put your money where your wall is!" This 15-foot-long \$50 note issued by First of Fort Worth in 1917 couldn't be more appropriate as bank decor. It bears the signatures of former bank officials. Decorator secured permission to photograph note from Dallas Fed. Permission was granted because notes are no longer in circulation. Reverse side of note is mounted on opposite wall. Big is still the byword in Texas—the note was enlarged 642 times!

New Office Survey

Tabulation of a survey of readers on the topic of new bank offices reveals that 53% of the 75 responding banks have opened one facility or branch during the past year. Thirteen percent opened two offices; 16%, three; 3%, four; and 16%, five or more.

Eighty-five percent of the new offices provide full service, while 3% are strictly drive-in facilities and 13% are limited-service operations. A few of the new offices are in temporary buildings.

In cases where market surveys were conducted to determine the potential of a new office, 50% of the surveys were made by local management, 25% were by independent consulting firms and 13% were provided by parent HCs. A few banks called on more than one source to determine the potential for a new office.

When asked to rate the success of the opening celebrations held at the new offices, 41% of the respondents indicated their openings were "excellent," 28% said theirs were "good" and 13% replied "fair."

Seventy-five percent of the banks reported using officer call programs to generate business for the new offices.

Building Coordinator Who Is Also a Banker Speeds Construction by Knowing Bank's Needs

“WHEN ARE you going to have those doors ready for me upstairs?” questions Ron Collins, vice president of First Security National, Lexington, Ky.

“We are having a time getting them here; you know the problems we’ve had with the truck strike,” answers a workman.

Mr. Collins stops to work out the details with the workman, shirt sleeves rolled up, architectural plans in hand, drywall dust on his bankers-blue suit.

Bankers-blue suit? Vice president? Drywall dust? Wait a minute! Bankers keep great hours, sit in plush offices and read *The Wall Street Journal!* Not necessarily!

With new multi-million-dollar bank buildings going up throughout the country, more than a few bank executives have found themselves shoulder to shoulder with more than just drywall dust and hard hats. In fact, they have found themselves tackling problems not even remotely connected with their previous bank jobs—many times coping with tasks unprecedented in their careers. Their main concerns include such things as truck strikes and finding the holdup in a three-month-old shipment of metal studs, rather than the intricacies of an investment portfolio.

Why isn’t a building foreman worrying about the metal studs and truck strikes? Because banks pose special problems for builders. They require so many unique items and so much financial know-how that a person with years of banking experience is usually best qualified to bridge the gap between the board and the builder.

The search for a person able to make the transition from banker to building coordinator in a matter of months can be the most crucial factor in a building project. A good building coordinator can utilize every dollar and inch in the project to the utmost degree, avoid costly delays with common sense solutions to problems and keep all parties working together on schedule.

Mr. Collins, who had worked for 15 years managing real estate in the bank’s trust department prior to his appointment as building coordinator, considers his job to have been a wonderful

opportunity for any young man. “It played havoc with my family, however,” he added. “If I wasn’t traveling or at the office, I would take work home with me.”

Considering the importance of the problems facing a building coordinator, the care going into the selection of this key individual cannot be overemphasized. The coordinator must be given full authority, answering only to the chief executive and/or a committee appointed for guidance by the board. If the coordinator does not have final authority on most decisions, construction work will come to a costly halt while bankers discuss the decisions around a conference table.

The job of directing the building’s construction must take precedence over the coordinator’s previous duties. Mr. Collins began the job in 1971 and found himself devoting not more than 10 hours a week to the building for the next year. During the next six months, his work load increased to 20 hours weekly. He worked from 40-50 hours a week on the project throughout most of 1973. During the final 30 days before the bank moved into its 15-story quarters, Mr. Collins worked almost around the clock.

In retrospect, Mr. Collins claims there were several key factors working

toward making the job a success. Among them was the fact that he had enough time to do the job. He also had prior construction experience, had full authority and worked exceptionally well with the bank’s CEO, Walter W. Hillenmeyer Jr.

“I wasn’t tied down as far as decisions were concerned,” said Mr. Collins. “I could weigh the problems, come to a decision and keep everything rolling. If I had a major problem, I could go to the president (Mr. Hillenmeyer) and get advice. He also backed me up 100% on decisions when I had to deal with senior officers who disagreed with me. It is the only way you can get things done efficiently,” he said.

The building coordinator faces an unbelievable array of problems alien to most bank executives. He must be able to work with the architect on planning space, projecting growth for both five- and 10-year periods; prepare basic layout plans showing offices, reception areas and work areas; and deal with the problems of office size. He must also know the requirements of each department and plan for its special needs, such as vaults, strong flooring for heavy equipment, electrical service, dumbwaiters and pneumatic tubing.

Selecting the furniture is another major challenge. Most pieces must be ordered nine months to a year in advance, and better furniture requires even more lead time. This sometimes means ordering before work has begun on the interior of the building.

Shipping problems were a major concern for Mr. Collins, who was hit with a major truck strike during the crucial delivery period. Strikes can play a major role in raising construction costs, but a conscientious coordinator can calculate the time needed for the entire project and will know what labor contracts are up for renewal during that time.

The coordinator must not only be able to supervise the construction of buildings but must also have the talent and taste to purchase accessories to complement the design of the building. Live plants are beautiful, but they require a great deal of care and must be ordered early. Pictures and lamps are



Mr. Collins inspects boxes of wood flooring during construction of First Security Plaza. Bank moved into its new home in November, 1973.

some of the few items that can usually be ordered after the move-in, and from a local dealer.

Problems and pitfalls which are undoubtedly going to descend on a coordinator's shoulders vary with each project, but there are a few of which every coordinator must be aware.

A major problem is attempting to limit the number of persons making decisions. Too many people can result in an incredible addition in cost.

Growth is a concern. Too little space allocated for departments growing more rapidly than projected is costly. Small departments should be situated next to large ones so they can be moved to allow larger departments to assume the space without necessitating major moves.

Use of exotic and unusual woods and supplies should be kept at a minimum. There are major problems in getting ordinary woods and supplies, so one can only imagine the added cost and shipping delays possible when working

with the unusual.

Thought and consideration concerning equipment, growth and planning layouts, providing departments with efficient ways of conducting business, all save a great deal of time and money in the long run. Schedules must be kept and inferior work not permitted for obvious reasons.

Tight control over visitation of the site becomes increasingly important and difficult when the building nears completion. Employees naturally want to see the new office, but access must be strictly controlled. And moving into the building too early can cause serious problems.

Serving as a building coordinator is not an easy job and selection of the coordinator is a critical factor to be considered when a bank decides to build. For a young man who has the ability to coordinate people, and who is equipped with common sense and a great deal of dedication, the job can be a rewarding experience. • •

Running Interference



Why wait for drive-in customers to complain about the inconvenience experienced due to a bank remodeling program? O'Hare International Bank, located in a Chicago suburb, armed drive-in teller Mary McNamara with a booklet entitled "Announcing the Big Bank," which she handed out to customers. The booklet explained the bank's forthcoming "expressway service" which is under construction. The bank also supplied Miss McNamara with a hard hat bearing the inscription "It's for YOU." And if the booklet and hard hat message weren't enough to please customers, the smile on Miss McNamara's face was.

Bank's Loan Department Has Ice Cream Parlor Exterior, Homey Interior

By **E. J. GARNER**
Vice President
Grenada Banking System
Grenada, Miss.

WHAT DOES a bank do when a drive-in branch makes so many loans that the line to the one loan officer is as long as the lines to the teller windows? Expansion of the existing facility is the first thing that comes to mind, but because of the size of the lot and placement of the existing building, expansion was impossible.

The solution reached by Robert E. Kennington II, president of Grenada Bank, and other members of the bank's management team, was to purchase an adjacent one-story, duplex office building.

The first priority in designing this

new lending facility was to make it a very informal, inviting place that would make customers feel at ease, with none of that "mausoleum marble architecture." Management realized that customers waiting to see a loan officer often resembled people waiting to see a dentist: They were pale and nervous.

In striving for an "un-bank" building and a relaxed atmosphere, management decided on an ice cream parlor exterior with a homey interior. These objectives were achieved with a bright coat of paint for the brick exterior, a wooden-paned effect for the existing large plate glass windows and window box plantings. After these minor alterations of the existing structure were made, a brightly striped canvas awning was installed to top our building.

The finished product was dubbed the

very unfinancial name, "The Loan Shoppe," and a campaign was begun immediately to announce availability of loans in all "flavors."

The original introductory advertising campaign and all advertising since have stressed the informality of the Loan Shoppe. We have poked fun at ourselves from the very beginning: "Who ever heard of a bank that looks like an ice cream parlor?" "Where is that cold marble and where are the rails and teller cages?" "You can make a loan in your swimming suit at the Loan Shoppe."

Response from local citizens to the brightness and informality of the Loan Shoppe has been tremendous. During the first 90 days of operation, more than 650 loans were made by the Loan Shoppe's two lending officers, and a third loan officer has been added to the staff to handle the steadily increasing volume.

In addition to the "lending" half of the Loan Shoppe, there is a community room that accommodates, at no charge, groups of up to 50 persons for meetings, bridge benefits or exhibits. With a fully equipped kitchen, audio-visual equipment, free coffee and cokes and assistance of two bank secretaries, the Loan Shoppe community room can be occupied by as many as four different clubs or organizations each day.

They laughed when we opened the Loan Shoppe . . . but when we started to pay . . . • •



This is artist's sketch of building Grenada (Miss.) Bank converted into its loan department. Exterior resembles ice cream parlor, and interior has homey atmosphere. Structure adjoins main bank building.



Exterior of Chandler National's new building will be brick with bronze anodized settings and bronze glass. Stained wood fascia panels (with downlighting) will be situated over landscaped areas. Planters will face the town square.

'Design for Earnings' Plots Future Growth For Banks Planning Expansion Projects

By **JIM FABIAN**
Associate Editor

WHEN YOU'RE thinking about building a new structure for your expanding bank, the first thing you want to know is how large to make the new edifice.

And it's not always easy to arrive at a determination that can be trusted to take the bank 10-15 years into the future.

That's where "Design for Earnings" comes in, say officials of Bank Building Corp., based in St. Louis. They say that, because planning, designing, building and equipping a custom bank building is no simple matter, it takes a well-coordinated team of experts to come up with a building plan that is both functional for the present and the future and esthetically pleasing, creating a 24-hour billboard for the bank.

Take the case of Chandler National, Lyons, Kan., now in the midst of a building program, plans for which were formulated by Bank Building.

When first considering its need for larger quarters, management of Chandler National knew two things for sure—that it needed more space and that it wished to maintain its downtown location.

Bank Building's Central Division was

called upon for assistance in arriving at a building plan. After analyzing historical data, operational procedures, industry trends, the economy and a profile of the bank's trade area, it was possible to project Chandler National's future. This provided a solid basis for space planning and future growth.

The Bank Building team, composed of bank operations analysts and consultants, architectural/engineering designers and construction managers, provided the services necessary for the operation, design, development and

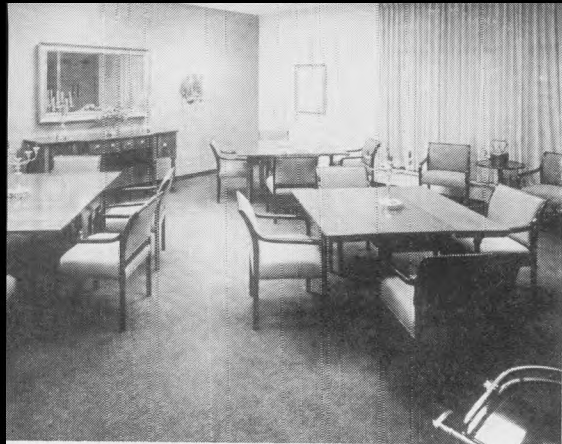
construction management of the entire building program. Officials emphasize that a building decision, whether it involves a mini-bank, a chain of branch offices, a main bank or a multi-story building, is a business decision, and all planning prior to construction requires a careful look at the business picture, now and in the future.

Thus, the first step toward a "Design for Earnings" for Chandler National was preparation of a growth projection analysis. This involved projecting bank activity levels for a 15-year planning period, based on a rate of growth presented in dollar amounts as well as a percentage of current

(Continued on page 66)

Interior of Chandler National building will feature die-glazed quarry tile on five teller stations and on public lobby and vestibule floor areas. Contemporary design will feature red and brown tones.





Executive dining room on second floor of remodeled Main Office of American Nat'l, Bowling Green, Ky., resembles interior of fine country club. Antiques such as candelabra and wall sconces are from estate of late director of bank. Other ornaments and furniture from his collection are used effectively throughout bank.

Traditional, Modern Look Combined in Remodeling Of Kentucky Bank Building



Office of President Herbert J. Smith features Andrew Jackson-period armchairs and polished spittoon, tastefully combined with modern, functional fireplace.

HOW do you remodel a bank building without interrupting business and at the same time blend antiques with a modern, airy structure?

You do it by following a professionally conceived plan designed to maintain throughout the construction period the high degree of service your customers have come to expect.

This was the scenario for American National, Bowling Green, Ky., when its president, Herbert J. Smith, decided to add 20,000 square feet and remodel and refurbish the Main Office on State Street in the downtown hub of this southern Kentucky community.

This marked the first time the \$73-million-deposit bank had a facelifting since 1958, although its red brick facade dates back to the early 1930s.



SMITH

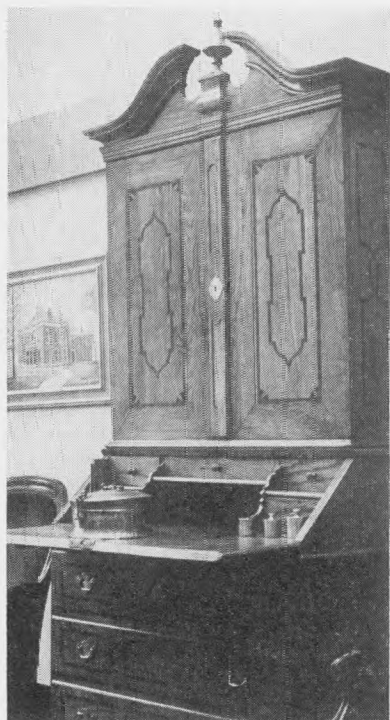
"Our basic problem was that the bank's facilities had grown inadequate for us to serve our customers and expand our line of services," said Mr. Smith, president and chairman the past seven years.

"We decided to change the whole image of the bank at one move and, at the same time, preserve our identity, which is characterized by the clock standing outside the bank—a landmark in Bowling Green."

Mr. Smith pointed out that American National has grown to become the largest bank in its trade area. With five branches, it employs 115 persons in this college (Western Kentucky University) and agricultural center, about an hour's drive from Nashville.

Mr. Smith expects his bank to be a \$100-million institution within five years.

American National boasts a full-service capability including in-house computer support ("one of the first banks of our size in the country to have our own computer"), trust operations and an extensive leasing program ("we



This secretary, circa 1810, is made of ash and inlaid mahogany and is located in president's office at American Nat'l.

RIGHT: Although beautiful antiques are used throughout modernized Main Office of American of Bowling Green, entire decor is not old fashioned. Latest design in overhead lighting at bank's second level and modernistic stairway, both shown here, bear this out.

BOTTOM: Exterior of American Nat'l also has new look, but bank maintained its identity by keeping landmark clock in front of structure.





This directors' table at American Nat'l dates back to around 1830 and was refinished by two industrial arts professors at neighboring Western Kentucky University.

were one of the first in the South to recognize the opportunities offered by leasing as a new form of financing"). It's this kind of innovative growth that sparked the need for expanded, up-to-date quarters, he indicated.

When American National's president started looking for professional help in planning expansion, he sought guidance from friends in the banking industry and turned particularly to First National of Louisville Chairman Hugh Schwab.

"Quite honestly, we were looking for an architectural firm to do both design work and interior refinishing," he said, "until I found out through First National of Louisville about the services offered by Citicorp Realty Consultants, Inc. (CRC).

"Hugh Schwab invited me to Louisville for a look at the work Citicorp Realty Consultants was doing for First National, one of Kentucky's largest banks and housed in Louisville's tallest tower. I knew at once it was the type of organization we wanted to do business with. I felt confident, too, in going after a company associated with the nation's second-largest bank (First National City, New York City) and thought it would be able to advise us on a functional facility suited to the banking business. I called the company in New York City, saw samples of its work and decided it was for us.

"If we had gone to an outside design firm, I don't think the result would've been as bank-oriented as it is.

"Another thing I liked was CRC's adaptability to American National's needs. We wanted something new and different and something that would add to downtown Bowling Green."

What developed was certainly that.

American National's new exterior accentuates the modern look of an innovative institution through use of reflective glass, while the interior helps pre-



Reception area on second floor of American Nat'l has antique sconces and ornate mirror on wall.

serve a traditional Kentucky "down-home" flavor within a functional bank structure. The bank's interior is enhanced by valuables from the estate of the late J. Louis Harman Jr., a bank director and noted local antique collector.

The careful and strategic marriage of these antiques to a modern structure was foremost in Mr. Smith's mind when he retained Citicorp Realty Consultants.

Antiques line the walls, corridors and offices of the four-story building, which now has 42,000 square feet of space, double the size of the original building. Airy, well-lighted offices and banking floors provide attractive and convenient space for present and future needs.

Local architect Joseph P. Wilk worked alongside Citicorp Realty Consultants in the overall planning and implementation of American National's remodeling program.

Mr. Wilk was responsible for the new facade's most distinctive feature: the bank's reflective windows. The windows serve a dual purpose. Aesthetical-

ly, they help maintain the sleek appearance of a modern building. Operationally, they shield those within from the strong rays of the sun. Use of these windows was another first for Bowling Green. In light of today's rising energy costs and needs, American National should find that its reflective windows will be of great value in years to come.

One of the biggest contributions made by Citicorp Realty Consultants was in helping the bank operate on a full-service basis throughout the remodeling period.

"It wasn't the most convenient thing in the world," Mr. Smith said, "but we were able to operate all departments without interruption. This is something we had hoped for from the very beginning."

There were, however, important long-term conveniences the consulting firm advised, such as putting all teller cages on the ground floor along with the note department, the trust department and the bank's lending officers to facilitate and secure transactions while keeping the loan function easily accessible to the general public. Plans included easy access as well to the installment loan department. This was accomplished by placing this department on the second level parallel with the 125-car parking lot.

"Convenience was certainly foremost on our minds when we thought of designing the new bank," said Mr. Smith.

Mention luxuries and this bank has them—to a reasonable degree.

"I asked for only two amenities when we started the project," Mr. Smith continued. "I wanted a real live functional fireplace in my office and one in the executive dining room. This to me gives the bank its 'down-home' flavor and during the winter months will provide a special warmth to the organization, our customers and employees."

Beyond that, the late Mr. Harman's antique collection elevates the bank almost to museum stature.

"Louie Harman taught at Bowling Green Business University," Mr. Smith said, "and traveled throughout the world collecting antiques. Often, he attended sales in Kentucky and neighboring states in search of a special find, especially ones with Kentucky history attached to them.

"Unfortunately, we were unable to use all the pieces Mr. Harman collected. For instance, he had Henry Clay's bed in his bedroom. While we couldn't use that here, we did incorporate in my first-floor office an authentic 1810 English secretary of ash and inlaid mahogany. We consider it pos-

sibly the most beautiful piece of furniture in the bank.

"Besides the secretary, a number of early American (circa Andrew Jackson) antique pieces were used in the remodeling."

The bank's executive dining room and boardroom look like a "Who's Who" of early Americana, and a fine collection of antique clocks carries the theme throughout the bank. Detail in the wood—there's plenty of hand-carved mahogany and oak—is a welcome change from today's mass-produced furniture.

To complement the bank's Kentucky antiques are a series of prints by Ray Harm, well-known Kentucky painter of birds, and other local artists.

"One of our first instructions to Citicorp. Realty was to use Kentucky artists as much as possible," Mr. Smith said. "We wanted a number of Bowling Green scenes to express the local flavor of our bank."

What does the future hold for American National and its new look?

"I certainly think it's good," Mr. Smith said. "Functionally, our present building should serve our needs for the next 10 to 15 years. While our ties to Kentucky's past are reflected in the antiques decorating our interiors, we're a young bank in philosophy as reflected in the average age of our employees (33 years). This will certainly help us grow." • •

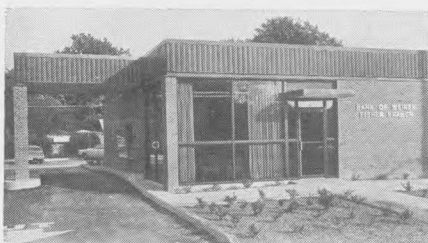
34 CBAs Named by BAI

Thirty-four Chartered Bank Auditor designations have been awarded by BAI for 1974. The CBA designation is

conferred when a candidate has successfully completed four written examinations over a period of from two to five years, has met minimum eligibility requirements and has subscribed to a professional code of ethics.

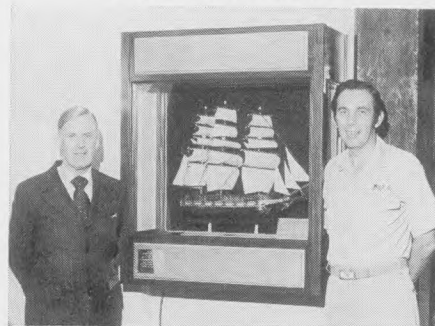
Those designated as CBAs in the Mid-Continent area are Betty Jo Gregston, auditor, Security National, Duncan, Okla.; James H. Maddux, auditor, Fort Worth National; Frederick M. Smith, controller, Citizens National, Waco, Tex.; Ben W. Tabor, auditor and vice president, Houston National; and John R. Vaughn, vice president, Peoples Trust, Fort Wayne, Ind.

Facility for Small City



In recent years, some Mid-Continent-area states have adopted liberalized branching or facility laws. As a consequence, communities that would have been too small to support a full-fledged bank now are getting bank offices. A case in point is Fisher, Ark., where Bank of Weiner has opened a branch. The state of Arkansas passed a county-wide branching law early in 1973. The Fisher Branch, pictured here, contains about 1,200 square feet of space, two tellers windows, private office, drive-up window, night depository and security vault. Construction of the Branch building was handled by Ste. Genevieve (Mo.) Design & Building Corp.

Ship Model Donated



W. Fred Dearmin (l.), chairman, First National, Odon, Ind., stands beside replica of USS Constitution he donated to the Naval Ammunition Depot, Crane, Ind. The bank maintains a facility on the base. The gift came as a result of the depot's program of growing white oak trees which will one day provide lumber for replanking the famous ship. At right is Captain R. L. McArthy, commanding officer of the depot.

Portfolio Managers

(Continued from page 38)

shift in the investment holding period, may also be judged in terms of a break-even concept. Generally, a bank may pick up a 40-basis-point advantage above break-even yield. The bank will show a loss below the line in the current statement period, but will achieve a net after-tax advantage above the line for years to come.

