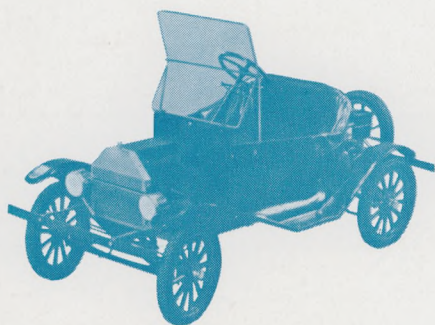


MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

SALES/MARKETING ISSUE

MARCH, 1977



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Nat'l Assn. of Bank Directors
Holds First Area Meeting

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Liberty Works for 386 Banks...

They look to us for leadership and performance in areas like:



Data Processing

*Including On-Line Electronic Funds Transfer Services—ChecOKard, for banking and buying in the customer's neighborhood—officer information systems and more.

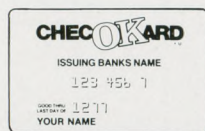


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International Banking

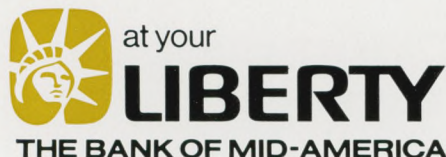
*Liberty is Oklahoma's only Shareholder member of Allied Bank International—providing international banking assistance for manufacturing, agricultural and energy producing customers.

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*Loan Participation—Credit Analysis—Factoring.

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to carry all your
eggs in one basket.

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and Visa®
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For more information on getting your credit card eggs into one basket, please call First National Correspondent Banking Division, 816-221-2800.



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MID-CONTINENT BANKER



The Financial Magazine of the Mississippi Valley & Southwest

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March, 1977

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March

- March 20-22:** National Automated Clearing House Assn. Conference on Selling ACH Services, Dallas, Fairmont Hotel.
- March 20-23:** ABA Trust Operations and Automation Workshop, Bal Harbour, Fla., Americana Hotel.
- March 20-23:** Bank Administration Institute Corporate-to-Corporate Electronic Funds Transfer System Conference, New York City.
- March 22-25:** Bank Administration Institute Personnel Short Course, BAI Headquarters, Park Ridge, Ill.
- March 24-25:** Robert Morris Associates International Lending: Techniques & Standards Workshop, Washington, D. C., Hyatt Regency.
- March 27-30:** ABA Bank Trainers' Workshop, Chicago.
- March 27-30:** Robert Morris Associates Credit Department Management Workshop, Kansas City, Crown Center.
- March 27-30:** ABA National Installment Credit Conference, New Orleans, Hyatt Regency.
- March 27-April 1:** ABA Community Bank CEO Program, Port St. Lucie, Fla., Sandpiper Bay.
- March 30-April 1:** Bank Administration Institute Workshop Series, Atlanta.
- March 30-April 1:** Bank Administration Institute On-Line Operation/Large Banks Seminar, BAI Headquarters, Park Ridge, Ill.

April

- April 1-4:** Louisiana Bankers Association Annual Convention, New Orleans, Hyatt Regency.
- April 1-5:** Bankers Association for Foreign Trade Annual Meeting, Dorado Beach, P. R., Cerromar Beach Hotel.
- April 2-5:** Association of Reserve City Bankers Annual Meeting, Phoenix, Arizona Biltmore.
- April 3-8:** Graduate School of Bank Marketing, New Orleans, International Trade Mart.
- April 3-6:** ABA Southern Regional Bank Card Management Workshop, Orlando, Fla., Orlando Hyatt House.
- April 3-6:** Bank Marketing Association Research Conference, Boston, Hyatt Regency Cambridge.
- April 4-8:** Bank Administration Institute EDP Audit Introduction I, a Short Course, BAI Headquarters, Park Ridge, Ill.
- April 13-15:** Bank Administration Institute Managing Teller Operations, Kansas City, Kan.
- April 13-25:** Bank Administration Institute DP Project Management Seminar, New York City.
- April 14-15:** Robert Morris Associates Commercial Loan Training Programs: Content and Methods Workshop, Denver, Brown Palace Hotel.
- April 17-19:** ABA International Personnel Workshop, New York City.
- April 17-20:** Independent Bankers Association of America Bank Ownership Seminar/Workshop, Las Vegas, Sands Hotel.
- April 20-21:** Bank Marketing Association Community Bank Marketing Seminar, Panama City, Fla., Bay Point Inn.
- April 24-27:** ABA National Marketing Conference, New Orleans, Hyatt Regency.
- April 24-27:** Bank Administration Institute Southern Regional Convention, Dallas, Fairmont Hotel.
- April 24-27:** Bank Marketing Association EFTS Conference, Philadelphia, University City-Holiday Inn.
- April 24-May 5:** ABA National Commercial Lending School, Norman, Okla., University of Oklahoma.
- April 27-29:** ABA Governing Council Meeting, White Sulphur Springs, W. Va., The Greenbrier.
- April 29-May 1:** NABW Southwestern Regional Conference, Austin, Tex., Austin Hilton Hotel.

May

- May 1-3:** ABA Southern Trust Conference, Atlanta, Omni International Hotel.
- May 1-3:** Independent Community Banks in Illinois Annual Convention, Springfield, Holiday Inn East.
- May 1-4:** Bank Marketing Association Bank Librarians Conference, Boston, Copley Plaza.

MID-CONTINENT BANKER for March, 1977

You're looking for extra profits. Our cash letter analysis can uncover 'em.



It's surprising how much potential profit is buried under slow paper.

That's why we've developed an effective action program to help you get things moving.

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MID-CONTINENT BANKER for March, 1977

5

The Banking Scene

By Dr. Lewis E. Davids

Hill Professor of Bank Management,
University of Missouri, Columbia

Make Way for 'Crediscope'

"The 'Ralph Nader' types have, for some time, held that inaccuracy and a lack of objectivity exist in too many credit reports on individuals. Further, as data banks expand, there is a growing need to truncate as much useful information as possible in order to save time and storage space."

BANK LOAN OFFICERS who have become conversant with the "common-language" method of reporting a customer's credit history soon may have to learn a new, but improved, system: "Crediscope." Why? The Fair Credit Billing Act and the Equal Credit Opportunity Act have raised questions about whether the common-language method of reporting is as precise as could be devised in this age of computers and consumerism.

The "Ralph Nader" types have, for some time, held that inaccuracy and a lack of objectivity exist in too many credit reports on individuals. Further, as data banks expand, there is a growing need to truncate as much useful information as possible in order to save time and storage space.

As a result of computerization, some of the common-language numeric codes—"usual manner of payment," for instance—are difficult to program. Such reporting usually is programmed to show "latest and current" payments in-

stead, which could differ somewhat from "usual manner of payment."

Beginning April 1, the Associated Credit Bureau (ACB) will begin the use of the Crediscope Form 2000, which will permit interchangeable use of the current common-language method and of Crediscope. However, the

"... the Crediscope Form 2000 . . . (initially) will permit interchangeable use of the current common-language method (of credit-history reporting) and of Crediscope. However, the common-language method will be dropped . . . and Associated Credit Bureau members then must use Crediscope only."

common-language method will be dropped by January 1, 1978, and ACB members then must use Crediscope only.

The Crediscope Form 2000 will have spaces for an account's present status, and for listing past-due payments. The form also will list the amount and number of payments that are past due.

Form 2000 also will have an historical section. On open or revolving accounts, there will be a 12-month payment history, but for installment accounts the historical section will cover the entire period the account has been in force. Another section will show whether or not the account has been past due for 30 to 59 days, 60 to 89 days or 90 days or more.

What I feel is the most striking advance offered by Crediscope is its three-letter series of abbreviations, which can explain unusual conditions in regard to the subject of the credit report. These abbreviations are listed below.

Since these abbreviations will be in

use after April 1, 1977, now is not too early a time to become familiar with them. Why not clip out the accompanying list and memorize the abbreviations? Additionally, you may find it beneficial to have whoever handles your bank's personal credit files work the abbreviations into your own system! • •

ACC — Account closed by consumer.
AJP — Adjustment pending.
BKL — Account included in Bankruptcy.
CCA — Consumer counseling account. Consumer has retained the services of an organization which is directing payment of his accounts.
CLA — Placed for collection.
DIS — Dispute following resolution.
DRP — Dispute resolution pending.
JUD — Judgment obtained for balance shown.
MOV — Moved. Left no forwarding address.
PRL — Profit and loss write-off.

RLD — Repossession. Paid by dealer.
RLP — Repossession. Proceeds applied to debt.
RPO — Repossession.
RRE — Repossession, redeemed.
RVD — Return voluntarily. Paid by dealer.
RVN — Returned voluntarily.
RVP — Returned voluntarily, proceeds applied to debt.
RVR — Returned voluntarily, redeemed.
STL — Plate stolen or lost.
WEP — Wage Earner Plan Account (Chapter XIII of the Bankruptcy Act).



A DAY IN THE TRANSIT DEPARTMENT.

The Transit Department is working late again.

United Missouri's Transit Department works 24 hours a day—five days a week, and 18 hours a day on weekends.

This enables us to give better service at lower costs.

It's why you should send the coupon for our Rapid Transit Item Profitability Schedule and other information.

Or better yet, ask about our 30-day trial of guaranteed better service and better costs. You can phone collect.

You have nothing to lose, and profits to gain.

Correspondent Department
United Missouri Bank of Kansas City, N.A.
10th & Grand, Kansas City, Mo. 64141
(816) 221-6800

- Send me the Rapid Transit Profitability Schedule.
- I'm interested in your 30-day trial, too.

Name _____
Address _____
City _____
State _____ Zip _____

 **UNITED MISSOURI BANK OF KANSAS CITY, N.A.**

MID-CONTINENT BANKER for March, 1977

EFTS (Electronic Funds Transfer Systems)

Free Dinner Coupons Come With ATM Use At Liberty, Louisville

LOUISVILLE—There's a tasty reason for customers of Liberty National to patronize the bank's ATMs through the end of this month! Not only tasty, but mouth watering!

Every customer withdrawing from either his checking or savings account gets a coupon that entitles him to treat a friend to a dinner at one of 11 restaurants in the Louisville area.

At the end of the first two weeks of the promotion, participating restaurants reported excellent response and bank officials estimated that the response would increase with the easing of winter weather conditions. One restaurant reported it had redeemed 105 coupons in the first two weeks. The redeemed coupons were worth \$860 and an additional \$1,800 in business was generated by those using the coupons.

Liberty's newspaper ads were headlined, "Liberty treats Money Machine customers to gourmet dining!" The ad explained that coupons for the 11 restaurants were dispensed by the ATMs, one per transaction, and that the customer and his guest could enjoy two dinners for the price of one by using the coupons.

Last fall, the bank conducted a similar promotion featuring free movie passes.

On-Line ATM System Offered To Banks in Three States By Mercantile, St. Louis

ST. LOUIS—Mercantile Trust has announced that it is the first bank in Missouri and one of the first in the nation to market a complete on-line electronic banking machine system to banks in Missouri, Illinois and Kansas.

According to Jerome J. Sandweg, financial services division vice president, the system has the potential to provide the same services Mercantile offers its own Fingertip Banking customers through use of plastic debit cards. Customers are able to conduct almost all personal banking transactions at the machines. Deposits, withdrawals, balance inquiries and transfer of funds from one account to another can be done 24 hours a day, seven days a week.

Since the bank installed its first automated teller machine (ATM) in November, 1975, individual transactions on its system have passed the million mark. Volume is approaching 100,000 transactions a month, ranking Mercantile in the upper 5% nationwide in average machine usage.

Fingertip Banking is a registered trademark used to identify Mercantile's ATM program. Individual banks purchasing the system would develop their own marketing trade names. A bank taking part in this program will be provided with an on-line central information file (CIF) installed on the bank's premises and a Diebold ATM in the bank's outer wall.

Mercantile's correspondents have been notified of the service, and preliminary talks now are being held with interested banks. In addition, Mercantile will hold a spring seminar on the concept of personal electronic banking. At that time, bankers may view the system in operation and gain additional information on the new service.

Firm's Staff Enters EFT World With Direct-Deposit Service

TULSA—In a reported "first" for this city, 53 employees of Resource Sciences Corp. (RSC) have entered the EFT world through Bank of Oklahoma's direct-payroll-deposit service, TransFund. In the past, employees taking part in a direct-deposit program had to use just one bank, but the new service allows deposits to be made in the bank of one's choice.

RSC is a consulting engineering firm with operations in 32 countries and 31 states, so as many as 20% of its employees could be away from Tulsa on any given payday, a spokesman says. With Bank of Oklahoma's new program, however, such employees are assured that their paychecks will be deposited automatically in their accounts.

Under the program, RSC personnel may withdraw funds from checking accounts, transfer funds to savings and make a number of other transactions at a Bank of Oklahoma TransFund ATM on the RSC premises.

The service is less costly to customers and banks, according to a Bank of Oklahoma spokesman. Besides being convenient, TransFund reduces checking charges—many Tulsa banks are reviving checking-account service charges—and participating firms benefit from a reduction in cost of processing and mailing payroll checks, the spokesman adds. In addition, employees' chances of having checks stolen, lost or forged are eliminated, and participants needn't wait in a long line on payday.

RSC employees in Houston and in Orange County, Calif., are able to have paychecks deposited directly in local banks through Bank of Oklahoma's correspondent agreements.

ACH System 'One of Best,' Says Ernst & Ernst Evaluation

WASHINGTON, D. C.—An evaluation of the control and consumer protection features of the nation's ACH (automated clearing house) system by Ernst & Ernst has turned up positive results. Commissioned by NACHA—the National Automated Clearing House Association—the report found the controls provided in the ACH system "to be one of the best we have reviewed."

NACHA engaged Ernst & Ernst to perform an independent and objective evaluation, which was conducted in conjunction with ACH organizations in Cleveland, Kansas City, Minneapolis and New York. According to a NACHA spokesman, "It is our opinion the report confirms that ACH participants may use the system with confidence since it is well controlled and their interests are protected."

Ernst & Ernst concluded that effective protection to consumers from system errors and unnecessary information storage is provided by ACH rules and system features. The firm suggested several areas where clarification or en-

We keep checks from feeling lost, returned, or rejected.

Continental Bank's check processing exception rate is consistently lower than Chicago and national bank averages.

Our people never stop working to minimize annoying rejects, returns, and lost items. And they really do a job.

Just take lost items for example. Continental's lost item rate per 100,000 checks processed is only 13...while the national average is 29.*

And this means our correspondents save money by spending a lot less time inquiring about problems.

Join the Continental Correspondents who enjoy the advantages of our check processing service. Call John Tingleff at (312) 828-2191 to find out why it's the best in the business.

*National figure is taken with permission from the 1975 Bank Administration Institute Survey of the Check Collection System. Continental Bank figure is as submitted to the Survey.



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John H. Schweitzer, officer in charge of Mercantile Trust of St. Louis' Gravois Banking Center, congratulates Eleanore Wahby, the center's millionth Fingertip Banking machine customer. Mercantile Trust's first ATMs were installed in the St. Louis area in November, 1975, and the bank now has 14 in operation in that city. In addition, a bank spokesman reports, the Fingertip Banking machines now are approaching 100,000 transactions per month.

hancement of system controls could be made. Therefore, NACHA's systems/operations committee has formed a special task force to evaluate the recommendations for possible implementation.

Inquiries concerning the report should be directed to Charles H. Chappas, Associate Director, Payments System Planning Division, American Bankers Association, 1120 Connecticut Ave., N. W., Washington, DC 20036. Copies of the report (publication #665800) may be purchased for \$15 by contacting the ABA's Order Processing Division at the above address.

Corporate News Roundup

- **Associates Commercial Corp.** J. R. Meetze has been appointed regional vice president of the industrial division of Associates Commercial Corp., Chicago-based commercial financing subsidiary of Associates Corp. of North America. He will be responsible for sales in several states, including Alabama and Tennessee.

- **Parker & Co.** This Chattanooga, Tenn., advertising, marketing and public relations agency was formed last August to serve the banking industry. According to a spokesman, its highly specialized service was created specifically for small to medium-sized banks. Bill Parker and Marianne Ozmer are the principals in the firm. Mr. Parker formerly was an ad director of a holding company and also treasurer of



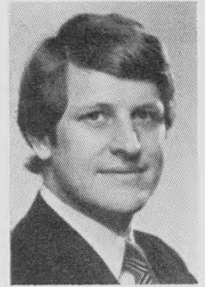
Bill Parker and Marianne Ozmer are shown at work at new advertising, marketing and PR agency, Parker & Co., Chattanooga, Tenn.

a million-dollar ad agency. Mrs. Ozmer has 20 years' writing experience and has authored a book on personal financial planning.

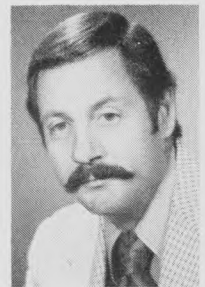
- **Walter E. Heller & Co.** Robert J. Abrahams has been promoted to senior vice president, rediscount-consumer finance division, Walter E. Heller & Co., Chicago. The firm is a subsidiary of Walter E. Heller International Corp. Mr. Abrahams heads the rediscounting and consumer finance activities and has been with Heller since 1960. He formerly had co-owned a consumer finance business in Chicago.



ABRAHAMS



BERGHORST



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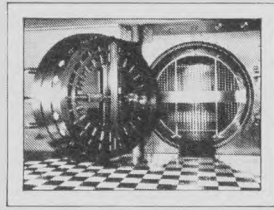
- **Howard, Weil, Labouisse, Friedrichs, Inc.** John B. Levert Jr., president of this investment securities firm, has been elected its CEO. He succeeds G. Shelby Friedrichs, who continues as chairman. Founded in 1946, the firm is said to be the only full-service New York Stock Exchange member firm with its headquarters in New Orleans.

- **Lawrence Systems, Inc.** D. Theodore Berghorst, senior vice president, Lawrence Systems, Inc., has been named head of the Great Midwest Group of the San Francisco-based collateral control services firm. He was formerly Chicago regional manager and his new duties include management of the Chicago and Toronto regions, which have been combined. The Chicago region comprises 13 states and the Toronto region takes in eastern Canada.

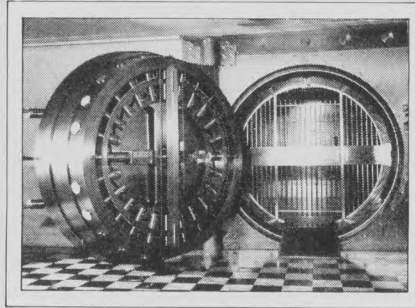


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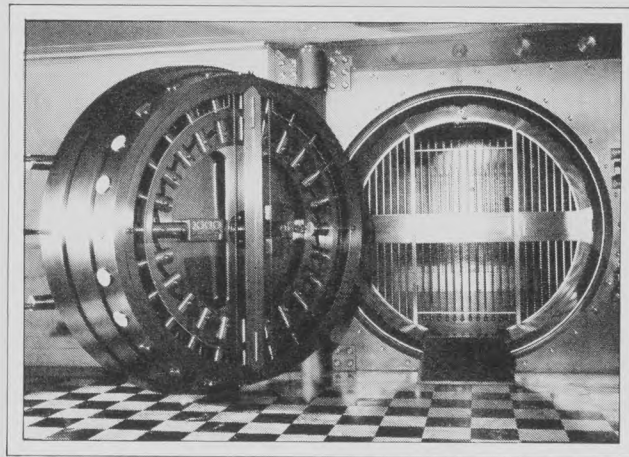
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Personnel

Banks Looking for Key Bank Managers May Need Services of a 'Headhunter'

By **PETER H. LAUER**
President
Lauer & Holbrook, Inc.
Chicago

IF YOU'RE among the growing number of bank executives who have found you can't find key managers simply by running an ad, then you're ready for a headhunter!

"Headhunter" is the popular term, of course, for an executive searcher experienced in finding candidates compatible with your financial institution's management balance and the specifics of the position description.

Banks seeking a replacement for a key executive, or attempting to provide for a smooth succession of top management, may not be able to find the right person within their institutions. Sometimes, banks will "reward" a promising manager by pushing him or her into unfamiliar territory, and soon they have a "square peg in a round hole" problem. By the time they recognize the problem and select a qualified person, they may have lost a year to 18 months. In today's competitive business climate, most banks cannot afford that sort of "catchup" time.

Executive search firms use their many contacts and industry sources to locate prospective candidates. Initial screening usually is done by phone, without revealing the name or the client, unless it appears that the person is a prime candidate.

Once the searcher has narrowed down those who meet the position's general qualifications and are willing to make a change, he conducts thorough personal interviews and screens the backgrounds and references of all final candidates. Only those interested candidates who fulfill all requirements of the position, both technically and personally, are presented to the bank.

Another "bonus" gained from working with an executive search firm is that after the bank has decided on the best candidate, the recruiter often can be helpful in the delicate problem of making a successful offer. Because of the rapport existing before and during the search, the executive searcher has a unique relationship with the candidate.

So, how do you locate the right headhunter for your institution?

One of the best sources for finding a reputable search firm is the Association of Executive Recruiting Consultants. The AERC is highly selective in the admittance of members; they are thoroughly screened; their clients are checked as to satisfactory service, and all of them have to adhere to a strict code of ethics. A list can be obtained by writing the AERC at 30 Rockefeller Plaza, New York, NY 10020.

"... A point that's important and often overlooked is to find out who actually will perform the search and how members of the firm work together. This often is more important than the so-called reputation of the firm itself."

It's advisable to interview several firms before deciding which one best suits your needs. Here are some key questions you ought to ask:

1. Do they have experience in a field similar to where you want to look? For example, if you are searching for a trust officer, ask for specifics as to when they last performed a similar search and, if possible, for whom.

2. Most search firms will not be reluctant to tell you who their clients are. It would be a plus for you if some of those banks are about your size and have similar operating and investment policies.

3. A point that's important and often overlooked is to find out *who* actually will perform the search and how mem-

bers of the firm work together. This often is more important than the so-called reputation of the firm itself. You should have empathy with the recruiter. This is true particularly when dealing with a large firm in the profession.

4. Find out what kind of reports on prospective candidates will be sent to you, how many candidates usually are presented and what happens if the right person is not found within a reasonable period.

5. Does the firm or the particular consultant really have enough time available to do justice to the assignment?

6. The fee structure is very important. Most reputable search firms charge 25%-35% of the expected base salary of the successful candidate's first year's remuneration. Some recruiters include bonuses in this. In most cases, the last invoice is adjusted to reflect the total salary. In some cases, a fixed

amount is quoted. There are a few firms who work on a time basis, and they usually will give an estimate as to time expected, which may vary between 25%-35%.

7. It's important to find out whether the fee is renegotiable after a certain amount of time has elapsed and the assignment turns out to be more difficult than originally contemplated. Also, how are discontinuances of an assignment handled by the consultant?

8. As far as timing is concerned, it might be well to find out what the average search length has been in the past. Good consultants should have some statistics on this and, surprisingly, many searches will average four to six months with some search firms.

9. An interesting question might be how much of the firm's time is spent on promotion or business development. Most top firms operate on their reputations through recommendations and repeat business. Another interesting question might be what percentage of repeat business was obtained in the past year.

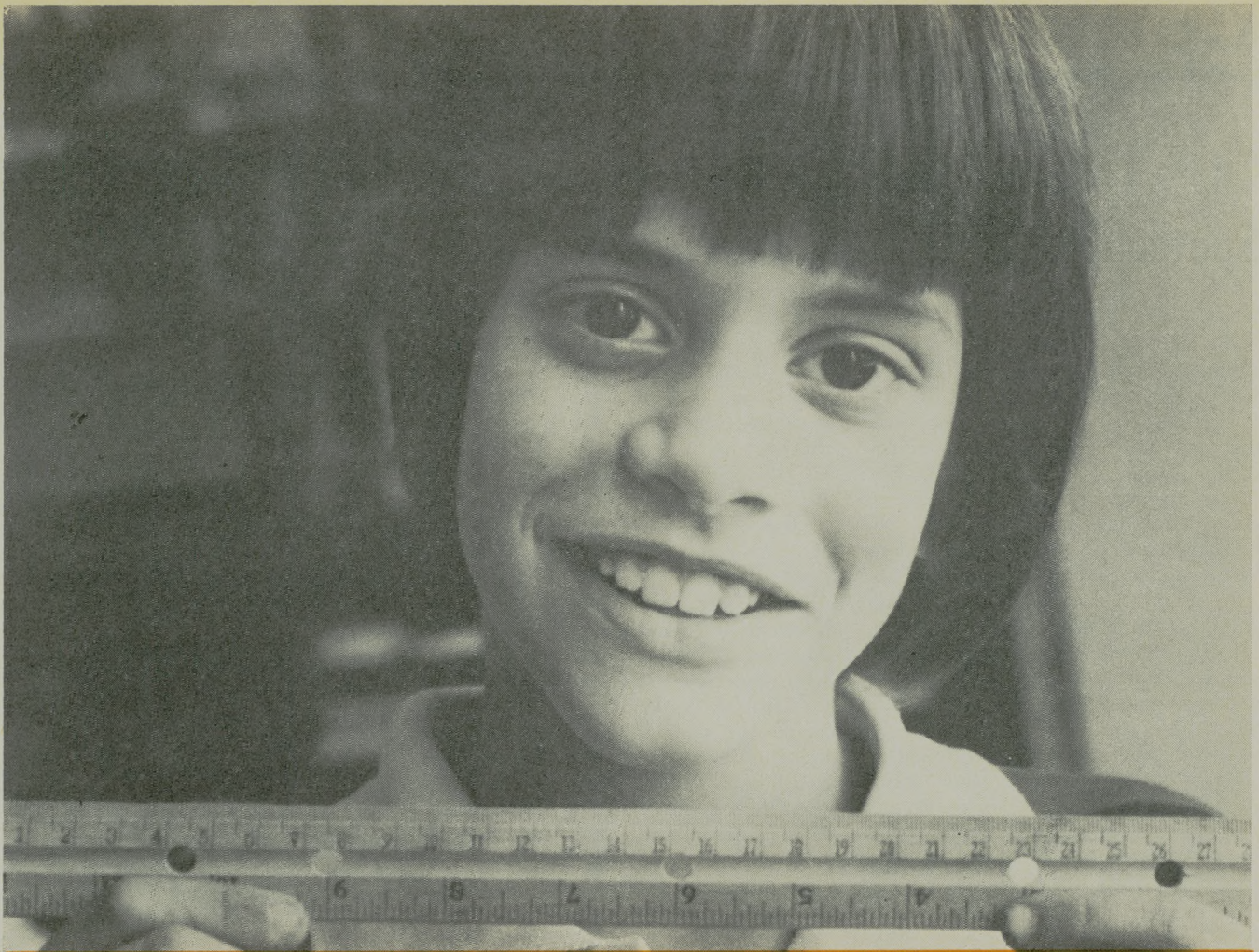
Unlike employment agencies, executive search firms work only for the employer. Executive search firms develop a basic knowledge of your business, your objectives and your managerial philosophy. Then they put that information to work for you.

You'll find, I think, that headhunters are just good business . . . like a good attorney or accountant. ••

Mr. Lauer, a CPA, directed all financial and personnel activities for a major Chicago corporation before starting the executive search firm of Lauer & Holbrook, Inc., in 1970. He also has worked in the treasury and controllership areas of other important mid-western manufacturing and service concerns.

Mr. Lauer received his MBA degree from the University of Chicago, where he since has lectured frequently on professional topics and has been on the Graduate School of Business faculty. Lauer & Holbrook belongs to the Association of Executive Recruiting Consultants, Inc.





OUR CHILDREN HAVE KEPT THEIR 12-INCH RULERS...

but they're watching as Mississippi's ETV network shows them how to "Go Metric" with a series produced for PBS... one of the increasing number of programs from the Mississippi Center for Educational Television that are being viewed nationwide. We'll bet you don't know all the facts about the good things we're doing in Mississippi.



**Find out more from
First National Bank...
you'll be interested
in what you hear.**

Jackson, Mississippi Member FDIC

Community Involvement

City's Livestock Industry Heritage Spotlighted in Chicago Bank Display

CHICAGO and the livestock industry once were considered almost synonymous. To commemorate the era when they were, the city's Central National displayed for four weeks early this year 27 portraits of prominent cattlemen and agriculturalists. The portraits once were housed in the historic Stock Yard Inn and were loaned to the bank by the Prince family, whose members were instrumental in founding and rebuilding the stock yards and the inn.

