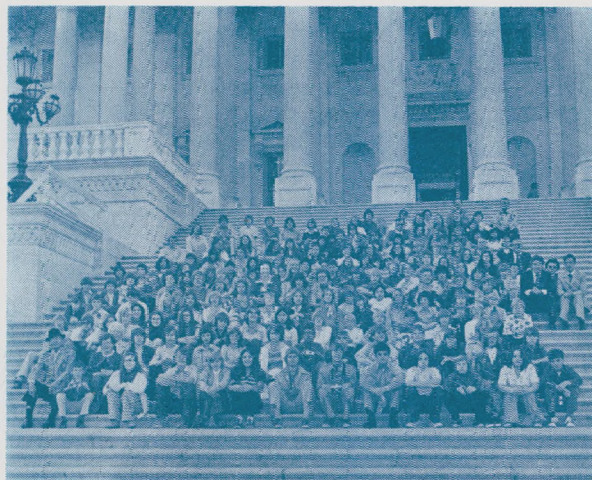


MID-CONTINENT BANKER

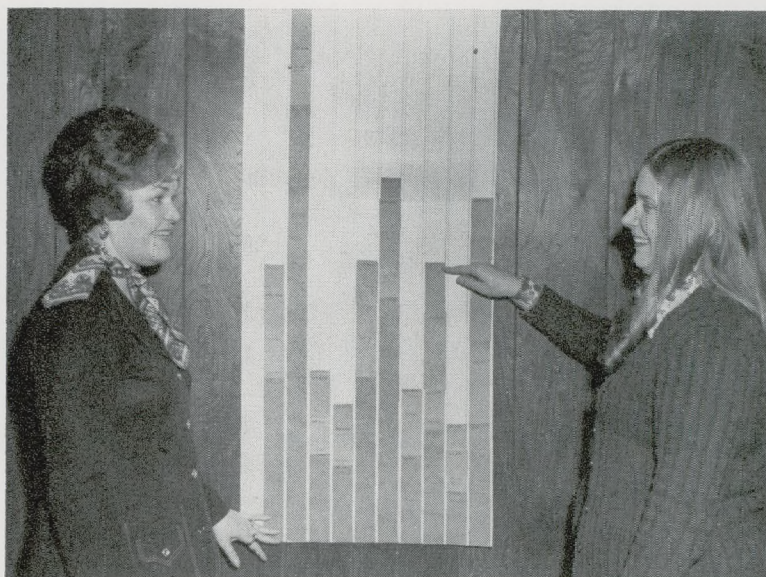
The Financial Magazine of the Mississippi Valley & Southwest

MARKETING ISSUE

MARCH, 1976



Bicentennial Student Tours—Page BG/34



Employee Incentive Campaigns—Page BG/27



Bike Promotes Bank—Page 108



Pumpkin Carving Contest—Page 94



**Model Trains
Boost Deposits
As Premiums**

Page BG/10

***NO OTHER OKLAHOMA BANK
CONSISTENTLY MAINTAINS
GREATER LIQUID ASSETS AND NET CAPITAL THAN
OKLAHOMA'S LEADING BANK.**

Statement of Condition

December 31, 1975

RESOURCES

Cash and Due from Banks	\$186,552,740
U. S. Treasury & Agencies Securities	175,443,432
Other Securities	91,370,235
Funds Sold	100,220,000
Loans — net of Reserve	317,069,409
Fixed Assets — Less Accumulated Depreciation	6,750,162
Other Assets	14,050,368
TOTAL RESOURCES	<u>\$891,456,346</u>

LIABILITIES AND SHAREHOLDERS' INVESTMENT

TOTAL DEPOSITS	\$745,753,400
Funds Purchased	73,685,000
Other Liabilities	9,928,754
Total Deposits, Funds Purchased and other Liabilities	<u>\$829,367,154</u>
Subordinated Debentures	\$ 19,600,000
Shareholders' Investment	\$ 42,489,192
TOTAL LIABILITIES, DEBENTURES AND SHAREHOLDERS' INVESTMENT	<u>\$891,456,346</u>

***SOME PLAIN TALK ABOUT
BANK STRENGTH FROM THE DEPOSITORS' VIEW**

- The depositors' first protection is of course the strength of a bank's **LIQUID ASSETS** such as cash, short term treasury securities and other assets which can be readily converted to cash at stated values (not to mention the added safeguard of the F.D.I.C.);
- another measure of strength from the depositors' view is a bank's **NET CAPITAL** which consists of capital, surplus, undivided profits, reserves and capital notes (subordinate to deposits) less land, bank premises, equipment, other fixed assets, net bond depreciation and that portion of any loan deemed uncollectible.

OKLAHOMA'S LEADING BANK



LIBERTY

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Liberty National Bank and Trust Company P.O. Box 25848 • Oklahoma City 73125 Phone: 231-6000 Member F.D.I.C.

First National Bank of Commerce—New Orleans—recently led a fifty-bank consortium in arranging a \$25 million loan which will provide the interim financing for construction of fuel oil storage facilities located in Mississippi. The plant, when completed, will store vital fuel oil for subsequent power generating in a major portion of the Gulf South. All banks involved in the consortium are headquartered in the South.

Back in 1970, when First NBC put together the financing for the Louisiana Superdome—the largest municipal financing project in the South's history—we proved that this region is financially a lot more potent than it was given credit for being. So when we went looking for other banks to join forces in making this new \$25 million loan, the first place we looked was in the South. Our Correspondent Bankers and our

National Accounts people got on the phone and soon found the 49 other Southern banks which helped make the loan a reality.

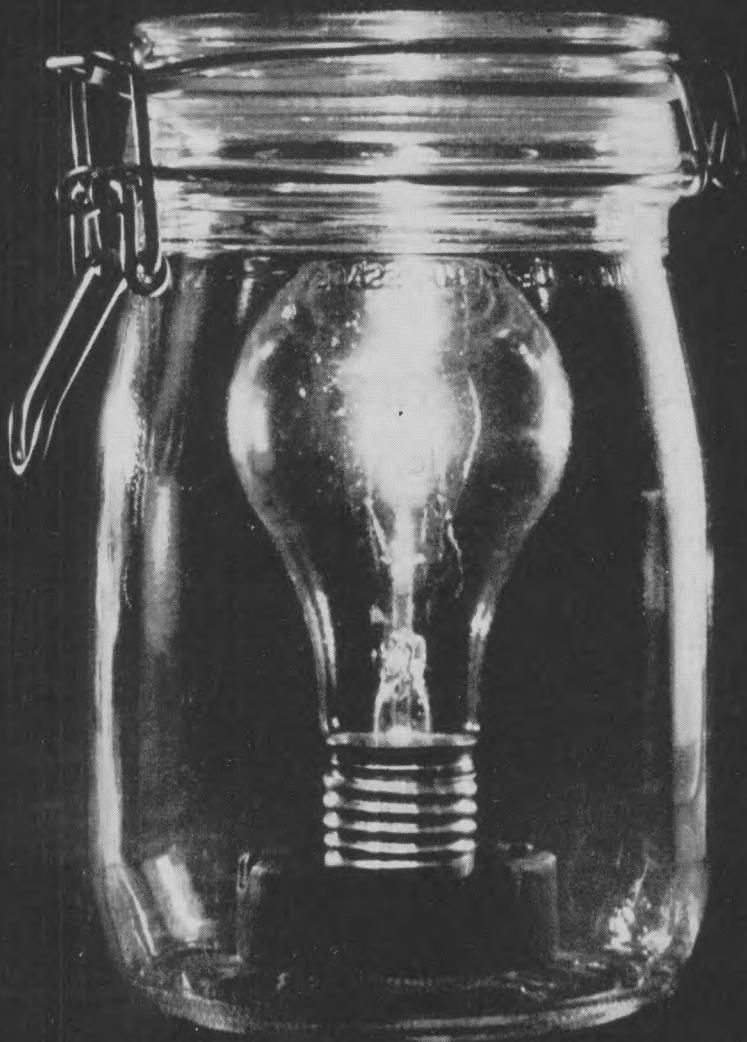
We probably could have completed the consortium with fewer calls. To banks in the major money centers. But, to our way of thinking, we'd rather do our work here at home.

 **First National Bank
of Commerce**
Correspondent Banking

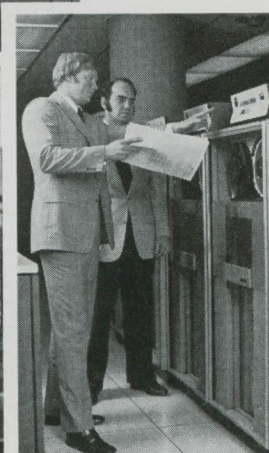
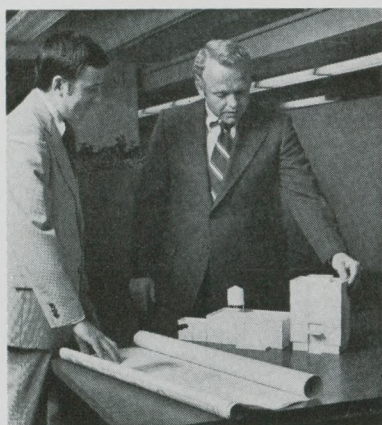
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Convention Calendar

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

March

- March 14-17:** Robert Morris Associates Financial Statement Analysis Workshop, Boston, Colonnade Hotel.
- March 14-18:** Independent Bankers Association of America Convention, Honolulu, Sheraton Waikiki Hotel.
- March 18-19:** Robert Morris Associates International Lending Workshop, Atlanta, Omni International.
- March 21-24:** ABA Trust Operations/Automation Workshop, New York City, Americana Hotel.
- March 21-26:** Kansas, Missouri and Nebraska Bankers Associations' Commercial Lending School, Lincoln, Neb., University of Nebraska.
- March 30-April 9:** ABA National Commercial Lending School, Norman, Okla., University of Oklahoma.

April

- April 1-3:** ABA Meeting With Comptroller of the Currency, Lincolnshire, Ill., Marriott's Lincolnshire Resort.
- April 4-6:** ABA Midwestern Regional Bank Card Conference, Cincinnati, Stouffer's Inn.
- April 4-7:** ABA Bank Trainers' Workshop, Denver, Marriott Hotel.
- April 4-7:** ABA National Installment Credit Conference, Miami Beach, Fla., Fontainebleau Hotel.
- April 10-13:** Association of Reserve City Bankers Annual Meeting, Palm Beach, Fla., the Breakers.
- April 11-14:** Robert Morris Associates Financial Statement Analysis Workshop, Denver, Cosmopolitan Hotel.
- April 18-23:** Robert Morris Associates Loan Management Seminar, Bloomington, Ind., Indiana University.
- April 21-23:** ABA Governing Council Meeting, White Sulphur Springs, W. Va., the Greenbrier.
- April 21-24:** Independent Bankers Association of America Seminar/Workshop on Bank Ownership, New Orleans, Royal Orleans Hotel.
- April 25-27:** ABA Southern Trust Conference, Pinehurst, N. C.
- April 25-27:** ABA Southern Regional Bank Card Conference, Richmond, Va., Richmond Hyatt House.
- April 25-28:** ABA National Conference on Real Estate Finance, Dallas, Fairmont Hotel.
- April 25-29:** Bankers Association for Foreign Trade Annual Meeting, Hot Springs, Va., the Homestead.
- April 25-30:** ABA National Commercial Lending Graduate School, Norman, Okla., University of Oklahoma.
- April 25-30:** ABA Community Bank CEO Program, Palm Beach, Fla., La Coquille Club.
- April 25-30:** Robert Morris Associates Loan Management Seminar, Bloomington, Ind., Indiana University.
- April 29-May 1:** ABA Meeting With the Comptroller of the Currency, Buck Hill Falls, Pa., Buck Hill Inn & Golf Club.

May

- May 1-4:** Louisiana Bankers Association's Annual Convention, New Orleans, Fairmont Roosevelt Hotel.
- May 2-4:** Association for Modern Banking in Illinois Annual Convention, Lincolnshire, Ill., Marriott-Lincolnshire Resort.
- May 2-4:** Texas Bankers Association Annual Convention, El Paso, El Paso Convention Center.
- May 2-4:** Bank Administration Institute Northern Regional Convention, Chicago.
- May 2-5:** Bank Marketing Association Marketing Research Conference, Chicago, Hyatt Regency-Chicago.
- May 2-7:** ABA National Personnel School, Arlington, Va., Ramada Inn.
- May 4-8:** Alabama Bankers Association Annual Convention, San Juan, P. R., Puerto Rico Sheraton Hotel.
- May 5-7:** Kansas Bankers Association Annual Convention, Wichita, Holiday Inn Plaza.
- May 9-12:** Conference of State Bank Supervisors Annual Convention, Colorado Springs, Colo., the Broadmoor.
- May 13-14:** Robert Morris Associates International Lending Workshop, Chicago, Hyatt Regency.
- May 13-16:** National Association of Bank-Women Inc. Rocky Mountain/Western Regional Conference, Albuquerque, Hilton Inn.

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Editor & Publisher
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Associate Editor
- Daniel H. Clark**
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Advertising Offices

St. Louis, Mo., 408 Olive, 63102, Tel. 314/421-5445; Ralph B. Cox, Publisher; Margaret Holz, Advertising Production Mgr. Milwaukee, Wis., 161 W. Wisconsin Ave., 53203, Tel. 414/276-3432; Torben Sorenson, Advertising Representative.

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"For the time being, we expect savings flows into S&L's to remain at a very high level; and savings flows for the year may not be too much below the record level of last year."

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The Banking Scene

By Dr. Lewis E. Davids

Hill Professor of Bank Management,
University of Missouri, Columbia

Which Banks Deserve Public Funds?

REGULATION Q precludes payment of interest on demand accounts and severely circumscribes the interest commercial banks can pay on time deposits. It was adopted in the mid-1930s at the request of commercial bankers, as a trade-off with Washington to obtain banker-associations' support for federal deposit insurance, an idea which few bankers then considered as viable in light of the notorious failures of deposit insurance systems under state control.

Conventional wisdom was that the weak banks had bid too high for needed public and private funds—higher than more rational and better-run banks knew they could afford.

"The U. S. Treasury, in its obsession with reducing the windfall profits supposedly accruing to banks because they weren't paying interest on TT&L accounts, has served as a disruptive force in the money market."

This cutthroat bidding accelerated the problem in the late 1920s. Somewhat akin to Gresham's Law of Money, which says "bad money drives out good," the "bad" banks bid too high, driving the "good" banks out of the money market. The "bad" banks could not earn sufficient margin on the funds bid for under prudent lending and investing practices and thus reached out for risky loans at higher yields.

Whether or not this situation was a major cause of the banking collapse of the 1930s has been debated by bankers, economists and financial historians.

There probably is some truth to both sides of the question, but the real answer might be one of degree. How many of the banks that failed did so for other reasons? Some failed due to poor agricultural loans resulting from the collapse of agricultural prices after World War I; others, because of stock-market excesses and the resultant panic, or from the consequences of any of these reasons, causing billions of dollars in paper profits to be wiped out. The result was a spiraling drop in sales, increases in layoffs, losses and widespread bankruptcies of businesses and individuals.

We in banking have lived with Regulation Q for approximately 40 years. But it's a far different Q now than as originally conceived. Many students of finance attribute the fantastic growth of the savings and loan industry in the 1940s, '50s and '60s to the fact that they weren't under the regulation, and when they were brought under similar regulations in the late 1960s, the S&Ls were permitted a higher ceiling than commercial banks.

In addition, there are market instruments having attractive interest rates which are insured, guaranteed or are direct or indirect obligations of the federal government. For some time, they have been popular with "traditional" savers in banks. A process of disintermediation has served as an escape valve for individuals and businesses that have opted not to be controlled by regulations covering banks' or S&Ls' interest payments.

Generally, for half a decade, big banks have favored the removal of Q, while smaller banks have favored retaining it, especially its restrictions on market-determined interest payments on balances below \$100,000.

Most economists with federal bank regulatory agencies, in theory, support the regulation's removal, but want it done away with at some time in the future, due to current economic conditions. In practice—at the Fed especially—tinkering with Regulation Q has become a sort of "fine tuning" device, another esoteric "pitching wedge" in the golf game of monetary policy.

Two things are developing in our economy that bankers should ponder, whether they favor retention or removal of Q:

The first is the U. S. Treasury's reversal of its position that public funds in TT&L accounts benefit the institutions more than the banks are bene-

"Let us say a silent prayer that problem banks, and those with capital adequacy deficiencies, will be precluded from compounding the problem by their removal as candidates for public funds."

fitted by the relationship of those accounts to the services the banks perform for the government. Treasury now holds, as a result of a study made several months ago, that it should be reimbursed for TT&L accounts. In effect, Treasury says, the accounts should be classified as "time" rather than as "demand" and that some interest or payment be made by the banks to Treasury for these funds, even though they are left in banks for very short periods.

Interest rates have dropped dramatically since Treasury made that decision, so the windfall profits of banks in this



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regard today would be much lower than hypothesized. They even may be nonexistent.

Still, the wheels of the government bureaucracy have been set into motion and banks can be considerably assured of the probability that the popularity of making the bankers "pay" won't be overlooked by the Congress. This is especially so now, in light of the majority compositions of both the House and the Senate banking committees.

The publicity involving the proposed payments to the U. S. Treasury for TT&L accounts already has stimulated state and municipal governments to press for payment for their short-term public funds. For example, last August the state of Colorado instituted what it calls "truly" competitive bidding for the state's \$15-million checking account. The term "truly" is used by Colorado to differentiate the fact the some states use the term in another context, in effect pricing the bid equally for all banks seeking time public funds.

Further, there is increasing awareness and interest by S&Ls in acquiring both time and demand deposits of state and local treasuries. They don't desire to jeopardize their legally permitted higher-interest-rate ceilings for time deposits under \$100,000.

I won't argue whether or not a state's checking account is a demand deposit and whether a bid for it constitutes the payment of interest in violation of Regulation Q. States rights do exist, but so do the pragmatic factors of the real world. The U. S. Treasury, in its obsession with reducing the windfall profits supposedly accruing to banks because they weren't paying interest on TT&L accounts, has served as a disruptive force in the money market. That force is hard to measure in terms of dollars and cents, but it was an element that compounded the problems of the Federal Reserve System and of all financial institutions.

TT&L Funds Reduced

By reducing the funds held in TT&L accounts in banks, the additional uncertainty naturally made bankers more concerned about their liquidity positions at the same time the government was engaged in open-mouth operations, trying to stimulate the economy.

Sadly, few public figures have recognized this relationship. In fact, the more volatile public funds become and the more they are shifted from one bank to another and the more the uncertainty arises concerning the stability of these deposits, the more banks must concern themselves with their own liquidity.

It's sadly amusing to note some of

the statements of public figures. They straddle the topic of acquisition and bids for public funds, but they deplore the fact that the higher bids are generally made by large institutions in big cities, thus "draining" the funds from local communities.

Also amusing, if it weren't for its aspects of near-tragedy, is how some have—attempting to counteract this natural phenomenon—established computer programs that are oddly programmed to select "good" financial institutions: banks that have a statistical profile of balance-sheet items which the government official deems socially and politically good. The bank in question might be one that has used short-term public funds to invest or lend for periods of up to 40 years or one that has made loans and/or investments in categories with high social and political merit but low economic viability.

Apparently, such state and municipal treasurers haven't gone to the trouble to discuss the topic in depth with bank examiners. To illustrate, I know of a bank that for some time had been of concern to examiners for its exceptionally poor management and resultant capital inadequacy. It was singled out by a treasurer of a public body as meriting a sizable deposit from his agency. This was because the institution had done such a "good" job, or so his ubiquitous computer printout had said.

Problem Compounded

Compounding the problem, the public official simply didn't recognize that a bank with severe capital adequacy problems is put in a poorer position by the infusion of a deposit. The greater the growth of deposits relative to the static capital, the greater the inadequacy of capital.

Whether or not banks like it, the trend toward more bidding on public funds appears irreversible at federal, state and local levels. Remember, there will be monetary costs for such funds, costs that should be weighed carefully by each banker. There also are social costs to banks and public bodies that shouldn't be overlooked, even if those funds are collateralized or insured: the use of improper criteria for selection of depository banks.

Santayana, the philosopher, said, "Those who will not learn from the past are doomed to repeat it." Let us say a silent prayer that problem banks, and those with capital adequacy deficiencies, will be precluded from compounding the problem by their removal as candidates for public funds. • •

Soaring Installment Debt Growth Will Boost Credit Life Sales, According to Insurance Firm

A 1,000% increase in the sale of credit life insurance has been predicted by the year 2000, according to Theodore Sanborn, chairman, North Central Life Insurance Co., St. Paul.

Mr. Sanborn said that industry predictions indicate that sales of credit life will increase at a rate faster than the sales of all other forms of life insurance, reaching 9% of the total coverage in force by 2000.

He said that, despite the slowdown in the growth of consumer installment debt during the first half of the 1970s, the balance of the decade will see growth at a rate superseding the near 140% rate of growth during the last decade.

North Central Life has created a new division to market insurance concepts developed in association with banks. The firm recently passed the milestone of having more than \$1 billion of insurance in force.

According to North Central Life President Stanley P. Kane, the firm's twin marketing thrusts are in the area of credit life and ordinary insurance for bank customers.



SANBORN

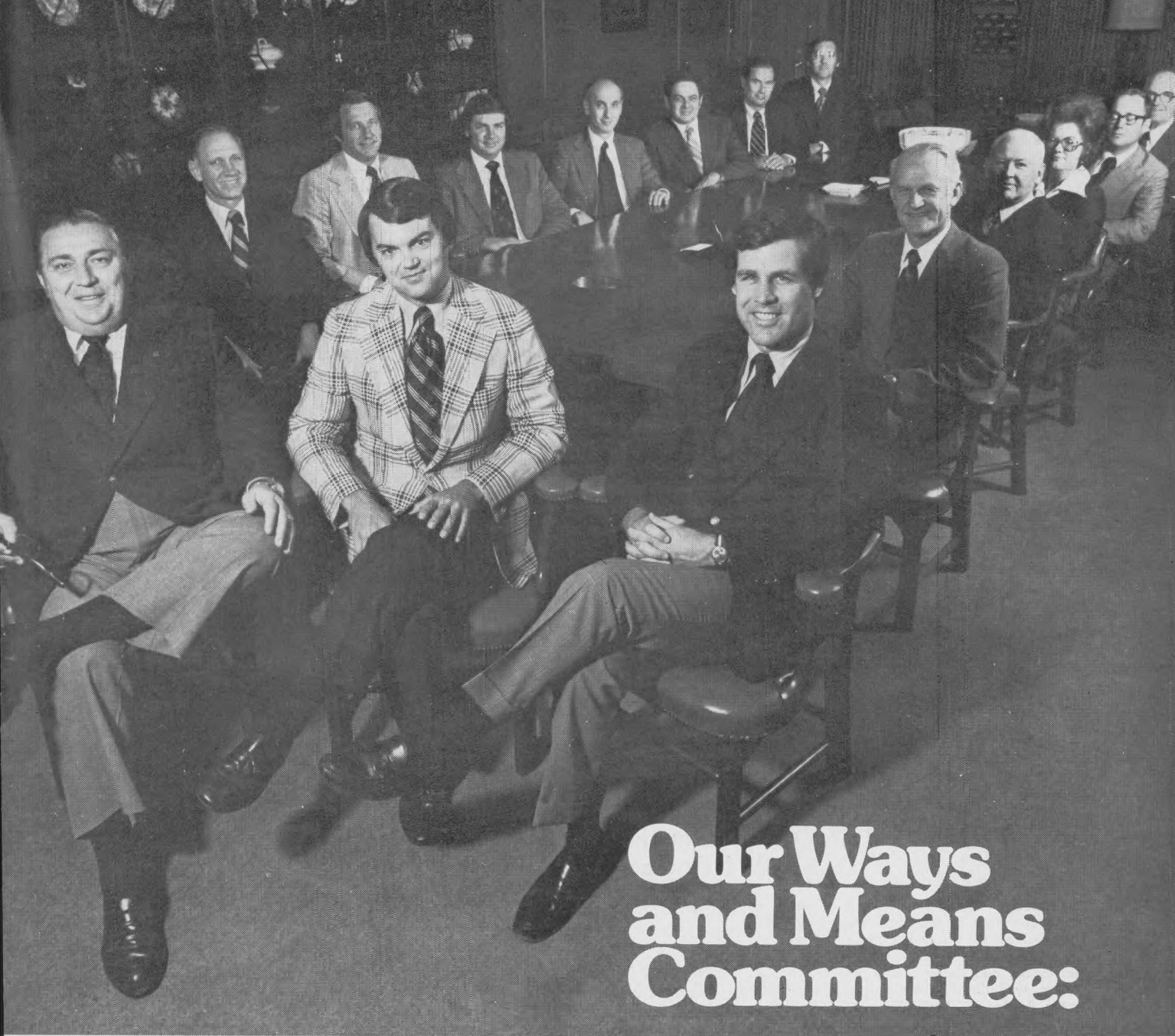


KANE

Mr. Kane said that the firm has made "substantial progress in providing innovative forms of ordinary insurance coverages for customers of financial institutions and is now marketing similar products to the general public."

He said the most significant of these products are the "over-lines" programs that insure the lives of major borrowers whose loans exceed the normal limits of credit life. Other programs have been developed for disability protection, retirement income and protection against the high costs of hospital-medical expenses.

■ ALFRED E. GALLO has been named president, chairman and CEO, United America Bank, Chicago, going there from Cosmopolitan National, Chicago, where he had been president. Mr. Gallo, who is a lawyer, presently is vice president, IBA Trust Division.



Our Ways and Means Committee:

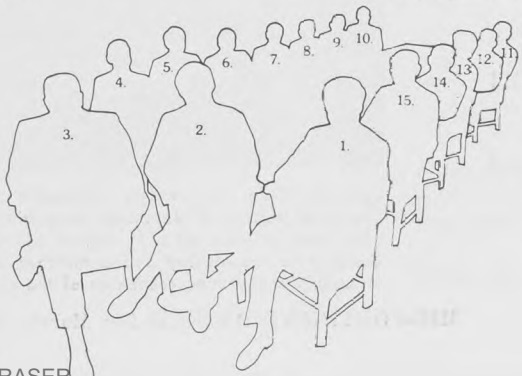
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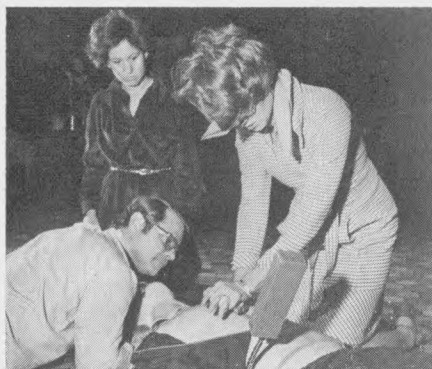
Community Involvement

Cardiac Emergency:

First-Aid Method Taught To Employees of Bank

Employees of Fannin Bank, Houston, should be better equipped to save a life with knowledge they gained in a bank-endorsed demonstration of the techniques of cardiopulmonary resuscitation (CPR).

Basic CPR is a procedure used to help restore breathing and/or heartbeat to a victim of cardiac arrest. The courses, which were offered by the Junior League of Houston, consisted of a film, lecture and practice on mannequins. Participants also were tested and given certificates for successful completion of the course.



Employees of Fannin Bank, Houston, perform cardiopulmonary resuscitation, emergency first-aid treatment to restore heartbeat and breathing, to "victim" of heart attack. Floyd Swinger, real estate, and Kathy Gamel, mktg., practice on dummy during bank-endorsed course, while Nancy Pruden of Junior League of Houston, which offered course, looks on in background.

'Hearty Drinker':

Bank's Fund Contribution Keeps Drawing 'at Home'

First National, St. Louis, has contributed \$25,000 to an art fund, assuring that a George Caleb Bingham drawing, "Hearty Drinker," will remain in Missouri.

The work is one of 112 being sought in behalf of the people of the state by Bingham Sketches, Inc., a not-for-profit corporation created by Governor Christopher Bond. Mercantile Library Association, St. Louis, has agreed to sell all the sketches to the fund, provided the \$1.8 million it is asking for the collection is raised by June 30.

"Hearty Drinker" depicts a man tilted back casually in a straight-back chair,



Clarence C. Barksdale (l.), pres. and CEO, First Nat'l, St. Louis, and Edwin S. Jones, ch., admire George Caleb Bingham drawing, "Hearty Drinker," which will be acquired for Missouri through \$25,000 contribution by bank. Drawing is one of 112 being sought in behalf of state by Bingham Sketches, Inc., a not-for-profit organization.

a broad smile on his face as he extends a glass being filled. The drawing was executed by Bingham and is a detail from his work, "The County Election," which was done in 1852.

At press time, a total of \$375,000 had been raised by the fund. Failure to raise the entire amount by June 30 will result in the collection being broken up and auctioned.

Everything Playing:

Peanut Festival Chairman Is Dothan, Ala., Banker

James H. Eason, executive vice president and cashier, City National, Dothan, Ala., has been named the 1976 chairman of the National Peanut Festival.

The festival, which began as a one-weekend-per-year event, has been enlarged over the years so it now is the equivalent of a state fair and is one week long. It features a science fair exhibit, youth, homemaking, commercial and noncommercial exhibits, livestock shows, a recipe contest, a soap box derby and a number of other fun, sporting and beauty events.

Mr. Eason, who will donate his time for the festival, joined City National in 1969. Prior to that, he served as auditor, First National, Tuscaloosa, Ala.

Help for Business:

Seminars Prove Popular; Will Continue in 1976

St. Joseph Bank, South Bend, Ind., has announced continuation of its sponsorship of business-oriented seminars begun last year.

Four sessions are planned for 1976,

beginning with one entitled "The More Efficient and Effective Use of Professional Services," which was held January 22 at the Center for Continuing Education on the Notre Dame campus. The discussion was paneled by an accountant, a lawyer, a consultant and a banker.

E. A. Rich, bank vice president for corporate affairs, who serves as chairman and moderator for the seminars, said the programs are designed to provide area businessmen with the latest advice on practical matters in running businesses.

Invitations were extended to businessmen throughout the northern Indiana-southern Michigan area.

Cultural Benefit:

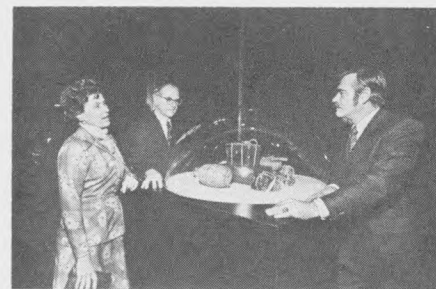
Merc Holds Fund-Raiser For St. Louis Museum

Mercantile Bank, St. Louis, held a fund-raiser in the new Mercantile Tower Building recently, with proceeds going to the St. Louis Art Museum. The event saw the unveiling of a collection of more than 200 containers of simple, natural materials, used for packaging in Japan. The show was entitled "The Art of the Japanese Package."

More than 900 guests paid \$10 each to attend and that sum was matched by a grant from the National Endowment for the Arts to be used to purchase a piece of sculpture for the museum.

The event marked the first time a museum show has been exhibited in a commercial building in St. Louis. Among the items on display were containers for fresh eggs, dried fish, condiments, rice and beverages. Most of the items are in common use in Japan today.

The exhibit remained on display to the public for a month.



Lynn H. Miller (c.), e.v.p., Mercantile Trust, examines portion of Japanese packaging display with his wife. At r. is Richard Cleveland, designer of the display and a member of the St. Louis Art Museum, cosponsor of the exhibit.

Mississippi A Great Place To Learn

Mississippi knows that its future depends upon the quality education of its young people. That's why sixty percent of the State's general fund is spent on education, one of the highest percentages in the nation. With 43 junior and senior colleges and universities spread across our State, Mississippians know they have an opportunity for quality education. 🌳 Vocational and technical centers play an important role in the education scene, too. A state-wide system of 69 training centers enroll almost 100,000 students in various fields. 🌳 Mississippi is a great place to learn. If you want to find out more about Mississippi, its people, and its educational facilities, First National is the best place to get the story.



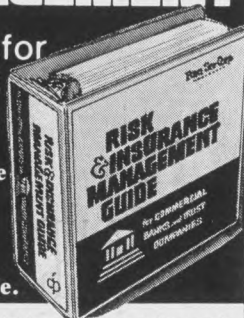
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Corporate News Roundup

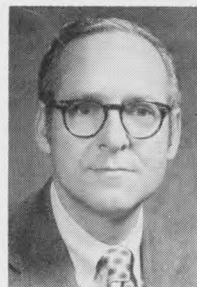
- **Bank Building Corp.** Thomas E. Murphy has been named director, BBC Financial Research Associates, the new name for the Real Estate Services Division of Bank Building Corp., St. Louis. The name change has been made to reflect the expanded scope of consulting services offered to the financial market by BBC. Some of those services are applications for new charters and branches, site selection, branching and home office studies and tenant market analysis.



YOUNG



MURPHY



BERNART

- **SLT Warehouse Co.** John Young has been promoted to district manager, New Orleans, with SLT Warehouse Co., which is headquartered in St. Louis. He went there from the company's Memphis Office.

- **Christmas Club a Corp.** Bryan Bernart has been appointed vice president-marketing by Christmas Club a Corp., Easton, Pa. Mr. Bernart will be responsible for the company's marketing strategies, product planning and sales organization. Prior to his appointment, he had held sales and marketing positions with Pitney Bowes and the Singer Co.

- **Amiel Industries.** Amiel Industries, Atlanta, has named Gerard F. Murphy national sales manager; Peter J. Petropoulos, national sales manager for vend-

ing operations; and Craig Startt, product manager. Mr. Murphy joined the firm a year ago after having served Olivetti Corp., while Mr. Petropoulos, who has 30 years' experience in coin operations, formerly had his own firm, International Sales Marketing and Management Consultants, Pompano Beach, Fla. Mr. Startt previously was southeastern regional manager, Varian Data Corp. He joined Amiel last May.

- **Elec-Tro-teC, Inc.** Thomas O. Doner has been appointed general manager of Elec-Tro-teC, Inc., Elk Grove Village, Ill. Mr. Doner has more than 23 years' experience in sales, marketing and administration with manufacturers of electronic components and systems.

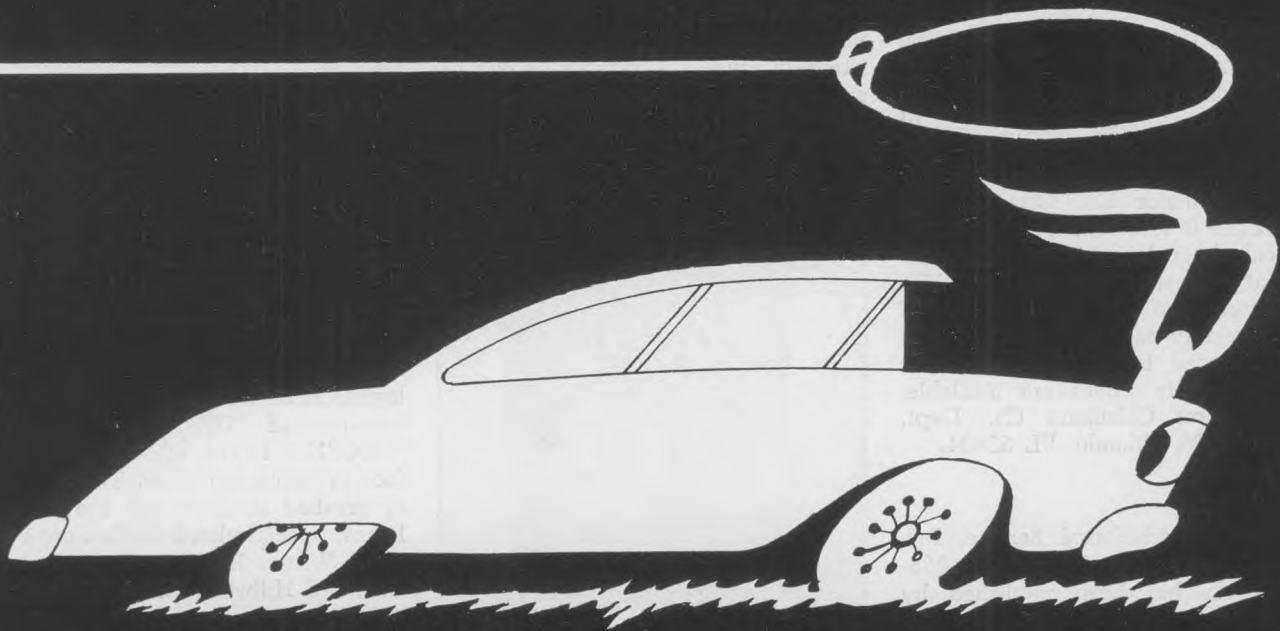
- **Mosler.** Arvis Williams, formerly client service representative for HBE Bank Facilities Corp., St. Louis, has accepted the position of bank sales engineer with Mosler, Hamilton, O. With HBE, he traveled in Illinois, Indiana, Kentucky and Tennessee and prior to that, traveled for Mosler in greater Chicago, eastern Illinois and northwest Indiana. Mr. Williams fills a vacancy in eastern Oklahoma left by the death of Charles Perkins.

- **Security Corp.** Don Marsten, president, and Jack Schneiderjohn and Ed Holder, vice presidents, Monday Security Corp. of Webster Groves, Mo., have received Security Corp.'s Five-Year Dealer Service Award. Security Corp., a national marketer of banking equipment and services, has its headquarters in Irving, Calif. Monday Security Corp. is a national independent dealer network affiliate of Security Corp. of Irvine.



Jack Schneiderjohn (second from l.), v.p., and Don Marsten (third from l.), pres., Monday Security Corp., Webster Groves, Mo., receive Five-Year Dealer Service awards from Gary J. Griff (l.), v.p., and John K. Griff, pres., Security Corp., Irvine, Calif. Not present for photo was Ed Holder, v.p., Monday Security Corp., which is national independent dealer network affiliate of Security Corp. of Irvine.

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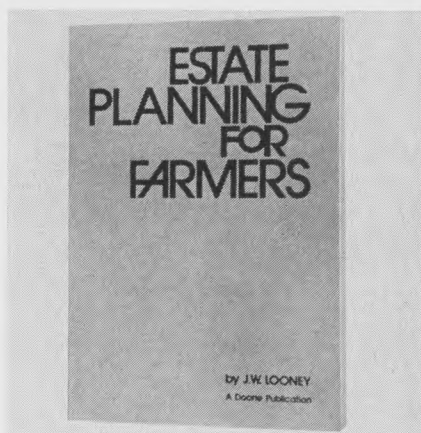
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New Products and Services



- **Alcott Calculator Co.** The "Equal Monthly Amortization Payment Guide" is a circular slide-chart for use in determining equal monthly payments of interest and principal to amortize loans and is manufactured and marketed by Alcott Calculator Co., Orlando, Fla. The device is seven inches in diameter and calculates loans from one to 50 years at interest rates from 5½% to 15%. The three-piece slide-chart is printed on heavy-duty card stock and is varnished. Space is provided for bank name. Quantity prices are available. Write: Alcott Calculator Co., Dept. F6, Box 7396, Orlando, FL 32804.

- **Doane Agricultural Service, Inc.** *Estate Planning for Farmers*, a 288-page book, has been published by Doane Agricultural Service, Inc., St. Louis. Designed to aid farmers in setting up sound estate programs, the book covers subjects such as equitable transfer of farm property to sons and daughters; methods of cutting federal



estate taxes, probate and settlement costs; planning family financial security; organization of the farm business before retirement; and use of wills, trusts and insurance as estate-planning tools. It was authored by J. W. Looney. Write: Doane Agricultural Service, Inc., 8900 Manchester Road, St. Louis, MO 63144.

- **Financial Products Inc.** The modular Instant Auto Teller, which is six feet by eight feet in size, has been developed by Financial Products Inc., Eau Claire, Wis. Designed to help solve problem areas in drive-up banking, the pre-built units can be delivered to the site in two weeks. Hookup is all electric and no special foundation is needed. The Instant Auto Teller can be purchased or leased and is equipped with



drive-up window, BR glass, teller pedestal and cash tray, open/closed sign, electric heat and air conditioning, carpeting, countertops and alarm and telephone conduit. Its exterior is of stone aggregate, cedar paneling and fiberglass roof and soffit. Other sizes and pneumatic models are available. Write: Financial Products Inc., P.O. Box 1035, Eau Claire, WI 54701.

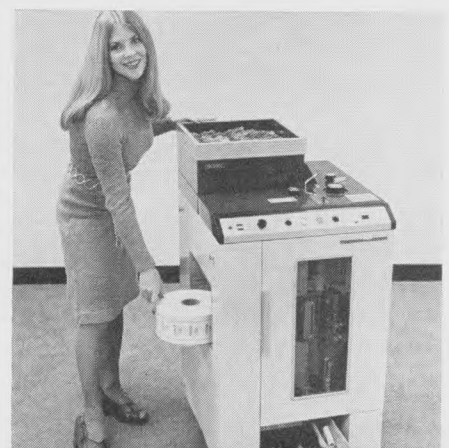
- **Creative Merchandisers, Inc.** "Money Matters" is a board game using everyday language and occurrences to explain savings to children. It was developed by Creative Merchandisers, Inc., Chicago. Designed for players from age 5-12, the game teaches real-life money matters by paying a player who lands on, for instance, the "Sell Newspapers" square, and charging a fee to those who land on squares such as one marked "Music Lesson." Object of the game is to be the first player with a \$100 savings account. Interest is earned by depositing money in the "bank" for one turn, with a treasurer keeping records of deposits and withdrawals. Other players must check their accounts for errors. Designed as a

premium that educates, "Money Matters" provides practice in arithmetic and teaches the concept of savings and interest. Write: Creative Merchandisers, Inc., 61 W. Superior Street, Chicago, IL 60610.



- **Business Data Systems, Inc.** The TEL LITE high-visibility traffic control signs, manufactured by Business Data Systems, Inc., Milford, Mich., are available in a number of models and mounting options to complement a variety of architectural styles. Designed to be legible in all weather, the signs feature messages of "OPEN" in green and "CLOSED" in red, while a solar screen face prevents sun glare. The units are of brushed stainless and use long-life lamps. Special plated finishes are available. Write: Business Data Systems, Inc., 578 Hillwood Drive, Milford, MI 48042.

- **Amiel Industries.** "The Champ" is the nickname of this heavy-duty automatic coin wrapper, the AI-9400, which is manufactured by Amiel Industries, Atlanta. The machine counts five denominations at 2,100 coins per minute and averages 21 rolls per minute with minimal maintenance. Features of the AI-9400 include a solid-state visual alarm system, which detects paper depletion, incorrect coin setting, misalignment of coins, an empty hopper, paper failure and improper coin feeding due to damaged or foreign coins. Write: Amiel Industries of North America, Inc., 3000 Clearview Parkway, Atlanta, GA 30340.



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Trusts

Estate Planning Seminars for Women Bring in New Business for Bank

BANKS' TRUST DEPARTMENTS should deal differently with women customers and potential customers than they do with men, according to Leone H. Park, vice president, business development and retention, United Missouri Bank, Kansas City.

For instance, says Mrs. Park, a woman thinks *intuitively*, while a man thinks *objectively*. She uses her intuition to avoid embarrassment, keep from making mistakes, help her make decisions, size up people, tell her what to say and what not to say, and she uses this intuition quickly.

Quoting from Robert T. Allen's book, *The Grass Is Never Greener*, Mrs. Park says, "A woman just can't disassociate ideas from people. A woman never attacks a question; she attacks the person who asked it. A man has no difficulty discussing only the message."



PARK

"... a woman often is on the defensive; she wants to be prepared with arguments, with a sales talk, with reasons she can use to prove to anyone who questions her that she had made a wise decision."

A woman's more subjective nature, Mrs. Park points out, makes it almost impossible to separate, for example, a speaker from his advice, a writer from his ideas. If she doesn't like the speaker, she finds it very difficult to like what he says. If she's convinced he's no good, she'll refuse to believe his ideas are much better. Mrs. Park describes a woman's language as a language of feeling, and so bankers have to sell themselves as well as their banks.

In addition, says Mrs. Park, a woman often is on the defensive; she wants to be prepared with arguments, with a sales talk, with reasons she can use to prove to anyone who questions her that she has made a wise

decision. Since she usually *won't* remember facts, figures or details—but *will* remember benefits, that is what she wants to hear, Mrs. Park emphasizes, not just to sell her, but to enable her to sell someone else.

With all this in mind, United Missouri of KC decided a few years ago to start holding estate planning seminars for women and to make them as casual and "folksy" as possible. As a drawing card, the bank wanted someone to whom the women could relate, and columnist Ann Landers was chosen. Why Ann Landers? Mrs. Park answers by pointing out that Miss Landers' syndicated newspaper column's readership is in the millions, and she has had many estate planning, trust and tax questions sent to her.

The bank wanted two other participants—one to speak on probate and the other on estate planning. These speakers were Judge William W. Treat, of New Hampshire, president, National College of Probate Judges, and Richard B. Covey, an attorney with Carter, Ledyard & Milburn, New York City. All the speakers readily understood that their talks had to be in words and phrases the women listeners could absorb, says Mrs. Park. She adds that her bank had considerable correspondence with the speakers prior to the seminar.

Next, according to Mrs. Park, the bank believed it was important to get some "feed-in" from representative women and men in the area and, in turn, get these men and women to talk up the seminar among their friends. Therefore, UMB established an advisory committee consisting of five men directors, one woman director, two elderly women trust customers, a young woman and a middle-aged woman who were trust prospects. This group met with bank representatives three times—in March, April and May (the seminar was scheduled to be held the following September). The bank gained more than it had hoped for from this group. For instance, these women suggested that the bank put together a simplified glossary of about 35 trust terms and distribute it at the seminar. They contributed other ideas and gave final approval of all phases of the seminar and the luncheon that was to go with it. They were most

enthusiastic, says Mrs. Park, and *did* spread the word months before the seminar was held.

The guest list was composed of customers, prospects, wives of lawyers, accountants and insurance men and, finally, each officer of the bank was allowed to turn in up to five names. The invitation list was held to 3,000, which was difficult, according to Mrs. Park, because most women don't like to go to any type of function by themselves. Consequently, the bank had this imprinted on the reply cards: "I will bring with me the following guest, Miss, Mrs. or Mr." In addition, there was room to put the guest's address. Mrs. Park notes the *Mr.*, pointing out that the bank did want men to attend, if interested, and many did. However, all invitations were addressed only to women, and they read, "United Missouri Bank of Kansas City invites you to attend 'Your Family Matters'—a symposium developed to acquaint women with the concepts of estate planning."

Mrs. Park points out that UMB called the symposium "Your Family Matters" to tie in the seminar with its bimonthly publication with the same title. She adds that anyone invited to the seminar who wasn't on the publication's mailing list is on the list now.