An investment account should be managed in keeping with a bank's general financial condition and with management's interest rate expectations. Fortunately, the development of technical aids such as break-even yield concepts have provided management with considerable assistance in formulating portfolio decisions. • •

Cincinnati's Fifth Third Bank Salutes Sauerkraut Eaters



LEFT: Some of Indiana bankers attending 41st annual Sauerkraut Party given by Fifth Third Bank, Cincinnati, include (from l.) Alford E. Hyde and Bill Reifel, Franklin County Nat'l, Brookville; Earl Green and Hubert Neff, First Nat'l, Aurora; D. M. DuBois, Bath State; C. K. Klingelhoffer, First Nat'l, Aurora; David Lakes, host bank; and Frank Nichols, Louisville (Ky.) Trust. RIGHT: Some of Kentucky bankers at

sauerkraut party include Pat Rankin, Lincoln County Bank, Stanford; W. J. Scheben Jr., Community Bank, Erlanger; David Lakes, host bank; Bill Grannan, Kentucky Bankers Association, Louisville; Bob Boswell, Peoples Liberty Bank, Covington; Dennis Keeney, Community Bank, Erlanger; C. L. Cropper, Peoples Deposit Bank, Burlington; and Tom O'Donnell, host bank.

Our new programs may not be of direct help to you, but they show this innovative marketing and leadership techniques that have become bywords . . . for the Fourth.

The Backscratcher



At the Fourth, we don't believe in giving people something for nothing. They just don't appreciate gifts that way.

So, we give them a free checking account if they will help us in return.

What do they have to do for a free one? Just leave \$300.00 in their checking account all of the time. Sound simple? It is.

If they leave \$200.00 in their checking account, that account will cost them \$1.00 per month. With a \$100.00 minimum balance, their checking account will cost only \$2.00. For any balance below \$100.00 the account will cost \$3.00.

If people scratch our back, we'll scratch theirs. Free checking and a free backscratch-both to let them go "backless" to the Fourth.

The Background,  **FOURTH NATIONAL BANK**
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First of Louisville Provides Downtown Meeting Space By Converting Former Branch Into Community Center

WHEN FIRST NATIONAL of Louisville moved into its new 40-story tower in December, 1972, it kept the former Lincoln Branch nearby for use as a stockroom and maintenance department. This was a convenient arrangement because the branch building is located immediately adjacent to the new First of Louisville headquarters. In fact, a person can walk out the door of one of the buildings and into a door at the other.

Although the bank was making use of most of the space in the old branch, the latter's large main floor was being wasted until First National hit on the idea of renovating it and converting it into a large meeting room and then naming it First National Community Center.

First of all, the center is used for bank functions, such as special entertainment for large groups or bank-hosted seminars and in-bank officer meetings. One example was a party for First National's correspondent bank customers during the annual Kentucky Bankers Association convention this year.

The center also meets a need for downtown meeting space for responsi-



This is exterior of First Nat'l of Louisville's Community Center. Latter is in former branch close to present headquarters in new First National Tower (40-story building in left background).

ble nonprofit organizations and for annual meetings and events. There's no charge for use, and only a small fee is asked for security and housekeeping.

The center has been in almost constant use since it was opened last Feb-

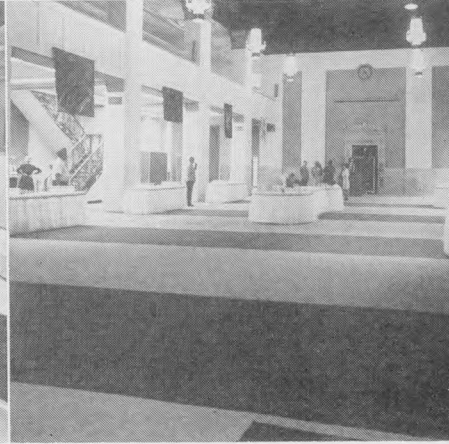
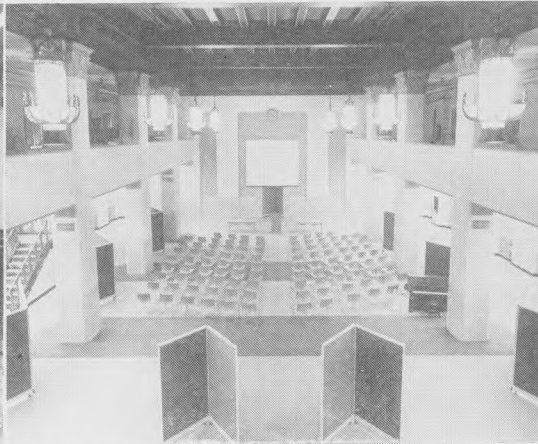
ruary, with some organizations now booking a year in advance. The bank believes its Community Center is truly an asset to the city, pointing to the "thank-you" letters received from a wide variety of groups whose members are most appreciative of the opportunity to have such a nice meeting place. As the bank put it, this is "the kind of good will no amount of advertising can supply."

When the bank remodeled the old lobby into a community center, the project chiefly included painting, installation of wall-to-wall carpeting, new restrooms and an area for use by caterers. Lighting fixtures and inlaid walnut ceiling were left untouched. Movable display panels may be used for room dividers and for art displays. The bank purchased 350 chairs and 30 tables.

The building was completed in 1928 by St. Louis Bank Equipment Co., a predecessor of Bank Building Corp., St. Louis.

In addition to the old Lincoln Branch structure, First of Louisville is restoring a Victorian-style building in the area and will use it as a Bicentennial Information Center. • •

LEFT: Before First of Louisville remodeled former lobby of its old Lincoln Office, it had usual marble counters, tellers cages and railings. All were removed to take advantage of 72.5 x 110-foot space. CENTER: This is typical auditorium-style setup for 100 persons in renovated branch, which now is Community Center. Changes included installation of piped-in music, pull-down screen and public address system. Movable panels shown in foreground and around both sides of room may be used as room dividers and for art displays. RIGHT: First Nat'l staff helps set up tables for cocktail party for 400. Capacity of Community Center is about 600.



**Eye-
Catchers
Please
Customers**



ABOVE: Imposing central staircase at Japan-California Bank, Los Angeles, is supported by 26-foot pylon of mirror stainless steel. Oversize railing ties two levels together. LEFT: Hand-carved, hand-polished marble fountain from Italy graces lobby of Cass Bank, St. Louis. Fountain was dedicated to retired bank chairman, H. C. Hartkopf. LOWER LEFT: Luminous skylight dominating ceiling of Bank of Tokyo, Los Angeles, consists of series of pyramid shapes creating three-dimensional design. RIGHT: Greenhouse-type garden greets customers at Commercial & Industrial Bank, Memphis, provides informal gathering spot convenient to banking floor out of photo at right.



MID-CONTINENT BANKER for December, 1974





He just landed that new customer. But it means a big bite out of his bank balance.

Your advice—don't panic. When he's eyeball-to-eyeball with a cash flow problem, all it takes is money to stare it down.

You tell him again it's still time to call Talcott in Chicago or Dallas.

Our Business Finance Division can be his lifeline and get him cash to pay his bills and restock.

As a banker you know Talcott's Chicago or Dallas experts can help him with financing.

And together we can make sure his helmet is screwed on straight, before he takes a dive.

For more information, contact James Talcott, Inc. Business Finance Division, 230 West Monroe Street, Chicago, Illinois 60606 (312) 782-9044 or 2222 Republic National Bank Tower, Dallas, Texas 75201 (214) 742-2546.

Tell him to call Talcott.

He's enough to give him the bends.

Just as that slippery new customer seems to be swimming his way, his cash line fouls. Suddenly he's choking for funds.

He comes to the bank for help.

What a breath-taking opportunity.

But he needs more cash than you can float.



You tell him it's time to call Talcott in Chicago or Dallas.

We react swiftly to a customer's financing needs at any depth. And your bank might even want to be a partner with us.

Our Business Finance Division can surface solutions to most cash problems.

Like raising his collateral treasure to the top and putting his finances on firm ground.



Still tell him to call Talcott.

A Wish for Christmas

Somewhere, sometime, in a fantasy land, a young boy faced the possibility that there would be no Christmas for him. He had moved to a new house, but Saint Nicholas did not know it.

Then a rather kindly old hound dog was given the gift of human speech and, learning of the boy's dilemma, told the jolly old elf of the boy's problem. In so doing, the dog kept Christmas special for one small boy in a very big world.

Yes, that's what Christmas is. A special time, when dreams come true, when people take the time to bring happiness to others.

And that is our wish. A very special Christmas to you and yours.

This story is from "Calhoun's Christmas," a musical comedy with puppets, presented this season by the University of Arkansas at Little Rock and sponsored by Worthen Bank & Trust Company.

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A Tale of Two Banks:

Prefab Unit Performs Double Duty As Temporary Office for Two Banks

MOST NEWLY chartered banks have one problem in common—they need to open their doors in a hurry.

Valley View Bank—chartered in January, 1971, in Dallas—was no exception. A market was there in the form of the many new businesses opening near its location, yet there was no suitable building available for temporary quarters while awaiting construction of a projected multi-story building.

The permanent structure was to be located adjacent to the site of Valley View Shopping Center, then being built by Homart, the real estate arm of Sears, Roebuck & Co. Approximately 140 new businesses would soon need banking facilities there.

Casting about for temporary shelter, one which could bring a return when the bank moved into its permanent building, Richard Blackmore, president of Valley View Bank, approached Larry Cawthon of Cawthon Building Systems, Inc., to see what solution could be found.

Cawthon designed a permanent, yet relocatable, building for the fledgling bank and presented the plans to Mr. Blackmore, who approved them quickly.

Fifty-six days after signing the contract for the building, Valley View bank was open for business—possibly a record for the area—in a structure manufactured and moved to a waiting foundation near the bank's permanent location.

But the bank's problem was only temporarily solved. Business was so good that expansion became imperative long before the time had come to build its high-rise permanent home.

Again, Cawthon solved the problem. In just two weeks, with a minimum of disturbance to the bank's day-to-day activities, an expansion was added to the original building, including two additional drive-in windows necessary to meet the increased demand from customers.

Eight months later, the expansion process was repeated. The new section was also completed within two weeks' time, without disturbing the bank's daily routine.

Finally, in May, 1974, little more than three years after Valley View received its charter, the multi-story office building—the bank's permanent head-

quarters—was finished. The original relocatable building was advertised for sale.

"The response was surprising," said Mr. Blackmore. "We had immediate inquiries and sold the building promptly, retrieving 75% of our original investment. Two other groups were disappointed that they had been unable to move rapidly enough to buy the structure."

But the story is only half over. The Cawthon building was sold to North Texas Bank of Lewisville, 10 miles from the new Dallas/Fort Worth airport. This new bank faced start-up problems similar to those of Valley View Bank.

Cawthon crews separated the building into five sections and, using special equipment, moved the structure to the new bank's location in Lewisville, placing it upon a waiting foundation. Planter boxes and shrubbery were moved, too.

"Among the many advantages of this move for us, besides speed, economy and a very comfortable building for the money, not the least benefit we received was the flow of fascinated comments from potential customers in Lewisville who watched the move with interest," said Ted Mapes, North Texas' president.

"Only three days after we bought the building, we had an offer to sell it and we received another the day before we opened. With building costs going up, we think it's great that we could get a suitable building in record time and have the prospect of recovering a substantial part of our money when our own high-rise plans materialize."

The builder also benefited from the "Tale of Two Banks." "It opened a whole new market for us," said Mr. Cawthon. "For example, we have developed a modern remote drive-in facility that can be adapted to any bank's needs.

"The Valley View Bank caused a lot of comment, not only among banks and savings and loan institutions, but from dental clinics and oil companies wanting free-standing office buildings. The location of Valley View Bank, in one of the fastest growing, most prosperous areas of North Dallas, gave us word-of-mouth advertising that nothing else could." • •



ABOVE: Original building, Valley View State, Dallas. BELOW: Same structure at its present location as the home of North Texas State, Lewisville. Lower picture shows addition made to building while still at Dallas location.





DRIVE-IN BANKING DESIGNS AND PROBLEMS

By **RICHARD J. COZAK**
 Marketing Manager
 Elec-Tro-teC, Inc.
 Elk Grove Village, Ill.

EDITOR'S NOTE: Elec-Tro-teC, Inc., maintains an experienced staff of traffic engineering design personnel, specializing in drive-in banking layout consultation for the past 10 years. Solutions to problems presented in this article are available, sometimes complex and always related to the individual case in question. Consistent with necessary publication space restrictions, Elec-Tro-teC's purpose is to provide an awareness and understanding of such problems, rather than attempt to offer "universal" solutions.

DRIVE-IN BANKING perhaps has become one of the most important considerations in planning any new bank construction today. It is certainly no longer a question as to whether such a service is to be provided. It's now accepted as a mandatory need of any banking institution wishing to satisfy the "total service" demands of the community for fast and efficient service.

What, then, are some of the factors that contribute to an efficient drive-in banking design? What are some of the typical layouts in common use today? What problems are inherent in various layouts? Why should they be eliminated (or minimized)? Let's review these areas in further detail.

Site characteristics important. Before any new banking institution design is planned, there obviously must be an anticipated building site selected. Purchase of land is not an inconsequential item by any means, and most efficient utilization of available property must be considered in the banking design—both for present and future expansion capabilities.

Peculiarities of each site, with its variables, such as size and shape of lot, ingress and egress routes, volume of street traffic, etc., often determine the specific drive-in station layout to be utilized in planning the overall banking facility. The individuality of each site must be considered in selecting a specific drive-in station layout. From a practical standpoint, there is no "universal" drive-in layout that will ideally suit all situations.

Typical drive-in layouts. There are basically three types of layouts in common use with today's pneumatic tube drive-in systems. Let's review each of these possible layouts and cover some

of the advantages, problems, and desired remedies for each situation.

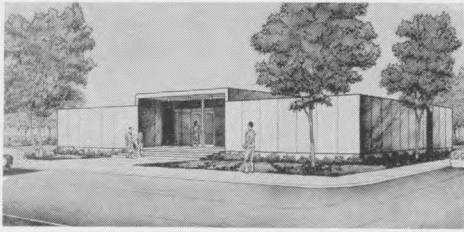
Straight-through approach. Figure 1 (page 64) illustrates one of the most common type of drive-in layouts being utilized today. Perhaps its most desirable aspect is that, at least theoretically, it's a convenient system to use from the customer's standpoint. Cars approaching from a straight-on approach off the street can easily determine which stations are in use and number of cars in each lane. Consequently, they would seem to have no maneuvering difficulties in deciding which lane to utilize. If all stations are open, customers should tend to pick the lane with the least number of cars in it for service.

This type of design, at least in part, does satisfy one of the primary reasons for providing drive-in banking services which, if summarized in a single word, most likely would be *convenience*. Quoting "Webster," this means "that which is favorable to one's comfort; easy to use; or get to; handy, etc."

This design satisfies some of these objectives and is quite commonly referred to as an "expressway" type of design, such as used extensively in various parts of the nation at automatic toll booths on major highways.

Tollways are not drive-in banks! The similarity between the straight-through approach type of drive-in layout and a tollway situation can easily be compared. Both designs make it easy for the customer to approach the facility, select a lane and stack up into the system with the other cars without any maneuvering or accident hazards. Between these two situations there is, however, one major significant difference, which is "customer transaction times." At an automatic toll booth, transaction times are essentially the same for all customers. These typically run about five seconds. Drive-in banking transactions vary considerably and can be anywhere from 15 seconds to five minutes or more. This presents what should be considered a major problem.

Inequitable customer service. Assuming the customer does select the lane that has the smallest number of cars in it compared to the others, he has no way of knowing whether he actually will reach the station and be served quicker than customers entering the drive-in facility after him in other lanes with a greater number of cars. In short, he often selects the *wrong* line and is delayed in back of someone with a long transaction. The prime purpose of any drive-in customer in deciding to use the drive-in in the first place was that he was in a hurry to complete his transaction. Essentially, we have made it easy for him to enter the system, but we have irritated him with the delay. Although he picked a particular lane



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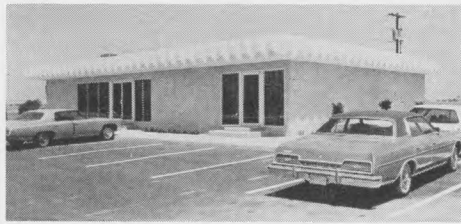
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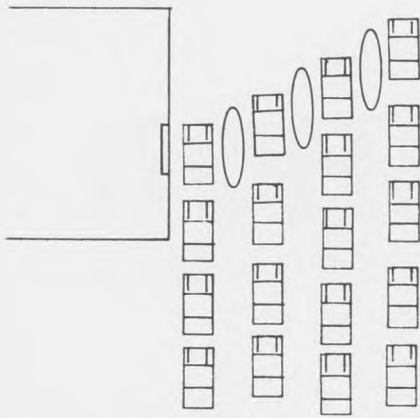


FIGURE 1

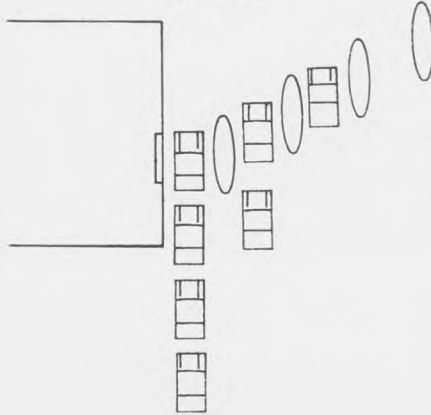


FIGURE 2

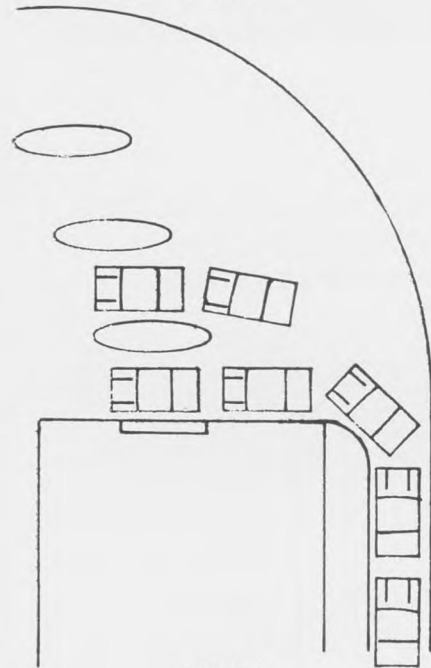


FIGURE 3

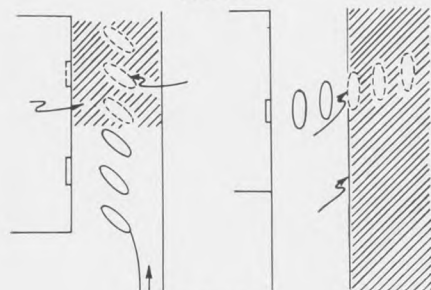


FIGURE 4

of his own choosing, he has no one to blame but himself (which perhaps even "adds more salt to the wound"). The undesirable effects of this situation caused by varying transaction times is not unique to the straight-through drive-in layout-type system. It is prevalent in any situation in which there are individual lines being formed by customers in back of the drive-in stations. If this situation can be corrected, it would certainly contribute to better satisfying the total concept of drive-in banking, for truly convenient, fast and equitable service.

It is interesting to note that, to a large extent, the operational efficiency of a drive-in facility is affected significantly by how a bank's drive-in clients utilize the available drive-in equipment. The number of drive-up stations initially installed at any given drive-in facility usually is as many as are deemed necessary to handle a peak traffic situation during which the entire facility is stacked with cars and all stations are being utilized consistently.

Designs and problems. This situation is as shown in Figure 1. This peak condition—as a percent of total time the drive-in facility is open over a weekly period—is a relatively small percentage, usually occurring on Friday evenings and Saturday mornings.

Surveys substantiate that during most of the drive-in banking hours a more typical traffic-stacking pattern is similar to that illustrated in Figure 2 (this page). This illustration depicts the following conditions:

- A. There is a great tendency of customers to favor those stations closer to the building over those more remotely located (even if some stations are vacant). This unbalanced situation becomes more prevalent with the greater number of stations at any given facility.
- B. The manned drawer window generally gets more usage than the remote pneumatic-type units, even though the customer's transaction does not necessitate its use.

Some undesirable aspects of this situation are the following:

Higher potential equipment failure (more downtime): Counters placed on pneumatic-tube systems at typical installations indicate that there often are four times or more cycles of operation present on pneumatic-tube units located close to the building, compared to those more remotely located. Uneven wear and prolonged idleness on this equipment increase the likelihood of mechanical failure.

Reduced drive-in handling capacity:

The effect of unequal stacking does contribute to reducing the operational handling capacity of the drive-in. If there are idle operational stations while customers are backed up in other lines awaiting service, those waiting cars create an unnecessary buildup and occupy available stacking space unnecessarily. Had they chosen the right line in the first place, they could have been served and have left the facility.

Unbalanced teller workload: Idle tellers reduce their productivity and efficiency.

Corner approach. Figure 3 (this page) illustrates another common type of drive-in layout. In this illustration, a single-lane approach from around the corner of the building has been shown. However, quite often the approach is two or more lanes. This layout is used mostly in situations where there is limited access to the drive-in banking facility; for example, where the property is bordered on either side by other businesses. Also, it is used in situations where the depth of the property is much greater than the width.

In this situation, the previously mentioned unbalanced stacking pattern of cars presents a further complication by creating a potential traffic problem. This is illustrated in Figure 3 where cars favoring stations closer to the building have extended around the corner of the building to block access to the remaining stations by other entering traffic. The usual manner in which this situation is handled is to utilize traffic guards to direct customers during heavy traffic periods. This is a continuing and unnecessary cost factor to the bank, even on a part-time basis. Some method of effectively and efficiently correcting this situation should be a part of the total drive-in equipment package so that the high-speed and sophisticated pneumatic-tube systems of today can, from an operational standpoint, accomplish their intended function. Such equipment is of little use if customers cannot reach it for service.

"Forty-five-degree" station layout. A third increasingly popular type of drive-in layout being utilized today is what is commonly referred to as the "45-degree" station pattern. This layout is shown in Figure 4 (this page). For comparison purposes, we have shown beside this layout an equivalent straight-through approach system.

The "45-degree" system may have some important advantages for many projects, compared to either the corner approach or straight-through approach



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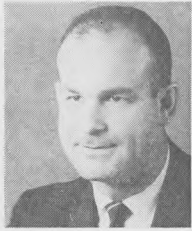
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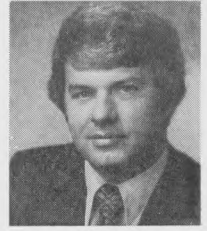
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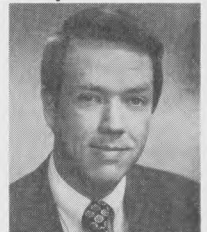
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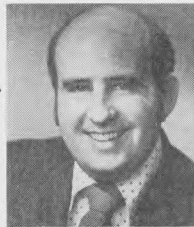
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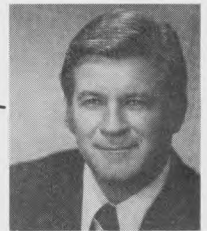
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previously covered. One of these potential advantages is as follows:

More efficient utilization of land: In comparing the "45-degree" approach with the straight-through approach in Figure 4, it can be seen that property space for future expansion with the "45-degree" layout is available without the need for providing additional land at the time of expansion. If the straight-through approach with a line-of-site pneumatic system is expanded, additional property is needed, and it may not be available. This is illustrated in Figure 4. Note that the property area being utilized strictly for exit traffic on a straight-through layout essentially is lost insofar as any future expansion is concerned or use for other purposes such as additional parking, etc.