Also on loan from the Prince family is a 300-year-old grandfather clock that stands 15 feet high, weighs over a ton and once graced the lobby alcove at the Stock Yard Inn. The clock has been dusted off and its inner workings restored. After remaining silent many decades, it's chiming again in its new surroundings in the commercial banking department (it's on loan to the bank for an indefinite time). The clock dates back to 1683, has a black oak base, which features a carved head of Christ bearing the inscription, "Worshipful Master, 24th Sept., 1683" and flanked by two cherubs. Above the head of Christ is a British coat of arms encircled by the French words: "Honni

soit qui mal y pense" ("Evil be to him that evil thinks"). At the top of the clock just above its dial stand four carved monks, two of which hold hammers and remain stationary. The third pulls a cord whenever the clock strikes an hour, and the fourth monk moves his hands in benediction with each tick of the clock. On the clock's face are shown the time of day, the day of the week, the date and the month.

The 27 portraits are of America's most famous cattlemen, including Armour, Chisholm, Cudahy and Swift, who pioneered the cattle industry and, as Central National puts it, helped shape America's destiny. The paintings are from the Stock Yard Inn's Saddle and Sirloin Gallery, which, at one time, was the world's largest portrait collection of men devoted to a single industry. According to the bank, the collection has been acclaimed both for its artistic and historical value.

In addition to its work with the stock yards and the inn, the Prince family established the Live Stock National Bank, a direct descendant of the Union Stock Yards National Bank. These banks, says Central National, pioneered agricultural banking in Chicago. In 1965, Live Stock National was merged with Central National, and, since then, Central National has maintained a prominent position in agricultural banking. • •

It's a Gift:

Bank Gives Shot in Arm To University's Campaign

Parker Square Bank, Wichita Falls, Tex., has given the advance midwestern development campaign of Midwestern State University, Wichita Falls, a shot in the arm with a gift of \$16,425.

The money will be used by the school to sponsor a series of annual "Faculty Conferences on Professional Excellence" on the university's campus as a part of a faculty development program. According to a school spokesman, the two-day conferences will focus on a different theme each year, featuring lectures, seminars, group dis-



Dick Waggoner (l.), pres., Parker Square Bank, Wichita Falls, Tex., presents check for \$16,425 to John G. Barker, pres., Midwestern State University, Wichita Falls, as Thomas Bond, school v.p. of academic affairs, looks on. Gift is to be used for sponsorship of faculty conferences on professional excellence.

cussions and workshops. Topics to be covered will include innovative teaching techniques, motivation theory, faculty/student evaluation, audio/visual resources and research.

According to Dick Waggoner, bank president, "Many people don't realize that learning is as much a continuing process for faculty members as it is for students. Faculty members spend countless hours each year updating their skills and keeping abreast of new developments in their fields. Parker Square Bank's gift will allow the university to support those endeavors in a positive way."

Additional \$650,000:

Minbanc Capital Corp. Invests in Minority Banks

Minbanc Capital Corp., Washington, D. C., has invested an additional \$650,000 in two minority banks: Consolidated Bank, Richmond, and American State, Tulsa.

Minbanc was created in 1972 by the commercial banking industry to raise money through sale of its own stock to invest in minority-owned banks.

Consolidated Bank received \$400,000, which it will use for construction and expansion. It is said to be the oldest continuously existing black bank in the U. S., with total resources averaging \$26 million and capital of \$2,213,000.

American State received the remaining \$250,000 investment, which it will use to build a new Main Office a few miles from its present location in the north Tulsa area. Established in 1970, American State has resources averaging \$6 million and total capital of \$878,000.



This 300-year-old grandfather clock, which once stood in Chicago's famous Stock Yard Inn, now is on loan for indefinite time to Central Nat'l, Chicago. It's on display in bank's commercial banking department.

Plea for Revitalized Business District Receives Boost From Bank Ads

A SURVEY was conducted several months ago by First National, Lincolnshire, Ill., to determine what types of businesses and professional services were thought to be lacking in the town by residents. That survey has resulted in the beginning of a revitalization of the community's business district.

"The idea began with the formation of a chamber of commerce in Lincolnshire," says David A. Alford, bank president and chamber of commerce head. "Community and business leaders realized that Lincolnshire lacked any real order to its commercial development and, unless something was done, residents would continue to shop elsewhere, thus hampering the commercial potential of our town."

A committee was formed by the chamber of commerce to study the problem, but the bank provided the impetus—via ideas and funding—for a survey.

What were the survey results? Current Lincolnshire services were inadequate, said 97% of the respondents. When asked what retail services they would utilize, "grocery" led the list, being chosen by 84% of those surveyed. "Pharmacy" and "hardware" were next highest, with 70% opting for each of those choices. The two most-wanted professional services the townspeople

of Lincolnshire wanted were "doctor" (41%) and "dentist" (32%).

Once the results of the survey were tabulated, the bank placed an ad in a number of suburban newspapers telling of the need for new business opportunities in Lincolnshire. And the ads so far have resulted in a new dry cleaning business, a butcher, a paint-wallpaper store, an insurance agency, a pharmacist and several manufacturers' representative organizations. In addition, two dentists, three attorneys, a physician and an orthodontist have opened

Bank Presents Bell to City



A replica of the Liberty Bell was presented to the city of Herrin, Ill., by Herrin Security Bank recently. The bell is on permanent display at the new City Hall in Herrin. The bell, made by the I. T. Verdin Co., Cincinnati, was on display at the bank's lobby prior to the presentation. Admiring the bell are (from l.) Herrin Mayor John McVey; Charles Helleny, bank executive vice president; Illinois Senator Gene Johns; and then-Illinois Governor Daniel Walker.

Hang your shingle here

What you see after the new business/ professional services...
 What you see after the new business/ professional services...
 What you see after the new business/ professional services...

Type of business	% of respondents
Hardware	84%
Pharmacy	70%
Dry Cleaning	60%
Butcher	41%
Dentist	32%
Doctor	28%
Insurance agency	18%
Real estate	15%

Professional services
 41% Doctor
 32% Dentist
 28% Attorney
 18% Insurance
 15% Real estate

What's Going On?

Community Activities Noted On Bank's Bulletin Boards

Residents of areas served by First Bank, South Bend, Ind., should have a better idea of the activities going on in their communities. The bank has installed community bulletin boards in its neighborhood branch offices.

According to a bank spokesman, "First Bank always has been a community-minded bank and has supported the projects of many community, social, civic and religious organizations. Understanding the publicity needs of these groups, First Bank decided to install bulletin boards in its offices for the display of materials promoting such organizations' activities."

To be posted on a First Bank bulletin board, materials must represent non-profit organizations to which contributions are tax deductible.

Bank Contributes to Time Capsule



Dick Waggoner (l.), pres., Parker Square Bank, Wichita Falls, Tex., presents institution's contribution to city's bicentennial time capsule to Arthur Beyer, bicentennial commission ch. Included in bank's contribution were a letter to city's citizens of 2076 (year capsule will be opened) telling of institution's growth, brochures detailing bank's services and instructions for a gift: Last December 1, Parker Square Bank contributed \$50 to "Citizens of Wichita Falls" account, to be withdrawn—with interest—in 100 years for preservation of area's historical heritage and to promote civic awareness. (At 5%, a bank spokesman notes, the account would total \$7,418 by that time.)

First Nat'l, Lincolnshire, Ill., sponsored ads like this one to attract new business and professional services to community.

practices in the town.

The campaign has boded well for First National, too, Mr. Alford notes. "We've received many compliments from area residents and business leaders. On the other hand, some existing businesses have expressed resentment of the program and two actually have closed their accounts with the bank. But the positive response far outweighs the negative. Many of the new businesses have opened accounts with First National, and we have provided much in the way of financing them.

"Besides the benefit of new businesses being added to the community," Mr. Alford notes, "the revenue from sales tax in the town will help us, rather than surrounding communities."



Keith L. Hamilton, v.p. and br. admin. supervisor, First Bank, South Bend, Ind., joins Mary Cytacki, op. mgr., Lincolnway West Office, in placing promotional poster on bank's community bulletin board. Bank has installed boards in neighborhood branches, furnishes space to nonprofit organizations for promoting community activities.

Bank Investments

Bond Market's Excellent Performance In 1976 Noted by New York City Firm

BOND MARKETS last year turned in an excellent investment performance that was highly competitive with stock market results, according to Salomon Brothers, New York City-based international investment banking, market-making and research firm. In fact, says the firm, the total return on bonds in 1976 was the best since 1970.

Information on the 1976 bond markets is contained in the "Annual Review of the Bond Market," published by Salomon Brothers. The report was written by Henry Kaufman, general partner and executive committee member; Richard I. Johannesen Jr., vice president in charge of the bond market research department; and Robert V. Di Clemente, capital market analyst.

The total return for high-grade bonds in 1976—which is measured by price change plus interest income as a percent of starting value—ranged from

15% to 30%, depending on the bond-market sector. This compared with returns of 8% to 17% in 1975.

Long-term "Baa" industrial bonds last year, however, registered the best total return—45%. This was followed by municipal bonds, where the returns ranged from 30% for seasoned "A"-rated electric revenue bonds to 21% for new prime general-obligation issues. The return for the high-grade corporate-bond market as a whole was 18%, but bank and finance company bonds showed better returns of 21% and 22%, respectively.

By comparison, Standard & Poor's 500 common-stock average yielded a total return of 23%, and the return on the Standard & Poor's utility common-stock average was 30%.

"The fixed-income portion of the equity market, preferred stocks, however, outperformed many of the major

sectors of the capital markets," the authors commented. "For example, seasoned 'A'-rated preferred stocks showed a total return of 34% and 'A'-rated issues attained 26%."

Over a longer period of time, performance of bonds versus stocks is just about a standoff, according to the authors, who add, "Since 1969, long U. S. governments, high-grade corporate bonds and municipals of medium quality and seasoned tax-exempt revenue issues have attained an average annual total rate of return of 7% compared with 6% for common stocks."

Noting that yields in nearly all debt-market sectors were at cyclically low levels at year-end 1976, the report points out that the money and bond markets were the most tranquil since 1972, despite several pronounced price swings. Average monthly yield changes for long governments and long-term corporates, it continues, were only half as large as in 1975 and extremely modest in the money-market sector.

The report compares yields on debt issues with inflation rates by saying, "With the exception of the very high inflation periods in 1973 and 1974, the new 'Aa' utility-bond yields have exceeded the GNP deflator by 2% to 4% since 1965, reaching a high for the period of about 4.5%" at one interval in 1976.

There were striking differences in growth of the credit markets last year, says the Salomon Brothers' study. "While the size of the money market actually contracted, the intermediate and long-term debt markets expanded at a record-shattering rate."

Total volume of outstanding selected money-market instruments, including Treasury bills, Federal Credit Agency notes, commercial paper, bankers acceptances, CDs and municipal notes, contracted by an unprecedented \$17 billion to \$272.5 billion in the year. This mainly was because of a continued sharp fall of \$20.8 billion in negotiable CDs outstanding, the second consecutive yearly decline. Money-market instruments went up by a record \$61 billion in 1974 and were \$26 billion higher the following year.

In contrast, the outstanding volume of intermediate and long-term debt obligations increased by a record \$127 billion in 1976 to \$998.7 billion. According to the report, this was due mainly to an unprecedented increase of \$59 billion in U. S. Treasury notes and bonds and a record increase of \$9.3 billion in foreign bond issues in the U. S. market. ••

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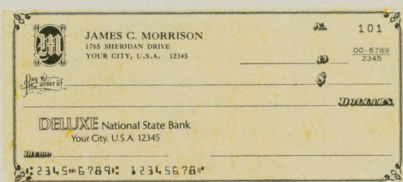
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Mortgage Lending

Home Mortgages Must Be Tailor Made To Fit Needs of Today's Families

THE TRADITIONAL home mortgage and its method of repayment over a 20- or 30-year period at a fixed rate of interest is inadequate to meet today's housing needs, according to Leon T. Kendall, president, Mortgage Guaranty Insurance Corp. (MGIC), Milwaukee. This firm is described as the nation's largest private insurer of mortgages.

This country now needs tailor-made mortgages designed to meet individual families' varying requirements, Mr. Kendall told the 32nd annual Senior Executives' Conference of Mortgage Bankers at New York University. In almost every area of business finance, noted Mr. Kendall, diversity is the order of the day, with the exception of the standard mortgage, a heritage of the great depression.

Mr. Kendall outlined several innovations that would update the mortgage as a "debt instrument." They included:

- *Graduated payments.* They would vary according to a home buyer's income. Payments could start low and increase as the homeowner's income increases. Such a mortgage might mean payments on interest only for the first five years.

- *Interest-only loans.* For a specified period, only interest would be paid; then, the principal would be repaid in a "balloon" payment or the loan could be renegotiated.

- *Rate and term renegotiation every five years.* This could benefit the transient home buyer or the person who plans to change homes within that period.

- *Permit skipped payments.* For example, a seasonal worker could make mortgage payments according to his own income flow.

- *Offer a line of credit.* This would enable the home buyer to borrow against his increasing equity in his home to meet major family expenses, such as a college education or home improvements, at economical rates.

In addition, Mr. Kendall suggested sharing a house's value increase with the builder or lender. This could be done in return for a lower down payment and a lower interest rate.

Another suggestion was to separate the land from the improvement and amortize them on two different bases.

Lenders and mortgage bankers, said Mr. Kendall, can no longer ignore pressure from home buyers and consumers for a more flexible mortgage instrument, as well as increasing interest in the subject by the federal government, legislators and the news media. As examples of government interest in change, he pointed to a mortgage instrument research study by the Federal Home Loan Bank Board (FHLBB) and bills recently introduced in Congress.

He added that the money crisis of 1974, along with double-digit-interest rates, inflation in home prices, the cyclicity of housing and the economy and other forces, exposed the shortcomings of the present-day mortgage structure.

As just a few of the weaknesses laid bare, Mr. Kendall listed usury and FHA ceilings, costly FHA origination procedures, cumbersome foreclosure procedures and restricted powers of thrift institutions.

Mr. Kendall believes the demand for housing by first-time home buyers between 25 and 34 years of age will continue for the rest of this decade and beyond. In 1975, households in this category totaled 13.5 million, he continued, and by 1980, the number will be 16.8 million.

The MGIC executive explained that the trend toward flexibility of the mortgage instrument presents both a challenge and a threat to mortgage lenders.

"You face a conflict between standardization and diversity," he warned, "between federalization of the mortgage instrument and pressures in the consumer marketplace for flexibility, tailoring the mortgage instrument to the needs of individual home buyers."

Graduate School of Banking Commissions Research Study On Mortgage-Loan Topics

MADISON, WIS.—What would be the advantages and disadvantages to consumers and banks of having home mortgages portable from lender to lender? Is it feasible—legally, economically and operationally—to restructure the mortgage instrument to make it truly profitable? Does the concept of "mortgage portability" offer a workable solution to some of the financial aspects of our nation's "housing problem"?

These and other questions will be the subject of a research study that has been commissioned by the Graduate School of Banking, University of Wisconsin.

Franz E. Fischer will conduct the research. He is a faculty member of the University of Wisconsin Extension and the Society of Real Estate Appraisers. The research has been funded through the Graduate School of Banking's educational fund and guided by an advisory group of bankers and members of the school's faculty.

According to a school spokesman, the study will be completed by August, with the results published and made available shortly thereafter.

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Installment Lending

Bank Boosts Installment-Loan Volume By Emphasizing Simple Interest

A SIMPLE-INTEREST-installment-loan campaign, started three years ago at Mountain States Bank, Denver, has been stressing availability of loans to women and the advantages of being an independent bank. Its success can be measured by the fact that, according to Vice President Robert E. Jordan, the number of installment-loan customers in 1976 increased by almost 800 over the previous year, and installment-loan volume went up 29% over 1975.

Mr. Jordan adds that all installment loans are made on a direct basis; the bank doesn't buy dealer paper from anyone.

The campaign is designed only for radio; in fact, says Mr. Jordan, 90% of the bank's advertising budget is for radio production.

The campaign oriented toward women has the theme, "Ladies welcome . . . at Mountain States Bank" and utilizes a 60-second spot in which a woman's comments are interspersed with lines sung by a male vocalist to guitar accompaniment. In one commercial, the woman remarks that the easiest way for a woman to get a loan at most banks is on the arm of her husband. Then she adds, "Thank goodness that isn't true at Mountain States." After discoursing on how she believes in the rights of an individual, she closes by saying, "So, if you've been getting the cold shoulder where you bank, maybe it's time you changed climates.

As for me, I found I got a much warmer reception at Mountain States. And, really . . . I think you will, too."

Mr. Jordan says it's difficult to estimate how many loans to women resulted from the radio campaign because the bank already had a big female clientele consisting of professional women, nurses, executives, etc. However, he describes the oral response as overwhelmingly favorable. He points out that there were a lot of nuisance phone calls for \$25 and \$50 loans for various purposes, some not quite bankable.

Home-improvement and car-loan commercials emphasize that a borrower may prepay whenever he wishes without being penalized. In fact, each commercial is highlighted by a vocalist singing at various times: "It's interesting to find a bank whose interest declines with each prepayment you make." "Why sign a note for more than you borrow . . . pay for today . . . not for tomorrow" and "Think what you could do with the money you save just by borrowing at Mountain States Bank."

Commercials spotlighting Mountain States Bank's independence emphasize that it's "one of the last of the good ole banks" and that its officers not only have the authority to make decisions, but also the know-how. If, for some reason, there's a problem they can't handle, says one commercial, ". . . the 'pres' himself is right there at all times,

ready to step in and help. And at Mountain States, you can't go any higher than him." These commercials have the recurring theme, "Independent, that's our style. We're independent at Mountain States Bank."

The commercials were created and produced by Fred Arthur Productions, Ltd., Denver, for the bank's house agency, Robert Jordan Associates. • •

For Higher Education:

Sources of Financial Aid Are Reported by BofA

Sources of financial aid to help ease the increasing costs of higher education are discussed in a report by Bank of America, San Francisco. "Ways to Finance an Education" takes a look at 21 sources of scholarships, grants and loans to help pay for a college education.

Also detailed in the publication are programs that combine work with study. Special financial-aid programs for graduate, women and minority students are outlined in the report.

According to "Ways to Finance an Education," the federal government is one of the largest sources of financial aid. Basic Educational Opportunity grants, for instance, pay \$400-\$1,400 yearly, and other grants allot more to students unable to afford college costs without aid.

State governments offer much aid, the report shows. California, for instance, arranges a number of scholarships for undergraduates and graduates through the Student Aid Commission; some schools offer their own scholarships, fellowships, grants and loans funded by their own budgets or by private donors. Some schools, the report says, allow students to delay tuition payments.

"Ways to Finance an Education" indicates that the private-aid boom of the '50s is over, but that business organizations, professional associations, labor unions and community organizations are good sources to be considered for educational aid. Private lenders, the report shows, continue to play a major role through the federal government's student-loan program.

Other hints provided by the publication include how to cut costs once financial aid has been obtained. Also part of the report is a timetable to help students plan for financial assistance.

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- 2. Higher yield.** Your profits are being squeezed by spiraling costs and can be offset by a high yield home modernization plan. An ICS program assures that your gross income will be higher than that received from FHA auto and mobile home loans. Let us demonstrate how an ICS insured program will provide a dramatic increase in profits on a privately insured portfolio compared to FHA coverage.
- 3. 100% Credit Protection.** ICS insured home improvement loans enjoy 100% credit protection. And we include every unpredictable default . . . such as layoffs, recession, strikes, bankruptcy and divorce. Other loans, by comparison, put the entire burden of risk on you.

- 4. Unlimited Marketing Opportunities.** Every home improvement loan provides the opportunity to effectively cross-sell all banking services. The home owner is a ready-made and growing audience for promotions that provide useful and innovative home modernization ideas. Since 1954, ICS has accumulated a wide variety of effective home improvement promotions that are offered exclusively to our more than 1100 client banks.
- 5. Increased home modernization activity.** There couldn't be a better time to emphasize home improvement loans. Because of inflation, people are more involved in do-it-yourself projects and are constantly aware of needed improvements. Also high mortgage rates make HIL more feasible from an economic standpoint.
- 6. Community Service.** The home owner is the "backbone" of the community. There is no better way for your bank to make a constructive contribution to community service than the active promotion of programs for financing the maintenance and improvement of property!

6 reasons why now is the time to expand your home improvement loan volume. Call or write William F. Schumann, President, for personalized ideas applied to your situation. As the world's largest home improvement loan insurance service company, our expertise will help you achieve your profit goals.



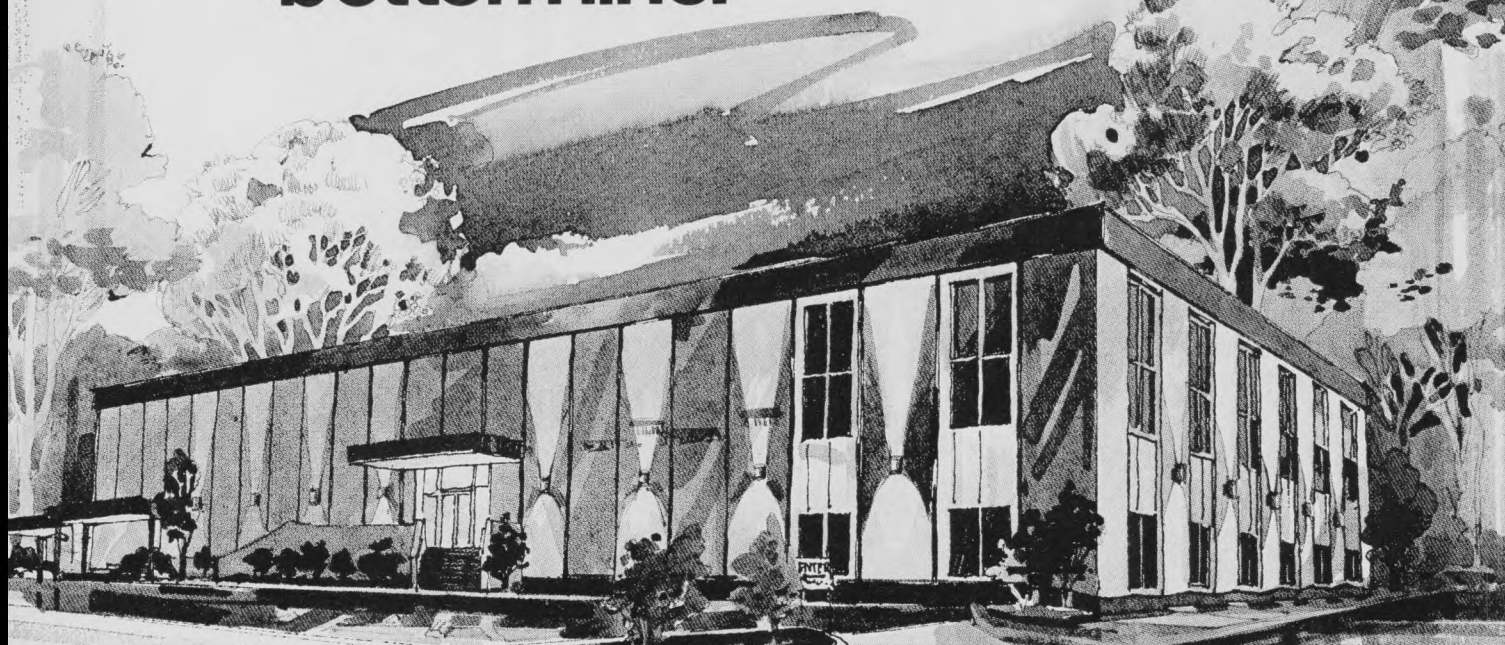
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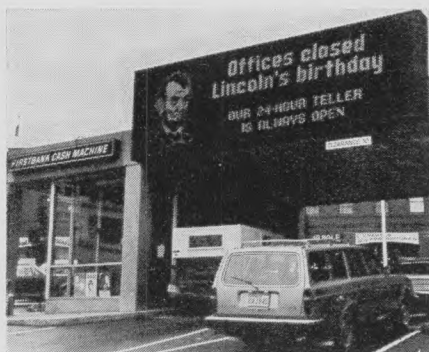
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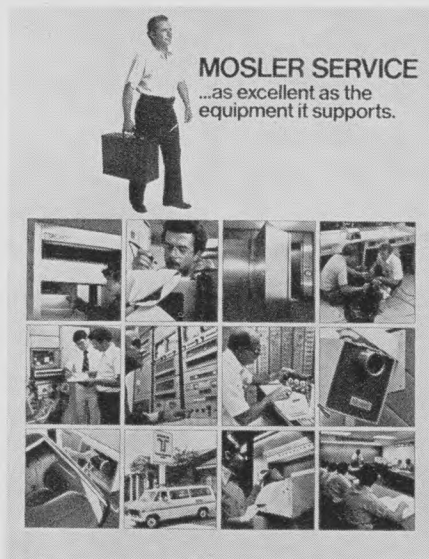
- **Auto Owners Guide.** Here's a giveaway that should be a natural for a bank's installment loan department: an auto owners guide and service record. Created by St. Louisan Stephen Corey, it consists of two sides: On one side is a chart of recommended services and suggestions as to when to have such services done and on the other side blank spaces for the motorist to keep a record of mileage and dates when these services are performed. The chart, on sturdy cardboard, measures 13½ x 4¼ and folds in the middle to fit into an auto's glove compartment. Write: Stephen Corey, 6258 Rhodes Ave., St. Louis, MO 63109.

- **American Sign & Indicator Corp.** A visual sign display using both words and pictures has been introduced by American Sign & Indicator Corp., Spokane, Wash. Called Unex, the system has models for both indoor and outdoor use and can be operated by one of several computer-controlled consoles—the Mark 400 desk console and the portable Mark 50. The Mark 400 is programmed using a keyboard similar to a typewriter. A TV-like screen on



the console allows the operator to check messages and create graphics. Its computer memory can store more than 100 pictorials for future recall, according to the manufacturer, and the Unex panel can be programmed to display messages automatically for up to a week in advance. Write: American Sign & Indicator Corp., 2310 North Fancher Way, Spokane, WA 99206.

MID-CONTINENT BANKER for March, 1977



MOSLER SERVICE
...as excellent as the
equipment it supports.

- **Mosler.** Mosler Safe Co., Hamilton, O., has published a brochure that describes the firm's total service-support efforts. It describes the Mosler national service organization, which includes field offices and personnel strategically located within a short distance of most Mosler customers; service technicians who use vans described as mobile service shops that can handle routine service or equipment installations; emergency 24-hour service that's available from all Mosler service centers; and a training school for new service personnel located at Mosler headquarters in Hamilton. For a free copy of the service brochure, write: Mosler Safe Co., Department PR-083, 1561 Grand Boulevard, Hamilton, OH 45012.

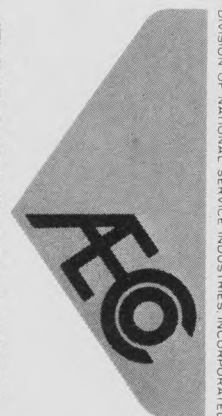
- **Diebold, Inc.** Now available from Diebold, Inc., Canton, O., is a full-color, eight-page booklet on the "Stock 200" safe deposit sections now available in a larger selection of sizes and configurations. The booklet discusses the delivery speed and flexible numbering system of the Diebold Stock 200 safe deposit sections and provides diagrams of typical sections. Also shown are color photos of Stock 200 installations and diagrams of Unitized Safe Deposit sections for vaults eight feet high. In addition, the brochure covers optional features available, including U. L.-listed locks, key trays or drawers and pull shelves for installation between safe deposit box sections. Write: Public Relations Department, Diebold, Inc., Canton, OH 44711.