The bank believed the seminar should be held at a location with ample parking space and not too far from where the women live. The Alameda Plaza in the Country Club Plaza area—which is on the fringe of a major residential section of the city—was chosen.

"... a woman thinks intuitively. She uses her intuition to avoid embarrassment, keep from making mistakes, help her make decisions, size up people, tell her what to say and what not to say..."

Mrs. Park says the bank wanted the *main* attraction to be the program and to keep the day casual, and so she convinced the hotel to serve a "pickup" lunch—meaning no silverware! To hold the food, she obtained medium-sized woven baskets and had them dyed bright blue, UMB's official color.

Again—to get enthusiasm, support and backing from as many persons connected with the bank as possible—Mrs. Park asked wives of the men in personal trust and estate planning to help. They used pinking shears to cut 250 yards of checked gingham material into 18-inch squares, which were placed on top of the picnic-style food in the bas-

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kets. The squares served as napkins and, along with the baskets, were taken home by the guests. Mrs. Park says that although the women were well off, they still liked to get something free.

A large blue and white UMB banner was hung behind the head table.

At each place setting were a yellow pad and pencil, each with the bank name and logo on it, plus a folder containing: a letter of greeting from UMB Chairman R. Crosby Kemper; a glossary of trust terms (suggested by the seminar advisory committee); a page called "Two Fates of a \$300,000 Estate," showing the difference in taxes between a simple will of a husband leaving everything to his wife and a will of a husband establishing marital and nonmarital trusts; an article by Judge Treat, "The Wife: Surviving Quarterback of the Estate-Planning Team"; two booklets put out by UMB—"A Guide to Planning Your Family's Future" and "A Guide to Choosing Your Executor"; 3x5 cards for questions to be asked during the seminar and a reply post card to be used if a guest wanted more material or a personal appointment with a UMB trust representative. In addition, the bank distributed simple, but elegant, programs that included pictures of the three speakers.

Five days before the seminar, a capacity number—825—had signed up. In addition, bank personnel invited included directors, executive committee members, trust administrators, estate planning and investment advisory customer contact persons. Each of their spouses received a personal invitation from UMB's president, Jerome H. Scott Jr.

During the "sherry" hour, photographers took many pictures, which were sent, with personal letters, to the persons photographed. The three speakers circulated and met many of the women, and there was the usual radio, TV and newspaper coverage, including interviews with the speakers.

Besides the three "headliners," speakers included Mrs. Park with brief opening remarks, Mr. Scott and Mr. Kemper, an executive vice president who heads the personal trust department and the estate planning division head. After all the talks were given, as much time as possible was given to answering questions. Mrs. Park says that the speakers were deluged with inquiries—about 300! She describes them as mostly very good questions. Because there wasn't time to answer all the questions, the bank devoted the next issue of "Your Family Matters" to those questions that fitted certain categories.

Later, each guest received a letter of thanks from UMB for attending. Also, about 100 to 150 letters were received

by the bank, many of them saying, "I'm proud of *my* bank," not *the* bank. In addition, three were humorous stories of some of the guests—Mrs. Park points out that they have substantial finances—trading the baskets for the material. For instance, one woman wanted the material for a quilt she was making and "wanted to remember this day" by using several pieces of the blue material for her quilt.

More importantly, UMB realized business from the seminar: According to Mrs. Park, the bank obtained trusteeships and/or executorships from about 7% of those attending, and additional business continues to come in.

As to the cost of the seminar, Mrs. Park itemizes it like this: \$12,000 had been allotted, and the total bill was \$12,433, or about \$15 per person. Of this, \$3,200 was for speakers' honorariums and expenses; \$6,000 for sherry, lunch, baskets, dying the baskets, decorations, six off-duty policemen to help the women park and \$3,200 for invitations, printed material, yellow pads and photographs.

The first seminar was so popular that UMB has held others since then—one series at UMB in Kansas City and another at a sister bank, United Missouri South, which is close to the residential area where the women UMB wants to reach live.

Even UMB's customers are selling for the bank. Mrs. Park tells of one customer calling her to ask her to contact a friend of the customer's to whom she had sold a United Missouri living trust. According to Mrs. Park, this has been happening more frequently since the seminars. • •

Bank Ownership Is Topic Of IBAA Workshop

NEW ORLEANS—The Independent Bankers Association of America will hold a seminar/workshop on bank ownership April 21-24 at the Royal Orleans Hotel.

Authorities from a variety of fields are scheduled for the workshop, according to IBAA officials.

Information and guidance will be provided in the areas of tax considerations in a bank sale, how to negotiate a sale, alternatives to selling to a multi-bank HC, advantages and disadvantages of the one-bank HC, evaluating bank performance, estimating and providing for future capital needs, regulatory considerations, bank stock valuation and what to look for and where to look in acquiring a bank.

The four-day program will feature lectures and workshop sessions, and delegates will be able to obtain specific information and ask questions of speakers.

Something for Nothing:

'Operation Identification' Is Bank-Police Program

The banks in Texarkana, Tex., recently got together and ran an ad saying, "We'll loan you something for nothing."

No, it wasn't a come-on, it was a program held in cooperation with the local police that was called "Operation Identification." Each bank designated an area in its lobby as a check-out station for electric engravers. Citizens would borrow the engravers, mark their valuables at home with their license numbers and thus discourage thieves.

We'll loan you something for nothing.

We've got a new kind of loan for you, and it's a real security plan.

Come to our lobby and we'll loan you an electric engraving pen free. Take the pen home, mark all your valuables with your driver's license number, return the pen to us and we'll give you warning decals to put on the outside of your home.

It's all part of Operation Identification. We're cooperating with the Crime Prevention Units of the Texarkana Police Departments.

Marked items are unattractive to burglars, so participate in Operation Identification because...

Crime Prevention begins with you.

Commercial National Bank
214 East 4th • 773-5361 • Member FDIC

Oaklawn Bank
3000 New Branch Road • 838-6902 • Member FDIC

State First National Bank
State Line Plaza • 773-4541 • Member FDIC

Twin City Bank
405 Texas Blvd • 794-2261 • Member FDIC

Texarkana National Bank
100 W. Broad • 792-7100 • Member FDIC

in cooperation with
The Crime Prevention Units
Texarkana Police Departments.

Once the engraver was returned, "Operation Identification" decals were issued to be put on exterior windows and doors as a warning to would-be burglars that items inside the home were marked.

Participating in the program were Commercial National, Texarkana Oaklawn Bank, State First National, Twin City Bank and Texarkana National.

Bank officials say the project not only helps prevent crime, but builds lobby traffic.

Traffic Safety Is Topic Of HC-Sponsored Film

"The Long Blue Line," a 16mm film on traffic safety, has been co-sponsored by Central Bancshares of the South, Inc., Birmingham.

Narrated by Bobby Goldsboro and starring country singer Ferlin Husky and coaches Ralph (Shug) Jordan and Paul (Bear) Bryant, the 30-minute film was produced for the Alabama Department of Public Safety. It reportedly will be available for showing to civic groups, schools and churches.

In addition to the HC, a number of other firms have taken part in underwriting the film's cost.

NEWS ROUNDUP

News From Around the Nation

Due-Course Doctrine Breach Proposed by Fed

The Fed has proposed a regulation that will breach the holder-in-due-course doctrine, which holds that a consumer must honor his obligation to a creditor regardless of any dispute with a merchant.

The proposed rule would extend liability to banks for consumer goods and services that they finance and which turn out to be faulty.

The new regulations would make it unlawful for a bank, directly or indirectly, to take or receive a consumer credit contract that fails to contain the following provision in prominent-sized type:

"Any holder of this consumer credit is subject to all claims and defenses which the debtor could assert against the seller of goods or services obtained pursuant hereto or with the proceeds hereof. Recovery hereunder by the

debtor shall not exceed amounts paid by the debtor hereunder."

The proposal was made to bring the Fed's rules in line with a proposal made by the Federal Trade Commission (FTC) last fall. The law requires the Fed to be in compliance with FTC regulations in the area of unfair and deceptive practices to consumers in or affecting commerce.

The Fed regulations would cover banks as creditors when they lend purchase money or finance the sale of goods or services to consumers on a deferred-payment basis. This would not include credit card transactions. Thrifts will come under similar regulations.

Comment will be accepted by the Fed through March 31.

Insurers Support Proxmire Bill

The National Board of State Directors of the Independent Insurance Agents of America has endorsed passage of Senate bill 2721 to amend the Bank Holding Company Act and the Bank Merger Act to restrict the non-banking activities in which registered bank HCs may engage. The bill is known as the Proxmire Bill after its sponsor, Senator William Proxmire (D., Wis.), chairman, Senate Banking Committee.

The group claims that the consumer is not well served by banking institutions engaging in a broad variety of non-banking activities. It says bank entry into non-banking activities can be expected to lessen competition and lead to the coercion of borrowers in connection with the purchase of non-banking services.

Fed Amends Regulation Z

The Fed has announced regulatory amendments to Regulation Z that eliminate the need to make Truth in Lending disclosures together with Real Estate Settlement Procedures Act (RESPA) disclosures.

The amendments also eliminate the requirement for disclosure of closing costs in certain real estate transactions not covered by RESPA.

The amendments are being made to bring Fed regulations in line with recent legislative revisions in the two acts.

HC Travel Agencies Banned

The Fed has ruled that HCs can't operate travel agencies because such operations fail to meet the legal requirements that HC activities be closely related to banking operations.

About 150 commercial banks provide travel-agency services and nearly two-thirds of the agencies affiliated

with banking organizations were established within the last 15 years.

Bankers Endorse Taxable Muni Bonds

The ABA has endorsed a concept that would allow municipalities the option to issue taxable or non-taxable bonds.

In congressional testimony, the ABA stated that the creation of a taxable municipal bond market would broaden the market for state and local bonds, stabilize that market during periods of monetary stringency and provide more efficient assistance to state and local governments.

The Municipal Capital Market Improvement Act (HR 11214) would require the secretary of HUD to pay a subsidy of 40% of the interest cost to a state or local government that elects to issue federally taxable obligations. The decision to issue taxable bonds would be optional with the issuer.

By expanding the bond market to more financial sources, the ABA said, rate volatility of all municipal borrowing would be diminished.

N. Y. Fed Won't Lose on Franklin Nat'l

The FDIC expects to realize enough from the sale of Franklin National Bank assets it controls to pay off the New York Fed, but there is little hope of any distribution to the defunct bank's HC.

The agency noted that the liquidation process will continue for nine to 14 years and that there is a wide range in estimates of future amounts to be received from the assets.

It was noted that before the HC would receive any payout, the holders of about \$27 million of the bank's 4% capital debentures and \$17.7 million of the bank's cumulative preferred stock would have to be paid.

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All Factors of Hedging Complexities Must Be Considered by Ag Bankers

By CHARLES E. WILCOX
Commercial Banking Officer
Harris Trust & Savings Bank
Chicago

HEDGING is more complex than its basic definition would imply. Although a banker can't reasonably be expected to give sound advice on an individual hedging decision, he must be aware of some factors his customer must consider:

- There are many kinds of hedges, so your customer's approach could be quite different, depending on the nature of his business. Is the timing right? There are good and bad hedges.

- The producer must know the quantity of produce to hedge. That sounds basic, but many things can get in the way of a producer eventually bringing what he originally anticipated to the cash market. His banker should be aware of significant differences between cash and futures, i.e., speculative position.

- How much risk can your customer afford? An experienced producer with good net worth may have a less compelling need to hedge in a given situation.

- Before an effective hedge can be set, a producer must be able to figure his own costs. This is basic if a profit target is to be set, but not as easy as it sounds. Cattle and grain prices have been quite volatile recently, as has the cost of borrowing, the cost of chemicals and fertilizers and the cost of feed grain additives. A cattle feeder has to consider hedging his feed grains, as well.

- The producer must know the exact futures contract specifications and how they relate to the grade of product he typically produces. One can't ignore grade premiums and discounts from approved delivery specifications, which can be substantial. The real importance of this comes in historically comparing the consistency of price movement be-

tween local cash price and the futures, i.e., the "basis."

- The businessman can't make his hedging decisions in a vacuum, nor can he expect to rely on his banker. A qualified and experienced broker, with a strong background in handling hedge accounts in his particular commodity, is a must. The banker, perhaps through his big-city correspondents, can assist here.

- Don't forget the rough guideline of "equal and opposite"—ownership of 1,000 head of cattle and long an equivalent weight in the futures definitely *isn't* a banker's hedge (a "Texas hedge," yes—twice the speculation).

"Understanding the fundamentals and procedures of hedging is simple enough, but to become a good operational hedger demands much study and consistent attention."

A lot more brokers are *willing* to handle your customer's hedge account than are *qualified* to do so. The right choice of broker, after reviewing the pertinent criteria carefully, can affect the banker if he is lending a more liberal amount against a hedged commodity. It behooves you, the banker, to involve yourself, at least to keep your ears open, especially if your customer is new to hedging. Also, your customer and his broker must understand fully what their respective duties and obligations are to one another.

As in any other successful business development, hedging has been successful because it's profitable. It's mutually beneficial to both the producer-businessman and his bank. For the producer, some of the advantages are obvious: People hedge to retain profit-making opportunities. They do it not just to avoid risk, but to make a reasonable profit. They essentially are speculating on the basis, or price relationships, of cash and futures prices over time. Absolute price is secondary.

Secondly, price risks are minimized. Price risks could quickly ruin an otherwise well-run business.

Hedging normally gives the customer access to an additional source of funds from his bank, since banks are willing to increase their percentage advance when profits have been protected. This translates to increased leverage on equity capital, since a larger multiple of working capital is allowed to be borrowed.

Hedging also provides a source of funds for margining loan advances on a regular basis, due to the daily settlement procedures at the exchanges. Of course, the hedger then expects his banker to increase his advance when market values increase, so he can meet his margin calls against his short position in the future.

Each of the advantages noted above also has implicit advantages to banks lending money. A profitable relationship tends to be strong, especially when the banker has helped his customer maximize profits. The price security in hedges adds to the bank's security and valuation of collateral on a day-to-day basis is made more easily.

A properly hedged customer can expect to borrow more, safely, possibly

improving the banker's earning-asset situation. For the banker, it means greater financial flexibility.

All these advantages, in the broader economic sense, add up to greater liquidity in the markets, which will allow supply and demand factors to determine what prices really should be at a certain time. An efficient market, with a freer flow of goods and services, should add up to higher volume and lower margins, which should benefit the ultimate consumer.

Understanding the fundamentals and procedures of hedging is simple enough, but to become a good operational hedger demands much study and consistent attention. Historical price and basis pattern data are abundant, but the producer must develop his own series of data, due to differences in hedging locations. Only by doing this can the producer reasonably evaluate factors affecting the basis and compare current basis changes with historical patterns. Here, the hedge broker can be of invaluable assistance.

The discipline built up around these programs undoubtedly will enhance a customer's desire and ability to im-

This article is excerpted from *The Banker and Hedging*, a publication of the Chicago Mercantile Exchange.

prove his profit-and-loss accounting. As in other types of businesses, the ability to determine how they made profits, not just how much, will set a modern business manager apart from the crowd.

A daily record showing all long and short positions is essential. The farmer's banker really should demand no less than a record clearly showing—so even a banker with a somewhat fundamental conceptual knowledge can understand it—all grain bought or sold on contract or in the futures, grain physically on hand and net long and net short positions in each commodity handled.

A projection of actual production costs and their impact on expectant profitability goes a long way toward convincing a banker that a man has a handle on his business. It is a plan to go by, outlined within the parameters of realistically established goals. He should include in his projections the proposed financing of the asset levels to be attained through his production season, as well as his alternative sources of payout.

You, the banker, then can help him determine, in a shared decision, what it will take to accomplish his plan. Does he have enough working capital? Could he increase profitability through greater leverage without significantly increasing the risk of borrowed money?

That's where the banker and hedging come in.

Volatile price movements and narrow profit margins in many commodities now make hedging more desirable than ever. While hedging sometimes allows a less than well-capitalized firm to attract financing, it can't be the sole credit requirement. Traditional requirements of business ability, integrity and method and timing of loan payouts remain essential points. The fact that loans are secured by hedged commodities with known value and limited price risk doesn't mean complete financial statements shouldn't be analyzed

"Volatile price movements and narrow profit margins in many commodities now make hedging more desirable than ever. While hedging sometimes allows a less than well-capitalized firm to attract financing, it can't be the sole credit requirement."

for their basic soundness and ability to service the total debt load. "Know your customer" still is number one.

Requirements for the physical security of collateral, such as warehouse receipts and proper hazard insurance, are important, no matter how great the advance. A properly hedged borrower can expect a more liberal advance against his inventory—up to 85% or 90% in many cases—but with it come additional requirements on behalf of the borrower and lender. First come the regular detailed inventory position reports mentioned earlier. These enable the bank to closely monitor the borrower's avoidance of improper amounts of speculation.

Collateral should be valued to the market on a regular basis, daily if the margin is narrow. With hedged collateral, the futures markets provide a convenient quotation system for valuing inventory on a current basis.

Margins are required to bind the broker to the transaction and the broker, in turn, must obtain margin from the customer as a "good faith" deposit or guarantee of the contract's fulfillment.

The borrower financing a hedge contract must assure himself that he has sufficient funds to comply with margin calls, normally assisted by the bank. Once a banker has agreed to finance a hedge transaction, he should be prepared to extend additional amounts for maintenance margins as the contract price increases (goes against his short futures position). Funds come from the additional loan value of collateral.

If the value of collateral declines,

the bank should call on the borrower for additional margin for his loan. This the borrower can obtain from his broker, since he will show an increase in the value of his hedge account, from which he can draw as the market goes down.

This system can alert the banker to a potential problem, too. If the borrower can't get money from his broker, it could suggest that the collateral hasn't been hedged properly.

Following the loans once they're on the books is as important as considerations prior to making the loans. Specific procedures must be set up (and tested prior to actual loan activity, if possible) to ensure the logic of those procedures. Strong internal policies will minimize mistakes and the potential of a loan going out of control.

These procedures will vary a great deal with the circumstances, but should be as standardized as possible. A good internal audit system to alert you of improper margins for your loan is essential. With the aid of computers, along with a responsive systems and programming staff, loans can be relatively easy to process. Computers don't understand markets very well, so the responsible officer's own vigilance still is an absolute.

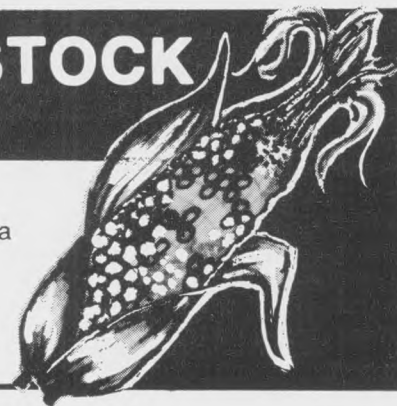
It's extremely important that bank management at all levels be familiar with hedging principles. This probably will require an additional educational process within the bank, but the potential payoff that comes from shared decisions, instead of a dependence on one "resident expert," could return the investment many times over. ••

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Security

Practice Dual Control in Your Bank To Effectively Cut Theft Losses

By OSCAR W. JONES
Director, Loss Prevention Services
Scarborough & Co., Chicago

DUAL CONTROL means two persons, working together, place in or remove from the vault, cash being held under dual control. Locks and combinations must be so arranged that no one person can operate them.

In addition, there must be a written and signed record that both parties participated in any vault deposits or withdrawals of cash.

All movements of cash within a bank should be under dual control, except the teller's individual cash fund, which must be kept under strict "sole" custody by the teller, during and after business hours. Due to this "sole custody" rule for the tellers' individual cash funds, these funds should be counted together by the teller and another officer or employee of the bank at periodic intervals. This should be done at least monthly, in order to assure that all the funds are complete and accounted for.

"All movements of cash within a bank should be under dual control, except the teller's individual cash fund, which must be kept under strict 'sole' custody by the teller...."

Tellers frequently will be out-of-balance at the close of the business day, and quite often the differences can't be located. In such instances, the small overages and shortages should be written off the general ledger on the days of their occurrence.

Particular caution should accompany any movement of currency, since its vulnerability increases with exposure. All transfers should be made in a routine, orderly fashion, following certain standard procedures:

- When shipping or receiving cash to or from the Fed or other bank by armored car, pay particular attention

to the immediate shipping or receiving area. It may be highly vulnerable. Proper identification should be obtained from every employee of an armored car service prior to his access to any cash storage area.

- Movements of armored car service personnel should be witnessed by at least two employees of the bank. The first employee should accompany the armored car service representatives at all times and the second bank employee should remain near an alarm-activating device from which all movements may be observed. He should be in a position to immediately activate the alarm on observing unusual movements or circumstances. If the employee manning the alarm button questions the movement or conduct of the armored car employees in any way, he should make no attempt to resolve his doubt, but immediately should activate an alarm.

- Cash shipments between branches and main office vaults should be made by armored car service. If this isn't available, or isn't feasible, at least two bank employees should make these transfers. The same precautions that apply to shipments by armored car service should be taken at the shipping and receiving terminals when bank employees make the transfers. When bank personnel make cash transfers, they should use varying routes and time schedules in order to avoid establishing a determinable pattern. Often, banks can obtain local police escorts to accompany inter-office cash transfers by bank employees. Banks should strive to work in harmony with local law enforcement agencies in all such matters, for cooperation is of mutual benefit.

In planning new construction, give serious consideration to installation of a separate entrance to the facility, the sole purpose of which would be for the shipping of cash via an armored car or similar service. This entrance should be located as near the vault as possible, or, if the bank is of sufficient size, with immediate access to the vault.

If a cash receiving and shipping area is constructed, arrangements should be made to provide it with protective barriers in conjunction with continuous guard service, or continuous surveillance equipment, or both.

Let's consider internal movements of cash between tellers stations and the head teller or between tellers—including the head teller—and the vault. For safe removal of excess cash to a locked safe, vault or other protected area, the easiest and safest method is for each teller or each group of tellers to use a movable steel cabinet with lockable drawers. This should enable each teller to remove excess cash before, during and after business hours in reasonable safety and to safely store his cash in the vault each night in preparation for the next business day.

During business hours, only cash that's locked up should be transported across the lobby of the facility. Excess cash should be removed from each teller's station as soon as feasible. Unless absolutely necessary, cash shouldn't at any time be left in open view of customers in the lobby.

Finally, in connection with the movements of cash, whether the movement is external (between vaults) or internal (between teller stations and vault), all removals of cash from and all placements of cash within the vault should be made under *dual control*.

"Bait money" is currency a bank can identify as having been in its possession at a specific time. In the event of a robbery or burglary, it can be used for the purpose of identifying and convicting the person perpetrating the crime.

Frequently, a suspect will be taken

"Excess cash should be removed from each teller's station as soon as feasible. Unless absolutely necessary, cash shouldn't at any time be left in open view of customers...."

into custody shortly after commission of a crime, and undoubtedly the most incriminating evidence that could be obtained to link him to the crime would be the discovery of bait money in his possession. Equally incriminating would be proof of his having made a purchase with bait money: Large cash transactions, such as the purchase of an automobile, are infrequent, viewed with suspicion and subject to police checks which reveal identifiable currency. Because of bait money's tremendous value when presented in court trials as evidence linking a particular person with the robbery or burglary of a particular bank, the Bank Protection Act of 1968 requires every banking institution to maintain bait money in each teller's station and in its reserve currency

(Continued on page 109)

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Commercial Lending

Effective Administration of Collateral: Vital When It Comes Time to Liquidate

By MELVIN E. RUBENSTEIN
Executive Vice President
Rosenthal & Rosenthal, Inc.
New York City

A REALISTIC assumption secured lenders make is that someday they will be faced with a voluntary or involuntary liquidation of collateral. The success of that liquidation in large measure will be attributed to the effective administration of the collateral.

After a loan has been structured, it is essential that procedures and techniques of collateral administration be designed that will provide for an early warning of any adverse change in the condition, value and market for the collateral. This entails verification of the collateral, an examination of its condition and, depending on its volatility, a constant knowledge of its marketability and liquidation value.

Furthermore, awareness of adverse changes in the financial condition of the borrower can serve to alert lenders to the necessity of closer scrutiny and administration of collateral, the lowering of advances against it and other constructive changes in the administration of a revolving loan that can improve the chances of a successful liquidation.

The creation of fraudulent accounts receivable seldom occurs when a business is sound or successful. Inventory rarely disappears when a company prospers and the maintenance of equipment is usually not neglected in a profitable enterprise. But when a borrower is in dire financial straits, temptation to commit fraud and violate loan agreements can arise.

Therefore, the cornerstone of any effective program of collateral administration is the necessity of monitoring the financial condition and trend of the borrower. Audited financial statements should be obtained. In addition, periodic field examinations are customarily made that entail a review, not only of the collateral, but the financial condition, activity in the borrower's premises and, frequently, an evaluation of

his immediate and near-term business prospects.

The collateral most frequently lent against is commercial accounts receivable. Since this represents collateral for a service rendered or a product sold and delivered, proper documentation is generally submitted and must be reviewed. Verification is made periodically and provision is made as to the analysis of the receivables' condition and behavior compared to industry norms, trade practice and experience.

Trends must be carefully measured to determine if a deterioration of the collectability of the accounts has occurred. For example, watch for sales to a less desirable customer, a concentration of credit, slowing down of collections, increases in returns and allowances, etc.

"The creation of fraudulent accounts receivable seldom occurs when a business is sound or successful."

In addition, the lender must constantly be on the alert for product and marketing changes, such as the selling of new and unproved products, the granting of warranties where formerly none existed, obtaining large contracts over extended periods of time without privileges of part shipments and, in some cases, severe penalties for noncompletion, the selling of consignment or guaranteed sales where formerly this did not exist, the granting of volume discounts and rebates not divulged.

In effect, any change in the marketing area that could adversely affect the liquidation of accounts receivable necessitates altering the formula of advances against accounts receivable so that the lender may be assured of realizing the loan against the accounts assigned.

The internal technique of administering accounts receivable collateral ranges from an examination of invoices assigned, shipping documents, remittances in kind, account debtor vouchers, agings of accounts, past-due and concentration lists, etc. The degree of detail administration varies, depending upon the financial strength of the

borrower, the amount of paperwork and the character and risk in the accounts being assigned.

Administrative techniques cover a wide spectrum, from that of complete notification to accounts to pay directly to the lender to depositing remittances in bank accounts controlled by the lender, from the receiving of shipping evidence to the waiving of it and from the lender maintaining a duplicate set of accounts-receivable ledgers to that of simply maintaining a control ledger.

The point is that the nature of the administration of accounts receivable can vary.

Certain basic fundamentals will always remain, however. The lender must be able to liquidate his collateral without the cooperation or presence of the borrower and he must always be in a position to evaluate the liquidation value of the accounts and, if unfavorable changes occur either in the accounts receivable or the viability of the borrower, he can act quickly to protect his position. What is generally involved in these "basic" fundamentals is the lender's ability to monitor, evaluate, verify, notify and collect the accounts.

Supplementing the internal procedures, the lender should authorize periodic examinations by his field auditors of the borrower's place of business. This involves not only a financial examination of the borrower's books and records, but an investigation and first-hand observation of the borrower's physical condition and the review of any factors that would adversely affect the accounts receivable.

Supplementing periodic field auditor examinations, visits should be made by the credit man or loan officer to review with the borrower his financial condition, prospects and problems.

Combining internal administrative procedures with constant verification accompanied by periodic field examinations is the fundamental technique in administering accounts receivable collateral. The purpose is to provide the essentials in accounts receivable administration, but this must be supplemented by the experience, judgment and intuition of the credit man or loan officer responsible for administering the loan. It is his business acumen in evaluating all the data provided, his closeness to the client and his knowledge of market conditions that assure the effective administration of the collateral.

The value of the collateral should be checked at recurrent intervals, depending on the volatility and nature of the commodity. Use should be made of trade and government publications, outside appraisers and customers for the

This article is adapted from remarks made by Mr. Rubenstein at the 61st Annual Fall Conference, Robert Morris Associates, last November.

collateral. The lender must avail himself of all sources of information in order to keep informed as to values and markets, to maintain adequate margin for changing conditions and to be aware of the expenses involved in liquidation.

The value of released merchandise must take into consideration the probability that initial withdrawals will be for the more salable goods, possibly leaving the lender with broken lots or aged inventory—the less valuable items. Consequently, if the inventory is being valued at one price per unit, withdrawal should be made at a higher unit price, assuring the lender of a greater margin for the remaining inventory.

Adequate insurance should be maintained and provision made for renewals. In addition, warehouse charges should be paid by the borrower promptly, as they represent a prior lien on pledged inventory.

Procedures should be determined as to how and under what conditions collateral will be released and paid for: Whether a minimum retention will be set in the warehouse, whether releases are to be paid for by borrower's check, a substitution of collateral or the as-

"Administering collateral is often the vital bridge between the granting of a loan and the successful liquidation of collateral."

signment of accounts emanating from the collateral released. The essential element in this aspect of administering collateral is full accountability and control over the proceeds.

The financial condition of the borrower should be continually monitored and consideration should be given to altering the loan formula to obtain additional margin if it appears the borrower is approaching financial embarrassment. Furthermore, it is necessary to keep abreast of changing legal requirements regarding disposition of the collateral.

Chattels are the least complicated of the collaterals to administer because of the nature of the collateral and relatively fixed structure of the loan. Lenders are primarily concerned with maintaining the condition of the chattels and the payment of the loan. Field examinations determine the condition and maintenance of the chattels and, if no breach of the loan agreement occurs, there is little that can be done to adjust the borrowing formula.

The lender is therefore primarily concerned in administering a chattel mortgage loan, that the borrower does

not violate the loan covenants and that the agreement drafted enables the lender to take some action to protect the value of the collateral if the agreement is breached.

When a loan was originally granted, certain assumptions were made—the collectability of accounts receivable, the value of inventory in liquidation, the recovery of chattels in auction, etc. These assumptions can never be fixed but must continually be reviewed, and if any changes occur in the condition, nature or value of the collateral, the lender must move expeditiously to protect himself. Proper administration of

collateral should give us the earliest possible indication of adverse changes.

Administering collateral is often the vital bridge between the granting of a loan and the successful liquidation of collateral. It must command a significant amount of attention and concern.

■ **LITTLE ROCK**—First National has reported deposits of \$220 million at year-end 1975, a 100% gain since 1968. Assets now stand at \$289 million, loans at \$141 million, net income at \$1.65 million and capital funds at \$15.6 million.

Problem Child



Every banker has them—problem loans with seemingly insufficient or unsatisfactorily controlled collateral. And because business will be looking to their banks more and more for expansion capital, the problem will be compounded, not simplified.

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IBAA Suit Against FHLBB Cites Remote Service Units: 'S&Ls Illegally in Banking'

WASHINGTON, D. C.—The Independent Bankers Association of America has announced a suit against the Federal Home Loan Bank Board for permitting federal S&Ls to "illegally" get into the banking business.

Basis for the suit is an FHLBB regulation authorizing federally chartered thrifts to establish electronic financial facilities called remote service units (RSUs). The IBAA wants the "plug" pulled on S&L use of electronic facilities, maintaining that RSUs violate federal laws drawn up during the 1930s to maintain distinctions between commercial banks and the thrifts.

The IBAA also claims that thrift customers and their funds are protected inadequately when using the machines because of the FHLBB decision not to treat RSUs as branches or satellite offices. This exempts the electronic terminals from meeting the requirements established for other thrift facilities, the association holds. According to an IBAA spokesman, the machines allow S&L customers to perform nearly every financial transaction possible in a thrift, but they also give third-party payment privileges to anyone using them.

It is the third-party payment that is the crux of the suit. The IBAA holds that they are checking accounts, which are illegal for S&Ls under the Home Owners' Loan Act of 1933. The association spokesman added that thrift customers using an RSU to tap savings accounts for cash actually were getting an interest-bearing checking account, something that was banned during the '30s as a factor in bank failures of the era.

The FHLBB's continued renewal of its RSU experiment, the IBAA says, violates Congress' intent in establishing the National EFT Commission.

The IBAA indicates suit was brought against the FHLBB because member-banks felt the actions of the board and the Comptroller of the Currency overstepped the powers granted them by Congress—the only body, the IBAA says, having the right to bring about such changes in the business of the nation's financial institutions. The FHLBB and Comptroller have the job of regulating, not legislating, the association spokesman added.

The IBAA also filed suit against Comptroller James Smith for his ruling allowing national banks to establish electronic banking facilities (CBCTs), a suit which was won on the district-court level here, causing the Comptroller to rescind that ruling. The case is being appealed.

Oklahoma Legislature Decides Future of Bills On Electronic Facilities

OKLAHOMA CITY—Bills setting guidelines for remote electronic banking terminal use by state and national banks have been introduced in both houses of the Oklahoma legislature.

The measures, which define "consumer banking electronic facilities" as manned or unmanned electronic devices located apart from a bank's principal office and performing services for the bank's customer, say use of the devices must be shared by the banks with other banks and state-chartered financial institutions.

The proposed legislation was introduced by Senate President Pro Tem Gene D. Howard (D., Tulsa), and House Speaker William B. Wallis (D., Talleguah). In addition, the OBA is sponsoring the measures.

The OBA also is considering sponsorship of legislation establishing a three-member commission to authorize and regulate EFTS use. That measure would, OBA officials say, affect all financial and lending institutions in the state.

These actions came in the wake of a ruling by Chief U. S. District Judge Allen E. Barrow of Tulsa that present off-site EFT systems in use by two Tulsa banks, Bank of Oklahoma and Utica National, aren't violations of the state's unit-banking statutes pertinent to branch banking operations.

The ruling was the first in the U. S. upholding Comptroller of the Currency James E. Smith's interpretation that off-site CBCTs of national banks aren't branches.

Judge Barrow's decision has been appealed to the 10th Circuit Court of Appeals, Denver.

A bill allowing state banks to install remote electronic terminals—if national banks could use them—was passed in the 1974 session of the Oklahoma legislature, but now is in the House Committee on Banks and Banking.

ATM Users Treated to 'Burgers By Central Trust of Cincinnati

CINCINNATI—Central Trust offered free hamburgers from a fast-food chain to all customers who used its ATMs during a two-week period. Customers and non-customers who participated in demonstrations of the devices also received hamburgers.

The offer was limited to those 17 years of age or older. All they needed to do to claim a hamburger was to present a transaction memo at the restaurant.

The promotion was advertised in newspapers and on radio, while all the bank's checking customers received notices of the event as statement stuffers. Demonstrations of the ATMs were held at all Central Trust day-and-night bank locations, at minibanks and at retail stores where the machines are located.

Now, You Can Get A FREE Wendy's Old Fashioned Hamburger From Our Day and Night Banks!

Just use a Central Trust Day and Night Bank for any normal withdrawal, or ask for a demonstration of a new automated message 14 message 20.

Take your Central Trust Day and Night Bank receipt to any of the 13 Wendy's locations in the Greater Cincinnati area, and you'll get a FREE Wendy's Old Fashioned Hamburger! (While supplies last.)

You won't get your hamburger if you never used a Day and Night Bank, or even if you bank elsewhere. Just get the receipt from Central Trust Day and Night Bank and ask for a demonstration during the terms listed below.

*Must have had banking account - full fee service any time, with deposits, with Central Guaranteed Day and Night Money Deposits, plus a minimum Wendy's Old Fashioned Hamburger promotion on.

*Not valid on orders 11 years of age or older.

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This is ad of Central Trust, Cincinnati, offering free hamburgers from fast-food chain to all customers who use or observe demonstration of bank's ATMs during two-week promotion. To claim hamburgers, customers merely presented transaction memos at restaurant.

MID-CONTINENT BANKER for March, 1976

Bank Installs 'Tabletop' ATMs; Updates 15 Other Machines

LOUISVILLE—Liberty National has installed three Docutel "table-top" ATMs and has completed an updating of the other 15 Money machines it had previously installed throughout Jefferson County.

Two of the new T4 Money machines are located in the bank's Main Office, while a third has been installed at its Airport Branch. The machines are in-



This is Docutel "tabletop" ATM being used by Liberty Nat'l, Louisville, in two Main Office locations and at its Airport Branch. Units complete most transactions in seconds, provide cash in increments from \$5 to \$100.

tended to service customer traffic during banking hours and will complete most routine banking transactions. They will provide cash in increments from \$5 to \$100 and include a new feature—as do the updated Money machines—balance inquiry.

Liberty National's 15 other ATMs have been modified to perform the following functions: cash withdrawal from or deposits to checking and savings, cash advances from Master Charge, transfer of funds between checking and savings and payments on all loans.

The 18 machines Liberty National now has in service formerly were activated by the Liberty Master Charge card and a personal identification code number, but a new debit card—called "Money"—has been issued by the bank, allowing all checking and savings customers to access the machines.

Statewide EFT Feasibility Study Begun For Ill. Bankers Assn.

CHICAGO—Peat, Marwick, Mitchell & Co. has been commissioned by the Illinois Bankers Association to study the feasibility of a statewide EFT network. The firm will make its recommendations to the IBA around April 1.

The IBA's decision to commission the study to see whether there is a need for creation and establishment of the network came after a seven-month research period by the association. The IBA EFT Committee traveled across the country, analyzing strengths and weaknesses of

EFT systems and networks in operation or being developed.

According to an IBA spokesman, such a network in Illinois would be designed to provide capabilities for EFT to all banks seeking an alternative to existing systems in the state. Above all, the spokesman continued, the IBA wants to ensure protection of the right of privacy of consumers using an EFT system in the state.

The IBA said the study would investigate legal, financial, organizational, marketing and implementational requirements for a statewide network.

Automatic Blue Cross Payments Offered to Kansas Customers

Subscribers of Blue Cross and Blue Shield of Kansas will be able to authorize automatic payment of insurance premiums through their local banks, beginning early this year.

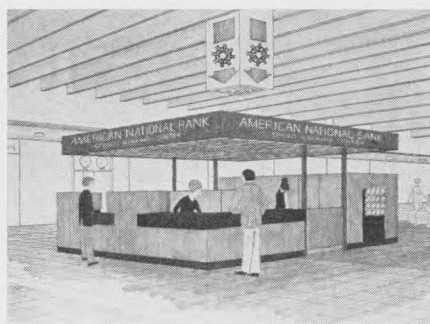
Arrangements for the program have been worked out through the company's bank, Merchants National, Topeka, and MACHA—Mid-America Automated Clearing House Association—which is headquartered in Kansas City, Mo. National Share Data Corp., Dallas, a Western Union subsidiary, is the bank's computer manager.

The service reportedly will generate over 40,000 electronic debit entries monthly and will affect nearly every bank in Kansas, according to a MACHA spokesman.

American Nat'l Installs Kiosk In Shopping Center Mall

CHATTANOOGA—American National has constructed a branch facility in the mall of the Eastgate Shopping Center. Built in the form of a kiosk measuring 12 feet by 14 feet, a bank spokesman says the "Eastgate Speed Banking Center" is the first of its kind in a shopping center in this country.

Staffing the kiosk are one secretary and one teller. The bank's automated



This is drawing of new branch facility—"Eastgate Speed Banking Center"—of American Nat'l, Chattanooga, which is in Eastgate Shopping Center mall.

teller equipment, Teller-24, is used seven days a week during the shopping center's operating hours.

The American National spokesman said much construction time was saved on the Speed Banking Center, since it was built at a remote location and then transported to the mall. This, he indicated, negated any effects of adverse weather conditions or on-site building material shortages, since it was constructed in the builder's factory. The vault and ATMs were installed after the kiosk was in place, he added.

Citizens National, Bowling Green, Starts Check Verification System

BOWLING GREEN, KY.—Citizens National has introduced the Merchant Check Verification and Guaranty System.

Under the program, merchants are able to inquire directly into the bank's computer 24 hours a day through a touch-tone system. The merchant receives a voice response verifying or denying validity of the check. If the check is good, the merchant can post it against the account and have the check guaranteed for its amount.

Some of the benefits of the system include the immediate guarantee of the check, elimination of checks returned for insufficient funds and the encouragement it gives customers to shop at participating stores, due to the system's convenience.

Citizens Fidelity Adds 22 Outlets To Its 'Service Tree' Program

LOUISVILLE—Citizens Fidelity Corp. has announced the addition of 22 retail outlets to its Service Tree program, permitting customers to deposit or withdraw—at off-premises locations—from their checking or savings accounts.

The new merchants in the program—10 A&P Food stores, four Gateway Super markets, four Stewart's, two Key markets, one Cissell's Little Giant and one Giant Foods—bring the total number of locations for the service to 37.

Customers access their accounts by using a Service Tree Card and their personal security number through a modified AT&T telephone. Existing Service trees presently operate 16 hours daily and are staffed to handle customers' questions.

"I can help keep your agribusiness customer from crossing the street.

You're very likely to be loaned up seasonally if you have large agribusiness customers. That means overline financing, sometimes loan participation. I think you get a better deal on both with a big bank like United Missouri. Our own large correspondent business means we're not after your customers. We just want to help you serve them better. If this makes sense to you, my number is 816/221-6800. Call me."



**united missouri bank
of kansas city, n. a.**

Joe Henderson. He runs United Missouri's Agribusiness division.



Written Loan Policies Are Musts for Banks

EDITOR'S NOTE: With loan losses increasing in recent years and write-offs of real estate investment trusts (REITs) also going up, banks are focusing more attention on their loan policies and practices than formerly. For this reason, the following article by Mr. Herrmann is particularly appropriate because he presents an in-depth discussion of bank loan policies as seen from an examiner's viewpoint.

HISTORICALLY, the national bank examiner has been recognized as a well-trained, highly professional analyst who devotes a major portion of his examination time to a qualitative analysis of the loan portfolio. I'm sure you will agree that loan write-ups, i.e., a bank's classified credits, are relied on not only by the directorate and senior management, but also by other regulatory agencies and external auditors. We believe we do a good job in this area and are anxious to do an even better job.

If I were to describe in a few words the direction in which we are moving, the best analogy would be the change from fire fighting to fire prevention. The examiner has played the role of a Monday morning quarterback. In many cases, we tell the bank what's wrong with various credits within the portfolio and suggest remedial action. However, we don't go far enough to ensure that similar problems don't develop between examinations. We believe we not only must identify problems, but also their causes. By focusing more attention on loan policies and practices, that is, examining the bank from the top down, an examiner greatly enhances his ability to detect situations that have the potential for future deterioration

By **ROBERT J. HERRMANN***

and may adversely affect the bank's soundness. Accordingly, one of the prime objectives in evaluating the loan area is the determination that written policies and practices have been formulated and that they are adequate for the bank under examination. Once this is established, we can examine the loan areas and determine compliance. We all know that the real responsibility for maintaining sound lending policies rests with the individual bank. The fundamental element of a bank's effort to assure quality in its portfolio is a written policy. Unfortunately, not every bank has an adequate policy, or for that matter, any policy at all, and even some who have good written loan policies do not observe them. The contemplated thrust of our loan examination effort will focus on the existence of written policies. The formal statement

should avoid the pitfalls of being too brief or too vague and, as a minimum, the following points should be covered:

- Types of loans and collateral considered desirable for the bank's portfolio.
- Types of loans and collateral considered inappropriate—considerations here mainly being the available expertise and ability to supervise certain types of credit.
- Lending limits for each loan officer.
- A suitable aggregate loan level.
- Loan mix or established level of loans by type—commercial, term loans, consumer, etc.
- Geographic area from which loans should be generated and circumstances under which loans outside this area may be granted.
- Kind or extent of information to be gathered for each type of credit extension—this will take the form of a laundry list.
- Written acknowledgements of the

In the accompanying article, Robert J. Herrmann lists nine points he believes should be covered in banks' written loan policies. They are:

- Types of loans and collateral considered desirable for a bank's portfolio.
- Types of loans and collateral considered inappropriate—considerations here mainly being the available expertise and ability to supervise certain types of credit.
- Lending limits for each loan officer.
- A suitable aggregate loan level.
- Loan mix or established level of loans by type—commercial, term loans, consumer, etc.
- Geographic area from which loans should be generated and circumstances under which loans outside this area may be granted.
- Kind or extent of information to be gathered for each type of credit extension—this will take the form of a laundry list.
- Written acknowledgements of the borrower at the inception of the loan regarding his understanding of repayment provisions.
- Periodic review, inspection and administration of loans after disbursement.

* Mr. Herrmann is director, domestic group, bank operations division, Comptroller of the Currency, Washington, D. C.

"The importance of periodic loan review and of increasing the frequency of that review when economic conditions dictate cannot be overemphasized."

borrower at the inception of the loan regarding his understanding of repayment provisions.

• Periodic review, inspection and administration of loans after disbursement.

Formation of a sound lending policy warrants most careful consideration by the bank's executive management and directors. After giving due weight to such relevant factors as deposit base and legitimate credit needs of the community served, a bank should incorporate each of the nine above-mentioned items into a comprehensive written statement.

"Although REITs are not the only significant challenge facing major banks today, it's painfully clear they are our most formidable problem."

One point we emphasize in our recommendations and one that becomes increasingly important in today's economy concerns loan review. *The importance of periodic loan review and of increasing the frequency of that review when economic conditions dictate cannot be overemphasized.* Our examination records reflect the fact that many of today's criticized loans result from failure to establish a firm loan review procedure. Many loans that were reasonably sound at inception develop into problems and losses which review and positive action might have avoided.

Where are we today? As everyone knows so well, commercial banking has undergone dramatic change over the past decade. During the period 1960-1973, the U. S. commercial banking system—nearly 14,000 banks—more than tripled in size, with assets jumping from \$256 billion in 1960 to \$837 billion in 1973. The most significant growth came in loans, which grew at a compound annual rate of 11.2%. Where loans represented 47% of bank assets in 1960, loans accounted for 59% of assets in 1973. This expansion continued in 1974, and it's a generally accepted view that banks have erred in stressing asset growth over soundness. During the last two years, the growth and the glamour of the banking industry have been severely questioned by a myriad of adverse developments—the U. S. National, Franklin National, Security National and Herstatt collapses, the credit crunch

of the summer of 1974, the crisis of the recycling of oil funds, extremely heavy loan demand, speculation concerning the liquidity, solvency and capital adequacy of some of the country's largest banks, the discrediting of the holding company movement, New York City's fiscal crisis and, finally, the impact of high inflation, high interest rates and deep recession on the viability of many large U. S. corporations—among them Lockheed, W. T. Grant, Memorex and some airlines. Perhaps no area of the economy was harder hit by inflationary-recessionary pressures than was the real estate construction, housing and mortgage-related industries. Within this latter field, the real estate investment trusts (REITs) probably were hardest hit and virtually devastated by high borrowing costs, heavy loan losses and the slowdown in demand for the properties they were financing. Although REITs are not the only significant challenge facing major banks today—it's painfully clear that they are our most formidable problem. Based on

**Written Loan Policy Workshop
To Be Held Three Times
By Robert Morris Associates**

"Written Loan Policy" is the title of a workshop to be given three times this year by the Policy Division of Robert Morris Associates. Sessions will be held April 8-9, Peachtree Plaza, Atlanta; June 1-2, Continental Plaza, Chicago; and September 23-24, Hyatt-Regency-Cambridge, Mass.