The primary problem to be resolved with the "45-degree" system layout in making it a totally workable and efficient system is, once again, to solve the "human" behavior pattern of customer utilization of the drive-in. It necessitates providing some effective means of compensating for the tendency of customers entering the drive-in to favor those stations closer to the entry point and thereby blocking access of other entering traffic to the more remote units. With a solution to that problem, the "45-degree" layout would become another effective tool in increasing the architect's design flexibility to best suit a drive-in design to the overall needs of each bank design project.

All the problems we have covered should be considered early in the planning of any drive-in banking facility.

There are effective solutions available. Each case must be considered individually as there are numerous factors involved in best meeting all objectives for the most optimum overall design.

Design for Earnings

(Continued from page 49)

levels. These figures were then adjusted to reflect the effects of inflation and future operational efficiencies.

Next, each type of deposit account at the bank was reviewed in detail, with the various account areas broken down to determine whether or not the current mix was in the bank's best interest. Bank personnel contributed valuable input in this area. All loan accounts were then reviewed as to average balance, size and number to determine if the operation was consistent with bank objectives. Next, loans were broken down by term, average balance, number active and the number that would be made over the planning period to enable a forecast for future years to be made concerning loan volume.

To determine staffing levels for the new structure, each bank employee was interviewed, resulting in a time allocation for each staff member, broken down by functional areas. Work flow then could be established and functional locations for the most efficient operation could be reflected in a schematic layout format, sometimes

known as a preliminary drawing stage. Once this was completed, square footage needed for each function could be determined.

In addition to past and present data, all known factors that would have a bearing on the bank's growth over the next 15 years were considered. This involved assembling data on competitive financial institutions coming into the area, historic population growth, employment, per capita income, available housing and other factors. This type of study developed a market area profile and assured that possible economic changes in the bank's market area would not have an adverse effect on the projections.

The completed survey was interpreted in a report of projected requirements and a schematic building design was prepared based upon this report. Costs were then estimated on a turn-key budget estimate and all documents were presented for approval to Chandler National's management. All factors of the study pointed to the fact that, economically as well as operationally, a totally new building would be a realistic solution to the bank's expansion needs.

Plans for the new structure incorporate a new accounts area, a work area for the vault custodian, a receptionist station and a drive-up window with the capability of adding a pneumatic system sometime in the future. By combining functions, the plan provides for these services with no need for additional employees.

The new building will be able to accommodate a 100% increase in the number of loan officers, and loan customers will be served in private offices.

Future planning capability built into the new structure will permit the addition (at a later date) of a community room, two additional vaults for book-keeping and record retention, more storage space and an employees' lounge.

Following management approval of the plans, design solution and budget estimate, the design-development phase of the project was considered. This phase includes detailed perspectives depicting the building's exteriors and how the structure is situated on the site. In addition, perspectives detail the interior lobby and officers' area, including furniture selection with material samples of carpeting, draperies, wall coverings and finishes.

The interior furniture was selected not only for its appearance and quality, but in consideration of the atmosphere management wanted to create for the bank's customers, many of whom are agribusinessmen. Warm and comfortable, yet informal, colors were chosen,

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Wait in Line Shortened

Customers at Bank of Lisle, Ill., can't possibly pick the wrong line in which to wait to be served, thanks to the new "Time-Saver" device adopted by the bank. Here's how the service works:

Customers enter the bank and, instead of heading directly for a teller window, join a line in front of an electronically operated board. Each teller window is equipped with a lighted number atop it. When a teller is ready to serve another customer, he or she simply presses a button, which lights up the number and softly rings a gong. At the same time, the first person waiting in the line sees the electronic board in front of him or her flashing the number of the window that's open and the direction, left or right, in which to proceed.

Len Ponte, vice president and cashier, said the new system is particularly effective at extremely busy periods such as Friday evening or Saturday. He said that with the new system (a product of Elec-Tro-teC, Inc., Elk Grove Village, Ill.), a customer can expect to spend no more than seven minutes in the bank. Mr. Ponte added that his bank's customers like the service because it's not only fast, but provides more privacy since no one is standing directly behind them while they transact their banking business.

months' construction time and as much as \$40,000 in building costs. This has permitted the bank to stay in business at its present location with a minimum of inconvenience to employees and customers while the new structure is being built.

Prior to beginning construction, Bank Building personnel requested a list of all bank customers who were contractors or were involved with supplying building materials. These individuals were then invited to bid on the project. After bids were secured, they were reviewed with bank management. It is Bank Building's policy to have all work done with the customer fully aware of the basic cost of the various components of a project, as well as the management fees charged. This policy results in a guaranteed total dollar expenditure exposure, according to Bank Building officials.

The only Bank Building employee now working on the site is a construction superintendent, which is in keeping with the firm's policy of spending as much as 85% of every construction dollar locally.

William F. Chandler Jr., president of Chandler National, said the bank chose

Bank Building to handle its construction project because the firm offered complete service, including letting all contracts and overseeing the project through to completion. Mr. Chandler also praised Bank Building for its planning expertise, stating that it freed bank personnel from the concerns normally associated with a building project. • •

Three Senior Vice Presidents Named

NEW YORK—Manufacturers Hanover Trust has elected three senior vice presidents—Charles F. Cramer, Ernst J. Kropp and William Lonsdale.

Mr. Cramer joined the bank in 1927 and has been a vice president in the operations division. Mr. Kropp, who joined the bank in 1940, will supervise metropolitan administration, region seven. He was previously a vice president in region four and was with the specialized loan department. Mr. Lonsdale has been with the bank since 1936 and will succeed retiring Challen R. Parker Jr. as chairman of the metropolitan division loan committee. He was formerly a metropolitan division regional vice president.

but in practical materials for ease of maintenance. Furniture for the employees' lounge was selected to contrast with that in the public areas to allow employees to relax in a different environment from the one in which they work.

At the design-development phase, Bank Building provides a guaranteed turnkey cost estimate. Prior to bids and with no client commitment to costly working drawings, the firm assumes the risk for overages, and returns savings to the customer.

Clients are free to select their own construction managers or general contractors, but Chandler National, like most other clients, chose to use Bank Building personnel. According to a spokesman, the advantages of using its personnel include guaranteed cost, single source of responsibility, a full-time superintendent and the assurance that the bank staff will be relieved of day-to-day building decisions so it can concentrate on the banking business.

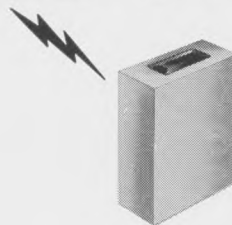
The construction management team was able to show Chandler National's management that, by the use of "fast-tracking" construction instead of a phasing approach, as originally contemplated, the bank could save four

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This new branch of First National State, Spring Lake, N. J., was—and still is—train station. When bank converted structure into banking facility, it provided customer waiting room and ticket office on track side for commuters who use trains that stop at station. Bank added drive-up area at left.



Interior of train station converted to branch by First National State, Spring Lake, N. J., contains railroad memorabilia such as items on ledge at top left. Note tellers windows in background, which resemble old-time ticket windows in railroad stations of another era.

Buildings 'Recycled' Into Bank Facilities

Conversions Include Former Restaurant, Train Station, Historic Hotel

By ROSEMARY McKELVEY
Managing Editor

THE RECYCLING CONCEPT has become extremely popular in this era of shortages. Industry has found ways to re-use paper, glassware, aluminum and metal products and other things. Now banking is recycling buildings.

At least two different banks have converted former churches into banking quarters (one of them is the subject of an article on page 74; the other is in Illinois, and its project will be described in this article); a New Jersey bank took over a railroad station for a branch; a Mississippi bank opened a branch in a former restaurant, and a Missouri bank turned a century-old house into a bank facility.

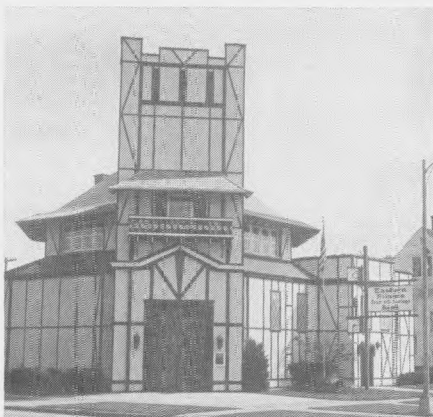
Recycling in banking may be a necessity in some cases. When banks start looking for places to open new main offices, branches or facilities, they often find that sites they consider ideal for such purposes have been purchased by other businesses. Recycling can be beneficial in a financial way. In this

day of high construction costs, conversion of existing buildings offers a sound economic answer to the need for relocating in a proved high-traffic area.

Former church. A former church building became the home of Eastern Illinois Trust, Momence, when it opened in 1971. The bank decided on a Swiss chalet type of architecture for the exterior and carried that theme into the interior. The area that served as the entrance and steeple for the church now is the bank's main entrance, but the doorway has been lowered so that no steps are needed as they were when the structure was a church. The old church doors were replaced with elegant wooden ones, and a decorative lamp was placed on each side of the entrance. A colorful, canopied, Swiss-style balcony was added above the main entrance.

The bank has a rotunda-type lobby, which features a 45-foot-high ceiling and balconies protruding at six different levels all the way up. The balconies contain the bookkeeping departments, private conference rooms and offices, employee lounge and board room. On the main floor are the new accounts, loan officers' and tellers' areas.

Railroad station-bank. When First National State, Spring Lake, N. J., saw that it needed additional banking fa-



TOP: This former church was purchased by organizers of Eastern Illinois Trust, Momence, in 1971, to house bank.

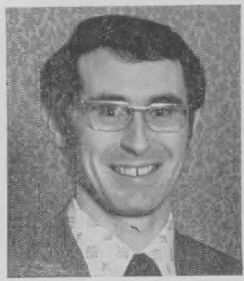
BOTTOM: Old church building was converted into attractive, Swiss-chalet-type structure by Eastern Illinois Trust. Main entrance and steeple area feature elegant doors and colorful, canopied balcony.



“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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This century-old building in Hermann, Mo., was saved from oblivion by local civic group, then purchased by First Missouri Bank of Gasconade County for facility. Interior contains furnishings of same era as building, which is open to public for tours. At rear is facility's drive-up banking area.



This branch of Delta National, Yazoo City, Miss., used to be restaurant. Building has automatic teller and postal service area at front available any time of day or night. Drive-up facilities contain both conventional and pneumatic-tube lanes.

cilities, including drive-in windows, it took over a 77-year-old railroad station and remodeled it over a six-month period. However, since trains still stop at the station, the bank provided commuters with a modern, comfortable waiting room, which, along with the railroad ticket office, is located on the track side of the building. In the bank part of the station are memorabilia from the 1890s such as original railroad and travel posters, an engine headlight, trainmen's lantern and switching light. Chandeliers are from the same period, and teller counters and chairs once were used in the old Springfield Trust, Newark, N. J. The weathervane atop the station is a handmade replica of the locomotive and coal tender on the "Wabash Cannonball," one of America's most famous trains during the great railroading era.

The brick station, called Station Plaza Office by the bank, features tellers windows that resemble old-time ticket windows. A drive-up area adjoins the building.

The unusual facility, which combines the nostalgia of yesterday with up-to-date banking services, brought First National State good newspaper coverage, according to President Andrew P. Maloney.

Restaurant to bank. What was once a restaurant in Yazoo City, Miss., now is a branch of Delta National.

The conversion—keeping structural changes to a minimum and capitalizing on existing building features—provided an attractive and efficient facility with ample room for future expansion. Interior office space was produced from a former private dining room by adding a window wall.

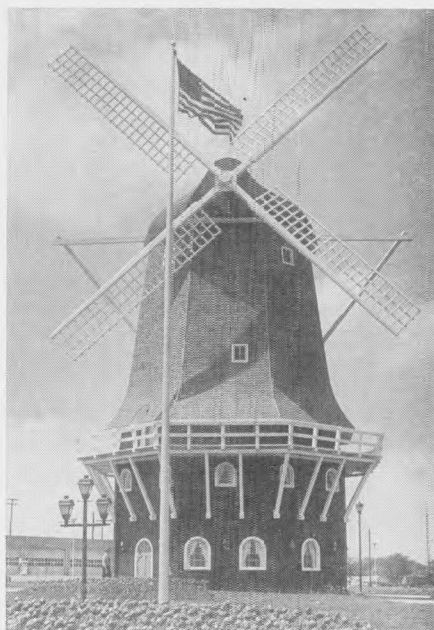
The branch offers conventional and pneumatic-tube drive-up lanes and 24-hour-service facilities. In addition to

depository and cash-dispensing equipment, the branch has a postal service area and dollar-bill changer.

The site is well lighted for evening operations, and a large sign with time and temperature and lighted printouts describing bank services or local news messages focuses attention on the building from an adjacent main highway.

Westbrook Manufacturing Co., Jackson, Miss., handled project design and construction under its turnkey bank contracting service.

Yes, This Is a Bank!



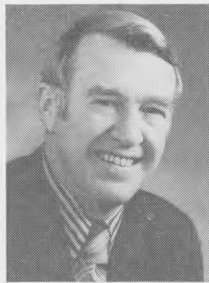
Who could resist doing business at a windmill? This unique remote facility of Northwestern State, Orange City, Ia., is equipped with two drive-in windows and three inside teller stations. The interior features Dutch decor and 10,000 tulips add to the Holland-like appearance of the structure. The facility was designed and built locally and is appropriately called the Windmill Office.

Historic building saved. Hermann, Mo., where First Missouri Bank of Gasconade County (formerly Hermann Bank) is located, is proud of its Germanic background (the city was founded in 1837 by a group of German people from Philadelphia). The majority of the city's population is of German descent, and this heritage is evident in its buildings and even in everyday life. During the third weekend of every May, Hermann holds a Maifest, which attracts 40,000 or 50,000 persons, a far cry from the city's population of around 2,500. Thus, when one of the old structures, called the Reiff House—erected in the early 1870s—was slated to be razed in 1971 to make way for a modern business building, a group called the Historic Hermann House Tour Committee bought the structure from the Reiff estate to save it from the headache ball.

Despite its being saved, the building stood vacant until 1972, when the then Hermann Bank bought the home at the same price the historical group had paid for it. The bank also purchased the adjoining rear lot and house to provide better access for the public and assure preservation of the landmark.

First Missouri Bank converted the structure into a banking facility, but retained its historic flavor. Besides interior tellers windows, the building has two modern Diebold VAT-4 drive-up units in the rear, with islands completed for an additional three units. A canopy has been attached to the building and covers both the two present drive-up units and the area where the three others will be installed. The walk-in lobby features a combination of fixtures that date back to around 1900 and that were purchased from a bank in the area.

President Robert C. Kirchhofer cited



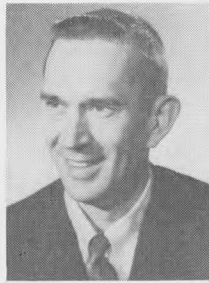
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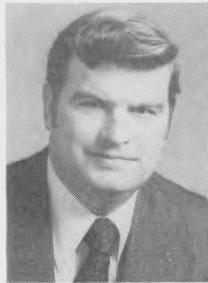
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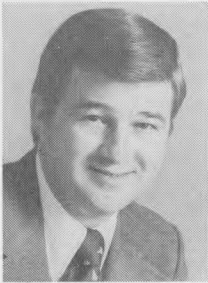
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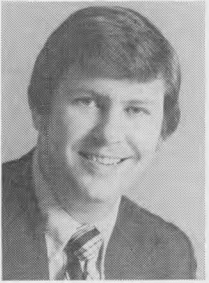
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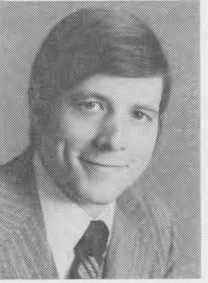
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an example of the business furniture in this facility—a customer service counter taken from the Peoples Bank of Hermann, which closed during the 1933 bank holiday. This piece of furniture was owned by a local state representative until his death in 1957 and then sold at public auction to a man who used it for a bar until the bank was able to obtain it in 1973. After the bank refinished and put the counter on display in the lobby, Mr. Kirchhofer said the bank was fortunate enough to get a smaller matching piece that also came out of the old Peoples Bank. The lobby has a beautiful oak bookkeeper stand with matching cane-back chair

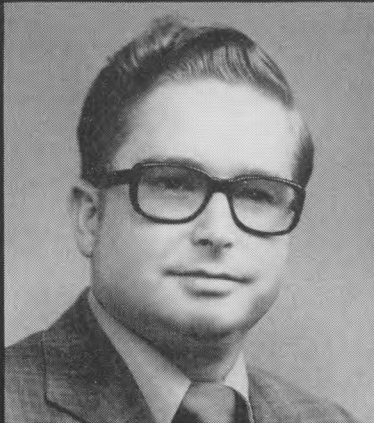
dating back to 1898. In addition, there are two walnut secretaries and an organ-back roll-top desk. Mr. Kirchhofer pointed out that the bank is continuing to look for suitable furniture for the facility.

Mr. Kirchhofer said First Missouri Bank, whenever possible, has acquired antique furniture for the facility from the immediate vicinity so that each piece has an authentic history.

Because of the historic value of the structure and because house tours are common in Hermann, the Reiff House facility is always open for inspection during regular banking hours. In fact, when bank employees aren't busy, they

take visitors on the tours. The building also is open by special request any day of the week.

Mr. Kirchhofer alluded to the recycling concept in describing how his bank changed what was once a tavern-hotel and then a residence into a bank facility. He said his bank followed the recycling trend in doing this and admitted that restoration is costly. However, he added, erecting an entirely new building also is expensive. This restoration, he continued, was completed in such a manner that it offers as much efficiency as a new building. He said he's sure that if his bank expands in the future, he certainly would consider doing another restoration project. • •



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The First National Bank of Bay Minette

Citizens Bank of Guntersville

American Bank & Trust Company, Hartselle

Phenix National Bank, Phenix City

Farmers & Marine Bank, Bayou La Batre

The Citizens Bank, Moulton

Credit Judgments

(Continued from page 22)

banking unit or units produce about 85% to 99% of the income of most bank HCs. Without question, he said, these relationships are likely to move away from loan income in the future and in favor of other types of income, but the movement will be slow, and it may be of much smaller magnitude than some writers suggest. In any event, he predicted, the loan portfolio in the meantime will remain, as it is now, the main source of earnings for the banking system.

"But, despite the importance of loans as a source of income," said Mr. Collins, "I think we would all agree there has been some compromise of the standards of excellence which would have existed if the basic objectives laid down by our RMA predecessors had been achieved. We can point to the vast expansion program of market and product extension undertaken by the banking industry during the last decade as one of the major reasons we have been unable to achieve the desired goals. On the other hand, as bank loan and credit officers, many of us in

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senior positions in our banks, must we not also share the responsibility for any absolute or relative decline in the growth of professionalism in our field?"

He admitted that training problems at all levels have been enormous; demands for personnel have been almost insatiable, and the patience of those being trained often has been quite limited. Nevertheless, he asked, "How many of us have spoken as loudly as we should have to curtail the disproportionate allocation of resources between existing and potential areas of bank income?"

He advised his listeners to call for an effort by *all* banks to strengthen their internal bank operations and improve the quality of their professional staffs, which in management dedication (if not in financial resources) matches or exceeds the effort exerted on behalf of diversification by *some* banks in the recent past.

New Officers. In addition to Mr. Dyer as RMA president, other new officers installed at the conference are: first vice president, Robert A. Young, president, Northwest Bank, Vancouver, Wash.; and second vice president, Dan W. Mitchell, president, Old National, Evansville, Ind.

Awards. A Mid-Continent-area banker, George R. Baker, received RMA's award for journalistic excellence (formerly the Duning memorial award). Mr. Baker, executive vice president, Continental Illinois National, Chicago, was cited for the article, "The Average Cap: Another Phase in the Evolution of Commercial Bank Lending," which appeared in the February, 1973, issue of RMA's official publication, *Journal of Commercial Bank Lending*. The journalistic excellence award is presented each year to the author of an article judged to be the best one written by an RMA member and published in the RMA monthly publication.

Two other bankers in the Mid-Continent area received RMA distin-

guished service awards, the highest honor the group can give. The bankers are Weyman Horadam, senior vice president, Bank of the Southwest, Houston; and Maurice R. Kirkwood, vice president, American Fletcher National, Indianapolis. • •

For Businessmen:

Bank Holds Economic Forum Featuring Noted Experts

Inflationary measures with respect to investment and the international monetary situation and its significance to

American business were the main topics at the fourth annual economic forum presented recently for area businessmen by First National, Des Plaines, Ill.

Featured speakers were Dr. James J. O'Leary, vice chairman and economist for United States Trust, New York; and Paul A. Volcker, until recently U. S. Treasury undersecretary for monetary affairs.

Economic forums for businessmen are becoming increasingly popular and enable banks to provide a means to educate their customers about economic topics.

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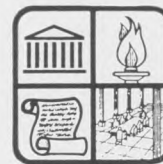
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Banks Expanding Hours

Slightly more than one-third of the 75 banks responding to a recent expanded-hours survey indicated they are keeping their premises open longer than they did a year previous.

Areas of the banks offering expanded hours include lobbies, walk-up windows, drive-ins and automatic teller stations.

Eight percent of the banks reported introducing Saturday hours to their schedules and another 4% added to their existing Saturday schedules. The majority said the new or expanded hours resulted in sufficient new business to justify the new policy.



This former church building now houses State Bank of Mentor, O.



Colonial Williamsburg decor is used throughout bank lobby.

TURN A church building into quarters for a bank? That's exactly what was done last year in Mentor, O., by State Bank. Shortly after receiving its charter, the bank bought a city landmark, old St. Mary's Church, for its home. The former church building is well constructed and ideally located on a tree-covered, 2½-acre site near the center of town.

From Church To Bank Building

Obviously, a building designed to be a church doesn't readily lend itself to housing a bank, and so extensive remodeling was required. However, its basic exterior lines were good because they followed a modified Williamsburg architecture. Guided by this, the architects changed the exterior from the religious to the secular, and the interior was completely restyled to give it an old Williamsburg colonial look. More than 1,000 feet of decorative molding were handmade to keep everything as authentic as possible. The six teller stations also were handmade as were the wooden valances around the windows. Colonial furnishings in a soft Williamsburg green were added to the interior.

