

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

INTERNATIONAL BANKING ISSUE

JULY, 1975



Hamilton First
Nat'l, Oak Ridge,
Tenn., sponsors
"Second Signing
of Declaration
of Independence"
as bicentennial
event.
(See page 54)

Banks Plan for Bicentennial



LIBERTY LAUNCHES THE SECOND 200

THE SECOND 200 YEARS

We're on our way to a second 200. The past is history. It's the future that concerns us. So, instead of a fashionable backward reflection on the past 200 years, Liberty's Bicentennial celebration is different.

THE SECOND 200 CONTEST

It's the second 200 contest. Give us your thoughts and ideas . . . on the best ways to preserve personal liberties . . . individual freedoms and independence . . . during our country's second 200 years.

ENTER IN 200 WORDS OR LESS

Tell us . . . in 200 words or less . . . what you'd propose to guarantee the liberty, freedom and independence a lot of us seem to take for granted. Reward us with the best idea and we'll reward you.

200 CHANCES TO WIN.

There will be 200 winners and every winner keeps America from losing! First prize is 6% interest on \$200,000 for a month — and that's a nice reward. In fact, it's \$1,000. 2nd prize is \$750; 3rd prize is \$500; 4th through 20th prizes of \$150 each; 21st through 50th prizes of \$50 each, and 51st through 200th prizes of \$25 each. So, come on. Tell us your ideas on how to keep what's right about America. Better hurry though.

CONTEST LASTS 200 DAYS.

The contest lasts 200 days . . . till January 19, 1976. All winners will be announced July 4, 1976 . . . at the very beginning of our second 200 years as a free and independent nation.

HERE ARE SOME IDEA STARTERS

- How important is free enterprise to the preservation of individual liberty?
- Are our problems so large and serious that some of our liberties must be sacrificed in order to cope with them?
- What are the most important economic lessons learned over the past 200 years and how can they be applied during the second 200 years?

- What attitudes need changing if we are to preserve the freedoms for which our forefathers fought and died?
- What should business do to help preserve individual liberty?
- Does government bureaucracy stifle free enterprise?

These are just idea starters. You will think of others. Send for an official "Second 200" entry form. It explains all the contest rules and outlines all the prizes. You can also enter on plain paper. Judging will be by the Oklahoma Council on Economic Education, on the basis of originality, creativity and a realistic contribution to the preservation of independence and individual liberty. All prizes will be awarded. Your chance of winning depends on the number of entries received. Decision of the judges is final. Limit one entry per person.

Enter the "Second 200" contest . . . Now!



at your

LIBERTY

THE BANK OF MID-AMERICA

Attn: Second 200 Contest/Ellen Chitwood
P.O. Box 25848 (405) 231-6558
Oklahoma City, Oklahoma 73125

Please send me an official "second 200" entry form. I understand it contains all contest rules and lists all the prizes.

Send to:

Name _____

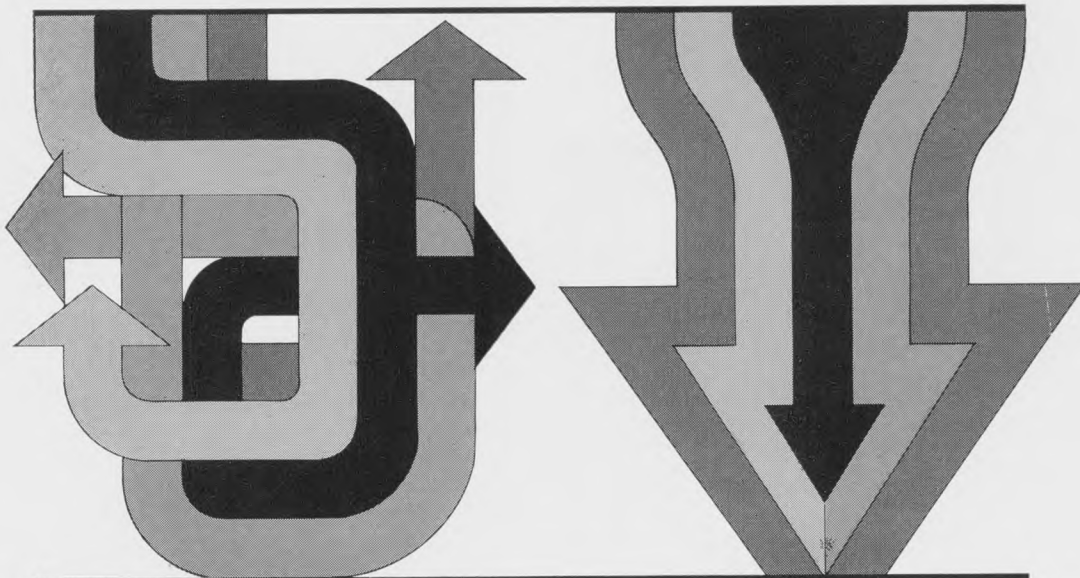
Address _____

City _____ State _____ Zip _____

The Liberty National Bank and Trust Company of Oklahoma City • Member F.D.I.C.

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Coupon Collections: What's the best way?



You can go every which way, sending coupons to many different paying agents and tying up your people and your cash.....

or

you can send all your coupons direct to Chase in one convenient batch and have funds available in three days.

Many banks are in the habit of collecting their matured coupons and bonds the slow, old-fashioned way. They painfully sort and route coupons every which way to various paying agents and then wait an undetermined amount of time for payment. Chase offers you a better way. We call it "Central Sending." You simply take all your coupons and bonds, put them into the industry-approved envelopes and mail the entire batch to Chase. Upon receipt, our experts take it from there. In two days, you have credit... and the third day, funds are available. (Unless you prefer that we handle the items on a collection basis).

When you "central send" everything to

Chase, there are no frustrating delays because coupons get sent to an "out-of-date" paying agent. We have up-to-the-minute records to help us research the correct paying agent.

If something has to be traced, you need to make only one phone call.

And remember, our service is so good... we guarantee the "Central Sending" system's two-day credit and third-day availability of funds. So, if you'd like to collect coupons the easy, inexpensive way... just clip our coupon below or call your Chase Relationship Manager, collect, at (212) 552-3192. He can do more for you because we're doing more for him.

Chase Manhattan Bank
Correspondent Banking Division
P.O. Box 6997
New York, N.Y. 10249

Dear Chase Relationship Manager:
I'm interested in the Chase "Central Send" Coupon Collection Service. Please get in touch with me.

Name _____

Title _____

Bank _____

Street _____

City _____ State _____ Zip _____

Telephone (_____) _____



CHASE

Member FDIC

OPEN LETTER TO BANK PRESIDENTS

If ever the time was right to be concerned about saving money on your building project... about getting maximum value for the dollars you spend... about the assurance of experienced design talent for functional, efficient banking operations... about having your project completed on schedule... now is the time!

And now is also the time to put an end to these concerns by talking to HBE Bank Facilities Corporation.

We can save you money. Our single-source "Design/Construction" discipline makes it possible to conserve dollars by eliminating wasted time and costly duplication of services. We combine specialists in planning, design, construction, equipment leasing and interior design under one roof and under centralized management to guarantee you cost-controlled savings.

You don't spend thousands of dollars in design fees for proposals that prove worthless. As we develop the operational program for your facility, we also develop the price. The owner is systematically appraised of the projected cost of the entire project. There are no overruns!... There are no unpleasant surprises!

We guarantee the cost of your entire project at a very early stage. Our single source responsibility provides total commitment to your budget and your schedule and delivers your completed project within your established parameters. You will know the final cost long before your facility is completed, because it is guaranteed early in planning—when other companies are only guessing.

If you're concerned about taking your operations to where your customers are... or about modernizing or expanding your present quarters—and if you're concerned about achieving the optimum in new facilities within a realistic budget—talk with us today. Now is the time! Contact Ted Luecke, President. 314 567-9000.



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Easy in. Easy out.




The new Savings Deposit/ Withdrawal coupon books from Harland


Now Harland offers two great ways to process savings accounts quickly and easily. The Combination Savings/Withdrawal Coupon Books allows your customers to use one pre-encoded document for either a savings withdrawal or a deposit. The coupon is color-coded so that you can tell at a glance which type of transaction it is.


Harland's new Separate Savings Deposit/Withdrawal Coupon Book offers

you separate documents for each type of transaction. Both are MICR encoded and personalized with account name. An attractive vinyl cover is optional. You get the same excellent service and quality you have come to expect from Harland checks.

Enjoy the easy in, easy out convenience of Harland Savings Deposit and Withdrawal Coupons. Write, or talk to your Harland representative. He will be glad to give you full details and show you how you can process your savings accounts easier and more profitably.

THOMAS B. ANDERSON		Date	19
		Dollars	Cents
Savings Deposit	Currency		
	Coin		
	Checks		
 HARLAND BANK & TRUST YOUR TOWN, YOUR STATE			
	Total Deposit		
⑈0000⑈0000⑈12 34 56 7⑈			

THOMAS B. ANDERSON		Date	19
		Dollars	
Savings Withdrawal			
 HARLAND BANK & TRUST YOUR TOWN, YOUR STATE	\$		
	Signature		
⑈0000⑈0000⑈12 34 56 7⑈			

Savings Withdrawal		Deposit	
THOMAS B. ANDERSON		CHECKS ARE FOLLOWING LIST ONLY:	
DATE	19		
	DOLLARS	TOTAL CHECKS	
ACCOUNT OWNER		CASH	
ISSUE HERE		SUB TOTAL	
 HARLAND BANK & TRUST YOUR TOWN, YOUR STATE		LESS UNDEPOSITED	
		NET DEPOSIT	
⑈0000⑈0000⑈12 34 56 7⑈			
<small>ALL ITEMS ARE ACCEPTED SUBJECT TO THIS BANK'S RULES AND REGULATIONS PERTAINING TO SAVINGS ACCOUNTS.</small>			

Separate Savings/Withdrawal Coupons

Combination Savings/Withdrawal Coupon

 **HARLAND**

BANK STATIONERS, P.O. BOX 13085, ATLANTA, GEORGIA 30324

Convention Calendar

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

July

- July 16-17:** ABA National Governmental Affairs Conference, Washington, D. C., Shoreham Americana.
July 19-20: AIB District Institute Leaders Conference, Abilene, Tex., Downtowner Motor Inn.
July 20-21: Kentucky Bankers Association Third Annual Bank Directors Conference, Louisville, Executive Inn West.
July 21-23: ABA Affirmative Action Seminar, Dallas, Marriott Motor Hotel.
July 25-26: AIB District Institute Leaders Conference, Kansas City, Crown Center Hotel.
July 27-30: ABA Meeting with Comptroller of the Currency, Mackinac Island, Mich., Grand Hotel.

August

- Aug. 3-8:** ABA National School of Real Estate Finance, Columbus, O., Ohio State University.
Aug. 3-15: Consumer Bankers Association Graduate School of Consumer Banking, Charlottesville, Va.
Aug. 4-8: Tennessee Bankers Association Tennessee Young Bankers School, Nashville, Vanderbilt University.
Aug. 9-15: Bank Marketing Association Graduate Course in Bank Marketing, Madison, University of Wisconsin.
Aug. 10-23: Central States Conference Graduate School of Banking, Madison, Wis., University of Wisconsin.
Aug. 11-22: ABA National Trust School/National Graduate Trust School, Evanston, Ill., Northwestern University.
Aug. 17-19: Texas Bankers Association Bankers Conference, Austin.
Aug. 17-23: Independent Bankers Association of America Senior Bank Officer Seminar, Boston, Harvard University.

September

- Sept. 3-5:** ABA Meeting with Comptroller of the Currency, White Sulphur Springs, W. Va., Greenbrier Hotel.
Sept. 7-9: Kentucky Bankers Association Annual Convention, Louisville, Galt House.
Sept. 7-9: ABA Payments System Policy Conference, San Francisco, Fairmont Hotel.
Sept. 7-12: Kansas, Missouri and Nebraska Bankers Associations School of Basic Banking, Lincoln, Neb., University of Nebraska.
Sept. 8-10: ABA Affirmative Action Seminar, Kansas City, Marriott Hotel.
Sept. 14-18: Consumer Bankers Association Annual Convention, Colorado Springs, Colo., Broadmoor Hotel.
Sept. 14-19: ABA National Personnel School, Dallas, Dallas Marriott.
Sept. 14-19: Oklahoma Bankers Association Agricultural Lending School, Stillwater, Oklahoma State University.
Sept. 17-18: Illinois Bankers Association Agricultural Credit Conference, Champaign, Ramada Inn.
Sept. 17-19: Texas Bankers Association Installment Credit Section Convention, Houston.
Sept. 18: ABA Governing Council Meeting, Washington, D. C., Washington Hilton.
Sept. 20-22: AIB Executive Council Meeting, Washington, D. C., AIB Headquarters.
Sept. 21-24: ABA Supervisory Training Workshop, Chicago, Continental Plaza.
Sept. 21-24: ABA Bank Card Division Annual Convention, Bal Harbour, Fla., Americana Hotel.
Sept. 25-26: ABA Operations/Automation Division Southern Regional Workshop, New Orleans, Royal Sonesta Hotel.
Sept. 28-Oct. 1: Bank Marketing Association Annual Convention, Las Vegas, Hilton Hotel.

October

- Oct. 4-8:** ABA Annual Convention, New York City.
Oct. 8: ABA Governing Council Meeting, New York City.
Oct. 12-15: National Association of Bank Women Convention, Honolulu, Sheraton Waikiki Hotel.
Oct. 12-15: Foundation of the Southwestern Graduate School of Banking Conference on Planning and Execution of Policy, Osage Beach, Mo., Tan-Tar-A Resort & Golf Club.
Oct. 19-20: Kentucky Bankers Association Trust Conference, Louisville, Stouffer's Louisville Inn.
Oct. 19-22: ABA Bank Trainer's Workshop, Atlanta, Sonesta Hotel.

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MID-CONTINENT BANKER for July, 1975

Community Involvement

Think Positive:

Bank Supports Its Town; Ads Show the Plus Side

In a campaign titled "We're Positive About Victoria's Economy," Victoria (Tex.) Bank is broadcasting the plus side of its town to the country.

Medium for the message is newspaper ads, radio commercials and outdoor billboards, combined with free "I'm Positive" buttons and bumper stickers. If those passing through Victoria don't get the message, it is hoped that advertising in a state-wide publication will get the job done.

Fearing that the voluminous information pouring forth about the recession would affect area residents and some not familiar with the town, Victoria Bank's officials began the campaign, which emphasizes the fact that the town's unemployment is less than half the national figure and that the work force there has increased over 22% in the last four years.

"Construction is at a high level in all quarters, including home building. Bank deposits are at all-time high levels. And these are just some of the positive things about Victoria's economy," says P. K. Stubblefield, bank president, adding, "We want those outside Victoria to know about the stability and the versatility of the Victoria area that make us positive."

Finance Forum Dignitaries



Farmers & Merchants Bank, Centre, Ala., initiated what was reported to be a "first" in its area: a finance forum for young marrieds. Purpose of the event was to enlighten the young people in real property, insurance, taxes and general banking. Taking part in the program were (from l.) Stephen Hyche of Gadsden, Ala.; Jean Hunt of the CPA firm, Dudley, Hopton-Jones, Sims & Freeman of Birmingham; Mary George Jordan Waite, bank pres.; and Irby A. Keener Jr., attorney, Centre.



Outdoor concert by Oklahoma City symphony is enjoyed by public on esplanade of Fidelity Plaza. Program presented is part of cultural project sponsored by Fidelity Bank to foster cultural growth in city's downtown section.

For 'Daytime Excitement':

Cultural Program Series Held in Downtown Area By Oklahoma City Bank

Workers and shoppers in downtown Oklahoma City can have unusually pleasant lunch hours because of a program instituted three years ago by Fidelity Bank when it opened Fidelity Plaza.

The bank sponsors various events in the outside esplanade and the bank lobby because, according to Chairman Jack T. Conn, "We feel strongly that the downtown heart of the city also should be the heart of its cultural activity and that Fidelity would and should play a role in fostering cultural growth.

"Our idea is to create daytime excitement downtown—the feeling that some-

thing is going on at all times in the heart of the city."

The most recent example of this project was an outdoor spring concert by the Oklahoma City Symphony under the baton of guest conductor Dr. Irvin Wagner, director of the University of Oklahoma's trombone choir. The Fidelity Plaza concert featured a program of mixed classics, with the low brass section highlighted in a special medley of pop tunes.

The bank provided free seating, and people were encouraged to bring picnic lunches to eat while listening to the music.

This year's spring concert was the third appearance by the Oklahoma City Symphony at Fidelity Plaza. A similar outdoor concert held three years ago was well received, and the symphony presented a special Christmas concert in the Fidelity lobby in December, 1973.

Fore!:

First NBC, New Orleans, Is Golf Tourney Sponsor

First National Bank of Commerce, New Orleans, now co-sponsors the newly named First NBC New Orleans Open Golf Tournament. The event formerly was called the Greater New Orleans Open.

The bank's executive committee sought a patron to help make it one of the more lucrative and prestigious on the Professional Golfers Association (PGA) tour. One was found in First NBC, whose officials felt the charitable work done with the tourney's money—assistance for the Crippled Children's Hospital in New Orleans—deserved the bank's support. The hospital now will be provided with a minimum of \$5,000 per year over the next five years.

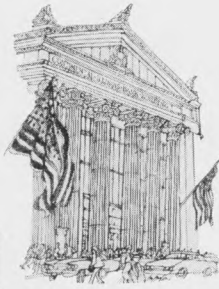
Winner of this year's First NBC New Orleans Open was Billy Casper. When he first won the old GNOO in 1958,

his prize money totaled \$2,800. Mr. Casper took \$30,000 home for his efforts this time.



First Nat'l Bank of Commerce New Orleans Open Golf Tournament winner Billy Casper holds prize check for \$30,000 as James H. Jones, then ch. and CEO at bank and its HC, First Commerce Corp., looks on. Mr. Jones now serves as deputy ch. and CEO, Bank of California, and its HC, BanCal Tri-State Corp., both of San Francisco. He also is pres. of the HC. First NBC recently began co-sponsoring tournament, which helps support New Orleans' Crippled Children's Hospital.

INDIVIDUAL BANKS
COMMITTED TO MUTUAL GROWTH



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a banker's approach to
investment opportunities.*



CONTINENTAL BANK

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO
231 SOUTH LA SALLE STREET, CHICAGO, ILLINOIS 60693

No Alarming Loan Default Increase Seen Although Mobile Home Repos Climb

THE OVERALL installment loan picture is one of continuing loan defaults, but no alarming increase in the ratio of delinquent loans to total installment loans outstanding, according to Robert L. Jaynes, director, ABA Installment Lending Division.

After a brief dip in January to 2.59%, the seasonally adjusted delinquency ratio resumed its rising trend in February and March, finishing the first quarter at 2.94%. This represents a 14 basis point increase over the 2.80% recorded on December 31, 1974.

This gain, according to Mr. Jaynes, is not surprising in the light of current economic conditions. Unemployment continues to rise, consumer spending remains at relatively low levels and inventories are being liquidated at a record breaking pace.

"At the same time," Mr. Jaynes said, "the increase itself has been artificially boosted by a significant decline in total consumer installment loans outstanding." He said that Fed figures show a drop of \$2.3 billion in loans outstanding in the first three months of 1975. "Cautious consumers are paying off their debt commitments and simply not

undertaking any new ones for the time being," he said.

According to figures published by the ABA, a dramatic increase in mobile home repossessions has occurred because of continuing unemployment and an honest desire on the part of consumers to live within their reduced budgets.

Mobile home repossessions jumped from 6.67 per 1,000 loans outstanding at last year-end to 10.21 per 1,000 on February 28, 1975. At the end of February, 1974, the ratio was 7.21.

Many mobile home borrowers, Mr. Jaynes said, have found they need less money to rent than to pay off a mobile home loan and lease the property on which the home sits. "It's not really fair," he said, "to call these repossessions. Many of these people are not waiting for the bank to come to them—they're coming to the bank and turning their mobile homes in voluntarily to reduce their personal expenditures."

Preliminary figures for April and May give favorable indications that the necessity for voluntary repossession is decreasing, along with a decrease in actual transactions, Mr. Jaynes said.

About 3.8 million mobile homes are expected to be built in the U. S. between now and 1980, according to a report issued by the U. S. Department of Commerce. By 1980 annual shipments should reach the 700,000 level.

This volume would represent an annual average growth rate of 6.7%, almost half the growth rate from 1967 to 1974, the report stated. However, the value of industry shipments is expected to increase at an average annual rate of 10.9% between now and 1980, reaching \$5.85 billion in 1980.

Factors suggesting continuing growth in the mobile home industry are the trend to larger units, price advantage over conventional housing, population mobility and speed of delivery. Mobile homes are expected to be most popular in south Atlantic and south central states, where high population growth and household formations are anticipated, the report said.

Factors that could tend to moderate the growth rate of the mobile home industry by 1980 include zoning regulations, a growing inventory of unsold mobile homes, an increased sensitivity to overall money market conditions and possible application of real-property tax laws to mobile homes.

Number of Loans Delinquent as Percentage of Total Number Outstanding
As of March 31, 1975

	Ala.	Ark.	Ill.	Ind.	Kan.	Ky.	La.	Miss.	Mo.	N.M.	Okla.	Tenn.	Tex.
Personal Loans	3.68	4.99	1.72	2.29	3.47	2.83	3.87	5.06	3.59	3.47	2.57	3.38	3.21
Direct Auto	2.77	1.82	1.01	1.40	2.63	1.53	2.02	4.64	2.33	2.31	2.43	1.85	2.25
Indirect Auto	2.56	2.88	1.84	1.43	2.83	2.62	2.75	4.59	3.91	5.16	7.52	2.65	2.24
Home Appliance	2.86	4.93	3.28	2.05	4.40	2.17	2.32	4.57	5.34	3.35	3.18	3.18	3.19
FHA Title I	1.02	2.58	3.02	2.43	2.24	2.41	2.10	1.21	4.81	4.14	1.03	2.11	2.70
Prop. Improvement	2.98	1.04	1.54	1.60	3.38	1.50	1.84	3.21	2.39	1.07	3.36	2.34	3.31
Mobile Home	6.26	3.82	5.94	3.64	5.34	2.91	4.05	6.89	8.57	2.56	4.71	5.33	4.28
Rec. Vehicle	4.32	3.09	2.18	1.66	2.83	2.01	1.29	2.29	3.88	2.73	2.45	4.30	2.62
Bank Card	1.82	----	2.55	2.17	1.49	1.75	1.78	2.43	3.73	2.76	----	4.46	2.38
Revolving Credit	----	2.10	1.94	.36	----	1.90	.95	1.47	1.81	.99	.97	4.00	2.84

(Compiled by ABA)

The new 1975 MHT COUPAY.

Our fully automatic, fast, and accurate coupon paying and destruction system.

COUPAY, the first fully automated coupon paying and destruction system, could put your state and municipal bond business into high gear. A shift into COUPAY at Manufacturers Hanover can actually save you money.

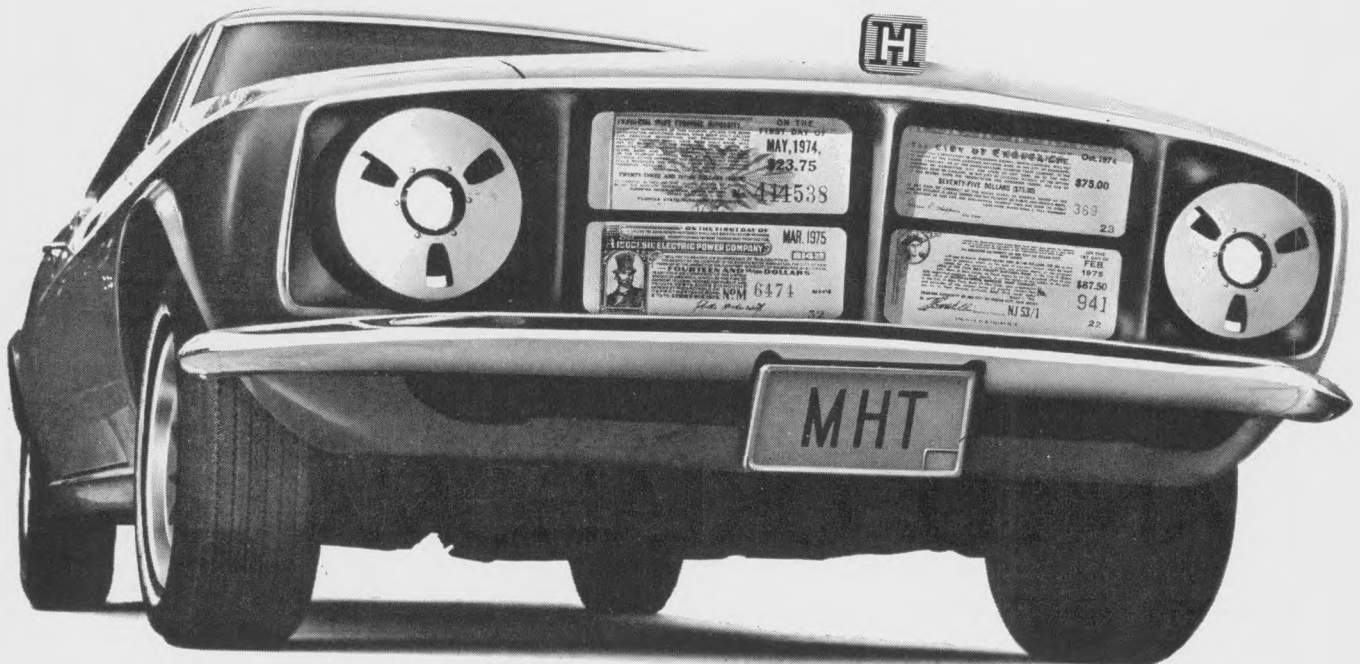
Compare these exclusive MHT COUPAY features with your present system:

- no sorting of coupons by hand
- no costly storage of unreconciled coupons
- no risk of destroying today's high denomination coupons
- no coupons without a numerical listing

COUPAY is so foolproof that Manufacturers Hanover guarantees all items listed on our destruction certificate as well as all "stops" that have been properly placed with us.

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**MANUFACTURERS
HANOVER** 





Our new name means business.

An old friend of yours has a new name. National Bank of Tulsa is now Bank of Oklahoma.

Along with our new name comes a new and even more aggressive management philosophy geared to our region's thriving business and financial scene.

For 42 years we've grown up helping this state grow. Today, we're one of the largest banks in Oklahoma. With the proven expertise — the **reach** — to give the Southwestern financial community the kind of leadership it deserves.

We believe our new name more clearly defines our scope, our ever-widening sphere of influence, and the public for whom we work.

As Bank of Oklahoma, we're going to keep moving ahead. Right along with our area. Right along with you.



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The Banking Scene

By Dr. Lewis E. Davids

Hill Professor of Bank Management,
University of Missouri, Columbia

Let's Overhaul Antiquated FDIC Rates

CHARLES A. AGEMIAN, chairman, Garden City National, Hackensack, N. J.—referring to internal banking operations—remarked that if bankers are doing the same thing in the same way they did it five or 10 years ago, it probably is being done incorrectly or less efficiently than it should be.

Why haven't some of our federal agencies taken this thought to heart? Since 1935, the FDIC basic assessment rate of $\frac{1}{2}$ of 1% of deposits has remained unchanged. I won't go into exceptions to the assessment base, but there are several adjustments, i.e., to deposits, etc. The FDIC permits a credit, depending on its experience, and the pro rata share of the gross assessment may vary, but this is applied equally to all insured banks. Is a flat assessment rate fair to well-operated banks, or is it in the best interest of an improved banking climate?

It won't be easy to move away from the easily applied flat assessment rate of the FDIC, but now is the time to implement a more equitable and rational system of insurance rates.

While the number changes daily, we now have at least 100, but less than 200, problem banks in the U.S. This is about 50% higher than the number so classified a year ago. Hopefully, the dollar amount of the FDIC's exposed liability may now be down because three large banks that were in that classification last year have been merged into other institutions, calling for claims against the FDIC.

Few private insurance companies could exist with a flat insurance premium for risks which vary so, but this is the philosophy of the FDIC and the legislature has not seen fit to modify it.

There are advantages to a flat rate. It is simple, though unjust. It is deceptive, because it implies that all banks are equally susceptible to failure.

Furthermore, the average depositor knows that his account now is insured up to \$40,000 and probably doesn't care whether the bank he's using for convenience is run as well as another across the street or in the next county.

Critics of inefficiencies and injustices in government may raise the issue of whether there should not be some penalty for a bank's higher risk due to slothfulness, inefficiency, poor performance and the like.

Several years ago, there were movements in a few states to establish a state-chartered deposit insurance system for state-chartered financial institutions. Because of political fear generated by adverse publicity and a poor economy, the bill's supporters have been quiet.

The idea isn't dead. The success experienced by some private corporations insuring mortgages in competition with the Federal Housing Administration program reminds us that private enterprise often can be more efficient, effective and responsive than the public sector.

The FDIC was established in the 1930s and the history of insurance of deposits by state organizations had been lackluster. Stupidity, political dishonesty and intemperate risk-taking were the norm. When the FDIC entered the picture, the assessment rate generally was considered to be a judgmental rating of the overall risk of insuring covered bank deposits.

Compare that with a more sophisticated approach, such as judgmental rating, predicated on the actual exposure of the specific risk.

Since its establishment, the FDIC has established records and statistical background for more advanced allocations of cost benefits relating to its insurance, and those familiar with operations of bank regulatory agencies praise

the agency's statistical and computational sophistication. The people on the FDIC research staff are tops in their field. Since the FDIC has had experience forecasting problem banks, statistical techniques such as multiple discriminant analysis (MDA) and other techniques make a more rational and equitable approach to application of assessment or insurance fee for deposit insurance possible.

I suggest that the FDIC, as an exercise of its obligation to be effective and fair, construct models that would establish a more rational premium for insurance than the present flat-rate system.

Few private insurance companies could exist with a flat insurance premium for risks which vary so, but this is the philosophy of the FDIC...

If this proposal were enacted, it would result in some banks paying a lower assessment, while the more risky institutions would pay higher premiums. This situation probably wouldn't result in half the banks paying higher and half paying lower rates. If we consider the classification of banks as a rough proxy of risk, it is obvious that at least four out of five financial institutions would be entitled to a prime insurance rate.

The exact number of high-risk institutions and their deposit totals obviously aren't determinable, because the exact degree of risk can't be predicted without additional research and study. Discussion of the appropriate discriminant analysis model or regression techniques would be academic. The signaling effect of the change of assessment grading is the important consideration.

Many bank examiners express a

(Continued on page 21)

Impact of EFTS on Consumer Credit Is Subject of Professors' Study

THE IMPACT of electronic funds transfer systems (EFTS) on consumer credit is researched in a 67-page working paper by two Purdue University professors in connection with their work with the Credit Research Center (CRC), also located at Purdue. CRC was established July 1, 1974, to provide unbiased research in the consumer and mortgage credit field.

The study's authors are Dr. Robert W. Johnson, CRC's director, and Dr. William C. Dunkelberg, its associate director. They are said to be two of the country's most respected authorities in the consumer and mortgage credit field.

The paper—called "EFTS and Consumer Credit"—is described in *Monitor*, CRC's bimonthly newsletter that summarizes current research in consumer and mortgage credit. The newsletter is written and edited by Drs. Johnson and Dunkelberg.

According to *Monitor*, the Johnson-Dunkelberg study is divided into three chapters. The first one briefly reviews the basic trends in consumer credit that provide the environment for adoption of EFTS. Noted is the rapid growth of the credit card and point-of-sale (POS) extension of credit. The chapter points out, says *Monitor*, that EFTS could place credit grantors who are not able (or permitted) to participate in EFTS at a disadvantage.

The second chapter reviews users of credit and their motivations. Of significance to development of EFTS for processing consumer credit transactions, says the study, is the evidence that high-volume users of credit and credit cards also are the higher-income, better-educated consumers. The two professors conclude that because this group already is accustomed to using the card medium, it should not be difficult for them to adopt EFTS.

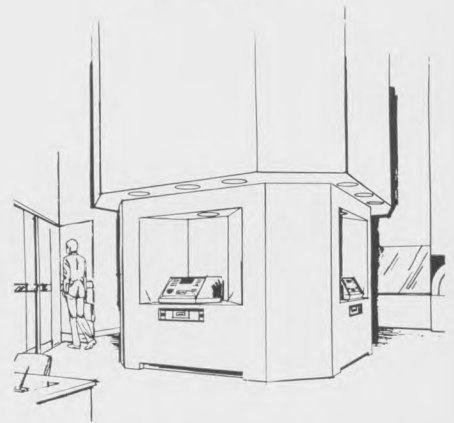
The concluding chapter examines issues raised by the interface of consumers and EFTS technology. Two issues of basic concern to consumers are explored: 1. What will EFTS cost? 2. Can EFTS be trusted? These concerns lead to a number of subsidiary questions that the authors view as penetrating:

A. Will it make anything that consumers do now more difficult, less certain or more expensive? B. Will it add new services that are of value to consumers? C. Will it take away advantages that now attract consumers to existing systems? D. How will various aspects of the system influence consumers' comfort and confidence in the system?

The paper concludes, says *Monitor*, that many of the potential problems of EFTS and consumer credit can be solved, in some instances by redesign of the technology to meet consumers' perceived needs. The authors do not anticipate a "checkless, cashless society."

Copies of the study, at \$1 each, may be obtained from the Credit Research Center, c/o Krannert Graduate School, Purdue University, West Lafayette, IN 47907. • •

An EFTS Expansion



First Nat'l, St. Louis, plans to install four countertop computer-linked units in a completely remodeled Convenience Banking Center this month at the bank's downtown location. A sketch of the units is shown here. The system at the installation will be activated with the same coded card First Nat'l customers now use in their BANK24 transactions, with printed receipts being issued for each transaction. Customers using these units will be able to make deposits, withdraw cash, transfer funds from one account to another and make loan payments any time of day or night, seven days a week. The units will be located in a modernistic island arrangement in the middle of the Convenience Center. The latter will be staffed during normal banking hours by "personal bankers" to handle other types of banking transactions, such as new accounts. The center will remain open during nonbanking hours and on weekends and holidays. A security guard will be on duty at all times in the center.

Meat as Well as Money



American Nat'l, Chattanooga, Tenn., used hamburgers to promote its automated teller machines, called Teller 24. The bank enclosed in each cash-withdrawal envelope a coupon good for a free hamburger from "Krystal King," a regional fast-food restaurant chain headquartered in Chattanooga. The number of teller transactions at the ATMs doubled within the first two weeks of the 10-week campaign. Shown displaying the free coupon and a Krystal King hamburger is Mrs. Sissy Layne of the bank's Master Charge customer service department.

Money Machines in Supermarkets Planned by First of Memphis

MEMPHIS—First National has announced plans to install money machines—called First Banking tellers—in two of this city's largest supermarkets. The equipment allows customers to make withdrawals from checking or savings accounts and to obtain cash advances from their BankAmericard accounts.

The bank also is looking at various kinds of terminal devices and more convenient locations with which to serve its customers, said President Cullen Kehoe.

First National already has First Banking Tellers at six of its own facilities.

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That makes us different.

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Country Celebration:

'Flipper Dinger Day' Is Theme of Anniversary At Bank in Mississippi

When Brookhaven (Miss.) Bank celebrated its 75th anniversary, the attraction for the thousands who attended was not the usual kind. Premiums such as "gee-haw whimmy diddles" and "flipper dingers" drew the attention.

Both the aforementioned premiums are folk toys. A gee-haw whimmy diddle consists of a notched stick with a propeller attached to one end. When the notches are stroked with another stick, the propeller revolves. A flipper dinger is a lung-powered basketball game—the player blows through a pipe, causing a pith ball with a hook affixed to catch hold of an overhead hoop that is attached to the end of the pipe.

Brookhaven Bank officials called attention to the celebration by asking people of the county to bring in turn-of-the-century antiques and oddities, which were displayed for two weeks previous to the actual event. Visitors were invited to tour the collection of bottles, gold coins, books, etc.

On May 1, the whimmy diddles and flipper dingers began to be offered as premiums for deposits and later, a flipper dinger contest was held at the bank. A \$25 savings account was awarded the winner.

Finally, the two-day celebration be-

gan. Men employees wore straw hats, bow ties and arm garters, while the women dressed in antebellum fashions. Free hot dog lunches were served from old-fashioned carts. Nearly 5,000 meals were consumed as a banjo player strolled among the crowd.

In addition, everyone received a free gift and 5,613 registered for a drawing with three antique clocks as prizes.

Do-It-Yourself:

Home-Improvement Guide Offered With Credit Plan

Here's how one institution makes money and knowledge available to customers for home repairs: Continental Bank, Chicago, has been offering a free copy of the *Better Homes and Gardens Handyman's Book* with each approved application for its check credit plan. Check credit is an unsecured line of revolving credit against which consumers write their own loans with special checks.