Registration is open to non-RMA-member banks, but member banks will receive preference.

The workshop is designed to assist bank CEOs and senior loan administrators in the consideration, development, supervision and management of a written loan policy. The program is designed to help an officer draft his institution's first written loan policy or improve one already in existence. William Loring, senior vice president, United Bank of Denver, will coordinate the sessions.

The workshop fee is \$175 for RMA-member banks and \$200 for nonmembers. Additional information may be obtained from Registrar Cecelia Small, Robert Morris Associates, 1432 Philadelphia National Bank Building, Philadelphia, PA 19107.

numbers published last September in the Drexel Burnham Study, approximately 20% of the principal on approximately \$7.6 billion of loans to troubled REITs can reasonably be expected to be written off over the next two to five years.

The imprudent lending practices in the REIT industry that apparently were condoned by their lenders are well known. Reflecting back on our written loan policies, I will outline them briefly:

A. Improper assessment of supply-demand equations for projects being financed.

B. Lending without firm "takeout" commitments.

C. Unrealistic appraisals leading to excessive loan-value ratios.

D. Excessive concentrations of credit to: 1) one developer, 2) one geographic market.

". . . it's a generally accepted view that banks have erred in stressing asset growth over soundness."

I ask you. Could a realistic and comprehensive loan policy have prevented these abuses?

Our banking system has something like \$900 billion in assets, with capital and loan-loss reserves exceeding \$70 billion. Even in the worst circumstances, and the worst won't occur, our banking system can withstand the shocks. What is inevitable for some time to come will be lackluster earnings performance, but the banks will stand solid on the corner.

For the short term, the real worry is that the banks have been badly scared. It's abundantly clear that no sustained revival of the economy can be expected unless banks expand their lending to business, unless they can consider sound new loans, unless they're willing to help launch promising new ventures.

Times have been and, perhaps, will continue to be difficult. Choices will not come easy for any of us in the foreseeable future. Changes are on us whether we like it or not. The effect of these changes will depend on whether those of us in the industry try to understand and manage the forces that work or merely react to the problems and issues which eventually affect us all. During periods of growth and expansion, it's quite natural to postpone the hard choices and benefit from forces only barely understood. In my opinion, we no longer have that luxury.

Because a bank's lending activities are, for the most part, the base on which it will succeed or fail, it is in-

(Continued on page 110)

Most U. S. Banks Not Considered 'Problems,' FDIC Chairman Wille Tells Senator Proxmire

EARLY this year, the Washington *Post* published a story that said two New York City banks—First National City and Chase Manhattan, which are ranked second and third, respectively, in size in the country—were on a secret “problem bank” list maintained by the Comptroller. The *Post* story opened the dikes. Since then, stories have popped up in the *New York Times*, the *Wall Street Journal* and other newspapers around the country, all saying that there are anywhere up to 350 of these so-called “problem banks” scattered across the nation. Actual lists of some of these banks sometimes accompanied the stories.

Comptroller James E. Smith and other regulators quickly responded to these negative stories by pointing out, first of all, that the information about these banks was obtained from unauthorized sources and, moreover, was very much out of date. In fact, Mr. Smith particularly took the *Wall Street Journal* to task for a January 26th story he described as “so filled with error and misstatement as to make detailed denial of its assertions virtually impossible.” He added, “With the appearance of this story, I perceive an enlarging competition among major U. S. newspapers to print the names of banks presumed to have problems. Such competition is a fool’s game, which has the grave potential for creating crisis where no substantive basis for crisis exists.”

The Comptroller emphasized that he believes the outlook for banking is distinctly positive.

Another regulator—FDIC Chairman Frank Wille—sent a letter dated January 24 to Senator William Proxmire (D., Wis.), chairman, Senate Committee on Banking, Housing and Urban Affairs. The Wille letter’s purpose was to present updated information on “problem” banks.

Mr. Wille started off by describing what the FDIC considers the three categories of problem banks:

- *Serious problem—potential payoff.* An advanced serious-problem situation which presents an estimated 50% chance of requiring FDIC financial assistance in the near future.

- *Serious problem.* A situation that

threatens ultimately to involve the FDIC in a financial outlay unless drastic changes occur.

- *Other problems.* A situation that contains significant weakness, but a lesser degree of vulnerability. Such banks require more than ordinary concern and aggressive supervision.

According to Mr. Wille, the FDIC’s classifications aren’t limited to non-member banks it regularly examines, but also include national banks and state member banks that meet the required criteria based on the most recent information available. Therefore, the FDIC list overlaps, he continued, but doesn’t necessarily duplicate, a listing of national banks being supervised more closely than other national banks by the Comptroller or a listing of state mem-

ently. Accordingly, we always have disseminated general criteria—not specific guidelines—for the designation of problem banks to our regional directors, in order to encourage independent judgment and provide some flexibility to meet new areas of regulatory concern as they arise. The Washington Office of the Division of Bank Supervision then applies more standardized research and evaluation to the recommendations of our regional directors before determining whether to add or delete a particular bank in our list of problem banks. The listings themselves are not subject to approval by the corporation’s board of directors, although the board regularly receives extensive information about all problem banks and may be directly involved in imposing and en-

“There are no simple mechanical formulae that can be universally applied to determine whether or not an operating bank warrants FDIC problem-bank status. Indeed, we believe a problem-bank designation should be imposed only on a case-by-case basis after a comprehensive, in-depth analysis of the entire bank.”

ber banks in categories three and four (the two most severe categories of financial condition) maintained by the Fed.

“There are no simple mechanical formulae that can be universally applied to determine whether or not an operating bank warrants FDIC problem-bank status,” said the Wille letter. “Indeed, we believe a problem-bank designation should be imposed only on a case-by-case basis after a comprehensive, in-depth analysis of the entire bank. Among the more important elements requiring analysis and evaluation are asset quality and liquidity, the margin of capital protection, the degree of stability or volatility in the bank’s liability structure, the character and ability of its management, the bank’s earnings performance and its adherence to applicable laws and regulations. These elements are closely interrelated and, depending on a given situation, each element may be weighted differ-

forcing a corrective program on particular banks.”

Mr. Wille pointed out that the FDIC removes banks from particular categories of its problem-bank list when they no longer meet the requirements for inclusion. He said that his corporation’s general experience in recent years has been that about 75% of the banks listed on one date still will be operating, but will no longer be considered a “problem” bank in any category two years later. During 1975, for example, 282 banks were added to the list, while 106 were removed (only 13 of them by actual failure).

As of the beginning of 1975, said Mr. Wille, 349 banks appeared on his problem-bank list. Since January 1, based on the FDIC’s continuing review of more current information, 11 banks have been reclassified; 13 banks have been added to the list; one bank has been redesignated a “non-problem,” and

(Continued on page 110)

Failed Hamilton National, Chattanooga, Reopened as First Tennessee National

THE LARGEST Mid-Continent-area bank failure in U. S. history occurred last month when Hamilton National, Chattanooga, was ruled insolvent by the Comptroller of the Currency.

Most of the \$460 million in assets of the lead bank of Hamilton Bancshares were assumed by First Tennessee National Corp., Memphis-based HC whose lead bank is First National, Memphis. Hamilton National is now operating as First Tennessee National of Chattanooga.

Hamilton National's failure was said to have stemmed chiefly from recent troubles with loans made by the HC and a non-bank subsidiary—Hamilton Mortgage Co.—in the depressed building and real estate industries.

Many of the real estate loans went into default, eliminating any possibility Hamilton National had to sell the loans that were acquired from the HC and Hamilton Mortgage.

The Comptroller said that trouble with real estate loans was initially detected in the fall of 1974 during a routine bank examination, which uncovered \$100 million in real estate loans originated by Hamilton Mortgage and \$30 million from other Hamilton Bancshares affiliates.

Directors of Hamilton National were required to agree formally not to acquire any loans or extend or guarantee credit to the parent HC and any of the HC's non-banking units in December, 1974.

The FDIC began negotiating contingency plans early this year in case of failure and was declared receiver for the bank last month. First Tennessee National won out over United Tennessee Bancshares Corp., Memphis, and Tennessee Valley Bancorp., Nashville. Lead bank for United Tennessee is National Bank of Commerce, Memphis. Lead bank for Tennessee Valley is Commerce Union, Nashville.

First Tennessee's winning bid was at a purchase price of \$16.3 million. The

HC assumed \$400 million in deposits and agreed to assume other Hamilton assets. The FDIC advanced First Tennessee about \$55 million in cash and said it might be required to advance another \$75 million in the next few months. The FDIC also agreed to purchase \$16 million in First Tennessee notes that will represent the equity capital of the new bank and \$8 million in subordinated capital notes directly from the new bank.

The FDIC also agreed to assume about \$50 million in loans originated by Hamilton Mortgage and another \$36 million in other loans. First Tennessee agreed to take over the \$180 million of Hamilton National's loan portfolio, subject to the right to return as much as \$70 million of loans to the FDIC within the next few months.

In approving the acquisition, the Fed rescinded its recent approval allowing First Tennessee to acquire Pioneer Bank, Chattanooga. The Fed also stated that it believes the financial prospects of the new bank are "satisfactory."

Shortly after Hamilton National had been declared insolvent, Hamilton Bancshares announced the sale of its Memphis affiliate, Hamilton First American, to a business trust headed by Mark Vorder Bruegge, former president

Hamilton HC Folds

Hamilton Bancshares and three of its nonbanking subsidiaries—Hamilton Mortgage Co.; Hamilton Financial Service, Inc.; and Hamilton Factors, Inc.—declared voluntary bankruptcy a few days after the HC's lead bank, Hamilton National, Chattanooga, failed.

The HC owed a group of New York banks \$86 million, but efforts to save the firm by infusion of funds from the FDIC failed.

of Commercial & Industrial Bank, Memphis. Mr. Vorder Bruegge, named vice chairman of Hamilton First American, is the brother of John Vorder Bruegge, vice chairman, Hamilton Bancshares.

Jake F. Butcher, CEO, United American, Knoxville (formerly Hamilton National, Knoxville), has been named chairman of Hamilton First American, Memphis, and the bank is expected to change its name to United American, Memphis.

Prior to the closure of Hamilton National, Chattanooga, Hamilton Bancshares sold its interest in Hamilton Bank, Nashville, to a group of businessmen including C. H. Butcher, chairman, C&C Banking Group, Knoxville, and brother of Jake Butcher. Frank A. Woods, a Nashville attorney, was named president of Hamilton Bank, which will change its name to United American, Nashville. • •

Attorney General Asked to Investigate How Press Got 'Problem Bank' List

ASSURANCE that the Fed was making every effort to uncover the source of the unauthorized release of confidential information on so-called "problem banks" was given last month by Fed Chairman Arthur F. Burns. He was responding to a letter from Arthur S. Hamlin, president, Canandaigua (N. Y.) National, who expressed concern that information obtained during examinations of banks was not confidential, as it is supposed to be.

Mr. Hamlin was referring to the Washington Post article on First National City and Chase Manhattan, both of New York City. The Post story indicated the two banks were on a "problem" list maintained by the Comptroller of the Currency.

As Mr. Hamlin put it, "The recent incident would seem to indicate that a newspaper reporter not only had access to this confidential material, but

also may have been assisted by someone in the Comptroller's office in interpreting the examination report and possibly in writing the article."

Chairman Burns, in a letter responding to Mr. Hamlin, said that, as required by law, he has advised the U. S. Attorney General and has asked that he take appropriate action in the matter. He added that a similar request for appropriate action was made with respect to the report in the January 22nd edition of the New York Times concerning a list of so-called "problem" bank holding companies.

In addition, said Mr. Burns, his office is taking steps to tighten internal procedures to guard against the unauthorized disclosure of board material. His letter closed by saying that the information contained in the newspaper reports is more than a year old and thus is outdated. • •

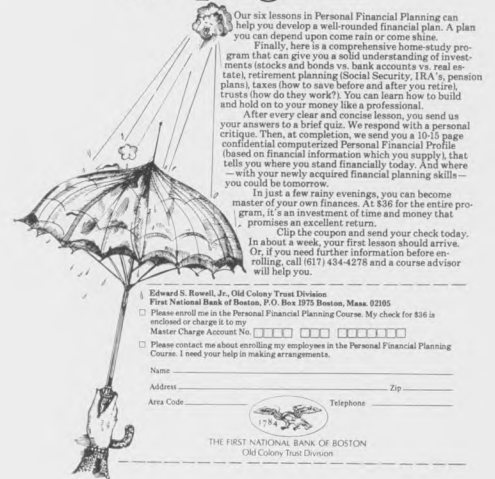


John Dulin, who was s.v.p. and head of the metropolitan div., First Nat'l, Memphis, has been named pres. of First Tennessee Nat'l of Chattanooga, formerly Hamilton Nat'l of Chattanooga. Mr. Dulin, with First of Memphis since 1961, once managed its correspondent bank dept.

This newspaper ad is one of several First Nat'l of Boston runs to tell public about its personal financial planning course. Bank indicates course has generated significant number of leads for its personal trust division.

**If your idea
of financial planning
is saving for a rainy day,
you need
our program.**

Financial Planning Course For Individuals Marketed Successfully by Bank



Our six lessons in Personal Financial Planning can help you develop a well-rounded financial plan. A plan you can depend upon come rain or come shine. Finally, here is a comprehensive home-study program that can give you a solid understanding of investments (stocks and bonds vs. bank accounts vs. real estate), retirement planning (Social Security, IRA's, pension plans), taxes (how to save before and after you retire), trusts (how do they work?). You can learn how to build and hold on to your money like a professional. After every clear and concise lesson, you send us your answers to a brief quiz. We respond with a personal critique. Then, at completion, we send you a 10-15 page confidential computerized Personal Financial Profile based on financial information which you supply, that tells you where you stand financially today. And where — with your newly acquired financial planning skills — you could be tomorrow. In just a few rainy evenings, you can become master of your own finances. At \$36 for the entire program, it's an investment of time and money that promises an excellent return. Clip the coupon and send your check today. In about a week, your first lesson should arrive. Or, if you need further information before enrolling, call (617) 434-4278 and a course advisor will help you.

Edward S. Rowell, Jr., Old Colony Trust Division
First National Bank of Boston, P.O. Box 1075, Boston, Mass. 02105
 Please enroll me in the Personal Financial Planning Course. My check for \$36 is enclosed or charge it to my Master Charge Account No.
 Please contact me about enrolling my employees in the Personal Financial Planning Course. I need your help in making arrangements.
Name
Address Zip
Area Code Telephone
1784
THE FIRST NATIONAL BANK OF BOSTON
Old Colony Trust Division

By **ROSEMARY McKELVEY**
Managing Editor

A PERSONAL financial planning course designed to interest men and women of any age, family situation and financial status has been marketed successfully for several years by the Old Colony Trust Division of First National of Boston.

The program's objective is to offer a consumer-oriented service that will make individuals into better money managers. If this is accomplished, said Edward S. Rowell Jr., business development officer, the bank believes these persons will be better users of bank services.

Mr. Rowell, who has charge of the course, pointed out that it already has generated a significant number of leads for the personal trust division's business development department. He said the course teaches individuals enough about financial planning that they become aware of the opportunities for using a corporate trustee and, frequently get in touch with the bank. Mr. Rowell believes the continuous flow of such new business eventually should return the bank's investment in the program.

The program has been accepted not only by individuals (about 20,000 have taken it), but various firms are including it in their employee-benefit packages, with some companies paying the entire expense—\$36 per person—and others paying most of the cost and their employees paying the rest.

The course includes six lessons:

1. *Investments*—
 - A. Investment policy, risks, liquidity, etc.
 - B. Government securities.
 - C. Corporate bonds and debentures.
 - D. Equity securities.
 - E. Investment companies.
 - F. Real estate and special situations.
2. *Employee Benefits*—
 - A. Insurance (permanent, term, medical, disability).
 - B. Pensions and retirement plans.
 - C. Profit sharing.
 - D. Stock options and bonuses.
 - E. Phantom stock.
 - F. Tax-sheltered annuities.
 - G. Corporate savings plans.
 - H. Social Security (deferred compensation).
3. *Self-Initiated Programs*—
 - A. Personal plans (savings accounts, home ownership, insurance).
 - B. Forming a small business (the appeal, social security, Keogh Act, insurance, taxes).
4. *Taxes, Gifts and Joint Property*—
 - A. Effects of taxes on estate building.
 - B. Gifts (purpose, effects on estate taxes).
 - C. Joint property (real estate, personal property, advantages and disadvantages).
5. *Trusts and Wills*—
 - A. Trusts: living (revocable and irrevocable, short term or revocable, support, minority, insurance, pilot) and testamentary.
 - B. Advantages of wills (choice of beneficiaries, division of estate, estate management, provision for minors, prodigal child or wife,

pour-over provision, common disaster, joint and reciprocal wills).

6. *Life Styles and Your Estate Plan*—
 - A. Life style.
 - B. Mechanics of estate planning.
 - C. Computerized financial analysis.

Each lesson is written in clear, untechnical language and is completed by a quiz designed to test the knowledge just acquired by participants. Answer sheets can be mailed to the bank in postage-paid envelopes supplied with each lesson. The bank then returns a personalized critique of the answers.

To start the "students" off right in planning their financial futures, the bank gives each one a complete, computerized breakdown of his present assets that tells him exactly where he stands. This detailed document, running 10 to 18 pages, is supplied without extra charge. Extra copies also are available for participants' attorneys.

The bank estimates it should take each student about 1½ hours to read each lesson.

The course is the unexpected offshoot of the Old Colony Trust Division's long experience in the legal, financial and economic aspects of managing property for others. Over the years, the division's staff members have been answering recurrent questions from their customers on subjects now covered in the course. Many of these customers have told the bankers that if they'd known some of these facts beforehand, they could have done a much better job of handling their personal affairs.

One day a customer made a remark

that had been heard many times before: "Your bank ought to give lessons in these basic practical things so everyone could learn about them." As a result, the bank put the course together and offered it to the public.

Then a customer who headed his own firm suggested that other firms besides his own might be interested in making the course available to their employees. He was right.

One electronic equipment manufacturer liked the course and originally intended to offer it only to its large and highly paid engineering staff. However, after the personnel director took the course herself, she became convinced that the course would be helpful to all employees and was a must especially for younger married people. She obtained board approval to include the course under the company's educational-assistance program, which would reimburse course takers for 80% of the cost. Shortly thereafter, folders describing the course were sent out in all employee pay envelopes, and a number of persons responded immediately from practically every employment category.

The firm reported that employees taking the course liked being able to get so much valuable information in

just six lessons, which they could take their own time to complete. They especially appreciated the computerized financial analysis with its detailed suggestions for guiding their own financial planning in the right direction.

Another firm, a manufacturer of precision measuring systems, had been looking for some type of financial planning assistance for middle-management people not eligible for the costly financial-consultant service to which top management has access. The bank's course seemed to be the answer. However, the company's treasurer tried out the course and became so enthusiastic that he concluded this kind of information was needed by just about everyone in the company. As a result, the firm offers it to all employees and pays half the cost. The course was announced through bulletin-board displays with nearby supplies of course folders for pickup. About 250 employees enrolled immediately, sending their checks with their enrollment forms directly to Old Colony. The company now offers the course on a yearly basis.

The bank pointed out that one reason the course generally meets with a favorable reception is that it presents no administrative problems for the sponsoring company. Virtually all

a firm has to do is inform employees that the course is available. An employee's name goes directly to Old Colony as soon as he enrolls. From then on, the course is conducted entirely by mail, with all course material going to the employee's home address. The bank also provides a special phone number for answering student inquiries.

In addition, Old Colony supplies firms planning to offer the course with such introductory promotional material as displays and bulletin-board posters, descriptive folders and enrollment forms—even articles for use in company publications.

Another selling point is the confidentiality of the course. Old Colony emphasizes that all paperwork connected with it is handled by computer, that those taking it are identified by a coded number, which the computer verifies every time it's used, that under no circumstances is student data revealed to anyone except the student and that each financial analysis is kept only briefly—in case a student wants an extra copy—before it's destroyed.

First National is franchising the course outside the New England area. Under the franchise arrangement, banks may offer the course under their own names in their own market areas.

Open Houses, Premiums, Calling Program Calls Attention to New KC Facility

A SERIES of open houses was held at the recently opened Loma Vista facility of First National, Kansas City, to create awareness of the facility, generate traffic and secure new accounts.

The facility is First National's first venture out of the downtown area, and, since seven other banks are located in the area, First National had to come up with an effective marketing plan to

make itself known in the neighborhood.

According to Rodney K. Brown, First National marketing officer, an initial marketing plan was prepared and designed to make an impact for a 90-day period surrounding the opening of the facility. Direct marketing techniques were employed because they effectively communicated with the bank's prospects at a reasonable cost, Mr. Brown said.

A special tabloid newspaper, two direct mail pieces and large space ads in the local newspaper were utilized to call attention to the facility.

The marketing materials stressed location/convenience, extended hours and a complete range of banking services supported by specialists at the main bank downtown, Mr. Brown said.

Two premiums were offered with qualifying deposits—electronic calculators and green plants in six-inch pots. The premiums were said to play an important and successful role in stimulating new business at the facility.

For two weeks before the facility opened, First National officers took part in a business calling program in the Loma Vista service area. More than 1,200 businesses were contacted and the calling officers presented packets of banking services information to each prospect. In addition, they left quantities of packets for employers to distribute to employees.

The series of open houses concluded with a public grand opening featuring local radio personalities. Refreshments, helium filled balloons and free gifts for all attending were also used to call attention to the opening. • •



LEFT: New Loma Vista Facility of First Nat'l, Kansas City, features brick and glass exterior. RIGHT: Opening day customers jam bank lobby, attracted by offers of two premiums, gifts for everyone.

Small Banks Can Survive EFTS

—if they work to influence the direction toward which these systems develop

IT SEEMS as if nostalgia for the “good old days” is becoming as much a part of American culture as the dynamism and aggressive inventiveness —“yankee ingenuity,” it’s often called— that are a part of the American character. We really shouldn’t wonder at that phenomenon, because any sociologist will readily point out that one is influenced by the other; that rapid advances in technology often come faster than they can be assimilated by the people for whom these advances are made.

There’s visible evidence of our yearning for the uncomplicated past in the fashion, entertainment and advertising industries, to name a few. Witness, for example, the success of boutiques and “little” shops, the revival of the “down-home” image in advertising and the nostalgia for the old general store or corner market. At this time, when the public seems to be questioning the precept that “bigger is better,” there are some people in the industry who think that the small bank is on the edge of a technological revolution that will mean its decline. In the future, will the rural bank or community bank become the object of our reminiscing?

EFT systems have prompted more articles in recent years and have spawned more acronyms (and committees) than anyone cares to think about. But an important question raised time and again and never fully answered is: *What will be the effect of EFTS on the small bank?* That this question has not been answered is hardly surprising as no one is quite sure what the long-range effects of EFTS will be. The following quotation, from page 61 of *The*

By MARY BETH RESSLER
Director of Communications
Systematics, Inc.
Little Rock

Bankers EFT Handbook, prepared by Arthur D. Little, Inc., sums up what is now known (or not known) on this question:

“Small banks and banks located in small communities are greatly concerned that large banks and bank holding companies within and outside their state will use EFT to ‘invade’ their traditional market area. No one can conclude with any assurance at this time that this fear is with or without justification.”

If the answer to the question cannot be given at this time, perhaps rather than add one more article to the stacks in editors’ offices, we should ignore the question, stop asking it and wait for the outcome, whatever it is. But because the outcome is uncertain is precisely the reason why the question should be raised and discussed once more. This is preferable to bemoaning an effect of technology at a time when the effect is irreversible.

“EFTS does not signal the demise of the small bank. To automatically infer otherwise is to produce the panic-inspired strategy undertaken so far by small bankers’ groups, which is not a solution to the problem at hand.”

EFTS does not signal the demise of the small bank. To automatically infer otherwise is to produce the panic-inspired strategy undertaken so far by small bankers’ groups, which is not a solution to the problem at hand. Most banking industry representatives generally concede that to fight EFTS, to impose a moratorium within the industry and to try to regulate a technique still in its experimental stage are not practical because these actions give competitors like thrift institutions and large retail store chains a competitive edge. The best general tactic is to articulate and to address the issues, thereby influencing the direction toward which EFTS develops.

There have been several statements of a positive nature made previously with respect to small banks and EFTS. In some cases, the statements have been offered as a placebo to calm unruly elements within the industry; in some cases, the statements were injected into an article or speech whose main point dealt with something else. In many cases, the statements are incomplete without further consideration.

- *A small bank that may not be able to afford a brick-and-mortar branch might well be able to afford a CBCT.* There is no doubt that this is true, but one might interject here that a larger bank might well be able to install two or three, or even more, CBCTs to replace a brick-and-mortar branch that it could afford anyway.

It’s difficult to predict consumer behavior at this point, but it may be that a CBCT will not be as large an asset for the smaller bank as it is for the larger bank. Customers who rely on personal service may reject the CBCT

"One great advantage to customers of a small bank is what could be a disadvantage for the small bank—a POS terminal located away from its generally recognized territory, perhaps in a city area nearby."

or at least may take longer to accept it; and even if the percentage of customers who use the terminals is the same in a small bank and a larger one, the usage rate would be lower for the small bank, and usage is a key factor in cost-justifying a terminal. Large-bank customers, usually residents of a metropolitan area, need or perceive a need for CBCTs more than rural or small-town customers do. The 24-hour service, a main attraction of a CBCT, has less validity for a small or rural community.

Yet the small banker may see himself as being caught eventually in a vise between the retailer who wants a POS terminal to reduce check losses and the customer who is reluctant to stop using the check with its advantages of float. Obviously, the POS system must offer the same advantages that the checking account does, plus added convenience, so the bank must allocate resources for automatic overdraft and more time perhaps to police the small "loans" associated with it. In all likelihood, however, in such a situation, the small bank will not be forced into action because of competitive pressure brought by a larger bank. It's not likely that the large bank will establish a CBCT where it has no customer base and not much of a possibility of acquiring any.

Location of a POS terminal or any CBCT is of utmost importance, and the community bank should give it much consideration. It is true that a strategically placed CBCT, located in a factory or a retail store, would give any bank the advantage of offering a large number of customers the convenience of performing routine banking functions and would enhance the services of the bank much as a branch would.

One great advantage to customers of a small bank is what could be a disadvantage for the small bank—a POS terminal located away from its generally recognized territory, perhaps in a city area nearby. This is a delicate part of EFTS for the small bank: giving customers the convenience of having their checks honored where they might not be otherwise, but moving its banking functions into another area, perhaps one dominated by several larger banks. In such a situation, the customer must be made aware that the convenience of

extending banking functions of the full-service bank in his home area is provided by that bank independently of its larger city cousin, no matter whose name is on the terminal, or who uses the terminal besides him. Because it is true that due to the number of financial institutions and market locations for POS terminals, the most viable system is that of sharing terminals, which is the subject of another issue often stated.

• *There has been a concerted effort toward both mandatory and voluntary sharing of POS terminals, which has the effects of protecting the smaller bank.* It is true that a cooperative effort works to the benefit of everyone, especially the small bank. But in a shared system, who determines the location of the terminal? If another bank has complete authority to decide where the terminal will be placed, there is no way that the small bank can be assured of marketing advantages associated with location. If, indeed, the small bank chooses the location of a shared terminal, it may seem that it is inviting other banks into its traditional marketplace.

The small bank may be at a disadvantage again if Citicorp's admitted philosophy of sharing ("don't") is true, the HC's reasoning is that the hardware configuration will determine the services offered, and—in a shared-terminal system—there's not enough leeway to allow for unique competitive services. A larger bank with a full marketing department and a larger budget for personnel and advertising may swamp even the most innovative small bank's marketing efforts.

In a shared-terminal system, whose terminal is it, what name is on the terminal and who determines the pricing? If a small bank has no terminals to offer in the bargain, or does not have an equal share in planning, it may be at the mercy of another bank's pricing procedure. Also, the cost might well become more of an issue with the customers of a small bank, which may have to pass down more costs of the system to its customers, rather than subsidize it from other resources, as a larger bank might be able to do.

These are some of the problems that

a small bank might encounter if it is involved in a terminal-sharing system. However in most cases, the problems are not insurmountable. In northwest Arkansas, for example, one company, Systematics, Inc., participated in an advisory capacity with a group of small and medium-sized banks that approached the sharing plan with due caution and in a truly cooperative spirit, and these problems were worked out to the satisfaction of all participants.

The small bank even may have the advantage of choosing the best of several cooperative efforts in its area or of organizing one of its own. The key is to stay attuned to the needs and desires of the customers and to refrain from being forced into action by pressures that appear to be real but are not.

• *If it offers competitive services at competitive prices, the small bank should have no fear of losing its customers.* This certainly is problematical for the small bank that simply doesn't have the resources to subsidize a product or a system from other income, or is not able to risk loss leaders in an area that a larger institution might. This should be less of a problem for a bank in a rural area or a small town that's firmly established as a vital part of the community than it would be for the suburban bank whose customers read the same newspapers, see the same ads and shop at the same stores that the customers of a large city bank do. It is true that a larger bank may be able to offer the same service at a lower price and, therefore, become a more threatening competitive force, and the suburban bank must surely be aware of that fact. However, *this is not a problem unique to EFTS*, and, presumably, the management has had to deal with a problem of this kind—if not to such a degree—before.

• *The need for "locality" will be diminished by EFTS. A bank may be able to retain the customer, even if the latter moves from the community.* This is proposed as one of the long-range benefits of EFTS. It's been said that, for this reason, there has been a greater-than-normal effort made recently by commercial banks to attract new customers and to enlarge their customer base. If true, this may be a positive factor of EFTS for the small bank, because a customer may be unwilling to give up more personalized service when he moves to a different area, especially since population movement has been from rural areas to metropolitan areas. However, traditionally, some customers have felt the need to change to local banks after moving to establish themselves more quickly in their new

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There's been a recent report by demographers that in 1975, for the first time since the depression years, there was a greater movement by the population from the city to rural areas. This most certainly could be an advantage for the rural bank, so the "locality" issue must be made to work for the bank by innovative management, either to keep customers or to attract new ones. There's no general plan that is best for all banks, but the small banker might do well to learn whether there is a potential benefit for his bank and act accordingly. This issue will be an important factor only in the long term,

but preparing as soon as possible for foreseeable effects is definitely a good policy.

We may conclude that EFTS certainly will affect the smaller bank, perhaps even more dramatically or at least in different ways than it will affect larger banks. There is no question that economy of scale is an important factor in EFTS; but some institutions may be threatened more than others by certain aspects of EFTS. EFTS will stimulate each bank to study its marketing objectives along with the viability of its product and its competitive position. As a result, there are key changes that will come about in the priorities and in the policies of some banks. After all, EFTS is a way of marketing a product, and marketing probably will become more important than it has been in the past.

Banking has evolved so that each institution enjoys a kind of geographical protection, but—at the same time—it has a traditional community role that cannot be negated all at once by the marketing of a technique. The idea that most small banks will not survive is simply not supported by the evidence. ••

EDP Management Agreement Signed By KCK Bank and Systematics

KANSAS CITY, KAN.—Security National has entered into a facilities management agreement with Systematics, Inc., Little Rock. Under the agreement, Systematics will provide data processing services for the bank and its customers from an operating facility in the present Security National Bank Building and an expanded commercial data operations center in the new Security National Main Bank Building.

According to the contract, present Security National EDP personnel and existing bank EDP equipment become



Gray Breidenthal (seated, l.), pres., Security Nat'l, KCK, signs contract with Systematics, Inc., Little Rock. Looking on are (standing, l. to r.): Francis P. Lemery s.v.p. & cash.; W. L. Webber, ch.; and R. R. Domer, asst. to pres., all of bank; and J. David Frantz (seated, r.), v.p., Systematics.

New Program From 1st Mo.

JEFFERSON CITY—First Missouri Development Finance Corp. has instituted a new program to assist the state's businessmen who need working funds by converting existing equity in their companies.

Sale leaseback, as it is called, is accomplished by the businessman selling his industrial plant to First Missouri, then leasing it back at 1.2% of the purchase price per month. The businessman has the option to buy the plant back any time from six months after purchase to the 10th year of the lease. The buy-back price is the purchase price, plus 10%, declining 1% annually.

In other news at First Missouri, the loan limit to any firm has been increased from \$250,000 to \$500,000. A single borrower can borrow \$25,000.

a part of Systematics, and Security National's EDP systems will be oriented into the Systematics family of financial systems. Systematics also will work with Security National management toward selection and installation of all new EDP systems in the bank's new banking center building.

New Development Firm Formed in Missouri To Aid Small Companies

JEFFERSON CITY—Jerry Stegall, executive vice president, First Missouri Development Finance Corp., has been named president of Missouri Business Development Corp. (MBDC), a not-for-profit organization assisting development of small businesses in the state.

Other directors are Adrian Harmon, president, Citizens Bank, Warrensburg, a former First Missouri president, and R. E. O. Slater, current First Missouri president. He is CEO, Zero Manufacturing Co., Washington.

The corporation has been underwritten by First Missouri, and MBDC plans to make loans to small-business owners in amounts up to \$25,000, at 12% annual rates. All donations to MBDC are tax deductible.

Besides offering loans, MBDC will supply information to businessmen on local needs for business services, on business opportunities throughout the state, advice on how to legally establish a business, on how to obtain equipment, management and managerial training advice and on how to obtain necessary property.

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Discussing coal production in Williamsburg are Murphy Brock, Liberty Vice President; Hugh Steely, Chairman and President of Farmer's National; Jim McKenzie, Asst. Cashier Liberty Bank; "Andy" Frost, Owner of Woodbine Coal Company; and John Lawson, Vice President of Farmer's National.



Liberty National Bank
and Trust Company of Louisville

Kansas City CHA Starts Reward System To Help Agencies Solve Bank Crimes

OPERATION BREAKER, a reward program for information leading to the arrest and indictment of people involved in bank crimes, has been announced by bankers in the metropolitan Kansas City area.

BREAKER is an acronym for "Bankers Reward to Expedite Action Against Kidnapping, Extortion and Robbery."

The program is sponsored by the 110 banks making up the Greater Kansas City Clearing House Association.

Purpose of the program is two-fold, according to John J. Sullivan, CHA president and president, Roeland Park (Kan.) State. It is expected to serve as a deterrent to crimes against banks and to aid law enforcement officials in solving bank crimes. Cooperating in the venture are Kansas City bankers, law enforcement officials and the press.

In a number of cases, Mr. Sullivan said, rapid apprehension of individuals involved in crimes against banks occurs with the information law enforcement officials have obtained on their own. Operation BREAKER will be put into action only when law enforcement officials determine that more information is needed to solve a particular crime. In all instances, the CHA will maintain close contact with the law enforcement community on bank crimes.

After Operation BREAKER is determined necessary to solve a particular crime, the finance committee of the CHA will set a reward level, based on the nature and particulars of the crime.

If two informants come in with the same information, the first one to report will receive the reward. If there is more than one informant, but each has different information, the reward will be split. The reward also would be split if there are a number of persons involved in the crime and various pieces of information are needed to apprehend all the criminals, Mr. Sullivan said.

The next step is to contact the Kansas City media, who will be asked to announce that Operation BREAKER has been put into effect by means of public service announcements and news coverage. The announcements will identify the crimes, request information on a strictly confidential basis, mention the reward and give a telephone number for the informant to use to contact law enforcement agencies.

All informants will remain anonymous. Those answering the Operation BREAKER telephone will not only

take the information, but will establish a way to communicate with the informant without the informant revealing his true identity. This is done by asking the informant to establish a five-digit number that he can remember easily and asking him to give the number to the Operation BREAKER operator. The operator then gives the informant a pseudonym.

Upon arrest and indictment of the person involved in the crime, the CHA will publish an announcement in the local press asking the informant to "call home." Only the pseudonym will be used in the announcement. When the informant calls, identification will take place using both the pseudonym and the five-digit code. After establishing identification, arrangements will be made for payment of the reward.

The rewards and total cost of Operation BREAKER will be borne by the members of the CHA, prorated by size. Banks outside the CHA area will be permitted to use the system if they provide the reward money.

A 1919 Women's Libber

Women's libbers hailed the opening of New York City's First Women's Bank last October 16 with its 100% female staff and board of directors as a unique departure never before accomplished. But it wasn't.

Almost exactly 56 years earlier—on October 6, 1919—the First Woman's Bank opened for business in Clarksville, Tenn. The bank was the brainchild of Brenda (Mrs. Frank) Runyon, the wife of a Clarksville physician, who opened the bank because she wanted something to do. And to get that something to do she enlisted the aid of other Clarksville women so the bank's staff and board of directors were 100% female.

The bank opened with assets of \$15,000, and its deposits topped \$20,000 the first day. As part of the opening ceremonies, men received cigars and women were given flowers. After 14 months' operation, the bank paid a small dividend to stockholders.

The First Woman's Bank operated for nearly seven years until Mrs. Runyon injured her hip. As a result of the accident, the bank was sold as a going concern to the present First Trust & Savings, Clarksville.

Initial preparation of the system began early last year. The system is modeled after similar plans in other cities. Its initiation was encouraged by law enforcement agencies in the Kansas City area. • •

Topping-Out Is Celebrated For Bank of Ok. Tower

TULSA—Progress on the Bank of Oklahoma Tower has been more rapid than expected. While the building was begun last May, the topping-out ceremony already has been held. It originally was expected to take place sometime this month.



Signing ceremonial steel girder during beam-raising ceremonies at new Bank of Oklahoma Tower, Tulsa, are (from l.) State Gov. David Boren; John Williams, ch., Williams Cos., one of building's major tenants; Eugene Swearingen, bank ch.; Leonard J. Eaton, pres.; and Joe Williams, Williams Cos. pres.

Reportedly the state's tallest building at 52 stories, it is located in the nine-square-block Williams Center. Bank of Oklahoma Tower's exterior features anodized aluminum and solar bronze glass.

The building will have 1.4 million square feet of space and will have the bank and the Williams Companies as major tenants. Completion of the tower is slated for first-quarter 1977.

Health Help:

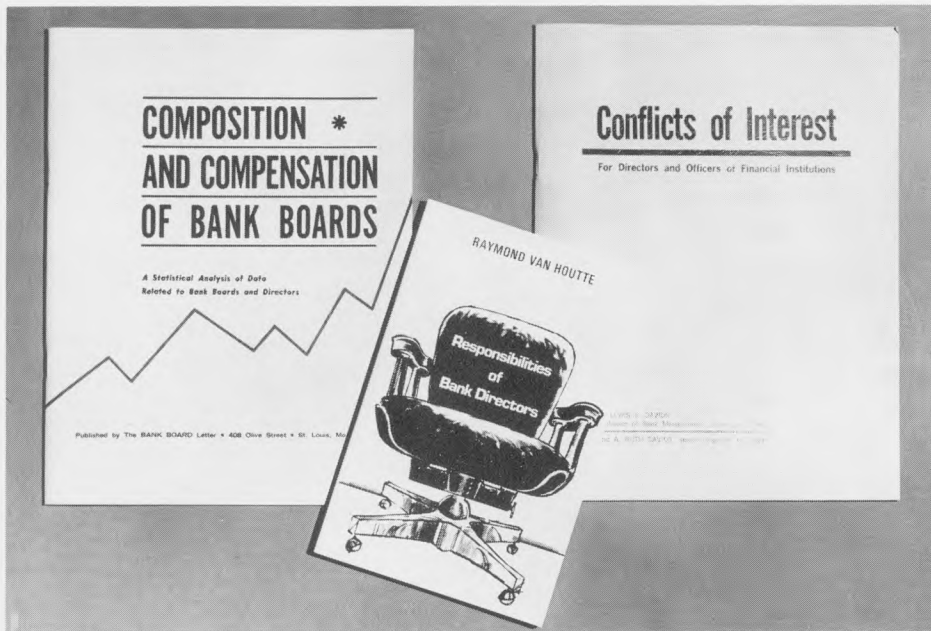
Fourth of Wichita Gifts Go to Area Hospitals

Fourth National, Wichita, has gifted the Wesley Medical Center with \$40,000 for purchase of an image intensifier. The gift was from Fourth National's Charitable Trust Fund. Similar gifts were presented to all other Wichita hospitals.

The mobile fluoroscopic unit is used during open-heart surgery, total joint reductions, pacemaker implants and more, making it possible for a physician to look inside a patient during procedure. The unit's advantage is that an organ or implanted object can be seen without having to wait for X-ray film to be developed.

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lic. *Responsibilities* examines recent court decisions, investment return, continuity of management, long-range planning, effects of structural changes—HCs, branching, mergers—on competition, and more.

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gives examiners' views of directors' business relationships with the bank, examines ethical pitfalls involving conflicts, conflicts in trust departments, details positive actions for reducing potential for conflicts. Other important data are the Comptroller's ruling on statements of business interest of directors and principal officers of national banks and sample conflict of interest policies in use today that can be adapted by your board.

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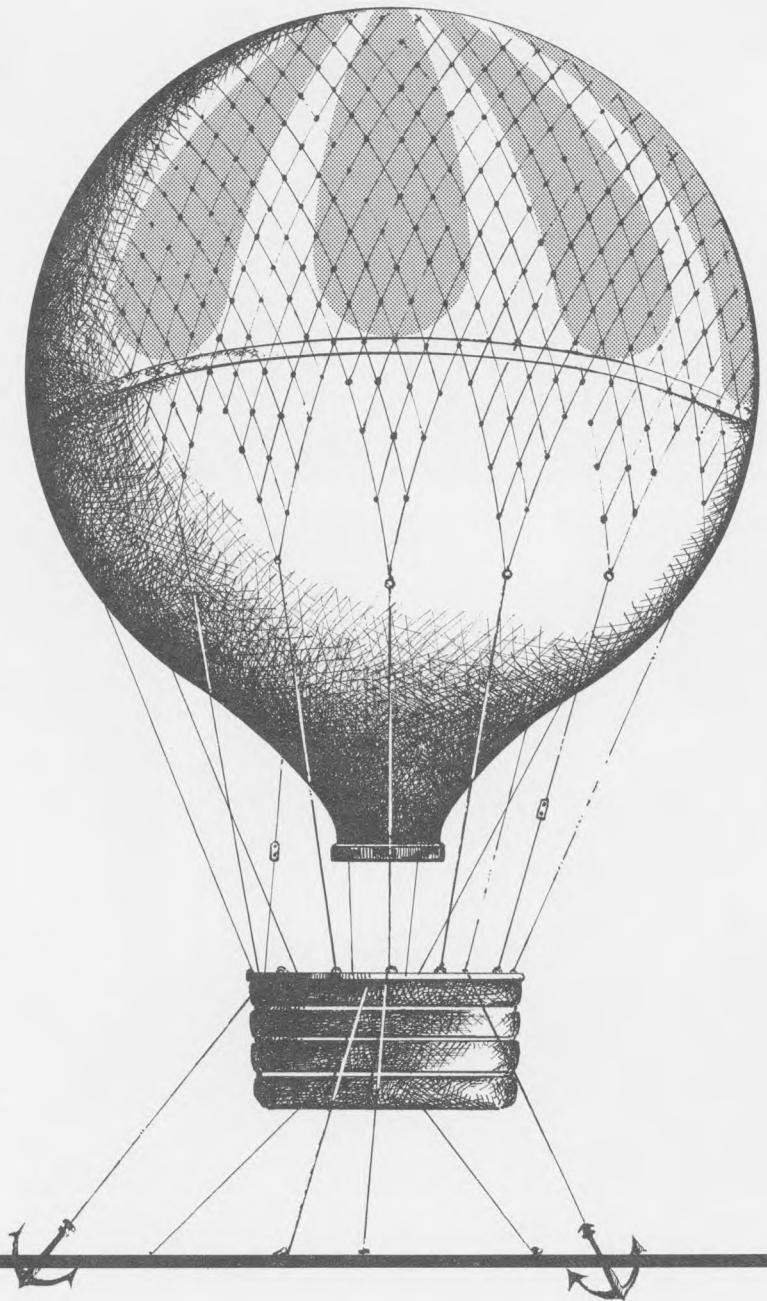
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If building business and goodwill are important to your institution, you'll want to find out more about the Olan Mills Family Portrait Program. You, too, will be amazed at the response from **your** customers and from **your** community.

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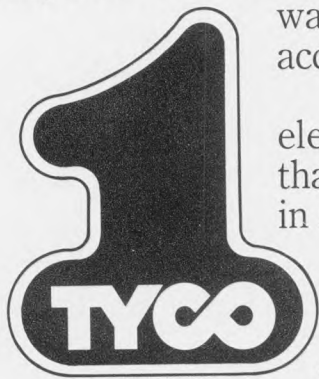
CITY _____ STATE _____ ZIP _____

They could have bought But here's why 68 banks

In 1975, more banks chose a Tyco train set as a deposit-related premium than all other brands combined. Their promotions were among the most successful they'd ever had. With any kind of premium.

Ask the banks in the Banco Group. Ask First Pennsylvania. Or any of the other 68. We'll send you the complete list, on request.

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Tyco sells more electric train sets than anybody else in America. That's been true for years. Tyco is the most advertised brand, the brand consumers ask for. Remember last year's sensational "Chattanooga Choo Choo"? It's a Tyco.

But Tyco is also the most popular choice with bankers because we don't just sell you a train set. We help put together a complete promotion. We back it with



superb materials at a fraction of their normal cost. Such as: A 30-second television commercial, tailored to your specific requirements,

a lower-priced train. chose Tyco last year.

with all the specialized skills and professional experience that have made Tyco's network commercials so effective.

There's pre-printed paper for full color 24-sheet posters. A produced 60-second radio spot. A half-page newspaper ad. All sorts of in-bank materials from full color brochures to counter cards to lapel badges.

You can use these materials, adapt them, or simply review them for reference. The main point is that they're proof that Tyco really produces a total promotion concept.

Don't miss the train

This 100-piece Tyco HO gauge electric train set comes with 28 sections of train and a bridge and travels well. It's not just a toy, it's an exciting ride with a Santa Fe layout. 40' x 8 1/2" long.

For get them. Complete locomotive with self-operating headlights, a fuel car with Bob Lang California Fuelwood car, a coal car with coal, an Auxiliary with 6 cars, and a Caboose. Plus decorative signs and paper and a cover. Get it in time to celebrate the moment it's introduced.

It's the perfect gift and set to send for you-know-what.

Send \$19.95 (plus \$3.95 shipping) to: TYCO INDUSTRIES, INC., 540 GLEN AVE., MOORESTOWN, NJ 08057. (609) 234-7400. (Details of promotion and your name here.)