Behind the tellers counter, however, the strict adherence to colonial design ends. Each of the six teller stations features a LeFebure TF-153 cash-drop pedestal unit finished in rich brown, with two key-locking cash drawers with stainless steel drawer heads. To the right of this unit is a knee-space forms holder with tilting bin. A right-hand return storage unit completes the arrangement. The back-counter area has LeFebure pedestal storage units in various configurations and two four-



Bank vault is opposite main lobby entrance, in area formerly occupied by church altar.

drawer LeFebure USEngineered signature card files.

The vault—which has a LeFebure 4000 series vault door—is located directly opposite the main entrance, in the area once occupied by the church's altar. The vault contains 195 LeFebure jiggered-nickel safe deposit boxes, a safe deposit key rack, a vault partition and eight LeFebure USEngineered teller lockers.

The motor bank, located in a separate building, is a two-lane operation with stubs installed for a third lane in the future. Lane one is served by a LeFebure design drive-up window unit; lane two has a LeFebure Tel-Air System Five kiosk. This remote, direct-vision, pneumatic-tube system is completely automatic. A LeFebure model 101 bag and envelope depository also is located in the drive-up building.

By transforming a former church building into bank quarters, State Bank provided Mentor with a stately city landmark that also is an attractive and functional building. • •

State Bank's drive-up facilities are located in this building, which is separate from main structure (in background).

At drive-up station, drive-up controls are at right; Tel-Air controls are at left to produce efficient operation.



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Myrtle burl, stainless steel and leather custom-designed look provide elegance for big-city bank branch (First Nat'l Bank of Commerce, New Orleans). Desks, check-writing stands and wall treatments were all designed and built by Nahan Co., Inc., New Orleans.

Create 'Continuity of Identity' With Interior Design Consultant

FOR MANY YEARS, the banker's image was one of aloofness. He represented an "institution," with bars and "inner" offices, and an atmosphere that—while establishing a formidable identity—also frightened the consumer lender away and into the hands of the "friendly loan company."

Bankers in their 30s probably don't recall those days, but I remember when it began changing and bankers and banks suddenly wanted a more "friendly" image.

Once a bank president called me into his office to update it. Would you believe that his predecessor had all the guest chair legs cut by two inches so that he always sat looking down at his visitors? That's part of environmental

By KENNETH NAHAN

design guaranteed to make a guest feel inferior. I wouldn't want to have negotiated a loan in that bank!

Now interior design as we practice it (and to a large extent, pioneered it) does not concern itself with the frills and fancies and colors and patterns except as a small end need for completing an environmental effect.

We believe that understanding first the functional requirements, not only of the bank, but its clientele, its market if you will, is a main key to the ultimate design concept. Second, we must be fully cognizant of top management's philosophy and its own mental concept of what type of institution its bank is. This frequently differs with the image the lower echelon of personnel in the bank maintain of their own organization.

Kenneth Nahan, author of this article, is pres., Nahan Co., Inc., New Orleans-based interior design firm. He also is pres., Louisiana Chapter, American Society of Interior Designers, and past regional v.p., Nat'l Society of Interior Designers. Besides having clientele in banking, other financial institutions, insurance firms, etc., Mr. Nahan's firm works for such large national companies and organizations as Shell Oil, American Automobile Assn., ITT-Sheraton, Hilton and Alexander Grant & Co., CPA.

Putting it all together to create a "continuity of identity" takes a team of specialists, experienced and knowledgeable.

It is an environmental hidden persuader that says to a bank's customer this bank is friendly, aggressive, strong, reliable, conservative, efficient, or whatever we plan it to look and feel like. In this day and age, this type of interior design is not done by taste or talent alone, but carefully plotted and engineered for effect and human response. Beware of tampering with a bank's very identity by a nonbusiness and marketing-oriented clever decorator with taste. Banking institutions are particularly vulnerable because most people, consumer lenders as well as some small businessmen, find it as much of a trauma to approach a banker as going to a dentist.

In selecting an interior design firm, look for experience and a firm staffed to service the business community with their knowledge of space utilization. Proper planning must include organization of all the use of modern equipment and human work habits and, most important to remember is the real monetary savings involved in doing it right the first time.

Standardization programs for growth

MID-CONTINENT BANKER for December, 1974



businesses and branch banking not only work, but save money in compounding ways. Banks can be beautiful and still have a workable standardization program.

We feel it's essential that the corporate image be continually projected by duplication of equipment for identical activities whether expanding a main office or opening a branch.

Identical jobs should have identical equipment regardless of location, wherever practical. Secretaries of the same echelon should have specific desks and chairs of standardized quality and color. Loan officers, branch managers and every other staff category should be provided with furnishings that take into consideration and thus help avoid moral problems of status.

In daily operations, most companies will find enough changes to require regular purchases of additional furnishings. If a secretary is being added, there should be no questions about the budget for the equipment or furnishings. The purchasing office, after reference to the standard, can solicit quotations for the bank's own standard desk with its standard fittings in its standard colors. Every aspect, drapery, chair, check stand, etc., can and should be included in the bank's "standard" for continuity. In time, the economics will be substantial because all furnishings, especially desks and files, will be re-usable if changes cause relocations or mixing of departments, and, very importantly, the appearance of the facility will not be destroyed by moving furnishings to other areas.

Budgeting for a future move or expansion is greatly simplified by such a "continuity of image" standardization program, which allows both quick

itemization and costing of the additional units needed for the new employee or functions involved.

Employee welfare has to be an increasing concern of business as younger workers, not conditioned to the work ethic, seek gratifications that are sometimes personal.

Surveys have shown that attractive surroundings will have a positive appeal to applicants as a "nice place to work." All other things considered, the average employee, if given a choice of employment at different firms at the same pay scale, will look at facilities for their physical comfort. Comfortable and attractive restrooms, attractive lounges, lunch rooms and comfortable working space are judged as important parts of the job. Thus, management should consider this as another responsibility to have qualified employees working efficiently.

Proper utilization of space avoids feelings of crowding and disorder on the part of employees. Proper illumination, traffic patterns and work flow convenience at work stations are some of the design team's problems that can be solved to produce greater efficiency by all.

Management's timely use of space planners for improving existing conditions as for new facilities can provide great economy as well as efficiency in business. This case history is a good explanation.

A few years ago, a large national CPA firm with a need for extensive expansion called our design firm to Chicago to appraise additional space it was negotiating to lease. In a survey of the accounting operation, our space planners found that the existing space could accommodate twice the number

of workers more comfortably and efficiently by removing certain existing partitions and putting specific categories of workers at partitioned work stations specifically designed for their functions.

Not only was the expensive additional space unnecessary, but also the inefficiency of split departments was avoided. Our client saved in several ways.

In another instance, a major firm with cramped quarters was planning a major expansion and was given a lease proposal in a new high-rise building.

Attracted by the appearance and prestige location of the building, the management was on the verge of signing the lease, but decided to have our design firm verify the efficiency factor of this space selection. After plotting the client's activities into the proposed building floor plan, our survey of existing operations and plans disclosed that that particular configuration of space was unworkable for this company. The handsome building and real estate salesman's amateur space planning did not solve the problem. Our designers continued their work and, together with the client, went shopping for real estate with a preconceived set of specifications on square footage and configuration as exacting as they usually would have in shopping for a computer.

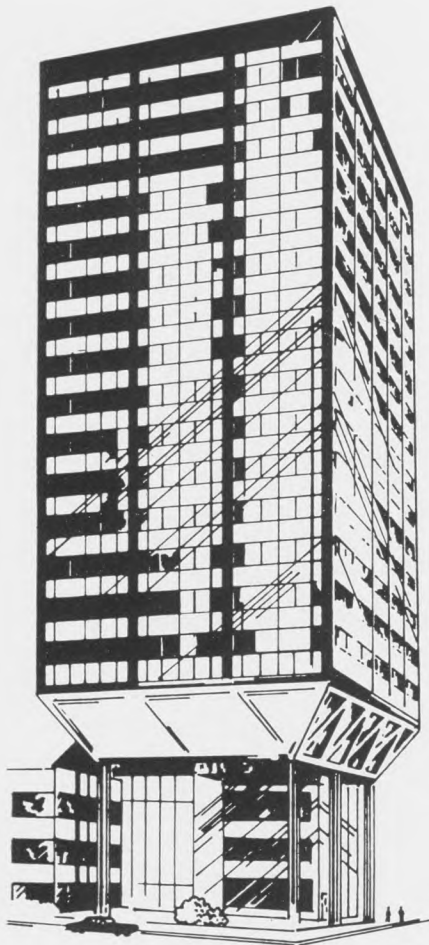
The same formula would be used in planning a new building. Space planning designers would work with the client to give the architect an informed, well-organized set of input data to design a building around the client's need. • •



This is example of bank quarters planned to accommodate residential area of city. Nahan firm designed this branch of Hibernia Nat'l to meet community standards of uptown New Orleans.



Opening branch in new section of town calls for study of young home owners' taste. This Gentilly Branch of Hibernia Nat'l, New Orleans, presents contemporary, but friendly, appearance. Tree actually is copper fountain that allows water to run from one leaf to another and disappear in base. Branch design was done by Nahan.



On the Cover

Gleaming new 20-story Mercantile Tower soars above intersection of 11th and Walnut in downtown Kansas City. Tower is third home of Mercantile Bank & Trust. Previous home is two doors down the street at right of tower.

Mercantile Bank's New Home:

Mercantile Tower Dedicated In Downtown Kansas City

THE FORMAL dedication of Mercantile Tower, new high-rise home of Kansas City's Mercantile Bank, was held last month in the sunken plaza of the dramatically designed \$6 million structure that is the bank's third home.

Principal participants at the ceremony were bank President James Rieger and Kansas City Mayor Charles B. Wheeler Jr.

In speaking of the building, President Rieger said, "Mercantile Tower is an exciting new addition to Kansas City. But more than steel and glass, it is a symbol of our bank's belief in the future of this city and our dedication to participate in that future with every means at our command."

The bank traces its history back 55

years to the Home Trust Co., founded in 1919 by Alexander Rieger and Gus Sievers. One of Mercantile's predecessor banks dates to 1884.

In 1933, Home Trust merged with three other banks—Main Street Bank, Mercantile Trust Co. and Sterling Bank—to form Mercantile Home Bank & Trust. Shortly after this merger, the bank moved from 1401 Grand Avenue to 1119 Walnut, which was its home for more than 40 years.

The merger brought together four banks which, through previous consolidations, traced a history that included Southwest Boulevard State, Colonial State, Mutual Bank, Corn Exchange Bank and Central Exchange Bank.

In 1949, the name of the bank was shortened to Mercantile Bank & Trust.

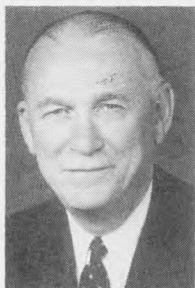
The dedication of Mercantile Tower climaxed a construction project that commenced with groundbreaking ceremonies on June 24, 1973. The bank moved to the new location in early October of this year.

The bank's lower floors are set back in such a way as to appear to be separated from the tower, tucked under the 20-story reflective glass building.

Housed on the first six office floors of the tower, Mercantile Bank features a 45-foot lobby with a glass exterior that opens several levels of the banking operation to public view from all corners of the 11th and Walnut street intersection occupied by the building.

The bank is the tower's major tenant, occupying about 37,000 square feet of the 200,000 square foot building.

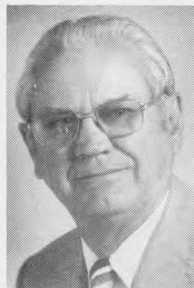
Senior Management at Mercantile Bank



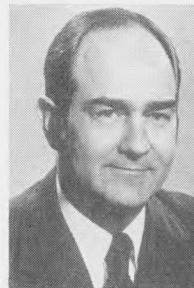
NATHAN RIEGER
Chairman



JAMES RIEGER
President



WILLIAM ORAM
Vice Chairman



MURRAY DAVIS
Exec. Vice Pres.

Nathan Rieger joined Home Trust (which later was consolidated into Mercantile Bank) in 1921. He was named pres. of Mercantile in 1945 and ch. in 1959. James L. Rieger joined Mercantile in 1949, was elected v.p. and treas. in 1956, pres. in 1959 and added CEO duties in 1973. He is a dir., Mercantile Bancorp., St. Louis. W. E. Oram joined Home Trust in 1930, elected a.v.p. of Mercantile in 1953, v.p. in 1954, sr. v.p. in 1963 and exec. v.p. in 1964. Murray H. Davis joined Mercantile in 1960 as a.v.p. He was named v.p. and sr. v.p. in 1965 and exec. v.p. in 1973.



Focal point of Pres. James L. Rieger's private office is round window which provides background for similarly shaped teakwood work table.

The main banking floor is on the Walnut Street level and can be entered through revolving doors from the street or by way of an escalator from a sunken exterior plaza, on which are the safe deposit and savings bond departments.

Desks, teller counters and the floor in the main lobby are of granite quarried in Finland. Walls and panels surrounding the building's six elevators and the precast outer panels of the building were made in Arkansas from a special Wisconsin dolomitic limestone.

Banking services found on the first floor include savings and checking, new

accounts, investments and international tellers. On the second floor are the consumer loan, real estate, correspondent banking, international and national departments. Executive offices, the commercial loan department, the board room and executive dining room are on the third floor. The fourth floor contains the entrance to the bank's parking garage. The adjacent garage has a capacity of 525 vehicles.

Bookkeeping, auditing, personnel and data processing are on the fifth floor and the trust department is on the sixth floor.

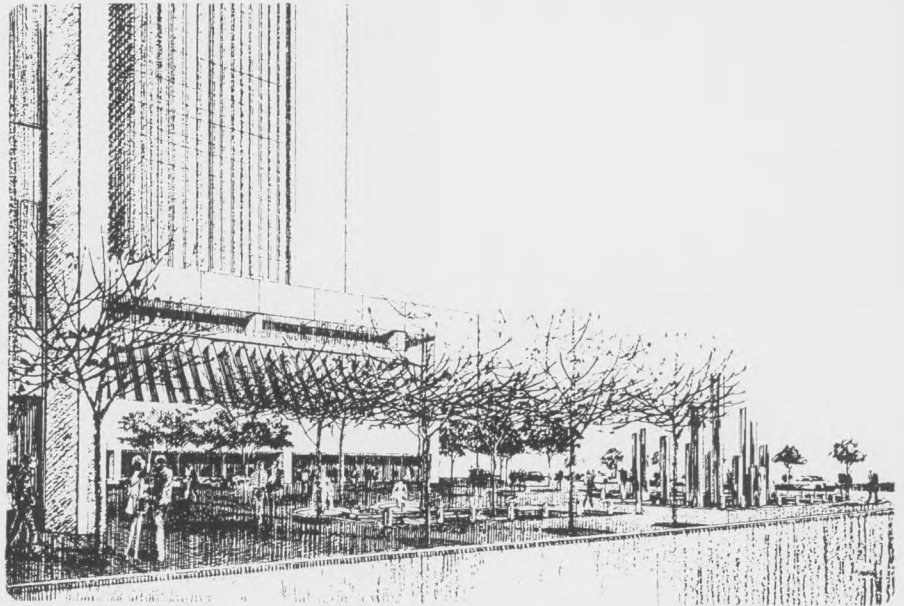
Designed by the Chicago architectural firm of Harry Weese & Associates (designer of Kansas City's Crown Center Hotel), the tower is supported by five columns rising 60 feet above the plaza.

Walls in the main lobby feature art works that include a woven wool tapestry by a Kansas City artist and two acrylic paintings. Watercolors, etchings, silkscreen prints, paper and plexiglas constructions, lithographs, photographs and other objects of art are on display throughout the banking portion of the building. • •

LEFT: Twelve teller stations on main banking floor at Mercantile Bank are of Baltic granite. Collection-exchange windows (at l.) feature sit-down arrangement. RIGHT: Commercial loan department overlooks

main bank foyer 35 feet below (far r.). Live plantings are used extensively throughout bank, which occupies lower six floors of 20-story tower. Upper floors are for tenant rental.





LEFT: First of Denver's 32-story headquarters dominates city's skyline. ABOVE: Artist's conception shows how First's Plaza will emphasize pedestrian use.

First of Denver Plaza: A Place for People

DENVER'S SKYLINE is changing. A new plaza complex, containing the building that is said to be Colorado's tallest rental office structure, is being erected in that city's financial heart. The recently completed First of Denver Plaza Building is a 32-story edifice that will house First National of Denver and First National Bancorp., Inc., parent HC of the bank. Nonbank subsidiaries, legal counsel and other renters will also be quartered there.

The \$26-million skyscraper is part of a \$32-million plaza which will include the First National Building, in use since 1958, and a four-story Galleria Building, under construction. The plaza will

cater to those who work and do business in the complex. Of special interest to First of Denver Plaza-watchers will be the demolition of the International Trust Building.

The new building, with a total of 637,738 square feet of space and grey-tint solar glass windows, is made for its users, according to the designers. All mechanical equipment is located on the 17th floor, providing maximum-view quarters on all floors. There is an offset service core in the office tower. Plans call for one service and 12 high-speed elevators.

The four-story Galleria building is expected to be the focal point for cus-

tomers of the new plaza. First of Denver will have more than half its teller windows there, in addition to an employees' lounge and officers' dining room. The Galleria's 35-foot-high ceilings will be topped off by an angled glass roof. Special provisions have been made for bank security, delivery and unloading of money. Its vaults will have a 10-R national insurance rating.

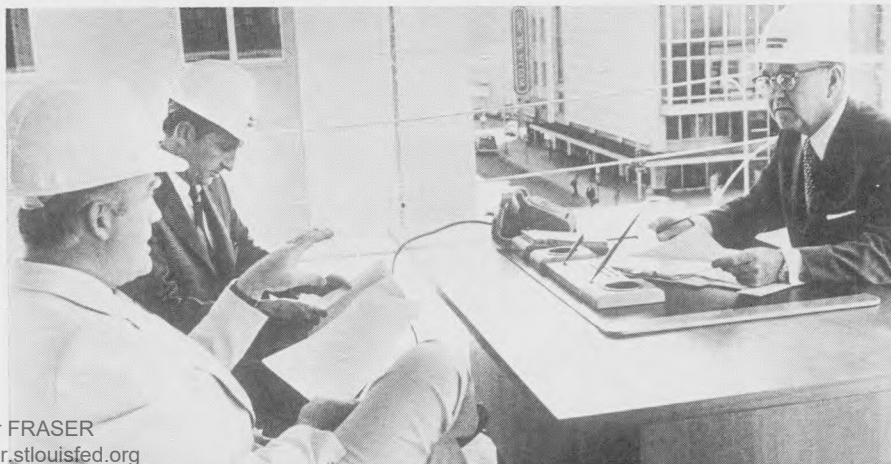
Interior comforts will include the Galleria's Moffat Room, a VIP reception area in the executive suite, to be reconstructed from the David R. Moffat mansion's furnishings. A 14 x 15-foot "Firebird" tapestry, designed by Mexican artist Leonardo Nierman, also will be featured. The colorful work will be offset by a two-story black granite wall.

The plaza, which will be completed in 18 months, will include a management information center with sloped auditorium, seating 100.

The open-air part of the complex, designed by Friedberg & Associates, will feature mirror-finish stainless steel canisters of varying sizes and heights, trees, shrubs and other greenery. Under discussion is a plan to shut down all vehicular traffic on a street on one side of the plaza, further enhancing the "for people" aspect through increased pedestrian use.

The bank itself is 115 years old and began as Clark, Gruber & Co., with \$153,000 in assets. Over the years, First of Denver has followed a program of customer service improvements, such as a motor bank that was designed to put an end to the "jam sessions" that formerly occurred during peak hours. The new First of Denver Plaza concept is intended to further that service program. • •

Pictured (from l.) are, Theodore D. Brown, pres., First of Denver; Bruce D. Alexander, pres., parent HC, First Nat'l Bancorp.; Eugene H. Adams, ch., bank and HC, and past ABA pres., using makeshift office in new building, anticipating its completion.



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 DATE 11-22-74

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EDITOR'S NOTE: National banks will be allowed to install automated teller machines (ATMs) and point-of-sale (POS) terminals anywhere in their own states and—within certain limitations—across state lines, Comptroller of the Currency James E. Smith announced last month at First National of St. Louis' annual correspondent bank conference. Although Mr. Smith indicated in September that he expected to issue regulations allowing these moves, in his St. Louis speech he said that—in the first week of December—he was going to publish in the Federal Register a statutory interpretation of federal branching statutes that will conclude that remote ATMs and POS terminals are not branches and thus are not subject to various state branching laws. The following article is based on his First of St. Louis speech:

**By JAMES E. SMITH
Comptroller
Of the Currency
Washington, D. C.**

area. I am not engaged in some grandstand assault on branch banking laws of the U. S. Indeed, I have earnestly and sincerely addressed the issue, and I am convinced that these types of facilities, which technology today now makes available to us, are communication devices and were never in the faintest way regarded or contemplated by the congresses of 1927 and 1933 when they were dealing with the question of branch banking and the relationships between federal and state-regulated institutions.

I am convinced that they are not branches under the federal statute and that they should not be regulated as branches.

I am further convinced that we could sit around for the next 10 years and theorize and speculate as to how this new hardware is going to affect our business and never come up with the answers. The only way we're going to find out is to permit it to operate.

Banking historically, I think, has not given as much attention as it should to retail marketing analysis. You take a great retail institution like Sears and you look at its history and how it first sensed the rural farm population market for retail consumer goods and tapped that, but Sears didn't decree that that market had to stay there for it forever more. Sears moved with the change in our economic and social structure and—when the farm population declined—Sears identified other markets and moved to respond to them.

Too often, I'm afraid, banking has decreed to the public, "This is the business of banking and if you want to do business with banks then, by jove, you'll do it the way we do it." Well, I'm suggesting to you that I think the way that you're going to have to approach the consumer market and the retail market in banking—and every in-

dications is that that is going to become an increasingly important development in your whole business portfolio—is to find out what it is the public expects in terms of banking services and then gear your operations accordingly. I think it is abundantly clear that for the very basic banking transactions—check cashing, deposits, switches from account to account—that the public feels it can and deserves to be served on a more convenient basis in terms of both locational access and the time it takes to carry out these services.

Here is what we are proposing to do. The first week in December, the Comptroller of the Currency will be publishing in the Federal Register a statutory interpretation of the federal branch banking statutes which will conclude that remote automated teller machines and point-of-sale terminals are not branches. It then will define a minimum of supervisory guidelines for establishment and utilization of these facilities.

It will provide that there will be no conventional approval process, as has been so much a part of bank regulation, but rather a notification process with the establishment of these facilities. It will lay down certain very broad geographic limitations. One limitation is that such facilities can be established anywhere within the state of the principal office of a bank or can be established across state lines up to 50 miles of a bank's head office or up to five miles of an established branch of that bank, whichever is farthest. (At a press conference following his speech, Mr. Smith gave as an example of these geographic limitations the following: A bank's head office is located in the middle of North Carolina, but it has a branch located within five miles of South Carolina or Tennessee. Therefore, the North Carolina bank could locate an ATM or POS terminal in South Carolina or Tennessee.)

