

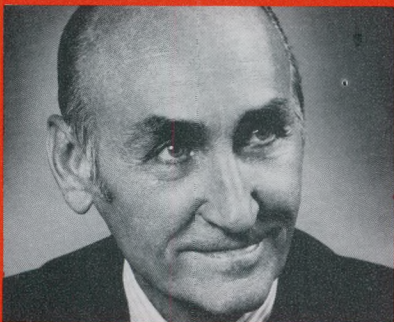
MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

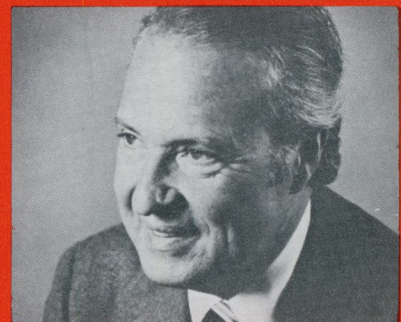
SEPTEMBER, 1976

95 *Banking's Spirit of '76* ABA CONVENTION

WASHINGTON, D.C., OCTOBER 2-6



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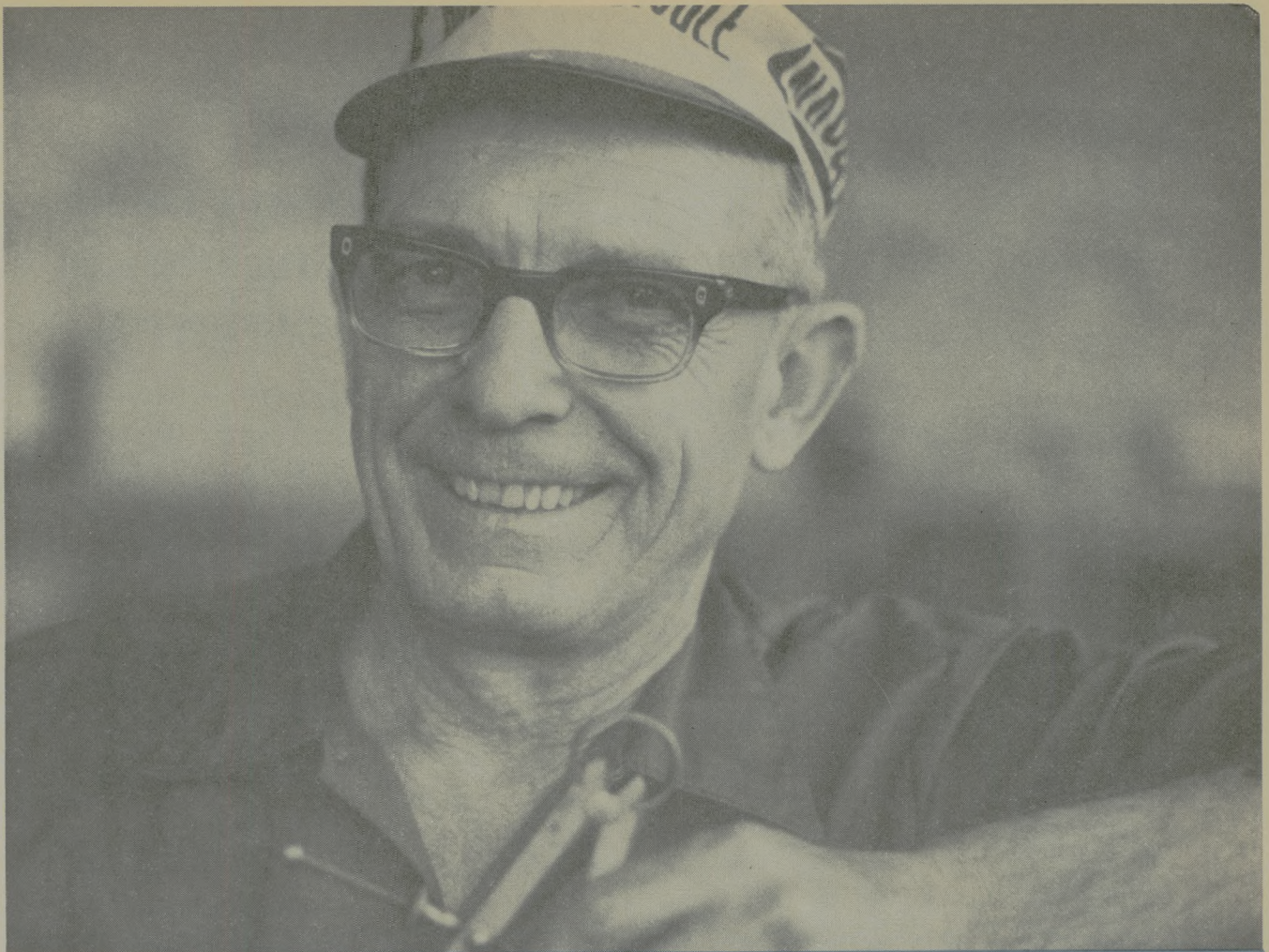
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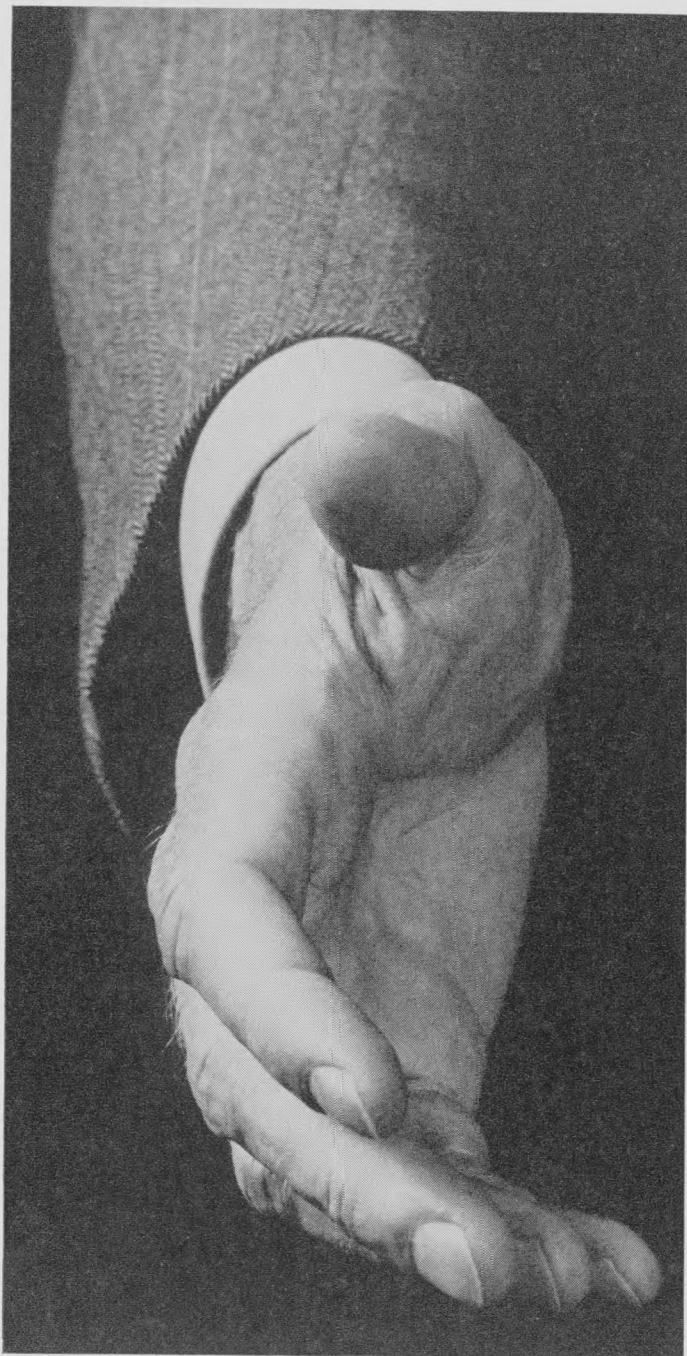


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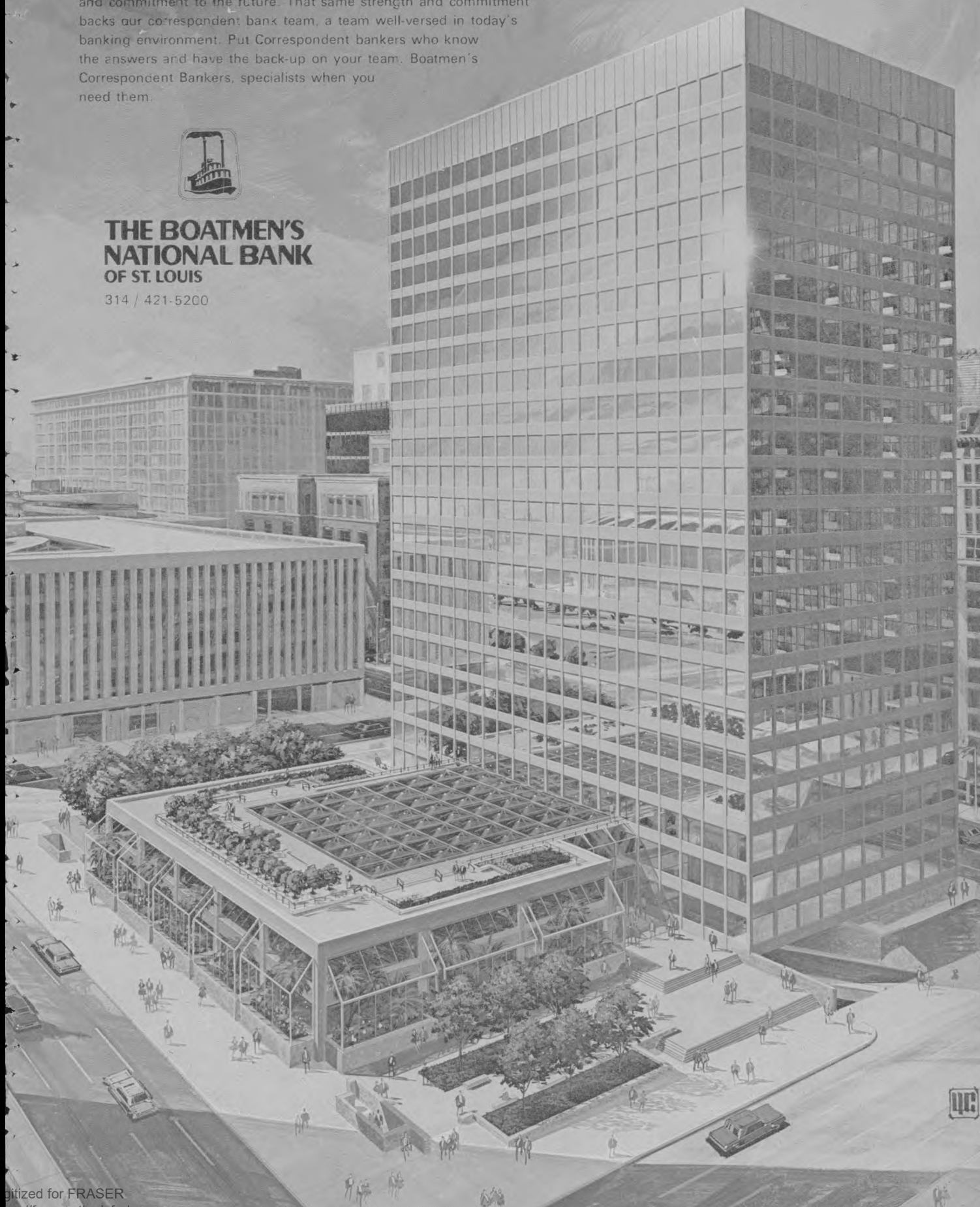
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Boatmen's is moving into bold new headquarters, reflecting their strength and commitment to the future. That same strength and commitment backs our correspondent bank team, a team well-versed in today's banking environment. Put Correspondent bankers who know the answers and have the back-up on your team. Boatmen's Correspondent Bankers, specialists when you need them.



**THE BOATMEN'S
NATIONAL BANK
OF ST. LOUIS**

314 / 421-5200



Volume 72, No. 10

September, 1976

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September

- Sept. 19-21: Bank Marketing Association, Public Relations Conference, Chicago, Chicago Marriott Hotel.
- Sept. 19-22: ABA National Personnel Conference, San Francisco, Fairmont Hotel.
- Sept. 20-21: Mortgage Bankers Association, President's Conference, New Orleans, Hyatt Regency Hotel.
- Sept. 26-29: National Association of Bank Women, Inc., Annual Convention, New York, Waldorf Astoria.
- Sept. 27-28: Robert Morris Associates, Lending to Banks & Bank Holding Companies Workshop, Chicago, Hyatt Regency O'Hare.

October

- Oct. 2-6: ABA Annual Convention, Washington, D. C.
- Oct. 6-8: National Association of Real Estate Investment Trusts, Annual Conference, Chicago, Hyatt Regency, Chicago.
- Oct. 13-17: Consumer Bankers Association, Annual Convention, White Sulphur Springs, W. Va., The Greenbrier.
- Oct. 17-20: Robert Morris Associates, Annual Fall Conference, Chicago, Hyatt Regency.
- Oct. 17-20: Bank Administration Institute, Annual Convention, Philadelphia.
- Oct. 24-27: Bank Marketing Association, Annual Convention, Miami Beach, Fontainebleau Hotel.
- Oct. 24-29: Kansas, Missouri & Nebraska Bankers Associations, Intermediate School of Banking, Lincoln, Neb., University of Nebraska.
- Oct. 25-27: Mortgage Bankers Association, Annual Convention, San Francisco, San Francisco Hilton.
- Oct. 27-29: ABA Midwestern Regional Operations/Automation Workshop, St. Louis, Chase Park Plaza.
- Oct. 31-Nov. 5: Kansas, Missouri & Nebraska Bankers Associations, Advanced School of Banking, Lincoln, Neb., University of Nebraska.

November

- Nov. 3-5: ABA International Foreign Exchange Conference, New York City, Waldorf Astoria Hotel.
- Nov. 3-5: Bank Administration Institute Financial Accounting & Reporting Seminar, Dallas, Marriott Hotel.
- Nov. 4-7: Assembly for Bank Directors, Pinehurst, N. C., Pinehurst Hotel & Country Club.
- Nov. 7-10: ABA Correspondent Banking Conference, Dallas, Fairmont Hotel.
- Nov. 7-10: Independent Bankers Association of America Bank Ownership Seminar/Workshop, Phoenix, Ariz., Biltmore Hotel.
- Nov. 7-12: ABA National Personnel School, Memphis, Hyatt Regency Hotel.
- Nov. 7-19: ABA National Commercial Lending School, Norman, Okla., University of Oklahoma.
- Nov. 8-10: Bank Administration Institute Determining EDP Job Costs, Boston, Colonnade Hotel.
- Nov. 10-12: ABA Mid-Continent Trust Conference, Cincinnati, Stouffer's Cincinnati Inn.
- Nov. 10-12: Bank Administration Institute Bank HC Administration Seminar, Park Ridge, Ill., BAI Headquarters.
- Nov. 10-12: Association of Bank HCs Fall Meeting, Carefree, Ariz., Carefree Inn.
- Nov. 13-17: Bank Administration Institute Forum for Presidents of Not-So-Small Community Banks, Phoenix, Ariz., Biltmore Hotel.
- Nov. 14-17: ABA National Agricultural & Rural Affairs Conference, New Orleans, New Orleans Marriott.
- Nov. 17-19: Bank Administration Institute Float Management Seminar, Key Biscayne, Fla., Sonesta Beach Hotel.
- Nov. 18-19: Robert Morris Associates Lending to Banks & Bank HCs Workshop, Boston, Copley Plaza Hotel.
- Nov. 28-Dec. 1: Bank Marketing Association Trust Marketing Workshop, Houston, Shamrock Hilton Hotel.
- Nov. 30-Dec. 3: Bank Administration Institute Trust Operations Short Course, Park Ridge, Ill., BAI Headquarters.

December

- Dec. 8-10: Bank Administration Institute Organization Development Seminar, Park Ridge, Ill., BAI Headquarters.

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MID-CONTINENT BANKER for September, 1976

NEWS ROUNDUP

News From Around the Nation

CU's Move Toward Banking

How soon will credit unions begin offering services that now can be obtained only from commercial banks? Already, some credit unions around the country are offering share drafts that look much like ordinary bank checks. In fact, says Edwin S. Hinrichs, manager, Mart Credit Union, St. Louis, "It's (share draft) no different from a checking account, except we're paying interest."

The St. Louis CU, which serves military and federal government personnel, has become the first Missouri CU to allow its members to write checks on interest-bearing accounts. Those who participate in the program must deposit their government checks in the CU and then can write an unlimited number of drafts, or checks, against their accounts. The drafts are cleared through a New York City commercial bank. Participants get numbered and imprinted drafts, each with a duplicate copy for record keeping. The original drafts aren't returned to the writers, and participants receive monthly statements of their transactions from the clearing bank. Five per cent quarterly interest is paid on the minimum balance.

A number of banks around the country reportedly are processing CU share drafts.

Home Mortgage Lending Test

The FDIC and Comptroller of the Currency have begun a new program whose objective is to find out whether national and state nonmember banks are being discriminatory in home mortgage lending.

During the test phase of the program, about 300 banks will be required to use a specially designed form in connection with their home mortgage lending activity. After the form is perfected, all national and state nonmember banks will have to use and retain it. The form has two parts: One part requires banks to retain certain basic economic data on each loan applicant. The other requests the loan applicant to forward directly to the agencies data on race, gender, religion and certain other personal characteristics. Data retention won't be required when applications or inquiries are made orally rather than in writing.

The required data and voluntary data will have matching identification numbers so that the data can readily be analyzed together.

The Fed and Federal Home Loan Bank Board are not taking part in the test, and institutions sampled won't include state member banks or S&Ls.

Racial Loan Records Opposed

The ABA last month went on record against a proposal that would have lenders make and retain records of consumer loan applicants' racial and other characteristics. Such monitoring has been proposed as an additional regulation under the Equal Credit Opportunity Act.

According to an ABA spokesman, who appeared before the Federal Reserve Board in Washington, D. C., this monitoring "would not only needlessly offend many bank customers, but also impose an intolerable burden of paperwork." He reiterated the ABA's support of the principle of equal credit opportunity and said the ABA believes that including approved sample loan application forms in the Fed regulation—as has been proposed—would help lenders know what information they can ask for in evaluating loan applications.

However, he continued, the "effects test," the legal definition of what has the effect of being discriminatory, of information that lenders seek from applicants should be much more specific than the Fed-proposed test.

Savings-Checking Transfers OKed

The ABA has endorsed proposals made by the Fed and FDIC that would allow bank customers to—under limited conditions—authorize withdrawals from their savings accounts to cover checks drawn on demand accounts. Purpose of the transfers would be to avoid overdrafts.

However, the ABA, in the person of President J. Rex Duwe, remains on record as objecting to requirements that amounts transferred be in multiples of \$100 and that bank customers forfeit an amount equal to at least 30 days' interest on funds transferred. The ABA believes that charges for the transfer service, if any, should be determined by local competitive conditions.

Women Bank Directors Increasing

Financial institutions have almost twice as many outside directors on their boards as the average for all corporations, 16 compared to nine, according to a national study made by the Financial Services Search Division of Korn/Ferry International, Los Angeles.

Also, the number of women directors on boards of financial institutions has gone up dramatically, with 41% of those institutions now reporting women directors. This is four times as many as the 10% reported in 1974. Only 20% of the other corporations reported a woman director, the study revealed.



Twenty-Seventh Assembly for Bank Directors



El Camino Real Hotel
Mexico City, D. F.
February 3-6, 1977

Sponsored by

The Foundation of the Southwestern Graduate School of Banking

What is the Assembly?

The Assemblies for Bank Directors are designed to increase the director's understanding of how he can serve his bank; to indicate the ways in which the director can best serve as a representative of his bank in the community; to provide better understanding of and respect for bank management's functions; and to acquaint the director fully with issues of critical interest to his bank and banking.

Twenty-three Assemblies were held from 1968 through 1975, and three are scheduled annually, 1976 through 1980. For 1976 and 1977 the programs of the Assemblies have been substantially modified in response to changing conditions in the economy and the banking system, with emphasis placed on director contributions

to superior bank performance. During following years each program will be designed in response to changing conditions, and to contribute to further development of directors' abilities to contribute to their banks.

Any inside or outside bank director, advisory director, prospective director or senior bank officer is invited to attend the Assemblies, and past registrants are invited to attend again occasionally. Bank directors, senior officers, senior level bank supervisors and bank educators throughout the United States have acclaimed the Assemblies program. The Assemblies are endorsed by the American Bankers Association, the Independent Bankers Association, the Conference of State Bank Supervisors, and by various state and regional banking associations.

Faculty of the Twenty-Seventh Assembly

DIRECTOR

B. Finley Vinson, Chairman of the Board, First National Bank, Little Rock, Arkansas

FACULTY

Charles A. Agemian, Chairman of the Board, Garden State National Bank, Paramus, New Jersey

Robert E. Barnett, Chairman, Federal Deposit Insurance Corporation, Washington, D.C.

William H. Baughn, Dean, School of Business, University of Colorado, Boulder, Colorado; and Director, Stonier Graduate School of Banking

Donald M. Carlson, President, Elmhurst National Bank, Elmhurst, Illinois

Rafael Carrion, Jr., Chairman of the Board and President, Banco Popular de Puerto Rico, San Juan, Puerto Rico

H. C. Carvill, Executive Manager, Arkansas Bankers Association, Little Rock, Arkansas

Jack H. Chambers, Financial Vice President, The Charter Company, Jacksonville, Florida

Albert H. Cloud, Partner, Peat, Marwick, Mitchell & Company, Dallas, Texas

Philip E. Coldwell, Member, Board of Governors, Federal Reserve System, Washington, D. C.

Jack T. Conn, Chairman of the Board and Chief Executive Officer, Fidelity Bank, N.A., Oklahoma City, Oklahoma

James H. Denman, Chairman of the Board and President, Citizens State Bank, Nevada, Missouri

Michael Doman, Regional Administrator of National Banks, Eleventh National Bank Region, Comptroller of the Currency, Dallas, Texas

J. Rex Duwe, Chairman of the Board, Farmers State Bank, Lucas, Kansas

Robert Y. Empie, President, Stock Yards Bank, Oklahoma City, Oklahoma

Joe T. Gilliland, Executive Vice President, Oklahoma Bankers Association, Oklahoma City, Oklahoma

James S. Hall, President, First Arkansas Bankstock Corporation, Little Rock, Arkansas

John Barry Hubbard, Senior Vice President - Trust, Texas American Bancshares Inc., Fort Worth, Texas

Leonard W. Huck, Executive Vice President, Valley National Bank, Phoenix, Arizona

Denton R. Hudgeons, Executive Vice President, New Mexico Bankers Association, Santa Fe, New Mexico

Henry Jaramillo, Jr., President, Ranchers State Bank, Belen, New Mexico

Richard B. Johnson, President, The Foundation of the Southwestern Graduate School of Banking, Dallas, Texas

Edward S. Laskowski, D.D.S., Palatine, Illinois; and Director, First Bank and Trust, Palatine, Illinois

James B. Mayer, Chairman of the Board, Valley National Bank, Phoenix, Arizona

A. A. Milligan, President, Bank of A. Levy, Oxnard, California

Bookman Peters, President, City National Bank, Bryan, Texas

Fred M. Pickens, Jr., Partner, Pickens, Boyce, McLarty & Watson, Newport, Arkansas

Frank A. Plummer, Chairman of the Board, First Alabama Bank, N.A., Montgomery, Alabama

DeWitt T. Ray, Sr., Investments, Dallas, Texas

Will Mann Richardson, Senior Vice President and Trust Officer, Retired, Citizens First National Bank, Tyler, Texas

Robert H. Seal, President, National Bank of Commerce, San Antonio, Texas

Henry M. Shine, Jr., Executive Vice President, California Bankers Association, San Francisco, California

Van Smith, President, Bank of Tuckerman, Tuckerman, Arkansas

Wayne Stewart, President, First National Bank, Alamogordo, New Mexico

Edward E. Stocker, Executive Vice President and Senior Trust Officer, Continental National Bank, Fort Worth, Texas


Leon Stone, President, Austin National Bank, Austin, Texas

Eugene L. Swearingen, Chairman of the Board and Chief Executive Officer, Bank of Oklahoma, Tulsa, Oklahoma

Quinton Thompson, Regional Director, Federal Deposit Insurance Corporation, Dallas, Texas

William S. Townsend, Administrative Director, Southwestern Graduate School of Banking, Southern Methodist University, Dallas, Texas

Charles M. Van Horn, Regional Administrator of National Banks, Second National Bank Region, Comptroller of the Currency, New York, New York



THE ASSEMBLIES FOR BANK DIRECTORS

*Southern Methodist University
P.O. Box 214
Dallas, Texas 75275*

ADDRESS CORRECTION REQUESTED

Schedule & Events

TWENTY-SEVENTH ASSEMBLY FOR BANK DIRECTORS

El Camino Real Hotel
Mexico City, D. F.
February 3-6, 1977

B. Finley Vinson, Director

DIRECTORS' PROGRAM

TIME	TOPIC OR ACTIVITY	SPEAKER
Thursday, February 3		
3:30- 5:30 p.m.	Registration	
7:00- 8:00 p.m.	Reception	
8:00-10:00 p.m.	Banquet and Address—THE FINANCIAL ENVIRONMENT	Philip E. Coldwell
Friday, February 4		
8:30- 8:40 a.m.	THE FOUNDATION AND THE ASSEMBLY	Richard B. Johnson
8:40- 9:15 a.m.	DEVELOPMENTS IN DIRECTOR LIABILITY	Jack H. Chambers
9:15- 9:45 a.m.	THE REGULATOR AND THE DIRECTOR	Robert E. Barnett
9:45-10:00 a.m.	Coffee	
10:00-10:30 a.m.	DIRECTOR ORGANIZATION AND FUNCTIONS	Bookman Peters
10:30-12:15 p.m.	Group Meetings	
12:30- 2:00 p.m.	Luncheon and Talk—WHAT TO DO IN MEXICO CITY	
7:00-10:00 p.m.	Dinner at Hacienda de los Morales	
Saturday, February 5		
8:30- 9:00 a.m.	BUDGETING, PLANNING AND CAPITAL MANAGEMENT	James S. Hall
9:00- 9:30 a.m.	THE BANK AUDIT AND THE DIRECTOR	Albert H. Cloud
9:30- 9:45 a.m.	Coffee	
9:45-10:15 a.m.	CREDIT POLICY—WHAT THE DIRECTOR SHOULD KNOW	Frank A. Plummer
10:15-12:15 p.m.	Group Meetings	
12:30- 2:00 p.m.	Luncheon and Talk—THE MEXICAN ECONOMY	
	Afternoon and Evening—At Leisure	
Sunday, February 6		
8:30- 9:00 a.m.	FROM THE INSIDE AND THE OUTSIDE	James B. Mayer
9:00- 9:30 a.m.	CONTINUITY AND RETIREMENT STANDARDS	Edward S. Laskowski
9:30- 9:45 a.m.	Coffee	
9:45-10:15 a.m.	MANAGEMENT SELECTION AND DIRECTOR-MANAGEMENT RELATIONS	Eugene L. Swearingen
10:15-12:00 Noon	Group Meetings and Conclusion of Assembly	

COUNSELORS

Charles A. Agemian
William H. Baughn
Donald M. Carlson
Rafael Carrion, Jr.
H. C. Carvill
Jack T. Conn

James H. Denman
Michael Doman
J. Rex Duwe
Robert Y. Empie
Joe T. Gilliland
John Barry Hubbard
Leonard W. Huck

Denton R. Hudgeons
Henry Jaramillo, Jr.
A. A. Milligan
Fred M. Pickens, Jr.
DeWitt T. Ray, Sr.
Robert H. Seal
Henry M. Shine, Jr.

Van Smith
Wayne Stewart
Edward E. Stocker
Leon Stone
Quinton Thompson
William S. Townsend
Charles M. Van Horn

SPOUSES' PROGRAM

TIME	TOPIC OR ACTIVITY	SPEAKER
Thursday, February 3		
7:00- 8:00 p.m.	Reception	
8:00-10:00 p.m.	Banquet and Address—THE FINANCIAL ENVIRONMENT	Philip E. Coldwell
Friday, February 4		
9:30-10:00 a.m.	RULES FOR THE DIRECTOR'S WIFE	Frank A. Plummer
10:00-10:30 a.m.	INVESTMENTS, TRUSTS, AND YOU	Will Mann Richardson
10:30-10:45 a.m.	Coffee and Sherry	
10:45-11:15 a.m.	Mexican Crafts	
12:30- 2:00 p.m.	Luncheon and Talk—WHAT TO DO IN MEXICO CITY	
7:00-10:00 p.m.	Dinner at Hacienda de los Morales	
Saturday, February 5		
10:30-12:00 Noon	Craft Tour	
12:15- 2:00 p.m.	Luncheon at San Angel Inn	

Registration



EL CAMINO REAL HOTEL
MEXICO CITY, D. F.

In addition to registering for the Assembly with the Foundation, directors should reserve their accommodations directly with the hotel. The Foundation has reserved rooms for the Assembly.

The \$350 director's and \$100 spouse's registration fees cover pre and post-Assembly materials, lectures, discussion sessions, tours and receptions. A \$25 deposit which is applied toward the total registration fee is required with each registration.

Directors are responsible to the hotel for their accommodations and expenses. Hotel accommodation forms will be sent registrants from the Assembly office, which registrants should return to the hotel.

The Assembly at El Camino Real will be on the European plan. The Assembly fees will cover the meals indicated on the program.

Charter flights from Dallas to Mexico City and returning to Dallas and post-Assembly tours may be available. Information concerning the flights and tours will be sent registrants for the Assembly.

REGISTRATION FORM TWENTY-SEVENTH ASSEMBLY FOR BANK DIRECTORS

El Camino Real Hotel
Mexico City, D.F.
February 3-6, 1977

NAME: _____ Name called by: _____

Business Address: _____ Phone _____
Company P.O. Box City, State, Zip

Profession or Principal Business Interest _____ Title _____

Home Address: _____ Phone _____
Zip

Spouse will Attend? _____ If yes, spouse's name: _____

Bank Directorship held in: _____

President: _____ Size of Bank? _____

Number of Directors on Board: _____ Number of years on Board? _____

Bank Address: _____
P.O. Box City State Zip

Directors Committees on which I have served: _____

Main Interest: Credit Area _____ Trust Area _____ Other _____

Earlier Assemblies Attended: _____

Deposit (\$25.00) Attached: _____ Total registration fee (\$350) enclosed: _____ Spouse's registration fee (\$100) enclosed: _____

(Please make checks payable to: The Foundation of the Southwestern Graduate School of Banking. Mail to: The Assemblies for Bank Directors, P.O. Box 214 at S.M.U., Dallas, Texas, 75275.)

Corporate News Roundup

• **Bank Building Corp.** Carl J. Weis has succeeded Joseph A. Smith as president, Bank Building Corp., St. Louis. Mr. Smith has been elected chairman and continues as CEO. William F. Cann, chairman since 1973, has been made vice chairman. Mr. Weis joined the firm in 1949 as an engineer and, subsequently, was promoted to division manager, group vice president and senior vice president before being named president.

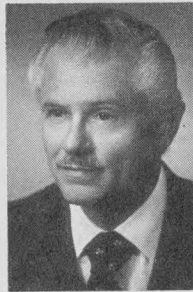
• **Mortgage Guaranty Insurance Corp.** Chris Cunnane has been named senior regional underwriter in charge of the newly opened underwriting service center of Mortgage Guaranty Insurance Corp. in Kansas City. Mortgage Guaranty Insurance Corp. is a subsidiary of MGIC Investment Corp., Milwaukee. The new office is in Kansas City's Plaza Center Building and will process mortgage insurance applications from about 650 institutions in Kansas and Missouri. Mr. Cunnane has been with MGIC Investment Corp. three years, most recently as assistant secretary of MGIC Mortgage Corp., the company's secondary mortgage market unit.

• **Olan Mills, Inc.** A bank marketing division has been formed by Olan Mills, Inc., Chattanooga, Tenn., a family portrait studio. The new division will provide banks throughout the country with advertising, promotion and marketing services. Joe Trivett is the division's company representative and will coordinate all activities connected with the new services Olan Mills will be offering. These include a 52-week ad and promotion program that includes 26 newspaper ads, 13 radio spots, 14 outdoor billboard designs, 12 statement stuffer designs and a budget guide designed for the retail banking customer. A special feature of the campaign is the portrait promotion, a free color portrait of an individual or family group that will be made available to bank customers.

• **Howard, Weil, Labouisse, Friedrichs, Inc.** William H. Walker has been appointed vice president, fixed income department, Howard, Weil, Labouisse, Friedrichs, Inc., New Orleans. Mr. Walker has had extensive marketing experience and most recently was vice president and trust development officer, Hibernia National, New Orleans.



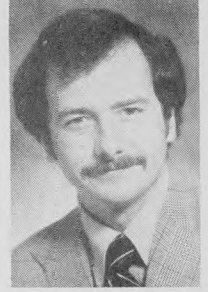
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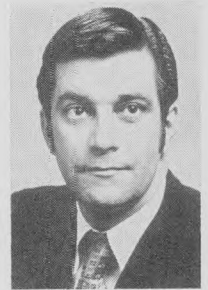


CUNNANE

• **Federal Signal Corp.** Larry A. Stuenkel, Thomas B. Ely and Kenneth B. Cecil have received appointments at Federal Signal Corp., Chicago. Mr. Stuenkel was promoted from director, employee relations, Federal Signal Corp., to vice president-administration, Federal Sign, a division of Federal Signal. Mr. Ely was advanced from Milwaukee district manager to sales manager, national accounts, Federal Sign. Mr. Cecil has joined Federal Signal's security products division, going from the post of national accounts manager, Rusco Electronic Systems.

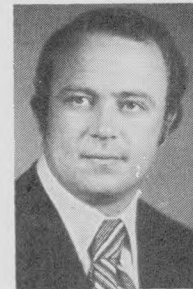


KODL



GLASGO

• **Diebold, Inc.** Willis R. Glasgo has been named director, engineering-consulting services, bank/systems division, Diebold, Inc., Canton, O. Mr. Glasgo will coordinate guest visits to Diebold's national display center and will arrange, supervise and participate in presentations of the firm's products. He joined Diebold in 1962.

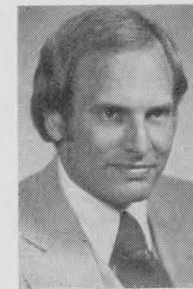


WALKER

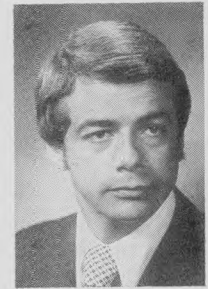


ELY

• **LeFebure.** Martin R. Swift has been appointed manager of LeFebure's New Orleans Branch Office. LeFebure, a division of Walter Kidde & Co., Inc., is headquartered in Cedar Rapids, Ia. Mr. Swift will manage sales and service of LeFebure banking equipment and security systems in sections of Louisiana, Mississippi and Alabama. The New Orleans Branch Office is located at 13555 Old Gentilly Road.



ANDERSON



POLLARD

• **Hibbard, O'Conner & Weeks, Inc.** Tom L. Pollard has been elected assistant vice president of Hibbard, O'Conner & Weeks, Inc., Houston, and subsidiary companies. Before his promotion, Mr. Pollard was a special representative for the investment banker. He has been with the firm since 1975.

• **Bank Consultants of America.** Robert G. Kodl, formerly vice president and director of marketing, Elgin (Ill.) Banking Group, has been appointed Midwest district sales manager of Bank Consultants of America. Mr. Kodl will be headquartered in the company's Rolling Meadows, Ill., office.

• **Continental Mortgage Insurance, Inc.** Kirk Anderson has been named a district director of Continental Mortgage Insurance, Inc., and will repre-

sent the company in the southern Chicago area. Mr. Anderson previously was a regional sales representative with CNA Insurance, Chicago. Continental Mortgage Insurance is a subsidiary of CMI Investment Corp., Madison, Wis.

Bank Promises, 'We'll Find a Way,' Steps Up Quality of Customer Service

"WE'LL FIND a Way" is a promise that Continental Illinois National, Chicago, has made to its customers. It's more than an advertising campaign; it's a corporate "image improvement" campaign, designed to heighten the quality of service the bank's employees provide to customers.

The program was launched last February, with television commercials featuring theme music and scenes of employees helping customers and performing support services. But backing the ads is a campaign to encourage top-quality service by Continental Bank employees.

Each of the bank's departments initiated internal programs to heighten employee awareness of the importance of the customer and to encourage performance among the staff. All employees have viewed a 12-minute film, in which Roger E. Anderson, chairman, and John H. Perkins, president, give support to the "We'll Find a Way" concept, and staffers were provided with peel-tape labels bearing the promotion's theme, thus providing constant reminders of the campaign's goal of customer service. The stickers also are featured in the bank's television commercials.

Print advertising for the promotion contains illustrations by Franklin McMahon and includes quotations from American business and professional leaders. Each is signed, "We'll Find a Way."

Since the initial advertising broke, a number of additions have been made to the program:

- Two new television, radio and print ads have been produced, one focusing on the "Bank-in-One" account, a combination package of free checking, overdraft check protection, Master Charge and a savings account. The other ad features Continental Bank's 24-hour Automatic Banking Card, which can be used in the institution's electronic terminals.

- "Legalese" has been eliminated from all the bank's savings and checking account agreements. Simplified, "plain English" descriptions were substituted.

- A tellers' seminar series was begun. During the first three hours of the mini-course, participants view tele-

vision commercials of the bank's competitors in order to get an idea of the image each bank projects. The "We'll Find a Way" kind of customer service then is discussed. During a second session of the tellers' seminars, participants take turns in the roles of teller and customer in a number of situations. Videotapes of the encounters then are played back so tellers can see their weak points and, at the seminar's end, evaluate one another's performances. An instructor is on hand to give an overall view of the encounters.

- For trust department customers, the bank has produced a multi-media presentation describing the various services that are available. The "We'll Find a Way" attitude is emphasized.

- A summer T-shirt campaign was conducted for employees. More than 4,000 shirts were sold, at cost, during that promotion.

- In addition to the "We'll Find a Way" stickers, badges and signage were created and placed strategically in employee work areas throughout the institution.

- In Continental Bank's staff newspaper, *Coinage*, a series of articles feature employees who have the "We'll Find a Way" spirit of serving customers. Also included in the publication was an article on the teller training program and a cartoon supplement illustrating the campaign's goals. ••

Turn-of-the-Century:

Ice-Cream Social Held To Celebrate 'New' Mural

Tower Grove Bank, St. Louis, held an old-fashioned ice-cream social to commemorate the completion of its brand-new 1,050 square-foot mural.

The mural, which covers the institution's north exterior wall, is three stories tall. It depicts a turn-of-the-century theme and is seen by the artists as an extension of an old area park, Tower Grove Park.

The painting technique is modeled after "pointillism," which was of the late 19th century school of art known as impressionism. In pointillism, the canvas or painting surface is covered with tiny dots of color which, when

viewed from a distance, blend together to form a recognizable picture.

To ensure the authenticity of the mural, old photographs from the Tower Grove Park collection were used as sources, and the park's superintendent from 1943-76 served as archival consultant.

The ice-cream social was held on the parking lot next to the mural.

In Jeffersonville, Ind.:

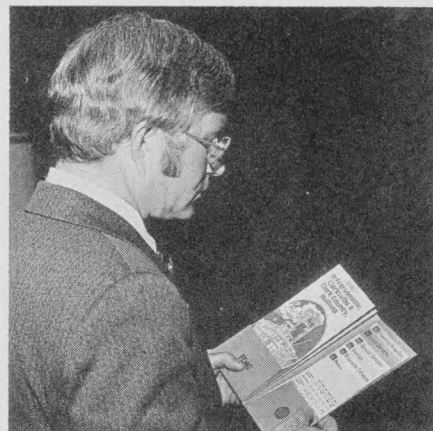
Road to Success Charted In Map Marketing Promo

Here's a bank that's really charted the road to success: Citizens Bank, Jeffersonville, Ind., has a selling tool for its services for which customers actually visit the bank and request!

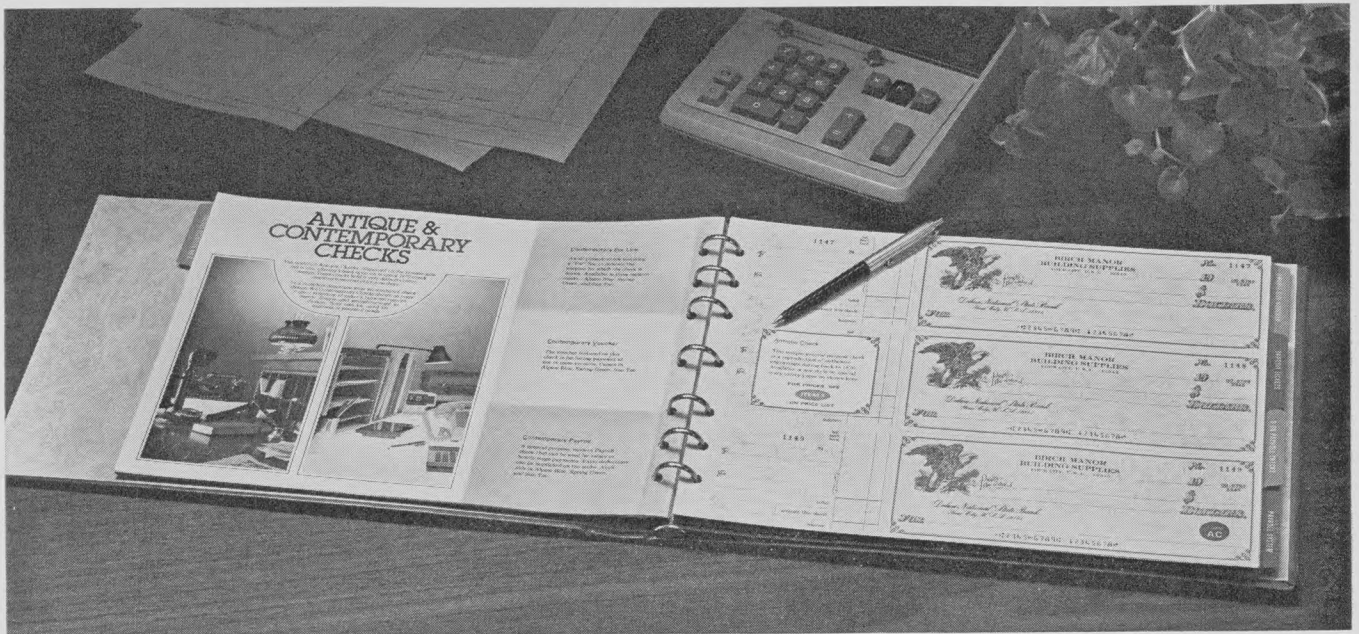
Citizens Bank has used area maps to generate new business and community good will, using word-of-mouth advertising only.

In need of a map of the Jeffersonville area—featuring points of interest, information on schools, parks, historical sites and photos of new public buildings—the bank contacted K. D. Stearley & Associates, a marketing firm specializing in map design and production. After several meetings between the bank and Stearley & Associates, the idea emerged that the map idea and another, separate, bank selling tool could be combined.

"It was almost accidental," said Fred Hale, vice president and marketing director for the bank, "but we saw how the map could be included in our ser-



Fred Hale, v.p. and mktg. dir., Citizens Bank, Jeffersonville, Ind., examines "Total Service" package of institution. Wrap-around cover has flaps to contain map (l.) and information on various bank-offered services. Package has proved to be complete, convenient marketing tool for officer call programs and new account presentations.



This checkbook catalog gets down to business.

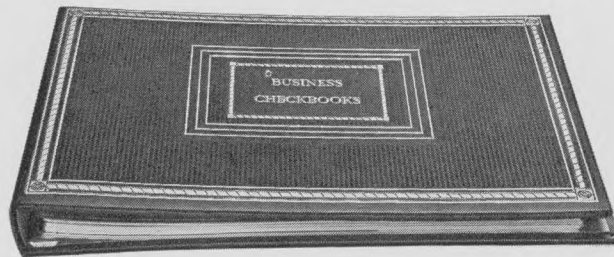
Some time ago, we completely redesigned our personal check catalog . . . inside and out. Now, we've done the same to our business checkbook catalog. And the results are hard working.

Inside, our new catalog features nearly 60 different business check selections, ranging in style from our all new Antique Check—uniquely etched with an historical flair—to our 3 new contemporary designs . . . with the spotlight on modern efficiency. You'll find 6 paper colors, over 1100 trademark and emblem cuts, and a lot more; pictured clearly, exactly and handsomely to give your customers the most

concise image of what you have to offer.

Outside, our new business check catalog has been designed to be compatible with our personal checkbook catalog. Together, these classic looking, book-like volumes should be a welcome addition to your new accounts area.

Market research told us these design changes in our business check catalog would help you better satisfy your customer needs. We made the changes. We made the book. Your Deluxe representative will be glad to see to it that you get one . . . the checkbook catalog that gets down to business.



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vice brochure, which contains inserts describing specific bank services. By inserting the map on the left side and placing our service inserts on the right, we had a compact, complete and easy-to-use selling tool."

Originally, 10,000 maps were ordered for distribution over a two-year period, but demand was so great that Citizens Bank had to maintain a low profile on their distribution.

"Besides the customer business the promotion has generated," Mr. Hale added, "a spin-off benefit of the program has been the enthusiasm it has generated among the bank's branch managers. One manager told me it is the best selling tool we've ever had and another said that, because of the maps, he's picking up new accounts from a prestige apartment community across from his office."

Bread or 'Bread':

Fewer Stops for Shoppers With Store's Bank Office

Shoppers in Arnold, Mo., have fewer stops to make these days. United Missouri Bank of Jefferson County has opened an office in Ziegler's Super Market.

Reportedly the first bank facility in a supermarket in the St. Louis area, the office consists of a counter with two tellers windows and a new accounts station. Customers can make deposits, open accounts, buy CDs, apply for loans, have documents notarized or buy travelers checks at the office.

The facility takes up the space formerly occupied—appropriately enough—by the market's bread section, is enclosed by a low railing and is carpeted. A number of chairs have been provided for customers and guests.



James Boyd, pres., United Missouri Bank of Jefferson County, Arnold, wields scissors at r., joining Mr. Ziegler, owner of Ziegler's Super Market in Arnold, in opening ceremonies of bank's office in market. Looking on are city dignitaries and bank directors. Appropriately, facility is situated where store's bread section formerly was.

Currier & Ives:

Trays Draw Customers; Christmas Clubs Swell

A series of oval metal trays bearing 1868-era Currier & Ives prints are affording banks unusual opportunities to more fully capitalize and justify Christmas club promotions.

The trays, marketed by Fabcraft, Inc., Frenchtown, N. J., have proved effective in increasing club memberships. One of the scenes is a winter view that fits the holiday season and the other scenes make the trays useful the year round.



"Winter" is title of Currier & Ives scene appearing on oval metal trays available for use as Christmas club incentives.

Results from using the trays as a club premium include a 54% increase in number of clubs at two institutions. One small-town bank reported an increase of 1,000 accounts over the previous year by using the trays. Another bank's accounts grew from 3,000 to 7,700 in just one year with the trays.

An institution that sold the trays for the self-liquidating price of \$1 each exhausted its original supply of 1,500 in two days. More than 9,000 trays had been purchased before the promotion ended.

Variety of Silver Utensils Nets \$7 Million for S&L

There's nothing like silver incentives to help a financial institution celebrate its silver anniversary! So say the people at Home Federal, St. Louis, who are pretty proud of the fact that a variety of table utensils manufactured by International Silver Co. was responsible for bringing in some \$7 million in new deposits in a five-month period.

And the incentives were put to work at the last minute to bolster two other premiums that had been originally planned to carry the full load during the promotion. One reason the silver was added was that it was known to be a quality item.

In order to get their silver utensils, customers of the S&L were asked to de-

posit \$50 in an account, which entitled them to one free place-setting of either a stainless, flatware or silverplate pattern. By depositing an additional \$25, an additional place-setting could be purchased. Extra serving pieces and a storage chest were also available for purchase.

The promotion ran from September until March and was advertised heavily on TV's "Monday-Night Football." Newspaper ads and statement stuffers also spread the word.

The promotion was termed "very successful" and resulted in 4,500 new accounts and 3,400 additions to existing accounts.

"This type of promotion appeals to people of all ages," a spokesman said. "But it's great for attracting new savers and helping them establish a regular savings pattern."

Stitchery on Display:

Bank of Ladue, Mo., Exhibits Needlework Show

A display of a traveling needlework show at Bank of Ladue, Mo., has served to raise interest in the art of stitchery and to attract new depositors to the bank. Ladue is located in St. Louis County.

Cosponsored in the St. Louis area by the St. Louis Needlework Guild, the exhibition is comprised of selections from "Stitchery '75," a biennial show sponsored by the Embroiderers' Guild, Craftsman Branch, Inc., Pittsburgh, Pa. Last fall, the show hung in the Arts and Crafts Center in Pittsburgh.

Representing 78 artists from 23 states and Canada, the show is the fourth of the National Standards Council of American Embroiderers, a non-profit educational organization dedicated to fostering interest in and raising the quality of needlework.

First of Panhandle, Tex., Is 88

Glenda Boothe, sec., First Nat'l, Panhandle, Tex., stands among some of the items offered as drawing or door prizes during the celebration of the 88th anniversary of the bank. An all-day party was held at the institution, featuring musical programs by elementary and junior high school students and a high school Dixieland band. The celebration attracted about 2,000 people. Prior to the event, the bank dedicated a new 40-foot-tall flagpole in honor of the American bicentennial.





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Customers Learn Costs of Banking; Institution's Reports 'Tell It Like It Is'

THERE IS an expression that's popular: "telling it like it is." It means, of course, telling the truth.

And that is what Security Bank, Mt. Vernon, Ill., has been doing with its customers. Security Bank has prepared a series of written reports—entitled "Telling It Like It Is"—that are sent to many of its customers in monthly mailings as part of newsletters. One mailing, "The Farm Picture," goes to 350 farmers while another goes to 350 business firms.

Bank officials saw a need to inform customers of the "facts" in banking concerning costs, rates and procedures that apply to the customers. Says Gilbert E. Coleman, bank president, "Country bankers need to educate their customers orally and in writing. Such bankers traditionally have been hesitant to raise loan rates, charge for services and, in general, require the customer to 'pay his way' where services are concerned. The fear of losing a customer shouldn't be so great that the banker would settle for any loan rate, allow any procedure regardless of the additional handling required or permit a customer to name his own terms.

"In other words," Mr. Coleman says, "country bankers need to 'tell it like it is.'"

Topics covered by the reports are "Interest Rates," "Free Service Charge" and "Uncollected Funds." To reinforce the series, bank personnel are instructed on each topic so they can explain them and respond to customer questions.

The report on "Interest Rates" asks the question, "Interest rates may be too high, but compared to what?" That question is answered by comparing prices and interest rates of today and 25 years ago—1950.

Most prices for goods went up 200-400% during that period, while interest rates, the report shows, increased only 70-85% in the past 25 years. Sugar, for example, cost \$2.19 for 25 lbs. in 1950. The price for the same amount today is \$6 or \$7, a 300% increase. Automobiles, which experienced price increases on the lower end of the scale, rose from the 1950 average of \$2,300 to \$5,000 in 1976, or 200%. During the same period, interest rates grew from 5-6½ to 8½ or 10%.

Because of such figures, the report concludes, interest rates are the "best buy in town."



Gilbert E. Coleman (c.), pres., Security Bank, Mt. Vernon, Ill., discusses upcoming report on uncollected funds with Roger O. Smith (l.) and John Howard, both e.v.p.s. Report is one of bank's "Telling it Like it Is" series which is sent to a number of customers, explains costs involved in business of banking.

Similarly, a report by Security Bank on the "Free Service Charge" explains the costs of checking accounts: An "on us" check, according to a Fed study, costs 8.3 cents to process; a deposit, 14.7 cents; a "not on us" check, 3.6 cents; and cashing a check, 12 cents.

Other costs are outlined in the report, which warns that those prices would increase every year. What could the customer expect because of that? The end of "free" checking in the near future!

"Uncollected Funds" also are examined by a report. It outlines the check-processing procedure, explaining that city banks refuse to honor checks drawn on uncollected funds or that the banks charge interest for use of such money which, in essence, is the institution's.

"Customers have stated to bank officers," the report says, "that 'We have put a million dollars through your bank this year.' They don't realize that just 'putting the money through' does little for the bank. In fact, it could be quite expensive to process that much business unless a portion of the funds stayed on deposit for a week, a month or six months." • •

Old America:

Bank's Display of Maps Charts Territories of Past

A collection of original old maps of America—some as old as 400 years—has been displayed at Commonwealth National, Dallas, and, according to bank officials, drew excellent response from bank patrons.

The maps dated from the great age of exploration to the mid-1800s, focus-

ing attention on the bicentennial celebration. One map reportedly was the first to use the name "Texas," while others showed California as an island.

Besides using news releases to attract attention to the display, Commonwealth National sent special invitations to Dallas-area history teachers and their classes, to museums and to selected customers.

The collection is owned by Preston Figley of Witherspoon & Associates, Fort Worth, the firm that handled PR for the showing.

Zero Equals 32:

Centigrade Temp Message Begun by First, St. Louis

First National Bank in St. Louis has begun the switch to the metric measurement system. It now reports the temperature on its time-and-temp phone message in centigrade as well as Fahrenheit.

The bank's time-and-temperature service has been in effect for over 25 years, receiving about six million telephone calls monthly. Since conversion to the metric system is currently taking place across the nation, especially in schools where the young are being taught metrics, bank officials felt the addition of centigrade readings would help lay groundwork for public understanding of the system.