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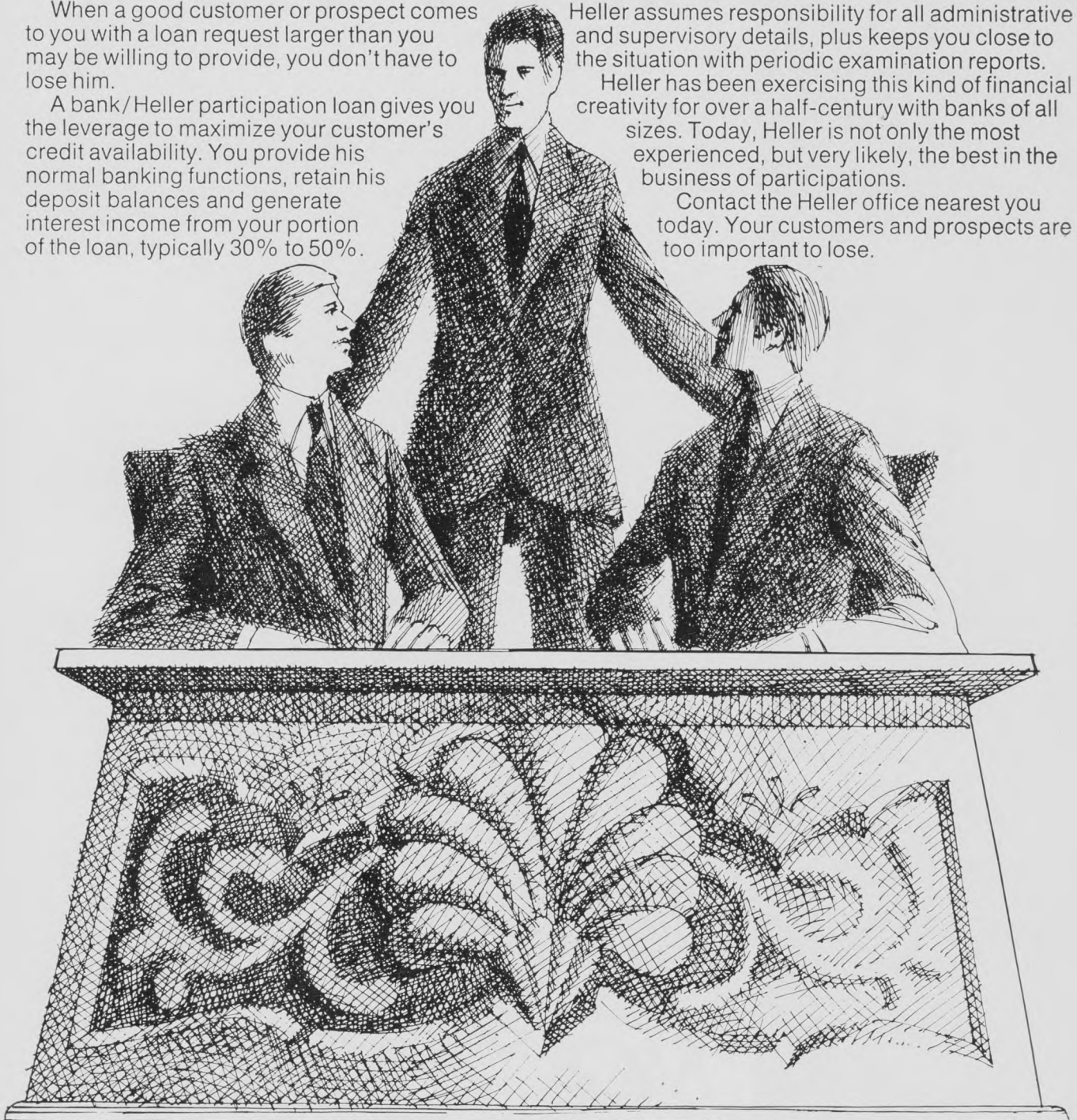
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DIRECTOR

INVOLVEMENT:

A Key Element in Bank Growth!

DIRECTOR involvement is the key to bank growth, says Harry B. Brock Jr., chairman, Central Bancshares of the South, and CEO, Central Bank, both located in Birmingham, Ala.

Mr. Brock knows what he's talking about. He opened Central Bank in 1964 with \$1 million in capital and 11 employees. Now he presides over a \$1 billion institution employing more than 1,900 people, with earnings exceeding \$11 million annually.

Mr. Brock's success formula requires each director to make a five-part pledge to the bank: (1) He must commit all the business he controls to the bank; (2) he must devote one day per month to the solicitation of bank business; (3) he must agree to underwrite any additional capital requirements needed by the bank; (4) he must agree to meet with the loan committee weekly in addition to regular monthly directors' meetings; and (5) he must commit himself to help any bank customer who calls on him for assistance.

"I don't think anybody should serve on the board of any bank unless he's willing to do business with that bank," Mr. Brock says. "Some director candidates balk at such a requirement, but we would have ruined our whole team effort had we ever compromised on that rule."

Mr. Brock terms the one-day-per-month requirement a "wonderful commitment." It isn't too much to ask, he says, and the commitment serves as a guarantee that the director will accompany officers when they call on prospects.

The commitment on the part of directors to underwrite capital might seem like a small matter, but it's a good thing to have if the bank is anticipating good growth in the future, Mr. Brock says. This means that every director-candidate must be financially responsible and able to invest funds in bank capital in the future. "We ask that no director own more than 5% or less than 1% of the bank's stock," he says. "When an increase in capital is needed, we ask directors to invest in proportion to the stock already owned."

Central Bank's loan committee is deeply involved in extensions of credit, Mr. Brock says, which means that its directors are deeply involved in the important business of the bank.

Contrary to popular belief, Mr. Brock continues, most bank directors serve because they want to obtain a liberal financial education. "It's not the prestige factor as much as it is a desire to learn," he says. "A bank can be a clearing house of information for the entire business community."

Part of this learning activity, Mr. Brock says, is seeking board approval of loans prior to the fact, not after. To do this, each loan application is pre-

sented to directors and they are apprised of its merits. This enables the directors to learn to determine if a loan should or should not be granted. This procedure is important, he says, because, if approval comes after the fact, directors tend to feel that they constitute a rubber stamp board. "This sense of participation and education is what makes our directors so eager to serve on the loan committee," he says.

Directors are asked to help the bank get business for any customer as long as it doesn't interfere with the director's own business, Mr. Brock says.

A strong director policy requires strong leadership on the part of the CEO, according to Mr. Brock. A director can't be expected to make sales calls on his own; he should be in the company of the CEO or other senior officer. And he needs guidelines, since he has not been trained as a banker.

Mr. Brock says the practice of asking directors to turn names of their firms' vendors over to the bank is a good way to form a list of prospective bank customers. Vendor lists should be turned in by directors at least annually because they are subject to frequent change, he says.

It's up to bank management to provide the kind of services that help directors in their selling efforts, according to Mr. Brock.

And it's important that a bank price its services intelligently, he adds. Commercial accounts, which usually are the most profitable, should not be forced to subsidize services provided for less-profitable customers. The best customer should receive below-prime interest rates and the bank can afford to do this if it isn't trapped into offering loss-leader services to its marginal customers. This kind of thinking has been responsible for bringing in new commercial accounts that have enabled Central Bank to maintain its growth rate, Mr. Brock says.

Another service to benefit customers is extended banking hours, Mr. Brock says. From a 2 p.m. closing, five days a week, Central Bank went to an all-day banking schedule, including Saturday

Directors Prepare to Sell

All directors affiliated with Central Bancshares of the South attended a meeting recently to learn about a new business development program. Lead bank of the HC is Central Bank, Birmingham (see story this page).

"Directors have traditionally been advisers to a bank's management team, but when we started our bank we made the directors promise to take a more active role," said Harry B. Brock Jr., CEO of the HC. "If they are to be directors, they have to go out and solicit new business as well as advise."

According to William B. Lewis, director of sales training and communications for the HC, Central Bank was one of the first major banks in the nation to actively encourage its directors to bring in new business.

The HC's year-long program, entitled "Production 77," posits the idea that Central's directors are producers of new business. The tone of the meeting was keyed to classic motion pictures, each of which was made by a dynamic director, such as D. W. Griffith and John Ford.

Last year, a similar program resulted in \$37.4 million worth of new personal and commercial checking accounts, CDs and trust accounts. This year's goal is \$3 million higher.

"I don't think anybody should serve on the board of any bank unless he's willing to do business with that bank. Some director candidates balk at such a requirement, but we would have ruined our whole team effort had we ever compromised on that rule."—Harry B. Brock Jr.



Educational Program Set Up For Bank Directors by ABA; Includes Manual, Seminar

WASHINGTON, D. C.—A new educational program for bank directors received final approval last month at a meeting of the ABA's Bank Directors Program Task Force. Under sponsorship of the ABA's Community Bankers Division, the five-member task force started its work last July on developing a new bank directors educational package that incorporates a working manual and seminar program.

A working manual is the core element of the educational package, but it's designed to be used by itself as a ready reference for bank directors. Major chapters of the booklet cover the many aspects of a director's job, including an overview of "The Business of Banking," "The Board," "Functional Responsibilities," "Legal Responsibilities" and "The Director's Accountability."

A field test of the complete educational program was held January 25 in Charleston, W. Va. Forty bank directors from 16 banks took part in the pilot project held by the ABA in cooperation with the West Virginia Bankers Association. The seminar is a 15-hour package set up in modules so that it can be offered as a series of short sessions or can allow for a one- or two-day program. During the seminar, directors may participate actively in discussing cases covering a wide range of functions, including: analysis of bank capital, evaluating bank management, bank personnel, board vacancies and policy matters.

The manual and seminar program will be ready in April.

Money Management:

Trust Co. Bank, Atlanta, Gives 'Educated Lunches'

Personal money management probably is a confusing topic to many people. In an effort to shed light on basic money matters and to answer individual consumer questions, Trust Co. Bank, Atlanta, sponsored a series of "educated lunches" for interested consumers.

Held during the lunch hour and lasting 30 minutes each, the seminars covered the topics of "Budgeting—It's Not as Scary as It Sounds"; "How to Establish Credit and Apply for a Loan" and "Estate Planning."

The public was invited to the classes and merely had to bring lunches—soft drinks and coffee were provided free by Trust Co. Bank.

hours. The bank also adopted a policy of closing only on major holidays, cutting down considerably on the 15 holidays it had formerly observed.

Still another service Central Bank offers its customers is accounts receivable financing. "When I first started in banking, accounts receivable financing was a dirty word," Mr. Brock says. "It was the thing you did short of going bankrupt."

According to Mr. Brock, this service brings in some of the best business a bank can have, provided proper audit procedures are maintained. "Why let the accounts receivable financing customer take his business to New York when you can handle it right at the bank?" Mr. Brock asks.

Another popular service introduced by Mr. Brock is cash management. He insists that a bank can make money with this service, provided the pricing is on target. Mr. Brock tells of one account Central Bank has that formerly maintained a million dollar balance. When the firm hired an aggressive treasurer, it was necessary for the bank to provide cash management services. Now the account balance is zero, but the firm remits a considerable monthly fee for the service. "That fee goes straight to the bottom line," Mr. Brock says. "You don't have to put up a reserve for it and you don't have to pay postage to get it."

Another innovation adopted by Central Bank is frequent luncheons in the bank's private dining room for high-balance commercial customers. Mr. Brock hosts these luncheons and their purpose is not to get business for the bank, but to introduce businessmen to each other, give them an opportunity to talk about their businesses and explore the possibilities of establishing business relationships with one another.

Mr. Brock has been hosting these luncheons for more than 12 years and values them because they enable him to meet with every major customer of the bank every six months. "If the bank tried to sell itself at these luncheons," Mr. Brock says, "we'd soon run out of guests."

Central Bank recently adopted a new director call program that has been

termed "different" from the usual program. First, a record is kept of the new business brought in by directors. A scoreboard hangs in the board room with each director's name on it. As a director's participation results in new business, he receives credit on the scoreboard. Second, directors are awarded trading stamps in proportion to the amount of new business they bring in. Mr. Brock says the popularity of trading stamps is phenomenal.

Mr. Brock sets a premium on the fact that directors establish yearly quotas of the new business they expect to bring to the bank.

Looking toward the future, Mr. Brock says a bank must be careful not to become overloaded with directors. But, at the same time, it must have good director talent in the wings to succeed present directors. Central Bank maintains a young executives board, composed of budding business talent from the community. These people are often related to directors of other Birmingham banks and serve as junior officers of their firms.

The young executives are entrusted with many of the duties and responsibilities of senior board members. Mr. Brock's theory is that, by the time the bank needs these people as senior directors, they will have advanced in their firms to the point where they can bring their firms' business to Central Bank.

The young executives are expected to bring their personal business to the bank, participate in board meetings and devote a day a month to bank business solicitation. They also are expected to own stock.

In return, they receive a financially oriented education and the prestige that goes with a board affiliation at a relatively early age.

Mr. Brock has proved that directors can be a bank's best friend if they are provided with the type of leadership that encourages them to contribute actively to bank growth. • •

What Are the Potential Liabilities Of Being a Bank Director?

FEW POSITIONS in a community carry such obvious recognition and honor as that of being a bank director. Along with that recognition, however, goes a great deal of responsibility, along with some liabilities. The manner in which bank directors assume their responsibilities will greatly affect a bank's success.

The specific objective of this article is to talk about the potential liabilities men and women assume when they become bank directors. To accomplish this, I'll deal not only with theory and possibilities, but also with facts and actual examples.

Most of my firm's research is developed by our own staff. However, where several industry comparisons are desirable, we obtain the professional services of an outside consulting firm. Just recently, we purchased such a study from a consultant. This consultant reported to us some rather startling findings related to problems experienced by senior bank managements.

For example, when comparing the percentage of lawsuits filed against bank officers and directors with officers and directors in other types of industries, it was found that the banking industry, at the present time, has the highest claim frequency of all categories.

This report revealed that, during the past six years, over 20% of all banks have suffered one or more directors and officers claims and that there's a direct relationship between the frequency of these claims and a bank's profitability.

The study showed that 50% of all claims against officers and directors are still open and awaiting trial. Thirty-six percent were settled by litigation; 10% were dropped by claimants, and just over 3% have been tried, but are being appealed. When there's such a high number of cases awaiting trial, it can readily be seen why it's so hard to predict the total potential liability that can be imposed eventually on bank directors. Some of these cases stay on the books for eight or 10 years before they're settled.

The management consultant also brought up interesting figures showing the average cost for attorneys' fees in defending a D&O claim to be \$205,000. When the average payment is added

By **ROBERT W. MARSHMAN**
Vice President/Marketing
Scarborough & Co.
Chicago

to the defense cost, the total would be more than \$1 million per claim.

Several years ago, this same consultant predicted loss ratios would be more than 20% or 30%, but in 1975 he predicted underwriters would experience loss ratios of 100% on D&O liability insurance, and his latest (1976) report predicts loss ratios of over 125%.

Who makes the claims and why?
Bank directors and officers—as well as those of all kinds of businesses—are finding there's a tremendously increased potential for personal liability. Although stockholder suits are the cause of approximately 40% of all suits brought against directors and officers, unhappy bank customers (either alone or in class actions), government agencies and citizens' groups are the cause of over 50% of all claims.

Now let's discuss some actual cases involving suits against bank directors:

- A suit charges former directors and officers of a bank with conflict of interest, self dealing and dereliction of duty. The suit was filed by current officers and directors of the insured bank.

- A suit alleges fraudulent breach of contract and requests damages from the defendant bank based on termination of a Master Charge contract.

- Action was taken by a state charging the defendant bank and its trust officers with the unauthorized practice of law.

- There's a class-action suit against a financial institution alleging fraud in computation of interest on a 360-day basis instead of a 365-day basis. As

yet, directors and officers have not been named. However, it's likely that such action will be taken in the near future.

- An insured bank had a branch that was burglarized over a weekend, and safe deposit box customers' valuables were taken. A suit has been filed by various box renters for more than \$2 million charging the insured bank and its directors and officers with gross dereliction of duty and negligence, fraud and breach of warranty in failing to provide adequate insurance coverage and protection for the facility.

- There's a derivative stockholders' suit involving a large bank. The charge is that directors and officers improperly lent money to an individual and his corporate affiliate.

- A suit filed by a stockholder of a bank demands information in connection with substantial loans that were written off and probably will be written off in the coming year. It can be anticipated that action will be filed charging directors and officers with liability and gross dereliction of duty in the lending operation.

These are all actual cases of directors being sued or likely to be sued. I want to cover some more areas that should be of interest to bank directors. For instance, one reason for electing a new board member is for the new business he can bring to the bank. This, in itself, possibly could lead to a conflict of interest and resultant suit.

Establishment of a bank's overall lending policies and investment policies are, of course, part of a director's duties. However, if there's a sizable loss to the bank as a result of directors' decisions, they may become involved in litigation. What directors do today, based on facts at their disposal, will be judged tomorrow in light of subsequent events and changing times.

Another major area of concern, I believe, is with insider transactions. The FDIC adopted regulations aimed at curbing abuses that might occur in transactions between insured state non-member commercial banks and insiders of those banks. Although insider loans are not necessarily wrong, they should be looked at carefully and approved by the full board of a bank whenever possible. The potential for wrongdoing in this area greatly increases the possibility of liability and has caused many

Mr. Marshman gave the talk on which this article is based at the midwestern region bank director-management workshop held February 11 in St. Louis by the recently formed National Assn. of Bank Directors. Mr. Marshman is a director of NABD.



“ . . . when comparing the percentage of lawsuits filed against bank officers and directors with officers and directors in other types of industries, it was found that the banking industry . . . has the highest claim frequency of all categories.”

losses during the past several years.

Starting this year, the Federal Trade Commission is naming both the corporation and its directors in its complaints against interlocking directors between S&Ls, commercial banks and savings banks. The Justice Department and various state regulators are investigating interlocks even with non-financial institutions.

The Comptroller of the Currency has announced establishment of a national bank surveillance system. This is an early-warning system designed to effect appropriate and timely decisions by directors, examiners and the Comptroller's office. As a result, there may be an increase in cease-and-desist orders and, of course, directors can be made a party to these proceedings.

The Employee Retirement Income Security Act of 1974 (ERISA) has created serious liability exposures. Many bank directors serve on boards whose banks service ERISA programs. A recent survey by the International Foundation of Employee Benefit Plans showed that 95% of the respondents felt that ERISA had greatly increased their personal liability. Provisions and interpretations of the “prudent expert” concept are not only a little fuzzy, but will have to be interpreted through court decisions.

A recent proposal by the Comptroller regarding sales of credit life insurance by banks would prohibit any national bank or its directors or officers from acting as agents for these sales and accident and health insurance sales unless all income is credited to the bank or its wholly-owned subsidiary.

There still are quite a few banks that pay this commission or service fee to individual directors or officers. I believe there's the possibility of tremendous personal liability to directors of a bank that allows these commissions to go to individuals rather than to be retained by the bank—especially if the full board of directors and all stockholders don't know about it.

If a bank suffers a large internal fraud or embezzlement and if the bank doesn't carry a blanket bond with sufficient limits to cover the loss fully, directors again may become personally liable. Let me digress and speak about these large internal fraud losses in banking throughout the U. S.

In 1964, reported cases of fraud and

embezzlement in all financial institutions totaled only \$20 million. However, by 1976, the total amount had increased to more than \$200 million, and the number of cases rose from 2,800 to over 10,000. This alarming and dramatic increase in internal fraud not only has been a cause of bank failures, but also the cause of many suits against directors.

As banks grow, of course, more capital is needed to back that growth. Many banks are having a difficult time trying to raise new capital through sale of stock in today's market. Directors are not free from potential liability in this area. When they're forced to make the market for their own stock, they may be subject to legal action later if the stock is sold at a price relative to book value or relative to earnings that are well above the ratio of other banks whose share prices are set by market forces.

The December *Bank Board Letter* had an interesting comment about uncompensated directors. The article said that a number of banks don't compensate their directors, and these banks are likely to be family held institutions. The question was raised in the article . . . if a director serves without compensation, but is subject to a judgment predicated on an unlawful act during board service, is such judgment an ordinary and necessary business expense? According to the Internal Revenue Service, it is not. *The Bank Board Letter* went on to say that in the case referred to, the director not only was not compensated, but he also was forced into bankruptcy.

The next question is, “Can you afford the risk?” I believe the answer is yes, providing, of course, that when a person is elected to a bank's board, he not only learns as much as possible about his duties and responsibilities as a director, but also protects himself from personal liability through all reasonable avenues, including insurance protection.

Some directors have told me that the indemnification agreements they have with their banks are sufficient. These don't go anywhere near far enough. First of all, there may be cases where it's against the law for the bank to indemnify a director, and then even if the bank did indemnify him, there's always the possibility of a derivative

action being brought against that director by stockholders.

The most common and most widely used protection is with a directors and officers liability insurance policy. This policy basically is written on an all-risk basis, protecting the bank's directors and officers from loss involving alleged negligent acts, errors or omissions while directing or managing the bank's affairs. The coverage is not only for judgments, but also pays defense costs. There are few exclusions in most D&O policies, the major one being from dishonesty and self-dealing losses.

There's what we call a bank extension endorsement to the D&O policy. This endorsement provides coverage to a bank director when he is serving on the board of another corporation at the direction of his own board. There have been more and more suits in this area, and I believe it's quite important for a bank to make sure its own D&O liability policy provides this extension endorsement.

Many companies—including Scarborough—also are starting to put on another exclusion in this coverage so that they will not be liable for any loss as a result of foreign or domestic political contributions or as a result of payments, gratuities or any other favors to or for the benefit of any full- or part-time domestic or foreign governmental or armed services official or agent.

There also are several different types of policies available that protect a bank director from liability while handling his bank's own pension and welfare plans.

There's coverage available to bank trust departments. This coverage protects the insured not only from potential losses as a result of ERISA, but for any act, error or omission arising out of trust department operations. These policies can be extended to include directors, officers and employees in case they are sued as well as the bank as a corporate entity.

We still find that many banks don't have complete protection in their comprehensive general liability policies for losses involving libel and slander suits. Banks should make sure their liability policies have a “personal injury” endorsement added to them for this protection. Even above that, officers and directors should make sure they're protected from libel and slander suits brought against them by their bank's own employees.

With these various specialized coverages, bank directors can protect themselves from liability in most cases, but of equal importance is the need to know as much about bank directors' duties and responsibilities as possible. The National Association of Bank Directors can be a big help! ••

Profit Planning:

Little Publicized Aspect of Bank Management

“PRODUCTIVITY always starts in someone’s mind. The challenge to management is to get the minds throughout an organization to focus on improving productivity. Failure to do so means, at worst, that employees will use their minds to actively block improvement—or, at best, to passively maintain the status quo. And maintaining the status quo is a losing position.” These are the words of an American Management Association president.

In a sense, managing and profit planning are synonymous. Because a business really can’t stand still, it must move in some direction, and management is responsible for deciding the direction in which the business is to go and making certain it stays on course.

Profit planning can be interpreted in various ways. In almost every banking seminar some mention of the technique is made. So, it’s appropriate to define the terms to eliminate erroneous ideas about the topic.

For an opener, have you written a profit plan for your bank? If not, have you ever seen a full profit plan?

Profit planning is a little-publicized aspect of bank management, something considered to be in the realm of a “secret weapon” by those using it. It is well it should be so considered, for it is that powerful!

Greater profit can be planned if you have an involved, committed, working group organized toward doing the right things to achieve their goal.

What are we thinking about when we consider profit planning? We are talking about a management technique—the basic functions of management that each CEO is charged with: planning, organizing, controlling, motivating, reviewing. These can, for the most part, be wrapped up into a package and that package is your management style.

It can be a whole series of little packages that say, “Be here at 8 a.m. sharp each morning and I will tell you what I want you to do.” Or the opposite—“Let’s get our heads together and decide why our bank exists. How should we approach the problem? Who will accept the many responsibilities involved? How well do we believe we are able to accomplish the goals we set?”



By **R. Y. EMPIE**
President
Stock Yards Bank
Oklahoma City

How are we going to periodically check on ourselves to determine our progress?”

The whole thing is based on people efforts—organized people efforts—bankwide. Your people efforts must be organized.

It’s always been an acknowledged fact of life that there is a great variance in what people do and what they can do—their potential.

A great void exists in the ability to measure this variance, but we sometimes subjectively describe this area in terms of industriousness, initiative, creativeness, eagerness, etc. Nonetheless, the variance exists, and the catalyst that moves a person from a so-so attitude to a dedicated, striving attitude is motivation. Motivated people produce outstanding results.

When we talk about profit planning, we are talking about engaging the best efforts of all the people in our bank, focusing them on the important things to be accomplished. And the payoff is dramatically improved profits. Motivation is deceptively simple in concept, but it’s the most difficult thing I do as CEO. And I consider it the most important thing.

A number of basic concepts must be accepted before embarking on a project such as this. To begin with, you must recognize that changes are always threatening to engulf us, whether or not we initiate them. For instance, is your bank on top of the Consumer Credit Protection Act, the Occupational Safety & Health Act, the Equal Em-

ployment Opportunity Act, the Real Estate Settlement Procedures Act, the Bank Secrecy Act, flood control requirements, the Bank Protection Act, electronic fund transfer systems and many other changes?

Growth potential exists in abundance. Find a five- or ten-year-old bank directory for your trade area and look at the size of the banks back then. If you had dreamed such growth was in store, you would have approached things differently! Tremendous growth has been experienced by the banking industry and this growth becomes most noticeable when viewed over a span of years.

People efforts make your bank what it is. Every position in your bank is critically important and you depend on people who are different in their individual effectiveness to fulfill these positions. Some are more ambitious, energetic, skillful, more organized than others, and there are great differences in their attitudes and feelings of responsibility. They expend differing amounts of enthusiasm and willingness. Motivated people rank superior in all of these personal attributes.

You must believe that people are capable of being far more than what they seem to be, and that one of your responsibilities as CEO is to help these people develop to their fullest potential.

Let’s start with the conviction that opportunities for improvement are everywhere. If you are convinced of this, and are accepting the premises of change, growth, motivation and participative management philosophy and are curious, I will detail our bank’s profit planning efforts.

We started out six years ago with a simple plan and have gradually refined and extended it into a more complete effort. Anyone beginning such a plan should work hard to cultivate the understanding of all the people involved. In my case, we all learned together and that was good.

Although our planning efforts involve everyone in our bank, I work directly only with the senior officer group—marketing, commercial, personal banking, support and financial control. Between our meetings, they carry the process into each area of their respon-

sibility. This involvement and communication back and forth throughout the bank is critical to maximizing benefits.

As I solicit the involvement of the head of the support division, for instance, I expect him to solicit the involvement of tellers on issues that concern them. For instance, at the bank level, we consider our employee turnover to be excessive and wish to establish an objective to reduce turnover by half. Each division head takes this back to his staff group and poses the question: What should we do about reducing turnover? They come up with plans. The tellers, for instance, may express dissatisfaction with some aspect of their work, elimination of which may reduce turnover.

These ideas are taken back to division staff meetings where they are incorporated into support division objectives and plans of action. These ideas flow up and down the organization ladder.

Keep in mind the purpose of the process—to obtain involvement and understanding of the problems and challenges of the bank at each person's

organization level, eliciting suggestions and enlisting committed support.

Let's back up to step one of our bank's profit planning effort, which is a mind-stretching session where we pose the question of what our bank will be like five to 10 years ahead. Merely extending growth trend lines will startle some—even exhilarate them—as space requirements, new types of skills, the customer base and profit levels are contemplated. You naturally come around to speculating about what we should be doing now to prepare for future growth.

With everyone's mind loosened up, step two is a discussion of the question of the purpose of the bank. If you want to try an interesting experiment, pose this question to your top people on an individual basis. You will most likely conclude that something needs to be done right away, for, without a purpose that is consciously articulated and made central to every action taken in your organization, you can hardly expect a unity of effort or a strong thrust for achievement among your staff people.

The bank's purpose for existence must be accepted by your staff as valid

and convincing. If some personnel believe the bank exists only to make money for its stockholders, they can hardly be expected to energetically identify with that purpose. Their potential will be forever untapped.

If they believe it exists principally to provide jobs for people, they can hardly be expected to feel the same responsibility for improved performance that top management feels.

If they believe the bank exists primarily to provide depository services to customers, they can hardly be expected to innovate the many services aggressive banks now provide.

If our people are to think of our banks as we think of them, it is imperative that we generate dialogue and arrive at a common understanding—in writing—of the true purpose of the institution.

Each organizational group subsequently discusses the same question. For example, the tellers discuss what the purpose of tellers is. The accounting department discusses why an accounting department is necessary. All use the bank's purpose as a guide to arrive
(Continued on page 38)

First Annual Conference Of New Bank Directors' Group To Be Held April 13-15

NEW ORLEANS—The new National Association of Bank Directors will hold its first annual conference April 13-15 at the Fairmont Roosevelt Hotel here. It will be opened with a cocktail reception, "Night in the French Quarter," from 5-6 p.m. April 13.

The April 14th business session will begin at 9:30 a.m. with the NABD president's address by James Webb Jr., chairman, Nashville City Bank. Other topics to be discussed that day are: "Expanded Responsibility of the Audit Committee"—Martin F. Mertz, partner, Peat, Marwick, Mitchell & Co., New York City; "Selection, Evaluation and Utilization of Bank Directors"—Lewis E. Davids, Hill professor of bank man-

agement, University of Missouri-Columbia; "A Legal Report on the Bank Director's Expanded Responsibilities and Increased Liabilities"—Andrew Kramer, attorney-at-law, Seyforth, Shaw, Fairweather & Geraldson, Chicago; "A Director's Look at a Bank's New Consumer Responsibilities"—Maurice Mann, president, Federal Home Loan Bank, San Francisco; and "What a Director Should Expect From Management"—William Bowen, president, Commercial National, Little Rock. Also planned for that day is a panel discussion on "The Inside Director and the Management Function," with Pat Moore, president, American State, Thomas, Okla., as moderator. A question-and-answer period will close the first business session.

At 6:30 p.m. April 14, there will be a banquet at which Allen Stults will discuss "The Future of the Bank Director From the Regulatory Point of View." Mr. Stults is chairman, Ameri-

can National, Chicago.