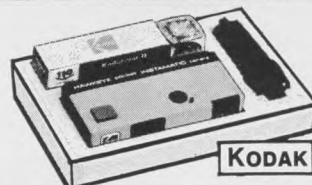
The 400-page *Handyman's Book* has step-by-step instructions for more than 1,000 home-improvement projects. Its retail value is \$8.95.

Credit lines with Continental's program range from \$500 to \$3,000 in multiples of \$100, depending on the customer's credit history. The annual percentage rate for borrowing is 12% and monthly payments are 1/20th of the outstanding balance, or \$20, whichever is greater. There is no charge until the consumer uses the account.



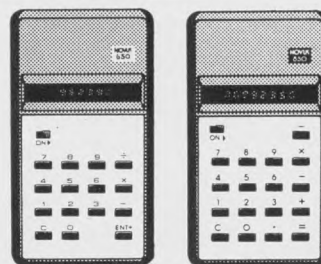
Guests and customers pack lobby of Brookhaven (Miss.) Bank for hot dogs and coke during institution's 75th-anniversary celebration. Turn-of-the-century theme was followed with lobby display of antiques from around county, folk toys as premiums, antebellum dress and antique clocks as drawing prizes.

From POLLAK'S... New LOW PRICES on 3 Top Premiums



HAWKEYE INSTAMATIC POCKET CAMERA OUTFIT.

Good news. And timely. A proven track record for success, and now reduced to \$10*, so you can offer Free or liquidate with deposit.



POCKET CALCULATORS

Incredibly High production from this leader leads to new low prices of 6-digit models: \$8.55* and on 8-digit with floating decimal: \$10*. Perfect for Back-To-School offers. (Just out—A honey of a slim checkbook-style model: \$21-24 units or more.)



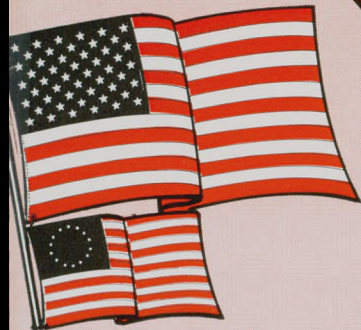
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Same story. Sophisticated mass production results in significantly lower prices . . . \$39.75*. A quality product. A strong new account incentive.

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On Camera, 100 units or more.
On Watch & Calculator, 288 units or more, f.o.b. shipping point.
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Betsy Ross Flag

Join the Bicentennial celebration and encourage your customers to participate as well. Whether as a Gift for Savers, Traffic Builder or Public Service offer, here are carefully selected items that are both dignified and appropriate.

BICENTENNIAL FLAG SET

Nice idea. We've included a 50-Star Flag, a Colonial Flag and longer pole so BOTH can be displayed at the same time.

(Later, by removing a section of the pole and using the Eagle Top, it converts to a standard Flag Set. \$5.00 per set.*

- 50-Star, 100% Cotton American Flag, size 3' x 5'.
- Either 13-star Betsy Ross or Bennington '76' Flag, 100% cotton, 2' x 3'.
- 3-Section 8' steel pole.
- "200-Year" Bicentennial top, plus "Eagle" top.
- Flag holder bracket, halyard, plus American Flag Descriptive Folder.
- Storage Carton.



Bennington Flag

LIBERTY BELL



Cast in metal and finished in bronze tones, this is the same official replica sold in Independence Hall. 2 1/4" high. Actually rings. Boxed, \$1.35 each.*

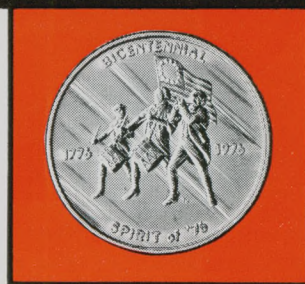
DOCUMENTS OF FREEDOM

A set of 7 Historical Documents re-created on aged parchment paper suitable for display and framing. Astonishingly realistic, they have the look, feel and "crinkle" of 200-year-old originals. In colorful display envelope. \$1.35 a set.

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1. The Declaration of Independence
Approximate size: 11" x 14"
2. The Bill of Rights
Approximate size: 11" x 14"
3. The Constitution of the United States
Approximate size: 12" x 20"
4. Revolutionary War Battlefield Map
Approximate size: 11" x 14".
In red and black.
5. George Washington's CALL TO ARMS poster
Approximate size: 11" x 9"
6. Boston Tea Party poster
Approximate size: 9" x 11"
7. Patrick Henry's Speech
Approximate size: 9" x 11"

MEDALLION



An appropriate keepsake, this commemorative medal is 2" in diameter and made of Amerlite, a lustrous pewter-like alloy. \$1.35 each.*

COLONIAL MONEY



This set of replicas includes four coins and six "aged" Colonial Bills dated 1776, in a colorful folder. \$1.35 each set.* (Individual coins or documents are available on special order.)

SPECIAL SAMPLE OFFER

Interested? Why not order samples and full information for your evaluation. We will be happy to accept your sample order for any of the items advertised at the quantity prices shown, plus shipping charges. (Please. No more than 1 of each item.)

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Senior Citizens' Package Attracts 3,000 Customers

Dimension 60, a bank package for those over 60 years of age, is an idea initiated by Citizens Bank, Park Ridge, Ill. The 3,000 present customers who have converted to the plan are averaging about \$8,000 in savings deposits and, according to bank spokesmen, new savings account size will be at least twice the average of accounts held by all customers, based on the one-year history of the program.

Over 45% of the Dimension 60 business is new to Citizens, and because of the popularity, the program is being franchised selectively across the country. The bank has either signed contracts or is negotiating with banks in Illinois, Missouri, Arkansas, Kentucky and other states. Citizens provides documented marketing, advertising and public relations strategies and results as part of the franchising and tailors the program to each individual market.

The package now includes services such as financial counseling, free checking, free notary, special savings bonds, photo membership card, merchants' discount for members, a seminar series on such topics as "Coping With Inflation" and "Tax Benefits of Estate Planning," an information center, group travel plans, a member skills exchange and a speakers bureau. Members receive a regular newsletter containing information about Dimension 60 activities, shopping bargains, special services available to those over 60, and more.

Officials indicate that new services and benefits are constantly being added to the package as research into the needs and desires of the over-60 market is done.

'The New Downtown':

Bank Wins Ad Award For Promoting City

National Boulevard Bank, Chicago, has received an Eagle Award from the Chicago Financial Advertisers for its multi-media advertising campaign entitled "The Bank for the New Downtown."

The theme was incorporated in TV, radio and newspaper ads, as well as the bank's 1973 and 1974 annual reports.

About 12,000 "New Downtown" posters and 15,000 copies of "Guide to the New Downtown," a booklet of notable Chicago landmarks, night spots and other places of interest, were given away during the promotion.

New Groundbreaking Technique



A styrofoam mallet tapped against a wooden wedge atop a concrete parking surface might be an impractical method of breaking ground for a new drive-in banking facility, but it serves well to attract attention! Scene shows new groundbreaking method in operation at First Robbinsdale (Minn.) State Bank. Wielding mallet is widow of one of bank's founders. To attract publicity, the bank secured the services of Miss Robbinsdale and invited a state senator (far r.). Holding wedge is bank president Kenneth C. Sheehan.

No Snake Oil:

'Tellismore Tonguetwist' Promotes Town and Bank

Bank of Bourbonnais (Ill.) has sponsored the "Hooray Bourbonnais" medicine wagon show, featuring Tellismore Tonguetwist, Esq., and His Tune-ful Tribe, to sell tickets to the town's centennial show.

Bourbonnais is a community of 8,500 people 60 miles south of Chicago that was 100 years old in June. To help promote the event, the bank sponsored the renovation of a 1964 International truck into a modern-day version of the traveling medicine show of the last century.

Volunteer "medicine men" and en-



"Hooray Bourbonnais," a traveling, modern-day version of the medicine show of the 1800s, is built on 1964 International truck chassis and promotes town and truck's owner, Bank of Bourbonnais (Ill.). Purpose of "Tellismore Tonguetwist's" show was to sell tickets to Bourbonnais' centennial show, but will be used in future as parade float.

tainers visited 35 communities in the local four-county area, selling tickets. A flyer, the "Tellismore Tonguetwist News," was handed out that depicted the show and carried Bank of Bourbonnais' old-fashioned advertisement. Over 40,000 were handed out during the six-week tour.

The wagon is a natural attention getter, says a bank official, who noted that gas stops usually resulted in unscheduled shows, due to curious motorists flocking in to get a look at the vehicle.

The bank plans to use the medicine wagon in several parades as its float. Any banker interested in using the vehicle should contact Clarence Houde, Bank of Bourbonnais' president.

School Days:

Bank-Sponsored Seminars Teach Estate Planning

A series of seminars on estate planning, sponsored by United Missouri Bank, Kansas City, has come to an end.

Part of the bank's drive to educate Kansas Citians in the importance of sound estate planning, the opening event of the series was a symposium held at the Alameda Plaza Hotel and featured columnist Ann Landers, tax counsel Richard B. Covey and William W. Treat, president, National College of Probate Judges. Over 900 women were in attendance.



Officers of United Missouri, Kansas City, present simplified version of details of estate planning to Kansas Citians during four-part series of seminars sponsored by bank. Kickoff session attracted over 900 and featured nationally known speakers.

Following that introduction to estate planning, United Missouri hosted seminars at its Main Office in order to explain the subject's intricacies in greater detail. About 150 people attended each of those.

Another series soon followed, due to the initial popularity of the symposiums. Held at United Missouri Bank South (Kansas City), 150 attended from that part of the town.

Speakers at the seminars, which were organized by the trust department's estate planning division, were

IN CONGRESS, JULY 4, 1776.

The unanimous Declaration of the thirteen united States of America,

When in the course of human events it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the earth, the separate and equal station to which the Laws of Nature and of Nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation. We hold that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed, — That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Prosperity, Prudence, indeed, will dictate that Governments long established should not be changed for light and transient causes; and according to this principle, our forefathers in this country have heretofore acted, and are determined to act with a firm and manly attachment to their former Governments, but when the same have become destructive of the ends adived, it is their right to throw off such Government, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Prosperity.

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Shipment: Replicas shipped flat same day to ten days FOB Penna.

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Quantity	1,000	5,000	10,000	25,000	50,000	100,000 or more
Price per replica	15¢	13¢	11¢	10¢	9¢	8 1/2¢

This size is not stocked for immediate shipment. Allow 3 to 4 weeks for shipment.

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We, therefore, the Representatives of the United States of America, in Congress assembled, do hereby declare that these United States are, and of right ought to be, free and independent States; that they are absolved from all Allegiance to the British Crown, and that all political connections between them and the said Kingdom are, and ought to be, totally dissolved; and that as free and independent States, they have full Power to levy War, conclude Peace, contract Alliances, establish Commerce, and to do all other Things which Independent States may of right do. And for the support of this Declaration, with a firm reliance on the protection of divine Providence, we mutually pledge to each other our Lives, our Fortunes and our sacred Honor.

Batton, Gwinnett
Lynch, Hall
G. Walton

John Hancock
Samuel Chase
Wm. Paca
Thos. Stone
Charles Carroll of Carrollton

John Hancock

John Morris
Benjamin Rush
Benjamin Franklin
John Morton

George Read
Guthrie
Gooch
G. Lewis
Lewis Morris

Joshua Bartlett
Wm. Byrd
Saml Adams
John Adams
Robt Treat Paivise
Morris B. Gerry

Edward Rutledge

John Jay
Thomas Jefferson
Arthur Middleton

George Wythe
Richard Henry Lee
Thos Jefferson
Wm. Fitzmaurice
Thos. Nelson
James Lovell
Charles Braxton

John Smith
Geo. Taylor
James Wilson
G. Mifflin
Casar Rodney
G. Mifflin
Thos. Mifflin

Richd. Stockton
Lawrence
Thos. B. Mifflin
John Hart
Abm. Clark

Step. Hopkins
William Ellery
Roger Sherman
Saml Huntington
Thos. Mifflin
Oliver Wolcott
Matthew Thornton

officers from the Main Office's trust, personal banking and investment departments.

According to a bank spokesman, the interest in the seminars was so great that most sessions ran overtime. More programs of this type have been tentatively planned.

A New Opinion:

HC's Advisory Board Seats Are Held by the Young

Youth has been given the chance to talk back at First Amtenn Corp., Nashville. How? The HC has named representatives from affiliate banks to sit on the new Young Tennesseans Advisory Board.

Members range in age from 18 to 35 and have backgrounds in everything from academia to business to real estate. Purpose of the board is to advise the HC about the financial needs of customers in their age group, critique First Amtenn's banking services and suggest new services.

At its first meeting, the Young Tennesseans agreed that electronic funds transfer systems (EFTS) probably would not be welcomed by the American public, since the "float" enjoyed in the "check society" would disappear.

Most board members felt that many banks don't meet the needs of young people and that a young adult may find it difficult to establish credit. It was suggested that banking representatives visit high schools and explain to the students how to use a checking account and how credit can be obtained and maintained.

First Amtenn's corporate marketing department is said to be studying the feasibility of implementing some of the board's suggestions and will continue to solicit the group's ideas on customer services and advertising.

Vaults for Vacation Use

Mrs. Dell Valle (l.), safe deposit vault mgr., Heritage/Pullman Bank, Chicago, demonstrates to customers how they can keep valuables safe while on vacation. The bank has installed a limited number of storage lockers in its vault for customers to use, for a small weekly charge, while away from home.



FDIC Rates

(Continued from page 13)

sense of futility when trying to bring about a change in attitude or approach by directors or the chief executive of a bank. Their tools are comparable to a meat ax, when a scalpel's appropriate.

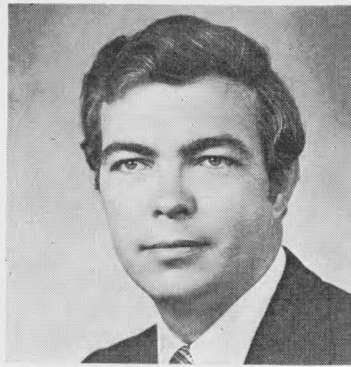
A change in the FDIC assessment rate provides a scalpel for those banks that have deteriorated into a less-than-prime status.

Thus, the aggressive, well-operated bank may move in its chosen direction,

recognizing that its policy of high growth and a lowered capital base makes it a higher-risk institution than before it assumed the aggressive-growth posture.

One of the principles of insurance is adverse selection, that is, the nature of people or institutions that wish insurance to select against the insurer. A flat-rate assessment tends to perpetuate a conceptually weak rationale for FDIC deposit insurance. The present system results in the better-run banks subsidizing the incompetence or poor operations of weaker ones.

Now is the time to implement a better system of insurance rates. • •



Let our billion dollar organization help your bank profit. Call

Wilbur Hufham (205/832-8577), a member of our correspondent banking team.

First Alabama Bancshares, Inc.

Affiliate Banks

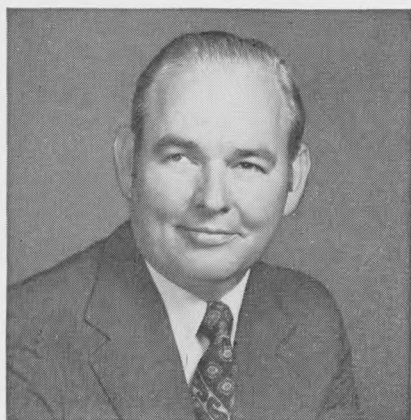
- First Alabama Bank of Montgomery, N.A.
- First Alabama Bank of Birmingham
- First Alabama Bank of Huntsville, N.A.
- First Alabama Bank of Tuscaloosa, N.A.
- First Alabama Bank of Dothan
- First Alabama Bank of Selma, N.A.
- First Alabama Bank of Gadsden, N.A.
- First Alabama Bank of Athens, N.A.
- First Alabama Bank of Baldwin County, N.A.
- First Alabama Bank of Guntersville
- First Alabama Bank of Hartselle
- First Alabama Bank of Phenix City, N.A.
- First Alabama Bank of Mobile County

First Alabama

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**DIRECTORS'
& OFFICERS'
LIABILITY
INSURANCE
POLICY
FOR
BANKS**

**GENERAL
DIRECTORS' & OFFICERS'
LIABILITY INSURANCE
POLICY**

"MGIC gives us more Directors' & Officers' liability coverage than any other insurer, at a reasonable premium."



**Dale L. Jernberg,
Exec. V.P. and
Director, National
Bank of Washington,
D.C. tells how MGIC
provides coverage
for directors and
officers, plus an ex-
clusive combination
of key features
tailored to a bank's
needs.**

Did you analyze coverage offered by a number of D & O liability companies?

"Yes. Four besides MGIC. And very thoroughly. We found that types and quality of coverage varied all over the lot. But only MGIC provided a complete protection tailored to our bank's needs. And for a reasonable cost."

How do MGIC's features compare with the others?

"Their various plans, limits of liability, and deductibles offer extremely attractive options. The \$5 million policy we have with MGIC protects all directors and officers. In any case covered, it pays 100% over the deductible limits we selected.

"Also, when we indemnify to the extent permitted by law, MGIC's coverage has far fewer exclusions than many other insurers. This 'waiver of exclusions' is most important to us.

"In our judgment, MGIC's D & O liability coverage is by far the best value we could buy. Other companies just couldn't provide us the kind of protection that MGIC offers."

How do you feel about your right to participate in selection of counsel in the event of a lawsuit?

"It is very important. MGIC would give us a free hand to choose counsel, subject to their approval.

They also could advance legal fees in the event of a costly lawsuit which is covered. And they would cooperate with us to counter unfavorable publicity that could be damaging to the named individuals and to our bank."

Do you find greater awareness of your specific needs and greater flexibility in MGIC's D & O policy?

"Absolutely. The other policies seemed pretty general, and not tailored to a bank's needs. MGIC, on the other hand, really knows the financial community, because they're part of it. This, coupled with the fact that they did their 'homework' before the initial proposal, proved the key to our decision. MGIC thoroughly knew what we needed and the result is a very secure feeling that we have the best D & O liability insurance we could buy."

MGIC

**Totally tailored
D & O liability protection.
And we mean total.**

MGIC Indemnity Corporation
A Subsidiary of MGIC Investment Corp.
MGIC Plaza, Milwaukee, WI 53201

Agricultural News

First National, St. Louis, Makes Plans To Beef Up Agricultural Loan Portfolio

A TOTAL OF \$100,000 in loans to agricultural producers in the Midwest over the coming years is being planned by First National, St. Louis.

According to Clarence C. Barksdale, bank president, the decision to beef up the banks' agricultural loan portfolio was based on the need to finance agriculture, "a resource as good as oil, which is important to the economic future of our region."

An agricultural financing department, headed by Neil F. Bergenthal, a vice president, has been organized. Mr. Bergenthal said loans would be made available to farmers, ranchers and other agricultural producers, such as feedlot operators.

The ag loans will account for about 10% of First National's total portfolio. The initial sum of \$100,000 is expected



BARKSDALE



BERGENTHAL

to be loaned over the coming three to four years at an interest rate pegged to float about two or three points above the prime rate, depending on the customer.

The program has been called a "major commitment" by Mr. Barksdale. He said the midwest is recognized as the

"breadbasket of the world" and great amounts of capital will be needed in the years ahead "to provide hungry people in many parts of the world with the food they will need to survive."

He said that studies by the University of Missouri and Doane Agricultural Service show Missouri and eight adjacent states have only 1 1/2% of the world's population but produce 45% of the world's sorghum, 44% of the soybeans, 25% of the corn and 10% of the meat.

He noted that farm debt is rising rapidly along with national production costs—going from \$42.2 billion in 1969 to \$64.8 billion in 1973.

"Midwestern agriculture is going to need more credit than it has required before," Mr. Barksdale said. He said conventional agricultural capital sources will not be able to maintain future growth of midwestern farm output at satisfactory levels.

First National will not attempt to compete with smaller banks that have traditionally supported farmers, Mr. Barksdale said.

The financing program is expected to involve subsidiary and correspondent banks and other banks desiring to participate with First National.

Crop Producers Financially Strong, But Uncertain Future Is Predicted

AMERICAN crop producers generally continue to enjoy a strong financial position although concern is being expressed for the long-term fiscal viability of U.S. farming. These are the conclusions drawn from a panel of five agricultural bankers sponsored recently by the ABA.

Leslie W. Peterson, president, Farmers State, Trimont, Minn., and chairman of the panel, summed up the concerns of agricultural bankers nationwide: "Have we reached the end of the first real prosperity that we have experienced in agriculture in over a generation?"

"Many are almost fearful that we have," Mr. Peterson stated, "and to be truthful, I share those fears because my livelihood and everything I own are also tied up in a farm operation and in a bank-insurance agency combination geared directly to servicing production agriculture."

Mr. Peterson explained some of the problems of agricultural financing: "There have always been industries returning higher profits to bankers than agriculture. Farmers generally have enjoyed cheaper interest rates than most other industries.

"It is hard for farmers to get used to paying the going interest rates," he noted.

He pointed out that agrifinancing is complicated by various restrictions on the banking industry, among them state loan interest ceilings and rural banks' inability to raise funds on the public market through bond issues.

"As the costs of farm operation, machinery and sometimes land continue to rise inexorably," Mr. Peterson said, "the money needs of America's farmers are becoming enormous. At the same time, banks' ability to provide these funds remains limited."

The bankers unanimously called for the abolition of state loan interest ceilings. "When bankers have to choose between financing agricultural customers at an artificially imposed rate which produces little or no profit and financing industrial customers at a higher rate—as is sometimes now the case—inevitably farmers will suffer," Mr. Peterson said.

"Most rural bankers see the farmer as their prime customer and identify with his unique needs," he added. "We want to service the farmer's credit

needs above all, yet when we find we have to do this at no profit—or even at a loss—we see real problems developing for America's agricultural industry."

C. N. Finson, president, National Bank, Monticello, Ill., described three basic trends that have been accelerating in his area during this decade. They are an increase in the size of farms, brought about by the replacement of farm labor by machines; a rapid increase in the price of farm land, with prices ranging in the \$2,500-per-acre area; and a sharp increase in farm operating costs resulting from inflation and the petroleum shortage.

"Projections with our own borrowers indicate typical tenant cash expense requirements of \$110 per acre and landlord costs equally as high when a moderate rate of return on investment is computed," he said.

Hoy B. Etling, executive vice president, Fidelity State, Garden City, Kan., said the demand for farm products to meet needs of both the domestic and world markets is going to require credit beyond what bankers have experienced so far. During the past five years, farm production expenses rose nearly 54% from slightly in excess of \$42 billion to nearly \$65 billion and these costs can be expected to increase with the need for more efficient and effective farm operations. • •

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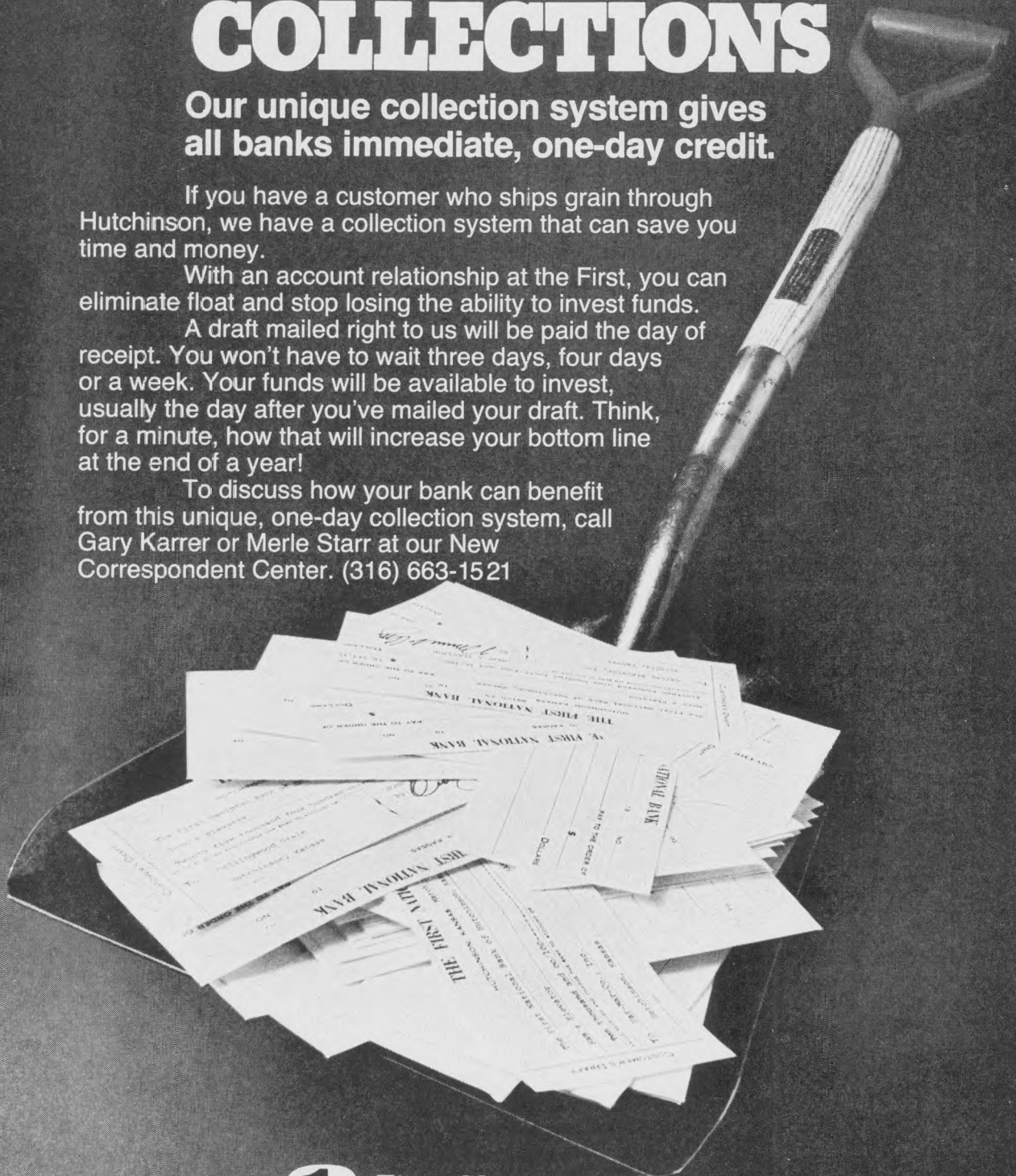
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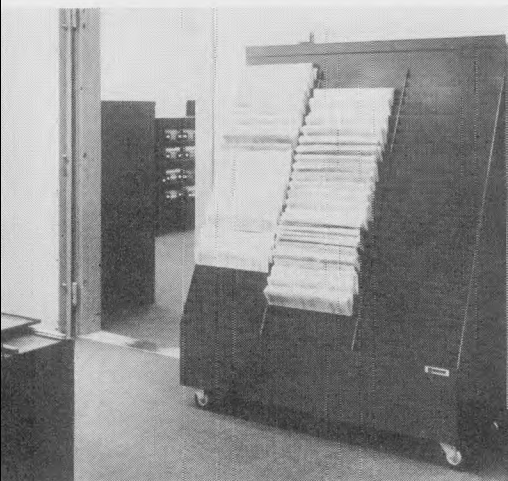
Bank's Employees, Customers Benefit When Operations Equipment Updated



Entire supply of reserve currency and coin at Kleberg First Nat'l, Kingsville, Tex., is safely enclosed in these four LeFebure USEngineered vault lockers.



This LeFebure USEngineered computer printout file keeps 90 days of trial balances available for ready reference. At night, it's easily rolled into adjacent record vault.



With this LeFebure modular unit, which has 230 filing inches, one Kleberg First Nat'l employee easily can keep bank's CIF file up to date.

ASTREAMLINED note department independent of other bank departments was one of the objectives of officers of Kleberg First National, Kingsville, Tex., when they decided to put new equipment in their note and systems departments and cash vault. In addition, Executive Vice President E. E. Moore and Senior Vice President and Cashier James Danner wanted advanced methods and equipment so that they could offer their customers the best in security and service.

Messrs. Moore and Danner selected LeFebure USEngineered files to protect notes and mortgage file folders, a modular file to store customer information file (CIF) cards, a USEngineered housing for computer printouts and lockers for the cash vault.

To make the note department completely independent of other departments, LeFebure placed five fire-resistant files directly behind the tellers area so that department records are readily available. This leaves additional space in the vault and enables the vault to be closed earlier each working day because there's no need to wait for note department records to be balanced.

Four of these files are eight-drawer units used for note filing. The other has six legal-sized drawers that hold mortgage loan file folders. Each drawer has large label holders for easy identification and a recessed pull handle.

As protection against fire, each unit has double steel wall construction two inches thick on top, bottom and sides, with sheet and cellular asbestos insulation. As protection against theft, contents are secured by telescoping doors equipped with a key-locking handle that operates throw rods and engage into the unit's walls.

Employees have a spacious additional work area because of the arrangement of all five filing units in one long line with a Formica-covered counter

top directly above the units.

The customer information file is housed in a LeFebure modular unit with a leg base 30 inches deep and 60 inches wide. On it are housed two tiers, each of which holds five pullout trays. The unit has a total filing capacity of 230 inches, which may be increased as needed. The bottom tier is equipped with two pullout shelves for more convenient reference. The unit is secured by two key-locking covers, one for each tier.

At Kleberg First National, information about each customer is recorded and kept current by one employee, who is responsible for maintaining a credit file folder on each customer. These folders are stored in adjacent vertical files.

The bank has eliminated the computer-printout-storage problem by installing a compact, mobile computer printout housing that is USEngineered to hold 90 days of trial balances. Each day's printout is easily visible and readily available.

During the day, this unit fits neatly against a wall in the bookkeeping department. When not in use, it's rolled into the adjacent record vault.

Four LeFebure vault lockers were designed for Kleberg First National's cash vault. Each locker is constructed of one-inch steel with a 1½-inch steel door secured by a dual-control key-locking combination lock. These four units contain all the bank's bulk cash. Two units are used for currency, two for rolled coin. For each insertion, counting and removal of currency and coin, each locker is equipped with three heavy-duty pullout shelves.

Mr. Moore and Mr. Danner believe these lockers—combined with the 9R classification of the vault—provide their bank with the best possible protection and lowest possible insurance cost for vault cash. ••



"Our customers are not a homogeneous group; they're human beings with different needs, reactions, and habits. With our Teller/24 (automatic teller) service, we are serving those who find automatic tellers an attractive, practical way to handle most of their banking business."



"The internal advantages of Teller-Matic are hard to overlook. Operational costs are low. We can actually give better service with lower personnel costs. In fact, it takes only five to eight minutes once a day to balance and reload a Teller-Matic."



"Mosler didn't design a system that would function only one way for every customer. They left us free to make our own decisions as to how we wanted our particular system to perform. We like that sort of 'open-ended engineering.'"

"It wasn't one single feature of Teller-Matic® that appealed to us. It was the total system."

Jerry Fessel, Vice President, Payment Systems, at First National Bank of Louisville, Louisville, Kentucky, talks about First National's choice of the Mosler Teller-Matic automatic teller system.

First National Bank of Louisville is the largest bank in the State of Kentucky, with 43 branches blanketing Jefferson County and assets in excess of \$1 billion. First National currently has 11 Teller-Matic systems in operation in both walk-up and drive-up applications. Access is via their own "First Card" (debit card) as well as their Master Charge credit card.

How the Teller-Matic choice was made. "We'd been following automated teller equipment since the concept first surfaced. Our research team included people from branch operations, payment systems, data processing, and administration. Their primary functions were to study all of the systems on the market and make certain basic recommendations. Then, about two years ago, we finalized our decision. We decided on Teller-Matic. I'd have to say that with the Teller-Matic, it wasn't one single feature that appealed to us, it was the total system.

A combination of features. "The Teller-Matic features that appealed most to us, I would say, were the individual bill dispensing, the ease of use, the security aspects, the flexibility, and of course, the internal benefits of this particular system. By 'internal,' I mean the actual day-after-day use of the system from an operational point of view.

Internal operations. "I'd like to comment on that point; the internal advantages of the Teller-Matic are hard to overlook. Operational costs are low. We can actually give better service with lower personnel costs. It's a very simple operation to retrieve information and balance the system. It's easy to load bills and keep track of the bills already dispensed. And the 'field-update' feature, as Mosler calls it, is for real. The Teller-Matic can rewrite the information stripe on the customer card, thereby allowing us to reduce card-processing personnel.

Customer reaction. "A myth that probably ought to be put to rest is the 'fear-of-the-machine.' I suppose that some customers find automatic tellers a little disconcerting, but you could also say that same thing about night depositories, drive-



up in windows, TV remote tellers, and almost anything new. When you look at all the coin, bill, button, and card activated machines around today, you have to conclude that overcoming resistance is a matter of educating the user. We feel this can be accomplished with a good marketing program.

Usage patterns. "All in all, I'd say that 15 to 20% of our customers have used the units at least once. Quite a few customers use it for almost all of their banking. Others use the system only once or twice a year. And, there are those who haven't used it and may never use it, but who consider it a convenience and like the idea of having it there.

"Since we ordered our first Teller-Matics, there have been several new entries into the automatic teller field. But if we were making our choice today, I believe the Mosler system would still be our first choice!"

For more information on the extraordinary Mosler Teller-Matic, write: Mosler, 15 61 Grand Boulevard, Hamilton, Ohio 45012.



MID-CONTINENT BANKER for July, 1975

Mosler

An American-Standard Company

NEWS OF THE BANKING WORLD



VICKERS

• **Robert Vickers**, head of the U. S. banking department at Manufacturers National, Detroit, retired May 31. He was a senior vice president. He joined the bank in 1960 as a vice president-administration, coming from Dun & Bradstreet.

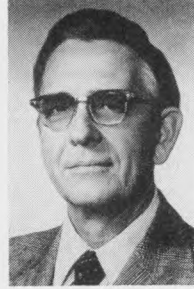
• **Ben S. Barnes** has been elected vice chairman of First National, Atlanta. He will continue as a director of the bank and its parent HC, First National Holding Corp. Mr. Barnes joined First National in 1946. He has been head of the corporate banking department since 1973.



DAANE

• **J. Dewey Daane**, former Fed governor, has been elected a vice chairman of Tennessee Valley Bancorp., Inc., parent HC of Commerce Union, Nashville. He continues as vice chairman and a director of the bank. He served the Fed from 1947 to 1974 and as governor from 1963 to 1974.

• **National Bank of Tulsa** has changed its name to Bank of Oklahoma to represent its involvement throughout the state and the southwestern U. S. The parent HC's name was also changed—to BancOklahoma



BARNES

Corp. In addition to its new name, the bank will carry a new hallmark (see illustration) replacing the former hallmark, which featured a drawing of the bank's current building. The bank expects to move into its new 50-story tower in the William Center in 1977. The name change is the second for the bank. At its founding in 1910 it was known as Exchange National. In 1933 it became National Bank of Tulsa.



New signature of Bank of Oklahoma is displayed by Eugene Swearingen (l.), chairman, and Leonard J. Eaton Jr., president.

Corporate News Roundup

• **MGIC Indemnity Corp.** Edward D. Norris has been named national sales manager of the directors' and officers' liability insurance division of MGIC Indemnity Corp., Milwaukee. He was formerly with Scarborough & Co., Chicago.

• **Insurance Enterprises, Inc.** James O. Myers has joined Insurance Enterprises, Inc., St. Louis, as field representative for Kansas. Mr. Myers was formerly with Pacific Finance and an auto agency in Emporia, Kan. He is a graduate of Kansas State Teachers College, Emporia, and is active in civic work.

• **Scarborough & Co.** Richard E. Boyd and John Kelb have joined Scarborough & Co., Chicago, as account executives. Mr. Boyd was formerly a division manager for Prudential Life Insurance Co. Prior to that, he was with Zurich-American Insurance Co. Mr. Kelb was with Chrysler Insurance Co. Prior to that, he was with Allstate Insurance Co.

• **Bank Building Corp.** Three additional financial facilities divisions have been established by Bank Building Corp., St. Louis. They are headquartered in Dallas, Denver and Washington, D. C. Named general manager of the new Southwestern Division in Dallas was Allyn D. Raymond, formerly manager of sales for the Central Division in St. Louis.

• **American Express Co.** James T. Larkin has been promoted to vice president-marketing and sales, travelers cheques division, American Express Co., New York. He will be responsible for directing the division's world-wide sales organization and marketing services functions which include advertising, sales promotion and market research. Mr. Larkin went to the division in 1970 as vice president-international from the American Broadcasting Co.