Now these guidelines are not graven in stone. There will be no guidelines with respect to competitive considerations other than the reminder that the

SOME SIX or eight weeks ago, I gave a speech in Lincoln, Neb., which has become known in my office as my "Hinky Dinky memorial lecture." In the talk, I suggested that from the national banking system standpoint, in terms of its competitive posture but just as importantly, in terms of its capacity to effectively and efficiently serve its retail market, we needed to get on with the business of employing the technology that is at hand today to permit you, in both terms of time and locational convenience, to better serve your retail customers.



I'm referring to the use of remote automated teller machines and use of point-of-sale terminal facilities through retail outlets and other such business establishments.

Because a bit of a furor has emerged since that speech, I think it's important for you to understand the rationale that underlies my decisions in this

antitrust laws have not been repealed and the antitrust laws are just as applicable to this type of operation as they are to any other banking operation.

The minimum of supervision and regulation is predicated upon my best judgment today that this type of facility does not require the types of supervision and regulation we have applied to other bank retail facilities. I may be dead wrong, and I am prepared to admit that. Experience and operation may prove that there are questions of safety, that there are questions of security, that there are genuine questions of competitive impact. If those problems emerge, I'll have the courage to say that I was wrong and impose such regulatory and supervisory controls as are deemed necessary to deal with the problems, but I don't want to prejudge the case. And I think the only way that we're going to find out is to let this horse run. And that is what I propose to do.

Now, I have been asked another question by one of my fellow federal regulators and that is, since the automated teller machine is here and available and ready for use and POS systems are somewhat further away from being fully available in an operational sense, why take two steps? Why not just take the ATM step? The principal reason that I'm unwilling to do that is that I take onto myself a judgment I have no right to make as a regulator. I think there will be bank management that will look at the two types of facilities and will say, "We'd rather save our marbles and put them on the POS system. We aren't going to go ATM."

That's a legitimate bank management judgment, and I don't think as a regulator I ought to impose some sort of generational development program on the banking system that you do this and if everything's okay there, then you can do this. I think I need to leave that decision to the industry to make, and make it in a market sense, and so we're opening the door wide.

Now, in terms of states in which either statute law or administrative interpretation of statute law makes it clear that state-chartered banks are prohibited from undertaking substantially the same sort of facilities involvement, I am proposing in this upcoming regulation to provide for a delayed effectiveness in those states (and they will be specified by name) until July 1, 1975, to permit state legislatures to make some judgments with respect to state statutes. Still open, and as yet undecided, is the case of a state in which there is no clearly expressed intent in either the state statute or in statutory interpretations of the statute.

I have not decided yet—this is the sole remaining major policy decision—as to whether I will permit this inner wall of noneffectiveness in those states or whether I will tell national banks that in those states they are free to move forward. That decision will be made before the first week in December.

Let me reiterate, this is not an attempt on my part to assault branch banking statutes. We have a technology available to us as an industry to serve our customers more effectively and efficiently. In an industry that is a limited-entry industry, in which we do not permit the free and full force of competition to bring about efficient practice, I think you who own, operate and manage banks have an obligation to be continuously surveying your operations to make certain that you are performing services for the public at the lowest possible cost and in the most efficient way. And whereas I may not have a legal obligation to do that, I think I have at least a moral obligation to assure that the national banking system is, as a whole, serving its public in the most efficient way possible and available. And the fact is we have technology available to serve it more efficiently and I think we desperately

need to get at the business of doing the job. I may be sued. I hope not. I hope the reaction of the industry will be, "Let's get on with it. Let's get to our legislatures if our state laws are deficient, and let's get down to the business of competing with one another to serve the consumer banking public in a more effective way." • •

Nader Gives EFTS Warning

Consumer advocate Ralph Nader has warned banks to go slowly in the EFTS field. In a speech he gave last month in Oak Brook, Ill., at a luncheon sponsored by First Ogden Corp., Naperville, Ill., Mr. Nader said he believes there will be a consumer backlash against EFTS.

He suggested that EFTS producers sit down and talk with consumer groups before making extreme changes in funds transfer systems.

"Technology is like a toy," said Mr. Nader. "But what specifically are the advantages and disadvantages of EFTS?"

He pointed to a recent study that shows abolition of cash is a major anti-crime factor. However, he continued, little consideration is given to cash flow. People like to have cash and checks on hand, he added.

Comptroller Assures Small Banks ATM, POS Ruling Won't Hurt Them

DESPITE the Comptroller of the Currency's announcement November 14 that he was going to let national banks establish automated teller machines (ATMs) and point-of-sale (POS) terminals within their states and, in some cases, across state lines, he later assured community banks that they would not "be swallowed up" because of emergence of a few large banks doing business across the country through an electronic network.

Comptroller James E. Smith gave his November 14th speech at First National of St. Louis' annual correspondent bank conference (see page 88). He then flew to Tan-Tar-A Resort at Osage Beach, Mo., for one of a series of pioneer seminars for national bank CEOs, co-sponsored by his office and the ABA. It was at this seminar that he gave his assurances to the smaller banks.

He also told representatives from small banks attending the seminar that ATMs and POS terminals would be "a boon, not a bane" to them because such remote facilities could extend ser-

vices without incurring the prohibitively higher cost of branching or de novo expansion.

"I'm not persuaded we're going to see three or four banks with an electronic network all over the country," said Mr. Smith. "The American people don't want to be served that way, and that's the edge the community banks hold over large organizations."

The Comptroller said the key to survival of community banks is that they recognize the need for staying abreast of what the public wants and adapting to those desires.

The seminar at Tan-Tar-A attracted some 160 bankers from Arkansas, Kansas, Missouri and Oklahoma and was the second of a series.

A third seminar is scheduled for January 16-18 at Point Clear, Ala., for bankers in Alabama, Louisiana, Mississippi and Tennessee.

The seminars stress question-and-answer sessions and encourage dialogue between CEOs and Comptroller Smith and other officials in his office. • •

Federal EFT Commission Is Created in Financial Regulatory Bill

A NATIONAL COMMISSION on Electronic Fund Transfers was created as part of a broad financial regulatory bill recently signed into law by President Gerald Ford. The commission, designed to last two years, is charged with examining the policy ramifications of emerging payments mechanisms in the public and private sectors and recommending "appropriate administrative action and legislation."

The 26-member independent agency, authorized under Title II of the Depository Institutions Amendments of 1974, has a \$2-million budget. It's expected to make an interim report of its findings and recommendations to Congress within a year and is required to make a final report within two years.

The new commission—in its investigation of EFT developments in government and private sectors—must study EFT systems, taking into consideration the following major policy ramifications:

1. The need to preserve competition among financial institutions and other businesses that use such systems.
2. The need to promote competition among financial institutions and to assure that government regulation and involvement or participation in a system competitive with the private sector be kept to a minimum.
3. Prevention of unfair or discriminatory practices by any financial insti-

tution or business using or wanting to use such a system.

4. The need to afford maximum user and consumer convenience, as well as rights to privacy and confidentiality for users and consumers.

5. The impact of EFT systems on economic and monetary policy.

6. Implications on availability of credit.

7. Implications of such systems expanding internationally into other forms of electronic communications.

8. The need to protect the legal rights of users and consumers.

The law establishing the National EFTS Commission specifies that its 26 members include: the Fed chairman, U. S. Attorney General, Comptroller of the Currency, Federal Home Loan Bank Board chairman, National Credit Union Administration administrator, FDIC chairman, Federal Communications Commission chairman, Postmaster General, Treasury Secretary, Federal Trade Commission chairman, Comptroller General of the U. S., who heads the General Accounting Office, and Office of Technology Assessment director. Any of the above may appoint someone to the commission as his delegate.

Of the 14 other commission members, all of whom are to be appointed by the President, two are to be state financial regulators—one who regulates commercial banks and one who regu-

lates thrifts. Seven appointees will represent, respectively, interests of commercial banks, mutual savings banks, S&Ls, credit unions, retailers, nonbanking institutions offering credit card services and organizations providing interchange services for bank-issued credit cards. The remaining five commission members will be appointed as representatives of the private sector and not affiliated with any of the other interest groups.

The ABA already has nominated Richard D. Hill as commercial banking's representative on the commission. Mr. Hill is chairman and CEO, First National, Boston. Dee W. Hock is the ABA's designee representing banking-related credit card organizations. He is president, National BankAmericard, Inc., and has been endorsed by the other major bank card organization, Interbank Card Association.

Under provisions of the new law that created the commission, the chairman will be chosen by President Ford from among the 26 members, and the commission may appoint an executive director with the Senate's consent.

The commission, an independent agency, is empowered to issue subpoenas, to submit reports to Congress with clearing through other agencies and to gather information directly from any federal agency. • •

S&L Installs Automated Teller at Airport

Twin City Federal S&L, Minneapolis, has installed in the Minneapolis-St. Paul International Airport a machine that dispenses cash and accepts deposits. The S&L said it's the first such machine at the Twin Cities' airport and one of the first to be installed at any major air terminal in this country. The device, which Twin City Federal S&L calls "Happy Machine," is activated by a TCF Prestige Passcard. Customers with passcard savings accounts are able to:

1. Make withdrawals of up to \$100 a day.
2. Cash checks for up to \$100 with any excess being deposited to the customer's account.
3. Make deposits of any amount.
4. Make mortgage payments.

The remote service unit—consisting of a Docutel electronic banking unit, a service counter and a TCF time-and-temperature sign—is located on the upper level of the airport terminal across from airline ticket counters.



Bank Card Is Accepted By Kroger in Cincinnati For Check Verification

CINCINNATI—Kroger Co. began November 25 accepting Central Trust's new Central Card as verification for check cashing in 12 suburban stores. Through this joint venture, the bank and Kroger said they hope to provide quicker and more efficient check-cashing service to their mutual customers.

The check-cashing procedure in the Kroger stores basically is the same operation that takes place in Central Trust's 32 banking centers. Customers present their Central cards and enter their individual personal code numbers on touch-tone telephone pads. Kroger personnel use card dialers in their telephones to verify identifications of the customers and to place holds on cus-

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tomers' checking accounts for dollar amounts of the checks. If customers enter proper personal code numbers, and there are enough funds in the accounts, hold numbers are given by audio response and checks cashed immediately. However, no balance information or other account data accessible to bank employees is available to Kroger personnel.

Central Trust sees this initial penetration of its Central Card into the retail market as the first stage in development of check-verification terminals for use by retailers throughout the bank's marketing area. In the near future, the bank believes, it could provide for emergence of a regional electronic funds transfer system.

The Central Card entry into retail outlets is an addition to Central Card services previously announced: access to Central Trust's 12 day-and-night banks (Mosler Tellermatic Mark II models), account-balance verification by customers through usage of telephone terminals located in all Central Trust lobbies and positive identification at any of the bank's 32 locations.

Travelers' Withdrawal Plan Proposed by FHLBB for S&Ls Draws Opposition From ABA

WASHINGTON—The ABA, through its executive vice president, Willis W. Alexander, has voiced strong disapproval of the Federal Home Loan Bank Board's "Travelers Convenience Withdrawal" proposal. The proposed regulation would allow federal S&Ls to offer withdrawal services at other S&Ls to their customers traveling more than 100 miles from home.

Mr. Alexander said the proposal is at odds with the Administration's plans for a comprehensive and balanced change in the nation's financial structure. He added that the ABA objects to this change in use of savings accounts for the same reason it has objected to other proposals promoted by the FHLBB in recent months.

"This proposal, like others," continued Mr. Alexander, "would perpetuate the piecemeal policy of change the board has been following. Other examples of this policy include proposals to expand consumer lending, EFTS and third-party-payment powers and to liberalize branching privileges.

"Such a policy of piecemeal change is diametrically opposed to the Administration's proposed Financial Institutions Act, which offers a balanced and comprehensive program of restructuring the nation's financial institutions."

Mr. Alexander predicted that continued pursuit of the FHLBB's piecemeal policy would only encourage expectation among the board's members—many of whom opposed any legislative reform like the FIA—that responsible financial reform can be achieved through regulation.

EFTS Group Is Formed By EDP Subsidiary Of Okla. City HC

OKLAHOMA CITY—A new division, called Electronic Funds Transfer System Group, has been established by First Data Management Corp., wholly owned data processing subsidiary of First Oklahoma Bancorp. The new division is headed by Don R. Germany, formerly president, First Data Management Corp.

This development follows closely the 1973 establishment of the organization's Data Base Group under the direction of Daniel M. Tanimoto, also a former president of First Data Man-

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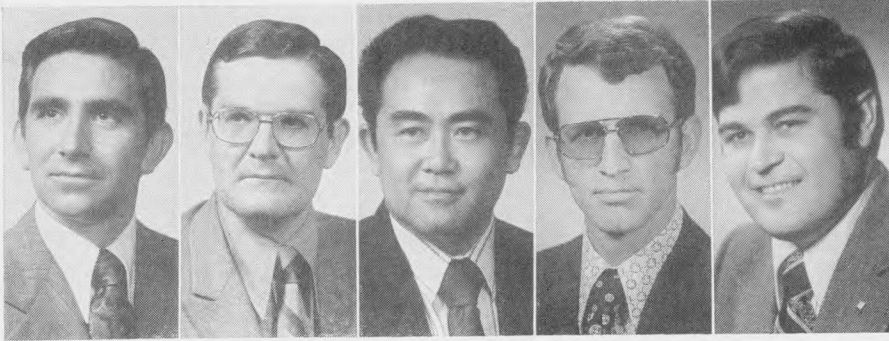
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agement. The Data Base Group is the underlying backbone of First Oklahoma Bancorp.'s entire electronic information system. Official establishment of an EFTS group is the culmination of several years of preparation for entry into the new EFTS era.

First Data Management Corp. (FDMC) was organized in 1969 as the successor to the data processing center formed in 1956 by First National, which is owned by First Oklahoma Bancorp. It has total facilities investments of well into the millions of dollars and provides EDP services to 75 banks throughout Oklahoma and numerous nonbanking business and industry groups.

Recently elected president and director of FDMC was Ted W. Shaw, former vice president of the corporation. Earnest L. Upton Jr. was promoted to executive vice president. Richard P. Kerrick, senior vice president in charge of operations at the bank, was named chairman and CEO of FDMC.

Mr. Germany and Mr. Shaw are vice presidents of the bank, and Mr. Upton is an assistant vice president there.

Supermarket 'Mini-Branch' Opened by Savings Assn.

DAYTON, O.—Gem City Savings Association established its first "mini-branch" in a supermarket. The free-standing, steel and Plexiglas office is described as the first such branch in this area.

The mini-branch enables the association's customers to make many of their financial transactions at the same place they buy their food. These transactions include opening savings accounts, making savings deposits and withdrawals, making loan payments, buying money orders, travelers checks and Series E savings bonds and paying utility bills. The office also cashes checks for customers of the association and of the supermarket.

The office is equipped with two NCR 270 financial teller terminals,

which are linked on line to a computer in the NCR Data Processing Center in

suburban Kettering. Beginning early in 1975, the terminals will be linked to an NCR Century 251 computer installed by Gem City in October.

The mini-branch is open from 10 a.m.-8 p.m. Monday through Friday and from 10 a.m.-4 p.m. Saturday.

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The Conference will address such issues as Capital Management, Spread Management, Alternative Sources of Funds, Consolidating Past Acquisitions, Regulatory Standards, and Developments in Techniques of Administration.

A distinguished faculty of twenty-two will serve as lecturers and counselors in the Conference.

Registration will be limited to 200 bank officers and directors.

For Information write:

Dr. Richard B. Johnson, President,
The Foundation of the Southwestern
Graduate School of Banking,
SMU Box 1319, Dallas, Texas 75275;
or call A/C 214/691-5398.





Among principals at First of St. Louis Conference for Correspondents were (from l.) Richard F. Ford, bank exec. v.p.; James E. Smith, Comptroller of the Currency and luncheon speaker; Frank K. Spinner, bank sr. v.p.; and Clarence C. Barksdale, bank pres. and CEO.

Comptroller Smith Defends Banking At First of St. Louis Conference

A SPIRITED defense of the banking industry and the announcement of a forthcoming policy signifying that automatic teller machines and point-of-sale terminals are not branch banks highlighted the 28th annual conference of bank correspondents sponsored by First National, St. Louis, last month.

Comptroller of the Currency James E. Smith, who was the luncheon speaker at the conference, cited the two recent bank failures—U. S. National in San Diego and Franklin National in New York City—as not being in any way typical of banking industry management as a whole. He said fraud was involved in the first case and “extravagant ineptitude” in the second. He called on bankers not to panic or to lose confidence in the system, which could result in an erosion of the public’s confidence in banking.

Comptroller Smith also said a ruling on the matter of remote automated units would be issued in the Federal Register early this month that would permit national banks in certain states to install automated units anywhere in their states or in other states, provided the units were within 50 miles of the banks’ home offices or within five miles of branch locations—with only a 30-day notice to the Comptroller (see page 82 for details).

A panel of bank regulators was featured during the morning session that included William R. Kostman, commissioner of finance for Missouri; Paul Fritts, assistant regional director of the FDIC; John R. Burt, regional administrator of national banks; and Edgar H. Crist, assistant vice president, St. Louis Fed.

Mr. Kostman said bank regulations should be based on basic principles and that the pendulum of regulation should

not be allowed to swing too far in any direction. He said there are too many federal regulatory agencies, resulting in a bureaucratic jungle. He questioned the need for three separate federal agencies to examine banks and said the Fed has no need to examine banks at all.

Mr. Fritts, addressing himself to the topic of adequate capital, said the FDIC realizes the difficulty banks have in selling additional capital. He said that if the need is great the FDIC asks banks to increase their capital, but, if the need is not great, usually nothing is said about it. He said banks are almost \$6 billion behind in their capitalization compared to 1969 figures. He said increased dividend payouts are one cause of undercapitalization.

Mr. Crist said new regulations for banks are being made due to the pressures being placed on banks and the banks’ innovative reactions to these pressures. He said that the marketplace should be given an opportunity to influence regulations and that efforts should be made to make sure all regulations are sound and equitably applied.

Mr. Burt, speaking on self-dealing, said preferential treatment for directors results in the directors losing their effectiveness. He said a bank director shouldn’t get increased borrowing privileges for his service to the bank, but should assume an increased responsibility to the bank.

Interest rates and the future of the economy were discussed in the afternoon session, chaired by Frank K. Spinner, senior vice president at First of St. Louis. Murray L. Weidenbaum, professor of economics at Washington University, St. Louis, predicted no improvement in the economy until mid-

1975, if then. He said real growth in the 1975 \$1,525 billion GNP would be 8%, that inflation would drop to 8% and that unemployment would reach 6.6% during the new year.

Messrs. Spinner and Weidenbaum, plus George E. Shelton, executive vice president, First National, Fayetteville, Ark., and Clifton B. Luttrell, assistant vice president, St. Louis Fed, offered their predictions for 1975 covering the Fed funds rate (from a low of 5½% to a high of 9%); the prime rate (between 7% and 10%); the one-year bill rate (between 6% and 7%); the five-year agencies rate (between 6¼% and 9%); seven-year governments (between 6% and 8¼%); triple A corporates (between 8% and 9½%), and municipals (between 4% and 10%).

According to tradition, bankers attending the conference were given an opportunity to make a forecast for 1975. They split evenly on their prediction for the unemployment rate, half pegging it at more than 7% and half opting for 6%. They were in nearly unanimous agreement that there would be no gas rationing but were evenly divided on the reimposition of wage and price controls. Almost half said the cost of living index would rise by 9% while 23% said it would jump 12%. A further escalation in the price of gold was forecast when Americans are permitted to buy and trade gold next year. Nearly half predicted the gold price would reach \$200 an ounce.

The majority felt the prime rate would range from 8% to 10% by the end of 1975; 81% said the Dow-Jones Industrial Average would be in the 750-950 range; 43% predicted that the GNP would either remain unchanged or drop by 1%; and 60% saw a rise in beef prices and a drop in soybeans to \$7.

Fifty-three percent stated that S&Ls were banking’s primary competitors.

During the “What’s New in Banking?” presentation, an announcement was made that First National will sell gold as of December 31. • •

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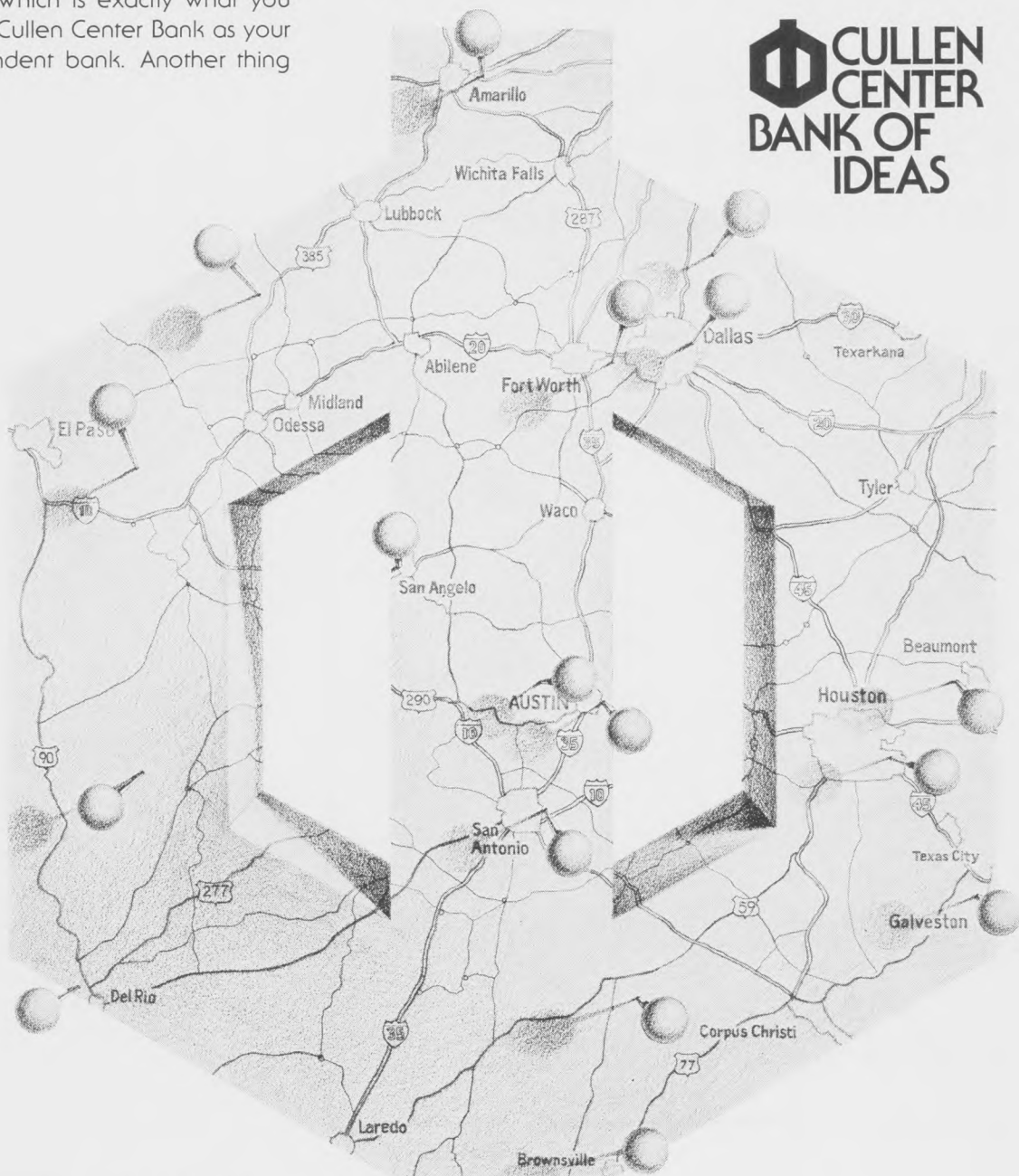
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Congress Overrides State Usury Ceilings

CONCENTRATED EFFORTS on the part of bankers in Tennessee and Arkansas have resulted in passage of federal legislation authorizing financial institutions in all states to override state usury ceilings for some corporate and farm loans exceeding \$25,000.