On April 15, these topics are on the program: "An Outside Director Looks at the Bank Board"—Eugene Rossides, director, Sterling National, New York City; "The Bank Director—Where Does He Stand?"—Paul Nadler, professor of banking and finance, Rutgers University, New Brunswick, N. J.; and "A Job Ahead," Jerome D. Twomey, chairman of NABD and president, Sterling National, New York City. A panel is planned on "The Outside Director and the Management Function," with Martin Sterenbuch, NABD counsel and attorney-at-law, Washington, D. C., as moderator. Also on the April 15th program will be group discussions on "What Are the Needs of Bank Directors?"

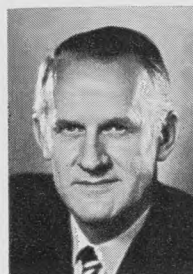
Further information and/or registration forms may be obtained by writing: National Association of Bank Directors, Post Office Box 5021, Springfield, IL 62701.



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Comprehensive Agenda Enables Banks To Keep Directors Informed

DIRECTORS are entitled to and should be informed of everything of any importance that goes on in their bank. With that in mind, we at Commerce Bancshares designed a comprehensive agenda and we insist that all affiliate bank managements follow it in conducting their board meetings.

Within the framework of our standard agenda, each bank's management should prepare its own agenda, listing special items to be considered or discussed and, to the extent possible, these agenda should be mailed to directors prior to each meeting, ideally, a week in advance.

An agenda has value because it keeps the meeting on the track. If the chairman is businesslike in his approach, the agenda keeps the meeting from degenerating into a general bull session.

The first item on our agenda is calling the meeting to order and approving the minutes of the last meeting. Some banks prefer to mail copies of minutes to directors for leisure reading, eliminating the need for the secretary to read them at the next meeting. Corrections can still be made prior to approval.

The next order of business is a review of the comparative statement of condition. In the case of our standard comparative balance sheets and chart of accounts, a comparison is made between the most recent month and the same month a year previous. Also, a comparison of earnings for the current month is made with those of the same month a year previous and a comparison of earnings for the year-to-date is made with the same period the previous year. In both the balance sheet and profit-and-loss comparisons, a column is provided to compare the actual results with the budget or profit plan. If we see that we are straying too far from our profit plan, a monthly review provides time to make policy changes, take corrective action or do whatever the circumstances dictate.

In compliance with the requirement of at least one regulatory agency, our directors review monthly a liquidity analysis that is made a part of the board report.

The next item is a review of all purchases and maturities of securities

By B. M. LAMBERSON
Vice Chairman
Commerce Bancshares, Inc.
Kansas City

since the last regular meeting. In reporting securities transactions to directors, it is important to indicate whether the security is rated or non-rated. If it is rated, the rating should be noted, as should the maturity, coupon, yield and name of the issuing entity. In too many cases in recent years, managements have reached for yield only and wound up with poor-quality securities. Knowledgeable directors should exercise some restraint on management if they see a situation of this nature developing.

It's worthwhile to have directors review all new accounts opened with balances of \$1,000 or more, together with a list of accounts closed if the balances have averaged in excess of \$1,000.

In large banks this may be a cumbersome report, but it doesn't take long to scan a list and doing so makes a director more knowledgeable about who is doing business with the bank.

As part of the report of accounts opened and closed, we have monthly recaps to show the exact number of the various types of deposit accounts on the books, compared with the same day one year previous, so we can see at a glance the numbers of checking, savings and CD customers we have at various points in time.

We request bank managements to give directors reports of the number of new business calls made by the various calling officers. This is not as important to the directors as it is to managements of affiliates. Since this is con-

sidered to be a desirable program, bank managements would be embarrassed to report little or no activity. The practice tends to put pressure on management to show performance.

Next on the agenda is review and approval of all loans or increases in loans by \$1,000 or more since the last meeting. This is a requirement of all regulatory agencies. Loans are the life of any bank and the bank will either prosper or suffer, depending on the quality of its loan portfolio.

Depending on the size of the bank, there may be discount committees that include outside directors. Meeting frequency varies from daily to monthly, but a review of all loans made since the last meeting is included in the board meeting even though the loans may have been approved at various intervals during the month by the discount committee. To look at every loan of \$1,000 or more is rather cumbersome in larger banks. We have been told by some regulators that they will be satisfied if they are provided with a list of all loans made of \$1,000 or more, together with a list of loans increased by that amount. This eliminates the need to actually look through thousands of advances made by a bank's consumer credit department or charge card operation.

Directors should look at the larger advances and commitments, together with any concentration of risk, whether it be in a large volume of small loans, all secured by the same type collateral, or receivables generated by a credit card operation.

Almost equally important to the report of loans made is the report of loans considered and disapproved. This information is important to directors in their evaluation of management and it should be of assistance to directors in their relationship with the business community. Lines of credit established or renewed should be reviewed at each meeting.

A review of liabilities under letters of credit issued, transactions in foreign currencies, as well as positioning of securities in trading accounts in bond departments is equally important. These are high-risk areas of the larger banks and directors are entitled to have



Mr. Lamberson gave the talk on which this article is based at the midwestern region bank director-management workshop held February 11 in St. Louis by the recently formed National Assn. of Bank Directors. He serves as an advisory director of the assn.

an opportunity to review the risks involved.

It is important that bank management be asked to disclose to directors any loan participations they have bought or issued to others. I have known instances where bank managements have issued loan participations both up and downstream—upstream to correspondents and downstream to depositors who have money to invest. There is nothing wrong with this practice, but it is something directors should be aware of and something over which they should hold control.

In years gone by, especially in areas generating many cattle loans, it has been common for bankers to personally endorse loans of customers and pocket an interest spread from their upstream correspondents. Directors are entitled to know the terms of any participation arrangements so they can be sure no conflict of interest exists on the part of lending officers.

Another important consideration is a review of delinquent accounts. This will give directors a good idea of the condition of the bank's loans and the collection efforts being made, or, in some cases, lack of effort by lending officers.

A word of caution: We have found that lending officers tend to cover up weak or substandard loans by renewing them. In many cases, renewals are justified, but in others the lending officer is kidding himself and his directors by postponing an inevitable loss. We don't like surprises and prefer that our lenders have the courage to tell us when they have a problem and not keep burying it by granting extensions. For that reason, directors should have some knowledge of the weak credits in the bank that are being kept alive by renewal. This is an area at which examiners look closely and sooner or later those loans show up on the reports of examination and will be brought to the attention of directors. By then, in many cases, it is too late to take corrective action.

At each monthly meeting, we like our managements to review with directors any progress being made to get payments or additional collateral on loans carried on the classified list. We have our own loan review staff at the HC level and we classify some loans that are not classified by examiners. It is this list that we want reviewed each month, putting the burden on management to explain to the board what it is doing to get the loans up to acceptable standards.

Management should reveal and discuss with directors any assets repossessed and collateral taken by foreclosure. Review should be made of a plan of disposition. We have a policy

that no one in our firm, including directors, is eligible to buy any assets taken in settlement of debts, particularly where the bank intends to go after the borrower for a deficiency judgment.

In light of the business climate we have operated under in the last few years, we recently adopted a code of conduct for our firm. It spells out exactly what is expected of our people and we have had no adverse reaction to it. In fact, we have found it to be a refreshing experience.

All of our officers are expected to furnish our HC auditor with a full disclosure of their financial affairs, particularly side ventures they may be involved in that would in some way conflict with the performance of their duties.

Each month our directors are given an analysis of our reserve for loan losses and although this is somewhat of a tax consideration and a judgment that is hard for a layman to make unless he has the benefit of a report by the bank's controller or tax accountant, it is an important item in the balance sheet of every bank. As a director, I would like to know that my bank's bad-

debt reserve is at least equal to the industry average.

A section of our board report includes a list of all indebtedness to the bank of every director, officer, employee and any business they may be affiliated with. Overdrafts exceeding \$100 since the last regular meeting are reviewed and approved.

Teller differences are reviewed routinely unless patterns develop or differences are excessive. This may indicate to directors that a tightening of the bank's procedures and audit control would be in order. In our firm, we not only have an outside national accounting firm audit our affairs, we have an in-house staff doing likewise. The in-house staff report should be brought to the attention of directors together with management's response to the audit.

As required by regulatory authorities, reports of examination should be made available to directors for review together with related correspondence. Most banks make the report of examination available to directors at times other than a regular board meeting so they can look it over carefully at their leisure and perhaps initial it to indicate they have read it. Reports of examination are important to directors and quite often provide early warnings of dangerous trends developing in a bank. These warnings should not be considered lightly.

At least annually, bank management is required to review with directors the various types of insurance coverage in force. Coverage should be adequate and in keeping with the formulas prescribed by regulators. Bank management should make full disclosure to directors as to the method of handling credit life or general insurance in the bank, indicating the volume written, commissions generated and a full report as to how the commissions were divided if they were received by individuals or entities other than the bank.

At least annually, management should review with directors any thoughts it has about title changes, salary adjustments, major reassignments of responsibility or anything of importance having to do with bank administration. Fringe benefits in most banks are an important cost item, and no major changes should be made or new benefits provided before they have been reviewed and approved by directors.

Bank officers should report any lawsuits pending against the bank to directors, together with an estimate of the seriousness of the suits. This might occasion an appearance of bank counsel, if he is not a director.

Some bank managements make director's meetings interesting by asking

(Continued on page 46)

Training School Opened To Out-of-State Bankers By La. Bankers Assn.

The Louisiana Bankers Association has announced that the Louisiana Banking School for Supervisory Training (LBSST) has been opened to representatives of banks outside the state. The school's fifth session has been slated for May 15-20 at the University of Southwestern Louisiana, Lafayette.

The LBSST faculty includes Michael Mescon, regents' professor of human relations and chairman, Management Department, Georgia State University, who conducts a session on motivation. Orlando Behling of Ohio State University lectures on job satisfaction and performance appraisal. Mr. Behling also is associate editor of *Personnel Administration* magazine.

Also on the LBSST faculty is Bernard Bienvenu, Management Department head, University of Southwestern Louisiana; Irving Lane, Louisiana State University, Baton Rouge; Joseph Joyce, former vice president in charge of personnel administration, Philadelphia Fed; Lewis C. Picard, executive vice president, Guaranty Bank, Lafayette; and Hartie Spence, vice president, Louisiana Bank, Shreveport.

Registration fee for the 1977 session is \$225, which includes room, meals, tuition and materials. For registration information, write LBSST, Box 17390, Baton Rouge, LA 70893.

'What Do I Do for an Encore?'

A Solution to CEO's Dilemma

AT THE END of each year, as the CEO reviews his business progress, he hopes to find satisfaction in having accomplished his growth goals. He is then faced with a new year. What should he do for an encore? It's normal to continue with the same policies, procedures and plans that have been followed in the past.

As competition for his business market becomes more active, he may find that although a record of growth continues, his market share is diminishing. The business-as-usual program is not enough. He must search for new ideas to obtain stronger support.

There is a powerful, influential, prestigious but unused force that can be enlisted to assist in maintaining the continued year-in-year-out growth of any bank. This latent force is its directors. If they can be motivated to seek business opportunities and new accounts for the bank, their combined and continuous efforts can produce *phenomenal* results in growth and profits. A yearly "encore" will be assured.

In "The Corporate Director" (written in 1966 by J. M. Juran & J. Kieth Lauder, and published by the American Management Association) the authors state, "What motivates a busy man to join someone else's board? There is a well-informed school of thought which contends that the main motivations in being an outside director are nonfinancial. This school lists such nonfinancial factors as:

- Broadening his own executive development.
- Associating with industrial and community leaders, widening his circle of contacts and his knowledge of what's happening in the economy.
- Enhancing his prestige.
- Performing a quasi-public service.
- Meeting new challenges and undergoing new experiences."

Comments and excerpts from "Board Life" (published in 1974 by the American Management Association and written by Robert K. Mueller) are enlightening, as follows: "It has been said that directors in general are the most underpaid and underutilized people in modern organizations. There are



By **JACK MINER**
Senior Associate
Prestige Suites Associates
St. Louis

three general classes of director compensation: real income, psychic income and perquisites, commonly referred to as 'perks.' Perks include club and association memberships, when a social club or association is in any way useful to a director. Recent emphasis on executive and director health has spawned the locker room, private gymnasium and sauna. With women's liberation a force on the horizon, capital appropriations of these facilities may have to be duplicated. Some alert board chairmen provide office space and secretarial help for directors at headquarters.

"Many perks which are enjoyed by the top management also are available to directors. These may include executive dining rooms; private office bars and washrooms; contract barber and shoeshine services; messenger and valet services; chauffeurs; private secretarial help; phone, mail, telex, library and photographic services and almost unlimited interior decorating service for offices."

The author has had 32 years' experience in directing the efforts of architects, interior designers, contractors and others in the creation of modern banking quarters. Most of those years were spent with Bank Building Corp. of America, where he served as senior vice president and national director of sales. Recently, he left that firm to form his own company, Prestige Suites Associates, St. Louis.

In a recent study of director activity conducted by Prestige Suites Associates, approximately 500 CEOs of financial institutions were surveyed. A "Director Activity Report" has been published by Prestige Suites Associates documenting survey results. The following conclusions are listed in the report:

- The majority of institutions have *not* associated their directors with any strongly identified new business program. The directors certainly have not been viewed as a "super" sales force for new customers and for promoting desirable business opportunities.

- A majority of directors do *not* make a significant contribution to achieving new business goals.

- Although a great majority of CEOs want greater director involvement in new business, they do not want more involvement in other aspects of operations.

- A large majority (approximately three out of four), when asked to consider the possibility of greater involvement of directors in service and growth objectives of the institution, answered in the affirmative.

- This study revealed a general lack of full utilization of boards of directors. In the majority of institutions, the board appears to be an "audience to performance" and not an active, useful tool for profit.

- The unusually high response to this survey (35%), when compared to a national average for similar studies (7%), indicates a belief that this influential group (the directors), could be used to greater business advantage.

It must be obvious that the environment in which people work has a direct influence on their behavior, attitude and quality of decisions. Quoting from "An Introduction to Environmental Psychology," written in 1974 (Ittleson-Proshansky-Rivlin and Winkel, published by Holt-Reinhart & Winston, Inc.), "Designers and architects have long known that the form and appearance of a building influence certain behaviors that take place within it . . . man consciously designs environment to accommodate a wide range of human behaviors. Designers . . . create

"In these times when every form of incentive is looked at as possible taxable income, there are few ways in which such tangible appreciation can be shown, but ways must be found if director 'sales' efforts are to be stimulated."

environments which they believe are conducive to the purpose of the institution. The built environment does more than attempt to accommodate existing human needs; it can with various degrees of success influence and change behavior. Stimulus (the environment) acts . . . to produce a given behavior, mood or attitude (in) subtle ways and these aspects of the designed world do indeed affect (if they do not . . . determine) the way people respond. The conclusion here is simply that the design of interior space influences people on many levels."

From "Public Places and Private Spaces," written in 1976 (by Albert Mehrabian; publisher: Basic Books, Inc., New York City): "Environmental psychologists have been challenged to develop a succinct, comprehensive method to describe differences in individuals' reactions to places. Environmental psychologists can tell you, for example, whether people who gather to socialize in a given living room will tend to be subdued, stiff, noncommittal or anxious to leave, or whether they will tend to be outgoing, friendly, relaxed or eager to remain and have a good time.

"People's reactions to all environments fall into one of two main categories, 'approach' or 'avoidance.' Approach behavior means that a person attempts to enter into communication with others by establishing eye contact, smiling, nodding, greeting, helping someone with a package or starting a conversation. Avoidance behavior is just the opposite: Others are ignored, eye contact is avoided, physical distance from people is increased, the body is turned away from them, and conversational attempts are rebuffed. But approach and avoidance mean more than just physically moving toward or away from an environment. These terms are also used to characterize behavior in environments from which a person cannot physically remove himself.

"A further generalization about approach is that approach behavior, or an environment that causes approach, is usually a positive or desired sort of thing. It is fair to say that most people most of the time want to create environments that cause approach behavior but don't always know how to

go about it. The many failures in environmental design—in most cases intuitively selected by the individual himself—can be attributed to . . . notions and traditions which fail to draw on psychological facts to fit persons, their personalities and their many diverse daily activities to places. Once a person has inadvertently committed himself to a partially effective living or working space . . . the individual is hesitant to risk additional expense and effort for elusive gains. And this is why, as in many other realms of life, people continue to live with what is only partially satisfactory, discouraged by the cost, effort and the risks of drastic experimentation with change. People's feelings or emotions are what ultimately determine what they do and how they do it. . . . Environments can cause in us feelings of anger, fear, boredom, pleasure or whatever and do so regardless of how we think we should feel in such environments; and, furthermore, that these feelings will cause us to behave in certain ways regardless of how we think we should behave. A particular environment causes certain emotional reactions in a person. These reactions, in turn, cause the person to approach or avoid the environment to a greater or lesser degree."

Quoting from a talk given by Robert Y. Empie, CEO, Stock Yards National, Oklahoma City: "An organization runs on motivation and on conviction and morale. The greater the motivation, the stronger the conviction; the higher the morale, the greater will be the accomplishment of goals. People have to believe in what they do. They have to care, if we are to have a commendable level of achievement.

"Directors must be *motivated* and unified in their conviction and determination to *exert* a *maximum effort* toward the growth goals of their institution."

How can directors be motivated?

Just like any other employee—*by compensation*. However, more dollars may be nearly useless to the director. There are other factors, i.e., comradery within the board, pride of accomplishment and satisfaction in contributing to the success of the institution. But these factors have always been present.

There's a compensation that never

fails in any level of employment. This most potent of motivators is *prestige recognition*. When one has devoted time and energy to a worthy cause, this type of *recognition* will inspire a desire to do more. For maximum effect, *prestige recognition* should be a constant, continuing reminder of the esteem in which the recipient is held by his associates.

In these times when every form of incentive is looked at as possible taxable income, there are few ways in which such tangible appreciation can be shown, but ways must be found if director "sales" efforts are to be stimulated. One highly visible form of *prestige recognition* can be in the personal offices and surroundings where creative activity is conducted. The facilities and environment furnished to the director tell a continuing story of appreciation better than most other methods and is nontaxable to him while deductible to the institution.

A director probably will not feel obligated to do more for an institution unless he feels there are a recognition and appreciation for what he has already done. Inasmuch as creativity, enthusiasm and dedication are mental qualities, they will be directly influenced by the environment providing the stimulus (or lack of it) for such activity.

Productivity of environment may be achieved in *prestige recognition* of directors through facilities provided for their use.

The board room is, hopefully, the place where productive, innovative and creative business planning is conducted. Not much challenge or creativity will be stimulated in sterile or mediocre rooms. A traditional or minimal treatment in furnishing is a lost opportunity to influence attitudes of board members.

At a minimum, some institutions might want to limit the director incentive to refurbishing the boardroom. Changing the table and chairs and using some imaginative decorating, carpet, planters, etc., might be all the motivation desired at this time.

A simple illustration of important environmental concern involves directors' chairs. Why are they always alike? Obviously, directors are not the same when it comes to height, width, weight, age, sex or chair material preference. Some are of a restless nature (perhaps a swivel base), some are loungers (a comfortable slouch chair), some want to sit straight (with back support), some like fabric seats, others enjoy fine soft leather. Some are smokers with a smoker's needs. Others are not and would like to remain so.

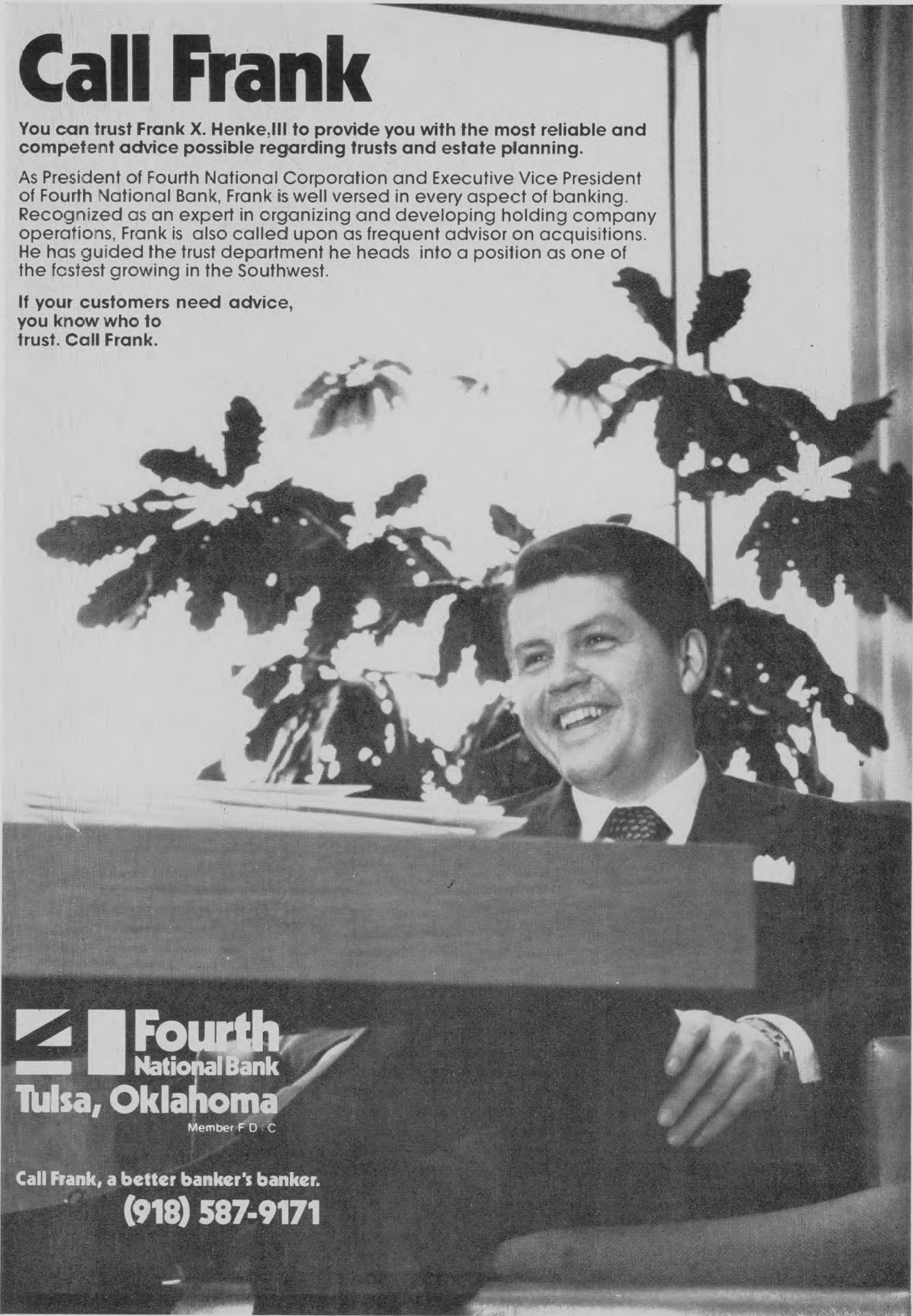
The physical wants and needs of each director should dictate the type


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of comfort in which many hours are spent. Physical discomfort can surely set up a "block" to mental exercise. Chairs should belong to the individual and be identified by a name plate. Of course, colors and a modicum of material similarity would harmonize with the area decor.

Boardroom decor, furnishings and equipment should cause the directors to regard meetings with pleasurable anticipation. The design, utility and quality of the room should be the inspiration for excellence. In creating such an environment, any attempt to substitute low grade for quality will defeat the purpose and waste both money and opportunity.

In medium-sized cities, where there are no fine downtown club/conference room facilities, there is a ready made opportunity to provide the director with a maximum motivation program: a well-planned and furnished directors' conference/lounge where he may bring a business associate for discussion and refreshment. This kind of recognition is highly visible to all directors' peers.

New-business opportunities gained by the bank through this prestige-recognition program can be identified in each individual effort; therefore, the return on the investment can be measured.

There is also a fringe benefit of the directors' lounge program: Increased earnings will occur, but they can't be measured.

Additional incentives providing director recognition and motivation are library and study, private office with secretarial service, card room, sauna, etc. The list can be short or long, as may be justified through increased earnings potentials. The object of these programs must be to increase opportunities for service by the bank, resulting in higher earnings for employees and stockholders.

Prestige recognition of directors by the bank brings a personal satisfaction to them. It will unify them into a competitive, active super sales force, seeking and developing new business programs. • •

Profit Planning

(Continued from page 32)

at a purpose that's complimentary to the bank's purpose.

Step three is a discussion of the definition of the bank's identity. We discuss the significant aspects about the bank—what it is now and what it can become.

We structure into our agenda such questions as:

- What are our services? Listing them on a blackboard is helpful.

- What are our markets? This is good for considerable discussion.

- What will be the market growth for each service? This is a good question to play around with.

- What is our market position for each service?

- Who are our competitors? This may cause some alarm if explored fully.

- Where are our best opportunities? A good topic for mind-stretching.

- What are our people's strengths? Everything else depends on this.

- What are our major problem areas?

- What changes may affect our future?

- What about our physical capabilities?

- What about our financial capabilities?

- What changes might we consider?

- What areas are most promising for us?

Such discussion can be exciting. Participation enriches one's job. It is a form of organizational development for the group. It becomes a fundamental business identification on which the bank's future can be created.

We may confirm a past identity, but most likely something new will develop: a new identity strong enough and motivational enough to combine talents throughout the bank to new heights of achievement.

Conceptualizing a purpose and an identity are fundamental toward unifying the staff. In the same manner, it is fundamental that the CEO gain strength and confidence from knowing who he is and why he's where he is. When there's a unified understanding of the basic posture on the part of the staff, the CEO's leadership effectiveness is enhanced, and when the people he is leading participate in building this common understanding, they will automatically become more committed to active, open-minded support of the CEO's leadership.

Step four is to develop overall objectives. These can be only the product of mutuality, and participation in arriving at a determination is the province of all our top people. It is hard work, for it requires diagnostic thinking and it means we go back to the drawing board many times. Our purpose and identity are in the forefront with an understanding of who we are and why we are here. We are then able to think through and articulate what we want to become.

The time frame of our objectives can be six months, one year, five years, or some other period. Formulation of ob-

jectives will be a personalized effort of each bank's management, and each will be unique.

As an example of what may be considered, these are the objectives formulated by our bank for a given year:

- To raise the standard of competence of our people to render services to our customers' satisfaction.

- To acquire additional funds.

- To control our lending operation.

- To evidence our community responsibilities.

- To provide a comfortable liquidity posture in these days of economic uncertainty and financial stress.

- To improve our internal systems, programs, strategies.

- To improve our staff working climate.

- To have financial results for the year of \$755,000 (we exceeded this figure by \$70,000).

Note that we placed financial results last. We consider them a natural by-product of the measure of achievement of the other goals.

A means of measurement is determined for each objective. Some measurements are automatic. Some are arrived at with great difficulty. But there must be a scorecard and an "agreed-upon-in-advance" measurement of how achievement is to be determined.

I have just enumerated the topical portion of our objectives. The complete objective contains a means of measurement. For example, our objective on community responsibility reads, in full:

To evidence our community responsibilities by:

- The bank being involved in a leadership capacity in at least one significant area-improvement program.

- Each officer being involved actively in some community or civic activity.

- The bank increasing its financial contribution to community organizations by 10%.

When the management group has its objectives in clear focus, in writing, agreed to by all involved, it is ready for a test of its validity.

With as much self-honesty as I can generate, I try to answer these questions for each objective:

- Is this my expression of the bank's objective or is it a consensus of our top people?

- Did I talk too much?

- Did I listen enough?

An organization runs on motivation, on conviction, on morale. The greater the motivation, the stronger the conviction, the higher the morale, the greater will be the accomplishment of the bank toward meeting its goals. People have to believe in what they do. They have to care if we are to

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have a commendable level of achievement.

A next step is to structure the organization into the functions necessary to achieve the objectives. One means of doing this is the creation of a functional organization chart.

Preparation of such a chart often brings about a completeness of the thought processes. Some important observations often become apparent. For instance, as we attempt to place people in the many functional areas, we may conclude that far too many diverse responsibilities are assigned to a given person. We may conclude there is an obvious need for more supervision than the previous arrangement called for. It also might point out inadequate manpower resources.

Much criticism has been directed toward organizational charts. This criticism invariably stems from a misapplication or misunderstanding of the criticizer's place in the scheme of things. It must be understood that any organization plan is restrictive as, in a sense, all guidance is restrictive.

But, if people are to pull together rather than work at cross purposes, a harness is needed. Restriction—in a constructive sense—is needed.

