

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

CONVENTION AND OPERATIONS ISSUE

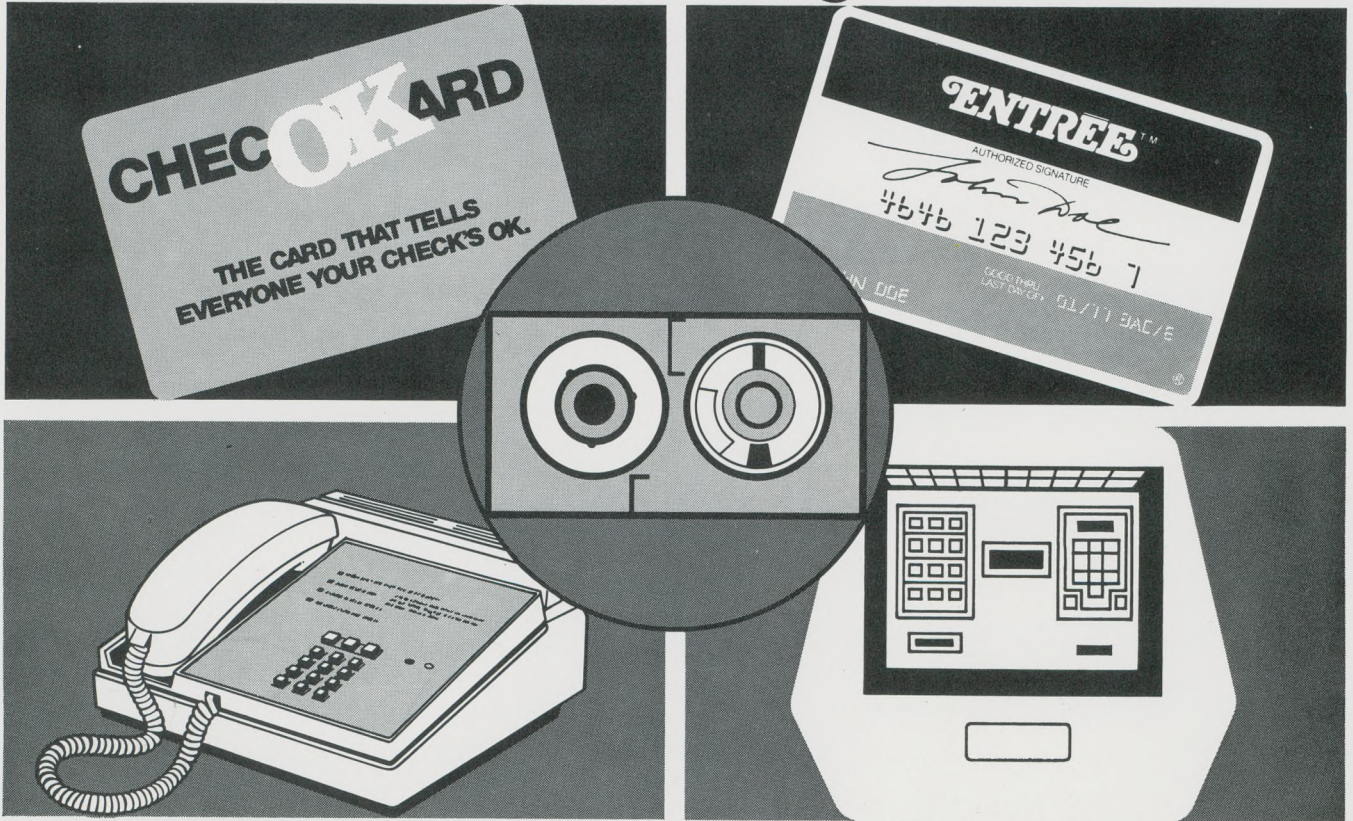
APRIL, 1976



Texas BA Convention Returns to El Paso



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Interdependence (Liberty style) means providing you with EFTS/Data Processing capabilities geared to an evolving environment. It means services and capabilities to help you maintain the position of leadership you've established in your community.

Just recently, National Sharedata Corporation developed the necessary computer programs for ChecOKard . . . the card that tells everyone your check's OK. To date, more than 20 Oklahoma banks have joined with National Sharedata in this vital venture. You too, are invited to ask Sharedata how you can offer ChecOKard to your merchant and DDA customers.

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Additionally, National Sharedata has a new Integrated Financial System data base that will help you intelligently plan and project future requirements. More importantly, you'll be able to provide the services and programs so necessary to an aggressive marketing posture.

We've only begun to scratch the EFTS surface. Tellerless terminals are here . . . POS terminals are on the way. MACHA is a reality.

Do you have the capability to meet these challenges in an evolving electronic environment? Contact your Liberty Correspondent Department representative to discuss the importance of Interdependence and EFTS/Data Processing for the years ahead. We want to help you maintain the position of leadership you've established in your community.



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THE BANK OF MID-AMERICA

Liberty National Bank & Trust Company of Oklahoma City • P.O. Box 25848 • 73125 • (405) 231-6164

MID-CONTINENT BANKER is published 13 times annually (two issues in May) at 1201-05 Bluff St., Fulton, MO 65251. April, Vol. 72, No. 4. Second-Class postage paid at Fulton, Mo. Subscription: \$10.

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.



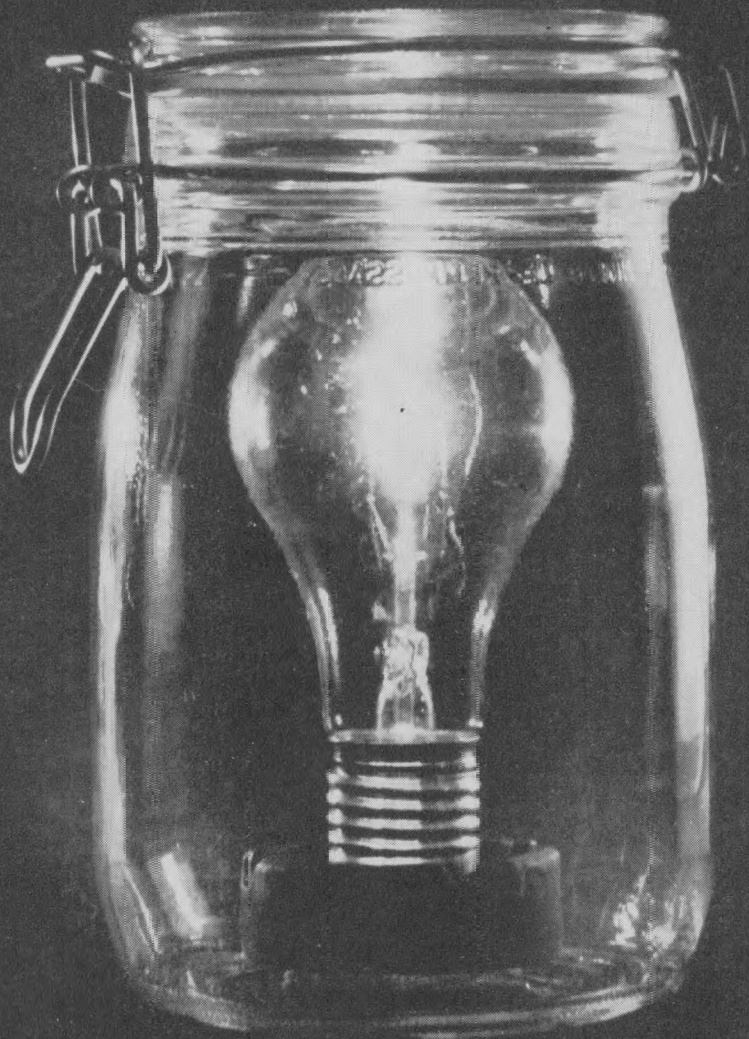
**First National Bank
of Commerce**

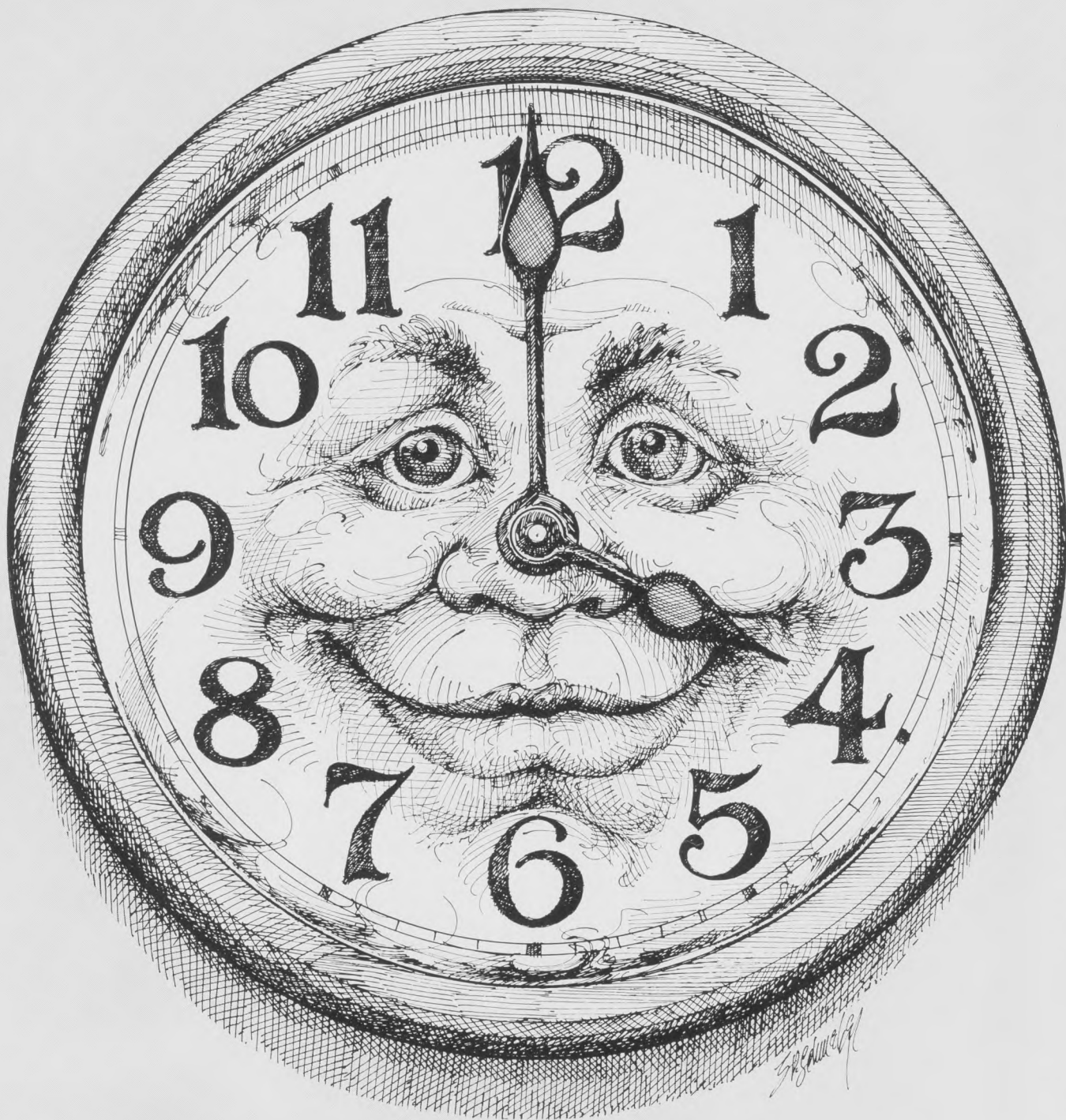
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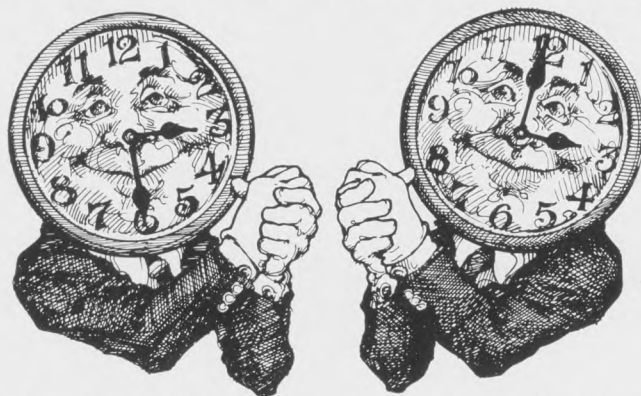
Southern Lights.





HOW TO WIN TIME AND

**Two timely money-makers
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1. Cash Letter Service that delivers faster availability; cuts float to the bone.

Being located 45 minutes away from the world's busiest airport is an advantage. And we've got that advantage worked down to minutes. Not just hours.

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Over 99% of funds deposited with us are available within one day. Your cash letters produce working funds fast!

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INFLUENCE EARNINGS.

The First National Bank of Chicago
The Banks, Bank Holding Companies and Related Activities Division.



Member FDIC

Bank of America NT&SA Consolidated Statement of Condition

Assets (thousands)	December 31, 1974	December 31, 1975
Cash and due from banks:		
Domestic	\$ 4,943,328	\$ 6,901,521
Overseas branches and subsidiaries	9,940,024	11,174,293
Investment securities:		
United States Government and federal agencies	\$ 4,211,562	\$ 6,679,071
State, county and municipal	1,956,366	2,289,374
Other	944,835	1,034,432
Trading account securities	442,190	151,654
Total Securities	<u>\$ 7,554,953</u>	<u>\$10,154,531</u>
Federal funds sold and securities purchased under agreement to resell	\$ 1,970,845	\$ 1,640,922
Loans	\$30,167,184	\$32,183,804
Less reserve for possible loan losses	(217,139)	(256,827)
Net Loans	\$29,950,045	\$31,926,977
Lease financing	\$ 521,312	\$ 584,293
Bank premises and equipment	578,933	677,263
Customers' liability for acceptances	1,675,784	974,498
Other assets	1,574,349	1,757,391
Total Assets	<u><u>\$58,709,573</u></u>	<u><u>\$65,791,689</u></u>

Liabilities, Subordinated Capital Notes, and Equity Capital (thousands)	December 31, 1974	December 31, 1975
Demand deposits:		
Domestic	\$ 9,221,642	\$10,483,694
Overseas branches and subsidiaries	4,235,988	4,267,627
Savings and time deposits:		
Domestic - Savings	5,578,902	6,786,935
Time deposits:		
Individual	6,075,978	6,012,493
Public	2,878,012	2,666,365
Other	6,841,769	7,965,094
Overseas branches and subsidiaries	16,359,827	19,091,908
Total Deposits	<u>\$51,192,118</u>	<u>\$57,274,116</u>
Federal funds purchased and securities sold under agreement to repurchase	1,875,987	2,618,728
Other funds borrowed	368,131	443,687
Liability on acceptances	1,680,707	981,835
Other liabilities	1,552,982	2,162,927
Total Liabilities	<u>\$56,669,925</u>	<u>\$63,481,293</u>
Subordinated Capital Notes	\$ 225,845	\$ 225,845
Equity Capital:		
Common Stock, par value \$6.25	\$ 214,618	\$ 214,618
	1974	1975
Shares authorized	35,000,000	35,000,000
Shares issued	34,338,956	34,338,956
Surplus	787,207	841,823
Undivided profits	811,978	1,028,110
Total Equity Capital	<u>\$ 1,813,803</u>	<u>\$ 2,084,551</u>
Total Liabilities, Subordinated Capital Notes, and Equity Capital	<u><u>\$58,709,573</u></u>	<u><u>\$65,791,689</u></u>

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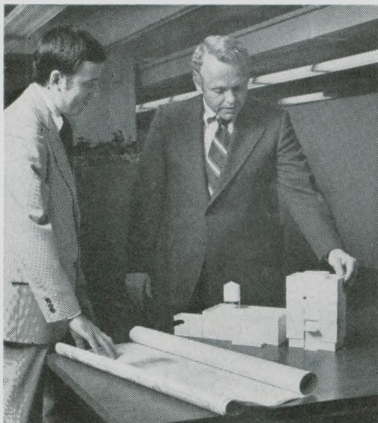
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MID-CONTINENT BANKER for April, 1976

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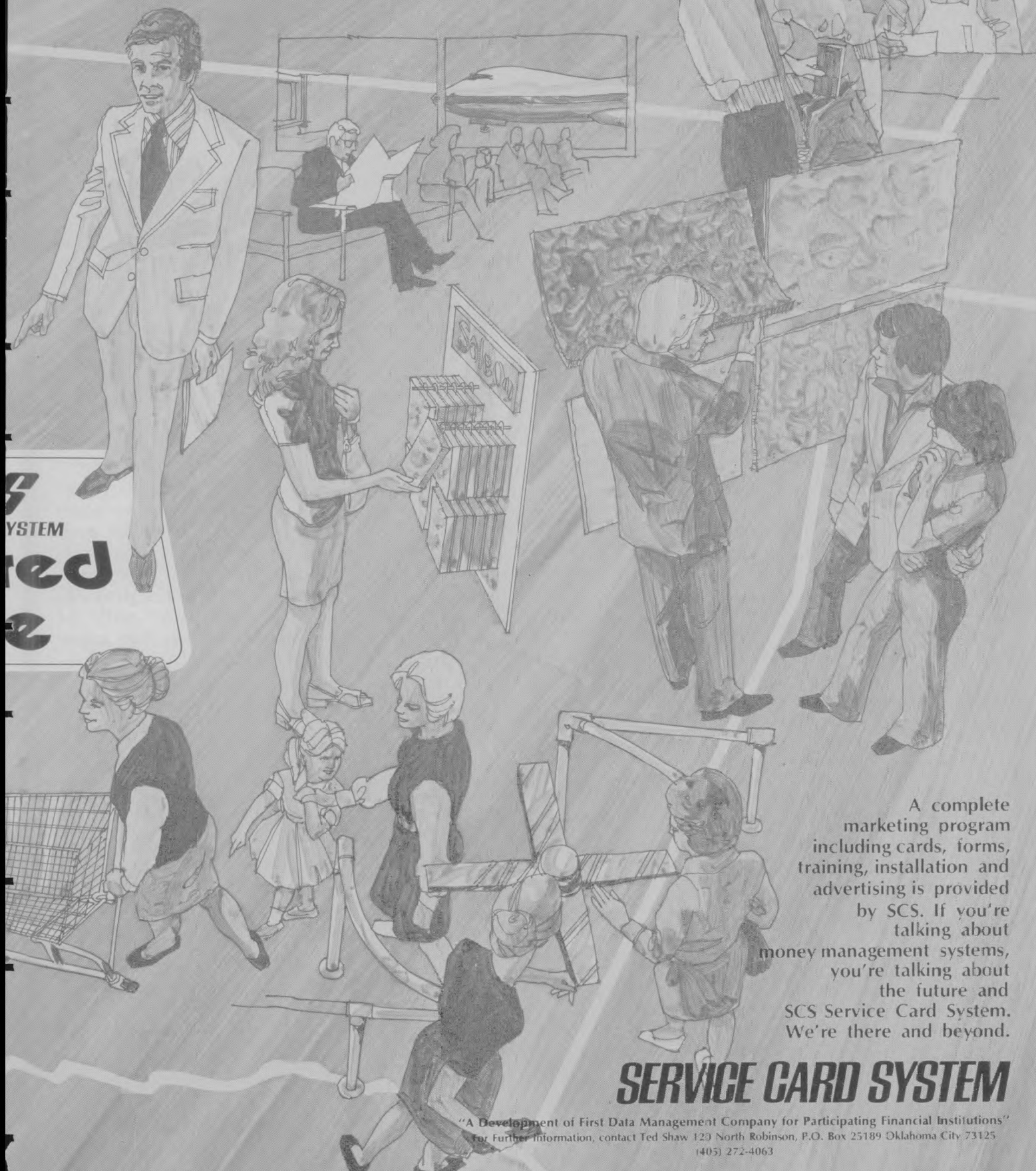
The system is operated by a single plastic customer card, utilized with on-line Point-of-Sale and ATM terminals throughout the network. If you're a financial institution, you maintain local identity by using your own name on the card along with the SCS logo. The single SCS card enables you to offer customers the convenience of access to their accounts anywhere in the state they see the SCS sign. They make purchases by transferring funds, get cash without a check, even make deposits to their accounts.

Stillwater National Bank is the first bank to join SCS with its own Gold Key Card. Other banks will participate soon after. Within a year, approximately fifty banks will be on-line representing over one million customer accounts. SCS and IBM have worked closely perfecting this highly sophisticated system. It provides more on-line services than any data processing system in this area. The system utilizes the IBM 3614 ATM and the soon to be introduced 3608 POS terminal with integrated 45 character printer for sales slips, and other documents.

One great advantage to members is the automatic "instant" interchange of funds between participants providing the greatest security and control ever. For the future, SCS will expand its system even farther into adjacent states so that tomorrow "across the country will be across the street."



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The Banking Scene

By Dr. Lewis E. Davids

Hill Professor of Bank Management,
University of Missouri, Columbia

Business Faces the Disclosure Dilemma

LAST JANUARY, Bank of America drafted a voluntary code on disclosures. The bank's president, A. W. Clausen, noted that the code's objective was to assure "full, fair, adequate and honest reporting of material events."

He also pointed out that his bank in the past had been charged with finding a means of accomplishing that end, because the bank felt that voluntary dis-

"Ethical blindness and the evasiveness of a rationale for misconduct that have emerged from recent investigations have subjected everyone in business to a form of disgrace."

closure of information beyond that demanded by regulators and legislators was an imperative next step in the evolution of corporations. That step would provide a key direction for American business, Mr. Clausen said.

"Ethical blindness" and the "evasiveness of a rationale for misconduct" that have emerged from recent investigations have subjected everyone in business to a form of disgrace, he said.

"The public is rightly skeptical of our practices and preachings and to reverse this skepticism we must initiate strong and specific measures to show we're serious about our own integrity and the way we put it to work," Mr. Clausen stated. The charge to the Bank of America task force was to spell out its ethical standards and convictions for Bank America Corp. and its subsidiaries, as well as the precise behavior expected from all its employees. This, he said, would be accomplished largely by publicizing the bank's existing standards.

Another step to voluntary disclosure wasn't by a bank, but it received considerably more publicity. That was the decision by Gulf Oil's outside board of directors to terminate some inside directors and senior operating officials due to their alleged illegal activities in use of corporate funds for political contributions and bribes. Commentaries on Gulf's decision pointed out that the audit committee of its board hadn't been given answers to specific questions concerning those matters.

The Securities and Exchange Commission (SEC) has been investigating such actions by major corporations, looking for cases of bribery and political contributions in which the use of past "wash" transactions hid from corporate owners any specifics of illegal activities.

I support the concepts of Mr. Clausen. Much of the pressure of federal and state regulatory agencies in the area of disclosure has been predicated upon new social attitudes, attitudes that have been contrary to the prevailing practices not only of many businesses, but especially of banks. What's interesting is that there's a belief—on the part of some leaders in banking—that codes are very important for banks. Yet, bank spokesmen have shown a reluctance to make these available for public review. It's not because they're ashamed of them, but because they might be misinterpreted by the general public, which could see the code's publication as self-serving.

More than one top banker has told me that he and his peers prefer to have their good deeds speak for themselves and not be broadcast as a form of PR.

Here is the dilemma: If good works are done and not publicized, much of the public may be ignorant of the social contributions of the institution. On the other hand, public relations forums or press interviews for directing atten-

tion to the good actions of an institution have been considered to be in questionable taste.

What is considered a good and desirable step at one time often can be perceived in a much different light a few years later. I can recall situations where major corporations have been requested to cooperate with the federal government in extremely delicate

". . . pressure by . . . regulatory agencies in the area of disclosure has been predicated upon new social attitudes, attitudes that have been contrary to the prevailing practices, not only of many businesses, but especially of banks."

situations in foreign countries. Witness one such situation, where a major multinational corporation cooperated with such a request by the American government. It provided the U. S. with some economic data which, incidentally, was contrary to the official data of the host country. Some years later, that same company was criticized both in America and in the host country for meddling and trying to influence internal conditions.

Another area of concern is reverse discrimination, where attempts to ratify or come to grips with affirmative-action programs may be construed as a reverse form of discrimination.

President Clausen noted that he wanted his bank to engage in full, fair, adequate and honest reporting of material events.

The whole concept of materiality from a technical accounting point of

(Continued on page 134)

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

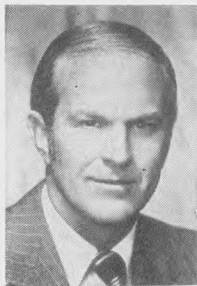
You're very likely to be loaned up seasonally if you have large agribusiness customers. That means overline financing, sometimes loan participation. I think you get a better deal on both with a big bank like United Missouri. Our own large correspondent business means we're not after your customers. We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



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



NEWS OF THE BANKING WORLD



BARKSDALE



FORD



GUFFEY



ROOS



PENICK

• Clarence C. Barksdale has been elected chairman and CEO, First National in St. Louis, succeeding Edwin S. Jones, the former chairman. Named president and chief operating officer at the bank was Richard F. Ford, formerly executive vice president. Mr. Jones has been elected executive committee chairman. Mr. Barksdale joined First National in 1958 and advanced to president in 1970. Mr. Ford joined the bank as vice president in 1969 and was named executive vice president in 1973. Messrs. Barksdale, Ford and Jones continue in their positions at the bank's affiliate, First Union, Inc., St. Louis—Mr. Barksdale as president and chief operating officer, Mr. Ford as executive vice president and Mr. Jones as chairman and CEO.

• Lawrence K. Roos, formerly executive vice president, First National in St. Louis, has been appointed president of the St. Louis Fed. He succeeds Darryl R. Francis, who has retired. Prior to his position at First National, Mr. Roos was St. Louis County supervisor, 1962-74, and, before that, president, Mound City Trust, St. Louis, and chairman, First Security Bank, Kirkwood, Mo.

• Roger Guffey, senior vice president, general counsel and secretary of the Kansas City Fed, has been appointed president, following the retirement of George H. Clay. Mr. Guffey joined the bank in 1968 as general counsel and secretary. He was named to the additional post of vice president in 1971 and senior vice president in 1973. Prior to his promotion, he had been the senior officer responsible for the Fed's administrative services division. Mr. Clay joined the bank in 1958 as vice president and general counsel and advanced to president three years later.

• First National City Bank, New York City, is no more. For 164 years, the institution has been called by the nickname "Citibank," so that is its new official name. Along with the name change, Citibank and its parent HC, Citicorp, have adopted new logotypes and a common corporate symbol.

• Robert E. Barnett has been confirmed by the Senate as successor to Frank Wille as FDIC chairman. The latter retired after a six-year term. Mr. Barnett has been deputy to Mr. Wille and was nominated to the top post by President Gerald Ford.

• Edward M. Penick, chairman and CEO, Worthen Bank and its HC, First Arkansas Bankstock Corp., both of Little Rock, has been appointed chairman of Comptroller of the Currency James E. Smith's National Advisory Committee. Other Mid-Continent-area bankers appointed to the committee are Sharnia "Tab" Buford, president, Douglass State, Kansas City, Kan.; Walter F. Johnson, president, First National, Abilene, Tex.; Ernest F. Ladd Jr., chairman, Merchants National, Mobile; W. O. Roberson, chairman, First National, Brownsville, Tex.; Samuel Sax, chairman, Exchange National, Chicago; and William H. Vernon, chairman, Santa Fe (N. M.) National. Purpose of the committee is to assist the Comptroller in a continuing review aimed at keeping bank regulations abreast of the nation's needs.

• Ernest G. Gearheart Jr., former president, Financial Public Relations Association (now the Bank Marketing Association), has retired as vice chairman, Farmers Bank of Delaware, Wilmington, after 10 years there. He headed the bank's personal and retail banking group. Mr. Gearheart worked in marketing most of his 43-year banking career.

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Two-Way Education:

Live Kindergarten Class Is Held in Bank Lobby

In keeping with American Education Week's theme, "Stay Involved," Millikin National, Decatur, Ill., has held a live kindergarten class demonstration in its lobby.



All normal classroom activities took place, including music and art instruction, and passers-by could view the proceedings through Millikin National's windows. A loudspeaker kept those outside informed of the progress within, while a schedule of the week's itinerary was provided.

As the accompanying photo shows, the children were seemingly oblivious to the onlookers and banking activities.

The Philharmonic:

1st NBC of New Orleans Sponsors Two Concerts

First National Bank of Commerce, New Orleans, has sponsored two subscription concerts by the New Orleans Philharmonic-Symphony Orchestra.

The concerts, which were held in the New Orleans Theater of the Performing Arts, featured pianist Jeffrey Swann and the Mobile College Concert Choir.

Living Memorial:

Trees Are Bank's Gift In Memory of Washington

Citizens National, Bowling Green, Ky., has created a "living memorial" to George Washington and to its community by donating eight cherry trees, which have been planted in the city's Fountain Square Park.

The cherry trees are of a special hardy variety, according to a bank spokesman, and will withstand great variations in temperature, will have a vivid pink blossom and a very fine aroma.

The event not only tied in with Washington's birthday, but served as a part of Citizens National's bicentennial celebration.

Community Involvement

'The Second 200':

Bank-Sponsored Contest Awards Patriotic Writers

The Second 200 contest, a nationwide bicentennial competition, was sponsored by Liberty National, Oklahoma City.

Purpose of the contest was to encourage people to take a positive forward look to and consider the nation's goals over the next 200 years. Contestants wrote—in 200 words or less—their thoughts and ideas on ways to preserve personal liberties, freedoms and independence during that period.

Over \$10,000 in cash awards was offered for the competition, with a first prize of \$1,000; second prize of \$750; and a \$500 third prize. Those entries winning fourth through 20th places will receive \$150; 21st through 50th, \$50; and 51st through 200th, \$25. Names of winners will be announced July 4.

The contest, which began accepting entries from across the country last July 4, has been recognized by the Bank Marketing Association. The bank received the BMA's "Gold Coin Award of Merit" in the public affairs category last fall.

The Oklahoma Council on Economic Education has been given the task of judging the more than 500 entries received, based on originality, legibility and contribution to the preservation of personal liberties and individual freedoms.

Clothing for Guatemala



Charles Savage (c.), v.p., First Alabama Bank, Montgomery, turns over 2,200 articles of clothing to Mitchell Kirkland (l.) and Carl Stivener of the American Red Cross-Montgomery Chapter. The bank-donated clothing has been sent to earthquake victims in Escuintla, Guatemala, Montgomery's sister city.

Crime Deterrents:

Banks Sponsor Seminars On Bogus Cash, Theft

Counterfeit money, bogus checks and shoplifting were the topics of informational seminars for business owners and citizens around the St. Louis area, sponsored by TG Banks, HC affiliate for Tower Grove Bank and Continental Bank of St. Louis and House Springs Bank.

The 90-minute programs featured spokesmen from the circuit attorney's offices of St. Louis and St. Louis County and Jefferson County. Also on hand were members of the shoplifting squads of the St. Louis, Clayton and Jefferson County police departments.

Admission to the seminars was free, and refreshments were served at the conclusion of each one.

Helps Meet Objectives:

Institution Engages Firm To Give Financial Counsel

Cullen Center Bank, Houston, has entered into an agreement with Oakland Financial Group, Inc., Charlottesville, Va., to provide professional financial counseling to residents and companies of the Texas Gulf Coast area.

Under the agreement, the bank and the financial group will offer a "custom-designed and coordinated strategy to help individuals reach their financial objectives in life," according to a bank spokesman. The service is said to eliminate "piecemeal" financial planning for individuals earning over \$50,000 yearly.

The program begins with a financial "health checkup." The individual is interviewed in detail in order to define his personal objectives, financial philosophy and concerns. Discussions are taped for continuous reference during analysis by Oakland's staff. After a detailed study, a comprehensive written report is produced for the client, giving explicit financial recommendations.

Oakland then meets with the client, making sure he thoroughly understands the findings and conclusions of the analysis. The firm also works with the clients' advisers, ensuring implementation of the plan.

What other benefits does the service offer? Avoidance of such pitfalls as absence of wills, poor retirement or disability planning, low-return tax-shelter investments and failure to maintain adequate liquid reserves, according to Cullen officials. Oakland indicates that, in over one-third of its cases, it has discovered through review of back tax records that refunds were due clients.

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Now, they only have one problem. We're continuing to set the pace. And they'll have to work very hard just to keep up.

Contact our home office for more information.



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Selling/Marketing

Fill 'Er Up? Bank in North Carolina Offers Cut-Rate Gasoline to Customers

INDIRECTLY, the energy shortage has led to an unusual marketing program at United Citizens Bank, Winston-Salem, N. C. That institution is offering gasoline to its customers at cut-rate prices—about 49 cents a gallon.

The pumps are activated by plastic cards used by the bank's customers. A record of the sale is transmitted through the data link to the pumps to a computer owned by Pace Oil, the firm supplying the gas. About 2,000 cards have been issued so far, according to a bank spokesman.

The owner of the oil company also is a United Citizens director and one of the idea's originators. Since banking regulations prohibit a bank from offering gasoline products, Pace Oil owns the computer and the pumps. The bank merely supplies the locations and the customers.

Who may use the service? Any customer of the bank, be it a loan customer, depositor or user of any other bank service. A United Citizens official states that those using the gasoline are able to save about \$10 monthly on normal operating costs of their automobiles.

A pilot project originally was run to test the concept. Gasoline was "sold"



This is new idea in "premiums." United Citizens Bank, Winston-Salem, N. C., issues plastic cards to customers, cards activate gasoline pumps that dispense discount fuel. Pumps and computers that record transaction are owned by Pace Oil, company that supplies gas—bank provides customers and locations.

from pumps near United Citizens' drive-up windows. Officials say all the "bugs" have been worked out of the system, so the cut-rate fuel will be offered at four sites, although two locations were in operation at press time.

To sell the service, the bank has undertaken a concentrated advertising program involving radio and newspapers.

What is the future of this concept? Only the fates know, but it was with a small bank such as United Citizens that "free" personal checking was begun. • •

A Capsulized History:

People of 2076 and 2176 To Get View of This Year

What was life like back in 1976? That's a question citizens of Bowling Green, Ky., will have answered in the future when two time capsules—to be placed by Citizens National—are opened.

As part of its "Big Spring Bicentennial Celebration," the bank will seal the capsules on July 1. One will be opened in 2076, while the second is slated for a 2176 opening.

To be preserved in the bank's vault, the capsules will contain newspapers, radio tapes, video tapes, signatures and messages from area citizens, books, pictures, reports and other items of interest.

The bank also is preparing original art, music, environmental and educational programs as part of its celebration of the national heritage.

Iowa Rings Up 'No Sale'

Should banks be allowed to sell such merchandise as coin banks and clutch purses on their premises to get new business? Aren't these sales a way to promote thrift, which is one of the essential missions of a bank?

Evidently, the state of Iowa doesn't think so because it has a law that prohibits "the selling of tangible merchandise by supervised lenders." Exceptions include occasional sales of property used in the ordinary course of business and sales of items of collateral of which lenders have taken possession.

However, according to Iowa's assistant attorney general, Julian B. Garrett, the legislature may change this law to allow sales of small items on not-for-profit bases.

Changing Tastes:

Bank Launches Promotion By Providing Free Lunch

Farmers State, Albert, Kan., has invited area residents to change their banking "tastes" with a new image flavored with Smucker's jams and jellies.

The institution's "Country Money Store" theme—featuring "old-fashioned friendliness"—was launched with a free barbeque for 800 invited customers and prospective customers. Large jars of the Smucker's product served as door prizes.

Then, the bank launched its media campaign, preceded by delivery of 3,500 jars of free jelly to area residents. Accompanying the Smucker's jelly was a letter from Bill Robbins, bank president, telling of the premium offer, wherein customers could obtain gift packages of Smucker's products with deposits.

A brochure explaining the bank's services and a postage return card also accompanied the free jelly.

The promotion, which was created and handled by Lane & Leslie Advertising Agency, Inc., Wichita, was more successful than anticipated, Mr. Robbins said.



Bill Robbins (l.), pres., Farmers State, Albert, Kan., joins guests at bank-sponsored barbeque kicking off Farmers State "Country Money Store" promotion which featured Smucker's gift sets for deposits.

From l., Gene Linenberger, s.v.p.; Leo Vap, v.p.; and Bill Robbins, pres., Farmers State, Albert, Kan., draw names for door prizes of Smucker's jelly during bank's barbeque that kicked off promotion offering Smucker's gift sets for deposits.



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2. SATURN II



3. CONTINENTAL

Behind every Security vault door you'll find our basic philosophy: cut the cost without cutting important features.

Features like gleaming, no-maintenance satin-finished stainless steel over the entire door surface. With no raw steel edges to rust, no expensive buffing. But good looks are just the beginning.

Other standard features on all doors include: our exclusive "Snorkel" emergency ventilator, built directly into the vault door frame; a full 36" clear opening for easy access by teller busses, and a choice of acrylic or stainless steel daygates.

BEHIND DOOR NO. 1 you'll find everything you'd expect from a high-priced door except high price. The International's entire door slab is reinforced with KT-20 monolithic metal to resist torches, drills and explosives. Your choice of door thicknesses: 3½", 7" or 10". These and other features make the International the biggest selling vault door in the world today.

BEHIND DOOR NO. 2 you'll find proof that pressure lock security can be beautiful. The Saturn II features eight massive locking bolts that close up pressure tight. KT-20 covers the entire door area. Available in 3½", 7" and 10" door thicknesses. And it's the only standard pressure system door in the world with immediate delivery.

BEHIND DOOR NO. 3 you'll see the big door you can swing on a small budget. The Continental's full-length locking bar assures top-to-bottom contact with the locking jamb. KT-20, the protective metal inlay, covers the entire lock area. The Continental is available in a 3½" door thickness. And it's a lot of door for the money.

If you have an opening for a vault door that's as functional as it is good-looking, Security has one ready for immediate delivery.

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The Amiel Industries AI-9100 heavy duty automatic coin wrapping machine is the biggest little automatic coin wrapper you can buy... *Big* in coin hopper capacity, holding 10,000 coins (or up to 30,000 using our special hopper adapter), *big* in wrapped coin production, with a throughput of 18 rolls per minute... *big* in experience, with the AI-9100 having thousands of hours of proven workload.

Yet it is *little* in size, the smallest, most-compact coin roller engineered for tomorrow's needs; built with advanced solid state electronics.

A heavy-duty coin block assembly and easy access doors which make maintenance a snap...

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For your coin wrapping needs, make it the AI-9100, the biggest little coin wrapper in the business...and best of all, the AI-9100 looks as good as it works, and works as good as it looks.

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NEWS ROUNDUP

News From Around the Nation

FDIC Proposes Disclosure Amendments

The FDIC has issued for comment three proposed amendments to the disclosure rules for insured state non-member banks having registered securities.

The amendments would allocate the reserve for loan losses three ways. The valuation portion would be deducted from loans; the deferred tax payable would be reflected as another liability; and the contingency portion would be included in undivided profits.

Also, subordinated notes and debentures would no longer be grouped with stockholders' equity under the caption "capital accounts" but would instead be shown after total liabilities.

Loans would be shown net of unearned income.

The proposed changes are being issued to bring the FDIC's regulations into substantial conformity with those of the SEC, in accordance with the Depository Institutions Act of 1974.

Pooled Funds Interest Curb Proposed

Regulators have issued proposals to block the pooling of funds as a way to beat federal interest rate ceilings on deposits of less than \$100,000.

If adopted, the proposal would apply when a bank or S&L knows or has reason to believe that the object of pooling is to circumvent rate ceilings.

Four types of pooling would be exempted: the combination of funds by trust departments to make use of temporarily idle funds from a number of trust accounts, a similar combination of funds by an attorney acting in a custodial or fiduciary capacity for funds held in escrow in a bank, a combination of funds by an individual or organization that previously held its funds in various accounts or the offering of large CDs to a mutual fund that invests only a "minimal" percentage of its portfolio in CDs.

Comment is invited by the Fed until May 10.

Overdraft Coverage Proposed

The Fed and the FDIC have proposed to allow member banks to cover overdrafts by transferring funds automatically from a customer's savings account to his checking account.

Thus, a depositor with savings and checking accounts at a bank would be permitted to have specified amounts of funds, in multiples of \$100, transferred from the saving account in case of an overdraft; to authorize an automatic transfer of funds when the customer's checking account balance falls below a predetermined level; and to allow

removal of savings to the bank directly, without transfer to the checking account, in case of an overdraft.

The depositor would forfeit at least 30 days' interest on the amount of savings transferred to pay for the service.

Comments will be accepted until May 14.

FDIC Issues Insider Regs

The FDIC has finalized regulations to curb abuses by insiders. Directors or owners of 10% or more of a bank's voting stock are covered.

The regulations require boards to approve all insider transactions in amounts varying with bank size.

Banks having up to \$100 million in assets would need board approval of all insider transactions in excess of \$20,000. Boards of banks with from \$100 million to \$500 million in assets would have to approve all insider transactions in excess of \$50,000 and boards of banks larger than \$500 million would have to approve all insider transactions over \$100,000.

Also, detailed records must be kept by banks and reviewed by examiners seeking evidence of unsafe or unsound practices or insider abuses.

CD Rates Pegged to T-Bills?

The FDIC has proposed allowing some banks to offer CDs with interest rates pegged to Treasury bill auction rates. The proposal would apply to FDIC-insured commercial and mutual savings banks that are not Fed members. It would cover deposits of at least \$1,000 left on deposit for two years or more.

Under the proposal, the rate on variable-rate time deposits at commercial banks would vary quarterly depending on rates of 13-week Treasury bills in the preceding quarter. The rate would be the average of four weeks' coupon rate at the Treasury's weekly auction of 13-week bills.

The four weeks upon which the calculation would be based would be those immediately before the first day of the third month in the quarter. The rate would be published in the first five days of the third month of each quarter, permitting banks about 25 days to advertise the new rate before it became effective.

Rates for mutuals would be one-fourth percentage point higher than those for commercial banks.

Banks would be permitted to set a minimum amount below which rates couldn't fall to protect depositors, but the floor couldn't be higher than 4½%. Banks could also set a ceiling rate.

The FDIC said the variable rates would be less expensive for banks than the current four- and six-year fixed-rates.

Comments will be accepted through May 15.

Installment Lending

Industry-Wide Cooperation Is Solution To Problems in Manufactured Housing

By **ROLLIN R. WILLIAMS**
Executive Director
Manufactured Housing
Financial Services Association
Nashville

THIS WILL BE an improved year for the manufactured-housing industry. It won't be outstanding, but improvements will come in the areas of product quality and cooperation among various industry segments.

There will be problems in availability of funding and progress toward simple-interest calculations. Availability of adequate property insurance will continue to be a problem, but it's solvable through a spirit of cooperation among insurers, dealers, manufacturers, lenders and service companies. The industry isn't yet "out of the woods," but it is headed in the right direction.

A serious problem in manufactured housing has been some poor-quality homes, contributing to complaints, delinquencies, repossessions and loan losses. New building codes and other legislation are bringing about significant improvements in this area, however.

"High repossession ratios in 1974 and 1975 have been one of the main disenchantments of manufactured housing to lenders."

The Manufactured Housing Financial Services Association (MHFSA) conducted a lenders-experience survey and 57% of the respondents indicated a continuing interest in mobile-home paper. However, many expressed interest in availability of programs guaranteeing unquestioned safety and satisfactory yields.

Yield always has been a principal concern of lenders. During the recent period of high, tight money, many lenders found it economically unsound to continue investing large sums in mobile-home paper, due to its unsatisfactory return. Delinquency and repossession ratios were too high, so many lenders withdrew, even though ultimate losses—in most cases—were either lower than, or in line with, other installment portfolios.

As lenders ceased buying paper, manufactured-housing production suffered a proportionate decline: the industry lost more than 50% of its normal production, dealing a fatal blow to some elements.

There's a brighter picture at present, with interest rates declining. Uncertainties of the money market, a reason for a great reluctance on the part of investors to "get back in," has resulted in a "wait and see" attitude. Even if some are bold enough to venture back into the market, it undoubtedly will be with caution, rigid control on credit extension and with other safety factors.

Further, the banking industry's much-publicized problems and losses in areas other than manufactured housing are cause for tightened regulatory control, resulting in stricter credit policies by individual lenders.

Will there be a tendency by investors to over-react? That's possible if obtaining funds continues to be difficult, even if interest rates remain at favorable levels. With an emphasis on safety, federal programs may be a partial answer to the future funding problems of the manufactured-housing industry, but only if the lending community isn't too burdensome and if regulations dealing with servicing, controlling and filing claims are reasonable. Yields must be satisfactory.