The new law permits lenders to charge up to 5% in excess of the Fed's discount rate on 90-day commercial

paper, regardless of state usury law ceilings.

The law is effective until July, 1977, by which time state legislatures with conflicting statutes are expected to attempt to revise them to harmonize with the federal law.

As President Gerald R. Ford signed the legislation (S. 3838), he commented that usury laws were "Well-meaning

but futile attempts to keep interest rates at reasonable levels." The net effect, he said, was that borrowers were unable to obtain funds.

The legislative effort to get the law enacted culminated more than eight months of work on the part of bankers in Tennessee and Arkansas, two of the three states (the other is Montana) most burdened by usury ceilings. Usury maximums are spelled out in the constitutions of these states.

According to officials at the Tennessee Bankers Association, Tennessee bankers requested the ABA to endorse legislative relief as early as last spring. The ABA worked with Tennessee Senator William E. Brock (R.) in researching and drafting the proposed bill so state as well as national banks could participate in the law's provisions.

Support for the bill was evident during the Tennessee Bankers Association convention last May. Immediately following the convention, state-wide and national support for the bill was solicited.

Senator Brock, a member of the Senate Committee on Banking, Housing and Urban Affairs, gave the bill strong support, with the assistance of all of Tennessee's congressmen.

John P. Wright, president, American National, Chattanooga, and immediate past president of the Tennessee Bankers Association, had the following to say about passage of the bill:

"I feel that the aspects of the usury section of the new law will have a strong and healthy effect on the economic climate in Tennessee. It will allow Tennesseans and Tennessee lending institutions to move back into the mainstream of normal financial supply and demand in the American way of life.

"Banks in Tennessee are implementing the increase in the changes made possible by legislation with restraint, constantly insuring that it is proper and truly reflects this state's economic system and well being. Rates charged in Tennessee now more nearly will reflect regional rates than before. I suppose I could characterize the changes best by the phrase, 'back to normal.'"

The bill is expected to assist Arkansas bankers in making decisions as to where to place their money. Formerly, they had to send it out of the state to receive a favorable rate of return. Now

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they will be encouraged to keep their money at home because the new rate enables them to put it to work in Arkansas at a profit.

There is some doubt among state bankers in Arkansas over the legality of overriding the state constitutional usury ceiling. Many consumers are confused about the situation, but most would not be affected by the increased interest rate, since they are unlikely to be involved with large loans.

Part of the confusion in Arkansas comes from the fact that a proposition on the recent ballot in that state that would have removed the 10% usury ceiling imposed on all interest rates by the state constitution was voted down. Passage of the Brock bill at the same time as the election is making many consumers think they have been tricked.

No plans have been announced yet concerning a new attempt to remove the usury ceiling provision from the Arkansas constitution. An attempt to alter the Tennessee constitution is expected to be made in 1977, when a constitutional convention is expected to be held.

A major plank in ABA President George L. Whyel's anti-inflation program is the repeal or liberalization of usury ceilings. Mr. Whyel is vice chairman, Genesee Bank, Flint, Mich.

"Some state usury laws set interest rates below prevailing market rates," he said at the recent ABA National Agricultural and Rural Affairs Conference in St. Louis, "making it difficult, if not impossible, for community banks to tap major money markets. Usury ceilings ostensibly protect the consumer, but in fact they serve only to restrict access to urgently needed credit.

"In the long run, they contribute to higher prices and continued inflation. State legislators must be made to understand that opposition to usury ceilings is not self-interest legislation for banks; it is public interest legislation for the good of all."

Mr. Whyel said the Brock bill was a hopeful harbinger that the government is beginning to recognize the artificial nature of usury laws. ••

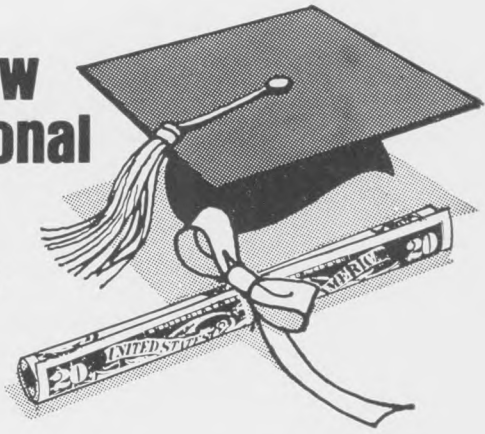
• **American Bankers Association.** A manual for bankers, "Text of Proceedings-Pension Workshops-1974," is now available through the ABA.

The 61-page booklet contains the text of the proceedings of five one-day workshops held this fall, explaining the major pension legislation recently passed by Congress and its effects on banks.

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Pros and Cons of Missouri's Usury Question

By JEFFREY W. LONDER, Senior Staff Economist, Division of Finance, State of Missouri, Jefferson City

THE ISSUE is familiar, the arguments high pitched and the results unclear. At one end of the spectrum of current opinion is the view that Missouri's usury rate should not be changed.

Those holding this view believe that the current levels of inflation would only be increased for Missourians if

usury rates were raised. The added inflation, they argue, would hurt the Missouri economy twofold. First, those seeking and obtaining loans would be forced to pay more for the money, and second, any additional dollars which are made available will not benefit those sectors which are currently under the most stress, namely, home

builders, buyers and small businessmen.

In contrast with this viewpoint is the diagnosis that the usury ceiling in Missouri be eliminated totally. The reasoning behind this approach is that any limitation—whether on interest rates, wages or prices—artificially restricts one side of the economy. Such a restriction is contrary to sound economic reasoning, and for all practical matters is easily circumvented when so deemed by general economic conditions.

A prime example of such avoidance is the charging of "points" to the seller of a home in order to get around the usury restrictions in times of tight money and high interest rates. Currently, this is a common practice throughout Missouri and it greatly increases the effective rate received by the lender. Often the seller cannot afford to pay points unless he raises his sale price by an equal amount, thus inflating real estate values.

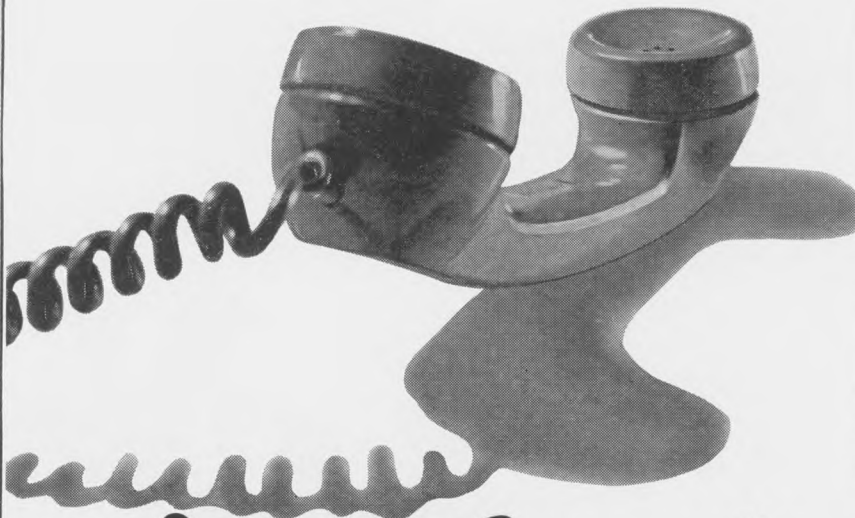
This, in turn, means an increased down payment for the buyer. Consequently, home sales are restricted to those buyers who can pay all cash down payments or who have strong bank connections.

Another reason for removal of the current rate, according to experts and laymen alike, is to keep Missouri's growth on par with other states, especially in times of tight money. National trends influence Missouri's economy to a large extent and to view Missouri as an island in and of itself is foolish and costly. The high rate of inflation which Herbert Stein, chairman of the President's Council of Economic Advisers, states is "hard core" and will "take years not months" to reduce, has not passed by Missouri. This inflation, which most experts believe will be with us for quite some time, has caused lending institutions to put stringent restrictions on loan policies.

The prime rate is not lower in Missouri than in the rest of the country. The tightness of credit to home buyers, small businesses and farmers is widespread in the country, and this, too, has not left Missouri in isolation. These conditions and rates are set in the na-

This paper is the work of and reflects the opinions and conclusions of the author and does not necessarily represent the position of the Division of Finance or any agency of the state of Missouri.

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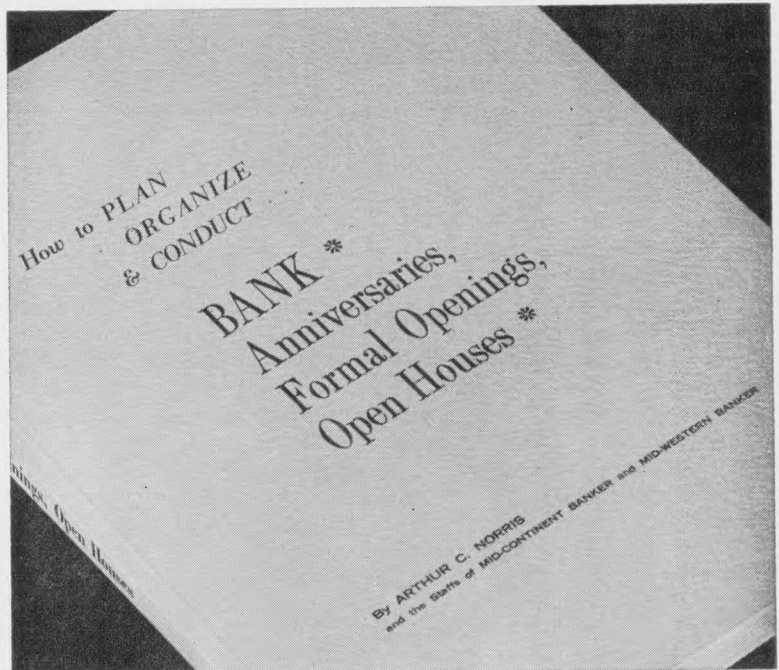
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tional money market and affect all sectors of Missouri's economy. In addition, Missouri residents face an added burden of the currently low 8% usury law.

The 8% law certainly affects the availability of funds in Missouri vis-à-vis other states having higher or no limits, especially now when interest rates are high and money is tight. Just how much imbalance in the Missouri economy has been caused by the usury limitation cannot accurately be assessed, and thus the effect of any change in the law is not really known. Economic theory and many concerned citizens tell us that more money will be available should the usury law be repealed, but nobody actually knows how much money will be realized and to what uses it will be put.

It is, therefore, my conclusion that the usury rate be eliminated permanently to allow complete freedom for interest rates within the market and permit any disparities caused by the rate which now exist to be removed. In my view, this approach is by far the most reasonable and most simple of any alternatives which have been proposed.

Many states, including California, Massachusetts, Michigan and New Hampshire, do not have usury limitations. Other states have contract rates for individual loans so high (i.e. 18%) that, for all practical purposes, no limit exists. Lenders in states with no limit or high limits do not charge "excessive" rates, even during rough credit periods. In all instances which I surveyed, no differences in the rates charged on

Mo. Considers Usury Hike

The Missouri legislature convened in special session November 18 to consider changing the usury rate for the state.

Various proposals have been submitted for consideration, including the removal of all ceilings on certain types of interest, such as that charged for mortgage loans.

Also being considered are higher ceilings for small loan interest rates and abolition of the use of points in connection with mortgage loans.

home mortgages were found between states with no limits versus states with 10% or 12% usury ceilings.

While most popular opinion now favors repeal of the usury statute, many alternatives to complete removal of the ceiling have been proposed. One would be a temporary elimination of the limit, as was done in Michigan. This would bring short term relief and would allow for a track record to be established. However, this alternative would add the variable of speculation to the equation as borrowers and lenders would try to second guess the situation prior to the time period running out.

A second alternative to the question would be to tie the usury rate to an outside index, such as the Fed rediscount rate, long-term government bonds or some savings rate. For example, many have proposed a usury ceiling of 1% or 2% above the rediscount rate. Raising the usury rate to 1% above the rediscount rate would give Missouri

state banks the power to compete with national banks.

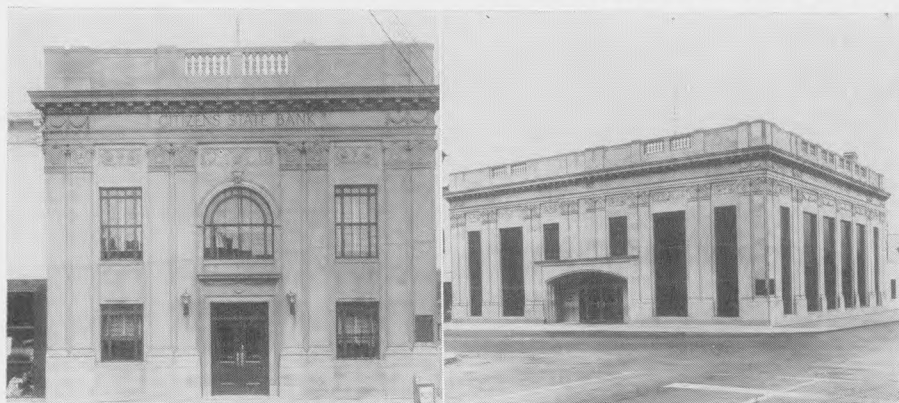
A third alternative, and perhaps the least desirable of any, is to raise the usury ceiling to a flat rate, such as 10%. There is no logical or even theoretical reason why 10% happens to be the magic number which seems to be endorsed by so many. Why not 9% or 9½% or even 12%? Also, in raising the rate to a flat rate, problems and misallocations such as currently exist can arise. Passage of a 10% rate would necessarily mean that the government has put its seal of approval on a rate which most people would interpret as a 25% increase in the cost of money.

While I favor complete elimination of the usury limitation, I do not favor the removal of the small loan rate. This rate protects the unsophisticated, small, marginal borrower from paying excessive rates. There is, however, some room for change with respect to the small loan rate. The \$500 ceiling could be raised; the rate on the first \$500 could also be raised; and the rate on any balance over \$500 could be changed. Such changes must follow serious examination of the availability of funds for installment type loans.

Elimination or any increase, for that matter, of the current usury statutes must include a precise and uniform truth-in-lending provision based on the Fed's Regulation Z. Presently it is virtually impossible to translate and equate the provisions for the maximum rates to be charged under Missouri statutes with those in Regulation Z. The Missouri statutes must conform with this regulation to aid in the computation of usurious interest and allow the borrower to "shop around" for a loan if he so desires.

Finally, in conjunction with the above provisions, a strong consumer education program should be initiated. Such a program could be either government and/or privately supported and would help to insure perfect knowledge on the part of consumers, thereby making competition more perfect. • • •

Old and New Buildings 'Matched' in Remodeling Project



When the 101-year-old Citizens State, New Castle, Ind., realized it needed extra space for its Main Office, it found a way to obtain it without razing or leaving the imposing Indiana limestone building it has occupied since 1924. The bank acquired an adjacent structure and then incorporated it into the Main Office, even to giving it a facade that exactly matches the natural limestone exterior of the old building. The entrance alcove was moved and widened so that it now is at the center of the joined buildings, which—inside and out—appear to be a single, enlarged structure. A Bloomington, Ind., stone company supplied the carefully matched stone, which was installed by a Lewisville, Ind., stonemason firm. The entire project cost about \$500,000. The bank is shown at left the way it looked before its quarters were enlarged. The newly remodeled and expanded Main Office is shown at right.

Retail Chain Adopts Bank Cards In Move to Cut Receivables

W. T. Grant Co. is now accepting Master Charge and BankAmericard charge cards at its chain of 1,178 retail stores. The firm is de-emphasizing its own card, which has been used by some two million customers.

The move to the bank cards was made to cut down on the almost \$600 million in consumer receivables of the chain and to take advantage of the marketing benefits expected from the 60 million bank card holders in the U. S.

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Two Banks Operating Their Own Computer Center Report Better Customer Service at Lower Cost

BBETTER CUSTOMER service at lower cost and the ability to profitably provide customer services to outside banks and other businesses are the major benefits resulting from operation of a computer center by two suburban Chicago banks in Arlington Heights, Ill.

Called Arlington Computer Services, Inc., the computer center is operated by Bank & Trust Co. and Northwest Trust. Founded in January, 1960, and currently possessing resources of \$61 million, Bank & Trust Co. in 1962 was the first suburban bank in the country to use computer services of a correspondent bank, Continental Illinois National, Chicago. Northwest Trust was founded in June, 1969, and currently has resources of \$17.5 million.

According to Wilfred C. Wolf, president of both banks and chairman of Northwest Trust, Arlington Computer Services was opened early in 1969.

"The computer center was opened following a meeting of our board of directors at which it was determined the center would be economically feasible," Mr. Wolf states. "Purpose of the center was to better satisfy our specific, individual data processing needs."

Mr. Wolf points out that a central information file capability was an important factor in selection of a computer system for the new center. "We wanted to be able to do a complete job for the customer by providing him with a single statement giving a com-

plete financial picture of all of his bank transactions," he said.

All major computer manufacturers were contacted before an NCR Century 100 system was installed in the center in 1970. "NCR had a CIF software package that not only fit us, but could not be matched anywhere else," Mr. Wolf noted. "The company also showed a tremendous user attitude. Its cooperation has been second to none."

The Century 100 since has been expanded to a Century 200 system with a central processor containing 64,000 characters of memory; four NCR 657

magnetic disk units, each of which is capable of holding 56 million characters in memory; a 1,500-to-3,000-word-per-minute printer; a card reader and a communications multiplexer. The communications multiplexer is used in conjunction with nine NCR 260 thermal printers—five in Bank & Trust Co., four in Northwest Trust—for direct, on-line inquiries.

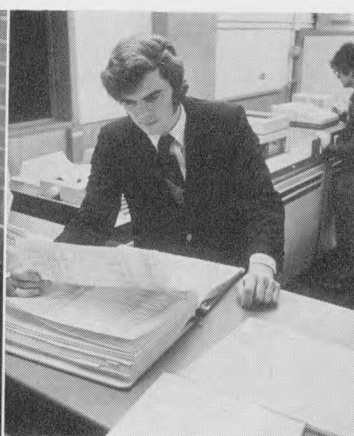
According to John L. Frieburg Jr., executive vice president, cashier and secretary, Bank & Trust Co., the Century 200 provides a complete CIF system both to his bank and Northwest Trust.

"We pushed to get applications on the system and now have demand deposits, savings, Christmas Club, commercial deposits, installment loans, mortgage loans, overdraft banking and general ledger," Mr. Frieburg said. "We're now also coming up with an automated monthly cashier's report and a departmental income and expense report, both of which have been added to the NCR general ledger system. In the near future, we'll add safe deposit box accounting. Commercial loans also will be processed when NCR completes development of this package. The only application that will not be handled on the system is securities, which are being processed on a brokerage house computer.

"Our on-line inquiry system has the capability of placing 'holds' and 'stops' on all accounts. Furthermore, the sys-



Wilfred C. Wolf (r.), pres., Bank & Trust Co. and pres. & ch., Northwest Trust, both of Arlington Heights, Ill., discusses banks' computer center operation with John L. Frieburg Jr., exec. v.p., cash. & sec., Bank & Trust Co. According to Mr. Wolf, operation of computer center is resulting in better services at lower cost and ability to profitably provide computer services to outside banks and other businesses.



LEFT: Bank & Trust Co. and Northwest Trust, Arlington Heights, Ill., communicate directly with their computer center via on-line inquiry system, using nine NCR 260 thermal printers. SECOND FROM LEFT: Jack R. Hines, v.p. & dir., Arlington Computer Services, Inc., reviews report produced on computer center's NCR Century 200 system.

SECOND FROM RIGHT: NCR Century 200 system contains central processor with 64,000 characters of memory, as well as four NCR 657 magnetic disk units, each of which is capable of holding 56 million characters in memory for operating CIF systems. RIGHT: CIF reports are printed out on 1,500-3,000-word-per-minute NCR printer.

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tem is being modified to permit entry of new accounts and other types of non-dollar information so that only debits and credits need to be punched into cards.

"Currently, we're actively promoting the 'circle of services' made possible by the CIF system to all of our customers. The 'circle of services' provides customers with a complete financial report of all their bank transactions in a single statement. It also provides automatic transfers between accounts based on individual needs of each customer.

"The 'circle of services' now enables us to provide a very high standard of service to our customers. In addition, since we operate our own computer center, we will be able not only to sustain, but improve, this standard of service in the future."

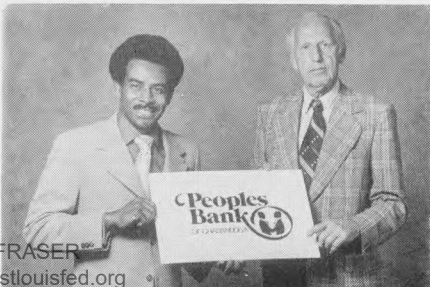
Employing 11 persons and operating 16 to 18 hours a day, six days a week, under the direction of Jack R. Hines, Arlington Computer Services vice president and director, the computer center also provides a complete CIF package to Valley State, Elgin, Ill., and Des Plaines (Ill.) National, which will go on-line in the near future. In addition, the center processes savings applications for four banks in Grays Lake, Mundelein and Libertyville, Ill., which are part of the Cuneo banking group.

"We have the capability and plan to expand our computer services to include many more banks," Mr. Wolf pointed out. "We also plan to offer data processing services to other types of businesses throughout our area.

"From an overall point of view, it's just marvelous how simple it's become to achieve a high standard of customer service and management control through operation of our CIF system. But it's all due to the dedication of our board of directors and the people in our bank who are used to changes and understood the difficulties that had to be overcome to make the new system work." • •

Identity Mark Shown

New logo of Peoples Bank, Chattanooga, symbolizes bank's philosophy to know the customer as an individual and be of service in depth, in his home and in his community, by developing a truly personal relationship with him, according to Jessie L. McCants (l.), chairman of new bank expected to open shortly. At right is Ira Trivers, a director of the bank which is remodeling more than 5,000 square feet of the main floor of the Chattanooga Bank Building for its new quarters.