RAYMOND

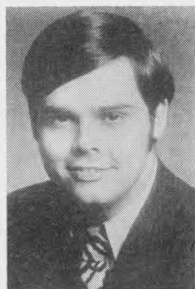


LARKIN

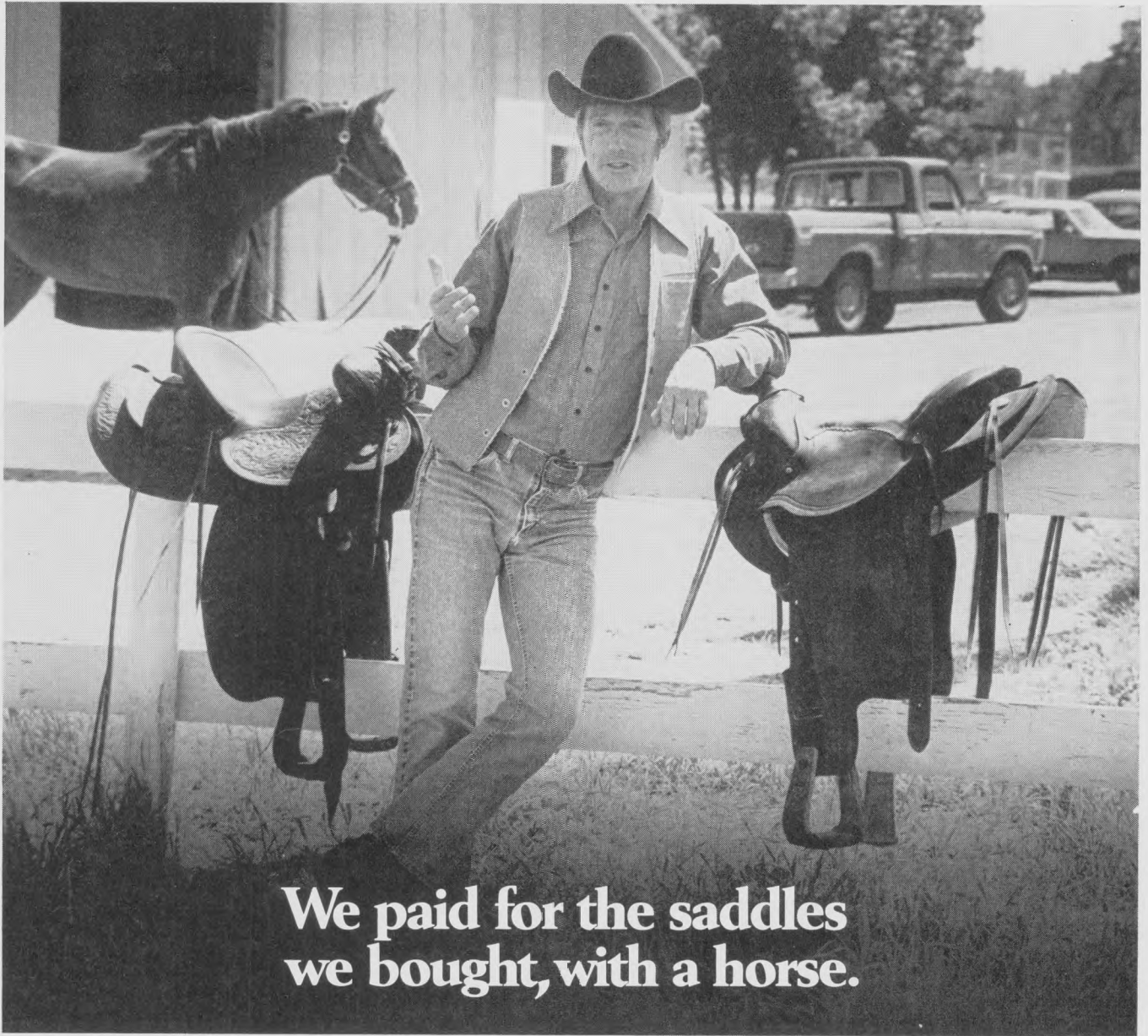
• **LeFebure Corp.** Warren L. Segerten has been named vice president-sales/marketing for LeFebure Corp., Cedar Rapids, Ia. He joined the firm in 1969 and was previously vice president-sales.



MYERS



NORRIS



**We paid for the saddles
we bought, with a horse.**

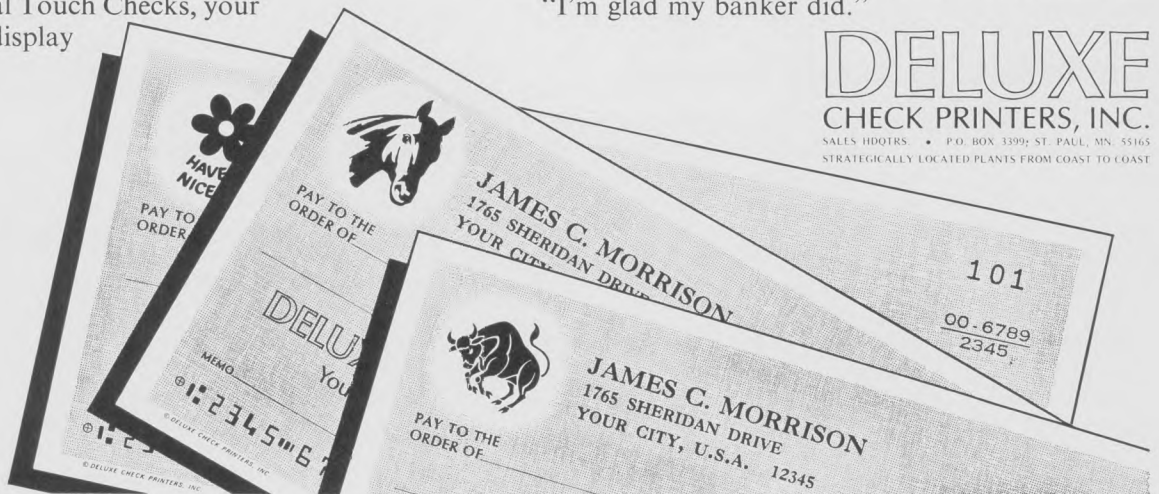
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NEWS ROUNDUP

News From Around the Nation

Agencies Propose Lifting Ban on Corporate Savings Accounts

The Fed and the FDIC have proposed lifting the 40-year prohibition on corporate savings accounts at commercial banks. The Fed's proposal would limit such accounts to \$100,000 but the FDIC has specified no limit. However, it has requested interested parties commenting on the proposals to give their views on monetary limits. Comments must be submitted by July 25.

The prohibition against corporate savings accounts at banks was initiated in 1935 to maintain the division between commercial banks and S&Ls. The ABA has been actively seeking removal of the ban on the grounds that the distinction between thrifts and commercial banks has been blurred due to actions by the Federal Home Loan Bank Board granting S&Ls limited checking accounts and other consumer services previously reserved to banks.

The Fed said that corporate savings accounts would be most attractive to smaller business firms that do not have access to the money market. It is thought that most corporate savings accounts now held by S&Ls are the idle bal-

ances of small firms. In many cases, these funds were removed from demand accounts at banks and placed in S&L savings accounts. Larger firms usually place unspent cash in CDs at banks.

The Fed said that the ban on corporate savings deposits may be having an adverse effect upon the ability of member banks to compete with other financial institutions for deposits of business enterprises.

The thrift industry is expected to oppose strongly the lifting of the ban, despite the fact that S&Ls can offer higher interest on corporate savings accounts than commercial banks can.

The Fed said that, if the proposal is adopted, member banks would be asked to maintain corporate savings accounts as a separate deposit classification for reporting purposes. It also said that in states where member banks are allowed to offer negotiable order of withdrawal (NOW) accounts, such accounts would continue to be available only to individuals and other qualifying organizations.

Fed Audit Proposal Hit

The ABA has criticized a proposed audit of the Fed by the General Accounting Office (GAO). The audit would include examination reports of Fed-member banks. The audit was termed "a serious risk of compromise for the financial privacy of the records of bank customers" by George L. Whyel, ABA president and chairman, Genesee Merchants Bank, Flint, Mich.

Mr. Whyel said an all-embracing audit of the Fed as proposed "would discriminate against (Fed-member) banks inasmuch as this same type of GAO access and review of bank records would not extend to any other class of federally regulated financial institutions."

He pointed out that independent audits by reputable national accounting firms make it unnecessary for government to take on such work.

New Regulation Agency Proposed

Senator William Proxmire (D., Wis.) has proposed a single superagency to regulate the nation's banks. The senator, who is chairman of the Senate Banking Committee, said the present system of dividing authority between the Fed, FDIC and Comptroller of the Currency is "characterized by interagency bickering, buck-passing, indecisiveness, inconsistencies, duplication of effort and most recently by large bank failures."

He said a unified agency would have the strength, resources and freedom of action to implement the additional reforms needed to maintain the strength of the banking system.

The proposal has been criticized by the ABA as concentrating too much power in a single agency.

Depositor Death Rule Changed

The penalty for withdrawing money from CD accounts whose depositors die has been lifted in a change of FDIC rules.

The penalty will no longer apply to withdrawal from time deposits upon the death of the individual depositor if that person was the only holder of the account.

Previously, if a person withdrew the money before maturity, even if the account holder died, the balance was reduced by the amount of the penalty.

CD Interest Rules Tightened

The Fed has ruled that, beginning September 1, banks must print or stamp a "conspicuous" statement on the face of all CDs that states interest won't be paid after the CD matures. The agency is also urging banks to mail notices to customers to tell them of an impending CD maturity, so interest won't be lost due to ignorance of the maturity date.

The moves were taken to make sure depositors do not lose interest needlessly.

Personal Property Leasing Rule Change?

The Comptroller of the Currency has proposed amending the interpretive ruling covering the leasing of personal property by national banks.

The amendment interprets personal property leasing transactions to be extensions of credit subject to the single borrower amount limitations of Section 84 of Title 12 of the U. S. Code, and requires that the transaction return to the bank its full investment in the leased property.

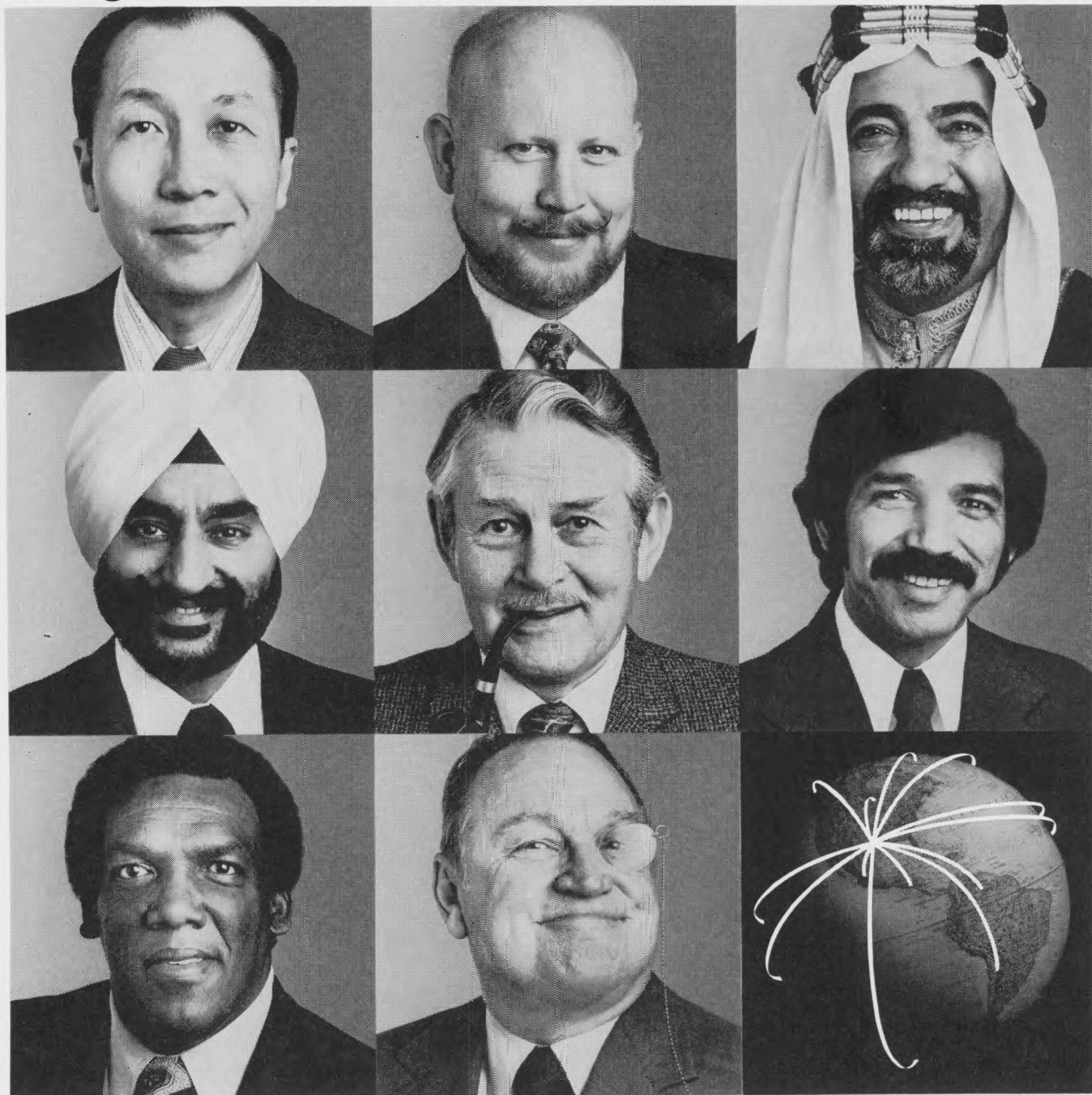
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MID-CONTINENT BANKER for July, 1975



The Last and the Next Five Years

A discussion of the new realities created by global interdependence

WHILE economically and financially the last five years have not been easy, they have been characterized by rather high rates of real economic growth. Except for 1974, the rates of inflation in major industrial nations have been generally moderate. Most of the world's citizens had confidence that things were getting better.

The next five years will be characterized by a higher rate of inflation and lower real growth. There will be a continuing lack of confidence in the political and economic systems of the nations of the world. The business community will be on trial to demonstrate that it can pull its weight in creating a better world—to show that it can make a difference.

In a relatively short time a number of economic and financial trends that have prevailed for years have been reversed. Prices of raw materials skyrocketed, then dipped sharply, but have been holding at a higher level than the average of the 1969-74 period. This higher level of commodity prices has dramatically relieved the concern of many less-developed countries that they were at a permanent disadvantage relative to the industrialized nations. Now we recognize that many of the industrialized nations are no longer as economically powerful relative to the resource-rich and especially petroleum-rich less-developed nations.

Today Europe, Japan, and to some extent, the United States, are looking increasingly to the Middle East as a source of capital. Ten years ago a request for a multi-million-dollar loan from one of the Middle Eastern governments required serious thought con-



By C. M. VAN VLIERDEN
Executive Vice President
Bank of America
San Francisco

Mr. Van Vlierden is responsible for global planning and strategy for Bank of America's world banking division and is chairman of the money policy committee and a member of the world banking division's executive council and planning committee. He joined the bank in 1951, coming from banks in Europe and Asia.

cerning ability to repay. Many of these governments are now creditors of European nations. Japan in a few short years was whipsawed from being a capital importer to a capital exporter to a capital importer again.

Less-developed countries with rich resource deposits such as bauxite, copper, lead and tin are likely to attempt to emulate the oil producers and form cartels of their own. They may not succeed. Even the oil cartel will be hard-pressed in the future, because high prices have led to more exploration and to technological advances in exploiting existing fields. Conservation of existing supplies and shifts to new en-

ergy sources have already received considerable attention.

Although we are now seeing some abatement in its rate of increase, the global inflation we have experienced in the last two years stems at least in part from the belief that the widely heralded economic growth and productivity achievements since World War II could be continued indefinitely. The tidal wave of rising expectations has flooded developed as well as developing nations. Increasingly, it is a rising tide of what people think they are entitled to have. The world economy cannot reasonably be expected in a few short years to meet the demand for an ever-increasing standard of material well-being at stable prices. The understandable pressures to spread the benefits of our production to all segments of the global society have been translated into global inflation, political tension and a severe shortage of productive capacity.

The dilemma of combating inflation and recession at the same time in almost all developed nations has compounded the difficulties of economic management since the cure for one is usually the cause of the other.

The weakened economic position of Western Europe during the period of double-digit global inflation has sent strong political and social tremors through the Continent. It is hard to believe that Western civilization would again passively allow itself to be subjected to the uncertainty and disruption that a future, politically induced change in oil prices would create. The unification of Western Europe has been slowed both economically and political-

"It's up to private business to show that the market system . . . and the banking system . . . provide the best way to fulfill the wants and needs of people."

ly. There also is reason to believe that the social and political strains in some of the Common Market nations could result in drastic changes in governments and attitudes in the future. We have already witnessed such changes in Portugal and Greece.

While the market is the best allocator of economic resources known to man, sometimes it moves too slowly to allow a politically feasible solution. Because patience is perhaps the scarcest commodity in today's world, we must expect substantially increased pressures for government regulation and intervention in virtually all aspects of economic and financial activity. Governments, partially in an effort to improve the difficult equity situations that currently exist, will consider using the lever of financial assistance to gain increasing influence over private firms.

Naturally, the distortions in the markets for goods and services and in the political systems of nations around the world will spill over into the financial markets. The second devaluation of the U.S. dollar, which came as a surprise only 14 months after the first, created an atmosphere of bewilderment and an erosion of confidence in the structure of the world's payments system. The oil crisis compounded the problems of uncertainty and lack of confidence. The shifts in trade patterns that occurred with the end of the dollar's period of over-valuation and the price surges in raw materials made it impossible for financial authorities to negotiate a new international monetary system.

Fortunately, certain basic economic facts have reasserted themselves. These include the primacy of the dollar as the only currency that can shoulder the burdens of world trade and finance and the trading genius of businessmen which has enabled them to cope with the present system of managed floating exchange rates.

Arguments for some mechanism whereby major industrial countries can coordinate and harmonize their economic policies are being heard more frequently and with greater conviction. Unfortunately, if the past is a guide, the action likely to follow may be too little and too late. The role of gold and special drawing rights (SDRs), the key currency issue and the transfer of resources to less-developed nations are problems that will remain with us for some time to come.

The great flexibility in exchange rates experienced in the last few years will continue. The floating rates have worked better than many experts predicted. The floating system has, to an important extent, allowed exchange rates to adjust to conditions in the domestic economies rather than vice versa. Also, SDRs have demonstrated their usefulness in the evolving international monetary system and they should be of even greater benefit in the future.

The suddenness and severity of the shocks to the financial markets of the world have created a situation that requires government intervention and assistance during the transition period before a new equilibrium is achieved. The problem of recycling petrodollars and particularly the problem of short-term deposits versus long-term loan demand necessitates decisive action by governments and international financial institutions. By the end of the decade, the massive deficits accrued by oil importing countries, especially resource-poor less-developed countries, will have tested the strengths of the market system and the flexibility and creativity of the commercial banking structure.

The signing of a \$25 billion lending facility by members of the Organization for Economic Cooperation and Development (OECD) from Western Europe, North America and developed Asia was an important step toward coping with the problem. When ratified by the legislatures of 24 signatory nations—not anticipated before the end of the year—the fund could help to meet serious balance of payments deficits of industrial nations in distress because of the high price of oil.

Domestic economic and monetary actions taken by any major money center of the world have a strong and relatively quick impact on the rest of the world. The cure for the problem of interdependency is not national isolationism but more interdependence. To a great extent, economic interdependence has overwhelmed political resistance to the implicit loss of national sovereignty. Whether or not the British government or the British people like it, the United Kingdom, for example, is now economically and financially a part of Western Europe.

The United States is in a particularly good position to take advantage of the

new realities created by global interdependence. While the high technological aspects of the U.S. economy are most often stressed, the United States is also an important net exporter of agricultural products and of most raw materials other than petroleum products (although in 1973 the United States was the largest single producer of oil in the world).

Exports should increase even more. In reality, U.S. inflation has been lower than the average rate for our major trading partners. An increase in exports would put people back to work and help the U.S. balance of payments. Increased foreign investments in the U.S. economy should also be encouraged to increase productive capacity and to help the potential of capital achieve a better formation as well as the balance between foreign investments here and the heavy U.S. investment abroad.

There has been concern about the strength of U.S. financial institutions during the recent crises as well as concern about the magnitude of credit market debt. These problems can be expected to continue over the next few years although the depressed market environment in 1974 has given banks sufficient time to rethink their lending and funding policies. Appreciation of the old banking virtues of carefully analyzing credit worthiness and liquidity has been reinforced.

However, the economic difficulties ahead are likely to bring about increased pressure in the United States and abroad for changes in income distribution patterns. Existing inequities in income distribution are becoming more apparent to those in the lower income brackets as inflation reduces their real earnings. Those at the bottom of the economic strata in the U.S. are often minority groups. Real increases in the totals available for distribution will be relatively smaller in periods of slower economic growth. But increasing pressure from these groups for a larger portion of the economic pie can be expected. Similarly, middle income groups in all of the industrialized countries are becoming increasingly restive as their real purchasing power remains, at best, unchanged.

It's up to private business to show that the market system, despite its inadequacies, and the banking system, whatever its shortcomings, provide the best way to fulfill the wants and needs of people. Dedicated men and women, working within the market mechanism, can show that this system produces solid economic growth for the nation and rising tax revenues for governments. • •

Persistent Myths About Exporting Exposed by Bank of America Report

Publication can be useful to all international bankers

THE PROFIT possibilities of exporting have barely been tapped by the American business community, according to a report released recently by Bank of America that is designed to provide international bankers with abundant information for prospective exporters.

Of the 250,000 firms estimated to have export potential, only some 20,000 companies—representing just 8% of American manufacturing—sell their products abroad. About 250 of these account for half the country's current export dollars, the bank says in its "Small Business Reporter" on exporting.

Statistics point to a favorable export environment, the report states. Annual international sales climbed gradually during the decade, more than doubling by 1972 when they reached \$412 billion, then leaping ahead by another third to \$566 billion in 1973 alone. Commerce Department figures for the first half of 1974 reveal export activity totaling \$48 billion, running 45% ahead of the same period for 1973.

Many American companies are reluctant to expand to overseas markets, the report states, because of traditionally held myths about the necessary size of the operation, complex paperwork, language barriers and payments in foreign currencies. Actually, however, exporting offers many opportunities to the small producer who can sidestep the red tape, language and monetary barriers by exporting through a professional in the trade.

Whether or not a producer should turn to the overseas market must be determined by thorough research and

careful analysis, the report cautions. The prospective exporter must study the current status of global markets, his product, the company's capacity to deliver, available sources of assistance, marketing programs, various financial plans and suitable shipping methods for his product.

Once the decision to go ahead has been made, two channels of distribution—indirect or direct—are open to the American company. The indirect method involves no contact between the manufacturer and overseas buyers, since the producing company sells its goods outright to another company which does the exporting. In the direct method, the manufacturing firm handles its own sales.

American manufacturers must also develop effective marketing campaigns, especially geared to foreign markets, the report states. To do this, it's often wisest to get help from those familiar with the culture of the country involved. Words have different meanings in different countries, and even the way a product is packaged can mean the difference between acceptance or rejection.

Following are 12 myths about exporting explored by the Bank of America report:

• *A firm must be large to export successfully.* Small size is no barrier to entering the export arena, the report

states. In fact, government statistics reveal that 60% of all American firms engaged in exporting employ fewer than 100 people.

• *Exporting involves extensive paperwork and red tape.* Once a highly complicated procedure, exporting today necessitates little more documentation than domestic trade, the report advises. While some markets of the world retain complex regulations, much of the paperwork required by the U.S. government has been substantially simplified. In any case, the exporter can turn to the Department of Commerce for assistance at any point in the process or turn the problems over to a professional export service.

• *Exporting is complex and difficult.* Exporting can be almost as easy as selling next door, the report states. By selling directly to a professional export management firm, the manufacturer can reduce actual involvement in the mechanics of exporting to merely filling orders and still retain the special tax benefits extended to exporters. Even those firms participating actively in the export effort minimize many difficulties by getting help from the Department of Commerce, international banks and foreign freight forwarders.

• *Payment by foreign buyers is uncertain.* Fewer credit losses occur in international sales than are experienced domestically, the report states. One key reason is that international banks act as intermediaries in most sales transactions; using traditional world trade payment devices such as letters of credit and draft collections, bankers assist in maximizing safety in international payments. Export credit insurance,

Bank of America's "Small Business Reporter" on exporting is available at \$1 per copy from Bank of America, Department 3120, P.O. Box 37000, San Francisco, CA 94137.

available at modest cost, further reduces nonpayment risks. And to completely eliminate any possible chance of nonpayment, the exporter can sell directly to a professional export firm and receive immediate reimbursement.

- *Unfamiliarity with foreign currencies leads to financial loss.* Since World War II, the U.S. dollar has become the primary currency of international trade: about 90% of world trade is now transacted in dollars. Unless other arrangements are negotiated, the report states, and included in the sales contract, an American exporter receives payment in dollars. If the overseas buyer wishes to base the transaction on foreign currency, the exporter can obtain advice and assistance from a banker on methods for assuring payment at full dollar value.

- *Overseas markets represent only minor sales opportunities.* Analysts estimate that 95% of the world's population and two thirds of its present purchasing power lie off U.S. shores, according to the Bank of America report. The European Economic Community by itself represents to American producers a market similar in composition and buying capacity to the one at home. In addition to the industrialized countries, large and untapped markets continually emerge as the prosperities of many developing nations continue to show gains.

- *American products are unsuitable for foreign markets.* If a firm's products can be sold at home, claim some trade specialists, they can usually be sold overseas. Indeed, the report states, in all corners of the world U.S. products command a reputation for high quality, durability, style and "state of the art" technological superiority. Some typical "made in U.S.A." items, such as blue jeans and surfboards, are in demand overseas because of their particular American-ness. Many products require no modification for foreign use—though world marketers remain alert to the possible need for tailoring items to facilitate shipment, reduce overseas prices, or conform to foreign preferences or standards.

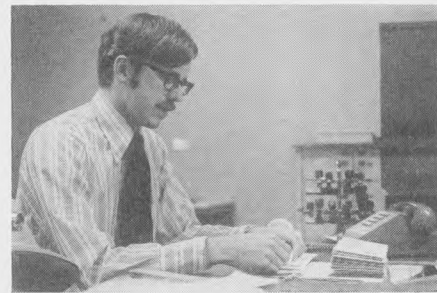
- *American-made products are too expensive overseas.* Until recent years, the report states, products exported from America frequently carried higher price tags in the markets of the world than similar foreign-made products. Devaluations of the dollar, along with comparatively severe inflation, resource shortages, rising labor costs and other problems in the major industrialized countries, have helped narrow these price differentials substantially. Many U.S. products traditionally considered high quality now compete to better price advantage in foreign ports of call.

When Secretary's Job Opens at Bank, Man Applies for It and Gets It

NASHVILLE—In this day of women's liberation, many female bank employees are entering areas once reserved for men. However, the situation is reversed at First American National's Green Hills Office, which has the bank's first male secretary, Todd Daniels.

When Mr. Daniels joined the bank about a year ago, he went through its teller-training program and worked at several bank offices as a relief teller. While at the Green Hills Office, the secretary got behind in her work, and Mr. Daniels volunteered to help. He continued to help for two months, and then the secretarial job became vacant.

Because Mr. Daniels decided that doing secretarial work was much more to his liking than being a teller, he applied for the job. Although he was competing for it against three other applicants, he had the inside track because he knew the office, its customers, personnel and operations. As a result, after all applicants had been interviewed, Mr. Daniels was judged to be the best qualified by Manager Jim Uden and Assistant Manager Ann Corson. So far, neither Mr. Uden nor Mrs. Corson has been disappointed in him.



Todd Daniels, first male secretary at First American Nat'l, Nashville, is shown at his desk at bank's Green Hills Office.

Mr. Daniels does the routine secretarial duties as though he's been doing them all his life: getting out the mail, typing forms and letters, taking memos, answering the telephone, using the dictaphone, overseeing safe deposit boxes and helping customers.

Customers have accepted Mr. Daniels without complaint, according to Mr. Uden. He added that the office's clientele is mainly elderly people.

Sometimes Mr. Daniels detects a hint of surprise when he answers a call from someone in another area of the bank. "But as long as I get the information they need, they're happy," he said.

- *Export start-up costs are high.* The beginning exporter can choose to sell products outright or on a percentage basis to a professional exporting firm and begin profitable out-of-the-country trading at no real cost, the report states. Or, at minimal expense, the American producer can effectively broaden market exposure overseas through participation in world trade shows and slowly build an export operation. Direct involvement and its attendant costs—along with increased potential for profitability—can be attained gradually. Heavy expenses involved in setting up a separate export department may not come under consideration until the exporting activity has become profitable enough to absorb them.

- *Overall exporting costs leave little room for profit.* Despite unusual expenses involved in export marketing, the report states, many firms report attractive profits from their overseas sales. Reasons cited are the substantial tax benefits granted to qualified exporters and government-sponsored export sales insurance which helps reduce credit losses and gain more favorable financing rates. Exporters al-

so enhance their profit picture by taking advantage of the extensive assistance available from the Department of Commerce, international banks and other exporting services.

- *Language barriers hinder export marketing operations.* Although direct communications with some foreign areas can present problems, the report states, English remains the principal language of international commerce. Most overseas importers employ English-speaking personnel, and U.S. producers normally conduct export operations through domestic intermediaries. Therefore, the need for translation arises rarely, but such services are readily available for the occasional letter written in another language.

- *Business practices overseas pose problems for the American marketer.* A rapidly evolving one-world market is narrowing the differences between traditional ways of doing business, the report states. Nevertheless, most American firms prefer to minimize the remaining challenges by relying on professionals—either export companies located in the U.S. or representatives in foreign ports—familiar with the peculiarities of overseas methods. ••

International Banking News

A roundup of recent events in the international banking arena

Banker Stresses Interdependency As Basis of Economic Policy

A Chicago banker stated recently that the overriding theme of U.S. national economic policy must be based on "the bedrock conviction of interdependency."

"Interdependency means that we must look outward," said John E. Corrigan, senior vice president in the international department of First National, Chicago. "Our need for imports with regard to energy, raw materials and some foodstuffs is obvious," he said. "To pay for these imports, we must export," but exports have never been made a national priority, he noted.

Mr. Corrigan said the growing interdependency of the U.S. and other nations is pointed up by events of the past year, such as:

- Poor worldwide weather conditions which led to a dramatic increase in demand for U.S. agricultural products.

- Events in European money markets which affected the strength of the dollar.

- The energy crisis, which has had a profound effect on the economy.

"The point to be recognized and emphasized is that the U.S. cannot stand alone," he said.

Bank Hosts West Germans



Richard F. Ford (l.), executive vice president, First National, St. Louis, discusses the St. Louis approach to municipal services with Hartmut Lause, mayor of Osnabruck, West Germany, at a luncheon sponsored by the bank recently that brought officials of the cities of St. Louis and Osnabruck together to study municipal services. First National supports activities of the St. Louis Council on World Affairs.

Trust Company Bank, Atlanta, Forms Int'l Advisory Committee

A new international advisory committee has been created at Trust Company Bank, Atlanta, as a means of expanding the bank's capabilities and services in worldwide financial activities. The committee is made up of senior representatives of major Atlanta firms as well as bank officials.



David P. Mills (r.), group v.p. and mgr. of Trust Company Bank's international dept., meets with bank's newly created International Advisory Committee, made up of leading Atlanta businessmen and bank officials.

The committee is said to provide a way for the bank to enlist the advice and counsel of local business leaders whose firms have an international in-

volvement in helping the bank chart a profitable course for the future development of its international banking activities, a bank spokesman said. The committee is expected to benefit the entire Atlanta area as well as the bank.

Among the committee's purposes is that of providing a forum for the exchange of economic and political information about specific geographical areas of the world, such as the Middle and Far East. It is also expected to play an import role in helping to diversify and increase the foreign corporate and bank relationships of Trust Company Bank.

First National, Louisville, Helps Kentucky Seek Trade With East German State

The international department at First National, Louisville, is playing an active role in promoting Kentucky's potential as a place for foreign business firms to establish operations and do business.

Philip C. Gugel, senior vice president at the bank, recently returned from a seminar in East Germany, where he and representatives of the Kentucky Department of Commerce met with industry and banking officials while attending a seminar sponsored by the National Association of State Development Agencies in Berlin.

According to Mr. Gugel, the 1975 seminar "enabled the Department of Commerce to leave an impression of Kentucky as a dynamic state, with solid



Philip C. Gugel (l.), sr. v.p., international dept., First Nat'l, Louisville, meets with U.S. Ambassador John Sherman Cooper in Berlin. Mr. Cooper, a Kentuckian, is the first U.S. ambassador to the East German area since before World War II.

New Commerce Publication

The Department of Commerce recently launched a new quarterly publication giving U.S. business and government vital statistics for assessing America's competitive position in world markets.

The publication is called "International Economic Indicators and Competitive Trends" and presents an extensive series of comparative data of the U.S. and its five principal industrial competitors—West Germany, France, Britain, Canada and Japan—covering each country's world trade, domestic economy and industry performance.

The publication is available through any Commerce Department district office or from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Subscription price: \$12.65 per year.

potential, where they would find an attractive place to establish and do business.

"Over time," he said, "as investment decisions are made, it will be psychologically impossible for the companies to not at least consider Kentucky."

A similar seminar was held in Japan in 1972, where the groundwork was laid for the establishment of two plants in Florence, Ky., by Japanese firms.

Currency Advisory Service Started by Harris Trust

Harris Trust, Chicago, has introduced a currency advisory service to aid firms in managing their foreign currency exposures.

The service includes the Harris International Currency Information Service, which gives corporate financial managers both a monthly currency forecast and a quarterly economic outlook.

The service assigns a bank currency consultant to each client firm and provides for individual meetings, written reports and recommendations for action in foreign exchange markets.

The service was established because companies transacting business overseas in different national currencies are increasingly facing the risk of exchange rate fluctuations, some as much as 20% and 40% against the dollar, a bank spokesman said.

The profitability of these firms is significantly impacted by changes in exchange rates, he said. Financing arrangements and sources of supply can be affected and pricing policies and sales projections severely distorted.

International Banking Guide Advises Business Customers

The international department at First American National, Nashville, has published a pamphlet entitled "Your Guide to International Banking," which explains how the department can be of assistance to firms that have discovered that foreign trade can increase their sales and strengthen the national economy.

Included in the pamphlet are service tips for the exporter and the importer, tips on sending money abroad and tips on traveling abroad.

The publication advises potential exporters that foreign countries often represent excellent new markets for their products or services, while potential importers are advised that they may find a ready source for goods and raw materials through international trade.

\$72.8 Million Finance Package Announced by Bankers Trust

Bankers Trust, New York, has announced a project finance package totaling \$72.8 million, guaranteed by Argentina's National Development Bank, for a private Argentine steel firm. Bankers Trust is the lead manager for the \$51.2 million private portion of the borrowing.

The Export-Import Bank of the U.S. will make a direct loan to the Argentine firm of \$21.6 million in connection with goods and services to be purchased in the U.S. Eximbank also will guarantee a total of \$28.8 million of the private loans.

Proceeds from the financing will be used by the Argentine firm to expand its seamless pipe rolling mill.

BankAmerica's Financial Report Lauds Foreign Exchange Practices

The effectiveness of its foreign exchange control and monitoring practices has been underscored by BankAmerica Corp., San Francisco, in the corporation's first quarter financial report.

A. W. Clausen, president, gave assurance in the report that Bank of America's control procedures in handling foreign exchange risks are adequate. He said that, while foreign exchange losses last year by a few U.S. and European banks caused concern and were widely publicized, "Bank of America has continuously applied stringent internal and external audits and other reporting procedures to help ensure that controls are strictly adhered to."

Mr. Clausen noted that the bank's methods in tracking foreign exchange dealings "might well serve as a model for other banks since they have proved to be productive as well as profitable."

London Interstate Bank Names Barnes Chairman

Ben S. Barnes, vice chairman, First National, Atlanta, has been elected chairman of London Interstate Bank Limited. Mr. Barnes has been on the London bank's executive committee since May of last year.

London Interstate is an international banking consortium in which First of Atlanta is an owner, along with other banks in England, Germany and the U.S., including Indiana National, Indianapolis, and Mercantile Trust, St. Louis. It provides short- and medium-term financing in sterling and foreign currencies for commercial and industrial companies, financial institutions, governments, government agencies and corporations throughout the world.

Mr. Barnes continues as head of First National's corporate banking department. He joined the bank in 1946.

Marketing Development Topic of 2nd Seminar By Alabama's Central Bank

BIRMINGHAM, ALA.—Presidents of about 50 southeastern banks were guests at the second annual bankers marketing development seminar sponsored last month by Central Bank. Purpose of the two-day seminar was to hear marketing people discuss ways to incorporate selling into everyday banking practices.

Special areas of emphasis included selling to commercial and retail customers by employees, officers and directors, and "how to" sessions on sales training and advertising. The majority of the speakers were from Central Bank and Central Bancshares of the South, Inc., the bank's parent HC.

Among the speakers were Harry B. Brock Jr., president and CEO of the HC; Carlton P. Pinkerton, senior vice president of Central Bank's correspondent bank division; Ralph L. O'Flinn, vice president and manager, commercial marketing division; Len B. Shannon, vice president, general manager marketing; and Ralph H. Cassel, vice president-manager, marketing services division. Closing speaker was Larry Wilson, Wilson Learning, Inc.