What is the difference between the two systems of temperature measurement? On the Fahrenheit scale, of course, freezing of water occurs at 32°, and boiling, at 212°. With the centigrade system, however, 0° is where freezing occurs and 100° is the boiling point.

'Juke' Is Sweepstakes Prize



This 1946 mint-condition juke box was one of 1,001 prizes given away recently by Financial Institution Services, Inc. (FISI), Nashville. Those qualifying for prizes were 36,000 employees of banks that are members of BANCLUB, a bank service package plan. Making tune selection on juke box is Travis R. Anderson, chairman, BANCLUB Association, and vice president, Financial Institution Services (FISI). Others in photo (from l.) are Bill G. Looper, FISI vice president; Henry C. McCall, FISI chairman and president; and Robert W. Henderson, FISI area director for Tennessee-Kentucky. FISI recently concluded its fourth annual convention, attended by approximately 300 bank officers whose banks participate in BANCLUB.



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The Banking Scene

By Dr. Lewis E. Davids

Hill Professor of Bank Management,
University of Missouri, Columbia

Will Banks Go the PA-7 Route?

ALTHOUGH RELATIVELY unpublicized, a significant requirement for S&Ls is PA-7, a regulation with which executives of commercial banks should be conversant. Bank executives should consider its potential for adoption by bank regulators.

PA-7 became effective for S&Ls in 1975. In general, it requires many more controls over audit and reporting functions of both S&Ls and their independent public accountants and expands the 1967 regulation (Sec. 563, 17-1), requiring each insured S&L and related affiliates—service corporations, for instance—to be “audited” by public accountants.

Of this country's 14,000 commercial banks, only a small, but a dramatically increasing number, now are being “audited” by public accountants. Banks generally have been reluctant to be subjected to audits by public accountants for a host of reasons, many of which have validity. Some of those reasons probably have been banks' rationalizations based on complacency, overconfidence in internal controls and, possibly, frugality.

Many banks have held that their internal controls, being subject to surprise “examinations” by regulatory agencies, statutory or common law requirements for a directors' examination, combined with the confidential nature of banking, have been more than adequate to safeguard the public interest. To require the majority of commercial banks to undergo the inconvenience and expense of an “audit” by outside

public accountants wouldn't, it has been held, produce benefits equivalent to or exceeding the monetary costs involved.

In addition, the use of outside accountants has meant that confidential records of customers would be exposed to outsiders, even though those conducting the audits were professionals.

Until the last decade, S&L executives' attitudes on the subject had been similar to those of bankers. However, the disintermediation S&Ls experienced in 1966 and 1969, for example, and the fact that many—probably most—recognized that their real reserves valued at market weren't adequate in view of their long-term mortgage situations, changed those attitudes. The mortgages didn't have market values anywhere near book values shown on S&L statements. This made the S&Ls dependent on borrowing from the FHLBB system to meet their disintermediation and mortgage commitments.

In turn, the FHLBB and the FSLIC became concerned about a situation that might have been triggered by continued increases or withdrawals of savings shares and deposit and certificate accounts from S&Ls. In that economic and political environment, it was difficult for S&Ls to resist the pressure for tighter control of S&Ls and their new service corporations, controls that would result from more professional regular outside “audits.” Also, the nature of the “audits” was acceptable to both the S&Ls and the FSLIC, since they would be conducted by public account-

ants, making the new regulation (Sec. 563, 17-1) more palatable. It represented a policy of putting more responsibility on S&L management and wasn't an expansion of direct regulatory intervention in the operations of the thrifts.

Regulators of commercial banks, until now, have been somewhat reluctant to force banks to employ outside auditors, especially those institutions employing internal auditors. Regulators are aware of the additional costs that would be imposed on banks by such a requirement. (“Public” banks, that is. Those listed on exchanges and subject to indirect SEC requirements are required to be “audited” by CPAs, as are “public” bank HCs. Thus, the majority of bank *funds* today are covered by the public accountant audit requirement. The majority of *banks*, especially the smaller institutions, aren't required to be “audited” by CPAs.)

If the statutory or, in some states, common law requirements of the director-conducted audit were professionally and competently performed by means of the typical bank's outside directors' examination or by an audit committee, there wouldn't be grounds for banks' candidacy for PA-7 treatment. What is at issue is this: Is the typical examination/audit, as conducted by the outside directors' examination committee, of a professional scope comparable in reliability to one conducted by CPAs? Most aren't, in the judgment of many knowledgeable bank directors, inside executives and supervisors! A too-small proportion of director-conducted examinations are highly competent and professional in scope, it is felt.

An increasing number of many firms' outside directors who serve on their companies' audit committee are delegating this task, but not the responsibility, to CPAs. Such directors, in effect, have voluntarily adopted the objectives of PA-7, if not the exact form.

The SEC and major stock exchanges have espoused the concept of outside-

“While the public rather calmly accepted the publication of the number and names of ‘problem’ banks, the seed has germinated in the minds of influential Washington legislators that the regulators haven't been fully successful in turning back the tide of bank failures.”

**UNITED MISSOURI BANK
OF KANSAS CITY'S
CROSBY KEMPER, JERRY
SCOTT, ED HUWALDT,
JOHN KRAMER, LYNN
MITCHELSON, DON
THOMASON, BUD COX,
FRITZ KROHMER, MIKE
FLEMING, E.L. BURCH
AND HAL HOLLISTER
LOOK FORWARD TO
SEEING ALL OUR BANKING
FRIENDS AT THE ABA
IN WASHINGTON, D.C.
IT'LL BE CAPITAL IN THE
CAPITAL.**

director audit committees employing outside CPAs to examine their respective companies.

The idea of a directors' examination/audit committee is relatively new in its acceptance by *nonbank* firms, but is well established in state and federal statute applicable to banks. In states without laws calling for a directors' examination, most students on the topic hold that the common law concept of the prudent man calls for directors to examine or employ competent accountants to examine or audit a bank.

One of the most widely misunderstood aspects of this subject is what constitutes an "examination" or "audit" under the prudent-man concept. A problem of semantics must be overcome. Regulators, legislators, banks and the public, almost without exception, have a lack of ideas and confidence as to what constitutes an "examination" or "audit."

Throughout this article, the words "audit" and "examination" have been in quotes. This has been done to highlight those words, which Webster defines in this way:

Audit: "A formal, often periodic examination and checking of accounts or financial records to verify their correctness. A settlement or adjustment of accounts. An account thus examined and

adjusted. A final statement of account by auditors. Any thorough examination and evaluation of a problem."

Examination: "An examining or being examined; investigation; inspection; scrutiny; inquiry; testing. Means or method of examining. A set of questions asked in testing or interrogating; test."

Now, examine *your* bank's Report of Examination. Notice the broad qualifications of what is examined by the bank examiners or regulators. Frankly, it leaves much to be desired as far as what the "man on the street" thinks is done by bank examiners. Until fairly recently, much of the "examination" processes of regulatory bank examiners concentrated on areas of the bank which were rather pedestrian: checking and counting tellers and vault cash, the book value of assets rather than their market values, contingent liabilities of the institution, probable cash flow and quality of management.

With few exceptions, regulatory examiners have avoided most types of direct verification (except correspondent balances not collected). They have lacked sophistication in tracing triangulation techniques, takeouts of overlines, etc. There were little or no appraisals of maximum legal ratios of loans to market values of real and personal collateral. Frankly, a good argument can

be made that bank examiners should *not* get involved in the "audit" area as long as the bank is profitable, has good internal controls and an effective board of directors with a competent examination subcommittee.

The sad fact is that the basic rule of federal bank examiners in the last decade has been tragically convoluted and diverted from concern for the basic solvency of banks to such well-intended but often counterproductive areas as pursuing social enigmas and will-of-the-wisps like "Truth," affirmative action, redlining and now, ensuring that banks serve as enforcers of manufacturers' and retailers' warranties on goods and services purchased through customer credit.

Most of the latter are likely to erode profits, growth and vitality of banks. They divert operating bank management from sound and creative banking and instill in that management ambiguous compliance efforts far outweighing their highest social results to date.

"Buzz" words such as "audits" and "examinations" have been used by almost all the various parties concerned with banking. The images and impressions conveyed by such terms often are at considerable variance with what actually is done or intended by the party or agency conducting the audits or examinations.

The original objectives of audits and examinations have been superseded by social goals that often aren't compatible with those original objectives. PA-7 is a needed and valuable action delineating audits of S&Ls. It spells out a more specific role for the audit committees of boards of the thrifts and their outside public accountants.

While more commercial banks today are engaging public accountants than in the past, there is the likelihood that this tendency will continue to increase. At some point, individual bank regulators may emulate the actions of the FSLIC and the FHLBB and impose a regulation similar to PA-7.

While the public rather calmly accepted the publication of the number and names of "problem" banks, the seed has germinated in the minds of influential Washington legislators that the regulators haven't been fully successful in turning back the tide of bank failures. They believe that a more effective audit/examination committee of the board might be a significant step in the right direction. Should the number of bank failures and forced mergers continue at a rate similar to that of the last few years, commercial bankers may expect regulations similar to PA-7. • •

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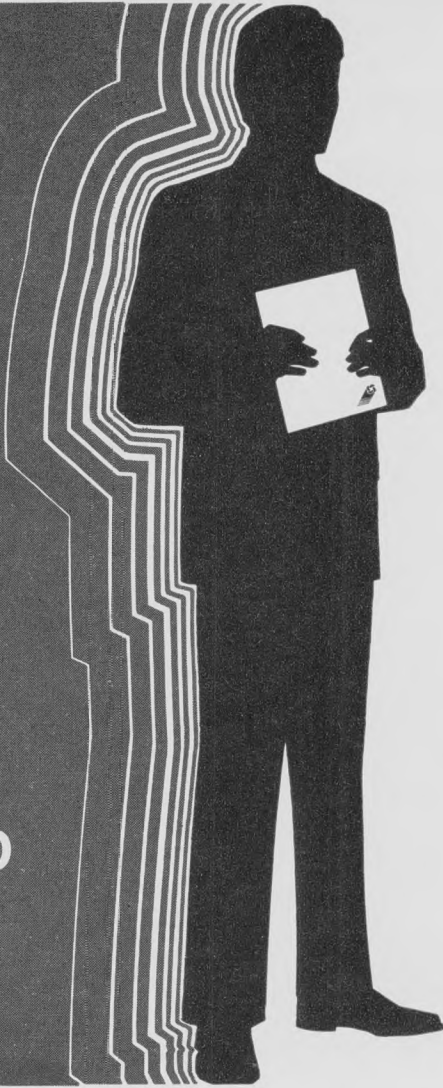


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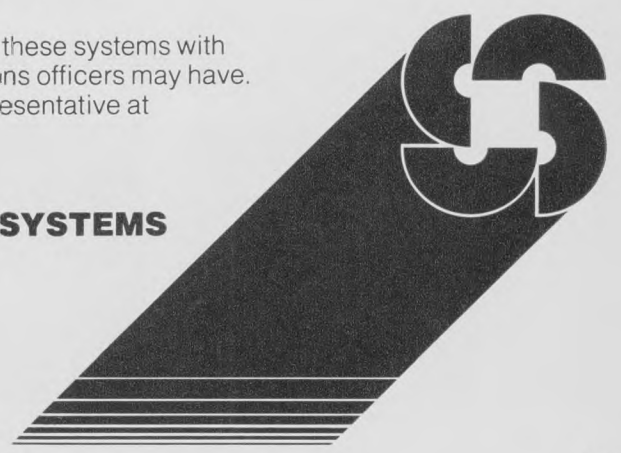
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NEWS OF THE BANKING WORLD

- **Dean Rusk**, former U. S. Secretary of State and professor of international law, University of Georgia, Athens, has been elected to the advisory council of Trust Co. of Georgia, Atlanta. The 11-member advisory council meets monthly to review current economic and banking matters and to advise with the company's management in various policy areas.

- **Tracy Kelly**, president and chairman, American National, Bristow, Okla., will deliver the commencement address to the 1976 graduating class of the Southwestern Graduate School of Banking (SWIGSBIE), Southern Methodist University, Dallas. Mr. Kelly, besides being chairman and past president of the Oklahoma Bankers Association, is chairman, Citizens State, Okemah, Okla. In addition, the 1976 SWIGSBIE freshman class has named the following class officers: president—G. William Cone, president, National Bank of Commerce, Austin, Tex.; first vice president—James B. Rodgers, commercial loan officer, First National, Little Rock; second vice president—Ronald N. Giddiens, executive vice president, West Side National, San Angelo, Tex.; and secretary—Phyllis C. Perry, assistant vice president, First National, Little Rock.

- **Robert A. Barley** has joined First Tulsa Bancorp. and its wholly owned subsidiary, First National of Tulsa, as chairman, CEO, president and director. He went there from United California Bank, where he was vice chairman. Mr. Barley joined UCB, a state-wide banking operation, in 1957 and served as its president before being named vice chairman. In his new Tulsa posts, he succeeds John L. Robertson, who requested early retirement as chairman, president, CEO and director of the HC and bank.

Historic Arms Exhibited



Jack T. Conn (l.), ch. and CEO, Fidelity Bank, Oklahoma City, looks over part of the bank's historic-weapons lobby display with Jordan B. Reaves of the Oklahoma Historical Society. The exhibit, which was arranged by the Historical Society as part of the bank's bicentennial observances, featured a "Military Walk Through History" and included weapons used in every war during this nation's history—from the Revolution to the Korean conflict.

- **Southwest Bancshares, Inc.**, Houston, has had its stock listed on the New York Stock Exchange. The HC, whose lead institution is Bank of the Southwest, Houston, listed 6,599,064 shares of common stock.

- **Thomas R. Williams** has been elected chairman, First National, Atlanta, succeeding Edward D. Smith, who continues as chairman, First National Holding Corp. Mr. Williams has been CEO of the bank since January 1 and also is president and CEO of the HC. D. Raymond Riddle has been elected president and a director of the bank and executive vice president and a director of the HC. He had been executive vice president of the bank since 1973 and HC corporate vice president

since 1975. Virgil D. Jones was elected vice chairman and a director of the bank and HC. He had been executive vice president of the bank since 1974 and of the HC since 1975.

- **Continental Illinois National**, Chicago, has named the following senior vice presidents: Hollis W. Rademacher, commercial banking; Caren L. Reed, multinational banking; Edward S. Bottum, operations and management; Joseph P. Coriaci, operations and management; and Philip J. Dambach, trust and investment. Mr. Rademacher is responsible for his department's central division, whose officers serve correspondent banks and corporate customers in that region of the country. Miss Reed serves overseas corporate customers, Mr. Bottum heads the planning division, Mr. Coriaci is the bank's cashier and Mr. Dambach heads the investment section.

- **Randall Meyer**, president, Exxon USA, has been elected a director of First City Bancorp. of Texas, Inc., Houston.

- **Cyril C. Ling**, executive vice president, American Assembly of Collegiate Schools of Business, Washington, D. C., has been named senior vice president and director of educational development for Bank Administration Institute, Park Ridge, Ill. Mr. Ling succeeds Richard M. Seaman, who will continue as principal adviser to Mr. Ling.

- **Don C. Steffes**, president, McPherson (Kan.) State, has been named to the newly formed Task Force on Venture and Equity Capital of the U. S. Small Business Administration by its administrator, Mitchell P. Kobelinski. Purpose of the task force is to study the entire realm of problems small businesses face in obtaining risk and seed capital.



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RIDDLE



RADEMACHER



BARLEY



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Factoring Partnerships Offered Banks As Prospects for Added Growth

FACTORING—the broad range of credit services related to the outright purchase of accounts receivable—is gaining added strength with industrial recovery, says Robert S. Sullivan, Walter E. Heller & Co. senior vice president in charge of factoring.

While there's nothing new in banks and commercial finance companies working together in lending partnerships, many banks are unaware of how the two service organizations also can work in tandem in factoring, he points out. But recovery has increased sales and, therefore, receivables. So the volume of potential factoring business is growing rapidly.

Although some banks are experienced in factoring relationships, most are not, Mr. Sullivan told MID-CONTINENT BANKER. Factoring is a natural adjunct to banking, as evidenced by the entry of some of the nation's largest banks into this specialized field. They're finding new opportunities where factoring can help banks serve new groups of customers.

But, Mr. Sullivan notes, the recent growth of bank factoring is not a phenomenon of internal expansion. Banks that have internal factoring operations got them by buying out long-established, independent factors. Only in this way could they acquire what no firm has ever built in a short time from scratch on its own.

"That's a professional credit and collection staff with the factoring savvy it takes to keep clients and their customers happy, while still avoiding excessive credit losses and making a profit on the operation," he opines.

"With higher production opening up more volume for factoring, but virtually no suitable independent factors now available for acquisition, the logical move for most banks is an arrangement with a factor to structure an individual factoring package for a specific bank customer."

The partnership route is not a com-

plex path, Mr. Sullivan explains, citing factoring operations of Heller, said to be the world's largest integrated factoring organization with \$2.2 billion of factoring in its \$8-billion non-banking volume last year.

"Basically, the partnership works like this: Heller provides the factoring service and the bank provides the financing," he notes. "The bank and Heller share the profit equitably—but Heller absorbs the risk of any non-collection losses."

However, the fundamental aspect of factoring often is overlooked, Mr. Sullivan emphasizes. That is the fundamental service supplied to a bank's customer, for which the factor is paid a commission on sales.

"Factoring eliminates the time-consuming, costly responsibilities and expenses of credits, collections, receivables bookkeeping and bad debts," he explains. "At the same time, factoring offers the optional opportunity, at the client's choice, of instant cash payment at the time of shipment."

"And—most important—the bank's customer has no obligation to repay the cash advance, for the factor has purchased rather than lent against the receivable."

As illustrated by a case from Heller's files, a factoring arrangement can be tailored to conditions peculiar to a specific bank-customer relationship. A medium-sized manufacturer of plastics products for many years had borrowed on an unsecured basis from a moderately sized, regional bank. Several natural disasters—including floods and a hurricane—forced the company to relocate its operations from a single plant to a less-efficient multi-plant setup.

As a result, the company operated at a loss for two consecutive years. It fell behind in its trade obligations. Not unexpectedly under the circumstances, the bank became uneasy over continuing its unsecured credit. So, through its local Heller branch, the bank turned to factoring as the solution to immediate and longer-range problems.

Here's how this partnership works, as outlined by Mr. Sullivan: Heller structured a factoring arrangement suitable for the company's particular type of trade and manner in which its invoices turned. In consideration of the company's assignment of factoring proceeds to the bank, the bank agreed to advance to its customer up to 100% on receivables. Under this agreement, Heller pays the bank direct, 10 days after the average maturity date of invoices. The bank's position is secured by assignment of the only account receivable on its customer's books—that which is due from the factor in payment for the accounts receivable on maturity. Meanwhile, the bank has protected its future relationship with the company by retaining it as a customer. Deposits are growing as sales increase, and there is increasing opportunity to provide additional bank services.

Heller also enabled the company to bring its payables to a current basis by providing supplemental chattel financing. Trade credit now is obtainable on satisfactory terms, and the company's management can concentrate on production and marketing, without distraction by financial problems.

"This case involved an existing bank customer that had problems," Mr. Sullivan notes. "But the same bank-factor partnership techniques can help bring in new customers with prospects brightening as their sales pick up, yet whom the bank might not be able to serve through its ordinary banking relationships." • •



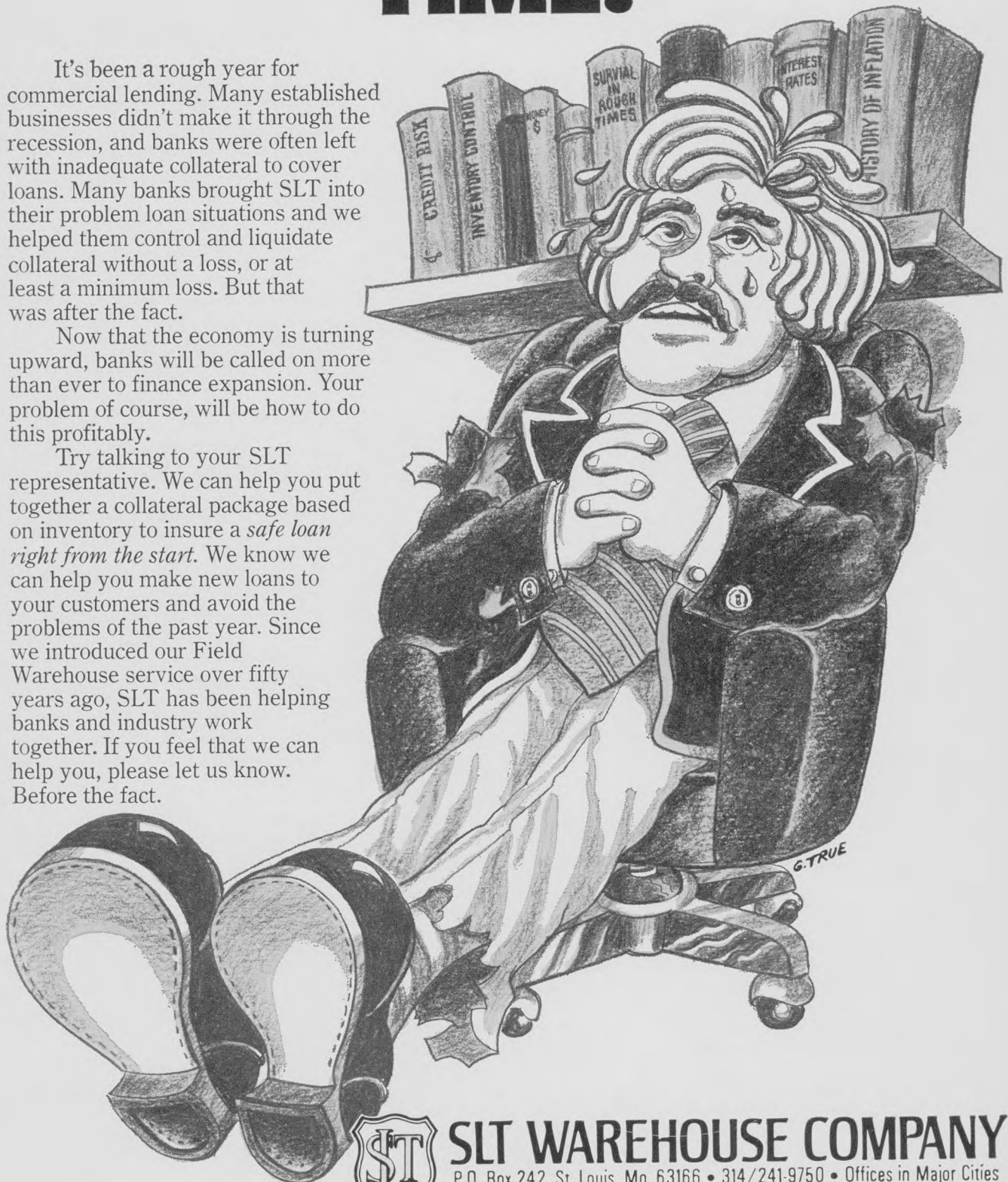
A factor specializes in jobs a manufacturer (or wholesaler) is happy to let other people do.

YOU'VE HAD A ROUGH TIME!

It's been a rough year for commercial lending. Many established businesses didn't make it through the recession, and banks were often left with inadequate collateral to cover loans. Many banks brought SLT into their problem loan situations and we helped them control and liquidate collateral without a loss, or at least a minimum loss. But that was after the fact.

Now that the economy is turning upward, banks will be called on more than ever to finance expansion. Your problem of course, will be how to do this profitably.

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Bird Prints:

Bank Donates Artwork To Local Home for Boys

Springwood Ranch, Little Rock, a newly developed treatment center for boys, has received 15 framed prints of birds from the art collection of First National.



Charles Stewart (c.), urban affairs dir., First Nat'l, Little Rock, presents one of 15 prints of birds to Ray Tribble (l.), dir., Aldersgate Methodist Camp complex, and Tom O'Connor, dir., Springwood Ranch, Little Rock. Artwork from bank's collection was given to ranch, which is new home for treatment of boys. Ranch is part of Aldersgate complex.

The prints previously were hung in the bank at its old location at Third and Louisiana streets. Its art collection at the new location is predominately Arkansas art, so the bird prints had been stored for future use.

Springwood Ranch is an 80-acre estate which had been given by a local doctor to the Alderstate Methodist Camp complex. Capacity of the home is 15.

'How To':

Bank of America Reports Illustrate Financial Matters

Bank of America, San Francisco, has released four issues of a new series of reports to help consumers with their financial affairs.

"How To Balance Your Checkbook," "Ways To Save Money," "How To Establish Credit" and "Rights and Responsibilities: Age 18" have been designed to help consumers with personal money management and increase understanding about banking language and services, according to a Bank of America spokesman.

The reports are illustrated and include step-by-step procedures on their respective topics. They have been made available at the bank's offices throughout California and a number of future issues are planned for release throughout the year: "Planning for Retirement,"

Community Involvement

"What To Know When You Buy a Home," "Money Management for the Two-Income Family" and "A Guide to Careful Credit Use."

Plain Talk:

Publication From Bank Explains Role of Profits

"Plain Talk About Profits" is a booklet from American Fletcher National, Indianapolis. The publication explains the role of profits in the national economy and how they enhance the standard of living.

"Plain Talk About Profits" is a sequel to another booklet by the bank, "America: the Trillion-Dollar Lemonade Stand," which also served to interpret the American free enterprise system. The new booklet, like its predecessor, has been geared for a teen-aged audience.

According to a bank spokesman, the booklets have been designed to help remove suspicion of business from young people by showing how the profit motive makes it possible for this country to enjoy a high standard of living.

Have the publications been popular? The American Fletcher National spokesman said the institution has received requests for more than 100,000 copies of the first booklet.

Copies of "Plain Talk About Profits" were available at all bank offices and in the lobby of Indianapolis Newspapers, Inc., Indianapolis.

For Advanced Studies:

Fort Worth Nat'l Grants Awarded to Area Teachers

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

Recipients of the grants this year were Madell Cornelius, counselor, and Carl Watson, fourth-grade teacher.

This is the eighth year the bank has presented the fellowship awards to teachers. To be eligible for a grant, a teacher must have taught in the Fort Worth public schools at least three years, must plan to work for an ad-



Joseph M. Grant (r.), pres., Fort Worth Nat'l, presents \$1,000 fellowship awards to Madell Cornelius and Carl Watson, local public school teachers. Grants are awarded annually to area public school educators for use toward advanced study or research.

vanced degree or do research, must be recommended by his principal and must be a member of the Fort Worth Classroom Teachers Association. Winners are chosen by a committee appointed by the teachers' group.

Fort Worth National also presents a \$1,000 Series E savings bond to the association's "Teacher of the Year."

Management and Control:

Bank-Association Team Offers Financial Courses

State National, Evanston, Ill., has teamed up with the Northern Illinois Industrial Association to offer two concurrent 10-week courses in financial management and control to small and medium-sized businesses in the Chicago area.

A similar course was held last January. It is designed to familiarize small-business owners or managers with management and control techniques that can help maximize profits. Also covered are comparative analysis and capital budgeting. The case method is used throughout the course, to "bring home the realities of difficult financial decisions," according to a bank spokesman.

While the course is designed to benefit owners and managers of companies with sales of \$1 million to \$5 million annually, an enrollee doesn't have to be a bank customer or an association member.

'YOUR-PAC':

HC Establishes Committee To Offer Political Support

Detroitbank Corp. has formed a political-action committee, YOUR-PAC, to determine and financially support candidates and elected officials whose efforts are deemed to be in the best

Strong tie: you and us.

Here at Citibank, we are committed—you could even say dedicated—to the principle of cooperation with our correspondents. We regard any project on which you enlist our help—or we yours—as a joint endeavor, in which each of us has an indispensable part. And in which we work together, sharing interests and resources and experience, to achieve a common objective.

Not surprisingly, that makes for close, continuing and mutually beneficial relationships—which is what correspondent banking is all about. Because good correspondent banking, as we see it, has a single, significant purpose: to strengthen and expedite and make even more effective what either of us could accomplish alone.

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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.

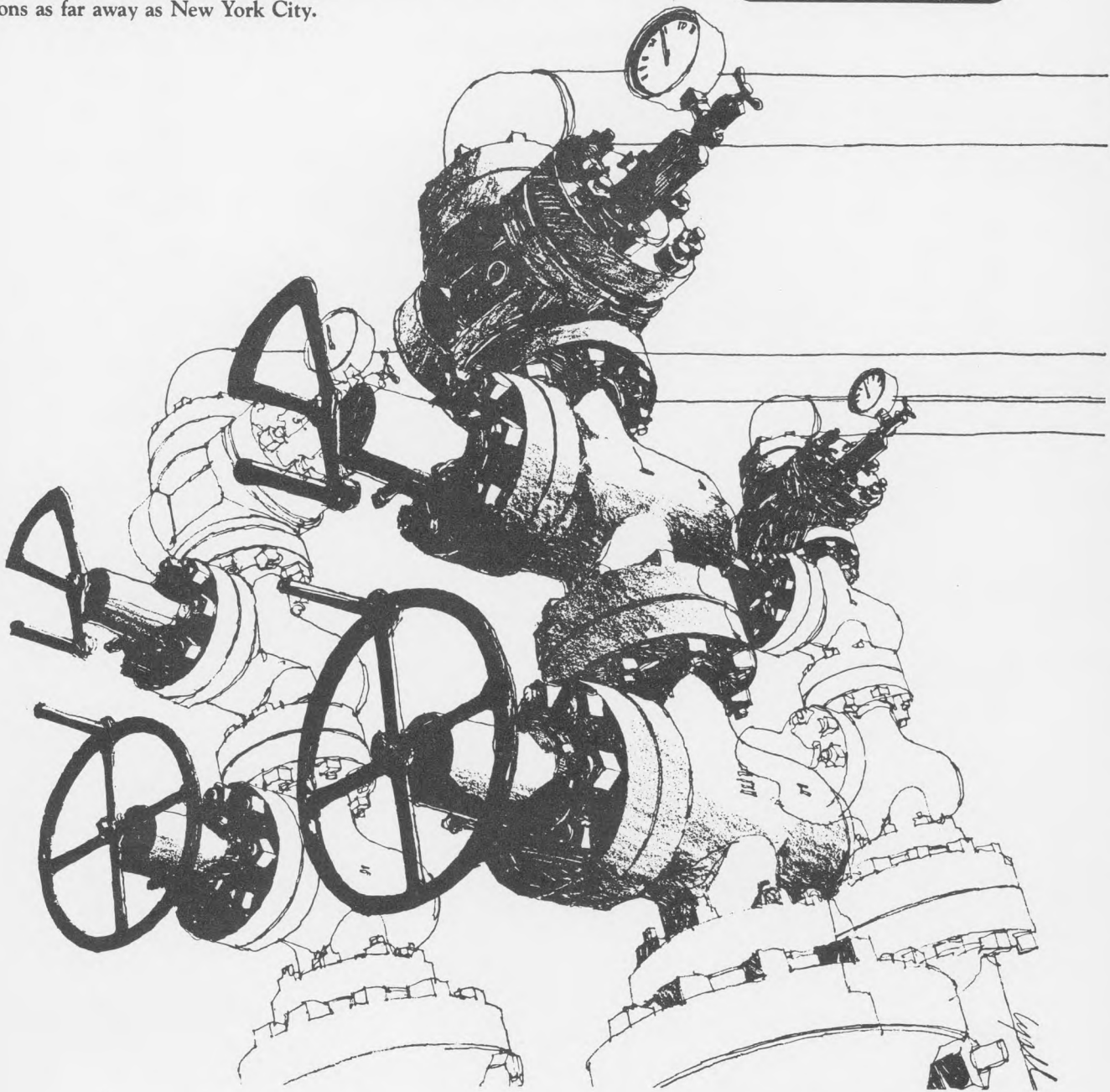
One-quarter of the nation's major pipeline companies moving natural gas are found in Houston. Together these 14 companies operate more than 122,000 miles of natural gas pipeline.

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.



interests of the corporation, its employees, shareholders, customers and the communities they serve.

YOUR-PAC has been underway for several months and conforms to federal and state regulations. It initially consists of 21 executives of the HC's principal subsidiary, Detroit Bank, and all employees of the HC's subsidiaries voluntarily contribute recommendations on whom the committee should support.

Strict record-keeping procedures have been adopted to account for all funds collected and distributed and to provide confidentiality for contributors, a YOUR-PAC spokesman says. The spokesman added that employees contributing to the committee receive detailed reports on how funds have been allocated.

4th-Grade Entrepreneurs:

Bank Makes \$10 Loan; Thriving Business Results

Living up to its philosophy of "no account too large, none too small," Citizens & Southern National, Athens, Ga., made a \$10, 14-day loan to help a new business venture. And the business showed a profit of 743%!

Having completed a course of study on free enterprise, Mrs. Mary Ann Horton's fourth-grade class at Oglethorpe Avenue School in Athens decided to put its new-found knowledge to use by beginning a popcorn business. With the bank's loan, the class was able to buy an electric popcorn popper and enough popcorn, bags and oil to start the business.

The children sold their product during 15 minutes of their lunch period for five days at 10 cents a bag. Demand proved so great that they had to rent additional poppers for use in peak periods.

After repaying their loan of \$10 plus three cents interest, the class had a profit of \$74.30. The profits were used



A \$10 loan from Citizens & Southern Nat'l, Athens, Ga., helped fourth-grade class at local school begin this thriving lunch-hour popcorn business. Children not only learned about free-enterprise system firsthand, but made profit of \$74.30!

to purchase 10 shares of the bank's stock.

Citizens & Southern National has made its second such loan and has had inquiries from other classes.

Aid to PTA:

First of Atlanta's Book Details Dangers of Drugs

When PTA leaders from Georgia met for their state convention in April, they received an assist in the understanding of the danger of drugs in society. The 600 who attended the convention re-

ceived complimentary copies of *Bridge Over Troubled Waters—Drug Abuse* from First National, Atlanta.

Authored by Roger Solomon, about 2,000 copies of the book will be donated to the Georgia PTA over the year, according to a bank spokesman. *Bridge Over Troubled Waters—Drug Abuse* provides advice on how to solve problems and symptoms of drug abuse, how to prevent the problems before they begin and how to treat and rehabilitate youngsters who have drug problems.

Mr. Solomon, the book's author, taught at Emory University in 1972 when the book was published.



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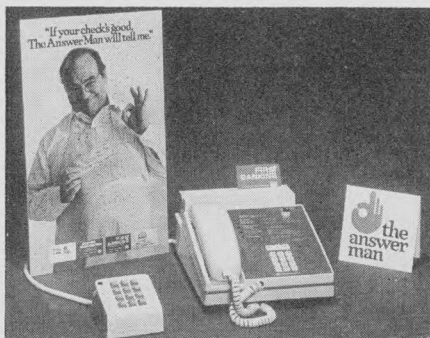
EFTS (Electronic Funds Transfer Systems)

Check-Verification System Started by 4 Memphis Banks

MEMPHIS—Cashing a check at retailers here should be easier with "The Answer Man" on the job. This is the name four Memphis banks have given a check-verification system now available to the city's retailers.

This electronic system includes point-of-sale terminals that are being installed at stores and businesses. In 30 seconds, they tell a merchant whether a check being presented is good. Initially, the system allows any checking-account customer of participating banks to cash their checks with merchants who have installed terminals in their stores. These banks are Commerce Union, First National, Memphis Bank and National Bank of Commerce. About 200 terminals have been installed. Potentially, the system will permit all bank customers to cash checks by presenting cards issued by their banks.

To use the Answer Man, the merchant simply inserts the customer's bank card into the terminal. The customer punches in his or her secret number on a special keyboard. The merchant can decide either to have the amount verified or receive a guaranteed authorization that the check won't bounce. By way of a central computer, the Answer Man will tell the merchant whether to accept the customer's check. At no time will the customer's account balance be revealed. All this takes 30 seconds.



Here are equipment and promotional material for four Memphis banks' "Answer Man" check-verification system. Poster at left shows grocer who isn't worried about check he's holding because system will tell him whether it's good. Poster also shows cards being issued by four banks for use in system. In front of poster is special keyboard on which customer enters his or her secret identification number. Alongside it is terminal into which merchant inserts customer's card and on which he or she punches out amount of purchase. Voice on receiver will tell whether check should be accepted. At far right is symbol of "Answer Man."

LAMACHA Begins Operations Serving Sixth Fed District; S. J. Loup Jr. Is President

Formation of the Louisiana-Alabama-Mississippi Automated Clearing House Association (LAMACHA) has been announced and membership in the ACH is open to financial institutions in the Sixth Fed District.

Serving as president of LAMACHA is S. J. Loup Jr., executive vice president, New Orleans Bancshares, Inc., parent HC of Bank of New Orleans.

John B. Tullos, executive vice president and cashier, First National, Jackson, Miss., is association vice president, while William E. Deneke, senior vice president, Merchants National, Mobile, is secretary. Serving as LAMACHA treasurer is Thomas J. Rafferty, vice president, National American Bank, New Orleans.

ACH directors are William R. Boone, executive vice president, Deposit Guaranty National, Jackson, Miss.; Michael J. Hoseman, Louisiana National, Baton Rouge; Leo L. LeBlanc III, president, Bank of Commerce, White Castle, La.; and Guy W. Byrd Jr., senior vice president, First National Bank of Commerce, and Donald J. Modenbach, vice president, Hibernia National, both of New Orleans.

Special advisory member to the LAMACHA board is Henry L. Borgaux, assistant vice president, New Orleans Branch, Atlanta Fed.

Applications for membership are being prepared for distribution in the near future, according to a LAMACHA official, and a target date of February, 1977, has been set for the association to begin the processing of transactions.

ATM Battles Continue With New Developments In Chicago, St. Louis

The automated teller machine (ATM) battles in Chicago and St. Louis reached new stages last month.

In St. Louis, the U. S. Court of Appeals for the Eighth Circuit held that First National there could continue operating its two off-premises customer-bank communications terminals (CBCTs) pending the outcome of a decision on their legality by the U. S. Supreme Court. The bank had announced it would ask the High Court to review a

Branching Curb Eased

SPRINGFIELD, ILL.—Governor Dan Walker signed into law August 16 a bill that permits any bank in the state to open a second pedestrian or drive-up facility within 3,500 yards or two miles of its home office. The facility will be able to cash checks, handle withdrawals and take deposits, but other banking services there will be forbidden. The law goes into effect October 1.

Previously, Illinois law had prohibited branching except for remote facilities within 1,500 feet of a bank's main office.

Governor Walker signed the bill just a few days after a newly enacted Chicago Financial Services Ordinance (see adjacent story) had been struck down as unconstitutional under state and federal law.

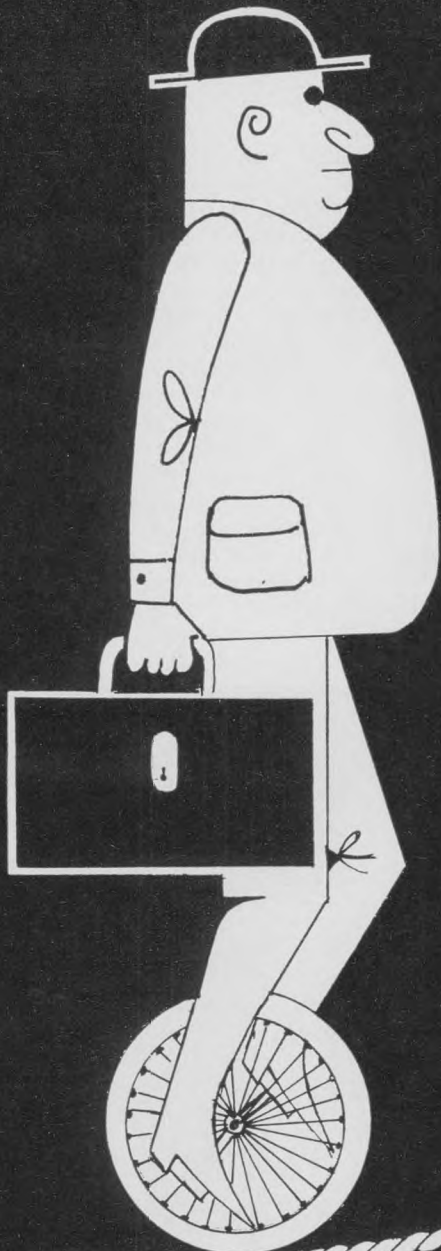
decision made last November by U. S. District Judge James H. Meredith, and concurred with by the Eighth Circuit Court of Appeals, that the CBCTs are branches and must be discontinued. The machines were installed at two suburban locations following the December, 1974, ruling of the Comptroller of the Currency that such devices aren't branches and could be installed by nationally chartered banks. However, Missouri Banking Commissioner William Kostman filed suit charging that the CBCTs are branches and do violate state branching law.

In Chicago, a Cook County Circuit Court judge struck down the City's new Financial Services Ordinance, saying it was unconstitutional under state and federal law. This new law would have permitted banks and S&Ls to operate six community offices apiece and an unlimited number of off-premises banking machines within city limits.

The Chicago ATM controversy began about a year ago, when two of the city's banks, First National and Continental Illinois National, started operating networks of ATMs and point-of-sale (POS) terminals away from the banks' own locations.

After last month's decision by Cook County Circuit Judge Raymond K. Berg against the new Chicago ordinance, First National announced that it, too—like First National in St. Louis—will appeal the ruling to the U. S. Supreme Court. Continental Bank had not made known what its next action would be.

THE RISKS THAT TAKE BANKERS



That's the title of our new booklet about insurance for banks. With laws, regulations and market conditions constantly changing, new risks keep coming along.

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Financial Insurance Service, Inc., was founded in 1969 just to deal with the insurance needs of banks. We write every kind of coverage a bank should have. As experts, we are happy to answer your questions and share our knowledge.

Call or write today for your free copy of *The Risks That Take Bankers*. (It may be risky not to.)



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Representative of Water Utility Says Banks Are Reluctant To Offer EFT Services

By **JIM FABIAN**
Associate Editor

THE RELUCTANCE of banks in California to encourage use of their EFTS capability in the area of direct debit services was scored by the chairman of a water utility recently.

Mrs. Betty B. Roeder, chairman and president, Great Oaks Water Co., San Jose, Calif., told members of the Mid-America Payments Exchange (MAPEX), St. Louis-based ACH, how she had to talk her bank into offering direct debit automatic bill-payment service to the utility's customers.

"My bank was less than enthusiastic about the service," she said in remarks designed to caution bankers in the Midwest not to do likewise. For, if bankers don't utilize their EFT capability, she implied, they'll find their customers switching to banks that do.

Mrs. Roeder's firm was the first company to use electronic transfer for payment of bills of varying amounts. Customers of the utility can, if they choose, have the amount of their monthly water bill deducted automatically from their checking accounts and paid to the water firm. The customer receives a card showing the amount of the bill in time to hold up payment if there is a question. The transfer is processed through the California Automated Clearing House Association, which performs the same functions as MAPEX.

MAPEX became operational July 1 and is handling direct deposit of payroll checks only during its inaugural period. Billing features will be added later, according to Lawrence R. Chapman, MAPEX president and vice president, First National, St. Louis.

Mrs. Roeder described in detail the inauguration of her utility's direct debit bill payment service, which now affects about 18% of the utility's 10,000 customers.

Early in 1974, after she had convinced her bank to cooperate in offering the service, the utility polled its customers to see how many would take advantage of the service. At that time, she said, it was thought that few customers had knowledge of such a service. However, the 14% initial response convinced her that the public is more

knowledgeable than is often suspected. The utility pointed out savings to customers, including no postage, no checks to write, no danger of a check being lost with resulting water cutoff, no concern about taking extended vacations and having water bills pile up. The firm also offered to waive hookup charges for new customers if they sign up for direct debit.

Savings to the water company are important, she said, and include elimination of check handling and faster receipt of funds. Every check coming to the utility must be handled four times, Mrs. Roeder said, and if customers pay in person, additional expense is involved in having a clerk on hand to accept payments. The utility is building a new office and has placed it in a remote part of town to discourage payment of bills in person.

Since water bills vary from month to month, the utility must send bills to those who sign up for direct payment. However, these bills are imprinted with a notice telling the customer that the bill will be paid automatically by the customer's bank on the 12th day after receipt of the bill. Since the average customer pays his water bill 20 days after receipt, automatic payment by the 12th day assures the utility of speedier

MAPEX Begins Operations

ST. LOUIS—The Mid-America Payment Exchange (MAPEX), St. Louis-based ACH, became operational July 1, the target date set during the founding stage of the organization in early 1975.

During the inaugural period, MAPEX will handle payroll checks only, with billing features to come later. August transactions consisted primarily of Social Security payments to individual recipients and Air Force pay.

MAPEX currently has 195 member banks in Illinois, Indiana and Missouri. These banks hold some 85% of total bank assets in the St. Louis Regional Check Processing Center and represent almost 100% of the assets of all commercial banks in the city of St. Louis.

cash receipts.

Customers have the option of asking their bank to withhold payment if they question the amount of the bill. They also have the option of asking the bank to reverse a payment when a bill is disputed, in which case the customer and the utility negotiate independently of the bank. However, Mrs. Roeder added, so far no customer has asked to have a payment reversed.

Mrs. Roeder said the utility had little start-up expense when initiating the service, since no special machinery was necessary. Actually, there is a possibility that direct debit can result in decreased processing costs for both the bank and the utility, she said.

Although considerable interest on the



Principals at recent meeting of members of MAPEX, St. Louis-based ACH, include (from l.) Lawrence R. Chapman, MAPEX pres., and v.p., First Nat'l, St. Louis; H. L. (Ted) Baynes, NACHA pres., and s.v.p., United Virginia Bankshares, Richmond; Mrs. Betty B. Roeder, ch. & pres., Great Oaks Water Co., San Jose, Calif.; Donald W. Moriarty Jr., s.v.p., & compt., St. Louis Fed; and Ed True, MAPEX exec. dir.

part of other utilities has been expressed about direct payment, Mrs. Roeder said, few have begun offering the service. As far as California is concerned, she said, little progress will be made until the banks get their act together and stop considering EFT as a competitive tool rather than a cooperative one.

H. L. (Ted) Baynes, president, National Automated Clearing House Association (NACHA) and senior vice president, United Virginia Bankshares, Richmond, also spoke. He reported on the progress NACHA is making toward becoming operational.

NACHA is expected to have operations procedures and policy standards ready by January 1, 1977. According to Mr. Baynes, NACHA is an agency whose purpose is to develop operational procedures to enable regional automated clearing houses to work with one another. It will supply standards by which the regional ACHs will operate. Regional ACHs are expected to conform their operations to NACHA's standards. He said interchange of items between regional ACHs will not be attempted for some time, but a pilot program will get underway later this year as a test.

He urged bankers to get on the ACH bandwagon and said bankers must ex-

pect to market the ACH concept individually, rather than expecting their ACH to do it for them. He said bankers should educate themselves about the ACH concept so they won't tend to botch the service and give the public an opportunity to develop negative attitudes about it.

He said membership in an ACH should enable a bank to cut its costs and increase its share of market. • •

Bank Expands Check Program; Verifications Made at 55 Stores

CINCINNATI—Central Payment Systems, a division of Central Trust, and the Kroger Cincinnati Market Area Division have announced the expansion of their joint check cashing program to eight additional retail locations.

The expansion brings to the number of stores using the system.

Customers are able to authorize their own checks for cashing by means of an AmCat IC terminal. The terminals are activated by entering a Kroger or the bank's "owl" card and indexing a personal identification number for verification by the bank's computer. Then the customer inserts the check for pre-approved authorization, which the terminal imprints on the check.

The Kroger-Central Trust check cashing program was initiated in 1974. Customers may apply for Kroger Check cards at the retail locations and the bank's checking account customers use their own Central cards, which bear a stylized picture of an owl.

ACH Promotional Film Available to Banks, ACHs

A consumer-oriented film selling the benefits of automated clearing house services is available to ACH groups and financial institutions. Title of the film is "Easy Money," and it demonstrates how an ACH makes receiving pay and paying bills attractive to consumers.

The film is designed to be shown to employee groups whose employers have agreed to participate in automatic payroll deposit. It also can be used to explain ACH services to civic groups and at investor meetings.

For information, write: "Easy Money," 1705 Soo Line Building, Minneapolis, MN 55402.



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"Several months prior to opening Pacific Valley Bank, I contacted Harland about providing us with a basic check list of forms and supplies we might need in our day to day operations. Soon, a Harland representative showed up with this New Bank Planning Book and a sincere desire to help us. No strings attached.

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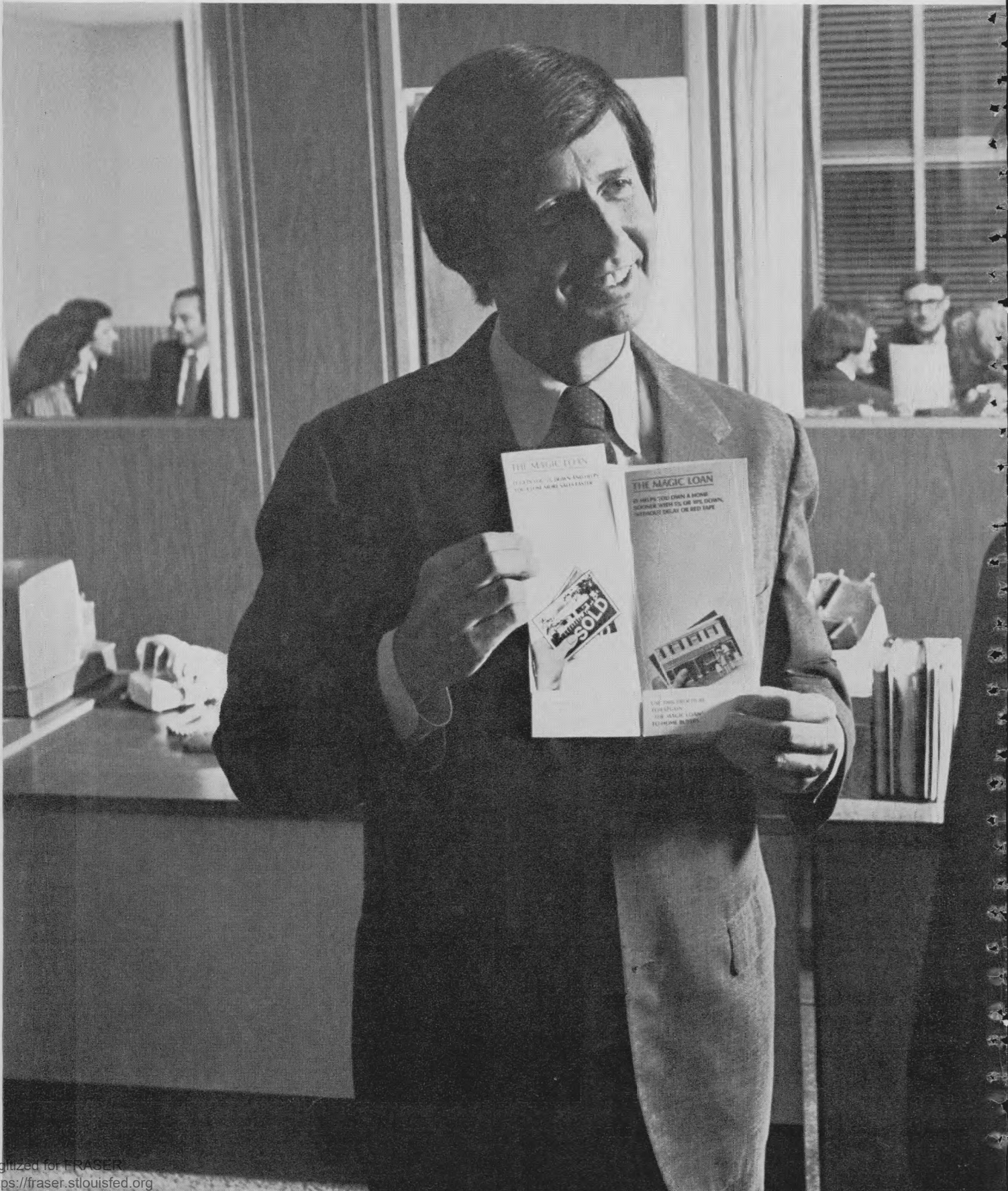
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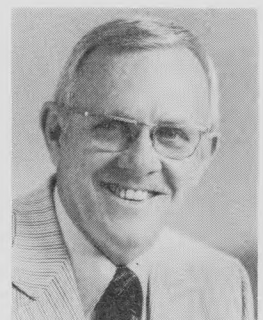
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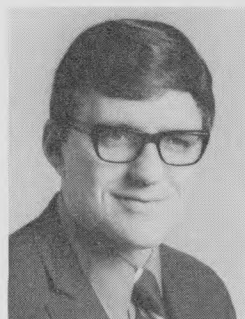
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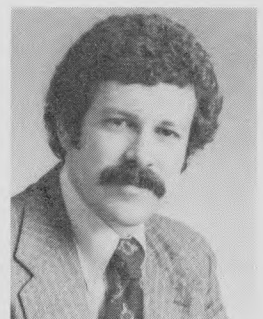
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Jefferson Memorial in Washington, D. C., is situated on Tidal Basin and is considered by many to be most beautiful structure in city. Memorial is popular site for visitors to nation's capital, and ABA members probably will find time during convention to go there. Photo courtesy Washington Area Convention & Visitors Bureau.



ABA to Wind Up Centennial Celebration With Event-Packed 1976 Convention

THE NATION'S CAPITAL always is an interesting city to visit, but for five days next month it will be unusually exciting for members of the American Bankers Association. From October 2 through 6, the ABA will wind up its own centennial celebration and observance of the country's bicentennial with its annual convention in Washington, D. C. The meeting, which is expected to attract about 12,000 commercial bankers, may—with a little bit of luck—have the two Presidential contenders on the program. Time has been set aside, the ABA says, so each candidate may address a general session.