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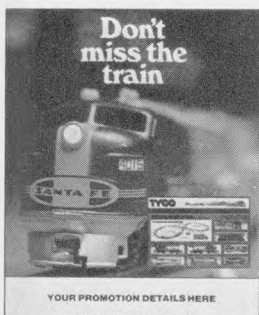
YOUR NAME AND LOGO HERE

Don't miss the train

DETAILS OF PROMOTION AND YOUR NAME HERE



Write today for a complete package — by return mail — that contains samples of these materials. Or phone for a presentation. And one thing more. As the largest train manufacturer in the country, Tyco is fully prepared to show you highly competitive prices. There is always somebody who can offer you a cheaper set. It may be all they have to offer.



TYCO

Tyco Industries, 540 Glen Ave., Moorestown, New Jersey 08057 (609) 234-7400
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First of Atlanta Uses Train Sets, Watches To Gain Larger Share of Savings Market

CAN AN "old-fashioned" premium campaign, combined with a modern savings package approach, produce over 12,000 new customers and more than \$30 million in increased savings accounts for a commercial bank in today's capital-starved economy?

That's precisely what First National, Atlanta, accomplished over a five-month period in 1975.

The premium promotion was part of the bank's marketing strategy that was spurred by the desire to gain a larger share of the savings market in the bank's trade area.

"In light of both the general economy and the increased competition for dollars in the financial marketplace, we are placing more and more importance on the bank's traditional role as 'the department store for financial services,'" said Allan D. Nichols, marketing senior vice president for the bank. "And, we consider savings to be one of the very important stops in that traditional 'one-stop shopping' concept," he continued.

In this uncertain economic climate, Mr. Nichols sees a redefinition of the term "luxury" by the American family. "What used to be considered a necessity—like a new refrigerator or a summer vacation—is now looked upon as a luxury in many cases. Although people still have discretionary income, they feel an increasing need to invest that money in secure savings plans with a guaranteed return, rather than speculative ventures. They need to know the money will be there for those 'luxuries.' Hence, a new savings trend is developing here and across the nation."

The 1975 consumer savings market in the bank's trade area amounted to approximately \$4 billion, of which S&Ls held some \$3 billion. Part of that imbalance unquestionably was due to aggressive marketing by S&Ls, which spent approximately 10 advertising dollars for every one spent by banks against consumer savings over the last several years.

"We decided to try to gain a reasonable share of that market," Mr. Nichols said.

In the middle of March, First National began an ongoing "instant interest" campaign (in which customers can immediately draw a year's interest upon purchasing a one-year savings certificate) which proved successful enough to generate some 40 inquiries from banks outside the state for rights to the package.

Then, on May 20, the bank kicked

things in the course of the year," said Mr. Nichols, who believes the Christmas-time model train promotion has the potential to continue increases in the bank's share of the savings market.

"For example, I've gotten plenty of questions about the value of accounts opened because of premiums, with the reasoning being that such accounts are likely to move on when someone else has a premium promotion," he said.

"I'm very encouraged with our results, which show that 40% of the new

Allan D. Nichols, s.v.p. and dir. of marketing, First Nat'l, Atlanta, admires one of the model trains his bank offered during a savings promotion aimed at capturing more of the local consumer savings market. The A H M-brand trains were supplied by Hobby Marketing, Inc., Reading, Mass.



off a premium promotion of the type most often associated with S&Ls, offering free watches of various values for a variety of new savings accounts and certificates. That campaign, which added \$30 million in savings deposits after discounting normal growth, ended near the end of October.

Its success spurred the bank's final promotion of the year—another premium campaign in which model railroad trains were given to new savings account customers. The train premiums attracted approximately 3,000 new depositors totaling nearly \$9 million. More than 3,000 train sets were moved.

"We have learned some interesting

money was put into certificates with longer than one year's maturity."

Additionally, First National views consumer savings as a steady source of new funds, Mr. Nichols continued. He pointed out that such savings have grown at a rate of 10% over the last five years in metro Atlanta.

"Despite inflation and other negative factors, we expect this rate to remain at approximately the 10% level over the next few years. We believe that a significant portion of the money which heretofore was channeled into real estate, stocks and other investments is going into savings accounts now and in the immediate future," he said. • •



Put your next promotion on the right track with a Lionel HO train set.

Electric trains are a powerful incentive for bringing in new deposits. And no other name in model railroading can match Lionel for quality and consumer brand awareness. At Lionel, we offer a wide range of HO scale train sets, plus a complete selection of accessories for follow-up promotions. For deposit promotion results that are way out of the ordinary, get on board with Lionel!

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BG/11

Financial Institutions Offer Model Trains To Make Christmas Happy, Swell Deposits

A LOT of kids (and their dads) had happier than normal Christmases last year because various banks offered model train sets as premiums prior to the holiday.

First Pennsylvania Bank, Philadelphia; First National, Louisville; and First National, Rock Island, Ill. were among the financial institutions offering Tyco train sets that came complete with twin diesel locomotives, four freight cars and a caboose, power pack and 26 sections of track that made an over-and-under, figure-eight layout 40" by 87" in size.

First Pennsylvania advertised its train premium on radio and TV and via 600,000 cardboard milk cartons on the shelves of grocery stores. The offer opened early in November in the bank's 80 branches. The initial order of train sets was 10,000 and customers could buy one for \$24.95 after depositing \$150 or more in a new or existing retail savings account or time certificate.

First of Louisville required a \$100 deposit in a new or existing savings account in order for customers to buy the sets for \$22. The promotion began early in October and ran through Christmas. Initial order from the supplier was 1,500 sets, but more were needed as the promotion progressed. TV, newspaper and point-of-purchase advertising supported the promotion.

Total number of train sets sold by the bank was 7,000, which yielded \$1.8

million in passbook savings deposits related exclusively to the train purchases. The average deposit was \$257—more than \$150 more than required.

First National's four-color newspaper ads were boldly headlined "Don't miss the train" and featured a large illustration of a diesel locomotive roaring over a trestle. Also illustrated were the kit, the track layout, each car of the train and the power pack transformer.

Train sets were available at each of the bank's 45 offices and customers could use their Master Charge cards to charge their purchases. A limit of two train sets per customer was placed.

First National, Rock Island, required a \$200 deposit from customers wishing to buy sets for \$19.95, plus tax. The price was said to be about 50% of the regular retail price of comparable train sets in stores.

One of the pioneer banks offering model train premiums is First National, Chicago, which ran its promotion prior to Christmas, 1974.

The bank offered a 102-piece Tyco HO-gauge train set for \$19.95 to customers depositing \$250 or more in savings accounts. Interest in the promotion was sparked by a display in the downtown terminal of one of the city's major commuter railroads.

Other banks offering Tyco model trains include First National, Jackson, Miss.; First National, Odessa, Tex.;

First National, Scottsburg, Ind.; Buffalo Grove (Ill.) National; and American National, Gadsden, Ala.

Among the thrifts using the promotion were Broadview Savings, Cleveland; First Federal, Salt Lake City; and Home Savings, Joliet, Ill. ••

Lionel Firm Joins List Of Premium Suppliers With Model Train Sets

A recent addition to the model train premium field is the nation's oldest train manufacturer, Lionel, a division of General Mills Fun Group.

According to Lionel officials, for as little as \$3.95, a Lionel HO gauge model train set can be self liquidated as a financial institution premium to increase deposits. The set includes a diesel engine, box car, flat car, caboose, rerailer and 12 sections of curved track, plus a power pack transformer. Retail price of such a set is said to be \$29.95.

Six different train sets are available as premiums at various price levels, according to Lionel officials, one of which is a Bicentennial American Freedom train.

Model trains are said to be equally acceptable to affluent and middle-income people in cities or suburban areas. Thus, they can pull new business to either a large downtown financial institution or a smaller suburban thrift or bank.

One of the advantages of the Lionel brand, according to a spokesman, is the fact that the train sets come with one-year warranties. Another is that some 600 service branches are located across the U. S. in hobby shops to repair the trains or to enable customers to purchase additional accessories, cars and tracks.

The firm's premium promotion kits include complete setups with employee buttons, badges, engineers caps, bandannas and point-of-purchase material. Lionel is also embarking on a national advertising program and provides tie-in promotional material to financial institutions.

Tyco Offers Train Sets To Financial Institutions

Tyco Industries, El Toro, Calif., is offering a 100-piece model train set to financial institutions as a self-liquidating incentive.

Tyco's first financial institution premium promotion was at First National, Chicago (see adjacent article). The success of the promotion prompted Tyco to get into the premium business, offering train sets to banks and thrift institutions on a selective basis, with only one such institution being solicited in any given TV area.



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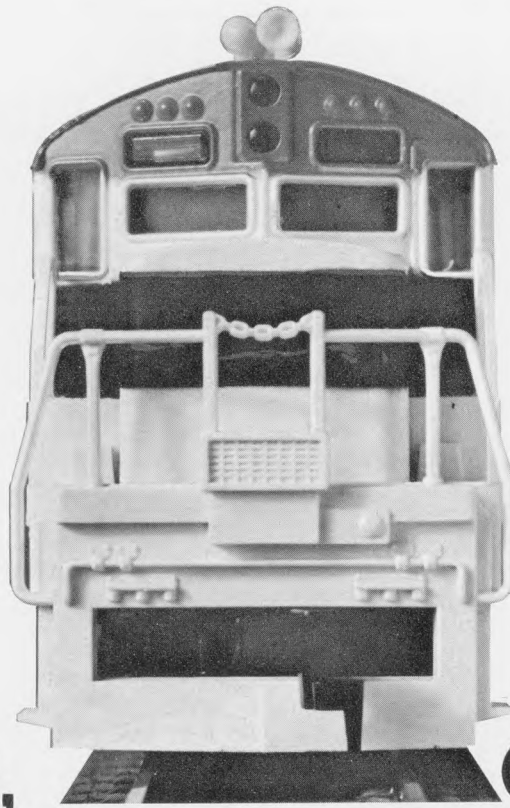
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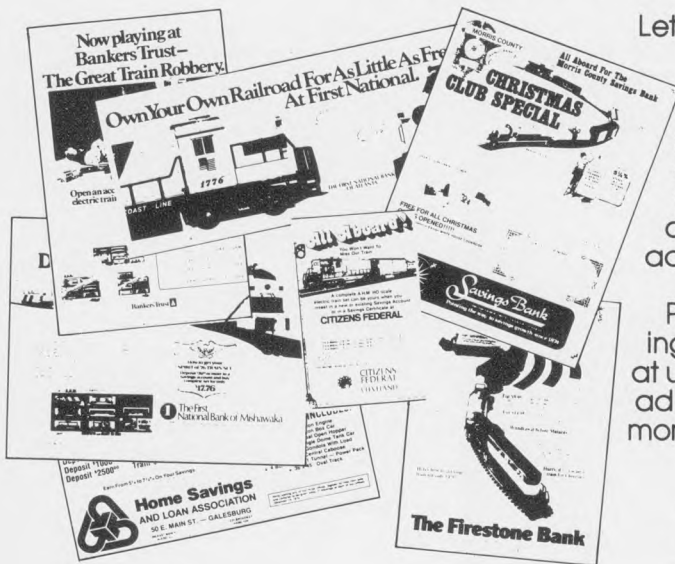
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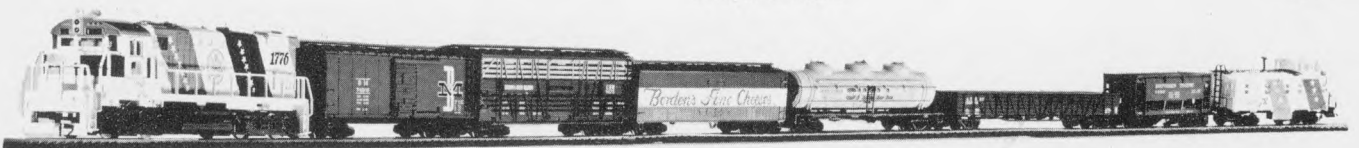


Let us put together a program for you — just as we did for First National, Atlanta, Banker's Trust, and other banks all over the country.

We'll give you exclusivity in your marketing area. We guarantee both the supply and quality of merchandise. We can provide operating railway layouts for window and lobby displays. We can help you develop deposit-building premium ads and statement stuffers. And, of course, we'll set things up so you won't be left with inventory.

Prices — for a complete HO Scale railway including locomotive, cars, track and power pack — start at under \$12.00. "The Spirit of '76" set, illustrated in this ad, is under \$18.00. Over 30 other sets available. For more information, write or call Hobby Marketing, Inc., 100 Main Street, Reading, Massachusetts 01867. Telephone 617/944-7980.

hobby
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Career Apparel in Patriotic Colors Makes Nation's Bicentennial Scene

CAREER apparel is enjoying a bicentennial year success story, with a number of financial organizations putting their employees into various combinations of red, white and blue outfits, not only to dress them up in the spirit of the country's 200th anniversary, but to give them a new, fresh look for the future.

"It isn't so unusual to have these colors chosen for career apparel," says Harold A. Wolfe, executive secretary of the Career Apparel Institute, New York City, "since throughout the year red and blue are the colors most widely selected."

Mr. Wolfe points out, however, that the design of the bicentennial outfits places emphasis on the patriotic aspect, especially through the use of accessories in the same color combinations.

For those banks that already have apparel programs, the use of the red, white and blue colors can implement or modify the existing outfits.

One of the big advantages is the fact that the "patriotic" look can be tied in with advertising. Union Bank, Marksville, Pa., not only called attention to its new outfits in its advertising, but also proudly called itself "The Style Setting Spirit Maker!"

One point that must be considered, suggests the Career Apparel Institute, is to plan a career apparel/bicentennial program with an understanding that the design of the garments should last beyond the celebration of the nation's birthday.

The official bicentennial celebration will be over at the end of 1976. Not only will the outfits be worn beyond that date, but a successful apparel program will warrant its being continued beyond the end of the year.

It's important that continuity be planned in the outfits and that accessories such as bicentennial scarves, pins, ties and emblems be used as add-ons that can be dispensed with following the end of the celebration, according to Mr. Wolfe.

These same accessories can be added to already existing programs to provide a bicentennial tie-in at a minimal cost to freshen up the look of existing programs.

Mr. Wolfe also advises those banks that are planning to get into programs to proceed without delay since the development and execution of a good program require careful step-by-step control and planning and should not be rushed. Since a certain amount of lead time is required to select the outfits,

and have them fitted and delivered, it is important that the development of the program get underway immediately so that the full benefit will be felt during the bicentennial period.

Widespread attention has been given by the nation's press to the use of the bicentennial theme in the outfits being worn at banks. A story widely circulated by a news agency said that the nation is throwing a giant birthday party and that millions will be dressing up for it.

The bicentennial concept is receiving vast attention, not only on a national basis but, according to reports received from all over the country, local communities are planning activities through which they can individually participate in the festivities.

Many of the giant national corporations are taking part in the celebration through their sponsorship of projects that range from television and newspaper programs to decorations and packaging.

The bicentennial consciousness of the country is being aroused through these efforts and the numerous newspaper stories that appear.

Banks that wish to get into the spirit of the celebration will find that they can do so effectively through the outfitting of employees. Dressing employees in colonial costumes would present a problem, since the majority would object to wearing costumes. Career apparel, however, because it is stylish clothing that is attractive in itself, but coordinated with what other employees are wearing, provides an acceptable means of getting into the bicentennial spirit without creating personnel problems.

For those organizations that do not already have apparel programs, it is possible to achieve the effect while providing a low-cost fringe benefit to employees. If the apparel is chosen properly and presented to employees so they realize its benefits, a way is provided for them to cut down considerably on their clothing costs and to eliminate concern with the competitive aspect of "What shall I wear?" every day.

In order to do this, the apparel must not only look good, but must be comfortable in the work situation and give

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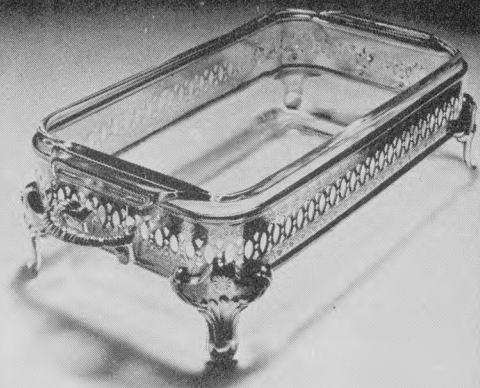
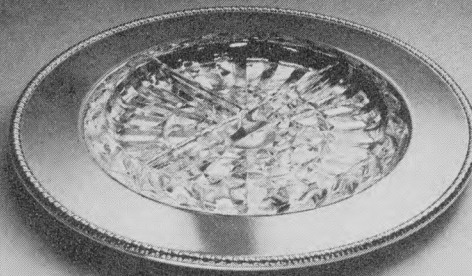
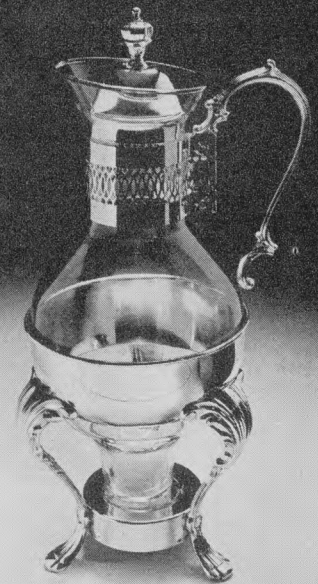
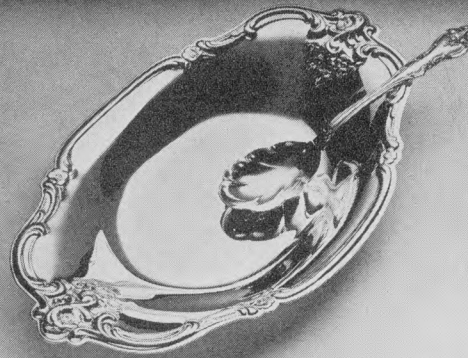
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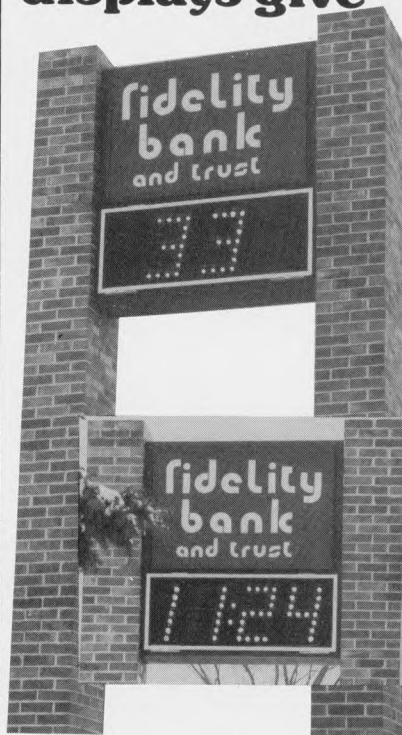
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New outfits for the bicentennial year are being worn by employees of Mercantile Trust, St. Louis. Theme of outfitting program is "uniformity without conformity." Each employee was given a choice of 11 pieces of apparel out of a possible 13, providing for a different look each day. Colors are red, white and black. Photo shows combinations possible with the "dress look." Ensembles also include pants suits.

excellent wear.

The Career Apparel Institute cautions those planning an apparel program that the proper procedure for instituting such a program is to work with a specialist in the field and not to buy off-the-rack clothing, which may look right but does not have the wear, comfort and continuity requirements of career apparel.

Continuity is extremely important since there must be provisions for obtaining additional outfits for new employees over the period of time that the garments will be worn. Most programs run from 18 months to three years.

Clothing purchased from regular off-the-rack merchandisers is usually available only at the time it is initially sold, since regular clothing firms must change their styles every season to remain on a competitive basis.

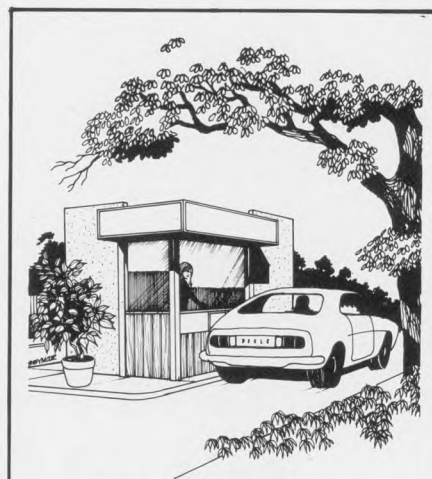
Another reason for working with a specialist in the field, says the Career Apparel Institute, is that the specialist has, through training and past experience, developed the proper step-by-step procedure for not only measuring, fitting and altering the clothing, but also has a vast array of effective techniques for involving employees in the selection of the final design.

Employee relations is an important function in the introduction of an apparel program. Since apparel is, in most cases, a new concept to employees, it is essential that they realize the bank is not merely putting them into "uniform," but rather giving them excellent clothing to wear.

It has been said that there is no such thing as one career apparel outfit. It is only when you see two people in career apparel together that you can appreciate that they are both wearing

coordinated clothing. When employees leave the premises, their apparel becomes indistinguishable from the clothing that other people are wearing.

For this reason, most organizations do not put emblems that identify the institution upon the clothing. There are ways, however, that a corporate logo can be made part of the outfit.



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BG/17



Monthly Statement Mailings: Can They Turn a Profit for Banks?

By **ARTHUR C. NORRIS**
Contributing Editor

MOST PEOPLE who use any sort of credit card these days regularly receive as part of their statement mailings one or more offers of merchandise that can be ordered by mail and charged to the credit-card account.

In many cases, advertising for the merchandise offered is part of the return envelope in which the credit card customer is expected to mail his monthly payment check. Such offers, made just that way, have been part of the sales strategy for some years of department stores, oil companies and large mail order houses. Recently, bank credit card organizations have joined the fold.

Through this comparatively new sales technique—apparently it had its genesis with the credit card account—the credit card user becomes a member of a sort of captive audience. Unless he closes his eyes, he almost has to read the sales message as he detaches the order blank for the merchandise offer from the actual return envelope.

Many credit card customers do virtually that—close their eyes and tear off the order blanks. But many take advantage of these “special” offers.

How do these programs operate? How successful are they in selling merchandise? How much does the credit card plan make on the program? Most important to the individual bank, how much do the bank members of the credit card plan reduce their statement mailing costs by using these merchandise-selling plans?

Here are some of the answers:

Primarily, the programs are profitable to banks in that they reduce statement mailing costs and are far from offensive to the majority of bank credit card users. Otherwise, plan managers would not be using them in increasing numbers.

Many recipients will be among those who buy nothing by mail; they want to see and feel the merchandise. But many others are attracted by the offers. Of the sales material examined, all advertising was printed in eye-catching color. The merchandise was obviously of high quality and some appeared to be unique in the sense that it was developed especially for the credit card market. In addition, there is the convenience of ordering at home and simply saying, “Charge it.”

One of the larger companies operating in this field is Ambassador International, a 15-year-old mail order house located in Tempe, Ariz. Here is how Ambassador’s program works:

Ambassador uses the term, “reply envelope advertising program” (REAP). In selling REAP to banks and credit card companies, Ambassador emphasizes these points:

(1) REAP eliminates the cost of reply envelopes in monthly statements because Ambassador supplies the envelopes free.

(2) REAP produces a clear profit

of \$10 to \$40 per thousand statements each month.

REAP works this way:

(1) Ambassador offers proved merchandise to be the subjects for insertion in the bank or credit card mailings.

(2) Ambassador supplies at no charge four-color reply envelopes on which the merchandise is described in detail.

(3) The bank or credit card company inserts the return envelopes in monthly mailings and handles all receivables.

(4) The bank or credit card company receives the orders and forwards them to Ambassador International.

(5) Ambassador processes the orders and ships the merchandise.

(6) Ambassador handles all customer correspondence, if any.

(7) The bank or credit card company receives 15% commission on sales made plus, of course, any interest charge that is generated by the purchase of merchandise.

Generally, reply envelope offers pull from 0.3% to 1.5% return, Ambassador reports, depending on the price of the item offered and the responsiveness of the list. Under most circumstances, the mail order company says, banks earn a minimum profit of \$10 per thousand envelopes inserted. On the average, Ambassador has found, returns fall within the \$15- to \$35-per-thousand range.

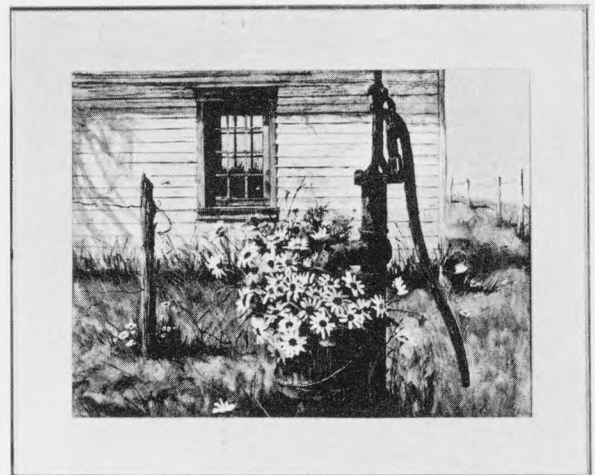
Just how does this work out?

James L. Padgitt, director of financial marketing for Ambassador, pro-

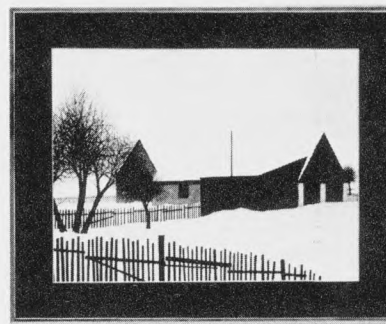
Elegant chrome-framed art reproductions.



24x36"



24x30"



16x20"

20 dynamic prints in four sizes to help you lure savers.

Framed art reproductions never go out of date.

They're a safe, proven, dignified way to raise your cash reserves. And, this gallery is the most powerfully appealing package we've ever offered. It was carefully selected by a professional art director exclusively for the financial field.

There are gorgeous serigraphs (a costly hand-screening process that produces rich, glowing colors). There are classic masterpieces. And you'll find popular contemporary artists' works as well. All faithfully reproduced down to the finest brushstrokes.

The prints are grouped in four sizes, as shown above. Each group has a range of five different subjects (only one sample of each group is shown here). They're all chrome framed, beautifully matted, covered with a clear sheet of virtually unbreakable styrene, and ready to hang.

You can offer them at greatly reduced prices, or free. A complete promotional offer has been laid out for you, including a 17x22" four color printed piece that is ready for immediate mailing.

Exclusive area rights and full return privileges are available. For the full facts on this dramatic promotion write immediately, or call:

Ray Yodlowsky F-3
 REDWOOD HOUSE
 155 River Road, No. Arlington, N.J. 07032
 (201) 977-0880

Please rush me a sample 17x22" mailer and complete details on the Redwood House Gallery Promotion.

Name/Title _____

Financial Institution _____

Address _____

Town/State/Zip _____

Phone Number _____

REDWOOD HOUSE

155 River Road, No. Arlington, N.J. 07032
 Phone (201) 997-0880

BG/19

vided these figures on a typical monthly mailing of 100,000 statements, the minimum because of high cost of the four-color reply envelopes:

Without Merchandise Offer	
Postage on 100M statements @ 13¢ each	\$13,000
100M statements and mailing envelopes @ \$12 per M (est.)	\$ 1,200
100M return envelopes @ \$6 per M (est.)	\$ 600
Total:	\$14,800

With Merchandise Offer	
Less cost of remittance envelopes—printed and paid for by merchandiser	\$ (600)
Less 15% commission paid to bank, 0.70% ave. return @ ave. order of \$25, i.e. 700 orders × \$3.75 (15% of \$25) =	\$ (2,625)

Revised cost of statement mailings: \$11,575

This example represents a typical monthly savings in statement mailing cost of \$3,225 (22%) or \$38,700 for 12 months.

A spokesman for a credit card organization serving banks in the Southwest reported a much higher return than the 0.7% used in the example above.

This company's sales through the

Ambassador International program averaged 1.5% a month. Using the median figure of 1.5%, the cost above would be reduced by another \$375 each month. However, this particular credit card group returns 75% of its commission to its member banks.

Indicating how consistent results will be from a large list is the fact that another credit card company serving banks in northern Illinois and northern Indiana has had a sales record virtually identical to that of the southwestern credit card group. This company's sales made through the Ambassador International program average 1.5% from its statement mailings.

The credit card company is owned by the banks which it serves, so each of the banks receives a share of the commission income from merchandise sales.

Significant is the fact that both of the credit card company officers interviewed commented on the financial advantages and customer good will created through the program.

"The merchandise is high in quality," one officer commented, "which is necessary if the profile of our company and

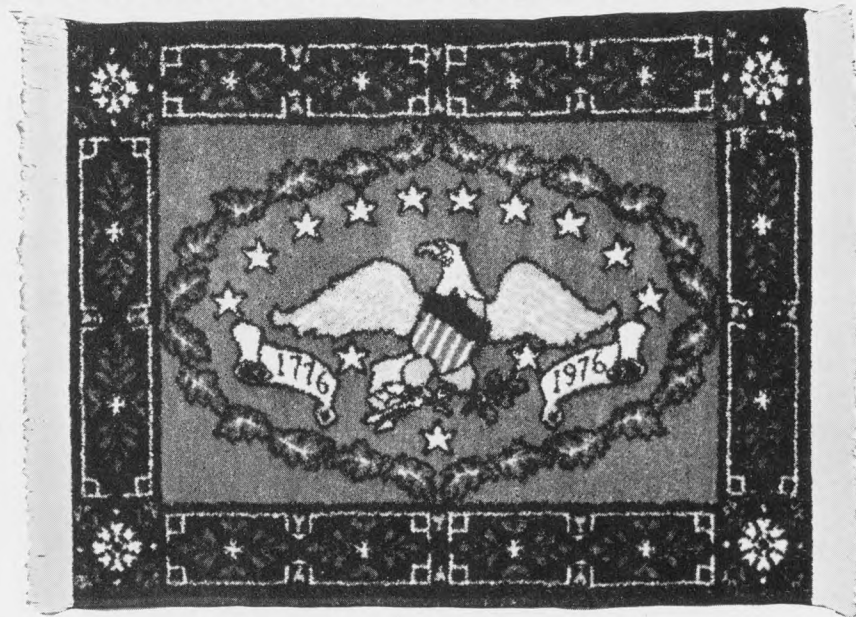
of the banks we serve is to be maintained on a high level."

"As a promotion, selling merchandise via our return envelopes seems to appeal to many of our customers," said an officer of another company. "They obtain merchandise they want with little or no effort on their part."

Although the incidence of merchandise offers and the sales method used varies with the individual franchise holder, it can be said that, in general, franchise holders of the two major bank credit cards, Master Charge and BankAmericard, also are selling merchandise through offers advertised on folders mailed with monthly statements, but not part of the return envelope.

A typical offer is that made recently by the BankAmericard center in Indianapolis. A four-color folder pictured and described a set of ironstone tableware which was available on 30 days free trial. A 45-piece set was priced at \$39.95 and a 65-piece set at \$59.95 which could be charged to the customer's BankAmericard. The dishes could be ordered by using a business reply card addressed to the BankAmericard Gift Center in Chicago.

Bicentennial Heirloom Rug Offered by Mail



Novelty is one of the criteria banks are using in selecting merchandise to be offered by mail in statement stuffers. Among their more novel offerings is a Bicentennial Heirloom rug. The approximately 3x4-foot rug depicts the American eagle surrounded by 13 stars and scrolls on either side bearing the dates 1776 and 1976.

Among the banks planning to offer the rug are American National, Chattanooga; American National, Bowling Green, Ky.; First National, Louisville;

and First National, Pulaski, Tenn.

Mrs. Nelson Rockefeller inaugurated her new home, the country's first official residence for the Vice President, by rolling out the rug in the mansion's foyer. But the rug may be used in a hallway, den or game room. Or it may be used as a wall hanging. In a way, the rug was 200 years in the making so it will be a long, long time before there's another like it.

The rugs are supplied by Quality Incentives, Hartselle, Ala.

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Banking has changed a lot since 1936 or even 1966

**And so has third party collateral control . . .
generally known then as "field warehousing."**

Then it was limited, straightforward issuance of warehouse receipts for canned goods, lumber, grain, etc., as a guarantee of inventory pledged as collateral for working capital loans.

In those days many of you knew NYTCO Services as:

St. Paul Terminal Warehouse Company in the Midwest
New York Terminal Warehouse Company in the East and South
Haslett Field Warehousing in the Far West

Now, just as NYTCO Services has developed from these companies, so third party collateral control has developed into a flexible, sophisticated program that makes many imaginative loans possible . . . reduces intricate paperwork for consumer oriented paper financing to simplified commercial loans . . . often provides access to additional loanable funds for banks themselves . . . Also our new *Bank Participating Leasing Program* can put interested banks in the equipment leasing business without the start up costs, paperwork or expertise normally necessary. It is a complex, rapidly changing subject.

NYTCO has conducted many short, fact-filled seminars for the appropriate bank personnel with great success. (At no cost to the bank.) Both experienced personnel and trainees in commercial lending, marketing, new business or correspondent banking have found these beneficial.

NYTCO services' expert personnel would be glad to conduct such a seminar for your people at a *time convenient to your bank*. Just fill out the coupon below and mail it to us. We'll contact you direct to make arrangements.



NYTCO Services
444 Lafayette Road
St. Paul, MN 55101



Yes, we would be interested in a Free Seminar about third party collateral control at a time convenient to our bank. Please contact me to make arrangements.

NAME _____

TITLE _____

BANK _____

CITY _____ STATE _____ ZIP _____

I would be particularly interested in the following:

- Field Warehousing Document Supervision Service Inventory Certification Control
Accounts Receivable Certification More loanable funds through Bankers' Acceptance
Participating Bank Leasing Program

Banks Latch on to Discount Coupons As Incentives for Gaining New Accounts

DISCOUNT coupons! Grocery ads in newspapers from metropolitan dailies to country weeklies are full of them. Pick up a woman's magazine and it seems every sixth ad contains at least one discount coupon. Housewives love them—they save money—and now some of the big banks are getting on the discount coupon bandwagon.

First of Chicago did it by using a page-dominating ad in metropolitan newspapers listing "36 ways to get ahead in 1975." The 36 ways were 36 coupons that could be obtained by depositing \$200 or more in a new or existing savings account. The coupons offered discounts on items as varied as food (\$1 off on any food purchase of \$20 or more), oil paintings (20% off on all oil paintings at an art center), appliances (\$10 rebate on major appliances), tires (\$24 off on four steel belted tires), power tools (\$5 off on \$30 worth of power tools), and meals (two dinners for the price of one).

"We were disappointed in the amount of new business the discount coupons generated for the bank," admitted Alex W. Hart, vice president, marketing, First National, Chicago, "but the reaction to the coupons among both regular customers and commercial accounts making offers through the coupons was almost universally good.

"It was easy for a customer to save \$25 or \$30 using the coupons and as far as we could determine, the average customer redeemed four or five out of the 36. Some commercial customers who did not get in on the coupon offer expressed disappointment."

First of Chicago, in recent years, has had spectacular success with a series of self-liquidating offers directed toward obtaining new customers and increasing deposits. In contrast, a marketing officer termed the coupon offer "not quite strong enough" and said no plans to repeat it were in the works. The success of earlier incentive stemmed from their "excitement value," it was said. The coupon deal did not meet that criterion because, it was decided, Chicago's downtown shopping area covers such a large area, and the average business is too large to be interested.

General Bancshares (Bank of St. Louis and 11 other banks, most of them

36 ways to get ahead in 1975.
Save hundreds of dollars with free Get Ahead Discount Coupons from The First.

- 1 Jewel Food Stores \$1 off
- 2 O'Connor & Gooding \$5 off
- 3 Hit Trailers \$10 off
- 4 Milwaukee \$10 off
- 5 Rick's Home Remodeling \$10 off
- 6 Anthony's Restaurant \$10 off
- 7 Famous Mart \$10 off
- 8 Martindale Art Center 20% off
- 9 Chicago Cooper's \$10 off
- 10 Paper-Jawney \$10 off
- 11 All America Tires \$24 off
- 12 Reynolds Lumber Market \$5 off
- 13 18 Days Over Hill America \$10 off
- 14 Wheeland \$24 off
- 15 Midwest Mill \$10 off
- 16 Home \$10 off
- 17 Mart's \$5 off
- 18 Pines Carpets \$10 off
- 19 Northern Auto Center \$10 off
- 20 Saxon Park & Home \$10 off
- 21 Baber Carpets \$10 off
- 22 Cecily's \$10 off
- 23 Home \$10 off
- 24 Order from Home \$10 off
- 25 Home \$10 off
- 26 Bank Building \$10 off
- 27 True Value Hardware \$10 off
- 28 Home \$10 off
- 29 Home \$10 off
- 30 Home \$10 off
- 31 Health Shave \$10 off
- 32 The Presidents Restaurant \$10 off
- 33 T.A. Shop \$10 off
- 34 Paul Chicago Garden \$10 off
- 35 Home \$10 off
- 36 Holiday Inn \$10 off

The First National Bank of Chicago
The difference between getting ahead or getting behind.

Newspaper ad announced "36 ways to get ahead in 1975" to readers in trade area served by First of Chicago.

in St. Louis city and county) has found that a similar discount coupon offer generated substantial new members for its Click program. This is a package deal whereby customers pay a flat fee to obtain free checking, an accident insurance policy and numerous other advantages. Most recently Click members received a booklet containing more than 250 discount coupons.

Coupons in the "Click Value Book," because of their number, are segregated in sections under headings: Personal, Entertainment, Household, Dining, and Miscellaneous. Typical offers include 10% off on a custom decorated cake, four free music lessons for a child, 10% discount on paints and/or wallpaper, one free dinner with the purchase of another dinner and 10% off on any live potted plant.

In the case of both the First of Chicago coupons and of the General Bancshares coupons the customer must perform a specific act in order to obtain the coupons.

The First of Chicago customer had to deposit \$200 or more in a new or existing savings account. The General Bancshares customer must become a Click member. This means that the customer must open a checking account and/or a savings account. In

both programs coupon books are offered on a one-to-a-customer basis. At First of Chicago the customer received the coupons upon making the necessary deposit. At a General Bancshares bank Click members must identify themselves as members of the program and sign a register to receive the coupon book. In addition—in most cases—identification as a Click member is necessary in order to redeem a Click coupon.

Mrs. Marcy Massie, who coordinates the General Bancshares coupon offers, reports that the largest number of coupons that are redeemed are those which have to do with entertainment and food offers, particularly those at franchise "quick-food" restaurants. In other words, the coupon offers seem to attract younger people.

"More than \$800 can be saved on goods and services by using General Bancshares coupons," Mrs. Massie pointed out. "Response received by merchants has been excellent, and reaction to our Click Value Books has brought in many new customers who joined Click just to get the discount coupons." • • •

New Deposit Sales Force

A wholesale bank on the West Coast maintains a sales force of business development representatives to attract new deposit relationships. The staff is selected, trained, measured and compensated on the basis of its performance.

Members of the sales force are based in the bank's branches. They work side-by-side with lenders and operations people to develop new relationships.

The theory behind the sales force is that the marketing of significant bank relationships requires people who are skilled in the basics of sales. This concept fits in well with a wholesale bank operation, a representative of the West Coast bank said.

Concomitant to the sales force is a compensation program that provides bonuses for business development representatives. Payout is geared to the amount of deposits each representative develops.



Impact. Prestige. Customers. Three things you want most from a new identification approach. But where do you start?

A fresh approach *can* do a lot for your image and achieve these goals. But *only* if it's developed properly. We not only help refine ideas, but have the proven full-service capabilities necessary to execute them.

A professional Federal On-Site Survey thoroughly analyzes your visual identification requirements to give your image maximum impact. We'll evaluate traffic counts, local codes, site information and installation needs. Your color and design preferences are examined along with the surrounding visual environment.

Our design staff develops your ideas into a dramatic and effective communications tool, tailored to your specific needs.

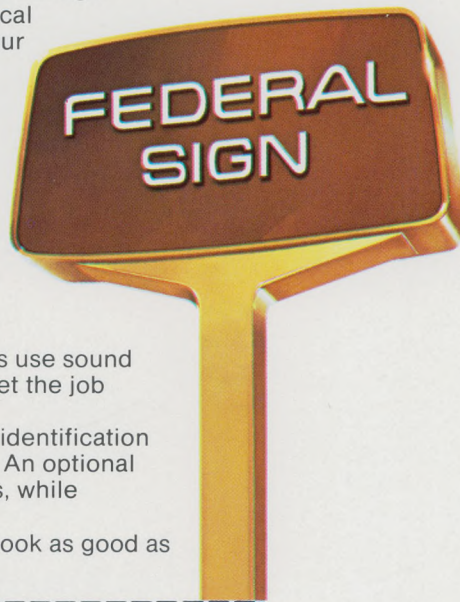
Quality manufacturing means your identification will be attractive and durable, providing a sound return on your investment.

Professional installation assures the appearance, safety and durability of your identification — both inside and out.

Across the country, Federal installation crews use sound engineering skill and specialized equipment to get the job done right.

Regularly scheduled maintenance can keep identification as attention-grabbing as it is the day we install it. An optional leasing plan can free your capital for other needs, while providing tax advantages.

When you come to Federal, you're going to look as good as your new identification system.



Federal Sign, Division of Federal Signal Corporation, Dept. FBG-36
140 E. Tower Drive, Burr Ridge, Illinois 60521 (312) 887-6800.

- Contact me immediately.
- Send your free, full-service identification booklet.

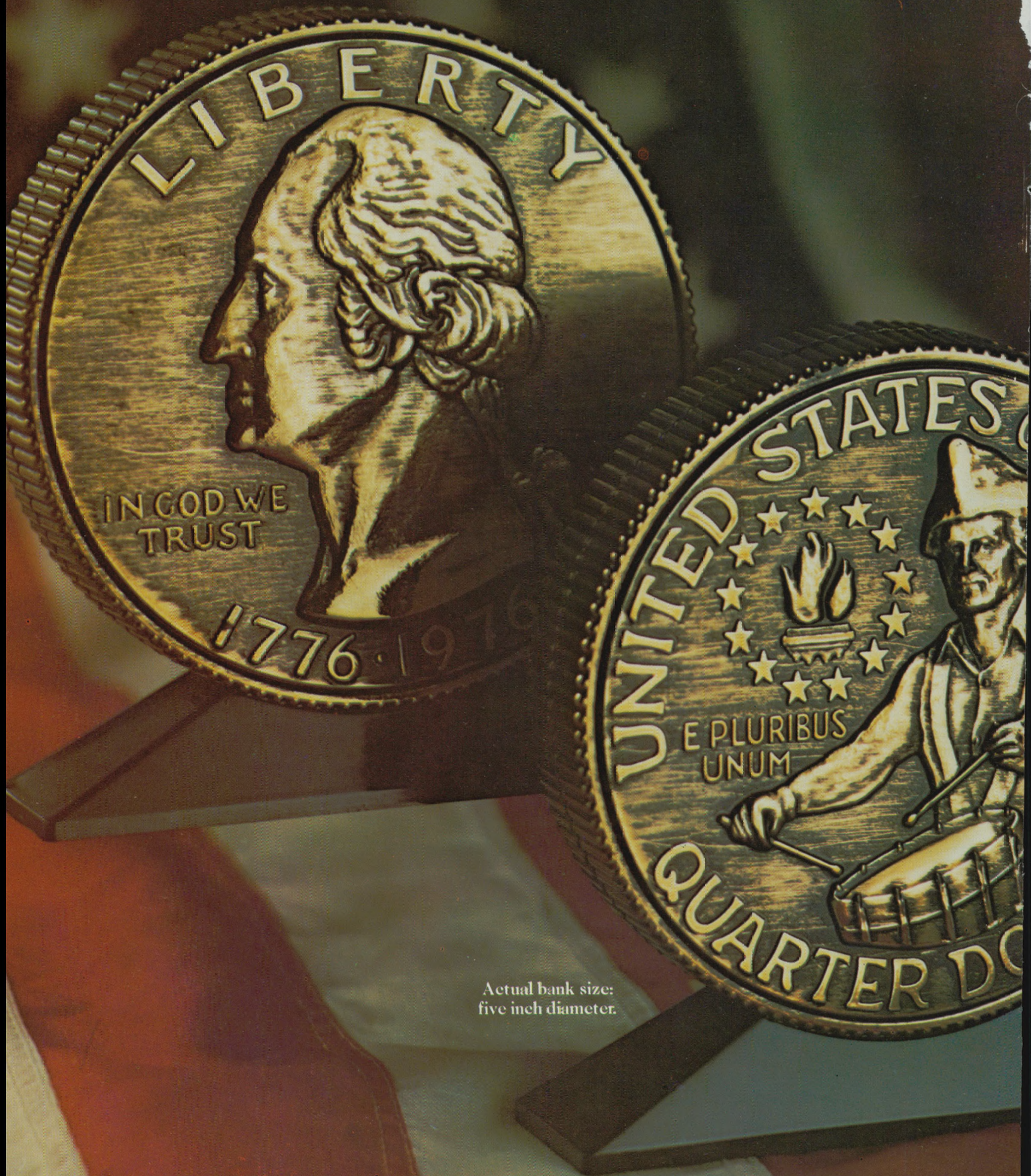
Name _____		
Title _____	Company _____	
Address _____		Phone _____
City _____	State _____	Zip _____



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Division Federal Signal Corporation

Now...timely



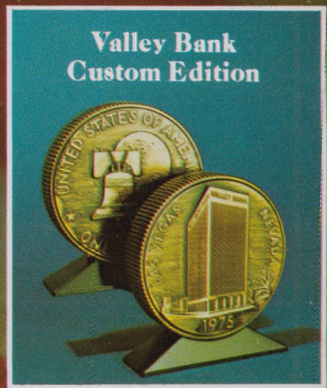
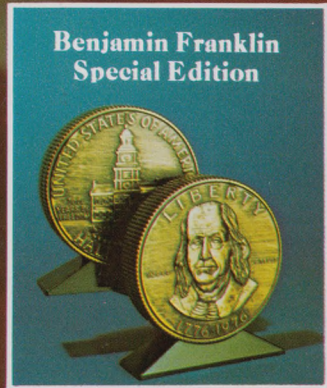
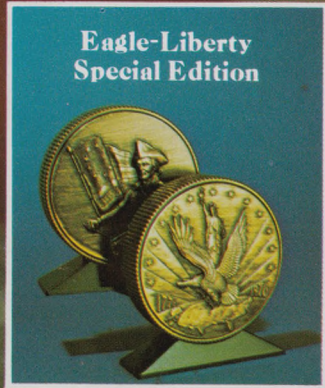
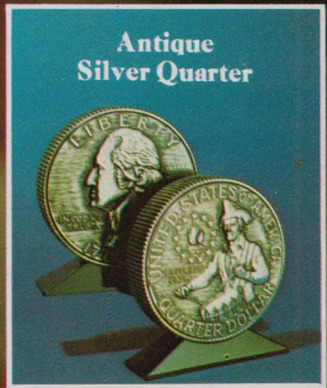
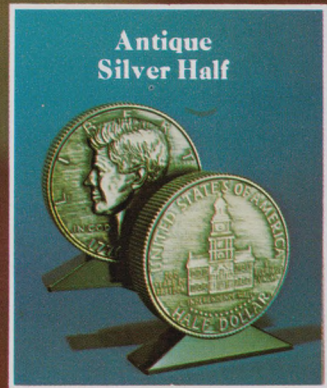
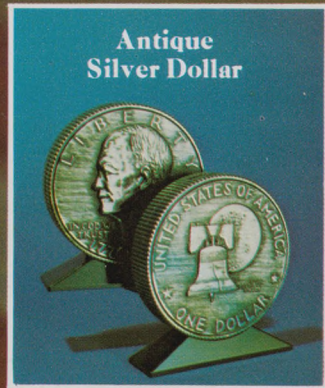
Actual bank size:
five inch diameter.

metal coin banks

Authentic replicas of the official Bicentennial coin series—unique objects of decor for home or office embodying heritage, tradition and utility in a spirit of American thrift.