The development of an understanding of the bank's purpose and objective among the entire staff can be thwarted when an organization chart places limits on thought. An ever-present danger exists that an organization chart may create a blockage in the total communication process that is so important to any smoothly-run organization.

Some people even seize upon an organization chart to provide them immunity from interference as they dominate their own area.

The dangers, therefore, inherent in an organization chart are such that in our case it is used only as a vehicle in arriving at an understanding where basic functional responsibilities lie and, at that point, set aside so we can move right into position-responsibility descriptions and standards of performance. Thus, great sensitivity to any misuse of the organization chart must be maintained.

After this, we transfer our attention to each individual in the form of a position-responsibility description.

Probably the first and most basic responsibility any manager or supervisor has is to develop his own position-responsibility description. If someone else has to do this for him, he is certainly not the person for the job. This is not to say there will not be need for clarification and monitoring to avoid overlap or missing areas. Of course, there will be adjustments—refinements

when analyzed collectively—but the basic feel for a position should be best understood by the person filling that position.

He should struggle with developing an understanding of the purpose of his position—why it exists. He should be able to develop and understand the multiple duties and responsibilities he must assume.

In the same manner, he should initiate his own performance standards—statements of the conditions that will exist when a duty or responsibility has been satisfactorily performed.

A job description defines responsibility—what is to be done—while a standard of performance specifies how well the job is to be done. Performance standards should contain everything a boss might conceivably wish to criticize a subordinate about and everything the subordinate may wish recognition for—a mutual understanding of what is to be expected. They should meet the needs of both parties: self-criticism rather than boss-criticism and motivation through recognition.

Next is the development of plans of action and a reporting system. Taking our objectives one at a time, our management group brainstorms and decides on the plans of action that will help achieve our objectives.

These may include programs such as in-house training, in-plant banking and review of salary administration.

Or they may be system changes, such as quality control system installation and development of key account and customer profitability analysis systems.

In the loan area, revisions of loan policies are called for. For the marketing officer, a marketing plan is needed. We also work out revisions of our manpower development, physical facilities and financial plans, and when a consensus is obtained that these are the things that must be done, the division of responsibility is usually self-evident. At that point, a reporting timetable is established to report status, progress, accomplishment, etc.

The pinpointing of responsibility is another critical aspect of organizing to achieve objectives. Each step is vital, and it's hard work.

Finally, there is the preparation of a budget. This is a much more meaningful exercise now because everyone has a picture of what needs to be accomplished, what special programs need to be inaugurated, what new skills and functions we think are advisable, what new emphasis needs to be placed on internal control. The budgeting system now has substance.

It's more than a numbers game. We now understand how and why, and,

with this background, the numbers become sub-goals. The budget profit—or the bottom line—then becomes profit as a result of planning rather than as a result of analysis, and thus we have "profit planning."

If you are looking for a system of profit planning for your bank, I can assure you that this process works and that there is no patent on it. It's yours for the doing! ••

Loan Policy/Implementation Program Available to Bankers From Continental Illinois Nat'l

CHICAGO—Continental Bank now offers a program to assist banks in structuring, implementing and monitoring their loan policies.

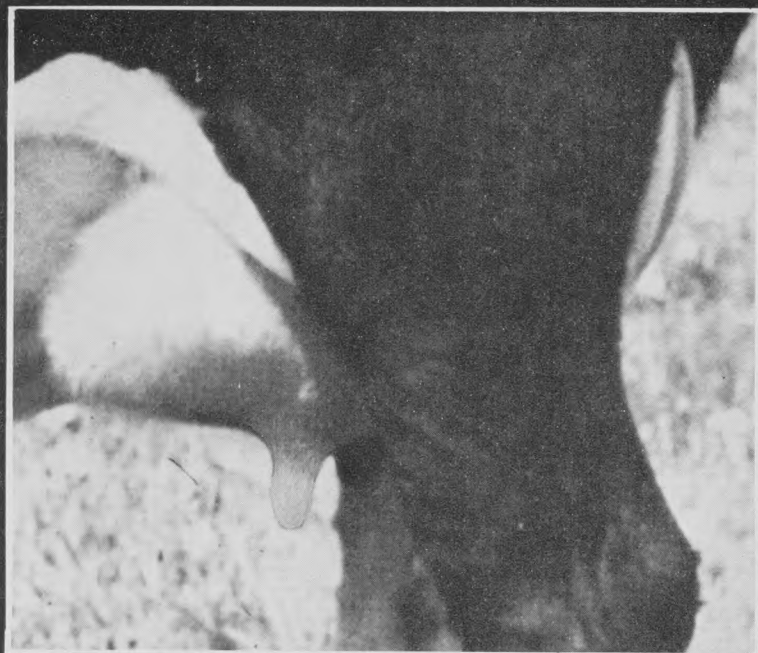
The program, available to banks nationwide, consists of cassette tape recordings of presentations made at a December seminar at Continental and printed materials. It was developed after consulting with regulatory authorities. Materials cover the four essential components of loan policy: director responsibilities, management responsibilities, lending procedures and loan review.

Printed materials include a comprehensive outline for preparing a loan policy, including checklists of loan standards and documentation, a sample loan policy document drawn from the outline, a loan policy function chart and lists of desirable and undesirable loans.

Continental bankers presenting information on the tapes include John B. Tingleff, vice president and head of correspondent banking services in the bank's commercial department; Frank Fitzgerald and Donald J. Howe, loan administration; Roberta Skelton, commercial-metro Midwest; Paula Boldt, international banking; Thomas Elyea, Larry Frowick, Ralph Abelt, Steven Rothenberger and J. Terrance Franke, correspondent banking.

"It is becoming increasingly apparent to bankers that the quality of a bank's loan portfolio is one of the most significant factors differentiating an outstanding bank from a mediocre bank," says Mr. Tingleff. "Structuring a loan policy requires a great commitment of time and analysis, and we planned both the seminar and the packaged materials to assist banks in coping with this difficult task."

Information on the program may be obtained by writing Jeanne Czarnecki, Production Manager, Educational Services Division, Continental Bank, 231 South LaSalle Street, Chicago, IL 60693.



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How much milk will this cow have with such limited capacity? Can we expect her to provide the milk for a growing calf? She just doesn't have the equipment. Can anyone afford to keep her?

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At Deposit Guaranty National:

Upward Trend for Nation's Economy Foreseen by Symposium Speakers

A CONTINUING UPWARD TREND for the economy was forecast by two speakers at the 1977 economic symposium sponsored by Deposit Guaranty National, Jackson, Miss. About 1,000 Mississippi business leaders were present.

ABA President W. Liddon McPeters said that the basic direction of the economy this year promises to be one of continuing growth in output and employment.

"There are two somewhat obvious keys to the strong course of expansion that portends in 1977," said Mr. McPeters, president, Security Bank, Corinth, Miss. "As we enter this year, the consumer has more real money to spend than at the beginning of 1976. Second, business inventories, for the most part, will have to be built up to satisfy consumer spending this year."

According to Mr. McPeters, large flows of savings into banks and other financial intermediaries have been taking place over the past year or so. However, he continued, when the effects of inflation are taken into account, it's found that the real value of savings balances per household didn't move ahead of the 1973 level until the latter part of 1976.

"But the ground we gained in disposable income and savings these last three years is real," he continued, "and people now have money to spend. That was not the case this time last year, although business had anticipated strong consumer demand."

He believes if the economy really is going to get on track and create a base for long-term growth, a second stage in the economic recovery must take

Pictured at top of page are five speakers at 1977 economic symposium sponsored by Deposit Guaranty Nat'l, Jackson, Miss. L. to r., they are: Bert Lance, director, Office of Management & Budget, Washington, D. C.; W. Liddon McPeters, ABA pres.; Jo Foxworth, pres., Jo Foxworth, Inc.; John J. Stephens, v.p., Internat'l Paper Co.; and Edward F. Ryan, ch. & CEO, Merrill Lynch Government Securities, Inc.

place: Business must begin spending billions of dollars to replace old, worn-out equipment with new, more productive capital equipment. This must be done, Mr. McPeters believes, by people who have confidence in our economy and are willing to risk their careers, their businesses, possibly their financial security on the future growth of our economy.

He said the key to sustained growth in the economy will depend on the government and the private sector pursuing independent, but complementary, national economic goals to be achieved over several years. This, he said, is the very point made recently by the ABA's Economic Advisory Committee. At the request of the incoming Carter Administration, this committee considered the question of whether fiscal stimulus would be needed in 1977 to accelerate

Pictured at podium during Deposit Guaranty's economic symposium are Herman Hines (l.), ch. of bank, and John P. Maloney, pres., Deposit Guaranty Corp.



the pace of expansion in the economy. The committee recommended a permanent tax cut across the board, but it pointed out—correctly, in Mr. McPeters' opinion—that such stimulus must be part of an overall long-term economic strategy. ABA President McPeters said he was encouraged to see that the new administration's recently announced economic package includes such a permanent tax reduction.

According to Mr. McPeters, an informal survey of the ABA's Economic Advisory Committee made just two days before the seminar indicated that bank economists generally agree that the proposed \$30-billion fiscal stimulus spread over two years won't place undue inflationary pressures on the economy.

The ABA president also discussed the unemployment problem, saying that too little attention has been paid to the fact that the present level is only partly the result of recession and slow economic recovery. Pragmatically, he suggested, it may be that potential job creation in both the public and private sectors cannot reduce unemployment below the 5% or 6% range without adding substantially to inflation. Further reductions may await the effects of long-term programs to improve the job skills of various groups in the labor force.

According to Mr. McPeters, there are at least five factors making business somewhat skittish about the future: 1. Although interest rates currently are at much lower levels than had been expected four or five months ago and credit is readily available, business generally is holding off from using this in-

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expensive source of funds to finance new production equipment and facilities. 2. Inflation over the last several years has greatly increased the cost of new equipment, and prospective rates of return on investment have been reduced by increases in initial cost as well as in increases in cost of maintenance and operation. 3. Corporate profits have recovered from the 1974-75 slump, but on an after-tax basis, they are only modestly above their 1974 level. 4. During the past several years, the business community has expressed rising concern about mounting costs of government regulation and diversion of time and effort to burdensome compliance procedures and away from productive activities. This has added to operating costs, fueled inflation and dampened investment incentives. 5. The environment in which business operates has been unpredictable, and predictability is needed.

Merrill Lynch Outlook. Edward F. Ryan, chairman and CEO, Merrill

Lynch Government Securities, Inc., New York City, told his audience that his firm's outlook—assuming the nation sticks with fairly sensible policies—is for sustained, if moderate, growth for a prolonged period, with inflation under reasonable control and sufficient funds available to keep the economy moving. All that sounds favorable for the stock market, he continued, and Merrill Lynch market analysts, while expecting some fairly wide trading swings for a while, foresee the fundamental bull market reasserting itself, with the likelihood that it can keep going perhaps for the rest of the decade.

According to Mr. Ryan, Merrill Lynch economists, as of the day of the symposium, expect a gradual rise in most interest rates throughout 1977, although it's conceivable that the present low levels may be stretched out for some time, with the expected upturn delayed a quarter or two. Merrill Lynch believes the bank prime rate may rise from the present 6%-6½%

range to perhaps 7%-7½% by the end of 1977, Treasury bills from around 4½% to, say, 5½%-6% and top-rated corporate bonds from around 7½% to the 8½%-8¾% range.

Bert Lance, Georgia banker who now is director, Office of Management and Budget, in Washington, D. C., also spoke at the symposium and was introduced by Mississippi Governor Cliff Finch. Other speakers included John J. Stephens, vice president and group executive, wood products and resources group, International Paper Co., who discussed the "Outlook for Industry"; and Jo Foxworth, president, Jo Foxworth, Inc., whose topic was "The Economic Effects of Today's Changed Woman."

The morning session was presided over by Herman Hines, chairman, Deposit Guaranty. A panel discussion was moderated by Charles R. Arrington, the bank's executive committee chairman. John P. Maloney, president, Deposit Guaranty Corp., presided at the luncheon. • •

Duties, Responsibilities, Liabilities Of Directors Outlined at Conference

By **ROSEMARY McKELVEY**
Managing Editor

IF DELEGATES to the midwestern region bank director-management workshop held last month in St. Louis didn't leave it with a much greater comprehension of their duties than before, it was no fault of the National Association of Bank Directors, sponsor of the workshop. The NABD was formed late last year to inform, educate and represent both inside and outside bank directors and thus to increase their effectiveness and value to their institutions. The St. Louis meeting was attended by about 200 bank officers and directors from seven states.

Speakers at the regional workshop were able to pack into one day discussions of such subjects as how directors can best serve their banks and represent them to their communities, what bank directors must know to make decisions and what potential liabilities face bank directors. A panel discussion, led by Ben A. Parnell Jr., chairman, Bank of Springfield, Mo., was held on "Duties and Responsibilities of Bank Directors."

Articles based on two of the talks appear elsewhere in this issue. They are bylined by B. M. Lamberson, vice chairman, Commerce Bancshares, Kan-

sas City; and Robert Marshman, vice president, Scarborough & Co., Chicago.

Directors were advised by James V. Baker, executive vice president, Fidelity Bank, Oklahoma City, to devise a strategic plan that ensures the present and future success of their institutions. They really have two responsibilities, according to Mr. Baker: 1. Hire a CEO

and work with him to achieve corporate responsibility, 2. Fire that CEO when he can't get the job done. He said that directors must see that their banks' affairs are planned, organized, led and controlled and that if a bank is inert, that means it has a sluggish board.

Written policies are a must, Mr. Baker emphasized, and everything must be in writing—not just loan policies. Policies on investments, operations, management, etc., should be written, he advised.

Mr. Baker gave his audience this definition of a bank's purpose: a profit-



Pictured at National Association of Bank Directors' midwestern region bank director-management workshop last month are, l. to r.: Peter A. Reilly, NABD e.v.p.; Jerome D. Twomey, NABD ch.; James V. Baker, e.v.p., Fidelity Bank, Oklahoma City, workshop speaker; and James A. Webb Jr., NABD pres. Mr. Twomey is pres., Sterling Nat'l, New York City; Mr. Webb, ch., Nashville City Bank.

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able creation and sale of superior financial services to enable current and future customers to meet their needs.

He also gave this advice: "People will do what you *expect* if you will *inspect* and reward."

In a spirited and often humorous talk, Frank Pesveye, director, Midlantic National Bank/Raritan Valley, Edison, N. J., said a major purpose of bank directors is to explain the banking industry to the public. A director, he said, has five duties: 1. He must help management by allowing it to make use of his expertise. 2. He must devote enough time to serve effectively on committees to which he's appointed. 3. He must help young employees of his bank to improve their skills by taking the necessary training. 4. He must help his bank improve its public relations. To do this, he must know his bank thoroughly and the "why" of its policies so that he can explain them to his friends, business acquaintances, the public in general. This also includes talking to legislators. 5. He must help directly to increase his bank's business. This involves selling on his part.

Mr. Pesveye listed six principles of selling: 1. Be not of faint heart. 2. Talk to the right people—in banking, this means everybody. 3. Watch your language. Use language people understand. 4. Be enthusiastic. 5. Use showmanship. 6. Ask 'em to buy.

Written policies also were referred to—this time in connection with complying with the new consumer protection law—by another conference speaker, Paul J. Pfeilsticker, vice president/consumer lending, Continental Illinois National, Chicago. He advised banks to designate particular officers to see that the banks' written policies and operations comply with the new law. He suggested that persons designated as compliance officers at banks obtain copies of the Comptroller of the Currency's examination manual, which is being revised. Drafts are available now, and Mr. Pfeilsticker said he doesn't expect many more changes to be made before the completed manual is ready early this spring.

In addition to the formal talks and the panel discussion, the conference featured group discussions divided according to states.

The conference was closed with a talk by NABD President James A. Webb Jr., chairman, Nashville City Bank, who described future plans of the organization and also exhorted his listeners to join NABD if they were not already members and to get others to come in, too.

Peter A. Reilly, NABD executive vice president, opened the conference and introduced Jerome D. Twomey,

NABD chairman, who is president, Sterling National, New York City. In turn, Mr. Twomey introduced the various speakers. • •

Comprehensive Agenda

(Continued from page 34)

department heads to make in-depth reports on their activities. This gives middle management visibility with directors and affords directors the opportunity to evaluate bank personnel. At the same time, it makes it possible for directors to be more knowledgeable about the operating departments of the bank. Reports of this nature can be rotated and staggered throughout the year to lend variety to the agenda and stimulate director interest.

Anything left to be discussed at a board meeting should be brought up under old or new business.

Giving directors so much information that they might become confused and not focus on the important decisions to be made should be avoided, especially if it imposes on a director's time to the point that he gets fidgety and wants to get away to his own business.

Capital expenditure budgets are important. Cash-flow projections, operating results of the various profit centers, along with marketing and advertising plans, are worthy of review.

A director's relationship to the ownership of the bank is important and should, to some extent, determine his involvement in the management affairs of the bank. Many directors are from independent unit banks and own substantial amounts of stock. In those instances, they not only have the right, but the duty, to select bank management, set salaries and perhaps even be directly involved in the lending function before the fact rather than after.

In other ownership situations, particularly HCs, the directors are, in a sense, representing the owning entity and may not be expected to get deeply involved in the decision making process. There is always the risk that directors owning no stock in the bank on whose board they are serving will take what we call a "chamber of commerce" approach to lending the bank's money or will insist upon raising a bank officer's salary one day, only to ask that same officer for a loan at preferential rates the next day.

Contributions should be reviewed by directors. In our HC, the concern is not that managements will give the bank away; but, as managers of profit centers, they will be so intent on showing good results that they will not put

enough money back into the community.

Serving as a bank director is a time-consuming, somewhat exasperating experience with considerable liability, but it can be thoroughly enjoyable! • •

Graduate School of Banking Receives College Accreditation

MADISON, WIS.—Completion of the Graduate School of Banking, which is held on the campus of the University of Wisconsin here, could pay off with college credits for bankers pursuing a degree. The school has received college credit recommendations from the American Council on Education (ACE).

Those successfully completing the Graduate School of Banking's three-year curriculum now may request that the college or university of their choice grant credit for the achievement. ACE's Project on Noncollegiate Sponsored Instruction evaluates educational programs of business and industry. The project's aim is to increase access to higher education and academic degrees by helping people get academic recognition for learning acquired in non-traditional ways.

Credit recommendations for the Graduate School of Banking presently fall into three major areas: management, finance and economics. Specific academic courses offered by the school include business policy, commercial lending, management of financial institutions, investments and macroeconomics. Approximately one semester of college credit, or 14 semester hours, has been recommended for the program.

Those interested in additional information on the school or procedures for pursuing academic credit may write The Graduate School of Banking, 122 West Washington Avenue, Madison, WI 53703.

St. Louis Union Trust Announces New Index Fund

ST. LOUIS—St. Louis Union Trust has announced that it is making a new index fund available to its clients. The index fund is a concept of closely paralleling the price performance of various stock indexes.

According to a bank spokesman, "Professional investment management has experienced a number of changes over the past few years as a result of stockmarket volatility and passage of the Employee Retirement Income Security Act (ERISA). For the past six months, St. Louis Union has conducted an intensive study of index-fund techniques, using a \$25-million theoretical fund consisting of 250 of the largest companies in Standard & Poor's 500 Stock Index, equal to 93% of the market value of those stocks."

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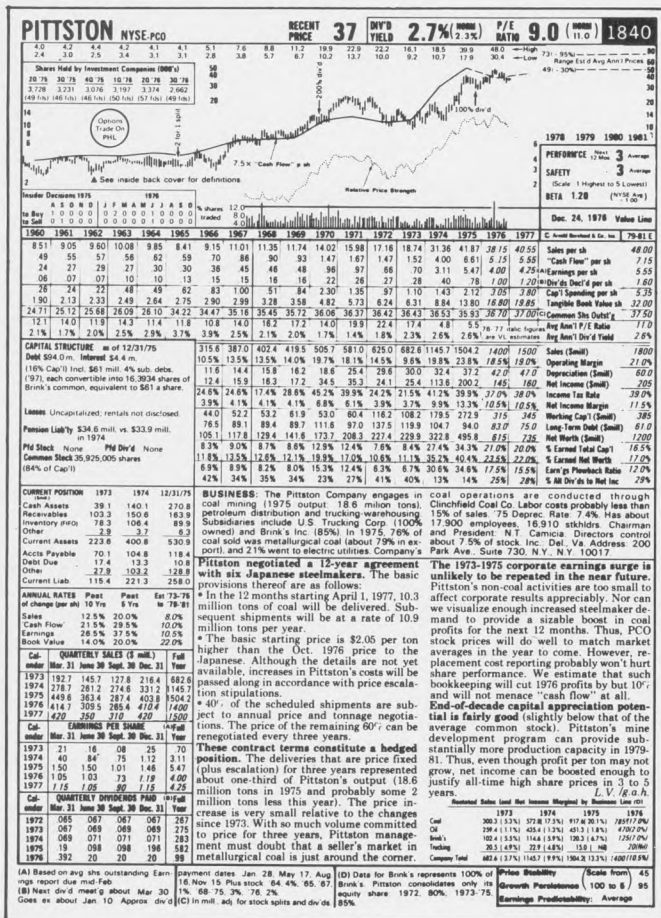
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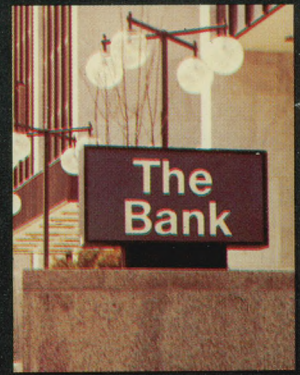
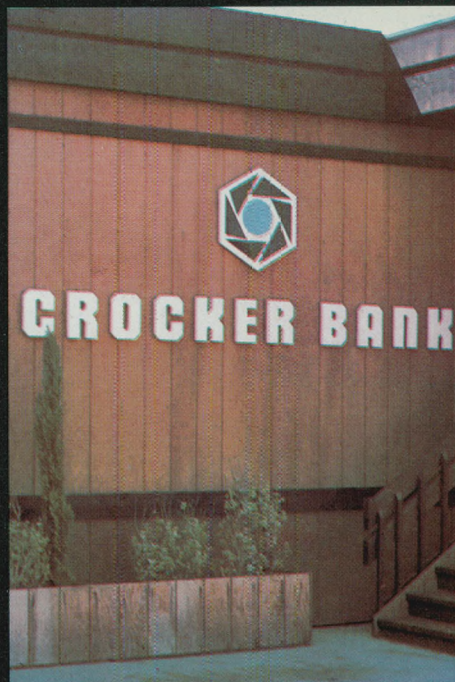
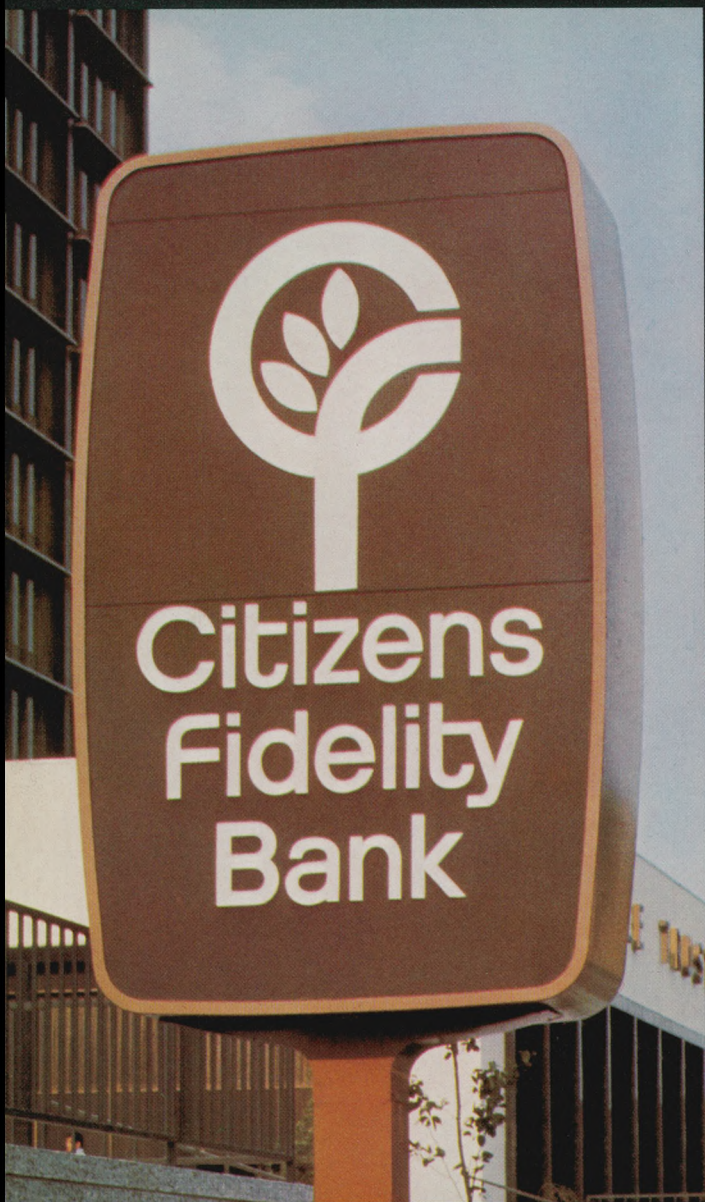
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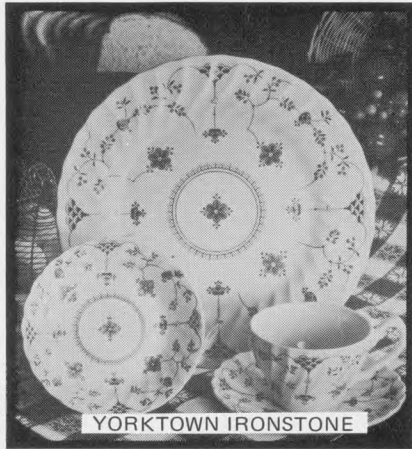
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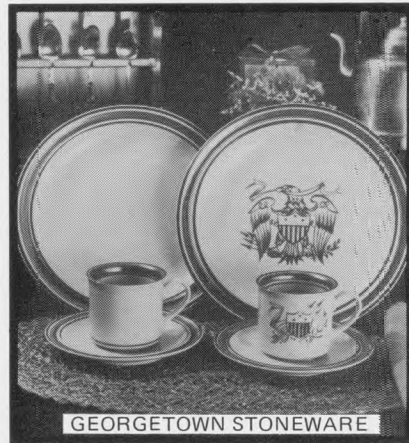
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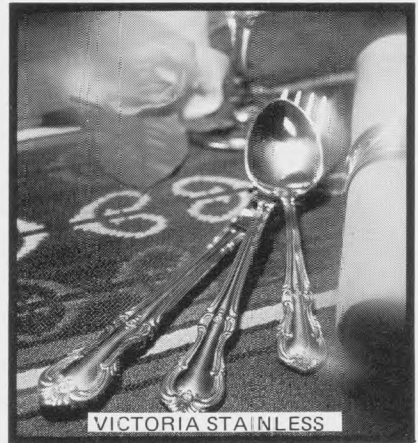
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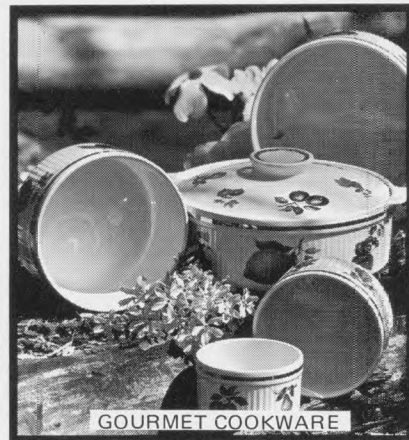
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Our portrait program produces new customers

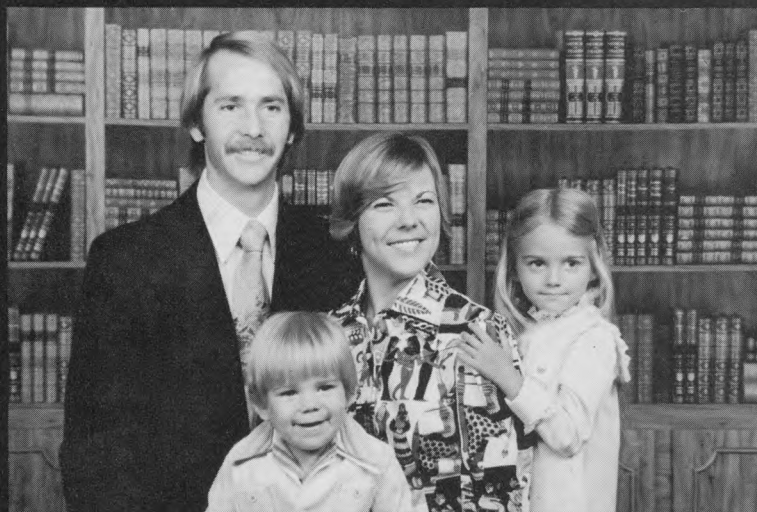
"Any banker in the country loves to see prospects walk in the door — well that's what the Olan Mills portrait program did for us. We are very pleased."