The first of three general sessions will be held the morning of October 4 in the DAR Constitution Hall. Opening remarks by ABA President J. Rex Duwe will be followed by a speech by news commentator Paul Harvey and an analysis of "Election '76" by TV personality Martin Agronsky and panelists Peter Lisagor, George Will and Elizabeth Drew. Mr. Duwe is president and chairman of two Kansas banks, Farmers State, Lucas, and Traders State, Glen Elder, and chairman of another, also in Kansas, Sylvan State.

A forum on current value accounting concepts and their impact on restructured debt will begin that afternoon's activities. It will be followed by a forum on the nation's economic and investment outlook. Panelists will include Samuel B. Stare, vice chairman, ABA

Bank Investments Division, and senior vice president and treasurer, Union Bank, Los Angeles; and Beryl Sprinkel, chairman, ABA Economic Advisory Committee, and executive vice president and economist, Harris Trust, Chicago.

The next morning, many conferees are expected to attend a breakfast discussion of current political realities.

Later that morning, government regulation of banking will be the topic of a general session panel, with John H. Perkins as moderator. He is chairman, ABA Government Relations Council, and president, Continental Illinois National, Chicago. He also is a candidate for ABA president-elect in 1977. All federal bank regulatory agencies will be represented on the panel: Steven Gardner, vice chairman, Federal Reserve Board; Robert Barnett, FDIC chairman; and Garth Marston, acting chairman, Federal Home Loan Bank Board.

On Tuesday afternoon, three forums allowing conventioners to "rap with

the regulators" will be held.

The October 6th general session will feature a discussion of the needs and challenges of financial policy by Alan Greenspan, consultant to the President's Council of Economic Advisers, and Arthur M. Okun, senior fellow, Brookings Institute, Washington. TV newsmen Walter Cronkite also will appear, and ABA Executive Vice President Willis W. Alexander will speak during that portion of the Wednesday general session devoted to ABA business.

During the closing general session that day, ABA officers for 1976-77 will take office, to be led by W. Liddon McPeters. Mr. McPeters, who will succeed Mr. Duwe as association president, is president, Security Bank, Corinth, Miss.

Special-interest seminars will be available on the following topics:

- Federal Legislation and Regulation—an open discussion (to be repeated three times to allow maximum participation).
- Problems in Evaluating Municipal Securities.
- Determinants of Loan Portfolio Profitability.
- Implications of Interest-Bearing Checking Accounts.
- Lending Policy and Credit Administration for Medium/Small-Sized Banks.
- Agricultural Lending Outlook.

Special-interest sessions specifically for community bankers will cover the following subjects, with special atten-

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tion to the community banker's perspective:

- Profit Planning.
- Automation—Going on Line.
- IRA Marketing.
- Capital Adequacy—What to Do About It.
- Automation—Small Computer Approach.
- How to Organize an Effective Community Bank Marketing Program.
- Bank Directors—Defining Their Responsibilities.
- Sharing New Profitable Services.
- Municipal Financing in the Smaller Community.
- Financing Industrial Development in the Smaller Community.
- Union Activities in the Community Bank.
- Investment Portfolio Management.
- NOW Accounts and the Community Bank.
- Community Bank CEO Program—What Is It? Is It for You?

The convention will get underway Saturday, October 2, with registration and the grand opening of the meeting schedule and exhibits, EFT Theater (see this page), activities center and tours. A management forum to be conducted by Thomas K. Connellan, president, the Management Group, Ann Arbor, Mich., will run concurrently with the first of 24 special-interest sessions.

The first of two ABA receptions, whose theme will be "The Way We Were," will salute America's original 13 states with a Colonial-era festival and feast Saturday evening.

The theme of the ABA's second reception, on Tuesday evening, will be "We the People," a pageant representing America's diversity and ethnic richness.

The following day, a fellowship gathering will be held at the DAR Constitution Hall, with an address by former Iowa Senator Harold Hughes. Afternoon activities will include a management forum to be led by Larry Wilson, chairman, Wilson Learning Corp., Eden Prairie, Minn.; and a personal development forum with David E. Morrison, Morrison & Associates, Topeka.

Other special-interest sessions will complete the day's activities. In deference to Yom Kippur, no official ABA-sponsored events will take place Sunday night.

Throughout the convention, a full program will be offered for spouses, as well as tours of historical places in the capital area. • •

Houston and New Orleans To Be Convention Hosts Before End of Decade

Before the end of this decade, two Mid-Continent-area cities will be hosts to annual ABA conventions. Next year, Houston will be the meeting site for the first time since November 14-17, 1938. In 1979, New Orleans will have the convention for the first time.

Here is the ABA convention schedule for the next six years:

- 1977—Houston, October 15-19
- 1978—Honolulu, October 21-25
- 1979—New Orleans, October 6-10
- 1980—Chicago, October 11-15
- 1981—San Francisco, October 3-7
- 1982—Atlanta, October 16-20.

The Houston Clearing House Association, composed of 118 banks (eight regular members and 110 as-

sociate members), reports that the combined deposits of these banks at last year-end were \$11.2 billion and combined resources, \$23.7 billion. According to the Houston CHA, First City National is the city's largest bank, with year-end 1975 deposits of \$2.7 billion and resources of \$3.3 billion.

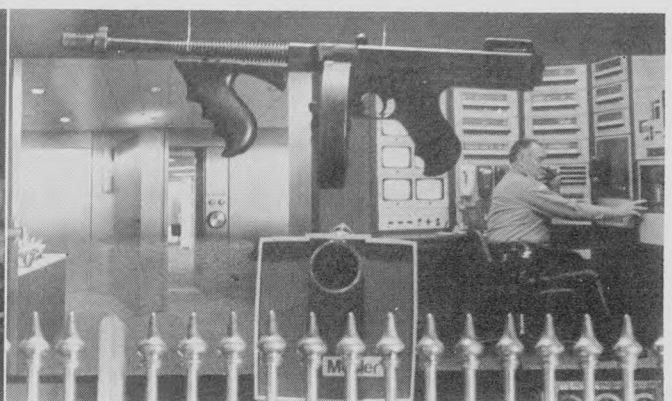
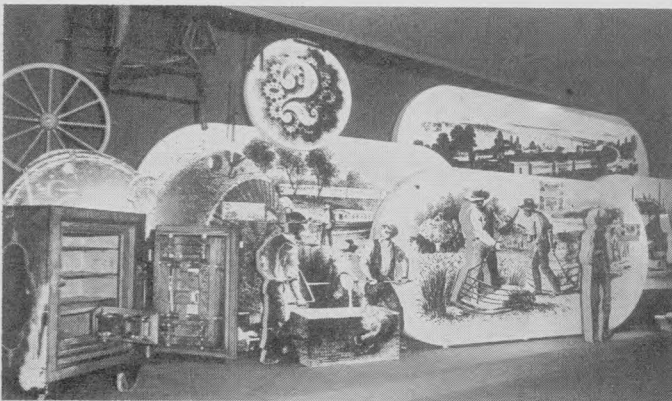
New Orleans will have 6,000 hotel rooms available for ABA conventioners in 1979, says the New Orleans CHA, with the two newest hotels to be the Hyatt Regency and the New Orleans Hilton. The Rivergate at 4 Canal Street will be the site of convention business sessions. There are 11 banks in the city of New Orleans and 26 in surrounding parishes (counties), for a total of 37 banks. The New Orleans CHA says Whitney National is the largest bank, with total resources of \$1.2 billion and deposits of \$1.01 billion as of last June 30. Last year, New Orleans-area banks reported total assets of \$5.2 billion and total deposits of \$4.2 billion.

Election Coverage by ABA

WASHINGTON, D. C.—The ABA will cosponsor CBS-TV coverage of this year's election day (November 2) and the campaign leading up to it. The ABA is cosponsoring a series of 30-minute campaign specials each Friday night from September 3 to October 29.

Also included in the coverage will be a pre-election special, October 31, and a post-election special, November 3. The ABA has scheduled at least 12 of its vault-opening, consumer-service commercials for the November 2 election day coverage on CBS.

ABA Bicentennial Exhibit Awaits Conventioneers at Smithsonian Institution



Here are two samples of the bicentennial exhibit being sponsored by the ABA at the Smithsonian Institution in Washington, D. C. LEFT: An old Rideout safe, which survived an attempt by robbers to "blow" it in the late 1800s, stands next to life-sized blowups of early bank notes. RIGHT: Bank security is illustrated in this exhibit, which contains a Thompson submachine gun from the Bonnie and Clyde era, as well as modern electronic surveillance equipment of today. A Mosler surveillance camera is in foreground. The Smithsonian exhibit,

called "American Banking," was opened officially September 17, 1975, and is scheduled to remain open to the public for at least two years. Designed by Joe Wetzel Associates, Stamford, Conn., the chronological display takes visitors through 200 years of U. S. history. Most of the exhibit is displayed in three dimensions and features the latest in audio/visual techniques. Much of the material was supplied by ABA-member banks, and the ABA provided the services of banking historian Charles F. Haywood as technical consultant.



Will Republican or Democratic President be occupying White House (l.) beginning next January? What kind of Congress will be meeting under dome of capitol (r.) next year? ABA President J. Rex Duwe believes it will be activist and explains why in accompanying article. Photos courtesy Washington Area Convention & Visitors Bureau.

How Will New Congress Affect Banking? Will It Be as Activist as Present One?

AS BANKERS look forward to the November 2 general election, they, naturally, are wondering how its outcome will affect the banking business. All seats in the House and a third of those in the Senate are to be filled by voters this bicentennial year. Of course, they'll also be choosing the man to lead the country as President for the next four years. Will he be Jimmy Carter or President Gerald Ford?

According to the ABA, the Presidential election will result in few, if any, immediate changes for banking. In the long term, however, the association believes the Republican President would treat monetary policy about the same as the present Administration has, leaving it in the Fed's hands with little or no "jawboning" about interest rates and the money supply.

On the other hand, says the ABA, the Democratic candidate, Jimmy Carter, has said he favors more expansion of the nation's money supply than the Fed has achieved so far so that interest rates would be lowered. He also has called for "closer cooperation" between the Fed and the Executive Branch and has suggested that the Fed chairman's term should begin and end with that of the President's.

A measure providing for this type of change has passed the House and is expected to get Senate approval. The

bill would allow the President to appoint a new Fed chairman six months after the President takes office.

However, it's actually the U. S. Congress, not the President, that can have the most influence on the country's affairs, including banking. What will the new 95th Congress bring? Will most of the members be Republican or Democratic? Will it be as activist as the 94th Congress was? Will it try to "reform" banking?

In a recent talk before the Central States Conference's annual meeting in Durango, Colo., ABA President J. Rex Duwe pointed out that the present Congress says much about what's to come.

When it convened in January, 1975, said Mr. Duwe, there were a lot of new faces on Capitol Hill—92 new representatives and 11 new senators, all unknown quantities. No one knew, he continued, what positions they would take on legislation, but it was evident they had high hopes of enacting or-

ganizational reforms, of making their mark on Capitol Hill.

Some people believe they were successful, and some said they didn't accomplish the sweeping organizational reform anticipated, said the ABA president. He added, though, that he believes they did, in fact, do a great deal to change the environment of Congress, and they didn't do it alone. They formed a coalition with more experienced congressmen and senators who also wanted change.

Mr. Duwe gave this example: Representatives in the House looked at the seniority system and decided it needed to be changed. Consequently, a House committee chairmanship no longer automatically goes to the member with tenure. The job's open to any committee member.

Mr. Duwe also pointed to another reform measure adopted by the 94th Congress—"government in the sunshine." This means committee sessions of the Senate and House are, for the most part, open to the public, and that includes executive sessions where bills are marked up. In fact, he continued, this Congress is so committed to government in the sunshine that there's legislation pending that would apply this standard to federal regulatory boards and commissions.

"From these two examples," said

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Mr. Duwe, "let me generalize: The 94th Congress indeed has been able to effect major changes in its own organization."

But what has been the mood of the banking committees, he asked. Have they reflected the changing congressional atmosphere? Mr. Duwe then told his audience that these committees' memberships have changed dramatically, with almost half of those on the House Banking, Currency and Housing Committee being freshmen (20 out of 43). The Senate Banking Committee has three freshmen members out of 13.

Not only are many committee members new to their jobs, said Mr. Duwe, but these committees' leadership also is new, with Representative Henry Reuss (D., Wis.) having taken over the House Banking Committee chairmanship and Senator William Proxmire (D., Wis.) heading the Senate Banking Committee. Both, according to ABA President Duwe, have been and still are reform minded. Granted, both are up for reelection, but it's generally thought they each will retain their seats.

Mr. Duwe told how Representative Reuss made several proposals that the ABA opposed and, subsequently, were abandoned or not accepted by his committee. He proposed that credit be politically allocated to national priority uses, that the Federal Reserve Board and Federal Open Market Committee be asked to boost the money supply in the first half of 1975 at an annual rate of no less than 6% and that the Fed be instructed to lower long-term interest rates and that it report to the two banking committees on the progress it was making toward this goal.

Mr. Duwe then turned to Senator Proxmire, saying his committee approved the Financial Institutions Act; it discussed a moratorium on EFT, which was not adopted; and the Proxmire bill to consolidate federal bank regulators died in committee after lengthy hearings. The senator also proposed a Competition in Banking Act that would prohibit banks from engaging in certain activities now permitted by statute and regulation. That bill is still pending in committee.

Although the above examples teach bankers a great deal about the activist mood on Capitol Hill, said Mr. Duwe, there's still more for bankers to learn. He listed the following:

First, members of the 94th Congress are a very data-oriented and fact-oriented group. Congress and its staff have a "show-me" attitude, and that means banking's positions must be documented carefully and well thought out.

Second, there are a lot more people on Capitol Hill with whom bankers must talk. The size of the House Banking Committee has grown, and the staffs for both House and Senate committees are larger. In the past, bankers could single out a few staff members who needed to be contacted for the industry to explain its position, but today bankers must talk to a much larger number of people.

Third, because two banking committees are headed by activists and because more staff people work for these committees, the agendas are more ambitious. The ABA must testify on more legislative issues, and that means association spokesmen are spending much more time on Capitol Hill.

Fourth, the banking committees aren't the only ones whose actions affect banking. The ABA has presented the industry's viewpoint to tax-writing committees and also has testified before the Agriculture committees and has had an interest in the House Interstate and Foreign Commerce Committee.

According to President Duwe, there's one basic message in all the lessons learned from the 94th Congress: Government is going to stay very interested in banking matters, and, for that reason, banking must stay interested in government relations matters.

Having set the stage for the next Congress, Mr. Duwe asked two questions: What does the future hold? What will be the mood of the new Congress?

In his opinion, the 95th Congress will be an activist one and with a great many new faces. He explained this by pointing out that more than 50 representatives have announced that they are retiring from the House or that they are running for other offices. This means, he continued, 50 new House members even before counting the number of representatives who won't be reelected. At the same time, the Senate will see a number of changes; for starters, eight senators already have announced their retirements.

What about congressional leadership?

Mr. Duwe forecast a dramatic change in leadership. In fact, the changes next year, he believes, will be even more extensive than in the 94th Congress. He said there will be a new Senate majority leader, new Senate minority

(Continued on page 50)

PROXMIRE



REUSS



Although Senator William Proxmire and Representative Henry S. Reuss, both Wisconsin Democrats, are running for reelection this year, it's generally believed they will be back in Congress next January. Thus, they're expected to retain their committee posts—Senator Proxmire as chairman, Senate Banking, Housing and Urban Affairs, and Representative Reuss as chairman, House Banking, Currency and Housing.

Senator Proxmire originally went to Congress in 1957 as the result of a special election to fill a vacancy created by the death of Senator Joseph McCarthy.

In addition to chairing the Senate Banking Committee, he's vice chairman, Joint Committee on Defense Production; member, Appropriations Committee, and chairman of its Subcommittee on Housing and Urban Development and Independent Agencies; member, House-Senate Joint Economic Committee, and chairman of its Priorities and Economy in Government Subcommittee.

Representative Reuss has represented Wisconsin's Fifth Congressional District (northern portion of Milwaukee) since 1955. He also is chairman, International Economics Subcommittee of the Joint Economic Committee.

He lists among his legislative achievements the Peace Corps, Mass Transit Research Act and a series of measures to bring about full employment without inflation.

ABA President Duwe Spends Busy Year On Financial Reform, EFT, Politics

FINANCIAL REFORM, EFT and banker political involvement have taken up much of J. Rex Duwe's year as ABA president. He was the ABA's key witness and spokesman on financial-reform problems and, through a series of four legislative priority letters mailed to the association membership last March and April, was instrumental in keeping the industry up to date on fast-breaking congressional decisions. Mr. Duwe is an officer of three Kansas banks—president and chairman, Farmers State, Lucas, and Traders State, Glen Elder; and chairman, Sylvan State.

Mr. Duwe worked to rally ABA membership into a unified position for action and results. Each letter urged individual contact with local congressmen and senators, and, according to the ABA, its membership responded. As a result, the legislation opposed by Mr. Duwe—on the grounds that it would treat both customers and banks in an unfair, inequitable manner—was largely shelved for this congressional year.

Testifying on EFT matters, President Duwe maintained that electronic funds transfer systems simply are a new method of delivering traditional banking services and, as such, are something banks should be concerned about and allowed to experiment with.

Mr. Duwe, who headed the Kansas Bankers Association in 1972-73, was Kansas state highway commissioner from 1962-68 and formerly was presi-

dent of the Kansas Council on Economic Education. He is vice chairman and executive committee member of the Kansas Development Credit Corp. He also has held several public service posts in Lucas, including two terms as mayor. He entered banking in 1938 at the Lucas bank, which then was controlled by his father, the late John F. Duwe. After World War II service and college, he returned to the bank and bought control of it in 1948.

Incoming ABA president is W. Lid-don McPeters, who has been president-elect the past year. Mr. McPeters—a fourth-generation member of a banking family—is president, Security Bank, Corinth, Miss., which he joined as a director in 1943. Later, he was cashier, then vice president and executive vice president before becoming president in 1961. He headed the Mississippi Bankers Association in 1967.

From 1972-75, Mr. McPeters was chairman of the ABA Centennial Commission, which was charged with the responsibility of recommending and overseeing development of suitable internal and external programs to commemorate the association's 100th anniversary in 1975 and the nation's bicentennial this year. As chairman, he spearheaded a three-pronged educational program designed to tell the story of banking's role in this nation's growth. The projects included a major exhibit in the Smithsonian Institution's Museum of History and Technology, "American Banking"; a soft-backed pictorial

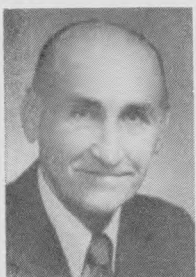
history of banking, *Chartered for Progress: Two Centuries of American Banking*; and a 30-minute documentary film, "An American Account."

George L. Whyel is chairman of the ABA Governing Council and immediate past ABA president. He is vice chairman, Genesee Merchants Bank, Flint, Mich., which he joined in 1947. Mr. Whyel is a former president of the Michigan Bankers Association.

Roger A. Lyon, president and chief administrative officer, Valley National, Phoenix, has been ABA treasurer the past year and, by tradition, will serve a second term during 1976-77. Mr. Lyon joined Valley National last April, coming from Chase Manhattan, New York City, where he was executive vice president in charge of the institutional banking department. He entered banking at Chase in 1950 and, during his career there, worked in correspondent banking, investments, lending and bank management. He is a former head of the ABA Correspondent Bank Division, wrote the text, "Investment Portfolio Management for the Commercial Bank," and for 12 years, lectured at regional and specialized banking schools.

Willis W. Alexander is ABA executive vice president. He is a former president of the Missouri Bankers Association, serving while president of Trenton (Mo.) Trust, which he joined in 1947. Mr. Alexander joined the ABA immediately after completing a year (1968-69) as ABA president. ••

Current ABA Officers



DUWE



LYON



WHYEL

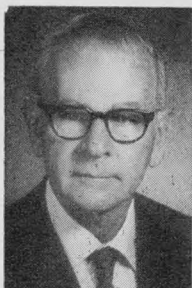


McPETERS



ALEXANDER

Contests for ABA Pres.-Elect, Treas. Loom on Horizon



MILLIGAN

THERE are no contests for ABA posts at this year's convention, but there are two candidates each next year for the posts of president-elect and treasurer.

The two bankers who have announced their candidacies for 1977-78 president-elect are John H. Perkins, president, Continental Illinois National, Chicago, endorsed by ABA's Region Two; and William J. Copeland, vice chairman, Pittsburgh National Corp., and the HC's lead bank, Pittsburgh National, endorsed by Region One.

Next year's candidates for ABA treasurer are Hermann Moyse Jr., president, City National, Baton Rouge, endorsed by Region Four; and Thomas R. Smith, president, Fidelity Brenton Bank, Marshalltown, Ia., endorsed by Region Five.

These candidacies, by the way, are the first to be announced under newly passed amendments to ABA bylaws. According to the new amendments, nominations for the offices of president-elect, chairman of the Governing Council and treasurer will be made by representatives of the six ABA regions instead of by the state associations, as had been done in the past.

The only candidate for ABA president-elect for 1976-77 is Arthur Achille "Bud" Milligan, president and chairman, Bank of A. Levy, Oxnard, Calif. He joined his bank in 1940, saw service in the Navy, then returned to the bank to rise through the ranks to president and chairman in 1955. He is a former president of the California Bankers Association and Independent Bankers Association of Southern California.

Mr. Perkins joined his bank in 1946 in the commercial banking department and later moved to the bond department, which he headed from 1956-65. As senior vice president in 1966, he was named head of administrative services, a bank-wide responsibility. Mr. Perkins became executive vice president in 1968, vice chairman in 1971 and president in 1973. He is chairman, ABA Government Relations Council,

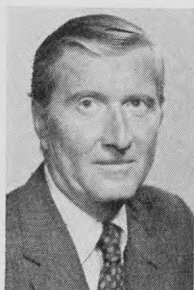
and was president, ABA Marketing Division in 1971-72.

Mr. Copeland joined Pittsburgh National Bank's predecessor, Peoples First National, in 1947 after earning a doctor of law degree from the University of Pittsburgh. Starting as a trust administrator, he moved through the trust division until he became executive vice president and head of that division in 1969. In 1972, Mr. Copeland assumed his present HC and bank posts. He has been active in the ABA and in the Pennsylvania Bankers Association and has taught at the Stonier Graduate School of Banking at Rutgers University, New Brunswick, N. J.

Mr. Moyse joined his bank in 1946, became a director in 1962 and president in 1972. He also is on the board of the Bank of Zachary, La. He headed the Louisiana Bankers Association in 1967-68 and has chaired three LBA committees in addition to being state chairman for BankPac in 1972-74. He also has been on the ABA Federal Legislative Committee and its Government Relations and Governing councils. Mr. Moyse was a member of the first class of the School of Banking of the South, Louisiana State University, Baton Rouge.

Mr. Smith, in addition to his bank post, is a vice president and a director of Brenton Banks, Inc., a \$400-million bank HC, and is on the boards of four other Iowa banks—First National, Perry; Brenton Bank, Cedar Rapids; Brenton Bank, Urbandale; and Brenton County Bank, Vinton. He was chairman of the ABA's Agricultural and Community Bankers Division for two years and a member of its Marketing Division, also for two years.

Mr. Smith has taught AIB courses in commercial loans and investments and has lectured at these schools: Bank Marketing; Graduate School of Banking, University of Wisconsin; Graduate School of Commercial Lending, University of Oklahoma; Stonier Graduate School of Banking, Rutgers University; and Washington (D. C.) School of Bank Examiners. • •



PERKINS



COPELAND



MOYSE



SMITH

Banking's Message Is Taken to Public In ABA's Consumer Adviser Program

ALTHOUGH banking isn't the mystery to the general public that it once was, many people still have misconceptions about it. To help dispel any misunderstanding, the American Bankers Association is conducting a consumer-oriented program, whereby bankers communicate directly with consumers via TV, radio and newspaper interviews. Its objective, says the ABA, is to build a better public understanding of banking while providing useful information to consumers.

The project had its beginning in 1974, when—as part of an effort to address problems surrounding women and credit and mobility of women in the bank work force—the ABA Communications Group began thinking about developing a bank spokeswoman program. A pilot program was begun after it was carefully reviewed by staff, bankers and outside public relations counsel.

In Phase I, Sandra McLaughlin, vice president, Mellon Bank, Pittsburgh, was selected to be the ABA spokeswoman for the one-year pilot program. She was chosen after interviews with a number of women candidates suggested from many sources. According to the ABA, the decision to select a woman and a banker was made after research indicated (1) the news media would far prefer interviewing a working banker than a celebrity claiming to have knowledge of banking and (2) a woman would be much easier to place than a man on TV talk shows.

Miss McLaughlin, a member of the ABA Communications Council, was given several training sessions involving mock interviews and news conferences. These included videotape recordings and playbacks with a TV coach making critical comments. The ABA says Miss McLaughlin's own superior communications skills and knowledge of consumer banking (she runs Mel-

lon's Master Charge plan) made her training quite easy.

Media tours then were arranged for Miss McLaughlin, with appearances on local daytime TV programs, participation in radio shows and interviews by local newspaper reporters.

In less than a year, while taking off from her bank only a day or two at a time, she accumulated 25 hours of air time in 10 major market cities.

Miss McLaughlin stressed the personal nature of banking. She pointed out advantages of various bank services and discussed the role bankers can play in helping consumers manage their finances.

The news media proved to be interested in what she had to say. The ABA gives this example: After appearing on the ABC TV Network program, "Good Morning, America," Miss McLaughlin was invited back for further discussion about banking.

At the end of the year, the ABA Communications Council reviewed Phase I, found it to be extremely successful and decided to proceed with Phase II.

The second phase involves two major changes from the pilot project: 1. The name of the program was changed from Spokeswoman to Consumer Adviser Program (while women continued to be the spokespersons, the name change was made to emphasize the consumer aspects of the program). 2. Additional women have been selected to broaden the scope of the program. Two of these women are from the Mid-Continent area: Barbara Pendleton, executive vice president, Grand Avenue Bank, Kansas City; and Esther H. Smith, vice president, Commerce Union Bank, Nashville.

The new consumer advisers were given training sessions comparable to the one given Miss McLaughlin and now are beginning their first round of

appearances. Since they are going out on a regional basis, travel costs incurred and time spent away from their banks are being kept to a minimum.

Now that Phase I of the program is finished, and Phase II is under way, the ABA has the following observations to

(Continued on page 124)



SMITH



PENDLETON

The two Mid-Continent-area members of the ABA's Consumer Adviser Program are Barbara J. Pendleton and Esther H. Smith.

Miss Pendleton entered banking during World War II as a messenger for City National (now United Missouri), Kansas City. In 1947, she went to Kansas City's Grand Avenue Bank as a discount teller, became an officer in 1951 and held several titles before being named executive vice president last spring. In 1972-73, Miss Pendleton was president of the National Association of Bank-Women Inc.

Mrs. Smith joined Commerce Union, Nashville, in 1953 and was elected assistant corporate secretary of the bank's HC, Tennessee Valley Bancorp., Inc., in 1972. A vice president of her bank, she works in its correspondent banking division. She now is secretary of NABW and was its southern regional vice president in 1973-74.



Shown discussing ABA Correspondent Banking Conference, scheduled for Nov. 7-9 in Dallas, are (l. to r.): John F. Ingram Jr., conf. ch. and s.v.p., Citizens & Southern Nat'l, Atlanta; John S. Clark, ABA Correspondent Banking Div. director; Walter Wriston, conf. keynoter and ch., Citibank, New York City; William M. R. Mapel, ch. of division's Gov't Relations Committee and s.v.p., Citibank; and William T. Dwyer (seated), div. ch. and v.p., First Nat'l, Chicago.

and "Investment Portfolios." In addition, there will be informal talk sessions.

Mr. Ingram said special emphasis will be given to new service and marketing opportunities as well as to correspondent profitability, interbank lending and electronic funds transfer systems.

According to Mr. Ingram, the program was developed in response to input received from correspondent bankers throughout the country. To that end, he continued, a variety of working sessions was put together geared to the interests of all professional correspondent bankers. ••

New Congress

(Continued from page 46)

leader, new speaker of the House and a new House majority leader. Once the process of change begins at the top, he added, it affects everyone, with jockeying for each vacant position.

It's possible, said Mr. Duwe, that there will be a 50% turnover in the House Banking Committee's membership. Each time a new member joins that committee, he pointed out, the banking industry has a responsibility to explain its position.

"We must take our message to the new member and document why our stands make sense and how they will benefit the American public," he advised. "We must take the time to learn all we can about new members of Congress and to help them learn all they can about us."

What issues will the 95th Congress address?

One example, said Mr. Duwe, is financial reform, which is anything but dead. It's been with banking consistently since the Hunt Commission made its recommendations in December, 1971, he continued, and it will be with banking next year, with the only question being what form it will take.

Mr. Duwe then predicted that the new Congress would concern itself with the following:

Regulation Q and competitive inequalities. The ABA has made its views on this issue known, has testified before the House Banking Committee and said the interest-rate differential should be removed immediately in states—like those in New England—where the thrifts have checking powers or what are perceived by the public to be checking powers.

Privacy of customer records. Again, banking has made its views on privacy known. The ABA said that government agencies should be required to notify

Workshops and Informal Talk Sessions Planned for ABA Correspondent Conf.

THE ABA's fifth National Correspondent Banking Conference will focus on the technological, social, legislative and regulatory changes in the banking industry, with emphasis on how these changes will affect interbank relationships. The conference will be held November 7-9 at Dallas' Fairmont Hotel. John F. Ingram Jr., senior vice president, Citizens & Southern National, Atlanta, is conference chairman.

The conference theme will be "Vulnerability-Innovation-Performance." Keynote speaker on November 8 will be Walter Wriston, chairman, Citibank, New York City. Among the 30 participants in this year's meeting will be administrative heads of the major bank regulatory agencies.

Concurrent workshops are planned on such subjects as "Interbank Credit," "Uncommitted Credit Vulnerability"

EFT Theater Planned Oct. 2-5 for ABA Conv.

EFT (electronic funds transfer) will be an important part of this year's ABA convention, with a daily series of EFT programs scheduled for the EFT Theater in the Sheraton Park Hotel, Washington, D. C. The hotel will be the site of 1976 convention exhibits.

The EFT Theater, designed to hold 300-500 persons, will run three 90-minute programs October 2 through October 5. Performances will begin at 10 a.m., 1:30 p.m. and 3:15 p.m.

Titles of the EFT programs are: "The Consumer in EFT," "Honest Face/Wells Service," "ATM Justification and Evaluation," "Shared Facilities," "Planning EFT Services for Community Needs," "The Kroger Stores Experience," "Cash Card," "The Leesburg, Fla., Experience," "EFT for Community Banks," "Pay-by-Phone," "Debit Card Development" and "Current Activities Affecting EFT."

"EFT is the hottest subject of interest to all bankers," ABA Convention Director Arthur L. Johnson Jr. says. "This will be the first time EFT will be given in-depth treatment, right in the exhibit hall, with the equipment on display and available for hands-on demonstrations."



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**Maybe you'll be lucky
and get Cheryl.**

When our top correspondent banker, Glenn P. "Red" Ward is out of town, Cheryl Cross minds his business — and she can probably help with your's too.

No matter what your question may involve, Cheryl knows where to find the answer. She knows our people, and she knows their specific talents.

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GLENN P. WARD



**Fourth
National Bank
Tulsa, Oklahoma**

Member F.D.I.C.

a bank customer if they want to see his or her bank records, that a bank customer should have the right to prevent the government from seeing his or her bank records unless the agency goes to court, that if the government goes to court to get the records, the bank customer should have the right to intervene in the proceedings. Banking also has proposed that banks be reimbursed by the government for the costs of complying with subpoenas.

Electronic fund transfers. Congress can be expected to take an even greater interest in EFT than it has in the past as the work of the National EFT Commission reaches fruition. The commission's timetable is as follows: Sometime before March 1, the commission will issue preliminary findings and recommendations on EFT. In the succeeding eight months, recommendations will be reported to Congress and the President, as those positions or recommendations are reached. The commission will issue its final report October 29, 1977, and this report will be a roundup of previous recommendations.

Mr. Duwe reminded his listeners that all material prepared by the EFT

Commission will be grist for legislative proposals and will affect the way banks do business in the future.

Effectiveness-of-bank-supervision study. The Government Accounting Office began this study at the request of Congress. Nine-hundred banks supervised by the Fed, FDIC and Comptroller will be analyzed. The GAO has given its assurance that it "will not disclose the identities of banks or bank customers to anyone outside the GAO." The study will survey overall policies of the supervisory agencies and will pay special attention to an analysis of 36 banks that have failed since January 1, 1971, and 294 banks that have required special attention. The GAO also will review applications for charters and conversions of charters and will survey agency personnel and training practices. The study's results are expected to be released in December. No matter what the results, Mr. Duwe warned, the report will be a stimulus for congressional action in 1977.

Finally, during the next session of Congress, said Mr. Duwe, Senator Thomas McIntyre (D., N.H.) can be expected to introduce legislation that

would change or supplant the McFadden Act. Mr. Duwe reminded his audience that the senator has said an old law cannot be expected to be applicable to a new and changing financial environment. For this reason, he has advocated a study of the act. Mr. Duwe believes legislative proposals almost certainly will emanate from this study, and the proposals probably will touch on the use of EFT.

"The ABA and the banking industry have gained a great deal from the 94th Congress," said Mr. Duwe. "We have reaffirmed that we must make our voice heard while legislation is being formulated. We have reaffirmed that all bankers must remain alert to proposals on Capitol Hill. We have reaffirmed that our job of explaining our positions is an ongoing task that demands the efforts of each and every banker. We have reaffirmed that our concern can make a difference.

"But perhaps the most important thing that we have learned from the 94th Congress is that bankers can work together to achieve a unity of legislative purposes. And that unity of purpose can leave every banker better able to serve the needs of his or her community and the nation." • • •

House Study Hits Business-Bank Control of Fed

THE ABILITY of the Federal Reserve System to make objective monetary decisions has been challenged by a study made by the staff of the House Banking, Currency and Housing Committee.

The committee has charged that the Fed is dominated by corporate executives and heads of large banks serving on the boards of district banks. This dominance has been termed a threat to sound decision-making.

The study questioned whether basic economic information collected through the Reserve banks could be trusted; whether the Fed's responsibility to enforce consumer financial laws against business and banking might be compromised; and whether commercial banks and bank HCs could be regulated with objectivity.

Committee Chairman Henry S. Reuss (D., Wis.) said, "It is difficult to imagine a more narrowly based board of directors for a public agency than has been gathered together for the 12 banks of the Federal Reserve System." He said the findings of the committee raise "serious questions about the quality of economic intelligence and opinion which the district banks presumably feed into the Fed system and its monetary

policy machinery. He also said that "the heavy links to banks and bank HCs raise doubts about the ability of district boards to regulate the industry."

The study identifies every director of the district banks and lists their corporate affiliations as well as interlocks between their firms and other firms and banks.

The report charges that this network of directors, in addition to being responsible for economic intelligence to the Fed board for monetary policy decision, constitutes a major lobbying apparatus for business and banking in local as well as national aspects.

The report goes on to state that the "political clout" of directors derives from the fact that they are often "dominant figures in their areas," associated with "the biggest of the big business community."

The report said that, "at the national level, some of the activities of the Fed directors are masked behind their corporate shields, and it is often difficult to distinguish the lobbying generated by the Fed banks from that of the corporate banking lobby."

Several examples of Fed-director lobbying were listed, dealing primarily

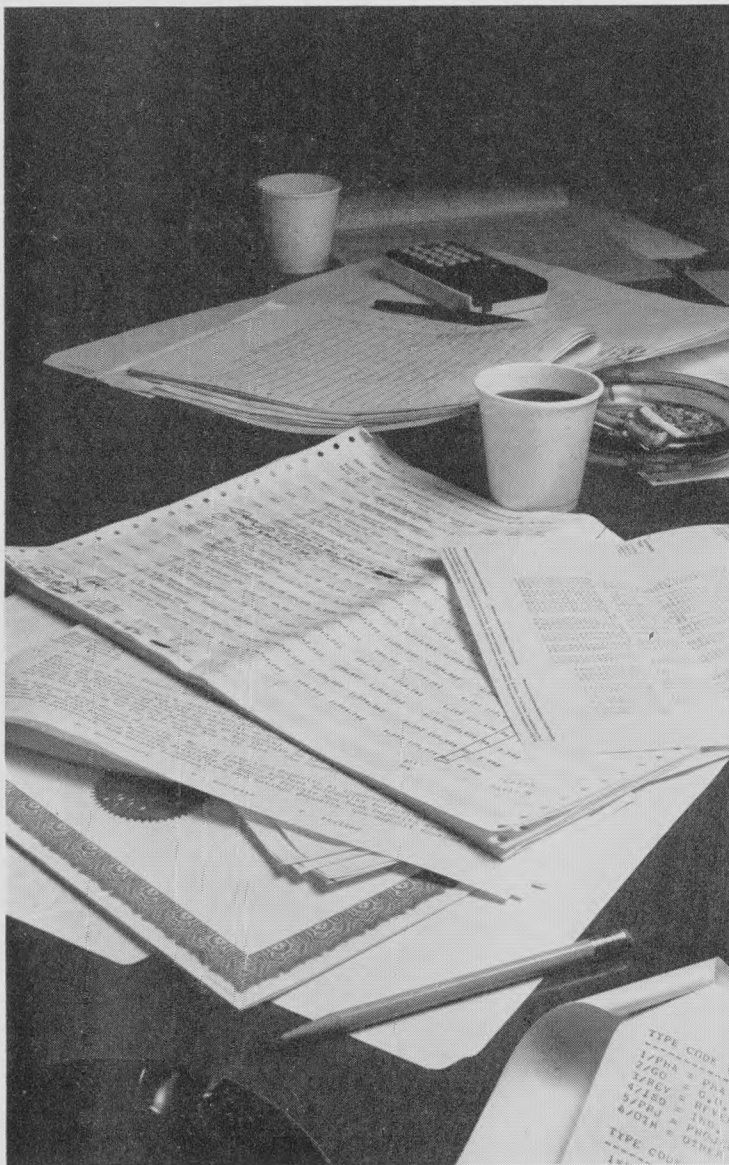
with efforts to kill legislation that would have permitted Congress to audit the Fed. The legislation was sponsored by the late Wright Patman (D., Tex.) who was also credited with initiating the study.

The study said that 89 of 108 directors of the 12 district banks have large business or banking affiliations; that, of the total, 29 of the Class C directors were executives or directors of corporations; that 30 of the Class A directors came from leadership positions of banking trade associations, an affiliation that would tend to give the directors a "monolithic position on bank issues"; that 30 of the 36 Class B directors came from "mostly large" businesses.

A Fed spokesman said the Fed board and its Open Market Committee feel independent decisions can be made regardless of the views of district bank directors. He also said that small businessmen and farmers are represented.

The report cited the fact that there are no women on the district boards, that family-sized farmers are absent and small business is barely visible. It also said that only two members were from minority groups and no labor or consumer spokesmen were included. • • •

Everything about the portfolio added up. But the earnings.



A correspondent bank faced a big problem.

Their million dollar portfolio wasn't performing. And with rising expenses and decreasing loan demands, it looked like they wouldn't meet their income goals in the years to come.

Faced with this dilemma, they came to a bank with a proven earnings record. First in Dallas. Where a team of Asset and Liability Management Specialists rolled up their sleeves. And got down to business.

They started by looking long and hard at the bank. Where it was and where it was going. The debt structure, their customer profile, and a dozen other factors.

Then, after they knew the bank and the town, they used their market knowledge and the experience they had gained from managing their own portfolio to recommend changes.

Like the wider spread between "agencies" and "governments." A strategy for advance refunding maturities. And active management of both assets and liabilities.

The result was a higher earning portfolio. One that was better geared to market conditions. And supported by continuous, up-to-date management strategy.


And all it took was good thinking. Based on 100 years of experience and a concern for the customer's best interests.

If that's the kind of creative thinking your bank needs, call Charles Dunlap, Vice President of our Correspondent Division at 214-744-8030.

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MID-CONTINENT BANKER for September, 1976

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LOUISIANA NATIONAL BANK

INTERIM FINANCIAL REPORT

CONSOLIDATED BALANCE SHEET

June 30

	1976	1975*
ASSETS		
Cash and due from banks	\$ 42,479,086	\$ 43,050,732
Investment securities:		
U.S. Treasury securities	36,061,215	57,247,907
Securities of other U.S. Government agencies	4,000,000	17,000,000
Obligations of states and political subdivisions	62,603,204	46,872,417
Other securities	618,831	551,931
	<u>103,283,250</u>	<u>121,672,255</u>
Federal funds sold and securities purchased under agreements to resell	21,835,000	3,650,000
Loans	278,768,921	243,623,820
Less: Unearned interest income	(15,967,509)	(10,738,562)
Reserve for possible loan losses	(2,718,127)	(2,727,760)
	<u>260,083,285</u>	<u>230,157,498</u>
Direct lease financing	11,950,240	11,182,386
Less: Unearned interest income	(1,908,612)	(1,941,509)
Reserve for possible losses	(232,238)	(237,745)
	<u>9,809,390</u>	<u>9,003,132</u>
Bank premises and equipment	19,183,139	18,164,281
Other real estate	2,514,408	490,874
Customers' liability on letters of credit	349,214	431,800
Accrued interest receivable and other assets	6,786,951	8,034,852
TOTAL ASSETS	<u>\$466,323,723</u>	<u>\$434,655,424</u>
LIABILITIES		
Deposits:		
Demand	\$137,057,223	\$126,892,647
Time and savings	248,626,348	212,804,928
Total Deposits	<u>385,683,571</u>	<u>339,697,575</u>
Federal funds purchased and securities sold under agreements to repurchase	22,400,000	46,185,000
Liabilities for borrowed funds	7,272,661	2,219,200
Mortgage note payable	8,739,497	8,941,500
Liability on letters of credit	349,214	431,800
Accrued interest payable and other liabilities	5,494,125	4,530,501
	<u>429,939,068</u>	<u>402,005,576</u>
Subordinated notes	5,000,000	5,000,000
STOCKHOLDERS' EQUITY		
Common stock, \$5 par value		
	1976	1975
Shares authorized	1,745,074	1,661,975
Shares issued	1,676,850	1,586,561
Surplus	10,033,642	8,354,127
Undivided profits	12,966,763	11,362,916
TOTAL STOCKHOLDERS' EQUITY	<u>31,384,655</u>	<u>27,649,848</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$466,323,723</u>	<u>\$434,655,424</u>
Outstanding commitments on standby letters of credit	\$ 3,589,425	\$ 3,699,868

*Certain reclassifications and adjustments to previously published 1975 financial statements have been made to comply with current reporting requirements.

AND SUBSIDIARIES AS OF JUNE 30, 1976

CONSOLIDATED STATEMENT OF INCOME

Six Months Ended June 30

	1976	1975*
OPERATING INCOME		
Interest and fees on loans	\$ 13,487,798	\$ 12,230,618
Interest on federal funds sold and securities purchased under agreements to resell	387,353	352,240
Interest and dividends on investments:		
U.S. Treasury securities	1,624,571	1,929,813
Securities of other U.S. Government agencies	277,804	800,406
Obligations of states and political subdivisions	1,486,343	1,200,444
Other securities	49,473	14,570
Income from direct lease financing	745,695	710,604
Trust department income	257,866	248,514
Service charges on demand deposit accounts	631,018	557,085
Other service charges, exchange and fees	681,199	525,119
Other operating income	483,335	114,083
TOTAL OPERATING INCOME	20,112,455	18,683,496
OPERATING EXPENSES		
Salaries and employee benefits	4,472,441	3,780,553
Interest on deposits	6,650,469	6,350,347
Interest on federal funds purchased and securities sold under agreements to repurchase	714,383	1,599,786
Interest on other borrowed funds	93,544	96,208
Interest on subordinated notes	185,139	209,618
Occupancy of bank premises expense, net	769,560	647,366
Furniture and equipment expense	912,844	724,539
Provision for possible loan losses	1,224,266	728,933
Other operating expenses	2,134,476	2,050,589
TOTAL OPERATING EXPENSES	17,157,122	16,187,939
INCOME BEFORE INCOME TAXES AND SECURITIES GAINS (LOSSES)		
	2,955,333	2,495,557
Applicable income taxes	642,699	606,658
INCOME BEFORE SECURITIES GAINS (LOSSES)	2,312,634	1,888,899
Securities gains (losses) less applicable income tax effects (credits) of (\$5,518) in 1976 and \$988 in 1975	(5,977)	1,070
NET INCOME	\$ 2,306,657	\$ 1,889,969
EARNINGS PER SHARE		
Income before securities gains (losses)	\$ 1.38	\$ 1.14
Net income	\$ 1.38	\$ 1.14

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Six Months Ended June 30

	1976	1975*
Balances at January 1	\$ 29,477,954	\$ 26,040,433
Net income for the period	2,306,657	1,889,969
Cash dividends paid	(442,943)	(380,234)
Sales of Common Stock under employee stock option and savings plans	42,987	99,680
Balances at June 30	\$ 31,384,655	\$ 27,649,848





What Is Your Bank Worth?

WHAT IS your bank worth? I personally have been haunted by the question for some 25 years, as, periodically, I have been involved in bank purchase, sale and merger transactions. There's no single answer to the problem of valuation, for willing buyers and sellers of bank ownership are motivated by a legion of varying personal and economic considerations. However, there are common-sense benchmarks that may be used to indicate a useful range of values, and these benchmarks guide and facilitate purchase and sale decisions, which reflect the final consensus judgment of buyer and seller.

Our organization has made extensive use of such guidelines to add banking capacity through acquisitions, mergers and de novo activity. In recent years, we have looked at many banks and have developed the most rational standards I know for evaluating the economic worth of a bank. Sometimes this process has led us to success in expanding our company, but on other occasions it has left prospective buyer and seller miles apart.

What is your bank worth? Remember that worth, like beauty, often is in the eye of the beholder.

Guidelines, however rational, cannot be set into a lone mathematical model and fed into a computer, yielding a single answer of what a bank is

This article is based on a talk given by Mr. Rogers at the 24th Assembly for Bank Directors held early this year in Honolulu.

By **NAT S. ROGERS**
President
First City National Bank
Houston

worth. It takes experience and knowledge of the banking business, coupled with market information gathered from statistical data and financial information gathered from computer models.

In our organization, computer modeling is an important aid for determining worth. When broad-scale analysis finally is concluded, it takes only a matter of minutes for us to project results for a bank years into the future. Using alternative growth assumptions, we project profiles of assets, earnings, capital requirements and cash flows. The object is to fix the parameters of a bank's future worth and then make the best decision about its present value.

Key elements of our evaluation process are classified into five basic categories:

1. Management. 2. Market. 3. His-

toric Performance. 4. Current Condition. 5. Future Prospects.

We place management first because management quality is the root stock of value—the universal key to any organization's success. If a bank is to operate profitably and achieve sustained success in carrying out its obligations to shareholders, employees and the community it serves, competent management is a *sine qua non*. The buildings, bonds and loans of a bank aren't worth much unless they are administered soundly and productively.

Generally, a bank's track record gives an insight into management's fulfillment of these obligations. Incidentally, it's the first obligation of a bank's board to ensure that the institution has quality management.

Remember, however, that any change or improvement in management cannot happen overnight. Miracles in the banking world are rare. It takes hard work and many months, if not years, to turn a problem bank into a good performer. Sometimes, the accumulated liability of poor management effectively bars acceptable asset quality or satisfactory earnings for years to come. To our corporation, such a bank would be a liability rather than an asset and represent a negative value. Remember, in judging the worth of your bank, the key element is its ability to perform in the future.

Management must have the skills to satisfy needs of regulatory authorities, depositors, borrowers, employees and investors. This requires an adequate



Nat S. Rogers, ABA pres., 1969-70, also is a former head of the Mississippi Bankers Assn. He joined Deposit Guaranty, Jackson, Miss., in 1947 and was its pres. when he joined First City Nat'l in 1969. Mr. Rogers also is pres., First City Bancorp. of Texas, HC whose lead bank is First City Nat'l.

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response to each of these groups, so as to articulate objectives, balance conflicting interests, invest funds profitably and maintain sufficient liquidity. Systems and procedures that promote conservation of manpower, but also satisfy customer needs for banking services, are essential. Elimination of unwanted fat and promotion of operating efficiencies are what good management is all about.

Just because a bank's books reflect good profits for a year or two doesn't necessarily mean the bank is being managed properly. We need the additional affirmatives that management is running a sound bank, controlling loan quality, avoiding speculative bonds and generating profitable business within its primary market, rather than depending on the sale of federal funds and purchase of participations. For example, look at the banks that were riding high in the last money crunch, but now are paying the price for an excessive dependence on high-yielding federal funds.

Our organization looked at a number of such Texas banks during 1973 and 1974, when they were enjoying unprecedented profits the easy way by selling fed funds. At that time we told them that our projection of their earn-

ings in the future was based on "normalized" fed funds rates; we didn't acquire or merge with many because they disdained our income projections. Now it can be noted that their recent earnings are well down from those of prior years.

The main point here is that high earnings for one or two years are not necessarily a sign of good management—they may even demonstrate the opposite.

The next standard for determining the worth of a bank is its market. Banking markets vary widely, depending on access, geography, structural conditions, relative convenience of competitive options and merchandising and service capability. Sometimes, I think the market for a bank is limited only to the imagination and aggressiveness of management. For all practical purposes, however, typically there is an inherent geographical limitation.

The most important question concerning a bank's market is how the growth of the market is going to develop. Market development is a function of 1) its rate of growth and 2) the extent of its potential development. If the market is growing at a reasonable and sustainable rate, a representative bank has greater potential value, and

it enjoys a higher current worth than similar-sized but more slowly growing banks.

However, if the service market for your bank is expanding rapidly, you must be prepared to commit more capital and human resources to meet that demand for services, and these commitments must be included in the valuation process. Moreover, unfulfilled banking needs inevitably must be met by new banks, and competitors will move in and take a share of your bank's future potential growth.

Simply because a bank is located in a rapidly expanding area does not guarantee that the bank will grow over a sustained period. Suburban banks usually are "leapfrogged" by de novo entrants, which probably will serve to restrict market potential over time. Always, it takes awareness and judgment to determine the prospects for reasonable, sustained growth, but the effort should not be based on guesswork. Census data, investment patterns, real estate values, income levels and zoning patterns have to be taken into account.

Naturally, if a bank is in a mature area, the prospects for growth are minimal. There an institution cannot rely

(Continued on page 60)

Current Fair Market Valuation of Capital Stock Is Must for Small Bank

THE DISCUSSION of a bank's worth, as outlined in the accompanying article by Texas banker Nat S. Rogers, is applicable to almost any size bank. However, Ray E. Reents, a Springfield, Ill., bank stock appraiser, has some opinions on this subject specifically for small banks. He defines the latter as in the \$1-million-to-\$150-million-asset range, whose stock is not actively traded or sold through an exchange. Although such stock is sold occasionally, he explains, the "price of the last sale" ordinarily is not the "current fair market price."

Mr. Reents emphasizes that it's extremely important to each shareholder of a small bank that his bank maintain a current, fully supported fair market valuation of its capital stock.

In many cases, he says, a large percentage of an individual's net worth is in the value of his bank stock, this value having a broad range, depending on the percentage of total shares outstanding held by the stockholder. Controlling interest (51% or more), he maintains, sometimes will have a fair market value of two to three times the value of minority interest stock (under 51%). This fact, he says, also is recog-

nized by the Internal Revenue Service and other taxing agencies.

Mr. Reents points out that situations often arise when there's a need for a current fair market price on a small bank's capital stock and listed the following examples:

1. *Estate and Inheritance Tax.* When a bank stockholder dies and his estate contains this type of stock. A fair tax will be paid only if the fair market value of the stock is known as of the date of death.

2. *Gift Tax.* When a bank stockholder wants to give this type of stock to his wife, children or others as a gift.

3. *"Outsider" Stockholders.* When a bank stockholder who isn't an officer or director of a bank wants to sell his stock, and it's purchased by an "insider" officer or director. By paying a fully supported, fair market price, the "insider" buyer can avoid or legally defend possible lawsuits by the "outsider" seller.

4. *Marketing Purposes.* When a buyer, buying group, bank HC or others offer to buy a bank's capital stock.

5. *Buy-and-Sell Agreements.* When two or more stockholders agree to sell

a bank's stock to each other in the event of death of one of the parties or under certain other conditions.

6. *Special Taxes.* In states where a bank's capital stock is taxed.

7. *Loan Collateral.* When a stockholder wants the maximum loan on his stock when it's pledged as collateral for the loan.

8. *Pledged Collateral Sold Because of Nonpayment of Loan.* When a lending institution that holds this type of stock as collateral sells the stock because of nonpayment of the loan. A fully supported, fair market valuation can be a good defense against possible lawsuits by the borrower or possible second lien holders.

Mr. Reents suggests that a fully supported appraisal report should contain a detailed analysis of a bank's growth, earnings and condition for the past five-year period. In addition, the report should contain Federal Reserve average ratios as compared with the bank being analyzed. Actual, current market prices and bids of actively traded bank stocks should be contained in the report for purposes of comparison with the value price. • •

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What's Your Bank Worth?

(Continued from page 58)

on rapid resource expansion as a primary means of increasing earnings. Ordinarily, this type of bank is worth considerably less than one of similar size that lies in the path of expanding commercial, industrial or residential development.

A third requisite for determining a bank's worth is its historic performance. Usually, history reveals more than any other factor, since it puts the management linen on display. Almost invariably, we believe we can contribute something to increased profitability, but we rarely factor this potential benefit into the valuation equation if the bank has above-average management. After all, there are few magicians in the ranks of bank holding company managements.