Another development which may create additional caution among lenders is the Federal Trade Commission's revocation of the holder-in-due-course doctrine, which essentially would permit consumer recourse to the lender in matters involving product warranties. Lenders are apt to be slow to finance products of uncertain quality or those sold by dealers of uncertain ability and/or disposition to perform satisfactory warranty services.

There is another finance consideration. Robert L. Ernst, MHFSA president, observed that the industry's future welfare lies in educating manufacturers, dealers and lenders on adoption of a different financing program, a complete change to a simple-interest reducing-balance type calculation, as in residential mortgages. He indicated that escrow accounts should be set up to provide for payment of insurance premiums and taxes. Mr. Ernst suggested

up to 12 years for single-wide motor homes, 15 years for double-wides and 18 years for modulars with real estate. The dealers, he said, must learn that they must make profits on sales, not on reserves and participations.

As long as manufactured housing is marketed through a manufacturer-dealer-buyer-lender relationship, there will be a need for dealer-inventory financing (floor plan). Lenders usually avoid this type of lending, providing it only as a means of obtaining profitable, dealer-generated retail paper. If finance programs move in the direction of simple-interest calculations on the reducing balance, new and different methods of merchandising, with or without real estate, will be devised. Dealers will have less control over time sales and lenders will be less dependent on dealers for profitable finance business and therefore less disposed to provision of inventory financing. Dealers will have to become better, more sophisticated merchants, better capitalized and making profits on sales.

High repossession ratios in 1974 and 1975 have been one of the main disenchantments of manufactured housing to lenders. A partial answer to that problem is revealed in the previously mentioned lenders-experience survey. The four most common reasons found for delinquency and repossession were marital problems, unemployment, over-extension of credit and dissatisfaction with warranty service or with the home itself.

The problem of overextended credit,

"As long as manufactured housing is marketed through a manufacturer-dealer-buyer-lender relationship, there will be a need for . . . floor-planning."

dissatisfaction with warranty service or the home, lack of equity and a few of the others probably will be overcome. Marital problems and unemployment, the two greatest causes, can be minimized, but can't be eliminated.

Repossession problems, the source of much lender dissatisfaction, can and probably will be corrected. This is a "plus" for the industry because the price of new housing is increasing steadily and is bound to go out of the reach of many buyers. As this occurs, the demand for less-expensive units will increase. Repossessions may fill this need.

The current repossession situation is under control in virtually all areas. The experience gained by having had

(Continued on page 132)

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B is for Banking.

That's your business, and we never forget it. That's why all the paperwork in our program is designed for quick and easy completion by loan officers, not underwriters. And we make sure you always have all the supplies you need. Free.

B is also for Book. Ours is a thorough Reference Manual that details the entire Integon program of life and health coverage, contract limits, maximum terms, procedures for claims, refunds and reports, and samples of all charts, forms and certificates. Plus a bonus section to make selling easier for you.

B is for Bread, too. And we know which side ours is buttered on. So we never sign you up and then leave you hanging. Instead, the Integon representative works with you to get everything set up and running smoothly. Then he makes regular visits to keep things that way. And if you need him in-between times, just call. And he'll make a beeline to your door.

When a new loan officer joins your firm, our representative provides a complete training presentation that helps your staff sell better. So your bank can earn more.

And finally, B is for Bottom Line. And we do everything possible to make sure yours is favorable.

There's a lot more, and if you're interested, you should call J. Wayne Williard, Jr., collect at 919/725-7261. As Vice-President of Credit Insurance, he'll be happy to arrange an appointment at your convenience, without obligation. Or, if you don't feel like talking, write him at Integon Life Insurance Corporation, P.O. Box 3199, Winston-Salem, N. C. 27102. Either way, once you get all the facts, we think you'll agree that Integon's Credit Insurance program is not only pleasant and profitable.

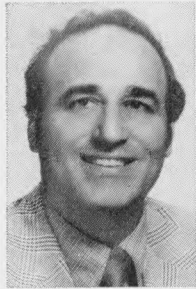
But also easy as you-know-what.



J. Wayne Williard, Jr., Vice-President



• **Mosler.** Arthur Pisetzner has been appointed region general manager of the enlarged central sales region of Mosler, Hamilton, O. He will be headquartered in Lincolnwood, Ill., and will be responsible for sales, installation and service of Mosler equipment in an area including Illinois and Indiana. He will be assisted by Ford Campbell, region sales manager. Mr. Pisetzner previously was regional manager of Mosler's New York sales area.



PISETZNER



CAMPBELL

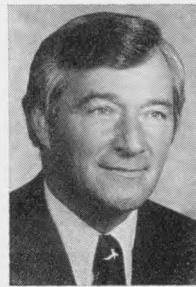
• **Amiel Industries.** Robert A. Pfeffer has been named senior sales representative for the southern division of Amiel Industries of North America, Atlanta. Mr. Pfeffer will be headquartered in Nashville. He goes to Amiel from General Communications & Electronics and previously was with Unimar Corp. and Mosler Safe Co.

• **Financial Insurance Service, Inc.** Jack W. Impey, senior vice president, Financial Insurance Service, Inc., Des Plaines, Ill., has been appointed by Governor Daniel Walker to the state advisory board of the Department of

Corporate News Roundup

Insurance. Mr. Impey, along with the other board members, will work with the department on an advisory basis on all phases of insurance. At Financial Insurance Service, Inc., Mr. Impey supervises production of insurance programs for commercial banks in Missouri and Illinois.

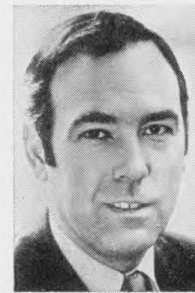
• **Continental Mortgage Insurance, Inc.** Stephen E. Ostott has been named manager of the new Kansas City branch underwriting office of Continental Mortgage Insurance, Inc., subsidiary of CMI Investment Corp., Madison, Wis. The office will serve lending institutions in Missouri and Kansas. Mr. Ostott previously was an underwriter in Continental's Dallas regional underwriting office.



IMPEY



OSTOTT



GRANT



MILLER

• **James Talcott, Inc.** Brooke Grant has been elected chairman and president of Talcott National Corp., financing and factoring subsidiary of James Talcott, Inc. Mr. Grant succeeds James C. Slaughter, the former chairman, and Harvey M. Kelsey Jr., the former president, both of whom resigned to accept positions elsewhere. Three new directors of Talcott National have been elected: David M. Kennedy, former U. S. Treasury Secretary and former chairman of Continental Illinois National, Chicago; Franklin D. Johnson, partner, Jardine, Johnson & Baldwin law firm, Salt Lake City; and Glendon E. Johnson, chairman and CEO, American National Financial Corp., Galveston, Tex. All four are principal shareholders of Uintah National Corp., a Utah-based investment group which has purchased 53% of the Talcott National common stock.

• **John H. Harland Co.** Dan Miller has been named sales representative for Kansas City and surrounding areas by John H. Harland Co., Atlanta. Mr. Miller will serve banks being supplied from Harland's St. Louis plant.

New Products and Services

• **Automation Forms Co., Inc.** Products for use in the bank operations area are available from Automation Forms Co., Inc., Garland, Tex. The firm's correction fluid, correction labels and document carriers may be used to correct key stroke errors at check encoding machines, while Automation Forms' document carriers may be used to repair and reenter reader-sorter reject items and make torn or mutilated documents machinable prior to sorting. A sample reject/correction repair kit containing these three products may be

obtained free. Write: Automation Forms Co., Inc., P.O. Box 1706, Garland, TX 75040.

• **Diebold, Inc.** The Visual Auto Teller VI is the new member of the line of drive-up machines from Diebold, Inc., Canton, O. Transaction service is done by way of pneumatic tubes. The transaction carrier is of clear plastic, giving full visibility of its

This is new Diebold Visual Auto Teller VI, which features pneumatic operation, clear plastic carrier and off-counter teller controls.



contents and the unit features a two-way audio system and controls that are located in an off-the-counter console. For multiple installations, the Visual Auto Teller VI transaction carriers and customer service units have color-coded panels. The customer units can be secured with key-locking tambour covers during nonbusiness hours. Write: Diebold, Inc., Canton, OH 44711.

• **Mosler.** To stimulate safe-deposit-box rentals, a new promotional kit is being offered by Mosler, Hamilton, O. The kit contains 16 different statement stuffers that can be imprinted with the bank's name, an easel card for counter display, 30- and 60-second radio commercial copy, newspaper ad mats and duplicate personal inventory records. In addition, Mosler is offering a free-standing lobby display which holds four safe-deposit-box tins. Write: Mosler Safe Co., Department PR-042, 1561 Grand Boulevard, Hamilton, OH 45012.

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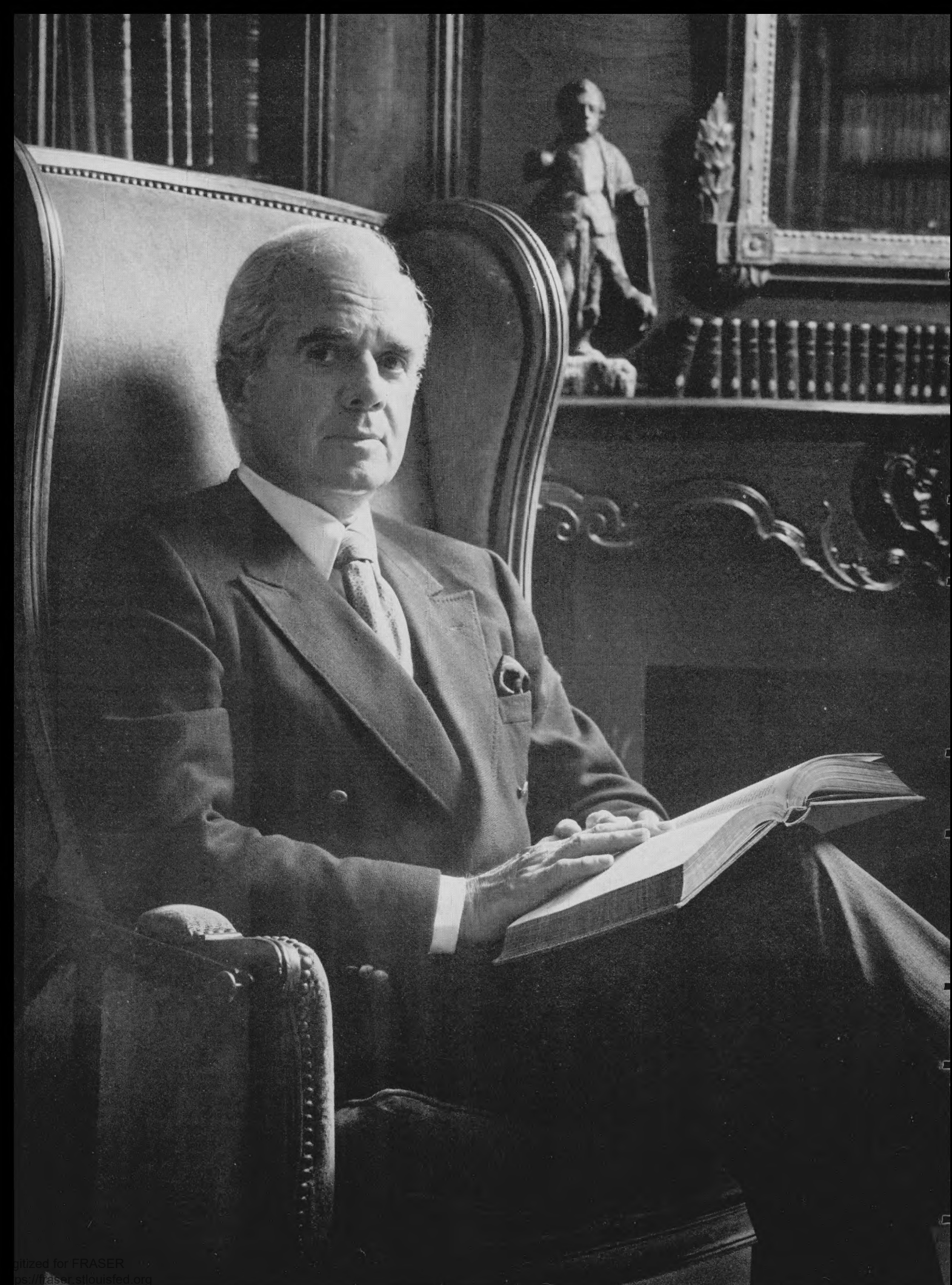
"Believe it or not"—a woman can have a dozen trays at home, she'll want and go out of her way for still another one IF UNIQUELY DIFFERENT AND BEAUTIFUL. Our "Fine Arts" trays are just that, particularly in our unusual and lovely Oval shape and richly reproduced designs NOT SEEN IN STORES ANYWHERE, a real "impulse desired" item.

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MID-CONTINENT BANKER for April, 1976

25



Is your teller ignoring an \$80,000 customer?

You are very attentive to a good customer when he comes to you for a \$50,000 mortgage, a \$20,000 secured loan and a \$10,000 home improvement loan.

But when he comes to buy travelers cheques, does your teller sell him just an ordinary brand?

Carrying the right Travelers Cheque is a very important part of travel. So when one of your good customers asks for Travelers Cheques, the only brand of Travelers Cheques your teller should recommend is American Express® Travelers Cheques.

They are *not* an ordinary brand of Travelers Cheques. They offer your important customers decided advantages.

American Express Travelers Cheques are good at more hotels, restaurants, shops and gas stations across America than any other travelers cheques.

American Express Travelers Cheques are supported across America by an "Emergency Refund"SM system that never closes.* Never. (Other travelers cheques refund systems can be closed as many as 120 days a year.)

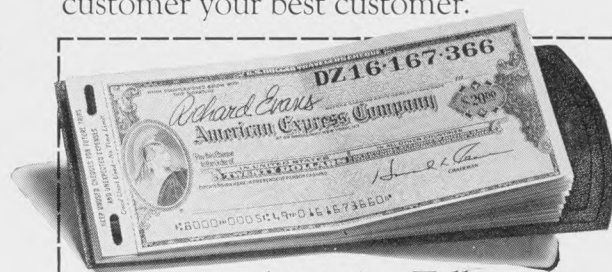
American Express Travelers Cheques are supported by over 650 travel offices around the world. The other two major travelers cheques aren't backed by any travel offices.

If your tellers are not aware of the

advantages of American Express Travelers Cheques they should be. And they can be. With your help.

Simply cut out the box on this page marked Attention Tellers and send it to your head teller for distribution.

It could help you to keep your best customer your best customer.



Attention Tellers

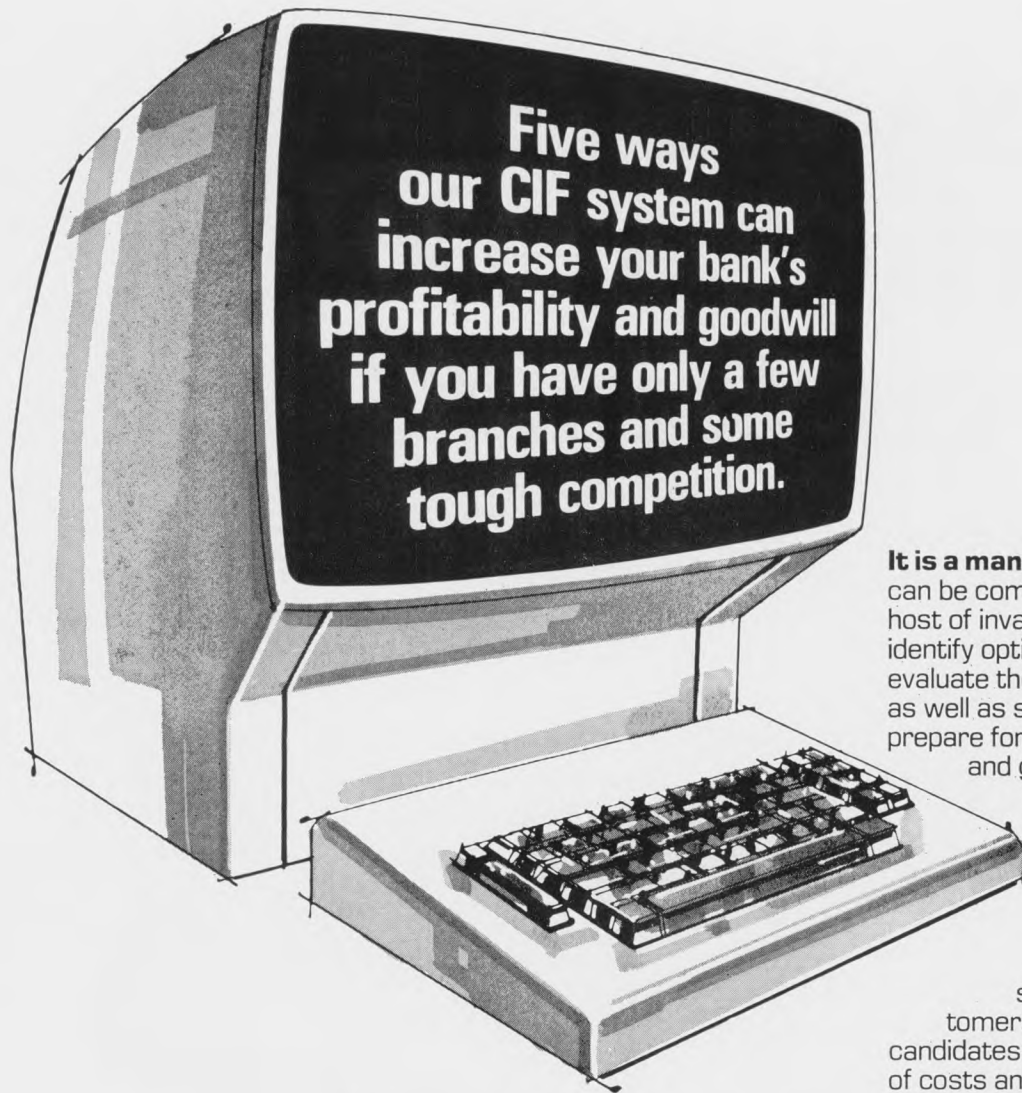
- American Express Travelers Cheques are good at thousands of hotels, restaurants, gas stations and shops across America where other travelers cheques aren't.
- American Express Travelers Cheques are the only Travelers Cheques backed by a refund system that never closes.
- American Express Travelers Cheques are supported by over 650 travel offices around the world.
- Last year more travelers used American Express Travelers Cheques than any other. They are the world's leading Travelers Cheques.



*Only American Express Travelers Cheques can provide your customers extra service. Emergency refunds of up to \$100 at night, on weekends and holidays.

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**Five ways
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profitability and goodwill
if you have only a few
branches and some
tough competition.**

It is a management tool whose data can be computer-summarized in a host of invaluable ways, helping you to identify optimal new branch locations, evaluate the profitability of individuals as well as sociographic groups, and prepare for debit card introduction and growth.

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It uncomplicates your life, shrinking paperwork and credit searches to an absolute minimum, saving money all over the place, speeding up service and wrapping up new business.

It tells you everything — status of demand deposit and savings accounts, installment loans and interbank card activity — no matter how a file is accessed. That much information is often all it takes to authorize a new service, instantly.

It reduces your credit risk by giving you a complete profile in seconds of all the account relationships any customer maintains with your bank; change information needs to be entered only once, eliminating duplicate transaction processing.

There are a lot more ways our CIF system can begin accelerating your growth in less than a year for a very nominal cost. Why not call Gib Witter or Bill Korengel collect at (513) 852-5492 for the whole Central Trust CIF story?

We already have more than one-half million accounts and a growing number of very happy participants in our Central Information File. We have no doubts about its ability to be doing some big things for your bank, too.

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THE CONVENIENCE BANK

Central Trust Tower,
Fourth and Vine Streets
Cincinnati, Ohio 45201



MID-CONTINENT BANKER for April, 1976

EFTS:

What's Happening Today Will Shape Tomorrow

By J. REX DUWE*
President
American Bankers Assn.



EACH bank in the United States has entered the world of electronic funds transfers, or will soon do so. No banker realistically can say, "Count me out."

One example proves the point: direct deposit of social security checks. The government is cutting the costs of processing and delivering recurring social security and supplemental security checks by using an electronic process—namely automated clearing houses (ACHs). We'll all be participants in this process, whether we receive computer tapes, punch cards or printouts. We're all involved in EFT.

I'd like to review some recent EFT events that will shape the EFT environment for tomorrow. True, these events have been reported in the trade press and on the business pages of our newspapers, but, by my bringing this information together, we may gain a new perspective on the evolving system and may be better able to make EFT decisions. We may be better prepared to answer the questions of when and how our banks will use electronic transfers.

Any EFT news roundup gravitates toward the interpretive ruling on Customer-Bank Communications Terminals (CBCTs) issued by Comptroller of the Currency James Smith in late 1974. The Comptroller said that CBCTs do not constitute bank branches. This controversial statement proved a boon to the legal profession by generating many lawsuits.

* Mr. Duwe is chairman and president, Farmers State, Lucas, Kan.

Last October, the Comptroller suspended his ruling after several courts had held that his CBCT interpretation violated, at least in part, the McFadden Act. But this did not mean an end to CBCTs. It did mean that a decision to use these terminals had to be made by individual banks acting on the basis of internal business decisions and on the advice of their own counsels.

Some banks have chosen to use CBCTs and have been taken to court. Most of the court decisions have stated that, in one way or another, CBCTs are branches. But, in a first-of-its kind decision on January 2 of this year, a U. S. District Court in Oklahoma ruled in support of the Comptroller's contention that CBCTs are not bank branches.

As a sidelight, this is the only CBCT case so far in which witnesses have testified. Other decisions have been rendered solely on the basis of legal briefs.

What will be the final chapter in the CBCT story? It seems fairly certain that the whole CBCT question eventually will wind up in the Supreme Court. At any rate, that's the prediction of the Comptroller's office and the consensus among many other knowledgeable people.

However, there's a larger question that should be asked: Should the nation's decision about CBCTs rest entirely on legal arguments concerning whether these devices are bank branches?

In an article in the December issue of *Banking* magazine, Blair Schick of Arthur D. Little, Inc., stated that the

law has defined the debate on CBCTs and that "We argue whether EFT facilities are branches only because the statutes are so written as to allow no other questions to be asked." Mr. Schick says, "The better course is to turn the process around. The law should be defined by a debate on EFT, not a debate on what 'branch' means."

What is the ABA's position on CBCTs? We believe that CBCTs are a new device for *delivering* traditional bank services—not in *changing* those services—and that they should be allowed. Bank-branching laws, by definition, affect only banks. If we alone are blocked from installing electronic terminals, our competitors would gain an unfair advantage. CBCT rulings don't affect thrifts, and they certainly don't affect Penney's, Sears and Montgomery Ward. But these retailers are our financial competitors, too. Right now, they're offering a tremendous amount of credit to our mutual customers. These retail outlets are installing computerized "cash registers" that could easily be used to accept the equivalent of deposits.

While remembering that our competition isn't limited to thrifts, let's look at some of the recent EFT developments involving them.

First, the Federal Home Loan Bank Board has said it will continue to authorize "experimental" remote service units (RSUs) for federal thrifts until July 31, 1976. This is an extension of the previous deadline. From the consumer's point of view, a CBCT and RSU are identical. From our point of

view as bankers, federal S&Ls are being granted specific authority to operate these units while national banks have been stymied by legal actions and are not able to get the same explicit go-ahead. This is unfair. It means federal S&Ls have an unfair advantage.

A second important question involves thrifts, banks and EFT centers on direct access to automated clearing houses.

In June, the Federal Reserve proposed that Fed-member banks and other financial institutions "authorized to maintain demand-deposit accounts" have the right to direct origination of ACH entries at all Fed-operated ACH facilities. At the same time, the Fed suggested direct delivery to any institution that had a "sufficient" volume of transactions and that was on an existing Fed courier route. In November, the Justice Department recommended that the Fed revamp its proposal. Justice suggested that the Fed establish fees for all ACH services and offer participation on a nondiscriminatory basis to all financial institutions. The ABA expressed concern that the Justice Department had misunderstood both the statutory powers of financial institutions and the way ACH access actually would work under the Fed proposal.

The ABA consistently has maintained that origination of entries through the automated clearing house system should be limited to institutions having demand-deposit powers.

In January of this year, the Federal Reserve Board announced an interim policy for the deposit and delivery of payments on magnetic tape cleared through its facilities. The change permits ACH organizations to allow thrifts direct access to Fed-operated ACHs *if*, and this is important, *if* the thrifts are members of an ACH. Essentially, the burden of decision as to who gets direct access to ACHs rests, then, with bank-dominated ACH associations, and several of these associations have voted thrifts membership and, therefore, direct access. ACHs in New York, New England, Michigan, Philadelphia and Pittsburgh already have agreed to admit thrift institutions to full and equal membership.

Thrifts also seem to be making headway in another area. In Chicago, commercial banks are competing with one another in selling point-of-sale (POS) services to S&Ls. Continental Illinois National has announced an agreement to establish an EFT computer linkup with the Federal Home Loan Bank of Chicago. The tie-in, scheduled for operation this summer, will allow S&Ls that use FHLB data processing services to participate in the 200-terminal POS system Continental plans to operate in two major Chicago retail chains.

Meanwhile, Continental's major bank competitor, First National of Chicago, recently signed the city's three largest S&Ls for participation in its new EFT package, known as the "YES" System. Again, remote terminals will be shared.

Ironically, Illinois S&Ls sharing in POS networks now have a competitive advantage over banks. S&L customers can make both deposits and withdrawals at remote terminals, while bank customers are permitted to make only withdrawals. This court ruling is being appealed by Continental and FNB of Chicago.

One final note about thrifts and electronic funds transfers. This year, the Federal Home Loan Bank took preliminary steps toward an FHLB-operated POS-related switching system. The FHLBs invited computer hardware and software vendors to submit proposals for the design and development of such switching systems.

In early September, the Federal Home Loan Bank of San Francisco announced it would operate a pilot EFT

switch that would permit members to share remote service units in retail establishments. The San Francisco program was described as the potential forerunner of a nationwide switch and settlement center for thrift institutions. But the Justice Department took exception to the proposal, saying, "There is no demonstrable need for the Home Loan banks to enter the EFTS field" and that government operation could lead to a "regulated public utility approach."

The San Francisco project has been postponed, at least for the time being. Nonetheless, we must recognize that the FHLB has acted as an advocate for the S&L industry, and sometimes that has meant advocating EFT-related powers.

Turning from thrifts, let me briefly mention a few other EFT developments.

First, both major bank card companies are interested in debit cards. About six months ago, National Bank-Americard, Inc., announced plans for a nationwide debit-card plan. Interbank Card Association—the Master Charge company—is proposing its own debit-card program to its members. We should keep up to date on these programs.

Moreover, individual banks and groups of banks are preparing to offer similar services. As you know, Financial Communications Services Corp., operating in Missouri and surrounding states, now has 150 banks participating in its proposed debit-card program. This number is growing every day.

Second, Hempstead Bank, on Long Island, has reactivated its program for POS electronic fund transfers. If you'll remember, Hempstead was an innovator in POS, offering the service from November 1, 1971, to December 31, 1972. Now Hempstead has decided that it's time to reinstitute POS operations and will install terminals in the stores of 35 merchants in six communities.

Going international for a moment, bankers may be wondering what's happening with SWIFT—the Society for Worldwide Interbank Financial Telecommunications. Since its inception in 1970, this group of banks has been planning a sophisticated system of international payments and a network for message transfers. Initial operations of the system, developed privately by 300 banks in 13 European countries, Canada and the U. S., had been planned for June. But the start-up will be delayed by at least four months. At any rate, SWIFT is on the way.

With all this EFT activity, what role has the ABA played? Actually, we've played several roles. We've testified be-

(Continued on page 97)

Spotlighting 'Never-Close' Bank

Isn't it a good thing your bank never closes?
Your bank is National City.

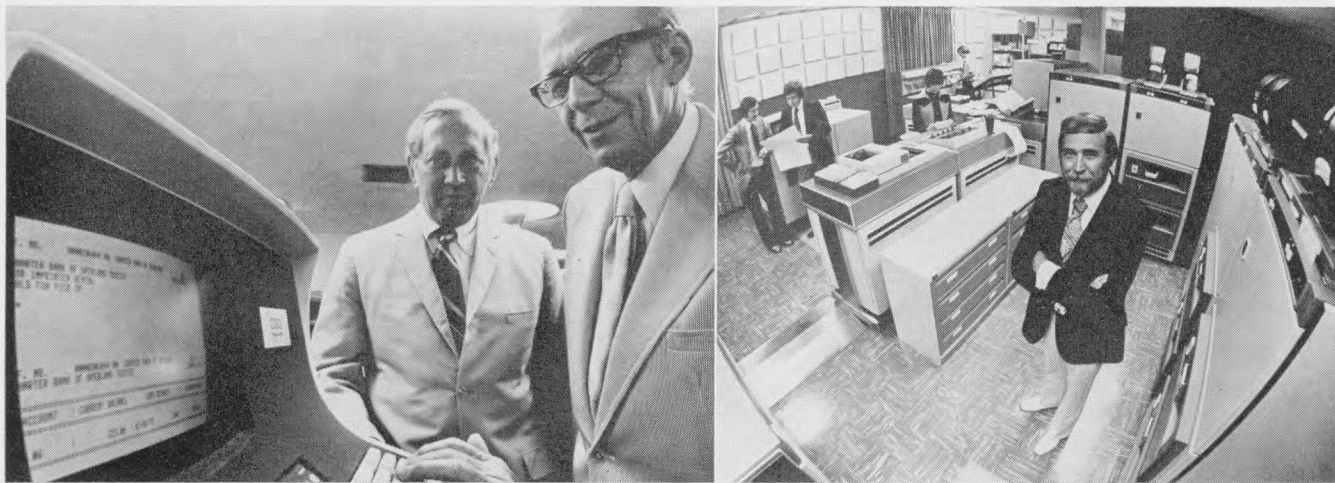
The trouble with regular banking hours is they don't always happen to be the same hours you need your bank. That's why we've got automatic tellers at our Southland and Plaza locations. Now you can complete entry transactions anytime, day or night, seven days a week.

But first you need a Bank-Key 24 card to activate the machine.

The Bank-Key 24
Why not also apply for your card—and begin doing your banking at your convenience.

The Bank-Key 24
THE NATIONAL CITY BANK

Here's an interesting ad National City Bank, Marion, O., used to publicize its automated teller machine, called "The Bank-Key 24." The ad featured three different situations in which having access to the bank's ATM was an advantage: The woman at left just remembered, at 10 o'clock at night, that a loan payment was due that day; the man in the center needed a safe place to put the \$250 he had just received, at 6 o'clock Saturday night, for an old pickup truck; and the couple at right needed extra money at 3 o'clock Sunday afternoon to obtain "the buy of a lifetime" at a yard sale. The picture at the bottom of the ad shows all three situations being resolved at the bank's ATM, whose services include depositing money and taking deposits.



LEFT: Webe H. Naunheim (l.), ch., Charter Bank of Overland, Mo., watches as George W. Reeves, a.v.p., puts video display terminal through its paces. Terminal serves for data entry, especially of new accounts, and provides immediate access to complete master file.

RIGHT: Harry W. Adams Jr. (r.), s.v.p., Charter Bank of Jennings, Mo., is supervisor of Century 201 system that serves Charter Banks in St. Louis area.

Tellers Have Complete Customer Information At Fingertips With New Terminal System

THALES, the Greek philosopher, gave this advice: "Know thyself." But a bank is even better advised to know its customers. And the six St. Louis-area institutions of First National Charter Corp., Kansas City-based HC, now have the capability of knowing virtually everything a bank wants to know about each of its customers—immediately, via terminal inquiry.

For example, every teller in the two facilities of Charter Bank of Jennings, the three facilities of Charter Bank of Overland, or, in part, at Webster Groves Trust, is on-line via a terminal for memo posting and inquiry into each bank's complete customer master file, within security limits. The data are stored on a Century 201 system at Charter Bank of Jennings and available through a customer integrated reference file (CI/RF) developed cooperatively by NCR and the EDP Corp. of Florida.

"We believe we have achieved, with the CI/RF, the informational goals banks have been seeking since the customer information file concept was first advanced," said Harry W. Adams Jr., senior vice president of Charter Bank of Jennings. "We now have, for the first time, a complete, immediate display of the entire data base, including all types of accounts, activity, his-

tory, special instructions, demographics and the like.

"This enables us to upgrade customer service and customer relations to a level never before possible."

To illustrate: The system advises the teller if she can cash a check for a specific amount on an account and immediately reduces the available balance by the amount of that transaction via memo posting. If there are not sufficient funds in the account, the terminal informs the teller the date and the amount of the last deposit, available balance, whether there are any holds on the account plus the account number and balance of every other deposit account the customer has with the bank—without the teller even requesting this information. Thus, the teller can courteously suggest to the customer that he or she transfer funds to cover the check.

Stops and holds can also be placed through any terminal in any of the banks' facilities. When a customer asks the bank to place a stop on an account, the system advises immediately if a check for the same amount has been paid since the last statement, via a thermal printer or a data display tube.

If a customer wants to pay off a loan, the printer or the data display unit shows the net payoff amount. The

teller accepts this and the system makes *all* adjusting entries through the general ledger.

Further, a loan officer at one of the Overland or Jennings facilities can get a complete customer profile through a small thermal printer. The profile includes detailed data on all demand deposit and savings accounts, with current balances and average balances for the previous year; the number of demand deposit overdrafts and NSF's; aggregate balances for past years, and the number of years; a listing of CDs; a complete history of past accounts, such as an installment loan paid off in 1971, and payment performance; date of first business with the bank; special instructions; complete demographic data, etc. Upon request, the thermo printer can produce instantly an integrated, itemized statement of all accounts of an individual customer, with every transaction since the last regularly issued statement detailed thereon.

Security restrictions govern the availability-through-terminal of this complete data base, of course. And the flexible system permits each Charter Bank to set up its own security and override codes. Typically, data on accounts considered confidential is displayed only at specified terminals, along with the words "confidential in-

"The greatest value of the new system is not in hardware features, . . . but in the completeness and immediacy of the knowledge it makes available on all of our customers . . ."

formation."

At the Charter Banks of Jennings and Overland, applications on-line since last spring include demand deposit, regular savings, CDs, installment loans, Christmas club and "golden" savings—a commitment savings account.

Webster Groves Trust began converting to CI/RF at the end of July and now has on-line demand deposit and savings; general ledger is also automated. All systems design, programming and actual conversion of these banks has been handled under Mr. Adams' direction. Soon to be added to the system are the two facilities of American Bank, DeSoto, Mo., another Charter Bank 65 miles from St. Louis, and the recently acquired Bank of Ladue.

There are 17 Charter Banks in Missouri, and total assets of First National Charter Corp. are nearly \$1.2 billion. The flagship bank of the HC is First National, Kansas City, which performs a key role in the Charter family of banks. It provided the original corporate management when the HC was formed and continues to be a source of expertise in many fields, including specialized lending, trust services, investments and data processing.

Generally, processing for the western half of Missouri, where some three-fourths of the Charter Banks are located, is handled on a large computer at First of Kansas City. That system processes data for numerous outside banks, too. A few Charter Banks still have their own small systems, and Charter Bank of Jennings serves the three banks mentioned, with the Century 201 system. It replaces equipment that served the Jennings and Overland facilities. However, the old system provided access just to limited information and only via the computer's printer. This meant 24-hour delays in most cases.

In 1973, a six-man committee from First National Charter Corp. traveled around the country looking at data processing systems, equipment and programs. The committee recommended to management establishment of a CI/RF, among other things. The initial thinking was that this would be based in the large Kansas City system. However, a CI/RF is a logical outgrowth of a CIF, which the western operation

lacked. Consequently, the Jennings operation was expanded and upgraded to the Century 201 over one weekend without programming changes, thanks to the "upward compatibility" of the systems.

First National is now working on a CI/RF approach, too, using an IBM system. Savings and demand accounts there have been placed on-line for inquiry through video display terminals. On-line teller terminals and cathode-ray tubes are operating at First National's main bank, its Loma Vista Branch and at Leawood National, an affiliate of First National Charter.

In the meantime, the new system at Charter Bank of Jennings has the potential to handle other Charter Banks and/or processing for outside banks. At least two could be added, and more with the installation of additional memory.

At present the Jennings, Overland and Webster Groves facilities have 52 teller terminals, 11 video display terminals for inquiry and/or data entry, particularly of new accounts; and eight thermal printers. Despite the number of terminals, the system services each bank with just one phone line, regardless of the number of facilities, via a multiplexor in the computer room.

"We selected the NCR 279 teller terminals for a variety of reasons," said Mr. Adams. "Because their cost is low, we can afford one for each teller, optimizing customer service. Also, these are universal terminals, which handle all our transactions. And they are all-electronic, except for the printer. So they are fast and quiet, with little to go wrong. We have experienced minimum downtime."

Although the 279 is not an "intelligent" terminal, it does maintain totals electronically. If line problems are encountered, for instance, the terminals can continue to operate off-line.

"The greatest value of the new system is not in hardware features, though," Mr. Adams declared, "but in the completeness and immediacy of the knowledge it makes available on all of our customers—simply because this knowledge now enables the Charter Banks to serve these customers better than they have ever been able to in the past." • •

EFT Network to Be Shared By Chicago Bank, S&Ls And Linked to Milwaukee

CHICAGO—Fifty-six area S&Ls have filed applications with the Federal Home Loan Bank Board to share the electronic network of Continental Illinois National. The terminals are located at 199 National Food stores and Dominick's Finer Foods locations.

Pioneer Bank, Chicago, has become the fourth bank to contract for direct participation in Continental Bank's electronic banking network at Dominick's.

Continental has had the system in use for more than one year. When the S&Ls begin participating in it sometime in mid-1976, their customers will be able to make savings-account deposits and withdrawals and cash checks at any terminal. Bank customers are prohibited by regulation from using the machines for deposits.

The S&Ls have signed initial agreements to participate in the network, while three of Continental's correspondent banks—Avenue Bank, Oak Park, and Glenview State and National Security Bank, both of Chicago—have signed contracts to share in it.

Under FHLB regulations, federal S&Ls were given until February 29 to file applications in Washington for installation or sharing of the remote service units (RSUs). The terminals would be categorized as RSUs once the S&L customers began using them.

The 56 S&Ls will share Continental's network under agreements the bank has signed to provide computer linkage between its electronic terminals at the supermarkets and those that handle data processing for the S&Ls, such as the Federal Home Loan Bank of Chicago.

Continental also is developing switches between itself and participating S&Ls handling their own processing.

During the third quarter of this year, Continental Bank plans to establish a computer link with Milwaukee Midland National, enabling the latter bank's customers and customers of 48 S&Ls in Illinois and Wisconsin for whom Midland handles data processing to share Continental Bank's electronic network at National Foods and Dominick's supermarkets in the Chicago area.

This computer link is said to be the first interstate link in the Midwest.

AUTOMATED CLEARING HOUSES

*—with them, banks can cross bridge
from paper-based system to EFTS*

ARE BANKS headed for the same paper problem that smothered the brokerage industry in 1968? Can banks physically continue to handle the growing volume of checks (about 25 billion a year, with that figure projected to rise to 44 billion a year by 1980)? Will they be able to hire the additional people needed for the job of processing these checks? An ABA survey in 1968 suggested that the time eventually would come when checking-account service charges might have to be raised

By **ROSEMARY McKELVEY**
Managing Editor

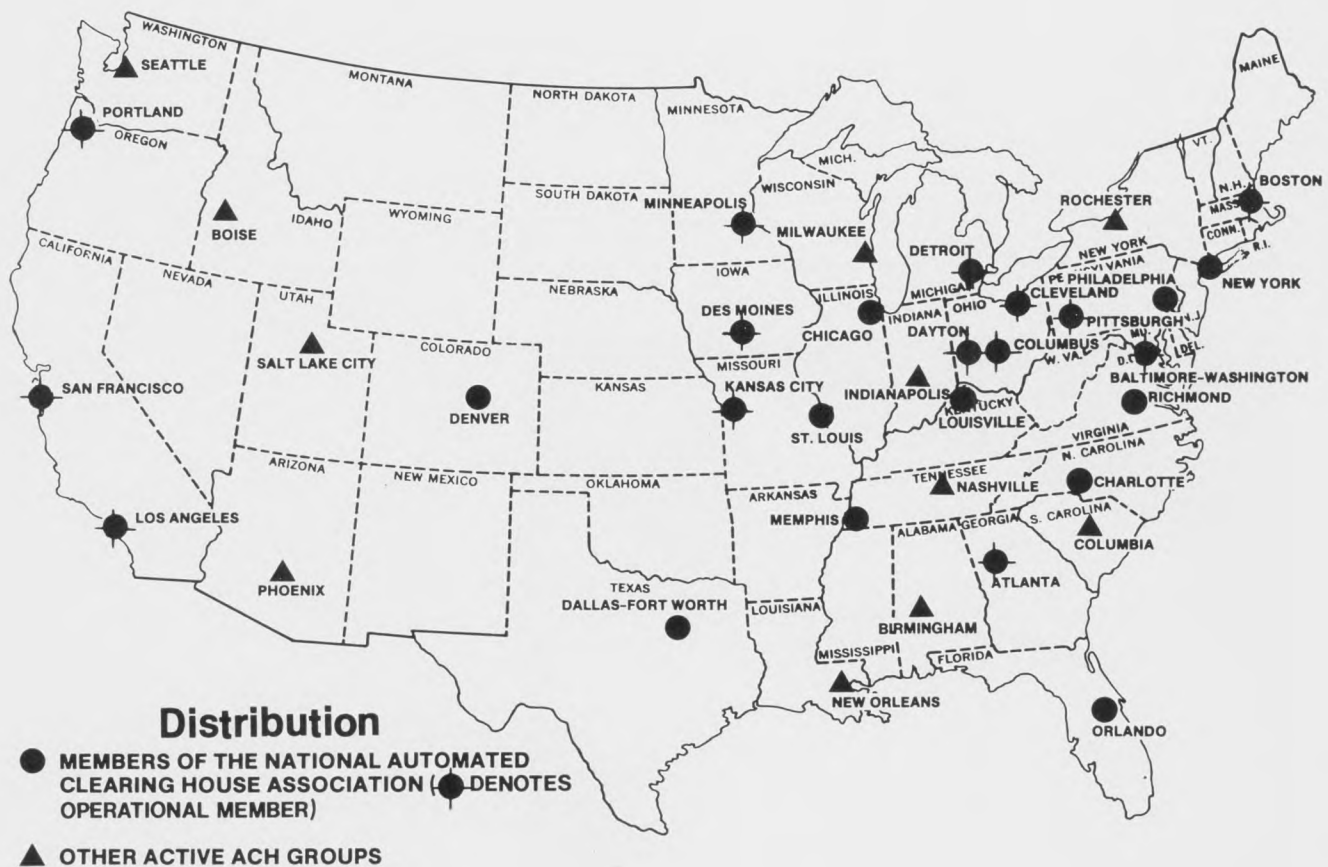
and the banking industry would have a shortage of qualified personnel for check-processing operations.

Will banks be able to go on absorbing the massive expenditures for paper, energy and transportation needed to keep payment-exchange mechanisms in good running conditions?

The answer, obviously, is, "Of course not." That's why the subject of elec-

tronic funds transfer systems (EFTS) is the hottest topic in banking today. EFTS is an umbrella term that covers all electronically recorded exchanges of money. Put simply, EFTS are computerized systems that replace cumbersome paper work with fast, efficient records of transactions on magnetic tape.

The technological advances that produced EFTS began in 1948 with the invention of the transistor and were followed closely by the development of integrated circuits. These two electronic



devices are looked on as primary influences in today's electronic revolution. Miniaturization and savings in power have made it possible for electronic circuits to be packaged in increasingly smaller spaces.

In the past few years, the financial world has seen development of various EFT systems, each with its own acronym or initial identification. These include ATMs (automated teller machines), POS (point-of-sale) terminals, CBCTs (customer-bank communications terminals) and RSUs (remote service units)—all directed toward customer/bank or customer/retailer relationships.

There's still another component of an electronic funds transfer or payment system—the automated clearing house (ACH). It's different from ATMs, POS terminals, CBCTs and RSUs in that ACHs are being developed primarily to simplify and expedite financial transactions between banks, between banks and clearing houses, between banks and the Federal Reserve System and between banks and their large-employer customers. ACHs are *bank oriented*, while the other EFT systems are *customer oriented*.