Sturdily constructed of die-cast metal with lock and key, mounted on impact-plastic base. Finely sculptured deep relief highlighted by a durable metallized hand finish in antique gold or silver color. Each unit weighs fourteen ounces and reverse side of base provides space for business message. Exclusive special custom-sculptured editions designed to your specifications. Also, fun-filled, spring-action mechanical banks available from stock. For further details or samples direct all inquiries on your firm's letterhead to:

Vacumet Finishing, Inc.
4662 Puttygut Road, St. Clair, Michigan 48079





PREMIUM DISCOVERY OF THE YEAR: 100 Year Old American Crockery Jars

Now . . . the spirit of America's Bicentennial can be brought right into the kitchen with these attractive and practical stoneware jars.

All are handcrafted in Monmouth, Illinois in much the same manner as they were in early pioneer days.

This natural American Stoneware has been one of the most successful premiums we've ever developed. Each piece is hand dipped in glaze the old-fashioned way with hand applied decorations of a nostalgic motif.

An assortment designed to attract both large and small deposits consists of snack jars, cookie jar and a 4-piece canister set. All are lead-free, dishwasher safe and oven-proof. They are great for baking, serving, storing and decorating.

We can put you in touch with several institutions who were amazed by the traffic and deposits these jars created. Exclusive rights, 100% return privileges, free advertising material and immediate delivery.

Call us collect at (612) 944-2796 or mail in the coupon today for details and samples.

**Stoneware Crockery
Thomas Sales & Marketing, Inc.
7517 Washington Avenue South
Minneapolis, Minnesota 55435**

Name _____

Institution _____

Address _____

City _____ State _____ Zip _____

BG/26

Employee Incentive Promotion Nets \$2.2 Million in Deposits, Plus Other Numerous Benefits

By JIM FABIAN, Associate Editor

YOU'RE responsible for engineering the growth of a \$39 million bank in the heart of the Midwest. Your bank stands fifth in size among 12 competitors and you want it to be in fourth place as soon as possible.

What's the best vehicle to achieve additional growth?

This was the question facing Mrs. Mary F. Ringel, vice president, Sheridan Bank, Peoria, Ill., last year when she was formulating the bank's marketing program.

The bank was already offering a multitude of services from its shopping center location on the edge of the city. Among these were 25% more service hours each week than the average Peoria bank; a full stable of checking and saving services; a brisk business in state license plates; both major bank charge cards; and direct deposit service.

Yet something else was needed—something that would enable the bank

to further expand its customer base in its trade area of 300,000 people.

Mrs. Ringel considered a premium promotion, but was apprehensive about the retention factor and the possible backlash from merchants in the shopping center who might be offering similar items in their stores.

She wanted to do more than secure new business for the bank. She wanted to reward the employees of the bank for their efforts to secure new business.

Then she remembered a display booth she had seen at a bankers convention sponsored by Maritz Motivation of St. Louis. The firm was contacted (it had a local office) and it wasn't long before Mrs. Ringel submitted to the board of her bank a complete outline of a staff incentive plan featuring merchandise and logistical support from Maritz.

The result was a "Make it Happen!" promotion, which began in October, 1975, and ended in January, 1976. By the time the promotion was over, the bank's deposits had soared by \$2.3 million and the morale of the 70 partici-



CAN YOU HEAR ME, MR. WATSON?

Mr. Bell got the right connection and invented the telephone. But, it took long hours of work and planning before that big moment when he made it happen.

It's no accident when you make a sale. It takes long hours of contacts, calls and planning for your right connection. But, you can make it happen. You can make headlines happen in your home when you bring your family the fabulous awards that you can earn in this Campaign.

If you would like to be the RECEIVER of lots of prizes, get your BUSY SIGNAL operating and pick up a NUMBER of sales. You've still got lots of time to RING UP those extra sales. Get a firm on prospects and make your calls right now.

We're heading for 100% team participation. Don't let your team members down. (Only sales are new to us.)

SHERIDAN BANK
A Division of The First National Bank of Peoria

Series of humorous notices were sent to staffers of Sheridan Bank, Peoria, Ill., during recent incentive promotion. Materials were supplied by Maritz Motivation, St. Louis.

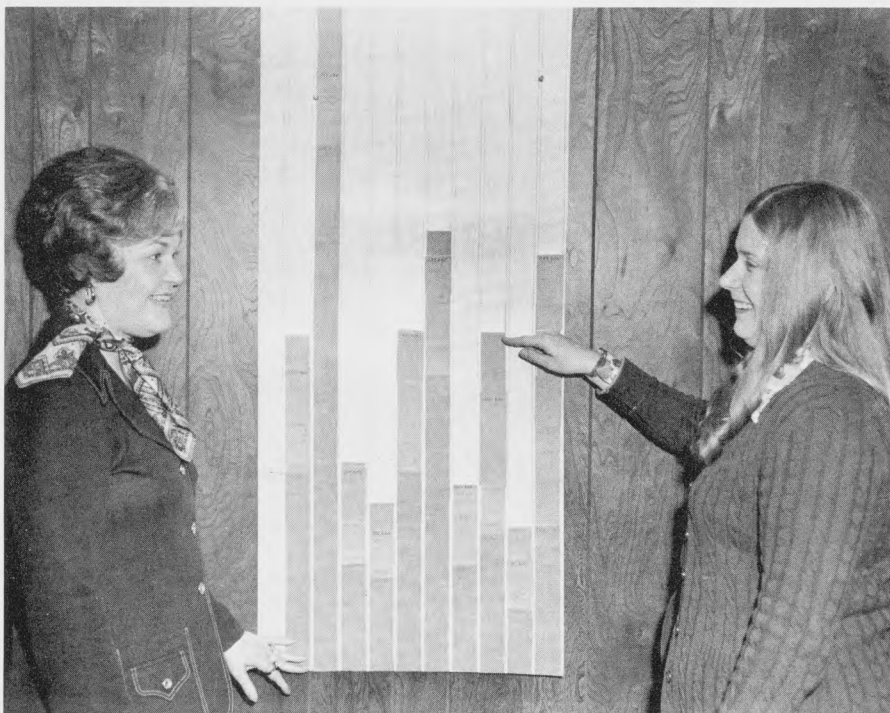
pants had zoomed accordingly, primarily because almost all of them were busy exchanging their award credits for the new business they had generated for merchandise they would not ordinarily have purchased for themselves.

Although most of the incentives were household items, some were somewhat unusual. For instance, the top officer participant was sporting a new mink stole by the time the bank held its annual employees' Christmas party. And she is currently awaiting delivery of a new sofa and chair for her living room, upholstered in velvet in the color of her choice. All gifts are ordered by staff people from the Maritz award book with delivery of most items within five days. Items are shipped directly from the Maritz warehouse to the homes of participants.

Of course, the number one benefit the bank was seeking was new money. But other benefits became apparent during the course of the promotion, such as:

- The education of staff people about bank services (even though the promotion was designed around a limited number of services). At the kickoff meeting, each person was asked to make a list of bank services. The one listing the most received a new clock radio and the next in line received an electric mixer. Once staff members saw the type of incentive the campaign offered, they became extremely interested in participating, Mrs. Ringel said.

- A sense of cohesiveness developed that resulted in higher staff morale and a desire to work hard to push the



Lynda Gray (r.) was in charge of record keeping during Sheridan Bank's employee incentive promotion. Here she reports to Mary Ringel (l.), v.p. in charge of marketing.

Jugglers belong in the circus, not the savings and loan business

If you're responsible for your institution's building or expansion program, you need all the expert help you can get.

James E. Elias and Associates specialize in helping financial institutions meet the demands for sophisticated, cost-conscious construction programs.

We can extend your capability in such areas as:

- **New Administrative Headquarters**
- **Branching**

As your management representative, James E. Elias and Associates provides extra know-how you may need by implementing an overall construction program or providing specific consulting services that complement your own staff's capabilities.

We can assist you with capital expansion, acquisitions, architect/contractor selection, feasibility studies, realistic budgets, construction administration, change orders, project monitoring and loan servicing... plus we pride ourselves on our one-on-one involvement with our clients and their specific project requirements.

Write or call us, and we'll be glad to demonstrate how you can use our services to extend your staff's capabilities and save valuable time.

After all, with one less ball to juggle, you can go back to being a financial manager.

ja **JAMES E. ELIAS & ASSOCIATES, inc.**

Construction Industry Consultants

230 N. Michigan Avenue
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One Southeast 3rd Avenue
Miami, Florida 33131 (305) 371-4075

bank's asset figure to \$40 million.

- The bank's directors got into the act. One director was assigned to each team. By participating on the team level, many directors received eye-opening pictures of the bank that they hadn't seen before. They left their boardroom sanctuary and saw what was taking place on the banking floor as well as outside the bank, in regard to competition for the deposit dollar—the foundation of banking. The directors (in most cases) also earned award credits for securing new business for the bank.

- One of the star performers was a 16-year-old part-time telephone operator who went door-to-door in his neighborhood asking for new accounts. He brought in \$13,000 in new deposits!

- Employees were able to do part of their Christmas shopping by exchanging their award credits for Maritz merchandise.

After an award credit system was devised for directors, officers and staff, each participant was given a quantity of business cards that served to introduce him to prospective customers. Inside each of the double-sized cards was a list of services the bank was seeking in the campaign. The cards also provided space for recordkeeping which took place after the new customer had turned the card in when he or she made a deposit at the bank.

Accounts desired by the bank included checking, savings, CD, Christmas club, installment and commercial loans, IRA accounts and direct deposit services.

Double award credits were offered during the first two weeks of the promotion to get things off to a fast start. Cross-selling bonuses were initiated and various team bonuses were offered as the promotion continued. At the midway point, a double bonus was offered for new checking accounts—the most profitable type of deposit account in a bank—and a fast-finish bonus ended the program, rewarding those who brought in new checking and savings accounts.

Meticulous records were kept of the new business developed during the promotion and Mrs. Ringel intends to check the retention factor periodically.

Upon tabulation of results of the promotion, the following facts were obtained, which testify to the success of the event:

- Total new deposits generated—\$2.2 million. (Proceeds of a loan and transactions from existing checking to savings, etc., were not considered new money.)
- Average amount of new money generated per participant—\$33,285.



Shirley Barber models new mink stole which she "bought" with some of her accumulated award credits. She brought in \$430,000 in new deposits to the bank during the promotion.

- Amount of new money brought in by the most ambitious staffer—\$430,000.
- Total new loans—\$75,000.
- Expected retention after one year—70%.

Perhaps the most positive reaction to the promotion is the fact that the majority of the bank's staff is ready to repeat it! • •

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LETTER-LITES
Enchanting....Imaginative Creations

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No Cold or Weather Dim-Out
Components or Complete Letters
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275 EAST FOURTH STREET

ST. PAUL, MINNESOTA 55101

NORTH CENTRAL LIFE INSURANCE CO. REACHES BILLION DOLLAR MILESTONE!

Insurance-In-Force Achievement Ranks Company In Top 20% of all U.S. Life Companies

North Central Life Insurance Company of St. Paul, Minnesota, reached a major milestone recently when it achieved a billion dollars of life insurance in force.

North Central Life is the principal subsidiary of The North Central Companies, Inc., St. Paul, Minnesota based financial services holding company.

Insurance Industry figures show that North Central now ranks in the top 20% of

all United States insurance companies in this important statistic, and in the top 15% of all North American Life companies in premium income.

North Central is a major marketer of innovative insurance products through financial institutions including credit life, credit accident and health, mortgage insurance and a variety of ordinary insurance programs specifically designed

for customers of banks, savings and loan associations and other lending firms.

Established in 1921 under the name Modern Life Insurance Company, the company was reorganized in 1951, changed its name to North Central and charted a new marketing strategy. It was in this last 25 year period that the company grew dramatically in size, stature, scope of operations and service to the financial community.

Since 1951, the company's life insurance in-force has grown at a rate three times faster than the life insurance industry.

Currently, the company has more than 1,000 financial institutions as customers throughout the United States and insures nearly 400,000 people.



North Central Life's innovative "Shatterproof Nest Egg" program provides bank customers with an unusual way to accumulate money for a variety of future purposes whether they live, die or become disabled. A tax-sheltered version is IRA-qualified for retirement income purposes.

Company Extends Thanks To Financial Community For Its Help In Billion Dollar Success



Sanborn



Kane

Company officers for North Central Life today announced their official thanks to the financial community for the part it played in helping North Central achieve a billion dollars in Life Insurance in-force.

Theodore Sanborn, chair-

man, and Stanley P. Kane, president, acknowledged that much credit for the continuous growth of North Central must go to those banks, savings and loan associations and other financial accounts whose receptivity to the company's innovative insurance products, imaginative packaging of insurance programs and helpful administrative services caused North Central to grow spectacularly in recent years.

Company Is Major Marketer of Insurance Through Financial Institutions.

A unique marketing concept has made North Central Life Insurance Company of St. Paul, Minnesota, one of the nation's leaders in selling

insurance, reliable sources have reported.

It was ascertained that the company markets its insurance products exclusively to customers of banks, savings and loan associations and other firms engaged in lending services.

The sources indicated that North Central specializes in designing innovative insurance programs for these customers and that currently the company insures nearly 400,000 people, providing over a billion dollars of financial security for its policyholders.

More Than 1,000 Financial Firms Are Customers Of North Central Life.

A recently released analysis of North Central Life's account profile showed that banks, savings and loan associations, auto dealerships, production credit associations, industrial loan and small loan companies, mobile home, motorcycle and boat dealers totaling more

than 1,000 firms across the country, make up North Central's roster of accounts.

The account list, the survey showed, includes companies of all sizes, located in little towns as well as big cities.

North Central is licensed to do business in 38 states.

North Central Life's twin major marketing thrusts, according to a company spokesman, are in the areas of creditor insurance, in which it was one of the nation's earliest pioneers, and in ordinary insurance, in which it has developed many imaginative products and marketing techniques — all through financial institutions.

"Creditor insurance", it was explained by F. William Stohr, senior vice-president, credit insurance, "is a means of protecting the financial security of a borrower's family or business associates who might not be able to make loan repayments in the event of the death or disability of the borrower. The insurance

Company Marketing Efforts Explained

also protects the investment that the lending institution has in the borrower and assures the institution that the death or disability of a borrower will not result in an unprofitable default or a needlessly embarrassing repossession.

"A creditor insurance program has become increasingly important to lending institutions because it gives them an opportunity to offer their customers a vital additional financial service."

In recent years, North Central Life has also made substantial progress in providing innovative forms of

Ordinary insurance coverages for customers of financial institutions. According to Roland Allen, senior vice-president, ordinary insurance, "A select group of North Central agents, often at the request of the lending institution itself, provide insurance plans for a wide variety of purposes. Perhaps the most significant are the "Overlines" programs which insure the lives of major mortgage holders whose loans exceed the normal limits of creditor insurance. A "Major Borrower Plus" program gives protection for the individual who needs

larger coverage (minimum of \$10,000) to protect a line of credit. And other unique programs have been developed for disability protection, retirement income, and to guard against the high cost of hospital-medical expenses."

As with creditor insurance, North Central's Ordinary insurance programs give financial institutions many additional services to provide their customers.

In total, North Central Life products are currently marketed through more than 1,000 financial services companies throughout the upper Midwest and on the East Coast. The company is licensed to do business in 38 states.

Company Ranks In Top 40 Of All United States Credit Insurance Cos.

Informed sources have reported that the North Central Life Insurance Company of St. Paul, Minnesota, because of its unique relationship with financial institutions, has become a national leader in credit insurance sales, currently ranking in the top 40 of all U.S. credit insurance companies in premium income.

The Company offers a variety of credit insurance products to these customers including credit life, credit accident and health, and mortgage insurance.

Company spokesmen today confirmed that this report was true.

Expertise Essential for Employee Incentive Promotion

EMPLOYEE INCENTIVE promotions can do wonders for the bottom line of a financial institution's statement of condition, but staging a successful promotion takes a lot of know-how.

According to the people at First Bank Financial Services, Inc. (FBFS), in Little Rock, goals are essential in planning such a promotion. But the goal of bringing in new money is only the first of three, says the firm that has conducted more than 30 employee incentive campaigns in five states in the last few years.

FBFS is an affiliate of First Arkansas Bankstock Corp., HC controlling Worthen Bank, Little Rock.

FBFS calls its campaigns "Key People Incentive Programs." The title emphasizes the belief of the people at FBFS that the employee is the key to any success an organization has achieved or will achieve in the future. Thus, the

firm emphasizes two additional goals as auxiliaries to the bringing in of new deposits—building enthusiasm among employees and encouraging the selling of services.

FBFS personnel believe that the continued growth of a financial institution depends upon the employees' enthusiasm in selling the institution and its service to the people of the community. The firm's programs are designed to encourage employee enthusiasm by directly rewarding them for their success at bringing in new business.

Campaigns are structured to enable everyone participating to have an equal chance at becoming a prize winner. Employees not having daily customer contact are awarded more points for bringing in new business than public contact employees. Only high-quality incentives are offered—which means brand-name merchandise that people know and desire. Grand prize is a va-

cation trip to an exotic vacation spot. Each participant can win prizes at four different levels, so everyone can win at least once during a campaign. Prizes are delivered quickly, eliminating any letdown that might occur should delivery take several weeks. Campaigns are kicked off at well-organized, informative promotion meetings that give participants the entire picture of the campaign—what is expected of them and what they can expect as rewards.

The cost of each campaign is geared to the results. A fractional percentage is charged from the new money brought in as a result of the program. This percentage is set on a declining scale so that the more new money brought in, the lower the percentage-cost is.

First National, Crossett, Ark., ran a 10-week campaign under FBFS supervision, setting a goal of half a million dollars in new money. The estimate proved to be rather conservative, as a total of \$753,750 was on the books by the end of the campaign. Largest income category was installment loans, next was add-on savings and third was CDs.

Of the 44 employees participating in the campaign, 86% reached the first level, making them eligible for a prize. Eighty-four prizes were awarded, including four trips for two to Jamaica. Eighty-eight percent of the bank's officers, 69% of its contact staff people and 64% of its non-contact staff members won prizes.

Total cost of the campaign was less than \$7,000 and the percentage cost of new money was 0.9%.

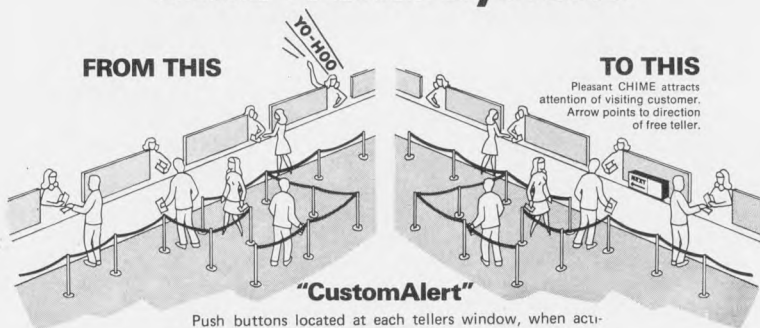
The goal for new deposits at Commonwealth Federal Savings, Little Rock, was \$1 million. The institution ran its key people incentive campaign for about ten weeks last fall.

Apparently the established goal didn't take into full consideration the potential for employees getting new business that was to become evident once the campaign got underway.

When the campaign was over, more than \$2.4 million in new deposits was on the books. Leading category of new money was CDs, which accounted for \$957,000. Next was add-on savings, with \$758,000, followed by new savings with \$468,000. The average CD transaction was more than \$6,000.

New customer relationships totalled 567. • •

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1 Select proper side of chart. 1 to 10 years, or 11 to 50 years.

2 Place indicator on the desired interest rate. 5½% to 15%.

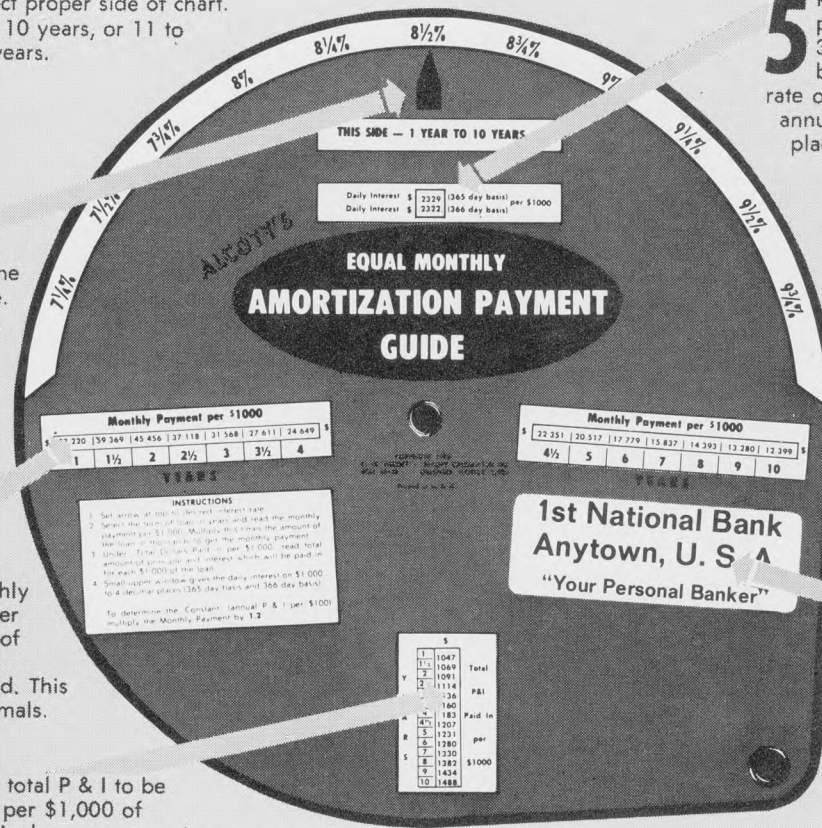
3 Read monthly payment per \$1,000.00 of loan under desired time period. This is shown to 3 decimals.

4 Read total P & I to be paid per \$1,000 of principal.

5 Read daily interest per \$1,000 on 360, 365 and 366 day basis and also monthly rate of interest for each annual rate to 4 decimal places.

6 To determine the "Constant" multiply 1.2 times the figures given in 3 above. The "Constant" is the annual P & I per \$100.00.

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Bicentennial Striper

BG/32

'Instant Reward' Promo Features Color TVs, Brings Bank \$3.6 Million

MORE THAN a million dollars over the estimated figure was realized by a bank that offered Magnavox portable color television sets as instant interest recently.

Hartford (Conn.) National took in a total of \$3.6 million in time deposits when 1,781 new accounts were opened by people desiring the TVs for the Christmas holidays, according to Thomas D. Rogers, vice president.

Before embarking on its "Instant Reward" promotion, the bank authorized research by an outside firm to see what people wanted in the way of a premium. Respondents were offered a wide assortment of items ranging from watches to toy trains, clocks, etc. The color TV generated the greatest interest. The concept of merchandise in lieu of interest was also tested by the research firm and it was determined that this practice is an effective vehicle to generate long-term, high-balance account relationships, even if its appeal is limited, Mr. Rogers said.

The bank established \$2.5 million in time deposits as its objective. Full media promotion was given to the campaign and point-of-sale displays were utilized.

The results are now history.

According to Mr. Rogers, there was good acceptance of the TVs because customers realized Magnavox was a well-known, good quality brand. Delivery was good, too, he added.

All deposits were required to remain at the bank for at least a year, but the 30-month and four-year accounts proved to be most popular with depositors. Average maturity was three years.

The cost of the campaign was \$300,000, spread over the three-year average maturity.

The bank originally offered two premiums—TVs and digital watches, but the watch promotion was not successful, Mr. Rogers said, due to a drastic price drop in the marketplace that made the bank's price uncompetitive. ••

Our Competitors Do A Pretty Good Job.

We're the first to admit it.

Certainly other companies have good premiums to bring in depositors. And other companies can give you reliable service.

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We're the Financial Promotions Division of the Sperry and Hutchinson Company. Financial institutions of every size have relied on us to provide

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feet of strategically-located warehousing coast-to-coast. Or third-generation computers to keep track of our 6,000,000-item average daily inventory.

They can't stock your premiums in nearby company-owned and operated mini-warehouses. *We can.* Not only can you keep your

inventory low—we take back 100% of your unopened cartons. Cheerfully.

We Don't Just Sell Merchandise.



We don't sell you premiums and then lose interest in you. We work *with you* to research your market. Analyze your needs. Structure a program that will attract new money at an attractive acquisition cost.

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We think you'll agree that "a pretty good job" just isn't good enough.



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Direct Premiums·Continuity Programs
Certificate (No Inventory) Programs·Internal Incentive Plans



LEFT: Group of students from Sioux City, Ia., rests on steps of U. S. Capitol during sightseeing trip sponsored by Security Nat'l, Sioux City. RIGHT: Plane bearing students to Washington was decorated in bicentennial motif. Bank plans more trips for this year.

Bank's Bicentennial Gift to Community: Airlift of Students to Washington!

MOST of the parents of school children in Sioux City, Ia. (as well as their offspring) think the people at Security National are pretty keen.

Why? Because the bank was the first in the nation to begin ferrying school children to Washington, D. C., for capsule tours of the nation's capital during the bicentennial observance.

The bank's trips were so successful that numerous other banks and financial institutions plan to conduct similar programs in their areas this year. And Security National plans to resume its program next month.

According to Marcia Qualls, marketing assistant at Security National, last fall's series of four trips "was absolutely

incredible!" She says the program sells itself, once the word gets out. That's why the bank had to schedule four trips instead of the original two last fall—the kids literally signed up in droves to take the two-day, one-night jaunts that not only got them out of the classroom for two days, but exposed them to such sights as the Capitol, White House, Smithsonian Institution, Arlington National Cemetery and the three memorials—Washington, Lincoln and Jefferson. Students also met with their congressmen and gathered souvenirs.

According to Miss Qualls, the planning for the event was time-consuming, but, "when you watch a child, overpowered in stature and emotion by the

Lincoln Memorial, it's worth it. You realize you've just breathed life into that dusty history book."

The programs are being marketed by Financial Marketing Corp., Minneapolis. Security National was the first bank to learn about the program and the first to sign up for it. The bank's marketing director, Mike Newhouse, convinced Financial Marketing to let the bank get a head start by scheduling its first series of trips in 1975 rather than 1976.

Here's the manner in which the trips were planned:

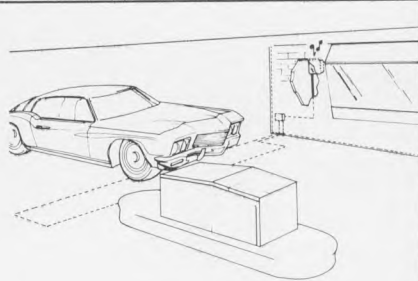
- The local school board was approached by the bank. The program was explained to board members, who readily approved it. It would be difficult to stage such a program without school board approval, since the event is so closely tied to education.

- Brochures were prepared and distributed to the schools for distribution to students, who took them home to parents. The brochures included complete details of the trips, including fare and itinerary. The students were carried to Washington on a jet plane decorated with a bicentennial theme.

- Parental consent/intent forms were turned in by parents to the schools. More than 700 students participated in the four trips.

- From the forms, names and addresses were obtained and personalized letters were sent by the bank with information and a request for a \$25 deposit.

- Newsletters were prepared by the bank containing miscellaneous information about the trips. They were distributed through the schools to those



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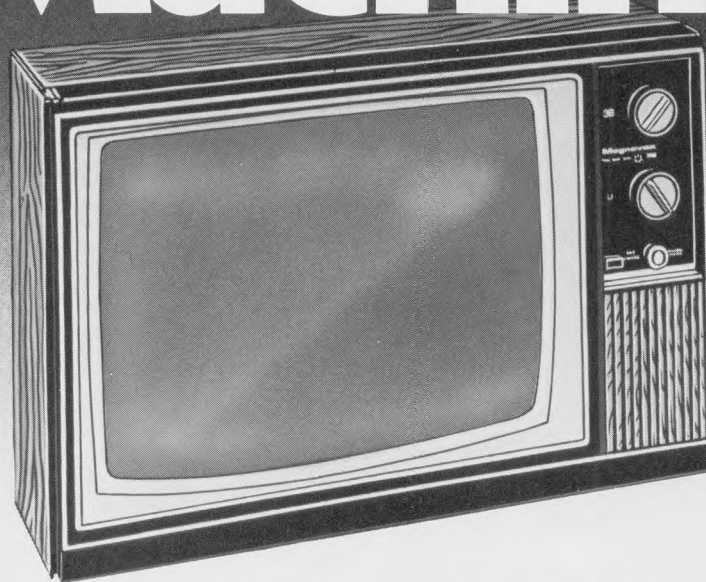
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Watch This Money Machine



We know this is really a Magnavox 19" portable color television, but to many of our friends in the banking business, it's a money machine!

It's a money machine to the bank marketing officer in New Jersey who used it to gain 3,200 time deposits. And, it's a money machine to the banker in Baltimore who added 1,600 time deposits to his bank's accounts in less than six months. In both cases, most certificates were purchased by new customers, representing an opportunity to cross-sell other bank services.

We guarantee our price . . . full return privilege on unused product . . . exclusivity in your market area . . . and our products carry their regular retail Warranty.

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MCB-1

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BG/35

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In seconds, the miniature CARD/GUARD® will laminate your present, paper account or membership cards in pre-cut plastic pouches that protect for a lifetime of use. Polyester/plasticized cards do not get sticky like vinyl . . . will not crack, chip or peel . . . are tamperproof.

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students who had signed up for the trips. The bank's marketing department handled questions or special requests.

- All bookkeeping, money collecting, paperwork, etc., was done by the bank's marketing department.

- Hotel room assignments were made by the school.

- The bank made the selection of which schools were to go on which flights. The schools took the responsibility of selecting teacher/chaperones, with social studies/history teachers having priority. The bank assumed the teachers' expenses during the trip.

- Each student was contacted personally by his teacher/chaperone before the trip, contributing to a relaxed atmosphere once the trips began.

Students from about a dozen school districts surrounding Sioux City will be invited to take part in the series of flights planned for April. Security National is working out details with its correspondents in the communities involved to help make the programs run as smoothly as possible.

It takes a lot of hard work to get a program like Security National's off the ground, but, according to Miss Qualls and her co-workers, it's worth it, especially during the bicentennial! • •

Show Biz:

Diamond Jewelry Promo Sparkles for Thrift Assn.

Almost \$10 million in new deposits was realized by Continental Federal Savings, Oklahoma City, from a promotion featuring diamond jewelry. The promotion coincided with the opening of the institution's new offices.

The promotion was built around show business star Carol Channing, who visited Oklahoma City for two days to kick off the campaign and take part at ribbon cutting ceremonies for Continental Federal. Miss Channing also took part in a fashion show, held in cooperation with a local department store.

Anyone depositing a minimum of \$250 in a savings account was entitled to select a piece of jewelry from the Carol Channing collection for as little as \$10. Depositors of \$5,000 could get a piece of jewelry at no cost. Each piece of jewelry contained at least one diamond. Customers picked up their jewelry at the department store.

Another feature of the promotion was an opportunity for customers to play the Carol Channing diamond game, which entitled them to a free jewelry item and the privilege of purchasing other items at discount.

The promotion resulted in 950 new accounts for Continental Federal.

The first name in money orders is Express.

TRAVELERS EXPRESS, that is. Did you think it was another company with a similar, and more familiar name? Well, think again.


We process over 48 million money orders, transfer close to 2 billion dollars in funds per year. And, we've pioneered every money-making, profit-building concept in the money order business for the past 30 years.

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BG/37

Coffee, Tea or Interest?

\$1 Million in New Deposits Is Result of Ad Campaign

When Temple (Tex.) National decided to introduce compounded daily interest last year, it wanted an ad campaign that would attract new customers. Its promotion did just that; it brought in \$1 million in new deposits.

"How much is a cup of coffee worth to you?" was the question asked by Temple National through mass media,

direct mail and direct customer contacts. It was an analogy meaning that a cup of coffee costs 20 cents—the difference between monthly earnings (0.25%) on a \$1,000 passbook savings account at an S&L and interest on a comparable account at a bank.

A direct-mail piece entitled "Personal Estate Building Plan" was developed to show various savings programs and used as statement stuffers. The bank also put together a special brochure shell that describes the entire program and is being used by bank officers in their customer-contact program.

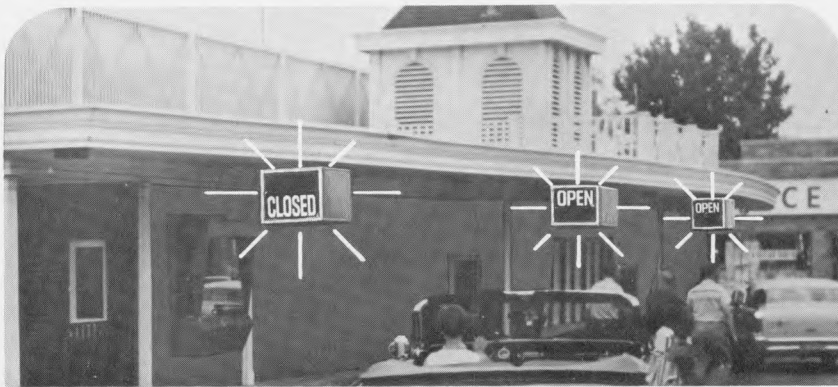
Bonsai:

Bank's Dwarf Tree Exhibit Is Popular Attraction

Looking for a novel way to introduce your bank to new people? Approximately 1,000 persons visited the exhibit of bonsai—shaped dwarf trees—at American Bank, Cerro Gordo, Ill.

The display was from the collection of Gene Snack, a bank director.

Bank officials expressed much enthusiasm about the response by the local and area public and recommended such an exhibit to banks as an inexpensive public relations tool.



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Vicki Mercer (r.), bank employee, explains art of bonsai to Andrea Cripe during exhibit of shaped dwarf trees at American Bank, Cerro Gordo, Ill. Bank officials say display attracted about 1,000 people from area.

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This can save your life.

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These 6" x 7" decals will adhere to any surface in your home. To provide vital information in case of emergency. Every home should have one posted in a conspicuous place— if a vital life sign! FREE Medi-Call decals are available at all FSB offices.

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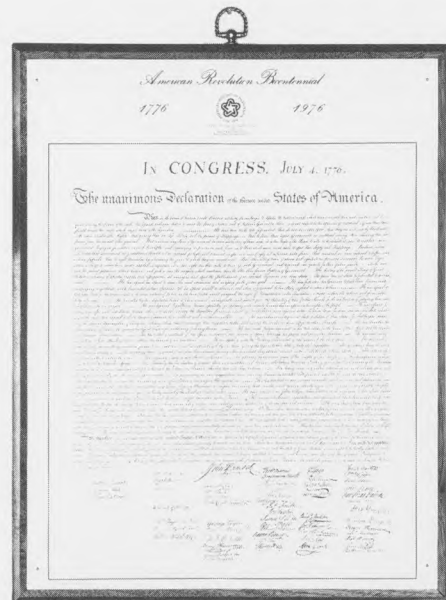
This is a reproduction of an ad for the "Medi-Call" decal which has been offered free to the public by Framingham (Mass.) Savings Bank. Designed to be applied in a conspicuous place in the home, the decal contains spaces for vital emergency information: name, physician's name and telephone, name and number of a friend or neighbor, name and number of someone to be notified in case of accident, special medication used by victim, allergies, blood type and spaces for police and fire department numbers.

PREMIUMS WITH PRIDE

During the
Bicentennial...

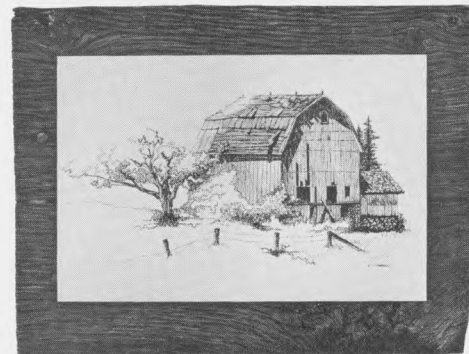


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DECLARATION OF INDEPENDENCE

and Beyond...



FARMINGTON FARM BY GERACI

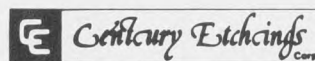
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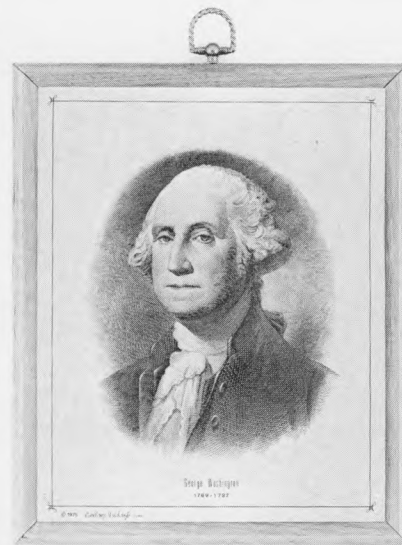
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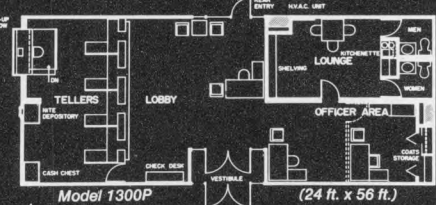
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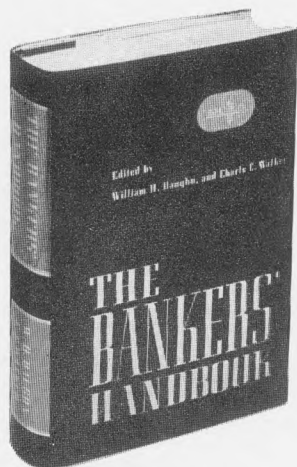
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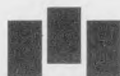
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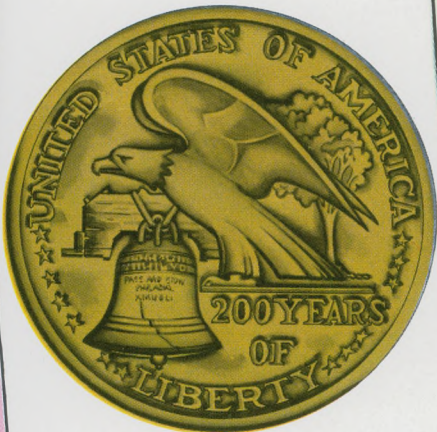
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Marketing Research: *A Way to 'Listen' to Public*

DO WE NEED longer banking hours? Should we open a branch in a new suburban location? Are automated teller machines the approach for the future?

Simple enough questions at first reading—yet they require demanding answers that could affect the profits and productivity of any bank. Each represents a significant change in marketing strategy.

How does a bank know if it's making the right marketing decision to go with one idea and reject another? Marketing research is today's answer for many banks.

It's really just a systematic effort of listening to customers and potential customers. Finding out what customers want through research techniques is proving to be a more profitable base for decisions than simply reacting to competition's moves.

Marketing research has been around for more than 60 years, but it has been only in the last decade that banks have used this marketing tool. Traditionally conservative, they have moved slowly into the new fields of marketing research, public relations, business promotion and advertising.

National Bank of Detroit was one of the earlier ones to go into marketing research by setting up a department in 1958. The eight-person staff, with the help of a professional research firm, continually updates demographic data and makes special studies on subjects such as bank image, customer service and automated banking.

NBD's marketing planning and research department gave support in 1973 to a successful decision to extend banking hours. Department surveys had in-

dicated that customers wanted longer hours. The new service was destined to be successful: It gave customers exactly what they asked for.

There is no logic in trying to guess what customers need. Why not ask them? In order to make appropriate changes, banks should continually monitor the opinions of its customers, find out if they're satisfied with the services they receive and, at the same time, find out what kind of people they are: what kind of work they do, their incomes, their ages and where they live. These demographics will provide a stronger base of information on which to decide what kind of service customers need.

It's also a common practice among small banks to make decisions based on what the competition is doing. While competition influences decisions, decision-makers must realize that what works for one bank may not work for another.

Bank customers in large cities require different services than do customers in rural areas. It's also possible that residents of two small cities of identical size may have two separate sets of banking needs.

The possibility of losing money is very real—especially in the case of introducing a new service. It makes sense in these situations to take out a little insurance in the form of marketing research. If it's found in pretesting efforts that customers are likely to be receptive to a new service, then decisions have some foundation. Isn't it wiser to spend some money on a customer survey, only to find out that the service probably wouldn't sell, than to lose a great deal of money on promoting an unsuccessful service?

Even if a small bank doesn't want to conduct structured studies, "informal research is better than no research at all," according to Daniel S. Voydanoff, NBD's director of marketing planning and research.

A bank's management should be able to define the institution's objectives and plot the direction that must be taken to achieve the objectives. Then, by keeping the big picture in mind at all times and consciously watching for problems, informal research occurs.

Sure, it sounds like a ridiculously obvious practice with a new label. But the important point is: Keep long-range goals in mind while observing customer reactions. In this way, everyday customer complaints can become a wealth of useful information.

There are other, more finite, ways of measuring customer reaction. Internal traffic figures can provide useful data. For example, a bank easily can determine what percentage of its transactions are handled at drive-up windows. This kind of information would prove helpful when considering an expansion of drive-up windows or lengthening of drive-up hours.

Another easily adaptable monitoring system is through a bank's existing switchboard operation. By having the main switchboard operator keep a categorized record of incoming calls, a bank can measure customer response to a new service, response to advertising and questions about location and hours.

Demographic data can be compiled by using internal records. Loan applications, charge-card applications and signature cards will reveal customer statistics such as age, address, sex, occupation and income. Putting the raw

How to Conduct a Simple Mail Survey (Courtesy National Bank of Detroit)

First Step: Composing the Questionnaire.

Make sure the language is simple and to the point, and keep the number of questions to a minimum.

Respondents will be discouraged by a lengthy, complicated form.

Here's a sample question used by NBD: How would you rate the tellers at your NBD office on the following:

	<i>Excellent</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>
Courtesy	()	()	()	()
Knowledge of job	()	()	()	()
Speed of service	()	()	()	()
Friendliness	()	()	()	()
Willingness to help	()	()	()	()

Second Step: The Covering Letter.

A short letter of explanation should be attached emphasizing the purpose of the survey. NBD's Daniel S. Voydanoff began a letter by saying, "Take 90 seconds to help us help you."

Third Step: Mail It.

Then mail the questionnaire, along with a postage-paid envelope, to all customers or a representative sample.

Don't be surprised if less than half the questionnaires mailed are returned. Maybe it's not the kind of response hoped for, but at least it will provide more information about the customers than was known before. If the response is exceptionally low, a follow-up letter might be considered.

Fourth Step: Tabulation.

For tabulation, count the total number of individuals responding to each question. Then compute what percentage of the total number chose each response to the question.

Fifth Step: Communicating the Results.

When the tabulation process is completed and it's time to communicate the results to bank management, prepare a summary of the findings and recommendations.

Management will be interested only in major discoveries and not in minute details of the study, so relate the most significant findings first. "Recommendations based on the findings also should be included in the report's introduction," says Susan Alterman, NBD consumer research manager.

professionals on a consultant basis.

However, if the do-it-yourself route is chosen, using a simple mail survey, it probably can be handled internally. The help of a nearby university might be solicited in case of problems.

A mail questionnaire probably is a beginner's best bet: It's simple to do and quite inexpensive. The step-by-step procedure on this page shows the five main points.

The customer survey should provide a good idea of how customers are being serviced and, hopefully, management will take action on any problems identified.

After several months, another similar survey may be in order to measure improvements in service and to gather new information. Or, maybe enough confidence will be built to attempt a study of not only customers, but the entire market area. • •

Jack-O-Lantern Festival:

Pumpkin-Carving Contest Awards Talented Youths

To join in the Halloween festivities in Crest Hill, Ill., Heritage Bank has conducted its annual pumpkin carving contest for children age 5-12.

The event was held in the bank's lobby, where youngsters brought jack-o-lanterns. They hoped to win bank accounts, which were offered as prizes.

Three age-group categories—ages 5-7, 8-9 and 10-12—were open to entrants, with first-place winners receiving \$20 savings accounts.

Second prizes of \$10 accounts were offered, while third prize was a \$5 account. In addition, honorable-mention ribbons with silver dollars affixed were awarded to all other participants.

material into usable form may be a time-consuming task, but what better way is there to find out what kind of customers a bank attracts? And what better way is there, for example, to determine where to build a new branch? It might be discovered that a large cluster of customers has no nearby branch office.

An even more valuable way of listening to customers is by conducting surveys. Larger banks do surveys of their entire markets, but a small bank's first effort in this area probably should be with its existing customers.

"By conducting a customer survey, a

bank can learn how it is servicing its own customers, the most important audience, and at the same time pinpoint the problem areas that might be discouraging potential customers," advises Susan Alterman, NBD consumer research manager.

There is a fork in the road at this point. One route is to hire a professional research firm. The other is to put the bank staff to work and do it internally.

A research firm can be hired to provide a complete package, from conducting interviews to tabulating the results, or it could do any part of the survey. A bank might want to hire the



Winners of pumpkin-carving contest at Heritage Bank, Crest Hill, Ill., pose with staffer-judges Anita Siegel and Richard Jackson. Annual Halloween event, for children age 5-12, awards bank accounts to winners in three age-group categories; silver dollars go to all other participants as "runner-up" prizes.

“This check has traveled all over the world, and has meant 15,000 check orders to our bank in just seven months.”



E. F. Faust, Senior Vice President
National Bank of Fort Sam Houston
San Antonio, Texas

“We had an idea for a promotion based around a customized bi-centennial check, and asked our Harland Sales Rep what he could do to help. Next thing I knew, I was at Harland’s home office, looking at a beautiful piece of art work commissioned for a bi-centennial check. I said, “go,” and Harland started printing the checks, lobby easels, and lithographed reproductions of the art work.