Analysis of historic performance gives us insights into the market the bank serves and helps us perceive local competitive practices and untapped investment opportunities. These insights into the bank's future growth and the quality and mix of its earning assets can be translated into a range of probable earnings that reasonably may be anticipated in future periods.

Historic performance leads to a fourth consideration that we describe as current conditions. The most significant key to the future is the "here and now," which requires an X-ray view of current conditions much like an examination or audit.

The six aspects we examine closely are: 1. Quality of assets. 2. Quality of liabilities. 3. Physical plant. 4. Book value of the equity. 5. Capital adequacy. 6. Fair market value of tangible assets.

Today, more than ever, bank ana-

lysts focus on quality of assets in their pursuit of market value. The current condition of assets will produce future income or serve as a detriment by burdening the future with charge-offs or non-accruals. Low coupon bonds and term loans with low fixed rates should be discounted and factored into future income projections. Obviously, they also impact the liquidity position.

The quality of bank liabilities relates to their cost, source, term and volatility. Is the deposit base stable, and is the mix between time and demand deposits balanced? Are deposits drawn from the primary market area or purchased out of locality? Will large amounts possibly disappear because of rebidding of public funds contracts? Is too much reliance placed on high-cost, large-denomination CDs? Liability management is a sophisticated exercise for regional and money-center banks, but when undertaken by a smaller community bank, it becomes speculative mismanagement.

Physical plant has a definite impact on bank value. A modern, attractive building is more likely to afford efficient work flow and customer service than an aged mausoleum. Adequacy of parking and drive-up windows requires study, and land for expansion must be examined. Occupancy costs ordinarily are one of the major costs in banking, and future building requirements call for new capital commitments more often than not.

A new location may be needed, or perhaps we should redefine our future projected capabilities to lower levels because of physical plant limitations. The value equation has to include these costs in analyzing future income prospects.

Until recent years, the most commonly used benchmark for valuing infrequently traded bank stocks was a multiple of book value. Assuredly, book value is pertinent and has regained

some favor in these days of keen interest in capital adequacy. A prospective buyer must know if capital accounts are sound and have been recorded in agreement with generally accepted accounting principles. Future dividends will be significantly controlled by capital ratios, and capital deficiencies inevitably place a high priority claim on future earnings.

Capital adequacy is important not only to public confidence and operating effectiveness; it is an article of faith for all bank regulators as well. A prospective buyer must understand regulatory requirements and project additional future costs, if any, that will accrue from a current or prospective undercapitalization. Capital today is a high-cost factor of production, and an unusual capital need will reduce value proportionally.

Ideally, a bank should be able to generate its future capital requirements via earnings and still be able to pay 30% or more of its earnings to shareholders as dividends. Such a bank ordinarily has more worth to the shareholder than a comparable bank that must rely on outside infusion of capital to comply with the regulators' capitalization guidelines.

While the earnings stream is our primary interest in the valuation process, it is essential that the fair market value of tangible assets be studied. Here we depart the realm of book values and regulatory capital requirements and seek to determine the fair market value of all the bank's assets.

We appraise the bond portfolio, determine whether the reserve for loan losses is adequate and value the physical plant and equipment. Hidden values may be carried in the other-assets account and in other real estate with a low-cost basis or written down by regulatory requirement. These are factors pertinent to the evaluation, for which alert sellers will demand recognition.

All these efforts to develop the full facts about current conditions are calculated to help us accurately ascertain future prospects.

How do we envision the future of the institution? Generally, a range of future models is run to establish parameters of what the bank's earnings over the next five to 10 years will look like.

Some of the common variables we plug into the computer model include various growth rates for assets by year, as well as the required capitalization needed to support the asset growth. Another integral part is the dividend payout as a percentage of each year's earnings over the next five to 10 years.

All these exercises lead us to a con-

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clusion of how the bank is going to perform in the future; this is what distinguishes the worth of a bank from the fair market value of tangible assets.

On the basis of all the information gathered in the previous exercises, we make a pro forma projection of earnings, based on the highest probability we believe the bank can realistically achieve year by year for five to 10 years. This future stream of earnings makes allowance for capital input, new plant, possible redeployment of assets, expected growth of the market and probable dividend payouts. The final computation is to capitalize this future earnings stream at an appropriate rate and then to reduce it to present value. Present value forms the basis of a specific offer to buy shares or to merge.

This whole value concept has been developed on a theoretical basis, but it is modified repeatedly by current conditions, experience and judgment. It's tested on the basis of comparables and verified against prices paid for banks of similar size, market potential and quality.

There are some final distinctions between values based on a cash purchase and those involving an exchange of shares. Equity analysis requires development of comparable information on both parties. An acquiring bank will wish to avoid earnings dilution—present or prospective. After future earnings streams have been constructed on both banks and appropriately discounted to present value, the price offered normally approaches a break-even position in terms of future earnings per share. Marketability of the acquiring organization ordinarily is entitled to a premium, the size of which will depend on amount of established trading and prospects for market appreciation.

Cash-purchase valuations utilize an "alternative cost of funds" approach. The acquiring party must compute its overall capital costs based on its costs of debt capital and its minimum acceptable rate of return on equity. The purchase price cannot exceed an amount that will permit this minimum return to be achieved.

In conclusion, it's worth noting that the values of your banks also are affected by market trends, public confidence and rate of inflation. Recent months have seen few banks sell at normal values relative to their current and prospective earnings. My advice is: Don't sell your bank today—it should be worth a great deal more in the future. ••



Salute to an Historic Site

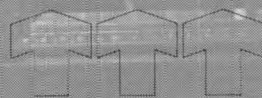
On July 11, 1796, the American flag first flew over Detroit. In commemoration of that event, officers of Detroit Bank and members of the Fort Lernoult Militia, a local group, hold a brief ceremony, raising a replica of that first flag. The actual site of Fort Lernoult, where the original flag was situated, is where the bank now stands, land that has been designated a registered historic site by the Michigan Historical Commission.

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First Session Is Completed At Alabama Banking School; W. P. Walker Is Chairman

MOBILE—The Alabama Bankers Association has opened the Alabama Banking School. Classes for the first group of 60 freshmen students have been conducted on the Brookley Campus of the University of South Alabama.

Serving as school chairman is William P. Walker, chairman and president, City National, Dothan. Mr.

Walker, who also is executive vice president and director of the bank's parent HC, First BancGroup-Alabama, Inc., Mobile, for the past six years has served as an instructor at the School of Banking of the South, Louisiana State University, Baton Rouge.

The Alabama Banking School was conceived by the banking education committee of the Ala.BA. The committee researched other banking schools and the result was a recommendation



WALKER

that a three-year curriculum of one week or a minimum of 40 classroom hours yearly be offered.

The school is governed by a nine-member board of trustees with Mr. Walker as school director. Other trustees are: Kay Ivey, assistant cashier, Merchants National, Mobile, Ala. BA education committee chairman and Alabama Young Bankers president; Howard Morris Jr., Ala. BA executive vice president; James S. Gaskell Jr., president, First Alabama Bank, Montgomery; A. Lee Hansen, executive vice president and cashier, Citizens Bank, Oneonta; Richard P. Morthland, vice president, Peoples Bank, Selma; John Russell Thomas, vice chairman, First National, Alexander City; and Mary George Jordan Waite, chairman and president, Farmers & Merchants Bank, Centre. The ninth trustee will be the immediate past chairman.

Assisting Mr. Walker in the school's administration are Richard E. Oliver, president, American National, Huntsville—class director; Paul Pietri, professor of management and director of management development, College of Business at the university—educational director; Ed M. Bunnell, dean, Division of Continuing Education and Evening Studies at the university—university coordinator; and Ross L. Byrd, Ala. BA EFTS specialist—registrar.



Officials walk across Brookley Campus of University of South Alabama, where Alabama Banking School classes are held. Located on Mobile Bay, secluded, woodlike setting of school is conducive to study.

The 60 freshmen students attended classes or worked on study problems daily from 8 a.m. until 9 p.m. and a number of films on management were aired at night on television sets in the students' suites, via the school's closed-circuit TV system. Courses of study were management, bank law and regulation, accounting, economics and credit analysis. In addition to that, during their junior and senior years, students will study EDP, marketing, money and banking, financial planning, investments, forecasting, trusts, profit planning and personnel policy.

■ DEPOSIT GUARANTY NATIONAL, Jackson, has opened its Terry Road Office. The ribbon that was cut was of currency totaling \$500. Manager for the new office is Charles McGhee, assistant vice president.

Seminars for the Trust Industry Announced by Kennedy Sinclair

WAYNE, N. J.—Kennedy Sinclair, Inc., has announced it will present two "New Horizons Seminars" for the trust industry. The first will be held September 13-14 at New York City's Essex House, while the second seminar will be November 8-9 at the Airport Marriott in Chicago.

The seminars have been designed to provide participants the opportunity to discuss with experts innovative, administrative and operational investment marketing strategies now being employed by leading institutions. Experts will be from Kennedy Sinclair, the trust industry and firms serving the industry.

Also on the agenda will be an analysis of results of recent market research studies, while current industry developments such as index funding investment strategies, covered call option, common trust funds, techniques for "unbundling" trust products and use of outside custody and trust accounting services will be discussed.

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EFT, Competing With S&Ls, Selling to Women Among Topics Planned for BMA Convention

ELECTRONIC funds transfer, marketing strategies for the women's market and how to compete with S&Ls are only a few of the subjects that will be thoroughly discussed at the Bank Marketing Association's 61st annual convention October 24-27 at the Hotel Fontainebleau in Miami Beach.

The first general session October 25 will be keyed by former astronaut Frank Borman, now president and CEO, Eastern Airlines, Miami. In his talk, "How to Compete in a Regulated Industry," Mr. Borman will trace some parallels between banking and the airlines.

As in past conventions, this year's meeting will feature departmentals, workshops and rap sessions.

Subjects to be covered by departmentals are: "EFT—Competitive Impact for Today/Tomorrow," "Advertising in the '70s—the Positioning Era," "Marketing Strategies: Small Business Market," "Marketing Strategies: Retired Fixed-Income Market," "Marketing Strategies: Women's Market," "Marketing Strategies: Knowing the Consumer—Under 30 Market," "The Bank Marketer's Dilemma: Cooperation vs. Competition With Financial Service Institutions" and "Responsive Marketing—the Increasing Power of the Consumer."

Workshops for large banks will be devoted to: "Accepting the Challenge for the Future—What Marketing Should See in That Crystal Ball," "Check Verification and Factoring—Should Banks Be in It?," "Practical Application of Outside Research," "Staff Cross-Selling That Works," "How to Compete Against NOW Accounts," "Customer Wants—Your Key to Effective Marketing," "The President's EFTS Commis-

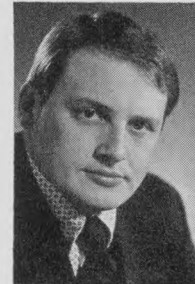
sion," "Data Processing in Marketing/Operations—a Team Approach" and "Where Do We Now Take the Maturing Product Known as Bank Credit Cards?"

Topics at the community bank workshops will be: "EFT Planning for the Community Banker," "How to Get Management Support for Sales Training," "A Banker's Dozen of Ideas to Compete With an S&L," "Business Development for the Community Bank," "Advertising . . . It Ain't No Magic Wand" and "Marketing Planning."

Rap sessions for large banks will feature: "How to Effectively Market NOW Accounts," "Check Verification/Guarantee," "Planning for EFT," "National Debit Cards," "Thrift Institution Competition," "Direct Salary Deposit," "Sales Training—a Professional Approach," "Newcomer Marketing," "Senior Citizens Marketing," "Student/Youth Marketing," "Sequential/Combined Statements," "Customer Profitability," "Direct Response Marketing" and "Business Savings Accounts."

Topics at community banks' rap sessions will be: "How to Sell Individual Retirement Accounts," "How to Market Commercial Account Services," "Planning a Community Bank Marketing Program in a Metro Area," "Do Premiums and Giveaways Work?," "Extended Banking Hours—How and Why," "Training Employees to Sell Services," "Budgeting and Forecasting in a Community Bank," "How to Compete With S&Ls," "How to Motivate Officers to Sell," "Generating New Business Through Directors," "Customer Profitability in EFT Techniques" and "How We Use EFT in Community Banks."

On October 27, a special panel of banking industry authorities will de-



HART

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BORMAN

scribe "The State of Banking Today and Tomorrow." That same day, delegates will hear the *Newsweek* periscope panel, consisting of five top editors of *Newsweek* magazine. They will discuss the upcoming general election, current events and foreign affairs.

On October 26, the BMA will hold the first screening of the 1976 "Best of TV" commercials film and will make the special Golden Coin awards presentations. Also that day—on all Fontainebleau TV sets—there will be a BMA videotape presentation, "What You Are Is Where You Were When," a 90-minute program given by Dr. Morris E. Massey on helping people understand and deal with their value judgments.

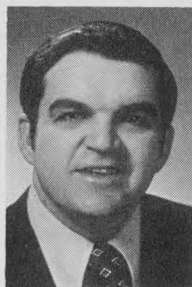
Convention Chairman. Alex W. "Pete" Hart is this year's convention chairman. He is vice president, BankAmericard division, First National, Chicago.

BMA Officers. BMA officers for 1975-76 are: president, Eugene J. Callan, president, New York Bank for Savings, New York City; first vice president, Clifford Y. Davis Jr., vice president, City National, Memphis; second vice president, Martin J. Allen Jr., senior vice president, Old Kent Bank, Grand Rapids, Mich.; and treasurer, Jack W. Whittle, chairman, the Whittle Group, Chicago. • •

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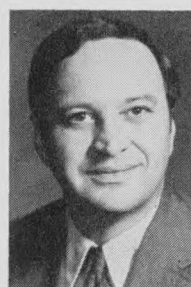
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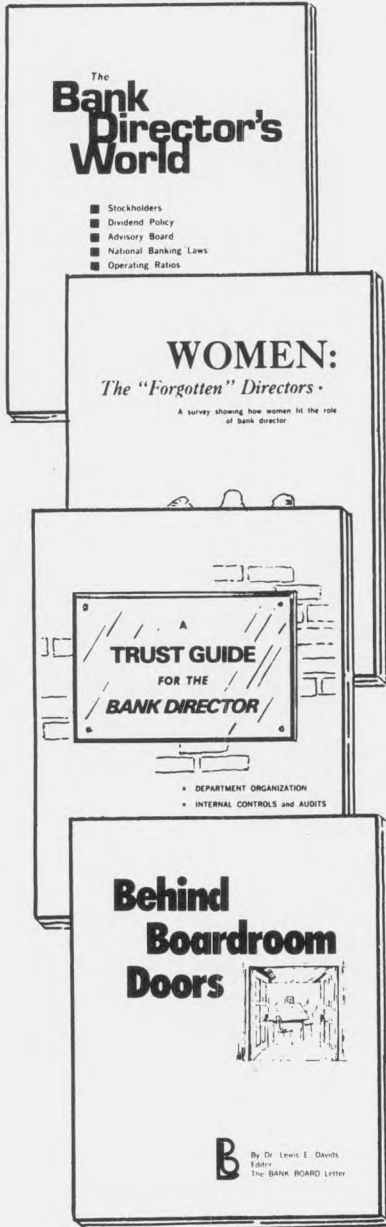


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board should . . . police itself (and) openly discuss factors involving conflicts." That quote illustrates one of many overlooked points of bank board membership that are examined in this book by Dr. Lewis E. Davids, Editor, The BANK BOARD Letter. Director relationships with the HC, CPAs, legal counsel, stockholders, correspondents and advisory boards are covered. Includes models, exhibits.

WOMEN: the "Forgotten" Directors.
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Could be most helpful to banks contemplating the election of a woman or women to the board. Survey results from women directors across the country show how they view their relationships to other directors of their banks, what they feel are

their relationships to men and women staff members of the institution, frustrations and delights encountered in board service and what they see as today's major banking problems. By A. Ruth Davids, Senior Research Associate, with Dr. Lewis E. Davids, Editor, The BANK BOARD Letter.

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Since introduction of the Keogh Act (H.R.10), many small firms and self-employed individuals have established pension trusts, so the number of banks adding trust functions has increased substantially. Directors of banks with new trust departments or newly elected directors of banks

with established trust functions often aren't fully conversant with direction of trust activities. They will find this book, by Dr. Lewis E. Davids, Editor, The BANK BOARD Letter, to be a valuable aid. It delineates trust department examinations, policies. Includes Comptroller's Regulation 9, covering fiduciary powers of national banks, collective investment funds and disclosure of trust department assets.

Behind Board Room Doors.
\$6.00

Dr. Lewis E. Davids, Editor, The BANK BOARD Letter, provides insights to fine points of bank board membership. Sample chapter topics: CEO selection, reimbursement; management audits; finding customers; board minutes; director fees, retainers. Typical paragraph: "The chairman . . . receiving an examination report,

verbally briefs the board on its contents, not permitting each to . . . review it in its entirety. A top bank supervisor told me of an instance (where) a bank director demanded to see the report. He saw it, but only after the CEO had removed pages containing the examiner's comments and conclusions and violations of law and regulations. Fortunately, the director had the foresight to note the missing page numbers."

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HOW TO MAKE YOUR SHOP AT HOME PROGRAM SUCCESSFUL

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“Try Culpeper First was undoubtedly the most successful marketing effort we’ve ever tried. The real bonus was the low cost.”

Burton Stacy, President
The New Bank of Culpeper



When Burton Stacy heard about the “Try (Your Town) First” program, he knew it was a natural for Culpeper. Located within easy driving distance of Richmond and Washington, D.C., Culpeper merchants suffered every year, when local residents did much of their Christmas shopping in the nearby large cities.

Things changed last year. The bank sponsored the “Try Culpeper First” program, a tested, proven program for keeping local shoppers at home at Christmastime. This copyrighted program enabled the bank to provide each merchant in Culpeper with the means to promote hometown shopping within his store, in the local newspaper, and on the area radio stations. The bank provided everything. It was a marketing masterstroke. The local newspaper commended the bank in an editorial. Letters to the editor praised the community spirit of the bank. Both the radio station and the local newspaper provided free press coverage. And the local merchants loved it. The bank was helping put money in their pockets.

Says Burton Stacy, “We not only gained their goodwill, but a lot of their business.”

NOW YOU CAN SPONSOR THE “TRY (Your Town) FIRST” PROGRAM

When you sponsor the “Try (Your Town) First” program, you’ll find that several things will happen:

- *You’ll keep needed dollars at home *and in your bank*.
- *Your bank will be a hero to local merchants, and will probably pick up new commercial accounts.
- *You’ll have an officer call program that works.
- *You’ll receive free publicity in an amount that will surprise you.

THE SECRET IS TOTAL COORDINATION

We know, of course, that encouraging people to “shop at home” is nothing new. Your Chamber of Commerce has tried it. Or the downtown merchants association. Maybe your bank has even made a stab at it.

And that’s precisely why we’ve put it all together. In the course of working with nearly 300 communities on this program, we’ve learned what makes a shop at home program go. It takes colorful quality materials, for one. The kind that every merchant is proud to display (and the kind of quality materials that only volume buying makes possible). Most important, it takes *total coordination*. That’s why we provide you with material for all media. You’ll give every merchant a kit which includes posters for his window, counter cards for display shelves, buttons for his employees, vinyl stickers for his front door.

Then you make it possible for the merchant to push the “Try (Your Town) First” program in his adver-

tising. He may include the program logo in all his regular newspaper ads. And he can have the local radio station record his regular radio spots on top of the customized, “Try (Your Town) First” jingle. Your merchants will appreciate that kind of effort.

But we want to bring the general public into the act, too. And we want them to realize who’s making it all possible — YOU.

So we provide you with a press release for your local newspaper. Generally, the newspaper will run a front page article about your sponsorship of the program...along with a photo of one of your bank officers pinning a button on a local merchant’s lapel. We also provide you with newspaper ads that announce the program, and your reasons for sponsoring it, to the general public. And don’t forget the radio spots. Posters for your bank lobby. And a complete operations manual, so that you can take advantage of the many successful ideas for implementing the program that have been generated by participating banks.

Total coordination. It makes the difference between success and failure. *Your program will be a success.*

BUT DOES IT REALLY KEEP DOLLARS AT HOME?

Ask Milton Dean about that. Milton bought the program for the Eufaula Bank and Trust Company mainly as a public relations effort. Then he saw what it could do in dollars and cents for Eufaula and for his bank. The sales tax figures told it all:

JANUARY 1971	\$17,201.85
JANUARY 1972	\$18,992.10
JANUARY 1973	\$18,525.28
JANUARY 1974	\$26,565.34

What did the big jump in Christmas season sales represent? Since sales taxes in Eufaula are 1% of sales, that meant that that year the “Try Eufaula First” program was introduced, *an extra \$800,000 was kept at home*. The program was successful in causing Eufaula residents to think about shopping at home. Before heading out of town to do their Christmas shopping they tried Eufaula first.

In McHenry, Illinois, the McHenry State Bank reports, “We have several people comment that they did as much as 90% of their shopping in town this year. In other years they had done as little as 20% to 40%.”

Goodwill among merchants. New commercial accounts. Favorable public reaction. Extra dollars staying in town. These are the things you can expect from the “Try (Your Town) First” program.

And you and your bank will be the hero.

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5 OLD STYLE COIN WRAPPER

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6 KWARTET COIN WRAPPER

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7 FEDERAL BILL STRAP

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8 COLORED BILL STRAP

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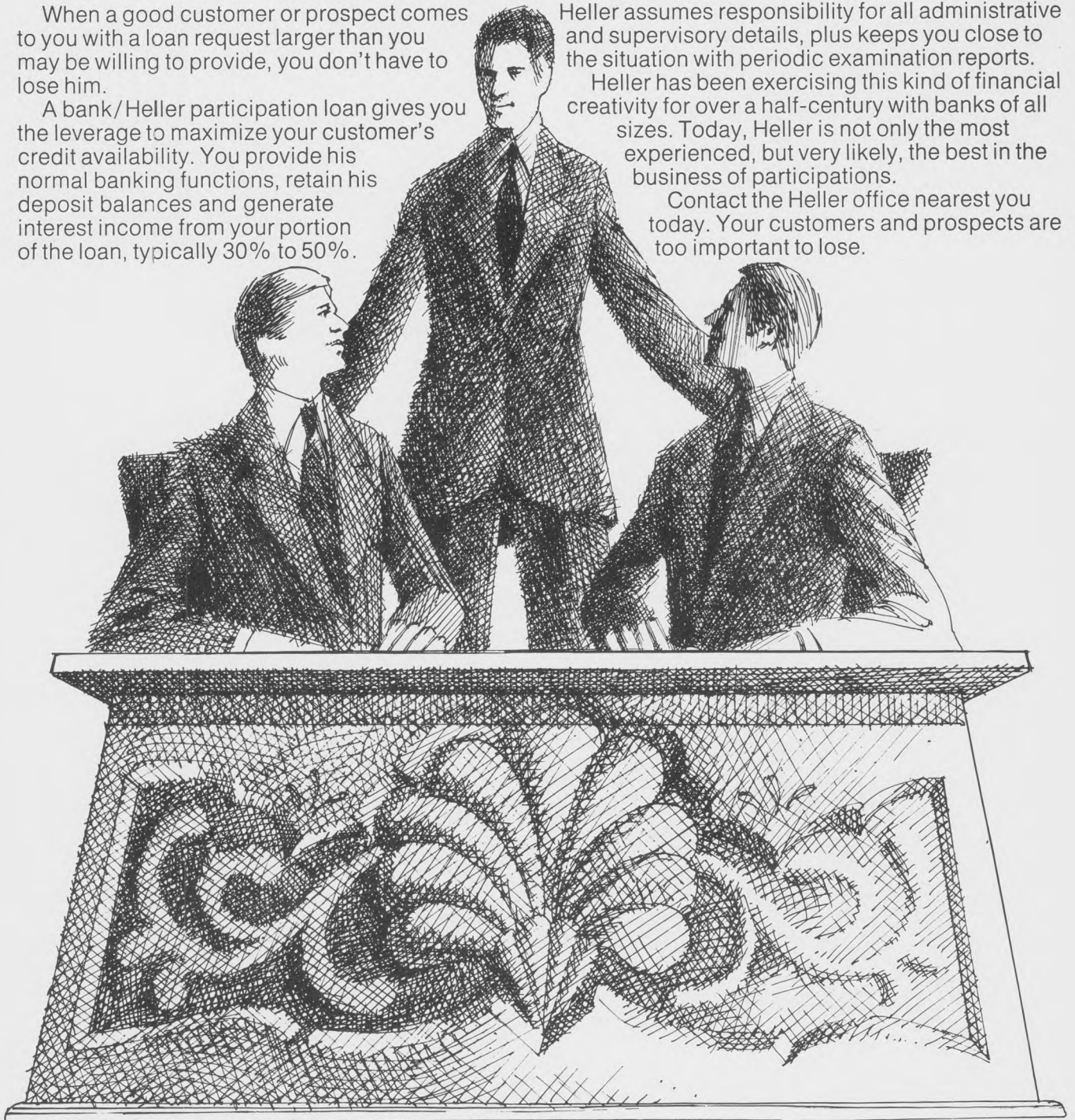
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New Investment Annuity Plan Enables Financial Institutions To Lock in Long-Term Funds

Investors (Depositors) Can Defer Taxes Indefinitely

DOES THE financial institution exist that doesn't want to lock in its long-term CDs, gain new customers and deposits and earn good marks from its clients?

A relatively new combination opportunity for substantial depositors—the investment annuity (technically, an insurance policy) plus savings and certificate accounts—is increasingly being recognized by financial institutions as just the thing to stabilize deposits, increase the flow of new money into the vaults and enable the institution to make a name for itself in the community as a friend to investors.

A relatively new investment annuity service is available to banks and thrifts that enables customers to stop paying current taxes on interest earned from savings and CD accounts. Taxes can be deferred indefinitely, depending on the action taken by the customer. And, the plan enables the customer to control all his assets so that the value of the account is totally the result of his investment decisions.

The service is called "Annuiterm," and is offered to sponsoring financial institutions by Phoenix Mutual Life Insurance Co. Among the financial institutions offering Annuiterm is Clayton Federal, located in a St. Louis suburb.

Annuiterm is billed as "a fresh approach to investment annuities available to men and women of means who wish to retain investment control of their assets while deferring taxes on interest and dividends."

Under the plan, an investor in the 30% tax bracket putting \$10,000 into an Annuiterm plan can expect his investment to total \$69,444 in 25 years, with almost \$59,444 being tax-deferred. The same amount invested without Annuiterm would yield only \$39,437 in the same period after deduction of taxes (see chart on next page).

Due to the availability of Annuiterm and other investment annuities to financial institutions, banks and thrifts throughout the U. S. are gearing up to offer investment annuity programs to customers. Formerly the province of insurance and brokerage firms, investment annuities were first offered through financial institutions in California a few years ago.

One reason financial institutions are beginning to

sponsor investment annuities now is their belief that a huge potential market exists. About \$350 million is expected to be committed to such plans this year, up from about \$200 million last year.

The concept did not snowball in the past as was expected by those who promote it. This has been due primarily to the difficulty in explaining the idea, says George G. Everhart, a certified financial planner currently servicing Annuiterm plans at Clayton Federal.

According to Mr. Everhart, Phoenix Mutual has broken tradition by offering investment annuities through financial institutions that permit the investor to control his assets. Phoenix Mutual didn't pioneer the entire concept, but it is said to be the first major insurance firm to break away from the traditional concept of investment annuities.

When Clayton Federal advertised Annuiterm in June, an average of 300 inquiries was received daily, according to Mr. Everhart. Clayton Federal merely sponsors the plan. It cannot do more than that due to rather rigid insurance and securities regulations that probably would require the S&L to issue prospectuses if it serviced the plan itself, since offering both CDs and annuities may well constitute a type of unit investment trust.

Mr. Everhart says that, although S&Ls seem to have a corner on the investment annuity market, there is no reason why commercial banks cannot get into the act.

When the Annuiterm concept becomes better known, Mr. Everhart says, it will be easier to sell. At present, it takes an average of from two to three one-hour meetings with an investor and his tax or legal advisor to explain the concept and close a deal. To help dispel the lack of knowledge about the plan, Mr. Everhart has been holding seminars for CPAs and attorneys. He feels that familiarizing these influential people with the concept will help to pave the way for greater understanding on the part of the investing public. "If an investor's lawyer or accountant is for Annuiterm," he says, "it will be easier to convince the investor to participate."

Mr. Everhart says Annuiterm can be an important part of an investor's financial plan, enabling him to

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TE 361

reduce taxes and increase his investment income.

Taxes can be deferred with Annuiterm because the setup with Phoenix Mutual permits the insurance firm's tax-experience to be substituted for that of the investor. From a current tax standpoint, it's just as though the annuity was managed directly by Phoenix Mutual, Mr. Everhart says; yet the funds can remain at the sponsoring financial institution.

There is no front-end sales or "load" charge on savings or certificate accounts and only a modest custodial bank charge, which can be as little as \$18 per year after an account is opened. Phoenix Mutual charges an annual premium of \$85 per \$10,000 invested.

As soon as an account is opened (ideally, by someone in at least a 30% tax bracket who has at least \$10,000 to invest), current taxation on the investment income—as well as on realized short-term capital gains—ends. According to Mr. Everhart, an investor's Annuiterm policy-protected investment and savings account assets are in a custodial account, totally segregated, with the investor's name on them as the beneficial owner and policyowner.

The investor maintains total investment control and makes all investment decisions for his lifetime so that the value of the account is totally the result of his investment decisions.

The investor has demand liquidity for all or any part of the account's value and additions can be made at any time. A wide range of income op-

tions, similar to those found in more traditional annuities, is obviously included.

The account's achieved value on the death of the investor will be paid in full, in cash, to the investor's heirs or beneficiaries free of any income tax liability. In addition, probate expenses can normally be avoided.

Investors can use a first-in-first-out election on partial liquidations, which enables them to enjoy living profits without a tax liability. However, if the investor elects to take regular periodic withdrawals of a given amount, the Internal Revenue Service may view them as an alternative form of annuity payments, which may be subject to taxation. However, this is usually done at a time in the investor's life when his income is considerably less than during his prime working years, thus, his tax liability would be proportionally less.

Mr. Everhart says about 40% of the prospects his people have interviewed at Clayton Federal have signed up for Annuiterm. He expects about half of the remaining 60% to investigate the plan further.

What's in it for Phoenix Mutual? At first glance, the insurance firm would seem to be cutting off a source of income by permitting Annuiterm investors' funds to remain on deposit at sponsoring financial institutions rather than investing them itself. But the long-haul benefits are expected to furnish the issuer with a long-term stream of sound actuarial income. Phoenix Mutual also expects to benefit by having a head start on its major-firm competition, which is not yet offering a similar service. • •

Annuiterm Illustration of Hypothetical Investment Results Prior to the Annuity Commencement Date

Assumed Investment: \$10,000
Assumed Investment Return: 8.06%
Assumed Tax Brackets: 30%, 40% & 50%

	Value of Your Account Net of Tax			Annual Premiums and Custodial Charges	End of Year Surrender Value	
	Without Annuiterm				With Annuiterm	
	30%	40%	50%		Total	Nontaxable Amount
Today:	\$10,000	\$10,000	\$10,000	0	\$10,000	\$10,000
End of Year						
1	10,564	10,484	10,403	\$133	10,806	10,133
2	11,160	10,991	10,822	110	11,677	10,243
3	11,790	11,523	11,258	117	12,618	10,360
4	12,455	12,080	11,712	125	13,635	10,485
5	13,158	12,664	12,184	134	14,734	10,619
6	13,900	13,276	12,675	143	15,922	10,762
7	14,684	13,918	13,186	153	17,205	10,915
8	15,512	14,591	13,717	164	18,592	11,079
9	16,387	15,297	14,270	176	20,091	11,255
10	17,312	16,037	14,845	189	21,710	11,444
11	18,289	16,813	15,443	203	23,460	11,647
12	19,321	17,626	16,065	217	25,351	11,864
13	20,411	18,478	16,712	233	27,394	12,097
14	21,563	19,372	17,385	251	29,602	12,348
15	22,780	20,309	18,086	270	31,988	12,618
16	24,065	21,291	18,815	290	34,566	12,908
17	25,423	22,321	19,573	312	37,352	13,220
18	26,857	23,400	20,362	335	40,363	13,555
19	28,372	24,532	21,183	361	43,616	13,916
20	29,973	25,718	22,037	389	47,131	14,305
21	31,664	26,962	22,925	419	50,930	14,724
22	33,450	28,266	23,849	451	55,035	15,175
23	35,337	29,633	24,810	486	59,471	15,661
24	37,331	31,066	25,810	524	64,264	16,185
25	39,437	32,568	26,850	564	69,444	16,749



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Variable-Rate Mortgages Favored As Successor to Fixed-Term Loans

But the Public Must Be Sold on Any New Instrument

IS THE fixed-rate, level-payment mortgage ready for the scrap heap? How long will it remain in favor with lenders and borrowers?

These, and other, questions were asked of leaders in the financial industry recently in an attempt to determine the coming trends in mortgage lending.

It's no secret that the fixed-rate, level-payment mortgage has seen better times in the area of popularity. While it remains relatively popular with borrowers, according to lenders, the lenders themselves would, for the most part, like to see other types of mortgage plans take the place of fixed-rate, level-payment mortgages as the sole instrument for financing single-family housing.

What's right with conventional mortgages, according to lenders who were polled?

Borrowers who are conditioned to continuing inflation like the idea of a fixed-rate, level-payment mortgage because their payments will not rise out of sight. In fact, lenders state, this type of mortgage is becoming more popular with borrowers when they see how interest rates have escalated in recent years. Borrowers want lenders to be locked in on loans.

Of course, lenders were vocal about what's wrong with conventional mortgages. Complaints included the following:

- They don't allow for rate adjustments during tight money periods. The long-term nature of these loans locks banks in for too-long periods.
- It's difficult to project money costs over a long period, such as that involved in a mortgage loan, especially during the volatile rate period experienced over the last few years.
- The lender is locked in on his rate for the duration of the loan. This is unfair—the rate should move with the market.
- Conventional mortgage loans are unpopular with lenders because they are forced to borrow short and lend long.
- The availability of mortgage credit is limited during tight-money periods. The rate a borrower receives is largely dependent on at what point in the business cycle the loan is granted.

Four major defects of the conventional mortgage were outlined recently in the *Federal Home Loan*

Bank Board Journal by Dr. David L. Smith, vice president and chief economist, Glendale (Calif.) Federal Savings. He said that mortgage lenders must charge high interest rates to new borrowers to offset losses on low-yield loans on the books from earlier years, when interest rates were much lower. This, he said, forces new borrowers to subsidize old borrowers who are still paying the low rates granted before the inflationary period began in earnest.

Conventional mortgages price many potential borrowers out of the housing market, he said. This is because they don't have the inflated downpayments necessary or because they can't manage the high monthly payments. This latter instance is unfortunate because the typical homebuyer's income rises after his mortgage is granted, yet his income at the time the mortgage is negotiated determines his eligibility.

Lenders are forced to estimate the future rate of inflation and build this cost into their rates, thus forcing borrowers to pay an inflated premium.

Conventional mortgages prevent lenders from paying competitive rates for deposits because their portfolio yields are locked into fixed-interest-rate loans.

Dr. Smith concludes that the conventional mortgage does not fit the needs of either the borrower or the lender.

The question is, what type of mortgage does fit the needs of both borrower and lender?

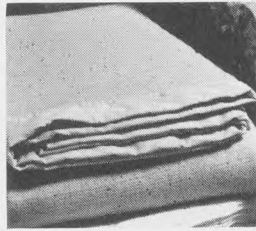
Lenders polled favored some form of variable-rate mortgage. This type of plan, which is in use in California, Canada, Britain and some other countries, is designed to improve the ability of lenders to offer competitive rates on savings and, thus, to attract savings during high-interest periods. The mortgage-loan rate is adjusted up and down within limits in relation to some market rate of interest.

An advantage of this type of mortgage is that interest rates will tend to be lower than they are for fixed-rate mortgages. Lenders will not be trying to recover higher costs on their new loans because rates on existing loans also will be hiked if interest rates rise.

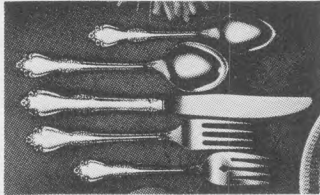
Surveyed lenders favor variable-rate mortgages because they offer flexibility, which is something

Thermal Blankets

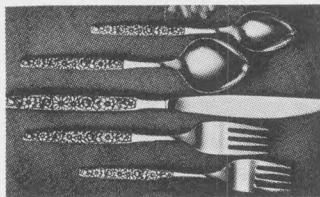
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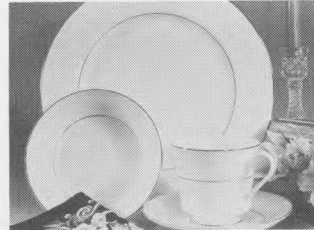
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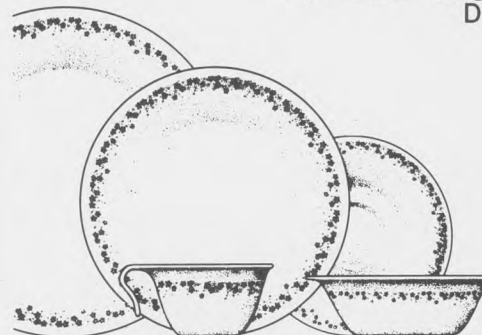
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lenders need. This type of mortgage will ease the sharp fluctuations in the supply of mortgage credit and shift the burden from the saver to the borrower, according to lenders.

Lenders stress the fact that, in order for the variable-rate mortgage concept to be acceptable to borrowers, considerable education would be necessary. Emphasis would have to be placed on the possibility that rates could be reduced as well as increased. The benefits can't be one-sided.

The principal problem with the variable payment mortgage, Dr. Smith said, is that, while it meets the lender's needs, it fails to provide a stable pay-

ment-to-income ratio for the borrower. This situation can be tempered by limiting the amount of change in any given period or by using a reference index that has low volatility.

Of course, other types of mortgage plans are in the discussion stage, but few, if any, are expected to become popular in the foreseeable future, according to surveyed lenders.

Among these plans is the graduated payment mortgage, which is designed to meet the needs of young families desiring to become homeowners. Under this plan, monthly payments are low at the beginning of the loan and are increased until they rise above the level

that a standard conventional mortgage would have required.

This type of loan is geared to the income gain of the typical breadwinner in that the rising monthly payment schedule can be met with little or no problems on the part of the borrower.

The principal drawback of such a plan is the possibility that the breadwinner's income will not rise sufficiently to enable him to meet the rising mortgage payments.

Flexible-payment loans are a form of graduated-payment mortgage. They permit the borrower to pay only interest charges for the first five years of the loan. For the remaining loan period, the payments cover full amortization of principal and interest charges.

Deferred-interest mortgages also have been proposed to reduce payments during the early years of a loan. The borrower is charged a low interest rate during the first few years with the difference between the rate charged and the market rate being deferred. The lender would receive the deferred interest plus a fee upon sale of the home in the first five years, or the mortgage could be refinanced as a conventional loan with the deferred interest and fee being charged to the borrower.

According to Dr. Smith, this plan would enable the borrower to choose a more expensive home rather than reduce his monthly payments.

In keeping with the trend to protect the consumer, mortgage lenders can expect to see features engineered into mortgage loans that will aid the borrower.

According to Dr. Smith, these features should include the following:

- Using equity in a house as collateral for additional credit at the current mortgage interest rate. Such a mortgage would function as an open line of credit and be available to provide funds for a new auto, education, vacations, etc.

- Skip-payment provisions in case the borrower becomes disabled or is temporarily short of funds due to layoffs.

- A provision that any form of variable-rate mortgage can be assumed by a new borrower, thus eliminating from contracts the due-on-sale clause that provides the loan is due and payable upon resale.

Dr. Smith feels strongly that the mortgage and housing markets would be best served if borrowers were free to choose from a variety of mortgage instruments that would, in effect, enable a lender to come up with tailor-made loans to fit the needs and expectations of individual borrowers. • •

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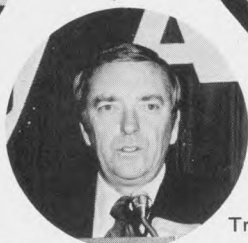
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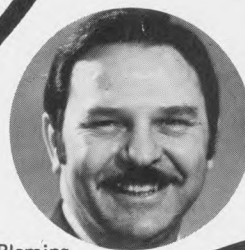
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Current, Future Trends in Mortgage Insurance

Executives of Leading Firms Give Their Views

By **BRUCE THOMAS**
Chairman & CEO

Continental Mortgage Insurance, Inc.
Madison, Wis.

By **LEON T. KENDALL**
President

Mortgage Guaranty Insurance Corp.
Milwaukee

By **JAMES R. PERRY**
Secondary Market Center
United Guaranty Corp.
Greensboro, N. C.

IN THIS highly competitive industry, insurers are endeavoring to extend the fastest, most efficient service possible to lenders and prospective home buyers by establishing nationwide networks of underwriting offices, developing shorter and simpler application and commitment forms and tailoring their insurance programs to meet special needs, such as the requirements of Fannie Mae, Ginnie Mae and Freddie Mac.

With housing costs rising faster than family income, the need for over-90% mortgages is growing. Approximately one-third of Continental's mortgage insurance applications now involve over-90% loans. The proportion of insured loans for condominium purchases is also increasing despite a present slump in condo sales.

We can anticipate increasing use of variable-rate mortgages, flexible-payment mortgages and mortgages with terms extending beyond 30 years. No-frill and smaller homes are also on the increase to meet cost limitations. Builders are awakening to the hard fact that there are more "VW" and "Pinto" home buyers than "Cadillac" home buyers.

Reverse-annuity mortgages could provide an effective means by which retirees on limited incomes may continue to occupy their homes and receive additional income in exchange for surrendering equity. For lack of such a tool, many retirees on fixed incomes are being forced to sell their homes because they cannot afford increased property taxes and maintenance costs.

Children are seldom interested in acquiring the family home; so, although the value of their parents' estate would be reduced to the extent their equity in a home has been reduced, I am sure the heirs to a home would prefer receiving the remaining equity in cash.

Continental has recently published a short pamphlet explaining how private mortgage insurance can help families obtain high-ratio loans to purchase homes. The pamphlet is being distributed to prospective buyers by lending institutions and real estate firms.

(Continued on page BG/20)

PPRIVATE mortgage insurance is a financing tool designed to help young families with reasonable income, long on potential but short on down-payment, achieve home ownership. The privately insured loan generally has been a more flexible instrument than the FHA-insured loan and holds a broader appeal for lending institutions and their customers.

There has been increased use of the privately insured conventional loan for existing homes at MGIC and fewer 95% borrowers. In June, about one out of four MGIC-insured borrowers put 5% down; the other three-fourths put 10% or more down. In the building boom of 1972-73, MGIC saw almost 40% of its insured borrowers using the 95% loan. About two-thirds of MGIC's current commitments to insure are on existing homes. In most years, the ratio is 55% existing, 45% new.

The reasons for these changes include the following:

- Lenders generally are insisting on more equity in property as an aftermath of the foreclosures that occurred in the recession of 1974-75.

- 1975 saw the highest home sale activity in 10 years, despite few housing starts. Therefore, many more loans are being made to existing homeowners who are using built-up equity for large down payments to purchase their next homes.

- Fully 75% of the net increase in conventional mortgage lending today is done by S&Ls. Mortgage bankers, who tend to originate more high-ratio loans, withdrew from the conventional mort-

(Continued on page BG/22)



KENDALL

PERRY

THOMAS

THE PRIVATE mortgage insurance industry, with its inherent strength and adaptability to the needs of lenders, assures safe and mutually beneficial business in the housing markets. Currently, 65% of the private mortgage insurance written in the U. S. is through S&Ls, 25% through mortgage bankers and 10% through commercial banks.

Trends in the industry will parallel changes in financial intermediaries. A major change could come for both banks and the mortgage insurance industry with a change in Regulation Q, or the abolition of interest-rate controls.

The mortgage insurance industry has historically been adaptable to the needs of financial intermediaries, developing insurance coverages to fill the needs and requirements of the thrifts and their governing bodies. It is increasingly apparent that greater services mean increased business in terms of market share, premium dollars and greater financial strength.

As legislation is passed and the FSLIC and FDIC change their regulations, there will undoubtedly be changes in the services offered by the mortgage insurance industry. Of primary concern now is the Financial Reform Act, which will be considered in the 95th Congress.

Other changes in the mortgage insurance industry will be caused by changes in mortgage documents and the handling of mortgages by financial institutions. Home mortgages are viewed as needing to be more responsive to the homeownership public and to the financial institutions that finance a large measure of homeownership.

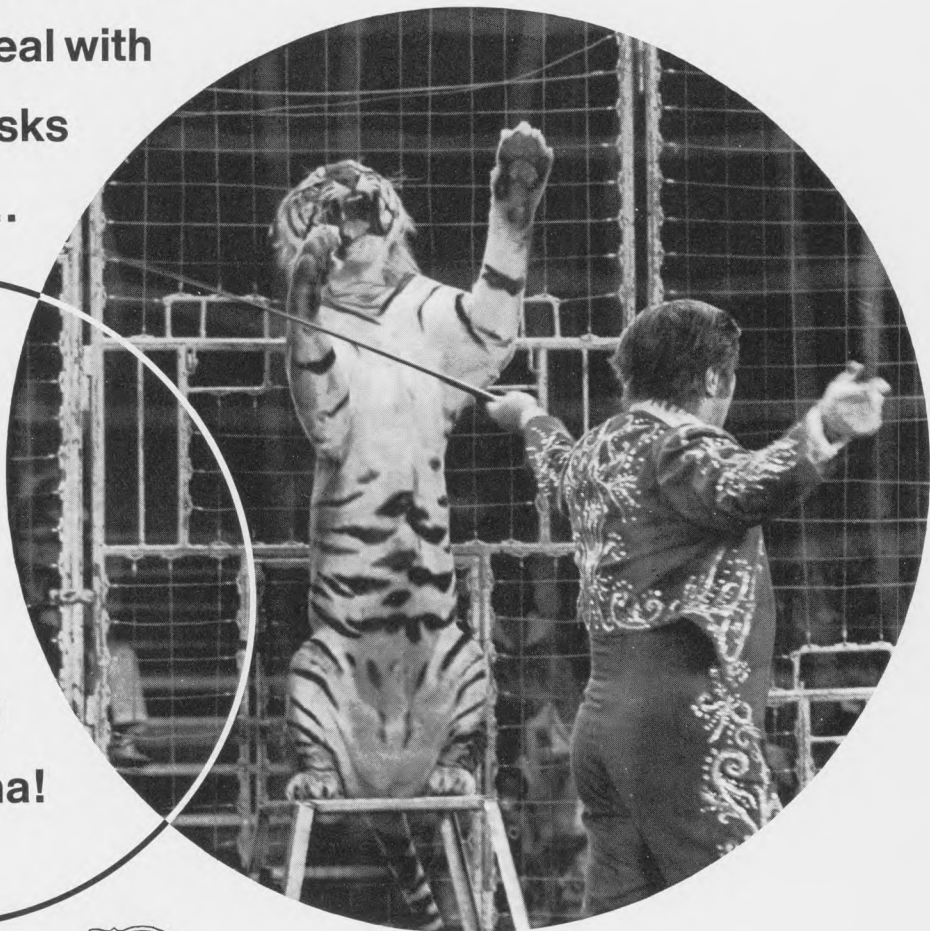
A number of opportunities exist within the financial intermediary structure in the U. S. Thrifts, for example, suffer from the problem of taking deposits on an uncertain term and lending them in mortgages on a long term. Even though the 30-year mortgage normally pays off between seven and 10 years, there is still a major difference in the 10-year assets as receivables and the liability of deposits that can be withdrawn in, at most, four to six years. As the time-mismatched assets and liabilities of the

(Continued on page BG/18)

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JAMES R. PERRY

(Continued from page BG/16)

predominant housing/financial vehicle in the U. S. become more and more pronounced, political and market pressure will be exerted to change the types of instruments utilized in the market.

An important new type of document will be the variable-rate mortgage, probably similar to those now being used in California and elsewhere. Variable-rate mortgages as controlled by law in California have a half percentage point maximum change in any given year and a 2½% maximum gain over the life of the loan. There will have to be parameters built into the laws for the protection of the public before variable-rate mortgages will be accepted on a general basis and, indeed, allowed by Congress in federally chartered thrifts.

An alternative to varying the rate of the mortgage is to vary the term. Under this method, payments stay the same, but the term on the end of the mortgage increases as the amount of principal is increased due to rising interest rates, or the term can be shortened as principal is reduced due to decreasing interest rates.

Another major type of mortgage change being considered is the renegotiated mortgage with a cap on the increase. This is similar to the five-year mortgage now prevalent in Canada. It seems to offer viable alternatives to the variable-rate mortgage. The renegotiated mortgage will give a lender the benefit of having mortgages roll over at periods roughly similar to the life expectancy of savings deposits. This mortgage will have to be written to allow reinstatement a sufficient number of times to preclude an existing mortgagor from being denied a mortgage on his existing home.

Just as the mortgage document will change in years to come, so will the concentration of the private mortgage insurance industry. Because of a viable

premium structure approved by each state insurance commission and financial strength attested to in an Arthur D. Little study, as well as usual audit examinations, the private mortgage insurance industry will be able to grow and adapt to the changes required by the housing sector. At present, the industry is concentrated primarily toward the financial intermediaries and heavily within that category to the S&Ls.

There will be a trend in the industry toward lower levels of sales in the vertical market. Specifically, realtors and builders, and perhaps ultimately, the individual home buyer, will be the market aims.

Changes in the private mortgage insurance industry will come as a result of changes in the financial intermediaries served by the industry, an evolutionary process, and as information about mortgage insurance is disseminated to the consumer.

As the industry changes, so will the special types of services being offered. Some of these services—such as free secondary markets, localized underwriting, professional field staff, property improvement lenders insurance, commercial mortgage insurance and conditional commitments for condominium projects—will be expanded and changed as the demands of the thrifts change.

One of the major free services offered by mortgage insurers is secondary-market assistance. Even with the normal relationships within financial intermediaries and the advent of GNMA certificates and AMMINET (Automated Mortgage Market Information Network), there is still a need for secondary marketing by private mortgage insurers.

Approximately a third of a billion dollars is moved in an average month by private mortgage insurers. This equates to approximately \$4 billion on an annual basis. If the private mortgage insurance industry did not provide secondary-market services, the liquidity

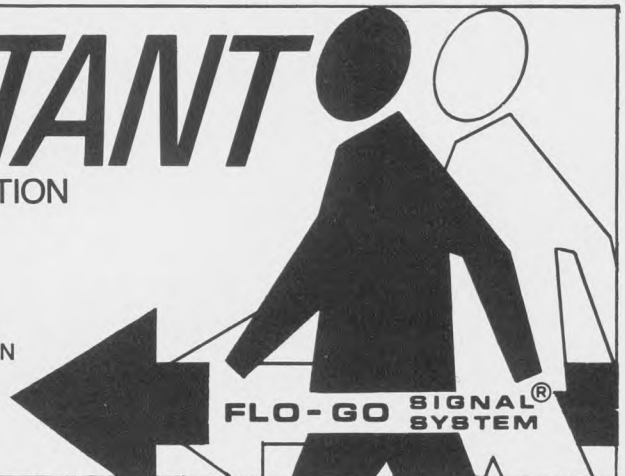
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provided to housing by these transactions would not exist.

Local underwriting and free secondary-market services lead to many situations of benefit to our clients. A lender approaching liquidity limits can be assisted on a timely and profitable basis by having current loan originations underwritten locally to facilitate rapid closing. With secondary-market assistance from the private mortgage insurer, the loans can be closed, sold and funded in the secondary market almost immediately, thus promoting liquidity for the originated institution. This is also a benefit to the investing insti-

tution, since interest on monies invested is received as soon as possible.

The private mortgage insurance industry, with a wide range of products and services, plays an increasingly important role in the thrift institutions and housing markets of the U. S. and will relate on an ever-growing basis with the nation's commercial banks. ••

BRUCE THOMAS

(Continued from page BG/16)

We have also provided lenders with a free booklet for home buyers explaining the provisions of RESPA, truth-in-lend-

ing and buyers' rights and describing how to go about finding a home, a real estate firm, a lender and an attorney.

Through speaking appearances and publications, Continental personnel have encouraged home buyers to look for "affordable" homes rather than housing beyond their means. We have also encouraged the purchase and rehabilitation of inner-city homes, the modification of zoning and building codes and the use of such techniques as factory-built components to reduce housing costs.

The following are some of the special services Continental provides lenders:

- A free secondary-market center to help them buy and sell loans and participations nationally.
- Sponsorship of symposiums, at no charge, to educate lenders on new developments in mortgage financing, condo financing, secondary-market transactions and the mortgage futures concept.
- Secondary-market clinics where training in underwriting, loan processing and secondary-market transactions is provided for personnel sent to Madison by lenders.
- Toll-free WATS line service to each of Continental's offices.
- Provision of on-line real-time data processing service to thrifts.
- Provision of special data processing service to lenders, including our computerized FHLMC underwriting matrix.
- Telephone review of insurance applications with lenders to resolve any problems that might prevent issuance of an insurance commitment.

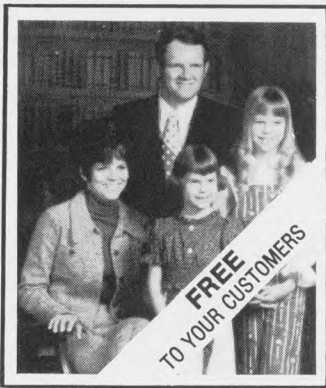
• A special task force of builder representatives who specialize in assisting builders engaged in condo, planned unit development (PUD) or tract development and in obtaining financing for such projects.