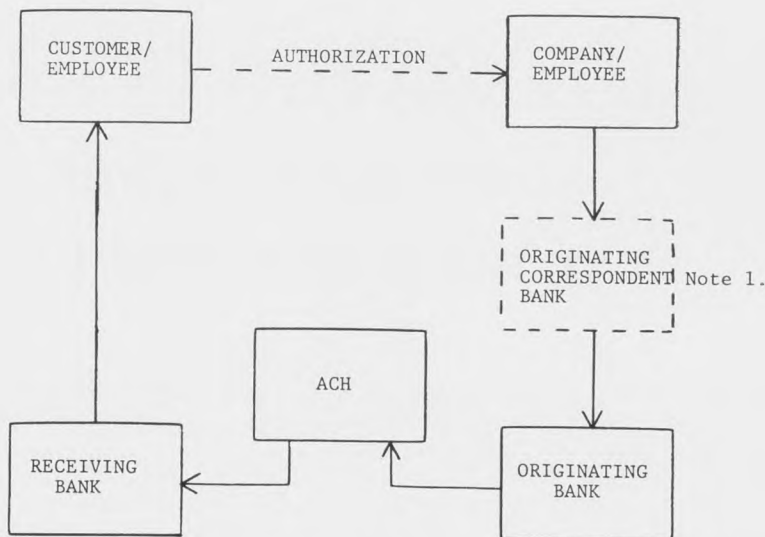
An ACH system can act as a neutral interconnection between banks and provide banks with the fundamental capability for shifting from a paper-based to an electronic system and one, incidentally, that enables banks to offer a wide variety of electronic services to their customers.

Development of the ACH system followed a two-year study by the ABA's Monetary and Payments System Planning Committee. The latter, in 1971, announced that the study showed that

the banking industry should work on establishing a clearing and distribution system for electronic payments and recommended that this be done regionally by banks in local areas and, logically, through their clearing house associations.

The ACH concept actually had its beginning in California in a project called SCOPE (Special Committee on Paperless Entries). Other ACH testing efforts were carried out by Atlanta's COPE (Committee on Paperless Entries).

Figure 1
SYSTEM PARTICIPANTS



Note 1: Originating correspondent banks that receive paperless entries from firm and choose to deal with ACH through originating bank are located here in payment cycle. Figures 1, 2 and 3, shown here and on opposite page, are reproduced from booklet prepared by Houston CHA, now merged with Southwestern ACH.

As now constructed, the ACH system involves five key participants:

1. *The customer or employee* is the individual who authorizes the paperless entries. In a direct-deposit system, the employee gives his employer the authority to initiate a credit entry automatically to his bank account at a receiving bank each payday. For pre-authorized debits, the customer authorizes a billing company to introduce a debit entry into the banking system to pay his bill.

2. *The company or employer* is the business entity that introduces paperless entries into the banking system. As an employer, a firm produces credits to pay employees. As a billing firm, a company creates debit entries for customers who have authorized this form of bill payment. A bank with data processing capability or access to data processing facilities could create the paperless entries for its customers.

3. *The originating bank* receives paperless credits and/or debits from participating firms and forwards the entries to the central clearing facility. Originating banks also must agree to act as receiving banks (see No. 4). Banks that choose to introduce paperless entries for a customer company to the ACH through other banks are referred to as originating correspondent banks.

4. *The receiving bank* receives paperless entries from the ACH and posts them to its depositors' accounts. Banks without data processing capabilities

Under ACH system, funds transfers are recorded on magnetic tape reels like one shown here. Pictured are 640 checks, which represent number of transactions that can be recorded on only one foot of magnetic tape. Each reel holds 2,400 feet of tape and thus can contain information from 1,536,000 checks. Photo courtesy Mid-America Payment Exchange (MACHA), St. Louis-based ACH.

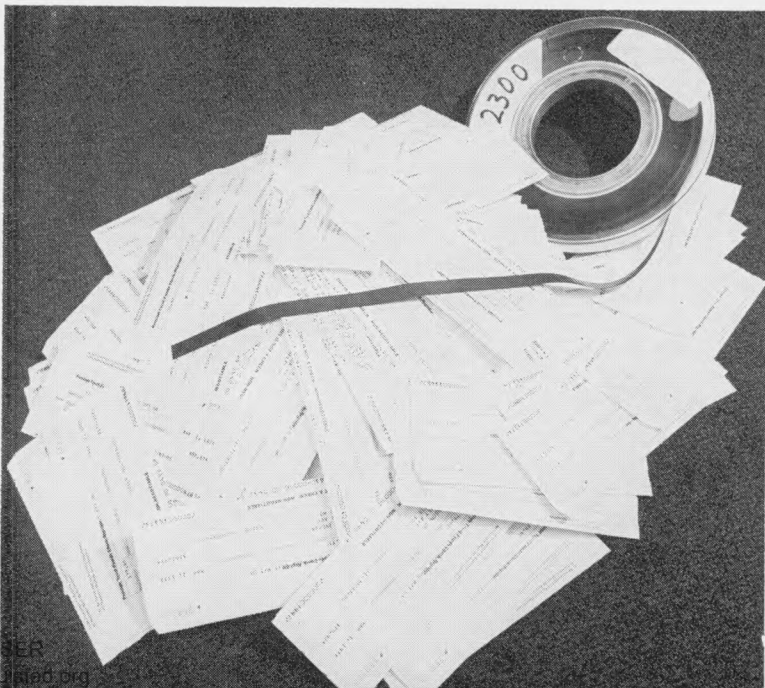


Figure 2

ILLUSTRATION OF CREDIT TRANSACTION

DIRECT DEPOSIT OF PAYROLL

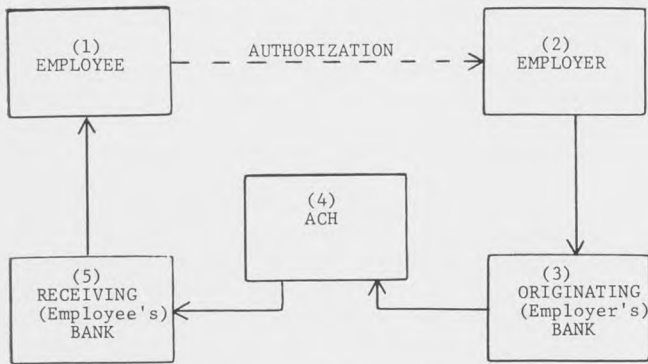
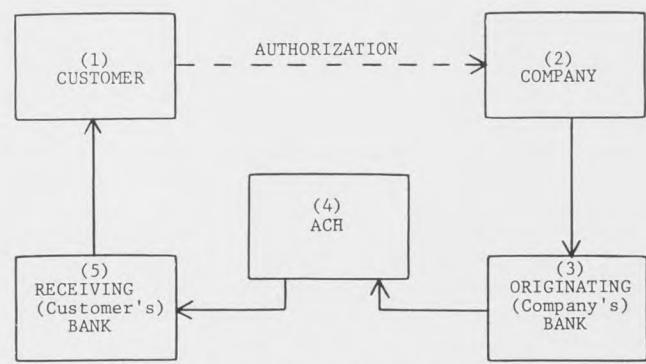


FIGURE 2: (1) Employee gives authorization for credit entries. (2) Employer prepares magnetic tape of payroll entries and delivers to his bank. (3) Originating (employer's) bank balances entries to control totals submitted by employer, extracts entries for employees who are depositors of bank and debits employer's payroll account, then produces tape of entries for employees who bank at other banks and delivers to ACH. (4) ACH receives tapes, sorts entries and creates new tapes for routing to employee banks, makes settlement of entries and delivers tapes to employee's bank. (5) Receiving (employee's) bank balances and validates tape entries, credits pay to employee's account and describes pay entry to accompany next bank statement. **FIGURE 3:** (1) Customer gives authorization to company for debit entries. (2) Com-

Figure 3

ILLUSTRATION OF DEBIT TRANSACTION

BILL PAYMENT



pany prepares magnetic tape for its deposit and charges to customer accounts and delivers to his bank. (3) Originating (company's) bank balances entries to control totals submitted with company deposit, credits company account and extracts entries for posting to customers who are depositors of bank, then produces tape of entries for other banks and delivers to ACH. (4) ACH receives tapes, sorts entries and creates new tape for routing to customer's bank, makes settlement of entries and delivers tapes to customer's bank. (5) Receiving (customer's) bank balances and validates tape entries, posts debit entries to customer accounts and describes charges with next bank statement. **Note:** If payment is variable amount, company generally will be required to notify customer before processing debit entry through ACH system.

may participate in the ACH by receiving paper advices instead of magnetic tape or punched cards.

5. *The ACH* is the central clearing facility that receives paperless entries from originating banks, distributes the entries to appropriate receiving banks and performs the settlement function for ACH-member banks.

There now are about 36 ACHs across the country, either operational or in the planning stages. More will be developed in the future. Most of the paperless entries that these ACHs are handling or will handle are or will be processed on IBM equipment owned and operated by the Federal Reserve banks in their respective areas. For instance, the Mid-America Payment Exchange (MAPEX), headquartered in St. Louis, will send its items through the St. Louis Fed. The Mid-America Clearing House Association (MACHA), located in Kansas City, will work through the K. C. Fed.

However, some ACHs will operate independently of the Fed. The New York ACH (NYACH), which opened for business in mid-December, has become the first ACH to do so. It's sharing a Burroughs B/6700 computer system with the Clearing House Interbank Payments System (CHIPS). The latter, in operation since 1970, is used to clear single-message, high-value, money-market-type transfers among 62 participating institutions in New York City. Although NYACH is operated without Fed help, it does expect to distribute

transactions to non-New York City participants via the Fed courier system.

ACH paperless entries are divided into two categories: credits and debits.

The most widespread use of electronic credit is direct deposit of payrolls. Here's how it works:

The employee gives his employer authorization for credit entries. The employer prepares magnetic tape of pay-

roll entries and delivers it to his bank. The originating (employer's) bank balances the entries to the control submitted by the employer, extracts entries for employees who are depositors of the bank and debits the employer's payroll account. The originating bank produces a tape of entries for employees who are customers of other banks and delivers it to the local ACH.

The ACH receives tapes, sorts entries and creates new tapes for routing to employee banks, makes settlement of entries and delivers tapes to employee banks. The receiving (employee's) bank balances and validates tape entries, credits pay to the employee's account and describes the pay entry to accompany the next bank statement.

Without the ACH's part in direct deposit of payrolls, a firm would have to deal with all the banks where its employees have accounts. Using the ACH facility allows a company to deal only with its own bank, while giving it the opportunity to offer the direct-deposit service throughout the company as an employee benefit.

A paperless debit is created when a company receives a standing or periodic authorization from a customer to debit that customer's checking account to pay his bill. The debit system works this way:

The customer gives authorization to a firm for debit entries. The company prepares magnetic tape for its deposit and charges to customer accounts and delivers it to his bank. The originating

ACH Meeting May 12-14

The future of the automated clearing house movement will be examined in detail May 12-14, when the National Automated Clearing House Association (NACHA) holds a Conference on the Future at the Atlanta Hilton Hotel.

The conference will be devoted totally to ACH problems and opportunities. According to William O. Anderson, chairman, NACHA Education/Communications Committee, "We will try to anticipate the future in terms of marketing, the continuously changing legal and regulatory environment, operations and the aggressive movements of the thrift industry toward a more vigorous role in the pre-authorized payments sector." Mr. Anderson is sr. v.p., Ohio Nat'l, Columbus.

For more information, write: Sharon Humphries, NACHA Conference Coordinator, American Bankers Association, 1120 Connecticut Avenue, N. W., Washington, DC 20036.

(company's) bank balances entries to control totals submitted with the firm's deposit, credits the company's account and extracts entries for posting to accounts of customers who are depositors of the bank, produces a tape of entries for other banks and delivers this tape to the ACH. The latter receives the tapes, sorts entries and creates a new tape for routing to the customer's bank, makes a settlement of entries and delivers tapes to customers' banks. The receiving (customer's) bank balances and validates tape entries, posts debit entries to customer accounts and describes the charges with the next bank statement.

Fixed-amount payments, including

insurance premiums, mortgage and loan payments, involve a standing agreement from the customer to the company. The firm then routinely prepares and sends to the customer's account a paperless debit at each billing cycle.

Variable-amount payments, such as utility bills and retail accounts, can be handled in the same manner as the fixed-amount payment. Operating rules of existing ACH systems generally require a notification to be sent to the customer each billing cycle before the debit is processed against his account. This procedure allows the customer time to delay or stop the debit if it's incorrect.

The Bill Check system was devised

by the Atlanta Payments Project to allow the consumer complete control over the timing and amount of his bill payments. Under this concept, the company sends the customer a bill each billing cycle. Instead of writing a check, the customer signs the bill stub itself and returns it to the company, thereby granting the firm a one-time authority to initiate a charge to his bank account in the amount specified by the customer on the Bill Check. In this way, the customer retains absolute control; he returns the signed Bill Check whenever he wishes and for whatever amount he wants to pay, or he still has the option to write a check.

The Atlanta Payments Project was an extensive research program sponsored jointly by commercial banks and the Atlanta Fed. The project came to a close in 1974 after publishing major research results and included the planning and implementation effort for the Georgia Automated Clearing House Association. The participating commercial banks were formed into the Committee on Paperless Entries (COPE).

In addition to the regional ACHs now located across the country, there's the National Automated Clearing House Association (NACHA), which was incorporated June 20, 1974, by the four ACHs then existing in California, Georgia, New England and the Upper Midwest. It was formed to promulgate and monitor standards to facilitate the interregional exchange of ACH items, to study and develop educational and promotional programs and to provide member associations with technical assistance in activating ACHs. The association receives staff, administrative and financial support from the American Bankers Association, in whose Washington, D. C., offices it is headquartered. However, NACHA is a separate and independent entity from the ABA. Also, it's an administrative, not an operational, ACH.

Shortly after it was formed, NACHA bought the SCOPE computer software package and related licensing authority from the Los Angeles and San Francisco Clearing houses. The two clearing houses—through their Special Committee on Paperless Entries—spent more than 4½ years developing the SCOPE software package, procedures, legal documents, operating rules and other related materials.

NACHA and the Fed jointly directed the revision of the original software program because—although it was sound—the SCOPE program was developed to operate on small-scale IBM/360 computers. As a result, the program was segmented into more routines than really were needed, and there were too many operator inter-

Year 2000 Will See Individual Clearings Rise to 125 Billion, ACH Officer Predicts

WITHIN 25 years, 125 billion separate clearings will be going through the banking system! That's the prediction of James E. (Ed) True, executive director, Mid-America Payment Exchange (MAPEX), St. Louis-based ACH association.

However, he adds, because of the rapidly developing ACH system across the country, 35 billion of these items will be going through the ACHs. Thus, the paper work will be cut down considerably.



TRUE

Mr. True cautions those who believe ACHs will provide immediate answers to banks' growing paper problems by saying he believes the volume of checks won't start decreasing until 35 or 40 years from now. Then, he continues, the number of checks being handled annually will go back down to just about where it is now—25 billion. He compares the organizing of ACHs to planting trees: Results won't be seen immediately, but to achieve those results, the groundwork must be laid now.

Mr. True is a 20-year veteran of the U. S. Air Force, having retired last year as a lieutenant colonel and chief, Regional Operations Division, Scott Air Force Base, Belleville, Ill. He says the Air Force helped pioneer direct deposit of paychecks by EFT, and now 85% of the Air Force payroll is sent directly to financial institutions for disbursement electronically. In fact, according to Mr. True, in the St. Louis zone of

the Eighth Federal Reserve District alone, the Air Force is sending 10,320 entries directly to 930 banks.

Direct deposits of social security checks were begun on an experimental basis in Georgia and Florida and worked so well that they're now available across the nation. According to a Treasury Department announcement, current enrollment exceeds 33 million per month, including 51,000 payments being made by EFT.

Mr. True points out that Equitable Life Assurance Society already is processing more than 30,000 monthly premium payments in about 225 banks via magnetic tape. This, he believes, is a major endorsement of EFTS. He says that besides banks in New York, California, Georgia, New England and Chicago now in the Equitable program, the firm is negotiating with banks in some 15 to 20 other areas where ACHs are planned and expects to add 100,000 accounts to the plan each month.

As another example of EFT, Mr. True alludes to the American Express checkless-payment plan, under which 68,000 card holders in California may authorize automatic checking-account withdrawals for paying their AmEx bills. These items, says Mr. True, will be processed through the California ACH.

Mr. True attributes the rapid spread of ACHs throughout the U. S. largely to increasingly positive response by consumers to the convenience of electronic funds transfer, government eagerness to reduce expenses and fraud losses and banks' need to deal effectively with growing check-handling problems and costs. • •



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ventions. The new software, developed at the Cleveland Fed, was scheduled to be installed in Georgia and Florida in February and March, respectively, and will be installed in all other regions of the country by the third quarter of this year.

NACHA is governed by a board of directors, made up of one representative from each member ACH and representing all 12 Fed districts. It also has a nonvoting advisory board, composed of one representative each from the ABA's Payment System Policy Committee, the ABA's Operations and Automation Division, the Bank Administration Institute, the Fed and the Comptroller.

How does an ACH benefit its participants? The Houston Clearing House Association, which was merged into the Southwestern ACH last September, put it this way in a booklet it published, entitled "The Automated Clearing House: Toward a New Payments System":

Benefits to the customer/employee—saves paycheck-depositing time and energy; deposits funds automatically, even during trips or illnesses; eliminates the danger of lost or stolen paychecks; saves check-writing time and cost for paying bills and postage expense; eliminates the worry of paying

bills on time and schedules automatic bill payments at regular intervals, thus improving budget control.

Benefits to firms—reduces check-preparation and distribution costs; provides the additional employee benefit of automatic deposit; makes funds from receivables available sooner with electronic bill payment; eliminates matching returned checks and stubs or other required procedures when entering payments; reduces cost of processing lost and stolen paychecks; improves cash-management capability and creates a means of orderly growth in the payments system.

Benefits to banks—offers customers new and improved ways of making payments; reduces check-processing and labor costs; expands marketing opportunities and again creates a means of orderly growth in the payments system.

The various ACHs are designed to fill the need for an interregional exchange capability for electronic debits and credits, while NACHA provides a mechanism for establishing and administering nationwide standards and operating rules for the ACHs. • •

Direct Deposit of Payroll Begun as Pilot Project By Four ACH Associations

A good example of how automated clearing house associations can provide direct-deposit service for a firm's employees is the program recently announced by the Aluminum Co. of America (ALCOA), described as the world's leading aluminum producer, and Ernst & Ernst, one of the country's largest public accounting firms.

The new pilot electronic funds transfer program is being handled by financial institution computers throughout the Fourth Federal Reserve District, which encompasses Ohio and parts of Kentucky, Pennsylvania and West Virginia. It was brought about by a combined effort of all of the ACHs in the Fourth District. This group includes: the Columbus Regional Automated Funds Transfer System (CRAFTS), Columbus, O.; Mid-America Automated Payments System (MAPS), Cleveland; Regional Payments Exchange (REPEX), Cincinnati/Dayton; and Tri-State ACH (TRI-SACH), Pittsburgh.

The program involves a twice-a-month payroll for 350 employees. AL-

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But space is limited. We urge you to fill out the coupon below and mail it today or call our Meetings Coordinator collect (212) 687-0390. After all, it's not every day you get a chance to look into the future and see how it works.

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COA payroll entries are being issued in Pittsburgh for employees of the firm's subsidiary, Wear-Ever Co. in Chillicothe, O. At the same time, payroll entries are being sent by Ernst & Ernst in Cleveland to participating ACHs in Columbus, Cincinnati and Dayton in Ohio and Erie and Pitts-

burgh in Pennsylvania.

Payroll entries are being electronically prepared by ALCOA and Ernst & Ernst and forwarded to their local financial institution, which credits the accounts of its own customers and forwards the magnetic tape to the local ACH. The latter then distributes the

items to the various ACHs operating in the Fourth District.

A spokesman for the project points out that intra-district efforts such as this will lead the way in establishing the many systems and operations techniques necessary to bring about a national inter-ACH exchange system.

New Fed Guidelines Pave Way for Thrifts to Take Part in ACH Systems

THE FED has announced interim ACH access guidelines that pave the way for thrift institutions to use the ACH system described in the accompanying article.

In a separate, but related action, the Fed released for comment by March 19 a revised proposal to amend Regulation J to deal with clearing and settlement of wire-transfer and payment instructions recorded on magnetic tape. The proposed Regulation J revisions originally were released in November, 1973, in connection with a solicitation for comment on the broad issues asso-

ciated with the Fed's role in the emerging electronic payments system.

The revised access guidelines provide that Fed banks will handle and process ACH transactions for all member banks and *any other depository institution that's a member of an ACH group*. The guidelines expand considerably the Federal Reserve Board's proposal of last June 10 that would have limited direct origination of entries to financial institutions authorized to maintain demand-deposit accounts. *Under the latest guidelines, thrifts that belong to an ACH will be able to originate entries directly from third-party-transfer accounts.*

Although the Fed's announcement doesn't focus explicitly on the subject of thrift-institution participation in ACHs, it does say, "In providing clearing and settlement services for ACH associations, the board anticipates that these services will be made reasonably available on a comparable basis to depository institutions having need for such services." In other words, the Fed is putting the question of thrift membership squarely up to each ACH and its member banks.

Also, Fed-member banks will be able to originate entries even if they don't belong to an ACH. This means receiving institutions will have to seek directly from such originators assurances of warranties to guarantee the validity, accuracy and timeliness of entries originated. These warranties are in effect administratively for ACH-member institutions.

Under the new guidelines, items deposited on magnetic tape through an ACH may originate from any third-party account, including savings, negotiable orders of withdrawal (NOW) and share-draft accounts. The controversial NOW accounts were excluded from ACH eligibility in the Fed's June 10th proposal because, the Fed said, they weren't "demand-deposit" accounts.

The Fed—in describing the new ac-

cess policies as "interim guidelines"—noted that it intends to publish, in the near future, a pricing schedule, based on fully allocated costs, for both ACH and check-processing services, at which time the interim policies may be modified. In developing the pricing schedule, the Fed continued, it would consider the burden of required reserves maintained by member banks. • •

New Film on EFT Services From Graduate Banking School

MADISON, WIS.—"Electronic Banking: Where the Buck Stops" is the title of a new educational film from the Graduate School of Banking at the University of Wisconsin.

The 27-minute color film, with an accompanying eight-page planning guide, is designed as a sequel to last year's movie, "The Future in Your Hand."

This new offering provides step-by-step guidance to bankers considering the introduction of electronic banking services within their organizations. It shows EFT systems in current use across the nation in banks, financial institutions and nonfinancially oriented businesses.

"Electronic Banking: Where the Buck Stops" details a road map leading to answers for questions such as: "Should we involve our bank in electronic banking?" or "How do we go about making an informed decision on this new delivery system?"

Purchase price for the film is \$250 for members and banks of the Central States Conference of Bankers Associations and \$325 to others. A Planning Guide and film script is provided with each print, and additional guides are available for 50 cents each (100 copies, or more, 45 cents each).

Write the Graduate School of Banking, 122 West Washington Avenue, Madison, WI 53703.

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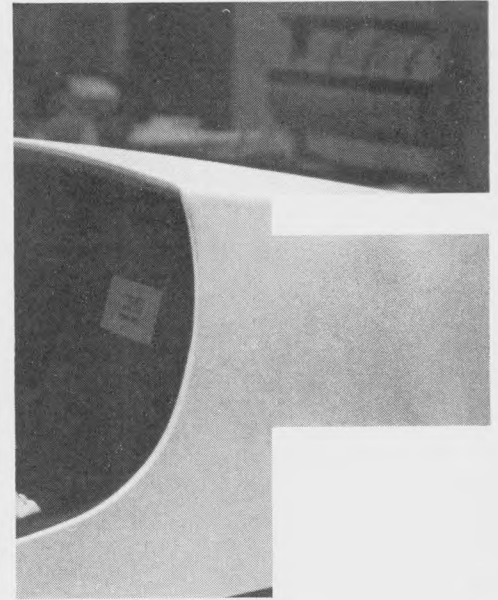
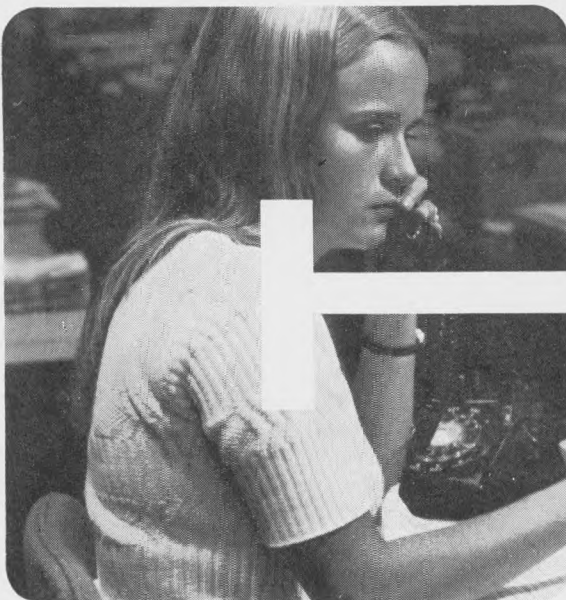
To offer financial services wherever the future requires, a bank will need records that are properly organized and related. And instantaneously accessible. A bank will need an online Central Information File. Like Winters' Customer Integrated/Referenced File, designed for big banks by EDP Corporation and NCR.

Already, Winters is providing consolidated “bank-at-a-glance” statements to its customers. And online services from tellers' stations and the backoffice. Point-of-sale check guarantees and electronic transactions are an easy step away.

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MID-CONTINENT BANKER for April, 1976

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MACHA Supplies Ads, TV Commercial, Brochures, Other Marketing Aids to Banks

MARKETING AIDS for all media are offered banks that belong to the Mid-America Automated Clearing House Association (MACHA), headquartered in Kansas City. MACHA is the largest ACH in the U. S. in terms of number of participating banks, with 76% of the 1,844 banks in its territory signed up. The ACH—incorporated in January, 1975, and operational since last July—covers western Missouri, Kansas, Oklahoma, Nebraska and Iowa.

MACHA officials believe that before any bank can become successful in selling automated payroll and other ACH systems to customers, it must educate the public. Therefore the ACH has prepared several marketing tools for its members. For instance, it has three audio/visual presentations banks can use to enhance their own marketing programs. According to MACHA, these are particularly effective when used at meetings of civic groups such as Kiwanis, Lions and Rotary clubs and chambers of commerce. What's more, says MACHA, if a bank furnishes a speaker with such presentations, it could possibly sign up new business on the spot.

MACHA suggests that the educational value of these programs is perfect for those times when bankers are called on to speak at their area schools. As MACHA points out, giving these audio/visual programs at schools not only will help educate a community's future business people, but it also could be an opportunity to sell an entire school district on automated payment systems.

Probably the best of these presentations, continues MACHA, is a 16mm full-color film dealing with MACHA's role in banking's electronic future. It explains in detail the benefits of automated payroll deposits, pre-authorized credits and Bill Check. MACHA says the film already has proved to be popular among bankers, and it also can be an effective presentation for customers. This presentation also is available in 8mm cassette form.

Also available from MACHA is a consumer slide presentation which it describes as "the perfect supplement for a talk or forum discussion on banking. Exposure to the latest trends in the financial industry would be of particular benefit to young people since it is they who will be affected greatest by electronic banking."

A third presentation available from MACHA is a comprehensive slide show

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Who NEEDS it?!!

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Every month, when you give us the "go-ahead", we will pay your regularly recurring monthly bills in the amounts **you** authorize!

Examples of bills which you may choose to pay this way are: loans, utility bills, leasing fees, installment payments, mortgages and insurance premiums.

Simplify your life! Let us pay your bills! Never allow the "bill-paying blues" to ruin another perfectly good month!

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AUTOMATIC BILL PAYING.
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For more information, call us!

(YOUR BANK NAME)

Member # D1 C

This is sample of newspaper ad MACHA supplies its members. This ad describes automatic bill paying concept and its benefits.

produced by the National Automated Clearing House Association (NACHA). Three cassette tapes are available with these specific audiences—bankers, corporations and consumers. As MACHA points out, these programs will help banks acquaint present customers with the need for automated services and also can help banks attract new business.

MACHA also has put together three informative brochures for banks that want to give customers specific information on automated payment systems. MACHA believes these brochures make great selling tools because they explain the direct benefits received from an ACH. There's space on each brochure for imprinting individual bank logos.

One brochure is specially designed for use by bankers who call on corporate and business customers. Entitled "How Your Company and Your Employees Can Benefit From Automated Payroll Deposits," it explains the benefits of automated payroll deposits as well as payment of pre-authorized recurring bills such as insurance premiums, mortgage payments, installment loans and utility bills. The brochure illustrates today's system of traditional paper checks and compares it to the new APEX (automated payments exchange) system offered by MACHA banks.

Another brochure is designed to be a statement stuffer. Called "Managing Your Money," it explains to the customer, in general terms, the clearing house, its capabilities and the benefits of automated funds transfer.

The third brochure—"Announcing a New Service (now available to every employee with a bank checking account)—has the objective of selling automatic payroll deposits to employees. MACHA believes this material will benefit firms that have decided to use the automated payroll system and want to explain its benefits to their employees. The brochure stresses such benefits as greater safety, more convenience and speedier deposits.

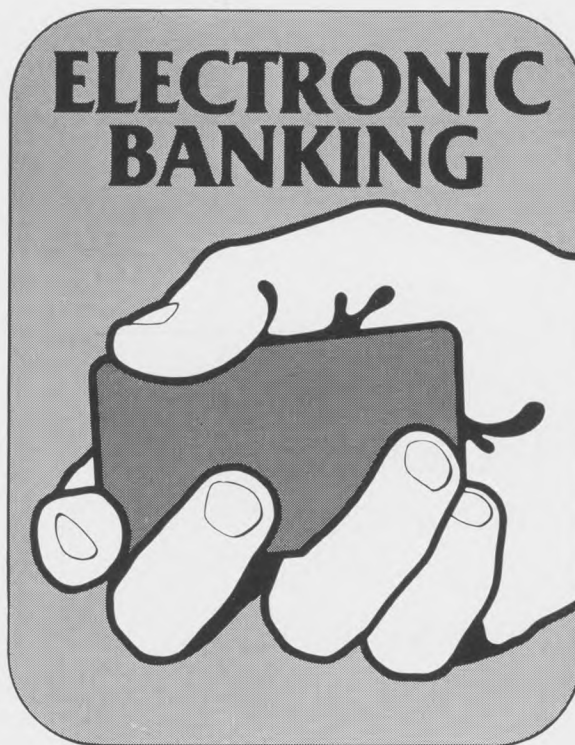
Because many banks without ad departments have asked MACHA's help in developing local advertising, the ACH has put together a series of ads on direct payroll deposit and automatic bill paying services. These ads, says MACHA, are ideal for local newspapers and other print media. They're available in a special Ad Mat Kit containing three formats. One explains the automatic bill paying concept and its benefits. The other two describe direct payroll deposit, one elaborating on the benefits of direct deposit for the company and the other relating benefits to the employee. Two copies of each ad are in the kit.

The newest MACHA publication for its members is a brochure called "E.F.T.S. . . . and how it affects YOU." It's to be used as a customer contact guide and is written in a simple, direct tone to make the understanding of automated services easy for customers and employees.

MACHA recommends that banks supply their tellers with these booklets because they serve a dual purpose: They help tellers answer customer inquiries about these services, and they can be given to customers so that they can be studied.

The television medium hasn't been forgotten by MACHA, which, in cooperation with its ad agency, John Quastler & Associates, created a commercial about direct payroll deposit. The 60-second spot features Jim McCrill, moderator of the top-rated TV game show, "Celebrity Sweepstakes." The commercial was video taped in a Kansas City TV station, and an elaborate set was designed especially for it.

This set also was used as the backdrop for a series of marketing meetings MACHA held this February and March



"The Extended Forecast"

We usually know about today and we can be reasonably sure about tomorrow but what about "the extended forecast"? We want to know about the long range outlook, whether it's the weather, the economy, or the shape of things to come.

We at The Fourth are not seers, but we are constantly studying and preparing to guarantee top service to our customers. We are not just

attempting to keep pace with the trend — we are energetically marshalling our forces in productive pioneering. We want to be among the first but only if it means better service to our customers, our banking friends, and their customers.

One such step forward has been The Fourth's plan to develop a network of electronic banking terminals. This major commitment to electronic banking is an advancement in which our fellow Kansas bankers can share. Join us in facing the challenges of a new banking world, meeting the competition of

other financial and non-banking institutions, and most important, taking banking to the people.

Electronic banking is only a part of "the extended forecast". There are a lot of new and exciting challenges ahead of us. A part of the forecast is our promise to keep abreast of the changes and to make you our partner in progress.

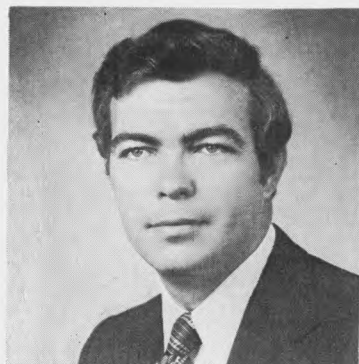
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in Kansas City, Wichita, Lincoln, Neb., and Oklahoma City. They were designed to help member banks plan and implement a marketing strategy for ACH services. The program included answers to three questions: Where have we been? Where are we now? Where are we going? There was a research report on "Consumer Acceptance of Automated Payroll Deposit" by Tom Weise, executive vice president, Community Response, Inc., Omaha. In addition, MACHA advertising was spotlighted, and three topics were discussed: "Perspective: Success Stories of Marketing MACHA," "Adding Sex Appeal to Your Marketing Plan" and

"Placing the ACH in Perspective With the Entire EFTS Movement."

MACHA also publishes a monthly newsletter, *Input*, whose objective is to keep the ACH's members current on all that's new in the ACH field, not only in MACHA itself, but in other ACHs across the country. In addition, MACHA has begun publishing an *Operations Newsletter*, which explains procedure difficulties as they arise. ••



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Medical Payments Via ACH

Because of the ACH movement, Kansas Blue Cross and Blue Shield subscribers now can authorize automatic payment of insurance premiums through their local banks. The new service is a result of the close cooperation of Merchants National, Topeka, the Mid-America Automated Clearing House Association (MACHA) and National Sharedata Corp., the Western Union teleprocessing division that performs facilities management services for banks.

This application of automatic bill paying should generate more than 40,000 electronic debit entries per month, says MACHA, and affect nearly every bank in Kansas. The hub of the operation, located within the Topeka computer facilities in Merchants National, is an IBM/360-40 computer with extended core. National Sharedata manages Merchants National's computer facility. Clearance is handled automatically by MACHA.

Even cemeteries are availing themselves of ACH services. MACHA reports that U. S. National, Omaha, signed up West Lawn Cemetery as its first customer on its ACH system. And the cemetery not only is offering direct deposit of paychecks to its 40 employees, but also is selling grave sites and grave markers on a monthly, pre-authorized payment plan.

HC's Share-Draft Program Is Approved by Ala. CU League

BIRMINGHAM—The Alabama Credit Union League has offered its members use of the share-draft system of Central Bancshares of the South, Inc. The HC will be the facility handling member drafts for the league.

Central's share-draft program allows members of participating credit unions to have direct access to their share/savings accounts. Formerly, members had to visit or phone their credit union offices to withdraw share funds. They now will receive a book of drafts allowing withdrawals.

Through the share-draft system, credit unions throughout the state will have immediate access to process members' share drafts through Central Bank data centers located in Birmingham, Montgomery, Decatur and Mobile. Although more than 70% of the state's credit unions are located in those areas, the services now are available to those in outlying areas.

Training sessions for the program will be held at league headquarters here. Credit union technical representatives will meet with Central Bancshares technicians to begin implementation of the program.

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Variety of EFT Package Plans Available to Correspondents

Most include ATM/POS capability, some systems statewide

THE SCRAMBLE is on among upstream correspondents to provide EFT capability to downstream correspondent banks. Although some of the programs are not yet operational, most have been presented to prospective participants and arrangements are being consummated.

Some programs are limited to metropolitan areas of large cities, others are statewide, with plans for enlargement to regional status. Virtually all offer a stable of basic services, most with on-line capabilities.

On this and the following pages, MID-CONTINENT BANKER presents capsule reports on services being offered or planned by large banks to their correspondents.

number of modules needed to provide the level of service desired.

Banks participating in the POS/ATM service can purchase or lease ATM units or lease them with option to buy. All POS terminals are owned by Continental and supplied to merchants.

Promotional support includes information brochures to be used as statement stuffers to explain automatic banking. They include applications for cards. Card carriers for mailing banking cards to customers are also available, as are standard mailers for personal iden-

POS, ATM Plans for Correspondents Offered by Continental of Chicago

CONTINENTAL Illinois National, Chicago, offers its correspondents two EFTS packages—POS and ATM.

The POS service is presently in operation at Chicago metropolitan area food stores. The key to this system is the Automatic Banking Card, which participating banks make available to their customers. The cards provide access to check-cashing privileges for cash or purchase at any of the stores.

Participating banks determine eligibility and check cashing limit criteria and Continental supplies the line network, terminal technology, Automatic Banking Card technology, Automatic Banking Cards, documentation, systems security and marketing support.

The POS/ATM service, which includes the Automatic Banking Card, enables correspondents to provide their customers with a number of banking

services, including ready identification of the customer by tellers and service personnel for check cashing and access to ATMs for deposits, withdrawals, payments, transfers between accounts and check-cashing privileges. The POS services described above are also offered.

According to Continental, the POS/ATM service is versatile enough to adapt to any need, any bank and complete enough to offer complete systems support, card issuance, marketing assistance, machine service training, and lease/purchase options.

Costs of the services vary, depending on which of the two is selected. The services are modular in design. Participating banks buy only the services they think they will need and pay only for what customers use. Specific costs for any one bank are based upon the

Bank Has EFT for S&Ls

Continental Illinois National, Chicago, is offering an EFT service called "Impulse 2" to the savings and loan industry. The service is described as offering a full range of financial transactions through Continental's POS/ATM network in the Chicago area.

Components of "Impulse 2" include debit cards, financial transaction terminals, the merchant network, marketing assistance and computer programs.

The service is available in two modules. Module One consists of savings account withdrawals and NOW/check guarantee service. Module Two offers savings account deposits and withdrawals and NOW account deposits and check guarantee.

Both modules are based upon on-line real time systems that are available at all times that the network's 200 POS food store locations are open for business.

ATM service is also available on an on-line basis.

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tification numbers, which are mailed to customers separately from the plastic cards.

Receipt forms for use in ATMs and envelopes for making deposits are available, as are promotional materials, including informational newsletters and advertising materials.

Participating banks are asked to supply the location and construction necessary to house ATMs, daily servicing and balancing of ATMs and account

maintenance information for the POS/ATM information file.

As of last month, four correspondent banks were participating in the Automatic Banking Card system.

Continental Bank has also developed a service called Continental Payday, which is a direct payroll deposit program for correspondents utilizing the ACH to switch deposit information via tape input to customer accounts at 70 area endpoint banks. • •

2-State ATM Network Offered by Central Trust To Correspondent Banks

CORRESPONDENTS of Central Trust, Cincinnati, can participate in a regional ATM network established by the bank last October. A point-of-sale interchange system is expected to be available by late summer.

The network allows customers of participating banks to withdraw funds from their checking accounts or secure cash advances against their credit card accounts on a 24-hour-a-day basis. Fifteen ATMs are now in service, 12 in Central Trust banking centers throughout Hamilton County, Ohio, and three in Kentucky at installations of Covington (Ky.) Trust. Other banks in the regional trade area are expected to announce participation in the network in the near future, according to a Central Trust spokesman.

Central trust defines its regional trade area as extending 25 miles south of Cincinnati and 25 miles north of Dayton, Ohio. Present plans confine the reciprocal network system to these limits, within which customers of participating banks are said to conduct 99% of their banking transactions.

Area banks join the network for a five-year period on an annual fee basis. Correspondent banks outside the regional trade area are offered systems and marketing assistance on a contractual plan.

The POS system to be offered this summer will be an expansion of Central Trust's check cashing authorization program now in operation in 47 supermarkets in the greater Cincinnati area. Expansion plans include additional retailers as well as correspondent banks, whose participation will be integrated into the system on a transaction fee basis.

Since Central Trust's EFT package is based on an automated CIF, the

First of K.C. to Offer EFT

First National, Kansas City, is making plans to offer an EFT service package to its correspondents that will include access to the Financial Communication Services (FCS) five-state ATM/POS network as well as other services.

The bank is currently offering a CIF system for demand deposits and savings. Accounts are accessed for inquiry and memo posting via CRTs and teller terminals. Thermal printers are also utilized to produce an "instant statement."

The bank is planning to bring all retail applications under its CIF system, including a new overdraft banking program, and then offer a combined descriptive statement.

Other tie-in services to the FCS offering are currently under consideration, a spokesman said.

timetable for implementation of the system by a correspondent is determined by the correspondent's capability to convert to CIF—usually from four to six months.

Central Trust supplies full marketing support to network banks, including use of the name "Day and Night Bank," as Central Trust's automated teller service is known. Systems and marketing assistance in the production and distribution of debit cards are also a part of the EFT package.

All literature and print advertising previously produced by Central Trust for its own use is offered for adaptation by correspondents, along with a record of Central Trust's usage of the materials. A history of the bank's experience with various promotional concepts and employee training programs is also made available, along with accessibility to materials used therein.

Network advertising is produced through Central Trust's advertising agency and new promotional or educational literature is produced so as to be usable by interchange banks and is offered to them prior to production. • •

Wright Patman Dies

Rep. Wright Patman (D., Tex.), for 12 years chairman of the House Banking and Currency Committee until being ousted last year, died of pneumonia March 7. He was 82. Mr. Patman had just recently announced plans to retire from Congress when his current term expired next January.



ALMOST EVERY BANK NEEDS ONE OF THESE PRODUCTS FOR:

Re-entry of Reader-Sorter Rejects Correcting Encoding Machine Errors DOCUMENT CARRIERS

Document carriers played a significant roll in the re-entry of two billion plus rejects last year. Banks with automatic check processing equipment that are not using document carriers should consider their use for correcting reject items.

Important Features

- Accurate, uniform glue lines provide a strong bond and there are no glue lines to encode over.
- Use of Photo-Vu and Glass-Vu top sheet paper creates ease in microfilming and reading and freedom from static electricity.
- On all Glass-Vu and Photo-Vu document carriers the bottom of the top sheet is trimmed from the encoding area to provide an ideal surface for encoding. These styles are especially recommended for the new NCR-775 proof machine.
- Forms O-871 and O-851 are constructed of a special heavy duty Photo-Vu paper. The front and back of a document may be microfilmed from both sides without removal from the carrier.

CORRECTION LABELS

Automation Forms Co. correction labels are manufactured from a special material that was selected for its excellent surface finish for encoding as well as excellent shielding of original encoding. An inexpensive sure way of correcting documents.

AF correction labels are furnished in dispenser boxes with adhesive on the bottom for ease of use at various work stations.

CORRECTION FLUID

Fast Removal of Encoding

Automation Forms Correction Fluid removes ribbon encoding with a fast drying solution so that re-encoding will be swift and accurate. The use of bottled solvent insures a clean eraser each time as the dauber is dipped into the solution and the ribbon residue is captured by a small but powerful magnet.

WRITE OR CALL FOR SAMPLES, PRICES, INFORMATION



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P. O. Box 401786 • Garland, Texas 75040
Phone (214) 272-8531

“Thanks to First Security, we got in the BankAmericard business without getting in the credit card business.”

Alpha M. Hutchinson, President
Citizens Bank of Morehead, Kentucky



Citizens is a thriving, \$14 million bank in a highly competitive two-bank market. Mr. Hutchinson feels that the bank's strong growth record may be attributed, in part, to its initiative in bringing new services to Morehead. Example: the First Security BankAmericard.

“Prior to 1969, there was no national charge card available through a Morehead bank. We had long considered introducing a card, but becoming a BankAmericard center required an investment in people and money we simply couldn't justify.

“First Security proposed an extremely attractive alternative. We would offer the First Security BankAmericard through our bank, but they would handle processing of applications, billing, delinquencies—all the headaches.