Tom Maxwell
President
Bank of Cannon County
Woodbury, Tenn.

Some marketing experts claim it can't be done — that is, for the prospect to come to you rather than you going after him.

Well we can show you how to get them to come in the door by the droves. Our bank marketing program of giving away Free portraits (in beautiful color) to customers and prospects has proved to be one of the most successful programs yet.

Here's how it works. Olan Mills representatives will work out a schedule for your bank to give away beautiful color portraits to customers and prospects. They will help you plan, organize and advertise



the program. They will take the pictures and send a follow-up team to show proofs.

And the beauty of it all — it doesn't cost the customer a dime. Your only obligation is a nominal charge for advertising materials.

Call us today. We'll send a representative to see you.

Additional information on The Olan Mills Family Portrait Plan is available from Olan Mills Bank Marketing Division, c/o Joe Trivett, 1101 Carter Street, Chattanooga, Tennessee 37402. Telephone (615) 622-5141, ext. 213



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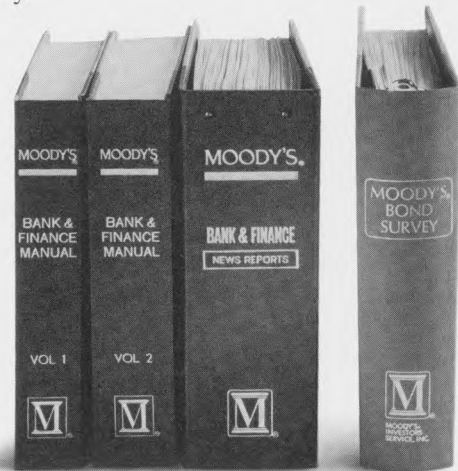


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FBG-1

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BG/5



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2 TUBULAR COIN WRAPPER

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3 RAINBOW COIN WRAPPER

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4 DUZITALL COIN WRAPPER

Extra wide... extra strong. Designed for areas where halves are wrapped in \$20.00 packs... "red bordered window" for ease of identification. Accommodates \$20.00 in dollars, \$20.00 in halves. Tapered edges.

9 BANDING STRAPS

Ideal for packing currency, deposit tickets, checks, etc... do not break or deteriorate with age. Size 10 x 3/8 inches and made of strong brown Kraft stock with gummed end for ease of sealing. Packed 1000 to a carton.

5 OLD STYLE COIN WRAPPER

Basic coin wrapper in extra strong kraft stock. Printed in 6 different standard colors to differentiate denominations. Triple designation through colors, printing and letters. Tapered edges.

6 KWARTET COIN WRAPPER

Wraps 4 denominations in half size packages. A miniature of the popular "Automatic Wrapper"... 25c in pennies, \$1.00 in nickels, \$2.50 in dimes, \$5.00 in quarters.

7 FEDERAL BILL STRAP

Package contents clearly identified on faces and edges by color coded panels with inverted and reverse figures. Made of extra strong stock to assure unbroken deliveries. Only pure dextrine gumming used.

8 COLORED BILL STRAP

Entire strap is color coded to identify denomination. Printed amount appears on top and bottom of package. Extra wide for marking and stamping. Extra strong stock for safe delivery and storage. Pure dextrine gumming.

SEE YOUR DEALER OR SEND FOR FREE SAMPLES

THE C. L. DOWNEY COMPANY • HANNIBAL, MISSOURI • DEPT. F

TO: ALL BANKS & SAVINGS & LOAN ASSOCIATIONS

"A UNIQUE PROMOTIONAL PROGRAM"

WITHOUT COST TO YOU

The Bel-Air Company proposes to offer to your customers and your potential customers a "8 x 10" natural color portrait of their family. This program is designed to improve customer relations and add new accounts. We provide advertising material plus trained personnel, you only furnish the location.

A FEW OF THE ACCOUNTS SERVICED BY BEL-AIR

Greensburg Deposit Bank
Greensburg, Kentucky

July 23, 1976

Mr. Fred Payne
Bel-Air Studios
2606 Dixie Highway
Louisville, Kentucky

Dear Mr. Payne:

We were greatly impressed by the promotional package made available to our customers thru your studio. We were astounded by the response we received as it greatly exceeded our expectations. As you recall, we had to increase the daily hours each day and we used these more days than we had anticipated.

We especially appreciated the courtesy extended, not only to our bank, but to our customers by your studio and your staff.

The pictures were of excellent quality and everyone was highly complimentary.

Sincerely yours,
Robert Rouse
Robert Rouse
Inclusive Vice President
RR/jm

BANK NATIONAL

January 11, 1977

Bel Air Studio & Publishers
2606 Dixie Highway
Louisville, Kentucky 40216

Gentlemen:

This is to let you know how very pleased we were with your pictures. Although we did not use the program to gain new customers, we feel very confident that the good will created by "our" give-away was well worth the effort involved. A good many of our customers have expressed their personal regards for the program.

Even though we were a bit skeptical at first, our employees were all delighted with the pictures. They were all done in a quality manner and we had few complaints from any of the participants. We would be very interested in having this promotion again sometime in the future.

Sincerely,
Roger Powell
Roger Powell
President
RP/mlh

Corydon State Bank
MEMBER OF FEDERAL DEPOSIT INSURANCE CORPORATION
NEW SALISBURY, IN 47161
347-2468

January 21, 1976

Mr. Fred Payne
Bel-Air Studios & Publishers, Inc.
2606 Dixie Highway
Louisville, Ky. 40216

Dear Fred,

Just a line to thank you for all your cooperation and effort in our recent "Free Portrait" promotion. We were overwhelmed with the response it received. Being recently opened a new branch location this "Free Portrait" promotion fitted our situation very well. We got a lot of traffic through our new when the photo was taken, but also, a second time the photo was viewed.

It's been a pleasure working with you and your staff.

Sincerely,
Michael C. Frederick
Michael C. Frederick, Vice-President & Branch Manager
North Harrison Branch, Corydon State Bank
MCF/ja

American STATE BANK

January 31, 1977

Mr. William C. Lucy
Bel-Air Studios & Publishers
2606 Dixie Highway
Louisville, Kentucky 40216

Dear Mr. Lucy:

I am writing to express the satisfaction of the American State Bank with your firm's family photograph program.

We have received many compliments and expressions of thanks from our customers in reference to the program. Many were especially pleased with the quality of the photographs.

It was certainly a pleasure to be associated with you and Bel-Air Studios and to be able to serve our customers with a quality product through your association. It is our hope that we will be able to offer the program again this year with equal success.

Yours very truly
W. A. McCallough
W. A. McCallough
W.V.P. & Cashier
PAC/mbc

FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION

December 10th, 1976

Mr. Fred Payne
Bel-Air Studios
2606 Dixie Highway
Louisville, Kentucky 40216

Dear Fred,

We at First Federal Savings and Loan Association would like to thank you for the excellent job you and your employees performed while working with our Association. Needless to say, they were all professionals in their field.

We look forward to working with your company again in the future.

Should you ever want a recommendation, please feel free to call on me.

Thank you again, for a job well done.

Sincerely,
Mayne Wells
Mayne Wells
Vice President
MJ:jh

THE BEL-AIR COMPANY
2606 Dixie Highway
Louisville, Kentucky 40216

- Please contact me, I'd like to discuss a portrait program.
- Please send me additional information on your program.

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Don't Overlook Your Stockholders As a Source of New Business!

They Can Be Put to Work for Your Institution!

STOCKHOLDERS seldom are used to their full potential as prospective customers and public relations ambassadors.

Why? Because of lack of communication between stockholders and bank management. This results in stockholders knowing little about their financial institution. They are not aware of the services offered by their bank in some instances; thus, they unwittingly take their business elsewhere! The bank loses their business by default.

Directors of banks are uniquely positioned to help their institutions avoid this pitfall. As stockholders (and, thereby, representatives of all stockholders), they can readily appraise the bank's stockholder communication situation. Also, as voices of management, directors can recommend and support actions—through the advertising and public relations departments—if a bolstering of stockholder communication is in order.

Many stockholders do not become customers of their bank because they have never been "sold." Most banks score shockingly low in the area of stockholder-customer conversions, despite the fact that virtually every stockholder needs the services of the bank in which he or she invests.

One reason stockholder-bank communication is wanting is that it hinges primarily on a single item: an impersonal financial statement. This means of communication offers the stockholder little or no hint of the services the bank provides or how these services could be of assistance in the stockholder's personal or business affairs.

Few banks make it easy for a stockholder to become a customer. This fact, plus the reluctance of people to change their banking habits, combine to keep stockholders from moving their business from just any bank to the bank in which they have invested their funds. Yet a simple invitation on the part of the bank asking for the stockholder's business could produce results for banks interested in soliciting business from stockholders.

Few bank managements take the time to investigate the potential business stockholders can generate. They just assume that all stockholders naturally bring their business to their bank—as directors are expect-

ed to do. But such is not the case!

Banks often overlook the broader base of stock ownership. At one time, bank stocks were held largely by sophisticated financial specialists. Today's stockholder mix includes younger (and less sophisticated) investors and women, who may know little about banking and thus have little opportunity to become customers.

Even when banks strive for better communication, they seldom "humanize" ties with stockholders. Thus, because of this impersonal feeling, there's no good selling climate.

Another reason banks hesitate to promote aggressively in stockholder markets is the fear of criticism: They feel stockholders may charge that promotional advertising uses money destined for dividends. Stockholders should receive a subtle explanation in this area: Dividends depend on earnings and the more customers a bank serves, the more growth it experiences. Hence, stockholders can increase the value of their investment and returns by banking where their investment is.

Banks can gain in various ways by promoting services to stockholders. First, they can gain a sizable new market, depending on the number of stockholders on the rolls. Most banks earmark considerable sums to pay for advertising to woo the stranger, but devote little funds to "selling" their stockholders, who are already friendly to the bank.

Second, stockholders represent an elite market for bank services. They usually have above-average incomes and need bank services.

Finally, a stockholder who is kept informed about his bank can be an effective public relations ambassador. With banking under ever-increasing attack, such ambassadors—equipped to discuss the bank's merits in personal, corporate and government circles—are a valuable asset.

Banks can take advantage of stockholder opportunities with a modest effort and expenditure. Here are a few suggestions:

- They can put more personal touches into stockholder relations by "humanizing" the bank by the tone and language of stockholder communications.

(Continued on next page)

Stockholders should be spoken to as people, not computer numbers! Stockholders should be among the first to learn about new bank services so they can take advantage of them and spread the word to their contacts. Each time a dividend check is mailed, include a folder describing a service or commenting on some aspect of the bank.

- They can help stockholders get involved with the bank by encouraging attendance at annual meetings, thereby enabling bank management to develop personal contacts with stockholders. This means annual meetings must be interesting and informative so the stockholder will not be turned off. It takes work, but it can pay off in a greater feeling of involvement on the part of the stockholder.

- They can encourage stockholders to keep and increase their holdings in the bank by reminding stockholders frequently that the bank constitutes a fine investment. Stockholders should be kept informed of the bank's growth plans and what such growth means to them in the way of dividends. Banks can make it easy for stockholders to accumulate more stock by offering some form of dividend reinvestment program. Such a program is a sound investment for stockholders and it's a steady source of new capital for the bank.

- They can maintain steady promotion of bank services via newsletters mailed with dividend checks. These newsletters can include informative and human-interest news items about the bank and its personnel plus an article about a new service. Services usable by out-of-town stockholders should be spotlighted. They include checking, savings, trusts, loans, real estate, etc.

- They can invite stockholders to visit the bank. Once a prospect is inside the door, he's much easier to sell! Stockholders might not live close to the bank; thus, they cannot be expected to drop in all the time. Invite stockholders to bank functions, such as dedications of new quarters, openings of exhibits, etc. This provides opportunities for face-to-face encounters between stockholders and bank management.

Stockholders should be treated as valuable prospective customers. They should be kept posted about new services. They should receive mailings and be informed about bank advertising promotions. They deserve the same consideration as the general public!

In communicating with stockholders, emphasis should be on simple, pleasing—and economical—materials. There should be a good reason for every communication and the purpose of the communication should be explained—and

the effect it can have on the bank's profits should be noted.

Stockholder response to selling attempts can be measured. Simply note the number of stockholder accounts at the start of any given year, then compare the number with figures a year later. Or, when stockholders are offered booklets, copies of speeches, etc., count the requests received.

If stockholders are made to feel important to their bank, they will regard the bank as a fine investment—the only place they would think of banking.

That's a pretty good dividend to receive from a minimal investment of effort! ••

New Share Draft Program Offered to Credit Unions

A pilot share draft program for credit unions is to be offered by the Midwest Association of Credit Unions and Merchandise National, Chicago. The program is an outgrowth of a bank and credit unions working together to provide improved service to consumers.

The new service, which enables credit union members to pay bills, make purchases or obtain cash in a manner similar to the use of checks, will begin when approval has been obtained from regulators.

is your security in shreds . . .

A shredder simply doesn't destroy confidential material. All it creates is a massive disposal problem and fire hazard. If you want Security you need a Security Disintegrator. It will reduce unburst computer printout, bound manuals, whole reels of microfilm, crumpled paper and even offset plates into miniature confetti. And, it automatically compacts and bags the waste.

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tive for your particular promotion. And work with you from planning to delivery for results you'll really welcome.

Before you wrap up your next incentive program, talk to Jack or any of the specialists at International Silver. They know more about setting up successful financial incentive programs than just about anyone in the field.

Write today for your free International Silver Catalog.



INTERNATIONAL SILVER COMPANY

The more you get into premiums the better we look.



gentlemen; We'd like to see what you can do for us.

- Call as soon as possible.
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International Silver Company
 Special Sales Division
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BG/11

Trains Used by Loop Bank To Get New Retail Accounts

Shoppers Snap Up 2,700 Sets for Christmas

WHAT DOES a financial institution do to attract retail accounts when it's located in the heart of Chicago's Loop, where financial institutions are on practically every corner and they're all fiercely competitive?

If the financial institution is Central National, Chicago, its management decides to mount a premium promotion that offers model train sets to the public for less than \$20 in exchange for a new or add-on savings deposit of \$250 or more.

The train incentive promotion was the first premium offered by Central National in four years; therefore, to make as big a splash as possible in the Windy City, Central selected trains for their proved track-record with other financial institutions.

Starting last September, the bank began advertising its offer under the theme, "Let Your Money Ride." Advertisements appeared in newspapers, on radio and in buses on selected routes, emblazoning the offer throughout the city. In addition, statement stuffers and direct mail were used to publicize the promotion.

Savers were invited to "come aboard the Central National Express. . . . Be on the right track to financial security. . . . Be a railroad tycoon and a smart saver, too! Engineer your savings to earn maximum bank interest with a deposit of \$250 and get this prized electric train set for a fraction of its retail cost!"

The 49-piece HO set included a locomotive and five freight cars, a power pack transformer, oval track layout, snap-fit buildings and a set of signs. Deposits had to remain in the bank 180 days for the depositor to qualify for a train set.

Objective of the promotion, according to John A. Fisher Jr., vice president, was to increase deposits and open new accounts as well as enhance the bank's image as a retail-oriented institution.

As is usually the case, the trains did a creditable job for the bank. More than 1,600 new accounts were opened and almost 1,000 add-on deposits were made during the three months the promotion ran. More than 2,700 train sets departed from Central National and depositors left a total of \$1.3 million in exchange for them. Although only \$250 was necessary to qualify a depositor for a train, the average deposit was close to \$500.

According to Mr. Fisher, only two of the train sets were returned due to malfunctioning and few of the new accounts had been closed as of January

18. Within a month after the close of the promotion, growth in the new accounts had become evident.

Customers making qualifying deposits could pick up their train sets (just in time for Christmas giving!) at the bank's "Central Station," a booth located in the lobby. Clerks sporting engineer's caps handed out the sets.

Mr. Fisher said the promotion was successful enough to encourage management to consider another premium offering in the future.

Another bank cashing in on the use of electric trains was Boatmen's of Jefferson County, Pevely, Mo., near St. Louis.

The train set was similar to the one offered by Central National, but the terms were different: All it took was a \$100 deposit in either savings or checking or an add-on to an existing savings account and the train could be purchased for \$17.50.

The three-month promotion resulted in a 14% increase in the number of checking and savings accounts. A bank spokesman termed the promotion an unqualified success.

The bank's advertising included a full-page insertion in the local newspaper calling on savers to "put back some real excitement this Christmas season with a genuine Bachmann electric train." Each of the 54 pieces in the set was illustrated in the ad to give prospective savers a good idea of what they received in the train set. • •



Joseph G. Lutz, ch. & pres., Central Nat'l, Chicago, stands ready to assist bank clerks distribute HO electric train sets offered to savers prior to Christmas holidays.

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ADDRESS

CITY

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Downhill Slide of U. S. Postal Service Poses Problems for Financial Marketers

LONG-TERM trends for postal service could drastically affect the way financial marketers deal with their customers, according to John Jay Daly, president, John Jay Daly Associates, Inc., Washington, D. C. Mr. Daly's views were presented in an article in the January issue of *Bank Marketing*, publication of the Bank Marketing Association, Chicago.

Facts affecting the future of the Postal Service include the following, according to Mr. Daly:

- Mail volume has leveled off and is expected to decline dramatically soon.
- The distribution base of the Postal Service is expanding; a 20% increase in delivery stops is predicted by 1985.
- There is strong social pressure for the Postal Service to maintain high quality service.
- Technological changes, such as

EFTS, portend a further decline in the amount of first-class mail handled by the Postal Service. First class is the moneymaker for the service.

- Employment is down but operating expenses are up.
- Large users are seeking alternative ways of having their mail delivered.

A Senate report recently stated that "Projections based upon a general continuation of current policy show the Postal Service sinking deeper and deeper into what could be its financial grave."

Mr. Daly says the financial community is at once both part of the problem and the solution. Almost half the service's revenue comes from transmitting financial transactions such as bills, payments and orders. Much of this type of correspondence will be diverted to electronic delivery systems in the future,

which will hasten the time when the Postal Service will be the deliverer of last resort with ever-rising expenses and declining service.

Among the courses open to financial marketing officers, according to Mr. Daly, are the following:

- They can continue to pay the ever-increasing costs of mailing letters and publications to customers, plus the rising costs of using the mail to solicit new customers and serve present ones, while seeking new ways to curb costs.
- They can encourage Congress to become more actively aware of the public service nature of Postal Service operations.
- They can continue to figure that the Postal Service will have to raise rates and curtail service while seeking alternate means of communicating with their customers. • •

Premium Idea!

First West Side Bank, Omaha, moved 900 fire extinguishers recently as incentives to promote home improvement loans and savings accounts. Response exceeded expectations, a bank spokesman said.

A CHANCE TO WIN ONE OF OUR ODYSSEYS WITHOUT HAVING TO PLAY GAMES WITH US.

Our goal is simple. To get you thinking about the possibility of using Magnavox premium/incentives. Nothing else.

We're going to reach our goal by taking our own medicine. We're offering one of our most popular premium incentives. The Odyssey 300. An electronic game that lets you enjoy your television set without the help of CBS, NBC or ABC.

All we ask is for you to send us a letter and tell us how you might use Magnavox premium/incentives. To spur your sales force to greater heights? To open new markets? To introduce a new product? To build good will?

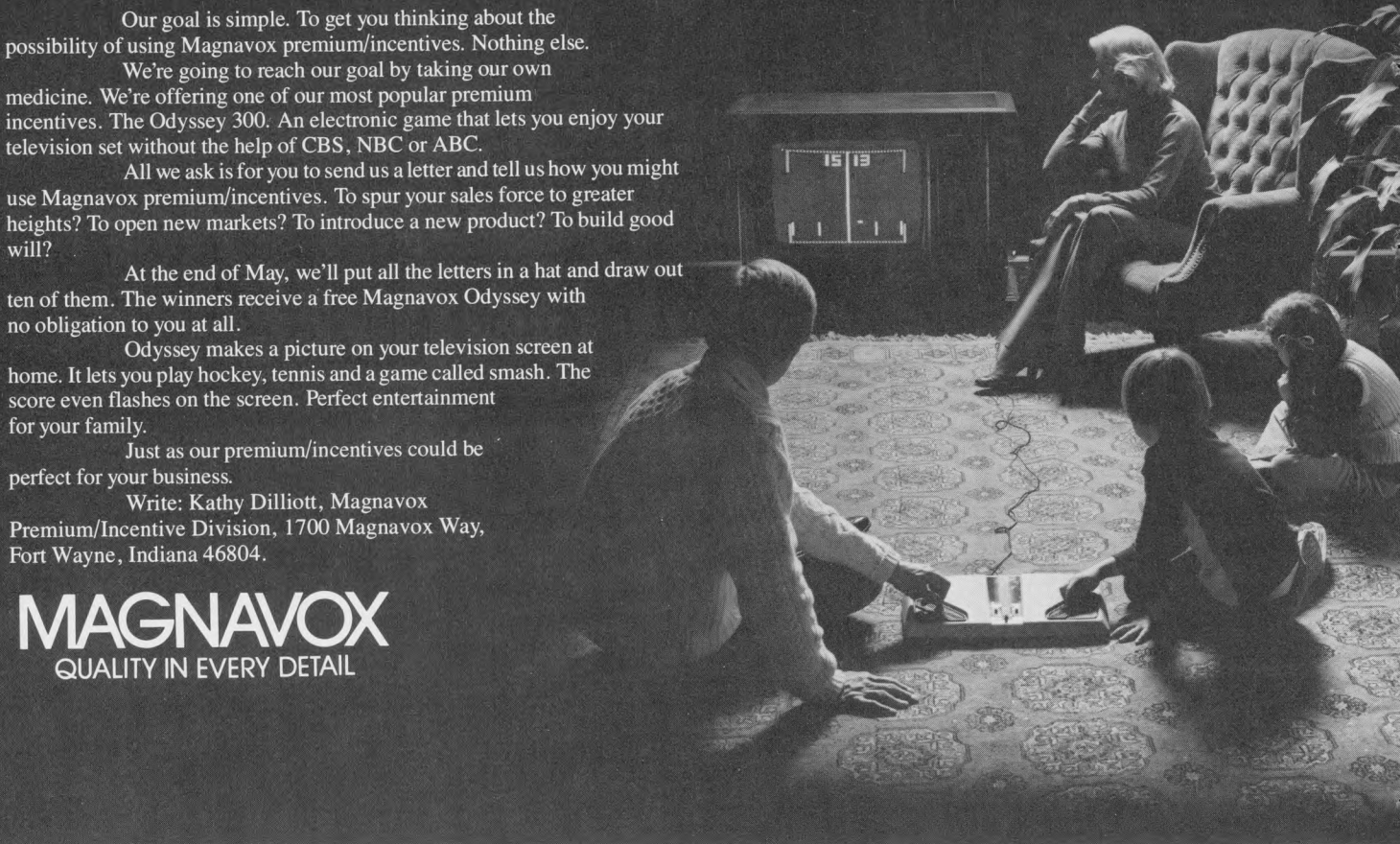
At the end of May, we'll put all the letters in a hat and draw out ten of them. The winners receive a free Magnavox Odyssey with no obligation to you at all.

Odyssey makes a picture on your television screen at home. It lets you play hockey, tennis and a game called smash. The score even flashes on the screen. Perfect entertainment for your family.

Just as our premium/incentives could be perfect for your business.

Write: Kathy Dilliott, Magnavox
Premium/Incentive Division, 1700 Magnavox Way,
Fort Wayne, Indiana 46804.

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(Every Director Should Have a Copy!)



The Bank Director's World.
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"(Many) directors are unable to adopt (an) easy solution to the conflicts dilemma. They must recognize that conflicts of interest always have and always will exist in bank boards . . . the board obviously can't have each director resign whenever a conflict . . . presents itself. Rather, the

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.
\$2.50

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.

A Trust Guide for the Bank Director.
\$5.25

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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Customer Contact: Growth Key in a Changing Market

Three Training Methods for Contact Personnel

By LINDA JOHNSON, Director, Training & Customer Services, United Bank, Madison, Wis.

LOOKING at the future of banking, one can see more changes taking place at a more accelerated rate than at any other time in banking history. Electronic funds transfer systems, aggressive bank holding companies, increased competition from savings and loan associations and credit unions and more mobile and educated consumers all contribute to a changing market.

One factor remains constant, however. As Peter Drucker wrote in 1964, "The customer is the business," and whether you're selling vacuum cleaners or bank services, customer satisfaction is still of prime importance to the growth and maintenance of your business.

In banking, who has the most contact with your customer base? Without exception, the teller group and the customer service people meet the most customers the greatest number of times every day. Yet, this same group is often one of the lowest paid, the least trained and most likely has the highest turnover rate in your organization. These representatives of your bank need information and guidance quickly in order to be representatives of which you can be proud. That's why it is important for you to analyze and incorporate training procedures that will make your customer contact group more effective at handling *customers*, not just the money they deposit.

I have had the opportunity to view many customer contact groups and their effectiveness with customers. The following training approach is used in total by some banks, in part by others and not at all by a few. In banks that use all or some of the training procedures, three positive factors were apparent: (1) A concerted effort was made by customer-contact people to satisfy the customer, (2) a sense of teamwork among employees was evident and (3) job satisfaction was at a higher level.

With a customer-contact group displaying these and other positive characteristics, your bank could develop the competitive edge it needs in this changing market to retain existing customers and bring in new business. Read ahead and decide for yourself whether these three suggested training measures can help you meet your bank's marketing objectives.

Show your customer contact group that they are indispensable to the efficiency and growth of your bank.

Do expensive advertising campaigns work? They can be effective as far as bringing a customer in the door the first time, but the time, effort and money will go for nothing if the bank doesn't follow up with friendly and informative service during the long-term account relationship. Look at your own bank's figures: How many new checking accounts were opened last year? How many checking accounts were closed? The exact ratio varies from bank to bank, but nationwide figures tell us that for every 10 new customers coming in the door, nine old customers go out the door. The majority leave because of dissatisfaction with the service.

Satisfied employees result in satisfied customers. The truth of this idea is brought out by Leonard Berry, a well-known bank marketing expert: "If employees, whose actions impact on the customer, are to be exceptionally motivated, they must have a job worth being exceptionally motivated for. A sense of high purpose and involvement in the job, pride in the company, respect for management are results that can only be earned, and only over time . . . Effective internal marketing contributes to effective external marketing."

How can the customer-contact group be effectively motivated? We believe the answer lies not in huge pay raises across the board or pep talks at



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Jeffrey S. Smith, Retail Banking Officer,
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


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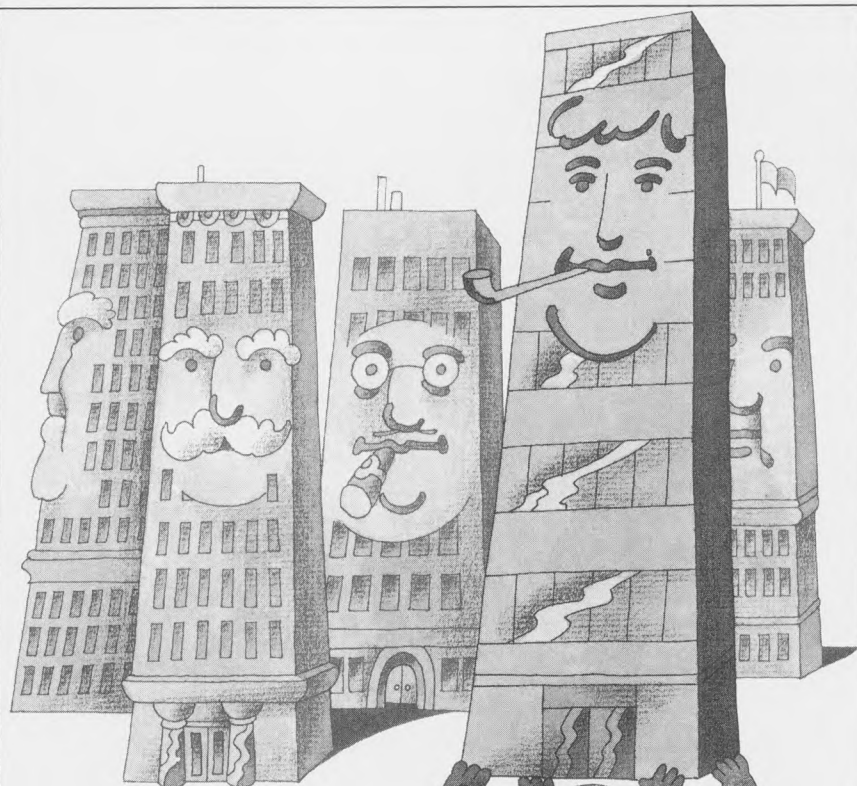
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And here's the best part: the Squirrel's Club has a proven track record and is 6 years old. That means we've taken the learning lumps ourselves. And we can easily set up your Squirrel's Club franchise with everything you'll need.