Mitchell Turner (c.), Central Bank, Birmingham, Ala., talks with Lee Beeman (l.) and Al Beeman of City & County Bank of McMinn County, Athens, Tenn., during seminar break.



Len B. Shannon, sr. v.p., marketing, Central Bancshares of South, was seminar speaker on "How to Motivate Bank Officers to Be Sales Oriented."

Petrodollars Portend Fewer Problems Than Previously Envisioned

OPEC nations seeking long-term investments

ALTHOUGH the recycling of petrodollars still represents a major problem, it is not nearly as great as was envisioned a year ago, a leading international banker said recently.

Speaking before the World Trade Conference in Chicago, Roger E. Anderson, chairman, Continental Illinois Corp. and Chicago's Continental Bank, said the oil producing-exporting countries



ANDERSON

(OPEC) "have not been irresponsible show-offs nor have they displayed the characteristics commonly associated with a disparaging 'newly rich' label."

However, the Chicago banker said the recycling of mounting oil revenues, at least in the short run, still presents difficult problems in relation to how the oil-rich countries will invest these funds without causing serious disruptions in world financial centers.

Mr. Anderson said part of his cautious optimism is based on revised and more realistic projections of the exchange reserves of OPEC nations. He noted some studies last year projected the amount at \$1 trillion by 1980, but recently this has been scaled down considerably. "Recycling an amount of \$250 to \$450 billion represents a much smaller problem than a \$1 trillion accumulation with no end in sight," he said.

However, Mr. Anderson did note that the buildup of oil reserves could still be in the \$450- to \$500-billion range.

He said the major OPEC nations are showing an increasing sophistication in their investment activities, as demonstrated by their shift to longer-term vehicles from previous concentration in short-term markets.

Mr. Anderson said that in the first quarter of 1975, OPEC nations invested about \$2 billion of surplus revenues

in the U.S., \$1.5 billion in Britain and about \$4 billion in the Eurocurrency market with a large part going into longer-term bonds.

Other shifts in OPEC investment policy Mr. Anderson cited were:

- The oil-rich nations are now placing funds with a larger number of banks rather than the approximately 30 largest banks they originally worked with.

- They have become increasingly interested in portfolio and direct investments, as evidenced by some nations' interest in major companies such as Pan American Airways, Japan's Nippon Steel and Daimler-Benz in Germany.

- But because of increasing concern by some nations and consideration of legislation to restrict investment in oil-importing nations, OPEC members are using another area of recycling petrodollars: direct government loans and grants, which have helped some countries overcome some immediate balance-of-payments problems.

- They are providing an increasing amount of economic development loans and grants to developing nations, particularly in Africa and Asia. Mr. Anderson said these loans to an important extent have been in the form of oil supplied on credit.

- OPEC nations also have formed development-oriented financial institutions, either alone or with other OPEC nations. One example is the Kuwait Fund for Arab Economic Development, which extends bilateral assistance loans and is the first development fund in the Arab world.

- Venezuela has agreed to accept cash payments of \$6 per barrel for oil, with the difference between this figure

and the market price being made available in the form of a loan to the importing country for long-term development interests.

In taking a longer-term look at how OPEC nations will invest their surplus revenues, Mr. Anderson said, it would be helpful to focus on what they might have for investment objectives. Given OPEC's short history as a holder of great wealth, its member-nations' investment objectives contain a large element of uncertainty. Even so, we can assume that an increasingly large portion of revenues will be devoted to raising standards of living, to accelerating domestic development projects, to importing military hardware and to channeling aid to countries politically or culturally close to them.

Since the revenues are so massive, their concern over a good return and limited exposure to risk will result in the OPEC countries keeping a portion of their investments somewhat liquid and directing them into relatively safe avenues such as government securities or real production or property, he said.

Countries with lower rates of inflation and relative exchange rate stability, taking into consideration the size of a country's financial market and its political security, will be important recipients of OPEC investments, he said.

Additionally, Mr. Anderson said, OPEC nations may attempt to maintain the real value of their oil revenues by pricing oil in terms of several currencies, such as the International Monetary Fund's special drawing rights instead of U.S. dollars. Many of the Middle East oil-exporting countries have recently broken away from tying their currencies to the U.S. dollar and instead have tied them to special draw-

OPEC nations are showing an increasing sophistication in their investment activities, as demonstrated by their shift to longer-term vehicles from previous concentration in short-term markets.

ing rights. They also could tie the price of oil to some multi-country inflationary index.

All in all, he said, it seems rational to conclude that although the recycling of petrodollars represents a major challenge for the commercial banking community and governments of major industrial countries, it certainly will not lead to world financial collapse. It will, however, bring about major changes in the structure of the world economy and international trade patterns.

The extent of these changes will be a direct function of the level of oil prices in the future and how oil revenues are invested, Mr. Anderson said. Even though the long-range challenges posed by these factors may prove to be less significant than was feared a year ago, the developments of 1974 will continue to make their effects felt for several years. For example, debt servicing costs will remain a problem for many countries, even though their balance-of-payments deficits may be reduced.

"We are like surveyors charting a new land," he said. "Obstacles, and perhaps, perils, lie ahead, but they seem to come with the job. Possibly the single greatest need right now is solid assurance of lasting peace in the Middle East. The recent breakup with no results of the meeting between the oil-producing and consuming countries indicates that major issues of disagreement run deep and will not easily be overcome."

Still there is reason to hope for a clearing of the atmosphere of uncertainty that has plagued the world for the last year and a half as a result of the petroleum situation, Mr. Anderson said. This would allow us to focus our resources and skills where they can be used most effectively—in the continuing search for ways to restore the world economy to a position of growth. • •

Leadership Conference Planned July 25-26 by AIB's District 10

The American Institute of Banking District 10 Leadership Conference will be held July 25-26 at the Crown Center in Kansas City. Over 400 bankers are expected to attend.

Primarily a working session, the conference will feature a program on leadership development conducted by MNO Programs International. Special-interest sessions are planned to involve delegates in discussions of chapter concerns and set the stage for planning the coming year.

Clyde H. Fischer, national AIB vice president, and controller, Northwestern National, Sioux Falls, S. D., will be the

featured speaker, while a new film, "A Salute to AIB: 75 Years of Banking Education," is slated as another highlight of the conference.

Social hours, dinners and entertainment are planned for both evenings.

Host for the event will be the Kansas City AIB Chapter. Two Mid-Continent-area states, Kansas and Missouri, are included in District 10.

'Springtime at the Plaza':

Bank Enlivens Tuesdays With Afternoon Events

Deposit Guaranty National, Jackson, Miss., has sponsored "Springtime in the Plaza," a series of nine weekly noon-time events featuring live entertainment, arts and crafts and free flowers. Site for the series was the courtyard of its new headquarters building, Deposit Guaranty Plaza.

Weather permitting, the shows were presented each Tuesday, April 15-June 10, from noon until 1 o'clock. Exhibits by members of the Craftsmen's Guild of Mississippi were on display, featuring leatherworking, woodcarving and weaving.

An additional attraction took place in the form of a custom-built popcorn wagon in the ground floor shopping mall area.



ABOVE: In background, band plays while those on lunch breaks browse among arts and crafts during one of "Springtime at the Plaza" events sponsored by Deposit Guaranty Nat'l, Jackson, Miss. Happening took place on Tuesdays from noon to 1 o'clock. BELOW: Newest addition to afternoon events is this custom-made popcorn machine in Deposit Guaranty Plaza shopping mall, from which shoppers may purchase freshly made snack.



"Pigeon Drop" Explained



As part of a tellers' seminar staged by the Wisconsin AIB Chapter, Roma Lang of the Wis.BA staff portrays an elderly target of the "pigeon drop" swindle. She seeks to withdraw \$5,000 cash from her savings account to help phony law enforcement officers, who said they were checking on bank "embezzlement" by teller Gale Dignin. He tries to get Miss Lang to accept a cashier's check, pointing out the danger of carrying a lot of cash, which the fake cop-confidence men will take as "evidence." The seminar—attended by 750—was one of four conducted in Wisconsin.

Ag Credit Analysis Handbook Released by ABA's Ag Division

The ABA's Agricultural Bankers Division has released an "Agricultural Credit Analysis Handbook" that is designed to help credit officers develop sharper ability for analyzing potentials, improve documentation for each step in the loan procedure and identify problems quickly.

According to Rex G. Plowman, division chairman and president and chairman, Lewiston (Utah) State, the handbook presents guidelines and techniques for completing credit analysis and describes tools for analyzing individual farming operations and making loan decisions.

He said that new and experienced lenders, supervisory, extension and educational personnel can benefit from the handbook, which is divided into seven major sections covering everything from initial analysis of loan applications to servicing established accounts.

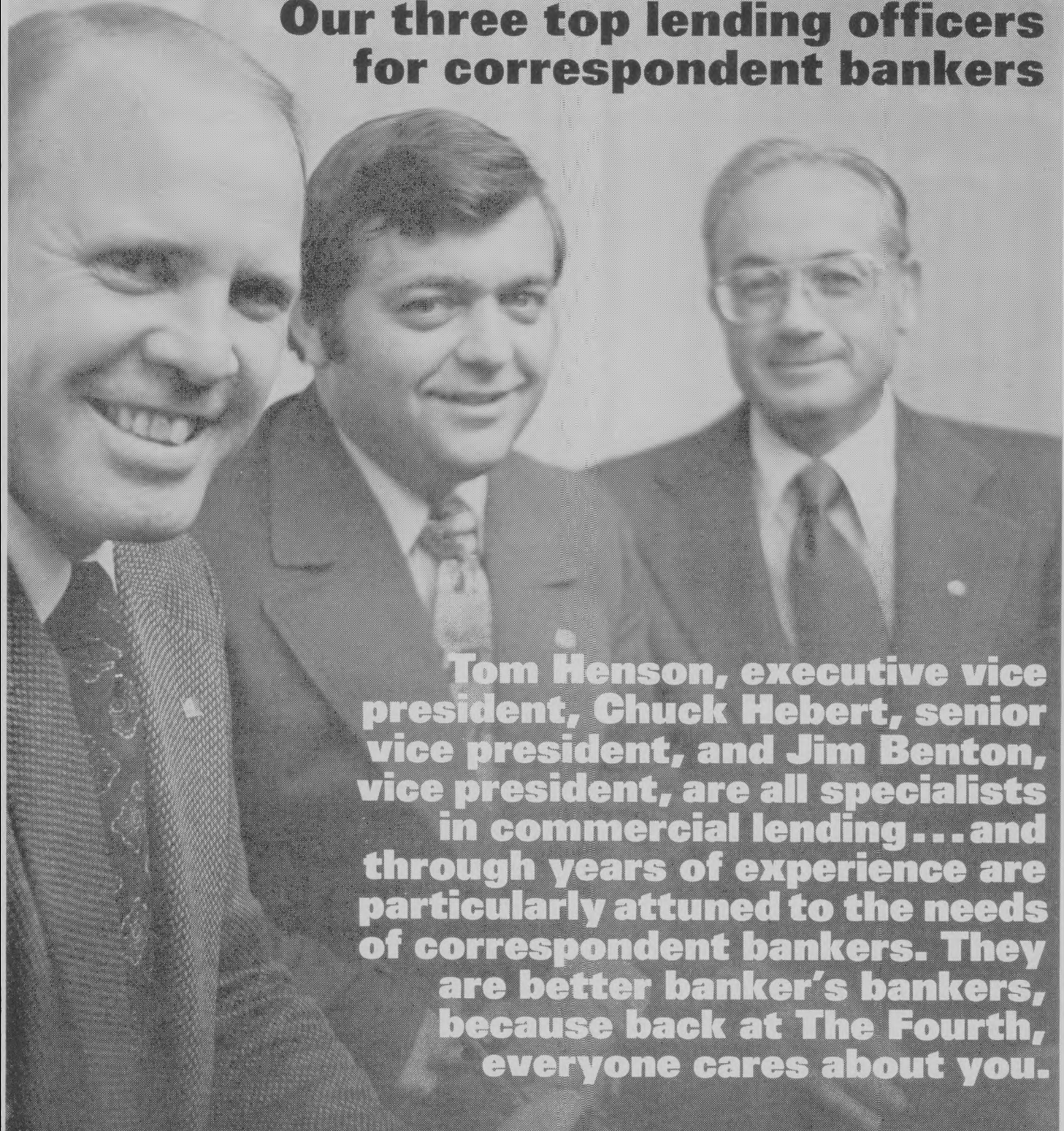
The guide explains the use of enterprise and partial budgets in evaluating farming operations.

A companion to the handbook, called "Agricultural Lenders Seminar Leader's Kit," is available. The companion piece was a joint effort between ABA and AIB. Along with the meeting leader's guide, the kit includes 12 work exercises to relate the information in the handbook to on-the-job lending operations.

Both items are available from the ABA's Order Processing Department, 1120 Connecticut Ave., N.W., Washington, D.C. 20036.

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New Challenges in Export Financing: How They Affect Commercial Banks

THE U.S. economy needs a vigorous export sector, both to pay for rising imports and to promote employment, income and the development of the nation's productive resources. During 1974, U.S. imports increased \$35 billion to nearly \$110 billion, including insurance and freight costs. The growth in exports—although substantial by historical standards—was inadequate to pay our increased import bill, and the U.S. trade balance worsened by \$8 billion.

The U.S. clearly must find a way to pay for needed resources and other imports. Some have suggested that we borrow abroad; that is, rely on capital inflows from the OPEC states and others. Others have suggested that we simply rely on dollar depreciations to bring our exports and imports into balance. Both these solutions would be extremely costly and uncertain.

A far better way to pay for needed resources and other imports is by removing artificial impediments and allowing our exports to reach their optimum level. We can then pay for our imports with exports that provide a positive stimulus to growth and innovation in the economy rather than with exports already in short supply at home.

This requires bringing to the American businessman who has products the world needs—and there are many of them who have not yet entered foreign markets—bold and imaginative financing plus a knowledge of customers and markets and ways of doing business around the world. This can be done via the Private Export Funding Corp. (PEFCO), created by Eximbank.

After an uncertain start, PEFCO has accomplished a great deal. A clear need for Pefco-type financing emerged last year, when PEFCO booked commitments amounting to over \$450 million. It looks as though 1975 may well be another banner year.

I believe that PEFCO will continue to have an important role to play. We recognize there have been pressures on the commercial banking system to reduce or at least maintain present lending levels and a reluctance on the part of commercial banks to lend longer

By **WILLIAM J. CASEY**
President & Chairman
Export-Import Bank of the U.S.
Washington, D.C.

This article is based on Mr. Casey's remarks before a recent meeting of the Bankers Association for Foreign Trade.

than five to seven years on major export projects. At the same time, we hope that commercial bankers will understand the pressures brought to bear upon Eximbank from both the private and public sectors of our economy. Times change and we at Eximbank will change with it. I am sure these changes will have a favorable impact upon PEFCO and it will grow into an effective financial partner.

Another of Eximbank's programs of great importance to the commercial banking community is the Medium-Term Discount Program, designed primarily to ensure liquidity to the private banking community. It has helped commercial banks offer the best terms, in most cases meaning a fixed rather than a floating rate.

New Steps at Eximbank

Eximbank has announced new initiatives to strengthen its support of U.S. exports, including an increase in the range within which the bank extends direct credits from 30% to 55% of the export price, as opposed to the present 30% to 45% range.

When there is no direct credit, Eximbank may guarantee as much as 85% of an export transaction.

The range within which the bank's interest rate on direct credits will be fixed has also been changed to between 7% and 9%. The previous rate was between 7% and 8½%.

The Advisory Service for Small Business and an Advisory Service on Large Projects advise businesses and banks involved in exporting on how Eximbank credits, guarantees, insurance, discounts and foreign bank credits can be used in the sale of goods abroad. Advice is also available regarding supplemental sources of financing.

Another important program is the Medium-Term Commercial Bank Guarantee Program. One of the basic goals of this program is to support private medium-term financing of capital and quasi-capital goods exports. About 300 commercial banks now participate from all areas of the country. This is especially important to the small exporter who can now turn to someone locally for assistance.

To meet the financial demands of an export trade which has jumped by almost 50% in a single year and by over 100% in two years, we will have to continue to find ways to bring new sources of funds into export financing for the longer repayment periods required by the high-technology products and the complex projects in which we excel and where we get our best margin of advantage. This may require that commercial bankers tap new sources of funds and develop new methods of pricing for the multiple creative services rendered in making possible the sale of expensive products and the development of far-flung mining, power and transportation projects.

It is interesting to note that the sources of longer-term financing domestically are not usually commercial banks. They are investment banks and insurance companies which have traditionally played a minor role in international trade. It is consequently left to the commercial banks and Eximbank to provide the bulk of the export credits. We cannot expect institutional lenders to modify their policies and move more aggressively into export financing overnight. Nevertheless in some cases we may be able, by using Exim guarantees and restructuring the loan package, to secure their participation.

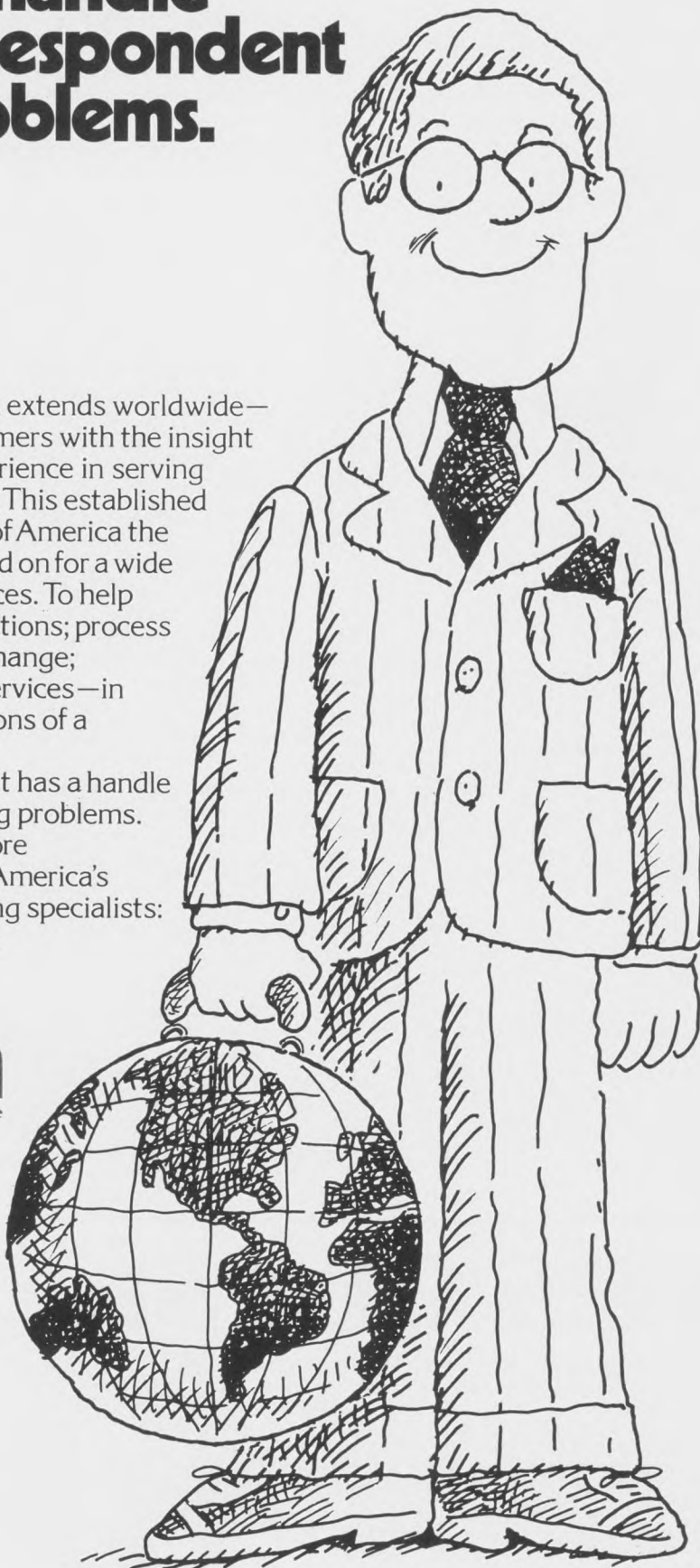
The economics of commercial banking do not prompt the banking community to meet the expected massive demand for long-term export credit. Given the short-term nature of commercial bank liabilities, it is simply not good management to tie up any significant portion of a bank's loan portfolio in long-term loans. Furthermore, there are definite limits to the commercial or political risks a commercial bank can

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take on its own. Many of the export projects are of such scale and represent such credit risks that no bank or group of banks can possibly handle them. Interest rates alone cannot overcome these restraints.

Exim at present is the only regularly available direct source of substantial long-term funds for large U.S. capital goods exports. It also facilitates greater availability of longer-term commercial credit through its guarantees.

My own conclusions in looking at these financing patterns is that U.S. commercial banks should take the initiative to manage and put together an entire export financing package, supervising both the guaranteed and non-guaranteed portions and including our direct loan participation where necessary in order to complete the package.

PEFCO should play an important role in this activity because the banks will be able to decide how much should be laid off with PEFCO, an institution that has already set up the necessary mechanism for seeking non-bank institutional funds. If necessary, they should also work with investment bankers to place portions of the loan with institutional investors. Preferably, this should be done on a fee basis which will then be reflected in the overall blended cost of borrowing to the obligor.

The experiences we have had in recent months demonstrates the need to find new sources of long-term money to put together the huge amounts which must be mobilized if sound projects which can overcome shortages around the world are not to be aborted.

Two major possibilities should have your interest and assistance. One is that of bringing the huge accumulation of capital piling up in the oil-producing states into productive investment in third-world countries. The OPEC countries have been establishing international investment funds and I believe they will be ready to participate in fi-

ancing large projects in nearby countries, and eventually anywhere, in which western equipment and technology can be brought together with local labor and resources by the financial and marketing expertise which we can contribute.

This will require a lot of imagination and ingenuity and a lot of patience and perseverance, but I strongly believe this is the future course of the international economy.

What Eximbank and commercial banks can contribute to this process is a share of the financing and experience in assessing and shaping up self-supporting projects and the confidence imparted by risking our own money along with that of the OPEC nations. And they, by directly participating in this kind of economic cooperation, will not only be putting capital to work profitably but will be developing their own industrial and financial expertise as well as experience which will help them carry out their program to diversify their own economies.

The other possibility is that of bringing long-term institutional money into financing larger projects abroad. U.S. commercial banks have the capability to manage and put together an entire project financing package overseas, supervising both the guaranteed and non-guaranteed loans from the commercial banks and Eximbank as well as institutional and offshore sources as needed to mobilize the necessary funds and maturities.

Projects of this nature take imagination, perseverance and a lot of cooperation and understanding, and I can assure you that Eximbank will give its highest priority to cooperating and working closely on projects of this type. ••

Blood Check Program:

Life Underwriters Assn. Cites Bank for Its Help

Suburban National, Palatine, Ill., has received a letter of commendation from the Elgin-Area Life Underwriters Association for its assistance in the association's area blood pressure checkup program.

The bank and certain other financial and business establishments were the sites for almost 3,000 checkups taken over a two-day period by nurses and medical personnel.

The project, termed "a huge success," is an annual undertaking by the Life Underwriters Association, with over 144 members in the northwestern Illinois communities. A bank spokesman indicated that Suburban National will serve as local headquarters for the program next year.

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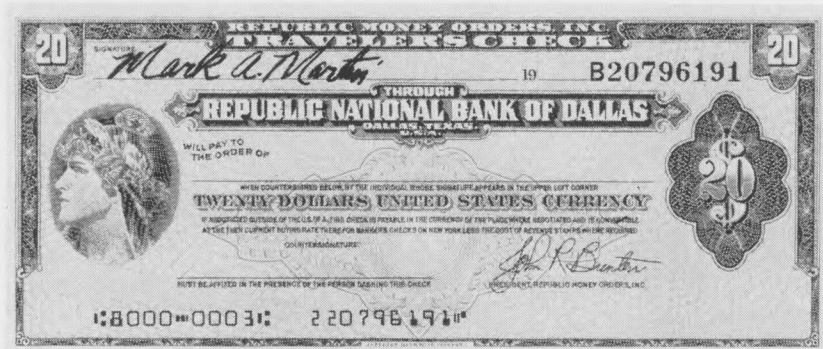
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Is There a 'Boom' in the Future For International Banking?

THE LONG TERM outlook for international banking is described as "booming" by 40% of the banks surveyed recently by MID-CONTINENT BANKER. Although an additional 50% of the respondents avoided the term "booming," they agreed that international banking activities will grow through the years.

Predictions for the short term, however, were mixed. Thirty percent foresee a "booming" short term, another 30% predict moderate growth and still another 30% consider the short-term outlook for international banking to be leveling off.

But, no matter what terminology is used, the managers of the leading international banking departments in the Mid-Continent area generally agree that the only way to go is up as far as their business is concerned.

Other portions of the questionnaire that could be tabulated revealed the following:

- All respondents provide foreign exchange services, while about 80% provide Eurocurrency services.
- Some 80% of the respondent banks are taking overseas exposure, the majority for the short term.

Reasons given why banks take these

By **JIM FABIAN**
Associate Editor

exposures included: To meet the demands of customers, to generate earnings for stockholders, to promote international trade and because it is a sound practice.

International banking departments participate in numerous activities to promote world trade, including world trade conferences; luncheons at which the bank hosts representatives of foreign nations; seminars, briefings and meetings with government leaders, bankers and businessmen; membership in international trade associations and active participation in their programs; and advertising campaigns in domestic and foreign publications.

Liberty National, Louisville, has been active in introducing new participants into the international marketplace, according to George A. Collin Jr., vice president, international division. Companies throughout the bank's trade area that have not exported recently due to the complexities of the past are being re-introduced to the marketplace by bank representatives.

Firms with excess production capacity are encouraged to channel that capacity into overseas sales through markets pinpointed by the bank.

By utilizing the division's correspondent network, Mr. Collin said, the seller is placed in contact with the buyer, the result being that all parties eventually benefit. An effort is made to coordinate such activity with the bank's downstream correspondent, resulting in a joint effort by the financial institutions involved.

Commerce Union Bank, Nashville, sponsors seminars on international trade that include such topics as: How to market your products overseas; How to quote terms of sale; How to finance exports; How to transport your products; DISCs and their advantages to the exporter. The bank also publishes a monthly newsletter for customers.

International banking departments hold memberships in various organizations promoting foreign trade. For instance, First National of Chicago's deputy chairman, A. Robert Abboud, was honorary chairman of the 38th annual Chicago World Trade Conference. First National also is active in the Bankers' Association for Foreign Trade, Chicago Association of Commerce & Industry and other organizations.

Also in Chicago, Continental Illinois National's international department head, Alfred F. Miossi, maintains memberships in the Bankers Association for Foreign Trade, National Foreign Trade Council, World Trade Council, Mid-American Council for International Economic Policy, Chicago Council on Foreign Relations, U. S. Council of the International Chamber of Commerce, Private Export Funding Corp., Export-Import Bank of the U. S. and the French, Mexican, Swiss-American and Norwegian-American chambers of commerce of the U. S.

Typical international banking assistance given to downstream correspondents by international banking departments includes this list, reported by Julius O. Toma Jr. at Union Planters National, Memphis: trade inquiries, credit inquiries, Eximbank and FCIA transactions, translation services, foreign exchange, travelers checks in for-



Participants at recent export seminar in Knoxville, Tenn., sponsored by Commerce Union Bank, Nashville, the University of Tennessee and Valley Fidelity Bank, Knoxville. Purpose of seminar was to inform customers of Valley Fidelity how they could locate new overseas markets. Commerce Union provides Valley Fidelity's customers with international banking services through a correspondent relationship. From l. are R. Neal Culver, pres., Valley Fidelity; Dr. Gary N. Dicer, University of Tenn.; J. Dewey Daane, v.-ch., Commerce Union and Tennessee Valley Bancorp.; Dr. Eugene A. Leonard, 1st v.p., St. Louis Fed; and Jerre R. Haskew, e.v.p. & mgr. international dept., Commerce Union.

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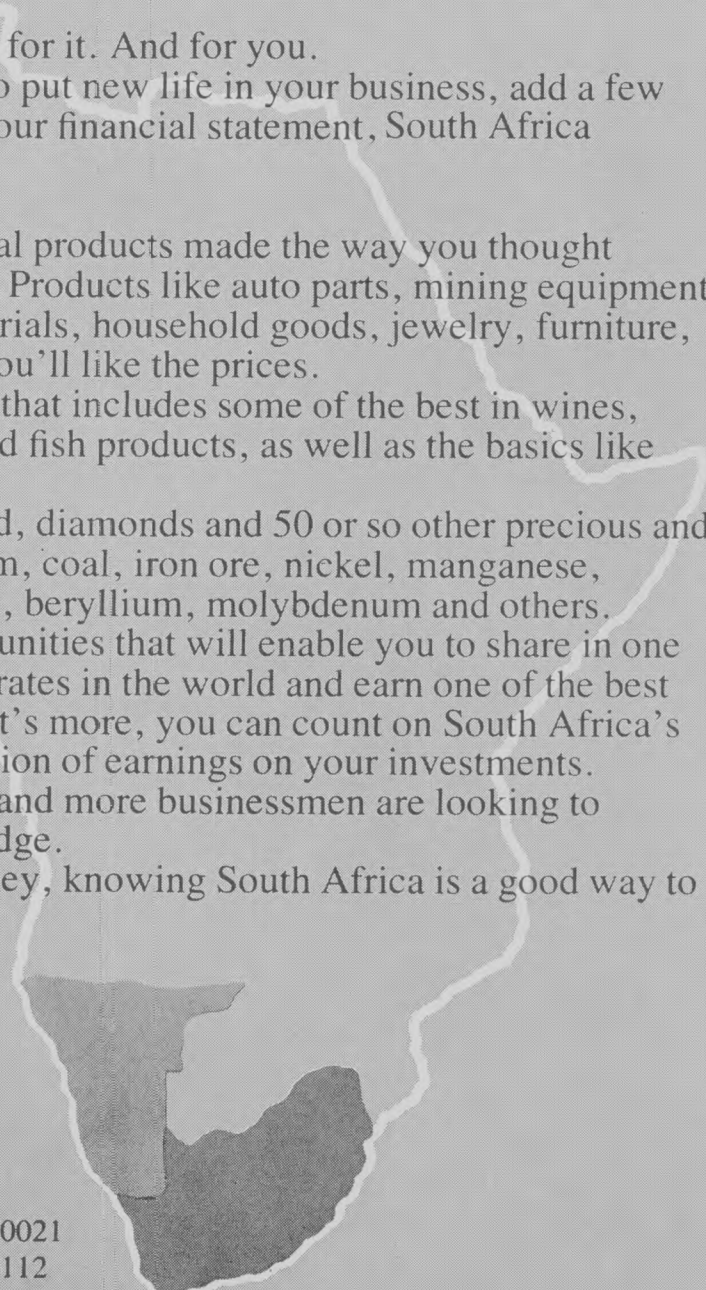
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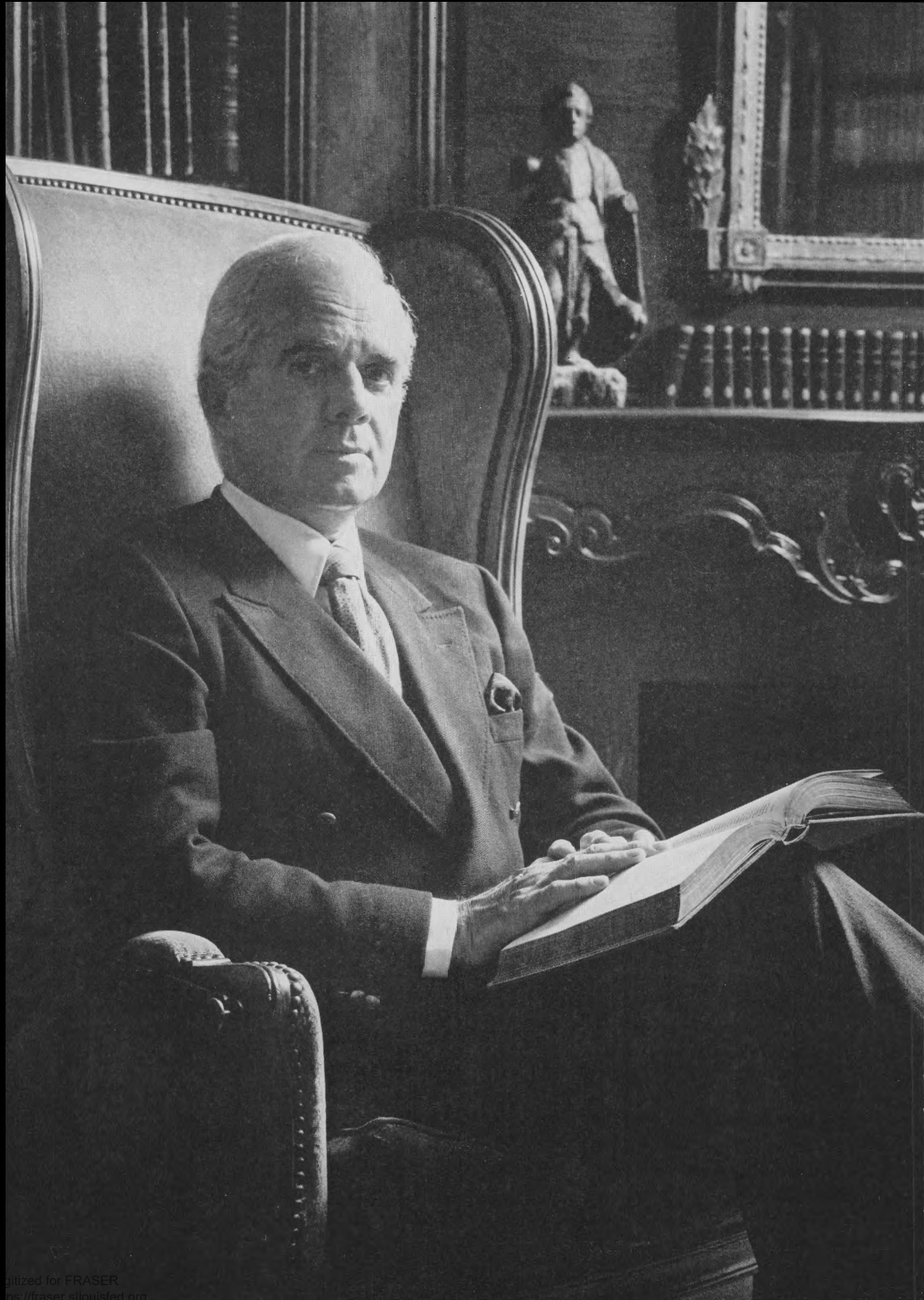
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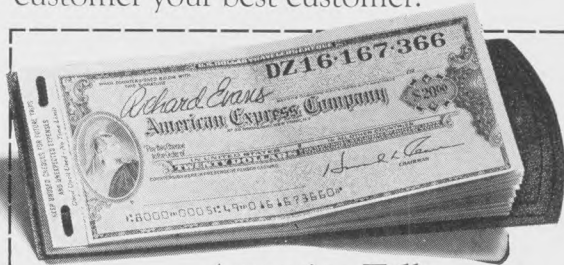
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More specialized assistance is given to downstream correspondents by border banks, such as State National, El Paso, which offers clearing for immediate payment of Mexican instruments denominated in either dollars or pesos as opposed to a cash collection or straight collection procedure. In this way, according to Abel D. Tellez, assistant vice president, the bank can save its downstream correspondents as much as 10 days' availability on foreign funds into Mexico.

As a case in point, State National recently assisted a Denver bank with a number of Mexican items reduce its float on the items by about 10 days. Previously, this bank had been sending all Mexican items on a collection basis, which took up to 20 days. It now enjoys recuperation of its funds in about six days.

Continental Bank assisted a downstream correspondent that had a customer who had entered into an agreement to export a product over an 180-day period. The exporter had been informed that the documents should be forwarded to the buyer under a collection item which would include a draft drawn on the buyer for the 180 days. The exporter told his bank that he was short of funds in view of the fact that he was carrying the item. The correspondent bank determined that it could not assist the exporter with a loan but it took the problem upstream to Continental, where it was decided that the correspondent could draw a draft on Continental for the 180-day period, thereby providing funds for the correspondent to cover its customer's needs.

A correspondent of Liberty National, Louisville, reported that its community

was in difficulty because a major employer had laid off employees due to lack of sales. A meeting was arranged between the correspondent and trade specialists at Liberty that resulted in the development of an Australian market for the troubled firm. Approximately 50% of the laid-off workers were called back to their jobs, thereby averting economic catastrophe for the area.

International bankers were asked to express their views about foreign banks establishing offices in the U. S. in increasing numbers. There was general agreement that there would be no opposition to this practice, providing there is reciprocity and that foreign banks are subject to the same regulations that U. S. banks are. The development was seen by some bankers as a means to enhance competition and provide better service to firms doing business in the U. S.