“With the help of statement stuffers, TV spots, billboards, and word of mouth, the results of the program have been phenomenal. We have sent check orders and reproductions to our customers all over the world, and have given more than 1500 lithographs to schools in the San Antonio area, at their request.

“I can’t even begin to say how much good will has been gained by the custom check promotion. But I *can* say how much business it has brought to Fort Sam Bank in only seven months—more than two and a half million checks.”

At Harland, we do more than print checks. We print good ideas.

HARLAND

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

Chicago Banks Prove That 'Time Is Money' As Watch Promotions Attract Deposits

In the Loop:

Digital Timepieces At First of Chicago Bring in \$13 Million

WITH A THEME of "The Time Has Come," First National, Chicago, launched a premium promotion featuring an electric digital quartz watch at reduced prices for customers depositing \$250 or more in a new or existing savings account last fall. The watches were available for as little as \$34.95.

Some 14,000 account holders of First National participated in the promotion, depositing about \$13 million! More than half the accounts were new, according to John Tomick, director of product promotion for the bank's retail marketing division. The bank required that qualifying deposits remain at the bank for at least six months.

Prior to the promotion, six premiums were considered but the digital watch came out on top for the following reasons, according to Mr. Tomick:

- It was generating interest in the marketplace because of its novelty and its "affordable" price.
- The market price for similar watches was consistently higher in most cases and far higher for watches of equal quality.
- The watches were the only "thin" watches on the market, which was considered to be a good selling point as most digital watches—even more costly ones—were not as thin.
- The watches were attractive to a broad range of market segments.

Objectives for the promotion were to choose and promote a premium item that would generate both new deposits and build the image of the bank, creating good will. The specific objective was to stimulate both new and existing customers to increase the size of both their savings balance and their savings deposit.

A significant number of commercial and trust customers opened savings accounts to take advantage of the watch offer, Mr. Tomick said. Most of them were referred by a bank lending or



Newspaper ads tout watches being offered by Chicago banks.



trust officer and most maintained high balances within their savings accounts.

Mr. Tomick said the Invicta LED (light-emitting diode) watch was of the highest quality, and—for the money—was the best bargain on the market. He said the reject rate was low relative to the industry.

The promotion ran for one month last
(Continued on page 98)

On the North Side:

Name-Brand Watches At Commercial National Attract \$1.7 Million

ALTHOUGH there have been many success stories among financial institutions regarding the use of premiums to generate business, it is a virtual certainty that those that produced the greatest results were carefully planned from the outset. Planned not only from a timing aspect, but right down to the selection of the premiums themselves relative to the market demographics.

Such was the case recently when Commercial National of Chicago and its advertising agency—Dempsey & Fredericks, Inc.—formulated and implemented a program that resulted in more than \$1.7 million in new money over a six and one-half week period featuring brand-name wrist watches.

The first step was an attempt to determine whether a premium promotion of any kind was appropriate to the market the bank served, said William A. Lotz, bank assistant vice president. A careful, but relatively simple, survey was conducted. Commercial National's own previous experience, plus the record of competitors, indicated clearly that the primary and secondary areas served by the bank normally reacted positively to merchandise offers of various types.

Further evidence of eventual success stemmed from the fact that the immediate community was composed of single family and two- or three-flat buildings, inhabited largely by blue collar workers with strong ethnic traditions, of largely Greek and German origin, Mr. Lotz said. The systematic savings habits of the groups was well established, and one common denominator characterizing these hard-working, thrifty people was their constant search for value when their dollars were involved. In short, the community and its populace could be relied upon to respond to a good offer coupled with safety and a good return on their deposits.

But, what would appeal to the diverse elements making up the neighbor-

hood? And, could a premium promotion succeed that was self-liquidating rather than a "free" offer? The latter seemed necessary because of the paucity of merchandise that comes under the \$5 price limitation for normal qualifying deposits, Mr. Lotz said.

There were other factors to consider as well. Commercial National was just completing a \$1.5 million expansion and remodeling project, and simultaneously, was entering its 30th year of service to the community.

After assessing all of these factors, the agency and the bank concluded that a promotion built around a "time" theme would be appropriate, and a search for quality merchandise, coupled with ready availability and value, was instituted, Mr. Lotz said.

In what was a serendipitous occurrence, both bank and agency personnel received a mailing at this point from Christmas Club, A Corporation, indicating that this long-established supplier had entered the premium field for the first time. Even more coincidental, this initial venture into the merchandise field involved brand-name watches in a wide variety of styles, and at the low price of \$24 each in cases of 50.

A few phone calls, some samples and a bit of research among bank and agency employees convinced everyone

that these timepieces would have wide appeal, a significantly lower price than normal retail and were being supplied by a highly reputable, well-established firm, Mr. Lotz said.

All that remained to launch the promotion was to structure the offer, produce advertising materials and compile an effective media schedule and budget.

The basic offer was straightforward: Deposit \$100 in a new or existing savings account and purchase a watch for \$23.95. With a deposit of \$5,000, the price was reduced to \$18.95; and for a \$10,000 deposit, a watch could be purchased for \$13.95. Considering the fact that the watches were all intact in original manufacturer's cases, complete with full guarantees and suggested retail prices ranging up to \$102.50, including brands such as Benrus, Elgin, Lucien Piccard, Helbros, Hamilton, etc., the value was readily evident, Mr. Lotz said. Because the offer was virtually self-liquidating, customers using other bank services were also given an opportunity to participate.

A single-print advertisement was developed on the theme "Time is Money . . . we'll help you keep track of both." This was scheduled in local, weekly papers as well as two foreign language publications plus a neighborhood section of one metropolitan daily. Further,

colorful statement enclosures purchased from Christmas Club were imprinted for customer distribution, and in a first for the bank, a three-week schedule of the Chicago area's strongest AM station was included. The total budget was under \$12,000, a relatively modest amount to reach a significant portion for the large Chicago market, Mr. Lotz said.

To augment the program in a low-cost way, the agency arranged to provide the AM radio station's talk personalities with gift certificates good for a listener's choice of watches which could be awarded at the personality's own discretion. And, to be certain the latter knew what values were involved, a sample watch was given to each of four talk show hosts for his personal use. Total value of these items was \$384, less than the cost of three, 30-second spots on the station; yet, every time a certificate was awarded, the bank received considerable publicity. And, of course, the people who won the watches had to visit the bank to redeem the prize, resulting in personal contacts throughout the metropolitan area that would have otherwise been missed, Mr. Lotz said.

The only other expense was the purchase of a six-foot jeweler's display case for \$250. This could have been

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- Direct Mail Enclosure



Join the Bicentennial celebration and be the first to offer this low cost premium! It will help you generate high traffic and build good will with customers and prospects.

This special BICENTENNIAL PENNY is a new, uncirculated Lincoln Head penny with the Liberty Bell and outline of the United States permanently stamped on the surface. The penny is mounted on a four-page folder which chronicles the highlights of 200 years of American history. Space is provided for your imprint. This coin as altered is perfectly legal under Section 331, Title 18 of the U.S. Code.

Write on your letterhead for FREE sample of the Bicentennial Penny and catalog sheet which gives quantity price list and ordering information.



Creative House
Promotions, Inc.
Dept. MCB 376
5541 W. MONTROSE AVE.
CHICAGO IL 60641
312/282-1332

leased, but the bank opted for purchase because of planned future use of the item, Mr. Lotz said.

After six and one-half weeks the results were in: More than \$1 million added to 1,100 existing accounts: \$680,000 deposited in 334 new accounts: and 1,640 watches distributed. All this in a \$100 million neighborhood bank with no branches!

By all criteria, the promotion was a success. But, it didn't happen by chance. Careful planning to the last detail, and creative selection and use of media, contributed as well.

Could it work elsewhere? Of course, if the basic rules of premium promotion are followed: Plan ahead, find quality merchandise appropriate to the market that represents both true value and is readily available and allocate media dollars wisely.

As the ads said: Time is money, and Commercial National took the time to make some. • •

Bank's Christmas Promo Is One 'for the Birds'

Looking for a Christmas club premium that combines the attributes of conservation, wildlife protection and ecology? Bucks County Bank, Quakertown, Pa., has used bird feeders to increase its club roles 10%, according to a bank spokesman.

Using the theme, "Our 5% Christmas Club is for the birds," the bank offered



Our 5% Christmas Club is for the birds...

Special Offer!



Bucks County Bank
AND TRUST COMPANY

This is ad for self-liquidating bird feeder, which was premium for Christmas club of Bucks County Bank, Quakertown, Pa. Nationally available redwood feeders were advertised on radio, in local newspapers and bank, were responsible for 10% rise in club memberships, bank officials say.

Digital

(Continued from page 96)

fall, coinciding with payment of third-quarter interest. Each Invicta five-function LED men's watch came with an adjustable wrist bracelet and gift case.

According to Mr. Tomick, at the press of a button, the timepiece tells the time in hours and minutes. Pressed twice, the watch displays the month and date. Pressed three times, seconds appear on the face (or screen) of the watch. The watches are said to be accurate to within two seconds per month.

Those depositing the minimum of \$250 could purchase a watch for \$39.95; those depositing \$5,000 could obtain the watch for \$5 less. • •

the Heath redwood bird feeders for the self-liquidating price of \$3.77 (plus tax) to customers opening the accounts. The feeders are available nationally in retail stores.

Bucks County Bank serves a suburban/country market, so promotion of the offer was carried out in area newspapers, on radio and in the bank. Radio spots featured the voice of the bank's radio personality, Mary Lee King, with the sounds of birds chirping in the background.

Bird feeders were hung as ceiling mobiles in the bank and displayed throughout all the bank's offices. Bucks County Bank's staff sales training program also concentrated on the promotion, in order to gain employee support.

Banker's Miniatures on Display



First Bank, South Bend, Ind., has begun its collectors' showcase, featuring unusual private art and hobby collections, with this display of historic miniature soldiers owned by John D. Truland (r.), sr. accountant at the bank. At l. is Benjamin F. Cope Jr., pres. The showcase was begun by First Bank as a public service. The exhibits are shown in the bank's lobby, are drawn from area collections and will be changed periodically.

MID-CONTINENT BANKER for March, 1976

To bring in new dollars and increase your market share, tear out this page right now.

Through years of research and experience with banking institutions, we at First Bank Financial Services have developed a total incentive program format that continues to build success stories for us and for our clients. We know how to motivate your people.

Look what our employee incentive program can do for your bank.

•**Bring in new money.** It's not uncommon for a bank to increase deposits 5% to 7% during our normal ten-week employee incentive campaign. And it happens because employees are rewarded for every new business contribution.

•**Build enthusiasm.** Our incentive programs promote team spirit and job satisfaction. Employees work together to reach goals. And this feeling of pride carries over long after your program has ended.

•**Encourage selling.** Everyone is made aware that selling is a big part of their job... from the bank guard to the bank president. Asking for business becomes a habit, laying the ground work for immediate and long range growth.

Our program is structured so that the majority of your employees can win prizes. Many will win more than one. And since everybody can be a winner, you can bet that everybody will be working harder.

We'll be with you from the

first day of your promotion to the last day. We'll help you kick off the campaign with a "bang" and then we'll follow-up on a weekly basis, constantly analyzing your program and keeping motivation at a peak.

Our personnel have participated in over 25 incentive programs in all types and sizes of banks. We can make you a winner, too.

But what does a program like this cost?

At First Bank Financial Services, you pay only for the results!

Our fee is based on a percentage of the new money brought in as a result of the campaign. And this one price includes everything...all expenses, prizes,

trips and materials.

Then, too, this percentage is set on a declining scale, so that the more money brought in, the lower your percentage costs will be.

Just to give you an example, our fee was six-tenths of one percent to a bank that brought in \$3.6 million with 126 employees. In another case, involving only 46 employees, our fee was just under six-tenths of one percent for bringing in \$2.4 million.

You pay only for success.

If we've whetted your appetite just a bit, as we hope we have, let us hear from you. It might be the best management move you'll make all year.

Yes, I am interested in increased deposits for my bank. I would like to hear more about this proven employee incentive program. I understand that I am under absolutely no obligation.

Name _____ Title _____

Bank _____

City _____ State _____ Zip _____

Telephone _____

Rush to: First Bank Financial Services
Worthen Bank Building
Little Rock, Arkansas 72201



**FIRST BANK
FINANCIAL SERVICES
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M-C

**A program so good, it's GUARANTEED.
You pay only for RESULTS!**

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A portfolio of

Marketing Success Stories

The marketing function is alive and well in the Mid-Continent area!

.....

Free Photo Offers Prove Irresistible At Banks in Georgia, Mississippi

BANK CUSTOMERS can't resist free studio portraits of themselves and their families! This fact is attested to by Hamilton Bank, Dalton, Ga., and Southern National, Hattiesburg, Miss.

Both banks recently offered free eight-by-ten color photos by Olan Mills Studios of Chattanooga to their customers for limited periods. The response to both programs was summed up by Jerome H. Dean, vice president, Hamilton Bank—"Great!"

Advertising for the promotions explained that the banks were offering the photos because "we want to get to know you. We want you to see our offices and we want you to get to know us. We think when you do, you'll want to do business with us. But there's no obligation to.

"Mainly we want to help make it possible for every family to have the one treasure that is sure to increase in value as years go by."

Hamilton Bank ran two newspaper ads to announce the program and bank tellers handed out brochures giving the details. According to Mr. Dean, about 800 people called for appointments, making it necessary to extend the offer for an additional three days so all comers could be accommodated.

Photography hours at the bank were from 2 to 7 p.m. on weekdays and from 10 a.m. to 2 p.m. on Saturdays. The photographer was on duty at the main office for the first week and at a branch office for the second week of the program. Delivery of the photos was timed so they could be used as Christmas gifts.

Southern National timed its promotion to precede Valentine's Day. The bank offered the photos as "A little

There's one treasure sure to increase in value to you as years go by. A portrait of your family. We'd like to present it to you. **FREE.**

There's no catch and there's no obligation. Just call us or come by to arrange an appointment for a beautiful 8 x 10 color portrait of your family, of you, or of any family member. Appointments will be arranged on a first-come, first-served basis.

You simply have the portrait made and then in about five weeks return to pick out the one you want. First. If you want to buy additional photos, fine. But there's no obligation to.

Your portrait will be made by a skilled professional photographer. We've retained the nationally-known firm of Olan Mills, Inc., to handle this program for us.

Why are we doing this? Because we want to get to know you. We want you to see our offices and we want you to get to know us. We think when you do, you'll want to do business with us. But there's no obligation to.

Mainly, we want to help make it possible for every family to have the one treasure that is sure to increase in value as years go by.

Please let us do so. Contact us now to make your appointment. Just ask for the Portrait Desk.

BANK NAME
(name of financial institution)
(address) (phone number)

Sample of newspaper ad used by banks offering free family photos by Olan Mills.

gift to you for doing business with Southern National." The program was announced with statement stuffers and TV and newspaper ads. The photographer was on duty for two weeks from 8 a.m. to 6 p.m. as well as on Saturdays.

According to Paul L. Rimes, executive vice president, the response was greater than anticipated. He said enough requests for appointments were generated to extend the program two more weeks. In fact, the bank has arranged for a repeat of the program in the fall.

Mr. Rimes described the program as "one of the few things that we have used in the bank in the way of promo-

tions that I would rate 100% successful."

Two weeks after the photos have been taken, they can be picked up at the bank. Each customer is entitled to one free photo, but they can select the photo from a number of different poses. Of course, customers have the option of purchasing additional photos; however, there is no obligation to do so. • •

Old Money:

Biblical Coins Play Role In Bank's Anniversary

What has been called the nation's finest collection of biblical coins has been displayed at United Bank, Chattanooga, as part of its fifth-anniversary celebration.

The coins are owned by Christus Gardens, Gatlinburg, Tenn., and were shown in a special maximum-security display case at United Bank.

Included in the collection are such famous types as the Shekel of Tyre—the kind comprising the "30 pieces of silver." The Shekel of Tyre also is known as the "widow's mite" and the "tribute penny." The earliest gold coins bearing a likeness of Christ also were shown.



Pictured at unveiling of Christus Gardens' biblical coin collection at United Bank, Chattanooga, are (from l.) S. Hillard Brown Jr., Christus Gardens' e.v.p.; Don Moore, Hamilton County judge; George M. Stewart, bank pres.; and Ray C. Albright, bank s.v.p. Display was part of bank's fifth-anniversary celebration.



We'd like you to take a look behind the scenes.

We think that knowing your suppliers makes good business sense. And that's why we would like you to visit the Deluxe printing plant nearest you.

There's a lot more to printing checks than meets the eye. For example, you will see how we apply all of the "working" information required to "personalize" each of the checks. This process is performed, with both speed and accuracy, at every one of our 43 plants. And, we'd like you

to meet our people . . . from those who open the morning mail on down to those who ship those same orders the following day.

The next time you see your Deluxe representative, ask him about a tour of our plant. We think you'll enjoy seeing what goes on behind the scenes.

DELUXE
CHECK PRINTERS, INC.
SALES HDQTRS. • P.O. BOX 3399, ST. PAUL, MN. 55165
STRATEGICALLY LOCATED PLANTS FROM COAST TO COAST

Combination Direct Deposit/Package Plan Encourages Senior Citizens to Sign Up

ANY BANK contemplating a marketing promotion to attract sign-ups for direct deposit of social security checks should give careful consideration to its purpose in so doing if it expects to benefit from such a program.

This was done by the marketing people at First National, Mobile, Ala., last fall, according to Samuel H. Andrews, market research officer at the bank.

It was obvious to First of Mobile personnel that social security recipients wouldn't flock to the bank to sign up for direct deposit unless the bank offered an incentive. This position was predicated upon results of attempts by banks in neighboring Georgia to sign up recipients on the strength of convenience and safety. In a year's time, only 6% of those eligible for the service in Georgia had signed up.

So, First of Mobile combined its appeal for direct deposit signups with a new senior citizens program that provides such things as unlimited personal checking, accidental death insurance and a number of free services involving money orders, travelers checks and notary service. Those signing up for direct deposit of social security checks qualified for the Golden Years Accounts and were issued membership cards that guaranteed immediate assistance with all special services at the bank.

Mr. Andrews said the bank was realistic enough in its thinking about direct deposit to know it couldn't expect

much in the way of new accounts and increased profits, so it set as its primary objective the preservation of its existing customer base, both checking and savings, and an increase in its customer services.

Specifically, the objectives of First National's senior citizen direct deposit program included attraction of new accounts from S&Ls, establishment of stronger bonds between customers and the bank and enhancement of the bank's image in the community.

Strong competition was expected from S&Ls, because senior citizens tend to keep their savings in thrift institutions and S&Ls are aggressively fighting the development of "complete" relationships between banks and senior citizen savers.

Mr. Andrews said the bank realized that senior citizens generally distrust and resist change. For that reason, security and convenience in connection with the direct deposit program had to be stressed.

In its promotional advertising, First National pointed out that direct deposit would result in less chance of loss or theft of social security checks; that customers would not have to wait in long lines to deposit their checks; and that there would be no problem in cashing checks, since they would no longer have to go through the cashing procedure once the checks were deposited directly.

First National utilized a variety of means to attract direct deposit sign-ups,

Direct deposit protection for your Social Security check. Free at First National.

Free at First National.

And for a dollar a month, our new Golden Years Account.

First National Bank

Newspaper ad run by First Nat'l, Mobile, Ala., encourages senior citizens to sign up for direct deposit of social security checks so they can qualify for Golden Years Account package plan.

including newspaper ads, which were published at the time of month (for two months) when social security checks were due to arrive in recipients' mailboxes; brochures describing the promotion that were handed to customers by tellers; lobby displays; and a direct mail brochure and letter that was sent to each individual 60 years and over living in Mobile County. The latter was judged most effective by Mr. Andrews.

The bank chose the package concept Golden Years Account because it was relatively easy to introduce, since it was based on the bank's existing First Bank Club package program. Experience with the latter package had established the fact that free checking and accident insurance were the most popular features of a package plan, thus they were incorporated as mainstays in the Golden Years Account plan.

First National considers its signup promotion to be a success due to the following:

- The assistant administrator of the Mobile Social Security office told the bank that 80% of the direct deposit forms the office has processed have come from First National—even though the county includes five other commercial banks and five S&Ls.

- The bank estimates that more than 15% of its customers age 60 and over have signed up for the direct deposit program. A somewhat smaller number also has signed up for Golden Years Accounts. ••

Banks Dominate Social Security Direct Deposits

State	Total Volume Possible	1199 Payments		Volume of Payments by Type of Financial Organization			
		Volume	% of Total	Banks	S&Ls	Mutuals	Cr. Union
Kansas	310,409	60,132	19.4	59,237	839	0	50
New Mexico	122,110	17,649	14.5	16,962	623	0	64
Indiana	666,291	70,671	10.6	68,564	1,647	297	135
Oklahoma	387,190	36,974	9.5	36,342	573	0	59
Illinois	1,354,800	124,858	9.2	112,573	11,329	0	956
Missouri	709,027	64,842	9.1	62,637	2,155	0	50
Mississippi	330,761	29,483	8.9	29,157	319	0	7
Texas	1,486,393	127,115	8.6	123,968	2,754	0	393
Arkansas	337,631	25,844	7.7	25,386	455	0	3
Tennessee	569,530	33,155	5.8	32,347	740	0	68
Alabama	492,150	28,093	5.7	27,592	400	0	101
Kentucky	473,197	24,996	5.3	24,326	648	0	22
Louisiana	444,423	19,286	4.3	18,982	296	0	8

Almost 90% of the more than 2.5 million social security recipients taking part in the nationwide direct deposit program had selected banks as their depository institution at the end of 1975, according to the Treasury Department. Since the program began early last year, 2.7 million social security recipients had signed up for direct-deposit payments by year-end, with 2.4 million requesting deposit in bank accounts. The program began in Georgia and Florida last year and will be nationwide by the end of 1976. Chart gives breakdown of participation in the Mid-Continent area.

Just send us your
Computer Tape
and our computer
will print your

TIME PAYMENT BOOKS



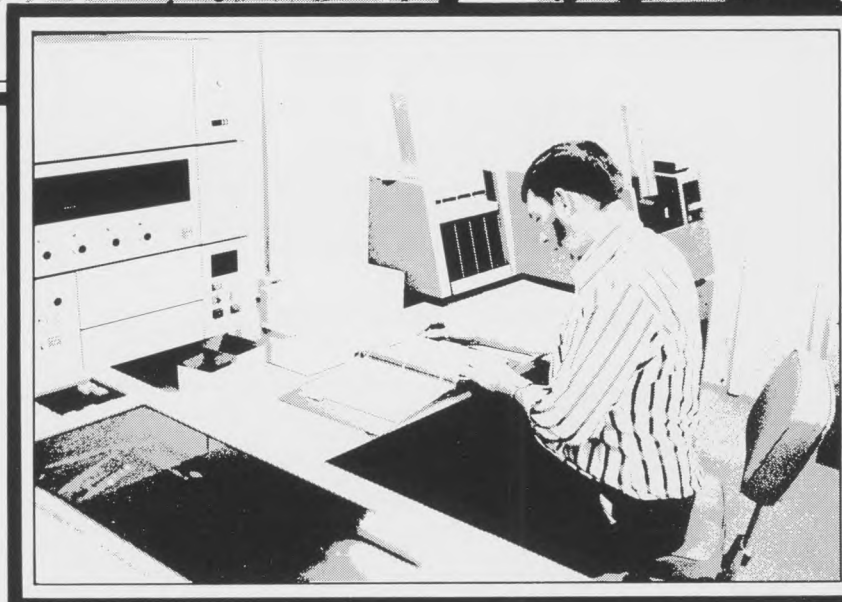
DATE 24 SEP 73	ACCOUNT NO. 53124	NAME JOHN R SMITH	TERM 24	PERCENT 24	DATE 179
TO INSURE PROPER CREDIT INCLUDE THIS CHECK WITH YOUR RETURN					
NET PAYMENT 37.50	NAME OF BANK PAYMENT TO YOUR BANK NAME ANYSTATE 99999			NET PAYMENT 105.16	
NET PAYMENT 37.50	AMOUNT PAID 105.16	DATE 250	DATE SEP-24-73	DATE 107,488	
⑆1011-0516⑆					

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MICR, including balloon payments when desired. We'll ship to you or your customer as directed.

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Goblets Go Over Big in Baton Rouge; Bring \$6.5 Million to Fidelity Nat'l

RESIDENTS of Baton Rouge, La., are big on silver—especially silver goblets. They were willing to part with \$6.5 million in the form of savings deposits to collect many goblets. And they brought all that money to Fidelity National.

Everyone seemed pleased with the offer (except the bank's competitors) which was made shortly before Christmas. According to Roddy Byrne, who supervised the promotion for the bank, the silver goblets (made by Salem China Co.) were "of excellent quality and their acceptance by customers was outstanding."

He said the bank was "very happy with the cross-section of our customer base that was reached by the program."

To get the promotion off to a good start, the bank offered customers depositing \$25 or more into an existing or new savings account one free champagne/sherbet goblet. For each additional \$25 deposit, they were entitled to purchase one of four different goblets

—water, cordial, wine or champagne/sherbet at prices ranging from \$3.50 to \$4.75.

Why did Fidelity National offer goblets?

According to Ralph H. Sims, vice president, the bank's management felt the bank was not getting its share of the small but steady savings account deposits that were available in its trade area.

Mr. Sims said it was felt that to make a dramatic impact on the marketplace the bank would have to offer a high quality premium that would attract the public. He said the South has always been a good area for silver promotions, so the bank decided that the silver goblets would provide the best way to increase savings deposits.

Objectives of the promotion that had to be satisfied by the goblets included the following: appeal to the entire customer base, a promotion that lasted long enough to encourage repeat deposits and a premium that was suffi-

Newspaper ad introducing silver goblets promised "a free start on a silver Christmas."

ciently low in price to both appeal to a large number of customers and to represent excellent quality. The bank also wanted to run a self-liquidating premium promotion.

The bank's initial advertisement presented customers with an opportunity for "a free start on a silver Christmas." The ad pictured and described the goblets and told readers how they could begin and complete as many sets as they wished as long as they kept making qualifying deposits.

Almost a year after the promotion was over, 83% of the accounts opened during the promotion remained active. Most showed considerable increases in deposits over the initial research period, Mr. Simms said. • •

The Turkey Speaks:

Bird's-Eye Holiday View Is Essay Contest Theme

Heritage Bank, Crest Hill, Ill., conducted its annual Thanksgiving essay contest, wherein school children write about the holiday. This year's topic was "Thanksgiving—The Turkey Speaks," an accounting of the event through the bird's own eye.

Seventeen children from local grammar schools received certificates for turkeys as prizes in the contest. Three of the birds were awarded in each category—third and fourth grades, fifth and sixth grades and seventh and eighth grades—for each school, based on participation.

Judge for the contest was Timothy Klotz of the bank's loan department.

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'Counterfeit' Money Offered by Bank Is Part of Its Bicentennial Celebration

THE AFFILIATE BANKS of First Midwest Bancorp., Inc., St. Joseph, Mo.—First National, First Stock Yards Bank, and First Trust Bank, all in St. Joseph, and Home Bank, Savannah—are offering "counterfeit" coins as part of their bicentennial celebration.

No, the Treasury Department isn't after them; the coins are replicas of early American currency. A different one is offered each month (there are 12 coins in the set) to customers making a \$25 deposit, while a Junior Savers program has been developed so children age 12 or younger can obtain them for 25 cents and any size deposit.

Also available as part of the replica coin program is a vinyl collectors' case in which the coins are stored and can be examined from both sides. Its interior contains a brief history of each coin. Again, the case is free with a \$25 deposit or the youngsters can obtain one for \$1 and any deposit.

For added continuity, a full-color wall calendar, featuring the coin of the month, was distributed. The calendar not only details the history of each coin, but points out the coin case's availability.

Different monthly newspaper ads,



Roger A. Hegarty (c.), pres., First Nat'l, St. Joseph, Mo., presents set of 12 early American coin replicas to Don Ransom (r.), principal, Hall School, St. Joseph, while Earl Auxier of St. Joseph School Dist. Audio/Visual Dept. holds film, "It's Only Money," which was donated by bank's affiliate HC, First Midwest Bancorp., St. Joseph. Coins are part of HC banks' bicentennial promotion; different one can be obtained each month after customer makes minimum deposit. Coin case also is available. Coins were donated to each school in district and are featured in film, which traces history of money.

displaying the illustrations and historical accounts of the calendar, are used in conjunction with 30-second TV spots run during family-oriented programs in the area.

In-bank displays were prepared, showing the entire set of coins and incorporating the illustrations from the wall calendar. The calendar illustrations in the displays change monthly. Bank customers also receive statement stuffers outlining the program and illustrating several of the coins.

A 15-minute full-color animated film called "It's Only Money" was donated to the St. Joseph School District and is loaned to a number of civic and private organizations by the HC. The movie traces the history of money from early time to the present and features several of the coins in the First Midwest collection. EFTS is another of the film's topics.

In addition, each of the 35 schools in the district were given complete sets of the coins in their cases, along with a supply of the calendars. • •

Coins of Our Forefathers

FIRST OF A SERIES

First in a series of 12 authentic coin replicas being offered exclusively to the FIRST MIDWEST in commemoration of Bicentennial year. Your own collection of historic coin replicas.

the Bar Cent

Although the origin of this coin is uncertain, the quality of workmanship suggests that it was made in England around 1760. The coin did not come to this country until after the War of 1812.

START YOUR FREE HISTORIC COIN COLLECTION TODAY

You can qualify for a free coin each month by having up to \$25 per month automatic savings plan. Other savings deposits are specifically for our regular American Savings because it supports the well known by most residents. You set a goal of how much you want to save, when you want to end how much you can afford to save each month.

First Personal Bank will attempt to make deposits from your checking account automatically. No deposit after 10:00 am. No "penalties" to make your savings routine. "A great way to save" and a great way to build your collection of historic coins. Free.

COLLECTOR'S CASE

Ask your Personal Bank about the handsome vinyl Collector's Case complete with a Bar Cent of all 12 historic coins. A vinyl clear pouch for each coin makes it possible to examine these authentic replicas from both sides. 12 months of fun and country's heritage. Yours free when you deposit an additional \$25 to your savings account. Supply is limited, so act quickly!

SAVES TO KIDS

The First Bank's Personal Bankers also have a coin collection plan for kids 12 and under.

By making a savings deposit of any amount each month, kids can have a coin for only 25¢ and the Collector's Case for only \$1.00.

KIDS START SAVING NOW AND GET STARTED IN FREE

FIRST NATIONAL BANK
FIRST STOCK YARDS BANK

FIRST TRUST BANK
HOME BANK OF SAVANNAH

This is one of 12 newspaper ads of affiliate banks of First Midwest Bancorp., St. Joseph, Mo., promoting replica coin offer, whereby customer can obtain different early American "coin" with minimum deposit each month. Illustration at top is from promotion's accompanying calendar, which features different coin and its history each month. TV, in-bank promotions also are being used.

MID-CONTINENT BANKER for March, 1976

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'An Unqualified Success':

'Your Money's Worth' Goes Over Big With Customers of Citizens & Southern

A SALES promotion aimed at building core deposits at Citizens & Southern National of Georgia has been termed an unqualified success by bank officials.

The ongoing program is system-wide and is called "Your Money's Worth." The program consists of four "discounts" on basic banking services, all offered to any customer with a C&S personal checking account.

The components of the program are a 10% discount on the cost of new installment loans established on an automatic payment transfer basis and maturing in 36 months or less; \$5 off the first year's rental of any available safe deposit box; \$5 added to a newly opened or converted automatic transfer savings account; and unlimited travelers checks at no bank fee.

The cost for these "discounts" is the normal checking account service charge.

Major emphasis is placed on benefits for existing customers, so that every person entering the bank can be approached with a selling effort.

What the bank wanted to do was cross-sell installment loans, automatic transfer savings accounts and safe deposit boxes to present and future checking account customers through a program offering tangible benefits to checking customers and strong incentive to non-checking customers to open checking accounts.

Other objectives were to build toward the EFTS world by encouraging automatic debits and transfers and to provide an aggressive competitive sales approach for employees to use.

Initial goals were to increase by 10% the number of checking accounts opened and decrease the number closed by 5%.

The program was publicized by a statewide campaign in the mass media—TV, radio, newspaper and outdoor billboards. In addition, letters were mailed to every existing checking account customer to inform them of the new program and to make certain they understood that the benefits would not be exclusively for new customers.

A determined effort was made to keep the initial advertising simple and uncluttered so the consumer would not be unsure as to what the program was all about or confuse it with a package plan.

Intense competition sprang up among

the bank's various offices when contests were begun to see which staff members could bring in the most new business. Branches were festooned with large banners and employees were given t-shirts inscribed with "Get Your Money's Worth at C&S" that were worn on special days. On these days, impromptu parties were held for customers in bank lobbies and employees offered drive-in customers free windshield washes in

order to cross sell bank services.

After seven months of the program, the monthly average of new checking accounts opened had increased from 4,900 to 7,500—up 53%. The number of accounts closed decreased from a monthly average of 7,100 to 6,300; installment loans increased more than 40%. Dollar volume in the loans increased 43% and loans on automatic debit jumped from 14% to 49%. A 93% increase was posted for savings accounts with automatic transfer, and safe deposit rentals increased 5%.

The program received national recognition from the Consumer Bankers Association, which judged it to be an "excellent example of consumer-oriented advertising presenting a good bank image." •••

Financial Institution Money Orders Mean Extra Income, Say Banker-Users

MONEY ORDERS—the fifth-most popular banking service—also can be the least profitable. Why? Because of bookkeeping overhead, costs of forms and storage space, losses in stolen and raised money orders. In addition, selling and filling out the forms take a lot of bank tellers' time and cause irritation on the part of other customers waiting in lines behind the money order purchasers.

However, American Express Co. has come up with what it calls the Financial Institution Money Order (FIMO), which is designed to lift the processing, handling, reconciling, proofing, encoding, filing and storage chores from banks that offer these money orders. American Express also handles the tracing of fraudulent encashment and raised amounts of the FIMOs.

When using FIMOs, banks merely have to imprint the amount on the money order, record the transaction and collect the money and fee. According to American Express, the entire transaction takes less than a minute. Banks offering FIMOs send weekly reports on their sales to American Express.

When a FIMO is lost, the teller at the issuing bank simply gives the customer a special form to fill out and mail to American Express. In turn, American Express sends the refund or a second money order directly to the customer.

First National in St. Louis had just announced adoption of a FIMO program, and, earlier, Grand Avenue Bank, Kansas City, Fourth National, Wichita, and Southwestern Bank, Stafford, Tex.,

began offering FIMOs.

Banks subscribing to the FIMO program can set their own fees. As David M. Culver, vice president, First National, St. Louis, pointed out, banks can sell a great many FIMOs because each such sale takes little more time than the average deposit transaction, and this means nice profits on every FIMO handled.

"With face values up to \$1,000," continued Mr. Culver, "American Express money orders can be used in place of many cashier's checks. Some banks convert as much as 90% of their checks to FIMO, benefiting from reduced exposure, savings on teller time and overhead and the immediate profits obtained from fee income.

"Studies also have shown that banks using FIMO continue to have a float equal to, or better than, the float produced by their original money order systems. A seven-day float is average."

Mr. Culver pointed out that banks using FIMOs won't lose their money order identity because each bank's name is imprinted on its money orders for local identification. He added that with the worldwide acceptability provided by American Express, which he described as "the world's best-known financial service institution," bank customers have *double* assurance that their money orders will be accepted anywhere—at home or abroad.

Southwestern Bank of Stafford, Tex., said that, although the bank has been on the program only a short time, it already has helped its operation in cost

and convenience. The bank added that its own money orders are being phased out, and customers are readily accepting the change.

Another FIMO bank—American National, St. Paul—reported that, during the past few months, it has derived a sizeable increase in income from the new program in comparison with its own program, which has been eliminated. The St. Paul bank also found that using the FIMOs has reduced considerably the amount of time spent in the operations and accounting areas.

The FIMO program is a complete marketing package, including many promotional and advertising materials: mail and rack literature, newspaper ads, radio commercials, counter cards and decals. Some of this material can be personalized with a bank's name. All are furnished free. • •

■ C. R. ANTHONY, chairman, Citizens National, Oklahoma City, has retired. He remains on the board as honorary chairman and is succeeded by Myron W. Horton, who retains the title of CEO. Jack R. Foster has been elected president. John C. Booth has been named assistant trust officer, replacing Lynn Adams, vice president and trust officer, who has retired but remains a director.

Card/Guard Laminator Is Compact; Makes Pocket-Sized 'Reminders'

LOOKING for a way to provide a service for your bank's customers and supply them with a reminder about your institution they will see many times yearly? Many institutions are using the Card/Guard laminator, marketed by Jackson-Hirsh, Inc., Deerfield, Ill.

What the telephone-size machine does is seal a drivers license, luggage tag or other pocket-size card within a protective "pouch" of clear polyester.

H. C. Gunner, senior vice president, State National, Evanston, Ill., reports his bank has been using the device for three years. The machine serves to laminate employee identification cards, "preferred" customer ID cards (for consumer loan department purposes) and for laminating special ID cards in the personal banking area.

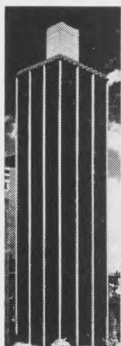
McHenry (Ill.) State originally began using the Card/Guard laminator about 2½ years ago for laminating ID cards at the McHenry Trade Fair. That bank has continued using the machine as a free service to customers, laminating their bank ID cards, which contain



This is the Card/Guard laminator, marketed by Jackson-Hirsh, Inc., Deerfield, Ill. In use in over 300 banks, S&Ls across the nation, machine weighs six pounds, warms up in two minutes and takes 17 seconds to seal wallet-size card in transparent "pouch" of polyester.

the consumer's name, signature and checking account number. Other uses for the machine have been a free laminating service for driver's licenses and social security cards. A bank official also reports that children come in to laminate their school bus passes, a pro-

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cess that keeps the paper cards in good condition throughout the year.

James F. Herber, senior vice president, First National, Lake Forest, Ill., has reported a great amount of success with the laminator during the past two years. Customers of that bank who purchase travelers checks receive a free luggage tag with the customer's name on one side and the first National logo on the other. Last spring, Mr. Herber said, a number of students from a local school were issued 100 tags prior to a trip abroad.

Paradise Tours, Inc., a subsidiary of First National, Mt. Prospect, Ill., is located in a low visibility area—an isolated arm of the shopping center in which the bank is located. The travel subsidiary had little walk-in traffic and needed to broadcast its message. A solution was found in the form of the local Welcome Wagon. Four-color luggage tag inserts were prepared with the firm's logo on the back. An accompanying Welcome Wagon card invited the newcomer to stop in for two free luggage tags.

Audrey Raasch, the firm's vice president, reports that daily traffic has been established since using the Welcome Wagon and newcomers now are being reached before they're able to establish

connections elsewhere. Furthermore, the travel subsidiary uses the returned cards for a mailing list for tour announcements and travel specials.

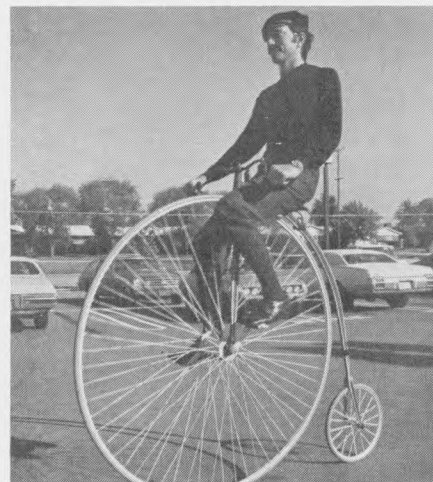
Jack Holloway, marketing director, DeKalb (Ill.) Bank, took the Card/Guard laminator to an auto show as part of a marketing plan for a new type of auto loan. Two people in the bank's booth spent the entire time at the show laminating Illinois driver's licenses, while another pair spoke to prospects about auto loans. When the laminating process was completed, the license was slipped into a brochure explaining the bank's new loan and then was handed to its owner. • •

Uneasy Rider:

Restored High-Wheel Bike Is Bank's Ad Symbol

Motorists in Tulsa must have been surprised recently to see a mustachioed, Gay-Nineties-style "gent" riding a high-wheeled bicycle through traffic. It wasn't a mirage, but part of an ad campaign by City Bank.

A capped and costumed Bill Caswell guided the 1885 Overman Victor light roadster—as the bike is called—through Tulsa to call attention to City



This is 1885 high-wheeler bicycle currently in use as focal point for billboard, newspaper and TV ads for City Bank, Tulsa. Theme of campaign stressing friendly, personalized service is "We Take the Time."

Bank's "We Take the Time" ad promotion, which stresses friendly and personalized service.

The two-wheeler, which places its rider's head eight feet above the pavement, is seen in the bank's billboard, newspaper and TV advertising.

Mr. Caswell is with the Brothers Co., ad firm for City Bank. He found the high wheeler as a broken-down \$85 relic in a Dallas junk shop. After months of restoration work and searching for hard-to-find parts, he had the ancient bicycle in like-new condition.

What's it like to ride the contraption? Mr. Caswell says the front wheel covers 15 feet of ground for each revolution, adding, "The semblance of a braking mechanism on it is puny—you stop by backpedaling—and on steep grades, the bike is capable of blistering speed and corresponding hurt."

Historic Architecture:

Bank Staffer's Drawings Are Popular Premiums

Roger Morris is an assistant cashier at Peoples Bank, Marion, Ky., who has been an artist for many of his 28 years.

His work is good enough to hang in the Sloan-Kettering Medical Institute at New York's Cornell University and at First National, Minneapolis—not to mention a Christmas card he designed in 1968 that was distributed throughout the U. S. and Europe. Therefore, Peoples Bank officials thought a set of his prints might make a good premium.

As part of its bicentennial celebration, the bank has offered prints of four of Mr. Morris' pen-and-ink drawings of historic architecture from the Marion area. Customers making deposits of \$100 receive the set, while prints also are available for \$10 per set.

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LBA Junior Bankers Rendezvous in Baton Rouge For Annual Convention

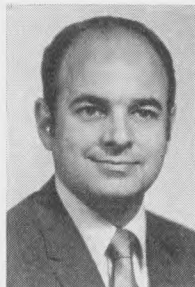
BATON ROUGE—The Louisiana Bankers Association Junior Bankers convention-study conference will be held March 18-20 at the Bellemont Motor Hotel. Registration for the event will take place from 4 to 6 p.m. March 18 and will resume at 8:30 the next morning.

Featured guest speakers during the three-day conference-convention will be Jack R. Crigger, executive vice president—national correspondent division, American National, Chattanooga. His topic will be "An Ocean of 'Cs.'" Covering aspects of interviewing a loan applicant will be T. Joseph Semrod, president, Liberty National, Oklahoma City, while Frank K. Spinner, senior vice president—bond department, First National in St. Louis, will speak on investment portfolio management.

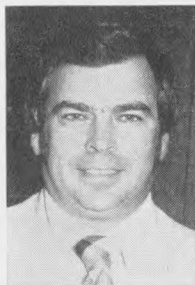
Other topics to be covered during



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the events include "Behavioral Currency in a Stroke Economy," "Kidnapping, Executive Style," "National Accounts—Care and Feeding" and agricultural lending.

After dinner on March 19, a "Riverboat Gambling Party" will be held, beginning at 7:30, while a highlight of the evening of March 20 will be the presidents' banquet. The 7:30 banquet will be preceded by a social hour.

Officers of the LBA Junior Bankers are: Ray H. McElveen Jr., vice president and commercial loan officer, First Guaranty Bank, Amite—president; Jerry A. Fielder, vice president and trust officer, Louisiana Bank, Shreveport—vice president; Harold E. Edwards, assistant

cashier, National Bank of Bossier City—treasurer; and Donald L. Bordelon, vice president, Guaranty Bank, Alexandria—secretary.

For Community Bankers:

How To Introduce Service Is Topic of BMA Kit

The Bank Marketing Association, Chicago, has released a new kit for community bankers, "How To Introduce a New Service."

Authored by Louis R. F. Preysz III, marketing and personnel officer, Security First National, Sheboygan, Wis., the kit spells out, in a step-by-step approach, the best techniques for getting a new service introduction "off the ground."

A 24-page illustrated workbook is the package's major component. The workbook covers such topics as setting a workable budget, selecting the most effective media and preparing the bank's staff for the introduction.

Also included are a suggested timetable for the introduction and a planning worksheet. Case studies of successful service introductions are featured in the workbook's latter pages, along with reprints from books and publications on the subject.

A bibliography of books, films and cassette tapes is included.

Initial copies of the BMA's "How To Introduce a New Service" kit are available free to BMA members only. Additional kits may be purchased by members for \$10 each. For more information, write: Community Bank Division, Bank Marketing Association Headquarters, 309 West Washington Street, Chicago, IL 60606.

Dual Control

(Continued from page 26)

(vault cash).

The total exposure of the amount of cash within the bank should be held to a practical limit. This minimum will vary with the size of the bank, according to its deposits, the needs of its customers and other variables particular to the bank itself.

Although burglary and internal theft involve indirect exposure of the total cash on hand in the bank, holdup risks usually are limited by the amount of direct exposure. Therefore, maintain minimum levels of cash in the tellers' cages and minimum direct monetary exposure, but be able to accommodate the needs of customers at a particular level. • •

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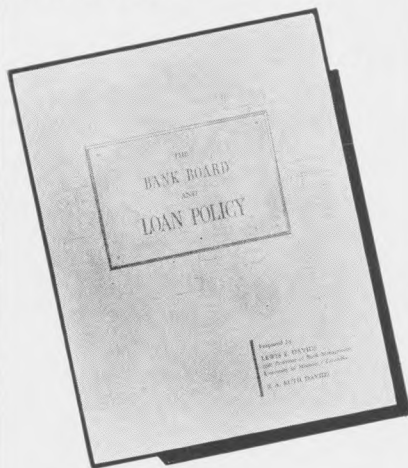


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The BANK BOARD Letter

408 Olive St., Suite 505
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Written Loan Policies

(Continued from page 34)

cumbent on lending officers to establish a sound basis for their activities.

The primary motivation for high quality in our system must come from the bankers. Regulators can only encourage and prod careful and reasonable credit extensions—they cannot make an actual credit judgment for a bank. Regulations can help focus attention on systems and procedures, but they cannot substitute for sound judgment on the part of a banker. My brief experience with bankers has demonstrated that these qualities vastly predominate and that the nation can continue to rely on the banking system to perform its essential function in a sound, efficient manner. It would help in this quest if we could all stop worrying about "confidence" and pay attention to what we do best. • •

Most U. S. Banks

(Continued from page 35)

two banks have failed (Bank of Bloomfield, a \$26-million-deposit bank in New Jersey, and Bank of Woodmoor, a \$5-million-deposit bank in Colorado—the deposits of which were, in both cases, immediately assumed, with FDIC assistance, by other sound banks). These changes result in an FDIC problem bank list as of the date of the Wille letter of 359 FDIC-insured banks, categorized as follows: 29 "serious problem—potential payoff"; 92 "serious problem" and 238 "other problem." All but two of these 359 banks are commercial banks. The two exceptions are very small mutual savings banks.