“In August of 1969, we sent a few people to First Security for a day of training, began contacting local merchants about participating, and started promoting the card to our customers. The program was enormously successful. Today, between 30% and 40% of our customers have our BankAmericard. The customers are happy. The merchants are happy. And we not only have another source of income, but we have a service that attracts new customers.

“The BankAmericard program is typical of our correspondent relationship with First Security. We like doing business with them. They're professional, they're cooperative, they understand our business. And they're accessible—they're here regularly in person, and we use their toll-free number a good deal to get information or solve problems.

“I'd have to say First Security has made a real contribution to the growth and success of Citizens Bank. I expect to be working with them for years to come.”



*To learn more about
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First Security services,
call Sam Adams, Vice
President, Correspondent
Services, toll-free:
(800) 432-9543.*

FS First Security

NATIONAL BANK & TRUST COMPANY
Lexington, Kentucky

Member F.D.I.C.

Big enough to bend a little

Package Plan for EFTS Capability Offered by National Boulevard, Chicago

A PACKAGE pointing to an EFTS capability was offered to correspondents of National Boulevard Bank, Chicago, in January.

According to William R. Beckmann, director, advertising and public relations, services available to correspondents include demand deposit accounting-Mach I with overdraft banking, account reconciliation and customer account analysis; off-line savings—passbook or statement; installment loan with simple interest, dealer reserve and charge-off module; real estate with monthly billing or coupons; commercial loans; CDs; payroll; general ledger; intercept of Fed cash letter (on us items) with intercept of payment from the Fed and intercept of transactions from ACHs; and clearing of transit items through the Chicago CHA, the Fed or by direct sendings to correspondent banks.

Future services include off-line CIF, retrieval of signature cards with the use of a microfiche, in-house system to generate computer output microfilm for storage purposes, a building management package to process rent receipts and origination of ACH paperless entries.

In July, the bank will begin an audio response system through the use of telephone equipment to establish a basic system for CIF and at that time a demand deposit and savings on-line inquiry system using touch-tone phones will be available to correspondents.

All or part of the bank's applications can be bought by a correspondent, depending on the compatibility of the equipment the customer is using with National Boulevard's equipment, Mr. Beckmann said.

About a year ago, National Boulevard implemented a new demand deposit accounting package that provided a less complicated system for bank operations, Mr. Beckmann said. The system has the ability to process DDA and overdraft checking on one system with less chance of error. Other advantages include a greater amount of historical information obtainable in lieu of just the closing balance, the elimination of several reports that were previously done manually and the ability to interrogate the customer reference file so that name and address changes and overdraft checking are unified.

Mr. Beckmann said the bank also installed an installment loan package that includes a customer module to a

charge-off module including reports on late charges (waived and reversed), dealer reserve, credit life, collision insurance and total outstanding loans. A loan exception report is generated with any unusual activity; as is a new account journal that gives the name of the customer, interest accrual on the loan, rate of interest and other pertinent information. Also, the system provides physical damage reports, charge-off lists, trial balances, paid out letters, late notice warning of assessments, co-maker notices, monthly past due reports, monthly repossession reports, monthly accrual reports and six or more different analyses reports.

Mr. Beckmann says the bank plans to offer its services in the midwest. Marketing assistance will be available in the future. • •

EFT Capability Readied By American Nat'l, St. Joe

American National, St. Joseph, Mo., is offering correspondents in Missouri, Kansas, Nebraska and Iowa the ability to handle entries processed through the Mid-America Automated Clearing House Association, such as direct deposits, transferring of funds and automatic debit and credit entries. The bank also has ATMs with on-line capabilities, which will be offered to correspondents this year.

The bank expects to offer the ability to inquiry or post entries directly into its computer in the near future through customer bank communication terminals or through single-pocket proof machines. Entries into the computer can soon be made from POS terminals, which will be installed by American National.

The bank's marketing department offers aid to correspondents in their efforts to familiarize and educate customers about the effects EFTS will have.

'ChecOKard' Guarantee, Verification Plan Franchised in Oklahoma by Liberty Nat'l

AN ON-LINE computer-terminal-based check guarantee and verification system called "ChecOKard" is being franchised in Oklahoma by Liberty National, Oklahoma City. The bank franchises the ChecOKard name and coordinates issuing the check guarantee and verification cards for the service on behalf of participating banks. Initial participation included 20 banks in the greater Oklahoma City area, but the service is available to any bank in the state, according to J. W. McLean, Liberty National's chairman.

The system is operated by National Sharedata Corp., an organization specializing in data processing services for banks.

The ChecOKard service consists of a card with a private identification code issued to customers of participating banks. It provides immediate check guarantee and verification to merchants at the point-of-sale through a telephone terminal hooked up to National Sharedata's computer system. ChecOKard further provides a guarantee by the sponsoring banks that the customer's check will be verified for any amount and guaranteed up to \$100.

The system was designed to result in check-cashing ease for consumers, who were often held up in register

lines in the past waiting to present drivers' licenses and as many as five credit cards for identification. In some cases, customers had to submit to being photographed or fingerprinted before their checks would be accepted.

The obvious benefit to retailers is the reduced risk from bad checks, Mr. McLean said.

During interviews conducted with a cross-section of retail merchants in researching the need for a check verification-guarantee service, it was discovered that the three most frequently mentioned problems in accepting checks for payment of goods and services were (1) merchants being forced to adopt expensive systems of positive identification because of the bad check problem; (2) the resultant slowdown in the movement of customer traffic, causing understandable irritation on the customer's part; (3) and the increasing expense of the identification systems themselves beyond the losses incurred from bad checks.

Marketing support for ChecOKard included large two-color newspaper ads in Oklahoma City announcing the service with a headline stating "Coming soon . . . ChecOKard, the card that tells everyone your check's OK." The service began late last year. • •

Here's how to stay open for business even when your doors are locked.

It's easy.

With Moneycard and the 24-Hour Mini-Bank, your bank can be open for business every second of the day. And for all kinds of transactions . . . withdrawals, deposits, transfers, even loan payments. An offer like that will make your customers happy that they're banking with you. And it'll make your competitor's customers wonder if they're banking in the right place.

Meaning more business for you. And more profits.

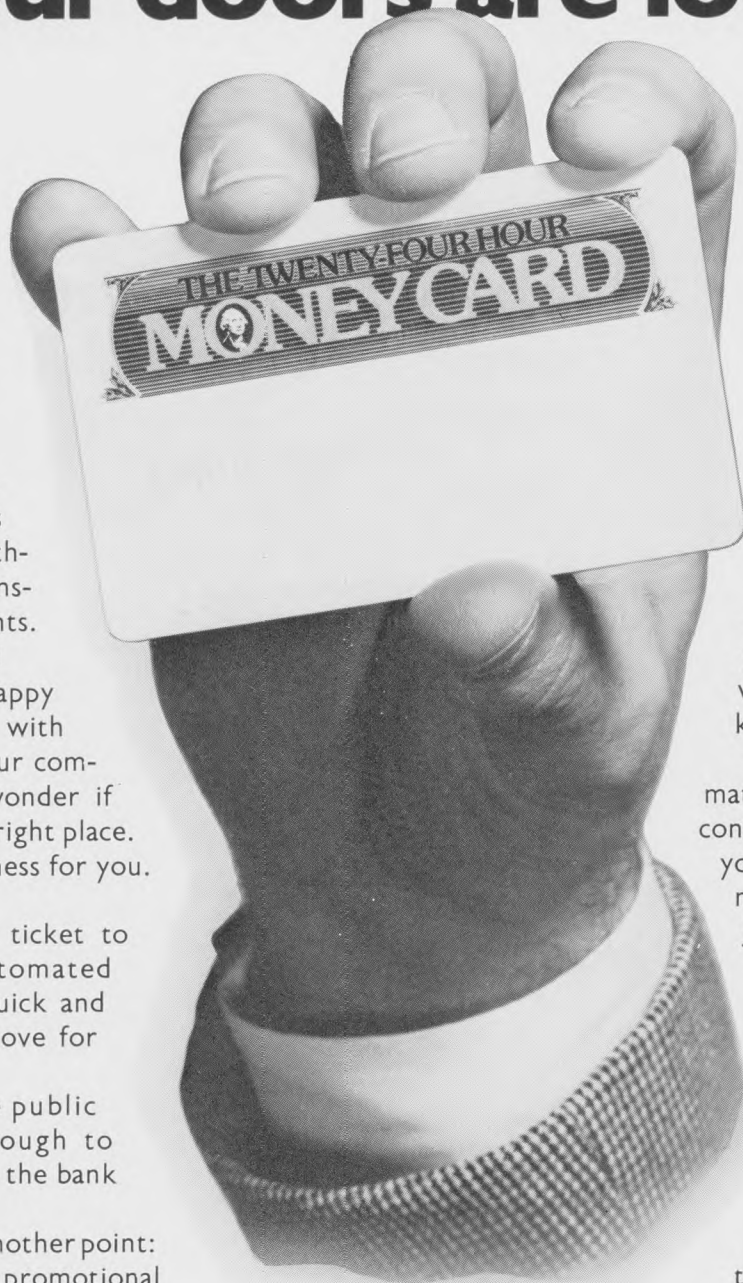
Moneycard is your ticket to move right into automated banking and EFTS. Quick and easy. And it'll be a move for the better, too.

Simply stated, the public likes Moneycard enough to move their account to the bank that offers it.

Which brings us to another point:

We've got a proven promotional campaign to let the folks in your market know that Moneycard is there. And that you're the bank that has it. Every detail of the campaign is customized for you. And every Moneycard you issue will have your name on it.

Don't let operational thoughts hang you up either.



Because Moneycard will work with all kinds of equipment . . . Docutel, Diebold, Mosler, whatever is most compatible with your total system.

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.

Okay, if you've considered automated banking, but you still aren't convinced about what it can do for your business, we've got just the man to call:

Jack Fleischauer, 1-800-482-8484.

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.

Which, incidentally, might have something to do with the future of your bank.

You'll be impressed.

Moneycard. For both the bank and the customer . . . It's Great To Know You Got It.



WORTHEN

Bank & Trust Company, N. A.

a fabco company

Little Rock, Arkansas

Moneycard. For both the bank and the customer . . . It's Great To Know You Got It.

MEMBER FDIC

1st Oklahoma Bancorp. Offers EFT Plan To Banks, Thrifts, Credit Unions in State

FIRST DATA Management Co. (FDMC), Oklahoma City, a division of First Oklahoma Bancorp., is offering an on-line EFT network to financial institutions, including banks, thrifts and credit unions.

The firm introduced an automated CIF system in 1974. During the following year, the firm converted 15 of its bank customers to a new on-line CIF and, with those conversions, has set a network in place spanning the entire state of Oklahoma. Such an undertaking was necessary to achieve a true POS system that would have statewide and regional acceptability, according to a spokesman for the firm.

Fifty more FDMC customers will be converted to an on-line environment during 1976. FDMC is in the process of establishing its first POS operation this year in cooperation with Stillwater National.

The POS program is called SCS (Service Card System). It is said to be unique in that a participating financial institution can maintain its local identity by issuing plastic cards of its own design. Each design includes a small "SCS" logo, which indicates to merchants or financial institutions located anywhere on the network that the customer can access his accounts for on-line transactions.

FDMC, in conjunction with com-

mercial banks participating in the program, will place terminals in major shopping areas throughout Oklahoma so participants of SCS can use their cards in areas where they shop and travel.

At the present time, FDMC is processing more than 180,000 customer accounts through the on-line SCS system, which represents about 16% of its customer base. This figure is expected to increase rapidly as the system expands. • •

Bankmatic System to Start This Month; Operated by Commercial Nat'l, KC, Kan.

BANKMATIC is the name chosen for an on-line 24-hour ATM service expected to begin operations this month in Kansas City, Kan., operated by Commercial National.

Bankmatic is said to be the first system of its kind to operate through a commercial bank's automation facilities in the state of Kansas.

The first unit will be located adjacent to the bank's Parkway Facility, which is located in a growing retail area within a dense residential market, according to Bernard Ruysser, Commercial National's president.



First Bankmatic installation is located in free-standing structure adjacent to Commercial Nat'l's Parkway Facility in Kansas City, Kan. Pictured are (from l.) Bernard Ruysser, pres.; Don Barnes, s.v.p.; Max Dickerson, s.v.p., correspondent dept. head; and Bob Chenoweth, v.p., EFTS task group ch.

EFTS Task Group Chairman Robert W. Chenoweth said the bank stands ready to assist correspondents in establishing their own Bankmatic systems.

The program for correspondents includes liaison service with manufacturers in selection of ATM equipment; site analysis and recommendations; architectural plans for drive-up or walk-in structures; interface coordination of ATM units with Commercial National's computer; consultation on selection of ATM customer procedures; consumer notification and information data; total marketing support; and continuing consultation and service by Commercial National's EFTS task group.

Participating banks may use the Bankmatic logotype and Commercial National will arrange with manufacturers for production of cards and other supplemental materials, including pre-mailer pieces, secret personal ID number mailers, card mailers, notification forms and envelopes and promotional literature. If desired, Commercial National will furnish Bankmatic banks with customized newspaper ads, TV and radio commercials and outdoor advertising designs.

Commercial National plans to add supplemental Bankmatic installations in several non-banking locations to serve specific segments of the community and further expand its marketing background. At present, plans call for units in a major metropolitan retail center and an industrial area.

Bankmatic customers use plastic cards to withdraw cash from savings or checking, to make deposits, transfer funds from checking to savings or from savings to checking or to make balance inquiries. • •

American Nat'l Lists EFT Services

American National, Chattanooga, offers its correspondents a number of EFT services, both on-line and off-line, according to James E. Goodner, executive vice president of the bank administration division.

Mr. Goodner says the most accurate measurement in the success and acceptance of automation in the financial industry is the ATM, which is being utilized by more people each day. The system is available to American National's correspondents, either on an on-line or off-line basis, along with marketing support systems.

American National plans to offer its correspondents support for "Signet," the forthcoming national debit card from Interbank Card System.

Mr. Goodner says the bank supplies its correspondents with the following EFT services:

On-line—Merchant check verification; merchant check guarantee; charge card authorization; interface to national debit card systems; interface to ACHs; unmanned teller machines (mini-branch or stand-alone); manned teller machines; full-function POS terminals; audio and video data entry and inquiry for CIF, DDA, time deposits, loans; remote computer attachment for check processing and CIF.

Off-line—Social security direct deposit; payroll direct deposit; microfiche services; and internal funds transfers (demand-to-savings and demand-to-loans).

The bank also offers leasing of EFT equipment.

Some of the ways to decide whether an Automatic Teller is in the same league with Diebold TABS Total Automatic Banking Systems.

If you're thinking about an automatic teller, make sure you get all the *established* advantages of Diebold TABS Total Automatic Banking Systems. For example: □ Diebold TABS was the first system installed for shared use by multiple financial institutions. □ Diebold TABS has a programmable video instruction screen. It enables you to cross-sell your other services—it also lets you change the transaction selection any time you want to. □ Diebold TABS has been interfaced with main frames and communications protocol by IBM, NCR, Burroughs and Honeywell. □ Diebold TABS is *operating* on-line. Is also available in off-line and on-line with off-line reversion modes. □ Diebold TABS is backed by a complete Diebold commitment, one that includes a softwares design and engineering staff, marketing support, and a qualified service organization. □ Diebold TABS is available in walk-up, drive-in or lobby unit models — over 500 units currently installed or on order. □ Diebold TABS Total Automatic Banking Systems: *performance* is their best recommendation.



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enclosure and simulated wood grain box. And for your bank, there are commemorative prints, scrolls, posters, lobby displays, newspaper ads and material for radio and TV.

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'Moneycard' Debit Card Interchange Put Into Operation by Worthen Bank

THE FIRST part of a new EFT service being offered to correspondents of Worthen Bank, Little Rock, became operational recently. It's called Moneycard, a debit card operation.

Services available with Moneycard include card production (with bank logo), assistance in card base selection, embossing, encoding, initial card issue coordination, card control and card base updating.

Moneycard is described by a Worthen representative as the correspondents' entry into a state-wide, multi-bank, multi-vendor interchange. The interchange is achieved by encod-

ing Track III using the MINTS standard. Track I and ABA Track II are also encoded.

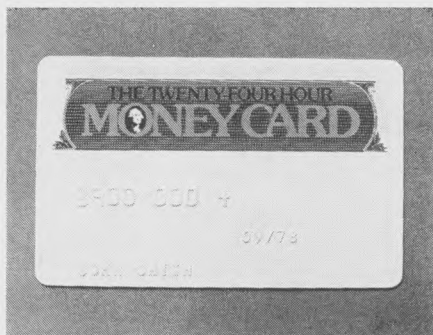
The multi-vendor interchange consists of seven Docutel ATMs and will eventually include Diebold and Mosler machines. The interchange began with 12 Arkansas bank participants operating 26 ATMs manufactured by Docutel, Diebold and Mosler.

The interchange will be limited to the state of Arkansas initially, but plans are being made to expand to surrounding states. Interchange banks are spread throughout the state and all are expected to be operational with the service by mid-May.

Marketing assistance provided by Worthen includes an advertising program with newspaper ads, radio commercials, outdoor posters, employee badges and counter cards. Employee training assistance is also available.

Worthen also offers correspondents volume price breaks on ATM receipts and related supplies.

Most participating banks in the network will operate their ATMs off-line, but one will be operating on-line. Several other participants are expected to convert to on-line operation later. One bank will be using one of its ATMs as a stand-alone branch. • •



Moneycard design features sketch of George Washington, includes logo of participating correspondent bank and no reference to franchisee, Worthen Bank, Little Rock.

Fourth National, Wichita, Makes Plans For ATM, POS Network for Kansas

A NETWORK of ATMs and POS terminals will be established in the Wichita, Kan., metropolitan area this year by Fourth National.

At a series of meetings held for correspondent banks recently, Fourth National outlined the basic structure of its network. By August 1, the bank will introduce its debit card and install four ATMs in its own facilities as well as eight POS terminals in merchant locations.

By the end of 1976, the bank will install an additional 22 POS terminals and in 1977 it will install six more ATMs in off-premise locations as well as an additional 75-100 POS terminals.

The bank plans to offer its downstream correspondents full participation in the POS terminal network and will

support their ATMs even though they are not IBM 3614s, which Fourth National will be using. Kansas law states that all off-premise ATMs must be shared with other banks.

Fourth National is introducing the network to the Wichita metropolitan area this year but hopes to expand it to other Kansas markets in 1977 and eventually tie in with regional and national networks.

Both the POS terminals and ATMs will be implemented through the use of one of two plastic cards. One will be Entrée, for use by customers wishing to transact business through their deposit accounts on a nationwide, and even international, basis without the difficulties involved in negotiating personal checks. Entrée is National Bank-Americard's debit card. • •

MID-CONTINENT BANKER for April, 1976

Diverse ATM Models



Automated Teller Machines (ATMs) are available for just about any type of operation bankers need them for.

TOP: Mosler's Teller-Matic Mark II unit can be installed in sheds for drive-in operation as well as through walls of buildings for vestibule or lobby traffic.

MIDDLE: This Diebold TABS Total Automatic Banking Systems unit is designed for use in lobbies and other locations where self-contained unit security is not a factor.

BOTTOM: This Docutel T4 tabletop Money Machine is designed to service customer traffic during banking hours, taking load off lobby tellers.

Point-of-Sale Equipment



Elcom Industries, St. Louis, markets this credit authorization terminal to speed up authorization procedures at retail outlets. Unit is operated by clerk, utilizing customer's plastic card, and it responds with audio message triggered by authorization center. Unit can serve as general purpose phone.

12 Arkansas Banks Join ATM Network Developed by Commercial Nat'l Bank

TWELVE Arkansas banks are participating in a statewide ATM network, called the Arkansas Bank Interchange Group, developed by Commercial National, Little Rock.

Customers of all participating banks can make deposits or withdrawals from checking or savings accounts or transfer money from one account to another on the machines of any of the participating banks. Out-of-town customers can withdraw as much as \$100 from checking accounts.

The system is made possible because all participants are using Diebold TABS units. Each participating bank designed its own debit card, but the encoding and embossing for all cards is done in Little Rock under the direction of Commercial National.

The interchange evolved from the work of a task force established by Commercial National in 1974. The conclusion of the task force was that the future trend of banking convenience in Arkansas would best be served by a

state-wide debit card system.

Commercial National selected ATM units and worked out the bugs in the system before offering it to its correspondents throughout the state. The bank set up a card system that could be used interchangeably between all participants and worked out a marketing program that was offered to each participant as it entered the interchange.

Commercial National assists participants in the following areas: decisions as to which customers should receive cards; designing cards; working out problems of costs; capital investment, including leasing, to solve investment problems of smaller participants; program selling aids; employee training for selling the service; and support for local advertising efforts. • •

Good for cash anytime, all over Arkansas.



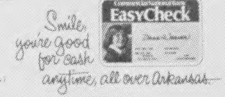
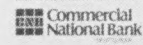
Now a Commercial National EasyCheck photo card lets you get cash anytime of the day or night in cities across the state. We're pleased to announce the formation of the Arkansas Bank Interchange Group.

We've joined hands with leading banks throughout the state which have automatic teller machines (identical to CNB's EasyBank 24) to provide bank customers this great new service. For example, your EasyCheck photo card works just the same at a member bank's automatic teller as it does with EasyBank 24. And, their customers can get cash anytime in Little Rock... or many other cities. And this is just the beginning. In the next few months other banks will be joining the system.

Now you can get cash anytime you need it, all over Arkansas, with your Commercial National EasyCheck photo card. That's something new to smile about!

Your EasyCheck photo card is good for cash anytime at the following banks in these Arkansas cities:

- Arkadelphia: Elk Horn Bank (cont)
- Batesville: Citizens Bank (cont)
- Benton: Benton State Bank (April)
- Campbell: First National Bank (cont)
- El Dorado: First National Bank (cont)
- Fort Smith: Merchants National Bank (cont)
- Jonesboro: Merchants Bank (cont)
- Marion: First State Bank (cont)
- Springdale: First National Bank (cont)
- Walmart: First National Bank (cont)
- Little Rock: Commercial National Bank (cont)



Ad announces expansion of Commercial Nat'l of Little Rock's debit card service to statewide basis.

What's Our Angle?

Just the best return ever on your Christmas Club!
If your Christmas Club is no more than a favor to your customers, something is wrong.

Christmas Club can be a very practical, economical, and enjoyable way to generate new business for all facets of your financial operation—attracting new customers and better serving the old ones.

And Rand McNally has all the materials and know-how to help you organize, promote, and get the most out of your club... including some cost-saving new approaches that you can't afford to overlook.

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Our idea of correspondent banking:

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Our people are real, live, experienced correspondent professionals, with years of correspondent banking behind them. So, since they aren't shiny new management trainees or just goodwill ambassadors, they have the authority to okay loans or services on the spot. Without going through a committee.



WE CALL YOU BY NAME. NOT BY PHONE.

Because we work person to person, eye to eye, with the management of every correspondent bank, right there at the correspondent bank, things get done faster. Friendlier.



WE'RE THE BANK FOR THE NEW DOWNTOWN.

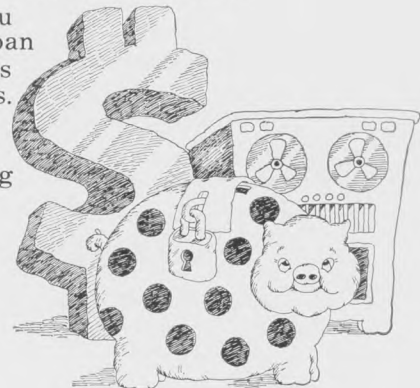
NBB is the biggest bank on Michigan Avenue. The hub of Chicago's new changing skyline. But we'll extend the New Downtown to wherever you are.



WE'RE BIG ENOUGH TO SERVE YOU, BUT SMALL ENOUGH TO TAKE CARE OF YOU.

That's why we can give you literally dozens of services. Like loan participations. Bond portfolio analysis and advice. Safe-keeping of securities. Credit information. Use of our computers. Executive search. And more. It's all part of being whatever kind of bank you need us to be.

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One Card Accesses Various ATM Brands



A technological achievement on the part of ATM manufacturers permits the 12 banks comprising the Moneycard electronic banking system in Arkansas to use any brand of ATM, all of which can be accessed with the same plastic card, according to First Arkansas Bankstock Corp., HC whose lead bank is Worthen Bank, Little Rock. Jack Fleischauer, Moneycard director, is shown inserting a Moneycard into a Docutel unit at Worthen Bank. The same card will also activate adjacent Mosler (c.) and Diebold (r.) units. Moneycard system member banks wanted greater flexibility in equipment selection and manufacturers complied, achieving success in an area believed to have been some time away from solution.

'Instant Bank Key' Transaction Card Plan Offered in Southeast by C&S, Atlanta

CITIZENS & Southern National, Atlanta, is franchising "Instant Bank Key," a banking transaction card, to any bank in the Southeast that uses or elects to use C&S's on-line DDA service.

The card enables customers of a participating bank to handle checking account transactions in automated teller machines.

Under the franchise arrangement, each participating bank issues plastic "Instant Bank Key" cards to its checking account customers. Regardless of where the customer's bank is located, he will be able to use his card at any

"Instant Banker" location on a 24-hour basis to make withdrawals or deposits to his checking account at his own bank.

At present, there are 53 "Instant Banker" locations in Georgia, with more projected for the near future. Under the franchise agreement, each "Instant Banker" is identified by the "Instant Bank Key" emblem displayed by participating banks. As additional banks in Georgia and other southeastern states come into the system, they will provide access points for the customers of all participating banks, thereby giving those banks and their

BAI Discloses Improvement In Overall Check-Processing For First Time in Five Years

PARK RIDGE, ILL.—The nation's check-collection system has shown an improvement in overall check-processing operations for the first time in five years, according to the Bank Administration Institute.

In the March issue of its *Magazine of Bank Administration*, the BAI reported the following performance improvements in 1975 by 164 responding banks over their performance in 1974:

- Average reject rates decreased from 2.8% to 2.6%.
- Average transit-return rates decreased 9%.
- Average rate of free and lost items discovered decreased 8%.
- Average rate of mis-sent and mis-coded items discovered decreased 17%.
- Average rate of exception and return items decreased 10%.
- About 78% of outstanding exception item dollars were open less than 30 days, compared to 68% in 1974.
- Average transit holdover rates decreased 15%.
- Overall labor productivity increased 12%.

While the rate of exception items has been reduced, the BAI says, the comparison with 1974 revealed an increase in the outstanding dollar value from \$213 million to \$401 million.

The complete report, "1975 Check Collection Survey," will be released sometime this spring, the BAI has indicated.

Remote Units Termed Branches

A federal appeals court in Washington, D. C., has upheld a ruling by a federal district court that remote terminals in stores and elsewhere are branches and thus come under state branching statutes.

According to the ruling, national banks cannot install remote hookups in states not permitting branching or that have not enacted enabling legislation to accommodate such hookups.

The ruling is a victory for the Independent Bankers Association of America, which filed the suit that prompted the ruling after Comptroller of the Currency James Smith advised national banks that they could install remote hookups because he didn't consider ATMs and POS terminals to be branches.

The general consensus is that every remote terminal proposed in states permitting branch banking will have to be approved as a branch by state authority—an involved process.

"This check has already converted more than half of our line check customers to personalized checks, and the orders are still coming in."

H. Eugene Renno, Vice President
Georgia Railroad Bank
Augusta, Georgia

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"Of the 6,000 line check users who received the Trial Intercept Package of Prestige Checks, more than half have reordered the personalized checks instead of their usual line checks. And the orders are still coming in!

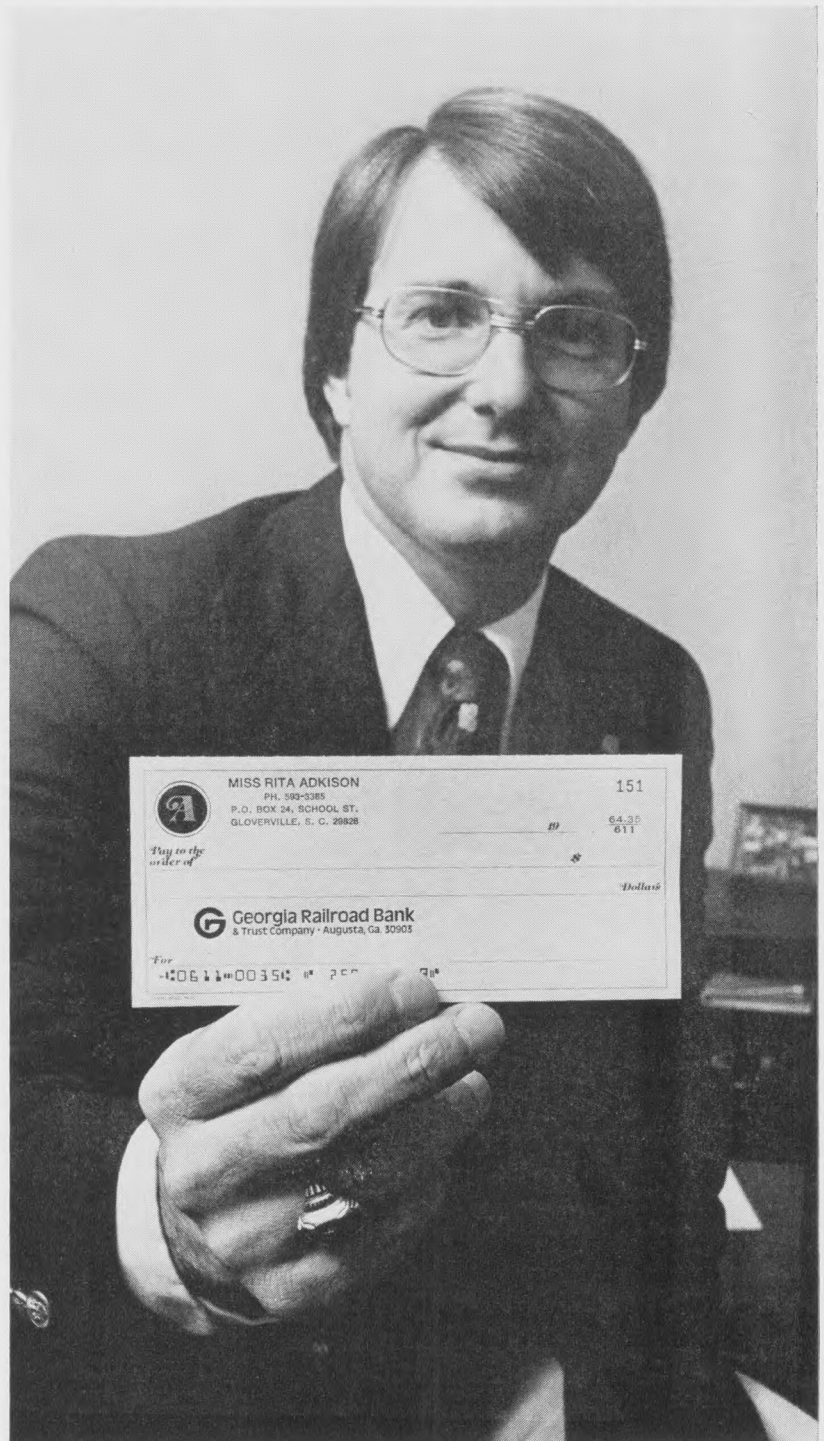
"The whole program has been a complete success. The savings to our bank have been significant, and our customers are happy. We've even had some customers come in and thank us for sending them the Prestige Check.

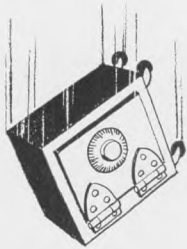
"What it boils down to is a simple case of offering the customers what they want. If you do, they'll gladly buy it."

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Kentucky Group Banks Issue 'ONE' Card; Systemwide Use Scheduled by Year-End

A "NEW ERA in banking" has been introduced to central and south-eastern Kentucky with the introduction of the ONE card by Kentucky Group Banks, according to Al Florence, vice chairman, Central Bank, Lexington.

The new banking card, which will be offered by all 18 member banks of the Kentucky Group by the end of the year, entitles checking account customers to a number of services new to the participating institutions. These include free notary service, instant account identification, instant balance verification, free traveler's checks, monthly premium offers, automatic bill paying through check draft authorization and estate planning, according to a spokesman for Kentucky Group Banks.

The group's on-line system will eventually permit cardholders to have checks verified at local merchants and have the use of automated teller units located in member banks throughout the 25-county area served by Kentucky Group Banks.

Initially, cards were issued to personal checking account customers of Central Bank, Lexington. However, customers of the other 17 member-banks are expected to receive cards by the end of April.

All cardholders will be entitled to free checking, plus the services listed above. Sometime in the future, they will also be entitled to travel discounts and assistance and life insurance equal to the amount on deposit in their regular passbook savings accounts.

Each teller station at member banks will be equipped with NCR 279 units to provide computer entry. The units will give tellers the ability to produce instantaneous account balances for customers, thus eliminating much of the time spent making phone calls to book-keeping departments.

Eventually, cardholders will be able to cash personal checks at any of the Kentucky Group's 18 member banks and a market survey will soon be conducted to test the feasibility of placing check guarantee machines at local stores, which will make it possible for a cardholder to have his check verified at stores throughout the Kentucky Group area.

Totally automated banking will be available throughout the group's trade



Diebold 550 TABS units are planned for all Kentucky Group banks by year end, beginning at Central Bank, Lexington. They will provide 24-hour banking services for ONE card holders.



This NCR 279 unit will be installed at each teller station at Kentucky Group banks to permit entry to on-line EFT system, cut transaction times.

area before the end of the year, a spokesman said, when the installation of Diebold 550 TABS units is complete. All units will be installed in existing bank locations initially. Consideration eventually will be given to installations in shopping malls.

The Diebold units will permit cardholders to secure cash, make deposits to checking or savings and make transfers from savings to checking or vice-versa. Customers will also be able to ascertain account balances through the units.

The first units will be placed at Central Bank and its branches, with subsequent installations planned for the other Kentucky Group banks later in the year.

It is estimated that approximately 250,000 ONE cards will be issued by year-end. • •

Five-State EFT Network Signs 150 Banks After 'Road Shows'

A SERIES of "road shows" to explain the concept of a proposed electronic banking system to be shared by banks in five states has been completed by Financial Communication Services Corp. (FCSC), St. Louis.

As of mid-March, FCSC had signed 150 banks into the system, all of which are said to be located in the system's major market areas. The network will encompass all of Missouri and Kansas and parts of Iowa, Illinois and Kentucky.

The system is expected to begin operations late this year, with the first installations expected to be in St. Louis; Kansas City; Columbia-Jefferson City, Mo.; and Davenport, Ia.

FCSC is a not-for-profit corporation created to develop and operate an electronic consumer banking communications system for participating banks in the five-state area. The network will provide for automated banking facilities at retail merchant outlets and at free-standing "financial convenience centers."

The FCSC system is known as Bank-



BankMate is the name of the EFT system being developed by Financial Communication Services Corp., St. Louis. This card will be issued to customers of participating banks for access to ATM and POS equipment.

Mate. The name was chosen, according to FCSC executive vice president John G. Regan, after the establishment of favorable reaction to the name through a consumer attitude study, which indicated that the public considers the name to accurately depict the service the system will provide.

BankMate plastic debit cards will enable customers of participating banks to use the system's electronic equipment at remote locations.

The card is designed in two shades

of green, each on a separate horizontal panel. The lower panel contains the card name, and space for embossed cardholder information. The upper panel provides space for the name and city location of the participating bank.

BankMate is said to be the first regional debit card system to be developed, and Mr. Regan stated that all banks, regardless of their size or EDP capacity, will be able to take part in the system.

At one of the road shows, Bernard J. Ruysser, president, Commercial National, Kansas City, Kan., said, "We see this system as the first really exciting new service that we have had available to our customers in years. And we believe strongly that our customers will accept and use the service. Perhaps more importantly, if we banks don't provide this service, someone else will."

When first installed late this year, FCSC's network will provide up to 30 "financial convenience centers," which are free-standing structures with automated banking equipment available round the clock, and about 1,000 POS terminals.

Customers of participating banks will be able to use the convenience centers to transact such bank business as withdrawing funds from checking or savings accounts, making deposits, transferring funds between accounts, obtaining cash advances from bank charge card accounts and inquiring into the status of various accounts.

At the POS terminals, customer services will include check guarantee, payment of goods through money transfer, charge card authorization, and inquiry into account balances. • •

Women's Credit Rights:

Valley Nat'l Brochure Answers Financial Queries

Valley National, Phoenix, has published an educational brochure dealing with women and their credit rights and responsibilities.

Entitled "Valley National Bank Talks About Women and Credit," the 16-page brochure addresses 20 of the most commonly asked queries about Regulation B of the Federal Equal Credit Opportunity Act. It also provides information about income, community property state stipulations and marital status. There is no attempt to sell VNB in the booklet.

The brochure has been offered free in all the bank's offices.

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- 4 DUZITALL COIN WRAPPER**
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- 5 OLD STYLE COIN WRAPPER**
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- 7 FEDERAL BILL STRAP**
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- 8 COLORED BILL STRAP**
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MARKETING EFTS:

The Psychology of Convenience and Change

EACH CHANGE in the payments mechanism causes bankers to become increasingly worried about the allegiance of their customers. Take lock box, for example. Most people view the lock box as a direct outgrowth of the desire by corporations to better utilize their cash. Often overlooked, however, is the fact that corporations—long concerned about their growing number of banks—also viewed the lock box as an opportunity to consolidate or reduce their banking relationships. Hindsight tells us that this change in the payments system caused a great shift in customer allegiance. Some banks gained corporate relationships because of their lock-box capabilities. Others lost business.

This concern by banks for keeping customers can cause some problems. Having been deeply involved in another area of the payments mechanism, the charge card, I remember well the frustrations. The \$64 question in the early days was whether the introduction of the charge card would cause customers to change their banking relationships. Worrying about the answer to that question pushed many logical-thinking bankers into emotional reactions. Poor judgment became the norm rather than the exception as banks everywhere cut corners to get on the charge-card bandwagon.



By **JACK W. WHITTLE**
Chairman
The Whittle Group
Chicago

Now that we are entering a new era of electronic funds transfer, banks are again wondering about the effects on established customer relationships. Will customers switch to banks with EFT capabilities? If so, will big banks have an advantage over small banks? Or, will small banks still retain certain territorial rights because the basic law of customer relationships now is convenience of location?

Basically, there is a built-in resistance to change. This applies especially to banking habits—particularly in smaller communities where research has shown that individuals and families tend to stay with the same bank year after

year. Questioned as to why this is so, many inhabitants of smaller communities fall back on “but I’ve always banked here” or “this is where my parents banked.”

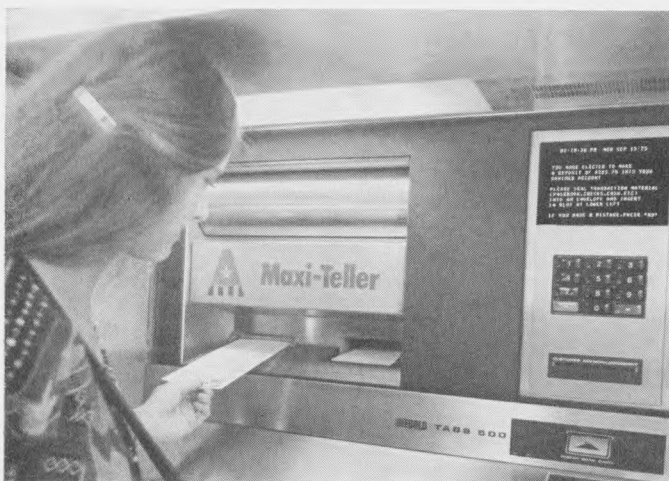
In the Chicago metropolitan area, we discover that only 15% of the people change banking relationships during a given year. To be sure, about 25-30% change addresses, but the actual act of closing an account and opening a new one in its place elsewhere is not nearly so common, and when it happens, it usually is related to convenience.

The most frequent reason people give for selecting a bank is convenience. But with the advent of EFTS banking, the whole structure of convenience is about to change. Any student of marketing will tell you that if someone can offer more convenience, a more easily accessible way for the customer to obtain the product, people will usually gravitate to the newer system. We proved it with drive-in tellers. Which leads me to conclude that if a person can bank at the supermarket without the additional chore of driving to another parking lot and waiting in another line, he most certainly will change.

Admittedly, when established habits or behavior must be altered to gain more convenience, it may not be worth the effort. But research indicates that once people have tried and become used to automated teller machines (ATMs) and POS systems to transact banking business, they repeatedly will use this equipment because it is more convenient in terms of location and hours.

Recently, while conducting a series of focus groups on people’s attitudes toward financial institutions, a woman made a comment I think is representa-

Prior to forming The Whittle Group, Mr. Whittle was a vice president and director of marketing at Continental Illinois National, Chicago. He is currently serving as treasurer, Bank Marketing Association. The Whittle Group offers marketing services to the financial community.



Customers will have to be educated in the use of ATMs and, once they get used to the machines, they’ll never return to teller lines, if they have a choice, according to Jack W. Whittle.

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"My advice to small banks is to let the big ones take all the lumps. Let the big banks experiment with all kinds of systems and you can plug in later."

tive of many people's thoughts in this day and age. She stated that not long ago, she went to her usual supermarket and there was a new savings and loan right in the supermarket. Her first reaction was why is a savings and loan located in the supermarket? But after reflecting on this for awhile, she thought, "Why not?" On her next trip to the supermarket, she opened an account for her children with money withdrawn from her bank because she said it saves her time.

As marketers of financial services, we should never forget that people basically are lazy and anything that can save them time usually wins their approval. This is evidenced by everything from hot combs to electric garage door openers and helps explain why one out of every nine American families contracts with private firms for lawn maintenance. Time is the most valuable asset we have.

Despite people's preoccupation with time, the behavioral change in using an ATM is most severe. This is because it takes a function always performed by the teller and switches the responsibility for the accuracy of that transaction to the customer. Once again, our research indicates that some people will read and study a behavioral change and then buy it. These are what we call the "early adopters"; but, unfortunately, they represent only about 16% of the population. The rest of us require at least a step-by-step demonstration before we'll try something new.

For this reason, customers will have to be educated in the use of ATMs and POS systems. And to make sure they will agree to be educated in the first place, some sort of incentive—like cash or coupons, a drink of lemonade, a doughnut or a small giveaway—will be required to get people involved. After they've used it once and discovered they didn't blow the computer or push the wrong buttons, they'll become more confident. And as their confidence grows, they'll never again return to teller lines, unless given no other choice.

People worry most about the first-time use of the machine, but once they gain confidence, it's like being part of the in-crowd. As they begin to use the ATMs more and more, they may even laugh inside and feel sorry for those people who still wait in lines and bank

during normal banking hours. They're really saying: "Isn't it too bad you don't have the guts to try something new? Watch me use this machine. I'm superior in knowledge and am basically a progressive person."

A recurring theme we often hear in our research is that people like the idea of controlling the transaction themselves. Certainly, there are lingering doubts, but surprisingly, the anxiety level can actually be *reduced* by using a machine. With a human teller, there's always the fear after presenting a check of: Where's she going with it? What records is she looking up? Is she calling someone to verify whether I am a good person? The machine alleviates these kinds of fears by making the transaction impersonal. People who are concerned about their involvement with other people in their personal money matters (most of us fit in this mold, by the way), having overcome the education barrier by using a money machine, will time and time again come back to it.

Even so, it will be a good many years before the majority of your customers use ATMs because resistance to behavioral change is great. But unless you get cracking on EFTS *now*, you're in for some real trouble. Good marketing counsel can help overcome some of these behavioral changes, and banks will have to learn they cannot market EFTS like other products. Most banks have a great deal more to learn about their customer bases before they make the far-reaching decisions as to equipment and locations.

My advice to small banks is to let the big ones take all the lumps. Let the big banks experiment with all kinds of systems and you can plug in later. But now is the time for small banks to establish within their markets some sort of clear relationship to the future EFTS environment. They should develop the behavior pattern of having their customers use some sort of card clearly identified with their banks. It need not be plastic nor even functional. But, the point is that within 10 years, most of us will transact our banking with cards. When customers reach in their wallets for those cards, you'll want them in the habit of pulling out your card and not your competitor's.