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infrequent meetings, but in *extensive training*. The training information falls into two broad categories:

1. *Overall objectives of your bank.* The overall marketing strategy of a bank is formulated in the upper echelon of management. Often, however, little or none of the reasoning behind the final program is communicated to the customer-contact level. Says Mr. Berry, "It is not enough that customer-meeting personnel have been told they are to be friendly to customers. They must also understand *why* it is important, why it is absolutely imperative that the customer be served satisfactorily at the time."

Include your customer-contact group in each analysis of the reasons *why* the bank is doing business the way it is, *why* a certain package of services has been put together to sell to customers. You will instill a sense of high purpose in them. Being included will make them want to smile, want to tactfully handle customer complaints, want to inform people of the benefits of additional bank services. Your employees in that crucially important customer-meeting function will be working *with* you, not just *for* you, to meet the bank's overall objectives.

2. *Training beyond routine transactions.* Obviously, the correct handling of money and check orders is important to your bank's efficiency. Most of this type of training can be handled in an on-the-job framework with an experienced customer-contact person "showing the ropes" to a new employee.

But why not go beyond the minimum requirements? One hour every month spent in a morning meeting—covering such subjects as the functions of the trust department, basic reasoning behind consumer loans or the workings of the security system—is time well invested. And there's no need to spend a lot of money on outside training programs and materials; with a little imagination and participation from the other areas of the bank, your internal resources are more than sufficient to provide a comprehensive view of your bank. Other sources of training support are check suppliers, some of which offer free training on cross-selling bank services and the telephone company, which offers brochures and audio-visual aids dealing with proper telephone procedures.

One area of training often overlooked is human relations. In the position of customer service, where a major function is handling complaints, there is always the risk that an attitude will develop that the customer is unpredictable, fickle, stupid, short-sighted, stubborn and generally bothersome. By providing some insight into the motivations behind your customer's actions, you will enable your customer-

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contact group to cope better with an angry or uninformed customer and learn something in the process.

Show your customer-meeting people that you truly value their contribution to the bank; that you respect their intelligence; that you realize their capacity to absorb knowledge on *all* subjects relating to the overall bank structure, and you will gain their respect and participation. People do what's expected of them—so expect a lot and give them the input necessary to do an outstanding job.

Teach your employees how to handle day-to-day problems tactfully—how to solve the problem without losing the business.

Banks formerly dealt only with the very wealthy segment of the population or those people in big business. Now, however, banks are for everyone.

Your bank has probably increased its services to meet the needs of the *small* consumer by offering checking accounts, savings accounts, small car loans, safety deposit boxes and at least one bank credit card. You've also probably taken steps to be more available to that small consumer by installing drive-up and walk-up windows, increasing banking hours and even installing 24-hour teller machines.

But it's not enough to be available. *All* banks are available. And it's not

enough to offer a wide range of services. *All* banks do. What the customer is really looking for in this computerized business world is someone who can give him personal friendliness, concern and empathy. These qualities can only come from your customer-contact group.

Help your employees to think each transaction and service through from the customer's point of view. This is developing empathy for the customer: understanding what's really bothering him when his checking account is charged for an overdraft, explaining the mechanics of a service in terms that he will understand, avoiding such customer-angering procedures as transferring his telephone call three times when he needs a question answered.

It's important to train your people to solve these day-to-day problems quickly, easily and tactfully. An unhappy department store customer can always return the merchandise, but an unhappy bank customer is going to take his money elsewhere. And no matter how smoothly your bank's internal operations are functioning, errors do occur in the long-term relationship. A mark of your bank's success is how well you handle the problems when they happen.

Here are some basic guidelines designed to help your employees to be

effective at customer contact:

1. Listen attentively and patiently to the customer—*hear him out*. This is effective because: (1) he will appreciate the personal concern shown him by an attentive banker, and (2) he will drop hints in the course of the conversation regarding his other financial needs, providing a basis with which to cross-sell other services. An integral part of listening is *smiling* at the customer; it's the best way to communicate interest and empathy.

2. Respond to questions. Instead of saying, "I don't know," when someone asks a question you can't answer, it's better to say, "I don't know, but I'll do everything I can to find out for you." Once again, the purpose is twofold: (1) the customer will be pleased by the personal attention he's getting, and (2) you will increase your own knowledge of banking services when finding the answer.

3. Remain calm with an angry customer. Every person who has worked with the public has had to deal with an angry customer who took it out on the employee. The main thing to keep in mind when this happens is that you shouldn't take it personally. It helps to remember that, to the customer, *you are the bank*, and it's the bank he's angry with, not you. So listen to the customer with an understanding look

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on your face; say to him, "I can understand how you feel," and in most cases he'll calm down and might even end up apologizing.

When a customer is upset about a mistake he thinks the bank has made with his money it often turns out that it was the customer's mistake in the first place. But who's wrong and who's right is irrelevant; what really matters is whether your customer *stays* your customer after a problem comes up.

4. Take the time to explain the service completely to the customer when opening an account. This can be difficult, especially when everyone has decided to open an account on his lunch hour that day and there are lines of impatient people waiting. But it's important to explain the service at the beginning of the account relationship; otherwise, the customer will be back two weeks later, and three weeks later, and four weeks later, asking questions that shouldn't have come up in the first place. Spending five extra minutes at the account opening will save you and your bank hours of problem-solving time later.

Remember, your customers don't come to you because they understand your services and interest rates better than those of any other bank in town. They come to you because they feel that you understand them better than anyone else.

Help your employees provide that "extra" in personal concern and empathy the customer is looking for. You will see results—not only with regard to your bank's growth, but your employees' personal growth as well.

Teach employees to cross-sell services in terms of benefits to the customer.

As banks face increasing competition, not only from other banks but also from other financial institutions, they are looking for ways to effectively increase and retain their business. Cross-selling has taken on added importance because the easiest, most effective way to increase business is through selling additional services to existing customers.

Before moving into the finer points involved in cross-selling, it is important that the employee *know the services*. Your personnel must feel comfortable with their service knowledge; otherwise, they will avoid selling opportunities for fear they will be asked questions they can't answer. Also, the employee must be convinced that the services are valuable or he will never be able to convince the customer.

Informing your customer-meeting people of the services available at the bank is part of the internal training function. One way to encourage par-

ticipation in learning about bank services is to ask employees to jot down questions when they arise during the course of business transactions. Later, they can consult with their supervisor or someone knowledgeable about the service in question. A broad base of service knowledge can be developed and the customer-contact person can move on to the next step in cross-selling.

This is the next step: *Present the services in terms of benefits*. Many studies have been conducted on why people buy the things they do. The research shows that no two people buy a product or service for the same reasons; sometimes people don't even know why they bought something. But we all have one characteristic in common: We don't buy the product or service *per se*, we buy the benefits we will receive from that product or service.

Take a television set as an example. It's not the box with the moving pictures in it that someone buys; it's the enjoyment, the relaxation, the gathering of news that the consumer purchases. He hasn't taken home the product, but rather the benefits he perceives from the product.

The same can be said about bank services. It's important to explain the technical part of a bank service (this is where service knowledge plays its part), but it's also important for the employee to point out the benefits of the service to the customer. Travelers checks mean convenience and peace-of-mind; a bank credit card means prestige; a savings account means security; bank-by-mail means comfort. Showing the customer *what's in it for him* to use another bank service is the most effective way to convince him to buy it. When he leaves your bank, he isn't taking home his car loan papers, he's taking home the benefits of the car loan (and the car) as he perceives them.

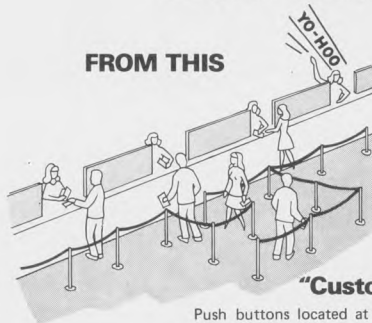
Customer retention increases as the number of services used grows. People develop a greater feeling of trust in their financial institution when it meets all their money needs; they are also more likely to take a broader view of the situation if an error should occur, instead of moving their money to another bank in anger.

By training your customer contact group to know the bank's services, match the services to their customer's needs and effectively point out the ben-

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efits of the services to that customer, you will accomplish these important objectives:

- You will increase your business from existing customers.
- Satisfied customers whose financial needs are being met by your bank will become your best source of word-of-mouth advertising. People are looking for advice and accurate information on handling their money. When they find out that your bank really makes the effort to match their needs with good services and important benefits to them, they will put their trust in you and their money in your bank. Your bank's growth depends on its trained, effec-

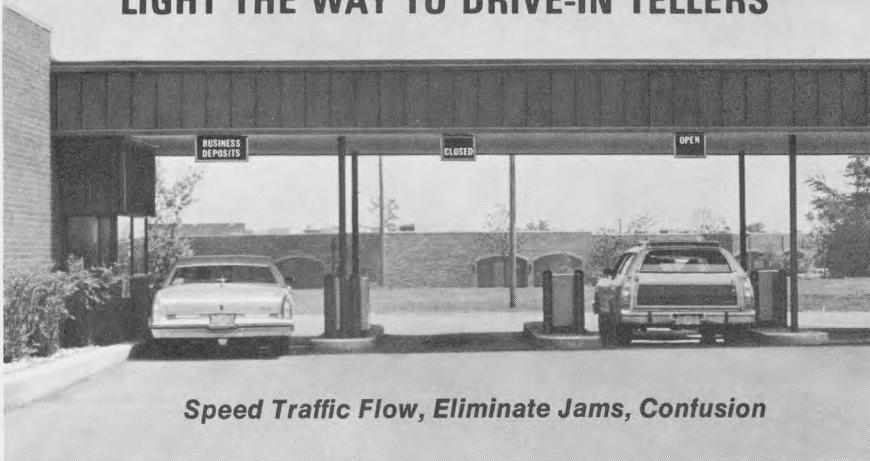
tive, benefit-oriented customer-contact group.

Your customer-contact group is the key to your bank's growth because its effectiveness is more directly related to customer satisfaction than any other factor. Make the most of the opportunity to retain your customers, cross-sell other services to them and bring in new business by training your customer contact people to maximize the opportunities presented to *them* daily by your customers.

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Recently the New York City department of consumer affairs classified a bank's premium ad as deceptive because the ad failed to inform the public that anyone desiring additional items of the featured Corn-ingware premium would have to pay a nominal sum for each item in addition to making a minimum deposit.

The bank did not admit to any wrongdoing, claiming that the omission was not deliberate; it did agree to correct the discrepancy in future advertising.

A spokesman for the bank said the discrepancy had been corrected prior to the agency's charge of deception. However, the damage that the agency's charge did to the bank's credibility will be difficult to erase.

The bank spokesman says its premium advertising is cleared by legal departments at both the bank and its advertising agency. In the future, the spokesman said, outside attorneys will be asked to pass on advertising copy.

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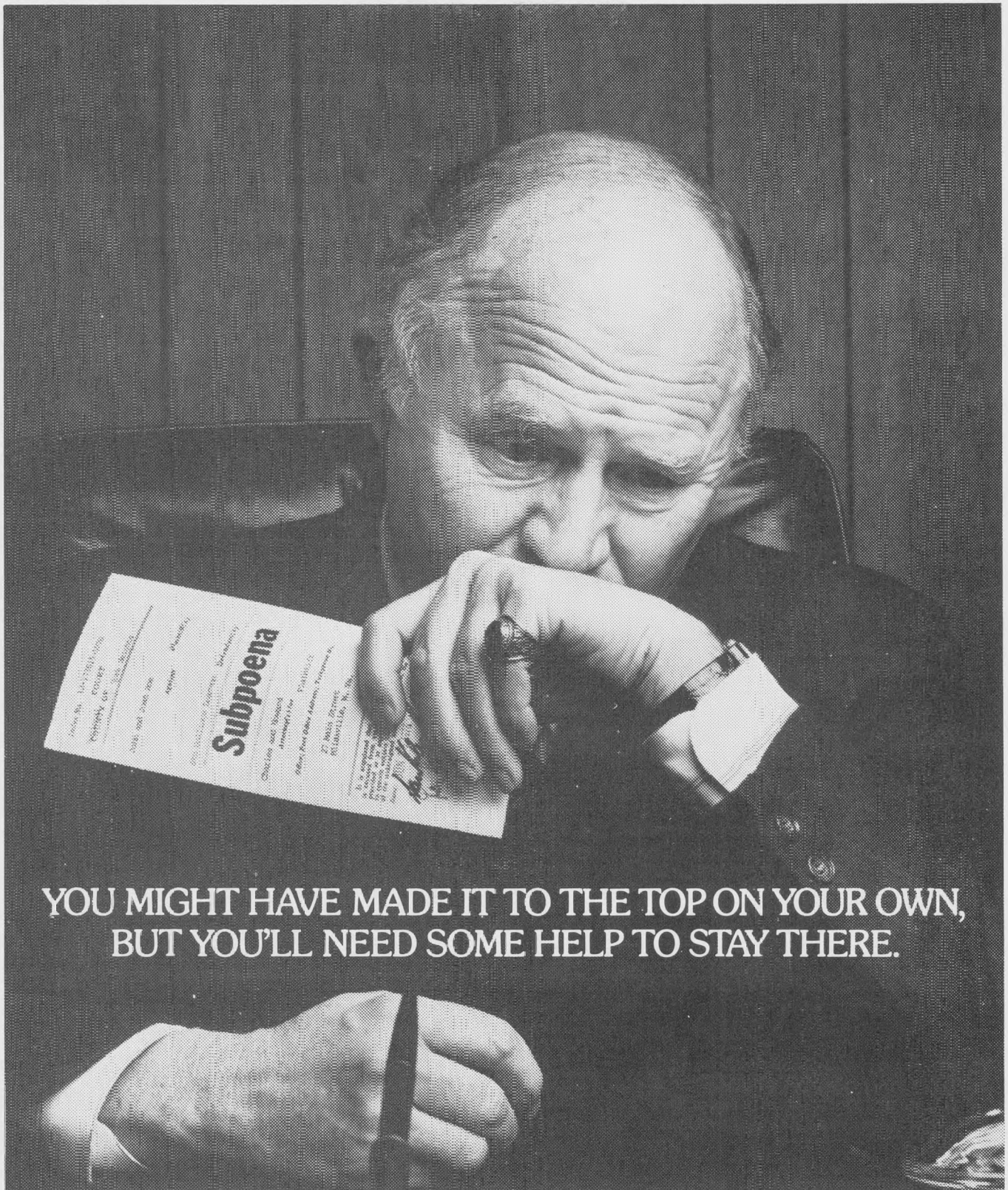
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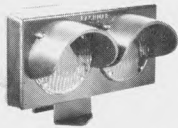
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Shared S&L POS Network Planned By Eight St. Louis-Area Institutions

THIS MONTH will see the initiation of what has been termed the first application of a communitywide financial customer service between several financial institutions and a major food chain in a metropolitan area of the Midwest.

The service will enable S&L customers to make deposits and withdrawals at

any of 45 Schnuck's supermarkets in St. Louis, St. Louis County and St. Charles County. The network will be shared by eight S&Ls in the St. Louis area.

Name of the service is Money-Matic and more than 150,000 plastic account cards are expected to be issued by the end of this month. Cards are available at no cost to any holder of a passbook account at participating associations.

All card holders are issued PIN numbers, which must be used by the customer to complete any transaction.

Deposits and withdrawals made at the stores are transmitted to the designated S&L by a direct line. Total time necessary to enter a deposit or check an account balance for a withdrawal is less than six seconds.

Although supermarket courtesy desk employees will handle all deposits and withdrawals, each S&L is completely responsible for its customers' transactions. Supermarket employees will not have access to any S&L customer's account information.

A minimum transaction involves \$25. There will be no maximum on deposits, which may be made by check or cash, but withdrawals will be limited to \$200 per day and are payable in cash only. Customers will receive a duplicate deposit-withdrawal slip for all transactions.

The supermarkets will not incur any additional costs for the service because S&Ls are paying the full cost of equipment and in-store operation as an additional service for their customers.

Money-Matic is operated by Remote Service Unit (RSU) Corp. and is authorized by the Federal Home Loan Bank Board and the Missouri Savings and Loan supervisor as a service corporation to operate remote service units in retail establishments in the St. Louis metropolitan area.

Participating S&Ls represent more than 40% of the S&L business in metropolitan St. Louis. Participants include Bohemian Savings, Community Federal, Economy Federal, Hamiltonian Federal, Jefferson Savings, Lafayette Federal, Northwestern Savings and Public Service Savings.

The service will be available at all hours the supermarkets are open, which presently is 14 hours per day, six days per week.

Customers will receive savings statements monthly or quarterly showing deposit and withdrawal transactions. The statements will be similar to those issued to checking account customers by commercial banks. • •

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Big Plans Bring Big Results At New York Branch Opening

And You Don't Have to Be First With a Facility!

ONE WAY to stay big is to think big! That's the philosophy of the people at Bowery Savings, New York City.

The institution's management decided to establish a branch on eastern Long Island last year, taking advantage of a new banking regulation that permitted financial institutions to open one new branch per year anywhere in the state.

Of course, Bowery wasn't the only institution with an eye toward operating a profitable branch in Suffolk County, but, as the state's largest savings institution, it decided to think big so it would stay big.

The following marketing objectives were set for the month-long opening celebration for the new Bay Shore Branch last summer:

- 15,000 new accounts in 30 days.
- From \$15-20 million in new deposits in 30 days.

This was a pretty tall order, considering that Bowery's competition was establishing branches in the same county, actually securing what were considered to be the best locations and opening their facilities before Bowery's was ready.

But Bowery didn't run with the crowd. Instead of selecting a site on the north shore, the area of densest population, it elected to build on the south shore, in a large shopping center. Instead of opening its new branch in March, when all the other new branches were conducting grand opening events, Bowery opened in late June, after all the hoopla of the other openings had died down.

The institution had some big guns up its sleeve, namely the services of Joe DiMaggio, the ex-New York Yankee, as its spokesman, and the services of the Financial Promotions Division of Sperry & Hutchinson Co., the firm that has handled all the gift campaigns the Bowery has sponsored in recent years.

As an initial step in planning the marketing blitz for the new facility, Bowery and S&H undertook a research project: An illustrated brochure featuring 90 gift selections was prepared and shown to some 300 qualified prospects in the south shore area to pre-test the drawing power of the gifts. A total of 68 gifts in four categories was selected and four-color

brochures picturing the gifts were prepared as part of the grand opening materials. One million copies of the brochure were printed and distributed via local newspapers and by Person to Person Inc., a personal service organization whose staff hand-delivered 50,000 copies to railroad commuters, offices, stores and selected targets in the facility's trade area.

An advertising blitz was launched via newspaper and radio. The ads featured Mr. DiMaggio, who invited the public to visit the new branch and pick a gift from the 68 name-brand products on display.

The branch was crowded virtually from the first hour, according to a Bowery spokesman. Traffic was channeled through stanchioned aisles and extra help was brought in to handle the business generated by the crowds.

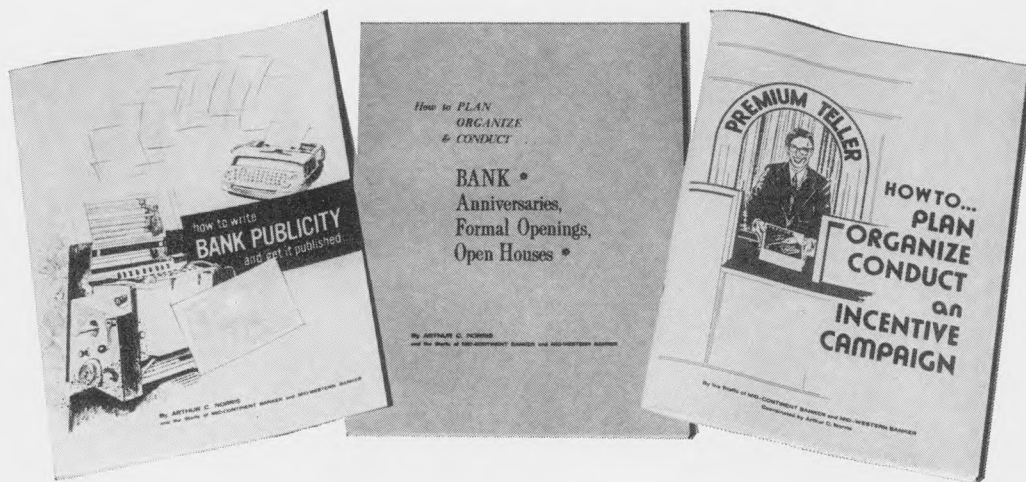
Depositors could preview the gifts from a merchandising display on the bank floor. The gifts were displayed behind a pilfer-proof plexiglass screen.

In order to qualify for a gift, a deposit of at least \$250 was required. Twenty gifts were available for those depositing from \$250-\$999; 20 gifts were offered to those depositing between \$1,000 and \$4,999; 24 gifts formed the collection for those depositing \$5,000 or more; and four gifts were available to those depositing \$10,000 (in two \$5,000 accounts).

After making deposits, customers were directed



Customers sign up for sweepstakes at grand opening of Bowery Savings Bank's new Bay Shore office on Long Island last summer. More than 75,000 people entered sweepstakes. Bank took in \$28 million in new deposits.



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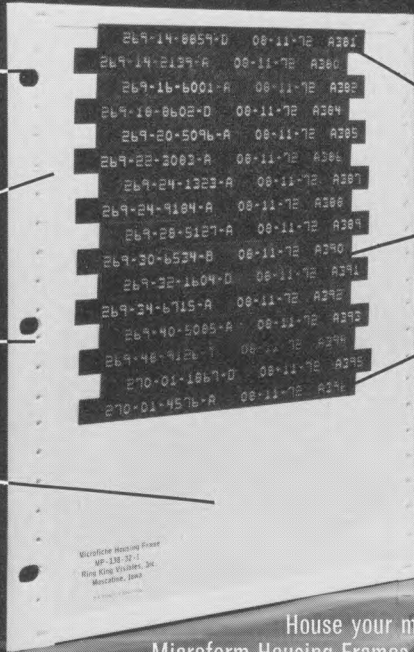
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to the institution's gift center, where part-time college students handled the distribution of gifts.

Additional traffic was drawn to the bank by a sweepstakes prize display featuring a sailboat, color TV, stereo, CB radio and a bike. About 75,000 people entered the sweepstakes. In addition to the main sweepstakes prizes, the bank offered weekly prizes of 10 \$25 gift certificates and daily prizes of five \$5 gift certificates, all redeemable in nearby stores.

When the smoke cleared from the month-long grand opening event, 18,500 new accounts were on the books, considerably more than the expected 15,000. The objective in new deposits had been from \$15-20,000,000, but it turned out to be \$28 million! The projected requirement in gifts had been from 12-15,000 units, but actual distribution was 17,500 units!

The bank had agreed to swap defective gifts for 60 days after the promotion closed, but not one complaint was received.

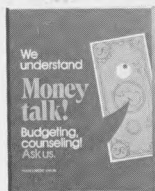
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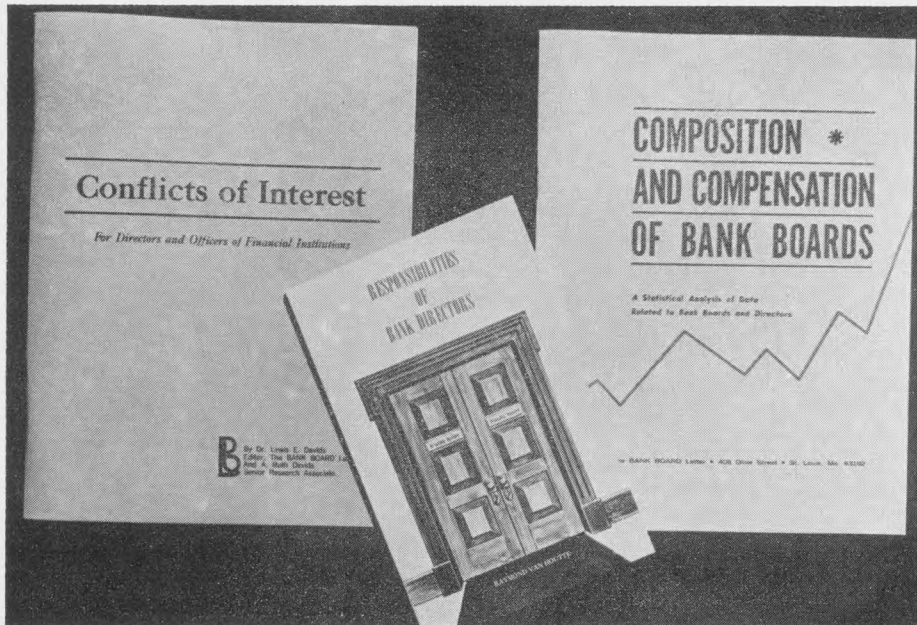
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Flatware Holds Own as Incentive; Boosts Savings Accounts by 30%

First Alabama, Montgomery, Nets \$14 Million

DESPITE the great variety of incentives being used by financial institutions to gain new customers and deposits, an old standby, stainless flatware, is "hanging in" as a proved deposit generator.

One of the most recent success stories with traditional incentive promotions is that of First Alabama Bank, Montgomery, which has just completed a year-long promotion featuring the 1776 pattern of stainless flatware supplied by Salem China Co.

After 10 months of the promotion—March through December, 1976—the major goals relating to new accounts and deposits were exceeded with a 30% increase in new account openings and nearly \$14 million in deposits, said James K. Boyd Jr., senior vice president-marketing.

The \$14 million represents just the deposits made to get the flatware, he added.

But exceeding incentive promotion goals is nothing new to First Alabama. It did well with previous promotions featuring flatware, china and cookbooks.

Late in 1975, an increase of \$5.5 million in regular savings and time open accounts was budgeted for the bank for 1976. The marketing department considered the use of a premium to be the most effective way of insuring that this goal be reached. In addition to the \$5.5 million savings deposit increase, the goals for premium promotion included an increase in account openings, a sell-through or liquidation of the premium cost, more than \$12 million participation to cover costs of

premiums given away to begin a continuity promotion and tracking the retention of participating accounts.

To reach these goals required a good supplier, a good offer, good records and a strong promotion, Mr. Boyd said.

The process of setting up the program began by interviewing suppliers and obtaining samples of single-item and continuity premiums.

According to Mr. Boyd, these samples were taken to a large shopping mall where a team of interviewers conducted a customer preference survey. Shoppers were asked this question: "If you were purchasing a large appliance and, because of that purchase, you were given the opportunity to buy any item on this table at a reduced price, which item would you select?"

After the shopper made his selection, the interviewer turned over cards showing the prices of each item as suggested by the premium suppliers. After seeing the prices, the shopper was asked if he wanted to change his mind.

The purpose of this procedure was, first, to see which items were most liked and, second, to determine if pricing was a consideration in their choice. The interviews were continued until the proportions of age, sex and racial quotas reflecting the population of the Montgomery marketplace were reached.

A few days later, the three most popular items from the first survey were returned to the mall and the entire

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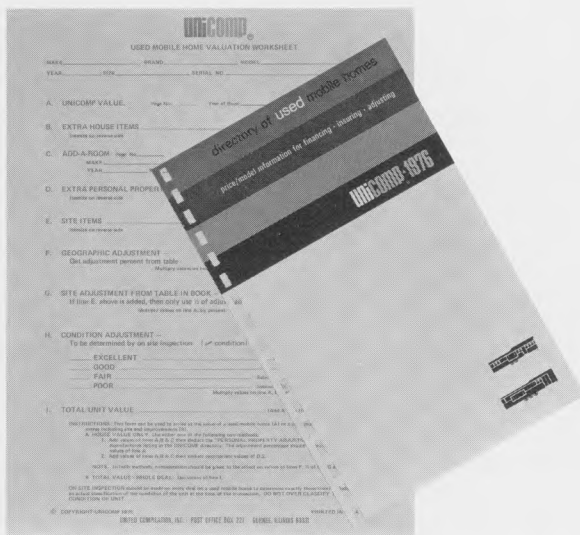
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There is a correlation of original prices and used unit values. As in the case of site built housing, there is a relationship of values to original prices. Two houses of 1500 sq. ft. when new, with one a top quality custom built home and the other a economy built tract type house, would certainly have different values as the years go by. Likewise, two differently built mobile homes of the same size will not have the same values when used because of differing qualities of construction.