Although the above figures, said Mr. Wille, indicate an increase in each category since last June 30, the FDIC's current tabulation reflects, in the vast majority of cases, the results of examinations completed during the first 10 months of 1975, when the recession's impact on many bank borrowers was obvious, but the impact of a reviving economy was not. He believes this lag behind current economic developments probably will continue for the next few months, but the improving economy should thereafter be reflected in the evaluation of many bank credits.

He also pointed out that the major category of increase has been in the FDIC's least-severe problem-bank category and emphasized that no bank with \$1 billion or more in deposits currently is included in either of the FDIC's serious-problem categories.

Chairman Wille outlined how the FDIC works with the Fed and the Comptroller to exchange information about banks that only one agency is examining regularly:

1. The FDIC regularly reviews completed reports of examination for all national banks and all state member banks over \$100 million in size, as well as reports of examination of all national and state member banks that the FDIC understands are receiving special supervision from the Comptroller or the Fed.

2. In addition to reports of examination of banks described in No. 1 above, the FDIC currently reviews, at least once every three years, the most recent report of examination prepared by one of the other agencies on all other national and state member banks of less than \$100 million in size.

3. If, on review in accordance with the FDIC's own criteria, the corporation believes a national bank or state member bank should be listed on the FDIC problem-bank list, an FDIC-prepared "problem-bank memorandum" summarizing the information available to it is transmitted to the Comptroller or the Fed, as the case may be.

4. The FDIC transmits quarterly to the other two agencies, respectively, listings of those national and state member banks that appear on the FDIC's problem-bank list.

5. On request, the FDIC supplies to the Comptroller its reports of examination of state nonmember banks. These are, from time to time, needed by the other agencies for a more complete analysis of bank HC systems or other banking relationships that affect banks under their respective jurisdictions.

6. In addition, there are frequent contacts among the three agencies at all levels concerning developments in particular cases, with the incidence of inter-agency discussion and exchange of information varying in direct proportion to the seriousness of the problem.

Mr. Wille closed his letter to Senator Proxmire by noting that 97½% of all insured banks in the country are not considered "problem banks" by the FDIC. He also stated his firm belief that "while a relatively small number of FDIC-insured banks obviously have problems, the overall health of the nation's banking system is sound and likely to improve considerably as the economy works its way out of our recent recession." • •

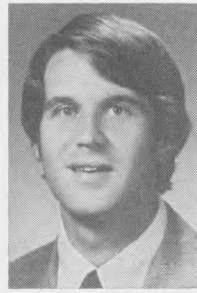
■ KAREN R. BOND has joined First National, Santa Fe, as a branch officer. Her responsibilities include staff training and operations management functions. She formerly was a banker in Phoenix.



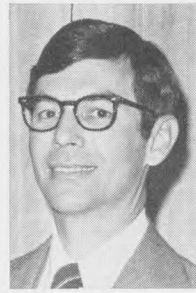
HARPER



BURNHAM



ALFORD



HUGHES

Miss. Young Bankers To Study State's Economy During Annual Convention

Mississippi Young Bankers will hold their annual study conference March 10-11 at the University of Southern Mississippi, Hattiesburg, while their convention will take place March 12-13 in Biloxi. Convention headquarters will be the Hilton.

Joe H. Davis Sr., bank consultant from Memphis, will give the keynote address at the study conference, followed by a view of Mississippi's economy by Kenneth C. Wagner, director, Research and Development Center, Jackson.

Other key speech topics will be: loan policies, by Oscar C. Lindemann, chairman, Texas Bank, Dallas; "A Bank's Responsibility," with Horace Dunagan Jr., president, First State, Caruthersville, Mo.; and "Protections of the Banker and His Family," presented by Roy K. Moore, vice president and director of security, Deposit Guaranty National, Jackson, Miss.

The study conference's social highlights will be a cocktail party and dinner at the Hattiesburg Country Club, March 10 and a ladies' brunch and round-robin tennis match March 11. The conference will be concluded with a "Colonial Cookout and Hoedown" March 11, with entertainment by the Howlers country-music group and by impressionist Kurt Kilpatrick.

The first business session of the Young Bankers' convention in Biloxi March 12 will spotlight Gerald S. Touger's look at "Practical Auditing for the Community Bank." Mr. Touger is vice president and general auditor, Central Bankshares of the South, Inc., Birmingham. He will be followed by J. Milton Wood of the IBM Corp. finance industry marketing division, Princeton, N. J., who will discuss "Retail Banking-EFTS Environment."

Registration will begin at the Biloxi Hilton at 1 p.m. A 6:30 "Biloxi Tea Party" will kick off the evening's fare, followed by the "Seafood Massacre," with after-dinner dancing to the music

of the Crazy Kats. The buffet-style dinner is set for 7:30.

March 13, the convention's final day, will be filled with a variety of business sessions and meetings, while a number of diversions are scheduled. "Betsy's Brunch and Craft Show" will begin at 9:30 and will include a brunch and a display of hand-made products by the Gulf Coast Crafts Guild. Tennis and golf will be offered throughout the day, and will be topped off by a 6:30 cocktail party and a 7:30 banquet fea-

turing the Four Freshmen singing group. After dinner, there will be dancing to the Crazy Kats' music.

Young Bankers' officers are: Bobby Harper, executive vice president, National Bank of Commerce of Mississippi, Columbus—president; Cecil R. Burnham, executive vice president, Truckers Exchange Bank, Crystal Springs—vice president; Glynn Hughes, president, South Central Bank, Monticello—treasurer; and James L. Alford Jr., vice president, First National, Jackson—secretary.

St. Louis Union Tr. Elects Dir.

ST. LOUIS—Robert Hyland, regional vice president, CBS Radio, has been elected a director of St. Louis Union Trust.

Mr. Hyland began his broadcast career in 1941 and joined KMOX Radio here in 1951 as national sales manager. He advanced to his present position in 1973.

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Board Room News

Promotions • Elections • Appointments • Retirements

Haizlip, Sims, Whitsitt, Kehoe Named in Management Changes By First Tenn. Nat'l Corp.

MEMPHIS—First Tennessee National Corp. and its principal affiliate, First National, have announced a number of top-management changes.

Henry H. Haizlip Jr. and Joseph Sims were named vice chairmen of the HC, while Cullen Kehoe succeeds Mr. Haizlip as First Tennessee president. Mr. Kehoe remains as bank president.

Mr. Sims also was named vice chairman at First National, as was John Whitsitt. Continuing as bank chairman is W. W. Mitchell, while Ronald Terry remains chairman and CEO at the HC.

Mr. Haizlip continues in general management activities and as chairman and managing trustee of First Memphis Realty Trust, an HC affiliate. He joined the bank 40 years ago and has experience in audit, commercial and mortgage lending and credit administration.

Mr. Sims manages administration at the HC and has assumed additional responsibility for investment and trust activities. He has a 21-year background in administration, operations and trust and had been First Tennessee's administrative vice president since 1973.

President of First National since 1971, Mr. Kehoe joined the bank 21

years ago. He has served in the corporate, international and retail departments and currently manages the banking groups serving commercial and retail customers throughout Tennessee.

Mr. Whitsitt continues as credit policy committee chairman at the HC, a post he has held since 1973. He has 30 years' experience in the commercial loan, commodity and international areas of First Tennessee.



STRAUB



DIERKS

Louis Straub To Retire; Dierks Named Successor

ST. LOUIS—Louis E. Straub Jr., vice president and member of First National's regional banking team, will retire March 31. He will be succeeded in the Arkansas and Mississippi areas by David A. Dierks, assistant vice president.

Mr. Straub joined the bank in 1929 and advanced to assistant cashier and was assigned to the correspondent division—now regional banking—in 1954. He was elevated to vice president in 1970.

Besides calling on banks in Arkansas and Mississippi, Mr. Dierks will continue to have responsibility for markets including Kansas and Kansas City. He joined the bank in 1971, going there from Ralston Purina's regional data processing office in Pittsburgh.

Callahan Heads New Division

ST. LOUIS—Richard E. Callahan, banking officer in Mercantile Trust's international banking department, has been appointed head of the newly established operations/customer relations division of that department.

The division has been created to better serve international customers as the department grows and develops.

Mr. Callahan has been with the bank since 1964 and was named banking officer in 1970.

Fulgham, Mason Scheduled To Exchange Posts

DALLAS—First International Bancshares, Inc., and its largest bank, First National, have announced the anticipated exchange of management posts by J. Rawles Fulgham Jr. and Elvis L. Mason. The exchange is scheduled to become effective April 19.

Mr. Fulgham, who currently is president, director and executive committee member at First National, will become vice chairman and executive committee member of the HC. Mr. Mason, First International's vice chairman and executive committee member, will become the bank's president and CEO, director and executive committee member.

Each man will remain on their present boards and executive committees after the proposed exchange. Mr. Fulgham has been First National's president since 1973, while Mr. Mason has been the HC's vice chairman since 1974.

In his new position, Mr. Fulgham will be responsible for planning and coordination of the other 22 HC subsidiary banks in Texas, while Mr. Mason will function as First National's CEO.



FULGHAM



MASON

Nick Poulos Leaves Tribune To Join 1st of Chicago

CHICAGO—Nick Poulos, financial columnist who formerly was financial editor of the *Tribune*, has been elected vice president in charge of press relations at First National.

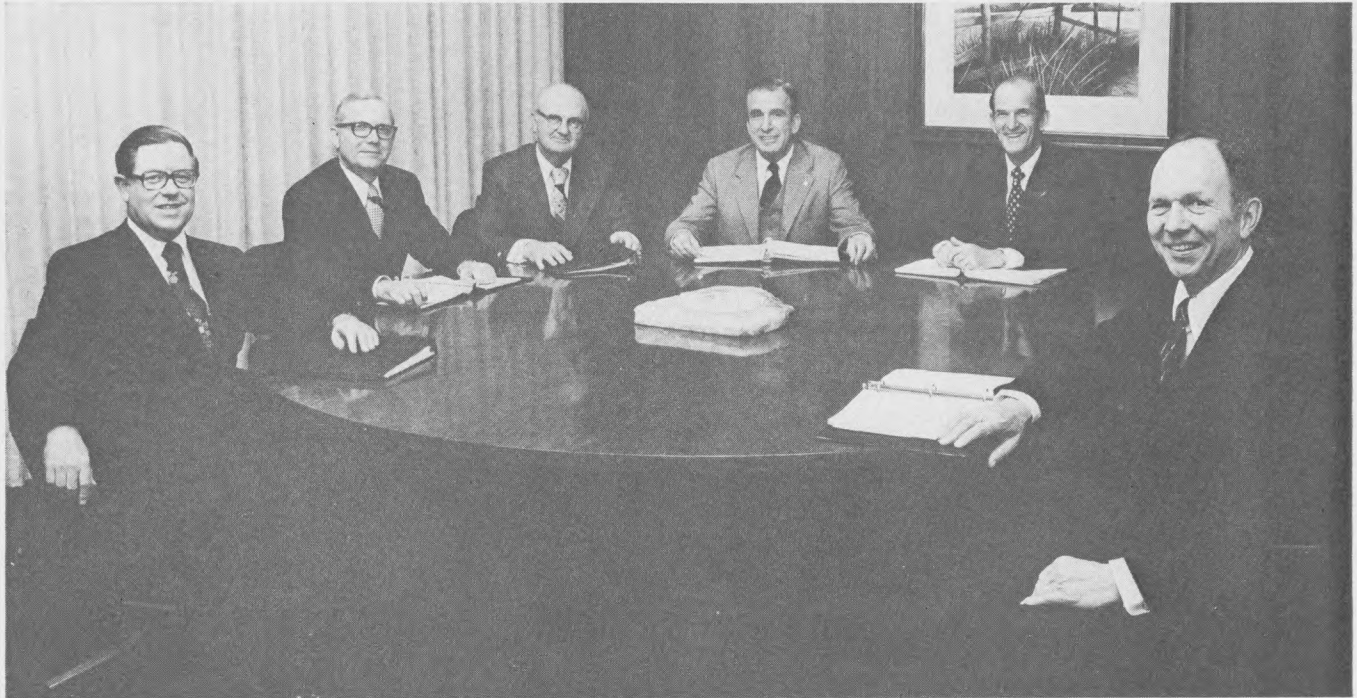
The newly created position is responsible for domestic and international press relations activities of the bank and its parent HC, First Chicago Corp.

Mr. Poulos joined the *Tribune* in 1952 and was named financial editor in 1969. He became a full-time financial columnist last year.



Ronald Terry (2nd from l.), ch. and CEO, First Tennessee Nat'l Corp., Memphis, and W. W. Mitchell (2nd from r.), ch., First Nat'l, Memphis, principal HC affiliate, join staff members of HC and bank for photo following staffers' promotions. From l. are Cullen Kehoe, new HC pres., who remains as bank pres.; Mr. Terry; John Whitsitt, HC credit policy ch., named bank v. ch.; Joseph Sims (seated), new HC and bank v. ch., continuing as HC administration mgr.; Mr. Mitchell; and Henry H. Haizlip Jr., new First Tennessee v. ch.

A Special Message to our Correspondent Bank Friends from the Management of Deposit Guaranty National Bank



Deposit Guaranty's Management Team: (left to right) Julian L. Clark, President & Chief Operating Officer; John P. Maloney, President, Deposit Guaranty Corp.; Charles R. Arrington, Chairman of the Executive Committee; Robert C. Garraway, Vice Chairman - Financial; Ray R. McCullen, Vice Chairman - Administration and President, City Bank, Natchez; and J. H. Hines, Chairman of the Board and Chief Executive Officer.

In spite of the generally depressed economic conditions which prevailed throughout most of 1975, we are pleased to report that Deposit Guaranty National Bank established an excellent record of performance for the year and is presently in the strongest financial position of its fifty year history.

Total assets at year end reached a record high of over \$891 million. Capital resources are in excess of \$69 million, giving Deposit Guaranty one of the strongest capital positions of any bank its size in the United States. A detailed

accounting of the bank's operating results for this past year will be set forth in our 1975 Annual Report to be published early in March.

As always, the resources and manpower of Deposit Guaranty are available to you for whatever services we can perform in your behalf. Whenever we can be of help, please contact our Correspondent Bank Department.



DEPOSIT GUARANTY NATIONAL BANK

Main Office:
Jackson, Mississippi; Grow with us, Member F.D.I.C.;
Branch Banks: Greenville Bank, Greenville, LeFlore Bank,
Greenwood; Mechanics Bank, McComb; City Bank & Trust Co.,
Natchez; Farmers Exchange Bank, Centreville; Monticello Bank,
Monticello; Newhebron Bank, Newhebron, and offices in
Clinton and Pearl.

Lyon Leaves Chase Manhattan To Become Valley Bank Pres.; Bradley Continues as CEO

PHOENIX—Roger A. Lyon will join Valley National of Arizona April 1 as president and chief administrative officer. Mr. Lyon, ABA treasurer, formerly was executive vice president, Chase Manhattan, New York City, and head of its institutional banking division.

In other action at VNB, Gilbert F. Bradley, who was president, CEO and chief administrative officer, has been named board chairman and CEO. James B. Mayer, formerly chairman, has been elected executive committee chairman and continues as a member of the bank's board.

Mr. Lyon joined Chase in 1950 and worked in correspondent banking, investments, lending and bank management before chairing an officer team that developed and implemented a reorganization of the bank's total domestic banking operations. A former head of the ABA's Correspondent Bank Division, he is author of the text, "Investment Portfolio Management for the Commercial Bank," and, for 12 years, lectured at regional and specialized banking schools.

Mr. Bradley, with VNB since 1937, became president in 1969. Mr. Mayer, a director since 1956, became chairman in 1972 and CEO in 1973. Late in 1975, he relinquished the CEO post to Mr. Bradley.

Domer, Beachly and Breidenthal Get KCK Bank Promotions

KANSAS CITY, KAN.—Security National has promoted R. R. Domer from executive vice president to assistant to the president; Ramey Beachly, from senior vice president to executive vice president; and R. J. Breidenthal Jr., from vice president to senior vice president.

In addition, Stanley Griffin, assistant vice president, has been transferred from electronic data processing to business and commercial loans, while Marie Delich has been named facility manager-SNB/West, and Pamala Grisnik has been promoted to facility manager-SNB/Victory.

Commercial Nat'l Names SVP

LITTLE ROCK—Commercial National has promoted Harold Hampton, installment loan department manager, to senior vice president.

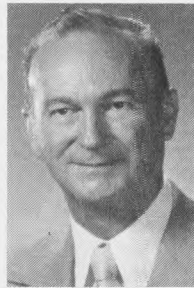
He has been in banking 19 years, the last eight of which have been with Commercial National.



MAYER



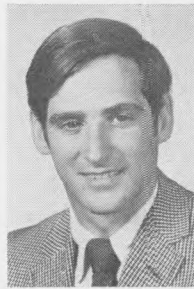
LYON



BRADLEY



DOMER



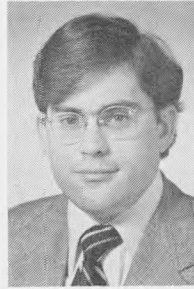
BREIDENTHAL



BEACHLY



HAMPTON



ACKERMANN

Grieve, Ackermann Are Named In Promotions at Boatmen's

ST. LOUIS—Allen J. Grieve has been named assistant vice president and Albert J. Ackermann Jr. has been elevated to correspondent banking officer at Boatmen's National.

Mr. Grieve joined the bank in 1971 and formerly was an assistant cashier, while Mr. Ackermann has been with Boatmen's since 1973.

Cyrus Ricketts, New Exec. VP, Leads United Mo. Promotions

KANSAS CITY—Cyrus E. Ricketts has been named executive vice president and corporate secretary at United Missouri Bank. He also serves as assist-

ant secretary, United Missouri Bancshares, Inc., the bank's affiliate HC.

Promoted to vice presidents were David D. Miller, who also is trust counsel; Malcolm M. (Mick) Aslin, also pension trust officer; and Daniel F. Fox.

Moriniere Named Senior VP At 1st City Nat'l, Houston

HOUSTON—John C. Moriniere, First City National's London Branch general manager, has been elected senior vice president. He joined the bank in 1972 and has been with the London Branch since last year.

Named vice presidents at First City National were J. V. Carr Jr., metropolitan department; Charles E. Dixon and George E. Grimes, real estate; Fred C. Hardy and John D. Parker, national; John B. Jones, international; and Steve Mallia, retail banking.

1st of OC Names Goff SVP; Four Others Are Promoted

OKLAHOMA CITY—Jerry L. Goff has been named senior vice president and trust officer at First National. He joined the bank in 1974 after seven years with First National, Norman, Okla.

Three men have been named vice presidents at First of Oklahoma City: Carl L. Shortt Jr., also named trust officer; James A. Claborn; and Peter E. Houghton, also named trust officer.

James L. Bush, vice president, has been elected energy lending division head, succeeding Greg Ireton, who has joined First National, Colorado Springs, Colo.

Mr. Shortt joined First of Oklahoma City in 1969; Mr. Claborn, in 1974; Mr. Houghton went to the institution from Thomson, McKinnon, Auchincloss, Kohlmeyer, Inc., New York City; and Mr. Bush formerly was with both Sohio Petroleum Corp. and Apco Oil Corp.

Nine Promotions Announced By Mercantile of Dallas

DALLAS—Mercantile National has announced the promotions of the following assistant vice presidents to vice presidents: William H. Chronister, Ben B. McAndrew Jr., Jack R. Davis and George F. Jones Jr., commercial banking division; Lonnie Diggs and J. G. Lindley, trust division; and Peter Bartholow, finance division.

In the corporate planning and marketing division, Peggy Richardson and Thomas Beaupre have been elevated to assistant vice presidents.

Four Nominated to Board Of Harris Bankcorp

CHICAGO—Four men have been nominated to the board of Harris Bankcorp: Theodore H. Roberts, HC executive vice president, secretary and treasurer; Charles M. Bliss and Kent W. Duncan, both HC executive vice presidents; and O. C. Davis, president, Peoples Gas Co.

Remick McDowell, retired executive committee chairman, Peoples Gas, has retired from the Harris Bankcorp board.

Election of the new directors is scheduled for the annual stockholder meeting March 10, when an increase in the number of directors from 18 to 21 will be considered.

Mr. Roberts joined Harris Bank, HC affiliate, in 1953; Mr. Bliss, in 1944; and Mr. Duncan, in 1936.

At Harris Bank, Rolland S. Carlson, vice president, has been named group executive in charge of metropolitan banking, succeeding George R. Slater, former senior vice president, who has joined Marine National Exchange Bank, Milwaukee, as president.

Succeeding Mr. Carlson as financial group division administrator at Harris Bank is James L. Roberts, vice president.

Trust department staffers Richard S. Stam and Robert Turpin have been promoted to vice presidents, while the following have been named assistant vice presidents: Jon H. Laubscher, banking department; and Robert J. Fridell, Clifford M. Lind and Robert L. Newman, all of the trust department.

Bayard Friedman Is Ch.; Jos. Grant Named Pres. At Fort Worth National

FORT WORTH—Bayard H. Friedman has been elected chairman and CEO at Fort Worth National, while Joseph M. Grant has been named president and a director. Mr. Friedman, the former president, succeeds Lewis H. Bond, who remains as chairman and CEO at the bank's HC, Texas American Bancshares.

Mr. Friedman had been president of the bank since 1972. He served as mayor of Fort Worth from 1963 to 1965 and had been a partner in the law firm that serves as Fort Worth National's legal counsel. Mr. Friedman joined the bank as senior vice president in 1965 and was named executive vice president in 1971. He currently serves as vice chairman of the bank's HC.

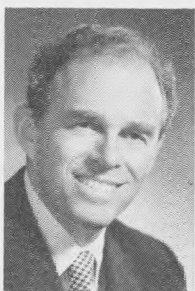
Mr. Grant's banking career began with First National City Bank, New York City. He then served as senior



BLISS



DUNCAN



FRIEDMAN



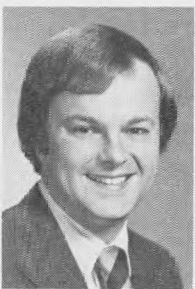
ROBERTS



GRANT



BOND



STAEDE



BERRY

vice president and economist at Texas Commerce Bank and its HC, Texas Commerce Bancshares, both of Houston. Prior to joining Fort Worth National, Mr. Grant was president and chief operating officer at Capital National, Austin.

Mr. Bond had served as the bank's president since 1959 and in a similar position at the HC since its formation as the old Fort Worth National Corp. in 1970. He joined Fort Worth National in 1952 as petroleum engineer.

New Bank Director Elected

FORT WORTH—Bill D. Serrault, division manager of Southwestern Bell here, who has been an advisory director of First National since 1961, has been

elevated to director.

The bank also announced that its capital stock has been increased to \$20 million, the additional amount being transferred from undivided profits.

Tuohy Is V. Ch., Bindner Pres. At American Fletcher Corp.

INDIANAPOLIS—J. Joseph Tuohy has been promoted to vice chairman of American Fletcher Corp. Succeeding him as president is Harry L. Bindner, formerly executive vice president.

Mr. Tuohy joined the affiliate bank, American Fletcher National, in 1961 after serving as investment counselor with Scudder, Stevens & Clark, an investment counseling firm. He advanced to bank president in 1970 and to vice chairman in 1972. Mr. Tuohy was named HC vice president at its 1968 formation, ascending to the presidency in 1971.

Mr. Bindner, who is the bank's president, joined Fidelity Bank, an AFNB predecessor, in 1936. He advanced through the ranks and was elected president in 1974. Mr. Bindner was named HC vice president in 1971 and was promoted to executive vice president last year.

Former McClellan Aide Gets Post At Union Nat'l of Little Rock

LITTLE ROCK—Union National has announced the appointments of Paul C. Berry as vice president-public affairs and Mike Bowers as assistant vice president in the corporate division's national accounts department. In addition, the bank has promoted Bill Staed from assistant vice president to vice president and Judith Brown Boyd to assistant vice president.

Mr. Berry formerly was special assistant to Senator John McClellan (D., Ark.). He spent five years with the senator, directing the management operation of his Little Rock office and serving as the senator's liaison with the Arkansas General Assembly and state and local agencies. Mr. Berry also worked with numerous communities and rural areas on public works projects.

Mr. Staed, with the bank since 1971, is in the commercial loan department. Mrs. Boyd joined Union National in 1972 and has been associated primarily with the money market center. Among her duties as assistant investment officer has been the handling of correspondent banks' investment requests. Mr. Bowers comes from Memphis, where he was with Union Planters Corp. and, before that, with First of Memphis' international finance department.

**House Appointed Corr. Mgr.
At Texas Bank of Dallas**

DALLAS—Rex B. House Jr., vice president, has been named manager of correspondent banking and southwestern accounts at Texas Bank.

Mr. House has 28 years' banking experience, 13 of which have been with Texas Bank's correspondent department.



HOUSE



FRANCIS

**Darryl Francis Retires
From St. Louis Fed;
Monetarist Advocate**

ST. LOUIS—Darryl R. Francis took special service retirement as president, Federal Reserve here, March 1 under provisions of the Fed's retirement system. He had held the post since 1966.

Mr. Francis joined the St. Louis Fed in 1944 as agricultural economist and, in 1949, became vice president, National Bank of Commerce, Memphis. Later, he joined Boatmen's National, St. Louis, also as vice president. Mr. Francis rejoined the St. Louis Fed in 1953 as a vice president, became manager of the Memphis Branch in 1954 and, in 1959, returned to St. Louis as first vice president.

Mr. Francis' career also includes having been a research assistant with the department of agricultural economics at the University of Missouri-Columbia, from which he was graduated in 1936. In 1975, he received the university's Distinguished Alumni Award.

During his career with the St. Louis Fed, Mr. Francis earned national fame as a strong advocate of the monetarist theory of economics, that is, that the money supply, which is controlled by the Federal Reserve System, is an important determinant of economic growth and rate of inflation. Because he often opposed the Fed's monetary policy, which he helped to formulate, and because of viewpoints expressed by other St. Louis Fed economists, the bank here became known as a "maverick" in the FRS.

However, the St. Louis Fed's advocacy of the monetarist theory was,

in part, responsible for the Federal Reserve System modifying the method by which it sets policy goals to include targets for the rate of increase in the money supply in addition to targets for interest rates.

**Mitchelson Joins United Missouri
As Bank, HC Executive Vice Pres.**

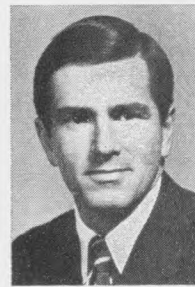
KANSAS CITY—G. Lynn Mitchelson has joined United Missouri Bancshares, Inc., and its lead bank, United Missouri Bank of Kansas City, as executive vice president. He also has been elected to the HC's board.

Mr. Mitchelson comes from Traders National here, where he was first executive vice president and chief administrative officer and a director. In his new posts, he has principal responsibilities in loan administration and management, working closely with the chairman and vice chairman.

Mr. Mitchelson's career has included nine years with First National of Kansas City, where he rose to senior vice president.



BINFORD



MITCHELSON

**Risk Resigns at Indiana Nat'l;
Binford Named Chairman, CEO**

INDIANAPOLIS—J. Fred Risk has resigned as chairman and CEO of Indiana National Corp. and its principal subsidiary, Indiana National. He had held those positions since 1971 and left "to devote more time to his outside business interests."

Succeeding him is Thomas W. Binford, HC and bank director. Mr. Binford also is president, Heritage Management, Inc., a management consulting firm, and is acting president of DePauw University, Greencastle, Ind.

Robert A. Efrogmson, also an HC and bank director, has been named HC executive committee chairman. Mr. Efrogmson has several business interests.

**Bradshaw, Brown and Foster
Are VPs at 1st of KC**

KANSAS CITY—Trust officers Clark C. Bradshaw, Jack G. Brown and Thomas A. Foster have been elected vice presidents at First National.



FOSTER

BROWN

BRADSHAW

Mr. Bradshaw joined the bank in 1969 and has responsibilities in the probate section, while Mr. Brown, who has been with First National since 1971, coordinates trust marketing. Mr. Foster joined the bank in 1970 and is in charge of trust business development, working with affiliate banks of the HC, First National Charter Corp.

**Chick Elected Vice President
At Citizens Fidelity**

LOUISVILLE—David B. Chick, formerly assistant vice president and money desk manager at Citizens Fidelity Bank, has been promoted to vice president, financial planning. He joined the bank in 1970 and was named money desk manager last year.

The bank and its HC, Citizens Fidelity Corp., has elected two directors, Robert L. Royer, vice president of operations, Louisville Gas & Electric, and John C. Seiler, president and CEO, Stewart Dry Goods Co. In addition, Kenneth H. Williams, retiring chairman, Stewart Dry Goods Co., and a bank director since 1961, will serve both the HC and bank boards in an advisory capacity.

Nat'l Boulevard Elevates 3

CHICAGO—National Boulevard Bank has promoted William E. Mikuliza, comptroller and assistant secretary, to the additional office of vice president, while Jack F. Kroeger has been elevated from assistant vice president to vice president. Mara L. Tomsons has been named an assistant vice president. She formerly was an operations officer.



KROEGER



MIKULIZA



Consolidated Statement of Condition

ASSETS	December 31, 1975
Cash and Due from Banks.....	\$ 709,106,539
Time Deposits in Other Banks.....	309,375,900
Federal Funds Sold and Securities Purchased under Agreement to Resell.....	332,528,125
Investment Securities:	
U.S. Treasury Securities.....	257,862,557
State and Municipal Securities.....	357,741,278
Other Securities.....	5,749,562
Trading Account Securities.....	157,907,435
Loans, net of Unearned Discount.....	1,807,237,945
Less: Reserve for Possible Loan Losses.....	(25,539,364)
Direct Lease Financing.....	57,956,353
Customers Acceptance Liability.....	29,778,876
Bank Premises and Equipment.....	87,503,045
Other Assets.....	66,037,747
Total Assets.....	<u>\$4,153,245,998</u>
LIABILITIES	
Demand Deposits.....	\$1,232,784,607
Savings Deposits and Certificates.....	654,660,023
Other Time Deposits.....	862,437,384
Deposits in Foreign Offices.....	438,698,644
Total Deposits.....	<u>\$3,188,580,658</u>
Federal Funds Purchased and Other Short Term Borrowings.....	562,841,325
Acceptances Outstanding.....	29,814,155
Accrued Interest, Taxes and Other Expenses.....	57,287,171
Mortgage Payable.....	3,689,738
Other Liabilities.....	42,904,124
Total Liabilities.....	<u>\$3,885,117,171</u>
EQUITY CAPITAL	
Capital Stock (\$16 Par Value) Authorized and Outstanding 3,137,815 shares.....	\$ 50,205,040
Surplus.....	83,921,460
Surplus Arising from Assumption of Convertible Capital Notes by Parent Company.....	24,058,400
Undivided Profits.....	109,943,927
Equity Capital.....	<u>\$ 268,128,827</u>
Total Liabilities and Equity Capital.....	<u>\$4,153,245,998</u>

DIRECTORS

WILLIAM F. MURRAY
Chairman of the Board

STANLEY G. HARRIS, JR.
Vice Chairman of the Board

CHALKLEY J. HAMBLETON
President

BENNETT ARCHAMBAULT
Chairman and President
Stewart-Warner Corporation

JOHN W. BAIRD
President
Baird & Warner, Inc.

JOSEPH A. BURNHAM
President and Chief
Executive Officer
Marshall Field & Company

JAMES W. BUTTON
Senior Executive Vice President—
Merchandising, and Director
Sears, Roebuck and Co.

SAMUEL S. GREELEY
President and Chief
Executive Officer
Masonite Corporation

ROBERT C. GUNNESS
Retired Vice Chairman of the Board
Standard Oil Company (Indiana)

HUNTINGTON HARRIS
Trustee
Estate of Norman W. Harris

DONALD P. KELLY
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Operating Officer
Esmark, Inc.

JOSEPH B. LANTERMAN
Chairman
AMSTED Industries Incorporated

REMICK McDOWELL
Retired Chairman of the
Executive Committee
Peoples Gas Company

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A. C. Nielsen Company

JAMES E. OLSON
President
Illinois Bell Telephone Co.

GEORGE A. RANNEY
Vice Chairman
Inland Steel Company

DANIEL C. SEARLE
Chief Executive Officer
G. D. Searle & Co.

MAYNARD P. VENEMA
Director and past Chairman
of the Board
UOP, Inc.

Harris Trust and Savings Bank

Wholly owned subsidiary of HARRIS BANKCORP, Inc.

MAIN BANKING PREMISES: 111 West Monroe Street, Chicago, Illinois 60690

OPERATIONS CENTER AND BANKING FACILITY: 311 West Monroe Street, Chicago, Illinois 60690

INVESTMENT DEPARTMENT REPRESENTATIVE OFFICES: New York; St. Louis; San Francisco

LONDON BRANCH: 48 Gresham Street, London, EC2V7AQ, England

INTERNATIONAL OFFICES: Mexico City; Nassau; São Paulo; Singapore

Harris Bank International Corporation: 77 Water Street, New York, N.Y. 10005

Harriscorp Leasing, Inc.: 111 West Monroe Street, Chicago, Illinois 60690

Wholly owned subsidiaries of HARRIS TRUST AND SAVINGS BANK

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It takes more than petroleum to fuel the world's energy capital.

Helping on many levels is First City National Bank.

Houston and the Texas Gulf Coast's leadership in the petroleum industry goes undisputed. And though it all began back in 1901 with the discovery of the famous Spindletop Oil Field near Beaumont, it has taken more than just oil to build the energy capital of the world.

Gulf Coast energy dominance is the product of a successful formula — a strong economic base, the right mixture of

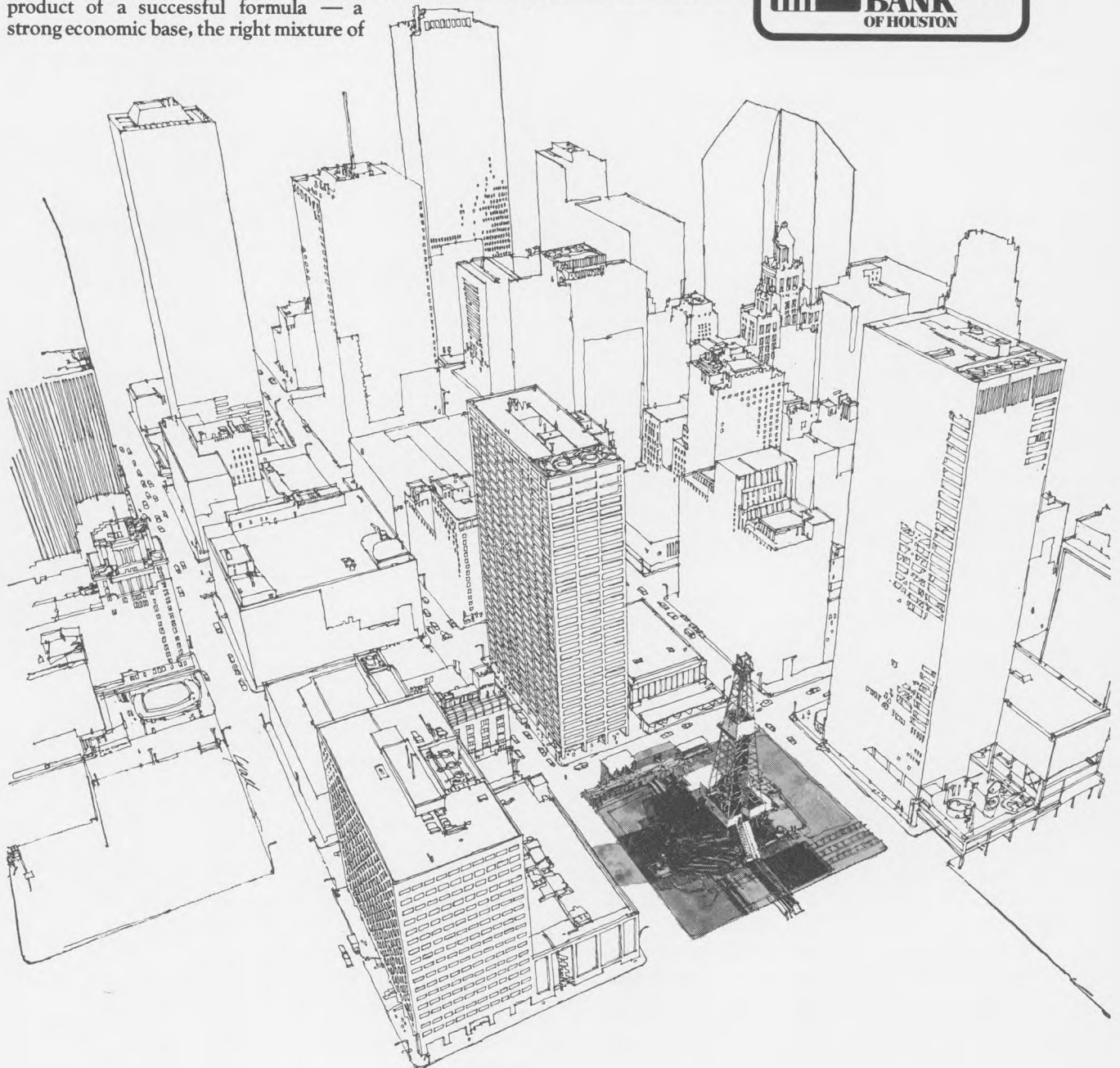
physical and human resources, a central national location, convenient port facilities and the availability of technical and scientific personnel and services.

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We're becoming involved with more and more industries every day. And we're proving to correspondents that more ser-

vice is the result of more experience. Understanding business as well as banking has helped us become . . .

A major financial strength behind Texas industry.



Central National of Chicago Gets New Financing Program, Top-Management Change

CHICAGO—Central National Chicago Corp., HC for Central National Bank, has announced a new financing program to replace one previously announced with a group of Chicago investors headed by Donald M. Graham. Mr. Graham retired three years ago as chairman, Continental Illinois Corp. and Continental Illinois National. The new financing program was arranged, according to a bank spokesman, when it became evident that the initial one could not be completed within the time available on a basis satisfactory to the parties involved.

The new program is designed to add \$10 million to capital funds and includes commitment of \$6 million of new capital funds by major shareholders. F. H. Prince & Co., Inc., and entities associated with the Regnery family have agreed to invest \$3 million each in debt or equity of the HC, subject to the bank's securing an additional \$4 million of subordinated capital debt. Negotiations are in progress with two major Chicago banks for that additional financing.

When completed, these actions will bring Central National's capital funds and reserves to \$42.7 million.

In other action, Chairman Frank E. Bauder and President Robert I. Logan have announced their decisions not to stand for reelection to the bank board at the annual shareholders' meeting in April. As a result, the board elected Joseph G. Lutz president and CEO of the HC and chairman, president and CEO of the bank. Mr. Bauder will continue as HC chairman.

Mr. Lutz joined the bank in 1973 after retiring as regional administrator of national banks, Seventh Region. He has been bank vice chairman the past two years.

Matthew King Retires

LOUISVILLE—Matthew W. King has retired as senior vice president in charge of the national division at Liberty National. A banker 50 years, Mr. King had been with Liberty 15 years.

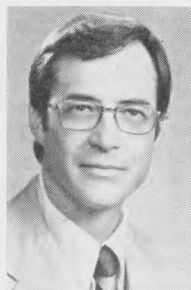
Poelker Elected VP, Comptroller At Mercantile Trust and HC

ST. LOUIS—John S. Poelker has been elected vice president and comptroller of Mercantile Trust and its affiliate HC, Mercantile Bancorp., Inc.

He joined the bank in 1972 as comptroller. Prior to that, he was with Peat, Marwick, Mitchell & Co. as manager, management consulting department.



KING



HEARD



POELKER

Heard Is New 1st of Tulsa VP; Other Elections Announced

TULSA—John L. Heard, trust officer at First National, has been elevated to vice president and trust officer. He joined the bank in 1974, going there from First National, Dallas.

Paul E. Kallenberger has been named assistant vice president and trust officer at First of Tulsa. He has been with the bank since 1966.

At the bank's parent HC, First Tulsa Bancorp., Inc., Dr. Donald L. Brawner, Herbert Gussman, James C. Lewis and A. P. (Pat) Martin have been elected directors.

Dr. Brawner is a surgeon; Mr. Gussman, an independent oil producer; Mr. Lewis, president and CEO, Braden Steel Corp.; and Mr. Martin is president, Okemah (Okla.) National.

Dudash and Stickel Are AVPs At First Nat'l in St. Louis

ST. LOUIS—John L. Dudash, marketing officer of First National, has been promoted to assistant vice president and Harry D. Stickel has joined the bank as assistant vice president, retail administration.

Mr. Dudash, formerly marketing director, Liberty Loan Corp., joined First National in 1974. Mr. Stickel formerly was Midwest area vice president for Liberty Loan and is a former vice president of Hampton Bank, St. Louis.

New Continental Bank Division

CHICAGO—Robert K. Miller, vice president, Continental Illinois National, has been named head of the quality assurance division.

The new division will emphasize customer awareness and coordinate activities involving customer feedback, analyses, performance standards, service delivery, training internal and external communications, procedures and policies.

Mr. Miller joined the bank in 1952 and advanced to vice president in 1973.

Deposit Guaranty Elevates Lenoir

JACKSON, MISS.—James S. Lenoir has been promoted to senior vice president at Deposit Guaranty National. He manages the metropolitan department of the corporate banking division.

Elmo M. Irby Jr., installment loan department manager, has been elevated to vice president from assistant vice president, while R. Mark Watkins has been named assistant vice president. Mr. Watkins manages proof and transit operations.

HC Earnings Reflect Mergers

DALLAS—First International Bancshares, HC whose lead bank is First National, reported a 13.2% increase in income before securities transactions for 1975. Earnings reflect the mergers of four banks during the year on a pooling of interests accounting basis. Total assets exceed \$6.3 billion.

Net income was \$52 million, or \$3.50 per share for 1974, and \$46 million, or \$3.09 per share, in 1974.

Texas American Reports Earnings

FORT WORTH—Texas American Bancshares has reported net income for 1975 of \$11.8 million, or \$2.87 per share, compared to \$12 million for 1974, or \$2.92 per share. The 1974 figures include a non-recurring gain accounting for 19¢ per share from the sale of land and subsidiary sales aggregating 32¢ per share.

Among the HC's subsidiaries is Fort Worth National.

First United's Earnings Up

FORT WORTH—Earnings increased 4.6% during 1975 at First United Bancorp., HC whose lead bank is First National, Fort Worth.

Net income for 1975 increased from \$7.7 million to \$8.2 million, a gain of 6.9%, from \$2.98 per share in 1974 to \$3.18 per share in 1975.

The HC also reported a \$49-million increase in deposits during the year, from \$749 million on December 31, 1974, to \$798 million at year-end 1975.

Record Earnings for Nortrust

CHICAGO—Nortrust Corp., parent holding company for Northern Trust, has reported record-level preliminary 1975 net operating earnings before security gains and losses of \$26.8 million (\$5.35 per share), up 6.6% over the \$25.1 million (\$5.02 per share) earned the previous year. After security gains and losses 1975 net income totaled \$26.3 million, or \$5.25 a share, compared with \$22.2 million, or \$4.43 a share, for 1974.

Total 1975 year-end deposits were \$2.8 billion, down from \$3 billion as of December 31, 1974, reflecting a decline in larger CDs, for which the bank had less need the past year, and some decrease in foreign office deposits.

HC Posts 15.3% Income Increase

DALLAS—Net income for Republic of Texas Corp. for 1975 was \$44 million, or \$4.01 per share, compared to \$38 million, or \$3.48 per share, in 1974, a 15.3% gain.

As of December 31, 1975, total consolidated assets stood at \$5.2 billion, compared to \$4.9 billion a year earlier. Consolidated deposits at year-end 1975 were \$3.9 billion, compared to \$3.6 billion at year-end 1974.

Kansas City HC Reports Earnings

KANSAS CITY—First National Charter Corp. has reported 1975 net income of \$10 million, or \$5.63 per share, compared with \$10.6 million, or \$5.84 per share, a year ago. The 1975 net income was 3.6% below the record level of 1974 and represents the second best annual earnings ever recorded by the HC.

Total net income for 1975 was helped by fourth-quarter earnings that were 11.8% higher than 1974 figures.

FABCO Announces Earnings

LITTLE ROCK—First Arkansas Bankstock Corp., HC controlling Worthen Bank, reported consolidated net income for 1975 of \$2.6 million, an increase of 23.1% from 1974 income of \$2.1 million. On a per-share basis, 1975 net income was \$2.50 compared to \$2.04 for 1974.

Total deposits rose 13.7%, from \$400 million in 1974 to \$455 million in 1975. Assets rose 12.8%, from \$482 million in 1974 to \$544 million in 1975.

Continental Earnings up 24.1%

CHICAGO—Continental Illinois Corp., parent of Continental Illinois National, announced record annual

earnings before security transactions of \$119 million, up 24.1% over 1974 figures. Per-share earnings before security transactions were \$6.84, compared with \$5.35 per share in 1974.

Net income for 1975 was \$113 million, up 17.9% over 1974's \$96 million. Net income per share was \$6.49 for 1975 and \$5.51 for 1974.

United Mo. Income Up

KANSAS CITY—United Missouri Bancshares became a \$1-billion company during 1975. Net income reached a new record, exceeding \$8 million.

Net income was up 2% over 1974 figures. This equaled a per-share gain of 8¢ to \$3.51 from the \$3.43 figure for 1974.

Total assets rose more than 13% to \$1.1 billion, up nearly \$122 million over 1974 figures.

Ancorp Announces Earnings

CHATTANOOGA—Ancorp Bancshares, parent of American National, Chattanooga, announced income before securities transactions for 1975 of \$3.3 million, a 43.8% increase over 1974 figures.

Net income after securities transactions was \$3.4 million, or \$2.27 per share, up from 1974 figures of \$2.3 million, or \$1.51 per share. Assets of the HC at year-end 1975 were \$474 million, up 6.2% over 1974.

Record Earnings at First Chicago

CHICAGO—First Chicago Corp., parent of First National, has reported record earnings for 1975 of \$108 million, or \$2.72 per share, compared to 1974 figures of \$105 million, or \$2.67 per share.

HC Reaches \$1 Billion in Assets

BIRMINGHAM—Central Bancshares of the South reached \$1 billion in total assets during the fourth quarter of 1975. Deposits for the HC reached record levels at \$887 million, an 8% increase over 1974 figures.

Net income was \$8.3 million, or \$1.25 per share, a decrease of 18% from 1974's \$10.1 million, or \$1.52 per share.