Secondly, *all* banks must concentrate now as never before on increasing market share. This means stealing cus-

tomers from the competition and tightly locking them into your bank so they'll never leave. In the era of EFTS, convenience no longer will be a factor in selecting or switching banks. Because all banks will be equally convenient. And then the ball game changes. Market share will become "frozen." It'll become difficult to acquire new customers, so you had better get as many as you can now.

Third, don't just "wait and see" or, worse yet, become a holdout. Because when the EFTS dam breaks, there'll be no turning back for any of us. When consumers, corporations and government bodies start to get really turned on to the electronic payments mechanism, the process of conversion will accelerate. To be in a position to take maximum advantage of the opportunities, learn all you can now.

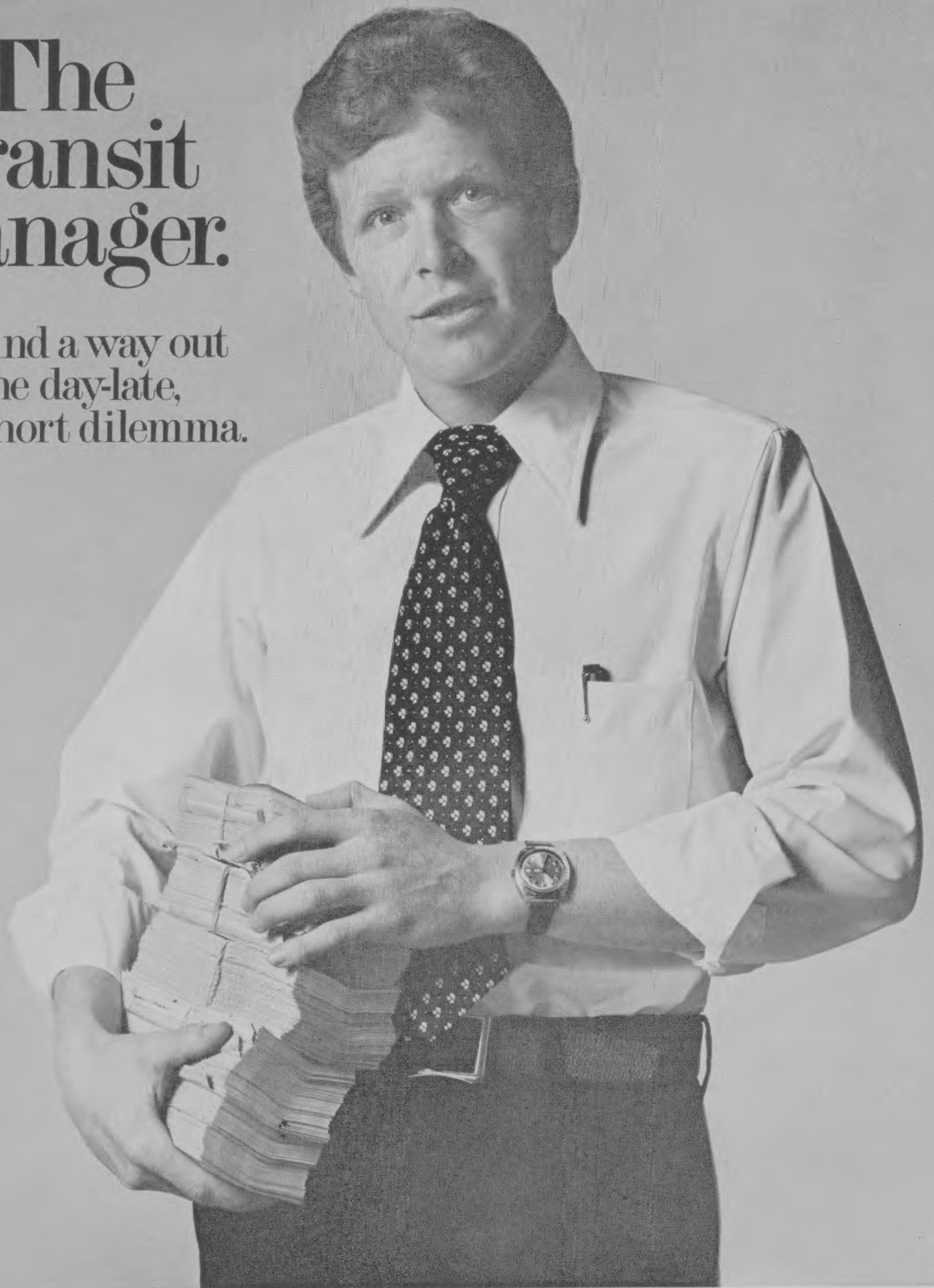
I'm constantly amazed at the number of bankers who still think EFTS won't ever happen. Also, that many banks have refused to become members in cooperative ventures like automated clearing houses. I hope this changes—and soon. To develop a reputation of non-cooperation or resistance to progress may be suicidal. It's very important that your customers perceive your bank to be involved in the EFTS movement today if you expect to keep them tomorrow. You can get much more recognition and achieve a higher level of awareness on a cooperative basis than you can ever get going it alone.

Finally, EFTS will quickly blur the distinctions between all financial institutions. Smaller banks can no longer afford to be all things to all people. It will be important for these banks to carve out a niche in the market and then reinforce their claim on that position through creative execution and a consistent program of communication.

By gaining a foothold now, when large banks enter local markets via EFTS—as they surely will—their impact can be minimized. Assess your major strengths and communicate them to your market. Correct your weaknesses. To be successful in the era of EFTS, your institution must be *consistent* in everything it does. Consistency is based on a sound rationale of what your institution is and what it is trying to become. Above all, it requires a management that's brutally frank, with a strong commitment to change the institution to fit the demands of the marketplace. • •

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Electronic Banking, Consumer Legislation Discussed at AMBI Credit Conference

By JIM FABIAN
Associate Editor

ELECTRONIC banking and consumerism were two popular topics at the recent consumer credit conference sponsored by the Association for Modern Banking in Illinois (AMBI) in St. Louis.

A panel on electronic banking, moderated by James E. Brown, president, Mercantile Bancorp., St. Louis, featured Sean Millin, vice president, Interbank Card Association, New York City; Larry D. Wright, vice president, First Galesburg (Ill.) National; and Joel Crabtree, vice president, Continental Illinois National, Chicago.

Mr. Wright presented his bank's automated teller machine (ATM) track record. With two units, the bank has succeeded in taking in \$326 in deposits for every \$1 withdrawn. He reported that a local survey revealed that 93% of the general public knew what an ATM was, 87% associated the units with First Galesburg National and 32% of households in the community have access cards to the machines. In addition, he said, from 6% to 13% of the customers of competing banks in the community have access cards to First Galesburg National's ATMs. (See article on page 72 for more of this bank's ATM track record.)

Mr. Millin said that the plastic card is the key to any check authorization system.

He said any successful debit card

must have uniformity with a nationally recognized logo, such as Master Charge; it must be easily usable at all terminals and it must be secure. He said that retailers are not geared to the banking system's magnetic stripe coding system yet.

The debit system, he continued, is designed to act as a highway between various local or regional systems, not to conflict with them.

Mr. Crabtree said convenience is the most important criterion when a customer selects a bank. He spoke of Continental Bank's 60 POS machines in use in Chicago, which average half a million transactions per month. He said that cash withdrawal is going to be added to the services available through the units.

The bank's seven ATMs average \$2.5 million in transactions per month, he said, with from 90 to 110 machine transactions for every 100 cards outstanding.

He also said that ATMs can replace tellers economically, according to preliminary tests, and he predicted five national debit card systems within five years to serve the banking, thrift and credit union industries.

He also predicted the possible retirement of Continental's own debit card within two years in favor of a national debit card, such as Signet, which will be initiated by Interbank Card Association in 1977. He said the greatest growth in a debit card system will occur after the system becomes linked with a national network because the consumer thinks a national network is better than

a regional system.

James A. Matthews, chairman, AMBI consumer division, and vice president, Continental Bank, Chicago, spoke on the topic of consumerism. He said that much of the consumer legislation being enacted reflects the public's rapidly changing attitude. He said the reaction of banks to consumerism is too often a knee-jerk instead of a rational response.

He said bankers should ask themselves if the consumerist movement was fomented in any way by disappointment with the way bankers promote their services. They should ask themselves if they promised too much and couldn't deliver to the public's satisfaction, he said.

He said that legislators do not believe banker predictions regarding the adverse effects consumer legislation can have. The Real Estate Settlement Procedures Act (RESPA) was a prime example. He pointed out that Congress can act swiftly to tone down legislative overkill, as it did in the case of modifying RESPA recently. He said Congress acted swiftly because it feared the consequences of delay.

He indicated that consumer credit could dry up if legislation becomes overly restrictive. But if it does, he said, the public sector will take over the consumer credit field.

He called on bankers to work to regain their lost credibility with both the public and legislators. "We have cried 'wolf' too many times," he said, "because our dire predictions have not come to pass."

He said bankers should appeal to the economics of a situation, not the emotions. They should have reliable cost figures to support their arguments. They should find better ways of delivering consumer credit services without violating the basic rules of lending.

New BAI Publication Gives Job Descriptions

The Bank Administration Institute has published *Job Descriptions for Bank Personnel: A Comprehensive Guide*, a 300-page soft-cover book designed as an aid to personnel officers and employees.

Primarily a reference book, *Job Descriptions* is to be used in writing, adding to, refining or changing the style or format of job descriptions or rearranging the responsibilities of some existing positions.

The publication contains a combination of job descriptions, specifications and management guides representing 32 different divisions, department or banking functions, reflecting about 137 "key" officer and nonofficer positions.



Participants on EFTS panel at AMBI consumer credit conference were (from l.) James E. Brown, pres., Mercantile Bancorp., St. Louis (moderator); Sean Millin, v.p., Interbank Card Assn., New York City; Larry D. Wright, v.p., First Galesburg (Ill.) Nat'l; and Joel Crabtree, v.p., Continental Bank, Chicago.

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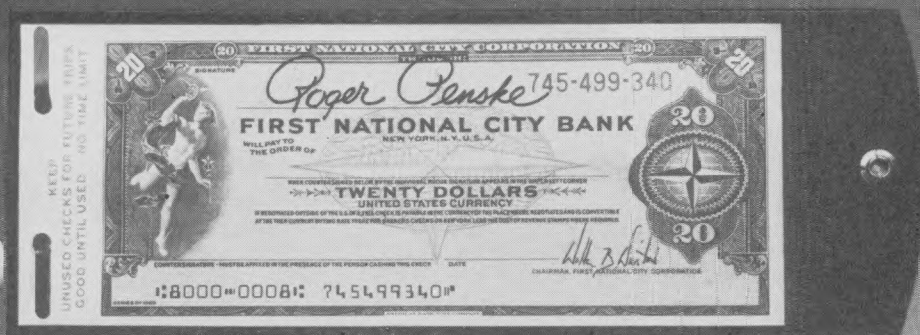
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FIRST NATIONAL CITY TRAVELERS CHECKS

How a \$90-Million Bank Made It With ATMs; Track Record Reveals EFT Success Story

WHY AND HOW would a \$90-million bank embark on a completely internal automated teller machine (ATM) program? These questions are continually being asked of us, along with one other—What results is the operation getting?

The operation was initiated to gain valuable expertise prior to the full-blown arrival of EFTS and to prepare bank customers for electronic banking. It was also initiated to get new business.

Results have exceeded our expectations. Take a look at the accompanying table, which shows that First Galesburg National has seen significant increases in its penetration of the local checking-account market since installing its first ATM unit two years ago. The bank has captured 56% of all accounts opened in its trade area in the past six months and 50% in the past year. This gain has been at the expense of other local banks.

Galesburg cannot be classified as a growing city. In fact, it has been losing residents over the past 10 years. The average age of residents is among the highest in the state, thus, the market is conservative. The competitive situation is such that in 1972 three of the four banks introduced a program of no-charge checking and free checks.

When implementing our ATM operation in late 1973, it was not our intention to make the program a "marketing gimmick" or the "latest thing to do." Rather, we intended to expand upon the program while challenging ourselves to accurately measure the results. We were convinced that only through such a process could we be in a position to measure and forecast the impact of EFT on the bank's future. The results to date not only have met our greatest expectations, but point toward a bright future for the bank.

First Galesburg National's assets were \$67 million when the decision was made to introduce the ATM service. This midwestern Illinois community has a population of 38,000 and



By **LARRY WRIGHT**
Vice President
First Galesburg National Bank
Galesburg, Ill.

is serviced by three other banks with year-end 1975 assets of \$48 million, \$36 million and \$7 million. The community also supports two S&Ls, each listing assets in excess of \$100 million, and five active credit unions, two of which have branches complete with drive-ups.

The decision to install the first ATM was made due to:

- The need to offer a service that could compete in a restricted environment.

- The fact that account growth would justify the cost, with all installation and start-up expenditures being recovered within a three-year period.

- The need for the bank to prepare itself for EFT.

Being in a unit-banking state, it is necessary for the bank to serve all customers from the Main Office and a drive-up facility just 1,500 feet away. The bank felt it was imperative to offer customers convenient banking hours geared to their life styles, rather than requiring them to conform to hours set by the bank. It was also our intent to provide current and potential customers with a worthwhile service that could not easily be copied as a "me too" service by our competition. Since the installation of our ATM, two competing banks have extended their drive-up hours (one is open until midnight) to attempt to neutralize the effect of our ATM operation.

We have been critical of bankers who sit on their laurels, watch the creation and development of projects and decide at the twilight hour to jump in because it appears to be the thing to do or because their customers demand it. This can meet with disastrous results, i.e., charge cards, leasing, REITs. It was management's decision not to take the sometimes costly "wait and see" attitude that is so typical of our industry. Management also decided not to introduce a full-blown program, but to systematically establish expertise in

BANK PENETRATION - % HOUSEHOLDS

<u>PERSONAL ACCOUNTS OPENED:</u>	<u>FIRST GALESBURG NATIONAL</u>	<u>BANK A</u>	<u>BANK B</u>	<u>BANK C</u>
LAST 6 MONTHS	56%	19%	19%	6%
6 MONTHS - 1 YEAR	50	13	19	19
1-2 YEARS	42	27	22	9
2-5 YEARS	37	20	32	12

Chart shows that First Galesburg (Ill.) Nat'l has experienced significant increases in its penetration of the checking-account market since installation of its first ATM two years ago. Bank has secured 56% of all new accounts opened in past six months and 50% within the past year. Gain has come at expense of local competition.



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the field at the grass-roots level.

To analyze the cost of the program, the following basic procedure was utilized:

- The bank outlined all costs relating to the program for years one through seven.

- By referring to the Fed Functional Costs Analysis, we determined the net worth of DDA and savings accounts and then established our goals as to the number of new accounts necessary to cost-justify the expenditures.

In May, 1973, the decision was made to undertake an ATM operation that we considered feasible and profitable and to introduce this program on an internal basis. All receipts, envelopes, card designs, mailers, computer programs and marketing were designed in-house. The only external procedure is embossing and encoding plastic debit cards. The program was introduced through an IBM 1240 computer and it was not necessary to establish a central information file. At present, the bank is operational on an IBM 360/30 and is continuing to operate off-line.

In November, 1973, the first ATM unit (a Docutel T3 Total Teller) was set up for demonstration purposes in the main lobby. During a 60-day period, more than 10,000 demonstrations were given to customers. Much of our success in the program is attributed to this demonstration period. This phase of the introductory period was heavily advertised and resulted in the acquisition of numerous accounts from our competitors.

In January, 1974, the unit was permanently installed at the bank's drive-in to provide 24-hour accessibility. We were aware that the location was less than desirable. Traffic in the area is minimal, the site is adjacent to an apartment house filled with retirees, an abandoned filling station and a wholesale parts house. The manufacturer of the equipment projected that the ATM would not average 300 transactions per week during the first year of operation. However, within 90 days of installation, the unit had reached the 300-per-week usage level.

We credit the immediate acceptance of the ATM to two things:

- A lengthy and well-advertised demonstration period.

- Mass issuance of private-label debit cards 10 days prior to the installation of the unit.

Customers qualified for cards if their accounts met the following criteria:

- A DDA account that had been on the books for a minimum of six months, maintaining an average balance in excess of \$100 with two or less overdrafts and no returns.

- A savings account on the books for a period of one year or more and maintaining an average balance in excess of \$250.

Although operating off-line, the bank suffered less than \$300 in losses during the first year, based on the above criteria. At the end of that year, the original ATM was chalking up 600 transactions per week, with deposits exceeding withdrawals by three-to-one. We received inquiries as to when a second unit would be installed.

We decided to install a second ATM at a more convenient location in 1975, even though there was little doubt that a suit would be filed by the banking commissioner once the unit was in place, because of the site chosen—a shopping mall some distance from the bank.

The decision to further expand the ATM operation was based on the following points:

- Our internal marketing research indicated customers would not only use, but would welcome, a second and more conveniently located unit.

- A review of our original objectives as they related to account growth required for cost justification determined that during the first year of operation these objectives had not only been met, but exceeded by more than 100%.

- Management was determined to further develop the bank's expertise and technical advantage over competitors while continuing to prepare for EFT in a systematic and orderly fashion.

The second ATM unit was installed in October, 1975, in Sandburg Mall, a 52-acre development that draws customers from a multiple-county area. It is located in the most concentrated residential area of the county.

Following the installation, debit-card applications increased 200% and have continued at this pace. Within 90 days, the mall unit was averaging 300 transactions per week, with dollars deposited exceeding withdrawals five-to-one.

As a small bank located in a non-metropolitan area, First Galesburg National felt it was imperative that results be measured. To accomplish this, an outside research firm was employed to complete a survey of our market area in regard to quality of service and market penetration.

Survey results relating to the ATM operation included the following:

- 93% of randomly selected respondents were aware of the ATM operation.

- 87% associated the operation with our bank.

- 32% of the households in Galesburg maintain debit cards.

- While 63% of our own customers had cards, from 6% to 13% of our competitors' customers also held cards at our bank so they could use the ATMs.

- 36% of the households in Galesburg with incomes of \$25,000 had cards.

- Our bank's penetration of new DDA accounts increased from 37% to 56% since the introduction of the ATM operation.

- 16% of the new DDA accounts and 20% of the new savings accounts came from competing banks.

Why is a \$90-million bank located in a community of 38,000 so involved in EFT? Our primary objective was account acquisition and retention through an established and profitable service. It is our opinion that EFT is a viable and necessary service. It was not our decision to "wait and see" but to develop expertise and a customer base that will be prepared for EFT when it comes. • •

Editor's note: First Galesburg National has developed an Electronic Teller Program Installation Manual of 275 pages that tracks the bank's ATM operation through market analysis, cost justification, installation procedures, off-premise ATMs, results, etc. Copies are available from the bank through Mr. Wright for a fee.

Do-it-Yourself ATM Display Sells Service to Customers

It was "show and teller" time recently at all branches of Cleveland Trust as the bank presented its customers with a demonstration of its Docutel Total Teller machines.

The presentation was designed to help prospective customers discover how easy it is to operate the machines. The display simulated the operation of the equipment, which the bank has named "Fast Cashier Bank-in-a-Box."

An invitation to a do-it-yourself demonstration attracted attention to a colorful panel mounted in an aluminum floor stand poster frame at each of the bank's branches. A replica of the Bank-in-a-Box had all the features clearly identified, and all 10 functions of the Total Teller unit were explained.

A movable wheel caused the correct instructions to appear in the Bank-in-a-Box window so a customer could follow any transaction from start to finish by rotating the wheel and watching the information appear on the face of the model as it does on the actual machine.

When a person decided to apply for a free Fast Cashier card as a result of the demonstration, applications were readily available from a nearby display.

“If there were any other way, we would have taken it, but our attorney recommended we file bankruptcy. That includes what we owe on the family room.

There’s no way in the world we can pay back the loan.”

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The 'Seller' Rule: A New Quandary for Lenders

NOTICE

Any holder of this consumer credit contract 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.

THIS NOTICE may have to be printed in most consumer loan contracts if a proposal published by the Federal Reserve Board becomes a regulation.

Last year, Public Law 93-637, the Magnuson-Moss Warranty-Federal Trade Commission Improvement Act, became law. Under Title II of that act, the Fed must substantially duplicate the trade rules of the Federal Trade Commission (FTC) unless the Fed finds that prohibited acts are not unfair or deceptive as conducted by banks.

Last November, the FTC published a final regulation entitled "Preservation of Consumers' Claims and Defenses." This rule, which takes effect May 14, 1976, makes it an unfair or deceptive act for a seller to take or receive a consumer credit contract which fails to contain the above notice. It also makes a seller unfair or deceptive who accepts as payment for such sale the proceeds of a purchase-money loan which does not contain the notice. The FTC also proposed an amendment, to take effect on an undetermined future date, which requires the notice to be in contracts associated with purchase-money loans as defined. Thus, under Public Law 93-637, the Fed has published its notice asking for comments concerning the FTC's amended rule, to determine if the rule also should apply to banks.

Since the publication of the "seller" rule, bankers have been concerned about the rule's impact upon their activities in the indirect financing of autos, home improvements and other goods and services, for the rule obviously applies to all indirect financing,



By **PAUL J. PFEILSTICKER**
Vice President
Continental Illinois National
Chicago

Because the degree of risk of loss is one factor in the makeup of price, along with the competitive environment, bankers are faced with a severe problem. How can a banker insulate his portfolio against increased loss which is quickly converted into increased cost? It would appear that the suggestion by the FTC that the increased costs be internalized will be unacceptable to most financial institutions. With other cost pressures on net margins, bankers will search for other methods of minimizing the impact of the rule on the risk associated with remaining in the indirect financing business.

For most markets which are currently non-recourse, it has been suggested that limited recourse back to the seller, based upon the equity of the purchaser's claim or defense, is one solution. This "solution" will probably not be the panacea in many situations. It will not necessarily keep the bank out of a court action, and in order for it to be viable, the banker will have to be completely satisfied with each seller's business practices and net worth. The examination of business practices may well have to exceed the handling of customer complaints and warranty work. Business acquisition practices,

such as advertising, inducements and compliance with rules such as the FTC used-car rules, may be of equal import.

Even though the banker may be satisfied with the business practices of a particular seller, the financial ability of the seller to survive a given number of recourse chargebacks will be highly important. In the case of auto dealers, for instance, strong manufacturer- and dealer-written warranties on new cars somewhat diminish the problem, but that is not the only product auto dealers sell.

If the banker opts for limited repurchase arrangements as a solution, another uncompensated-for incremental risk may well be present. As a portfolio generated by a new dealer grows, the impact on the value of the portfolio by either a change in his business practices or a cessation of business may well be serious, particularly when one realizes that the incremental risk of loss is ever present until the last contract is liquidated.

It is understandable that the discussion by bankers centers upon the purchase of auto paper, for more bankers purchase auto-finance paper than other kinds, such as home improvement or other goods and services. While the considerations are probably the same in these kinds of paper, they may be even more severe because of the term of the paper. A lot of things can happen to a dealer and his business during the 10-year span of time of much home-improvement paper.

Bankers who do little or no indirect financing can take little comfort over the prior decision to stay out of the indirect market. A quick reading of the Fed's proposal may lead those bankers to believe, erroneously, that they remain unexposed to the problem of increased risk of loss.

As now proposed, the notice must be in all contracts used in connection with a purchase-money loan, defined as: "A cash advance which is received by a

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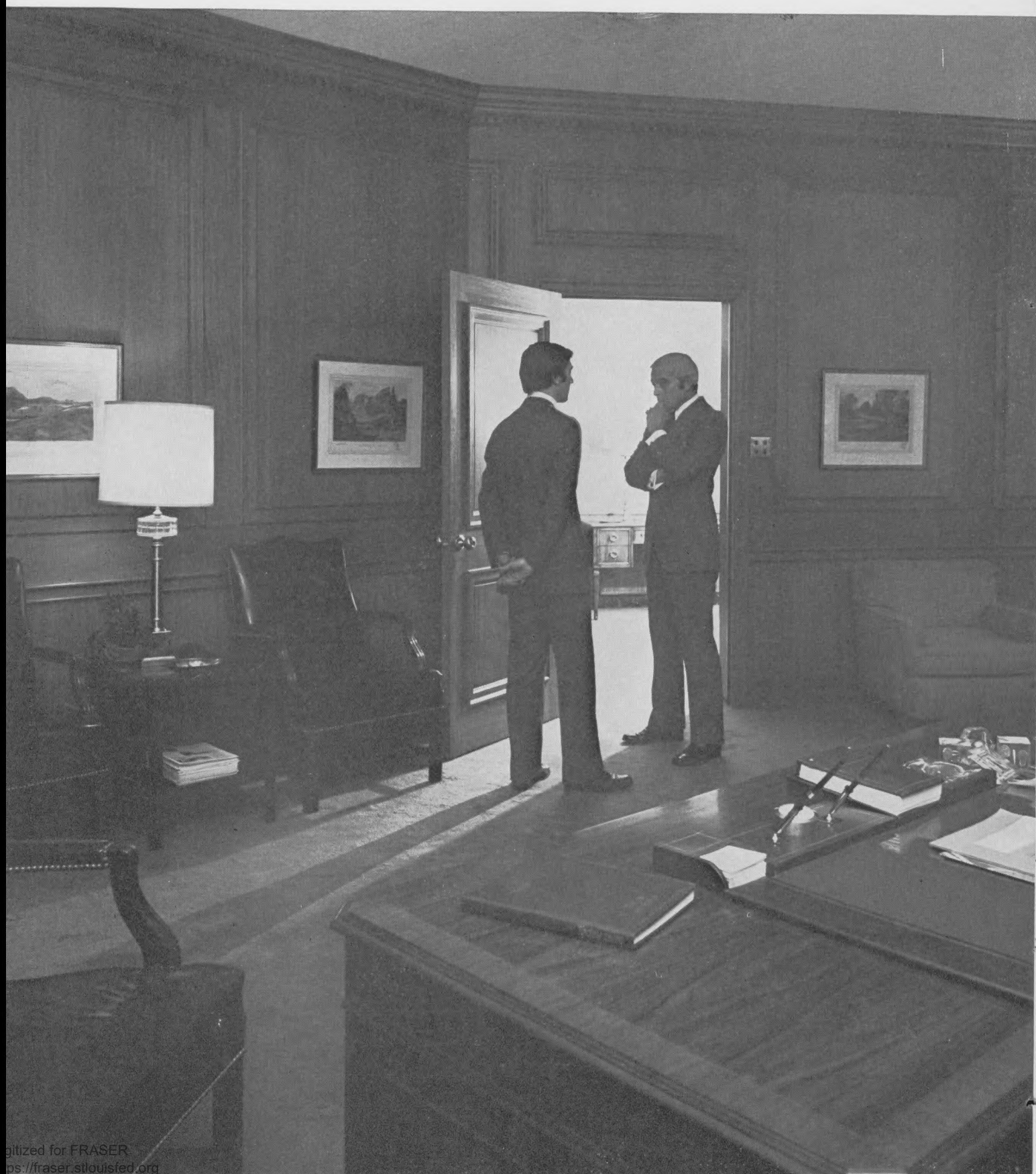
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"For the time being, we expect savings flows into S&L's to remain at a very high level; and savings flows for the year may not be too much below the record level of last year."

—FEDERAL HOME LOAN BANK BOARD



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- Doubling our staff of secondary marketing specialists, already the largest in the industry, both at the home office and in the field. These people are in constant contact with buyers.
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consumer . . . which is applied . . . to a purchase of goods or services from a seller who (1) *refers* consumers to the creditor or (2) is affiliated with the creditor by common control, contract or *business arrangement*" (emphasis added).

Little guidance can be found in the proposal as to which contracts must contain the notice. If, unknown to your bank, a seller casually suggests to a customer that your bank is a good place to do business, must the notice be included in the contract? Because the word "refer" is not defined in the proposal, and other sources of interpreta-

tion are of little help, it is far from clear what conduct is intended to be regulated, and it is virtually impossible to discern what a creditor can do to stop seller referrals.

Lacking a clear course of action, a prudent creditor may have to include the notice whenever an applicant indicates that the proceeds of the loans will be used to purchase consumer goods from a particular merchant. That course is not without its pitfalls. What can a creditor do to limit his risk when a customer indicates he is purchasing the goods from a seller who the creditor knows is likely to misbehave? A second

part of that question ought to be, what can he do without committing trade libel? Because the FTC's seller rule and the Fed's proposal offer virtually no guidance, these questions appear to be rhetorical—clearly not answerable now.

The second part of the Fed's proposal may give the creditor a like amount of trouble. The phrase "business arrangement" is defined in the proposal as: "Any understanding, procedure, course of dealing, arrangement, formal or informal, between a creditor and a seller, in connection with the sale of goods or services to consumers or the financing thereof."

When a consumer finances an auto with a loan directly from a bank, it is not uncommon for the check representing the proceeds to be made payable to both the consumer and the dealer. In many cases, a special endorsement form is on the back of the check which, in effect, requires the dealer to list the bank's lien on the title. Given the definition of "business arrangement," is this the type of understanding, procedure, or arrangement which will place that loan under the proposal? Even if there is no referral, and the creditor would not recommend doing business with the dealer involved, following the accepted procedure of protecting a lien could place the creditor in a position of virtually warranting the conduct of the seller, even though there is no formal mechanism to charge back the loan to the misbehaving dealer.

Bankers choosing to remain in the consumer finance business, either directly or indirectly, will certainly become well acquainted with their attorneys while trying to devise methods by which their portfolios can be insulated from the increased risk of loss. Those bankers who fail to devise methods to minimize their exposure may have to look to the stiffening of credit criteria or increasing their interest rate for their solution. Those choosing the last two solutions will be contradicting the FTC's hypothesis that its new rules will neither increase the consumer's cost nor decrease the availability of credit. • •

Basketball Benefit:

Bank To Give Proceeds Of Tourney to Charity

Citizens Fidelity Bank, Louisville, has named the Old Kentucky Home Council, Boy Scouts of America, as the charitable organization that will benefit from proceeds of the bank's 1975 Holiday Basketball Classic.

The tourney generated \$7,500 in funds for the American Cancer Society's Kentucky Chapter in 1974.



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Extended Loan Credit Terms Make Appearance To Compensate for Higher Auto Prices

THE ESCALATING prices of new autos are gradually being reflected in the granting of extended loan credit terms by banks.

The Dyna Group Financial Center banks in St. Louis are offering 48-month new-car loans to good credit risks. Banks belonging to the group include Hampton Bank, St. Louis; and Clayton Bank, Crestwood Bank and Ellisville Bank, all located in the St. Louis suburban area.

For a limited time, the banks will extend 42- or 48-month terms to customers desiring \$3,500 or more and who are AA credit risks and have been on the same job for three years or have held no more than two jobs in the last five years.

The banks claim to be the first in the St. Louis area to offer extended terms, and the offer was made only after local auto dealers were contacted to solicit their support. The minimum price of an auto being financed over an extended period is \$5,500, according to a Dyna Group spokesman.

A spot survey of banks in the Mid-Continent area shows that a number of banks are offering extended terms. One bank in Kentucky reported that it was forced to offer 48-month financing because a nearby bank went to 60-month terms and finance companies were offering more liberal terms than the normal 36 months.

In order to secure auto financing business, the bank recently conducted a county-wide incentive program for auto dealers, offering a 15-piece crockery set to every dealer for each auto installment loan contract placed through the bank. The bank shipped the crockery sets to the dealers for distribution to members of the dealers' sales forces.

Deposit Guaranty National, Jackson, Miss., offered 42-month terms last year in order to help consumers handle the increasing costs of autos. Arkansas Bank, Hot Springs, is offering 42-month terms to help whittle down the size of payments because of the higher prices for autos.

A bank in Louisiana is seriously considering 42-month financing and plans to test-market the concept. However, a

spokesman expressed reservations about promoting auto loans due to the recent Federal Trade Commission holder-in-due-course regulation that removes the protection banks once enjoyed in this area.

A spokesman for a bank in New Mexico stated it was forced to go along with a 42-month auto loan policy due to the prohibitive cost of new autos.

First Security National, Lexington, Ky., offers 42- and 48-month terms as well as lowered rates and cash-dealer incentives. According to Vince G. Ricci, assistant vice president, the extended terms are offered to combat higher sticker prices.

First Mississippi National, Hattiesburg, put on a rebate program early last year at about the same time auto manufacturers were offering factory rebates.

According to Paul W. McMullan, chairman, the bank felt the need and responded to the economic conditions that were prevalent by offering an incentive to stimulate auto sales. For one month, the bank gave \$100 rebates to anyone financing a new car with the bank. Those customers dealing with the bank directly received their rebates on the spot. Those financing through dealers on the bank's dealer finance plan received their rebates in the mail.

"We saw no way to lose," Mr. McMullan said. "We sincerely wanted to stimulate auto sales in our markets. The program was no gimmick. We paid for it from our promotions budget and not by raising our finance charge."

The bank's Jackson branch financed 46 new autos during the program, almost double what it had done a month previously. The Hattiesburg and Gulf Coast results reflected increases of 32% and 28%, respectively, Mr. McMullan said.

At the end of 1975, First Mississippi National sponsored a Christmas bonus promotion, which was a rebate program tied into the holiday. Dealers participated financially in this program by sharing the overall cost, Mr. McMullan said.


Customers financing autos were given a choice of one of four nationally known home appliances at no cost. The appliances were a hair dryer, a toaster-oven, an electric knife and a coffee-maker.

Mr. McMullan said this program was not as effective as the rebate plan but neither was it as expensive for the bank. A total of 280 autos was financed during the two-month promotion.

Speaking against the extension of credit terms was a St. Louis banker, who said that his bank will not extend credit terms beyond 36 months because an auto's life expectancy is no longer than three years. When autos start breaking down, he said, people don't want to keep making payments on them.

The Dyna Bank spokesman said that most auto owners don't seem to be too concerned with the total cost of an auto, but they want the monthly pay-

THE 48-MONTH NEW CAR LOAN



"Now I can afford the car I really want!"

It gives you more months to pay
So you pay less per month


* Your credit must be good and you must have \$500 down. Dyna Group banks may be able to give you 48 months financing instead of the shorter time other banks give you on any new car loan of \$3,500 or more.

This offer is available on monthly payments only. When the difference between getting the car you really want and what you can afford is getting in financing now.

For more information about this 48-month new car loan, contact any of the Dyna Group banks listed below.

HERE ARE SOME EXAMPLES OF CREDIT TERMS FOR 48 MONTHS		
YOU BUY	YOU PAY MONTHLY	TOTAL PAYMENTS
\$1,000.00	\$20.00	\$960.00
\$2,000.00	\$40.00	\$1,920.00
\$3,000.00	\$60.00	\$2,880.00

Annual Percentage Rate: 12%
48 Month Offer Expires April 30th, 1976



Hampton Bank - Crestwood Bank

Clayton Bank - Ellisville Bank

THE BANKS THAT DO MOST FOR YOU

Ad for Dyna Group Banks, St. Louis, announces 48-month new car loans for trial period.

THESE GUYS WON'T LEAVE WELL ENOUGH ALONE.



Joe Blank, Mike Miller and Ron Deal. It seems they have a couple of key phrases that work consistently well. For us, and our correspondent banking friends.

They go like this: What if? Why don't we? Why not try this? (and) I wonder why nobody else thought of that?

We didn't get to be the largest bank in the state by offering you the same tired solutions over and over again. We keep it loose. Because every bank, and every banking problem, are

unique. And we're flexible enough to find the best solution for you. Because we've got people who won't leave well enough alone. Call us toll free. In Tennessee, 1-800-342-8240. In other states, 1-800-251-8514.



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ments to be manageable. In its advertising for the 48-month terms, Dyna Bank published figures showing the amount of the monthly payment with four-year terms. A \$5,000 loan is repaid in payments of \$129.16 per month; a \$4,000 loan in payments of \$103.33 per month; and a \$3,500 loan in payments of \$90.41 per month. Annual percentage rate is 10.98%, according to the advertisement.

In some areas, auto dealers are against extended terms because they

feel people will purchase fewer cars if they have to make extended payments. A counter argument to this is the fact that many people today say they plan to keep autos longer than they did formerly, due to the higher prices of new autos. Those in favor of extended terms point out that the terms are good for auto sales, since they encourage people to buy cars who felt they could not afford to under the monthly payments required by 36-month rates. • •

Banks Push Auto Loans With Premiums, Incentives

Banks not offering extended credit terms for auto loans (see adjoining article) are nevertheless promoting the loans by the use of premiums.

National Bank of Commerce, Memphis, is currently offering free citizen band (CB) radios to customers taking out auto loans of at least \$3,000 over three-year terms. The bank expects to obtain 1,000 new loans.

First National, Martinsville and Henry County, Va., offered customers a choice of a tote bag, camera or auto emergency kit when they financed an auto at the bank.

Charter banks of Overland and Jennings, Mo., offer their "PAL" loans (Charterbanker's Pre-Approved Loan) that enable customers to secure their loans before purchasing new autos. This enables them to deal on a "cash" basis, the bank's advertising states.

An Indiana bank provided free car washes to auto loan customers, and a bank in Missouri paid for the first year's maintenance on cars it financed.

A bank in Ohio publishes a chart showing typical monthly payments on auto loans, and it has been credited with bringing new business to the bank. Customers actually clip out the charts and bring them to the bank when applying for auto loans. A spokesman said the chart enables customers to compare rates with those of other lenders.

ABA Publishes Analysis Of EFT Legislation

WASHINGTON, D. C.—A 40-page analysis of various approaches taken by state legislatures on EFT has been published by the American Bankers Association.

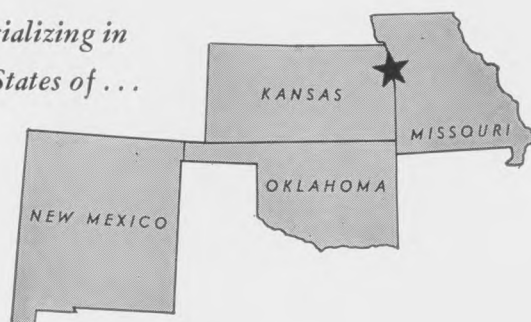
Originally published as a chapter in the ABA's State Banking Law Service, the book is entitled *Remote Electronic Facilities—An Analysis of Enabling Acts*. The book includes:

- Nontechnical descriptions of the contents of statutes, state by state.
- An outline of policy considerations in EFT lawmaking and a review of how states have dealt with such issues as branching, sharing, out-of-state entry, geographic limitations, scope of regulatory authority in policy making and supervision.
- A quick-reference matrix comparing the provisions of state statutes.
- Definitions of federal regulations and rulings.

Remote Electronic Facilities—An Analysis of Enabling Acts (publication number 029300) is available through the ABA Order Processing Department.

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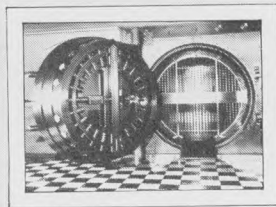
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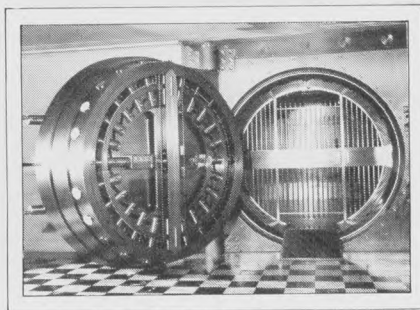
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Joe Williams headed the Commerce Correspondent Department during the turbulent time of the 30's. He later became president of the bank. Joe believed that *Commerce bankers should do the impossible ultimately—the difficult immediately.*

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Banking is more sophisticated today, but Fred N. Coulson, Jr. head of our Correspondent Department, still believes in complete service for our customers.

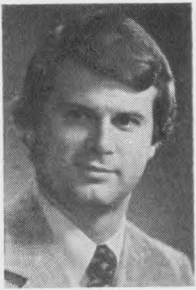
Fred's people become totally involved with the banks they serve. They continue to find new, innovative means to help correspondent banks.

Maybe that's why approximately one out of every ten banks in the country maintains a relationship with Commerce Bank of Kansas City. Commerce Bank, what can we do for you?



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of Kansas City^{NA}

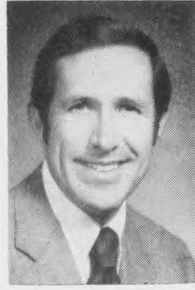
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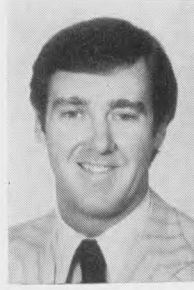
PORTER



McGEE



ROGERS



SLEDGE



LATHAM



PANEYKO

Convention 'First-Timers'

These new faces will be representing city-correspondent banks at state conventions this year.

Texas Convention

• **George William Porter**, a correspondent banking officer for Commerce Bank, Kansas City, joined the bank in 1973 as a management trainee following graduation from Drake University with an MBA degree.

• **John Marshall McGee** is a correspondent banking representative at Commerce Bank, Kansas City. He joined Commerce Bancshares in 1974 as a management trainee at Commerce Bank, Columbia, Mo.

• **Thomas B. Rogers** is an assistant vice president at National Bank of Detroit, which he joined 10 years ago. He represents the bank in the western U. S.

• **S. Bradford Sledge** joined Frost Bank, San Antonio, in 1972 and is currently an assistant vice president in the correspondent banking department. He is a member of AIB.

• **Stanley A. Latham** is a division loan representative for First National, Chicago, assigned to the western territory.

• **Stephen H. Paneyko** is an assistant vice president in area four at Citibank, New York City. He joined the bank six years ago, following service with Philadelphia National.

• **Fred C. Danforth** is an account officer at Citibank, New York City. He joined the bank in 1973 and represents the bank in Oklahoma, New Mexico and Texas.

• **Bradford M. Johnson** is an account officer at Citibank, New York City. He joined the bank in 1972 and covers Oklahoma, New Mexico and Texas.

AMBI Convention

• **John W. Ballantine** is a loan officer for First National, Chicago. He is responsible for handling bank and HC credit in the bank's six-state central territory.

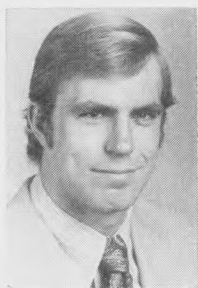
• **Robert E. Hahn** is a loan officer in the central territory for First National, Chicago. His account responsibility is in Michigan.

• **Mary Jo Franklin** is a loan officer with First National, Chicago, with account responsibility in Illinois.

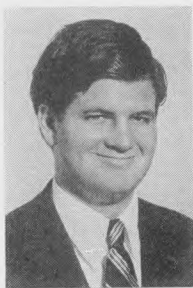
Louisiana Convention

• **Gary E. Metzger** joined Mercantile Trust, St. Louis, in 1974 as an analyst in the credit department. He joined the central group of the banking department last May.

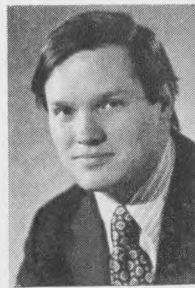
• **John V. Raymond Jr.** is a correspondent bank officer at Bank of New



DANFORTH



JOHNSON



BALLANTINE



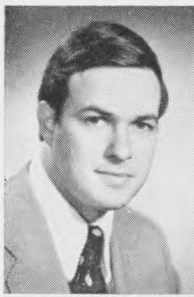
HAHN



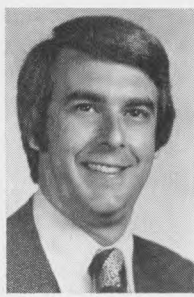
FRANKLIN



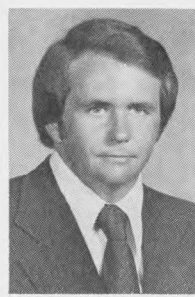
METZGER



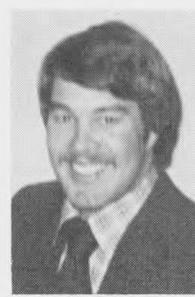
RAYMOND



CRAWFORD



MONTGOMERY



CURTIS

Auburn University Educators To Be in Spotlight May 13-14 As Ala. Young Bankers Meet

GULF SHORES, ALA.—The Gulf Shores Lodge will host the annual Alabama Young Bankers Section meeting May 13-14. Featured speakers will be Joe L. Boyer, Robert C. Maxson and F. Morgan Simpson of Auburn University, Montgomery.

Registration for the event is slated to begin at noon May 12. Topping off that afternoon will be a happy hour.