• A special "pre-approval" program for condos and PUDs that minimizes the paperwork required of lenders when applications for insurance of individual units are submitted.

With the development of new mortgage instruments, such as variable-rate and flexible-payment mortgages, as supplements to the traditional fixed-rate, fixed-term mortgage, insurers are adapting their programs to these new instruments. Mortgage insurers will also play an increasingly important role in the secondary-mortgage market, in the insurance of mortgage-backed bonds and in mortgage futures trading.

The availability of private mortgage insurance is expected to attract additional mortgage lenders—notably, insurance companies, credit unions and pension funds—into residential mortgage lending. ••

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LEON KENDALL

(Continued from page BG/16)

gage market this year and are focusing on government-insured or guaranteed loans.

Statistics for MGIC show the average user of high-ratio finance to be 33 years of age, purchasing a home in a

price range of from \$32,600 to \$36,400. The average amortization term is 27-28 years. The interest rate averages 8.9%. The borrower's gross income is about \$1,500 per month and the typical monthly mortgage payment is between \$306 and \$324 (including principal, interest, taxes and insurance).

The high-ratio loan offered by private mortgage insurers is increasingly

necessary in order to accommodate the first-time home buyer who is being squeezed by higher shelter costs, higher interest costs, increased costs of utilities and maintenance, the trend toward higher cash down payments and sharply rising property taxes.

A major effort needs to be made to modernize the mortgage instrument, bringing it in tune with the times and the needs of the current generation of home buyers and homeowners.

The mortgage dates to the days of ancient Babylon. It is an evolving document. Today's real estate mortgage instrument, characterized by fixed-interest rates, fixed-term (up to 30 years) and monthly amortization of principal and interest in leveled payments, was a creation of the 1930s. *It is time to revisit that mortgage instrument, which is a monochrome offering in a polychrome world.*

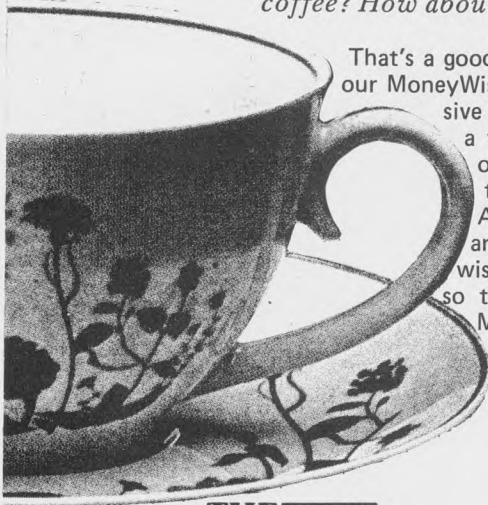
The major innovation in conventional lending since the '30s has been the introduction of the 5%- or 10%-down mortgage. In addition to a reverse-annuity mortgage, permitting well-established home buyers to liquidate on a systematic basis some of their built-up equity while still alive, there are a number of other techniques that deserve experimentation:

- Graduate payments with income.
- Renegotiate rates and terms every five years.
- Vary principal.
- Vary interest rates.
- Defer interest.
- Permit skipped payments.
- Offer line of credit.
- Share equity increase with borrower.
- Have institution own property and lease to occupants.

In an effort to educate the homeowner to the concept of mortgage insurance, MGIC has introduced a two-part sales kit for realtors entitled "The MAGIC Loan." In it are two brochures. One is designed to help explain the privately insured loan to realtors and their sales people. The other offers the realtor assistance in explaining the MGIC-insured loan to the home buyer. The brochures offer information on the mechanics of mortgage insurance, a comparison between the FHA-insured and MGIC-insured loan and the respective benefits of high-ratio privately insured loans to both audience groups.

The private mortgage insurance industry has always stressed speed of service, reduced red tape and lower costs in urging lending institutions to use the conventional loan over the government-insured or guaranteed loan. In support of these features, MGIC has introduced many services through the years and taken steps to safeguard these advantages. • •

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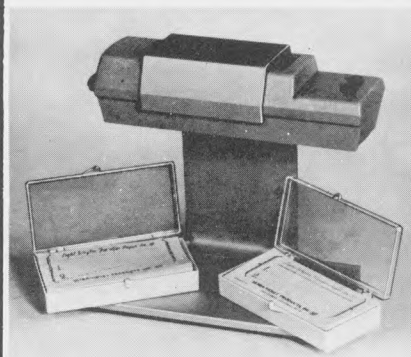
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Graduated Mortgage Rates Offered by Seattle Mutual

A LENDING program that gears payments on mortgages to a borrower's income by providing lower interest rates at the beginning of the loan is being offered by Washington Mutual Savings Bank, Seattle.

The plan is called "Step-Rate Residential Loan Program" and provides that the rate on a mortgage would begin at 7.5% and increase every two years by 75 basis points until a 9.75% level is reached.

The loan program is designed to reach home buyers who have been unable to afford conventional level-payment mortgages, according to C. W. Eldridge, president. Loans under the program are limited to homes with a value of \$40,000 or less.

More than 300 mortgages were approved under the program during its first two months, with the average size being \$28,000.

The Washington Mutual program has been termed a novel approach to home financing by observers of the mortgage lending area. However, some say the plan would narrow the spread between a lender's cost of funds and return on investment to an unacceptable point.

The new program comes at a time when increasing attention is being focused on alternate types of mortgage instruments. Legislation authorizing an equity-adjusted mortgage that would feature a graduated payment formula is currently being considered in Congress.

The legislation, called the Young Families Housing Act, might include a proposal to have the federal government pay an indexed interest rate to lenders for home loans over a fixed rate granted to borrowers with the difference recaptured when the home is sold.

Mr. Eldridge said that, under the step-loan program, the mutual is placing less emphasis on the location or age of a house and on the credit-worthiness of the borrower. He said he was not concerned that some borrowers might capitalize on the program by refinancing after the first six years, the period when payments are graduated upward. He said faster turnover in the mutual's mortgage portfolio would be welcome.

The savings bank also charges a 2% fee for making the loan. Also, the formula used for computing payments allows a slightly higher principal repayment to the lender during the first few years of the loan.

On a 30-year mortgage, payments during the first two years would be computed on a 30-year term. After each succeeding increase in rate, payments would be calculated on a 28-year term, 26-year term and then a 24-year term for the remaining time of the loan.

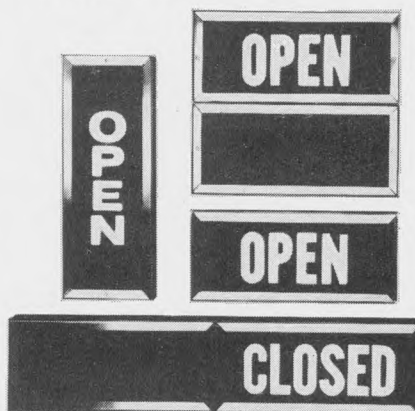
To illustrate the monthly payments, Mr. Eldridge cited an example of a 30-year, \$30,000 step-rate loan:

"The monthly payments during the first two years would be \$209.77. In years three and four, the payment would be \$224.83; and in the next two years they would be \$239.60. Payments would be \$254.13 thereafter.

If a home buyer arranged a typical 9.25% fixed-rate loan, the monthly payments over the life of the loan would be \$246.81. The annual percentage rate would be 9.5%, the same as that on the step-rate loan." • •

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BG/25

'Why Didn't I Think of That Then?'

How to Handle Customer Complaints With Tact

KNOW THE feeling? Like the time you thought of that beautiful squelch—an hour after losing the argument to your brother-in-law.

The right answer—but the wrong time. It's an experience shared by all. The bank officer, struck by the idea while shaving—that would have landed the corporate account that got away yesterday. The savings and loan tel-



ler who suddenly recalls, while freshening her make-up, how she could have soothed the irate customer who closed his account an hour ago. And there are dozens of others, plagued by right answers—too late.

"Why didn't I think of it *then*?" Fortunately, in many instances, the only damage is to our ego. (Remember, if you had thought of that brother-in-law put-down *then*, your wife probably wouldn't be speaking to you *now*!)

Other times, however—in a bank or savings and loan office—more than egos can be bruised. When a customer complains—and employees don't have answers at the right time—damaged customer relations, lost business and closed accounts can result.

Here are three areas in which wrong dialogue with an unhappy customer can be dangerous:

(a) When a customer seeks information about his account.

(b) When he misunderstands some action concerning him.

(c) When he has a specific complaint.

As a customer, he is entitled to answers. You have to furnish those answers—hopefully, answers that do not jeopardize the customer relationship. And you need those answers now. Not next week. Not tomorrow while shaving or freshening make-up.

That wouldn't be difficult if only technically correct answers were required. Any employee is qualified to do that. But what is surprising is how few employees know—or remember—that *how* they answer questions is the key to soothing a dissatisfied customer.

Note this example of the difference it made in one instance when employees didn't remember good customer relations practices. A senior officer, before he was known to tellers in the bank he had just joined, seemed just another customer—and received "just another customer" service when banking. It was *technically* competent but aloof, indifferent and with little personal interest. What a difference it made, however, when he became better known. Then, in addition to being efficient, the service he received suddenly became warm, friendly and bubbling over with a desire to serve.

Ominously, if this can happen in ordinary, day-to-day customer relations, think of the damage that results when a *dissatisfied*

customer receives such treatment. Under no circumstance can "aloof, indifferent and impersonal" treatment effectively smooth the ruffled feathers of an unhappy customer.

Before you turn the page (because you know this couldn't happen at your place!), check it. Phone in without giving your name and see how calls are handled. Walk through the lobby and listen to what tellers say—and don't say—to customers. Check carbons of correspondence answering mail complaints. You



may be in for a surprise. Probably even a shock—because financial institutions, large and small, are guilty of careless customer communications.

Why do they turn off customers this way? Why don't employees think—in time—of words that solidify, not jeopardize, customer relationships? Perhaps because so few understand—and live—a well-tested business philosophy: *The customer is always right.*

You don't believe it works? Ask Nieman-Marcus. For them these five words—believed in and literally a way of life for everyone in their stores—made them one of America's most fabulous retail operations. Customers may be rude, inconsiderate or ask the impossible; if they are customers, Nieman-Marcus always makes them feel they are right. (One Christmas Eve, for example, the store even chartered a plane to deliver

(Continued on page BG/28)



Smile.

Olan Mills is making your bank picture brighter.

There's something to smile about when people are flocking to your bank in droves. And that's exactly what happened in East Tennessee when 8,000 families discovered the Olan Mills Portrait Promotion at United American.

But Olan Mills doesn't feel like that's enough. So just recently they decided to give you something to really smile about. Through its newly formed Bank Marketing Division, a brand new Bank Advertising Campaign is being produced. This campaign will be made

available to you at a very nominal cost and will include a year-round program of newspaper ads, radio spots, billboard designs, statement stuffer designs plus a budget guide promotion. A special feature of the campaign is the free color portrait promotion for individuals and family groups—tried, tested and guaranteed to work.

And if that's not enough, you can look to Olan Mills' Bank Marketing Division

for design and production of all types of brochures—trust, IRA, DDA, Savings, etc. And we'll even custom design your future value tables.

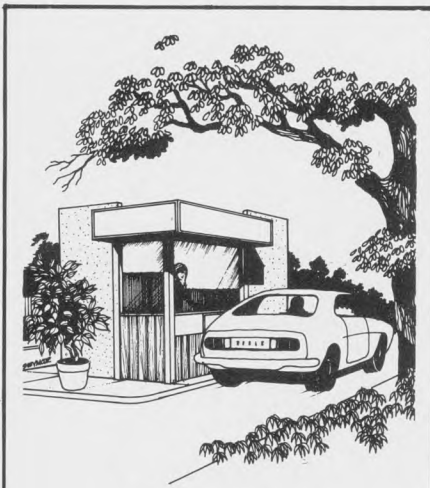
For all your bank marketing needs, contact the Bank Marketing Division at Olan Mills. If we don't have it—we'll find a way to get it. Keep on smiling and have a nice day.



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Why Didn't I Think of That?

(Continued from page BG/26)

an outrageously late gift order—200 miles away—before Santa arrived!) No wonder thousands of Americans, coast to coast, are fanatically loyal to the store where they are always “right.”

You say the money business is different? Of course it is. But customers anywhere are people, and people everywhere have the same likes and dislikes about the businesses that serve them. In banks and savings and loans, of course, a customer cannot always be technically right. But even when we know he's wrong, remember that he *thinks* he is right.

When a customer has a complaint and is wrong, we have two alternatives. We can argue with him and win—or by using the right words (at the right time), correct his problem without making him “lose face.” In the first case, we can easily win the argument but possibly lose an account; in the other alternative, everybody wins because you usually keep the account. Which alternative do your people use when a customer has a complaint?

If you are interested in holding customers, there are three ways to ensure proper customer communication.

- One way is to set up a service information desk, staffed by specially trained employees. Customers with complaints or problems can be referred to them, and you know they will “think of the right things to say at the right time.”

- If this approach isn't suitable, a brief training program can be given all employees contacting customers. This isn't easy but Nieman-Marcus and other retailers, large and small, prove it can be done. Hold small meetings and use employee bulletins to explain why “the customer is always right” and what that means to them. Teach them to see problems through customers' eyes and to project a desire to be helpful.

- Still a third road to good customer relations is to give guidance to specific employees in areas where problem-causing situations are likely to arise. Here are a few of the most common problems and several suggestions for meeting them:

When customers say—“*My account balance doesn't agree with your statement.*” Express concern and regret that the customer has been inconvenienced. Admit there is the possibility of a mistake. Check it immediately. If you are wrong, don't blame the computer. If the customer has made the mistake, explain it tactfully; avoid blaming the customer or implying that he is care-

less or stupid. When settled satisfactorily, thank the customer for coming in and allowing you to correct records. Invite the customer to phone or visit any time he has a question or problem.

When customers say—“*I didn't receive the interest I'm supposed to.*” Interest rates, of course, vary among financial institutions. It's easy to misunderstand how interest is calculated and paid. Explain how your interest is calculated; check the customer's records to make sure the correct amount has been paid. If applicable, show how future interest earnings can be maximized by proper timing on deposits and withdrawals.

When customers say—“*My social security check is deposited with you by the government. How soon can I use this money?*” A common question today. Handling procedures vary; be sure all employees know the answer for your institution. If you credit accounts immediately (instead of waiting until checks actually are received), emphasize this point; it is an important plus for you.

When customers say—“*My name on this check is spelled incorrectly. How shall I endorse it?*” This is an easy answer for you but a confusing puzzle to many. Be sympathetic. Explain the “whys” of your answer. Joint-name accounts also are frequently confused by endorsement problems—as are newly marrieds who face the single name/married name dilemma.

When customers say—“*Why aren't you open evenings, Saturdays, etc?*” A fairly common question from those with a particular individual need. Recognize the possible inconvenience your hours may cause some. Explain why the hours were so chosen (to serve the greatest number most efficiently). Suggest banking-by-mail wherever possible.

This by no means exhausts the financial questions that may be asked you and your employees, and there is no way of predicting what customer complaints may arise. Yet, if basic principles are kept in mind, virtually any question or complaint can be handled without jeopardizing account relationships.

Keep reminding those who meet customers of the things that “buy” customer insurance—“the customer is always right.” See complaints and questions through customers' eyes. Be courteous, sympathetic and show a desire to be helpful. And always remember, sometimes you *may* be wrong!

This simple policy works for thousands of businesses. You will be surprised what it can do for you. Try it!

**Roll
your
own.**
(and save!)



Why continue to buy preformed coin cartridges when you can make them yourself for half the price and trouble? The table top Manchester "44" will produce 2640 cylindrical coin cartridges per hour as you need them using convenient economical color coded rolls of paper for 1c, 5c, 10c and 25c cartridges. JLB Corporation supplies the Manchester "44" and required servicing **without charge**. You pay **only** for the paper you use at as low as an amazing \$1.98 per thousand cartridges depending on usage. Stop worrying about expensive equipment, rising freight cost, long order times, and using up expensive storage space. Call or write today and start enjoying the use of a Manchester "44" coin cartridge making machine today!



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TMS Franchise Program Catches On With Banks, Thrifts Nationwide

IN JANUARY, 1974, First Federal S&L, Lincoln, Neb., the institution that conceived and executed the electronic-bank-in-a-supermarket program, caught the financial industry by surprise when it introduced TMS, or The Money Service, in two Hinky Dinky supermarkets. Since then, there have been many developments in electronic banking, but rarely is the subject discussed without the name "Hinky Dinky" entering the conversation.

Today TMS is flourishing in Nebraska, and the TMS marketing program continues to gain momentum on a national basis through a franchising program. The Money Service is perceived in financial circles primarily as a debit card allowing customers to make deposits and withdrawals in supermarkets. However, the name and card also can represent a wide range of customer services. For example, The Money Service card is currently used to promote and identify statement savings in Washington, D. C., Maryland, New York and other areas. While in Pittsburgh, the card is associated with a pay-by-phone bill-paying service and will be used to access ATMs this fall.

Has the TMS program lived up to the expectations of its designers?

"Yes, definitely," said John E. Lydick, director of marketing for First Federal Lincoln and president of TMS Corp. of the Americas, a wholly owned subsidiary.

"In 1972, First Federal began implementing a strategic marketing system that would satisfy three primary management objectives: attract deposits, lower the cost of money, lower transaction costs—all three are being achieved with TMS."

The first step was to begin converting customers from the standard passbook to the magnetic stripe card and statement savings. To fully utilize the magnetic stripe card, an on-line system was installed using an inexpensive IBM audio response terminal at teller positions. The terminals use a magnetic stripe reader and keyboard for input, and the teller receives a verbal reply from the computer confirming the entry and authorizing the transaction. After nearly two million internal transactions with the system, terminals were installed in two Lincoln Hinky Dinky stores in January, 1974.

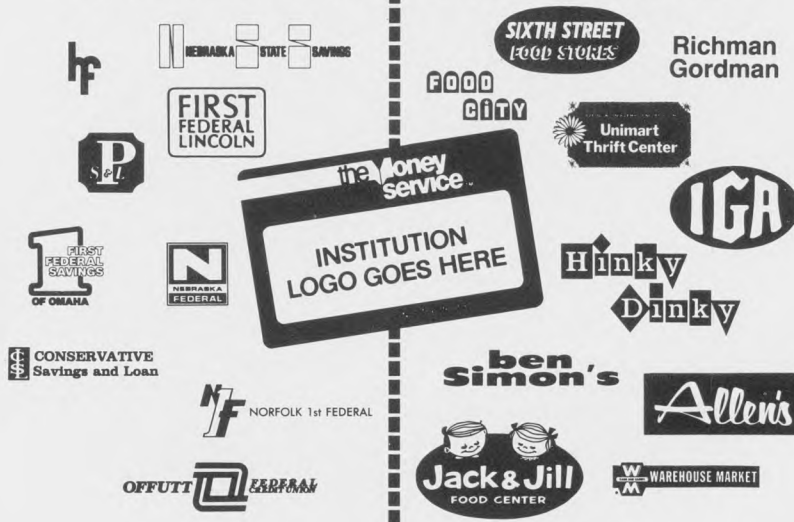
Today, there are 66 merchant locations honoring the TMS card. These merchants include five supermarket chains, a clothing store and two mass merchandisers. Plans call for expanding the TMS merchant network to 92 locations in 33 cities by year-end, with four more merchants joining the system.

Consumer response is snowballing and financial institutions continue to join the system, Mr. Lydick said. To date, nine thrift institutions in Nebraska are issuing The Money Service card. In June, TMS began servicing its first credit union, Offutt Federal Credit Union, Omaha. And Omaha National, the state's largest commercial bank, shares terminals with TMS.

"We have always been an advocate of terminal sharing, and two years of sharing experience have served to reinforce our beliefs," said Mr. Lydick. "It has taken determination and cooperation to design cost-distribution formulas that are fair to all participating financial institutions. In addition to sharing operating costs, we coordinate considerable joint advertising and promotion of The Money Service throughout the state. Formulas for sharing this

THE MONEY SERVICE SYSTEM IN NEBRASKA SHARING INSTITUTIONS | MERCHANT PARTICIPANTS

Illustration shows all of the TMS institutions and merchants currently honoring The Money Service program in Nebraska. In the Omaha area, terminals installed at three merchant locations are shared with the Omaha National Bank. The Omaha National program is called "Bank-in-a-Billfold."



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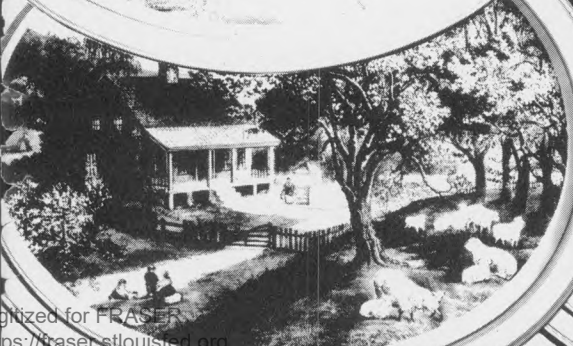
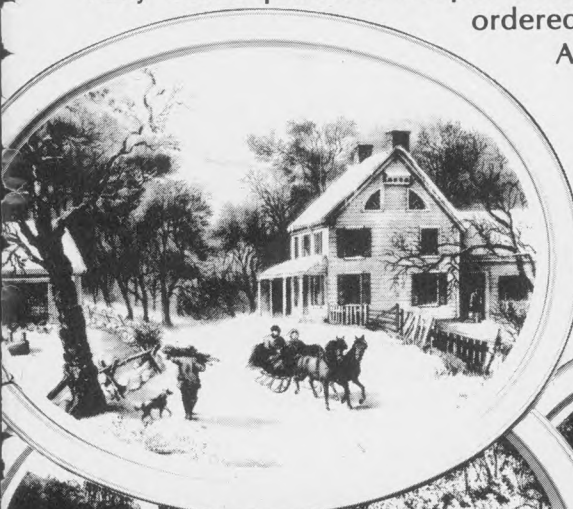
- FLORIDA -- Very Successful, Very Popular. Total Order Completely Gone by Mid-December!
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- CONNECTICUT -- 4th Straight Year, Each Year Better Than Last!
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- ILLINOIS -- Offered Choice: Your Currier & Ives Tray or Art Tile. Your Tray More Popular by 2 to 1.
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cost naturally are complex, as not all participants are represented statewide.

"From the beginning, TMS Corp. has offered to share the TMS system with all insured financial institutions. Nevertheless, certain institutions wanting to offer the service have been reluctant to join the TMS system. Although logic dictates that terminal sharing is economical and operationally efficient, emotion seems to win out in a few cases; however, in certain areas (Chicago, Cincinnati and Milwaukee), banks and thrifts have reconciled their emotional differences and are sharing terminal networks," stated Mr. Lydick.

To facilitate sharing between banks and thrifts, TMS Corp. recently announced Bank Money Service. In a given market area, banks will offer this service; thrifts will offer The Money Service, and the shared network will be identified as "Money Service" at merchant locations.

Nationally, TMS Corp. licenses The Money Service and Bank Money Service to financial institutions through either exclusive or non-exclusive licenses. "The most recent licensee is First Federal S&L, Rochester, N. Y., with assets over \$1 billion (the largest S&L in the state)."

According to George W. Peterson, TMS Corp.'s director of national marketing, additional licensees include Broadview S&L and St. Clair S&L, both

Roll Your Own . . . and Save



JLB Corp., Detroit, has announced a desk-top cartridge coin wrapper system, using the Manchester 44 producer. With the company's system, the Manchester 44 is supplied free and the paper is purchased under a contractual arrangement. According to JLB, savings of 50% per thousand wrappers can be realized over current customer costs and service and parts for operation of the equipment are provided free for the length of the contract. Write: James Halpin, vice president, JLB Corp., P.O. Box 193, Detroit, MI 48212.

in Cleveland; American Federal S&L, Washington, D. C.; Baltimore Federal S&L; Dollar Savings Bank, Pittsburgh; Cheshire Savings Bank, Keene, N. H.; Standard Federal S&L, Chicago; Perpetual S&L, Rapid City, S. D.; and First Federal S&L, Council Bluffs, Ia.

"There are now over 30 licensees, and the list is growing," Mr. Peterson said.

"Our licensing package has been made modular to enable financial institutions to select the modules they want and need. We have seen time and time again that each financial institution has its own particular requirements and wants complete control over the customer services it offers. Our identification system, The Money Service or Bank Money Service, strongly supports the services a financial institution elects to offer. The Money Service program provides systems, operations and marketing orientation and training, sales and promotional literature, extensive advertising materials, point-of-sale marketing items, internal forms, customer new-account kits and a wide range of technical assistance, as requested by licensees.

"When requested, we also assist in making merchant presentations and consulting with licensees desiring to build a shared merchant terminal network. Exclusive use of the name and graphics may be granted for specific geographical areas," added Mr. Peterson.

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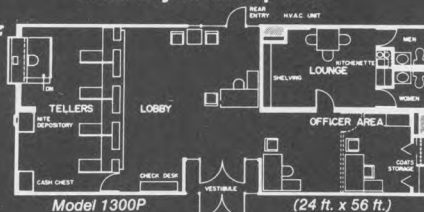
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Mechanized Check Casher Reduces Transaction Time

COLLEGE students demand fast, accurate check-cashing service. Such demands sometimes cause customer dissatisfaction when a financial institution can't provide fast service during peak periods of activity.

However, a bank serving 40,000 students on the University of Wisconsin campus in Madison believes it has solved the problem of handling the crush of students clamoring to cash checks received from home or elsewhere.

First Wisconsin National's University Office has installed a Diebold Accelerated Cash Terminal, which has substantially reduced long lines of students building up at teller stations.

The terminal has reduced check-cashing time to 20 seconds, enabling three times as many check-cashing transactions to be handled as formerly with a manual system, said Thomas Ullsvik, bank assistant vice president.

Here's how the terminal works: The



Teller at First Wisconsin Nat'l, Madison, reaches for currency being dispensed by Diebold Accelerated Cash Terminal, which automatically provides exact amount of currency of check being cashed by customer. Coins are handled separately. Use of terminal is said to cut transaction time to 20 seconds per check.

customer presents his check and the teller keys in the amount of the check on the terminal keyboard. The same amount appears on the terminal display panel and on the optional customer display panel. When the teller pushes a "dispense" button, a cash door opens and the amount of the check in currency is there for the teller to pick up and hand to the customer. A separate dispenser presents any coins involved directly to the customer.

Reaction from students has been enthusiastic, Mr. Ullsvik said. They know which teller station is equipped with the terminal and make a bee-line for that station because they know service there will be faster.

Tellers like the terminal, Mr. Ullsvik said, because they can balance out in five minutes instead of the usual 30 minutes at the end of the day. The registers provide a summary of the different bill denominations issued and of the coinage dispensed, plus a total number of transactions, making it simple for the teller to balance out by matching the amount of money issued with the number of checks and the cashed checks themselves. • •

For those banks who are serious about obtaining operational efficiency

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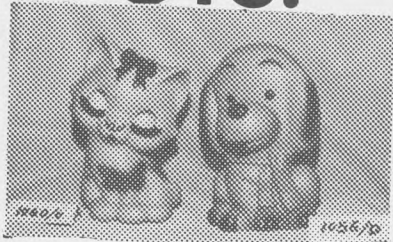
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Bank Spotlights Crepe Craze, Cooks Up Premium Promotion

WHAT DO French cooking and banking in Minneapolis have in common?

New deposits!

The people at Bank of Minneapolis, the downtown area's smallest bank, decided to do battle with the bank's competitors last winter when practically every financial institution in town was offering incentives to customers.

Since a restaurant featuring crepes had just opened adjacent to the bank's premises, and since a Minneapolis-based manufacturer of cookware had just added a crepepan to its line, the bank decided to capitalize on the situation by offering a line of cookware premiums, including the new crepepan, as an incentive to gain new deposits.

According to Dexter J. Sidney, assistant vice president, residents were invited to select any one of six Nordic Wear cooking items at no charge when they deposited \$300 in a new or existing savings or checking account. By adding \$50 to an account, they could purchase any one of the items for \$6.95.

To add impetus to the promotion, the bank offered free certificates worth \$2 each to the first 100 depositors selecting the crepepan premium. The certificates were redeemable at the nearby creperie restaurant, which was

**Cooking
FREE
For
Saving
Three**

Offer begins
Feb 11



**Choose Your Nordic Wear Gift.
It's Free with a Qualifying
Deposit of \$300.**

No wonder everyone is excited about making crepes. They're easy and you can even make them at home with this Nordic Wear crepepan set, exclusive dip pan and crepe book.

Perhaps one of the other gifts will be your choice. Did you see the cooking free and easy with a \$300 deposit on a new or existing savings account or a new checking account. And every time you add \$50 to your savings account you'll purchase one of these Nordic Wear gifts for only \$6.95.

Now continental cooking can be just as convenient and easy as banking at your favorite bank. The Bank of Minneapolis, 609 Nicollet Mall, and the Midwest/DS Skyway.

The Bank of Minneapolis is an Equal Opportunity lender and servicer of your money. Member FDIC.



Newspaper ad for Bank of Minneapolis announcing "Cooking Free for Saving Three" premium promotion featuring Nordic Ware items.

grateful for the extra business, since it had not yet had time to build a steady clientele.

Another attraction during the promotion was a "Cooking Free for Saving Three (\$300)" program that included

Banks Post Cookware Successes

Cookware is one of the more popular premiums at financial institutions this year. Two recent spectacular success stories of banks using Corning Ware premiums involve Sun Banks of Florida and First National of Chicago.

Sun Banks posted a 40% gain in new customers by offering 11 different pieces of cookware through the 39 banks making up the HC. Casserole dishes, sauce pans, coffee percolators or teapots could be obtained free with a deposit of \$250.

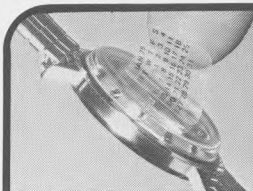
"It was absolutely the most successful premium program I've ever run," said N. W. Pope, vice president, marketing.

First of Chicago chalked up 30,000 redemptions of cookware during its recent promotion. "This promotion was responsible for gener-

ating more deposits than any other we've ever done," said John Tomick, director, product promotions.

The bank sponsored a cookoff in conjunction with the promotion. The contest was built around preparation of a meal for four people for less than \$6 using a Corning Ware casserole. Winners received cash prizes.

Nine different cookware pieces plus Corning Livingware dinnerware were offered during the seven-week promotion to people making deposits of \$250, \$1,000 and \$5,000. The size of the deposit determined which premium could be selected. The bank distributed 31,017 pieces, said to be an amount similar to what a major department store would move in a year's time.



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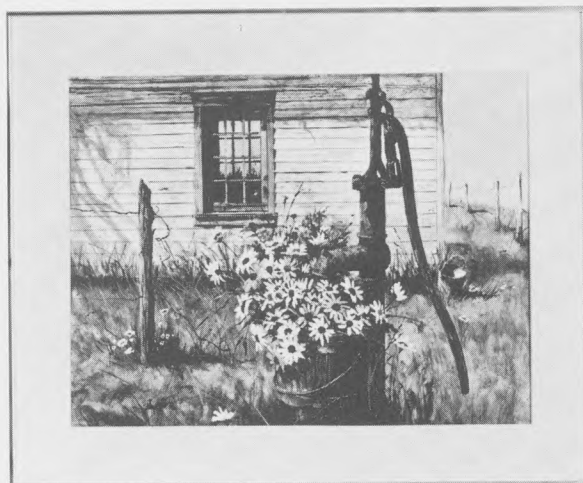
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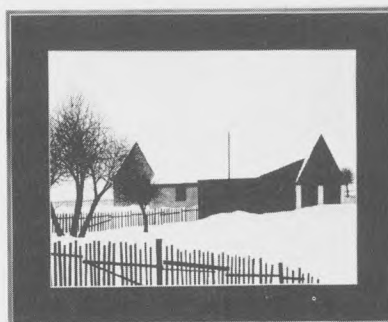
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Steel frame and body. Length 68". Width 34". Wgt. 200 pounds. Pneumatic tires. Gasoline engine, 3.2 HP. Top speed 17 MPH. Parts always available. Standard color scheme red, black, and gold.

BOB TUCKER ASSOCIATES

Box 1222

Port Arthur, Tx. 77640

"Since 1958"



a crepe cooking demonstration in the bank lobby with two local TV personalities taking part in a cooking contest.

According to Mr. Sidney, results of the two-month promotion were satisfying. More than 1,200 new accounts were opened, bringing in more than \$300,000 in new money. • •

New Deposit System Cuts Costs for S&L

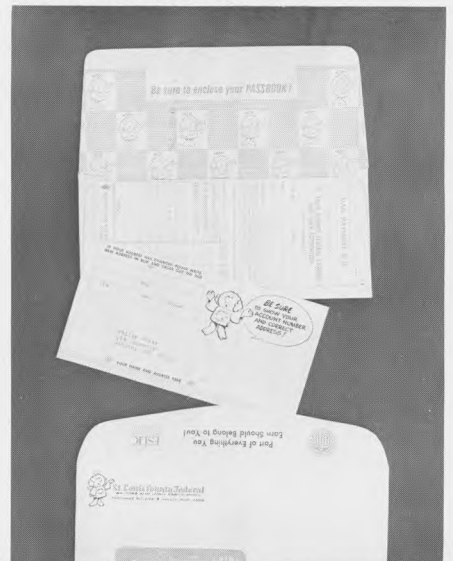
The use of wallet-style deposit-by-mail system has enabled a Minnesota S&L to reduce costs by 25% and lessen the possibility of errors.

The new system replaces one that used a double-coupon deposit envelope with a reusable address card. The card addressed the envelope carrying the customer's receipt and passbook through a window in the mailing envelope. The complicated deposit envelope was expensive and the cards were often lost, according to Jim Holland at St. Louis County Federal Savings in Duluth.

The new system has a reusable wallet with the depositor's name and address printed on it. The wallet and a remittance-style envelope are designed to fit in the association's statement envelope. Using the same envelope for mailing both statements and deposit receipts reduces costs and simplifies inventory and re-orders. A detachable coupon serves as a deposit slip and a withdrawal slip, to be mailed with the passbook in the pre-addressed envelope portion, said Mr. Holland.

The new system is not only more convenient, it actually costs 25% less, according to Doug Marshall at Tension Envelope Corp., Kansas City, who worked with Mr. Holland in developing the system. The new deposit coupon size permits verification of the transaction on mechanical equipment. The lost address card problem was eliminated by the reusable wallet.

Wallet-size deposit-by-mail system enables St. Louis County Federal Savings, Duluth, Minn., to reduce costs and errors.



Cook up new deposits with Vernon's "Be a Cook-Out Hero" Promotion



Here's the promotion that's the hottest thing in banking. Hot enough to add \$1.3 million to the vaults of three St. Joseph, Missouri banks. (See article in this magazine.) Enough sizzle to bring in \$340,000 for the Wichita State Bank of Wichita, Kansas in only two months.

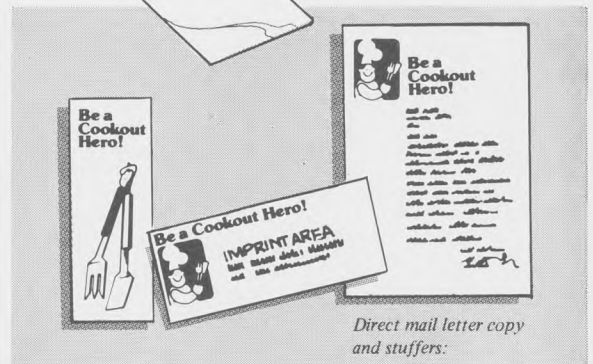
Why so successful? First, the universal appeal of Vernon Chef Tongs. It's a combination fork, spatula, can opener, bottle opener and salad tossing tongs with 1,000 uses inside and outside. It's a top quality item with a price low enough to permit flexibility.

Second, Vernon provides a complete free promotional package custom tailored to the needs of your bank. This includes Bar-B-Que grill, newspaper ads, direct mail literature, envelope stuffers, radio commercials, promotional reminders and other materials. Everything you need to make it work, including a Vernon representative who will help you with all the details.

Get the full story on this proven promotion. Mail the coupon for a free "Be a Cook-Out Hero" informational package and a Vernon Chef Tong. Or, if you're in a hurry, call Vernon Idea Man Don Costanzo at 515-792-2880. He'll give you the full story and show you how to get things cookin' at your bank.



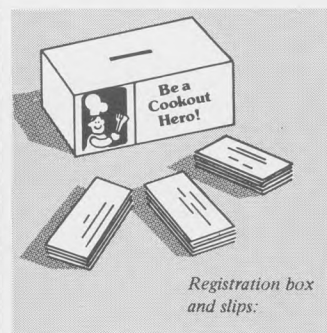
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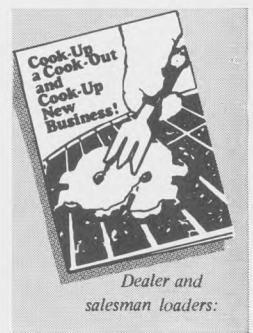
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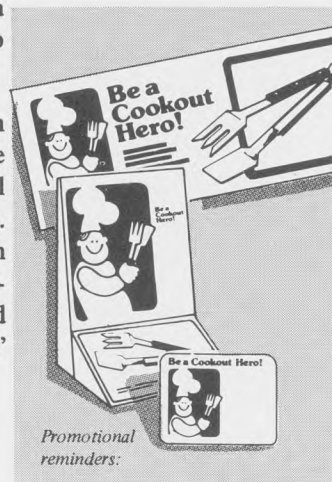
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'Be a Cook-Out Hero' Promos Help Banks Dispel Stuffiness

WHEN THREE BANKS controlled by First Midwest Bancorp., St. Joseph, Mo., held a cook-out, bad weather affected the turnout insignificantly. Cook-outs at First National, First Trust and First Stock Yards Bank were held indoors!

Purpose of the cook-outs, which were held on five consecutive Fridays, was to assure area residents that banks aren't stuffy places, as well as to bring in new deposits.

Serving the hot dogs and fixins during the 11 a.m. to 2 p.m. period were a group of local high-school girls, daughters of prominent St. Joseph families. They're known by many who stopped in and a number of people visited the banks due to their acquaintance with the girls and their families.

"Be a Cook-Out Hero!" proclaimed newspaper ads run by the banks each Thursday before the Friday cook-outs. The large ads featured a group photo of the girls in front of a sign bearing that slogan, which was the promotion's title. Teaser ads were spotted through-

out the newspaper to call attention to the free lunches, while radio spots helped spread the word.

For the cook-outs, each bank installed an electric grill and tables that held all the necessary materials. Prominently displayed was one utensil, the "10-in-1 Bar-B-Que Chef Tong," an implement that combined the utility of tongs, a spatula, a fork and a bottle and can opener.

The tongs were offered free as a premium to customers depositing \$150 or more in a new checking or savings account, an existing savings account or toward a CD. The implements are credited for the opening of 115 new savings accounts, 77 new checking accounts and 29 new CDs, for about \$300,000 in new money. About 600 customers added to existing accounts, bringing in another \$600,000. During the four-week promotion, nearly \$900,000 in new funds were accumulated.

Fortifying the promotion was an employee-incentive contest. Any bank staff member could earn points by get-

ting new business for the bank and a point scale was created so non-contact personnel competed on equal grounds with contact personnel for new or repeat business.

Staffers handed out referral cards to customers and possible customers throughout the St. Joseph area. When the cards were brought to the banks and accounts opened, staff members issuing the cards were credited with points. Because of the employee-incentive promotion, an additional \$420,000 came into the banks, nearly two-thirds of which was from new business.

First-prize winners in each bank received the electric grills, which were pedestal-mounted and included lifetime briquets. Second-place prizes were theater tickets or passes to a nearby amusement park and third-place winners received free dinners and movie tickets or packages of hamburger and hot dogs, plus one of the tongs.

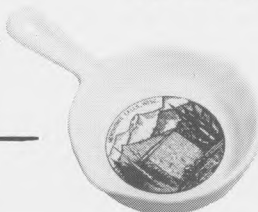
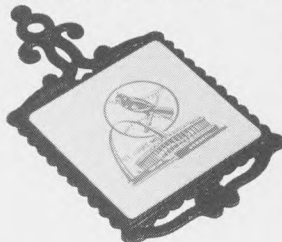
After serving more than 3,200 hot dogs, the banks found that stuffiness had been banished from their premises and their vaults were \$1.3 million richer. They also found the cook-outs had left a "good taste" in the mouths of a lot of people! • •

Put your message in your customers' homes!



Porcelainized cast iron cookware with glass covers. Saucepans, skillets, casseroles available in single pieces or as boxed sets. Shown here: 8" skillet.

Wrought iron trivet with 4½" square porcelainized inset. Protective rubber tips on legs.



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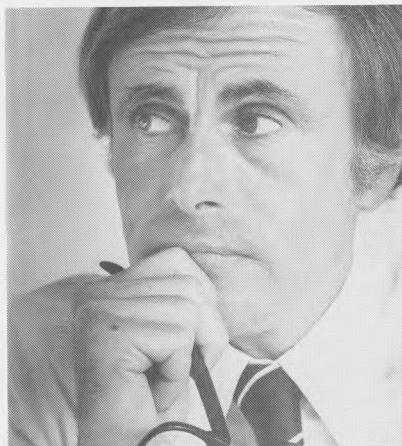
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Popcorn: It Works for Financial Institutions

FEW THINGS attract attention more readily than a colorful, aromatic popcorn wagon. And when a gaily decorated wagon is placed in a bank lobby, good things are liable to happen to both the customers and the bank.

One of the first banks to learn that popcorn wagons yield salty profits is First National of Chicago. What's one of the nation's largest commercial banks, located in the midst of downtown Chicago's sober financial center, doing with a popcorn wagon? Making friends and profits!

The bank paid \$8,000 for a replica of a four-wheel ornate glass-and-wood wagon, the kind that whistled on the streets of yesteryear while a cascade of popped corn came from its steam-operated griddle.

The machine was placed on the sidewalk near the bank's plaza area and was placed under the charge of three summer trainees. An average of 1,000 cartons of popcorn is sold daily during the warm months and sometimes long lines of customers wait patiently for service.

Since one of the trainees is an accounting student at the University of Illinois, he figured out that the gross profit margin on each carton of popcorn is 62%, making the popcorn operation the most profitable one in the bank! According to a bank executive, the profit margin amounts to roughly 40 times the bank's margin on nearly \$12 billion in loans!



Customers line up to pay for hot, buttered popcorn at First National Plaza, adjacent to First National of Chicago. Machine is profitable for bank and was manufactured by Gold Metal Products Co., Cincinnati.

Fourth National, Wichita, installed a colorful popcorn wagon in the glass-walled courtyard of its building when it opened the new quarters in 1974. The machine is operated a few hours each day and for two hours every Friday afternoon sample bags of popcorn are dispensed free. The operation averages 350 servings per hour.

Fourth National uses the wagon for special events, such as the opening of a large shopping center last year, where the bank promoted its BankAmericard service. In three days, 10,000 sample

bags of popcorn were distributed.

The wagon has also been used at remote radio broadcasts, customer business openings, bank unit openings, community activities and fund-raising parties. It also is used in other areas of the bank for receptions.

But when it's in the courtyard and not surrounded by a group of hungry customers, it's considered to be one of the "art pieces" that decorate the premises.

Not only large banks utilize popcorn machines. Bank of Kansas in South Hutchinson installed a two-wheel cart in its lobby last May when it opened its new building. Every weekend, free popcorn is dispensed to increase lobby traffic. According to bank President D. D. Hart, the unit is effective in drawing people into the bank.

Customers have learned that, when the popcorn wagon's red operating light is on, they can step up and receive a free bag of popcorn.

The use of popcorn as an attraction at banks is not new, but it seems to be catching on at more banks. Brentwood Bank, located in a St. Louis suburb, has been borrowing a popcorn wagon from a local theater chain for years during the holiday season. It places the wagon in its lobby and dispenses free, hot popcorn to all comers.

Other banks have used popcorn wagons to call attention to premium offers and solicit Christmas club accounts.

One of the nation's number-one snacks has been put to work to promote banking, and it's doing a popping-good job of it! • •



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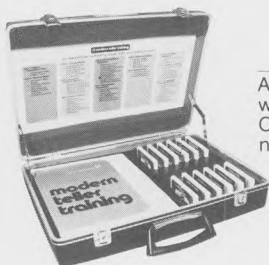
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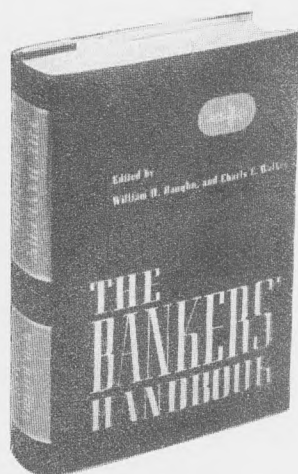
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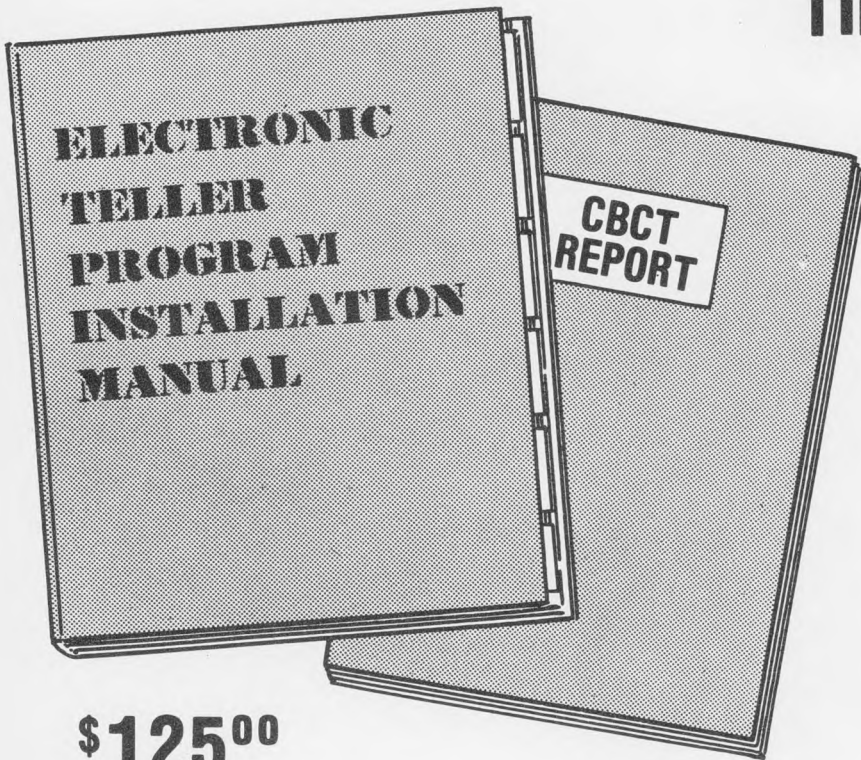
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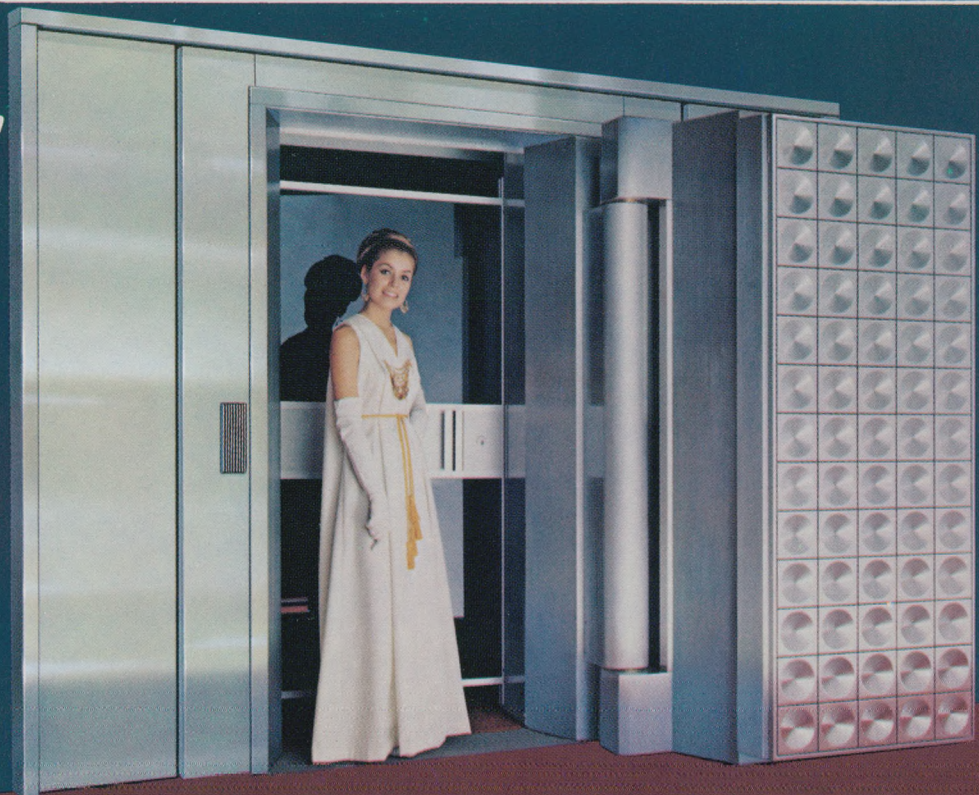
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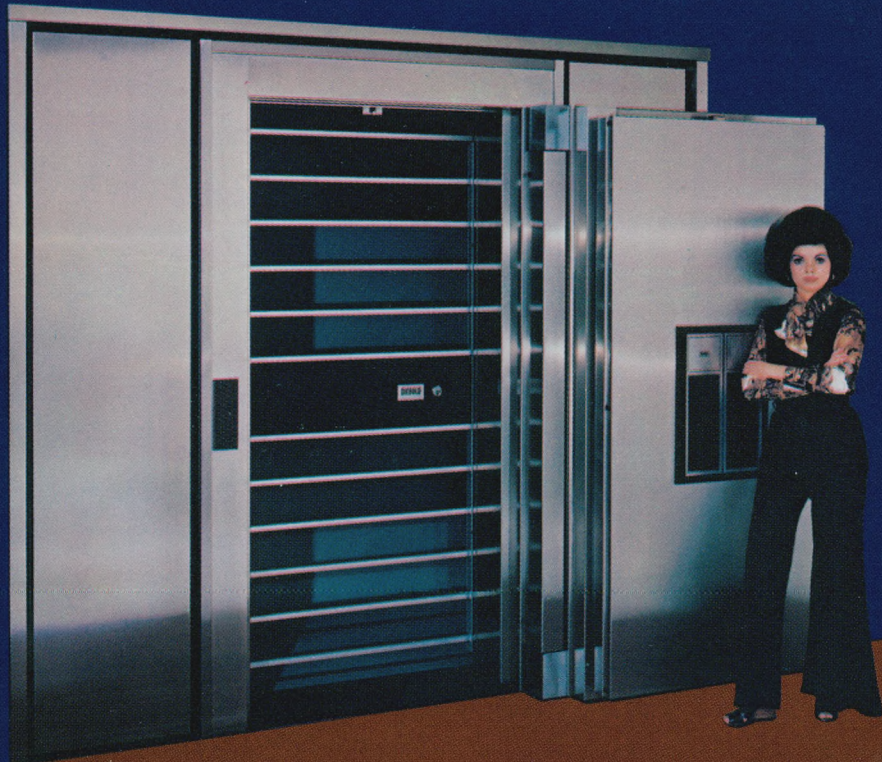
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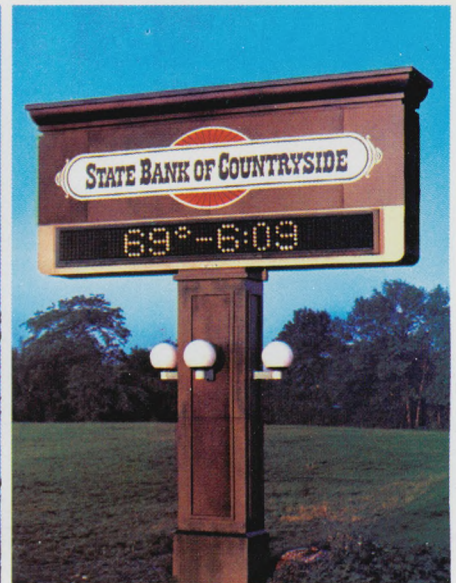
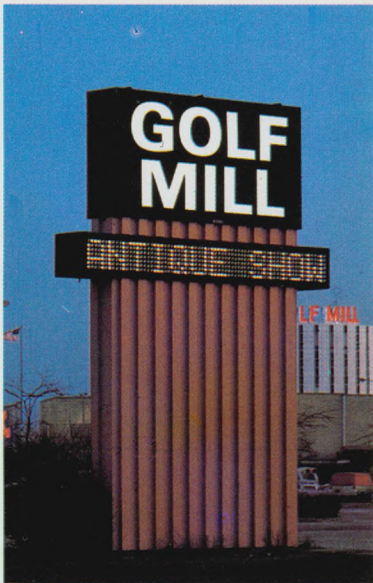


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LEFT: Corpus Christi (Tex.) Nat'l publicized its ATM, called Dolphin 24, with this offer of free Burger Chef hamburger to each person who used machine. Bank issued more than 10,000 hamburger coupons in four-week campaign. Bank changed name from Corpus Christi State Nat'l to present form after campaign ended. CENTER: Free ice cream cones from Baskin Robbins were available to Worthen Bank of Little Rock customers who made cash withdrawals from its ATMs. Bank also offered free McDonald's hamburgers to ATM users. RIGHT: ATM customers of Liberty Nat'l, Louisville, were treated to free ice cream sundaes at local dairy for using bank's ATM.