When asked what domestic banks should do to enable them to cope with foreign bank incursions, one banker said domestic banks should strengthen and upgrade their services to better enable them to compete with the increasing numbers of foreign banks. Another banker saw no need for protective regulation enactment as long as foreign banks are not given a defined regulatory advantage over domestic banks. Another replied that non-discriminatory treatment should apply for both U. S. and foreign banks having branches in the U. S.

There is little doubt that the international departments of U. S. banks are actively participating in providing services for customers that often cannot be obtained elsewhere. If international banking departments continue their vigorous promotion of customer services as they are now doing, there is little doubt that the future will be "booming"! • •



"The People Place," a park near First Nat'l of Tulsa's headquarters tower, which is under construction, has been dedicated to city by bank during former's 80th year. Hundreds attended ceremony, which took place near this Harry Bertoia-sculpted fountain. Park is intended as focal point for rejuvenation in downtown Tulsa.

Park Dedicated to Tulsa In City's 80th Year

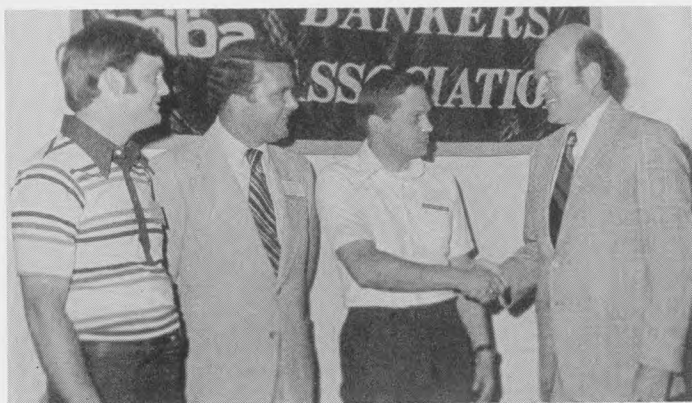
First National, Tulsa, has dedicated "The People Place," a park in one of the downtown area's busiest sections, to the citizens of Tulsa. In addition to being a gift to the people during Tulsa's 80th year, the park complements the nearby First National Tower.

Several hundred people attended the dedication ceremonies for the park, which is landscaped and has two pieces of sculpture, one by American Harry Bertoia, and the other by Gottfried Honegger of Europe.

The dedication ceremonies featured Ron Wheeler conducting the Tulsa Youth Symphony and Laven Sowell directing the Modern Choir. John L. Robertson, bank president and chairman, was one of the event's featured speakers.

Following the ceremony, guests were given free refreshments and "Money Plant" seed packets.

Missouri Young Bankers Seminar Features State, National Leaders



LEFT: William C. Phelps (r.), Missouri lieutenant governor, congratulates Kenneth R. Tiermeyer, vice president, Colonial Bank, Des Peres, new vice chairman of Missouri Young Bankers at group's annual seminar last month. Others in photo are John W. McClure (l.), assistant vice president, Mercantile Trust, St. Louis, new young bankers chairman,



and Michael G. Harper, vice president, Plaza Bank, Kansas City, immediate past chairman. RIGHT: Speakers on Young Bankers program, held at Tan-Tar-A Resort, included Congressman Jerry Litton (l.) and Richard J. Pflöging, president, Bank of St. Ann and president, Missouri Bankers Association.

Know how. And plenty of it.



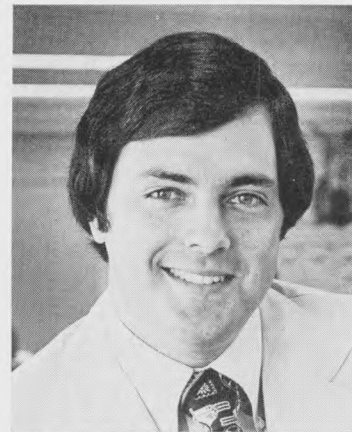
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Declaration of Independence Gets 'Second Signing' At Bicentennial Observance

Banks' Celebrations Include Publication of Books On Nation and Own Regions, Exhibits, Premiums

By ROSEMARY McKELVEY
Managing Editor

FROM NEW ENGLAND, where the American Revolution started, to the West, banks have started or are planning to begin celebrations of our nation's bicentennial.

After the trauma of Watergate and a subsequent decline (hopefully, only temporary) in patriotic feeling among Americans, it's fortunate that a milestone such as the 200th birthday of the United States has come along. By looking back over the past two centuries, we can see that our country always has had setbacks, that each generation has experienced unhappiness, perhaps despair, at events that unfolded during their lifetimes. Yet our country and its people have had enough resiliency to pick up the pieces and put them back together again. In fact, just before the nation's centennial in 1876, the Grant Administration was marred by exposure of scandals involving cabinet members, the President's own secretary and a number of congressmen. Therefore, although Watergate was unique in that it resulted in the first Presidential resignation, it has not been the only instance of corruption in the federal government.

Thus, the bicentennial provides an opportunity to focus on the things that have made our country great, rather than on its shortcomings, and banks can help by planning various ways to celebrate the nation's 200th birthday.

For instance, Hamilton First National, Oak Ridge, Tenn., held "The Second Signing of the Declaration of Independence," which featured a giant blowup of the historic document on simulated parchment. The 4 x 10-foot enlargement was mounted on the wall in the Main Office and was flanked by red, white and blue bunting.

Customers and prospects were invited—through news stories and ads—to go to the bank and "rededicate themselves to the principles of our great nation through the symbolic act of signing under the names of our nation's leaders." The response was overwhelming, said a bank spokesman, with hundreds of people taking part.

To stimulate interest in the event, Hamilton First National offered a choice of a framing reproduction of the Declaration of Independence on heavy parchment or an authentic reproduction of the famous "signature" steel

engraving of George Washington, suitable for framing. The first 100 signers were given a limited-edition portfolio of six 9 x 12 reproductions of historical steel engravings.

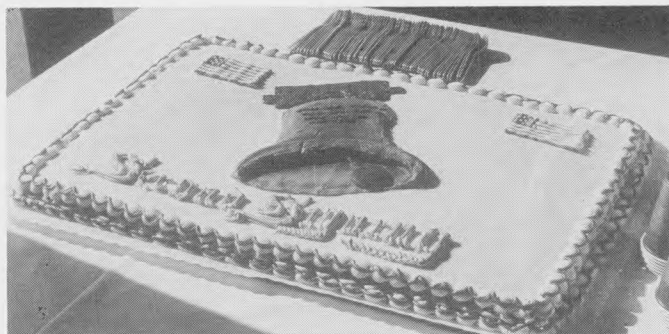
The three-week "Second Signing" event was started in late April with standing-room-only opening ceremonies attended by the mayor, city and county officials and area civic leaders. After brief remarks by the bank's president, James Young, and elected officials, the crowd was treated to pieces of special "Liberty Bell" cake created by a local baker and other refreshments provided and served by women employees of the bank.

"The involvement of the entire community was gratifying," said Mr. Young, "but we were just as pleased by the involvement and interest of our own 'bank family.' Our marketing director, Jack Pope, served as chairman, and everyone in the bank participated in the invitations, decorations, refreshments, souvenirs and in presentation of the program."

Mr. Young added that the celebration brought hundreds of prospective customers into the bank and resulted in unprecedented community involve-



Jack Pope, marketing director, Hamilton First Nat'l, boosts five-year-old Oak Ridge resident up so she can add her name to Declaration of Independence reproduction.



LEFT: Visitors to Hamilton First Nat'l, Oak Ridge, Tenn., line up to sign giant reproduction of Declaration of Independence following official opening of bank's "Second Signing" bicentennial event. RIGHT: This red, white and blue cake was especially designed by local baker for Hamilton First's bicentennial celebration. It features Liberty Bell and American flags.

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Hamilton First National will be running special bicentennial merchandise events throughout the year for the general public, plus historical poster and essay contests for school children. Mr. Young pointed out that "a lion's share" of the bank's ad budget is going into weekly historical newspaper ads featuring old woodcuts and steel engravings, plus twice-daily historical 60-second radio stories.

In the historic city of Boston, the National Shawmut Bank is observing the bicentennial by sponsoring a neighborhood exhibit project to reinforce the bank's commitment to its city and the people who live in its communities.

The 19 exhibits, labeled Boston 200, are being sponsored throughout Boston to portray the unique character and history of the various neighborhoods. The displays were developed by Boston Architectural Center students and local community residents and carry such names as: "Beyond the Bricks" (Beacon Hill); "Black Church in Boston" (Black Church of Roxbury); "Reflections" (Chinatown); "Dorchester's Industrious Citizens" (Dorchester/Codman Square); "An Identity Emerges" (Fenway); "The Suburb Superb" (Roslindale); "South Boston Is My Home Town" (South Boston); "Pathway to the Sea" (waterfront) and "Old Ideals and New Ideas" (West Roxbury).

Another Boston bank, First National, has reissued a 74-page book called "The Lexington-Concord Battle Road, April 19, 1775." The original edition was published in 1960 by Old Colony Trust, now the Old Colony Division of First of Boston, and there was a second printing in 1961. The book details the events leading up to and including the historic date of April 19, 1775, which marked the official beginning of the American Revolution, contains a detailed map of the Lexington-Concord battle road and features many photos and drawings of events, buildings and people of that time and area.

In addition, First of Boston put a four-color insert, "The Spirit of '75," in its 1974 annual report. The insert, which can easily be removed from the report, gives brief highlights of "the more important overt acts that led up to the first fighting of the American Revolution—at Lexington, Concord and Bunker Hill." It contains pictures of the old State House, old South Meeting House, Christ Church (old North Church), with Paul Revere's statue in the foreground, Paul Revere's house, Lexington Green, the reconstructed North Bridge over the Concord River and the Bunker Hill Monument, as well as reproductions of engravings (one by



Girard Bank, Philadelphia, has adopted this symbol as part of its bicentennial observance and also to promote city and its many attributes. Benjamin Franklin, Philadelphia's most famous historical figure, is profiled at left, while Liberty Bell and quill pen also can be seen. Athletic symbols are balanced above city's name.

Paul Revere) and paintings of people and places of those times.

First of Boston, by the way, traces its lineage back to 1784, when the Massachusetts Bank opened. This bank's charter was signed by Senate President Samuel Adams and approved by Governor John Hancock. Its early customers were men whose names are linked to the new nation's first years.

Philadelphia is another city very much associated with the Revolutionary War era. One of the banks there—Girard Bank—has undertaken two programs to date: the Philadelphia Shoppe and the official bicentennial souvenir book of photographs, "Philadelphia, U.S.A."

The Philadelphia Shoppe, located at 1413 Chestnut Street, carries collector, fashion and souvenir merchandise bearing a new Philadelphia symbol, designed by Frank Nofer, Inc., a Philadelphia design studio. This symbol incorporates the word Philadelphia with drawings of Benjamin Franklin's profile, a quill pen, the Liberty Bell, a lobster, a sailing ship and such sports equipment as a baseball, football, basketball, etc. Its objective is to show the city's many attributes.

For the opening of the Philadelphia Shoppe, "Benjamin Franklin," assisted William B. Eagleson Jr., chairman and president, Girard Bank, and a representative of the city, cut the ceremonial ribbon—tails of two Philadelphia kites joined together. Then the city's repre-

sentative made the first purchase, a kite sold by Mr. Franklin.

Mr. Eagleson said the Philadelphia Shoppe carries an initial inventory of 25 items in various price ranges. He hopes the Philadelphia products will encourage all residents to take pride in their city and display a Philadelphia product in their homes. If the shop produces a profit, the bank will use the money to help underwrite other bicentennial programs.

The souvenir book is a hardbound, 9 x 12-inch book on Philadelphia, past and present. It contains 128 pages and 157 photos and illustrations, 100 of them in full color. The text is in English, Spanish, French and German. The book is being sold in bookstores.

First National of Nevada, headquartered in Reno, is observing the bicentennial by publishing what it calls the first classic, illustrated folio of the entire state ever produced. The 200-page book will feature full-color illustrations of Nevada's past and present—its people, flora, fauna and dramatic history.

The bank has commissioned Robert O. Beatty, author and editor of the best-selling book, "Idaho—a Pictorial Overview," to put the book together. Mr. Beatty is a former assistant secretary, U. S. Department of Health, Education and Welfare, under Elliot Richardson.

First of Nevada's book tentatively will be called "Nevada—Land of Discovery," will be 11½ x 14½ inches in page size and 192 pages long. It will be offered by mail initially to bank customers through First National's 43 state-wide offices at a 40% discount from the bookstore price. A limited number of the first printing (in mid-1976) of 25,000 copies will be made available to the general public through regular book-trade channels.

"Our intention," said Mr. Beatty, "is



Mississippi A Great Place To Live

A friendly smile is still a familiar sight to see in Mississippi. And with good reason. The people of Mississippi have plenty to smile about.

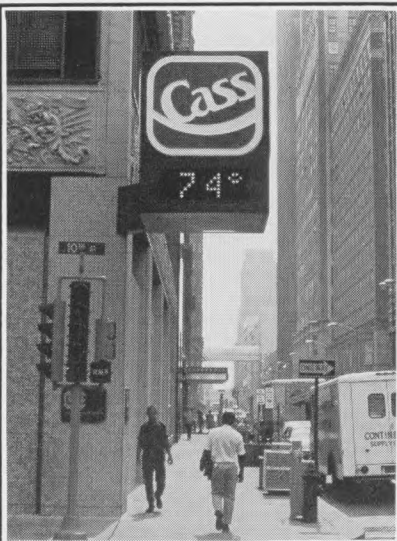
They're proud of their State's natural beauty and abundant resources like timber, minerals and clean water. They know the best is yet to come for Mississippi and its people. 🌳 And the people at First National Bank stand ready to help Mississippi reach its potential. 🌳 After all, First National has been helping Mississippians put money to work in their State since 1889. 🌳 We think Mississippi is a great place to live. If you want to find out more about Mississippi, its people and its resources, First National is the best place to get the story.



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Jackson, Mississippi Member FDIC

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Commercial National Bank, Greenville/Leland; First National Bank, McComb;
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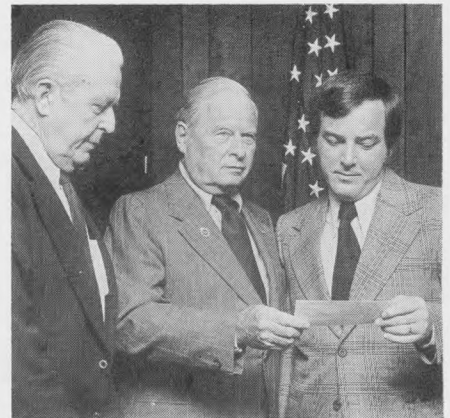
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to portray every section of these 110,000 square miles of rugged and little-known part of the West, with emphasis on the great outdoors. We plan to produce the book in a form and style that will make it memorable as a keepsake or a gift and as a reference work for schools and libraries throughout the nation—especially the West."

National Boulevard Bank of Chicago's bicentennial plans include the offer of a 14-inch bicentennial electric wall clock for \$7.95 and a \$300 deposit in a new or existing 5% passbook account that remains in the bank for at least a year. According to the bank, the clock is a reminder of this country's colonial heritage because of its eagle and shield symbol and distinctive 1776 scroll.

A look toward the future is the unusual bicentennial approach being taken by Liberty National, Oklahoma City. Its program, which began July 4, is built around the theme "Second 200" and consists of a contest that asks the public to write in 200 words or less their thoughts on the best ways to preserve personal liberties, individual freedoms and independence during the nation's second 200 years.

"We think the bicentennial should be more than a fashionable backward reflection on the last two centuries," J. W. McLean, the bank's chairman and CEO, said. "A 'sense of history' is useful, of course, but the past is his-



Henry G. Blanchard (c.), ch., Commercial Nat'l, Kansas City, Kan., sells a new bicentennial-design series E savings bond to KCK Mayor John E. Reardon (r.) while Harlan Potter looks on. Mr. Blanchard is Wyandotte County savings bond chairman, and Mr. Potter, president, Midwest Metal Products, is 1975 "Take Stock in America" chairman for the KCK area. The first-sale ceremonies took place in the office of the mayor, who proclaimed the month of May as Savings Bond "Minute Man" Month. The "Minute Man of Concord" has been the savings bond symbol since the E bond was originally issued in 1941. Issuance of the bicentennial-design E bond—which will remain on sale through 1976—commemorates both the start of the Revolutionary War in 1775 at Lexington and Concord, Mass., and the 34th anniversary of the bond program.

tory, and Liberty is much more concerned about the history that will be written during the next 200 years and how we can benefit from the lessons learned during the last 200 years."

According to Willis J. Wheat, senior vice president and director of marketing, the contest will run for 200 days, ending January 19, 1976. Two hundred winners will share cash awards in excess of \$10,000. Judging will be by the Oklahoma Council on Economic Education on the basis of legibility, originality, creativity and a real contribution to the preservation of personal liberties, individual freedoms and independence.

Citizens National, Bowling Green, Ky., as a prelude to the bicentennial, has released a commemorative plate, one of which was given to the Smithsonian Institution in Washington, D. C.

As a second part of its bicentennial salute and in conjunction with the Bowling Green-Warren County Historical Society, Citizens National has commissioned a limited-edition numbered pictorial guide. The objective, said a bank spokesman, is to help preserve the region's rich heritage.

The guide, "Citizens Pictorial Guide of Bowling Green," is being distributed for \$3 a copy through the bank's offices and the Historical Society, with the society to receive a portion of the proceeds.

First National, Little Rock, tied in

LIBERTY LAUNCHES THE SECOND 200

THE SECOND 200 YEARS
We mark our way to a bright 200. The celebration is a time to share the spirit of our nation's past and to look forward to a bright future. Liberty National is sponsoring a contest to celebrate the nation's second 200 years.

THE SECOND 200 CONTEST
We are seeking the best ideas for preserving personal liberties, individual freedoms and independence. During our second 200 years.

ENTER IN 200 WORDS OR LESS
Write in 200 words or less your thoughts on the best ways to preserve personal liberties, individual freedoms and independence during the nation's second 200 years. Prizes will be awarded to the best entries.

100 CHANCES TO WIN
There will be 100 winners and every winner gets a \$100 prize. The grand prize is \$10,000. Prizes will be awarded to the best entries. Prizes will be awarded to the best entries.

CONTEST LASTS 200 DAYS
The contest lasts 200 days, from July 4, 1975, to January 19, 1976. All winners will be announced July 4, 1976.

HERE ARE SOME IDEA STARTERS
How can we better preserve the spirit of our nation's past?
Are there traditions we should preserve that have become obsolete?
What are the most important economic activities that have developed since the nation's founding?

LIBERTY
THE BANK OF MID-AMERICA

401 N. Second St., Oklahoma City, Oklahoma 73102
P.O. Box 2044 (MS) 731-1614
Oklahoma City, Oklahoma 73121

Fill in and send to: Liberty National Bank, 401 N. Second St., Oklahoma City, Oklahoma 73102.
Name _____
Address _____
City _____ State _____ Zip _____

Ad for Liberty Nat'l, Oklahoma City, describes bank's "Second 200" bicentennial approach.

the grand opening of its new building this month with the nation's bicentennial by featuring a bicentennial family vacation as the opening's grand prize. During the three-day open house, visitors registered for the prize in the lobby. The winner received a round-trip, eight-day vacation—to be made available next year—to Boston, Concord, Lexington, Newport, New York City, Philadelphia, Washington, D. C., and Williamsburg. The bank will pay all transportation, meals, tours, fees and tips.

Chase Manhattan, New York City, will co-sponsor—from March through September, 1976—an exhibit at NYC's Whitney Museum on "200 Years of American Sculpture." • • •

In Texas:

Teachers Receive Grants; Further Study Possible

Fort Worth National has awarded fellowship grants of \$1,000 each to two outstanding career teachers in the Fort Worth public schools. Purpose of the grants is to assist them in furthering their studies in specific educational fields.

The recipients were Marvin Boyd, a fifth grade teacher, and Dale Young, an eighth grade social studies teacher.

Fort Worth National also will present a \$1,000 Series E savings bond to the Fort Worth Classroom Teachers Assn. Teacher of the Year. That presentation will be at a later date.

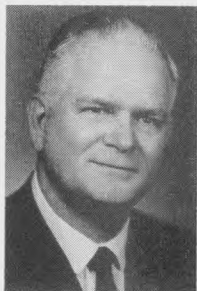
This is the seventh year that the bank has awarded career teachers, who must utilize the funds for advanced study. To be eligible for the award, a teacher must have taught in the local public school system for at least three years, must plan to work toward an advanced degree or do research, must be recommended by his or her principal and must be a Fort Worth Classroom Teachers Assn. member. A committee appointed by the association chooses the winners each year.

Richard A. Mason (r.), sr. v.p., Fort Worth Nat'l, presents \$1,000 fellowship awards to local public school teachers Marvin Boyd (l.) and Dale Young. Award cites them as outstanding career teachers in area, are presented annually by bank to help further teachers' studies. Both men are working on doctorates.



Edward Herbert Named President Of RMA's Southeastern Chapter

Edward Herbert, first senior vice president, First Alabama Bank, Montgomery, has been elected president, Southeastern Chapter, Robert Morris Associates. Membership consists of 850 senior commercial loan officers and credit executives from 255 banks in eight southeastern states.



HERBERT

The chapter's new vice president is M. G. Sanchez, executive vice president, First National, Pompano Beach, Fla. Its new secretary-treasurer is W. E. Ayres, senior vice president, Simmons First National, Pine Bluff, Ark.

Financial Advisory Services Offered by FNB, Dallas

DALLAS—First National has announced the formation of a financial services division to provide financial advisory services to firms concerning private placements, mergers and/or acquisitions.

Named vice president in charge of the division was Thomas O. Hicks, who has been with the bank since 1974, coming from Foster Management Co., Inc., New York. Mr. Hicks is also president of First Dallas Capital Corp., bank owned small business investment corporation.

In Colorado:

Mr. Eisenhower Smiles On Local Blood Donors

In conjunction with a local radio station, Central Bank, Denver, has sponsored a "Holiday Donor" drive for the Belle Bonfils Memorial Blood Center.

During the drive, any donor between the ages of 18 and 65 received a note of thanks from the center which was redeemable at Central Bank for a new Eisenhower dollar. A free bus ticket for transportation to the bank also was given to blood donors.

Edward Roddy Dies

Edward J. Roddy, director of the FDIC's division of bank supervision since 1971 and the agency's top-ranking career man, died last month after an illness of several months. He had been with the FDIC for 28 years. He was 54.

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Nation's Banks Launch Bicentennial Observances

AS THE nation's bicentennial draws closer, banks in many areas are making plans for their own celebrations and, in some cases, have already held at least one special bicentennial-related observance, according to a MID-CONTINENT BANKER survey.

The vast majority of banks contemplating bicentennial events have not finalized details at this writing, but following are brief reports on those that have definite plans.



Fair Park National, Dallas, began its bicentennial program last month and expects to continue it through 1976.

According to Mrs. Sue Smith, advertising director, the bank is presenting daily programs reflecting the nation's history on a local radio station. In addition, an in-bank display of historical flags is being staged, to be followed by other monthly displays of various topics related to the bicentennial.

The bank plans to distribute bicentennial-related materials by means of statement stuffers. One such item will be a historical flag chart, which will relate to the flag display in the lobby.

The bank is including bicentennial messages on all checking account statements. These messages replace commercial messages usually carried on the statements. In addition, the bank's quarterly statements will be designed with a bicentennial motif and they will be mailed to customers in special bicentennial envelopes.

A bicentennial emphasis will be given to the bank's 1975 annual report. A contest will be held to encourage art students to prepare bicentennial-related art to be used to illustrate the annual report.

But that's not all. Fair Park National expects to convert its in-bank travel booth into a bicentennial booth, complete with audio-visual presentations, and the bank's drive-in window display boards will feature posters obtained from the National Bicentennial Committee.

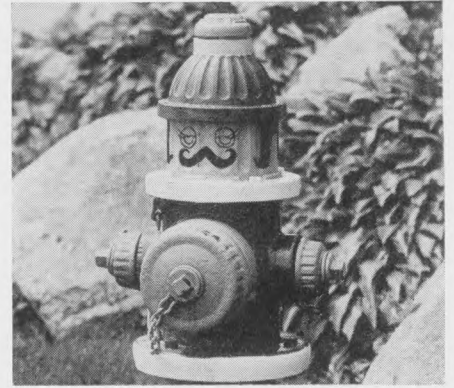
Mrs. Smith says the bank is keeping in touch with the Dallas Bicentennial

Committee in an effort to coordinate its activities with those of the committee.

According to Mrs. Smith, bank management hopes that bank customers will be made to feel the real significance of the bicentennial through the bank's observance. "If we can in any way rekindle the real Spirit of '76, then we will have accomplished what we really intended," she says.

Summit & Elizabeth Trust, Summit, N. J., has already completed its bicentennial program, which was held in conjunction with the opening of a new branch office. Decor at the office is early American and the office is located on the site of a Revolutionary War battle—the Battle of Springfield, N. J.

A large selection of bicentennial-related premiums was offered during the month-long celebration, most of which were items of stoneware decorated with American flags and eagles. Those depositing \$200 in a new or existing savings account could take a stoneware



This is how the fireplugs in Elkhart, Ind., appear after being painted in any of 52 designs as part of the bicentennial celebration and city beautification program sponsored by Citizens Northern Bank.

tankard, jug, mug, bell or salt and pepper set home with them. Those depositing \$5,000 or more had a choice of a stoneware pitcher and basin set, a three-piece jug set or a large canister. All deposits must remain at the bank for a year or a charge will be made for the premium selected.

Everyone attending the opening was given a set of notepaper featuring colonial scenes and was eligible for a \$500 savings account sweepstakes prize.

Jeffrey F. Willmott of the bank commented that "our area is very historically oriented and as such our program fits very well with the local historical society approach and general attitude of the residents. We expect a great deal of goodwill from this promotion, in addition to new account dollars."

Citizens Northern Bank, Elkhart, Ind., has come up with the unique idea of having the city's fireplugs painted to resemble Revolutionary soldiers and statesmen costumed in colonial attire. The idea came from Paint a Plug for America, a firm in South Bend, which has copyrighted the concept.

The fireplugs are called "silent sentries" and, according to bank President William R. Strawser, the painting of fire hydrants is much more than a beautification project. "It is a lesson, an important vehicle for fostering civic pride through historical remembrance, as well as community involvement through a people project."

Residents will be authorized to do the plug painting by the bank. Mr. Strawser further commented that the bank found this means of celebrating the bicentennial both a meaningful and

BICENTENNIAL GRAND OPENING

SHORT HILLS BRANCH
OF

SUMMIT AND ELIZABETH
TRUST COMPANY
May 31 thru July 3, 1975

Located at 26 Morris-Essex Turnpike, Summit, N. J.



Come On In . . .
There's Something In It For You

Colorful brochure commemorating bicentennial-related opening of Short Hills Branch of Summit & Elizabeth Trust Co., Summit, N. J., featured Uncle Sam's top hat and offered numerous stoneware premiums.

MID-CONTINENT BANKER for July, 1975




Small part or big part?

This small part plays a big part in correspondent banking today. Just as we've played a big part developing collection systems that reduce float and increase profits. For we know a bank's performance isn't just a matter of size. It's a matter of innovation. That's one thing we've learned these past one hundred years.

We're First National Bank in Dallas, with over \$4 billion in assets. Through our experience and the correspondent services we offer, we can play a big part in the growth of your bank, too. For more information call our Correspondent Banking Division. **You learn a lot in 100 years.**

First National Bank in Dallas

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MID-CONTINENT BANKER for July, 1975

61

LARGEST IN MICHIGAN



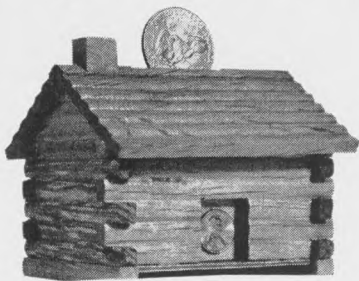
NATIONAL BANK OF DETROIT

assets over
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1776 \bowtie BI-CENTENNIAL \triangleleft 1976

Log Cabin Bank



Made in USA of assorted woods

This Lincoln Replica Coin Bank is truly a Collector's Item! An exceptional incentive for new customers, and for upgrading savings accounts. Priced as low as 1.50 each in quantity.

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exciting way to participate. "This is a real 'people's project,'" he said, "allowing all the citizenry of Elkhart to take an active part in our country's bicentennial."

The citizenry will have ample opportunity to participate—Elkhart has almost 1,200 fire hydrants!

First State, Healy, Kan., plans to begin its bicentennial promotion in November and run it for nine months. According to Robert H. Jennison, president (and immediate past president, Kansas Bankers Association), the bank will distribute KBA calendars and is thinking about placing a replica of the Liberty Bell in the city park. It also plans to hold an essay contest, with the winner awarded a trip to Washington, D. C.

Anderson (Ind.) Banking Co. launched its bicentennial program on July 4 and expects to continue it until next July 4. American flags and bicentennial Revolutionary War-era flags will be displayed and offered as premiums. The entire program is geared to patriotism, according to Francis R. Oleksy, assistant vice president.

First National, Valparaiso, Ind., won't begin its program until next May and will run it for three months. Purpose of the program will be to promote a better understanding of the nation's history. Bicentennial trivets will be offered bank customers, according to Chuck Welter.

Citizens Bank, Warrensburg, Mo., will start its bicentennial observance next January. During the six-month program, a series of prints will be given as premiums.

There's little doubt that the bicentennial year provides an excellent opportunity for banks to further serve their communities through bicentennial-related programs. In the past, such observances have been limited for the most part to Fourth of July celebrations. For the next 18 months, it will be open season on promoting patriotism—and many of the nation's banks will be garnering additional goodwill as a direct result of their participation in the nation's 200th-birthday celebration. • •

Golf Tourney Scheduled

The sixth annual invitational golf tournament sponsored by Security Corp., Irvine, Calif., will be held on October 3 at the Playboy Club at Great Gorge, N. J.

The annual event is held each year on the day preceding the opening of the ABA convention, being held this year October 4-8 in New York City.

State Banker Associations Plan for Bicentennial

A survey of state banking associations in the Mid-Continent area reveals that the majority of the associations have not yet finalized plans for bicentennial programs to link the banking industry with the national celebration.

However, the Louisiana Bankers Association has been working on its bicentennial program for more than a year and expects it to continue well into 1976.

The LBA is sponsoring a bicentennial scholarship which will be awarded at the association's 1976 convention in New Orleans.

LBA-member banks can participate by donating commissions they receive from sale of the official 1974 Louisiana governor's Bicentennial Medallions to the scholarship fund. Commissions of 50¢ for bronze medallions and \$1 for silver medallions are being accumulated by the LBA.

The Louisiana Bicentennial Commission has agreed to match funds supplied by LBA-member banks.

As of the end of May, some \$3,600 was on deposit in the scholarship fund, which still has almost a year to run. The LBA is working on an essay writing contest for high school seniors throughout the state. Winners of the contest will receive the scholarships.

The medallion highlights the Louisiana Purchase and features the emblems of Spain and France and carries a design of stars and stripes. The medallion design was selected from entries in a contest.

Banks in Kansas are being encouraged to distribute a Kansas bicentennial medallion by the Kansas Bankers Association. In addition, the KBA's statewide advertising program has developed a display of historical coins for banks to use in lobbies or to show at schools. A special bicentennial calendar is being prepared for 1976 that will feature Kansas scenes by Kansas artists.

The Indiana Bankers Association saluted the bicentennial at its 1975 convention, held last month. Featured on the convention program was a special film distributed by the American Bankers Association outlining the ABA's plans for a series of bicentennial TV programs. The same film was shown at the Missouri Bankers Association convention in May.

The New Mexico Bankers Association is working with the New Mexico Bicentennial Commission in a state effort to observe the nation's 200th birthday.

A number of other associations will be announcing events soon.

MID-CONTINENT BANKER for July, 1975



Next time you call Paul or Gene, you'll know what they look like.

Behind every correspondent banker at First National Bank of Kansas City, Missouri, there's a team of specialists back at the bank. Specialists like Paul Gregory in Operations and Gene Wisner in International.

If you do your correspondent banking with First National, you've probably known their voices for some time. Because we encourage our correspondent banks to call the

"people back at the bank" direct, anytime.

Let's say you have a check or draft collection problem. You telephone your correspondent banker at First National and learn that he's out.

Your need can't wait.

So you ask for Paul Gregory. Paul can handle the coordination of your collections and assist you in

obtaining available funds as quickly as possible.

Sound simple enough? It is.

That's why we welcome your calling our FNB specialists direct. Because we want you to trust them as much as we do.

So telephone (816) 221-2800 and ask for Paul or Gene. Maybe someday they'll find out what you look like, too. Member FDIC.

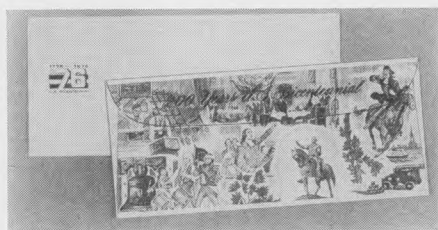
FIRST NATIONAL BANK
of Kansas City, Missouri

An Affiliate of First National Charter Corporation

Variety of Bicentennial-Related Items

FOR THE many banks that plan to have bicentennial programs but have not yet finalized arrangements, MID-CONTINENT BANKER presents a potpourri of ideas to put spark into proposed programs—or even to add luster to a program already planned.

- A bicentennial envelope featuring mural-like four-color illustrations of historical events displayed across the entire back panel and seal flap has been introduced by Tension Envelope Corp. The envelopes provide a dramatic change of pace and each envelope bears a small bicentennial emblem on its face which permits space for imprinting the bank's logo.



- A free-standing scale model of the Liberty Bell that can be used in parades or displayed in a bank lobby is available from I. T. Verdin Co. As a bicentennial project, the bell's symbolism is two-fold, since it is a replica of both the Liberty Bell and the new Freedom Bell currently touring the U. S. on the Freedom Train. The bell is ringable and is 1/10th the size of the original Liberty Bell.

- Three commemorative heirloom medals, minted in bronze, silver and gold, are available from Amsuisse International. The medals commemorate the signing of the Declaration of Inde-



pendence, Patrick Henry's "Give me liberty or give me death" speech and Paul Revere's ride.

- A bicentennial register is available that enables bank customers to reaffirm their dedication to the principles contained in the Declaration of Independence and the Bill of Rights by signing the register. In addition to the register, folders containing reproductions of the Declaration of Independence are available for use as souvenirs or as gifts to educational institutions. A display is available that includes a sign inviting customers to become a part of history by reaffirming their dedication. Filled books can be donated to local civic organizations for preservation. Available from Historical Perspectives, Inc.

- A series of American heritage coin banks is available from Banthrico, Inc., featuring four designs, including a replica of the Liberty Bell, a Continental Army drum, a Minute Man scene and the Spirit of '76. The banks feature key lock or removable bottoms and can be used as book ends.



- International Silver Co. offers a number of bicentennial-related premiums, including a pewter collection featuring candlesticks, tankards and plates; pewter flatware; a bicentennial plate; a medallion collection; Paul Revere's porringer; George Washington's camp cup; tea and coffee service in pewter and other items.

- A collection of Lincoln memorabilia is available for display in bank



Portion of Lincoln museum display includes life mask, photos and documents associated with 16th president.

lobbies from Duncan Galleries, which leases the displays. The collection includes original oil paintings, life masks, documents and photos of the American president.

- Bicentennial-related phonograph records are offered by Pickwick International. Included in the Pickwick collection are "Happy Birthday to America!" and "Sounds of '76." The first record includes the "Pledge of Allegiance," the "Star Spangled Banner," "America the Beautiful" and "Stars and Stripes Forever." The second record features sound effects of Revolutionary days, including the shot heard around the world and the Liberty Bell.

- A display featuring 12 bicentennial-related items is available from Audio Announcer, Inc. The display (see illustration) features one bicentennial item at a time and includes an accompanying audio description. The display is portable and can be used as a floor or desk top stand. The 12 displays are available either bi-weekly or monthly to give the program continuity.



MID-CONTINENT BANKER for July, 1975

Helps Bankers Observe U. S. Birthday

• "The Banking Boom—1776-1976" is the title of a booklet designed for banks to distribute in celebration of the bicentennial. The booklet tells the story of 200 years of banking growth and development and also presents a résumé of the functions and services banks provide the American people. The booklet is recommended for students of economics, history or consumer finance at the junior high level or above.

• Bicentennial-related stoneware items and other Americana are offered by Redwood House. The stoneware consists of various sizes of bean pots that can go from freezer to oven to table. Also available are electric warming trays and clocks. All items feature the American eagle.



• A bicentennial-related package plan called the Ameraccount Club is being offered by Ameraccount Club, Inc. The plan's theme is freedom, which, in this case, means freedom from financial worry. Included in the plan are 14 bank services, such as a \$10,000 accidental death insurance policy, unlimited checking, free personalized checks, travel service, etc. All services are available to account holders at a monthly charge.

• A spirit of America check series featuring 10 scenes from the American Revolution is available from Deluxe Check Printers, Inc. The collection includes a special cover featuring an eagle design and a wood grain box. To promote the checks, prints or scrolls are available as lobby displays but can also be used in print and electronic advertising.