Problems of Leasing Bank Tenant Space Can be Solved by Use of Space Planner

By MITCHELL LEIT
President
Environmental Research &
Development, Inc.
Los Angeles

IF THERE is one thing bankers understand best, it's that specialization leads to professionalism. Few bankers would attempt to create financial programs for their clients without the advice and counsel of professionals whose assignment is to evaluate and meet the unique needs of each individual customer.

Thus, it is somewhat surprising to see banks developing their own office buildings and attempting to lease the space in these structures without the professional assistance currently available to them. There are probably some excellent reasons for this, chief among which is the theory that all one needs to develop a successful office complex is a creative architect, an accessible location, a few well-spent advertising dollars and a hard-working leasing agent.

While this may have been true in the past, tenant sophistication, excessive office building development and tighter budgets have changed the situation. Thus, we find the specter of bankers burdened with an unfamiliar assignment of "selling" office space and trying desperately to find the right combination for leasing success.

In our experience, the right combination for leasing success is built around a new space merchandising team. This team consists of the bank as owner/developer, the exclusive leasing agent and the professional space planner. This team concept can and does work regardless of the size or complexity of the office structure or structures.

It's a fact that because they lack some of the glamor and many of the services of the highrise project, smaller office buildings can be more difficult to lease. In any event, the process is the same and revolves to a great extent around the professionalism of the space planner.

Most people understand the role of the owner/developer and the importance of the exclusive leasing agent with in-depth office experience is also obvious. But what is the role of the space planner? The planner really has two roles which intersect and complement each other. In the first place, it's his job to counsel with the owner in

the original design and development of the building. His understanding of what the interior "guts" of a structure should be will eliminate costly design errors and materially assist in curtailing unusable footage, thus achieving maximum dollar returns for the bank as the space is leased. In addition, the planner will help the banker analyze and interpret building code specifications and establish and plan floor layouts to meet these specifications. Every municipal authority has differing code demands, and the lack of comprehension of these can be an expensive luxury.

The space planner should also work closely with the leasing agent and the developer in establishing the quantity and quality of building standard improvements to which tenants are entitled and should prepare unit costs for these and other additional items tenants may require. The professional space planner takes up where the architect leaves off. It's his responsibility, for example, to field measure and establish accurate building cores so his interior layouts will meet the configuration of the building as well as maximize the spacial requirements of the tenant. The technical expertise of the space planner, when used correctly, can provide the most effective base on which to construct the leasing program.

The best leasing agent in the business needs sales tools with which to convince a prospect his organization should lease space in the new bank plaza. The most unusual thing about the role of the planner is that it benefits both the owner/developer and the would-be tenant. In the latter case, most companies considering relocation have only vague concepts of what they think their space needs are. Many times these ideas are unworkable, unrealistic or economically unsound. This is simply because they have never really studied their current space utilization to determine its efficiency. Nor have they scientifically projected their real needs over a period of years.

The space planner's assignment is to review the operations of the prospective tenant, survey his employees, understand his business and then develop a comprehensive space utilization analysis relating the company's requirements to the facilities the bank building has to offer. This individualized program of space analysis, along with the preliminary work done for the developer, provides the sales tools the

What a Way to Build a Bank!

leasing agent requires in closing his negotiations with the tenant. If the space planner does his job well, the bank is guaranteed tenant longevity, which in this day of costly space improvements is of prime importance. In addition, the tenant is content since he is occupying space which is custom-designed for his present and future needs, eliminating any necessity for a costly and disruptive short-term relocation.

While we have been discussing the role of the space planner as technician, many are also professional interior designers. This capability can materially assist bankers in creating the most esthetically attractive and pleasing interior environment for the public areas of their buildings. It's amazing how many prospective lessees can be influenced either positively or negatively by the "feeling" of the common areas of a building, such as lobbies, elevators, hallways, etc. Here is where the taste and talent of the designer can be used to mask unsightly columns, brighten windowless areas and humanize oversized lobbies, while at the same time create a unique and unified theme for the entire building. It is also likely some of the tenants may retain the services of the planner/designer to create their own office environments. So much the better, since this will en-



Slave labor? No, just a group of eager bank directors who are all pulling together to break ground for the new building, planned for Cleburne (Tex.) National. Unique groundbreaking tool is old-fashioned plow being guided by Paul Mason (l.), pres., First United Bancorp., Fort Worth, parent HC of Cleburne National, and Charles Baker, Cleburne National pres. Directors are (from l.) Dan Buckner, Dale Griggs, James Cox (bank exec. v.p.), O. C. Forrest Jr., Robert Rigby, W. E. Boger, R. E. Roberts, Mrs. H. C. Custard, Dr. J. E. Curtis and Dr. Tolbert F. Yater. New bank building will be first major construction on Cleburne town square in 30 years.

sure the continuity and quality which the planner has developed for the entire bank structure.

In these days of increased competition for potential lessees and spiraling costs of both money and manpower for construction, any banker developing an office project must program for maximum return on his investment. This

requires developing a structure which has the physical potential for such a return and then designing a program to lease the structure in the shortest possible time.

We believe that the professional space planner can and should materially assist the banker in both of these areas. ••

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NEWS

From the Mid-Continent Area

Alabama

■ **BANK OF ANNISTON** has announced the promotion of Joyce Reaves to assistant cashier. Mrs. Reaves, manager, Plaza Branch, has eight years' banking experience and has been employed by the bank since its opening one year ago. The bank has also sought approval of a new branch adjacent to Golden Springs Shopping Center.

■ **SOUTHERN NATIONAL**, Birmingham, has received preliminary approval from the Comptroller of the Currency, Washington, D. C. It will open with a capital structure of \$4,000,000. Organizers are: Henry B. Bell, Wells-Bell Corp.; Dr. Hollis N. Gieger; William R. Ireland, Vulcan Materials Co.; Henry Kirkland, Kirkland, Smith, Taylor and Payne, CPAs, and Andrew Scott, Scott Co., Inc.

■ **BANK OF FLORENCE** has re-

ceived tentative approval from the State Banking Department. Its capital structure will be about \$800,000. This bank will be an independent, locally owned and managed institution.

■ **DOTHAN BANK** has promoted Richard D. Griffin to vice president, comptroller and chief operations officer and Patricia Womack to cashier.

■ **ALBERT M. RAINS**, former U. S. congressman, has been elected to the board, First Alabama Bancshares, Inc., Montgomery. According to bank officials, Mr. Rains is one of the nation's foremost authorities on housing legislation, having written much of the major housing legislation enacted during his 22 years in the House. He is also chairman, First City National, Gadsden, where he practices law.

■ **DARRELL EDWARDS** has been named operations officer and manager, deposit services division, Central Bank, Birmingham. Also named were Robert

M. Montgomery and Steve M. Thomas as assistant installment loan officers; Micheal O'Neal, assistant branch manager, Eastwood, and Henry R. Tindol, employment officer. Mr. Edwards has 11 years' experience in bank operations. Prior to joining Central, he was a general services officer, North Carolina National, Charlotte. Mr. Montgomery and Mr. O'Neal have been with the bank two years and Mr. Thomas, three years.

■ **THE FED** announced approval of the application of Alabama Bancorp., Birmingham, to acquire Shoals National Bank of Florence.

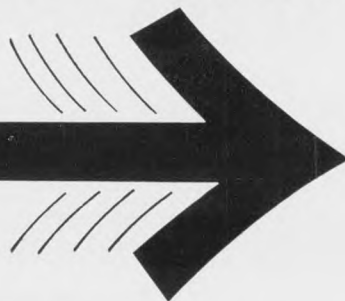
■ **AMERICAN NATIONAL**, Mobile, named C. M. A. Rogers III president and CEO, effective January 1, 1975. A. Danner Frazer, former chairman and CEO, retains his position as chairman of the bank and as vice chairman, Alabama Bancorp., Birmingham. Mr. Frazer is retiring for health reasons. Mr. Rogers joined American National as vice president and trust officer in 1967. Mr. Frazer joined the bank as president in 1966, assuming his present position in December, 1972. Prior to his affiliation with the bank, Mr. Frazer was assistant treasurer, U. S. Steel Corp., Tennessee Coal & Iron Division, Birmingham. He was named president, Salisbury (Md.) National, serving there before becoming senior vice president, First National, Baltimore, in 1967.

■ **JAMES J. STAHL** has joined First National, Birmingham, as a vice president and commercial loan officer. Mr. Stahl was formerly with Chemical Bank, New York. He had previously served with the New York State Banking Department as a senior bank examiner and the New York Fed as a bank examiner.

Arkansas

■ **COMMERCIAL NATIONAL**, Little Rock, held its fourth annual national advisory board meeting October 25. The board discussed and made recommendations for the state's educational, cultural, economic and ecological growth. Present were U. S. Senator-Elect Dale L. Bumpers; Governor-Elect David Pryor; William H. Bowen, president, Commercial National; Richard C. Butler, bank chairman; noted educators from the University of Arkansas and businessmen from across the nation.

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SWINT



HARNES

■ WORTHEN BANK, Little Rock, has promoted Wayne Harness and Clyde Swint to vice presidents. Promoted to assistant vice presidents were J. Edward Cary, R. Larry Hutton, Calvin P. Jones III and Darrell L. Richey. Mr. Harness has been with Worthen since 1955, serving as Town & Country branch manager and working in the transit, bookkeeping and installment loan departments. He later moved to the commercial division as a commercial loan officer. Mr. Swint joined the bank in 1970. He was previously employed by Monsanto Corp. in Pensacola, Fla., and is presently manager, Worthen data processing marketing department. Mr. Cary joined the bank in 1941; Mr. Hutton, 1970; Mr. Jones, 1962 and Mr. Richey in 1971.

■ COMMERCIAL NATIONAL, Little Rock, has created two new management positions. They are in the services/branch administration department. Clyde Courtney and Ron Strother have been named assistant vice presidents. Mr. Courtney, who joined the bank in 1972, will serve as regional manager in charge of communication between branch managers and department management. Mr. Strother, who went to the bank in 1973, will serve as a research and planning manager to organize, direct and control special projects.

■ WORTHEN BANK, First Service Corp. and Pulaski Financial Services, Inc., all of Little Rock, jointly announced filing of articles of incorporation with the Arkansas secretary of state, incorporating a title insurance agency to be known as Lawyers Title Insurance Agency, Inc. It is expected to be located in Little Rock and should be operational in 1975.

■ THE REVEREND GEORGE W. TRIBOU has been named a director of Twin City Bank in North Little Rock. Father Tribou, with Catholic High for 25 years, became its rector in 1967. In 1970, he was the *Arkansas Democrat's* state Man of the Year.

MID-CONTINENT BANKER for December, 1974

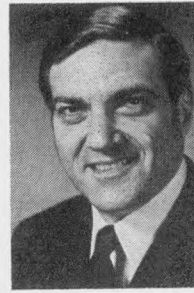
Illinois

■ THE FED denied applications of Tri-State Bancorp., Inc., East Dubuque, to become a bank HC through acquisition of Tri-State Bank, East Dubuque.

■ RICHARD A. ENGSTROM has joined Bank Building Corp., St. Louis, as a consultant services manager, Northern Financial Facilities Division. He represents the company in northern Illinois. Prior to joining BBC, Mr. Engstrom was director, sales and marketing, Chicago Northwestern Development Co., Mount Prospect, a firm specializing in development of single-family homes, condominiums and town houses.



ENGSTROM



BIRNBAUM



KORSVIK

■ WILLIAM J. KORSVIK, vice president and chief economist, First National, Chicago, has been appointed to a new post in the international banking department. He will develop and maintain continuing liaison with central banks around the world. Mr. Korsvik will be succeeded by Eugene A. Birnbaum. Mr. Korsvik, with First National since 1935, has served as associate secretary of the Fed advisory council since 1955 and as a member of the Consulting Committee of Bank Economists to the Comptroller of the Currency since 1965. Mr. Birnbaum served as vice president for international research, Chase Manhattan, New York, 1969-71, and has since served as economist and director of that bank's international monetary affairs division.



Left to right, Robert Thompson, Norman Farris, Hubert Barksdale

Correspondent Banking

Norman, Hubert and Robert are making a good bank better.

Correspondent banking is a partnership at Commercial National. It's getting right in the middle of things with you and working together from there. It's telling you about the latest banking services and innovations and showing you how they can—or can't—work for you. It's an honest approach you'll like almost as much as you'll like the bankers: Norman Farris, Hubert Barksdale and Robert Thompson.

 **Commercial National Bank**
OF LITTLE ROCK

FDIC

■ WALLACE W. WILSON, vice president, energy and mineral resources division, Continental Bank, Chicago, has been named to the Illinois Energy Resources Commission. The commission has responsibility for determining the best means of meeting state energy needs and utilizing natural resources.

Indiana

■ WILLIAM F. REIFEL, president, Franklin County National, Brookville, has been honored by the bank at a 50th-anniversary breakfast. Mr. Reifel began with the bank in 1924 and progressed from bookkeeper to his present office. He is also trust officer and secretary of the board.

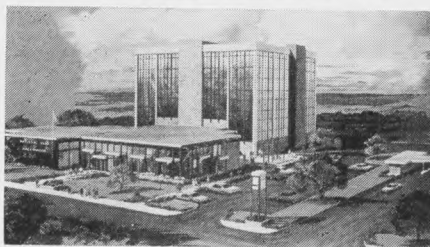
■ AMERICAN FLETCHER NATIONAL, Indianapolis, elected J. Gregory Strom manager, Washington Square Office, which opened October 17. Terry L. Gentry was elected finance and profit planning officer. Mr. Strom joined the bank as a career associate in 1970. Mr. Gentry went to the bank last September, after several years in the accounting field.

Banker Opens Center



James D. Keckley, exec. v.p., American Fletcher National, Indianapolis, welcomes customers at opening of Washington Square Shopping Center, said to be Indiana's largest covered shopping center. The bank has its 57th banking facility there. Others pictured are Edward J. DeBartolo Sr., pres., DeBartolo Corp. (c.) and U. S. Representative William Hudnut.

New Bank Building Planned



Nat'l Bank of Greenwood announced plans for construction of new four-story bank building adjacent to present bank center in downtown Greenwood, to be completed next June. The brick, glass and stainless steel structure will house all banking facilities within its 34,000 square-foot area, with the fourth floor available for commercial leasing. Planned are electronic surveillance and security systems. An environmental control room will feature an electronic climate control board for temperature regulation throughout the building.

Kansas

■ MERLYN L. STUFFINGS, First National, Olathe, was recently promoted to senior vice president and will temporarily replace Kenneth W. Moore, who died September 11, as president.

■ COMMERCIAL NATIONAL, Kansas City, has announced the election of Donald B. Beadle as manager, programming, and Jerry Simpson as manager, check processing. Both have been with the bank's data processing department for several years.

■ LEE R. RODGERS, vice president, Midland National, Newton, was promoted to vice president and auditor. Mr. Rodgers' new position includes responsibility for auditing procedures for internal bank functions.

■ FIDELITY STATE, Garden City, recently celebrated its 50th anniversary with an open house during which five \$100 savings bonds were awarded. Free key chains were given away and refreshments served.

■ FOURTH NATIONAL, Wichita, announced plans to construct a permanent bank facility, to be known as The Fourth's West Towne Bank. A temporary facility opened last October 21, in

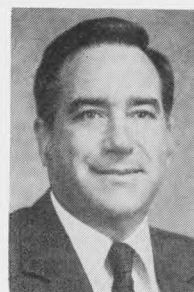
a specially prepared mobile home, to be used until the permanent facility is completed. West Towne will be the third banking office to be operated by the institution outside the core area.

■ HOME STATE, Russell, announced renovation and expansion, involving the main building and property next to it. Target date for the million-dollar changeover is January 1, 1976. The project, planned in two phases, should, according to officials, allow normal business with a minimum of customer discomfort.

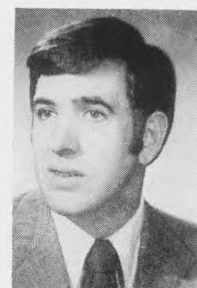
■ B. A. (BILL) STAATS has been named assistant vice president, City National, Pittsburg. Mr. Staats became vice president, director and head, commercial loan department and correspondent bank division, Hutchinson National, in 1955. In 1973, he became president, Financial Specialists, Inc., Wichita, a bank security-oriented firm.

Kentucky

■ CHARLES L. MOUNTZ has joined First National of St. Louis' regional banking department as a regional banking representative, assigned to Kentucky, Illinois, Indiana and Iowa. He joined the bank last March as a credit analyst, coming from Eastern Airlines in Miami.



WATSON



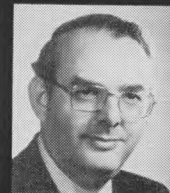
MOUNTZ

■ CHARLES EVAN WATSON has joined LeFebure, Cedar Rapids, Ia., as a banking equipment and security systems representative in a 23-county area in Kentucky. He is working out of LeFebure's Indianapolis branch.

CNB

COMMERCIAL NATIONAL BANK

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A shipping line we're not. But without the services of the Citizens Fidelity International Department, your bank's customers just might be missing the boat.



Citizens Fidelity Bank & Trust Company

International Department
Louisville, Kentucky

NE

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■ **BANK OF LEXINGTON** has opened its fifth and sixth branches, located respectively, in the North Park Shopping Center and in the Gainesway Shopping Center.

■ **FIRST NATIONAL**, Louisville, has announced the promotion of two to senior vice presidents. Barksdale F. Roberts, head of the bank's marketing division, joined First National in 1969 after more than 10 years in advertising. George E. Stablein is manager of First National's loan management division and has worked in the Master Charge area since joining the bank in 1966. In other action, First Kentucky Trust, Louisville, affiliate of First National, has named Ian Y. Henderson senior vice president and head of its personal financial management group, replacing Executive Vice President George W. Schroeder. Mr. Schroeder now heads First Kentucky Trust's business and institutional financial management group. Mr. Henderson formerly was vice president and manager, trust and estate administration department, in the group he now heads.

Louisiana

■ **J. HOWARD (PETE) CARROLL**, senior vice president, Central Bank, Monroe, has retired after 45 years' service. Mr. Carroll began as a runner for the bank in 1929. He attained his present position in 1969 and was head of the consumer loan department since its creation 20 years ago.

Mississippi

■ **HANCOCK BANK**, Gulfport, announced the mailing of more than \$1.1 million in Christmas club checks last November 13. According to Leo W. Seal Jr., president, savers again set an all-time high in the program, with an increase of \$62,900 and about 900 more club members. The 1975 club began last November 18 at all bank locations. Those opening Christmas accounts early this year received a free Anchor Hocking 10-inch snack tray.

Missouri

■ **GEORGE REICHMAN** has joined St. Louis County National, Clayton, as vice president and trust officer. He will direct the activities of the trust division. Gerald L. Wedemeier was promoted to assistant trust officer and James R. Albach to assistant trust investment officer. Mr. Reichman was



REICHMAN



THRODAHL



HOLMES



PARRY

formerly vice president and trust officer, Commerce Bank of Kansas City, in charge of personal trust and probate. He holds a law degree from the University of Missouri. Mr. Wedemeier was previously with Mercantile Trust, St. Louis, while Mr. Albach has been with St. Louis County National five years.

■ **MONTE C. THRODAHL**, group vice president, Monsanto Co., St. Louis, has been elected a director, Boatmen's National, St. Louis.

Farm Loans Up

Missouri bankers lent \$977 million to their state's farmers during 1973, a 20% jump over 1972, making bankers the largest single source of farm credit in the state, says C. W. Risley Sr., president, MBA and Excelsior Trust, Excelsior Springs.

Citing the ABA's 33rd annual farm credit survey, he stated that Missouri bankers made \$673 million in production loans, 74% of that category. Money loaned for farm mortgages totaled \$304 million in 1973.

By comparison, life insurance companies in the state held \$201 million in farm loans; Federal Land banks, \$326 million; Production Credit associations, \$207 million, and the Farmers Home Administration, \$150 million in real estate and \$29 million in non-real estate loans.

■ **CENTRAL TRUST**, Jefferson City, elected William W. Quigg executive vice president and trust officer. He was vice president and trust officer. Robert M. Robuck was elected senior vice president. Mr. Quigg holds a law degree from the University of Missouri-Columbia and was with the committee on legislative research, Missouri General Assembly, 1959-63, entering private law practice in 1966. He served as general counsel for the MBA until 1969, when he joined the bank. Mr. Robuck went to the bank in 1968 as vice president and controller.

■ **MERCANTILE BANCORP.**, St. Louis, announced creation of a marketing department at the corporate staff level. It will be responsible for planning and executing marketing, advertising and public relations programs for the lead bank, Mercantile Trust, and coordinating the marketing activities of all other Mercantile Bancorp. affiliate banks. Appointed within the HC's marketing department were Thomas W. Parry Jr., manager, advertising and public relations, affiliate banks, and Paul F. Holmes, manager, marketing research and planning. Mr. Parry was previously manager, communications division, and Mr. Holmes, marketing planning coordinator, both in Mercantile Trust.

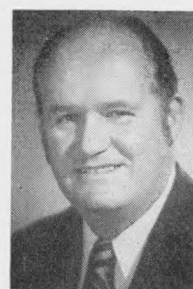
■ **COMMERCE BANK**, Kansas City, was honored for equal opportunity in employment by that city's Urban League recently.

■ **HOWARD L. BOSWELL** was elected an assistant cashier, United Missouri Bank, Kansas City. He currently serves as operations officer in the bank's Master Charge credit card division. Mr. Boswell joined United Missouri in January, 1974.

■ **GERALD M. CASHMAN** has been elected a vice president, Mercantile Trust, St. Louis. Terrence J. Boyer and Thomas N. Hammelman were promoted to assistant vice presidents. Mr. Cashman went to the bank's international department from First National City, New York, in 1973. Mr. Boyer has been with the bank since 1970 and Mr. Hammelman, since 1968.



QUIGG



CASHMAN



**You have
to move quickly
when you offer
same day
collection service.**

Your Commerce correspondent knows that with the average draft size tripling in the last three years, speed of collection is very important.



That's why Commerce has twice daily messenger service to the Board of Trade—to offer same day presentation and collection. Since over 80% of Board of Trade members do business with us, our service is the fastest around. We also provide speedy service for foreign collection through our International Department. The midwest's leading correspondent is also the quickest. Give your Commerce man a call.

Don't forget to dial direct. It's faster!



COMMERCE BANK
of Kansas City ^{NA}
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(816) 234-2000

- Main Bank Number234-2000
- Fred N. Coulson, Jr.234-2479
- Nelson V. Rogers234-2622
- Elmer Erisman234-2482
- John C. Messina234-2486
- Tom C. Cannon234-2481
- Ben F. Caldwell234-2480

■ **FIRST NATIONAL**, St. Louis, held a breakfast seminar October 30, with Harry L. Freeman, vice president for finance, Overseas Private Investment Corp., Washington, D. C., as the featured speaker. Guests were representatives of several St. Louis-based multinational firms. Mr. Freeman spelled out OPIC's objectives and operations and described some of the projects it has helped finance in the so-called "developing" countries like Indonesia and Korea. OPIC, an independent U. S. government corporation formed in 1971, operates in nearly 90 countries and provides political risk insurance and project-financing programs that include direct loans, loan guaranties, local currency loans and pre-investment assistance.