Hamburgers and Ice Cream Cones Promote Automated Tellers

By ROSEMARY McKELVEY
 Managing Editor

WHAT DO hamburgers, ice cream cones, hot air balloons and robots have to do with banking? For one thing, they're being used to publicize banks' automated teller machines (ATMs).

The well-known McDonald's hamburgers and Baskin-Robbins ice cream cones have been playing a big part in Worthen Bank of Little Rock's ATM marketing program. The bank calls its ATM card "The 24-Hour Money Card." To encourage greater use of its ATMs, the bank offered a certificate redeemable for a hamburger or cone each time a customer used one of the machines. The McDonald certificates, which were offered until August 31, were redeemable at all the firm's locations in Little Rock, North Little Rock, Pine Bluff, Jacksonville and Conway, Ark. The Baskin-Robbins certificates, redeemable until September 6, were good for cones at that firm's locations in Little Rock, North Little Rock, Jacksonville and Hot Springs, Ark. Of course, the newspaper ads and TV commercials stressed that those who didn't already have a Money Card could obtain one simply by going to any Worthen office and asking for it.

Worthen's TV commercials for this program featured an elderly woman, a

young woman, a small boy and a construction worker, all enjoying their free Big Macs or ice cream cones.

Liberty National, Louisville, also appealed to the public's sweet tooth by offering free ice cream sundaes to ATM customers. The bank's ATMs issued a coupon good for the sundaes at eight local dairy stores with each cash withdrawal made from checking, savings or Master Charge accounts.

Choice of sundaes was a wise one for the bank. According to a Liberty National spokesman, on just one week-end, about 2,000 of the coupons were redeemed.

Banks that make up the St. Louis-based bank HC, First Union Group, are promoting their ATMs, called BANK24, with a hot air balloon. The 75-foot balloon with BANK24 banners encircling it was launched June 3 from Busch Stadium as part of "First Union Night" at a ball game between the St. Louis Cardinals and Philadelphia Phillies. The balloon was used to dramatize the fact that BANK24 covers the St. Louis area with seven locations.

Since its launching in June, the bal-

loon has appeared at a number of other events to focus attention on BANK24. It's been used at "Fair St. Louis," an annual arts and crafts show that attracts thousands to the city's Forest Park. The balloon has been used several other times, including an appearance at the Missouri State Fair in Sedalia.

Seven St. Louis-area First Union banks coordinated the promotional effort that led up to "First Union Night" at Busch Stadium. The banks are First National, St. Louis; Chesterfield Bank; Florissant Bank; Crystal City State; Citizens Bank, Pacific; First National, St. Peters; and Vandalia State. Six weeks before the ball game, all seven banks began promoting it by offering free reserved seat tickets to customers opening new accounts for a minimum of \$200. Thirty-five hundred tickets were given to new customers or sold at reduced prices to customers who added at least \$25 to their accounts. First Union also used radio, TV, newspapers and direct mail to publicize the special night and to call attention to BANK24.

As a result of all First Union banks in the St. Louis area flying colorful Cardinal pennants and having Cardinal baseball players on hand to meet the public and sign autographs, hundreds



This hot air balloon is used by St. Louis-based bank HC, First Union Group, to spotlight member banks' ATMs. Balloon is pictured prior to being launched June 3 from St. Louis' Busch Stadium as part of "First Union Night" at baseball game. Balloon is used at various events around Missouri, including State Fair at Sedalia.

of demonstrations of BANK24 were given.

The banks also have been giving small banks in the shape of Cardinal baseball hats to persons who take part in BANK24 demonstrations.

First Union banks also promote their BANK24 ATMs with a van that carries one of the ATMs from one bank to another and also visits civic events across the state. For instance, during the giant July 4th riverfront festival in St. Louis, the van was parked on the levee and was used to demonstrate usage of the Docutel BANK24 to festival visitors.

First National in St. Louis last fall opened its remodeled Convenience Banking Center, which features four countertop computer-linked ATMs and is open to the public around the clock. A bank spokesman said that about 11,000 persons are using the center each month. Free refreshments will be served at the center this month during a special Downtown St. Louis night, which First Union is helping to underwrite. The streets on which the center faces will be blocked off so that nearby restaurants can set tables and chairs outside and create sidewalk cafes. In addition, there will be a dance band.

One of the First Union banks, Peoples Bank of Branson, used the offer of free McDonald's hamburgers with cash withdrawals at its BANK24 ATM as part of the grand-opening ceremonies for its Peoples Banking Center in downtown Branson.

Corpus Christi (Tex.) National sparked interest in its ATM program, called Super Dolphin 24, with a hamburger-premium promotion in 1975. For four weeks beginning in August, the bank dispensed a free Burger Chef Big Chef hamburger coupon in cash envelopes for withdrawals made through

the ATMs. A customer could withdraw \$100 a day (four envelopes) and obtain four coupons, each one good for a free hamburger.

The campaign, says Brent Bike, marketing officer, was designed to increase the ATMs' transaction volume, acquire new accounts and draw attention to the bank. Results of the four-week program surprised bank officers, according to Mr. Bike, who added that transaction volume more than doubled, and the bank issued more than 10,000 hamburger coupons in the four weeks.

The campaign was promoted primarily through radio and newspaper media, as well as through point-of-purchase displays, statement stuffers and even a Labor Day airplane banner.

To spotlight the automated feature of its ATM, Pan American Bank, Coral Gables, Fla., used an automated humanoid robot called "Silver Bullet." The Silver Bullet walks, talks and has op-



Pan American Bank, Coral Gables, Fla., demonstrated how easy its ATM is to use by showing that even robot can operate it. Robot, called Silver Bullet, is five feet, four inches tall, weighs 240 pounds, has 480-word vocabulary and can "speak" seven languages.

erable hands. For initiation of the bank's ATM, called Panorama Pat (for personal automated teller), the robot had been programmed by Quasar Industries for opening-day ceremonies.

Silver Bullet was chosen to be Panorama Pat's first customer, says A. David Russell III, vice president and manager of the bank's Red Road Office, as a way to dramatize the ATM's operating simplicity.

"As everyone on hand could see, the automatic banking system is so easy to operate that even a robot can use it," Mr. Russell points out.

Silver Bullet is a five-foot, four-inch robot, weighs 240 pounds, has a 480-word vocabulary, can "speak" English, Spanish, German, Russian, Japanese, Chinese and French. The metallic machine with long spindly arms and a globular fiberglass head was created by Quasar Industries for various corporations' advertising purposes.

Panorama Pat, a Diebold TABS 550—has two unusual features, according to Diebold, Inc., Canton, O. A special "no" button allows the user who has made a mistake in entering his or her personal identification number to begin again, without loss of card. Also, no cash is dispensed from the unit until the user card is removed, reducing the possibility of the customer's forgetting the card.

Another Diebold TABS unit—this one is a 550—has been spotlighted in a "Who Is Miss X?" campaign by Exchange Bancorp., Tampa, Fla. Tampa Bay residents were asked this question by billboards. In time, Miss X was identified as an attractive and appealing feminine clown and as "Miss X—the Sleepless Teller." As Diebold puts it, "She became the warm and friendly symbol of Exchange Bancorp.'s new 24-hour automatic banking service."

Between the start of the billboard campaign in metropolitan Tampa and official introduction to the public, all demand-deposit customers of the bank were introduced to Miss X through a series of direct mailings. These explained that Miss X was the bank's "sleepless teller" who soon would be available to serve customers at any hour of any day. One of the mailings included an application for a Miss X card with which ATMs can be activated.

When the service was unveiled, Miss X was on hand, offering demonstrations of the new service at Exchange Bancorp.'s two locations in greater Tampa. Since then, Exchange has found customer acceptance of the Miss X symbol on a steadily rising curve. For example, last October, the Temple Terrace ATM installation recorded 7,700 transactions; by the end of the year, this number had risen to 10,500. The same installation recorded more than 14,000 in

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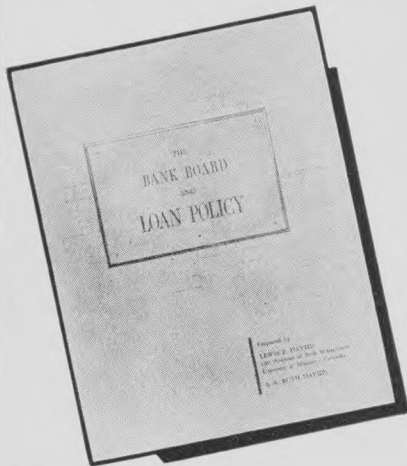
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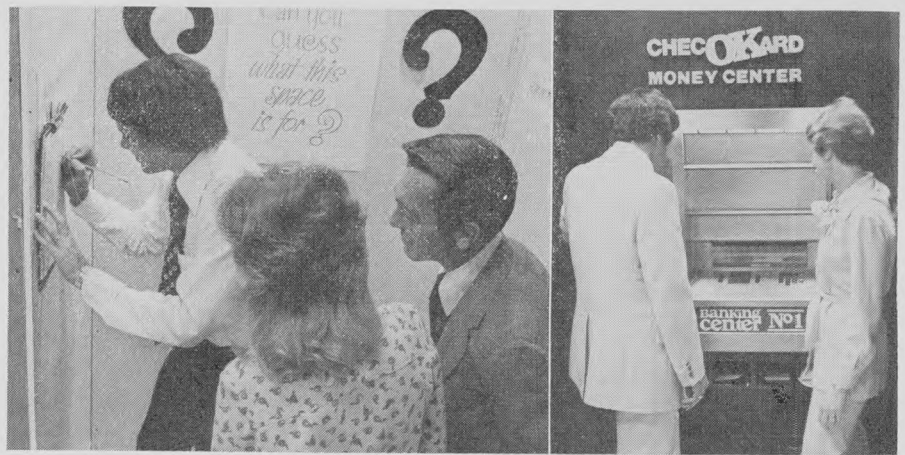
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The BANK BOARD Letter

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LEFT: Curiosity gets the best of pedestrians in Oklahoma City's Downtown Metro Concourse below Liberty Nat'l as they accept the invitation to "Guess What This Space Is for." It was the future site of the ChecOKard Money Center, the city's only on-line electronic banking facility, and guesses varied from those who thought it would be a closet, to one person who guessed it would be the doorway of a small restaurant for small people. RIGHT: Once completed, the banking center immediately saw use by customers. ChecOKard Banking Center Number One is on-line to Nat'l Sharedata Corp. computer facilities and was unveiled during the 1976 OBA convention. Liberty Nat'l demonstrated the center by issuing ChecOKards and \$5 accounts to CEOs of its correspondent banks, and most "tried it and liked it."

May, 1976. As Diebold points out, what's especially interesting is the fact that while the ratio of withdrawals to deposits has been 2½-to-one, the ratio of deposits to withdrawals in terms of dollars has been three-to-one.

Now Exchange is offering Miss X's services at four of its affiliated banks and finds the usage pattern, on a

weighted population basis, comparable to that established at Temple Terrace.

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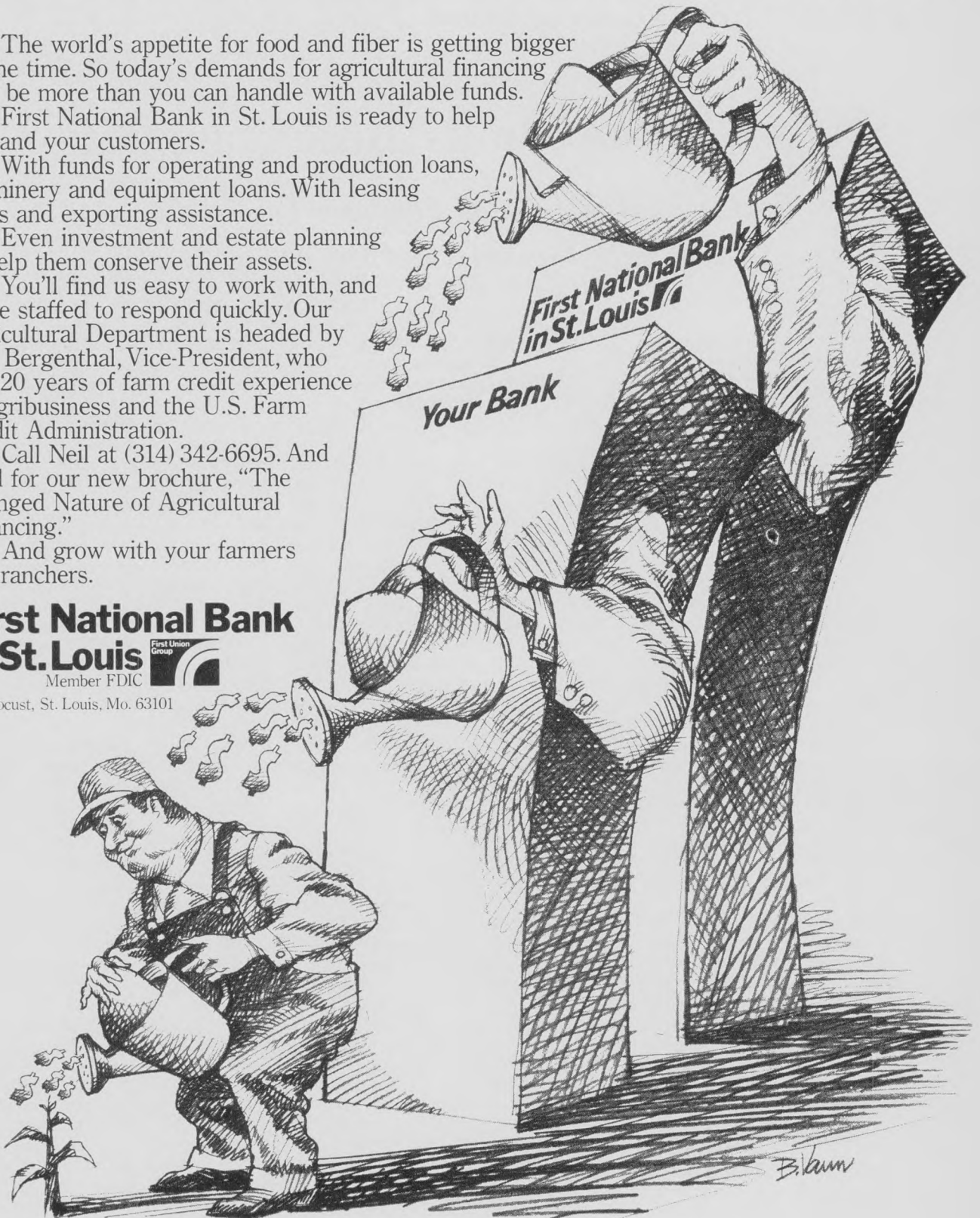
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THERE IS an emerging consensus in this country that we have too many regulations. We are beginning to realize that regulations—despite all the good intentions—have impeded progress, held back competition and prevented our free markets from working.

In banking, and in the S&L business, for example, there are innumerable regulations. Some regulations were well conceived and serve a useful purpose. Others, however, are meaningless and burdensome and force financial institutions to look for weaknesses and loopholes, which beget still more regulations. In the area of bank holding companies, for example, innovative and enterprising banks have been ingenious in finding ways of getting around the regulations, and if Congress and the regulatory authorities had taken the appropriate point of view in the first place, these things would not have happened. Accordingly, as a self-styled reformer and free market economist, I believe we should make a concerted effort to de-regulate and redirect banks and S&Ls to get them back on the right track.

In the area of financial reform, the impetus to make some crucial adjustments to our financial system arose out of the first credit crunch in 1966. Think about that. It has been more than 10 years since the need for financial reform first became a matter of national “urgency.” The Hunt Commission was formed in 1969, and since then we have had three more crunches—in 1969-70, 1973 and 1974. Each time we have a tight-money period and

By MAURICE MANN
President
Federal Home Loan Bank
San Francisco

soaring interest rates drive deposits out of banks and S&Ls (particularly the latter), the hue and cry for financial reform get louder. But then the situation eases, money and credit become plentiful again, and complacency and apathy set in. This has been the pattern in the past, and it certainly characterizes what has happened to financial reform efforts in the current environment. But the problems have not actually gone away; they merely appear to be gone because the symptoms have disappeared for awhile. Undoubtedly, however, the symptoms will rise again when another money crunch comes along.

In short, because of a reluctance to change, massive lobbying efforts have been mounted. As a result, it appears unlikely that any significant financial reform measure will be passed by Congress this year. There are two things wrong with this, one of which I have already mentioned—that it will take another credit crunch to get financial reform moving again. An even more important danger, however, is that we will piecemeal our way into financial reform, with the result that basic inequities and unfair competitive advantages will be fostered, both institutionally and geographically. For example, New England states already have the right to issue NOW accounts, and Illinois also has been granted that authority. New York is fighting for NOW account privileges, and the California legislature could at any time authorize such accounts. But federal law has not caught up, and so it's likely

that NOW account privileges will be granted on a piecemeal basis all over the country, with the individual states taking the leadership role.

Another example is the variable-rate mortgage. In California, six major S&Ls are using the VRM, and using it successfully. Two of the larger banks also are experimenting with the VRM, and yet federal S&Ls in California—or anywhere else—are not permitted to make variable-rate loans. There is something incongruous and unfair about this situation, and I think it is about time we recognized it. How much better it would be if we could look at the whole package and rewrite the laws and regulations and practices so that no institution or geographical area has an unfair competitive edge.

What constantly amazes me, however, is how many things reasonable people in the financial community do agree about. For instance, nearly everyone in the business agrees that it is foolish to make long-term, fixed-rate, fixed-term loans. Banks learned this some time ago, and they began tying business term loans to the prime rate. S&Ls also have discovered that they cannot compete when they are locked into 7%, 30-year mortgages while interest rates rise to 8%, 9%, 10%, or even 11%.

Almost everyone agrees also that variability is needed on both sides of the financial balance sheet. Banks have learned this; insurance companies have learned it, and S&Ls are beginning to understand it. Obviously, there is nothing wrong with variability, because if you play the game of spread management, this is how you stay in business. You *pay up* or *pay down* on the liability side, and you *charge up* or *charge down* on the asset side. This is exactly what a manufacturer of nuts and bolts does in

The speech on which this feature is based was given by Mr. Mann at the 1976 convention of the Association for Modern Banking in Illinois.

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his business; he goes up and down with the market. There is no reason why a well-managed financial institution—whether it is a bank, an S&L, an insurance company or a credit union—should not operate the same way. Or stating it in a positive vein, there is every reason why financial institutions *should* play

the spread management game—if they are able to play it well and fairly.

The third area in which nearly everyone is in agreement is with respect to the need for greater earnings and permanent capital by financial institutions, particularly deposit-type institutions. This need has become increasingly evi-

dent in the past year or so as deposit institutions have overextended themselves, and the question of capital adequacy—for both banks and S&Ls—is a matter of crucial importance to the future health and viability of those institutions, particularly to the extent that financial institutions take on broad new powers and assume new risks.

Almost everyone in the financial community believes there should be fairness or equality in the tax laws. Frankly, we have played games with the tax laws too long, what with bad-debt reserves, loan-loss reserves, investment tax credits, municipal securities, foreign tax credits, etc. We should straighten out and simplify the tax laws, make tax benefits explicit and let everyone in the same type of business pay the same taxes. Bankers and their trade associations provide numbers indicating that banks pay more taxes than S&Ls, and S&Ls produce equally convincing numbers that show they pay more taxes than banks. Whatever the situation, and I am not going to argue who pays what, I think there ought to be equality, and I think we should stop kidding ourselves about it.

Finally, I think there is agreement in the financial community—although to varying degrees—that it is inappropriate for any financial institution dealing in the same product in the same market at the same time to have an unfair competitive advantage. So it may come as a surprise to bankers to hear an S&L regulator say it, but I firmly believe that Regulation Q must go—eventually. In this regard, the only stipulation I would make is that S&Ls must be given the kinds of authorities that will allow them to become fully competitive, but when that happens, and S&Ls have had some time to implement their new authorities, the differential should be eliminated. As it is now, the differential provides a competitive advantage for S&Ls, it is true. But it is reasonable so long as S&Ls do not have the same powers and competitive abilities of the commercial banks.

My reason for reciting these areas of agreement is to make the point that commercial banks and the thrift industry have a commonality of interest and purpose. If bankers consider the situation carefully, it becomes apparent that the natural division is not between thrift institutions and commercial banks, but rather between deposit-type financial institutions and their non-deposit competitors. Let me point out some characteristics of our mutual non-deposit competitors to support my contention that thrift institutions and commercial banks should view themselves to a certain extent as allies.

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same business as commercial banks.

- Look at consumer finance companies. *They are* in the same business.
- Look at department stores and supermarkets. Like the others, they are doing the same things that banks and S&Ls are trying to do—they are competing for the consumer's dollar.

Hypothesize for a moment about a well-known department store chain. Directly or indirectly, this firm is related to a bank in Chicago, and to a large S&L in California. What if this chain decides to put point-of-sale terminals or RSUs or some type of unmanned tellers in all of its stores in California, or across the country, and then decides to pay interest on customers' credit balances? It could be done, and *if* it were, would its customers really need a commercial bank or a savings and loan? I am not sure. Just think about it.

I am exaggerating slightly to make a point, of course, but it is nonetheless true that supermarkets, department stores, consumer finance companies and financial service companies are all in the same contest that we are in—the contest to capture the consumer dollar in a reasonably well-defined arena. Although these nondeposit competitors have a great deal in common with banks and S&Ls, they have one thing going for them the rest of us do not have: *They are not regulated.* But banks and S&Ls certainly are regulated. It is for just this reason that I do not understand why banks and S&Ls fail to look on each other as allies against a common competitor. At least we are competing on the same field and more or less under the same ground rules.

Instead of banks complaining about S&Ls trying to get into the banking business (while, I might add, they are doing their best to get themselves into the investment business), they should recognize that they have more to gain by giving up fighting about being "king of the mountain" and work in conjunction with the thrift industry to improve the business we are in together

—providing financial services for the consumer.

There are signs of cooperation and progress among deposit-type institutions, however, and perhaps the best example is in Illinois. Continental Illinois National of Chicago is operating one of the most expansive and sophisticated EFTS projects in the country, and it is doing so with the cooperation of other commercial banks, S&Ls, and the Federal Home Loan Bank of Chicago. Continental offers a check-cashing or authorization service through terminals located in about 200 grocery stores, not only for its own customers, but for customers of its correspondent banks and customers of the FHLB's online member S&Ls as well. When the FHLB is linked to Continental's switch system, Illinois savings and loan customers will be able to make savings deposits and withdrawals, in addition to cashing checks, at Continental's POS terminals. Such cooperation between banks and the thrift industry should result not only in improved consumer financial services, but in increased business for all participants.

To return to my main point, S&Ls are not going to be viable, healthy and fully competitive institutions unless they are granted the additional lending and investment powers required to broaden their asset portfolios. They will not be healthy unless they are given authority to do consumer lending; they will not be viable and competitive unless they can participate in third-party payments systems and broaden their liability powers. In this regard, it may not be terribly important as to what kind of liability powers S&Ls get.

Personally, I do not believe that S&Ls need checking accounts. From the consumer's point of view, NOW accounts are a superior alternative to checking accounts anyway. If you look realistically at a savings passbook, you will recognize that it is just a NOW account, albeit not as conveniently accessible and not under the NOW account banner. And if you look realistically at the telephone transfers the banks want to do, you will recognize them as checking accounts with interest. All one needs to do is to call a bank and request that funds be moved from a savings account to a checking account—interest-paying checking accounts in disguise. What is an overdraft account? The customer overdrafts his checking account, and the bank makes him a loan and charges interest on the overdraft. We persist in arguing about which institutions should be able to pay interest on checking accounts and which institutions should be able to issue NOW accounts.

As I see it, almost everybody wants what the S&Ls are asking for—namely,

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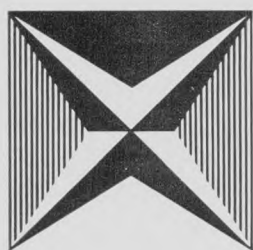
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third-party payments, unsecured consumer lending authority, liberalized investment authority and some alternative forms of the mortgage. As long as we generally are agreed on that, why can we not agree on the variable-rate mortgage or on the Canadian plan, which allows mortgages to be rewritten every five years? Why can we not go to declining equity mortgages; when a person gets to be 65 years old and has \$40,000 or \$100,000 equity in his house, why should he not be able to get an annuity from it? All kinds of innovations could be experimented with to build some flexibility, not only into mortgage instruments, but into other types of financial services as well. We

refuse to use our imaginations with regard to financial institutions, and we are making serious mistakes because of it. For one thing, we have managed to price new housing, in particular, far out of reach of the average American, and we have not adjusted fully on the other side to make it possible for most Americans to afford home ownership.

To correct this and other serious problems in this country's financial framework and for S&Ls to survive, the thrift industry must have the ability to compete for the entire consumer dollar, just like everybody else. And like everybody else, S&Ls want the consumer dollar both longitudinally (that is, from the cradle to the grave) and

latitudinally (in terms of expansion on both sides of the balance sheet).

If S&Ls are granted that capability, they will be in a position to benefit the consumer and to contribute more competitively and with greater stability to the nation's economic output. As a result, there would be a significantly greater efficiency in the financial system, and we would be able to avoid the kinds of financial disruptions that we have had so frequently in the past 10 years. • •

ABA Spokeswomen

(Continued from page 49)

make about the project:

- ABA sponsorship bestows credibility on these consumer advisers.

- While male bankers are just as capable of delivering the message, market research shows that women have a far greater acceptability than men with the media outlets the association is trying to penetrate.

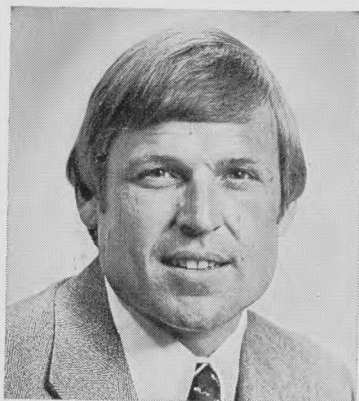
- Issue orientation as part of the training program is essential. The ABA consumer advisers were not ignorant of the issues, but weren't familiar with responding to them in interviews. They also learned that answering "I don't know" is not a mortal sin.

- A continual flow of current information from the ABA to the consumer advisers is necessary. This is accomplished by putting these women's names on mailing lists for ABA newsletters, press releases and daily news summaries.

- Videotape recording and playback of mock interviews and news conferences are extremely helpful because most of the consumer advisers haven't had an opportunity to see themselves on TV. Tips on dressing and mannerisms were included. • •

■ ST. JOSEPH BANK, South Bend, Ind., received the George Washington Honor Medal from the Freedoms Foundation, Valley Forge, during South Bend's bicentennial celebration. The award was made in recognition of the bank's "Declaration of Independence" program, wherein citizens signed a copy of the document and received a miniature copy of the declaration.

■ CHARLES J. KANE, president and chairman, Third National, Nashville, has been appointed to a fourth term as a member of the Banking, Monetary & Fiscal Affairs Committee of the Chamber of Commerce of the U. S.



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



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

But Monday through Friday he's a professional correspondent banker with both feet firmly on the ground. Ish works with our customers in the East Tennessee area, and uses his 17 years

of correspondent banking experience to serve them well.

Whatever your correspondent banking need or problem, call Ish Smith or another of our correspondent banking professionals. Our Tennessee WATS line is 1-800-342-8360. In neighboring states, dial 1-800-251-8516.

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Discriminatory Standards Are Examined in Seminar On Consumer Legislation

NASHVILLE—Lenders in attendance at a consumer legislation seminar hosted by First American National's correspondent and Guaranty Mortgage Co. divisions were urged to reeducate themselves and neutralize conscious or subconscious discriminatory standards they had been using, especially toward single or female credit applicants.

A guest speaker, Ron Cline, director of sales and development, PMI Mortgage Insurance Corp. of San Francisco,

told the group of 150 lenders from Tennessee and Kentucky that severe compensatory and punitive penalties may be the result of noncompliance with the Equal Credit Opportunity Act (ECOA).

"ECOA has far-reaching effects on lenders," Mr. Cline said. "This legislation regulates all types of credit extensions and specifies the type of information lenders can require. Basically, the law prohibits lenders from discriminating because of gender or marital status.

"Implementation of ECOA began in October, 1975, and will be complete in March, 1977," he continued. "Applicants aren't required to disclose receipt of alimony, child support or maintenance payments and if a lender turns down a credit application, he must give written notice of the reason for the denial. For a secured loan request, the lender may inquire about marital status only—whether the applicant is married, unmarried or separated.

"Use of titles in names is strictly voluntary with a loan applicant," Mr. Cline said, "and by this November, reports to credit reporting agencies on accounts held or used by both spouses must be made in the name of each individual. By February 1, 1977, creditors must notify holders of existing accounts of their rights to have credit histories reported individually."

Mr. Cline also said that many lenders have been changing their credit application forms to ensure that they ask for information that is legally acceptable under ECOA.

On hand to discuss RESPA—the Real Estate Settlement Procedures Act—was Percy Wilkins, a local real estate attorney. He explained what the lender must do for the applicant of a first mortgage residential loan:

- Let the applicant know what costs to anticipate.
- Explain what a mortgage loan is.
- Give HUD's booklet on RESPA to the applicant no later than three business days following the application. Since the booklet contains general information, the lender must mail more detailed information, including costs



Discussing consumer legislation during seminar hosted by First American Nat'l, Nashville, are (from l.) Tommy Joe Fridy, Sebree (Ky.) Deposit Bank; Carson Johnson, Lawrence County Bank, Lawrenceburg, Tenn.; Ron Cline, dir. of sales and development, PMI Mortgage Insurance Corp., San Francisco; Evelyn Wilds, mgr., Guaranty Mortgage Co., Kingsport (Tenn.) Office, a bank subsidiary; and Jim Reagle, v.p. of residential operations for Guaranty Mortgage, Nashville.

incurred when the loan application is made, at a later date.

- Allow the applicant to inspect business charges one business day before closing the loan.

- When the loan is closed, it must be done on a standard form that discloses all costs of the transaction. The form must be furnished to the buyer and seller.

"In addition," Mr. Wilkins said, "the law prohibits anyone involved with the loan from receiving compensation or anything of value in connection with the loan except for services performed."

Constitutional Convention Approved in Tennessee; Usury Law to Be Discussed

NASHVILLE—Tennessee bankers' efforts paid off last month, when the state's voters approved a call for a limited state constitutional convention that will deal with Tennessee's 10% usury law.

Convention delegates will be selected November 2 from each of the state's 99 districts in the House of Representatives. The convention will begin holding meetings August 1, 1977, and must

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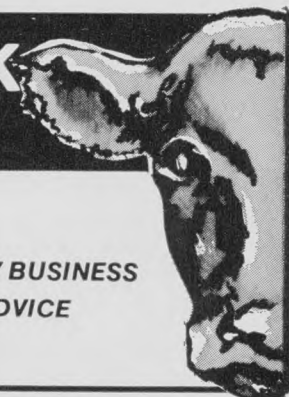
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“Thanks to First Security, we got in the BankAmericard business without getting in the credit card business”

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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 BankAmericard and other First Security services, call Sam Adams, Vice President, Correspondent Services, toll-free: (800) 432-9380.

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finish its work by the following July.

Only the possible changes in the constitution included in the call—the possibility of lifting the 10% interest-rate ceiling and a dozen other issues of less interest—may be considered at the convention. All changes, including the usury law, will be voted on, item by item, and will have to be approved by a majority vote in the November, 1978, general election.

Last month's voter approval of the constitutional convention climaxed a three-month campaign by the state's bankers to win this victory. Governor Ray Blanton, a Democrat, was against the convention proposal, saying the call

was too narrow. He asked for a broader call next year, one that would include a discussion of a state income tax. The present state constitution forbids such a tax. Approval of the limited call delays possible consideration of a state income tax until 1983.

Illinois-Missouri BMA, Mo. BA To Hold Seminar in St. Louis

ST. LOUIS—The Illinois-Missouri Bank Marketing Association and the Missouri Bankers Association have announced joint sponsorship of a marketing seminar, to be held September 30 at the St. Louis Marriott Hotel.

Highlights of the seminar are gen-

eral sessions on "Marketing Planning . . . That Gets Things Done," "Radio Advertising . . . in the Age of Television" and the "Best of Bank Television Commercials, 1975 (U. S. A.)."

Workshops scheduled for the morning of the marketing seminar are "Trust Marketing," "EFTS Update," "Marketing Your Installment Loans," "IRA and Keogh" and "Segmenting Your Marketplace."

Afternoon workshops will be "Direct Mail Marketing," "Premiums 1976," "Free Checking—What's Happening," "Market Research" and "NOW Accounts and Other Dirty Words."

\$1,000 Reward Is Given For Solution to Robbery

KANSAS CITY—A reward of \$1,000 has been given out through the Greater Kansas City Clearing House Association's Operation BREAKER for information that led to the solution of the May 24 robbery of Central Bank.

The reward was the first to be given since Operation BREAKER began in January, 1976. The information received through the BREAKER phone from a citizen led to the arrest and indictment of Donald Steven Scott. Scott reportedly was subsequently convicted of the crime.

Operation BREAKER, an acronym for Bankers Reward to Expedite Action against Kidnapping, Extortion and Robbery, was developed through the clearing house with the cooperation of metropolitan Kansas City banks.

Telecommunications Workshop

WASHINGTON, D. C.—The ABA will sponsor banking's first Telecommunications Workshop February 13-16 at Atlanta's Omni Hotel.

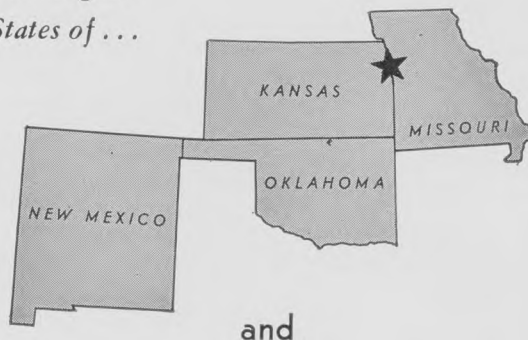
In announcing the workshop, ABA Telecommunications Task Force chairman Charles W. Donaldson, vice president, Manufacturers Hanover, New York City, cited these statistics from a recent survey:

- Banking spends about \$550 million annually on telecommunications.
- Telephone and data communications cost banks 15% more in 1975 than in 1974.
- Fifty-four percent of all banks are centrally planning for telecommunications needs, and more than 36% of all banks expressed a need for more industry-related information.

The workshop is a response to this last point. Mr. Donaldson has sent letters to telecommunications professionals in banks asking them to supply the five most important topics each would like to have discussed at the workshop. A program will be developed from these replies.

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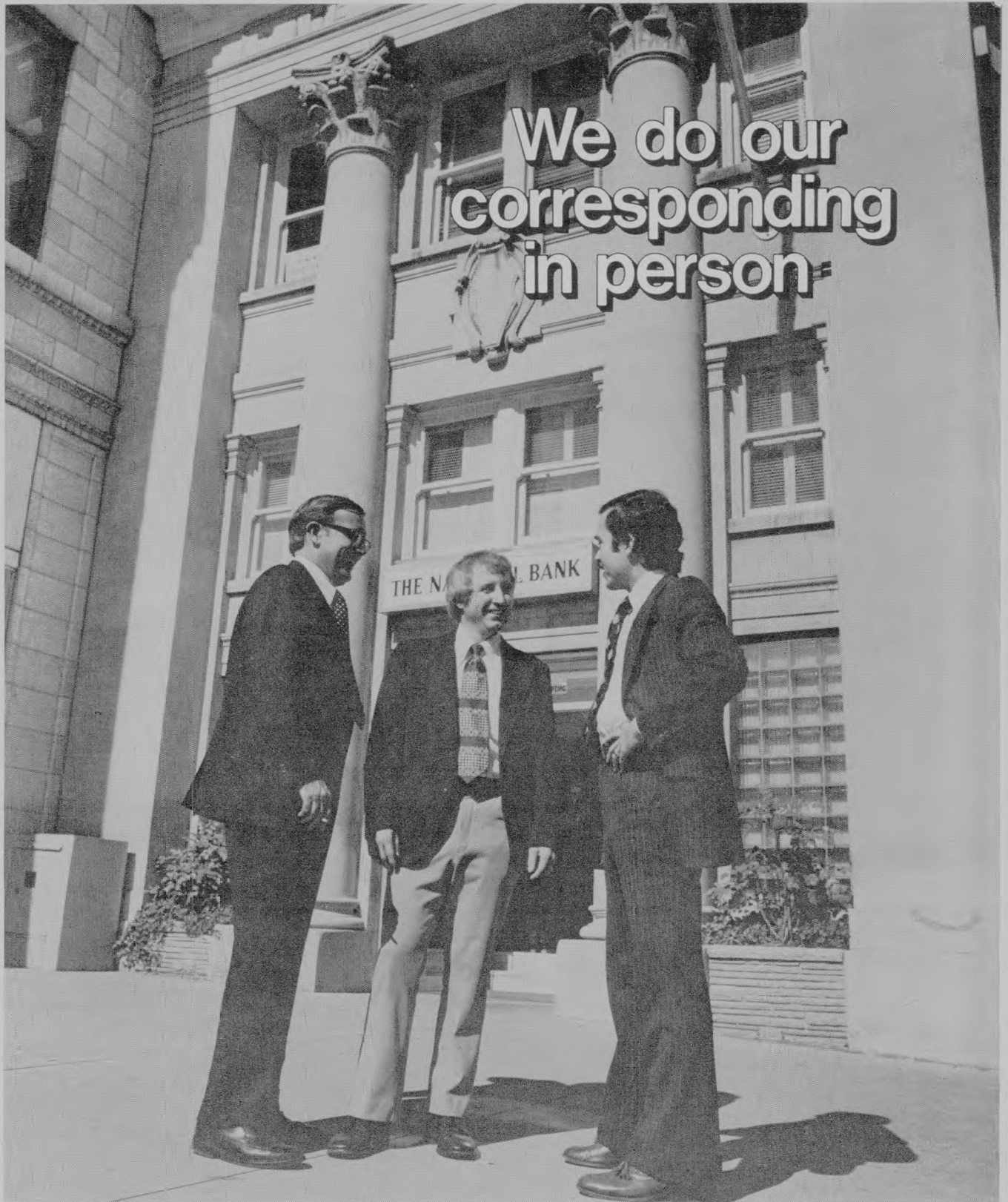
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Murphy Brock (at left), Vice President and Jim McKenzie (at right), Asst. Cashier of Liberty Bank, correspond personally with Bobby M. Jenkins (center), Vice President and Cashier of the National Bank of Middlesboro, at the bank's main office.



Liberty National Bank
and Trust Company of Louisville

If Your Bank Is Still Getting 'Ripped Off,' Your Bank Is in Need of Better Security!

By **CARL L. CARTER**

**Second Vice President
National Bank of Detroit**

THERE is enough evidence for anyone to conclude that, while as an industry, banking may have done a great deal to upgrade its security, it has not done enough. The only thing that is growing faster than crime prevention is crime.

The FBI reported a 50% increase in the bank robbery rate last year and a substantial rise in other crimes against banks, including burglaries, bombing, extortion-kidnappings, etc. Those who don't have a problem are lucky, if it's just that they or their geographical area have not yet been targeted for an unrelenting attack.

If they have been subjected to such an attack and have turned things around, it's more than luck. They have to be doing something right!

On close examination, you would find that they have an innovative security force which has management support, that they are utilizing modern and effective security procedures, methods and measures and that they have security equipment that meets their needs.

It's too bad that this is not generally the case!

What we are currently doing at National Bank of Detroit may or may not be what is called for in your own situation. Even what I see as being a good general approach may not be right for your bank. You must decide for yourself what is the best approach for your situation.

Further, one cursory look at your situation is not enough. I recommend that a risk analysis be made by a competent security specialist. Because things change, you shouldn't do this once and forget it. The security and crime prevention survey should be repeated on a scheduled basis. What is called for is the anticipation, recognition and appraisal of a crime risk (or opportunity) and the initiation of action to remove or reduce it.

This article is based on a talk by Mr. Carter at the 27th Southern Regional Convention of BAI in Oklahoma City recently.

The place to start is outside the bank. Your building should look formidable and secure. You should examine all concept drawings, plans and specifications for new construction and/or alterations. Ask yourself: Will this become a target for robbers, burglars or thieves? Can unauthorized entry be adequately discouraged? Is this the place to build or stay when both market and security considerations are carefully weighed?

Recommend that the number of exterior accessible openings in the building walls and roof through which an intruder might readily gain unauthorized entry be held to a minimum consistent with safety and operational and esthetic requirements. Suggest that these be properly secured on at least all off hours. Doors and accessible windows should be secured with tamper-resistant locks. I favor one-inch-throw dead-bolt locks on exterior doors and key locks on windows that can be opened. Door hinge pins should be inside or they should be spot welded or secured with a hardened pin that can

"Bullet-resistant materials are the way to go with respect to teller and/or management enclosures. They provide an excellent first line of defense against the bank robber, armed or unarmed."

be removed only from the inside.

Door panels and windows can be smashed easily if burglary resistant materials are not used. I recommend $\frac{3}{4}$ " laminated burglary-resistant glass in all accessible exterior doors and windows.

Attic ventilators, elevator houses and stairwells on the roof offer easy access into the building unless these, too, are properly secured. Side, rear and roof openings are highly subject to attack, because they are secluded from public view.

Locks and other access-control devices are intended to enable you to deter or at least delay and hopefully detect unauthorized entry. On each building opening requiring a lock, you must have a locking device that cannot be compromised easily. Further, you must issue keys on a need basis only. It is easy to fall into the trap of passing out keys for convenience sake or to sat-

isfy someone's ego. One of the most crucial things you can do is maintain adequate records of where all locks are used and who has keys that will allow entry to the exterior or interior areas that have been secured.

It's easy to start with adequate access controls and then let them fall into disrepair for lack of follow up and proper record-keeping. This is especially true with respect to lock-and-key assignments, and it can be true in other respects if alterations take place that you are not cognizant of or do not examine with a critical eye.

Protective lighting is something that we frequently fail to concern ourselves with. Robbers, burglars and thieves prefer to work under cover of darkness. The Bank Protection Act states only that a cash vault or safe door should be bathed in light if it can be seen from outside the building. In my view, the nighttime level of light should be checked outside in alleys, near entrances, in parking lots and in the area of night depositories and cash dispensers.

Do employees and customers feel uneasy about going to their cars, especially at the time of year when it gets dark early? Are light sensors or timers utilized to make sure someone doesn't forget to turn on needed lights? Are exterior lights mounted high on the building or on poles so that you get maximum efficiency and so that bulbs cannot be unscrewed?

You should also study what is available at what price so you can recommend the best possible lighting for your needs. Night lighting inside the building and out is helpful in silhouetting the intruder. It is a powerful deterrent that must be used to be fully appreciated.

Most of us are convinced that a picture is worth a thousand words when it comes to describing a holdup man to the authorities or to convincing a jury that the man on trial committed the crime he is charged with.

I prefer hard film in surveillance cameras. There are many good arguments for using closed-circuit TV, which still has only a limited usefulness because it does not offer sufficient line resolution or clarity of hard copy. It will someday be the answer, and for that reason, I keep looking at the latest offerings of various manufacturers.

This is not to say that there is not

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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a place for CCTV in a bank. We use it on our computer floor, in our main cash vault, in the garage used by armored cars and in certain other areas.

On the banking floor we use 16mm constant-surveillance cameras that speed up on demand. We use 16mm, not because it is superior to 35mm or 70mm, but because it is less expensive. It's adequate, if the proper lens and settings are used. To be sure of this, you have to test-develop film periodically and then you must make the adjustments that are called for as promptly as possible.

We are firmly convinced that there are adequate reasons for constant surveillance even though it is expensive. With it, you are more likely to get some shots of the holdup man, even if he is "Speedy Gonzales." You will also get some value from the fact that constant surveillance will sometimes get you pictures of the bad check passer or others who are causing you trouble.

Physical-security barrier systems are nothing unique to the banking industry. Barriers are normally used to discourage entry. Somewhat recently we in banking have been making a greater use of burglary-resistant and bullet-resistant glass, plexiglass and polycarbonates. Note these are two different things for two different purposes. One is burglary-resistant and one is bullet-resistant.

These materials are both ideal from the standpoint that they meet the requirements of the marketing and security people. They do not obscure, but they effectively block entry.

Burglary-resistant glass, or other materials that are so labeled by the Underwriter's Lab, will withstand a considerable effort on the part of the would-be burglar to gain entry to your premises through window or door lights. I have seen bricks, "Molotov cocktails" and full beer bottles thrown at such materials without causing holes. I have seen a fireman's ax used to punch holes in 3/16" laminated burglary-resistant glass. The holes were about the size of the ax head, but the blade did not slice or shatter the glass sufficiently to allow entry.

The only big problem connected with the use of such materials is that the window mullions must be able to withstand the attack. Sometimes they will give way and sometimes, when a polycarbonate or plexiglass material is used, the material will give enough to pop out of the mullions.

Bullet-resistant materials are the way to go with respect to teller and/or management enclosures. They provide an excellent first line of defense against the bank robber, armed or unarmed.

A note bandit we observed some time ago liked to lean in the window and physically intimidate the teller. He also liked to be able to talk softly and menacingly to the teller. He cannot do this effectively if there is a barrier between him and the teller. He has to stand up, talk up and, ultimately, give up, when he encounters the bullet-resistant barrier.

The armed robber still has a considerable advantage, but not as much as he had before. He can still threaten to shoot someone who is not behind a protective barrier, or he can start shooting anyway, and maybe, if he is using a heavy enough weapon, he can penetrate the barrier; but he is not apt to do either. He and the note bandits are effectively deterred by bullet-resistant barriers. Remember, the name of the game is "deterrence."

We had 58 holdups in 1974, when we had few branches protected by bullet-resistant barriers. We had only 12 robberies last year after we had installed such barriers in most of our high-holdup branches. We have over 100 branches and, at present, approximately 90 of them are equipped with bullet-resistant barriers. Some of these enclose the management area as well as the teller stations, others do not, because the present situation does not seem to make this necessary.

Last year we had two holdups where the robber clearly was not deterred by the barriers. One was successful, one was not. We also had a couple of robberies where the barriers were installed, but by the nature of the attempt (a bomb threat was used), the barrier was not effective.

With a 79% reduction in holdups and an 85% reduction in dollar losses last year, we figure we at long last must be doing something right.

Aside from installing bullet-resistant barriers, we are participating in a clearing house reward program that has been effective. While bank robberies were climbing at a record rate, the Detroit Clearing House banks were reducing their holdups by 38% and they were reducing their losses by 11%.

The reward plan is not unlike the plans being used in other areas. The only real innovation is that we pay the reward of \$1,000 for the arrest and indictment, not the arrest and conviction, of the robber. This speeds things up and makes it more attractive to some would-be informers.

Our expenses have been advertising costs, including quarter-page ads in three newspapers, and ad cards on city buses, as well as reward payments totaling approximately \$24,000 since

February. We will pay \$1,000 for the arrest and indictment of anyone who robs a participating bank.

The FBI and state and local law enforcement agencies are eager to help you fight crime. Their experience has proved that use of security procedures, methods and measures is both an effective deterrent to bank crime and an important aid to law enforcement in the apprehension of criminals. • •

Historic Theme:

'Best Dressed' Award Goes to Banker, Family

The "Best Dressed Family" award in the bicentennial parade of Rensselaer, Ind., went to the clan of Donald P. Steiner, vice president, State Bank.

The Steiner family, clad in colonial garb, rode the bank's float representing the state of Pennsylvania. Since that state's motto is "Virtue, Liberty and Independence," that was the float's theme.

Virtue was represented by Mrs. Steiner and her baby daughter, Elizabeth, who were seated in an antique rocker, and by four-year-old Sarah Steiner, who played at her mother's side.

Mr. Steiner, dressed as a minuteman, represented independence. His outfit was complete with antique musket and powder horn.

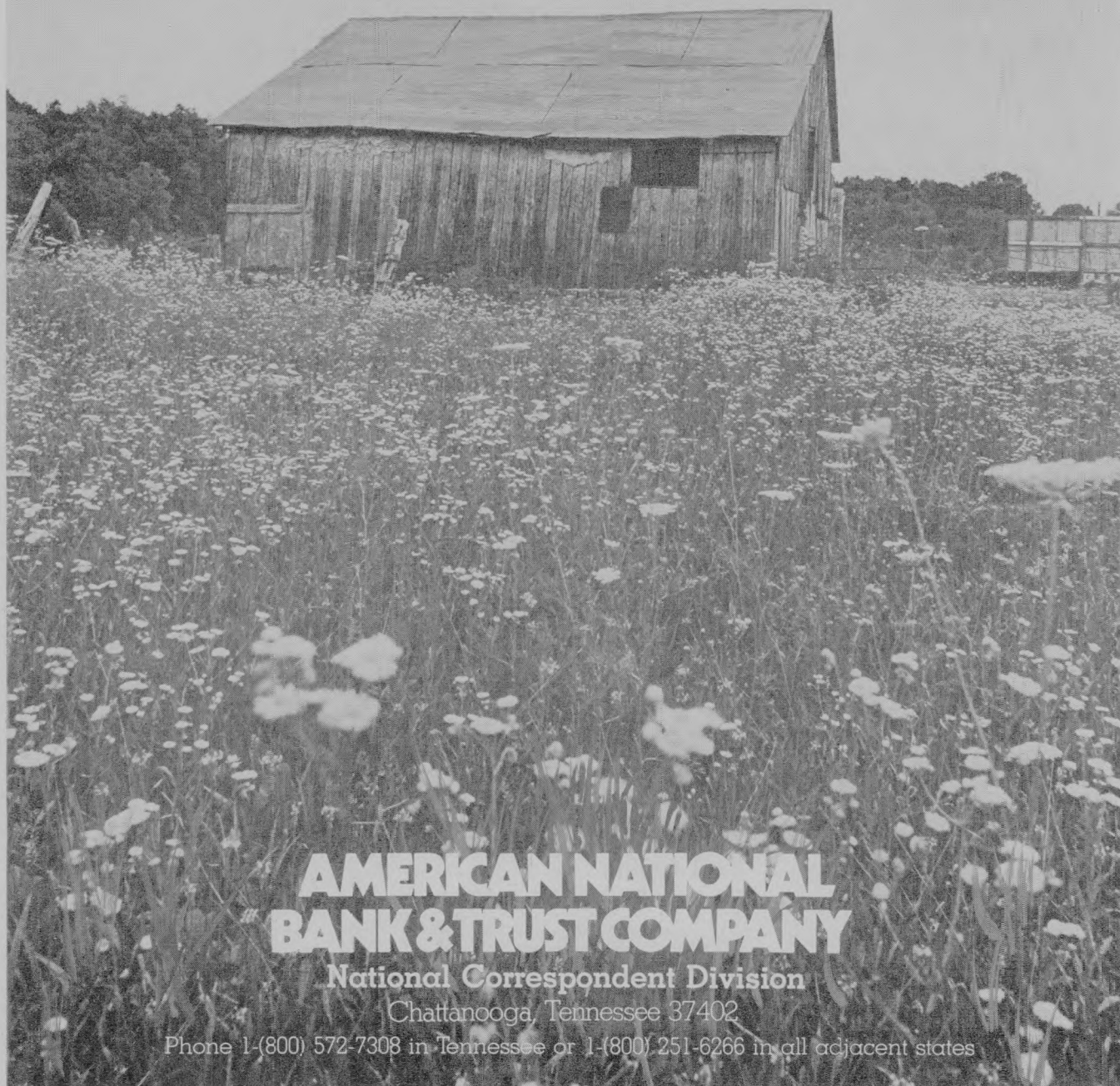
State Bank's 3/4-scale replica of the Liberty Bell symbolized the third part of Pennsylvania's motto and the Steiners' sons James and Andrew were on hand, ringing it loudly.

Motivation for the float was provided by an ancient Allis Chalmers "B" farm tractor driven and owned by Marvin E. Nesius, State Bank's farm loan officer.



Donald P. Steiner, v.p., State Bank of Rensselaer, Ind., holds musket and waves from bank's float in town's bicentennial parade. Float represented state of Pennsylvania and had theme taken from state's motto, "Virtue, Liberty and Independence." Also seen on float are members of Steiner clan, who won prize for "Best Dressed Family," and driving tractor is Marvin E. Nesius, bank's farm ln. off.

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ABA Says Half of Surveyed Banks Active in Local Economic Development

A SURVEY by the ABA Urban and Community Affairs Committee indicates that more than half the responding institutions view their role in urban and community economic development as "an active one in conjunction with local government."

Of 2,649 banks surveyed across the nation, 46% responded. Two-thirds of the respondents said they participate in organizations having the primary purpose of studying and making recommendations for selected community problems.

The results of the ABA survey indicate that:

- Responding banks participate in 413 consortiums of financial institutions designed to assist local government in economic development, while another 80 are in the planning stage.

- Of the responding banks, 272 have assisted in development of the two major equity financing organizations—Small Business Investment companies (SBICs) and Minority Enterprise Small Business Investment companies (MESBICs).

- Special programs for commercial development in declining neighborhoods are being carried out by 280 of the respondents, while 255 have programs for inner-city industrial park development. Another 378 indicated having programs for local minority business lending and 128 have programs for local minority purchasing.

- One out of seven participate in generating special tax legislation designed to assist community development areas.

- Fifty percent have established personnel programs in cooperation with local governmental units and/or non-profit organizations. These programs include the loan of bank executives, seminar and training programs for financial officers and paid bank employee volunteer work.

- Programs to improve local public education are being used by about 60% of the responding banks—cash donations, bank-sponsored seminars, donations of books and supplies, scholarships, etc.—and 33% participate in special programs dealing with crime control and criminal justice: films and lectures, support of counseling and rehabilitation centers and hiring of rehabilitated individuals.