Coin Banks Salute Bicentennial



Bicentennial theme coin banks are being offered by Royalty Industries, Inc. to observe the Spirit of '76. Banks in top photo feature relief sculpture of colonial scene on one side with Declaration of Independence scroll on other. Lower photo shows George and Martha Washington doll banks, said to be popular with children.

• Harland Financial Stationers is offering "Give Me Liberty . . ." a series of checks featuring Revolutionary-era scenes. Among the seven illustrations are Washington crossing the Delaware, Valley Forge, Betsy Ross, the signing of the Declaration of Independence and Paul Revere's ride. The checks come with vinyl covers and are packed in simulated woodgrain checkboxes.

• A hand-crafted, cast metal miniature replica of the Liberty Bell is available from National Premium & Merchandising, Inc. The bells come with yokes and can be used as premiums, collector's items or as self-liquidating

Complete mailing addresses of the firms offering the items mentioned in this article are available from MID-CONTINENT BANKER, 408 Olive St., St. Louis, Mo. 63102. Include self-addressed, stamped envelop, please.

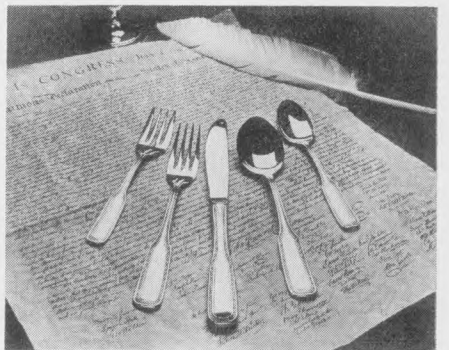
coin banks. The item is available in antique gold, pewter and bronze. A bank's logo can be cast into the yoke.

• A variety of bicentennial-related items is available from John P. Anderson Premiums, including bicentennial book matches featuring patriotic art, placemats, commemorative coins, Liberty Bell chimes, American heritage collector prints and flag kits. Also available are American eagle candles, bicentennial desk and wall plaques and even a patriotic-decor tote bag!

• Marketing Enterprises, Inc., is handling Armetale simulated pewter dinnerware made at the Wilton Brass Co. in Pennsylvania. Each piece bears a Liberty Bell touchmark. A total of 14 items is available, including mugs, pitchers, coffee pots, platters, bread trays, water goblets, dinner and salad plates and salt and pepper sets.



• "1776" is the name of a new stainless pattern available from Salem Silversmiths, a division of Salem China Co. The items are made to resemble antique silver, but require no special polishing. The stainless comes in five-piece place settings and matching accessory pieces are available to give the premium offer continuity. Salem also offers bicentennial tile-trivets for collectors, featuring colonial scenes.



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The book also provides a means for state bank directors to modify procedures to bring their banks into compliance with current state banking statutes and regulations. Its use can result in economies and efficiencies for banks.

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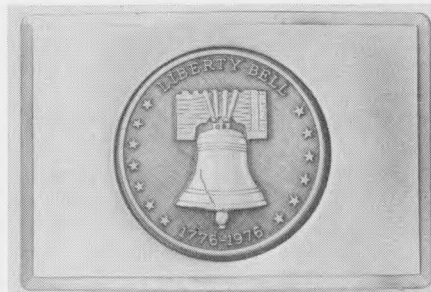
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- A bicentennial mailer and polygon 1976 calendar are available from Scott Crowell Corp. The mailer features a bicentennial message with a pop-up American eagle inside. The calendar, which is packed flat in an envelope, pops into polygon shape when it is removed from the envelope. Space is provided on both pieces for bank imprinting.

- Preferred Advertising, Inc., offers a series of bicentennial medals with "keepsake" appeal, adaptable for use as keyrings, ladies pendants and belt buckles. Four different stock designs are available in mint quality with



Belt buckle incorporating Liberty Bell medal, one of four designs offered by Preferred Advertisers, Inc.

bronze finish depicting the Liberty Bell, the Minute Man, the Spirit of '76 and the Declaration of Independence. The medals are 1½ inches in diameter and are available individually or in sets. A free sample medal will be sent on request for price information. • •

Loan Charge-Off Rise To \$671 Million in 1974 Cited in Study by RMA

L OAN CHARGE-OFFS for the U.S. in 1974 reached a net amount of \$671 million, according to a Robert Morris Associates (RMA) study. That figure was .36 of 1% of the average commercial portfolios, up from .26 of 1% in 1973.

In the domestic section of the survey of 706 RMA-member banks, a gross total of \$776 million was charged off out of average commercial loans outstanding, aggregating almost \$185 billion during the past year. This gross charge-off percentage was .42 of 1% of the average commercial portfolio, a rise of .10 of 1% from 1973.

The \$185 billion in commercial loans represented 63% of the average total domestic commercial loans held by U.S. banks in 1974.

The report also listed the 20 high-loss industries anticipated in 1975 by

banks. Heading the list was single-family-housing construction.

In the international section of the study, 107 banks reported, but only 37 of those submitted data on international charge-offs. Their net charge-off figure totaled \$73 million, or .084 of 1%.

The gross total reported by those 37 banks was almost \$92 million in loans and deposits charged off out of average international loans and deposits outstanding of \$86 billion during 1974, for a gross percentage of .106 of 1%.

The 107 banks participating in the RMA international survey reported average international loans and deposits outstanding of over \$104 billion last year. About \$86 billion was held by the 37 banks that supplied international charge-off information. Of the 107, 64 were among the top 100 U.S. banks by deposits.

Other areas covered by the RMA study's domestic section are distribution of charge-offs by number and size and a ranking of high-loss industries for 1974, presented by bank-asset sizes and by Federal Reserve districts.

The international section includes an indication of aggregate charge-off experience by country and type of borrower. It also lists the predicted high-loss countries for 1975, in the opinions of the responding banks.

Copies of the report are available from the RMA Order Department, 1432 Philadelphia National Building, Philadelphia, PA 19107. The price is \$3 to RMA-member banks and \$6 to nonmember banks. • •

A Scoreboard for Tulsa



Fourth Nat'l, Tulsa, has joined with Pepsi-Cola and Dr. Pepper to purchase this new \$100,000 American Sign & Indicator Corp. scoreboard-message center for the Tulsa Assembly Center. Pictured at its unveiling are (l. to r.) Frank X. Henke III, pres., Fourth Nat'l Corp., bank HC; Fred N. Davis III of bank's advertising agency, Fred N. Davis & Associates; Ben D. Floyd Jr., bank ch.; Tom P. Henson, bank e.v.p.; and Fred Setser, bank s.v.p.-marketing.



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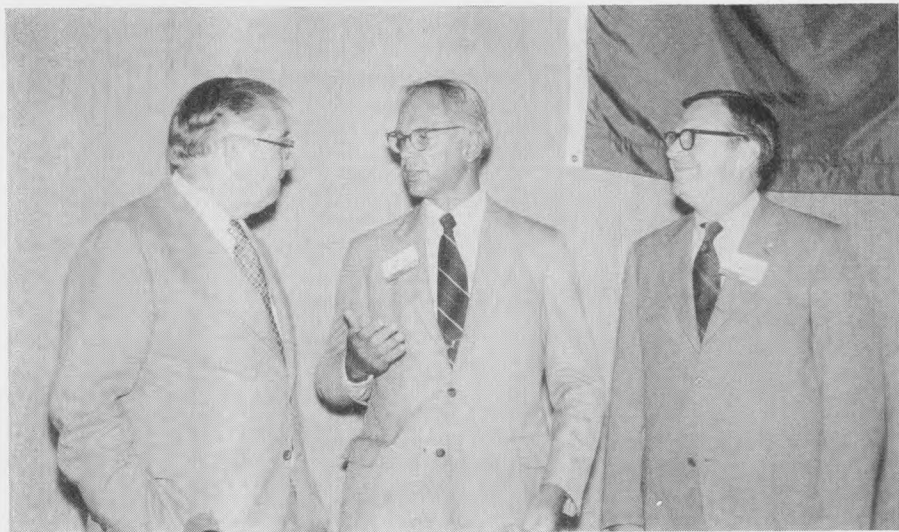
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Sharing platform at Mercantile Trust Baseball Party were (from l.) Dr. Benjamin Rogge, Wabash College, Crawfordsville, Ind., guest speaker; Lynn Miller, e.v.p. and head of Merc's banking department; and James A. Smith, sr.v.p. and head of the central group.

Economic Stabilization Seen for '76 By Mercantile Baseball Party Speaker

A GOOD year was forecast for 1976 by Dr. Benjamin Rogge, economics professor at Wabash College, Crawfordsville, Ind., at last month's Baseball Party, sponsored by Mercantile Trust, St. Louis, for its correspondent customers.

Dr. Rogge said, however, that the economic upturn would be a gradual one, but that the slow progress that actually began last April will result in an economic situation in 1976 that can be used to advantage by politicians running for office in that year.

He said forces are now in motion to bring about declines in unemployment and inflation so that the economy will be stabilized in time for the national elections.

He predicted no major depression of the magnitude of the 1930s for the next 10-15 years, but said the price to be paid for this situation will be accelerating inflation. Inflation will be

built into everything and future recessions will occur with no accompanying decline in inflation, he said.

Dr. Rogge expects double-digit inflation and long-term interest rates averaging 3% higher than the inflation rate by 1977-78. He also predicted that some form of credit allocation will have been enacted by that time, along with some sort of wage-price controls. He said wage-price controls are a cosmetic to make things look good, covering up the fact that no one wields enough power to arrest inflation.

Many influential people are demanding wage-price controls, he said, and their implementation will reflect the increasing role of government in the economic scene.

Dr. Rogge said that, within 15 years, the United States could well find itself in the position Great Britain is in today—"sinking and giggling."

Over the long term, Dr. Rogge

mused, will capitalism survive? He said, that, if the masses don't support capitalism, it must fall, since capitalists themselves are not adept at defending their system. Since they do not know how to sell capitalism, Dr. Rogge continued, their will to defend it will erode. The development of big business conglomerates results in an erosion of the will of the entrepreneur to stand up to opposition, with a spirit of compromise taking over, which eventually results in a socialistic state, he said.

He assured his audience, comprised primarily of bankers from Illinois and Missouri, that the socialistic trend can be avoided, but that it will take a dedicated campaign on the part of capitalists to retain the present system.

Also on the program were Harrison F. Coerver, president and CEO, Mercantile Trust, who welcomed the bankers; James A. Smith, senior vice president and head of the Mercantile Trust central group, who announced that some departments of the bank are expected to move into Mercantile's new tower building in October; and Lynn H. Miller, executive vice president in charge of Mercantile's banking department.

Mr. Miller predicted that the correspondent banking system as it is now known will be with us for some time into the future, despite the vast changes taking place in banking. As long as check clearing and overlines are necessary, he said, the correspondent system will prevail.

He said the image of banking is at its lowest point since depression days, and he pointed out how banks have been losing ground to thrift institutions since 1946.

Mr. Miller, who came to Mercantile

(Continued on page 78)



LEFT: Mrs. David T. Stoecker, wife of v.p., central group, Mercantile; Mrs. L. J. Perkins, wife of pres., Community Bank, Steelville, Mo.; Paul Perkins, cash., Community Bank, Steelville; Mrs. Paul Perkins; L. J. Perkins; David T. Stoecker. CENTER: L. to r.: Thomas M. Fitzgerald, correspondent bank officer, and Daniel W. Jasper, a.v.p., both of Mercantile;

and E. Richard Hunt, e.v.p., State Bank of Seneca, Mo. RIGHT: Lee M. Howerter, pres., Mercantile Trust, Quincy, Ill.; Mrs. Howerter; Mrs. James A. Smith, wife of sr. v.p. and head, central group, Mercantile Trust; Mrs. M. Ryrie Milnor, wife of ch. exec. comm., First Nat'l, Alton, Ill.; Mr. Milnor; and James A. Smith.

HANG IN THERE LIBBY.

I know it must seem the gang and I are out of the office more than we are in, but as you know from looking at our calendars, the banks have really taken to us. I've given our busy schedules a lot of thought, and I think I know the reason for this sudden popularity. Remember back when money was tight? We helped a lot of guys out with loan participations, and it seems they didn't forget when things got better.

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Caught by the camera during IBA marketing & PR conference in Peoria June 11-12 were (clockwise from upper l.) newly elected marketing and public relations officers (l. to r.: 1st v.p., Robert Verheyen, e.v.p., Bartonville Bank; 2nd v.p., Ernest A. Malone, a.v.p., Millikin Nat'l, Decatur; pres., Neil Bach, e.v.p., Bank of Pontiac; and sec., Karen Reeves, editor, *Illinois Banker*, IBA's official publication. In next photo, immediate past Div. Pres. Charles M. Zipprodt, (l.), v.p., Busey First Nat'l, Urbana, chats with conf. speaker Mark Silber, (c.), sr. v.p., Hume, Mansfield, Silber, Ltd., Chicago, and Mr Verheyen. Robert Kodl, (l.), dir. of mktg., Elgin Nat'l, checks latest EFTS information of Jay G. Bender, v.p. of special services, Credit Systems, Inc., St. Louis, with James Riley of Citizens First Nat'l, Princeton, and Norm Peterson, IBA asst. sec. Final picture shows panel members Dean Treptow (l.), pres., Brown Deer Bank, Milwaukee, and James Hubbard of James Hubbard & Associates, Wheaton, flanking moderator Geraldine Wilson, pres., State Bank, Piper City.

Bank Efficiency, Competition, Legislation Topics at Ill.BA Marketing Conference

By DANIEL H. CLARK, Editorial Assistant

EFFICIENCY vs. effectiveness, the state of banking competition and current legislation were major discussion topics heard by 225 delegates attending the Illinois Bankers Association Marketing and Public Relations Conference last month in Peoria.

Mark Silber, senior vice president, Hume, Mansfield, & Silber, Ltd., Chicago, was the featured speaker the first morning. He's an organizational psychologist and took "An Applied Look at the Banker's Effectiveness."

There is a difference, he stated, between efficiency and effectiveness. An efficient person will make a god out of doing things right, while one who is effective will ask himself if he is doing the right things. He cited Peter Drucker, who said in *The Effective Executive* that it's not so much what you're doing, but what you've done that counts.

Dismissing the Puritan ethic of idle hands being the tools of the devil, Dr. Silber said the major symptom of a dying bank was "beehive activity": everyone keeps busy, but there is little regard for what has happened. An effective person, he stated, would ask himself, "Where am I leading my life with this great efficiency and where am I adding clutter with things that don't matter?" "Where have I lied to me about me?" "Where are there opportunities I must create because they won't be given to me?" Referring to the ratio

of benefits to costs, he asked, "Where is someone telling me about benefits in the numerator, but not mentioning costs of the denominator?"

He then suggested that bank officers schedule at least two hours in the middle of the day every four or six weeks as "MT" (My Time). During this session, a person should ask himself where his bank is now and where it's going.

Conference workshops were concerned with banking's competition. James Hubbard of Hubbard & Associates, Wheaton, Ill., growth specialists for financial institutions, spoke about S&Ls, citing specific areas where they have advantages and disadvantages.

S&Ls, Mr. Hubbard said, have everyone "psyched out." Customers of financial institutions have limited knowledge about the percentage of dividends paid and go to S&Ls because they think they're earning much more interest on their money than they would in a bank. A \$5,000 S&L account, he stated, pays only \$12.50 more yearly than a comparable bank account.

Bankers, he said, shouldn't be concerned by S&L competition only, because retail stores do a great deal of financial business. He cited Sears & Roebuck, a firm that consistently is No. 1 in savings and earnings, exceeding \$200 million in 1973.

The trump is in bankers' hands, he

said. He added that they are the only ones able to offer a total banking relationship to customers. He then offered several suggestions for bringing in new business:

- Offer \$1 accounts free with new checking accounts.
- Use a single new-accounts form that covers all services.
- Offer a combined statement.
- Make personal credit lines available to qualified customers when they open checking accounts.
- Grant pre-approved auto loans to qualified customers.
- Offer personal banker service.
- Make contact at least twice yearly with customers having certain-size balances.
- Call customers by their names.
- Train personnel to have a "can-do" philosophy. They must be problem-solvers and must avoid using negatives in their work. A good phrase to remember is, "We have it and we will offer it to you."
- Measure the effectiveness of new-accounts personnel at their jobs.

Dean Treptow, president, Brown Deer Bank, Milwaukee, also stressed the importance of personal treatment of customers in his talk on bank HCs. He urged bankers to provide "the basics of what people want—but better." Mr. Treptow said two services that had helped his bank were simple-rate loans and the establishment of a consumer advisory board.

Speaking on farm credit agencies was Robert Seed, president, Bank of Casey, Ill. He asked the bankers if they were living and doing business "in the '50s" when farmers were "in the '70s." Mr. Seed then cited advantages held

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by farm credit agencies: no limits on loans, a credit life program, a complete line of farm insurance and a leasing business. He suggested that banks employ more young people and that they talk to regulatory agencies to get outdated laws eliminated.

L. Elliot Opprieht, director of communications, Illinois Credit Union,

Chicago, was the final speaker to examine the competition. He recommended that all banking factions settle their differences and work together against the powerful retailers who offer a greater competitive threat than banks, S&Ls, etc. He cited the Denver-based computer hookup used throughout the country by the Mr. Steak restaurant chain as evidence of this.

Mr. Opprieht also explained the reasons for the success enjoyed by credit unions: their history of consumer-oriented operations and interest in individual members. Service, he said, isn't a technical term as is checking, but something more personal and human.

William O. Kurtz, immediate past IBA president, and president, Metropolitan Bank, Chicago, said in his legislative update that it was bad government in Springfield that is the main hindrance to the people of Illinois. He said, "The men representing us in Springfield make a mockery of government of, for and by the people."

The IBA membership situation also was discussed by Mr. Kurtz. He felt it important that more members get involved with the association more deeply than merely paying dues each year. A specific example of the problem occurred, the president said, during a recent ballot-by-mail concerning the facility bill. Of 962 ballots mailed, 529 were returned. Because they were improperly marked, 44 were declared invalid. Because 227 of the valid returns were negative votes, and a 60% majority was needed for official backing by the IBA, Mr. Kurtz instructed IBA Executive Vice President Robert Schrimple not to appear when the bill

was discussed in the legislature.

Mr. Kurtz strongly opposed the EFT moratorium proposed by the Independent Bankers Association of America, adding that the emphasis on structure is fading and that automated banking "will be seen in a very short time."

He called for a considerable shortening of the Comptroller's 50-mile EFT restriction and indicated that there was no need to worry about machines putting banks out of business, since the cost of one unit is \$50,000 and it is unable to discuss problems with customers.

"I want and I believe that the IBA will again be whole," he said in closing, adding that he felt a change in structure is going to happen and that he could no longer oppose it. "Retail stores," he maintained, "are the coming enemy."

Division elections. Neil C. Bach, executive vice president, Bank of Pontiac, was elected president of the IBA's marketing and public relations division. He formerly was first vice president.

Robert Verheyen, executive vice president, Bartonville Bank, was elevated from second vice president to first vice president. Succeeding him was Ernest A. Malone, assistant vice president, Millikin National, Decatur. Karen L. Reeves, editor, *Illinois Banker*, the IBA's official publication, was elected secretary.

Named to three-year terms on the executive committee were Donald Lindo, marketing director, Aurora National, and Russell C. Makeever, vice president, LaGrange State. Susan Horn, director of marketing, Citizens National, Macomb, was elected to a two-year term. ●●

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T. J. Vance Elected President Of Tex.-Okla. RMA Chapter

T. J. Vance, vice president and commercial loan officer, Fort Worth National, has been elected president, Texas and Oklahoma Chapter, Robert Morris Associates. His term will begin August 31.



VANCE

Other new officers are (all of Texas): vice presidents, Robert Orr, Pan American Bank, Brownsville, and Frank Sewell Jr., vice president, Peoples National, Tyler; and secretary-treasurer, Richard J. Goebel, senior vice president, Texas Bank, Dallas.

The Texas and Oklahoma RMA Chapter consists of 534 representatives from 164 member banks.

As a skipper, Ish Smith occasionally confuses "port" with "starboard."



But as a Correspondent Banker, he's right on course.

Almost any nice weekend will find Ish Smith on the bounding main, issuing nautical commands like "Two-block the capstan! Aft rudder!"

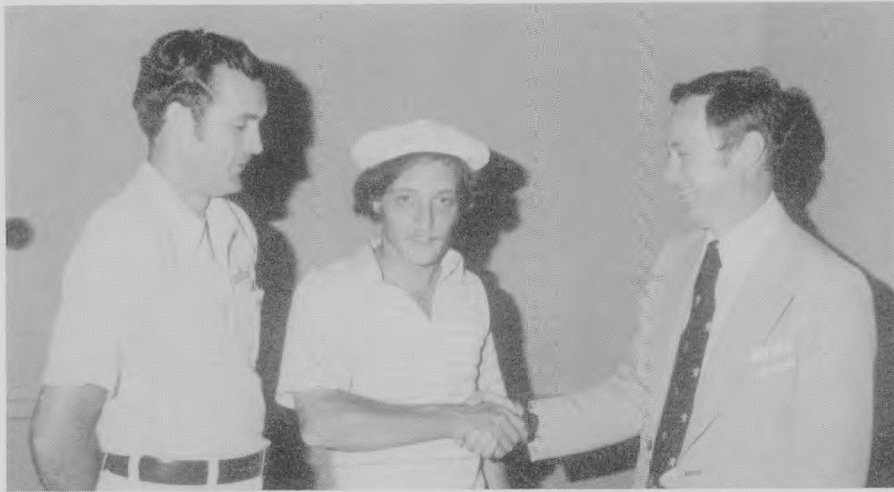
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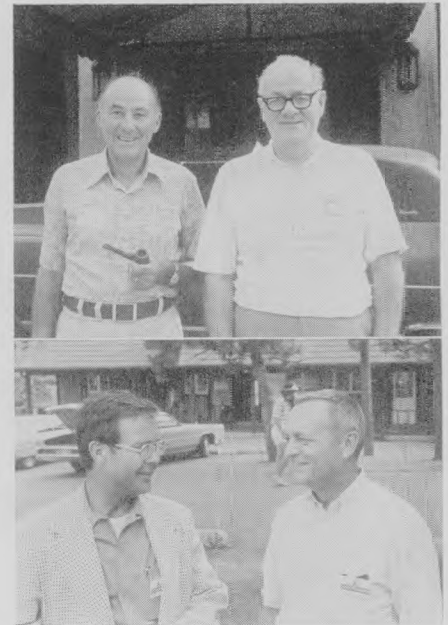
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Larry Lance (c.), Farmers State, Fairview, Kan., is congratulated by Larry Morrow (l.) and Don Folks, both of host bank, for firing best score of eligible golfers at American Nat'l golf tourney.



TOP: Carl Bowman (l.), e.v.p., Kan. Bankers Assn. and Dick Ayers, KBA pres., and pres., Citizens State, Miltonvale

BOTTOM: Milton Blakemore (l.), ch., First Nat'l, Liberal, Kan., and Charles Richmond, e.v.p., host bank and pres.-elect, Missouri Bankers Assn.

Morning Showers Fail to Washout Annual Golf Tourney in St. Joe

IT TAKES more than a morning downpour to dampen the spirits of the 100 or so golfers who turn out annually for the tourney sponsored by American National, St. Joseph, Mo.

The bank's 24-year record of no washouts was preserved intact last month, as the accompanying photos show. After everyone emerged from the locker room and scores were totalled, Larry Lance, Farmers State, Fairview, Kan., emerged the winner with a 78.



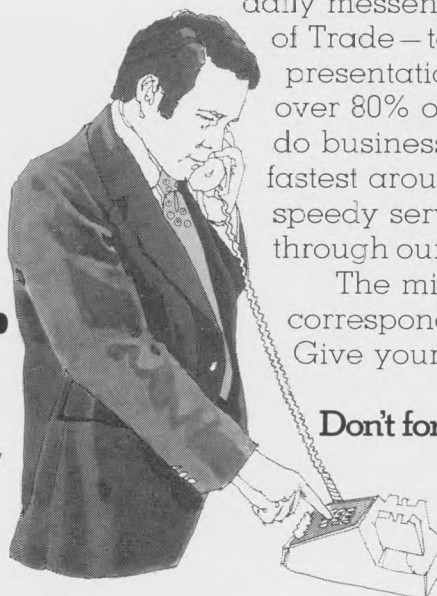
UPPER LEFT: From l., Larry Morrow, host bank; Herb Brown, dir., Peoples State, Spickard, Mo.; Curtis LaFollette, pres., Trenton (Mo.) Trust; and Bill Cook, pres., and Chet McGrury, v.p., Beatrice (Neb.) Nat'l. UPPER RIGHT: From l., Jerry Hillyard, dir., host bank; Truman Wilson, Mo. state senator; Bill Enright, e.v.p., host bank; and Jim Kirkpatrick, Mo. sec. of state. LOWER LEFT: From l., Bill Stephens, adv. dir., Belt

Nat'l, St. Joseph; Sam Hiner, pres., Farmers State, Cameron, Mo.; Milton Tootle, v. ch., host bank; Charles Maxwell, e.v.p., Farmers State, Cameron, Mo.; and Bill Bodendoerfer, ch., City Nat'l, Atchison, Kan. LOWER RIGHT: From l., Dick King, e.v.p., Planters State, Salina, Kan.; Dale Bradley, e.v.p., Citizens State, Miltonvale, Kan.; John Schmidt, v.p., and Don Ungerer, ag. rep., Exchange Bank, Marysville, Kan.



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INSTALLMENT LENDING

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INSTALLMENT credit, with its traditionally high yield, its spread of risk and its cross-sell value has provided an attractive, healthy income-producing investment for banks of all sizes while contributing incalculably to the economic growth of the nation. Indeed, our system of granting credit to the consumer has been a major factor in producing the highest standard of living, with the greatest quantity and quality of goods and services in the history of the world.

And never before have the costs of its administration placed greater pressure upon its margins of profit than what currently is being experienced.

But if the forces which have produced this squeeze on profitability are great today, they are likely to get more severe in the months and years ahead. It is a people-oriented business where the cost saving efficiencies of automation are not illimitable; where human judgment is required on a vast number of individual, relatively small, dollar investments, both at inception and during liquidation; and where the great advantage of exposure for cross-selling purposes cannot be fully realized without personal, talented human attention.

Viewed from this perspective, it is clear that the competitive factor—while obviously key to the pricing of any service or product—will continue to be an enormously important factor in the pricing of consumer credit, where the difference between the “going rate” and the rate allowable by law often provides considerable room for upward adjustment at the market level. We all know, for example, that banks don’t live on rate alone; they must have deposits, too, and the consumer’s proclivity to have vastly more on de-



By **THOMAS A. SPORER**
Vice President
American National Bank
Chicago

posit in the aggregate than he borrows serves clearly to substantiate the argument that competition must be reckoned with first and foremost when it comes down to pricing the product. And in a free enterprise system, nothing could be healthier than that, from the standpoint of ultimate benefit to all.

Too often, when analyzing the forces which have brought about this relatively recent profit squeeze in our industry, the installment loan officer has pointed to the cost of money, which not only reached an unprecedented level recently, but which stayed at such a level longer than most had anticipated.

But the cost of our commodity is only part of the problem; a part over which we have no real control. The installment loan officer who constantly cites the cost of money—the fluctuation of which is utterly beyond his control—when confronted with the profit-conscious attention of his management is missing the boat. The perceptive

consumer loan manager, on the other hand, recognizes that he must concern himself more with the things he *can* control in the areas of both cost and income.

Nobody will deny the absolute importance of determining the true cost of producing a product, or that such a determination deserves careful, intelligent scrutiny of *all* attendant costs as well as the income which the marketing of that product promises. The more complex the overall function, the more detailed the necessary scrutiny. And the complexities involved with the building of a clean installment loan portfolio should speak for themselves, since the interrelationship of cost, risk, term and circumstance on a consistent volume of individual loans from varying source and types of industry constitutes no simple matter in the aggregate.

One effective way of becoming familiar with the cost of your operation is to become more intimately involved with the periodic budgeting of expense. If he doesn’t actually prepare the budget, the installment loan manager should at the least ask to participate in its preparation as he must know as precisely as possible what it costs to put a deal on the books of his bank and what it will cost to collect it. And if he is to make this determination with the needed degree of accuracy, then obviously he must be aware of the cost of every square foot of space which his department occupies; he must anticipate the fluctuation of telephone and postage expense with the movement of delinquency; he must foresee the need to alter the content of his documentation due to legislation, and predict the cost; he must assess the cost

The new demand for coal demands a lot of new financial services.



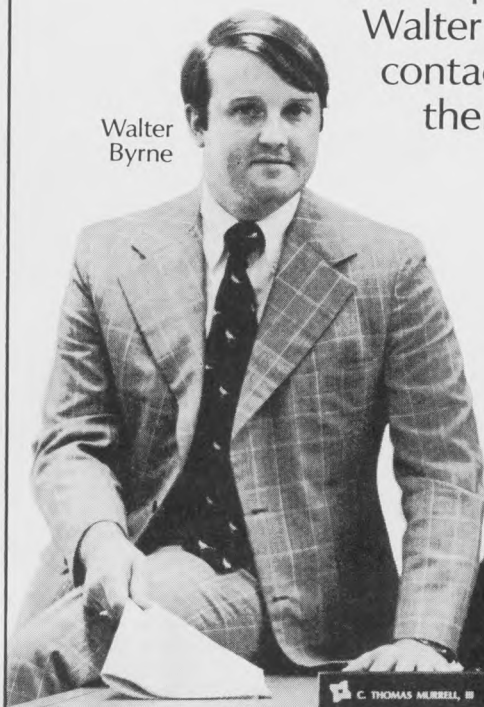
Tom Murrell and Walter Byrne are working with bankers all over a five-state area to supply coal producers with the financial services needed to tap huge coal reserves.

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If the specialized help of bankers like Tom and Walter makes sense for your coal customers, contact your First National Banker or call them direct at 502/581-4455.

Walter
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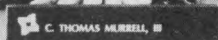


Tom
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of every piece of equipment at his disposal, and know what is being allocated for light and heat, building maintenance, repair of furniture and equipment, etc. And none of the foregoing says anything about the more obvious expense categories such as salaries, money costs or losses.

Nor have we mentioned anything about another kind of expense—the kind which ultimately affects the bottom line in the same way as costs of operation, but via a different route. We refer to the often necessary practices dictated by competition, such as the payment of dealer reserves “in front” on indirect acquisition or the granting of 45 days from the date of contract to the first installment without additional charge. It may be important to grant such concessions on the premise that it is competitively necessary; it is definitely important to know precisely what it costs in lost income to do so.

And no expense projection is complete without a thoroughly objective study of your existing portfolio with an eye toward bad debt. Credit losses, after all, are as much a cost of doing business and serve to erode profits proportionately as much as any other expense that can be named. The era of inflation which we are now experiencing has made the job of controlling credit losses not only a more expensive proposition, but an even more profoundly important one which must be considered carefully with each and every individual application. When considering a loan, we must give careful thought to the fact that risk follows the outreach of maturity—now more than ever.

A successful past credit record is still important and always will be, of course; but it is important to consider what the pernicious inflation of the past several months has done to the capacity of the average borrower to meet the debt repayment responsibilities which he may have handled easily

Mr. Sporer assumed the presidency of the Illinois Bankers Association's Consumer Credit Division July 1.

in the past. Clearly, then, it is equally essential that we attempt accurately to evaluate what inflation is likely to do to this same capacity before the loan which you make today reaches maturity three to five years hence.

The typical installment loan borrower is among those hardest hit by inflation, since such a substantial portion of his income must be expended to satisfy the need for food, clothing and shelter, the areas where inflation has been particularly devastating. No one has to tell the man with middle income and three or four children what has happened to the value of the dollar during the last couple of years, and the loan officer charged with the responsibility of passing judgment on loan applications must give careful thought to the level of indebtedness which can likely be sustained by each borrower on a given, projected income for the term of the loan.

If society is to become ever more mass-consuming, then the demand upon lending institutions to service the resultant mushrooming needs of the consumer must grow proportionately. Profits are derived from efficiency in combining effort with capital, and so the need for adequate cost information in such an environment will become even more important to the installment loan manager as he seeks the finest ingredients for that always inflexible equation.

The need for efficiency in the overall function of installment lending, as in any other enterprise, is nothing new; however, in this era of inflation, the profundity of that need is greater than ever before. • •

Mercantile

(Continued from page 68)

from Chicago's Northern Trust last year, predicted that the number of S&L offices will increase from 7,000 to 10,000 or 12,000 by 1980. By that time, he said, S&L services will include complete family financial services, consumer loans, personal trusts and life insurance services. He also cited actions by credit unions, one of which has purchased a state bank so that it will have direct access to any EFT system being developed in that state.

He said banking is facing the most competitive period in its history and pointed out that the thrift industry has tremendous legislative clout. He also said that banking competition is becoming more difficult to recognize, since it resembles banking so closely.

He cited the three competing banking associations in Illinois as an illustration of how bankers are notorious for not being able to work together to achieve their aims. The three associations are the Illinois Bankers Association, the Association for Modern Banking in Illinois and the Independent Community Banks in Illinois. The competition, he said, is going to walk away from bankers if they don't adopt common goals.

Bankers were treated to a Cardinals-Astros game at Busch Stadium, with the Cardinals coming out in front 6-2. • •

Bank Sponsors Boat Race



Millikin Nat'l, Decatur, Ill., personnel Karen Brown (l.) and Paula Bayless grace "Hang Loose," one of the hydroplanes that took part in the bank-sponsored Memorial Day Grand Prix boat race on Lake Decatur. This is the fifth year Millikin Nat'l has sponsored the regatta, which features the \$500 perpetual trophy seen in the foreground. The bank also provides \$1,000 in cash prizes.

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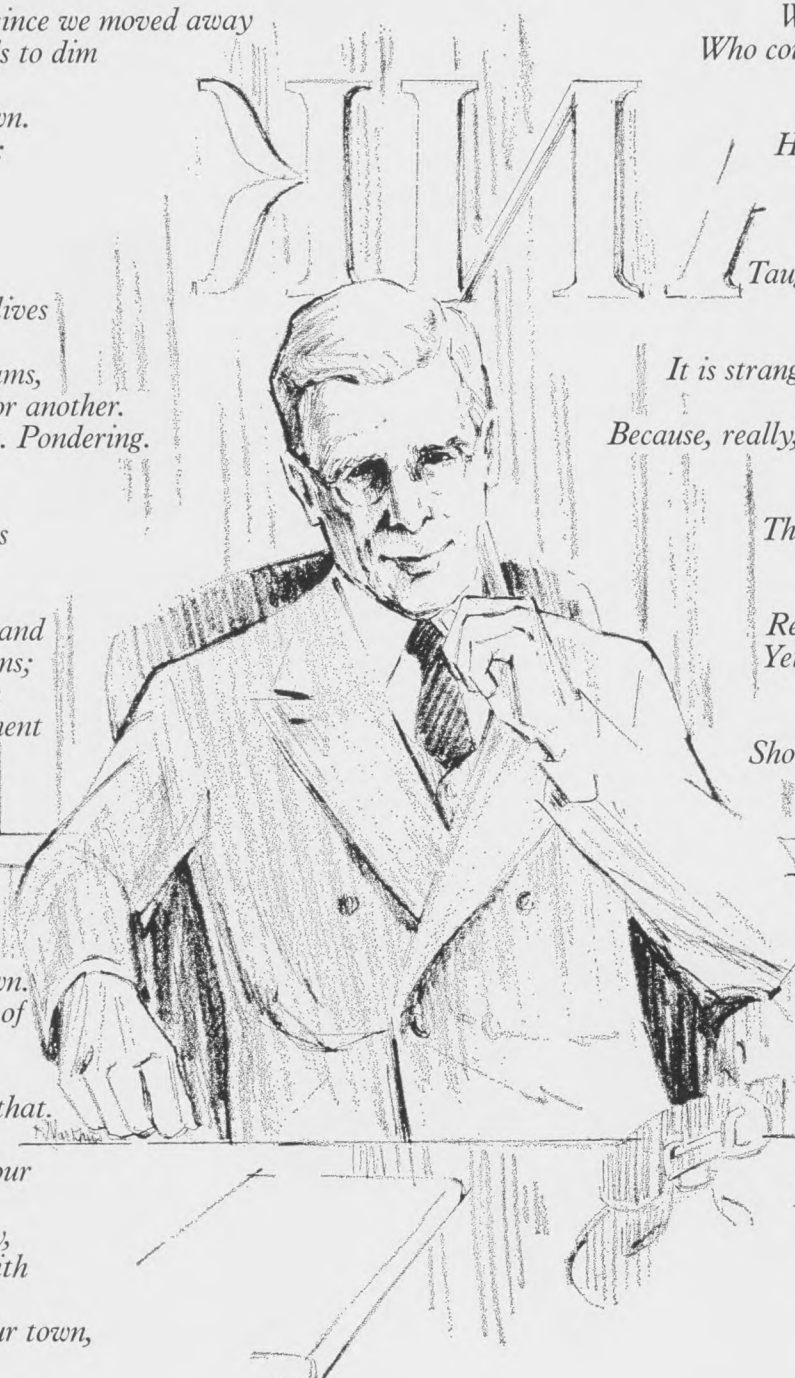
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 And though time tends to dim
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 And the town.
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 Touching each of the lives
 Of that town.
 We took him our dreams,
 All of us at one time or another.
 He sat back, listening. Pondering.
 Interested.
 Concerned.
 He asked his questions
 Of us
 And himself;
 Helping us to understand
 And realize our dreams;
 Relying more on faith
 Than financial statement
 Alone.
 He was a good judge
 of ideas
 And of people,
 Usually sensing what
 was best —
 What was right.
 The banker in our town.
 He was a good friend of
 most folks
 In our town
 And he was proud of that.
 He took special pride
 In what we did with our
 lives.
 Since, in no small way,
 He had much to do with
 realizing it.
 He understood that our town,
 Its work,
 Its well-being,



Was in the hands of the few
 Who could take the responsibility;
 People like himself —
 The banker in our town.
 His was a family of bankers
 In our town,
 Passing their heritage
 To the next generation;
 Taught in the ways of business
 And banking
 And people.
 It is strange how each of us calls him
 "My banker."
 Because, really, he is not any one of ours,
 But ours together:
 "The town's."
 That's the nature of his work.
 Dedicated to each of us
 individually,
 Responsible to us collectively.
 Yet all the while independent,
 Self-determining.
 The banker in our town
 Showed us how to compromise
 our reach
 Within our grasp
 And we are all the better
 for it.
 For the help he gave us,
 In those times
 As we took our first steps
 in life,
 To help us financially
 Which was his business,
 To encourage us warmly
 Which was his way;
 By showing his faith
 He helped us to have faith
 in ourselves.
 And I know,
 If ever I need him again,
 He will be there,
 As always,
 The banker in our town.