The first general session is scheduled to commence at 9 a.m. Thursday, May 13, with an address by Dr. Boyer, entitled "Inside Today's Schools." At 9:45, the action labs will begin. Dr. Boyer will conduct one called "Planning the Instructional Episode," Dr. Maxson will oversee "Understanding the Instructional Setting," and Dr. Simpson will guide the Young Bankers through "Techniques of Instruction."

Each lab will be repeated from 11-noon that day and again on Friday, from 9-10 a.m.

Thursday evening there will be a happy hour, followed by dinner.

The second general session, Friday, May 14, will begin at 10:15 a.m., following the action labs. Dr. Simpson, Dr. Maxson and Dr. Boyer will speak on the "Techniques of Instruction." Dr. Maxson will be the spotlighted speaker during the third general session at 11:30. His topic will be "The Challenge."

Orleans. He joined the bank in 1972 and has been with the correspondent bank department since last October.

• **Stephen H. Paneyko**, assistant vice president, Citibank, New York City, covers the West and Southwest and serves as unit head for Texas. He joined the bank in 1970.

• **Adona Yelton** is an account officer in area four at Citibank, New York City. She joined the bank in 1969 and represents the bank in Alabama, Arkansas and Louisiana. Photo not available.

• **James W. Crawford Jr.** joined Deposit Guaranty National, Jackson, Miss., in 1971 and is an assistant vice president in the correspondent bank department.

Arkansas Convention

• **Al Montgomery** has been with First National, Memphis, since 1971 and took part in the bank's management training program. He joined the correspondent department last June.

Kansas Convention

• **Gary W. Curtis** is an agriculture representative for American National, St. Joseph, Mo. He joined the bank in 1975 and calls on customers in Kansas and Missouri.

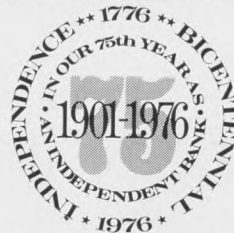


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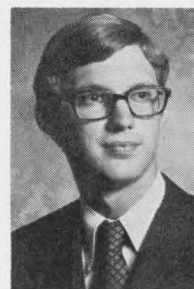
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60 COMMERCE STREET
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ALABAMA 36104



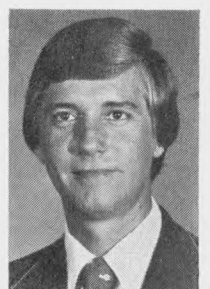
HALEY



IVEY



JONES



BOYD

Friday evening an awards banquet is scheduled.

President of the Young Bankers is William R. Haley Jr., vice president, Alexander City Bank. He began his banking career with Bank of Hefflin, where he attained the position of assistant vice president. From there, Mr. Haley went to Exchange National, Montgomery, where he was vice president and cashier. In 1970, he was voted the state's outstanding group chairman in the Young Bankers Section.

Kay Ivey, assistant cashier-public relations and advertising, Merchants National, Mobile, is the Young Bankers vice president, the first woman to be elected to that office. She joined her bank in 1970 and was listed in the 1971 *Outstanding Young Women of America*, was the first woman to win the AIB's Mobile Chapter public speaking contest, 1972, and in 1973 was named as that chapter's "Woman of the Year."

Eugene Boyd, executive vice president and cashier, Jacksonville State, is the Young Bankers treasurer. He began his banking career in 1958 with Commercial National, Anniston. In addition, he is a director and a course instructor with the AIB.

Serving as secretary of the Young Bankers Section is J. R. Jones, vice president, Escambia County Bank, Flo-maton. He joined his bank in 1972 as assistant vice president, advancing to vice president in 1974. Mr. Jones currently is vice chairman, Ala BA Group Nine.

'An American Account':

ABA-Sponsored Movie Traces Banking Evolution

As part of its centennial, the American Bankers Association has produced a half-hour motion picture documentary, "An American Account: The Story of Banking."

The film, which has been offered to banks prior to general distribution, takes a look at the evolution of banking and currency in this country, tracing the growth of banking in America from colonial days to the present.

The ABA is offering the film on a free-loan basis and banks may buy copies for showing in the community or for donation to local schools and libraries. In addition, the movie may be personalized with the bank's own identification.

Included with the film is a support package containing an assortment of materials for generating awareness and discussion.

MID-CONTINENT BANKER for April, 1976

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AMBI Convention

(Association for Modern Banking in Illinois)

Chicago, Ill., May 2-4, Lincolnshire-Marriott

FIRST SESSION, 9:15 a.m., May 3

Welcome—Lester A. Kassing, president, AMBI, and president, Jefferson Trust, Peoria.

Address—"Where Do We Stand?" Mr. Kassing.

Panel—"Our Competition—Our Constraints—What Are They? What Are They Doing Now? What Does the Future Hold?" Panelists: Walter J. Charlton, AMBI executive committee chairman and president, First Trust, Kankakee; Robert P. Abate, president, Elgin National; Arthur "Ron" Swanson, legislative representative, Springfield; William D. Plechaty, senior vice president, Continental Illinois National, Chicago; and George Phelan, executive vice president, First National, Boston.

Address—"How the Financial Editor Looks at Commercial Banking"—Albert L. Kraus, editor, *Money Manager* magazine.

Panel—"The Political Action Scene." Panelists: James Casin, senior vice president, First National, Chicago; Gerald Sinclair, vice president, AMBI, and executive vice president, Salem National; Jay K. Buck, senior vice president, Northern Trust, Chicago; Robert B. Maher, legislative representative, Springfield; and Mr. Swanson.

SECOND SESSION, 2 p.m., May 3

Address—"What's New for Bankers With the Construction and Housing Industry"—James S. Dailey, executive vice president, First National, Chicago.

Address—"What's New for Bankers With Bank Insurance Programs and Risk Management"—Robert W. Marshman, vice president, Scarborough & Co., Chicago.

Address—"What's New for Bankers With Agriculture"—

W. Ross Hostetter, senior vice president, First National, Freeport.

Address—"What's New for Bankers With EFTS Programs"—Phillips M. Montross, executive vice president, Midwest Automated Clearing House Association, Chicago.

Address—"What's New for Bankers With Bank Marketing"—Kent Stickler, vice president, Illinois National, Springfield.

THIRD SESSION, 9 a.m., May 4

Address—"The Municipal Crisis and Other Current Problems in Commercial Banking"—James Baker, senior vice president and economist, Fidelity Bank, Oklahoma City.

Panel—"Bank Asset Management—the Challenge Now and in Our Future." Panelists: Mr. Baker; James E. Gattton, senior vice president, United Bank of Illinois, Rockford; Dean E. Kamper, president, First National, Belleville; Larry L. McGregor, president, Wheaton National; and Richard Thomas, president, First National, Chicago.

Report of the Trust Committee—Kenneth Roeh, vice president and trust officer, First National, Rockford.

Report of the Education Committee—Loren M. Smith, president, United Bank of Illinois, Rockford.

Address—"Objective: a Profitable Trust Department"—Ray Myers, executive vice president, Continental Illinois National, Chicago, and chairman, American Bankers Association Trust Division.

Business Meeting.

Board Meeting.

Adjournment.

Bicentennial Is Running Theme of AMBI Convention

THE THIRD annual convention of the Association for Modern Banking in Illinois (AMBI) is scheduled for May 2-4 at the Lincolnshire-Marriott in Chicago. The convention's schedule of activities promises a busy and informative time for those in attendance.

The running theme for the event is the bicentennial, and scheduled are a number of films, slides and a reception following the theme of the nation's 200th anniversary.

Registration for the AMBI convention is slated to begin Sunday, May 2,

in the main lobby area at 2 p.m. At 6:30 p.m., a cocktail-buffet reception with a "make-believe ballroom" theme will be held, wherein films of big bands such as Glenn Miller, Harry James and Tommy Dorsey will appear on a movie screen playing songs of their era.

The bicentennial will be the opening feature of the first business session May 3, with a film and slides on the topic. Following that will be a welcome and address by AMBI President Lester A. Kassing, president and CEO, Jefferson

Trust, Peoria. His speech is entitled "Where Do We Stand?"

Dr. Paul Nadler, professor of business administration at Rutgers University, New Brunswick, N. J., will be the luncheon speaker May 3. He will discuss "Banking Constraints, Banking Competition and Financing American Industry." That evening at 6 p.m., the bicentennial dinner and "'76"-theme reception will begin. The dinner is entitled "What They Ate on the Occasion of the Declaration of Independence Banquet," and is by special invitation

of "George and Martha Washington."

Tuesday, May 4, will feature a 12:30 p.m. cocktail reception followed by lunch. Luncheon speaker Dr. Maurice Mann, president, Federal Home Loan Bank, San Francisco, will answer the question, "What Does Our Competition Think of Us?"

A number of social events are slated during the AMBI convention, beginning with a cocktail-buffet reception hosted by the Chicago Loop banks from 6:30-9 p.m. on Sunday, May 2.

AMBI has planned the following events for spouses of members: On Monday morning, a 9:30 continental breakfast will be held, followed by a discussion by the chef of the Marriott Hotel on "How To Make Party Planning Easy." A two-hour shopping tour to Long Grove Village, a turn-of-the-century town, will begin at 2 p.m. Tuesday, May 4, will be kicked off by a 9-11 a.m. speed-reading course by Joyce Turley, president, Dimensional Reading, Inc., Tiburon, Calif.

Officers of AMBI, in addition to Mr. Kassing, are: Alvin J. Boutte, president and CEO, Independence Bank, Chicago—vice president; Gerald Sinclair, executive vice president, Salem National—vice president; Walter R. Lohman, president, First National, Springfield—treasurer; Robert C. Humphrey, president, State National, Evanston—secretary; and Henry E. Seyfarth, chairman, First National, Blue Island—chairman. AMBI executive committee chairman is Walter J. Charlton, president, First Trust, Kankakee.

Mr. Kassing entered banking in 1958 with Indiana Bank, Fort Wayne. He joined his present bank, Jefferson Trust, Peoria, as president in 1971.



KASSING



BOUTTE



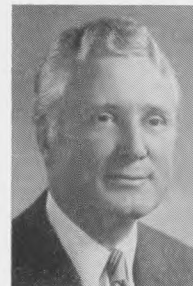
SINCLAIR



LOHMAN



HUMPHREY



CHARLTON



SEYFARTH

Mr. Boutte was a founder of Independence Bank, Chicago, in 1964, and served as vice chairman until he was elected president in 1970. AMBI's other vice president, Gerald Sinclair, presently is executive vice president, Salem National, and is a past president, Tri-County Bankers Federation.

Association Treasurer Walter Lohman began his financial career as an accountant with the U. S. Department of Agriculture in 1939. One year later, he joined Pleasant Plains State, which he left in 1942, going to State Bank, Ashland. He was named president of that bank in 1957. He joined First National, Springfield, in 1962. In 1966 he was named executive vice president and

was elected president one year later.

Robert C. Humphrey, AMBI's secretary, is president, State National, Evanston, and serves in a number of capacities with a variety of other organizations.

Mr. Seyfarth is a member of the Chicago law firm of Seyfarth, Shaw, Fairweather & Geraldson, which he joined in 1945, following seven years with another Chicago law firm. He is a member of the Chicago, Illinois and Federal Bar associations and is chairman of Union National, Chicago, and First National, Blue Island. He is one of the organizers of AMBI.

Mr. Charlton entered banking with First Bank Stock Corp., Minneapolis, and joined First Trust, Kankakee, in 1950. He was elected a director there in 1953 and executive vice president in 1962. He was elevated to president in 1965. Mr. Charlton also is chairman, First Bank, Meadowview, is an AMBI organizer and served as its president, 1973-75. ••

Thanks to Bank:

More Can Vote in '76 After Registration Drive

The Denver voter registration roles have been increased by 203, following a mobile registration program sponsored by First National in conjunction with the City Election Commission.

The registration was held in a mobile "booth," a special bus provided by the Regional Transportation District. The vehicle had been decorated for the nation's 200th anniversary with a star-spangled border and a minuteman carrying a red, white and blue banner.

AMBI Goals Are Our Goals . . .

We salute the job AMBI has done since its inception in 1973. It has made great strides. May this third annual convention bring the goals closer to attainment.

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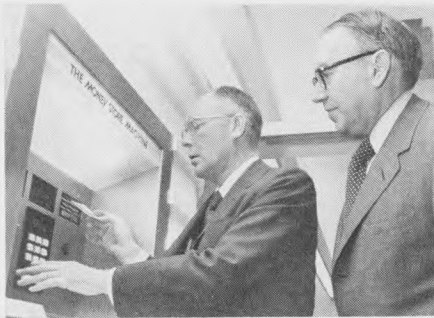
The Money Store Opens; Makes Low-Interest Loans

Harriscorp Finance, Inc., a wholly owned subsidiary of Harris Bankcorp., Inc., Chicago, has opened The Money Store, a low-interest-rate personal-loan facility.

Located on the top floor of the seven-story atrium of the Water Tower Place shopping complex on Chicago's Near North Side, The Money Store is the first to be opened by Harriscorp Finance. The store will feature simple-interest loans.

At a Money Store, a customer may establish a revolving credit line and write an unsecured loan with drafts that can be used like checks. No cost is incurred by the customer until the draft is written or when cash is drawn—via the Money Store card—from the Money Store Machine. The machine at the new location operates until midnight seven days a week.

In addition, The Money Store makes loans to approved customers of up to \$15,000 on a regular installment basis.



Stanley G. Harris Jr. (l.), v. ch., Harris Bankcorp., Inc., Chicago, demonstrates cash-loan-dispensing machine to Joseph A Burnham, pres., Marshall Field & Co., Chicago. Machine is located at Money Store, personal loan office at Water Tower Place, Chicago. Store is operated by Harriscorp Finance, Inc., subsidiary of HC.

'Thank You':

Bank Holds Plate Offer; Builds Customer Good Will

Looking for a good way to say "thank you" to your bank's customers and build good will? Bank of Naperville, Ill., used a commemorative plate offer to do just that.

No preliminary research was undertaken prior to the promotion's introduction, but sketches of historic sites had been well received by the community in prior years. Having the objective of good public relations rather than building deposits, Bank of Naperville



G. Ward Stearns, pres., Bank of Naperville, Ill., presents limited-edition commemorative plate to Jane Sindt, president, Naperville Heritage Society. Ironstone plates were offered as "good will" premium to those depositing \$200 in bank and bore likeness of Martin-Mitchell Museum, local landmark.

began offering the plates, which bore a picture of a local landmark. Those depositing \$200 received a plate.

Statement stuffers were sent to all checking and savings depositors; ads were run in the local weekly newspaper and point-of-purchase displays were set up in the bank lobby.

How popular was the promotion? Bank officials state that quite a number

of people joined a waiting list for a second shipment of the items.

The 'Clincher':

Continental Bank Depositors Can Get Polaroid Cameras

Customers depositing \$300 or more at Continental Illinois National, Chicago, have the opportunity to purchase a Polaroid "Clincher" camera at below-retail cost.

Price of the camera, which takes both color and black-and-white photographs, is \$10.45, tax included. While the "Clincher" isn't available at retail stores, it is comparable to Polaroid's "Square Shooter," a \$25 camera.

In the promotion, Continental depositors receive a certificate, which can be used to redeem the camera. Those making deposits by automated teller machine are mailed a certificate and may obtain the "Clincher" by mail or in person.

To get the promotion off to a start, the bank had representatives from Polaroid in the lobby during the noon hour the first week, taking photos of interested customers with the cameras.

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for you, better for us. Ask your man from the Whitney today!

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NATIONAL BANK OF NEW ORLEANS
Established 1883

MID-CONTINENT BANKER for April, 1976

Louisiana Convention

President



ACKLIN

J. D. Acklin Jr., LBA pres., is ch. & pres., Planters Bank, Haynesville, which he joined in 1947, advancing to his present position in 1972. Mr. Acklin is a former treas. of the LBA Junior Bankers Section.

President-Elect



DELCAMBRE

LBA pres.-elect is Donald Delcambre, pres., State Nat'l, New Iberia. In finance most of his life, Mr. Delcambre joined State Nat'l in 1955 and was named pres. 12 years ago. He served three years on the Fed's New Orleans Branch board.

Treasurer



FALGOUST

J. B. Falgoust, e.v.p. & cash., Bank of Vacherie, is the LBA treas. He joined his bank in 1951, attaining the CEO's post in 1971. Mr. Falgoust is a former LBA dir.

MID-CONTINENT BANKER for April, 1976

New Orleans, May 1-3

Headquarters—FAIRMONT HOTEL

PROGRAM

ONE SESSION ONLY, 9:30 a.m., May 3

Call to Order—J. D. ACKLIN JR., president, Louisiana Bankers Association, and chairman and president, Planters Bank, Haynesville.

Invocation—DONALD DELCAMBRE, president-elect, Louisiana Bankers Association, and president, State National, New Iberia.

President's Message—J. D. ACKLIN JR.

Treasurer's Report—J. B. FALGOUST, treasurer, Louisiana Bankers Association, and executive vice president and cashier, Bank of Vacherie.

Election of American Bankers Association Councilman—PAT WILLIS, American Bankers Association vice president for Louisiana, and vice president, Fidelity Bank, Baton Rouge.

Address—W. LIDDON McPETERS, American Bankers Association president-elect, and president, Security Bank, Corinth, Miss.

Report of Board and Executive Vice President—ROBERT I. DIDIER JR., executive vice president, Louisiana Bankers Association, Baton Rouge.

Resolutions—PAT WILLIS, chairman, Rules and Calendar Committee, Louisiana Bankers Association.

Committee Reports.

Reports From Groups.

Convention Speakers



McPETERS



WILLIS



DIDIER

'Spirit of '76' Is Theme During LBA Convention

NEW ORLEANS—The "Spirit of '76" will prevail during the annual convention of the Louisiana Bankers Association May 1-3 at the Fairmont Hotel. Its first official function will be a two-hour informal reception having a '76 theme, at Gallier Hall at 5 p.m. A novelty band will be on hand for entertainment.

While the LBA convention is slated to open officially at noon May 1, registration will begin in the Fairmont's Grand Ballroom at 9 a.m. and continue until 5 that afternoon. Registration will continue on Sunday, May 2, in the same time period and in the same place. Exhibits also will be open for inspection from 9 to 5 Saturday and Sunday in the Grand Ballroom.

At noon Sunday, the women's convention committee meeting will commence in the Orleans Room. The past presidents' luncheon is slated to begin 45 minutes later in the Gold Room. All LBA officers, members of the LBA board and LBA past presidents are invited to attend. The Rex Room will be the site of the first-ladies' luncheon at 12:45. It is for wives of the aforementioned.

Monday's events will be kicked off by the opening of registration at 8 a.m. in the Grand Ballroom. At the same time, the breakfast for graduates and students of the School of Banking of the South will begin in the University Room.

At 9 a.m., the Imperial Ballroom will be the site of the women's bingo party,

followed at noon by a social and luncheon. Bingo prizes will be donated through the courtesy of LBA member banks. In addition, the exhibits also will open at 9 a.m.

At 9:30 a.m., May 3, the convention's only business session will commence in the International Ballroom. It will feature presentations by LBA president J. D. Acklin Jr., chairman and president, Planters Bank, Haynesville, and by W. Liddon McPeters, American Bankers Association president-elect, and president, Security Bank, Corinth, Miss. Also on the agenda for the business session is the reading of committee reports and resolutions.

Following the business session will be a 12:30 men's social and luncheon in the International Ballroom, during which nomination and election of new officers will be held and awards will be presented to outgoing board members.

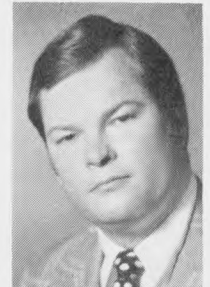
At 6:15 the evening of May 3, a social will begin in the International Ballroom, followed at 7:30 by the annual banquet and dance in the Imperial Ballroom. During the dinner, 50-Year honorees will be recognized, new officers and board members will be inaugurated and the outgoing president and his wife will be honored. Dancing is scheduled until midnight to the big-band sound of Pat Barberot and his orchestra.

Serving as general convention chairman for this year's LBA convention is James Alario, executive vice president and cashier, State Bank, Golden Meadow. Claire Acklin of Haynesville chairs the Ladies Committee, while Pat Willis, vice president, Fidelity National, Baton Rouge, serves as chairman of the Rules and Calendar Committee.

■ PHILIP E. DOOLEN has been named vice president, Whitney National, New Orleans, while Gerald J. Catoire has been elected auditor. Robert J. Friedrich Jr. and Edison J. Schayot Jr. have been elevated to assistant cashiers, and John C. Carriere has been promoted to assistant trust officer. Mr. Doolen has been with the bank since 1954; Mr. Catoire, since 1963; Messrs. Friedrich and Carriere, since 1972; and Mr. Schayot, since 1969.



DOOLEN



BASCOM

■ GLEN E. BASCOM has been appointed vice president and manager of the newly created government securities department at Howard, Weil, Labouisse, Friedrichs, Inc., New Orleans. For the last two years, Mr. Bascom has been vice president and manager, investment division, Hibernia National, New Orleans. Prior to that, he was vice president, investments, Flagship Bank, Tampa, Fla.

■ MICHAEL J. RAPIER has been elected president and chief administrative officer, National Bank of Commerce, Jefferson Parish. He formerly was executive vice president and has been in banking over 15 years.

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Bossier Bank Plays Key Role in Construction of Area Wire-and-Cable Plant

THANKS TO Bossier Bank, Bossier City, La., which assisted in placement of \$4.3 million in bonds, the Louisiana Wire & Cable Co. is building a new plant in the area.

The plant, which will employ about 125 workers initially, will have an annual payroll of \$1.25 million and is expected to be completed sometime in late summer. The plant will have 72,000 square feet of space and will be located in the Bossier City-owned industrial park.

Louisiana Wire & Cable is a subsidiary of AG-MET, Hazleton, Pa. The plant will manufacture copper-clad aluminum wire and will recycle copper, aluminum and plastics in the process.

On at least two occasions, negotiations with AG-MET nearly fell through. However, final placement of the bonds resulted from persistent efforts by the



Preparing to break ground for new Louisiana Wire & Cable Co. plant in Bossier City, La., are (from l.) U. S. Rep. Joe D. Waggoner Jr. (D., La.); Gerald Cohn, ch., AG-MET, Hazleton, Pa., parent company of Louisiana Wire & Cable; State Gov. Edwin Edwards; Roy Gold, pres., Louisiana Wire & Cable; Jean A. Quartemont, pres., Bossier Bank; and James Cathey, Bossier City mayor. Construction of plant was made possible through bank's successful efforts at placing \$4.3 million in bonds. Plant initially will employ 125, will provide \$1.25 million annual payroll.

bank's bond department, headed by Dale Anderson, President Jean A. Quartemont and officials of Bossier City and of AG-MET.

The talks were touched off when the bank's bond department was contacted by Drexel-Burnham & Co., New York City, the firm underwriting the issue. That company had indicated that an industry was seeking a plant site in north Louisiana.

After a number of talks between bank and AG-MET officials, it was felt the plant would provide a valuable and much-needed economic boost to the area. Finally, Bossier Bank was able to place the bond issue with local and regional financial institutions. • •

EFTS

(Continued from page 30)

fore Congress and the Comptroller. We've talked to the Fed and the FHLB, explaining banker positions. We've also communicated banking's views to the Justice Department. The important point is that with bankers' help, we're communicating with government. But their help is essential. A letter from a constituent to a congressman or a letter to a regulatory agency has a great impact. The staff in Washington can't do the job alone.

What else has the ABA been doing? We contracted with Arthur D. Little Co. for a multi-state pilot EFTS strategy study. This study was conducted in cooperation with 12 state bankers associations.

We participated actively in seminars on the social security direct-deposit program and sponsored our own seminars on the same subject. The ABA issued several publications on the subject, including a mini-folder suitable for use as a statement stuffer or as a hand-out on a bank counter.

Moreover, the association has conducted two Payment System Policy conferences in the last 14 months, and we've supplied staff support for the National Automated Clearing House Association (NACHA).

NACHA's board has approved file specifications for the interregional exchange of ACH entries. This is a sig-

nificant step toward development of a national ACH network.

The ABA has established a high-level Standards Policy Board that will monitor the progress of ABA positions through the American National Standards Institution (ANSI) and the International Standards Organization (ISO).

I guess the best way to describe the ABA's efforts is to say that we're acting as a clearing house for information about EFT and we're identifying areas of concern for bankers. We want to focus attention on the future, so that the banking industry will be ready to meet the challenges of tomorrow.

Electronic transfers are here to stay. But each of us will have to determine which EFT services make sense for our banks. We'll also have to be 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 from thrifts and the retail sector.

I'm reminded of the F. Scott Fitz-

gerald story about New Yorkers and the just-completed Empire State Building. From the top of the skyscraper, New Yorkers gained a new perspective on the land—and it frightened them. They realized, for the first time, that there was a whole other world beyond their city. They began to get concerned and upset.

Now, we bankers must rise above the everyday EFT events to see the overall trends. Then, rather than become defensive and isolationistic, we must plan for the world of tomorrow.

We cannot deny the future. 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.

We have a challenge, and we will respond to it. We will grow with the times and we will thrive, for we are America's bankers. • •

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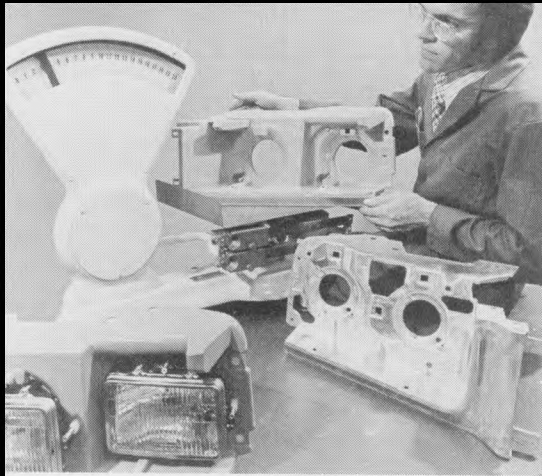
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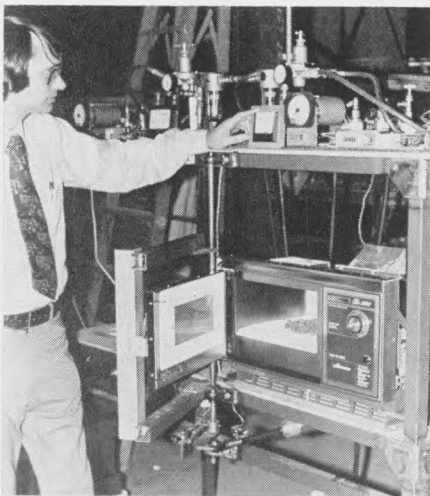
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General Motors Corp.'s Guide Division was one of labor-intensive industries that located in Louisiana last year. Purpose of Guide Division is to "wring" weight out of GM cars to improve fuel economy. Laboratory technician holds reinforced plastic housing used to support rectangular headlamps in some GM cars. Guide plastic housing weighs 60% less than conventional metal housing pictured at right.

Manufacturing in Louisiana Tops \$1.5-Billion Mark To Make 1975 Banner Year

By **STANLEY PASSMAN**
Executive Director
Louisiana Department
Of Commerce
& Industry
Baton Rouge



Microwave ovens are popular items these days, and many of them are manufactured in Shreveport, where Frymaster Corp. has plant. Location of this factory in Louisiana is just one reason for state's topping \$1.5-billion mark in manufacturing in 1975 and making it best year it ever had in overall industrial development.

MANUFACTURING in Louisiana during 1975 topped the \$1.5 billion-mark, the best year the state has ever had in overall industrial development.

Increased industrial growth in the state was reflected in the location of 54 new manufacturing plants and 319 expansions to existing facilities. These plants and expansions contributed \$651 million and \$849 million, respectively, to 1975's industrial investment.

Also during 1975, there were some 8,100 permanent jobs and 21,357 construction jobs generated by industrial investment in the state.

Investment by industrial category showed petrochemicals and refining with \$1,111,443,002; food products, \$20,469,552; pulp and paper, \$162,191,502; lumber and wood products, \$19,050,978; metals and machinery, \$54,626,059; stone, clay and glass, \$8,807,680; power generation, \$58,341,000, and miscellaneous products, \$65,528,840.

During 1976 it is anticipated that Louisiana's economy will continue its upward growth at an even more dramatic pace than in 1975. The Louisiana Department of Commerce & Industry has already been informed of planned industrial projects for 1976 that will approach \$2 billion of investment in the next 12 to 18 months.

In addition, massive construction projects involving nuclear generating stations and the Louisiana Offshore Oil

Port are only awaiting final federal approval to begin. Together, these projects involve additional investments of \$1.5 to \$2 billion. And they will provide the foundation for considerable industrial growth in industries that rely on oil and electrical energy.

The Department of Commerce & Industry is in the process of implementing a new four-point program for economic development in Louisiana. As conceived, the program will offer the greatest number of economic opportunities for Louisiana's residents with maximum utilization of the state's natural resources.

The program's four points are: attraction of labor-intensive manufacturing industry; achievement of geographic dispersion of manufacturing facilities to allow every Louisiana resident to share in industrial development in proportion to his or her ability; attraction of industry that will use and process Louisiana's raw materials and natural resources and development of the service and support industries required by manufacturers located in Louisiana.

Louisiana is trying to enlarge the scope of labor-intensive industry and achieve geographic dispersion of manufacturing facilities to give more of the state's smaller communities a share of Louisiana's industries. Investment in north and central Louisiana has gone principally into labor-intensive industries; whereas south Louisiana, because of the area's wealth of oil and natural

gas, has gone into capital-intensive industries.

In 1975, Louisiana saw an upswing in labor-intensive industries locating within the state. Representative of investment in this category were Calumet Shipbuilding, Martin Mills, Libbey Glass and General Motors' Guide Division. Together, these four plants generated 2,089 permanent jobs with a combined investment of \$40,550,345.

On the capital-intensive side were ECOL, Ltd., with an investment of \$241,230,000 and CF Industries, with an investment of \$198,340,000. Both companies fell into the traditionally more capital-intensive petrochemical/chemical category, which earmarks between \$250,000 and \$500,000 of investment per worker.

One of the most encouraging signs for Louisiana is the fact that nationwide excess industrial capacity is being reduced rapidly. This means that companies shortly will have to begin building new plants to meet consumer demands. We believe we are in an excellent position to capture a share of this growth, much of which will be labor-intensive in nature.

We have the available labor and other attractive incentives to offer industry in our tax exemption, training

and bond programs, and we plan to promote these programs vigorously.

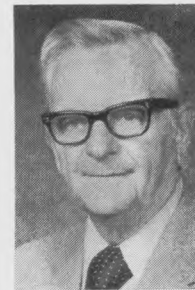
Surveying this background of favorable signals, we are very optimistic about 1976. We think we are in for a good year. • •

■ **AMERICAN BANK**, Baton Rouge, has named A. Bridger Eglin and Mart Melton Jr. senior vice presidents. Named vice presidents were Melvin J. Marque Jr., Richard E. Orgeron, David Ourso and Dale Dupuy. C. A. Altazan, Lloyd Giblin, Tommy Clark, Charles Earnest, Mae Johnson, Tommy Legleu, Len Marcotte, Johnny Milazzo and Russell Marino have been advanced to assistant vice presidents, while Beverly Waldrop has been named manager, LSU Branch. At the bank's parent HC, Great American Corp., Baton Rouge, Dennis Lane has been elected vice president and comptroller, while James H. Swann has been advanced to assistant vice president and director of planning.

■ **HENRY G. McCALL II** has been appointed vice president, First National Bank of Commerce, New Orleans. Several other promotions have been announced at the bank: Holbert D. Blair, to branch manager; Lonnie Baham,



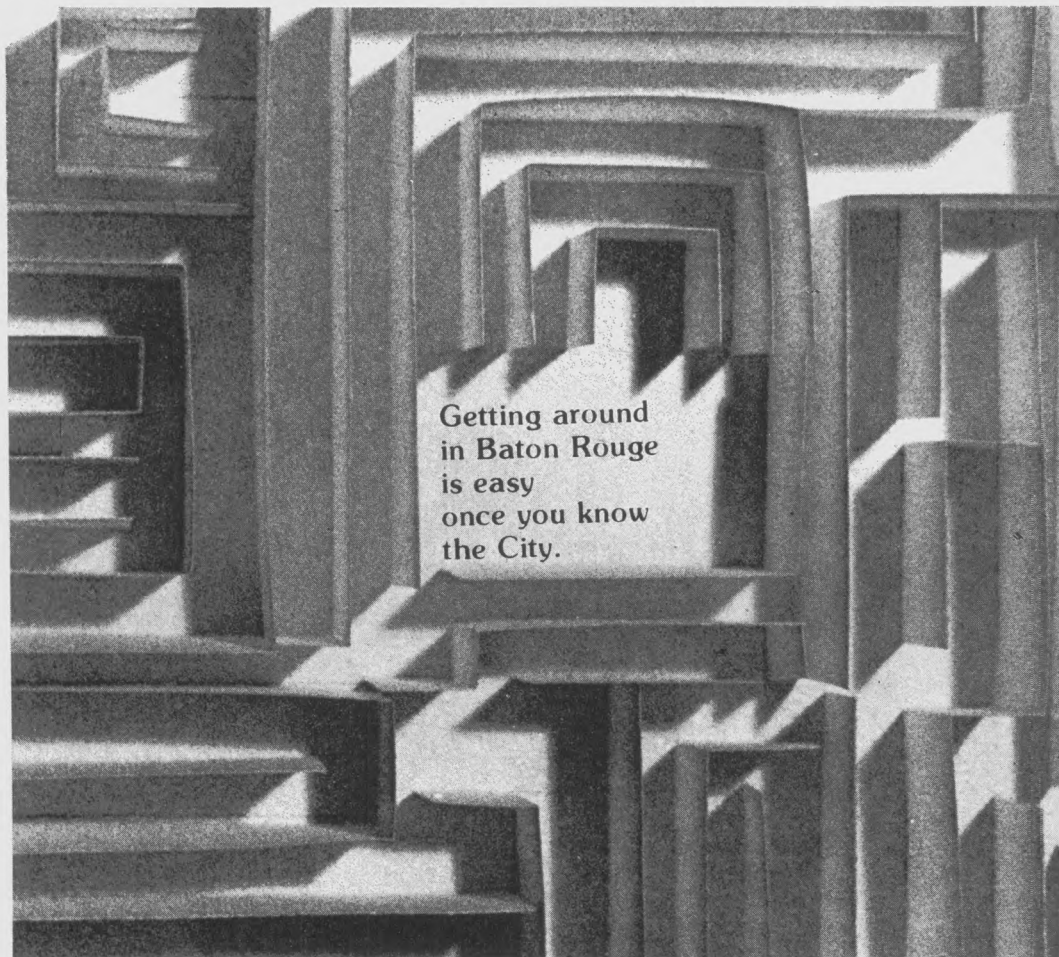
ALTICK



GUTHRIE

■ **CENTRAL BANK**, Monroe, has elected James A. Altick president to succeed J. Grayson Guthrie, who now is vice chairman. Mr. Guthrie remains actively involved in a management capacity. Mr. Altick is a director of the bank and had been executive vice president since 1974. Mr. Guthrie is a past president, Louisiana Bankers Association and Northeast Louisiana Clearing House Association. George M. Snellings Jr. is chairman of Central Bank.

Lionel F. Baxter Jr., Richard J. Chauvin, John A. Fields, Pierce W. Hance and Edwin F. Martin, to assistant vice presidents; and Melissa W. Averett and L. J. Provenzano, to banking officers.



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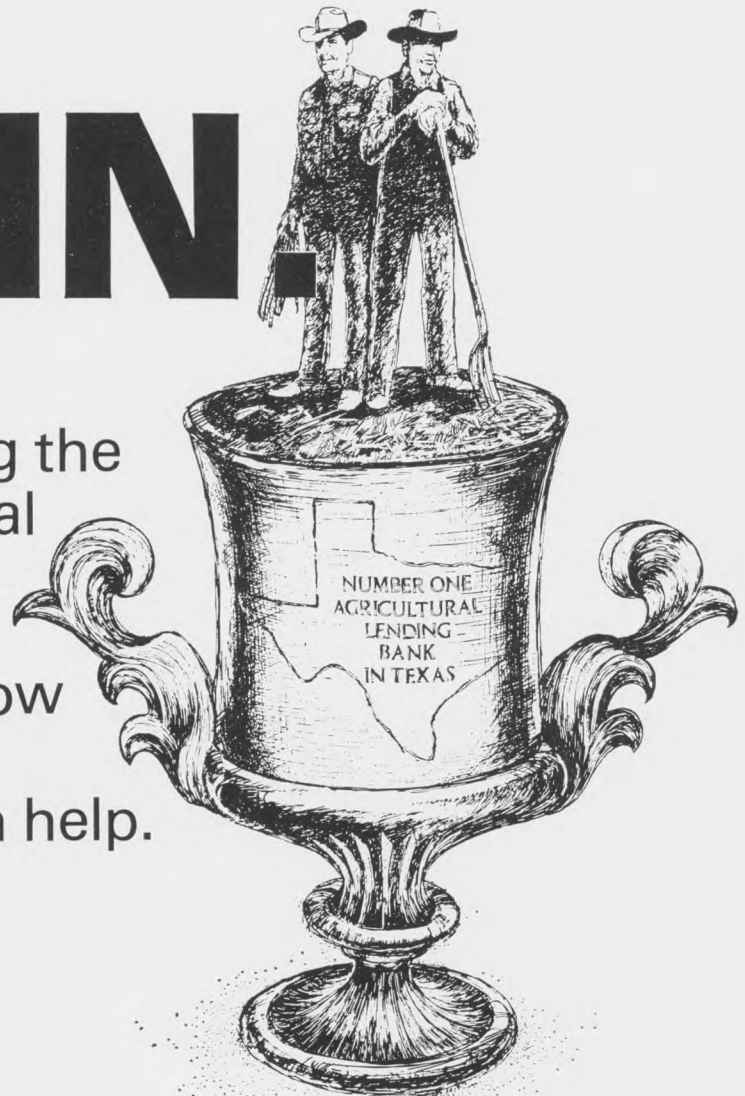
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At the District Seven Meeting— *Dangers of Big Government Cited by Secretary Simon*

By LAWRENCE W. COLBERT, Assistant to the Publisher

THE SERIES of eight district meetings of the Texas Bankers Association got underway February 15-16 with the traditional big crowd of almost 1,800 in Fort Worth for the District Seven meeting.

J. B. Wheeler, TBA president and president, Hale County State, Plainview, spoke at the District Seven meeting outlining the "Texas position" with regard to the Financial Institutions Act. Earlier this year TBA officials had arranged a meeting of the 50 state banker association managers in Chicago to poll feelings regarding the ABA position on the Financial Institutions Act.

TBA officials felt that the ABA had not taken a strong enough position opposing the legislation. A majority of the state association officials present at the meeting agreed with what has come to be known as the stronger "Texas position" and those feelings were conveyed to the ABA governing council. Mr. Wheeler stated it was important to "throw a solid front."

Sam O. Kimberlin Jr., TBA executive vice president, reported on the new association headquarters building progress and the Fine Study.

The principal address was delivered by William E. Simon, Secretary of the Treasury. Mr. Simon said, in part:

"There comes a point where healthy questioning ends and a kind of poisonous cynicism begins; when people begin to think that the cause of all their problems is someone else's fault—preferably someone high in government, business or finance.

"In a negative kind of way, it is very comforting to be able to blame inflation, recession, productivity problems and the high cost of government on Wall Street wolves and local robber barons. It's a cop-out, of course—but a particularly tempting cop-out for politicians who have spent the country into unbelievable debt and unacceptable inflation.

"So, from a purely public relations point of view, it is not a very good time to be a banker—as you can appreciate far better than I.

"And the sad thing about this lies in one of the biggest economic ironies of our time. In recent weeks we have seen a wave of sensational news stories, in

print and on the air, questioning the soundness of the American banking system. The impression that one got from these stories was that the whole structure is tottering on the brink of collapse, with some of the biggest names in banking ripe for the endangered species list.

"Now you and I know that this is not the real picture. It is our job to know the facts, and the facts are that the American banking community has emerged from the recession in remarkably good shape. The surprise is not that a few banks—an infinitesimal fraction of the banking community—have experienced some difficulties. The real surprise, and it's a pleasant surprise for a change, is that American banks have weathered the storm of the worst recession in a generation, have covered problem loans out of operating funds and have still showed a substantial increase in earnings.

"I submit to you that this is a record to be proud of. But I also submit to you that this is an untold success story—a success story that most Americans have never heard and therefore do not appreciate.

"Which brings me to *us*—you as bankers and me as Secretary of the Treasury. Perhaps a large part of the blame for the public's misconceptions about the economic situation lies with us.

"If *we* can't get the story across for ourselves, how can we expect anyone else to do it for us?

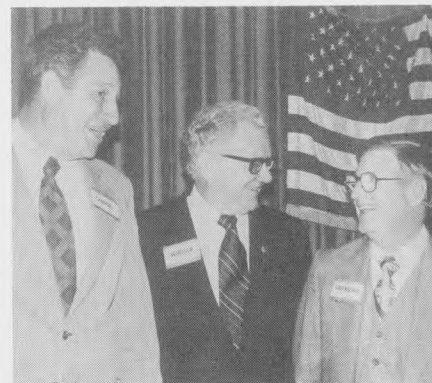
"The banking community, like the rest of the business community, has performed its internal functions admirably. But the whole private sector—the source of the enormous abundance, opportunity and freedom that makes our country so unique in the world—has failed at one crucial test. It is not making itself understood to the media, the politicians and, most importantly, to the people.

"The free enterprise system has done a magnificent job for everyone but itself. And as a result, it faces an ever-growing menace in the form of diminishing public confidence and increasing domination by the federal government.

"Consider the energy field. In spite of the impact of the oil embargo and



Secretary of the Treasury William E. Simon addresses TBA District Seven in Fort Worth.



TBA President J. B. Wheeler is flanked by District Ch. Bruce B. Campbell Jr. (l.) and TBA Vice President S. R. Greenwood. Mr. Campbell is ch., Citizens State, Knox City, and Mr. Greenwood is president, Temple Nat'l.

the general increase in the cost of imported fuel, Americans still pay less to heat their homes, run their automobiles and keep the giant wheels of industry turning than any other major industrial power.

"The purpose of government energy policy should be to keep those costs as low as possible by encouraging, not discouraging, domestic energy production without creating a massive, permanent federal energy bureaucracy.

"Unfortunately, that is not what is happening. I know. I was there at the creation of the Federal Energy Administration. And if ever there was a clear illustration of the federal foot in the door, it is the evolution of the FEA. Originally, the FEA was intended to be a temporary, emergency measure. Neither I nor anyone else wanted to become a federal energy czar. But that is exactly what happened, not because I or my successors wanted it that way, but because bureaucrats and bureaucracies have a way of taking on a life of their own. Like too many politicians, their first instinct is for personal survival, whether that survival is in the public interest or not.

"So, today, we have not only an energy czar, but a federal energy em-

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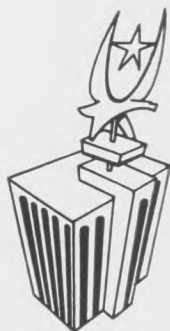


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pire to go with him, and a constant clamor on the political front for more and more federal regulation and control of petroleum and related energy industries.

"Given the poor public image of the oil industry, these demands are increasingly taking the form of cries for divestiture, a move that could potentially cripple rather than enhance America's energy potential.

"Attacking the oil corporations makes big headlines and short-term political hay, but those who advocate divestiture have a responsibility to show us how—if at all—their proposals would help us solve our energy problems. And so far, underneath all of the anti-business rhetoric, there has been precious little substance. Advocates of divestiture have found an entire industry guilty without benefit of trial, and they want the public to blindly agree to their kangaroo verdict.

"I say they are wrong. To blindly argue for the dismantling of an entire industry without considering the consequences makes about as much sense as arguing that you can get better mileage out of a car by chopping it up into tiny pieces. In fact, you may get no mileage at all. You may destroy the delicate, intricate mechanism beyond repair. At the very least, you will have to spend a great deal of time, energy and money in repairing the damage you have done before you can get it back into working order.

"I am proud of the responsible role which the Administration I serve has played in the field of energy. The original legislation proposed by President Ford was sound and responsible; the changes that occurred were the inevitable result of the legislative process. Neither I nor the President are happy about some of those changes but the political climate in the land—and the communications failure of the private sector—made those changes inevitable.