In addition, the survey shows that many banks support local symphonies,

ballets, health service programs and that one-third of the respondents have formal programs on environmental protection and ecology. In the area of support for home improvement and purchase of homes in core-city areas, there were shown to be 135 programs for direct mortgage loans in high-risk neighborhoods, 61 for low-interest improvement loans to low-income families and 51 programs for low-interest mortgage loans to low- and moderate-income families.

A booklet outlining the full results of the survey can be obtained from Katie O'Hara James at the ABA in Washington, D. C. • •

UP on America:

Bank's Drive for Voters Enables Staff to Register

Union Planters National, Memphis, is UP on America!

How so? UP on America was the title of a voter registration program at the bank. What Union Planters has done, in essence, was to bring the voting commission to staff members.

All employees received registration forms along with instructions on how to complete them. The bank's political involvement committee and selected campaign workers provided assistance with registrations. The completed forms then were collected and mailed to the election commission in time for the new registrants to vote in the August 5 primary.

The only requirements for voter registration in Tennessee are that one be a U. S. citizen 18 years of age by the time of the primary and that the registrant must have resided in the state 20 days prior to the date of registration. Mail-in, or "post card" registration is legal in Tennessee.

Discounted Dollars:

Bank Offers Old Money During 'Sidewalk' Sale

Twenty-dollar bills on sale for only \$19.50! Fifty-cent discounts on 10s and fives! Get your one-dollar bills here—only 90 cents each!

That was the "spiel" shoppers in Palatine, Ill., heard one day as they passed Palatine National. No, it wasn't a joke,

the bank actually was discounting its old worn-out paper currency as part of the town's "Sidewalk Days" event.

The Palatine Downtown Merchants Association holds the sidewalk sale annually and the bank takes part by setting up a card table on its sidewalk and selling the old money.

"It's a sure way for shoppers to beat inflation," a bank spokesman said, "and the sale gives local folks a chance at some real bargains. But there is a limit of two bills per person!"

'Action Center':

Customer Service Facility Opened by First, Chicago

First National, Chicago, has opened its "Action Center," a retail-customer service facility. The center functions as a one-stop consultation service.

"Finding the right person in the right office to respond to a given predicament often can mean a disconcerting and time-consuming series of re-

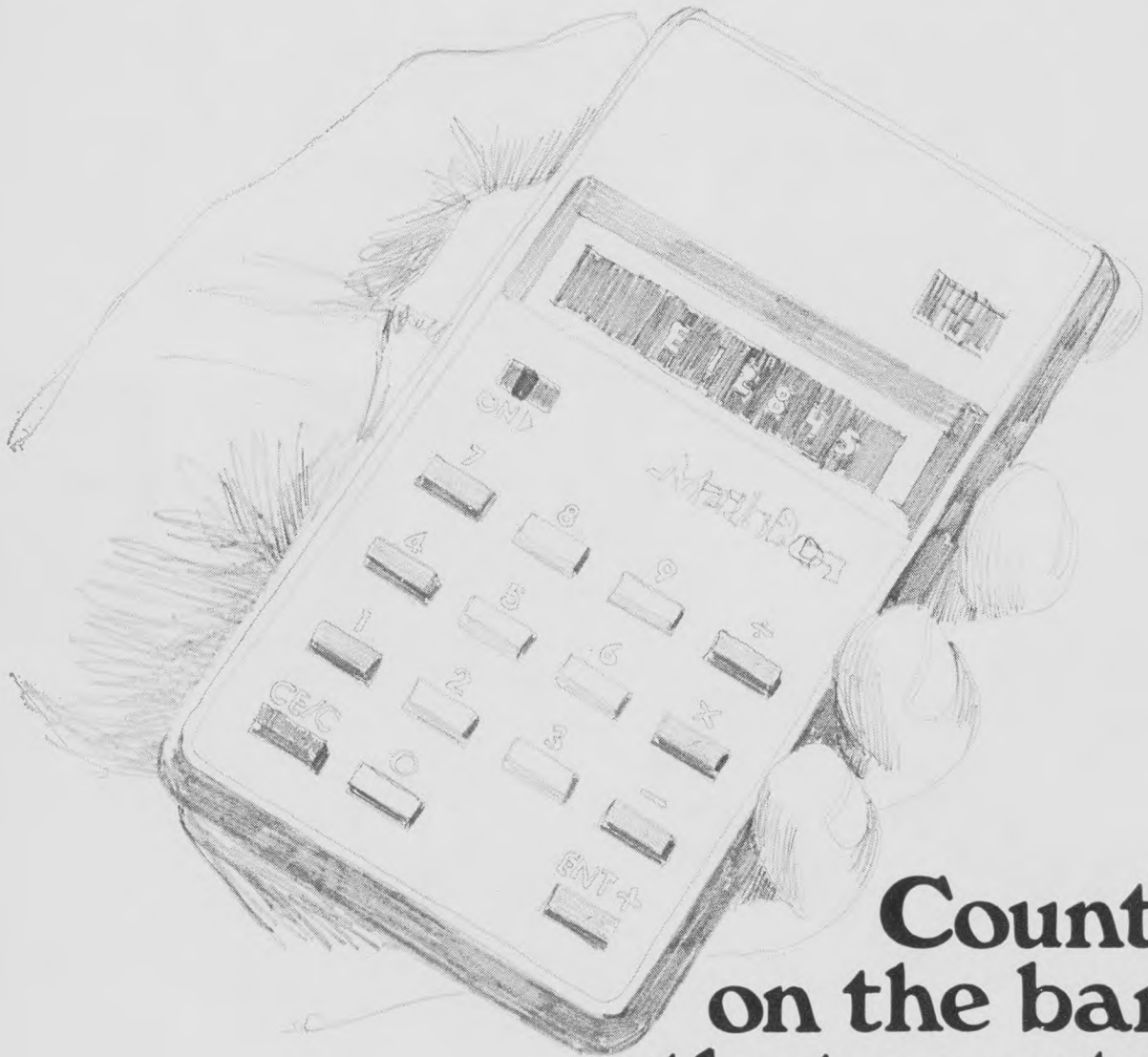


Checking customer service information at First Nat'l of Chicago's "Action Center" are Dennis L. Schreiber, personal banking off., and Jacquelynn Epps, receptionist. Center was instituted by bank to help retail customers with exceptional problems, complements First's other service areas. Mr. Schreiber is center's dir.

ferrals," a bank spokesman said. "The 'Action Center' combines a soothing environment, a gentle approach and retail banking expertise to offer an expedient reaction to the retail customer having an exceptional problem."

Bank officials felt that the advent and expansion of electronic banking would place some stress on the customer's occasional need to converse with someone on the bank's staff. The "Action Center" is a consumer-oriented activity designed to meet that need, officials of First National said.

The center is located at the northeast corner of the bank's plaza level floor and comments and suggestions about the service from customers are invited.



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Current Financial Reporting Trends To Be Reviewed at RMA Conference

CONCURRENT panel sessions, an address by Fed Vice Chairman Stephen S. Gardner and a critical review of current financial reporting trends are on the agenda of the Robert Morris Associates' 62nd annual fall conference October 17-20. The conference will be held at the Hyatt Regency-Chicago.

The conference will be opened with a talk on "What 1974-75 Taught Us" by Roger E. Anderson, chairman, Continental Illinois National, Chicago. Besides Mr. Anderson and Mr. Gardner, other speakers will include Representative Henry S. Reuss (D., Wis.); Eliot Janeway, political economist, Janeway Publishing & Researching Corp., New York City; and John F. McGillicuddy, president, Manufacturers Hanover Trust, New York City.

Concurrent Panel sessions are planned on "Structuring the Smaller Bank—Capitalization, Liquidity and Loan Profitability," "Financing Municipalities: Evaluating the Risks," "Leasing: How to Deal Intelligently With the Pack-

ager," "International Lending: A Conceptual Framework of Country Risk Evaluation and the Development of Country Exposure Guidelines," "Credit Information: Its Costs, Codes and Concerns," "Supervision of Loan Policy" and "Real Estate Lending: Where to From Here?"

There also will be panels on the "Most Challenging Issues Facing Bank Lending" and "Sound and Profitable Loan Production in the Face of Conflicting Pressures." In addition, the program will include a talk on "Recasting the Role of the Commercial Loan Officer" and a chief executive's description of his expectations of his banks for the second half of the '70s.

The conference will open officially Sunday evening, October 17, with a cocktail reception, to be followed by entertainment by Franz Benteler and his Continental Strings. The annual RMA president's reception and banquet October 20 will feature entertainment by Danny Davis and the Nashville Brass.

NABW Convention Sept. 26-29 To Feature Departmentals, Panel Discussion and Talks

"What Can One Woman Do?" will be the theme of the 54th annual convention of the National Association of Bank-Women September 26-29 at New York City's Waldorf Astoria Hotel. NABW President Betty L. Steele will preside. She is vice president and secretary, Brenton Banks, Inc., Des Moines, Ia.

A "state of the industry" address will be given by the keynote speaker, William I. Spencer, president, Citibank, New York City. A panel, which will take a look at "The Shape of Things to Come," will include Representative



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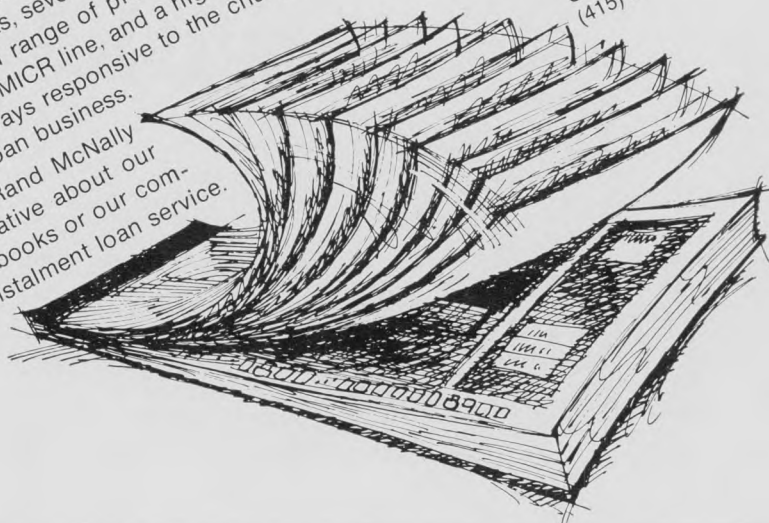
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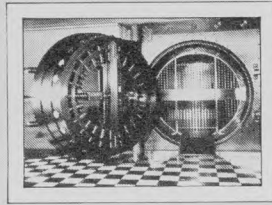


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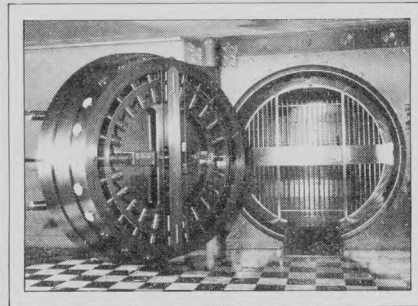
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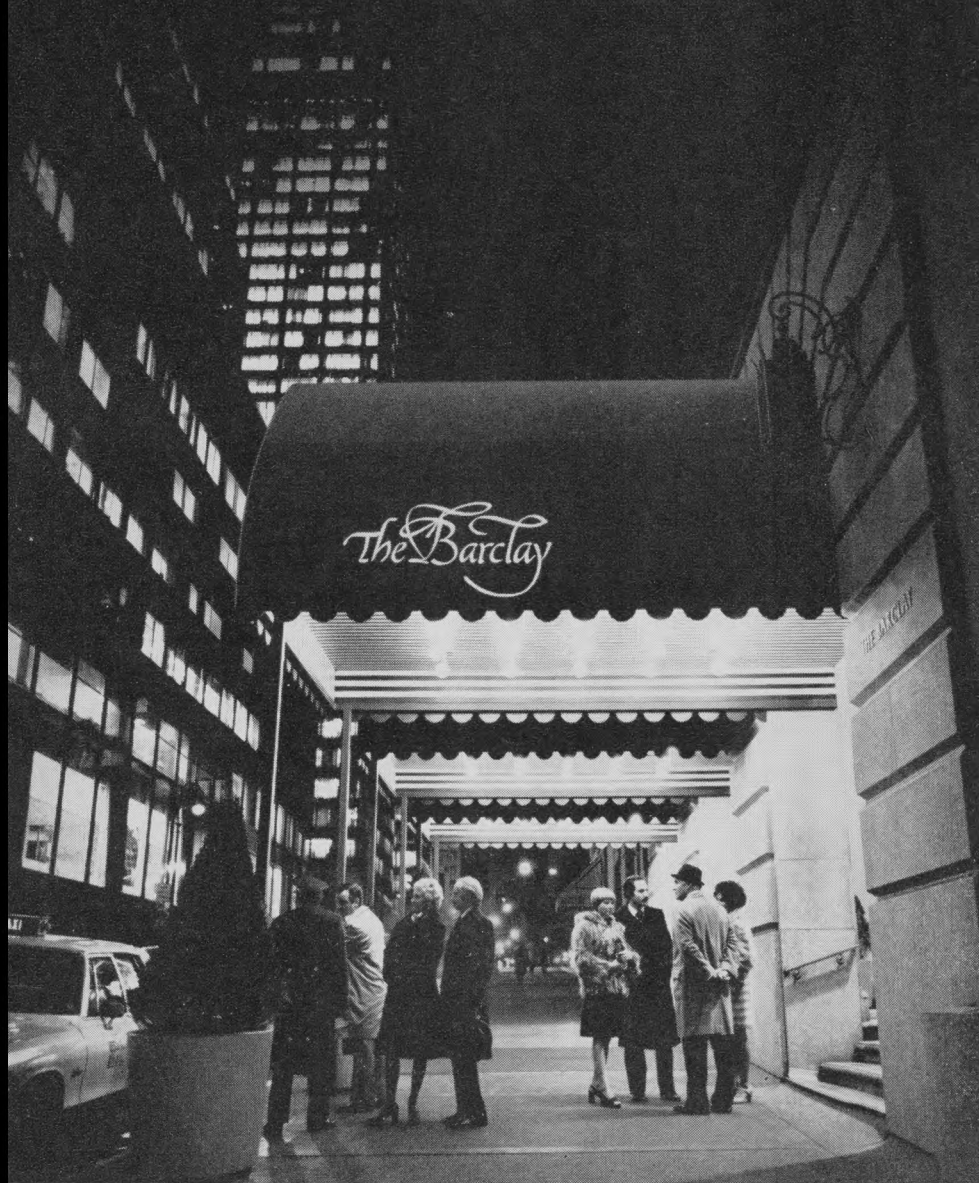
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Fernand St. Germain (D.,R.I.), chairman, House Subcommittee on Financial Institutions, Supervision, Regulations and Insurance of the Banking and Currency Committee. The panel chairman will be Kenneth A. Randall, who recently became president and CEO, Conference Board, New York City. He formerly was chairman and CEO, United Virginia Bankshares, Richmond, and is still on the HC's board. A Mid-Continent-area banker, Norman Ross, vice president, public affairs, First National, Chicago, will speak during a communications departmental. He will discuss public and community affairs in the banking industry, drawing on his experience as a broadcaster and spokesman for First of Chicago.

Other departmentals are planned on lending, marketing and management. There also will be a panel on the acquisition and use of power.

Time Traveler:

Bank's Offer to Citizens: 'You Can Make History'

Chicago City Bank has given the city's citizenry the opportunity to "make history." The bank will seal a time capsule in its vault next December 31 and has asked residents for ideas for items to be included in the capsule.

The capsule will be opened in 2076 and Chicago citizens may obtain an entry form and suggest items they feel will best represent "what life was like in the '70s" on both the national and local levels.

Entries may include documents, photos, newspaper articles or personal items and entry forms have been made available at the bank, drive-up or by calling a special phone number.

In the fall, a committee will review the entries and select winners for placement in the capsule. Items included in the capsule will bear the donor's name; donors will receive special "Time Capsule" certificates.

James H. Jarrell Dies

James H. Jarrell, 73, founder, American Industrial Bankers Association (AIBA), died July 11. He also was ch., Old Republic Internat'l Corp., Chicago, which controls Old Republic Insurance Co. and Old Republic Life Insurance Co. In 1928, Mr. Jarrell joined Bankers Credit Life Insurance Co., which merged into Old Republic Life in 1930. Mr. Jarrell was named its pres. in 1943 and pres., Old Republic Insurance, in 1955. He founded AIBA in 1934 and was an organizer of the Consumer Credit Insurance Association, of which he served as ch. in 1951 and 1952.



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**BAI Slates National Convention
For Philadelphia Oct. 17-20;
'All of Us Together' Is Theme**

PHILADELPHIA—Bank Administration Institute has announced that its national convention will be held October 17-20, and the Philadelphia Civic Center will be headquarters.

Theme of the convention, "All of Us Together," is drawn from the hope that bankers will concentrate their efforts and work together toward improved banking procedures and practices. The BAI, which is headquartered in Park Ridge, Ill., estimates that 3,000 persons will be in attendance.

Serving as general chairman of the four-day convention will be John R. Bunting, chairman, First Pennsylvania Bank, Philadelphia. Vice general chairmen will be Paul J. Laskoski, senior vice president, First Pennsylvania Corp., and G. William Metz, vice president, Federal Reserve Bank, both of Philadelphia.

More than 50 bankers, consultants and economists will participate in the formal program, which will begin Monday morning, October 18. Technical sessions will focus on the major areas of bank administration: the audit function, bank accounting, operations, per-

sonnel administration, branch banking and security.

Another feature of the program will be sessions on the future of bank HCs, the movement and control of securities and a "how-to" discussion, "Effectively Dealing With the Financial and Business Press."

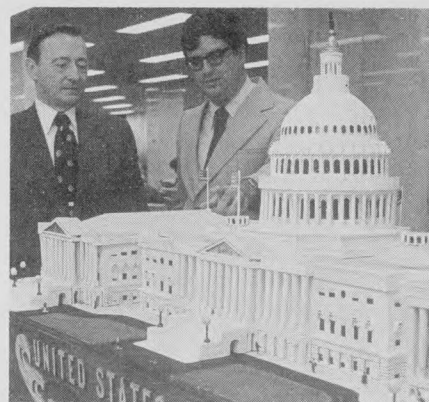
In addition to the formal program, an extensive social program has been planned, concluding with a banquet and entertainment Wednesday, October 20.

One of a Kind:

**Plywood Model of Capitol
Is Popular Lobby Exhibit**

A popular and unique lobby exhibit, part of American National of Chattanooga's bicentennial program, was a one-of-a-kind replica of the U. S. Capitol Building.

Fashioned from plywood and lumber by a history class at an area high school, the model weighs 250 pounds and took more than one year to construct. Using only the simplest tools and following plans provided by Washington and with the aid of dozens of photos, the group of students, led by their teacher, were able to reproduce the structure's smallest details.



Gerry U. Stephens (l.), e.v.p., American Nat'l, Chattanooga, and Charles McRorie, history teacher at local high school, examine model of U. S. Capitol Building on display in bank's lobby. Replica was constructed of plywood and lumber by Mr. McRorie and group of his students as bicentennial history project.

Some sections of the model required the cutting and gluing of more than 300 separate parts just to complete one wall, a bank spokesman said.

The replica was shown in the bank's Main Office lobby for one month before being returned to the school for permanent display.

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1976 ABA Meeting Schedule

In addition to the ABA's 1976 Convention October 2-6 and Correspondent Banking Conference November 7-9, which are described elsewhere in this issue, the ABA will hold the following meetings in the next several months:

Bank Card Convention, September 12-15, San Francisco, Hyatt Embarcadero

Southern Regional Operations/Automation Workshop, September 15-17, San Antonio, Tex., Hilton Palacio Del Rio

National Personnel Conference, September 19-22, San Francisco, Fairmont Hotel

Midwestern Regional Operations/Automation Workshop, October 27-29, St. Louis, Chase-Park Plaza Hotel

International Foreign Exchange Conference, November 3-5, New York City, Waldorf Astoria Hotel

National Personnel School, November 7-12, Memphis, Hyatt Regency Memphis

National Commercial Lending School, November 7-19, Norman, Okla., University of Oklahoma

Mid-Continent Trust Conference, November 10-12, Cincinnati, Stouffer's Cincinnati Inn

National Agricultural and Rural Affairs Conference, November 14-17, New Orleans, New Orleans Marriott.

Easy Gardening With Big Shovel



Not every gardener is lucky enough to have as large a shovel as that seen behind Betty Wesseling, dir. of nursing, Good Samaritan Hospital, and Kenneth C. McPherson, e.v.p. & cash., First Security Bank, both of Downers Grove, Ill. The duo took advantage of the oversized gardening tool to plant rose bushes on the grounds of the hospital, which is under construction. The bank donated the bushes, and area residents were able to obtain the plants free by opening an account for \$100 at First Security Bank.



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How the Financial Editor Looks at Commercial Banking

I'D LIKE to take you back for a moment to a Sunday morning early last January. Tom Roche, who until his retirement was the chief foreign exchange trader for the New York Fed, was on the telephone. Had I seen or heard of a Washington *Post* story on the New York City banks? "No," I said, "but let me thumb through the *Times*." When that proved fruitless, I said, "Let me check the Newark *Star-Ledger*. They use the Washington *Post* news service, I think."

There it was, finally, spread across the top of page 17: "Two N. Y. City Banks on Comptroller's Problem List." I quickly read the story to Tom, and we agreed there didn't seem to be much in it that was not already known. But Tom decided that if it was not already aware of it, the New York Fed should be alerted to bring in foreign exchange traders at 5 a.m. Monday—when the markets opened in Europe—lest the effect of the story overseas cause a sudden run on the dollar. Alerted to the story, the Fed also could make emergency open market purchases of government securities if anything like a run on the banks should begin to develop.

Well, nothing of the kind happened. If the intention of whoever leaked the information to the Washington *Post* was to drop a financial bombshell, the effort fizzled. The bomb proved a dud.

Nevertheless, the lights burned brightly for much of that weekend not only at the New York Fed, but at the Treasury and the Comptroller's office in Washington. The reporter who wrote the story and the editors who approved its publication may not have been aware of the fact, but they were, in effect, tossing lighted sticks of dynamite into public places. They were tempting fate to cause a run on the banks.

A run today, of course, doesn't mean long lines of small depositors lined up in front of tellers' windows anxious to pull out their funds. Since the establishment of Federal Deposit insurance 40 years ago, this sort of thing doesn't happen any more.

What does happen is more sophisti-

The speech on which this article is based was given by Mr. Kraus at the Association for Modern Banking in Illinois' 1976 convention.

By ALBERT L. KRAUS
Editor
The Money Manager
New York City

cated and complex. Corporate treasurers, who move funds from place to place in quest of a fraction-of-a-point interest advantage, simply fail to renew their large, negotiable CDs when they mature.

Since these large-denomination CDs mature over a period of time, it may be weeks before a bank knows whether it will be able to staunch the deposit outflow. In essence, this is what happened two years ago at Franklin National. If the Fed hadn't stepped in with emergency aid, it's almost certain that some holders of CDs would not have been paid on maturity.

One reason the Washington *Post* bomb proved a dud, undoubtedly, was the fact that depositors, overseas as well as here at home, recognized it for what it was: old news. The revelations in the story talked about problems dating back a year or more.

"Why is it . . . that a syndicated national columnist who can write with sagacity on the complex issues of arms limitation cannot seem to grasp the simplest information in an annual report?"

But what if the same, or similar, information had been published a year earlier—after the Franklin National debacle, when the worst of the REIT losses were becoming known, and as the implications of the New York City crisis were just beginning to be bruited about. Could a run have been avoided?

This raises the question of who disclosed the information—a criminal offense—and why. Was it a disgruntled employee in the Comptroller's office? Someone seeking to discredit the Administration? Someone from the securities industry hopeful of dealing banks a blow in their efforts to obtain wider investment banking privileges? Someone short the bank stocks? Some-

one short the dollar? The list of possibilities is endless.

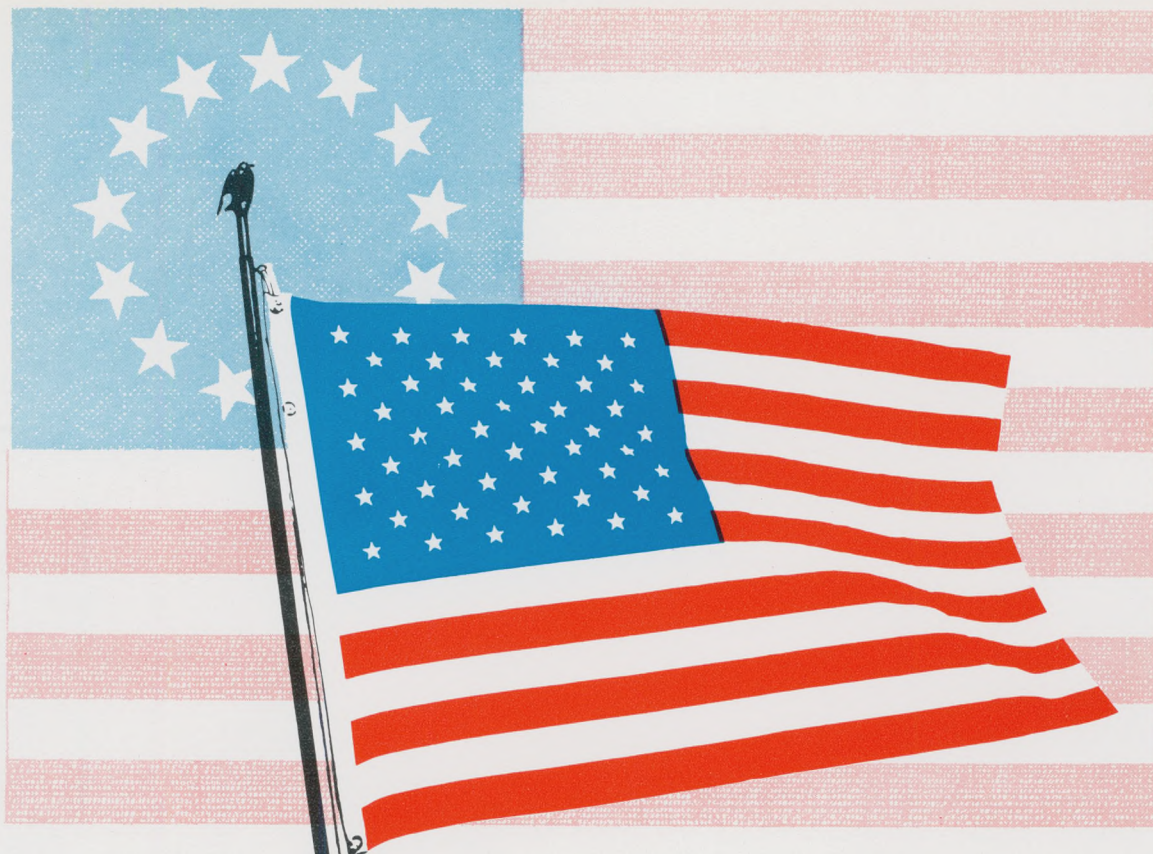
Even more interesting was the response of the other newspapers. Take the New York *Times*. Its first reaction was to pooh-poo the Washington *Post* account. The Comptroller's denial of serious trouble, those of the banks themselves, and those of bank stock analysts were given page-one play. This lasted a day or so. Then the *Times* shifted gears. If this was another Watergate, it wasn't going to be caught flatfooted a second time. It set up a reportorial task force and, for several weeks, sought to outdo the *Post* in new sensations.

Interestingly, however, both the *Times* and *Post* gave little attention, if any, to the only account purporting to describe current conditions, that of Frank Wille, then FDIC head. Of the nation's 15,000 insured banks, Mr. Wille said, only 29 were regarded as problems serious enough to require possible payments to depositors by the FDIC. Another 92 were regarded as serious problems. The total, 121, represented less than 1% of all FDIC-insured banks in the country, and almost all were small. An even 100 had less than \$50 million in deposits, and none had deposits of more than \$1 billion.

This raises another question: Why has the press seemed so ready to pillory the American business community and banks in particular? Competition in sensation between the *Post* and the *Times*, generally regarded as the nation's two most influential journals, should not be minimized. Their accounts are rewritten by the wire services, by the newsweeklies and by the network television news shows. They are fed directly to hundreds of newspapers across the country by way of the *Post* and *Times* news services.

But that is only part of the story. More and more, businessmen are challenging not merely the way their story is reported in the media, but the backgrounds and qualifications of those who present the information. Why is it, they ask, that a syndicated national columnist who can write with sagacity on the complex issues of arms limitation cannot seem to grasp the simplest information in an annual report?

Why are the media so seemingly ill-equipped to tell the story of the energy



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crisis? Or of the recession? Or inflation? Why is the role of money in keeping our complex society functioning so little understood?

There are a number of possible explanations, but I'd like to venture a few.

One is aptitudes. People skilled at using words often are dubs at using numbers. And vice versa. So the businessman, whose *métier* is income statements and balance sheets, often has trouble explaining himself in English. And the journalist, whose forte is sentences and paragraphs, even more often has nothing but contempt for people who communicate in a language he cannot understand.

Another reason for poor business and financial reporting is this country's long muckraking tradition. Ever since the days of Lincoln Steffens, a current of belief—an erroneous one I should say—has grown that if you get to know too much about business, you won't be able to criticize it. You will become too sympathetic.

Still a third explanation is one offered by Jerry Goodman, who writes under the pen name Adam Smith. Young reporters, he says, acquire little but experience in their formative years. Since they have low salaries and nothing to invest, they have little sympathy with business. As they gain experience and success, on the other hand, they tend to leave journalism for more lucrative jobs outside. Thus, only the critics are left.

Finally, there is the second-class citizenship to which most business and financial journalists are relegated. Although the financial pages no longer are a dumping ground for drunks and other incompetents, it is rare that a financial reporter makes his way to the upper echelons of the editorial high command.

This isn't true in Britain, Canada, Australia and on the European continent. There, as part of their apprenticeship, all reporters are required to spend a year or so in the financial news department. Here, however, it's a rare man who becomes a top political reporter, say, or a foreign correspondent after any service in the business and financial corner.

Even on the *Wall Street Journal*, of all places, there is a bias against "mere" financial reporting. The sought-after jobs are political or investigative reporting or the fluffy front-page pieces run in columns one, four and six.

And even today, when industry is spending hundreds of thousands of dollars to underwrite university programs to improve such reporting, the emphasis is on economic writing rather than on the financial page as such.

Let me speak for a moment about

these academic efforts, for I have just spent a month or so as part of a team attempting to evaluate the first year of the Bagehot Fellowship program at Columbia where, quite a few years ago, I studied journalism in the graduate school.

The program, incidentally, is named after Walter Bagehot, that delightful Englishman of a century ago who discovered that unbeknown to themselves, directors of the Bank of England were practicing central banking. Rather like the young fellow who discovered that all these years he had been writing prose.

The program, similar to others at Princeton and Missouri, brings working journalists in their early and middle 30s to the university. These are people with five to 10 years' experience. At Columbia, they put in a work week no less demanding than the jobs they have taken leave from—in the business school, the economics department, the law school and the like. The program is patterned very much on the more general Nieman Fellowship program, which has operated at Harvard for 35 years.

I'd like to be able to say that the Bagehot program, and others like it, are the answer to the deficiencies in financial and business news reporting. Certainly, the dozen or so young men and one woman who make up the first Bagehot group are an impressive lot, bright, hard working, dedicated. But the jury has to remain out, for a while longer at least, until these people return to their papers and discover how they are received.

I recall how one Nieman fellow was greeted by his managing editor some years ago after putting in a year of effort at Harvard.

"Well," the managing editor said, "you have had a year's vacation, now get back to work."

One disquieting fact about the Bagehot program and the others like it, as it has been since its beginning about the Nieman program, is that publishers are required to bear little, if any, of the cost. Some supplement the stipends received by their people attending the program. But the costs are borne chiefly by big industrial donors, people like RCA and AT&T.

It's an ancient and generally reliable maxim that people tend to value what they get by what they pay for it. Since editors and publishers pay little for such training, few recognize it for what it is—a substantial addition to their working capital, their human working capital.

This is despite the fact that their people often study alongside students in middle-management and advanced-management programs on leave from

industrial and financial corporations where as much as \$40,000 or \$50,000 may be spent for comparable training.

To say that publishers are chintzy while other heads of business are not would be to overstate the case. On their own business side, they have bright, able people. Some of these, indeed, have been sent to middle- and advance-management programs at the publishers' expense. But somehow this recognition of the value of human capital doesn't seem to carry over to the news side.

It's a puzzlement, one I can't readily explain. For some years now, I have been active in the Society of American Business Writers. The SABW was set up to improve the standards of financial and business news reporting, particularly by helping the financial editors of small and medium-sized papers lobby for more and brighter talent and a bigger news hole. The SABW has done many commendable things, among them establishment of the first code of ethics for the profession. But while it has been headed by such widely recognized people as Hobart Rowen of the *Washington Post* and Dick Griffin of the *Chicago Daily News*, I'd say it still has a considerable way to go to achieve first-class citizenship for all of its members. • •

Nature in Miniature:

'Interpretation of Bonsai' Is Lobby Display Theme

The art of bonsai—the duplication in miniature of nature through the dwarfing of trees and shrubs—was the theme of a lobby display of Detroit Bank.

Entitled "An American Interpretation of Bonsai" and presented by the Shibui Bonsai Society of Metropolitan Detroit, the showing included over 60 trees varying in age from five years to two centuries! Club members were on hand to discuss the art and answer questions for visitors.

During two special periods, the art of bonsai was demonstrated: how to obtain the proper proportions among the trunks, branches, twigs, leaves, buds and roots of subject foliage so that, for example, a three-year-old juniper will have the same aged appearance—in miniature—as a tree 60 years old and 45 feet tall.

The show, which included birches, pines, maples and fruit trees native to Michigan, was run for one week only. The reason? Although miniature, the trees retain all of their natural characteristics and can't tolerate being kept indoors for extended periods.

Value Programming, Handling Stress Are Topics Of Guest Speakers at KBA Regional Meetings

GUEST SPEAKERS at the 1976 regional meetings of the Kansas Bankers Association will examine topics such as "value programming" and how to handle change and stress. Identical programs will be held at six locations, beginning September 21.

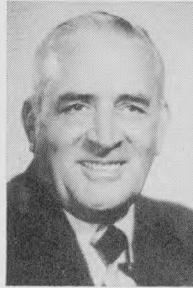
The agricultural key banker luncheons will be held at 11:45. Registration is set to open at 1:15 p.m.

As usual, concurrent sessions will be held for CEOs and for other officers and personnel, each beginning at 2 p.m. Presiding over the CEO meetings will be the KBA regional vice presidents.

During the CEO meetings, a number of presentations are scheduled. First will be a report on the James T. LePage & Associates public attitude survey relating to statewide advertising and EFT, followed by a state legislative report by Harold Stones, KBA director of research. Next on hand will be a discussion of the banking structure of the KBA, including a full presentation on the facilities services question in cities, the question of a consumer-preference poll and the question of a banker-attitude survey.

The program for other officers and personnel has been arranged by the Young Bank Officers of Kansas (YBOK), and a representative of the YBOK will preside at each session. For the September meetings, Terry Heineman, public affairs administrator, United Bank, Denver, will present "What You Are Is Where You Were When," a sweep through the "value programming" experience of different age groups. For the October meetings, Dr. Ron Barnes of Transitions, Inc., To-

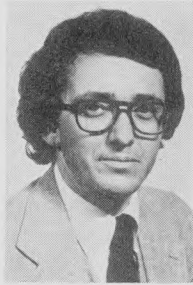
Regional Speakers



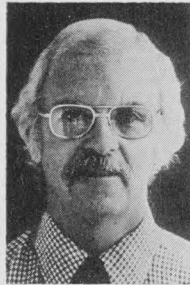
HIELSCHER



MURPHEY



HEINEMAN



BARNES

Regional Meeting Dates

Region 1—Oct. 14—Lawrence

Region 2—Oct. 13—Chanute

Region 3—Sept. 21—Manhattan

Region 4—Oct. 12—Wichita

Region 5—Sept. 22—Hays

Region 6—Sept. 23—Dodge City

peka, will discuss "Handling Change and Stress."

A social hour is slated for 5:15 p.m., followed at 6:30 by a banquet. After-dinner speaker for September meetings will be Newt Hielscher from Shreveport, La. Mr. Hielscher, known as "America's Humorist With a Message," will make "Four Deposits in the Happiness Account." On hand as the after-dinner speaker for the October meetings will be Bob Murphey from Nacogdoches, Tex., "America's Happy Attorney." His topic will be "Laugh More and Live Longer."

Details of individual regional programs are as follows:

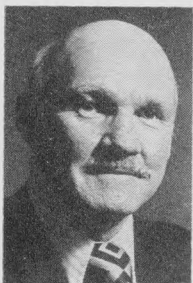
Region One—October 14—Lawrence. Registration, Kansas Student Union Building, fifth level, Jayhawk Room lobby; key banker luncheon, English Room; CEO meeting, Jayhawk Room; other officers meeting, Big Eight Room; social hour, Eldridge House, Crystal Room; banquet, Student Union Ballroom.

Vice president of Region One is John J. Sullivan Jr., president, MidAmerican Bank, Shawnee Mission. He joined his bank in 1959 as executive vice president and serves as president, Mid-America Automated Clearing House Association. Mr. Sullivan is a past president, Kansas Development Credit Corp.

Region Two—October 13—Chanute. Registration, Neosho County Community Junior College, Administration Building; key banker luncheon, Orchid Buffet; CEO meeting, Stolz Hall, Lecture Hall; other officers meeting, Administration Building, Auditorium; social hour, VFW Club; banquet, VFW Club, Banquet Room.

Serving as Region Two vice presi-

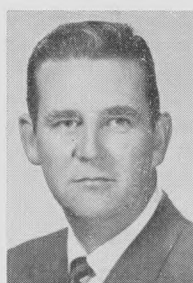
Regional Vice Presidents



SULLIVAN



SMILEY



HEDLUND



STURDEVANT



CARSON



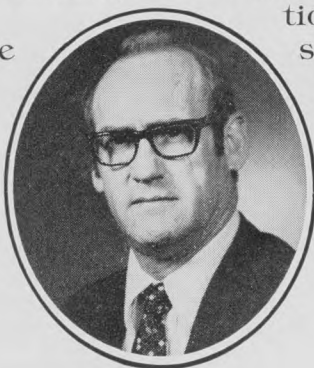
MOORE

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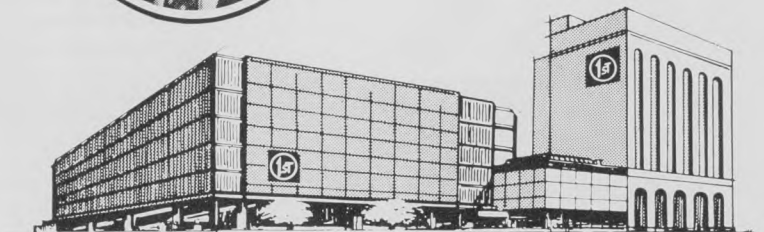


Our bank was only twelve years old when this picture was taken at the northwest corner of Main and Douglas in Wichita, Kansas.

While our name has changed, the location is the same, as 100 years ago. This year is our Centennial.



Another thing has not changed, and that is our interest in Correspondent Banking. Today, Jim Stanley carries on this tradition. So when you need help on trust services, check clearing, overnight investments, or overline loans, call him. 316-263-5711.



F.D.I.C.

FIRST NATIONAL BANK IN WICHITA
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MID-CONTINENT BANKER for September, 1976

dent is James W. Sturdevant, president, First National, Girard. He entered banking in 1963 at First National, El Dorado, joining his present bank in 1966. Mr. Sturdevant advanced to president of his bank one year later. He has served on the KBA governing council.

Region Three—September 21—Manhattan. Registration, KSU Student Union, Lobby Forum Hall; key banker luncheon, Ramada Inn, University Club; CEO meeting, KSU Student Union, Little Theater; other officers meeting, Student Union, Forum Hall; social hour, Ramada Inn, Party Room and pool area; banquet, KSU Student Union, Main and West Banquet rooms.

W. D. Moore, president, First National, Alma, is vice president of Region Three. He entered banking in 1947 at his bank and advanced to president in 1956.

Region Four—October 12—Wichita. Registration, Century II, lobby area; key banker luncheon, Regal Inn, Room 610; CEO meeting, Century II, M-201; other officers meeting, M-201; social hour, Century II, Convention Hall; banquet, Convention Hall.

Vice president of Region Four is Frank L. Carson, president and chairman, Mulvane State. He entered banking as a youth by working part-time at First National, Wichita, and joined his

present bank as cashier in 1949. Mr. Carson advanced to president and chairman seven years later and also is a director of First National, Wichita, and Severy State. He has served on the KBA governing council.

Region Five—September 22—Hays. Registration, Fort Hays Kansas State College, Memorial Union Building, lobby area; key banker luncheon, Memorial Union Building, Trail's Room; CEO meeting, Felten Star Theater; other officers meeting, Black & Gold Room; social hour, Smoky Hill Country Club; banquet, Memorial Union Building, Ballroom.

W. A. Smiley is vice president of Region Five. He is chairman, First National, Norton, where he entered banking in 1942 as a janitor. Mr. Smiley advanced through the ranks and was named chairman in 1974. He has attended the Graduate School of Banking, Wisconsin University, Madison, and was vice chairman of the KBA reorganization task force. Mr. Smiley also has served on the ABA ad hoc committee on privacy and on the KBA federal affairs council.

Region Six—September 23—Dodge City. Registration, Dodge City Community Junior College; key banker luncheon, Student Union, Red Room; CEO meeting, Student Union Cafe-teria; other officers meeting, Auditori-

um; social hour, VFW Club; banquet, Silver Spur Convention Center.

Hal A. Hedlund, president, Montezuma State, is Region Six vice president. He entered banking in 1952 at his present bank and was elected president in 1961. A past chairman, Kansas Committee for Independent Banking, Mr. Hedlund has served on a number of KBA committees and is a past member of the ABA Governing Council.

■ **COMMERCIAL NATIONAL**, Kansas City, has promoted Marvin J. Schmidtberger from assistant vice president to second vice president. He joined the bank in 1958 and is trust operations manager.

■ **STEVEN CLAPHAM** has advanced to vice president and Sandra Thorne has been named assistant vice president at Kansas State, Wichita. Mr. Clapham joined the bank in 1975, while Miss Thorne has been with Kansas State since 1971.

■ **DANIEL H. CORMAN** has been appointed assistant cashier at Central Bank, Wichita.

■ **JANE CLARK** has been named assistant vice president and manager of the drive-up facility of Southgate Bank, Prairie Village, while Rex N. Shewmake Jr. has joined the bank as trust officer.

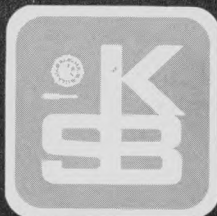


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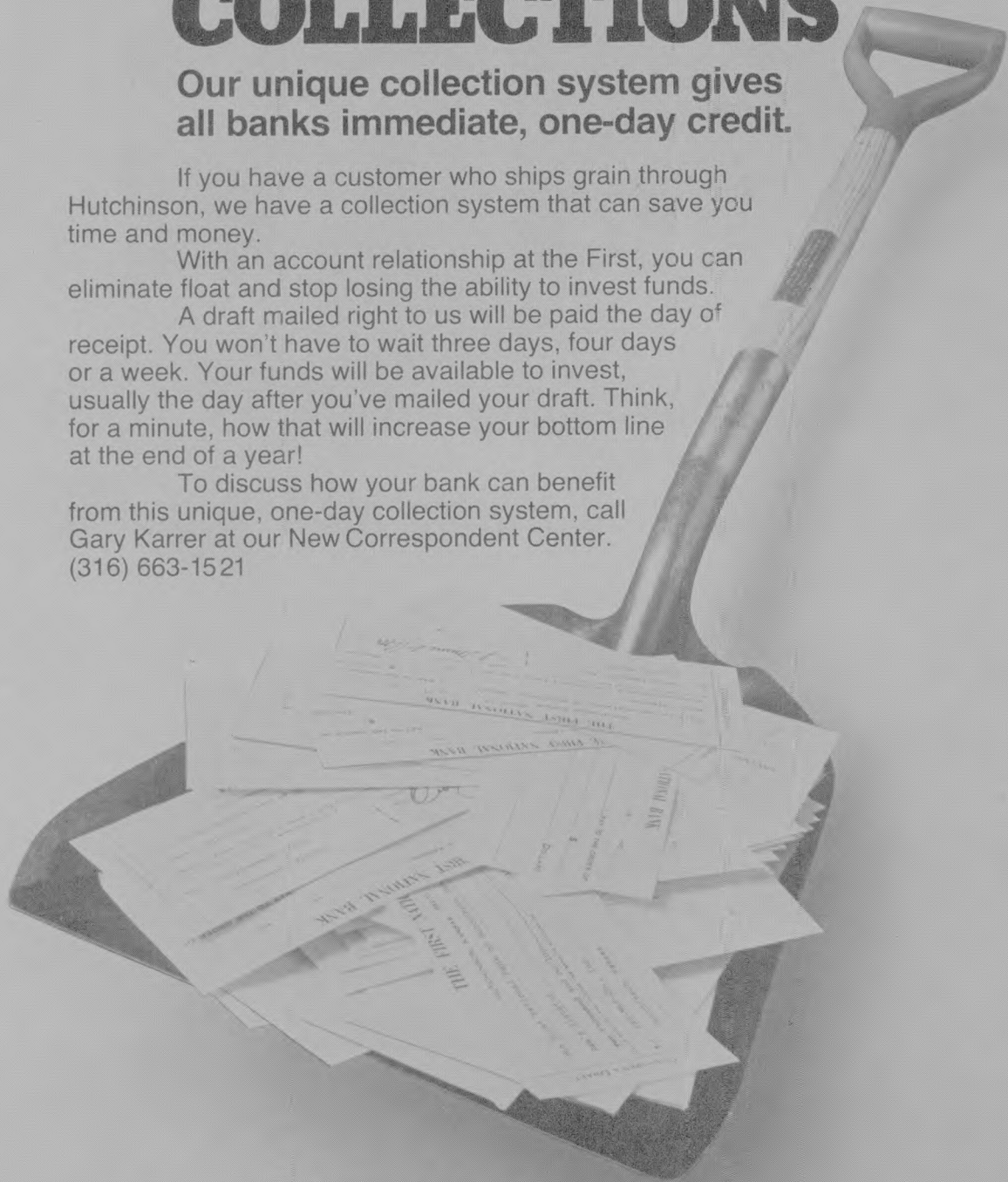
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Holder-in-Due-Course Law, EFTS, ECOA To Be Examined During MBA Regionals

PRINCIPAL TOPICS of discussion during the regional meetings of the Missouri Bankers Association will be the holder-in-due-course law, EFTS and the Equal Credit Opportunity Act (ECOA). The meetings begin September 13 and conclude October 21.



RICHMOND

Each meeting will be called to order by the regional vice president; minutes of the last meeting will be read and committee appointments will be announced. Scheduled to deliver remarks during each business session is Charles K. Richmond, MBA president and executive vice president, American National, St. Joseph.

Following the president's remarks will be current status reports on the Holder-in-Due-Course law, the pros and cons of EFTS and on compliance with ECOA. Question-and-answer periods will be provided on those program presentations and the various committees

Regional Meeting Dates

- Region 1—Sept. 13—Moberly
- Region 2—Sept. 14—Trenton
- Region 3—Sept. 15—St. Joseph
- Region 4—Sept. 16—Kansas City
- Region 5—Oct. 18—Washington
- Region 6—Oct. 19—Cape Girardeau
- Region 7—Oct. 20—Springfield
- Region 8—Oct. 21—Jefferson City

will give their reports.

Following the meetings will be social hours and banquets. After-dinner speaker will be J. N. "Chris" Christiansen, management consultant and humorist from Scottsdale, Ariz.

Scheduled to address the business session of the Region Three meeting in St. Joseph are Truman E. Wilson, state senator from St. Joseph; Dale L. Henkel, vice president, First National, Omaha, who will discuss "Leasing Farm Equipment"; and Phillip R. Miller, vice president-agriculture, First Stock Yards Bank, St. Joseph, whose topic will be "Awarding of the Hat."

Following are the backgrounds on the regional vice presidents:

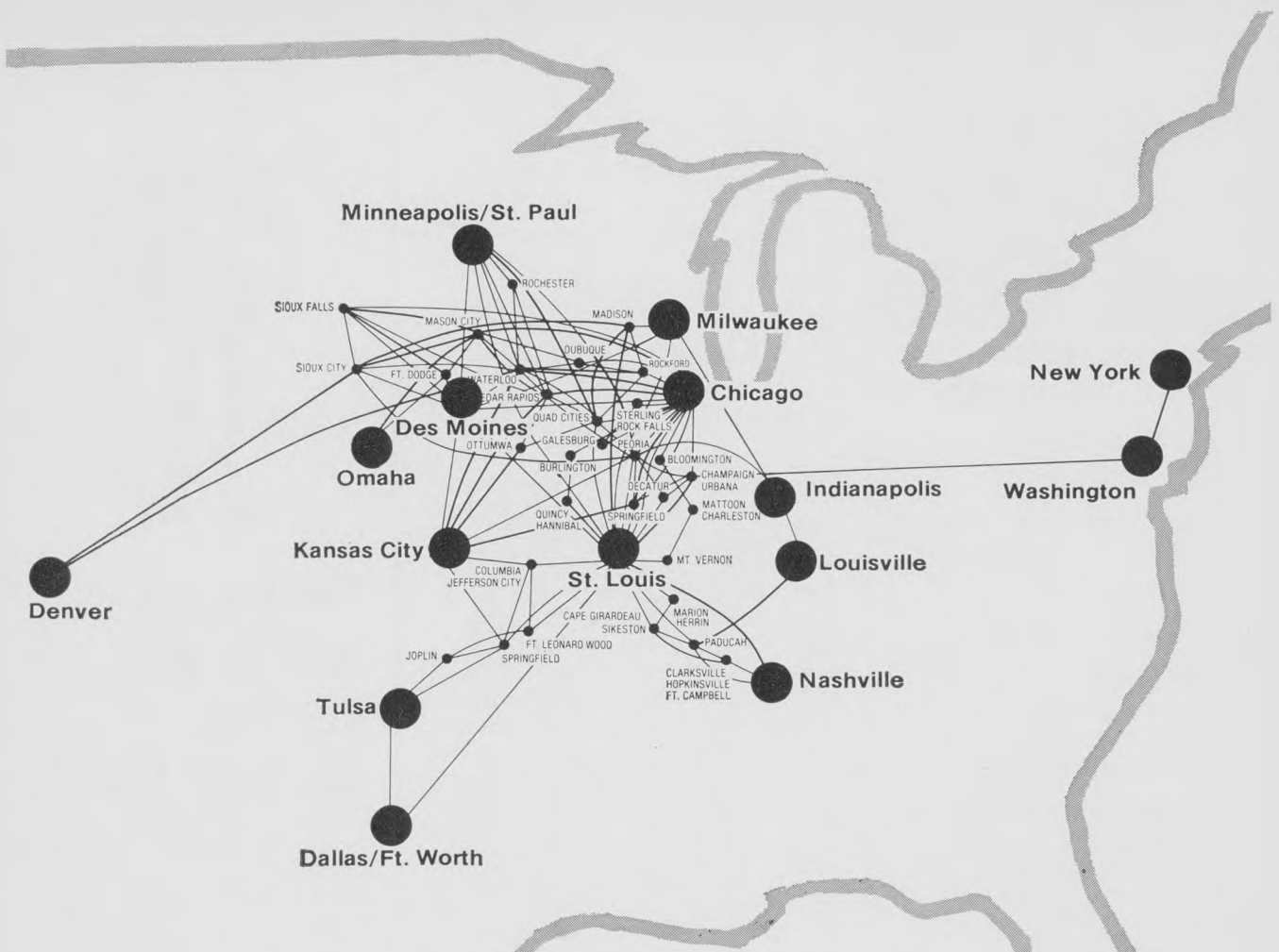
Region One: George Harris joined

Farmers & Merchants Bank, Huntsville, in 1968 as vice president, advancing to president in 1975. Prior to that, he served Bank of St. Louis and Bank of New Cambria.

Region Two: William E. Carr is president, Farmers Bank of Green City. He entered banking in 1952 at American Trust, Hannibal, which he left in 1958 to become a state bank examiner. Mr. Carr advanced to supervising examiner in 1965 and joined his present bank in 1973.

Region Three: Frank N. Akers began his banking career in 1965, when he was elected a director of his bank, Gentry County Bank, Albany. He served in that post until 1970, when he was named the institution's agricultural loan representative. Mr. Akers advanced to assistant vice president in 1974. In addition, he is a past chairman, MBA agricultural rural affairs committee, and presently is chairman of the Basic Agricultural School of Banking, which is sponsored by the MBA on the campus of the University of Missouri—Columbia.

Region Four: Walter E. Kramer joined Alma Bank as assistant cashier in 1966 and successively held the posts



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LeGrand Leaving MBA Post

JEFFERSON CITY—Felix LeGrand has announced that he will retire as executive vice president of the Missouri Bankers Association December 31.

He will become administrator of the MBA Voluntary Employee Beneficiary Association, an insurance trust slated to begin operation January 1, 1977. The trust will administer the MBA's group insurance programs.

Mr. LeGrand was named executive vice president of the MBA in 1964, succeeding the late Randall R. Kitt.

of cashier and executive vice president. In 1972, Mr. Kramer was elected president. He holds a certificate from the Kansas City AIB Chapter and is a graduate of the School of Banking, University of Wisconsin, Madison.

Region Five: Louis B. Eckelkamp entered banking in 1943, when he was elected a director of Bank of Washington. In 1951, he was named chairman, and 10 years later was elected to the additional office of president. Mr. Eckelkamp is a 1957 graduate of the School of Banking, University of Wisconsin, Madison.