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Optimism on State's Progress Witnessed at NMBA Convention

By LAWRENCE W. COLBERT, Assistant to the Publisher

WITH registration totaling 1,400, the 64th annual convention of the New Mexico Bankers Association at Albuquerque was the largest in the association's history.

Most convention speakers struck an optimistic note that spelled out progress for New Mexico. Governor Jerry Apodaca said the state is at the threshold of change in the right direction. He pointed out that government cannot solve the problems of people by itself. He called for government to work hand-in-hand with the private sector.

The governor said his administration has tried to make state government function like business. He called on New Mexico bankers to help in raising the image of state government, and stated that some of the best minds in business in New Mexico are in banking.

Herbert Hughes, new state bank commissioner, discussed revisions in state banking laws that took effect June 20. Some of the provisions mentioned by Commissioner Hughes called for an equalization of rules between state and national banks.

Henry Jaramillo Jr., association president and president, Ranchers State, Belen, in his president's report, cited achieving 100% membership in the association and the formation of the New Mexico School of Banking. "The launching of the New Mexico School of Banking this year is an important milestone for our banking industry," Mr. Jaramillo stated. The school, which provides a basic and intermediate banking curriculum, is co-sponsored by the New Mexico Bankers Association and the Anderson School of Business of the University of New Mexico.

"An on-going program of banker education is no longer a luxury, but is an absolute necessity. Rapid changes in banking markets and the financial environment, new emphases on the performance of individual banks, and the uncertainties of the future require that tomorrow's banking officers continually improve analytical skills and be well informed," Mr. Jaramillo said.

"In the legislative area, we were most successful, for there were more bills which affected banking introduced



Denton R. Hudgeons, NMBA exec. v.p., and Mrs. Francine Neff, treasurer of the United States, visit before Mrs. Neff addresses the convention.



Wayne Stewart (l.), incoming pres., congratulates outgoing President Henry Jaramillo Jr. on his successful year as head of the association.

during the 1975 legislative session than in any previous legislative year.

"Of 1,120 items introduced, there were over 80 which either directly affected banking or which required monitoring for amendments placed on the bills to protect against adverse impact on the banking industry.

"There were eight items in the association's affirmative legislative package, six items relating to S&L business, one item relating to credit union business, 12 items relating to interest rate legislation (of which five were contained in our affirmative package), 14 items relating to public funds deposits, five items relating to consumer legislation, eight items of particular concern to the banking industry and over 30 items about which we had to keep abreast of amendments.

"We do not claim the success that we desired but under the circumstances and after due consideration, we were satisfied with the results.



New officers of NMBA include (l. to r.) Treas. Ralph F. Petty Jr., pres., Bank of Santa Fe; Pres. Wayne Stewart, pres., First Nat'l, Alamo-gordo; Pres.-Elect W. R. Nicks, pres., Citizens State, Springer; and Exec. V. P. Denton R. Hudgeons.

"We must keep in mind that the influence of bankers in the legislative field is strongest when they speak in a single voice and act in unison. We are aware and hopefully will at least continue to consider the public interest in any action taken by bankers in matters of legislation.

"Changes are occurring repeatedly in competitive conditions, not only between banks but between banks and other types of depository institutions and between banks and unregulated portions of the money market. A continuing strong legislative program is absolutely, urgently necessary and the on-going processes of this association in this area are most important.

"The third area of specific involvement, as designated in our desired goals and objectives to better serve the membership, is *communication*. The entire effort of education and legislation is interwoven in the function of communication. The dissemination of information, the contact, the fellowship and exchange of information are well accomplished by this effort. A dialogue between bankers is essential to effect a process of education and learning.

"Certainly the time is urgent, for us as bankers, to recognize our commitment if we are to maintain a prominent position as professionals and keep abreast of the fast-changing concept in methodology. EFTS and a number of suggestive programs are bound to change our system of operation. The degree of change expected is so drastic that it could very well confuse our purpose beyond existence.

"To top it all off, we exist in this fast-changing world of paradox, ambiguity and potentially dangerous jungle somewhat ill-equipped or hardly well-armed with the necessary skills and attitudes appropriate to continue or to survive. This is the challenge we face.

"Technicians and practical geniuses are needed in abundance in our industry. We need more new apostles and preachers of new philosophies. Very simply, we need capable top management and the association must do its share to provide the leadership for the industry. I believe our concept of education, legislation and communication is doing this.

"The attendance at the various workshops, conferences, and seminars attests to the interest of New Mexico bankers in the theory and philosophy outlined.

Almost 1,000 attended the state group meetings this year and grand total attendance at workshops, conferences and seminars topped 2,400.

"The cooperative assistance and encouragement that a great many of you have provided are most greatly appreciated. I wish to express my sincere thanks and gratitude to the executive council for its capable executive administration, to the committee chairmen for their excellent work and to Denton Hudgeons and his staff for their magnificent dedication, also Jack Campbell, legislative representative, and Frank Andrews for his efficient guidance in legal matters. The committee chairmen did a superb job in their meetings and particularly in serving the New Mexico School of Banking.

"I do believe we jointly have achieved great success this year and all of the credit goes to the many fine people who serve the association in various capacities," Mr. Jaramillo said.

Wayne Stewart, incoming association president, and president, First National, Alamogordo, in acceptance remarks, announced his intention to hire a full-time staff member to work with the legislative program. Mr. Stewart also stressed the importance of keeping up with EFTS and made an appeal for unity on the part of the membership.

Among resolutions passed by the membership was one commending Roy W. Davidson, who, until year-end 1974 was state bank commissioner, for his "outstanding work in upgrading and re-organizing" the state banking department.

The membership also passed an amendment to the NMBA constitution stating that any wholly owned affiliate of a bank holding company engaged in activities authorized by the Federal Reserve may become an associate member of the NMBA with no voting rights.

New Officers: Wayne Stewart, presi-



Will Rogers Jr. gestures as he tells about his famous father.

dent, First National, Alamogordo, was elected association president. W. R. Nicks, president, Citizens State, Springer, was elected president-elect; Ralph F. Petty Jr., president, Bank of Santa Fe, association treasurer. Denton R. Hudgeons was re-elected association executive vice president.

New Executive Council Members: Elected to the executive council were Dallas A. Johnson, president, Farmers & Merchants Bank, Las Cruces; Bruce J. Pierce, president, Bank of New Mexico, Albuquerque; and John H. Jackson Jr., president, First National, Grants.

ABA Elections: Charles K. Johnson, president, First National, Artesia, was elected a member of the ABA governing council, and Robert H. Allan Jr., president, First State, Gallup, was elected to the nominating committee. Mr. Jaramillo was named as alternate. The NMBA boasts 100% membership in the ABA.

The 65th annual convention in 1976 will be held in Las Cruces, June 10-12. Santa Fe was selected as the site for the 1977 convention. • •



Three convention speakers visit before the business session. Left to right, they are Jerry Apodaca, governor of New Mexico; Mrs. Francine Neff, treasurer of the United States; and Rudolph R. Fichtel, director of the American Institute of Banking.

EFTS Is 'Star of Show' At Indiana Convention; Griffis Heads Association

By RALPH B. COX, Editor & Publisher

ONE of the most-discussed topics in banking today—EFTS—was referred to in just about every speech given at the Indiana Bankers Association convention last month in French Lick. Speakers, including the IBA's outgoing president, Richard A. Life, discussed various aspects of EFTS.

Stephen R. Low, financial industries consultant, Arthur D. Little, Inc., Cambridge, Mass., devoted his entire talk to this subject. First of all, he described the work his consulting firm is doing with 12 states, including Indiana, to evaluate various EFTS strategies. A report on this ABA-sponsored study is expected before Labor Day.

Turning to EFTS in general, Mr. Low said he agrees with those bankers who maintain that EFTS will remove much of the personal contact in banking. However, he doesn't think this is bad, pointing out that family doctors often prescribe treatment over the phone, that many consumers do their shopping by using a Sears & Roebuck catalog and—in banking—there are bank-by-mail service, loan applications by phone and check cashing at grocery stores.

"What I'm trying to say is that for many of us, convenience can be more important than a 'hello,' a smile or a 'thank you,'" he said.

With the advent of EFTS, Mr. Low foresees the rise of some new forms

of retail banking, among them:

- "Automatic Banking"—automatic deposits of paychecks, social security benefits and other recurring payments and pre-authorized payments of various bills.

- "Self-Service Banking"—cash dispensers and automated teller machines (ATMS), which provide several bank services around the clock and sometimes off bank premises.

- "Merchant-Assisted Banking"—check-cashing services at retail outlets, such as supermarkets, through point-of-sale (POS) devices.

As to this third form of EFTS, Mr. Low reassured those bankers who don't think it will work that they should talk to people who have made it work. If bankers are worried about the merchants, Mr. Low reminded his audience that "they've been serving customers as long as you have—sometimes doing a better job—and have handled cash, checks and payments to third parties with a pretty good track record."

If a banker uses EFTS to provide Merchant-Assisted Banking services to his customer, Mr. Low advised that some thought be given to helping the merchant. There are enormous opportunities through EFTS, he said, to cut fraud and bad-debt losses for merchants and to help automate some of their accounting and customer-service functions.



Outgoing IBA President Richard A. Life (l.) welcomes his successor, C. Lloyd Griffis, pres., Old-First Nat'l, Bluffton. Mr. Life is pres., Wabash Valley Bank, Peru.

- "In-Home Banking"—telephone banking. By using a touch-tone telephone, customers of some banks can tell computers to transfer funds, pay bills or mail withdrawal checks.

Mr. Low suggested that state laws be passed on EFTS placing state-chartered banks on a parity with national banks and with S&Ls. He said he views state EFTS legislation rather like a seat belt or a life preserver—in itself, the law forces no banker to use EFTS, but if and when it becomes necessary or desirable, at least the option is open.

Regulatory structure. Part of the talk given by James E. Faris, director, Indiana department of financial institutions, was focused on EFTS. Mr. Faris, also president, Conference of State Bank Supervisors, predicted that the manner in which this technology develops will have a great deal to do with banking and regulatory structure in the '80s. He pointed out that off-premise facilities are feared by some as a massive step toward greater concentration in banking. This fear, in part, reflects the assumption that only large banks can afford the equipment and software. Others take somewhat an opposite view, continued Mr. Faris, that smaller banks could afford to install or to share in installation costs for unmanned tellers and POS terminals, but might not be able to absorb full costs of a branch.

The Indiana regulator told how the CSBS successfully urged Comptroller of the Currency James Smith to put off until July 1 of this year the effective date of his December 12 interpretive



NEW IBA OFFICERS are (l. to r.): president, C. Lloyd Griffis, pres., Old-First Nat'l, Bluffton; vice president, William C. Farrell Jr., pres., Elston Bank, Crawfordsville; and treasurer, Wayne E. Firestone, pres., State Bank, Rensselaer.

ruling that national banks could install off-premise customer-bank communication terminals (CBCTs). This gave state-chartered banks time to get similar legislation enacted in their states. In fact, according to Mr. Faris, 24 states have passed or have in process some type of EFTS legislation.

In his talk, Mr. Faris also looked ahead to banking and regulatory structure in the 1980s. He said he's sure each bank president has considered his own institution's future, its continuity of management, future solvency and profitability. But, asked Mr. Faris, what about the banking and regulatory structure under which his bank must operate in the years ahead? Has banking adequately planned for a structure providing for the greatest opportunity for growth and service to the public?

"I firmly believe," continued Mr. Faris, "that, in a general sense, the current regulatory system is being threatened on two fronts, primarily because of the attitude of its operatives.

"First, I am concerned with the total supervisory response to the rapidly evolving nature of the business of banking. And second, I perceive that the current imbalance within the dual system caused by the trend toward centralization of the supervisory authority over state-chartered banks is having an adverse effect on the ability of present-day regulators to perform their function at optimum levels. The manner in which these threats are met may well determine the banking and regulatory structure of the '80s. I am concerned at the lack of understanding of how fast banking has been changing, is changing and will continue to change.

"To put it simply, I'm suggesting that all bank supervisors must become more philosophically attuned to our industry's constructive desire for innovation and that we must develop the departmental capabilities and supervisory approaches necessary for us to act as vehicles, not barriers, to such change when it is shown to be in the public interest."

Mr. Faris, of course, strongly backed the dual-banking system by saying, "The freedom to choose between a state or national bank charter is the best protection in the world against unreasonable regulation at either a state or federal level. It encourages modernization and orderly accommodation to new technologies, preserves local options and is more sensitive to the needs of customers and business in respective trade areas than any known form of centralized system."

The president's message. Bank structure and EFTS were tied together in a

report given by IBA President Richard A. Life, president, Wabash Valley Bank, Peru. He talked about how EFTS has grown and how it has contributed to the bank-structure-issue controversy—an issue the IBA has chosen to treat with complete neutrality and has done so with success through three consecutive boards of directors. As EFT continues to evolve, said Mr. Life, and as those elements surface that are directly or indirectly related to the structure issue, this neutrality policy presumably will be applied accordingly.

However, he continued, the IBA still has its traditional responsibility of developing familiarity with the various aspects of all banking innovations and then sharing that knowledge with its membership. That is why the IBA is cooperating with the Arthur D. Little Co. in its EFTS strategy study. Although the association's investment in money and manpower will be substantial, said Mr. Life, the IBA believes the results of the study will provide the association and its members with an invaluable in-depth analysis of the options available within our environment and under Indiana laws and conditions and with a direction in which to proceed through what "must truly be hazardous and, most certainly, challenging waters."

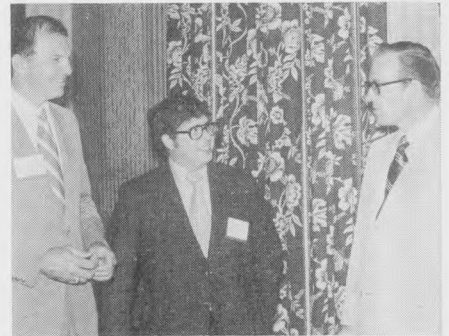
President Life also touched on legislative matters, saying that the IBA effectively influenced passage of several important banking bills. Among them, he said, was one clarifying the interpretation of the controversial Bank Tax Act of 1934. Inequities and misunderstandings still exist regarding this tax, he said, and a complete review and reconsideration of the nature of the method used by Indiana to tax banks appears desirable. He believes it will be appropriate for the IBA to provide leadership as this project evolves.

The energy crisis. Americans are more vulnerable today "by a long shot" to an oil embargo than they were 18 months ago during the height of the so-called energy crisis. So said another IBA convention speaker, William D. Ruckelshaus. Now associated with a Washington, D. C., law firm, Mr. Ruckelshaus, a former Indiana legislator, has served as head of the Environmental Protection Agency, as deputy Attorney General and as acting FBI director.

According to Mr. Ruckelshaus, 40% of the oil used in the United States now is imported, compared with 31% at the time of the "crisis." He believes the President has done all he can do without congressional support and pointed to Mr. Ford's efforts to reduce consumption by increasing the tax on



James E. Faris (l.) and William D. Ruckelshaus (r.) spoke at IBA convention last month. Mr. Faris is dir., Indiana dept. of financial institutions, and pres., Conference of State Bank Supervisors. Mr. Ruckelshaus is Washington, D. C., lawyer. He also is former deputy Attorney General, former acting FBI director and former head, Environmental Protection Agency.



Three Indiana convention speakers get together between business sessions. L. to r., they are: Gerald M. Lowrie, exec. dir., Government Relations, ABA, Washington, D. C.; Stephen R. Low, financial industries consultant, Arthur D. Little, Inc., Cambridge, Mass.; and Donald S. Howard, s.v.p., First Nat'l City, New York City.



Earl Bloodworth (r.), nat'l AIB pres., discusses his portion of IBA convention program with outgoing IBA President Richard A. Life, pres., Wabash Valley Bank, Peru. Mr. Bloodworth also is from Indiana—he's v.p. & t.o., Security Bank, Vincennes.

imported oil. Congress has done nothing, said Mr. Ruckelshaus, because any action it takes will lose it some friends.

The Washington lawyer also called for an end to increasing governmental regulation and urged bankers and other citizens to speak out if they believe regulations are oppressive. He believes government regulations will become a campaign issue in the 1976 elections.

Overlapping regulations should be

(Continued on page 86)

King Arthur's Camelot Lives Again in Bank in Indiana

VISITING the Counting House Bank in North Webster, Ind., is almost like stepping back into King Arthur's time. It's not that the bank's operations aren't modern; they certainly are. However, the architecture of the bank's building resembles a setting out of the play, "Camelot," which dwelt with the Arthurian era. The bank is even located on Camelot Square.

In addition, the bank's new Camelot Village Branch in Warsaw, Ind., follows this kind of design. In fact, names of community facilities in both the Main Office and branch reflect medieval times. The Main Office has Camelot Hall and Kitchen for banquets, shows, reunions and parties; the palace foyer and fountain for receptions, weddings

By **ROSEMARY MCKELVEY**
Managing Editor

and "state" occasions; the palace courtyard and Camelot parking lot for outdoor crafts, roasts and barbecues and the rooftop tennis court for tennis, calisthenics and outdoor groups. The Camelot Village Branch has a "Knights and Ladies Lounge" and kitchenette for groups up to 10 in number; "Room of the Realm" for groups up to 75 in number; "the Counting House Mall" for exhibits, shows and groups numbering up to 200 and the castle courtyard and parking lot for outdoor displays, roasts and barbecues.

During the branch's one-day grand opening, the Counting House Bank offered \$7,500 in gift certificates, donated by "dealers of the real" (local merchants), and held a children's treasure hunt tennis ball volley from the "castle" rooftop. Chris Schenkel, ABC sportscaster, officiated at the latter event. Mr. Schenkel is chairman, Counting House Bank.

A deposit-predicting contest was kicked off and will run through December 27. Object of the contest is to predict the bank's total deposits as of the close of business next December 31. The grand prize will be a \$1,000 savings certificate with a \$100,000 maturity value or alternate grand prizes of a \$1,000 gold bar, a \$1,000 gift certificate toward purchase of a car, boat or home (conventional or mobile) from area dealers or 10 shares of bank stock.

The mall at the new branch contains

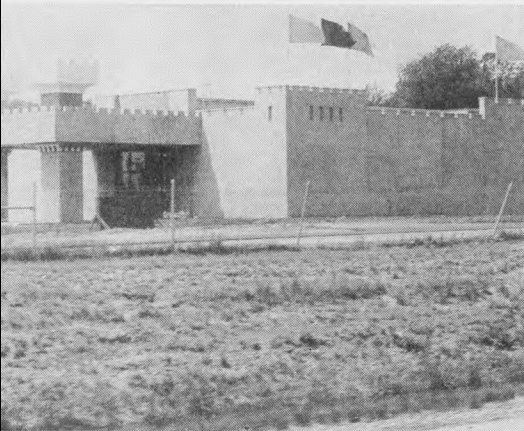
32 interior arches, 64 stained glass windows, 17 banners, 12 gold trumpets, seven pieces of what is called the world's largest wood-carved chess set and 24 decorative lights.

The Counting House Bank originally was called Farmers State, but changed its name to its present form at year-end 1971. The name change coincided with establishment of the International Palace of Sports, Inc., in North Webster, a nonprofit public foundation dedicated to youth through sports. The bank and Sports Palace are located in the same building.

The foundation—brainchild of J. Homer Shoop, bank president—was chartered in 1970 to implement a King of Sports Youth Program designed to motivate and inspire young people to higher achievement and better citizenship by linking the legend of Camelot to King of Sports scholarships. This youth program:

1. Selects and enshrines 20th-century kings of sports in the International Palace of Sports.
2. Grants scholarships and career awards in their names to deserving youths—designated knights and ladies of the year.
3. Issues commemorative medallions in their likenesses to donors and collectors in support of such awards.

To dramatize the program, the foundation maintains the International Palace of Sports, as "the world's only shrine specifically planned to link sports immortals, scholarships and deserving youths." Within the palace, the foundation has established a Royal Court composed of honorary members and donor members. The former are

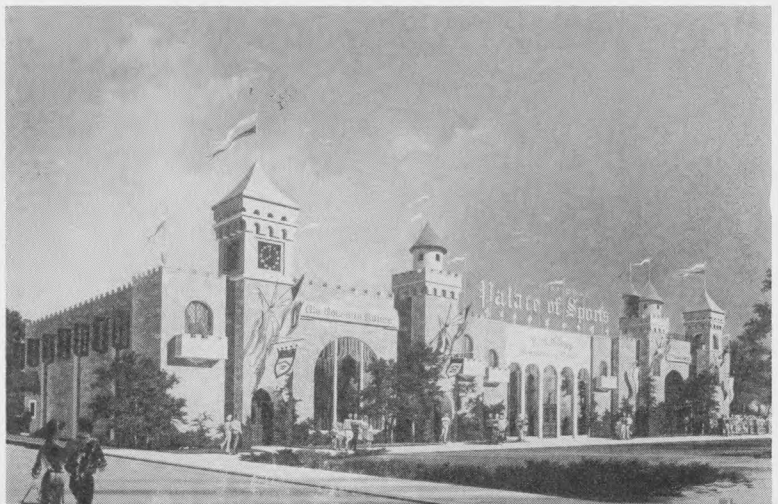


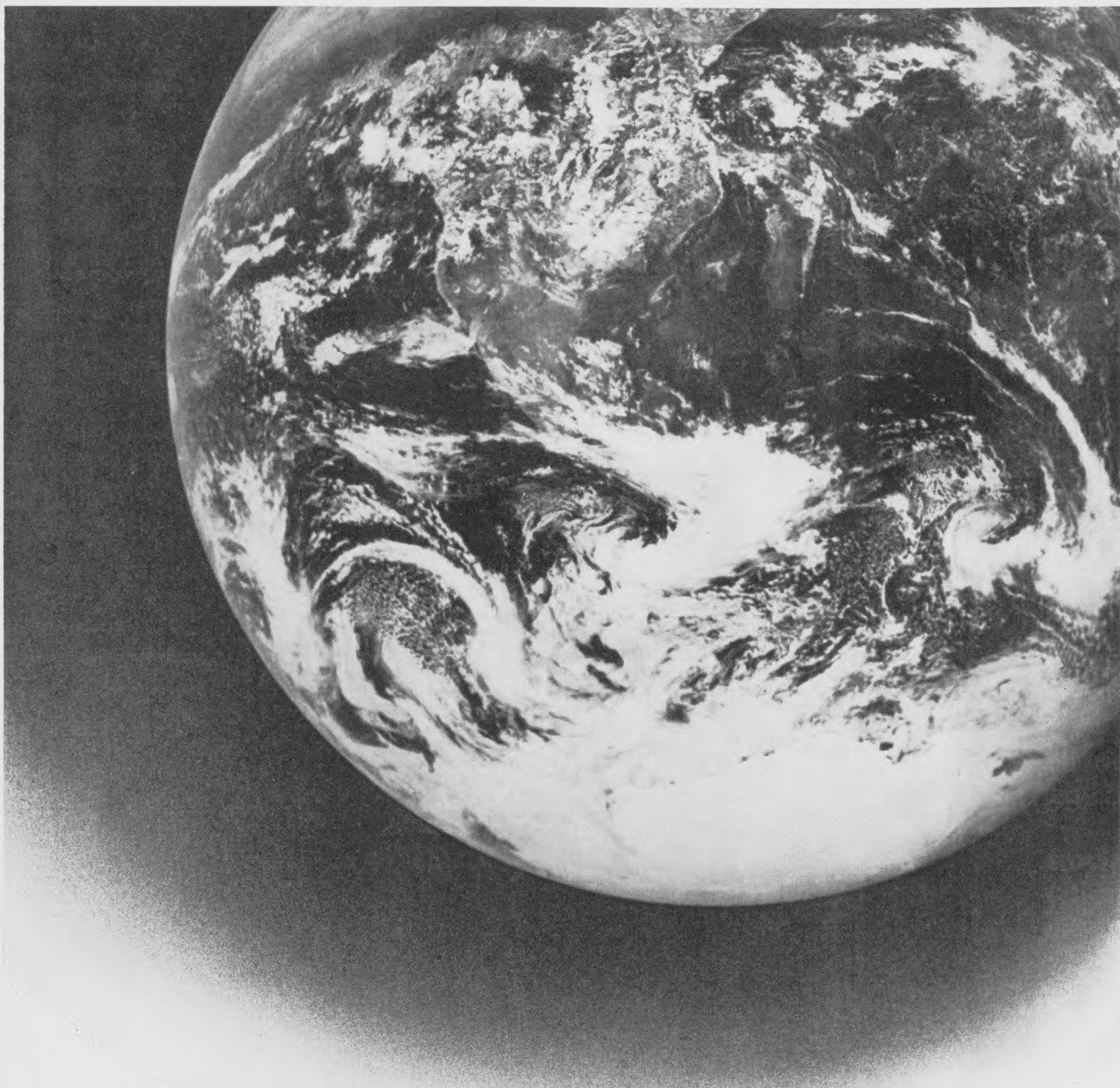
New Camelot Village Branch of Counting House Bank opened in Warsaw, Ind., and features medieval castle architecture similar to Main Office in North Webster.



Mall of new Camelot Village Branch of Counting House Bank features medieval banners suspended from golden trumpets. In center background is large chess piece.

This is artist's sketch of Counting House Bank, North Webster, Ind., which is located (l. in photo) next to International Palace of Sports (c.). Building's architecture represents castle of mythical King Arthur's time, even to turrets and banners.





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selected sports personalities (kings and queens, noblemen and noblewomen of the Realm of Recreation) and the deserving youths who receive awards in their names (knights and ladies of the year). The Realm of Recreation is defined as an area within a 25-mile radius of North Webster or Warsaw.

The foundation is governed by a board—"knights of the Round Table"—composed of the Indiana lieutenant governor, representatives of Kiwanis International, Lions International and Lady Lions International, chairmen of the various festival and tournament of knights committees and 10 or more members elected at large each year. All lend their names and efforts without fee.

The foundation's executive director is Mr. Shoop, whose foundation name is Merlin (after the magician in King Arthur's mythical court in Camelot). He is a former National Public Parks Tennis champion and a blue ribbon bridge player, who, for more than a decade, has been northern Indiana's leading master point holder. • •

Indiana Convention

(Continued from page 83)

rewritten, and ill-conceived programs should be scrapped, he advised. He cited the clean-air and clean-water acts as examples of "hasty" action by Congress in setting standards and compliance timetables that couldn't be met without serious consequences, such as job losses.

New IBA officers. C. Lloyd Griffis, president, Old-First National, Bluffton, was elected IBA president to succeed Mr. Life. The new vice president is William C. Farrell Jr., president, Elston Bank, Crawfordsville. Named treasurer was Wayne E. Firestone, president, State Bank, Rensselaer.

Three new board members also were elected by the IBA: Edgar P. Hughes, senior vice president, National City, Evansville; Robert Park, senior vice president, Merchants National, Muncie; and Kent Simpson, president, Farmers-Citizens, Salem.

ABA officers. Messrs. Griffis and Farrell also were elected to two-year terms on the ABA's Governing Council. Mr. Life was named to the ABA nominating committee, and David S. Hostetter, president, Tri-County Bank, Roachdale, was named alternate member. • •

Banking Skills, Issues To Be Discussed by NABW At October Convention

HONOLULU—"Your NABW Ticket to a Great Adventure" is the theme of the programming for the 53rd annual convention of the National Association of Bank Women (NABW) October 12-15 at the Sheraton-Waikiki Hotel. Jane C. Vasconcellos, assistant vice president, Bank of Hawaii, is chairman.

The "Great Adventure" theme will be reflected in general sessions, workshops and seminars devoted to "Building Better Banking Skills" and "Coming to Grips With Current Banking Issues."



Members of committee in charge of 53rd annual NABW convention discuss early plans (l. to r.): Bo Ngan Jow, v.p., American Security Bank; Jane Vasconcellos, a.v.p., and Edith Harada, a.c., Bank of Hawaii; Elsie Bacher, a.v.p., Hawaiian Trust, all of Honolulu. Convention is set for October 12-15 at Sheraton-Waikiki Hotel, Honolulu.

Government, economy, big business, the international money market and management roles will be topics of the general sessions, while workshops and seminars will focus on EFTS, bank failures, marketing plans for profit, bad checks and con games, personnel on the firing line, operations, commercial lending, the new pension law, trust update and management by objectives.

Personal career-counseling sessions and reports relating to the NABW Educational Foundation's degree-granting

Education for Management program also will be on the agenda.

Presiding over the convention will be NABW President Patricia Weninger, vice president, Fidelity Mutual, Spokane, Wash. NABW Vice President Betty L. Steele, vice president and secretary, Brenton Banks, Inc., Des Moines, also will play a leading role.

Saving the Green:

'Johnny Appleseed' Clubs Enrich Savings, Ecology

A promotional idea by McPherson (Kan.) State not only has recruited over 1,200 young savers, but it has resulted in restoration of the city's tree population. Recently, 400 children, all members of McPherson State's "Johnny Appleseed Junior Ecology Club," received free tree seedlings from the bank.

More than 800 youngsters have joined the club this past year. "Johnny Appleseed" was developed by the bank and its advertising agency to spur savings and ecology consciousness. Due to the club's success, 70 financial institutions across the nation now offer the program.

Children are invited to go to the bank, where they receive an initial "ecology kit" at no charge when joining the club. The kit consists of a litter bag containing an ecology project calendar, membership card, sew-on apple patch and a dime-saver folder. On alternate months during the year, environmentally oriented gifts are offered to those making savings deposits.

The list of gifts proffered in the past includes energy saver stickers, garden seeds, iron-on apples and bicycle safety reflector spots. Do-it-yourself projects are outlined on months when incentive gifts aren't offered.



Kathie Darrah, "Johnny Appleseed Club" coordinator, McPherson (Kan.) State, and Mr. Appleseed present tree seedlings to two members of bank's ecology/savings club. About 400 seedlings were distributed in one day. Appleseed program is for young savers, has recruited 800 in past year.

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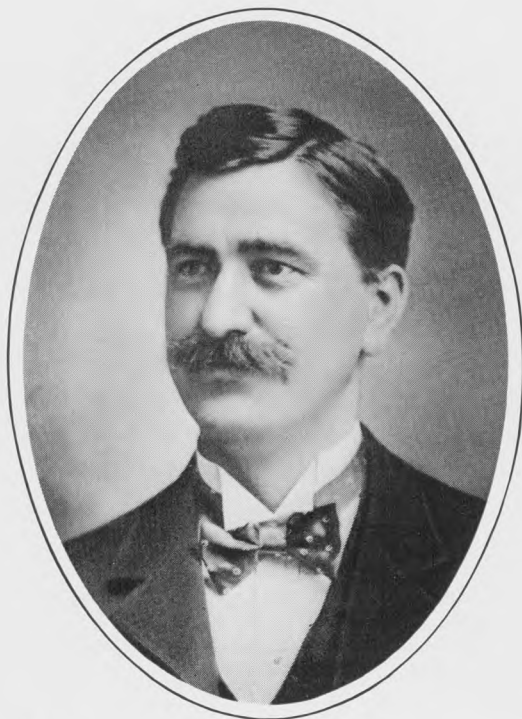
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**"FIRST AMERICAN
HAS BEEN OUR
CORRESPONDENT
SINCE MY FATHER
WAS PRESIDENT
OF THIS BANK.**

**WHICH DOESN'T HAVE
ANYTHING TO DO WITH
WHY THEY STILL ARE."**

Mose E. Dorton, Chairman & President
First National Bank
Crossville, Tennessee



But, it does point up the fact we've stuck with a winner. First American is our correspondent today because they do more for us. Always have.

"They've helped our town and county prosper. And supported our industry. In fact, it seems to me that the people at First American are as interested in the growth of our bank and community as they are in their own.

"What more could you ask from a correspondent bank?"

Thanks, Mose.

If you get the idea that you could be getting more out of your correspondent banking relationship, you might want to give us a call. 1-800-342-8240 in Tennessee. 1-800-251-8514 in bordering states. First American Center, Nashville 37237.



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MID-CONTINENT BANKER for July, 1975

87

'Revolutionary' Lobby In New Bank Building To Have Open Spaces

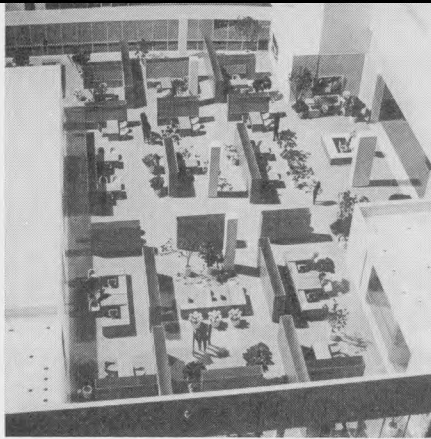
TULSA—The planned new 50-story Bank of Oklahoma Building will feature what bank spokesmen call a "revolutionary," open-space lobby, having 24 tellers' modules in two free-form groupings. Bank of Oklahoma is the new name of the former National Bank of Tulsa.

The structure, when completed, reportedly will be the tallest in this city. The bank will lease 250,000 square feet of space in the building for its business activities. Site for the proposed bank home is Williams Center, a 22-acre development downtown.

The lobby will have a 29-foot-high ceiling and the tellers' stations will consist of modules which, according to a bank official, will lend a more personal banking contact with each customer.

The main banking room will be located in the north half of the podium area of the building, and besides housing all teller stations and personal banking operations, will have an elevated garden which can be viewed from the lobby area through glass windows extending the length of the north wall.

There will be no support columns or pillars throughout the tower struc-



ABOVE: Model shows Bank of Oklahoma's main banking room in its planned 50-story headquarters building. Room will have 29-foot-high ceiling, 24 tellers' modules in two free-form groupings. BELOW: Model demonstrates interior, designed with customers in mind which will be of open-space design, using partitions, tall planters and openly designed work stations. Few permanent walls will be incorporated.

ture, except in the building core housing the elevator systems.

The open-space design of the interior will utilize partitions, tall planters and few permanent walls. Only six conventional offices are planned for the entire bank.

Music in the Air:

Sidewalk Symphony Series Planned for Houston

Houston National has begun another spring of "Sidewalk Symphonies."

The bank sponsors a number of the concerts yearly, and eight are planned for this season. Downtown workers on their lunch hour, school children in groups, businessmen en route to meetings and shoppers make up the crowd of listeners that frequent the Thursday afternoon entertainment in front of Houston National.

Plans this year call for two appearances by the Houston Symphony Orchestra, a concert by a Dixieland band, the Texas State University Ensemble, Ned Battista and his Houston Pops Orchestra, the Sweet Adelines and Thea Martin and the Family Tree. The final spring musical event is tentative, with Stan Kenton and his Orchestra penciled in for the date.