"The Administration's commitment has been, and continues to be, toward less, not more federal intervention. But we can't fight this battle alone. It is going to take a massive swing in public opinion, and that, in turn, means a massive effort to educate the public.

"As Abraham Lincoln once said, 'I have faith in the people . . . the danger is in their being misled. Let them know the truth and the country is safe.'

"Already, in at least a broad sense, there are signs of a public awakening to the evils of big government.

"More and more people are fed up with a federal government that costs a billion dollars a day and goes another billion dollars into debt every week.

"They are sick and tired of a red ink federal track record that has yielded 16

deficit budgets in the last 17 years; that has seen the federal budget quadruple in the past 15 years, and has seen the national debt doubled in a decade. And they are fed up with the growing encroachments of the federal bureaucracy into their everyday lives. They resent the fact that today federal bureaucrats whom they would not have voted for, did not hire and cannot fire have the power to control everything from where their children go to school to how their local communities spend their revenues. Yet unless this general public dissatisfaction can be channeled, informed and articulated, the federal juggernaut will keep on rolling and growing by the weight of its own momentum.

"The federal government today is the nation's biggest single employer, its biggest consumer and its biggest borrower. If present trends continue until the end of this century, government at all levels could account for almost 60% of our gross national product—60 cents out of every dollar. If that day ever comes, we will no longer be a free country in any meaningful sense of the word. And to stop that day from coming, we must act now.

"Nineteen seventy six is our bicentennial year. Across the country millions of Americans are celebrating the 200th anniversary of a struggle that was fought and won for the freedom of the individual. But, like all great and worthwhile undertakings, that struggle still goes on. The men and women of '76 and the millions of immigrants who followed them came to these shores to *escape* the kind of government that over-taxed, over-regulated and, ultimately, stripped the individual of his political as well as his economic freedoms.

"Today, 200 years later, the question remains: Do we preserve the sacred heritage of government of the people by the people for the people or do we trade our heritage of freedom for the false security of a state-run economy 'of the bureaucrats, by the bureaucrats, for the bureaucrats'?"

"As a citizen, as a father and as one who has seen the intimate workings of government firsthand, I deeply believe that the central, underlying issue of our time is this basic confrontation between the freedoms we cherish as Americans and their erosion by runaway big government.

"Our cause is just and our cause is strong. It is up to us to get it across to the American people." • • •

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Texas Convention

President



WHEELER

J. B. Wheeler, TBA pres., joined Hale County State, Plainview, in 1946, advancing to pres. in 1966. He is a past pres., South Plains Bankers Assn., and was 1970-71 TBA treas.

Vice President



GREENWOOD

S. R. Greenwood, TBA v.p., is pres., Temple Nat'l, and pres., Investors Diversified Development Corp., Inc. He is immediate past ch., Governor's State Committee on Aging, and chairs the TBA's new-facilities, budget and state-convention-planning committees.

Treasurer



SMITH

W. F. Smith Jr., pres., First Nat'l, Quanah, is the TBA treas. He joined his bank in 1959 as a.v.p., was named to its board in 1960 and advanced to pres. in 1965.

El Paso, May 2-4

Headquarters—El Paso Convention Center

TENTATIVE PROGRAM

SUNDAY, MAY 2

- 10-11 a.m.—Committee Meetings.
- 10 a.m.-6 p.m.—Registration and Exhibits.
- 6-8 p.m.—Opening Night Reception and Buffet.

MONDAY, MAY 3

- 9:30 a.m.—Opening Business Session presided over by J. B. WHEELER, president, Texas Bankers Association, and president, Hale County State, Plainview.
- 10 a.m.—Address: "The Four 'H' Club—Could Bankers Qualify?"—DR. N. C. HIGHTOWER, gastroenterologist, Scott & White Clinic and Hospital, Temple.
- 11 a.m.—National Bank Division Meeting, with legislative report by LEONARD PASSMORE, TBA Counsel.
- 11 a.m.—State Bank Division Meeting with legislative report by SAM O. KIMBERLIN JR., TBA executive vice president.
- 12:30 p.m.—Reception-Luncheon with guest speaker ART LINK-LETTER.
- 6-8:30 p.m.—Reception and Banquet.
- 8:30 p.m.—Entertainment by TAMMY WYNETTE and JOHNNY RODRIGUEZ.

TUESDAY, MAY 4

- 9:30 a.m.—Business Session.
- 10 a.m.—Address: State Governor DOLPH BRISCOE.
- 10:30 a.m.—Panel discussions on "Bank-Consumer Relationship" and "The Anticipation of Customer Needs in the Future."
- 11:30 a.m.—Reception and Luncheon.

CONVENTION ENTERTAINERS



JOHNNY RODRIGUEZ



TAMMY WYNETTE

MID-CONTINENT BANKER for April, 1976

How does the energy capital move its energy?

Helping it reach its destination is First City National Bank.

Some thirty underground pipelines carry Texas Gulf Coast resources to major U.S. cities thousands of miles away. These pipelines move millions of gallons of oil, natural gas, petrochemicals and other liquid products.

This area of Texas has become one of the nation's most important oil and gas transmission centers — connecting the products of plants and refineries along the Houston Ship Channel with inland destinations as far away as New York City.

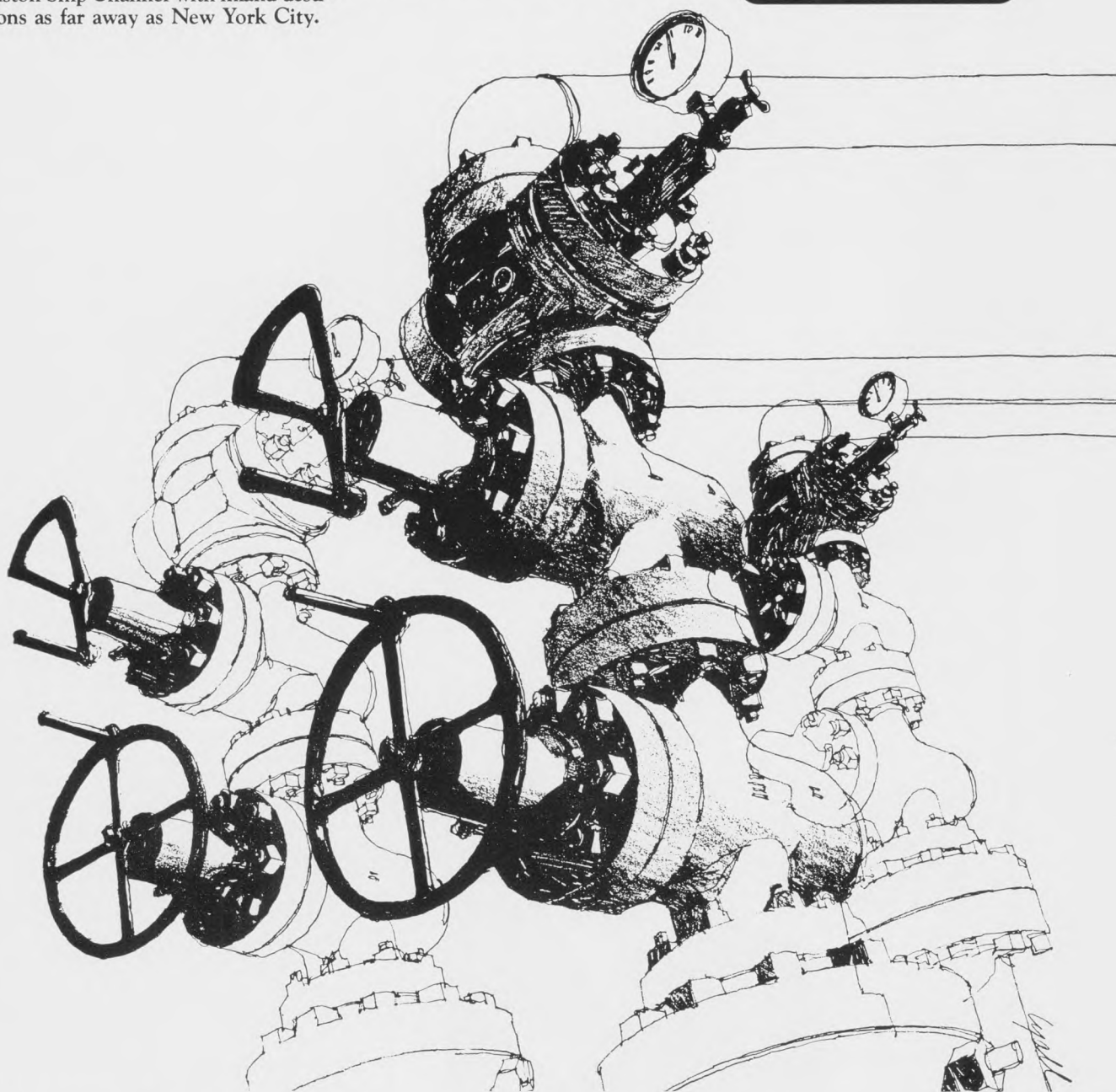
One-quarter of the nation's major pipeline companies moving natural gas are found in Houston. Together these 14 companies operate more than 122,000 miles of natural gas pipeline.

First City National Bank uses its financial strength to help move Texas Gulf Coast resources. This involvement has taught us even more about the energy field. And what we know is yours for the asking.

We're becoming involved with more and more industries every day. And we're

proving to correspondents that more service is the result of more experience. Understanding business as well as banking has made us . . .

A major financial strength behind Texas industry.



A Variety of Notable Figures Slated for El Paso Convention

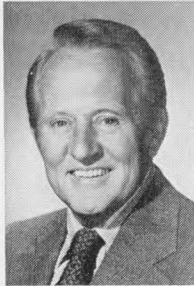
EL PASO—A variety of noted world and local figures are scheduled to appear during the Texas Bankers convention, May 2-4.

A reception for all convention-goers will be held Sunday evening, May 2, followed by an evening at the greyhound races at Juarez Racetrack.

A "very important Washingtonian," as yet unnamed, is tentatively scheduled to address the convention. Because of his heavy demands and short-range planning, it wasn't known at press time if he would be able to appear.

Dr. N. C. Hightower, gastroenterologist from Temple's Scott & White Clinic & Hospital, will address the Monday, May 3, business session. His topic will be "The Four 'H' Club—Could Bankers Qualify?"

The luncheon speaker that day will be Art Linkletter, who is internationally known for his timely and humorous



LINKLETTER

talks, while country-western music stars Tammy Wynette and Johnny Rodriguez will provide the entertainment for that evening's dinner-dance.

Texas Governor Dolph Briscoe will be the featured speaker during Tuesday morning's business session.

The program chairman for this year's TBA convention is S. R. Greenwood, president, Temple National, and TBA vice president.

Special Women's Program Set for TBA Convention

EL PASO—A special women's program has been planned for this year's Texas Bankers Association convention.

On Monday, May 3, from 9 a.m. to 12 noon, a hospitality room will be open, with a continental breakfast served. That will be followed by a choice of tours: Old El Paso, shopping or a decorator showcase home.

The following morning will begin with a 9:30 brunch featuring a style show, mariachi band and Ballet Folklorico. A tour to the Camino Real, Juarez, and shopping at the Juarez Pronof Center will be conducted by chartered bus.

■ JOE V. VILLARREAL has been elected assistant vice president, Frost National, San Antonio. He joined the bank in 1972 and manages the cost and planning department.

Texas Bankers Association Building New Headquarters

AUSTIN—Construction on the new headquarters building of the Texas Bankers Association has begun, with completion expected in late 1976.

Cost of the two-story, Texas colonial style building has been set at \$600,000.



The site for the structure was purchased for \$399,000 and is immediately south of the governor's mansion.

The building also will have underground basement parking and storage. This reportedly will be the first time in the TBA's history that the association will occupy its own building.

■ FIRST CITY NATIONAL, El Paso, has organized three new departments under Senior Vice President Granville M. Green. They are: national accounts, headed by Assistant Vice President Lester L. Parker Jr.; correspondent banking, directed by Assistant Cashier Robert I. I. Bondi; and metropolitan banking, supervised by Assistant Cashier Steve DeGroat. Mr. Green joined the bank in 1961; Mr. Parker went there in 1970 and Messrs. DeGroat and Bondi in 1973. Mr. Bondi recently took an intensive training course with the regional correspondent banking division of First City National, Houston.

■ ROBERT W. SEAL has been advanced from executive vice president to president of National Bank of Commerce, San Antonio. He succeeds Richard W. Calvert, who has been elected chairman and CEO. The former chairman, John M. Bennett Jr., has been named executive committee chairman, and James C. Wishart has been appointed board secretary.

■ DONALD W. GAILEY has been elected assistant vice president, commercial loan department, First National, Amarillo. He will concentrate on agribusiness lending. Prior to joining First National, Mr. Gailey was with Texas Commerce Bank, Lubbock, and First National, Dallas.

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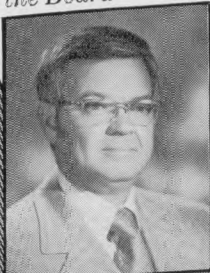
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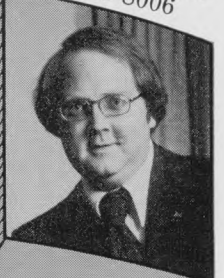
Rex House
(214) 655-8009



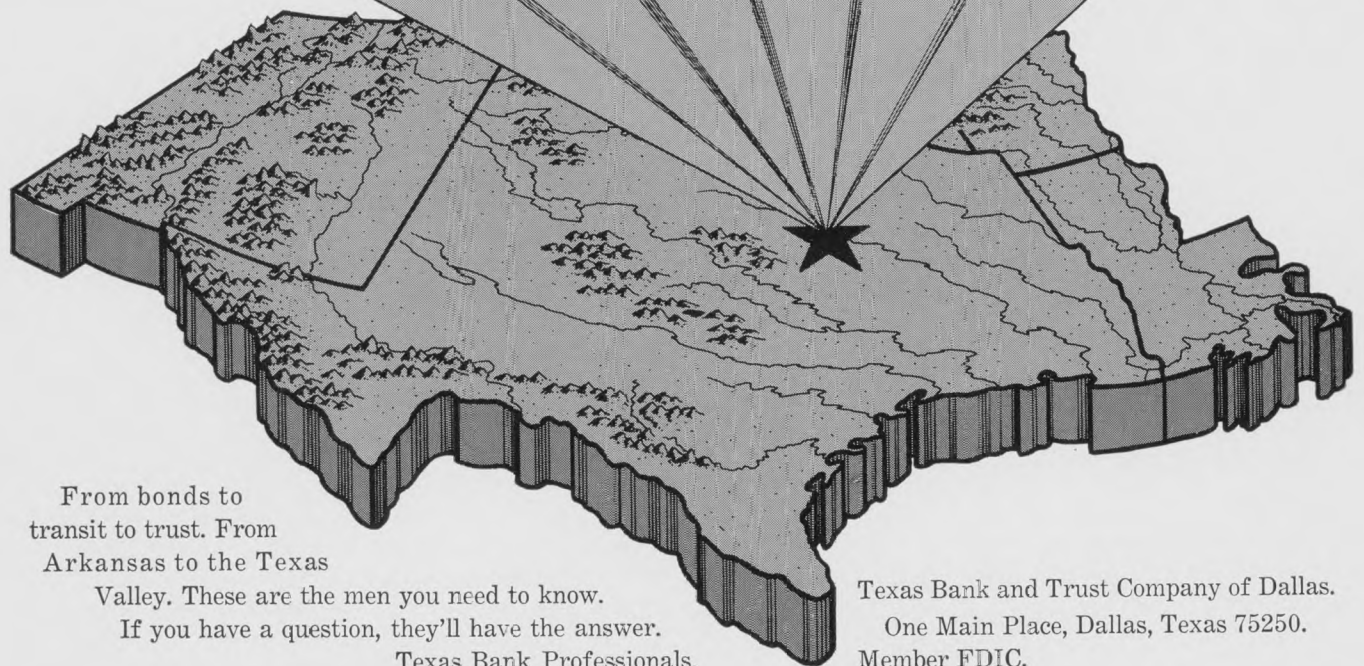
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LEFT: El Paso skyline is backgrounded by Sierra Madre Mountains, located across Rio Grande River in Mexico. RIGHT: Panoramic view of Grand Hall in El Paso Civic Center, site of TBA convention May 2-4.

TBA Convention Returns to El Paso

EL PASO and its citizens are preparing to provide an encore to Texas bankers as they await the return of the Texas Bankers Association annual convention May 2-4. The TBA met in El Paso's Civic Center just three years ago, ending a 46-year hiatus.

Although El Paso is officially 102 years old this year, it traces its beginnings back to 1536, when Spanish explorers came through the area, which boasts the lowest elevation all-weather pass through the Rocky Mountains.

El Paso was a small trading center through the Mexican revolt against Spain. Its residents were on the side of independence for Texas during the time statehood was being considered. In 1848, the U. S. Army established the Post of El Paso and the area has grown ever since.

COVER PHOTO: El Paso's skyline is dominated this year by huge American flag on sides of State National Bank Building in honor of U. S. bicentennial.

Greatest population growth has occurred in El Paso's sister city, Juarez, located just across the Rio Grande River in Mexico. Juarez now includes some half-million people, while El Paso records 350,000.

"Bienvenidos" has always been the welcoming salutation in El Paso, and the city is known for its southwestern hospitality, flavored by its proximity to Mexico.

El Paso is surrounded by the Franklin Mountains, the southernmost portion of the Rockies. While the city's elevation is 3,700 feet, peaks up to 7,000

feet are inside the city limits and one of the more popular tourist attractions is a tramway ride to Ranger Peak, from which portions of two states and two nations can be seen.

El Paso's natural resources include 60,000 acres of irrigated farmland. Natural gas and crude oil from the surrounding area are processed in El Paso; 2.5 million pounds of cement are produced daily; and 108 deep wells and the Rio Grande River supply city water.

The area includes the largest pine forests in the nation and mining operations are conducted to the west and south of the city.

The area has produced a third of all the silver mined in the world in the last 400 years and the largest U. S. deposit of potash is mined about 140 miles east of the city. Granite, rock and marble quarries, and extensive sand and gravel mining operations are conducted in El Paso County. To the north are the greatest coal deposits west of the Mississippi River.

El Paso's trade area includes West Texas, Southeastern Arizona, New Mexico and the state of Chihuahua in Mexico. Area population is about five million. Fort Bliss is the major military base in the area. It serves as the air defense training center for the free world.

Tourist attractions include Tigua Indian Craft Shop and Museum; Fort Bliss Replica Museum, the Hueco Tanks Park and Butterfield Stage stop; Cavalry Museum; and Trans-Mountain Highway Drive, which crosses mile-

Colorful Juarez Beckons Bankers

Bankers attending the TBA convention in El Paso will find color and excitement across the Rio Grande in Juarez, Mexico, with its city market and street markets stacked high with produce, crafts, pottery, weaving and clothing.

Shops offer leather goods, silver, souvenirs or imported items, such as perfumes. Mexican food is sold by street vendors or it can be obtained in fashionable restaurants.

Glass-blowers and woodcarvers demonstrate their trades to the public, and Mexican cabarets feature entertainment at night. Bullfights are held almost every Sunday afternoon in the spring and summer, and dog races are held at Juarez Race Track.

Juarez, which is the largest Mexican border city, offers numerous guided tours through various travel agencies and bus lines in El Paso.

To get from El Paso to Juarez is simple, just cross one of the two bridges by foot, car or streetcar. No visa or passport is needed.

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We're professionals, and we like to think we're resourceful. We're good listeners, because we know that's the only way to arrive at a full understanding of your correspondent banking needs. And we're devoted to the development of original programs, unique services and efficient problem-solving methods to benefit our correspondents and their customers.

Whatever your Southwestern correspondent needs may be, let us help you soon. We care about you and your bank.

From left: Bob Bondi, Bill Green, Les Parker, Cecilia Lang, Steve DeGroat.



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high Smugglers Gap via a 190-foot cut through solid granite.

Most historic of the old missions are the Ciudad Juarez Guadalupe Mission, founded in 1659; Ysleta Mission, founded in 1681; and the more recent Socorro and San Elizario missions, established in the early 1770s.

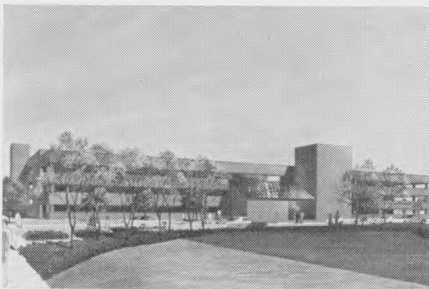
Cultural activities include the El Paso Symphony, art museum and the Chamizal National Memorial, a new center for cultural productions, activities and exhibits. The Memorial was opened since the last TBA convention met in El Paso.

The convention will be held in the city's \$20 million Civic and Convention Center, which opened its doors in late 1972. The center includes a \$7 million theater-auditorium, 95,000 square foot assembly-exhibition hall and a Chamber of Commerce building. Two levels of parking under the plaza and exhibition building provide space for more than 1,200 cars. Up to 7,000 delegates can be accommodated in the center.

More than 80 hotels and motels serve El Paso visitors, with a capacity of 6,000.

El Paso plans to go all out to welcome the return of TBA next month.

■ FROST BANK, San Antonio, hosted 2,375 people at a matinee performance of the San Antonio Stock Show and Rodeo. The event is a 24-year tradition at the bank, and guests included Frost Bank staff members and families and bankers from throughout Texas and Mexico. After the performance, a reception and dinner were held in the Frost Bank Tower Plaza Club for 550 visiting bankers.



■ FIRST NATIONAL, Amarillo, has redrawn plans for its new banking complex to include nearly twice the area for parking as proposed originally. The bank will have a four-level parking garage that will accommodate 327 cars. The garage also will include a full basement for storage and will have a centrally located, skylight-covered 24-hour teller. A tunnel will lead from there to the main building. The garage's exterior will match that of the bank, with earth-tone brick. Completion is slated for early 1977.



JUSTICE



MANKER



DUNLAP



HEILIGBRODT

■ JOE JUSTICE has joined the correspondent banking and southwestern accounts department of Texas Bank, Dallas, as vice president. He has 10 years' banking experience and formerly was with First City National, El Paso. In his new position, Mr. Justice will serve west and southwest Texas, New Mexico and Oklahoma.

■ FIRST NATIONAL, Dallas, anticipating a resumption of real estate development in its area, has restructured its real estate division. Myron W. Manker, senior vice president, has been named as its head, to handle the department's daily activities. A. G. Wallace, senior vice president, will direct expansion of financial services to the industry. Succeeding Mr. Manker as correspondent head is Charles Dunlap, vice president. Mr. Manker is an engineer who worked on the Apollo-Saturn space project for two years prior to joining the bank in 1970. He served in the credit department and the national division before entering the correspondent division in 1974. Mr. Dunlap joined the bank in 1969, advancing to vice president in 1974. Since joining the correspondent department in 1973, he has supervised most of its activities in the Southwest and in major eastern cities.

■ L. WILLIAM HEILIGBRODT, executive vice president and senior loan officer, has been elected president, Texas Commerce Bank, Houston. He succeeds John T. Cater, who resigned for personal reasons. In his former position, Mr. Heiligbrodt was instrumental in establishing bank lending policies and was responsible for its loan port-

folio. Prior to joining Texas Commerce Bank, he served with a bank in California.

■ C. LA MAR GEMBERLING has been named assistant vice president and trust officer at Fort Worth National. He joined the bank last January and formerly was vice president and trust tax department manager with National Bank, South Bend, Ind.

■ JAMES HARRISON DAVIS has joined First City National, Houston, as vice president. He most recently was with Exxon Co., U. S. A., public affairs department. In addition, First City National has named Richard G. Rundell trust investment officer. He joined the bank last year.

■ DAVID L. PARKS has been advanced from assistant vice president to vice president at Parker Square Bank, Wichita Falls. He joined the bank last year, after serving Associates Capital Corp. 15 years.

Fair Park Nat'l of Dallas Is Cited for Radio Spot

The Dallas American Revolution Bicentennial Corp. has presented its Spirit of '76 Award to Fair Park National, Dallas, in recognition of the bank's bicentennial radio program, "I Am Thankful to Be an American."

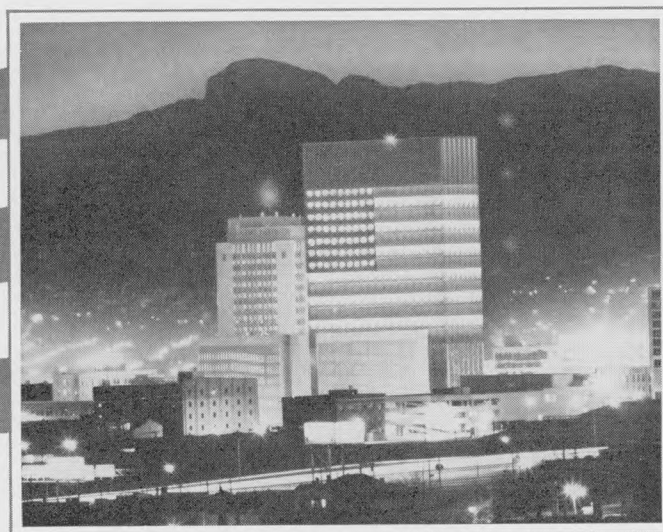
Purpose of the award is to recognize those making outstanding contributions through bicentennial activities of 1975.

The twice-daily program, which has been on the air since last June, has continuously reflected the day-by-day activities of colonial life. Each segment is written and produced by the staff of the radio station broadcasting the program and the concept for "I Am Thankful to Be an American" was created by the bank's advertising director, Sue Smith.



Richard Cobb, pres., Fair Park Nat'l, Dallas, holds Spirit of '76 Award bank received from Dallas American Revolution Bicentennial Corp. Award was to honor bank's radio spots, "I Am Thankful to Be an American," which continuously reflect day-by-day activities of colonial life.

While you're in El Paso, see the biggest flag in Texas.



We'll double that Texas-size invite. We'll show you two flags in red, white, and blue lights. Each nearly the size of a football field. One facing the rest of our Nation, the other reminding Mexico we're here.

We're helping our international community celebrate America. With unity. With confidence. With respect. What better way than to fly the colors of our flag?

They're on our building,

the State National Plaza Tower, El Paso's tallest. Each 156-by-242-foot flag rises from our eighth to our twentieth floor. These flags are lighting up West Texas every night during 1976.

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Kansas Convention

Wichita, May 5-7
Headquarters—Century II

PROGRAM

FIRST SESSION, 2:15 p.m., May 6

- Welcome**—JOE STOUT, convention chairman, and vice president-correspondent officer, Fourth National, Wichita.
- Invocation**—THE REVEREND FRANK KIK, pastor, Eastminster United Presbyterian Church, Wichita.
- Commentary of the President**—J. R. AYRES, KBA president, and president, Citizens State, Miltonvale.
- 50-Year Club Inductions**—FLOYD V. PINNICK, KBA president-elect, and president, Grant County State, Ulysses.
- American Bankers Association Elections**—LINTON C. LULL, American Bankers Association state vice president, and president, Smith County State, Smith Center.
- Address**—"The Restructuring of Financial Institutions"—W. LIDDON McPETERS, American Bankers Association president-elect, and president, Security Bank, Corinth, Miss.

SECOND SESSION, 10 a.m., May 7

- Installation of Officers and Regional Representatives.**
- Silent Tribute to Former Presidents.**
- Address**—"Management/Marketing Future Shock"—MORRIS E. MASSEY, associate dean and associate professor of marketing, University of Colorado-Boulder.

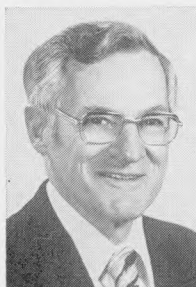
President



AYRES

J. R. Ayres, KBA pres., is pres., Citizens State, Miltonvale, which he helped organize in 1946. He began his banking career with Greenleaf State 38 years ago.

President-Elect



PINNICK

Floyd V. Pinnick, KBA pres.-elect, is pres., Grant County State, Ulysses, which he joined in 1931. He left Grant County State in 1936, returning in 1953. From that time, he has served as the bank's managing officer.

Treasurer



BARTELS

James Bartels, KBA treas., is ch. and pres., Farmers State, Hays, and Bushton State. He began his banking career with Commerce Bank of Kansas City, Mo., 1947, advancing to v.p. and correspondent head before he left in 1970.

McPeters, Massey, Hanzlik Are KBA Convention Speakers At Century II, Wichita, May 5-7

With the upcoming presidential elections, the chosen theme for the 1976 Kansas Bankers Association is "Caucus '76." May 5-7 is the date and Wichita's Century II is the site for the event.

Spotlighted speakers during this year's Kansas convention are W. Liddon McPeters, American Bankers Association president-elect, and president, Security Bank, Corinth, Miss., whose topic will be "The Restructuring of Financial Institutions." Speaking on "Management/Marketing Future Shock" will be Morris E. Massey, associate dean and associate professor of marketing, University of Colorado-Boulder, while Robert Hanzlik of American Physical Fitness, Inc., Palo Alto, Calif., will discuss "Fitness for Busy People" at the men's breakfast.

A 7 a.m. men's golf tournament is slated as the opening event of the convention on May 5. Wichita Country Club will host the banker-golfers.

Convention registration will begin at 8 a.m. at the entrance to the Exhibition Hall of the Century II.

A women's "Witness Wichita Bus Tour," presented by the Junior League of Wichita, will begin at 12:45 Wednesday, May 5. Presented will be historical and modern-day Wichita, while a midway stop for tea at the Wichita Art Museum is planned. The "Caucus '76" welcome party in the Century II Convention Hall is scheduled as the day's final event. It will include a social hour, buffet and dancing to the music of the Newton Graber Trio.

Registration at the entrance to the Century II Exhibition Hall will continue throughout the convention's second day, Thursday, May 6, beginning at 8 a.m. At the same time, the govern-



Chairpersons of events for KBA convention are pictured at planning session. Seated, from l., are Vivian Igo, Marilyn Glass, Joe Stout, David Moore, Joan Hubbard and Patty Hefner, KBA sec. Standing, from l., are Burton Black, Newt Male, Terry Keller, Kenneth Nohe, C. W. Barber, Jim Loomis, Fred McMillen, Steve Hutchens, Beth Rains and Dean Becker. Not pictured are Jim Aronis and Mike Astle.

ing council breakfast meeting will begin in the Plaza Room of the Broadview Hotel.

A May 6 women's luncheon is slated for 11:45 in the Century II Exhibition Hall. Following the luncheon will be a choral program by the Singing Quakers of Friends University, Wichita, with Cecil Riney directing.

Three concurrent luncheons will be held at 12:15, May 6: the Schools of Banking luncheon at the Lancers Club, with a panel discussion on banking schools planned, and the YBOK will dine in the Wichita Club, as will the 50-Year Club.

A women's shopping tour will leave the Century II at 1:30 for the Towne East Square, returning at 4:30.

The all-convention party is set to begin with a social hour in the Century II Convention Hall at 6 p.m., followed one hour later by dinner in the Exhibition Hall. At 8:30, the theater party will commence in the Concert Hall, with entertainment by Jack Morton Productions: the Spurlows, a singing and dancing group; Tulara Lee, singer, and Don Rice III, comedian. Dancing is scheduled for 10-12 midnight in the

Convention Hall, with music by Newton Graber's Orchestra.

A men's 7:30 a.m. breakfast will kick off the events of Friday, May 7. A featured convention speaker, Mr. Hanzlik, will be on hand to discuss "Fitness for Busy People," after which golf tournament prizes will be awarded.

Topping off the KBA convention schedule that day will be a noon champagne luncheon in the Convention Hall.

Committee chairmen. General chairman for the convention is Joe Stout, vice president-correspondent officer, Fourth National, Wichita.

Committee chairpersons, all from Wichita—except where indicated—are Vivian Igo, secretary-manager, Wichita Clearing House—budget; Jim Loomis, cashier, National Bank—champagne brunch; Steve Hutchens, vice president and cashier, Seneca State—facilities; Burton Black, director, Chisholm Trail State—50-Year Club; W. Newton Male, executive vice president, Prairie State, Augusta—Flying Kansas Bankers; James T. Aronis, vice president-marketing, Fourth National—golf; Joan Hubbard, assistant vice president and Towne East Bank manager, Fourth National and Marilyn Glass of Wichita State—women's activities; Dean Becker, vice president, First National—men's breakfast; Michael V. Astle, vice president, Central State—publicity; Terry Keller, Union National—registration and housing; Beth Rains, senior vice president and cashier, Twin Lakes State—schools of banking; Kenneth Nohe, vice president, general counsel and trust officer, United American State—Thursday night entertainment; Fred L. McMillen, assistant vice president, Boulevard State—Thursday night social banquet; C. W. Barber, vice president, Kansas State—welcome party; and David W. Moore, vice president and cashier, City National—YBOK.

Convention Speakers



McPETERS



HANZLIK



MASSEY

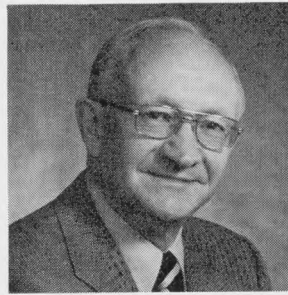
These three speakers will appear at the Kansas convention in Wichita. They are (from l.) W. Liddon McPeters, ABA president-elect, and pres., Security Bank, Corinth, Miss.; Robert Hanzlik of American Physical Fitness, Inc., Palo Alto, Calif.; and Morris E. Massey, associate dean and associate professor of mktg., University of Colorado-Boulder.



BERNARD RUYSSER



FRED DUNMIRE



MAX DICKERSON



DON BARNES



JACK MUELLER

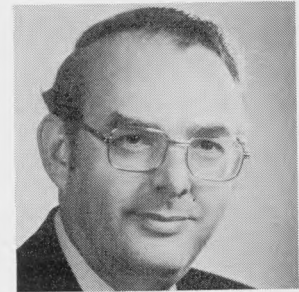
★ PROGRESS IS OUR SPIRIT OF ★

★ 76 ★
at the

1976
KBA
Convention

May 5 - 7 in

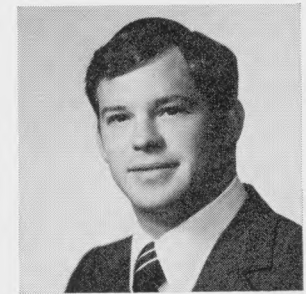
WICHITA!



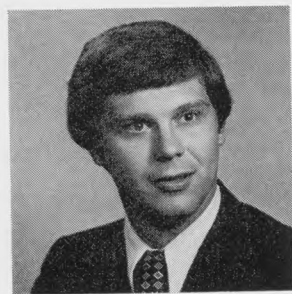
BOB LOYD



JACK MARKEY



JOHN STRUBE



JIM HEFLEY

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MID-CONTINENT BANKER for April, 1976

12 Officers to Retire From KBA Gov. Council

Twelve officers will retire from the KBA Governing Council this year. Of that number, six are regional vice presidents.

Retiring regional vice presidents are John A. Adair, chairman, president and trust officer, Exchange National, Atchison; John G. McNay, president, City National, Pittsburg; Charles E. Grutzmacher, president, First National, Onaga; John Suellentrop, president, State Bank, Colwich; C. N. Hoffman Jr., president, National Bank of America, Salina; and Voyle E. Chance, president, Fowler State.

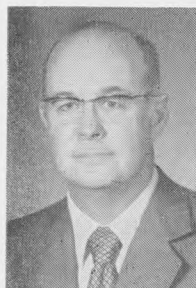
Retiring one-year appointees are Clyde Graeber, president, Leavenworth National; Charles Wayman, chairman and president, Emporia State; E. A. Morse, president, Citizens Bank, Abilene; Adolyn Bartels, president, Bank of Inman; Jay Jelinek, president, Munden State; and Dick Stevens, president, Garden National, Garden City.



ADAIR



McNAY



GRUTZMACHER



CHANCE



SUELLENTROP



HOFFMAN

Marshall, Stoskopf to Run For Kansas BA Positions

Elwood Marshall, president, Home National, Eureka, is the candidate for president-elect of the Kansas Bankers Association, while Duane M. Stoskopf, president and chairman, Kendall State, Valley Falls, is running for KBA treasurer.



MARSHALL



STOSKOPF

Besides serving with Home National, Mr. Marshall is a director of Kansas Bankers Surety Co. and Kansas Development Credit Corp., both of Topeka. In the KBA, he has been treasurer (1974-75), a section leader at Bank Management Commission meetings, chairman of the Bank Marketing Commission and its seminars and a member of the KBA Free Enterprise Advocacy Task Force.

Mr. Stoskopf began his banking career with Bazine State in 1963. In 1964, he joined First National, Salina, where he served as vice president and assistant trust officer until going to Hutchinson National in 1969. At Hutchinson National, Mr. Stoskopf was vice president, agricultural loans and correspondent banking. He joined his present bank as president and chairman in 1971. Mr. Stoskopf has served as chairman of the KBA Agricultural Committee.

■ CHARLES W. LEAR has joined First National, Hutchinson, as executive vice president and a director. He comes from Bank of Springfield, Mo., which he joined in 1969 as president. Before that, Mr. Lear spent 20 years with First National, Salina, in various executive capacities. Besides being president, Bank of Springfield, he was on the boards of two other Missouri banks, Peoples Bank, Branson, and Bank of Kimberling City.

■ HENRY G. BLANCHARD has retired from Commercial National, Kansas City, where he was chairman. He joined the bank in 1947 and was assigned to head the correspondent bank department. He served there until 1953, when he became executive vice presi-



LEAR



BLANCHARD

dent. Mr. Blanchard moved up to president in 1961 and chairman in 1970. He headed the Kansas Bankers Association in 1973-74. Fred A. Dunmire, executive vice president, has been elected a director. He has been with Commercial National since 1957, and advanced to his present position in 1970. He has been responsible for the bank's commercial division lending functions for nine years and had been an advisory director since 1972. He also is president, State Bank, Springhill, and a director, Lenexa State.

150 to 150,000th:

Bicentennial Dollars Used To Celebrate Anniversary

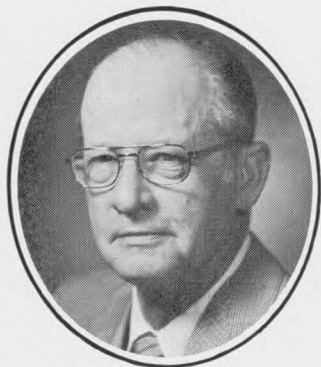
Merchants National, Topeka, tied in the nation's 200th birthday with the first anniversary of its White Lakes Facility.

The bank awarded 150 bicentennial silver dollars to the 150,000th customer to use the facility. The award climaxed week-long festivities that included giving every 10th customer who entered the White Lakes Facility a bicentennial silver dollar. Also, everyone who opened a new checking or savings account received one of the dollars.



Oliver H. Hughes (r.), ch., Merchants Nat'l, Topeka, presents sack of 150 bicentennial silver dollars to Francis X. Specht, who was 150,000th customer to use bank's White Lakes Facility. At l. is James Mai, facility mgr. Presentation was made during facility's first-anniversary celebration. Mr. Specht is gen'l field rep., Government Employees Insurance Corp., Topeka.

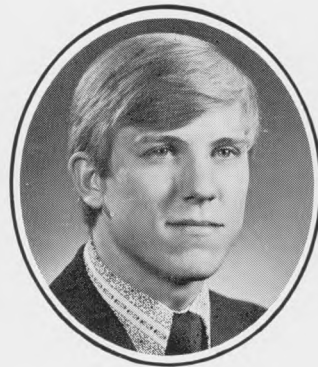
A special invitation to visit us during the KBA Convention



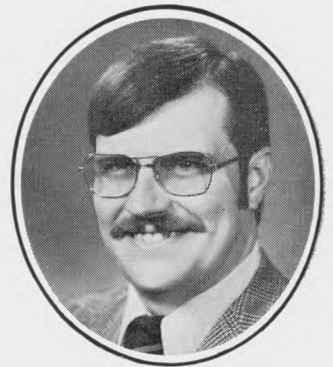
John Riesen



Jim Stanley



Dean Thibault



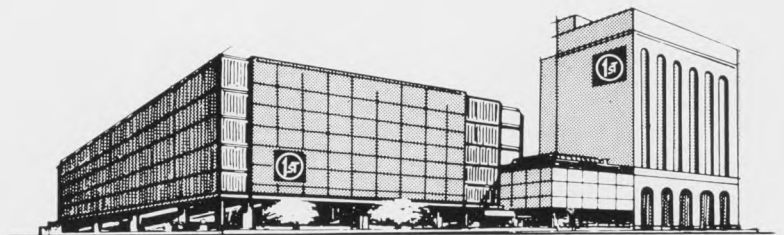
Paul Richmond

Since 1976 is our centennial year, we would be pleased to have you come by our bank when you are in Wichita.

We have sent each bank in Kansas a copy of our souvenir history. However, if you would like a personal copy or a copy for someone else in your bank, please feel free to pick one up.

FIRST NATIONAL FIRST IN AGRICULTURAL LOANS

In a recent survey compiled by the American Banker, First National Bank in Wichita, ranked first among banks in Kansas during 1975 in total dollars invested in agricultural loans. Please take a few minutes during your stay in Wichita to come in and discuss our agricultural lending program.



F.D.I.C.

FIRST NATIONAL BANK IN WICHITA
Correspondent Banking Specialists Since 1876

The Fowlers of Kansas: They're 'Banking's Largest Family'

IF THERE'S a banking "dynasty" in this country, the Fowler family of Kansas surely is it, with the late James T. Fowler as its founder. Besides establishing two banks in the state—Home State, Arcadia, and First State, Arma—and buying control of a third—Citizens Bank, Weir—he became the father of 14 children, six of whom also went into banking. In addition, several sons-in-law, daughters-in-law and grandchildren became bankers, and Mr. Fowler's widow (Ada) is chairman of the banks in Arcadia and Weir. At one time, 23 members of Mr. Fowler's family were employed in Kansas and Missouri banks.

When Mr. Fowler died January 13, 1970, at the age of 96, a life ended that had begun October 12, 1873, in a log cabin on a farm belonging to his father, George Fowler. J. T. Fowler spent most of his long life in the Arcadia area, except for five years—from age 17 to 22—that he lived in the Pacific Northwest, where he worked in lumber camps and mines. It was there that he learned to use a revolver and became a crack shot with any kind of gun. This expertise stood him in good stead when he returned to Arcadia and opened a mercantile store. Bandits learned to think twice about trying to rob him, especially after he shot one down in his store.

After opening the bank in Arcadia, Mr. Fowler again proved his prowess with firearms. One night, he and his brother, John, were alerted to the fact

that some men were trying to break open the bank's safe. The Fowlers led a posse to the scene and each brother was credited with killing one of the burglars. A third desperado escaped.

When Mr. Fowler died six years ago, survivors, besides his widow, included all seven of his daughters and six of his sons. One son, George, was killed in a Missouri auto accident in 1954. At the time of his death, Mr. Fowler also had 33 grandchildren and 18 great-grandchildren. He had been married twice. His first wife died, leaving him with five children. His second marriage, which produced nine children, was highlighted by the celebration of the Fowlers' 50th wedding anniversary in 1964.

Even after reaching 90, the veteran Kansas banker went to the Arcadia bank every day and worked at the same antique roll-top desk he bought when he started the bank. He also spent 60 years on the board of School District No. 112, retiring at the age of 90.

In 1935-36, the Fowler clan was referred to as "banking's largest family" when it was the subject of articles in the banking press. At that time, the children ranged in age from 33 to two.

Currently, the following children of J. T. Fowler are active bank officers: C. G. (Glenn) Fowler, president of the Arcadia bank and vice president of the one in Weir; Doris Stelle, cashier and secretary of the Arcadia bank; R. W. (Bill) Fowler, president, Citizens Bank,

Weir; John T. Fowler, senior vice president, correspondent bank division, First National, Kansas City, Mo., and director, Bank of Commerce, Chanute, and First State, Arma; and David Fowler, president, First State, Burlingame. John T. is a former Federal Reserve Bank examiner, and David once was a national bank examiner.

Frances (Peachy) Bedene, a daughter, is inactive president, First State, Arma. James V. Fowler, another son, is inactive vice president, Home State, Arcadia. Both also are directors of their banks.