Region Six: Robert E. Green is president and CEO, New Era Bank, Fredericktown, which he joined in 1959. He was named to his present bank post in 1965.

Region Seven: Bill J. Reser entered the field of finance in 1956 at a consumer loan company, serving as a branch manager until 1968, when he became a banker. He joined the old Southern Missouri Trust (now Mercantile Bank of Springfield) in 1971 as vice president of marketing-public relations, his present position.

Region Eight: Frank Sallee Jr. is president and CEO, Camden County Bank, Camdenton, where he entered banking in 1961. Mr. Sallee has served on the MBA bank management committee. ••

**Social Security Direct Deposits
Go Checkless in KC-Fed Area**

KANSAS CITY—More than 100,000 social security payments to recipients in Kansas and western Missouri now are being deposited electronically in area financial institutions, according to the Kansas City Fed.

Previously, social security recipients in the area served by the bank had designated that their checks be sent directly to their financial institutions. But since July 1, the direct deposits



**The Patient
Will Recover . . .
But Will
His Bank Loan?**

A serious accident to one of your installment loan borrowers often "interrupts" loan payments . . . and even though the patient finally recovers, often his loan becomes delinquent and frequently charged off.

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And when you make a **BIG LOAN** or possibly a **RISKY LOAN** to the small businessman or the farmer, you'll want to be doubly sure that he is properly insured. Reason: when something happens to that type of borrower, the loan often becomes uncollectible.

Our **SINGLE PREMIUM TERM INSURANCE** will solve your problem on those big loans. And, of course, we have a full range of credit life and other types of insurance that fit almost any lending situation.

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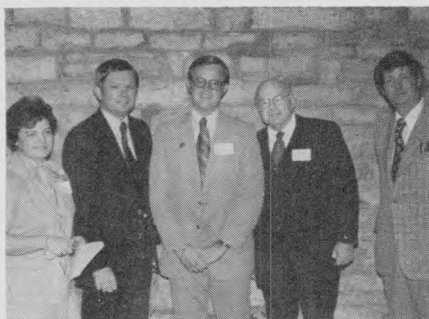
The staff of Gateway Nat'l, St. Louis, must have surprised many customers with these clothes, but it was all part of the bank's costume contest that was held in honor of the bicentennial. Overall winners of the event line up for the camera (from l.): Robert Fulton, Beverly Chandler (first place), Brenda Ray, Beverly Brown, Carolyn Turner, Helen Sanders and Jacqueline Carthen.

have been sent electronically by means of computer tapes or other media by the Fed to the institutions.

The Kansas City Fed area is the second region in the U. S. to have the service, the region served by the Atlanta Fed being the first. Covered by the Kansas City Fed program are direct deposits of recurring social security payments to recipients under retirement, supplemental income, disability insurance and coal miner health benefits programs.

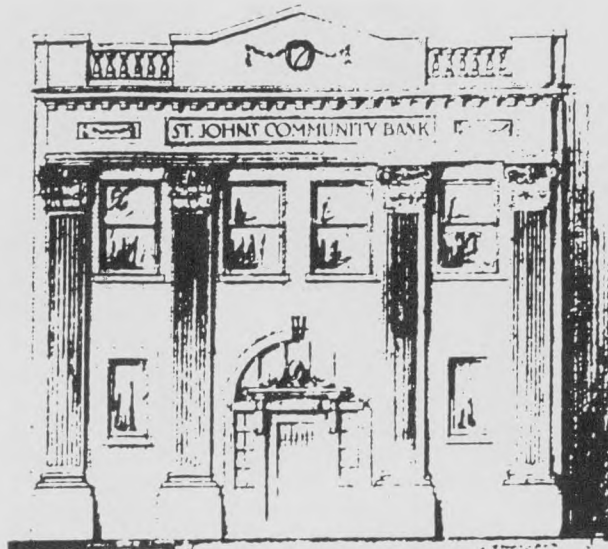
According to a Kansas City Fed spokesman, 21% of social security recipients in Kansas have opted for direct deposit, second in this country only to Florida's 25%. In Missouri about 10% of recipients have opted for direct deposit and U. S. Treasury officials project that about 40% of such payments will be deposited directly by 1980.

AIB-St. Louis Enrollment Night



Local and nat'l officers gather for a photo during the fall enrollment and awards dinner of the St. Louis Chapter of the American Institute of Banking (from l.): Rosemarie Stallings, a.v.p. & tr. op. off., Edgemont (Ill.) Bank—chapter second v.p.; Albert A. Miller, v.p. & cash., Big Bend Bank, Webster Groves—chapter pres.; Jerry J. Jason, asst. personnel off., South East First Nat'l, Miami, Fla.—AIB nat'l v.p.; Joseph G. Steel, AIB-St. Louis exec. dir.; and Michael P. Dolan, e.v.p., Plaza First Nat'l of West Port, St. Louis County—chapter first v.p.

MID-CONTINENT BANKER for September, 1976

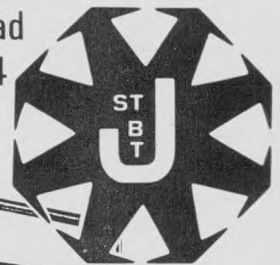


Above: Our "new building" in 1929 cost \$30,000 . . . was lauded as one of the most beautiful in St. Louis County. Our current main bank building sits on the same foundation . . . still a hometown bank.

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NEWS

From the Mid-Continent Area

Alabama

■ **KEN L. LOTT**, president, Merchants National, Mobile, has assumed additional responsibilities as CEO, following the September 1 retirement of Ernest F. Ladd Jr., the former chairman and CEO. Mr. Ladd, a past ALBA president and former member of the Comptroller of the Currency's National Advisory Committee, remains as chairman, president and CEO, Southland Bancorp., the HC with which the bank is affiliated. Mr. Ladd also is a former director of the New Orleans Branch of the Atlanta Fed. Mr. Lott is a director of Merchants National and the HC.



LOTT

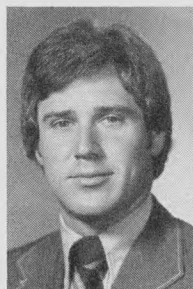


LADD

■ **FIRST NATIONAL**, Mobile, has announced the completion of extensive remodeling of the Springdale Plaza Branch. The building's interior now is furnished in a contemporary style and



MORGAN



SMITH

the lobby area and safe deposit booths have been enlarged. The branch also has a meeting room with a capacity of 75 people. A major entrance has been added to the structure's west side and the drive-up area has been modernized. The logo of the bank's HC, First Bancgroup-Alabama, Inc., is on the exterior's south side.

■ **SHELDON L. MORGAN**, director of industrial development at Merchants National, Mobile, has been named senior vice president. Elected assistant cashiers were John "Jep" Hill, Benny K. Ingram, Jeannie M. Mount and Faye N. Nelson.

Arkansas

■ **RICHARD T. SMITH** has advanced to assistant vice president of the correspondent department of Worthen Bank, Little Rock. Mr. Smith serves as the Little Rock "anchor man" for

the department, handling requests from Arkansas bankers for loan participations, funds transfers and other services. He joined the bank in 1972.

■ **WILLIAM E. ESTES** has joined Commercial National, Little Rock, as vice president and trust department manager, a newly created position. Prior to joining the bank, he was vice president and trust officer, Union Planters National, Memphis.

■ **DENNY SMITH**, formerly executive vice president and chief administrative officer, Northwest National, Fayetteville, has joined First National, Mountain Home, as executive vice president. In other news at First National, Dwayne Hickman and Frances B. Lee have been elected vice presidents, Danny Ketter has been named cashier and Roger Lonon and Dessie Pitts have been elected assistant vice presidents.

■ **SUZANNE BARFIELD MURPHREE** has been promoted from auditor to cashier of First National, West Memphis. She has been there 13 years.

■ **RONALD G. KUERNER**, Arkansas operations manager, Bauxite Alcoa plant, has been elected a director of Union Bank of Benton.

Illinois

■ **JOHN A. SIVRIGHT**, senior vice president, Harris Trust, Chicago, has been named group executive in charge of the Chicago banking group, succeeding Carl S. Stanley, senior vice president, who has resigned to become

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STANLEY



SIVRIGHT



DRICK



PALLUCK

interest of Alton Banking & Trust by Melvin G. Hall, honorary chairman, Webster Groves (Mo.) Trust, and his son, Robert Lynn Hall, president and manager, Branson (Mo.) Inn. All directors of Alton Banking & Trust will continue in their positions and Lawrence Keller Jr. has been named honorary chairman and will serve as a bank consultant. Melvin G. Hall has been named chairman and CEO and Robert Lynn Hall will serve as bank vice president and director. Melvin Hall entered banking at Bank of Bentonville, Ark., 1947, serving as its chairman, 1948-1962. He was an organizer of State Bank of Noel, Mo., and has served as president, chairman and CEO, Webster Groves Trust, Robert Lynn Hall served Webster Groves Trust, 1967-1973, and Empire Bank, Springfield, Mo., as vice president. He left the latter bank in 1974 to head the Branson (Mo.) Inn.

chairman and CEO, Wilmette Bank. Mr. Sivright formerly had been deputy group executive, Chicago group. In Harris Trust's international banking group, the following executive changes have been announced; Donald S. Hunt, vice president, has been named overseas division administrator. Succeeding him as international division head for the U. S. and Canada is Albert F. Naveja, vice president, formerly general manager of Harris Bank International Corp., New York City, a wholly owned bank subsidiary. W. Donald DeMoss, vice president, has been named as Mr. Naveja's successor. He goes there from the bank's London Branch, while Robert A. Sprowl, vice president, has transferred to the overseas division's Asia-Pacific section, where he will have responsibility for corporate and correspondent services and business development.

■ **CARL S. STANLEY**, formerly senior vice president, Harris Trust, Chicago, has been elected chairman and CEO, Wilmette Bank. He succeeds Fred L. Stone, who remains a director. At Wilmette Bank, Margaret Meder has been named senior vice president and comptroller.



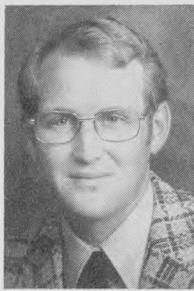
JUDSON



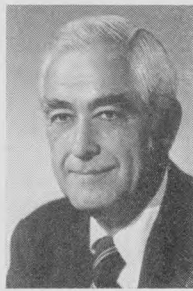
LIVINGSTON

■ **BANK OF BELLEVILLE** has named Charles E. Lynch, installment loan department manager, and Terry W. Schaefer, operations, vice presidents. Alice L. Gannon, who is responsible for teller management, has been elected assistant vice president and cashier.

■ **JOHN V. EGAN JR.**, vice president, has been named to direct the newly formed corporate communications division of Continental Illinois National, Chicago. The new division is a combination of the bank's public affairs and advertising functions. Heading the division's sections are John N. DeBoice, formerly public relations director, First National, Chicago, who directs Continental Bank's creative services section and Eugene F. Grennan, public affairs officer, who will assist him in managing that section; William P. Schoentgen, second vice president, planning and policy issues manager; Stephen T. Arnold, second vice president, advertising manager; Gerald E. Buldak, second vice president, press relations manager; Kermit L. Lee, vice president, urban affairs head; and Robert L. Fienberg, public affairs officer, corporate affairs head. Directing the division's administration section is David A. Woodworth, marketing officer, while Joseph W. LaBine, vice president, continues as consultant to the division on special public affairs projects.



KENSIL



JOHNSON

■ **FIRST NATIONAL**, Chicago, has divided its corporate banking department into two departments, the industrial and the commercial. Heading the industrial department is Alvin C. Johnson, senior vice president, while Homer J. Livingston Jr., senior vice president, heads the commercial department. Robert D. Judson, senior vice president, has been named director of corporate marketing for both departments and continues as a group head. The reorganization was made due to the impending retirement of John E. Drick, bank director and chairman, executive and credit policy committees. Succeeding him as credit policy committee chairman is Rudolph E. Palluck, executive vice president and former corporate department head.

■ **DAVID R. KENSIL** has joined Millikin National, Decatur, as a farm manager. He formerly was associate manager, Federal Land Bank Association, Charleston. Mr. Kensil holds a B. S. degree in agricultural science and is completing requirements for an M. S. degree in agricultural economics.

■ **REGULATORY APPROVAL** has been given for purchase of majority

■ **J. JAY GERBER**, chairman, Bank of Naperville, has been elected chairman, First Ogden Corp., Naperville, while Donald H. Fischer has been named president and CEO. Appointed vice chairman was Kenneth Larrance, chairman, Illinois State, Chicago. These changes follow the resignation of Vernon S. "Tex" Hoesch as chairman and

Columbia National Opens

COLUMBIA—Columbia National has opened with capital of \$400,000, surplus of \$400,000 and undivided profits of \$200,000.

The new bank's officers are Louis H. Schlafly, president, and Gerald L. Giffhorn, cashier.

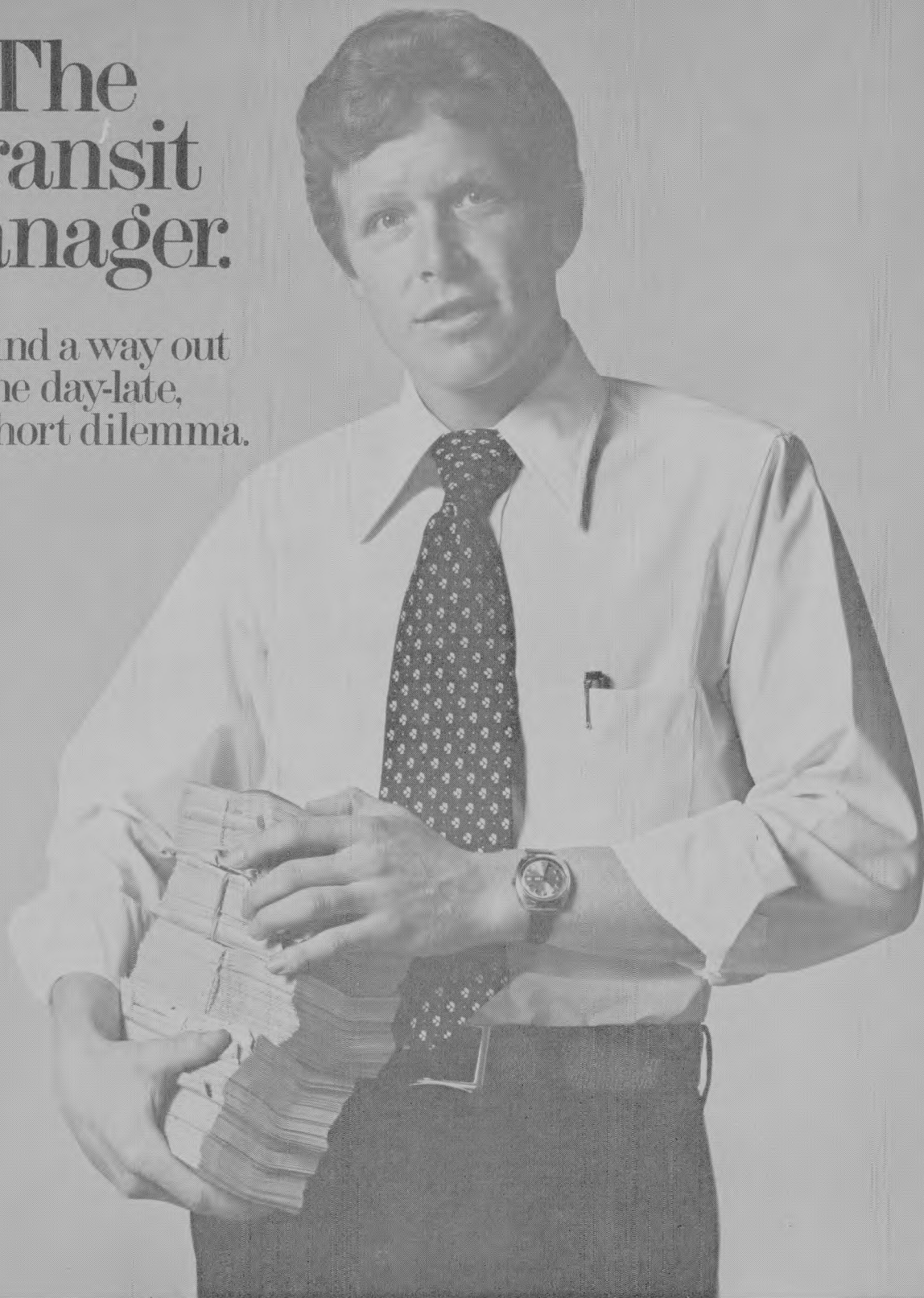
Mr. Schlafly formerly was vice president, Union National, East St. Louis, where he remains a director. Mr. Giffhorn also had been with that bank as assistant cashier.

Columbia National is located at Illinois Route 3 and Valmeyer Road and is in temporary quarters. A permanent building should be completed in eight months, according to a bank spokesman.

The present facility has a drive-up window, night depository and extended banking hours.

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Our Deposit Analysis Service—a periodic, computerized analysis that provides complete, accurate informa-

tion on the composition of deposits.

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CEO. Joseph M. Quigley, formerly First Ogden vice chairman and financial vice president and secretary, NIGas Co., had served as temporary chairman, while Mr. Fischer formerly was president and chief operating officer.

■ JAMES G. KENNEDY has been promoted to vice president-bank services division, Heritage Bancorp., Inc., Evergreen Park. He has been with the HC since 1954.

■ CATHERINE A. WILLIAMS has been promoted from assistant cashier to assistant vice president at National Boulevard Bank, Chicago, and James E. Berger, tax manager, has advanced to tax officer.

Indiana

■ DELBERT C. STALEY, president, Indiana Bell Telephone Co., Inc., has been named a director of American Fletcher Corp. and its principal subsidiary, American Fletcher National, both of Indianapolis.

■ WELLINGTON D. JONES III has been appointed vice president and data processing manager of First Bank, South Bend. Elevated to assistant vice presidents were Robert E. Love, systems/programming manager; Walter O. Gollnick Jr., marketing division; and Charles A. Talcott, mortgage banking department. Larry A. Gardner has been elected programmer-analyst; Larry J. Garnaat, operations manager; David L. Robertson, leasing officer; and Ronald H. Dvornik, trust accounting officer.

Died: Oliver C. Carmichael Jr., 56, on August 3, after suffering a heart attack. Mr. Carmichael was chairman, FBT Bancorp, Inc., and executive committee chairman of its principal subsidiary, First Bank, both of South Bend. He also was chairman, Marshall County Bank, Plymouth, and Bremen State. He entered banking in 1960 as chairman of First Bank, a post he held until 1975.

Packard 'Officiates' at Opening



"Officiating" at the opening of the Michigan Road Drive-Up of American Fletcher Nat'l, Indianapolis, is a 1930 Packard touring car owned by a local civic leader. Rather than having a traditional ribbon-cutting ceremony, the opening of the facility was done by driving the auto through a "grand opening" sign. The bank also had a tent set up in the parking lot, from which refreshments were served and drawings held for door prizes.

■ LAFAYETTE NATIONAL has promoted the following to operations officers: Phyllis A. Tribby, Karen M. Waling and Betty L. Rohler.

■ DAVID MALAK has been named assistant manager, Burns Harbor Office, Northern Indiana Bank, which is headquartered in Valparaiso.

Kansas

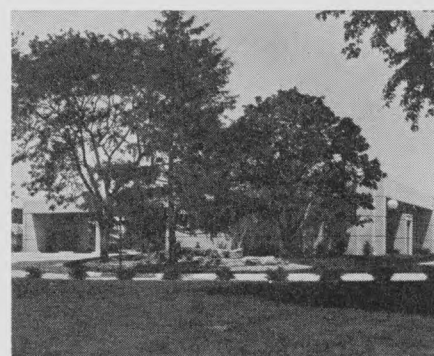
■ JUANITA TURNER has advanced from cashier to vice president and cashier of First National, Olathe, while Jim Derting has joined the bank as assistant vice president in the trust department.

■ N. V. "NICK" HUDELSON JR. has joined Chandler National, Lyons, as president and CEO. He formerly was executive vice president, First National of Shawnee Mission, Fairway. Mr. Hudelson has been in banking 14 years.

■ FOSTER SMITH has been named assistant cashier at First National, Wichita. He joined the bank in 1974 and will serve as credit analyst.

■ SECURITY NATIONAL, Kansas City, has held an open house to celebrate the new building of the Security

National/West Facility at 75th and State. The building's landscaping has been planned for customer convenience. The city provided access roads to the facility, while the bank built a two-way public street connecting two streets at the property's north boundary. The facility has five drive-up lanes and parking space and the building is of light buff-colored concrete. It has 5,152 square feet of space. The interior is lit by sunlight from floor-to-ceiling windows and major walls are heavily textured and off-white in color. Bronze window frames set off the orange carpeting and the lobby wall opposite the stainless-steel vault door features a large mural by Ernst Ulmer. Multi-colored, motor-driven draperies control the sun light entering the building's east and west sides.



Landscaping of Security Nat'l/West Facility of Security Nat'l, Kansas City, was designed for utmost customer convenience. Exterior is of light buff-colored concrete, interior has 5,152 sq. ft. of space.

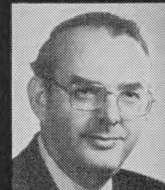


Close-up shot of Security Nat'l/West Facility of Security Nat'l, Kansas City, shows building's five drive-up lanes. Sunlight entering full-length windows on either side of structure is controlled by multi-colored, motor-driven curtains.

CNB

COMMERCIAL NATIONAL BANK

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BOB LOYD



BERNARD RUYSSER

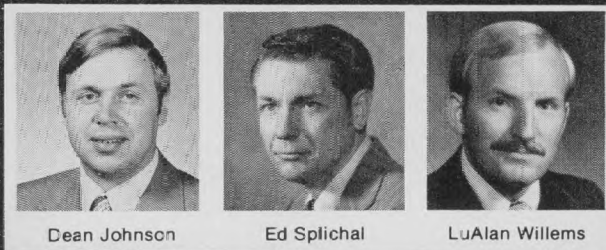
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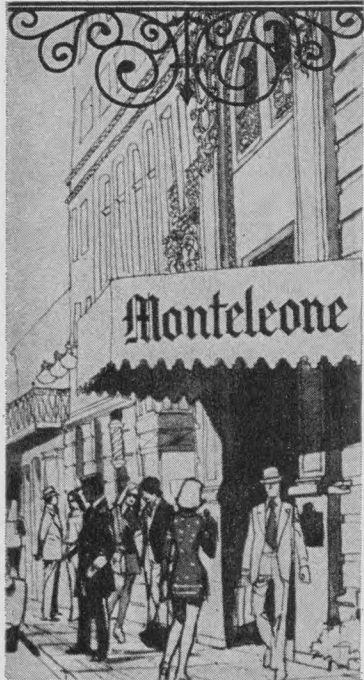


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■ COMMERCIAL NATIONAL, Kansas City, has held an open house for its new administrative quarters on its fourth floor. On hand for the event were about 100 correspondent bankers, who were given a tour of the new offices by data division personnel. The quarters, in 3,600 square feet of space, house the bank's administrative, marketing and systems and programming departments.



On hand during open house for new administrative quarters of Commercial Nat'l, Kansas City, are (from l.) Bernard Ruysser, pres.; Don Barnes, data division s.v.p.; C. H. Pflumm Jr., pres., Shawnee State; and Richard H. Muir, e.v.p., Lenexa State.

The floor layout, designed by Robert C. Carlton, Commercial National purchasing manager, and Bill Weeks of W. H. & R. Construction Co., accommodates 23 individual offices, a large conference room, a reception area and an executive office. Furnishings and decor are contemporary in design.

Kentucky

■ BRUCE H. DAVIS has been named agricultural representative at First National, Nicholasville. He will work as a liaison between the bank and its agribusiness accounts and will develop new business for the bank in that area. Mr. Davis holds two degrees from the University of Kentucky: a B. S. in agriculture and an M. S. in agriculture education.

■ E. G. ADAMS has returned to his home town of Hopkinsville to become president of Pennyville Citizens Bank. He had been president and CEO, Sedalia (Mo.) Mercantile Bank.

■ LEONARD V. HARDIN has been elected executive vice president, First National, Louisville. He joined the bank in 1953 and continues as head of corporate-consumer lending.

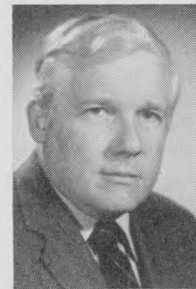
■ FIRST CITY BANK, Hopkinsville, has announced responsibility changes for the following: Don Atwood, vice president, has assumed duties as marketing director; Daniel Mann, vice president, has been named branch coordinator and continues as commercial

and real estate lending officer; and Betty Williamson, cashier, has been appointed personnel officer. She continues as cashier and head of teller operations at the Main Office.

Louisiana

■ GUARANTY BANK, Alexandria, has elected Walter W. Dupuy assistant vice president, while LaVerne Crump has been named assistant personal banking officer and Robert R. Kirby has been appointed commercial loan officer.

■ KENNETH A. LANGGUTH has been named vice president, Bank of New Orleans. Also promoted at the bank were Gail E. Farrae, to assistant vice president, and John H. Blanke, F. Chris Dohmann and Thomas G. Jones, to assistant cashiers.



LANGGUTH

■ DAVE J. BODI has been appointed assistant vice president and data operations manager at First Guaranty Bank, Amite, while Mary Ann Colvin has been named customer service officer.

Mississippi

Celebrates 40th Year With Bank



J. H. Hines (c.), ch. and CEO, Deposit Guaranty Nat'l, Jackson, is congratulated by Julian L. Clark (r.), pres., and Russ M. Johnson, retired ch., for his 40th anniversary with the bank. Mr. Hines was honored with a testimonial dinner at the Country Club of Jackson; religious and business leaders and friends of Mr. Hines were on hand for the event.

We made our mark in service

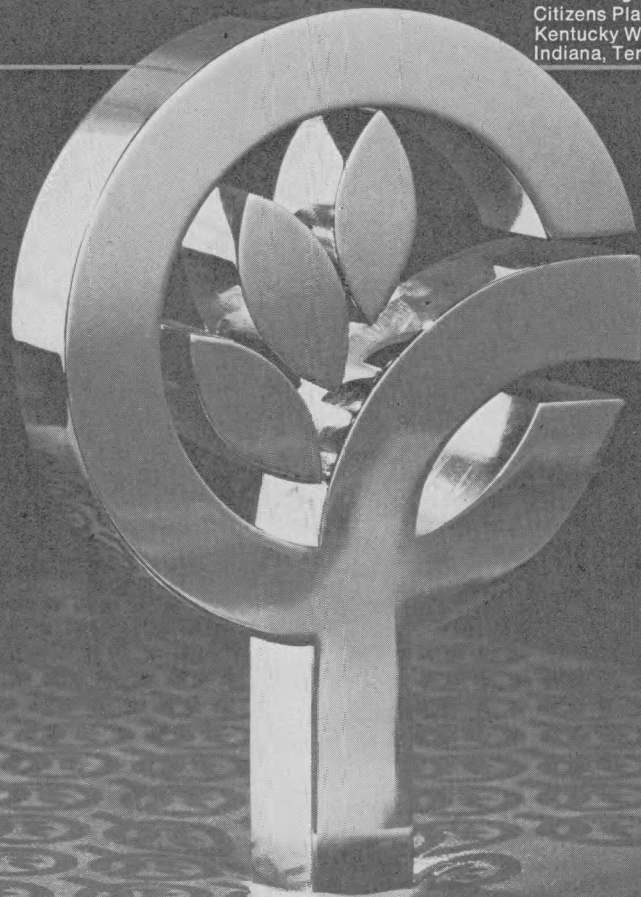
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held over \$1 billion worth of securities in safekeeping, and handled over \$500 billion worth of federal funds for our correspondents. For information on Citizens Fidelity's experience in these and other correspondent areas including cash management, EDP, and credit card operations, call Bob Aldridge or any member of his staff. They'll help you make your mark, too. Come grow with us® . . . under the Sign of the Service Tree.



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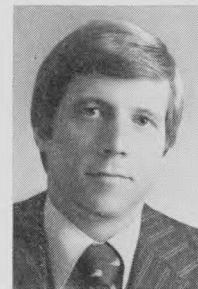
HENDRICKS



HONTZAS

■ SEVERAL PROMOTIONS have been announced by Deposit Guaranty National, Jackson. C. B. Hendricks and Thomas M. Hontzas have been named senior vice presidents, Betty H. Nelson has been elected vice president and Willie Ray Ginn has advanced to assistant vice president. Mr. Hendricks serves as operations and personnel manager at Greenville Bank, branch of Deposit Guaranty National, and Mr. Hontzas is Deposit Guaranty's corporate planning and research department manager. At Greenville Bank, Mrs. Nelson has responsibilities in the investment counseling, personnel and new accounts areas and Mr. Ginn is assigned to Deposit Guaranty's installment loan area.

Missouri



WOOD



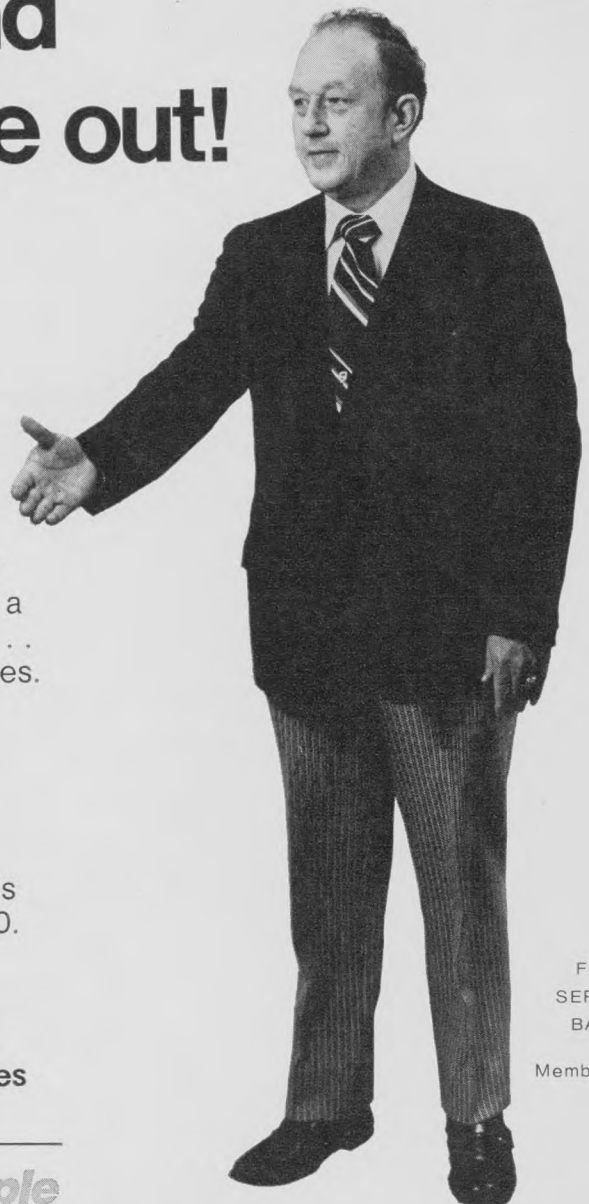
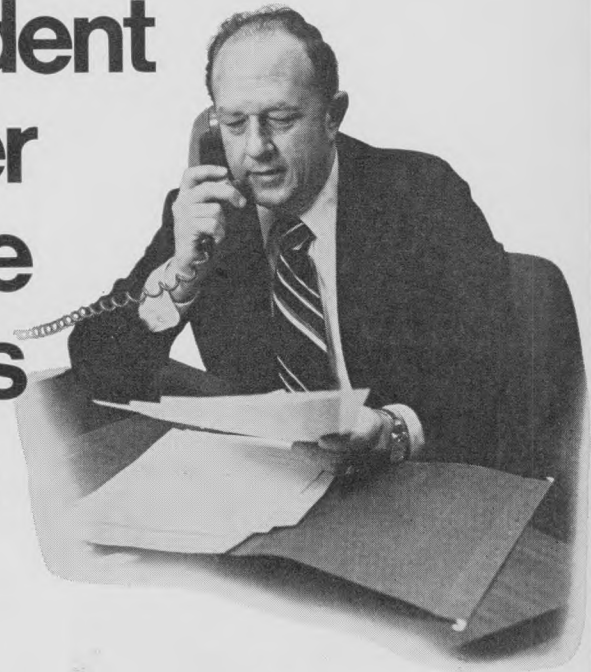
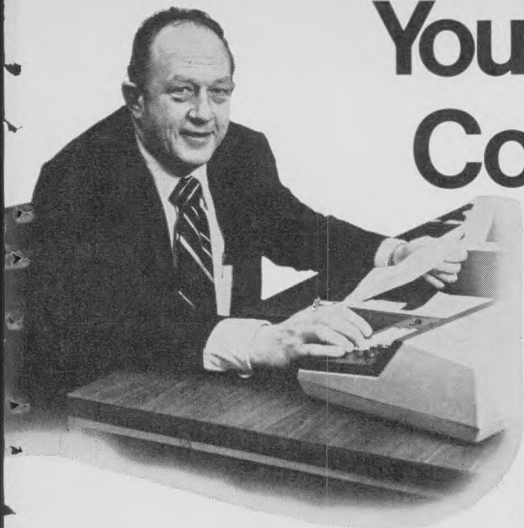
LUMPE

■ THOMAS J. WOOD III, formerly vice president, United Missouri Bank, Kansas City, has joined the affiliate bank, United Missouri of St. Louis, as president. He succeeds Wade R. Stinson, who has advanced to chairman.

■ LARRY E. LUMPE has resigned as senior vice president, Commerce Bank, Kansas City, to become president and CEO, Sedalia Mercantile Bank. Mr. Lumpe, who headed the Missouri Bankers Association in 1972, was senior officer in charge of Missouri banks while with Commerce Bank. He also has been president of Commerce banks in Poplar Bluff, St. Louis and University City.

■ LYNN H. MILLER, executive vice president, has been elected a director of Mercantile Bank, St. Louis, while

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Michael Brosnahan has joined the bank as vice president. Mr. Brosnahan formerly served Third National of Hampden County, Springfield, Mass.

■ **BOATMEN'S NATIONAL**, St. Louis, has elected Reuben M. Morriss III and Russell W. Murphy senior vice presidents. Both are in the trust division: Mr. Morriss is in charge of administration and Mr. Murphy oversees investments. Boatmen's National also has promoted the following: John F. Blum, Theresa J. Carnaghi, Sanford Miller and Michael W. Vasileff, to assistant vice presidents; William Kling Jr., to assistant cashier; Joseph C. Barbata, to operations officer; and W. John Gasawski, to data processing officer.



MORRISS



MURPHY

■ **LAUREL LEE GOFORTH** has been appointed assistant vice president, United Missouri Bank, Kansas City. She manages the credit analysis division. Nannetta Hughes, secretary-treasurer and manager, United Missouri Bank Safe Deposit Co., has been named assistant cashier at the bank and Nancy E. Lewter and Melba L. Nicolaisen also have been elected assistant cashiers.

■ **PATSY R. AUSTIN** has been named assistant cashier, First National, St. Louis, while John W. Fricke has been elected bond investment officer and Michael A. Alexander has advanced to commercial banking officer.

■ **CLAUDE F. COX** has been elected president, Boatmen's Bank of Troy. He joined the bank in 1956, advancing to his previous position, executive vice president and chief operating officer, in 1972.

■ **WILLIAM O. BROWNLEE** has been named president, First National, Richmond, succeeding Gordon O. Benitz, who resigned. Mr. Brownlee formerly was vice president, senior loan officer and a director of Miami County National, Paola, Kan.

■ **JAMES L. EATON JR.** has advanced to president and chairman, Commerce Bank, Bonne Terre. He previously had been executive vice president and secretary of the board.

■ **JOSEPH G. LEWIS** has been elected president and chairman of Commerce Bank, Excelsior Springs, going there from Commerce Bank, Bonne Terre, where he had held a similar position.

■ **COMMERCE BANK** of Grandview hosted nearly 2,500 persons during its grand opening. Refreshments and balloons were handed out and John Mayberry and Al Fitzmorris of the Kansas City Royals were on hand. For customers opening checking or savings accounts, Gott picnic equipment was offered as premiums. The bank is in temporary quarters located at 12829 South 71 Highway in Grandview. Completion of the permanent building is planned for fall, 1977.

■ **WALTER E. KNOWLES** has been named senior vice president in charge of the bond department at Commerce Bank, Kansas City. The bank also has announced the following elections: Paul C. Clendening, to assistant vice president, metropolitan division; Richard B. Holm, to trust investment officer; Anne M. Palans, to commercial banking officer; and W. Kay Voorhees, to trust officer.

■ **PAUL M. STRIEKER** has been elected auditor of County National Bancorp. and its lead bank, St. Louis County National, both of Clayton. He joined the HC in 1975 and is a CPA. At the bank, Thomas C. James has been named commercial loan officer. He joined the bank in 1974.

New Mexico

■ **RUIDOSO STATE** has received regulatory approval to open a facility in Carrizozo. It will be operated from temporary quarters until completion of a permanent building in spring, 1977. Mike Capps, vice president in charge of branch banking, will head the new facility.

■ **JOHN B. ROBERTS**, trust investment officer, First National, Albuquerque, has been promoted to assistant vice president and trust investment officer.

■ **DAVID L. DOBBS**, formerly of Citizens Bank, Farmington, has joined Security Trust, Albuquerque, as vice president and trust officer.

■ **THOMAS C. HORN** has joined Security National, Alamogordo, as vice chairman. He formerly was president, Security National Corp. and executive vice president, Security National, both of Sioux City, Ia., and has been in banking 30 years.

Oklahoma

■ **WOODY DAY**, formerly assistant vice president, correspondent division, National Bank of Commerce, Memphis, has joined Exchange National, Ardmore, as vice president and commercial loan officer.

■ **GRADY YORK**, vice president, has retired from Bank of Oklahoma, Tulsa, after 46 years. He joined the bank—which then was called Exchange National—as a messenger in 1930 and for the past few years managed the bank's agricultural department. At the bank's parent HC, BancOklahoma Corp., Tulsa, Charles A. McNamara has been named vice president, while Larry Heon and Sallie Hughes have advanced to assistant vice presidents. Mr. McNamara joined the bank in 1970; Mr. Heon, in 1971; and Miss Hughes, in July.



YORK



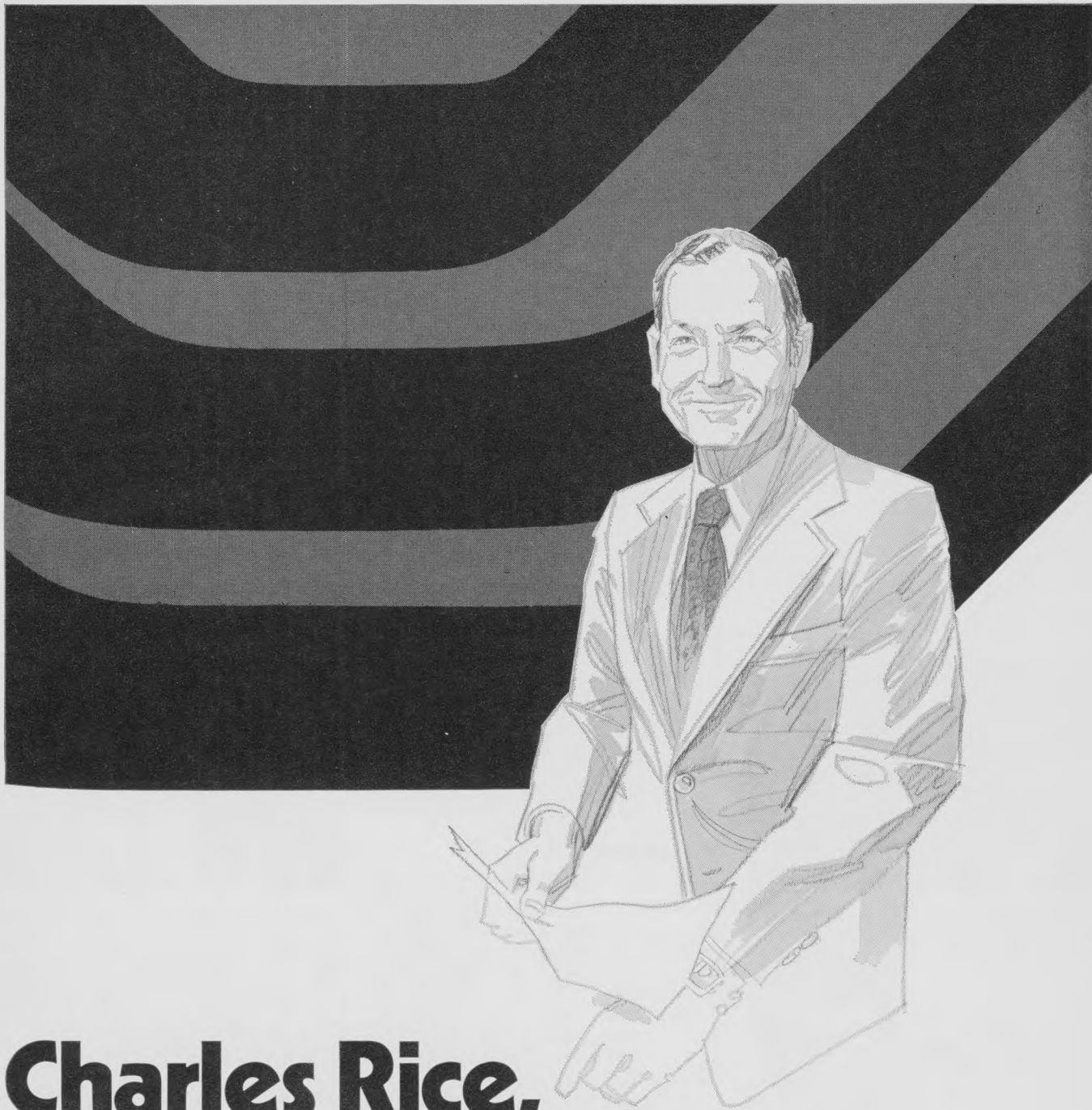
HYDE

■ **HAYDEN HYDE** has been elected vice president and commercial loan officer, Fourth National, Tulsa. Susan Ratliff has been named auditor and David L. Lamb has been appointed assistant cashier. Mr. Hyde formerly was president, Bank of Commerce, Jenks; Miss Ratliff joined the bank in February; and Mr. Lamb is a credit review officer.

■ **ROBERT L. BROOKSHIRE** has joined American Bank, Edmond, as president and CEO. He goes there from First National, Ponca City, where he had been executive vice president. Mr. Brookshire had served his previous bank 22 years.

■ **CHUCK MORTON** has been elected senior vice president, Stock Yards Bank, Oklahoma City. He joined the bank in 1975 and is in charge of the personal banking center. Also named senior vice president was Ken McIlhaney. He joined Stock Yards Bank in 1973 and heads commercial loans.

■ **FIRST NATIONAL**, Tulsa, has named Richard M. Lee and Jim D. Ross vice presidents. Both are account representatives, commercial lending area.



Charles Rice, a banker's banker.

Correspondent Bankers



Marvin Bray



Lee Daniel



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McNamara



Bill Hellen

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BANK OF OKLAHOMA

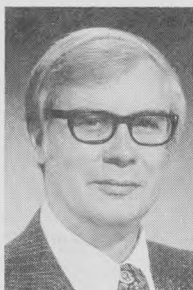


P.O. Box 2300 / Tulsa, Oklahoma 74192

■ **FIRST NATIONAL**, Oklahoma City, has announced the following elections: Richard M. Bowen III, George N. Cook Jr., Larry M. Swanson and Tom J. Thompson, to vice presidents; Douglas W. Freebern and Richard Peetoom, to assistant vice presidents; E. Dean Chittenden, to investment officer; James B. Kite Jr., to banking officer; and Melvin E. Burch, to assistant cashier.

Tennessee

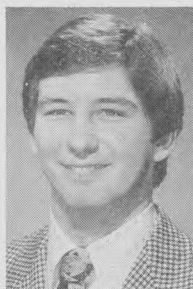
■ **FIRST AMERICAN NATIONAL**, Nashville, has announced a number of promotions: William H. Coles Jr., Hillsboro Office manager, and Kenneth W. Cox, branch administrator, to vice presidents; and Charles M. Miller, correspondent division, Joseph T. Carson, Woodbine Office manager, Jeffrey E. Lawrence, loan administration, James O. Williams, 100 Oaks Office manager, T. Charles Williams, data processing, James E. Windrow, loan analyst, and David E. Wolf, data processing, to assistant vice presidents.



COLES



COX



MILLER

■ **EDWARD RAY PHILLIPS** has joined Ancorp Finance Co., Chattanooga, as a financial counselor. Ancorp Finance Co. is a wholly owned subsidiary of Ancorp Bancshares Inc., parent HC of American National, both of Chattanooga.

■ **J. HANLEY SAYERS** has advanced from assistant vice president to vice president at Third National, Nashville. Named assistant vice presidents were J. David Baird and Paul J. Brown, while Alice M. Balls and Elizabeth C. Thompson have been elected trust officers.

Ringing in the Bicentennial



Joining Robert Nodes (l.), mktg. and public affairs dept., American Nat'l, Chattanooga, are Mr. and Mrs. Charles Almon of the Chattanooga Engineers Club. The quarter-size replica of the Liberty Bell was loaned to the club by the bank for the club's bicentennial luncheon, for which members dressed in Revolutionary-War-period garb. Each engineer rang the bell to help celebrate the nation's 200th anniversary.

■ **T. SCOTT FILLEBROWN JR.**, president, First Amtenn Corp., Nashville, has been reappointed the Tennessee civilian aide to the Secretary of the Army. In that post, Mr. Fillebrown interprets and relates Army policies to the citizens of Tennessee and keeps Army Secretary Martin Hoffman informed as to public opinion on matters of concern to the Army.

Texas

■ **FIRST NATIONAL**, Fort Worth, has announced the following promotions: to vice presidents and trust officers, John A. Bates, Rod Hailey, Tim W. McKinney, Robert E. Scott, Donald R. Smith, Bob Walsh and Jack West; to vice president and investment officer, J. R. Downing; to vice presidents, James Cullen, Mike Hyatt, Carl McLaughlin, Ronald J. Shettlesworth and Ken Pittman. In addition, John Brooks, Don Childers, Roger Lazier, Don Ozmment, Thomas G. Pittman, Eddie L. Stamps, Tom Willis and Thomas Wheat have been elected assistant vice presidents; and Ted W. Ingram has been named trust officer.

■ **IRA H. GREEN** has been promoted from senior vice president to executive vice president at First City National, Houston, and Gary E. Stamper has been named senior vice president. Elected vice presidents were Martin C. Bowen, Gerald A. Carwile III, L. Anderson Creel, Larry E. Hope, Dan R. Owen Jr. and Maurice J. Potts, while the following have been named assistant vice presidents: Jerrel D. Branson, Darby R. Byrd, Richard A.

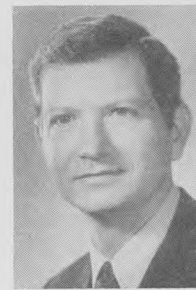
Durham, Ted R. Ellsworth, Thomas R. Fuller, Ralph P. Latimer, Henry Lowden, Douglas A. McKinnon, Lewis F. Parker and Margaret M. Patton. In addition, Nancy Jo Adams has been elected regional and correspondent banking officer.

■ **V. DALE GOSNELL** has been named senior vice president and senior trust officer, Texas Bank, Dallas. Lillian Edwards, Cece Smith and Robert Nichols have been elected directors. Mr. Gosnell formerly was manager, national accounts and business development; Mrs. Edwards is staff vice president/corporation counsel and secretary, Dresser Industries, Inc.; Miss Smith is controller, Steak & Ale Restaurants, Inc.; and Mr. Nichols is president, Conley-Lott-Nichols Machinery Co.

■ **JOHN T. CATER** has been elected president and chief operating officer of Bank of the Southwest, Houston, succeeding Robert Stewart Jr., who has advanced to the new post of vice chairman. In the bank's energy division, Ben E. Salisbury has been named vice president.



GANTT



CATER

■ **BURT L. GANTT** has joined Republic National, Dallas, as senior vice president, metropolitan department. He formerly was director of financial marketing, System Development Corp. In his new post, he will oversee the bank's EFT, marketing and public relations areas. In the correspondent department, Timothy James Maher and M. Rufus Vernon Jr. have been elected assistant vice presidents, while Richard Mac Holland and R. Dennis Kirkpatrick have been named banking officers. In other promotions, Richard E. Hobson, Jack D. Ashby, C. Douglas Smith, Jonathan W. Wilson, Robert T. Shillinglaw and Jerry L. Turner have been elected vice presidents and trust officers and Caryl R. Madison and John C. Reap have advanced to assistant vice presidents.

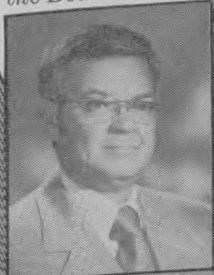
Died: George C. Hopkins, 67, former vice president, Pittsburg National, at Pittsburg's Medical Center Hospital July 7. He spent 44 years in banking, 15 of which were as a federal bank examiner. Mr. Hopkins had retired in 1975.

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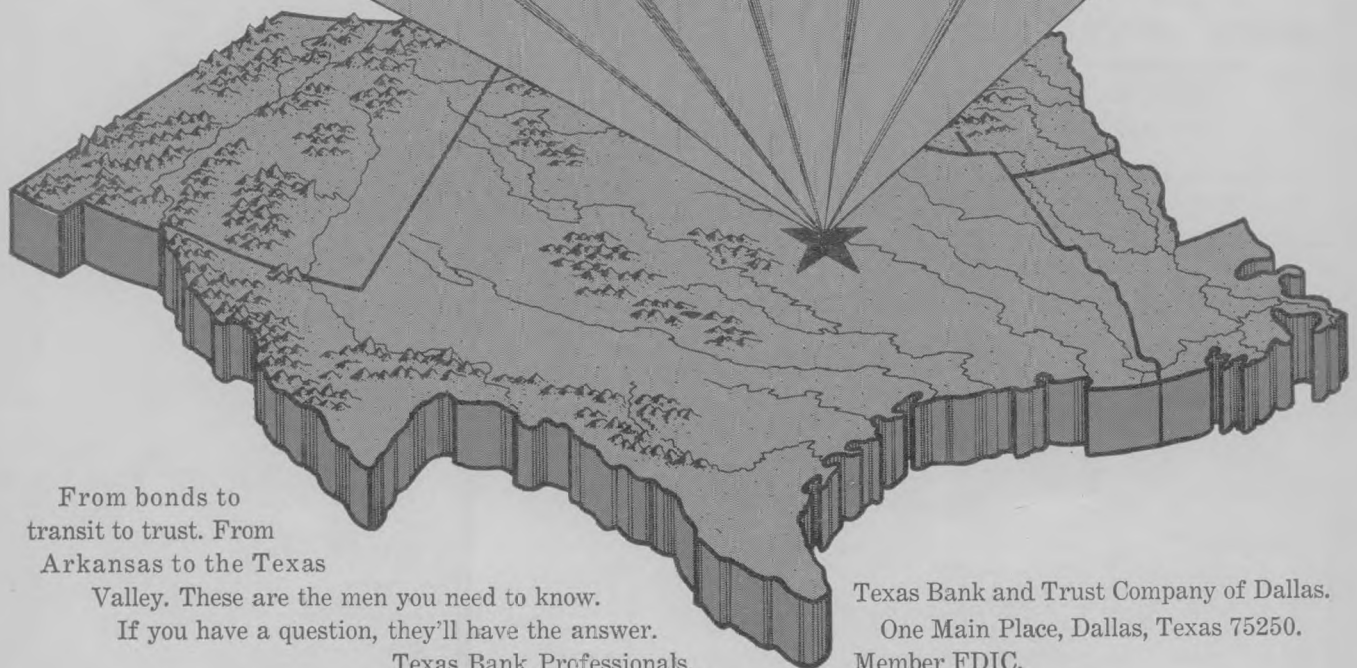
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From 'Streets':

Top Salesman of Year Is San Francisco 'Cop'

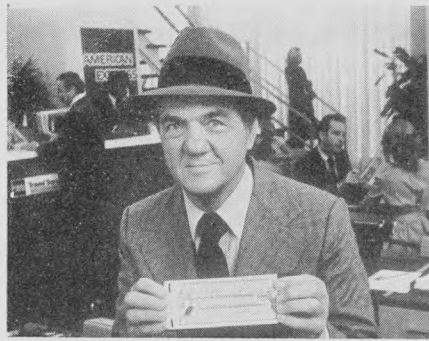
Advertising Age, a national newspaper for advertising executives, has initiated an annual "Oscar" award for a familiar face that brings a product to the public. And the first winner of the "Star Presenter of the Year" citation is a San Francisco "policeman."

Karl Malden, the screen and television actor who for three years has established himself as the American Express Travelers Cheques spokesman, was the first recipient of the honor.

"He's sometimes referred to as the division's best salesman," said an American Express official. "Sales for the last year have increased substantially, despite recessionary pressures."

"And Mr. Malden will continue as the spokesman for the division," the official added. "His contract has been renewed for another three years and commercials are scheduled for Germany and Australia, as well as the U. S."

Mr. Malden, who urges, "American Express Travelers Cheques: Don't leave home without them," has a personal



Actor Karl Malden, spokesman for American Express Travelers Cheques, has won premier "Presenter of Year" award from *Advertising Age* for his success in bringing product to public.

reason for giving such convincing performances. While in London nine years ago, \$2,000 in British pounds were stolen from a jacket he had left in his hotel room closet. The American Express Travelers Cheques in the same pocket weren't touched by the robber.

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