First Amtenn Reports Loss

NASHVILLE—First Amtenn Corp., HC whose lead bank is First American National, Nashville, has reported a consolidated loss of \$2.8 million, or 50¢ per share, for 1975. This compares with 1974 net income of \$6 million, or \$1.05 per share.

Total assets of the HC amounted to \$1.5 billion at year-end 1975.

Cullen Bankers Has Gain

HOUSTON—Cullen Bankers, Inc., HC controlling Citizens National, Dallas, and Cullen Center Bank, Houston, has reported net income for 1975 of \$1.9 million, or \$2.02 per share. This is a 46.1% gain in net income over 1974 figures.

Total assets at year-end 1975 were \$372 million, compared with \$337 million at year-end 1974.

Record Income Reported

CHICAGO—American National reported record net income for 1975. Income before securities transactions was \$11.8 million, up 4.3% from \$11.3 million in 1974.

Total assets stood at \$1.6 billion at year-end 1975, compared with \$1.5 billion at year-end 1974.

Ala. Bancorp. Assets Up

BIRMINGHAM—Alabama Bancorp., HC for First National, Birmingham, and other banks throughout Alabama, reported total assets at \$1.755 billion at year-end 1975, a 4.6% increase over 1974. Net income for 1975 totaled \$17.5 million, a 12.2% increase over year-earlier figures.

On a per-share basis, net income for 1975 was \$3.16, compared to \$2.81 for 1974, a 12.5% increase. To reflect a 5% stock dividend paid January 2, 1976, net income has been restated as \$3.01 per share for 1975 and \$2.68 per share for 1974.

BofA Net Income up 18%

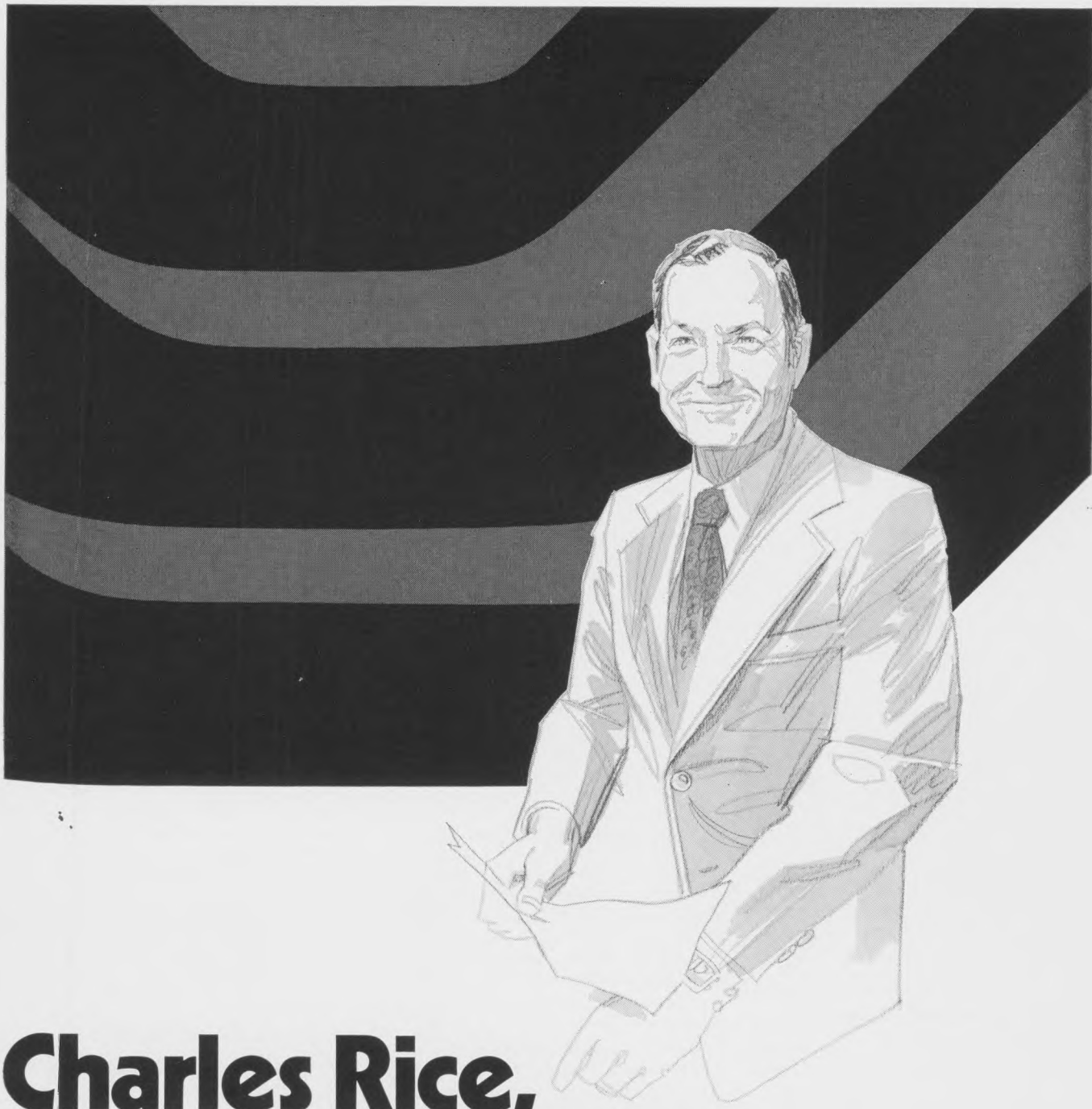
SAN FRANCISCO—Net income of BankAmerica Corp. for 1975 was \$303 million, or \$4.39 per share, representing an increase of 18% over the \$257 million, or \$3.72 per share, figures for 1974.

Consolidated assets of the HC totaled \$66.8 billion at year-end 1975, an increase of 11.8% over the \$59.7 billion figure at the end of 1974.

Mercantile HC Has 11% Increase

ST. LOUIS—Mercantile Bancorp., HC with 26 banks in Missouri, has reported consolidated net income for 1975 of \$22.8 million. Income for 1974 was \$20.6 million. On a per-share basis, this amounted to \$4 for 1975, an increase of 11.1% over the \$3.60 per share earned in 1974.

Total deposits in the HC's banks exceed \$2 billion for the first time. The previous high of \$1.9 billion was recorded at year-end 1974. The 1975 figure stands at \$2.1 billion, a gain of 7.7%.



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Correspondent Bankers



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NA

FrostBank Income Drops

SAN ANTONIO—Net income after security transactions for FrostBank Corp. totaled \$3.7 million, or \$1.84 per share. This compares with 1974 figures of \$5.8 million, or \$2.92 per share. The principal factor contributing to the difference was an increase in the transfer to the reserve for loan losses, according to the HC.

Year-end 1975 total deposits for the HC were \$683 million and assets stood at \$817 million.

Boatmen's Income Shows Gain

ST. LOUIS—Boatmen's Bancshares, HC whose lead bank is Boatmen's National, has reported consolidated income for 1975 of \$8.4 million, or \$4.41 per share, an increase of 13% over 1974 figures of \$7.4 million, or \$3.90 per share.

Total assets now stand at more than \$1 billion. Total deposits were \$822 million at year-end 1975.

Citizens Fidelity Posts Gain

LOUISVILLE—A 13.2% increase in per-share income before securities transactions for the year ended December 31, 1975, has been reported by Citizens Fidelity Corp., HC for Citizens Fidelity Bank.

Income before securities transactions rose to a record \$8.57 million, or \$4.30 per share, up from \$7.59 million, or \$3.80 per share, in 1974. Income after securities losses for the same period was \$8.42 million, or \$4.23 per share, up from \$7.3 million, or \$3.65 per share, a 15.9% increase per share.

Liberty Nat'l HC Shows Gain

OKLAHOMA CITY—Liberty National Corp., HC whose principal subsidiary is Liberty National Bank, has reported net income for 1975 of \$4.6 million, or \$5.57 per share, compared with \$4.3 million, or \$5.25 per share, for 1974.

Citicorp Reports New Highs

NEW YORK—Citicorp, HC controlling First National City Bank, has reported operating earnings after taxes for 1975 of \$348.2 million, up 11% from the \$313 million earned in 1974.

N.O.E. were \$2.81 per share in 1975, compared with \$2.55 per share for 1974, an increase of 10%. The comparable figure on a fully diluted basis was \$2.73, up 9% from the \$2.52 earned in 1974.

Capital accounts at First National

City Bank reached a new high of \$2.7 billion, an increase of \$474 million, up 21% from year-end 1974. This increase represents the largest dollar increase in capital from one year to the next in U. S. banking history, according to Citicorp.

First City Bancorp. Income Up

HOUSTON—First City Bancorp. of Texas has reported record income before securities transactions of \$3.11 per share for 1975, up 15.2% from \$2.70 for 1974. Operating income before securities transactions was \$28 million, up from last year's \$24 million.

Total assets as of December 31 were \$4.6 billion, compared with \$4 billion a year earlier. Total deposits at year-end were \$3.8 billion, a 10.6% gain over 1974 figures.

First Tulsa HC Income Declines

TULSA—Income for 1975 before net security gains declined 8.8% at First Tulsa Bancorp., HC controlling First National. Income was \$6.3 million, or \$3.78 per share. This compares with 1974 income before net security gains of \$7 million, or \$4.16 per share.

Consolidated assets at year-end 1975 stood at \$896 million, compared with \$868 million a year earlier.

First Alabama Reports Gain

MONTGOMERY—First Alabama Bancshares reported consolidated income before security gains for 1975 of \$2.68 per share, an increase of about 1% over the \$2.65 earnings during the previous year. Consolidated net income for 1975 was \$2.69, compared with \$2.67 in 1974.

Total corporate assets grew 7% over 1974 figures, reaching approximately \$1.2 billion. Total deposits were up 7%, reaching approximately \$1 billion.

Losses Reported in New Orleans

NEW ORLEANS—First Commerce Corp., HC controlling First National Bank of Commerce, has announced net income of \$151,000, or 7¢ per share, for 1975. This compares with net income of \$5.7 million, or \$2.73 per share, for 1974.

Provision for possible loan loss of \$9.2 million in 1975 was 4.5 times greater than that provided in 1974, according to the HC. At the end of 1975, the valuation portion of the loan loss reserve was \$7.6 million, or 1.5% of loans, as compared with \$6 million, or 1% of loans, at the end of 1974.

Earnings of New Orleans HC Down

NEW ORLEANS—New Orleans Bancshares, parent firm of Bank of New Orleans, has reported 1975 net earnings of \$2.3 million, or \$2.88 per share, as compared with 1974 net earnings of \$2.4 million, or \$3.05 per share.

The HC noted that the decrease in income, a result of substantial additions to the bank's reserve for possible loan losses, was largely offset by improvements in the funds margin, after-tax gains on the sale of securities and increased income from subsidiaries.

Third National HC Reports Loss

NASHVILLE—Total net income of Third National Corp. for 1975 decreased 59% to \$3 million, or \$1.27 per share, compared with \$7 million, or \$3.09 per share, in 1974.

The drop in earnings was primarily due to increased provision for loan losses, according to Charles J. Kane, chairman.

Total consolidated deposits were \$1 billion at the end of 1975 and assets were \$1.3 billion.

Charter New York HC Reports Rise

NEW YORK—Charter New York Corp., HC whose lead bank is Irving Trust, has reported net income of \$45 million in 1975, a 17.4% increase over the \$38.4 million reported for 1974. Per-share net income for 1975 was \$5.14, compared to \$4.38 in 1974.

The provision for loan losses for 1975 was \$43.2 million, which compares to net loan charge-off of \$34.7 million. In 1974, the provisions for loan losses and net loan charge-offs were \$21.9 million and \$17.8 million, respectively.

Louisville HC Shows Gains

LOUISVILLE—First Kentucky National Corp.'s 1975 after-tax operating income was a record \$11.9 million, or \$4.41 per share, up 15.9% from \$10.2 million, or \$3.80 per share, earned in 1974.

Consolidated deposits at year-end 1975 of \$904 million were up 11.9% from \$808 million at year-end 1974. Consolidated assets of \$1.1 billion were up 6.1% over 1974 figures.

First Oklahoma Has Loss

OKLAHOMA CITY—First Oklahoma Bancorp, HC whose lead bank is First National, reported operating income from continuing operations for 1975 of \$8.4 million, or 84¢ per share, compared to \$8.8 million, or 88¢ per share, in 1974.

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NEWS

From the Mid-Continent Area

Alabama

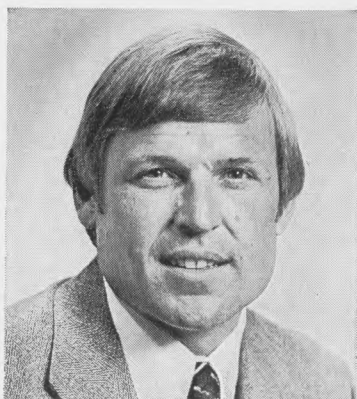
■ MARIANNE RONEY has been elected vice president, Central Bank, Auburn, while LaRue Godfrey has been named assistant vice president of operations.

■ FIRST SHELBY NATIONAL has opened in Pelham, with a celebration

featuring live house plants and other gifts for the first 300 guests. Hot dogs were prepared for visitors between 11 a.m. and 2 p.m. and hanging baskets were offered as premiums for new checking or savings accounts of \$100 or more the day of the opening. Also, grand prizes of savings accounts of \$200 and \$100 were given away. Bank president is L. Denton Cole Jr.; Rich-

ard G. Trammell is vice president and Bill Stivers serves as cashier. Construction of a permanent bank building is planned.

■ FARMERS & MERCHANTS BANK, Centre, has promoted Lounell S. Usry and Phillip N. Davis from assistant vice presidents to vice presidents. Mrs. Usry joined the bank in 1952 and Mr. Davis, in 1967.



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First Alabama Bancshares, Inc.

Affiliate Banks

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- 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



USRY



DAVIS

■ FIRST ALABAMA BANK of Mobile County, Mobile, has opened. The event was celebrated with an open house that featured \$3,500 in cash prizes, door prizes, refreshments and gifts. The building First Alabama occupies for-



merly was that of the Mobile Gas Co. and was remodeled to follow the architectural traditions of old Mobile. Clarence M. Frenkel Jr. serves as president; A. Crum Schambeau is chairman, and Jerry Wynne is metropolitan manager.

Arkansas

■ JERIEL SUMMITT has been named president and CEO, Planters & Stockmen Bank, Pocahontas. He succeeded Paul Morgan, who resigned. For the past four years, he has been executive vice president, Bank of Weiner, and prior to that, was with the FDIC.

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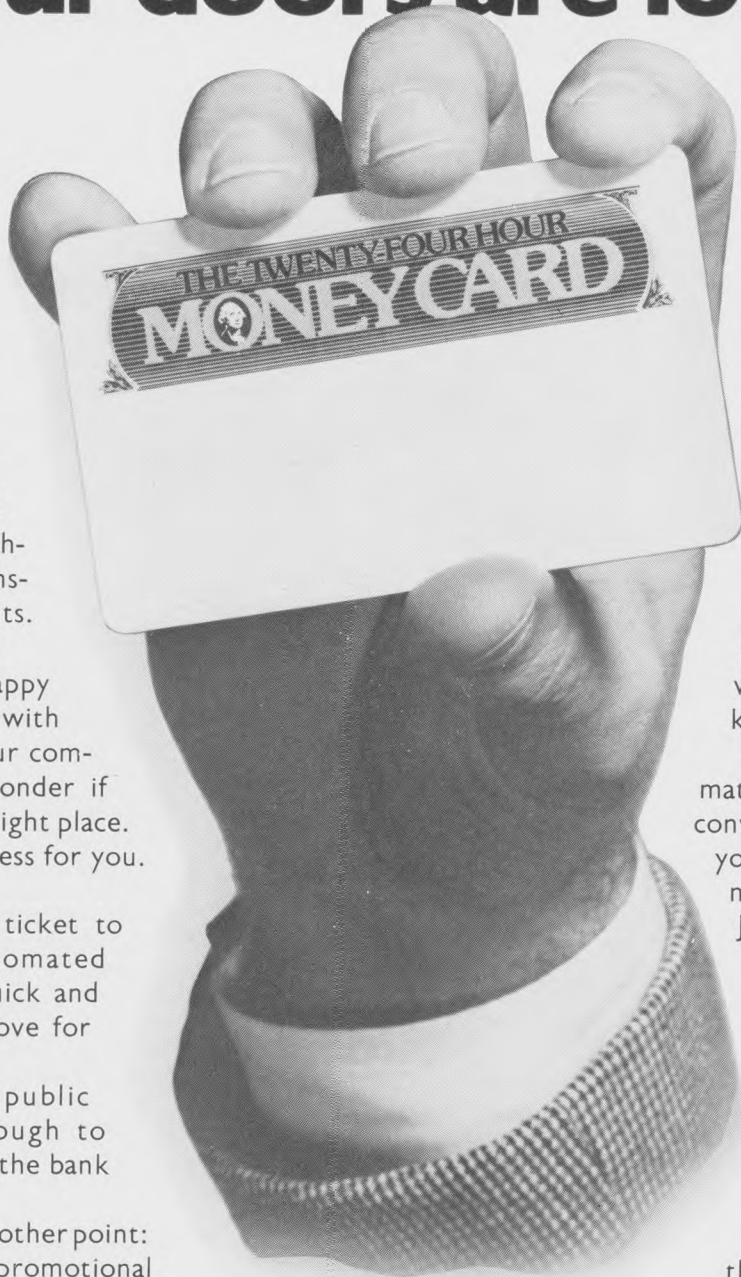
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We can even arrange for the purchase or lease of your Mini-Banks.

And because we've been in the automated banking business for so long, we can show you how to fine-tune your whole Moneycard program to keep it running smooth.

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He can treat your questions with answers based on experience and results. And he can even let you in on a few secrets about what the future holds in store for Moneycard.

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WORTHEN

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Little Rock, Arkansas

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Ark. Banking School Standouts



Elected class officers for the annual Lending Course of the Arkansas Banking School were (from l.) Art Rand, com. In. off., First Nat'l, Little Rock—pres.; Harold Moore, v.p., Warren Bank—v.p.; Dottie Kearney, Peoples Bank, Russellville—sec.; and James R. McLelland, credit dept. mgr., Simmons First Nat'l, Pine Bluff—treas.



Three students in the annual Lending Course received special recognition for their top scores on the final exam (from l.): Phil Hesse, a.c., Bank of Weiner; Larry L. Bates, collection mgr., Nat'l Bank of Commerce, Pine Bluff; and C. E. Dougan, a.c., City Nat'l, Fort Smith.

■ **WOMEN OF WORTHEN**, Worthen Bank of Little Rock's voluntary educational- and civic-minded association, has elected Katherine Whitaker president, Margaret House vice president, Thurmaleen Ward secretary and Ester Washington treasurer. New Women of Worthen board members are Ida Mae Douglas, Alice Hicks, Donnice Barham and Sharon Wyatt. With a membership of over 150, the organization offers monthly educational programs on banking and civic problems and awards a



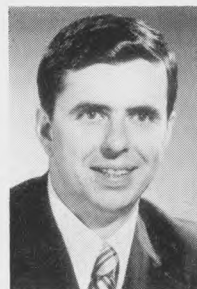
New officers of Women of Worthen, Worthen Bank of Little Rock's voluntary educational-civic organization, pose for photograph. Seated are Margaret House (l.), v.p., and Katherine Whitaker, pres. Standing are Thurmaleen Ward (l.), sec., and Ester Washington, treas.

\$500 scholarship yearly to an Arkansas girl who is a junior or senior at one of the state's universities or colleges. Six scholarships have been awarded in memory of Mollie Peay Worthen, wife of William Booker Worthen, who—in 1877—helped establish what is now Worthen Bank.

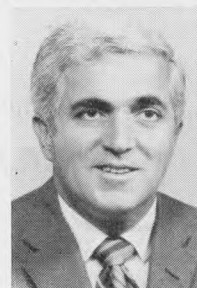
Illinois

■ **WILLIAM J. DAVIS**, former vice president and correspondent division manager at American National, Chicago, has joined Wheaton National as senior vice president. He will have responsibility for lending functions there.

■ **ALFRED J. O'MALLEY**, vice chairman, Heritage/Standard Bank, Evergreen Park, has been named president, chairman and CEO. Succeeding him as vice chairman is Robert L. Maes. Mr. O'Malley also is executive vice presi-



DAVIS



O'MALLEY



MAES

dent of the affiliate HC, Heritage Bancorp., Inc., Evergreen Park, and is chairman, Heritage Olympia Bank, Chicago Heights, an HC affiliate. Mr. Maes, HC president and chief operating officer, has been with Heritage Bancorp. since 1968.

■ **CITIZENS NATIONAL**, Decatur, has promoted Ralph L. Forrest and Earl V. Oglesby to vice presidents, while Coleman Hutchins has joined the bank as assistant vice president and trust officer. James M. Baugher has been named data administrative officer and Tim Deadrick has been elevated to customer accounts officer. Mr. Forrest has responsibility in the commercial banking department, including farm credit and mortgage lending; Mr. Oglesby is in personnel; Mr. Hutchins, who is an attorney, most recently was with a Chicago law firm and specialized in estate planning and trust agreements; Mr. Baugher is the bank's controller and EFTS manager; and Mr. Deadrick formerly was deposit control supervisor.

■ **OLIE L. MUSGRAVE** has been elected president, Bank of Marion, while Jesse L. Hill, the bank's former president, has been named chairman and CEO. Mr. Musgrave joined the bank in 1960, rose through the ranks and was named executive vice president in 1971. Mr. Hill has been with Bank of Marion since 1946. He was named president in 1971.

■ **ALBERT P. HARKER JR.**, assistant vice president, Bank of Westmont, has been given additional duties as cashier. David L. Smith has been named assistant vice president; Donald F. Smit, assistant vice president and personnel officer; and Jean Sirovatka, assistant cashier.

■ **MARY J. MARKESE**, loan operations manager, United Bank of Illinois (formerly Central National), Rockford, has been named assistant vice president. She joined the bank in 1953.

Indiana

■ **ROBERT B. COOLMAN** has been elected chairman of Northern Indiana Bank, Valparaiso, succeeding the late James W. Chester. Mr. Coolman has been with the bank 25 years, served as president from 1966-70 and as vice chairman from 1970 until the present.

■ **CITIZENS BANK**, Jeffersonville, has promoted the following from vice presidents to senior vice presidents:



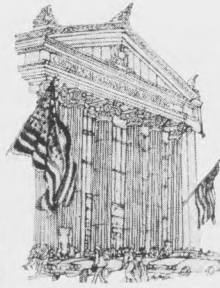
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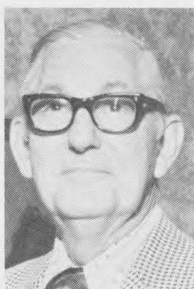
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William C. Cundiff, commercial loan head; David Cyphers, consumer loan head; and Harold Sinkhorn, controller. John Moore, vice president, has been given the additional title of cashier, and Beverly Corby has been named assistant vice president-personnel and purchasing. Succeeding her as corporate secretary is Diana Sheegog.

■ PHILIP W. McCAULEY has been elected chairman, Madison Bank, and is succeeded as president by Thomas V. Hambrick, former executive vice president and commercial loan head. Mr. Hambrick also has been named a director. Named vice presidents were Charles Lewis and Max Lowry, while



HAMBRICK



McCAULEY

Wilbur Wilson has been promoted to assistant vice president. Mr. McCauley, Indiana Bankers Association president, 1969-70, joined the bank in 1930 and left for three years beginning in 1943. He had been president since 1965. Mr. Hambrick has been with the bank 21 years and is president of the IBA's Region Seven. Messrs. Lewis and Wilson have been with Madison Bank since 1961; and Mr. Lowry, since 1964.

■ WILLIAM R. STRAWSER has succeeded Joseph D. Barnette as chairman, Citizens Northern Bank, Elkhart. Mr. Strawser continues as president and CEO, while Mr. Barnette will continue to serve as a director. Benton M. Wakefield Jr., chairman and CEO, First Bank, South Bend, has been named a director and executive committee chairman at Citizens, while Lawrence P. Deputy has been promoted from vice president to executive vice president, continuing as cashier.

Kansas

■ JACK ROWSON has joined First State, Salina, as executive vice president and director. He formerly was president, American State, Oswego, and before that had been with Assaria State. Steven Michel, who has joined the bank as assistant cashier, formerly was with the State Banking Department, while Robert M. Pickrell, president, Royal Tire Co., has been elected a director.

■ SOUTHGATE BANK is the new name of Southgate State, Prairie Village. Promoted to senior vice presidents from vice presidents at the bank were Frank H. Flanders, auditor, and M. Lee Stevenson, cashier. David C. Wilson has been advanced from loan administration officer to assistant vice president.

■ LAWRENCE NATIONAL has announced the promotions of William Lebert to vice president and cashier and of Judith Wenger and Kermit Clark to vice presidents. In addition, Dennis Barritt has joined the bank as vice president. He formerly was assistant vice president and assistant trust officer, Douglas County State, Lawrence.

■ ROSE IDA TAPPEHORN has been elected executive vice president at Farmers State, Coming. Henry Rottinghaus has been named vice president, while Kirk Wyckoff, formerly an examiner with the State Banking Department, has joined the bank as cashier.

■ MARGARET E. BRYSON has been elected vice president and trust officer at Allen County State, Iola. She formerly had been trust officer. Robert A. Leftwich, cashier, has been promoted to assistant vice president and cashier.

■ MARK L. MILLER has been elected trust officer, Planters State, Salina. He joined the bank in 1973.

■ WARREN TAYLOR has been promoted from cashier to executive vice president at Iuka State, while Marjorie Reed has been elevated from assistant cashier to cashier.

■ NORMA STEVENS has been appointed assistant cashier at Prairie State, Augusta. She joined the bank in 1960.

Kentucky

■ MYRON R. MANN has joined Second National, Ashland, as executive vice president-administration. He began his banking career with the Cleveland Fed as analyst programmer, advancing to assistant vice president before going to Financial Computer Services as research planning analyst in 1973. There he advanced to vice president of operations, systems and branch administration.

■ MRS. GARVICE D. KINCAID has been elected a director of Central Bank, Lexington, and is the first woman to serve on that bank's board. Also named to the board were H. Hart Hagan Jr., president, General Management, Inc.; Charles R. Hembree, a lawyer; and W. E. Burnett Jr., executive vice president and secretary, Kentucky Central Life. Herman Phelps, a 25-year board member, has been named director emeritus, while Barbara Anderson has been elevated to vice president. Jean Karrick, vice president, has assumed additional duties as auditor; Strother S. Mahorney, the former auditor, has been named assistant vice president; and Robert P. Larkin, formerly assistant cashier, has been elected assistant vice president and security officer.

Louisiana

■ WILLIAM N. WOODWORTH, formerly of James L. Lenderman Associates, Houston, management consulting firm, has joined Bossier Bank, Bossier City, as vice president, marketing. He will direct the bank's marketing effort, including public relations and advertising. Mr. Woodworth's banking background includes service as director of marketing, Northeastern Ohio National, Ashtabula, and director of advertising and sales training, Charleston (W. Va.) National.

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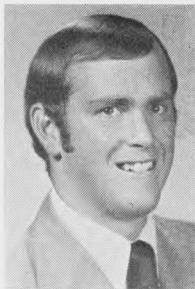
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Mississippi

■ CLIFTON FOWLER has joined the correspondent bank department of First National, Jackson. He formerly was manager, Meadowbrook Road Office. Leighton Lewis has left the correspondent department to assume new duties in the commercial loan area.



FOWLER



COKER

■ HARRY S. (MICKEY) COKER II, vice president, First National, Jackson, has been appointed a state director of the Bank Administration Institute, which has its national headquarters in Park Ridge, Ill. In his post, Mr. Coker will represent the BAI throughout Mississippi, coordinating statewide membership services for its six local chapters. His term as a volunteer BAI official runs for 18 months.

■ JAMES W. COLLINS has been elected president, Bank of Mississippi, Tupelo. He joined the bank in 1966 as vice president, after serving with Union Planters National, Memphis. Mr. Collins succeeds J. C. Whitehead, who remains as chairman and CEO. In 1971 Mr. Collins was named senior vice president and lending head and in 1974, executive vice president and director of assets. Mr. Whitehead had been president since 1961.

Bank Donates Art to Governor



J. H. Hines (l.), ch., Deposit Guaranty Nat'l, Jackson, Miss., and John P. Maloney (r.), pres., Deposit Guaranty Corp., Jackson, HC for the bank, present Governor Cliff Finch with a Richard Lewis watercolor of the capitol. The presentation was made during Deposit Guaranty's 1976 economic symposium, to honor the governor's inauguration.

Missouri

■ DONALD N. BRANDIN, chairman and president, Boatmen's National, St. Louis, has been elected president of the St. Louis Clearing House Association, succeeding Clarence C. Barksdale, president, First National, St. Louis. Named vice president of the association was Harley E. Schwering, president, Manufacturers Bank, St. Louis. He has succeeded George M. Baggott, assistant vice president, Mercantile Trust, St. Louis.

■ EDWARD H. SCHMIDT, chairman, County National Bancorp., and executive committee chairman, St. Louis County National, both in Clayton, has retired after 28 years. He will remain as a director of the bank and HC. Mr. Schmidt joined the bank as vice president in 1948 and advanced to president and CEO in 1966. One year later, he assumed the additional title of chairman. Mr. Schmidt became president and CEO of the HC at its 1969 formation, remaining as CEO of both until 1975. He also is a past president of Robert Morris Associates—St. Louis Chapter.



SCHMIDT



BRANDIN

■ WILLIAM DeSMET has been promoted from assistant cashier to assistant vice president, Laurel Bank, Raytown, while Patricia Messmer has been elevated to assistant cashier.

New Bank for Ozark

OZARK—The new Christian County National opened here February 2, but plans to postpone grand-opening ceremonies until around April 1, when its two drive-up lanes are completed.

The bank, located in a downtown shopping center, has the following officers: pres., Kent Tindall; v.p., Mike Greene; and cash., Eldorene Montgomery. Mr. Tindall, with 15 years' banking experience, most recently was v.p., Mercantile Bank of Springfield, which he joined in 1973. He also spent two years with United Missouri Bank, Arnold, and two years with the First Union Group Bank in Crystal City. In addition, he was a bank examiner for the state of Missouri for five years, working in the Springfield area.

Mr. Greene formerly was with Medallion Insurance Co., Kansas City. He also spent two years with United Missouri of Springfield and 10 years in the leasing and credit fields. Mrs. Montgomery was in the internal control division of Continental Telephone Co. in Ozark for two years. Before that, she spent 21 years in all phases of operations at Ozark Bank.

Christian County National, which is an independent bank, has capital and surplus of \$400,000 each and undivided profits of \$200,000.

■ ROBERT C. WOLFORD, executive vice president, St. Louis County National, Clayton, has been elected a director. He joined the bank in 1974.

■ ROBERT MARTIN has been promoted to vice president and cashier, Baltimore Bank, Kansas City. Paul Rankin has been elevated to commercial officer; Brian Cuddy, to commercial credit officer; and Kent Fockler and Robert Sperry, to assistant cashiers. Bernard Brown, president, Sam Brown Co., has been named a director.

■ GARY L. MILLER has been promoted from assistant cashier to cashier at Country Club Bank, Kansas City.

■ JEFFERSON L. MILLER has joined St. Louis Union Trust as a vice president, with responsibility for development of national corporate employee benefit business. Mr. Miller was an officer with First National in St. Louis, which, like St. Louis Union Trust, is a member of First Union, Inc. He joined First National in 1949, was named head of the western division for national accounts in 1971 and, in 1973, was made assistant to the executive vice president in overall marketing efforts of the commercial divisions.

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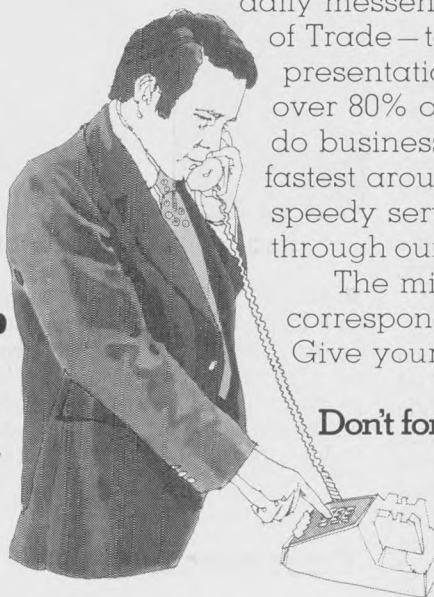
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- George Porter 234-2487



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■ **FLETCHER E. WELLS**, former vice president and cashier, St. Johns Bank, has been named senior vice president and cashier, while Earl R. Lundius and William O. Robards have been elevated from assistant vice presidents to vice presidents. Elected assistant cashiers were Ruth Dickey, loan department manager; Earlene Taylor, manager, new accounts; and Nancy Cole, former teller. Vera Blum and Phyllis Spell, former tellers, have been elevated to assistant facility managers. In other news at the bank, Robert E. Jones, president and CEO, the Jones Co., property developer, has been elected a director.



WELLS

New Mexico

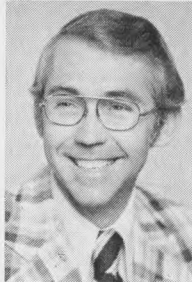
■ **FIRST NATIONAL**, Santa Fe has given service awards to the following: William MacGillivray, vice president and cashier, 30 years; and Eileen Watts, special clerk, accounting department, 15 years. Receiving 10-year awards were Adelaido (Lalo) Benavidez, special custodian; Frances C. de Baca, assistant cashier, trust division; Dorothy Garcia, senior trust clerk; and Stella Montano, control clerk, data processing division. Five-year awards went to Maretta Anderson, executive secretary, trust division; David Ater, vice president, branch administration; Charles Batts, vice president and trust officer; JoAnn Montoya, senior supervisor, Alameda Motor Bank; Melva Quintana, chief clerk, bookkeeping; Pat Robertson, special teller, Los Alamos Office; and Sylvia Vigil, special clerk, proof department.

■ **ROBERT M. GOODMAN** has been elevated to executive vice president at Citizens Bank, Albuquerque, while Loren S. Kuehne has been named vice president. Dan C. Herrera has been promoted to assistant vice president and L. Vincent Yegge has joined Citizens Bank as assistant vice president, going there from the state's Department of Development. Wayne Corley and Bill Dolan have joined the bank as assistant cashiers, while John Smokov, formerly with First National, Albuquerque, goes to Citizens Bank as bookkeeping supervisor.

Oklahoma

■ **JAMES O. TIMBERLAKE** has been promoted to senior vice president at Fidelity Bank, Oklahoma City. He also was made head of the bank's correspondent banking division, succeeding Olen G. Treadway. The latter became president and CEO, Oklahoma National, Chickasha, March 1. Mr. Timberlake joined Fidelity in 1961, was assigned to the correspondent banking division in 1966 and became vice president in 1967.

■ **FIRST NATIONAL**, Bartlesville, has elected Walter V. Allison chairman and CEO. Succeeding him as president is Donald D. Doty, former executive vice president. Both hold similar titles in the bank's parent HC, First Bancshares, Inc., Bartlesville. Mr. Allison and Mr. Doty joined the bank in 1955 and were named to their former positions in 1969. Both were elected to their present HC offices at its 1974 founding.



TIMBERLAKE



DOTY



STACH



ALLISON

■ **ELI CYPERT**, senior vice president and loans manager, First National of Britton, Oklahoma City, has been elected a director. He joined the bank a year ago. Jean Brooks, bookkeeping department, has been appointed assistant cashier. She joined First National in 1962.

Tennessee

■ **KENNETH D. STACH**, formerly senior vice president, New Jersey Bank, West Patterson, has joined Third National, Nashville, with a similar title. He has been assigned to the com-

mercial banking division. Mr. Stach began his banking career with Irving Trust, New York City, in 1958. After that, he served Bank of Commerce, New York City, and Heritage Bank-Iron, Morristown, N. J. (formerly First National Iron Bank of New Jersey).

■ **JAY THOMAS** has been named chairman and CEO of Bank of Commerce, Tulsa, and is succeeded as president by Jack D. Porter. Eddie McKay has been elected executive vice president, while Marshall E. Nash and Douglas L. Mobley, the bank's principal stockholders, will serve as vice chairmen. Mr. Thomas has been with the bank since 1967, while Messrs. Porter and McKay have been with Bank of Commerce since 1969.

Texas

■ **KENNETH IRWIN**, formerly executive vice president and trust officer, Gruver State, has been elected president, CEO and trust officer, succeeding A. R. Bort, who remains as chairman. Mr. Irwin has been in banking since 1949 and with Gruver State since 1950.

■ **JOE GEORGE**, formerly director of marketing, First Columbus (Miss.) National, has joined Parker Square Bank, Wichita Falls, as vice president in charge of marketing and public relations.

■ **FIRST NATIONAL**, Livingston, has celebrated the completion of its new building with an open house. A feature of the new headquarters is its triple motor bank facilities.

■ **PARKER SQUARE BANK**, Wichita Falls, celebrated its 20th anniversary by inviting all residents of the town to a party held during business hours on the day of the anniversary. Birthday cake, soft drinks and coffee were given away and a drawing was held for U. S. savings bonds.

■ **A MERGER AGREEMENT** has been reached between Federated Capital Corp., Houston, and Mercantile National Corp., Dallas. The merger, which is subject to shareholder and regulatory approval, would merge Federated Capital into Mercantile Texas Corp., successor to Mercantile National Corp., with the resultant HC's headquarters in Dallas. The merger would be accomplished through an exchange of stock.

■ **CLARA M. SLEDGE** has been promoted to vice president from assistant vice president at Fair Park National, Dallas. Joseph A. Bush has been ele-

vated to operations officer. He manages the teller department. Mrs. Sledge joined the bank in 1951 and is a past chairman of the North Texas Group, National Association of Bank-Women, and was chairman of the NABW national convention in 1973. Mr. Bush joined the bank in 1973.

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Missouri Bank Management Conference Ponders Economy, EFT, Bank Profits

ABA PRESIDENT J. Rex Duwe told bankers attending the 36th annual Bank Management Conference of the Missouri Bankers Association that no



DUWE

banker can realistically say, "Count me out" when it comes to entering the world of electronic fund transfers. Mr. Duwe is president and chairman, Farmers State, Lucas, Kan.

He told the approximately 650 bankers and their wives attending the MBA conference last month that "each and every bank in the U. S. has entered the world of EFT, or will soon do so."

He said that electronic transfers are here to stay, "but you and I and all other bankers will have to determine which EFT services make sense for our banks. We'll also have to be very aware of the advances being made by our competitors. And we'll have to recognize that our competitors aren't just other banks. Our competition can come from many directions, including thrifts and the retail sector.

"We cannot deny the future," he continued, "We cannot deny the world of electronic transfers. But we can help to shape it so that it serves the needs of individual consumers, the public in general, our communities and the nation. Moreover, this wise planning is in the interest of our banks."

"This is the day of consumerism and regulatory overkill the equal of which we have not experienced before in any comparable degree," said MBA President Richard J. Pflieger, who also addressed the conference.

"All sectors of banking feel the heavy hand of government. Red tape is overwhelming and growing luxuriantly," Mr. Pflieger, president, Bank of St. Ann, said. "It is no wonder there is disillusionment nationwide, with the tendency of the federal government to throw money at every imaginable complex social and economic problem.

"Huge budgets," he said, "are not helping to solve inflation or unemployment, but they are succeeding admirably in placing an additional tax burden on a thoroughly disenchanted public."

As an alternative, in terms of tangible public benefits, Mr. Pflieger suggested, "the need is for a sustained breathing spell, at the very least, wherein the government would let private enterprise function as it was intended to function—without the constraints of increasingly burdensome regulatory straightjackets."

Mr. Pflieger said the huge cost of government is now virtually one-third of our gross national product. And, although this is finally causing concern even in legislative quarters, he added, it remains to be seen if this concern will be translated into any sort of remedial action.

Pointing to some of the current bank-related measures which now, or soon will, place undue control at the federal level, the speaker listed: compulsory affiliation of all banks with the Fed for reserve or other purposes; federal government controls over interstate banking and foreign exchange facilities in the U. S., various forms of federal government credit allocation; federal reserve regulation of all bank HCs; a centralized federal banking commission; federal attempts to control check clearing functions; various interest rate controls; favored chartering privileges for federal S&Ls.

"Inflation, recession, or stagflation—call it what you will—is a time of trial in this nation as surely as in those tense times that prevailed when this nation

Task Force Named

A special task force has been appointed by the Missouri Bankers Association to study the MBA's overall performance, with emphasis in the areas of legislation, education and communications.

According to the MBA's board of directors, the creation of the task force does not mean the association is not doing a good job, but it signifies that the many changes that have occurred recently in banking call for a brief pause for an analysis of the MBA's performance, its goals and its future.

A report from the task force is expected at the May convention.

Chairman of the group is Charles K. Richmond, MBA vice president, and executive vice president, American National, St. Joseph. Others serving on the group are Pat Lea, chairman and president, Bank of Sikeston; Bill B. Lee, chairman and president, First National, Neosho; Lynn Miller, executive vice president, Mercantile Trust, St. Louis; William Mills, president, Missouri State Bank, Sedalia; Jerome H. Scott, president, United Missouri Bank, Kansas City; Roger Wilson, president, Bank of Weston; and Harvey B. Young Jr., president, Bank of Kirksville.

was being put together," he said.

Economic recovery having begun, Mr. Pflieger said, the public can look forward with confidence to the aggressive response of banking institutions to the challenges of these times as they have always responded in the past. Banks have the capability and the dedication, he declared, to initiate innovative and effective programs to help solve the problems which confront all of us.

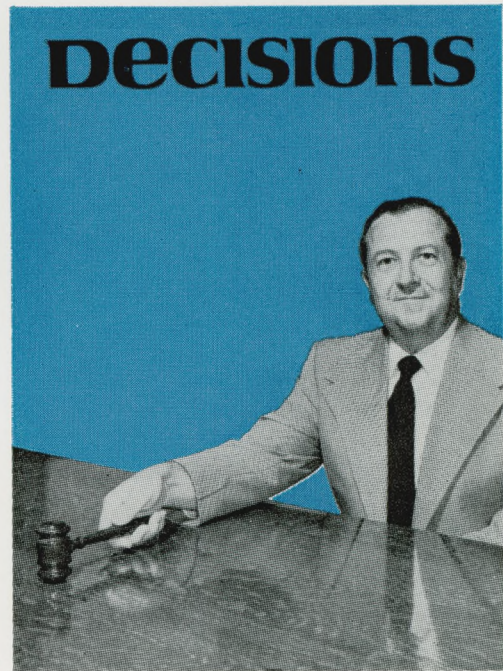
Mr. Pflieger also announced a task force to study the overall performance of the MBA. The purpose and composition of the task force is described in the accompanying box. • •



Conference organizers and participants included (from l.) Curtis LaFollette, pres., Trenton Trust, conf. v-ch.; John L. Harlin, pres., Bank of Gainesville, conf. ch.; Richard J. Pflieger, MBA pres. and pres., Bank of St. Ann; and Mills H. Anderson, MBA treas., and pres., Bank of Carthage.

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DECISIONS



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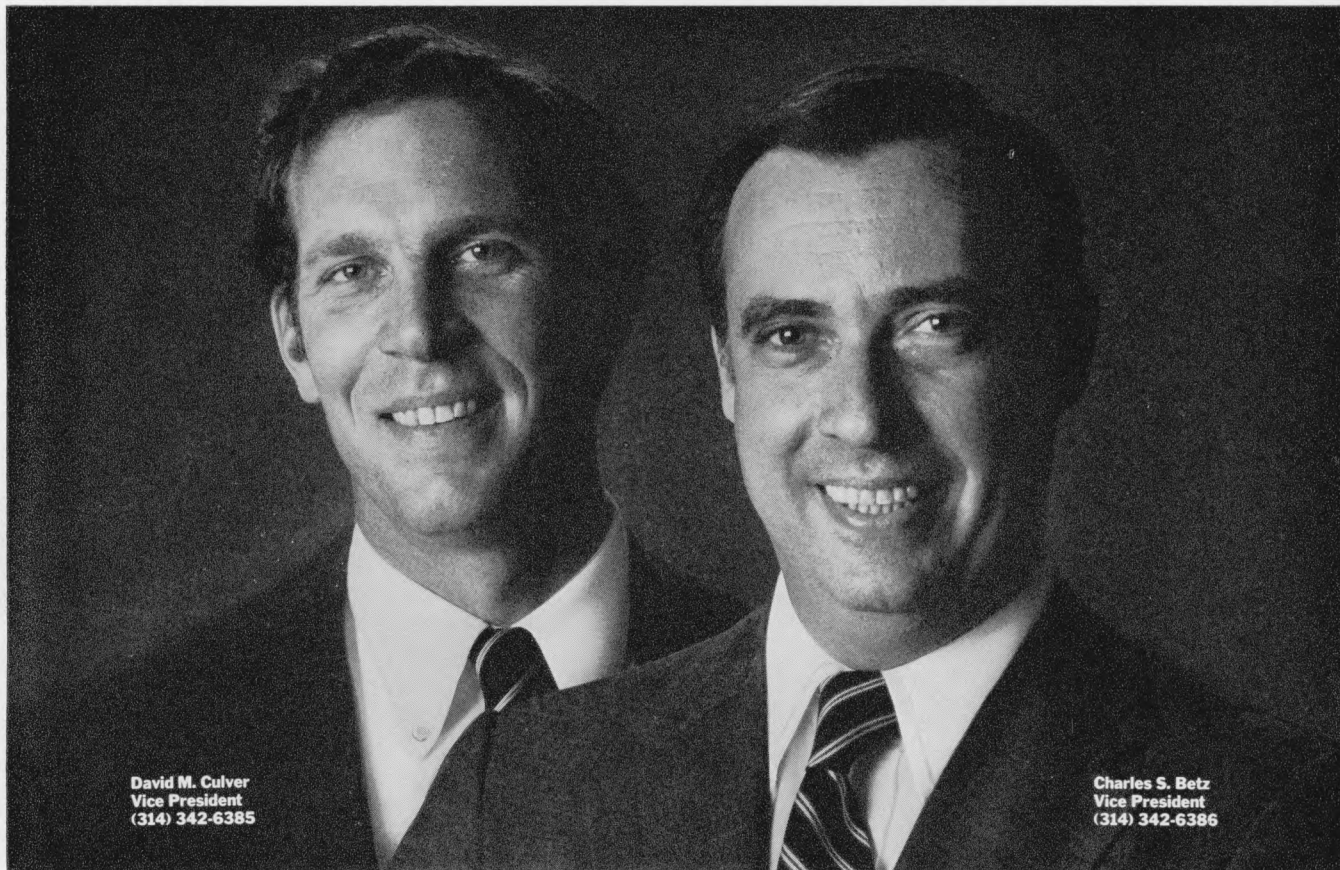


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