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Art Krebs
Arkansas-Louisiana



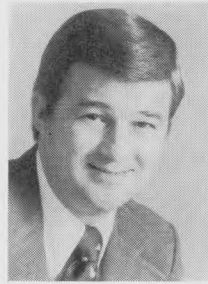
Ben Adams
Missouri



Jack House
Iowa



Duncan Kincheloe
Texas-Oklahoma



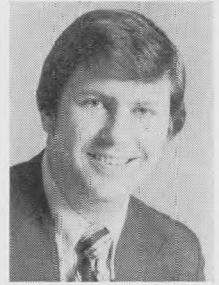
Paul Libbert
Missouri



Verne Schweder
Kansas City Metropolitan



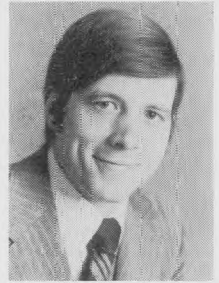
Jack Beets
Kansas



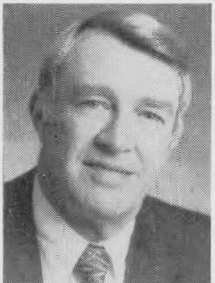
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Dave Van Aken
Kansas

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NEWS

From the Mid-Continent Area

Alabama

■ SAM W. GENTRY JR., formerly vice president, branch administration department, First National, Birmingham, has been transferred to the national division, Alabama Bancorp., Birmingham, parent HC. In other national division promotions at the HC, William G. Bond and John M. Kettig, formerly assistant vice presidents, have been named vice presidents.

■ WILLIAM R. HALEY JR., vice president and cashier, Exchange National, Montgomery, has been named president of the Young Bankers Section of the Alabama Bankers Association. Other officers elected for the 1975-76 term include: vice president, Kay Ivey, assistant cashier, Merchants National, Mobile; secretary, Gene Boyd, executive vice president, Jacksonville State; and treasurer, J. R. Jones, vice president, Escambia County Bank, Flomaton. Bruce G. Haney, executive vice president and trust officer, First National, Brewton, has been named Alabama's outstanding young banker for 1974-75 by the Ala.BA.

Arkansas

■ NORTHWEST NATIONAL, Fayetteville, has opened with capital of \$400,000, surplus of \$400,000 and undivided profits of \$200,000. G. H. Clausen serves as president; S. Denny Smith, as vice president and cashier; and W. Norton Brown, as vice president.

■ TERENCE E. RENAUD, president and chairman, Twin City Bank, North Little Rock, has been named vice chairman of the board of visitors at the University of Arkansas, Little Rock.

■ WILLIAM M. PIERCE has been appointed senior vice president, Union National, Little Rock, with responsibilities in business development. Mr. Pierce has been president and executive director, Arkansas Business Development Corp., since 1972.



HALEY



GESHWILER

Illinois

■ JOSEPH L. BAUGHMAN and Richard J. Brown, banking department, and Edmund H. Grant, Kenneth R. Meyer and David N. Woodyatt, trust department, have been promoted to vice presidents at Harris Bank, Chicago. Named assistant vice presidents were Henry J. Piermattei and Donald J. Zyck, banking department, and C. Thomas Johnson, trust department.

■ MORRIE J. SCHROETER II, who joined First National, Alton, last January, has been named senior installment loan officer. He assumes responsibility for management of that department, succeeding Eugene Wrischnik, assistant vice president, who has been designated executive vice president, Airport National, which will be an affiliate of First National. He also will assume responsibility for special projects of senior management. Mr. Schroeter

Flory to Chair Committee

William N. Flory, vice president, Harris Bank, Chicago, has been appointed chairman of a 15-member committee to establish the long-term functions of the Association for Modern Banking in Illinois (AMBI). Vice chairman of the committee is Lester A. Kassing, president, Jefferson Trust, Peoria.

Mr. Flory indicated that a research project is under way to determine the interests and priorities of AMBI membership and the scope of functions the organization should carry on as a full-scale trade association. The study and recommendation to the board and executive committee reportedly will be complete by summer's end.

formerly was with United Missouri, St. Louis, and Commerce Bank, University City (Mo.).

Indiana

■ ELTON GESHWILER, vice president, First Bank, Indianapolis, has been elected president, Independent Bankers Association of Indiana (IBAI). Other officers named include: first vice president, Joseph W. Bibler, president, Northern Indiana Bank, Valparaiso; second vice president, Paul R. Murphy, president, National City Bank, Evansville; secretary, Ralph E. Waltz, president, American National, Noblesville; and treasurer, Lyle Brighton, executive vice president, Owen County State, Spencer.

■ PAUL N. DINKINS, formerly president, Irwin Union Bank, Columbus, has been named chairman, succeeding Irwin Miller, who continues as chairman, Irwin Union Corp., Columbus, the bank's HC. John A. Nash has been promoted from executive vice president to president. Mr. Dinkins joined the bank in 1938 as a messenger, rose through the ranks and was elected president in 1964. He has been a director since 1956 and is a former Indiana Bankers Association president. Mr. Nash joined the bank in 1966, having previously been associated with National City Bank, Cleveland.



Promotions at Irwin Union Bank, Columbus, included Paul N. Dinkins (r.), who was named ch., succeeding Irwin Miller (c.), who continues as ch. at the HC, Irwin Union Corp., Columbus. Replacing Mr. Dinkins as pres. is John A. Nash (l.), formerly e.v.p. Mr. Dinkins is a former Indiana Bankers Assn. pres.

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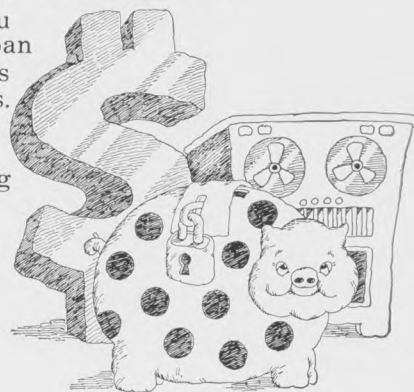


WE'RE BIG ENOUGH TO SERVE YOU, BUT SMALL ENOUGH TO TAKE CARE OF YOU.

That's why we can give you literally dozens of services. Like loan participations. Bond portfolio analysis and advice. Safe-keeping of securities. Credit information. Use of our computers. Executive search. And more. It's all part of being whatever kind of bank you need us to be.



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OF CHICAGO

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Kansas

■ RICHARD J. SCHWARZ has been named vice president in charge of marketing and business development, Security National, Kansas City. He succeeds Phillip J. Zeller, senior vice president, who resigned to become president, Overland National, Grand Island, Neb., last month. Mr. Zeller had been with Security National since 1968. Mr. Schwarz was formerly with Southwestern Bell Telephone Co. and the Board of Public Utilities.

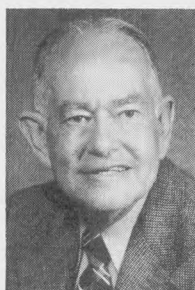


SCHWARZ



ZELLER

■ DONALD G. BARNES has been appointed senior vice president and officer in charge of the commercial data division, Commercial National, Kansas City. He goes there from the Kansas City Fed, where he served as vice president and director, system transportation service.



SHUTT



BARNES

■ MELVIN E. SHUTT has retired from Topeka State. He will be succeeded as auditor by Joseph B. Newbery. Mr. Shutt began his banking career in 1928 as a runner and is a former American Institute of Banking president.

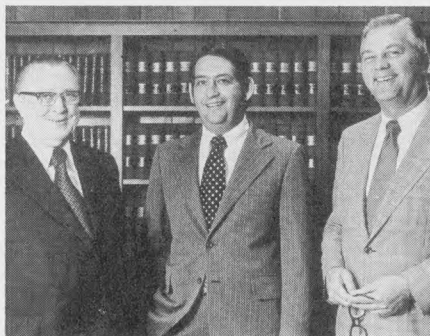
■ SECURITY NATIONAL, Kansas City, has announced the planned construction of a new building for its Security National-West Facility. The structure will have nearly 5,200 square feet of space, five drive-up lanes and parking facilities.

■ FOURTH NATIONAL, Wichita, has announced plans to construct a permanent facility for its West Towne Bank. The building will have 4,000 square feet of space, five inside teller stations and four fully automated drive-up units.

■ KANSAS STATE, Wichita, has received state and FDIC approval for a limited-service facility in west Wichita. The building will have about 4,000 square feet of space on the first level and 1,500 on the lower level. It will have 1,500 safe deposit boxes and four motor bank teller stations.

Kentucky

Two Join Central Bank

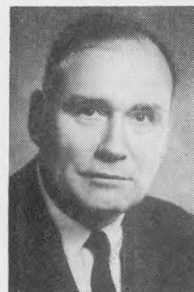


Harold A. Yates (r.) has been named pres. and Wayne L. Smith (c.) has been named e.v.p. at Central Bank, Lexington. At l. is Garvice Kincaid, who remains ch. Mr. Yates went to the bank from Bank of Indiana, Gary, where he was sr. v.p., while Mr. Smith was v.p. and regional banking dept. head, Union Commerce Bank, Cleveland.

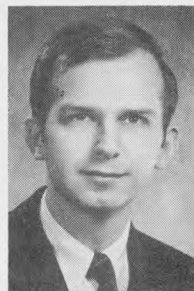
■ PEOPLES BANK, Madisonville, has celebrated an open house to show its remodeled interior and expanded facilities. A two-story addition was made and the lobby was expanded for two more note tellers and an officers platform.



FULLER



SEMPLÉ



HARPER

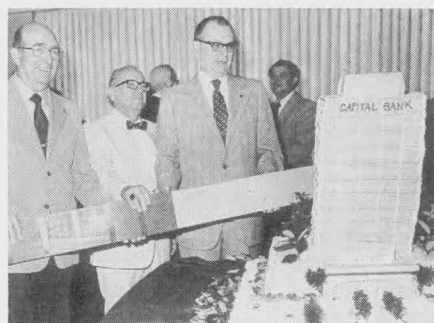


CALVERT

■ CITIZENS FIDELITY, Louisville, has promoted Charles H. Semple Jr. from vice president and investment officer to vice president and senior investment officer. Robert M. Calvert, Asa W. Fuller Jr. and N. David Harper Jr. were all promoted to vice presidents and investment officers. Robert J. Bicknell has been raised to assistant vice president and manager, Lexington Data Center.

Louisiana

Bank Celebrates 20th Birthday



Cutting the 20th-anniversary cake at Capital Bank, Baton Rouge, are (from l.) Embree K. Easterly, pres.; Jules F. Landry, ch. emeritus; and H. H. Holloway Jr., ch. Capital Bank opened in 1955 and now is headquartered in the 12-story building depicted by the cake.

CNB

COMMERCIAL NATIONAL BANK

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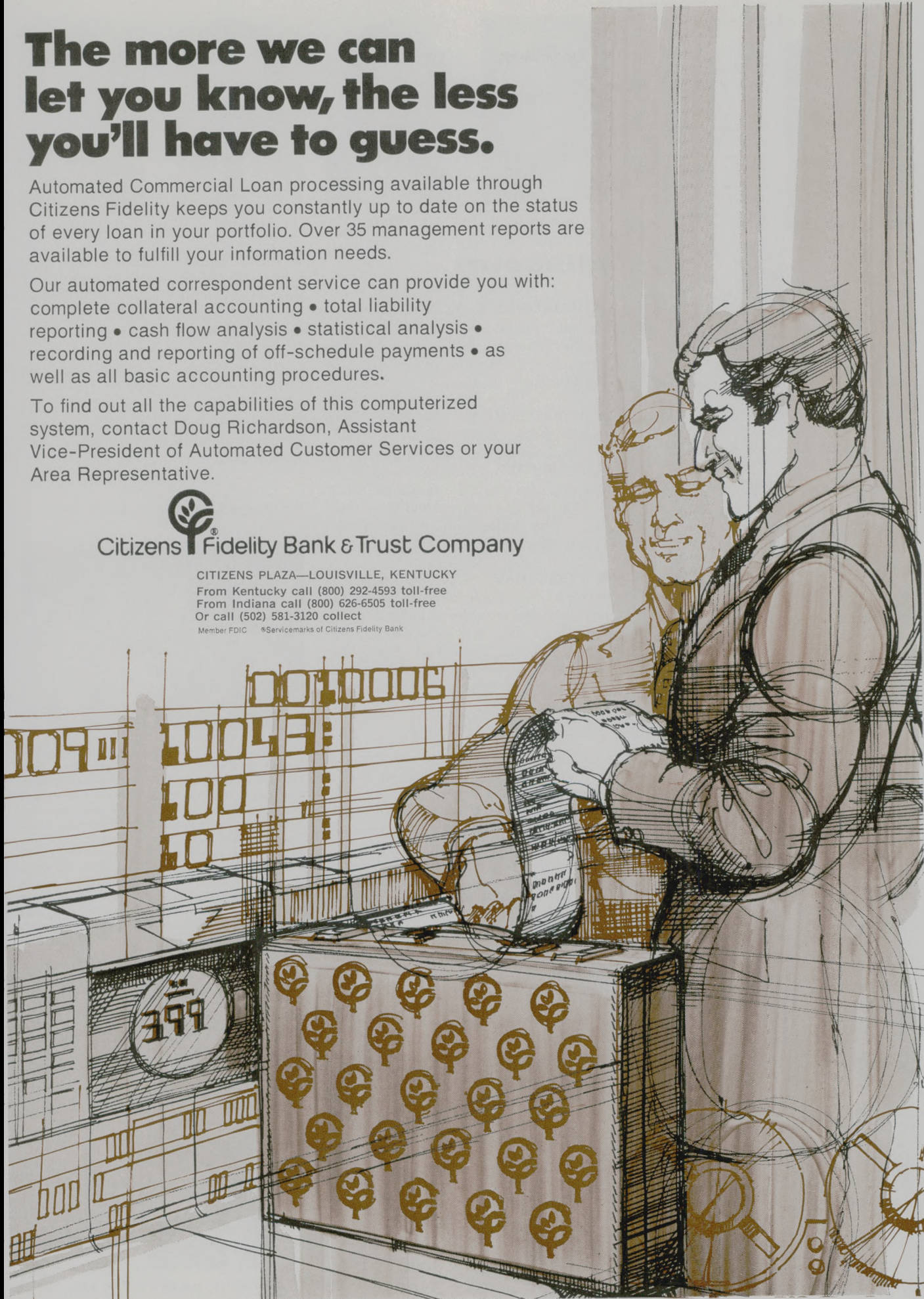
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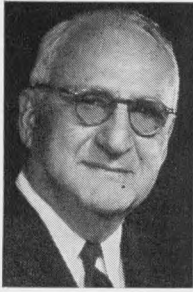
From Indiana call (800) 626-6505 toll-free

Or call (502) 581-3120 collect

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Lewis Gottlieb Dies



Lewis Gottlieb, ch. emeritus, City Nat'l, Baton Rouge, has died. One of the organizers of City Nat'l in 1933, he became pres., 1946; ch., 1957; and ch. emeritus, 1972. Mr. Gottlieb was LBA pres., 1955-56, and dir., New Orleans Br., Atlanta Fed., 1961-64.

■ LAWRENCE W. McINTOSH has been elected president and CEO at Guaranty Bank, Alexandria, going from Community Bank, Seminole, Fla., where he served as president. His banking career began with Citizens & Southern National, Atlanta, where he served in various capacities for 12 years.

Bank Expands Branch



Whitney Nat'l, New Orleans, has added to the facilities and expanded services at its Gentilly Branch. Drive-up lanes have been doubled in number and Tellervue TV has been added. The off-street parking area also has been enlarged.

Mississippi

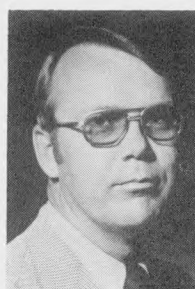
■ HARRY S. COKER II, John W. Kitts, Jerry T. McNeil and Robert B. Tadlock have been named vice presidents at First National, Jackson. Mr. Coker is with the mortgage loan department; Mr. Kitts manages the Battlefield Park Office; Mr. McNeil is in the auto finance department; and Mr. Tadlock manages the Pearl Office.



KITTS



COKER



McNEIL



TADLOCK



McINTOSH



LONGO



FOWLER



LYLE

Missouri

■ MARJORIE A. LONGO, advertising and public relations officer, Mercantile Bancorp., Inc., St. Louis, has been elected president of the Advertising Women of St. Louis.

■ WASHINGTON COUNTY Mercantile Bank, Potosi, formerly Washington County Commercial Bank, has announced the retirement of Jack H. Biggers, executive vice president. Rudy J. Stretesky has been named to succeed him. Ted Kelderman is the bank's new cashier.

■ FIRST NATIONAL, St. Louis, has expanded its financial services to the metropolitan area by joining Depository Trust Co., a wholly owned subsidiary of the New York Stock Exchange, as a participant, and the Chicago Board of Option Exchange as an escrow depository.

■ FIRST NATIONAL, Kansas City, has announced plans to construct a new motor bank in southeastern Kansas City. The Loma Vista Facility, as it will be called, will have about 4,000 square feet of space, a walk-up window, three drive-up stations and is scheduled to open late this year.

■ AMERIBANC, INC., St. Joseph, has received Fed approval for acquisition of Exchange Bank, Richmond. At American National, St. Joseph, affiliate bank, Dr. Larry A. Jones, a dentist, and James C. Thomas, contractor, both of St. Joseph, have been elected directors.

■ HOMER A. LYLE has been promoted to senior executive vice president at Columbia Union National, Kansas City. Succeeding him as correspondent bank department head is James W. Fowler, vice president. Mr. Lyle joined the bank in 1968 and was named senior vice president in 1971, while Mr. Fowler went to the bank last year after serving with the correspondent department, Commerce Bank, Kansas City.

Plaza First Nat'l Is Dedicated



The ribbon flies after being cut during the formal dedication ceremonies at Plaza First Nat'l of West Port in St. Louis County, formerly First Nat'l, Wellston. Pictured (from l.) are Jack Walsh, dir., County Business & Industrial Development Commission; Dale Boughton, pres.; Scott Hayden, Cub Scout; Thomas J. White, ch.; Marcel Haulard, Cub Scout; James C. Kirkpatrick, Mo. sec. of state; Michelle Marshall, Miss Missouri, 1974; Harold Dielman, Creve Coeur mayor; R. Quinn Fox, a.v.p., St. Louis Fed; and Joseph Steele, exec. dir. and sec., St. Louis American Institute of Banking Chapter.

■ JOHN R. JENNINGS has been named vice president and correspondent bank officer at Manchester Bank, St. Louis. He previously was cashier.



JENNINGS

...our 50th anniversary.



In 1925, what was then known as Deposit Guaranty Bank and Trust Company opened its doors for business at a single office location on Capitol Street in downtown Jackson with capital and surplus of \$125,000.

Today, fifty years later, what is now Deposit Guaranty National Bank has over \$65,000,000 in capital resources and over \$800,000,000 in total assets. From the new main office in Deposit Guaranty Plaza the Bank system operates eighteen offices within the city of Jackson, plus two offices in Clinton and an office in Pearl, as well as branch bank operations in Greenville, Greenwood, Natchez, McComb, Monticello, Newhebron and Centreville.

Encompassing thirty-nine banking offices, this comprises the largest banking system in the state and one of the largest in the middle South area.

This growth, we believe, is due to Deposit Guaranty's dedication to sound fiscal policies, to the guardianship of those funds entrusted to its care, to the protection of its shareholders' investment, to a continuing involvement in the civic affairs of the communities it serves and the state as a whole, to a concern for the welfare of its staff and to providing complete and up-to-date financial services for its loyal customers.

It is through your faith, confidence and continuing patronage that our growth and progress are made possible.



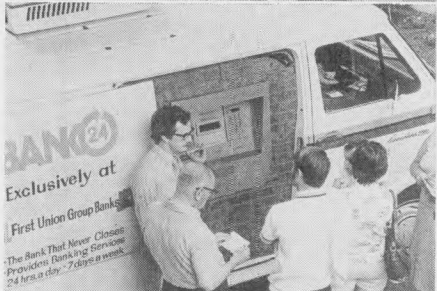
DEPOSIT GUARANTY NATIONAL BANK

Grow With Us/Jackson, Mississippi/Member F.D.I.C.
Centreville, Farmers Exchange Bank/Greenville, Greenville Bank/
Greenwood, LeFlore Bank/McComb, Mechanics Bank/
Monticello, Monticello Bank/Natchez, City Bank & Trust Co./
Newhebron, Newhebron Bank/And Offices in Clinton and Pearl.



This is new home of Bank of Springfield, featuring cantilevered design that gives building appearance of inverted pyramid.

■ **BANK OF SPRINGFIELD** has opened its new building, with State Treasurer James I. Spainhower as guest of honor at the official dedication. Other participants included Edwin S.



TOP: Participants in official opening of new Bank of Springfield building are (l. to r.): B. B. Culver, Richard F. Ford, Ben A. Parnell Jr. and James P. Hickok. All four are directors of First Union, Inc., St. Louis-based multi-bank HC to which Bank of Springfield belongs. Mr. Ford is HC's exec. v.p. Mr. Parnell, former pres., Missouri Bankers Assn, is ch., Peoples Bank, Branson, also First Union affiliate. Mr. Hickok is former pres., First Union, and former pres., ch., CEO & exec. comm. ch., First Nat'l, St. Louis, HC's lead bank.

CENTER: Ribbon is cut by (l. to r.) Springfield Mayor Jim Payne; Charles W. Lear, pres., Bank of Springfield; Edwin S. Jones, ch., First Union; and State Treasurer James I. Spainhower.

BOTTOM: First Union banks' special van is used at opening of Bank of Springfield's new quarters to demonstrate automated teller machine known as BANK24.

Jones, chairman and CEO, and Clarence C. Barksdale, president and chief operating officer, both of First Union, Inc., St. Louis-based multi-bank HC to which Bank of Springfield belongs. The modernistic, six-story bank and office center is said to be the first high-rise office building to be erected in Springfield in more than 40 years. Exterior walls are form-designed, poured-in-place concrete with a lightly sand-blasted surface, enhanced by solar bronze windows. The bank occupies the first two floors, and the remaining floors are being leased as commercial office space. Adjacent to the new center is a parking garage with a capacity of 215 cars.

■ **WILLIAM O. WEIS**, vice president, First National, Kansas City, has been named officer in charge of the Missouri correspondent bank territory of the bank, succeeding J. Walter Peniston, senior vice president, who retired April 30, following 45 years with the bank. In addition, Dean Howard, assistant cashier, has been assigned calling responsibilities in Missouri and Richard W. Brooks, assistant cashier, has joined the division and will call on Missouri banks. In other action, William J. Fisher, assistant vice president in the correspondent division, was recently elected vice president and secretary, First National Charter Corp., HC controlling First of Kansas City.



WEIS



PENISTON



HOWARD



BROOKS

Truman Statue Sponsor



R. Crosby Kemper Jr. (r.), ch., United Mo. Bancshares and United Mo. Bank, both of Kansas City, accepts two tickets to the Kansas City premiere of the play, "Give 'Em Hell Harry," and a photo of Harry S. Truman from Randall Jessee, radio and TV personality. Mr. Kemper, through a family charitable trust, reportedly had become the largest contributor to the fund drive to erect the full-size version of the Truman statue shown in the photograph. Site for the statue will be outside the former President's county office in Independence.

New Mexico

■ **THE COMPTROLLER** of the Currency has approved a proposed move by Albuquerque National to a new building under construction. Move-in date is set for early 1976.

■ **RICHARD L. GRIMES** has been named vice president and manager at the Cerrillos Road Branch, Santa Fe National. He previously was manager, Cleveland Park Branch, American Security & Trust Co., Washington, D. C.

'Solar' Bank Saves Energy

Ground has been broken in Santa Fe for what reportedly is the nation's first solar energy bank building. The new permanent home for United Southwest National is scheduled to be complete in November.

The \$500,000 structure will have about 7,600 square feet of space and will feature a water-cooled solar system that, according to bank officials, will provide 54% of the space heating requirements during a seven-month heating period. Annual energy savings of over 200,000 cubic feet of natural gas is foreseen.

The one-story building, of pueblo-style design, will have a basement and will be capable of storing solar energy for a maximum of three days, according to a bank spokesman. A backup standard heating and cooling system is included in the bank's design.

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■ **CONSTRUCTION** has begun on a motor bank facility at First National, Farmington. The \$225,000 building will have 700 square feet of space, will be semicircular in shape and will be covered by a circular canopy 80 feet in diameter. Six drive-up lanes will be serviced by pneumatic tubes, while two other lanes will lead to drive-up windows.

■ **TOM E. MEARS** has joined First National, Albuquerque, as an assistant vice president and corporate loan officer. He formerly was a national bank examiner in New Mexico.

Oklahoma

■ **ROBERT C. FAY**, trust investment officer, has been elevated to vice president and trust investment officer at First National, Tulsa. Prior to joining the bank in 1972, he was an investment officer and portfolio manager, Security Pacific National, Los Angeles.



HAMMONDS



PORTER

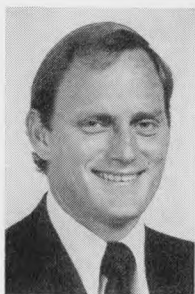
■ **GEORGE HAMMONDS**, controller, Liberty National Corp., Oklahoma City, has been elected president of the Oklahoma Chapter, Financial Executives Institute.

■ **JACK JENSEN** has been named assistant cashier, while Robert Fraser has been named assistant trust officer at First National, Bartlesville.

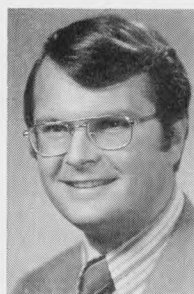
Banker Honored for Service



John Robertson (l.), pres., and Dick Wagner, sr. v.p., First Nat'l, Tulsa, relax after awards ceremony during which Mr. Wagner was honored for 40 years with the bank. He joined First Nat'l in 1935, rose through the ranks, and assumed his present title in 1961. Mr. Wagner is in the regional bank development division.



CROXALL



HATLEY

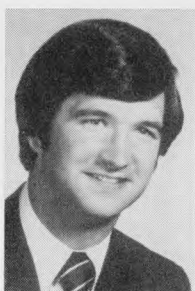
■ **MORRIS LEE HATLEY** has been named vice president and trust officer at Fidelity Bank, Oklahoma City. He goes there from First National, Muskogee, where he held a similar position.

■ **FELIX N. PORTER** has been elected vice chairman at First National, Oklahoma City, succeeding W. H. McDonald, who has retired. Mr. Porter joined the bank in 1937, was named president in 1969 and executive committee chairman in 1974.

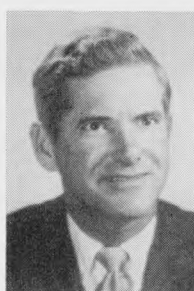
Tennessee

■ **STEPHEN H. CROXALL** has been promoted to vice president at American National, Chattanooga. He joined the bank in 1970 and most recently has served as senior data systems officer.

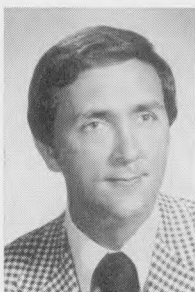
■ **RALPH A. DAVIDSON** has been promoted to senior vice president and cashier at Hamilton National, Knoxville. John H. Bynum has been elected vice president and senior branch credit officer; Preston A. Ford Jr., vice presi-



HALL



DAVIDSON



BYNUM



FORD

dent and director of marketing; and J. Dan Hall, vice president and manager, investment division.

■ **WAYNE MURPHY** has been named an international officer at First Memphis International Corp. He also serves as manager of the corporation, which is a subsidiary of First National, Memphis.

■ **RICHARD BRALY** has been named administrative assistant at First National, Lawrenceburg.

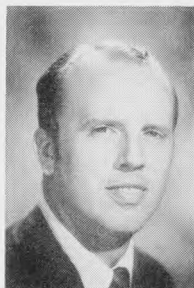
Texas



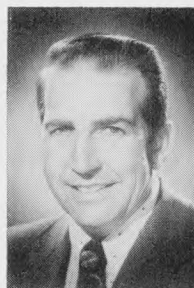
LUNDELIUS



HYDE



GRAY



TENGWALL

■ **FORT WORTH NATIONAL** has announced a new commercial lending service called professional and executive loans. Charles R. Lundelius, vice president, has been named to head the new service, which is part of the commercial banking division. C. Brodie Hyde, vice president, has been elected manager of the newly created commercial lending group and Gene Gray, vice president, has been named manager, credit administration group. Arlan Tengwall, formerly vice president, First National, Aberdeen, S. D., has been elected vice president and manager, agricultural and livestock loan department, while George Juviler, formerly with North Carolina National, Charlotte, has been named assistant vice president, international department.

■ **COFFEE CONNER** has been elected a director at Lubbock National. He has been with the bank 18 years. Formerly in charge of the real estate lending division, Mr. Conner was moved

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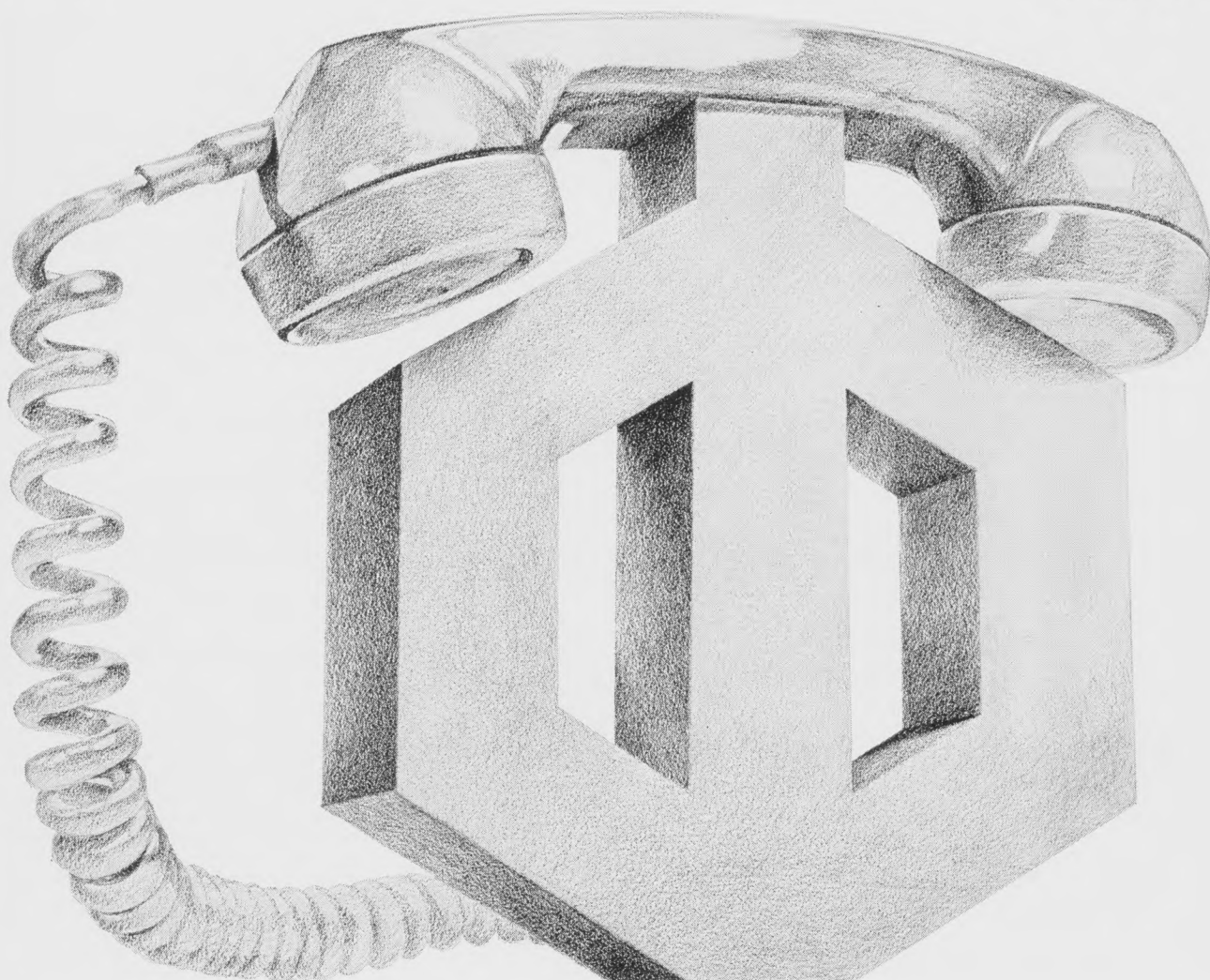
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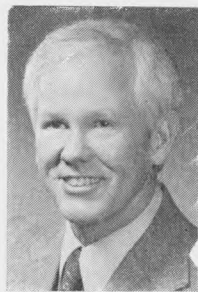
 **CULLEN
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BANK OF
IDEAS**



to the commercial lending division six years ago and has been a member of the senior management committee for the past two years. He was promoted to executive vice president in January.



KELLY



CONNER

■ JIM KELLY has been appointed sales engineer for LeFebure, Cedar Rapids, Ia., to serve in the firm's Houston branch office. Mr. Kelly will sell LeFebure banking equipment and security systems within a six county sales territory surrounding Houston.

■ JAMES R. COOK has been named president, American National, Amarillo. He previously was president and CEO, Peoples National, Liberal, Kan., and prior to that, was vice president, United Bank (formerly Weld County Bank), Greeley, Colo., and correspondent officer, First National, Omaha.



HOUK



COOK

■ ALLEN R. HOUK has been promoted from executive vice president to president of Southern National, Houston. F. Max Schuette, president since 1968, continues as chairman and CEO. Mr. Houk joined the bank last August, coming from First National Bank of Commerce, New Orleans, where he was executive vice president. He also had been president, First Commerce Realty Investors, which, like First NBC, is an affiliate of First Commerce Corp., New Orleans HC.

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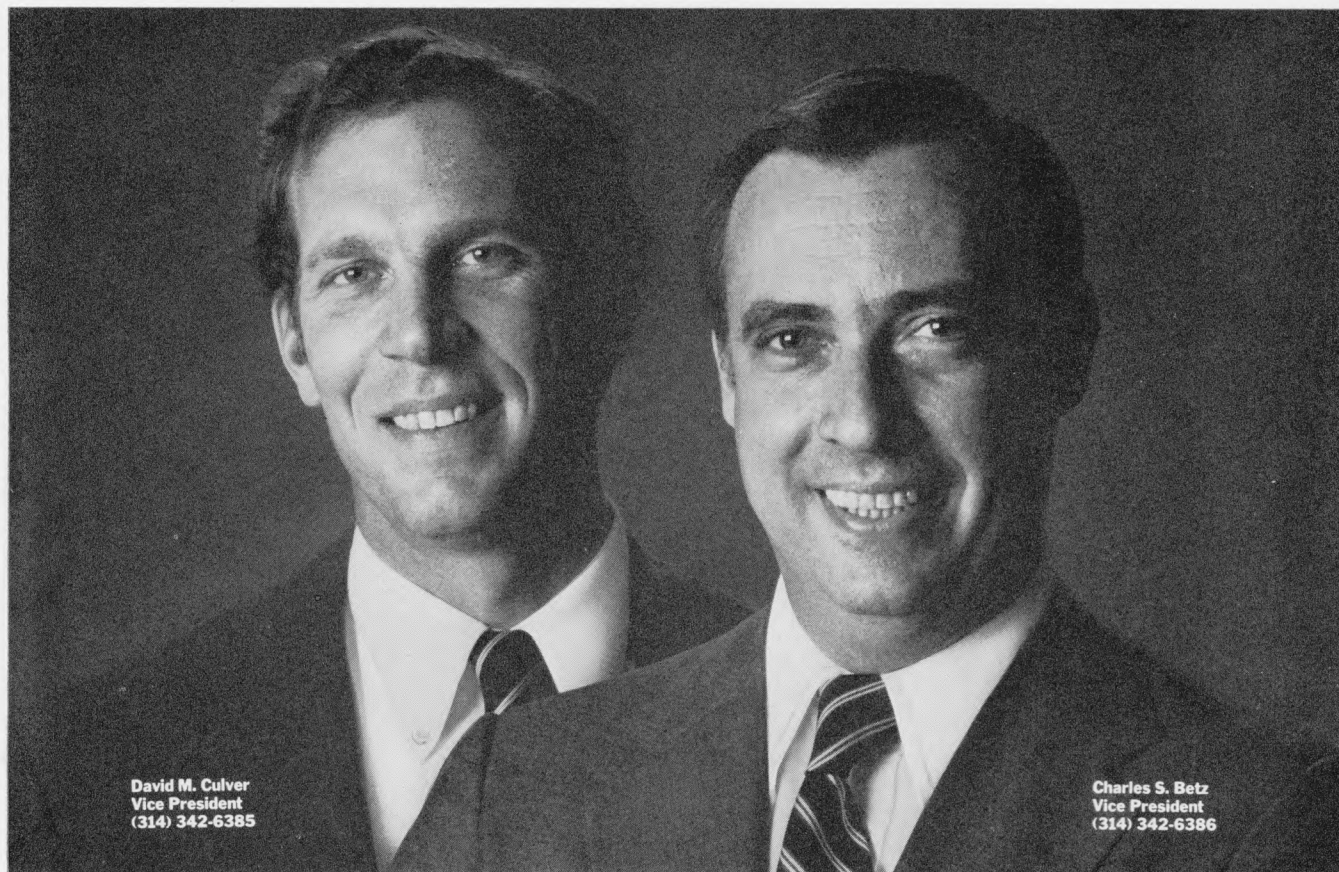
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