Pictured at First Nat'l of St. Louis' OPIC breakfast seminar are (l. to r.): Todd Parnell, member, African finance department, OPIC; William S. Salter, v.p. and head, international department, First Nat'l; Ron Leslie, OPIC business development department; and Harry L. Freeman, v.p. for finance, OPIC, and seminar speaker.

■ **THE KANSAS CITY FED** has approved affiliation of First National Bank of Cassville with First National Charter Corp., Kansas City. The Fed has also approved the HC's acquisition of Bank of Carthage.

Died: Arthur R. McClaskey, 54, on November 8, of a heart attack. Mr. McClaskey was assistant vice president, correspondent department, First Stock Yards Bank, St. Joseph. He joined the bank in 1957 as agricultural representative, becoming assistant vice president, agriculture department, in 1964. He had been on disability leave since 1971.

Agribanking School Begun

The MBA's Agricultural and Rural Affairs Committee, chaired by Frank Akers, agricultural representative, Gentry County Bank, Albany, has established an agribanking school for beginners. The first session is scheduled June 1-6, 1975, on the University of Missouri-Columbia campus.



ELLISON



BAUR

■ **JUNE DARBY ELLISON**, public relations officer, Mercantile Trust, St. Louis, has been named advertising woman of the year by the Advertising Women of St. Louis, Inc. Mrs. Ellison has worked in nearly every phase of the bank's communications program for the past 17 years. She is the 1969 recipient of the Investment Bankers of America Association award of merit and is currently Midwest regional vice president, National Association of Bank Women.

■ **ANDREW N. BAUR** was elected president, CEO and director, Commerce Bank, St. Louis, November 1. Mr. Baur was previously vice president, Mercantile Trust, St. Louis, and, before that, was with First National, Atlanta.

■ **JOHN A. MEYER** was elected president, Commerce Bank, Columbia. He succeeds A. R. Bollinger, now vice chairman. Mr. Meyer had been executive vice president of the bank since last January and regional vice president since joining the parent HC, Commerce Bancshares, Inc., Kansas City, in 1973. Mr. Bollinger was the bank's president since 1962.

■ **DONALD N. BRANDIN**, chairman, president and CEO, Boatmen's National, St. Louis, was elected a class A director of the St. Louis Fed. Mr. Brandin's three-year term begins January 1.

■ **THE ST. LOUIS FED** approved the application of Gainesville Bancshares, Inc., to become a bank HC through acquisition of Bank of Gainesville and to engage de novo in the sale of credit life and credit accident and health insurance directly related to extensions of credit.

■ **SECURITIES INDUSTRY ASSOCIATION**, midwestern district, has elected Gerald L. Ward, E. F. Hutton & Co., Inc., Kansas City, as its chairman. Also elected were Harry N. Schweppe Jr., vice president, Mercantile Trust, St. Louis, vice chairman, and Bill T. Wall, Stern Brothers & Co., Kansas City, secretary-treasurer.

Oscar O'Bryant Dies

REEDS SPRING—Oscar J. O'Bryant, 85, a former president of the Missouri Bankers Association's 50-Year Club, died October 26. He was formerly executive vice president, Bank of Table Rock Lake.

■ **MID-CONTINENT NATIONAL**, Kansas City, announced that Edward V. Kerrigan has joined the bank as president and CEO. Mr. Kerrigan has 18 years' commercial banking experience.

■ **GATEWAY NATIONAL**, St. Louis, announced the resignation of I. O. Funderburg as executive vice president and CEO, effective December 31 of this year. He will become president, Citizens Trust, Atlanta. Mr. Funderburg joined Gateway National in 1966.

■ **RICHARD L. JOHANNESMAN**, vice president, Mercantile Trust, St. Louis, has been elected chairman, St. Louis Municipal Dealers Group. He will serve a two-year term. Another banker, Paul C. Hooker, assistant vice president, Boatmen's National, St. Louis, was elected treasurer.

New Mexico

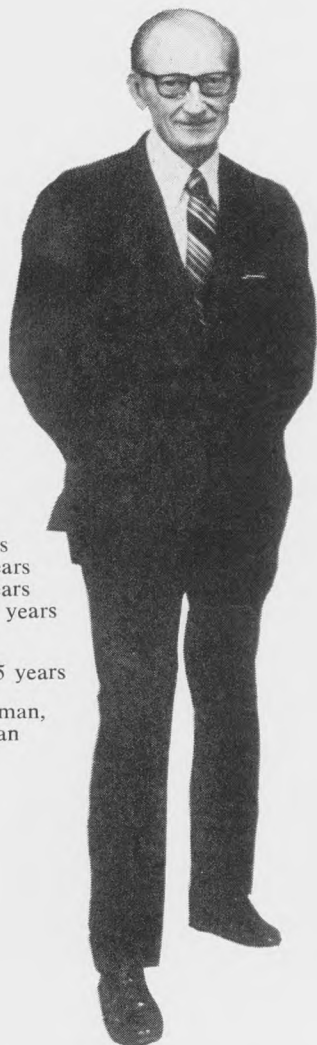
■ **LAMAR OSBOURN** was named vice president, Ruidoso State. He was vice president and secretary to the board, Highland Lakes National, Kingsland, Tex., for five years and for seven years was credit manager for Ford Motor Credit, San Antonio, Tex.

■ **WILLIAM R. HUMPHRIES** has been named vice president and manager, First State, Cuba. He is a rancher in Lindrith.

■ **CARLSBAD NATIONAL** has begun construction on two additional drive-in banking units at the downtown bank. The units will double drive-in capacity, according to bank officials, by accommodating four lanes of traffic at once. They will be remote facilities, to be connected to the bank by pneumatic tubes.

■ **ALBUQUERQUE NATIONAL** recently opened its 15th branch. John B. Dalbey, vice president, has been named its manager. The new office, located in the Westland Building, has meeting rooms and three drive-up windows. It occupies 5,400 square feet of the building's first floor.

Which of these correspondent bankers would you choose?

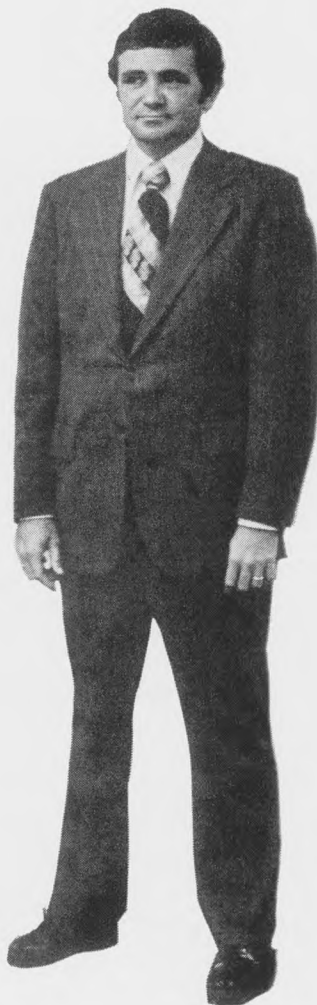


Name: Harold Smith

Transit Operations. . . 2 years
 Bookkeeping. . . 3 years
 Tellers. . . 6 years
 Army Service. . . 3 years
 Bond Department. . . 6 months
 Business Development. . . 2 years
 Metropolitan Division. . . 2 years
 Correspondent Division. . . 27 years

Total Banking Experience. . .
 45 years

Hobbies. . . Hunter, Outdoorsman,
 Collector of Indian
 Artifacts



Name: Ted Smothers

Data Processing. . . 11 years
 Banking Division. . . 1 year
 Correspondent Division. . .
 3 years

Total Banking Experience. . .
 14 years

Hobbies. . . Fisherman, Khoury
 League Baseball and
 Soccer Coach

Some big differences, right?

Not really. Both have a common denominator called "back-up by Boatmen's." That's right. They can draw on the knowledge of data processing technicians, marketing strategists, bond experts or whatever specialist it takes to assure correct and valid answers and programs to any unique situation you may encounter.

Call Harold Smith or Ted Smothers, whichever you choose, and let them show you what we mean with "back-up by Boatmen's."



**THE BOATMEN'S
 NATIONAL BANK
 OF ST. LOUIS**

Broadway and Olive Streets, St. Louis, Mo. 63102 / 314 421-5200

Banking School Founded

The New Mexico Bankers Association and the University of New Mexico announced creation of a New Mexico School of Banking, beginning in May, 1975.

Established to provide basic and intermediate banking education to junior officers and supervisory employees of state banks and employees of the State Banking Department, the two-year program will consist of one-week, on-campus intensive study sessions. They will be held in May of each year.

Extension work will be offered between sessions and a certificate of completion will be awarded at the course's end.

Applications for admission to the school must be made by March 1, 1975. Enrollment is limited.

■ **JAMES A. CLARK** was elected president and CEO, First National, Albuquerque. Mr. Clark has resigned as executive vice president, Albuquerque National, and will assume his new duties immediately. He succeeds David G. Livingston, who will continue as chairman. Mr. Clark is immediate past president of the New Mexico Bankers Association.

Oklahoma

■ **FIRST NATIONAL**, Oklahoma City, announced the election of Harold J. Madigan as senior vice president; Lavon E. McAfee, vice president and Jake L. Riley, assistant vice president and trust officer. Mr. Madigan joined the bank's loan administration division in September, 1974.

■ **FIRST NATIONAL**, Tulsa, has added John M. Heard to its trust department as a trust officer. He will work in the areas of estate and employee benefit planning. Mr. Heard was formerly in banking in Dallas.

IBAO Officials Named

The first general convention of the newly formed Independent Bankers Association of Oklahoma was held November 7-9 in Oklahoma City. Officers and a director of the IBAO elected for 1974-75 were: president, R. S. Amis, president, First National, Midwest City; vice president, Gary Huckabay, president, First Mustang State; treasurer, D. W. Garrett, president, Security Bank, Midwest City, and as a director, Harold Doughty, vice chairman, First State, Altus.



CLARK



WOOSLEY

■ **T. K. HENDRICK**, chairman and CEO, Hadson Ohio Oil Co., has been elected to the board of Fidelity Bank, Oklahoma City.

■ **THE FED** announced approval of the application of First Moore Bancshares, Inc., Moore, to become a bank HC through acquisition of First National, Moore.

■ **WILLIAM LANE JR.**, assistant vice president, Liberty National, Oklahoma City, was installed as president, Oklahoma Consumer Credit Association. Joe D. Dowler, assistant vice president, American Bank, Tulsa, was named first vice president and Mary Williams, secretary, personal banking center, Liberty National, Oklahoma City, became secretary-treasurer. Elected to the board were Carl Beck, vice president, BankAmericard center, First National, Oklahoma City, and Dan Morgan, assistant cashier, National Bank of Tulsa.

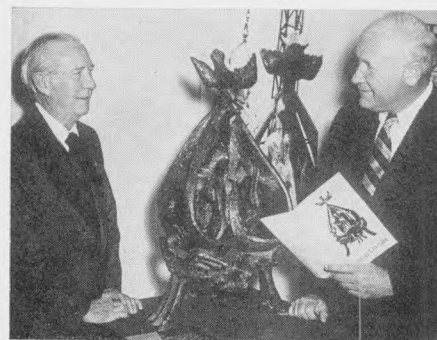
Tennessee

■ **JAMES G. TATUM** was recently awarded the designation of Chartered Financial Analyst by the Institute of Chartered Financial Analysts. Previously associated with Equitable Securities, Morton & Co., Nashville, Mr. Tatum is presently investment management officer, investment management division, Hamilton National, Chattanooga. He has been there since 1970.

■ **HAMILTON NATIONAL**, Chattanooga, recently announced the election of Paul J. Kinser to its board and named W. Max Finley and Richard H. Houck to its executive committee. Mr. Kinser, who has served on the executive committee for branches, is president, East Brainard Lumber Co. Inc., and East Brainard Land Corp. Mr. Finley, a bank director, is president, Tennessee Paper Mills Inc., and chairman, Rock-Tenn Co. of Norcross, Ga., and Southern Cellulose Products Inc., while Mr. Houck, also a director of the bank, is president and treasurer, Southern Specialty Paper Co. Inc.

■ **FIRST AMERICAN NATIONAL**, Nashville, recently promoted 16 employees. Larry J. Woosley was promoted to vice president; Richard S. Gardner, Jeanette Lunn, Thomas D. Scarborough, Paul W. Schiel Jr., Ben West Jr., Harry E. Williams, assistant vice presidents; David H. Claiborne, Marion W. Hickerson III, Larry J. King, George M. Miller, Carl B. Scott, Linda Skaggs and William D. Williams, assistant cashiers. Minnie Ruth Ball was named an assistant trust officer and Roy D. Horton, assistant controller. Mr. Woosley joined First American National in 1962 and became assistant vice president in 1972.

■ **FIRST NATIONAL**, Memphis, has sponsored an exhibit of the sculpture of Jacques Lipchitz at the Brooks Memorial Art Gallery, to run through December 31. According to the gallery's curator, more than 4,900 viewed the 30 bronzes and nine lithographs during the first week of the show. Cassette recorders, available at the gallery, guide visitors through the exhibit. The voice of the late artist explains each piece during the 45-minute tour. The tapes, made before Mr. Lipchitz' death, were assembled by an NBC producer in preparation for a documentary, "Jacques Lipchitz." First National sponsored the American premiere of the film, a copy of which was donated by the bank to be shared by the gallery and the Memphis Academy of Arts.



William W. Mitchell (l.), ch., and Cullen Kehoe, pres., First Nat'l, Memphis, examine Jacques Lipchitz' sculpture, "Notre Dame de Liesse," one of 30 bronzes by the late artist in bank-sponsored show.

Texas

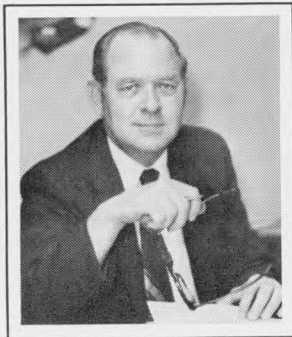
■ **SANFORD L. GREEN** was recently elected an auditor, Texas American Bancshares Inc., Fort Worth. Mr. Green, a CPA, was a senior accountant with Price Waterhouse & Co., Fort Worth, prior to joining the HC staff. In other HC action, Philip D. English was appointed manager of treasury operations and Paula Webb, assistant accounting manager.

When you need a correspondent banker, don't talk to strangers. Talk to the Hamiltons.



Jack

Just pick up the phone, call us and ask for Jack or Paul or Virginia or John. They make up just about the best correspondent banking department in the Southeast. Which is what you'd expect to find at Hamilton Bank. They like to do business on a first name basis. But don't let the informality



Paul

fool you. Each is an experienced expert in the field of correspondent banking.

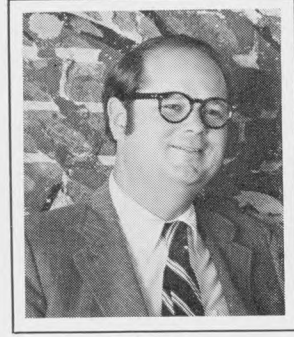
The Hamiltons can give you knowledgeable solutions to your problems. And there's no dilly-dallying around when you need fast action. Because each of our correspondent bankers has the



Virginia

authority to make instant decisions on your requests for services. You get what you need — when you need it.

We've got as complete a line of correspondent banking services as you'll find anywhere in the Southeast. From data processing to investment counselling to



John

bond analysis to trust services — and everything in between. We can meet your needs — simple or complicated. Call us toll free on our WATS lines: Tennessee (1)-(800) 572-7392, neighboring states (1)-(800) 251-6204. If it's a question of correspondent banking, ask the Hamiltons.



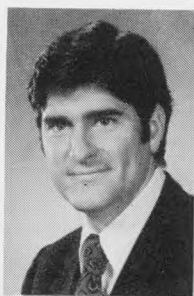
Hamilton Bank

701 Market Street
Chattanooga, Tennessee 37402 (615) 757-4396

Member of Hamilton Bancshares. The system has 65 offices throughout Tennessee and Northwest Georgia.



HARMON



FENOGLIO

President Ford Signs Financial Regulatory Package Bill

■ PAUL J. HARMON JR., vice president, First National, Fort Worth, was recently elected president of the Fort Worth Executives Association, while Timothy A. Minnick, trust administrative officer of the bank, was named to the organization's board. Mr. Harmon, with First National since 1953, heads the bank's commercial development function. Mr. Minnick joined the bank in April, 1973.

■ WEST LOOP NATIONAL, Houston, a member of Federated Capital Corp., the parent HC, opened recently. The new bank, with lobby and drive-in windows, is the first to be opened by the HC since its formation last January. After the grand opening, an open house was held. William H. Fenoglio Jr. is president of the bank. He was vice president, correspondent banking, Bank of Texas, Houston, and, previous to that position, was correspondent banking officer, Bank of the Southwest, Houston.

■ T. J. VANCE, vice president, commercial loan department, Fort Worth National, has been appointed to the Dallas District Advisory Council of the Small Business Administration for a two-year term.

■ THE DALLAS FED announced that Ernest T. Baughman has been elected president, effective December 9. Mr. Baughman was first vice president, Chicago Fed, since 1970. He succeeds the former Dallas Fed president, Philip E. Coldwell.

A CONGRESSIONAL financial regulatory package, signed by President Ford in late October, has doubled insurance on deposits, sharply reduced the chance for consumer class action suits against banks for Truth-in-Lending violations and opened the way for S&Ls and mutual savings banks to compete with commercial banks for public deposits.

The insurance increase—from \$20,000 to \$40,000—is expected to pave the way for financial institutions to attract larger deposits, stimulate retirement savings and provide a fresh injection of funds for the housing industry by freeing \$1 billion in insurance reserves for S&Ls. The insurance increase was effective November 27.

The legislation stipulates a new set of regulations for credit card issuers, including specifying maximum billing cycles, methods of crediting payments and establishing other safeguards for credit-card users. Merchants were authorized to give discounts for cash purchases.

The bill makes it a federal offense for any lender to use gender or marital status as a basis for granting credit and provides for a \$10,000 fine for so doing.

The Fed's interest ceiling-setting authority was extended through 1975 and the Fed was given stronger legal power to halt bank HC actions through cease and desist orders.

S&Ls and savings banks received authorization to compete in the \$70 billion market for public funds by be-

ing permitted to insure the first \$100,000 in such deposits. S&Ls are also permitted to pay one-half percent more interest on these deposits, providing they secure regulatory agency approval.

The primary banking provision in the bill is the establishment of a federal ceiling of \$100,000, or 1% of net worth, whichever is less, on the amount of punitive damages consumers could win in class action suits against banks and other financial institutions for Truth-in-Lending violations. Also passed was a provision to exempt banks from Truth-in-Lending laws for agricultural loans exceeding \$25,000.

Also included in the package bill is authority for the establishment of a \$2 million commission to study EFTS and a provision authorizing the Fed to spend \$80 million on new branches.

President Ford also signed into law a bill giving the Fed power to control consumer-sized floating interest rate issues of HCs. Under this power, the Fed can require a bank HC to pay no more than regulated consumer savings rates on a note issue if it feels the offering would seriously harm competing financial institutions by draining deposits.

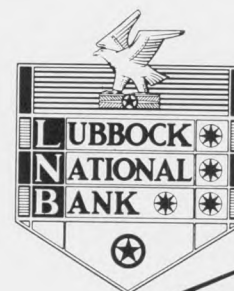
This law also eased business lending in Tennessee, Arkansas and Montana, where corporate interest rates are frozen by state constitution provisions. Through 1977, lenders in these states can charge up to 13½% on corporate loans exceeding \$25,000 (see article on page 90). •••

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Cost Analysis

(Continued from page 10)

the only consistent way to value a bank's money inventory is to apply "marginal cost of funds constant." This contrasts sharply with the "pool of funds" approach used by the Fed's studies. However, people interested in this field will recognize that bank cost accounting is not an exact science, with almost as many systems as bank cost accountants. Rather than finding this a source of frustration, the data's user must recognize the different ways of processing cost information, each with proponents and opponents, each having advantages and disadvantages.

One of the greatest abuses of the functional cost analysis, viewed by a participating member, is its using an incorrect frame of reference. By comparing the bank's figures with average figures shown in the study, many banks can find numerous areas where they are superior in performance, ignoring areas where they have had less than average performance. The Fed recognized this tendency early in compilation of the series' cost analysis data, introducing the concept of "high earning banks" performance characteristics. Thus, the banker, comparing his own bank's data, has a target of high performance rather than a mediocre average with which to refer. He is in a position of seeing what has been attained by high earning banks that participated in the program and can often set his bank's sights and goals in this direction.

This column's purpose is to reaffirm the writer's convictions that bankers know their costs both on incremental, standard and the Fed "pool of funds" concept. Without that information, ability to navigate financial high seas is restricted to high-visibility conditions.

As an academician, I hope the Fed will present historical data on its functional cost trends, both for average

banks and for those with high-performance characteristics. For example, in 1966, the Fed's functional cost analysis shows an average functional cost of installment loans as \$15.60 for banks to \$50 million in size. Average functional cost for payment collection was 92¢. Today, for the same bank, the loan cost has jumped to \$28.24 and the cost to collect, to \$2.18. A simplistic extrapolation of the data for the years ahead can have mind-boggling implications.

Any Fed-member bank is eligible to participate in the functional cost study, yet only 942 have done so. Much value can be obtained by banks familiarizing themselves with this material. If you have not seen a recent copy of the study, it is recommended that you obtain one and carefully review it with your own bank's performance as a comparison, not only with the average, but with high-performance banks. ••

'Pilot Account' Deposit Made by Continental Bank In Midwest Depository Co.

CHICAGO—Continental Illinois National is the first Chicago bank to utilize the Midwest Depository Trust Co., depositing securities totaling more than 1.5 million shares with a market value exceeding \$65 million.

The Midwest Depository, an autonomous unit of the Midwest Stock Exchange, was formed to facilitate the transfer of securities ownership by bookkeeping entry, rather than physical movement of stock certificates.

"We consider this a major step in the development of the Midwest Depository as a key component in a national system of depositories which can effect significant efficiencies in the securities industry," said John H. Perkins, Continental's president, who also is chairman of the National Coordinating Group for Comprehensive Securities Depositories.

Continental's deposit is described as a "pilot account" by Mr. Perkins, who

explained that the bank's intention is to increase its participation in the depository after the compatibility of systems and procedures have been carefully evaluated. The deposit consisted of securities held by the bank's trust department.

The depository, like its counterparts in New York and California, is the result of efforts throughout the securities industry to "immobilize" stock certificates and work toward automated processing. The changes are expected, eventually, to cut costs, speed transfers and increase overall security within the system.

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Resident individual, nonresident individual, partnership, fiduciary, Subchapter S corporation and corporation returns are included in this book, designed to accommodate preparation of the revised forms under the new Missouri income tax law. Copies may be obtained at \$7.50 each from its publisher, the Missouri Society of CPAs, 1925 Railway Exchange Building, St. Louis 63101.

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