A son-in-law, John H. Bedene, is executive vice president and cashier, First State, Arma. Two daughters-in-law—Wadean Fowler and Bette Fowler—are secretaries, respectively, of the banks in Weir and Burlingame. Two grandsons, John Brent Bedene and Bruce Fowler Bedene, are vice presidents of the bank in Arma, and their sister, Becky Bedene Bualle, is an inactive vice president and a director of the Arma bank. Another grandson, Joe W. Fowler, is cashier, Citizens Bank, Weir. William T. Stelle, also a grandson, has been an examiner for the FDIC and the Fed. James V. Fowler Jr., a grandson, is affiliated with Data Processing, a subsidiary of Seattle-First National.

Combined resources of the four Kansas banks with whom the Fowlers are associated total \$19.1 million. Individually, these banks' assets are: Citizens Bank, Weir—\$3.2 million; First State, Arma—\$2.9 million; First State, Burlingame—\$9.5 million; and Home State, Arcadia—\$3.5 million.

Laughingly, Doris Stelle describes her family as "neither Catholic nor Irish, but—typical of both the religion and nationality—prolific, loud and boisterous!" She added that her father ruled and disciplined all 14 children "like a trumpet speaking." • •



Sons and daughters of late James T. Fowler help him and Mrs. Fowler celebrate their 50th wedding anniversary in 1964. Seated with couple are David (l.) and John T. Daughters are (l. to r.): Doris Stelle, Ione Guthrie, Thelma Renfro, Jo Ferraro, Helen Knoll, Eller Jeter and Frances (Peachy) Bedene. Other sons are (l. to r.): Paul, R. W. (Bill), James and Glenn. Fowlers' son, George, was killed in auto accident in 1954.



THINGS WILL BE HAPPENING IN STUDIOS 2610-2612 HOLIDAY INN PLAZA

during the 1976 KBA Convention
Continuing hospitality that will not conflict with official KBA functions.

The Security Team* of Bill Webber – Jay Breidenthal – John Peterson – Bob Fitzpatrick – Ken Domer – Bob McDowell – will be your hosts.



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Brunch For The Bunch

**Refreshments, Buffet
Thursday, May 6
10:30 AM to 1:00 PM**

*President Gray Breidenthal and Assistant to the President Bob Domer will also be at some of the meetings.



THINGS ARE HAPPENING AT
**SECURITY
NATIONAL BANK**
OF KANSAS CITY

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■ LEEANNA HOWSER has been named assistant cashier, Industrial State, Kansas City. She has been with the bank 22 years and supervises the bookkeeping department.

■ BOB CAFFARELLI, formerly vice president, First National, Olathe, has been promoted to senior vice president. C. C. Finney has been advanced from assistant vice president to vice president, and Barbara J. Corrigan, previously assistant cashier, has been elected assistant vice president. In addition, Dr. Robert E. Delphia, a local physician, has been named a director.

■ GARY R. WELCH has been named

president, Northgate National, Hutchinson, after resigning as commercial loan officer, Hutchinson National. At Northgate National, he succeeds Keith Williamson, who has resigned. Mr. Welch began his banking career in 1963.

■ ROBERT LANGENWALTER, chairman and president, Central State, Wichita, has been named salesman of the year by the Sales and Marketing Executives of Wichita, Inc. Mr. Langenwalter heads the economic development division of the Wichita Area Chamber of Commerce and was cited for his help in obtaining a federal port-of-entry permit for the city in 1974.

First of Wichita Is 100

WICHITA—During this bicentennial year for the U. S., First National here is observing its centennial. The bank began as Farmer's & Merchant's in November, 1876, after another First National (no connection with the present bank) failed because it had overextended itself in questionable cattle paper and in construction of an elaborate building. Therefore, the new bank—according to a booklet put out by the present First National—"originated in an atmosphere which demanded a policy of the utmost conservatism." Hiram W. Lewis was the first president.

In 1882, the bank was reorganized and renamed Kansas National after receiving a national charter. In 1895, Citizens Bank was merged with Kansas National. As the new century arrived, the bank began, in 1900, an association with the banking families of Berryman, Chandler and Woods that lasts to the present. Stock in the bank owned by James O. Davidson was purchased by J. W. Berryman, Charles Q. Chandler, E. E. Masterman and W. S. Woods, with Mr. Chandler taking over active control of the bank. In 1919, Kansas National and National Bank of Commerce were consolidated as First National *in* Wichita (to differentiate it from the ill-fated First National of Wichita).

Since then, the bank weathered the depression of the 1930s and entered the new age of automation, EFTS and accent on public relations and marketing. The modern-day First National now has another Chandler—C. Q. III—as president.



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than Luck o' the Irish**

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Dean Johnson



Ed Splichal



Lu Alan Willems

Hutchinson National
bank and trust company

HUTCHINSON, KANSAS Member F.D.I.C.



Portfolio and Funds Management Is Focus of New ABA School

DALLAS—The ABA has announced its first National School of Bank Investments, May 23-29, at Southern Methodist University here.

Portfolio and funds management will be the primary area of concentration at the school, while a customized Bank-Sim exercise will be incorporated to reinforce the lecture portion of the course.

Registration for the in-residence school will be limited to 150 students. Registration fee is \$550, and the curriculum is designed for bank investment specialists having three to five years' experience.

Registration forms and additional information are available from Sandra Currance, registrar, National School of Bank Investments, American Bankers Association, 1120 Connecticut Avenue, N. W., Washington, DC 20036.

MID-CONTINENT BANKER for April, 1976

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Kansas Bankers Line Up for 'Tee' Time



Golf carts are lined up like race cars at the Indianapolis 500 as Kansas bankers prepare to tee off at the Wig-Wam Country Club in Phoenix. They were part of a group of correspondent bankers who attended First National of Topeka's Pow-Wow Conference at the Arizona resort. The four day event attracted 36 Kansans and their spouses and mingled business sessions with opportunities for relaxation such as golf.

External Communications to Increase In Over 33% of HCs, Study Shows

OVER ONE-THIRD of the HCs in America are planning to increase their external communications during 1976, according to a survey by Ruder & Finn, Inc., financial public relations counseling firm.

Nearly all HCs will at least maintain

their present level, the study also points out.

Ruder & Finn conducted the survey among 234 leading HCs. The firm received 42 responses—18%—from companies with assets ranging from \$60 million to \$25 billion.

Specific areas said to be destined for greater attention this year are stockholder communications and security analyst contact. Particular emphasis was placed on meetings with brokers and on formal analyst-society presentations. Nearly all HCs indicating increased activity announced PR budgets in excess of \$50,000 annually.

Regarding aspects of HCs to be highlighted in future communications, there was an inclination shown toward stressing total financial services. The feeling was expressed by many that there is a need to overcome investor loss of confidence in banks and banking institutions.

HCs also plan to emphasize their traditional banking activities, the research shows. This is due to the association most have with their lead banks, and understanding of and confidence in those institutions materially affects how the HC is perceived by all its key audiences.

What are the problems foreseen for bank HCs during 1976? Ruder & Finn found strengthened capital base to be the most important, with 79% of the respondents placing that at the top of the list. Debt was shown to be the preferred vehicle over equity by a two-to-one margin.

Other perceived problems that ranked near the top of the list were loan losses, loss of investor confidence, REIT investments and relations with regulatory agencies.

Half the respondents said the HC president appears as a spokesman before local community groups. Most of the companies indicated they met with the local press at least regularly or occasionally, while 71% reported regular contact with the banking trade press. Sixty percent meet regularly with the national media.

The most commonly mentioned economic issues facing HCs in 1976 were seen to be (in order of occurrence) continued effects of inflation and government spending, unemployment and its impact on deposits and consumer loan demand, weakness in bank equity markets, lagging commercial loan demand, cost of increased customer services, interest-rate ceilings and financial-community support. • •

ABA To Conduct Survey On Corporate Responsibility

The American Bankers Association has asked 2,600 banks to participate in a survey to again assess the industry's involvement in corporate social responsibility.

This is the third such survey the ABA has conducted, the latest being made in 1971.

The competitive edge.

When your business plans to locate or expand in Great Bend, we ask you to talk with our personable officers who represent 180 years of financial experience. Our competitive loan rates and quality banking service are the result of sound management, just what you're seeking.



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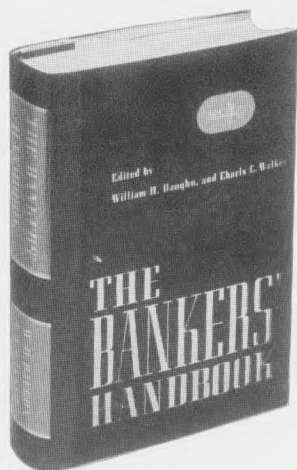
Prepare NOW for Annual Meetings

Booklets That Aid (1) Bank Management (2) Bank Directors (3) Bank Stockholders

• **A Code of Ethics.** 4 pages. Sample policy statements by two banks, covering personal conduct of officers, inside and outside the bank. Example: sets criteria for conflict of interest, political activity, outside interests, trading in bank stock, gifts and entertainment that can be accepted by officers. No. 116, 3 copies \$1.

• **Capital Adequacy.** 4 pages. When does a bank have enough capital? Should a bank resist supervisory pressure to increase capital? Should a committee of board members keep abreast of capital requirements for their bank? These and other questions discussed. No. 117, 3 copies for \$1.

• **The Bankers' Handbook.** Considered the most complete and definitive reference source covering current practices. It places the money knowledge of 90 of the country's



leading bankers at the fingertips of the banker or businessman, in a concise, analytical style. In it are the answers to most of your questions about banking—easy to use. 11 major sections—in 87 chapters. 1230 pages. No. 120, \$30.00.

• **Bank Audits and Examinations.** This study, written in non-technical language, is designed to be helpful (1) to an independent accountant engaged to conduct an opinion audit, (2) to an internal bank auditor who wishes to make his work more effective and (3) to a *bank director* who wishes to compare procedures followed by his bank with the modern methods outlined. No. 121, \$32.

• **Organizing Jobs in Banking.** A practical manual designed for bank officers and department managers to use as a guide in defining the duties and responsibilities of every position in the bank. It establishes position qualifications and job specifications and contains suggestions for training new

• **Bank Stock Prices.** How the price range of a bank's stock should be determined is discussed in this four-page study. The pros and cons of high and low stock prices are examined so directors can determine where to set the price of their bank's stock. No. 134, 3 copies for \$1.

personnel and employees transferring from one position to another. No. 122, \$28.

• **The Effective Branch Manager.** This book was written to show ways in which bank branch managers can develop management skills which are indispensable for the effective functioning of any branch. It is recognized that management involves several clearly definable functions: planning, organizing, motivating, controlling and communicating. Each of these skills is examined and then applied to the specific problems of branch management. No. 128, \$14.

• **What Every Bank Director Should Know About Bank Counsel.** A pithy discussion of the advantages and disadvantages of a bank maintaining full-time counsel, and whether that counsel should be an elected director. The counsel-director relationship is also covered—a vital relationship in these days of complicated legal maneuvering. No. 129, 3 copies for \$1.

• **Management Policies for Commercial Banks.** 2nd edition by Howard D. Crosse and George H. Hempel. Substantially revised edition dealing with major policies of liability and asset management in banks. Includes examples of major policies and the relationship of policy makers and the issuing of policy. Examines lending practices, personnel, marketing management and portfolio management and capital structure. No. 131, \$15.95.

• **Management Succession.** 8-page study. This has been termed the number one problem in banking. Directors have the legal duty to staff their banks and this publication provides invaluable aids to assist directors in this area. Includes a comprehensive *checklist* for management development. No. 133, \$1.

• **What Every Bank Director Should Know About Public Relations.** A veteran journalist and PR man describes what PR is and how a message can be relayed to

the public: how the good works of your bank can be publicized. Includes an example of a deposit-building program that worked; also describes how the bank's personnel were "sold" on the program, thus insuring its effectiveness. No. 135, 3 copies for \$1.

• **Bank Officer's Handbook of Commercial Banking Law.** Fourth Edition, a complete revision, authorized by Frederick K. Beutel, formerly dean of the University of Louisiana Law School. Twenty-two chapters, plus tables. Contains thorough coverage of the Consumer Credit Protection Act, the Uniform Consumer Credit Code, revisions of the Uniform Commercial Code and all legislation affecting banking. Fully indexed for instant answers; table of cases; clear, concise, non-technical language. No. 136, \$32.50.

• **What Every Director Should Know About Personnel Management.** One important aspect: evaluation of employment policy . . . the director should understand this. Also, each bank should have a recruitment policy and a general policy with respect to the role of fringe benefits. No. 139, 3 copies for \$1.

• **How to Analyze a Bank Statement.** This 5th edition by F. L. Garcia is designed to keep abreast with the remarkable developments of recent years: the proliferation of bank holding companies, changes in reporting requirements, the growing popularity of bank stocks, and the disclosure of more financial data from banks. For the first time, Professor Garcia has included a special section on the reporting requirements and analysis of bank holding company statements. No. 138, \$28.

• **Commercial Problem Loans.** A study that makes a significant contribution to improving lending skills by filling a void in the loan department's literature. The problem loan is identified in detail and a program of supervision is outlined. The volume includes a 41-page chapter on collecting problem loans and a case study of a fraud that brings all the points discussed into full play. Also included are a complete sample credit file and a hypothetical credit policy statement. Published in 1974. No. 137, \$18.

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• **Bank Shareholders' Meeting Manual.** 60 pages, 8½ x 11". Designed to aid directors of state-chartered banks, this book discusses conflict of interest, minority rights, fuller disclosure, voting of trust-held securities, preparation of stock purchase and stock option plans, also capital notes and debentures.

The manual also is helpful in updating annual shareholders' meetings at a time when stockholders are becoming more insistent on receiving meaningful information at annual meetings and in annual reports. **No. 102, \$7.75 each.**

• **A Model Policy for the Bank's Board of Directors.** 24-pages, reviews typical organizational chart, duties and responsibilities of managing officers and various standing committees, loan, investment and collection policies, and an outline of a suggested investment policy. **No. 103, \$2.65 per copy.**

• **Annual Review for Officer Promotions.** 4-page study, contains 12 point-by-point appraisals of officer performance and potentials. **No. 104, 3 copies for \$1.**

• **Check List of Audit Procedures for Directors' Examination.** 23-part outline encompasses review of major audit categories. Special 4-page study. **No. 105, 3 copies for \$1.**

• **Bank Board Policy and the Prerogatives of Operating Management.** Special study focuses on utilization of skills and knowledge of "outside" directors; should the board do more than merely set policy?; who should operate the bank—the

board or management? **No. 106, 3 copies for \$1.**

• **The Board of Directors and Effective Management.** Harold Koontz, 256 pages. Critical look at directors' role: functions and responsibilities, decision areas, control, relationship of success to more productive management. **No. 107, \$13.25 per copy.**

• **Deferred Compensation Plan for Directors.** Explanation of an important IRS Ruling that will allow your directors to collect directors fees after retirement, thus offering substantial tax savings. **No. 108, 3 copies for \$1.**

• **A Business Development Policy.** A plan for the small bank in setting up objectives and establishing responsibilities in the officer staff for getting new business, holding present business. **No. 109, 3 copies for \$1.**

• **SALES: How Bank Directors Can Help.** Detailed outline of a program that has developed more than \$40 million in new business for a holding company chain in the Southeast. **No. 110, 3 copies for \$1.**



• **The Bank Board and Loan Policy.** This 28-page booklet discusses the reasons for a bank having a *written* loan policy. The booklet presents loan policies in use by two well-managed banks that will aid your bank in establishing broad guidelines for your lending officers (particularly junior staff officers) so they will not be in the dark concerning bank loan policy. **No. 113, \$2.90 per copy.**

• **How to Prepare for Kidnap/Extortion Threats.** 4-page study, outlines security precautions to take at the bank and at home, sample "alert" system, action to take during and after threat. **No. 114, 3 copies for \$1.**

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NEWS

From the Mid-Continent Area

Alabama

■ ROBERT J. BLACKWELL has been named president and CEO, Henderson National, Huntsville. He goes there from First National, Mobile, affiliate bank, where he was senior vice president and investment division manager. He has been in banking 15 years.

■ FIRST NATIONAL, Opp, has elected James C. Kelsoe, vice president and cashier, and George C. Pierce, vice president, as directors. Mr. Kelsoe joined the bank in 1961 and Mr. Pierce, in 1966.

■ NORVELLE LEIGH SMITH has been elected a director of Commercial Guaranty Bank, Mobile. He is controller of a local bakery.

First Woman CEO in Mobile

MOBILE—Betty M. Jordan, president and CEO of the new Commonwealth National, reportedly is the first woman to head a Mobile financial institution.

The bank, which has been in operation since February 19, is temporarily headquartered at 2214 St. Stephens Road, but officials expect to move into permanent quarters later this year.



JORDAN

Other Commonwealth National officers are George L. Langham, chairman; and E. Malcolm Collins III, vice president and cashier.

Mrs. Jordan has 23 years' banking experience with American National, Mobile, where she most recently served as vice president. She also was administrator for eight American National branches.

Mr. Collins began his banking career with Florida First National at Brent, Pensacola, in 1961. In 1970, he was promoted to cashier. Mr. Collins also served 2 years as cashier, West Orlando (Fla.) Barnett Bank.

■ THOMAS C. JOYCE, manager of the Mountain Brook-Office Park Branch of First National, Birmingham, has been promoted to vice president. He joined the bank in 1963.

■ DOROTHY J. GARDNER has been named assistant vice president at First National, Mobile, while Mable Brettel has been elevated to personnel officer. Elected branch officers were Thomas J. McAleer Jr. and Stephen E. Pollman Jr. Tony Van Aken has been promoted to international officer.

■ FIRST ALABAMA BANK, Montgomery, has received 21 awards from the Advertising Club of Montgomery for outstanding advertising produced during 1975. The bank's marketing department was presented with seven gold and 14 silver awards during the Advertising Club's 16th annual awards ceremonies.

■ OPELIKA NATIONAL has elected Walter A. Parrent and S. Frank Whatley as directors, filling newly created posts. Both Messrs. Parrent and Whatley are senior vice presidents. In addition, shareholders have voted to convert Opelika National into a state bank, to be called Bank of East Alabama. Regulatory approval is pending.

Arkansas

■ JOE D. POWERS has been elected president, chairman and CEO of Union Bank of Benton, succeeding Wilford R. Pruett, who has resigned to accept the post of general vice president for special projects at Utica National, Tulsa. Mr. Powers joined the bank in 1968 as executive vice president and chief

administrative officer. He advanced to vice chairman in 1974. Mr. Powers formerly was with City National, Fort Smith.

■ COMMERCIAL NATIONAL, Little Rock, has named the following as directors: Betty Baird, president, Baird, Inc., Arkansas Sign and Neon Co. and Bonanza Realty Co.; Richard Hiendlmayr, vice president, Olin Corp.; and Thomas F. "Mack" McLarty, president, McLarty Companies.

■ JOHN O. BUTLER II has been promoted to data processing officer at Twin City Bank, North Little Rock. He joined the bank in 1970 and has served as manager of proof and transit and data processing.

■ RONALD B. JACKSON has been elevated from cashier to vice president and cashier at First National, Jonesboro. He has been with the bank since 1969.

Illinois

■ FIRST GALESBURG NATIONAL has announced the promotions of R. Lane Smallwood to vice president and trust officer; Jack Olmstead and John Wilson, to assistant vice presidents and farm managers; and Diane Kingery, to assistant trust officer, operations.

■ SPRING VALLEY CITY BANK is constructing a new Main Office, with completion slated for July 15. Design and construction is being carried out by Bunce Corp., St. Louis. The building is of a bi-level design conforming to the contour of its site. Its exterior will feature two-story solar bronze glass panels, sand-colored brick and anodized extruded aluminum fascias. The interior will have earth-tone colors, bronze-finish metals and natural oak furniture.

■ DAVID A. HEINRICH has joined Millikin National, Decatur, as a commercial lending officer. He formerly was vice president, loan department, Logan County Bank, Lincoln.

■ KENNETH D. MILLER has been named executive vice president and a director of Michigan Avenue National and its HC, Michigan Avenue Financial Group, both of Chicago. He joined the bank in 1960 and previously was senior vice president and controller.

ARKANSAS MUNICIPAL BONDS

HARROW SMITH COMPANY
Union National Bank Bldg. 501/374-7555
Little Rock, Arkansas
J. E. WOMELDORFF, Executive Vice President

Streuter Heads IBA Division

Robert Streuter, vice president and consumer credit department manager, City National, Murphysboro, has been elected president, Illinois Bankers Association Consumer Credit Division. His term commences July 1.

Other officers elected were Lawrence A. Wilson, vice president, City National, Dixon—first vice president; David G. Siebert, executive vice president, First National, Dwight—second vice president; and Norman C. Peterson, assistant secretary, IBA—secretary.

■ ROBERT E. OTTERBACHER has been elected assistant vice president, Heritage/County Bank, Blue Island. He joined the bank in 1974 and is responsible for developing new business in the commercial and industrial areas.

■ UNITED BANK OF ILLINOIS, Rockford, has moved into its new headquarters, United Center. The new building is located in a downtown plaza and features glass walls and terrazzo floor on the banking level. The second and fourth floors are open for rental, while the third floor houses trust and investment services, safe deposit and cash vault and executive offices. In ad-

dition, the bank has enlarged its Motor Bank to six lanes and has added a walk-in and a night depository.

■ HENRY K. GARDNER, president, National Boulevard Bank, Chicago, has assumed the additional duties of executive committee chairman and CEO, following the resignation of Irving Seaman Jr. Mr. Gardner joined the bank in 1970, going from Continental Illinois National, Chicago.



GARDNER

■ AFFILIATE BANKS of United Banks, Rockford, have undergone a name change. Their old and new names are: Ogle County National, Oregon, to United Bank of Ogle County; Central National, Rockford, to United Bank of Illinois; First National, Belvidere, to United Bank of Belvidere; Park State, Loves Park, to United Bank of Loves

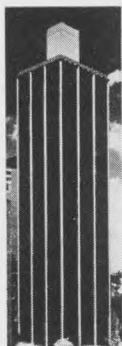
Park; Southgate Bank, Rockford, to United Bank of Southgate; and State Bank, Rockford, to United Bank of Rockford. In addition, the HC has adopted a new logo featuring the letter "U."

■ NATIONAL BANK OF MONMOUTH has connected an adjacent building to its main quarters to provide for greater installment loan, commercial loan and trust services. The new wing also houses an employees' room and an enlarged directors' room. The converted space is decorated in the same manner as the older bank offices, with walnut wainscoat paneling and carpeted floors. Planner and construction manager for the project was Bunce Corp., St. Louis.

■ FIRST NATIONAL, Chicago, has promoted the following to vice presidents: Gary J. Campbell, Joseph J. Gillings Jr. and Lewis H. Harmon. Alexander Hart, vice president, has been named to head the BankAmericard division, while Thomas Sheehy and Nels Johnson, both vice presidents, have been transferred to the traveling auditors division. Mr. Sheehy will head the division.

■ CONTINENTAL ILLINOIS NATIONAL, Chicago, has named the following vice presidents: William D.

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Snider, commercial banking; Gerald J. Sanford and John L. Sebesta, controller's division, corporate financial services; Edward T. Lenahan, operations and management; and Eldon W. Bergstrom Jr., trust and investment. Sandra Kay Crawford, Kevin J. Hallagan and Francis E. Shine III have been elected vice presidents and associate corporate counsels.

Indiana

■ CMI INVESTMENT CORP., Madison, Wis., has named David G. Richey and Randolph C. Nail Jr. as district sales directors in Indiana. Mr. Richey will cover Indianapolis and central Indiana. He previously was with Mercantile Mortgage Corp., Indianapolis. Mr. Nail, who will cover northern Indiana, formerly was a mortgage loan officer with Hamilton Mortgage Corp., Atlanta.



NAIL



RICHEY

■ CITIZENS BANK, Jeffersonville, has promoted the following to assistant vice presidents: Richard E. Alexander, Howard A. Brewster III, Carroll D. Cox, Mary I. Haehl, Jo Hammond and Charles R. Meyer.

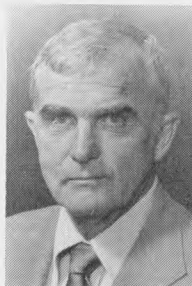
■ JAMES A. BUNNING has been appointed manager of the Hebron Office of Northern Indiana Bank, Valparaiso. He formerly was personnel officer, First State of Cobb County, Smyrna, Ga.

■ WENDELL H. BROWN has joined Fowler State as assistant cashier, while Linda I. Brewer has been elevated to auditor. She joined the bank in 1968.

■ WALLACE J. FOSNIGHT has been named assistant vice president-marketing at Peoples Trust, Fort Wayne, while Fred S. Mertz has been elected purchasing officer and Larry D. Riley has been elevated to assistant trust officer.

Kentucky

■ JOHN KEMNER has been named region general manager for Mosler's enlarged Mid-Atlantic sales region. Mosler is headquartered in Hamilton, O. Mr. Kemner will have headquarters in Columbia, Md., and will be responsible for sales, installation and service of Mosler automatic bank tellers and other



KEMNER



DYER

security and transaction equipment in an area including Kentucky. He will be assisted by James Dyer, who has been appointed region sales manager. Mr. Kemner has been with Mosler 23 years and formerly was region manager of the company's previous Mid-Atlantic sales area.

■ ROBERT L. EPLING has been elected president, Central Bank, Lexington. Prior to his appointment, Mr. Epling had been president, Dania (Fla.) Bank, and before that headed the Marathon (Fla.) Bank.

■ STEPHEN D. HALE has been elevated to assistant cashier and manager of the Clay City Branch of Powell County Bank, Stanton. He joined the bank in 1973 and has worked in several departments.

■ CHARLES O. PASLEY has been named vice president, National Bank, Paris, and will have responsibility in the consumer-loan area. He goes there from First National, Georgetown.

■ BEN L. LYKINS has been elected executive vice president and a director of First Farmers Bank, Owenton. He joined the bank in 1972 and has served on its executive and loan committees.

■ JASPER M. PEARSON has been promoted to cashier, Waco Deposit Bank. He has been with the bank since 1974.

■ BRUCE WEBB has joined Corbin Deposit Bank as cashier, while Willadean Chandler has been named auditor. James E. Rogers has been appointed assistant vice president, and Larry Rogers and Terry Roark have been named assistant cashiers.

■ BILLY C. HOUSE has been elected assistant vice president, First National, Carlisle. He joined the bank in 1973 and is responsible for commercial-loan administration.

■ BEN F. BROWN has been elected president and Brien E. Risk has been named chairman, First National, Nicholasville. Also promoted were Michael Marks, from cashier to vice president and cashier; J. Frank Hall, from assistant vice president to vice president; J. Samuel Sternberg, from assistant cashier to assistant vice president; and James Bailey, to assistant cashier.

■ SEVERAL PROMOTIONS have been announced at Citizens Fidelity Bank, Louisville: William T. Simpson, vice president and financial planning manager, to senior vice president and investment management manager; W. Robert Tennill, vice president, accounting, to senior vice president, accounting and finance; and E. Fredrick Zopp, vice president and general counsel, to senior vice president and general counsel. F. Gerald Greenwell, assistant trust officer, financial planning, has been advanced to trust officer; Allen J. Duffin, administrative assistant, security, to operations officer; and Ken Forsthoeftel, credit and collection manager, BankAmericard, to assistant cashier. James Thompson, chairman and CEO, Glenmore Distilleries Co., Louisville, has been elected a bank director.

Mississippi

■ JAMES T. MITCHELL has been appointed president, Bank of Meridian, and executive vice president, administration, Quitman Banking System. He also was named to the bank's board and its executive and investment committees. Mr. Mitchell goes there from Peoples Bank of Mississippi, Union, where he served as president of its Meridian Branch.

■ DAVID W. WEST has joined Southern National, Hattiesburg, as trust officer. He formerly was with A. A. Harmon & Co. CPA firm, New Orleans, where he had been supervisor of the tax department.

■ THOMAS H. VAUGHAN has been elected executive vice president, First

KBA Convention Set

LOUISVILLE—The Galt House here will host the 82nd annual convention of the Kentucky Bankers Association September 12-14.

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on Bank Security
New Orleans, Louisiana

February 1-3
ERISA Conference
Chicago, Illinois

March 7-10
Exception Item Conference
Chicago, Illinois

March 21-24
EDP Audit Conference
Kansas City, Missouri

April 4-6
Eastern Regional Convention
Norfolk, Virginia

April 20-22
Conference on Bank Holding
Company Administration
St. Louis, Missouri

May 2-4
Northern Regional Convention
Chicago, Illinois

May 16-18
Southern Regional Convention
Oklahoma City, Oklahoma

June 6-8
Western Regional Convention
Salt Lake City, Utah

August 1-8
The Graduate Program in Bank
Administration
Madison, Wisconsin

August 1-13
School for Bank Administration
Madison, Wisconsin

October 17-20
52nd National Convention
Philadelphia, Pennsylvania



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National of Holmes County, Pickens. He will continue as manager of the bank's Pickens Branch.

■ **RAYMOND R. ROBINSON** has been named president, First Citizens Bank, Poplarville. Prior to his appointment, Mr. Robinson had been with a bank in Jackson for 14 years and had spent the past five years as executive vice president, Bay Springs Bank.

■ **THOMAS H. CARROLL JR.** has been elected president, Bank of Mississippi, Grenada, succeeding Henry J. Ray Jr., who has assumed duties as the bank's administrative consultant. Mr. Carroll's banking career began with Grenada Trust in 1962. He was named vice president when the bank merged with Bank of Mississippi in 1974.

Missouri

■ **FRANK L. VICTOR** has been elevated from executive vice president to vice chairman at Grand Avenue Bank, Kansas City, while Barbara Pendleton, vice president and secretary since 1962, has been named executive vice president. Mr. Victor joined the bank in 1962 and heads the business development department. Miss Pendleton is a former national president, National Association of Bank-Women Inc. Continuing as president and CEO of the bank is Lyle Wells Jr.



VICTOR



PENDLETON

■ **R. MARION LUCAS** has been promoted from cashier to vice president at First National Mercantile Bank, Montgomery City. Succeeding Mr. Lucas as cashier is Thomas J. Niedergerke, formerly assistant cashier, while Marcus A. Deeker has been named assistant cashier. In addition, Flavius P. Wyatt has been named a director. He is a local businessman.

■ **COMMERCIAL BANK**, Liberty, has announced the following promotions: Helen K. Duncan and John H. Ferguson, from assistant vice presidents to vice presidents. Dale A. Gries-

sel, formerly senior vice president and cashier, Guaranty National, Tulsa, has joined the bank as vice president, while Henry Mancini, a local businessman, has been elected a director.

■ **THE FED** has approved the merger of Ameribanc, Inc., St. Joseph, and First American Bancshares, Inc. The latter HC's affiliate banks, which will join Ameribanc, are First American Bank, Skidmore; First National, Plattsburg; First American Bank, Union Star; First National, Stewartville; and Bank of Edgerton. The merger brings to 12 the number of banks affiliated with the St. Joseph HC.

■ **THE FED** has approved the affiliation of Bank of Ladue and First National Charter Corp., Kansas City.

■ **COMMERCE BANK**, Kansas City, has announced several promotions: Theodore D. Lyons, to vice president, central securities department, which he manages; Eugene L. Mahaffey, to vice president, BankAmericard, where he is assistant center manager; James L. Peters, to vice president, bond department, where he serves as money market and U. S. Treasury and federal agency securities manager; and John J. Williams, to vice president, national division, commercial loan department. James R. Trigg has been named assistant vice president, national accounts division.

■ **WAYNE D. MUSKOPF**, personnel manager, First National in St. Louis, has been promoted to vice president, while G. Jeffrey Jones has been elevated to assistant vice president. Mildred B. Yahl has been named a personal banking officer and John Britton has been appointed a business development officer. In addition, Robert C. West, president and CEO, Sverdrup & Parcel & Associates, Inc., St. Louis, has been elected a director of the bank.

■ **CENTRAL TRUST**, Jefferson City, has named two senior vice presidents: James T. Herfurth, operations, and Albert T. Able, data processing. Neil T. Baker has been promoted to vice president and manager, Central Data Co.,



BOOS



BOWMAN



HOUSE



KROHMER

while Richard T. Schutt has been elevated to second vice president.

■ **VALLEY BANK** of Florissant has changed its name to Commerce Bank of Florissant, reflecting its affiliation with Commerce Bancshares, Inc., Kansas City.

■ **ROGER L. GARRISON**, vice president and trust officer, Commerce Bank of Springfield, has been promoted to senior vice president-trust. William T. White, assistant vice president-commercial loans, has been elevated to vice president-commercial loans; Harold W. Bouldin, assistant vice president-installment loans, to vice president-installment loans; Mary Ann Horton and Larry A. Wilkerson, installment loan officers, to assistant vice presidents-installment loans; Frank W. Hilton, commercial loan officer, to assistant vice president-commercial loans; and Barbara L. Bates, to real estate loan officer.

■ **PLAZA FIRST NATIONAL** of West Port, St. Louis County, has elected William A. Donze Jr. and Gary B. O'Neal vice presidents. Mr. Donze retains his titles of controller and director of data processing, while Mr. O'Neal manages commercial lending.

■ **THOMAS KINSEY**, formerly senior vice president and cashier, Bank of Kennett, has been elected to the newly created position of executive vice president, chief operating officer and director, Citizens Bank, Pacific. The two banks are affiliates of First Union, Inc., St. Louis. Mr. Kinsey joined Bank of Kennett in 1950.

■ **EDWARD J. BOOS** has been promoted to assistant vice president in the agriculture-correspondent banking department, First National, St. Joseph. He joined the bank in 1973 as a representative in that department.

■ **CHARLES A. BOWMAN** has been advanced to senior vice president and operations officer, United Missouri Bank of Kansas City, while John C. House and Fritz R. Krohmer have been named vice presidents. Jon J. Henderson has been elevated to assistant vice presi-

dent. Mr. Bowman joined the bank in 1959; Mr. House, in 1973; Mr. Krohmer formerly was with the Kansas City Fed; and Mr. Henderson joined UMB in 1970.

New Mexico

■ **FIDELITY NATIONAL**, Albuquerque, has become an affiliate of New Mexico Bancorp., Inc., Santa Fe. In the move, Jack Daniels, Fidelity National executive committee chairman, and Bob Tinley, bank president and CEO, have been named to the New Mexico Bancorp. board.

■ **FIRST NATIONAL**, Albuquerque, has announced the promotions of Jo Anne Jones and Janetta Sharp to assistant vice presidents, real estate department. Mrs. Jones joined the bank in 1958, while Mrs. Sharp joined First National in 1963.

■ **FIRST NATIONAL**, Los Alamos, has held a display of four bronzes by Frederic Remington to celebrate the opening of its new office at Trinity and 20th. The office features three pneumatic drive-up lanes. Titles of the bronzes shown are "Rattlesnake," "Cheyenne," "The Bronco Buster" and "Rough Rider Sergeant." In addition, a daily drawing for \$100 was held the first two weeks of the office's operation.

■ **JOHN R. THOMAS** has retired as regional administrator of national banks, Denver, and has been succeeded by Kent D. Glover. Mr. Thomas has been with the Comptroller's office 30 years and had been 12th Region administrator since 1962. That region covers New Mexico, Arizona, Colorado, Utah and Wyoming. Mr. Glover, who has been with the Comptroller's office since 1951, had served as deputy regional administrator in San Francisco since 1964.

Oklahoma

■ **BANK OF OKLAHOMA**, Tulsa, has named Bruce Skaistis vice president and information services manager; Harold J. Madigan vice president and



SKAISTIS



PULLEN

credit and loan review manager; and Gary Pullen vice president and auditor. Mr. Skaistis previously was with Arthur Andersen & Co., where he was a consultant for the data processing operations of Bank of Oklahoma. Mr. Madigan formerly was senior vice president and credit policy chairman with an Oklahoma City bank HC, and Mr. Pullen goes to Bank of Oklahoma from First National, Dallas.

■ **RAYMOND E. MILTZ** has been appointed regional banking section manager at First National, Tulsa. A vice president, he joined the bank in 1974 and formerly was a livestock consultant and appraiser.



MILTZ

■ **ROBERT C. VanLAANEN** has been elected vice president in charge of commercial loans at Stock Yards Bank, Oklahoma City. Prior to joining Stock Yards Bank last February, Mr. VanLaanen was vice president, commercial loans, First National, Oklahoma City.

■ **EUGENE DEAN** has been advanced from vice president to senior vice president at City National, Lawton, while Robert Joe Nall, formerly cashier, has been named vice president. Zelda Davis has been elected vice president; Pauline Roper has been elevated from assistant cashier to cashier, and Steve Barnes, to assistant vice president. Named assistant cashiers were Gene Norman and Bob Burroughs.

■ **BILL RICHARDSON**, who owns controlling interest in First National of Britton and Grant Square Bank, both of Oklahoma City, and in Plaza National, Bartlesville, has bought controlling interest in Capitol Hill State, Oklahoma City. He has been named chairman, succeeding J. B. Seligson, who remains a director. Wayne Lawler continues as bank president. J. L. Thompson has been named a director, while A. T. F. Seale and Charles R. Stuart have left the board.

■ **W. E. HARVEY**, formerly executive vice president, First Bank, Sand Springs, has been named president, following the resignation of Louis R. Hughes for health reasons. Succeeding Mr. Harvey as executive vice president is Clark Walton, while Gary Spencer has been elevated to vice president.

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■ COLIN M. HENDERSON has been elected vice president and trust operations officer, Fourth National, Tulsa. Mr. Henderson began his banking career with National Bank of Commerce, Dallas, and later served as trust officer with another bank in Tulsa.

■ JAMES W. BRUCE JR. has been named senior vice president, Liberty National, Oklahoma City. Also named in promotions were Jean R. Johnson, to vice president and senior investment officer; Charles B. Johnson, to vice president and investment officer; J. David Jensen, to vice president; Robert P. Goodwin, to assistant vice president and investment officer; Rodney L. Lee, to assistant vice president and assistant controller; and J. Terry Cook and Paul J. Kelly, to assistant vice presidents.

■ FIRST NATIONAL, Bartlesville, has promoted the following to senior vice presidents: Robert W. Butler, Barry M. Hudson and Bruce E. Oakley. Neal T. Seidle has been named senior vice president and senior trust officer, while Paul D. Brown has joined the bank as vice president. Mr. Brown will work with area farmers and ranchers and will maintain contact with First National's correspondent banks. Mr. Butler joined the bank in 1952; Messrs. Hudson and Seidle, in 1964; Mr. Oakley, in 1960; and Mr. Brown formerly was with John Hancock Life as Oklahoma senior field representative, agricultural investment department.



WILLIAMS



BEEMAN



HOLLAND

will include golf and tennis tournaments, while entertainers slated for the first of two evenings' receptions are Grand Ole Opry Stars George Grove and Larry Moore. Russ and Becky Jeffers will entertain at the other reception.

Sandi Burnett and her band, Chops, will play for the annual dance.

For the spouses, a tour of Music City U. S. A. is planned. It will be followed by a makeup demonstration by Norma Gerson.

Robert Williams, cashier, First National, Savannah, is president of the Tennessee Young Bankers. President-elect is Lee Beeman, president, Liberty Bank of Tennessee, Athens. Tom Holland Jr., vice president and cashier, Union National, Fayetteville, is the division's vice president.

■ FIRST NATIONAL, Memphis, has named George Lewis and James M. Crews Jr. as executive vice presidents. Joe H. Davis Jr. has been appointed vice president and metropolitan division manager, succeeding John P. Dulin, who has been elected president, First Tennessee National, Chattanooga. Thomas J. Rutter replaces Mr. Davis as regional branch manager.

■ CHARLES J. BRYAN has been elevated from assistant vice president to vice president at Third National, Nashville, while William Richard Dickerson has been advanced from trust officer to

vice president and trust officer. Donald L. Lockmiller has been named an assistant vice president. Mr. Bryan joined the bank in 1966; Mr. Dickerson, in 1972; and Mr. Lockmiller, in 1974.

■ DAVID V. EDMONDSON has been promoted to vice president, retail division, American National, Chattanooga. He will serve as assistant to the retail division head and will have responsibility for the Master Charge/EFTS, retail adjustment, retail marketing and business development departments.

Manufactured Housing

(Continued from page 22)

to "sweat it out" should be beneficial to the manufactured-housing industry.

The industry has been concerned with three types of insurance: credit bond, physical damage (including vendors single interest) and credit life and accident-and-health.

Credit insurance has about run its course. It indemnifies lenders against losses on repossessions. There have been many abuses of it by all participants, resulting in gigantic losses for insurers. Insurers still in the business are providing limited protection to lenders, dealers and service companies, and require the participants to assume a reasonable share of the risk and the losses. That will be the type of credit insurance henceforth offered to the industry: no longer will it be possible for a dealer, lender or a service company to pass the total risk over to an insurance company. This healthy situation bears out the fact that no segment of the manufactured housing industry stands alone; each depends on the others.

Physical-damage insurance has played an important part in industry development. Insurance companies have performed magnificently, providing customer protection despite the poor quality of some homes and the high incidence of loss by fire and windstorm. To provide protection for dealers and lenders, vendors-single-interest protection was developed, in which dealers and lenders assume the risk of purchaser conversion of the home, its furniture, appliances and equipment. It has been abused badly.

Some carriers have ceased writing coverage for the industry. Others have changed their programs to suit changed conditions, in some instances reducing the term of their policies and restricting the territories in which they do business. Perhaps it's with that increased quality and better cooperation from all segments of the business that insurance experience will improve, thus

Tennessee

Tennessee Young Bankers Schedule Annual Convention For Nashville, April 13-14

NASHVILLE—The Hyatt-Regency has been slated as headquarters for the Tennessee Young Bankers Division convention April 13-14.

An impressive list of guest speakers will be on hand for the business sessions during the two-day event: T. Scott Fillebrown Jr., vice chairman, First American National, and president of its HC, First Amtenn Corp., both of Nashville; Harry B. Brock Jr., CEO, Central Bank, Birmingham; Winfield Dunn, former Tennessee governor; Joe Hemphill, state commissioner of banking; and John Merritt, head football coach, Tennessee State University, Nashville.

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MID-CONTINENT BANKER for April, 1976

making the industry more attractive to more insurers.

Credit life and accident-and-health insurance, available for many years, has been a source of income for dealers, lenders and service companies. A deterrent factor has been that premiums for coverage, loaded into the finance charge, increase the customer's monthly payments rather substantially, adding to sales resistance. It's valuable protection for buyer and family but has no affect on the manufactured-housing industry's welfare. • •

Mason Succeeds Fischer As Executive Vice Pres., Consumer Bankers Assn.

WASHINGTON, D. C.—Thomas P. Mason Jr. has been named to succeed the retiring Robert A. Fischer as executive vice president of the Consumer Bankers Association.

The CBA represents the interests of the installment lending operations of many of the nation's commercial banks. In his new position, Mr. Mason, who previously was director of public affairs for the National Consumer Finance Association and director of public information for the American Bankers Association, will have responsibility for overall supervision of the CBA's activities in development of methods of consumer banking administration, communications and legislative relations. He also will serve as director of the CBA's Graduate School of Consumer Banking.

Mr. Fischer had been the association's executive vice president for the past 18 years and had been in the consumer credit industry 43 years. Prior to assuming the CBA post in 1958, he was in charge of the consumer loan department at Hoosier State, Hammond, Ind.

Home-Improvement-Loan Rebates Are Offered to Bank Depositors

Customers of United Missouri Bank, Ferguson, who qualify for a home-improvement loan, receive a \$50 rebate in the form of an interest and payment reduction.

To qualify, one must be a depositor of the bank and must qualify for a loan: \$1,000 minimum, \$5,000 maximum. The rebate program will end June 30.

Disclosure Dilemma

(Continued from page 12)

view has been undergoing a great deal of reevaluation. What once was considered "material" now might be considered quite differently and what was "immaterial" a few years ago, today, under the SEC's interpretations, is likely to be considered material. This is especially true in subjective areas where there may be some moral judgments. In other words, there's a growing voice saying an unethical or illegal act—even though of very small financial consequences—does trigger the concept of materiality, indicating a basic flaw in the character of the organization.

Using the perceptions of full, fair, adequate and honest reporting of material events, one actually is plowing new ground, as well as raising the question of the form of the company's code and its impact on the precise behavior of the institution.

This raises tremendous questions about the manner in which these can be presented, especially in light of today's widely expanded qualitative concept of materiality. • •

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