The original price does reflect the relative quality level of the mobile home and is the reason a value guide is so very necessary in setting values on used units. No person, regardless of the years in the industry, can accurately remember the literally 10's of thousands of models built each year, so a value guide is imperative to any truly good appraisal system.

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WHAT DEPRECIATES ON A MOBILE HOME?

For years mobile homes have been sold on a turn-key, instant move-in basis so that it has become totally confusing to all segments of the industry with regards to what causes depreciation.

Goodies such as furniture, decor packages, appliances, etc., all depreciate rapidly, as anybody knows. A two year old couch has no real market value, yet if it originally sold in a mobile home, many industry people have a hard time accepting the simple fact that the couch has depreciated. Goodies, for some time now, have represented about 25 - 40% of every mobile home deal and must be properly allowed for in appraising a used mobile home deal.

Mobile Homes (Houses) have very little depreciation today and in fact some are actually appreciating in value. After all, if a home is properly maintained, why should a 2 X 4 in a mobile home wear out when it doesn't in a stick built house? Most mobile homes today, once located, are never moved so if they are properly blocked and maintained, they should not "wear out" and therefore are holding their values.

Many other factors such as site improvements, condition of unit, geographic area, and demand do also affect the sales values, both up and down. By using the UniComp appraisal system (book and valuation worksheets) all of the individual factors of a mobile home deal can be determined.



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process was repeated. Results of the second survey indicated that the most preferred item was Salem's stainless flatware.

A price of \$3.75 per unit was determined, based on the basic cost of the unit and building in a small profit margin, handling costs and taxes.

It was decided that not only the first unit would be offered free, but the eighth unit. It was felt that this extra incentive would encourage customers to go beyond the usual eight-place setting of flatware, thus extending their participation in the continuity promotion.

A minimum deposit of \$25 to a savings account was required to get the first free unit as well as to purchase subsequent units. Past experience indicated that higher deposits would be made, but the low requirement was considered an inducement for broad participation on the part of the public, Mr. Boyd said.

Included in the offer was the opportunity to buy 73 pieces of flatware and a chest with a deposit of \$1,000 or more to a regular savings, time open account or a CD. The 73-piece unit was priced at \$49.95, but Mr. Boyd feels now that the price could have been set \$10 higher with no negative effects.

Customers making qualifying deposits were given certificates by tellers that carried the amount of the deposit.

The customer was instructed to take the certificate to a redemption center, enter her name and account number and turn the certificate in to receive her flatware. Personnel at the redemption center asked customers if their accounts were new or existing and entered this information on the certificate. Thus, the certificate became the primary research data source.

When a customer received her first place setting, she received a participation card listing all available units of flatware. Each time a place setting was received, a notation was made on this card. The cards served as reminders to customers of how many units they had received as well as how many other units were still available.

The program was launched in March, 1976, to take advantage of tax refunds being received by customers at that time. The promotion was carried out in three phases, Mr. Boyd said. Phase one was the introductory period, extending through May. During this period, the theme of the promotion—"painless stainless"—was established. The "painless" moniker referred to the use of a tax refund to start the collection, eliminating the need for customers to dig into their savings for funds.

Phase two was a reminder mini-campaign that ran for three weeks begin-

(Continued on page BG/38)

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Dual Control, Countersignatures Urged To Protect Dormant Savings Accounts

A SAVINGS account customer of an eastern financial institution complained to the bank's president that she had checked the balance in her account and had found that someone had forged her name to a withdrawal slip in the amount of \$10,500.

Subsequently, one of the bank's tellers volunteered admissions to management that for a period of two years she had been withdrawing funds from several inactive or dormant savings accounts. The money had been wagered at nearby race tracks. The teller cooperated in a review of the mishandled accounts and the loss was found to be in excess of \$60,000. The teller had been employed by the institution for three years.

A recent Loss Prevention Bulletin of Scarborough & Co., Chicago-based insurance underwriter, cautioned financial institutions to watch dormant accounts.

Oscar W. Jones, director, Loss Prevention Services at Scarborough, advises the exercise of proper dual control over dormant accounts. Such control includes keeping account statements from tellers and bookkeepers when they are ready for delivery to depositors, keeping nondeliverable account statements under audit control and including dormant accounts in the institution's direct verification program.

If these regulations are not observed, Mr. Jones writes, serious internal control weaknesses are being permitted that could result in major losses.

Financial institutions should check to make sure they are taking the necessary precautions against embezzlement of dormant accounts, Mr. Jones writes.

Dormant accounts are a frequent target for the would-be embezzler. The knowledge that many of these accounts will never be claimed often tempts personnel to "raid" them through the use of forged checks and withdrawal tickets. Special controls are needed, Mr. Jones writes, to protect against these situations.

These include dual control of signature cards, counter-signatures on all withdrawal tickets and continuous audit of all transactions in the separate ledgers or computer printouts to which these accounts should be transferred.

Mr. Jones also writes that continued concealment and growth of dormant account defalcations have been made possible by alteration of account statements prior to their delivery to depositors.

Statement balances can be raised

and withheld deposits can be entered. Any employee who can gain access to the same statements month after month can perpetrate this scheme, he writes.

For example, a teller may misappropriate a dormant account customer's reactivating mailed-in deposit, intercept his statement and make a false entry thereon to conceal his theft; or a bookkeeper may forge and negotiate a check outside the institution and in a

similar manner remove the item from the statement and destroy it.

These possibilities illustrate the absolute need for adequate safeguard of depositors' statements and canceled checks and withdrawal tickets during their monthly preparation and while they are awaiting delivery to depositors. Monthly rotation of employees preparing statements constitutes the best safeguard against this exposure, Mr. Jones writes.

Direct verification of dormant accounts should occupy the most prominent place of importance in the various audit and control programs available to an institution, he writes. • •

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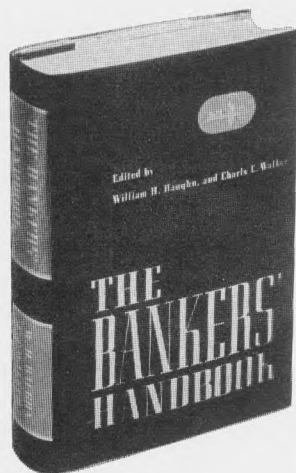
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Home Video Game Brings in \$10 Million As Pre-Holiday Incentive in Chicago

WHAT'S a good way to get more than \$10 million in savings deposits? Try offering a TV game that enables people to hold hockey play-offs and tennis tournaments and determine the neighborhood smash champion—all in their living rooms!

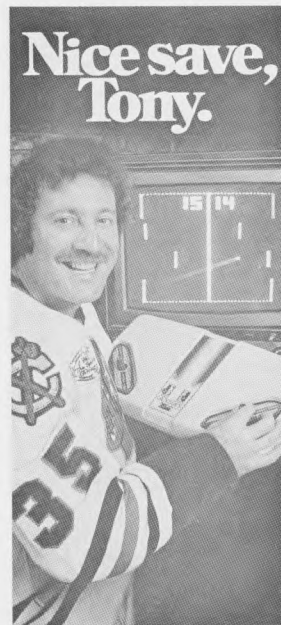
The game is called the Odyssey Home Video Game. It's being used as premiums by banks and thrifts and the institutions are reporting good results.

First National, Chicago, offered the

games last fall. John K. Tomick, director of product promotion, said no other premium has pulled more new customers for the bank.

Sales exceeded 15,000 over the three-month period the games were offered. About half the customers and almost half the deposits involved were new to the bank. On peak days, more than 40 games were sold at \$39.95, plus tax, to people depositing \$250 in new or existing savings accounts.

The bank used Chicago Black Hawk



Get an Odyssey Home Video Game when you save at The First. \$39.95

Chicago Black Hawk Tony Esposito makes some spectacular saves everytime he's on the ice.

Black Hawk Tony O' can't beat the save you can make at The First National Bank of Chicago.

Just deposit \$250 in a new or existing savings account at The First, and you can get an Odyssey Home Video Game by Magnavox for only \$39.95.

Odyssey Home Video Game easily fits any TV for three action-packed games in one. Host your own hockey play-off series. Hold family tennis tournaments. Or determine the neighborhood Smash champion.

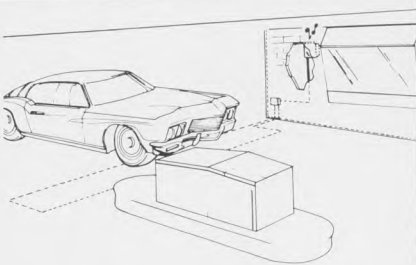
All at variable speeds. Don't forget to tip!

All with automatic on-screen scoring so you can estimate on the action.

Odyssey \$69 for only \$39.95. From Chicago's Bank.

To make a save now, you'll want to hurry. Supply is limited.

The First National Bank of Chicago Chicago's Bank



CUSTOMERS AUTOMATICALLY SIGNAL THEIR ARRIVAL WITH

DRIVE-IN ALERT

Pleasant chime sounds when car passes over electronic detection area, alerting tellers who may be away from drive-in window. Customers receive fast service. Tellers operate more efficiently. Also counts cars.



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HIGH INTENSITY DRIVE-IN SIGNS

ACTRO-LITE SIGNS immediately attract and direct drivers entering the facility. The extraordinarily brilliant OPEN/CLOSED or RED/GREEN message even pierces direct sunlight. Stainless steel or statuary bronze finish. Easily installed and maintained. Versatile mounting. Immediate delivery. Satisfaction Guaranteed!

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star Tony Esposito in its print ads, which bore the legend, "Nice Save, Tony." Ad copy included the following: "Chicago Black Hawk Tony Esposito makes some spectacular saves everytime he's on the ice. But even 'Tony O' can't beat the save you can make at The First National Bank of Chicago."

Ad copy continued with information as to how customers could qualify for an Odyssey game.

They were informed that the game connects easily to any TV for three action-packed games in one. "Host your own hockey play-off series. Hold family tennis tournaments. Or determine the neighborhood Smash champion," the ad said.

TV and radio spots were also used. Total media advertising and promotional expense for the promotion was about \$250,000, considered to be a low sum when compared to the number of accounts and deposits generated, Mr. Tomick said.

The game was selected, Mr. Tomick said, because it was felt it would be just the thing for Christmas gift giving. The bank beat everyone else to the punch, Mr. Tomick said, by offering the games early in the shopping season. Sales peaked during the October interest payment period and again just prior to Christmas. Sales averaged 212 units per day during the 15-week promotion.

According to Mr. Tomick, the Odyssey game was chosen primarily because it offered more features for the price relative to comparable models. It was also felt that the game's manufacturer, Magnavox, was a reputable firm with the most experience in both home video games and servicing financial institutions, he said.

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Newcomer Center Aids New Arrivals, Is Source of New Business for Bank

AN EFFECTIVE way for a financial institution to attract new business is to organize a newcomer center. A well-managed center enables a bank or thrift institution to beat its competitors to the punch by soliciting newcomers before they make their moves!

Hancock Bank, Gulfport, Miss., has such a center. Its purpose, besides generating new business, is to make it a simple matter for families moving to the Gulf Coast for the first time to become acquainted with the area and the bank even before they arrive.

The department, managed by Mrs. Carolyn Dabbs, who is also manager of the bank's women's department, supplies a copy of the daily newspaper to the newcomer's old address before the move is made. It also supplies new families with a newcomer kit, which includes facts of life about the Gulf Coast, a sampling of living costs, street maps and a Mississippi drivers license manual.

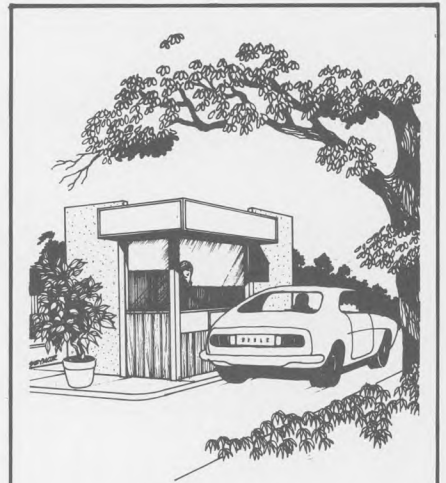
The department also provides personal counsel for the myriad details

facing newcomers. "Help in selecting realtors, decorators, baby sitters, doctors and the like takes away the feeling of being a total stranger when moving into an area," says Mrs. Dabbs.

Also included in the newcomer's kit is an analysis of schools, church programs, a guide to cultural and recreational facilities, a list of shopping centers and a profile of local service organizations.

Of course, the newcomer is made aware of Hancock Bank's services and pre-arrangement of bank services is offered to facilitate the newcomer's move. This service includes handling of checking and savings account transfers, information and assistance with residential mortgage financing, transfer of credit files, pre-approval of credit to facilitate establishment of a new line of credit, charge-card account transfer and the establishment of credit accounts at major stores.

Once the newcomer arrives, the bank conducts personal mini-tours to familiarize the newcomer with the area.



FOR SALE OR LEASE

Available for immediate delivery. Instant modular drive-in teller units. Ideal for expansion or to establish a remote drive-in. Prebuilt ready to install on your site—requires only electrical hookup. Includes all equipment needed—electric heat and air conditioned, conduit for alarm and phone. Write for brochure of other sizes and models available, up to full branch buildings.

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In 1976, Manufacturers Hanover Trust became Number One in Auto Loans in the New York area.

And we have the ad campaign that got them there.

The
ANYCAR

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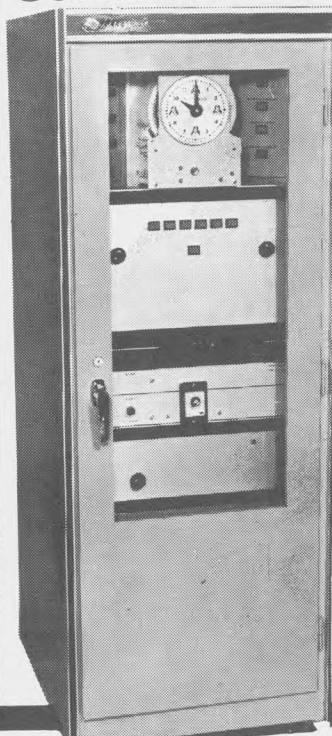
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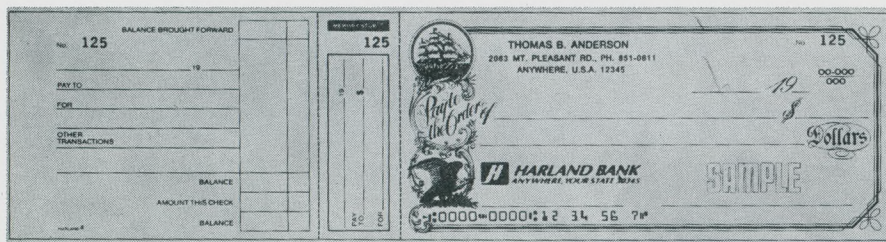
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YOUR MUSICAL SIGN...

That is exactly what the Town Crier carillon offers your financial institution. The beautiful sounds of bells is a unique gift to your community — one to be treasured for years to come. But it is also a totally different kind of sign — a musical sign that makes an impression without ever being seen. No matter where your customers are, the Westminster Chimes and hour strike reach them daily. Concerts of favorite music are an added reminder of your community involvement during special celebrations. The Town Crier carillon is a distinctive way to make your voice heard constantly at a very minimal cost. Call Jim Livingston collect at (513) 221-8400 for complete details on the Town Crier program available now from the I. T. Verdin Company.



'Memory Stub' Helps Prevent Overdrafts



An Odyssey Collection of checks with a new "memory stub"TM has been introduced by John H. Harland Co., Atlanta, for customers preferring three-to-the-page checks but who dislike carrying the oversize checkbook around with them. The system permits the account holder to detach checks for use when shopping. A small memory stub sandwiched between the check stub and the check is designed to remain attached to the check until it is filled out. The memory stub is then detached and placed in a pocket in a carrying case provided with the system. The memory stubs are numbered and can be matched with the check stubs and the entry transferred from the memory stub to the check stub at the account holder's convenience.

Flatware

(Continued from page BG/32)

ning in late September.

Phase three was a two-part closeout of the offer. Newspaper ads announced the ending of the free place setting portion of the offer. This was followed by a multi-media closeout program incorporating a special offer that enabled customers to purchase as many place settings as they wished at \$3.75 per unit with a deposit of \$50. This permitted customers to complete their sets and helped to deplete the bank's stock of flatware. These sales were helpful in liquidating the cost of the units given free earlier in the promotion, Mr. Boyd said.

At the end of the first 10 months of the promotion, customers had deposited \$13.9 million to get the flatware. It's known that 48.5% of all deposits made to get the premium were made to new accounts, enabling the bank to experience a 30% increase in such accounts over figures for a year previous. This has resulted in an increase in regular savings and time open accounts of more than \$8 million, Mr. Boyd said.

At the conclusion of the promotion, a complete analysis of participation will be made.

Impressively Present

— Your Corporate Image

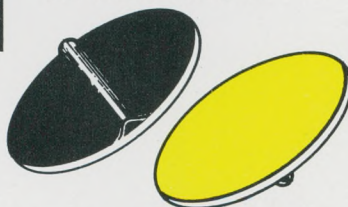
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the Bright Light time/temperature Action Center without bulbs

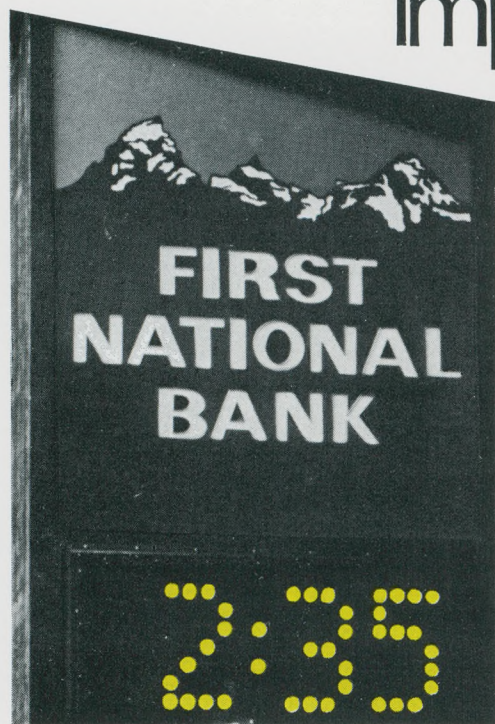


Exclusive FlipOmatic

Solid state electronics control metal discs that are flipped to expose their fluorescent yellow or black surfaces. A brilliant circle of reflected fluorescent light covers entire area of each disc — instead of a single glowing filament from a bulb. Sunlight poses no problem of fade out as experienced with incandescent displays during peak traffic hours.



PIONEERS AND LEADERS
IN SIGN CONTROLS SINCE 1932
Box 850, Danville, Illinois 61832
Ph: 217/442-0611



You've Got to see it to Believe it!

In '76 — new freedom from light bulbs and freedom from service problems! No more burned out bulbs that reflect your bank poorly to the public. For bicentennial 1976 — accurate time with temperatures displayed either in C° or in F°, or both alternately! The left to right precision movement of each numeral adds to the attention gaining aspect of the entire display. It operates on a fraction of the electric power required by an incandescent sign. FlipOmatic presents your public service image more brilliantly, more legibly and much more reliably than any bulb lighted display ever could. For full information and color brochure enclose your business card in envelope to personal attn. of Ed Griffin, Marketing Manager.

THE GOLDEN TRIANGLE TELLER TRAINING

UPGRADES PRESENT TELLERS TO NEW PRODUCTIVITY,
TRAINS NEW TELLERS THE RIGHT WAY,
RECRUITS TOP JOB CANDIDATES,

6 KEY SUBJECTS
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DEALING AT THE COUNTER
DEALING ON THE PHONE
HANDLING THE "DIFFICULTS"
"THIS IS A HOLDUP"
THE OFFICE FAMILY-TEAM

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2625 Temple St., Los Angeles 90026
(213 — 385-3911)

The Teller-Matic System.

It's making the conventional ATM obsolete.



The System vs. The Machine

The conventional automated teller machine is exactly that—a **machine**. An independent, self-contained automated teller. Each machine has its own intelligence system, which accounts for almost half the cost of an ATM. And the typical ATM is offered in only one design, so you may have to buy more—or less—ATM than you need.

You need more than a machine. You need The System. The Teller-Matic System is a network of automated customer terminals, all operated by a single intelligence source. This sharing of intelligence also means shared intelligence costs, making it possible to reduce the cost per terminal drastically compared with the conventional ATM. And because The System has built-in versatility, it offers you a wide range of design and application options.

Mosler

An **American-Standard** Company

Hamilton, Ohio 45012

The System makes sense

You need more than a machine. You need an automated teller system versatile enough to adapt to your individual requirements and advanced enough to meet your future needs. That's the idea behind The System.

Consider application flexibility. Teller-Matic offers a fully secured customer terminal for exterior and remote locations. For lobby and other secured locations, you can get a non-secure terminal and save the cost of unneeded security features.

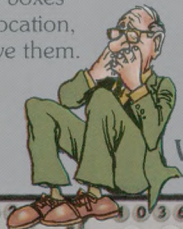
Consider cabinet styling flexibility. You can choose from one of Teller-Matic's standard cabinet designs, or provide your own customized cabinet to coordinate with a particular interior design theme.

Consider future expansion needs. With The System, you can start with only one or two terminals—plus an intelligence module—and plug in additional terminals as you need them. Each intelligence module will operate up to six customer terminals. And conversion of the entire system to on-line operation is simple and economical.

New American Safe Deposit Boxes from Mosler let you be all things to all people.

Maybe we need more boxes, maybe less . . .

Order modules as you need them. And if you need more boxes at another location, you can move them.



YOUR WORRIER

Biggest one you have.

Because American is modular, you can choose the exact box size assortment your customers prefer.



YOUR CUSTOMERS

Will they fit?

American uses 10 $\frac{7}{8}$ " wide modular units—3 units are equal to a standard B width. No rentable inches are wasted.



YOUR CONSTRUCTION CREW

How fast can we get them?

American instant numbering speeds delivery because you don't wait for engraving.



YOUR SCHEDULER



Can we afford them?

YOUR BUDGET MAN

Your Mosler representative has a very competitive figure for you. And complete details about American safe deposit boxes.

How do I promote them?

YOUR MARKETING MAN

Mosler has assembled a complete kit of sales aids to help increase box rentals.



Mosler

An American-Standard Company

Hamilton, Ohio 45012

Furry, Feathery Friends Flood Financial-Land Foraging for Funds

Spokes-Animals Identify Institutions

By JIM FABIAN, Associate Editor

WHAT DO Hubert and Elbert have in common?

For one thing, they're names of animals—Hubert is a lion and Elbert is a mountain goat.

For another thing, they're spokes-animals for financial institutions!

And for a third thing, their names and images are becoming household words in their cities of domicile.

But these are not the only financial institution spokesmen from the animal world. Rabbits, owls, parrots—practically anything—are being utilized to make advertising and public relations unique for financial institutions.

Financial marketers have found that animals make good spokesmen for their institutions. They not only readily identify their sponsor in advertising, but they can take part in public events and thus attract extensive free publicity in the media. They can also be merchandised in the form of stuffed animals that make a hit with young people. There seems to be no end to the uses an appealing spokesman from the animal kingdom can be put to.

Hubert the lion is spokesman for Harris Trust, Chicago. According to the people at Harris Trust, Hubert is the bank's star salesman. He is part of virtually every aspect of the bank's promotional activities, from window displays to premium offers.

According to independent surveys conducted at regular intervals in Chicago, Hubert is identified with Harris Trust by better than 90% of the people interviewed in the bank's trade area.

Hubert has been working at Harris Trust for a long time—since 1956. He came on the scene at the time Harris decided to expand into all phases of retail banking. The object of employing Hubert was to transform the public's

impression of the bank from one of a businessman's bank to a warm and human place, where every customer, regardless of the size of his account, would be welcome.

As developed by the bank's advertising agency, Hubert was a logical evolution from the regal lion that had been part of Harris Trust's seal since its founding.

Hubert, with his spectacles and urbane and likable manner, was an instant hit, according to a human bank spokesman. His first appearance was in newspaper ads. He was soon put to work in TV commercials, asking people to bring their money to the bank. It wasn't long before people, when making their deposits, whispered to tellers, "Hubert sent me!"

As a premium, Hubert is the focus of what is considered to be one of the nation's most successful bank premium campaigns, now in its sixth year.

A 28-inch plush-pile doll replica of Hubert was offered last fall to customers who opened savings accounts with \$200 or more or added that much to an

existing account. About 190,000 of these dolls have been distributed to Chicago-area customers since the premium was introduced in 1971. The 1975 campaign is estimated to have brought in 11,000 new customers and added \$25 million in savings.

Hubert's image has literally saturated Chicago, as it appears on coffee mugs, tee-shirts, watches, golf balls and towels.

Hubert is the recipient of hundreds of fan letters and snapshots, many from school children. The bank has developed a Hubert coloring book that traces the evolution of the Harris lion from the bank's original 19th century telegraphic code to the present cartoon creation.

In 1971, Harris Trust adopted a real lion and appropriately named it Hubert. It is said to be the first zoo animal to be sponsored by a corporation.

Elbert the bighorn began working for First National, Denver, in 1975. For more than a year, the bank's marketing department had been on the lookout for a spokesman for the consumer banking department, which had only recently been fully developed and was less well-known than the corporate side of the bank.

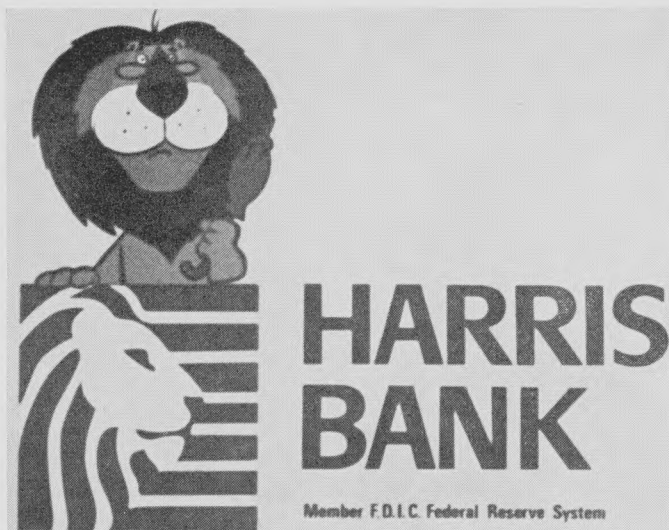
When Elbert was suggested by the bank's advertising agency, he seemed to fill the bill. As a bighorn, Elbert would represent the bank that had been predominant in Colorado and the Rocky Mountain region since its founding in 1860. Not only is the bighorn the state animal, it is close to the heart of most Coloradans. Elbert's name is part of the state's tradition—Mt. Elbert is the highest peak in the state.

The bighorn has characteristics which First of Denver believes it shares—it's strong, sure-footed, agile, but cautious when necessary. Most important of all, it's not afraid to take its competition head-on!

The bank chose an animated version of Elbert so the bighorn could talk—



Metropolly, macaw mascot at Metropolitan Bank, Chicago, samples \$100 bill held by then bank Pres. William O. Kurtz. Mr. Kurtz retired recently.



Hubert, Harris Trust animated lion, perches atop stylized lion that is part of Chicago bank's logo.

A few could even sing the song that was on the commercial's soundtrack!

This was too good to pass up, so Buck was brought back on the scene, only this time he was an animated cartoon rabbit—one that could talk. Although it's too early to tell how the new Buck will go over with the public, it's a pretty sure thing that a new generation of Los Angelenos will become familiar with him, since his likeness will be appearing on TV, billboards, point-of-purchase materials and newspapers in a \$200,000 promotion!

It's a far cry from a rabbit to an owl, but the latter has been peering at the citizenry of Cincinnati for a couple of years, courtesy of Central Trust. As have other bank spokesmen, the owl

and say things no human could get away with, serious or humorous. He could wear skis or cowboy boots or tennis shoes and play any number of roles. And he could change subtly to meet changing market conditions.

Since his introduction, Elbert has appeared in virtually all of the bank's consumer advertising. His first major effort was to star in the bank's "Greening of the Platte" promotion, an ecology-related program to beautify an area through tree-planting. The promotion won a Gold Coin Award from the Bank Marketing Association.

Denver took to Elbert with great good humor. Customers of the bank began asking about him; kids wrote him letters. Within six months Elbert had built an almost 80% awareness in the local market.

Of course, Elbert wasn't at all bashful. In costume, a man-sized Elbert conducted the Colorado Philharmonic, skied in a professional slalom race, pitched the first ball in a pro baseball game, played basketball with the Denver Nuggets, led parades, hosted a party at the Denver Zoo for his real life counterpart and made appearances state-wide.

A stuffed doll version was offered as a premium for savings accounts and soon Elbert dolls became a valued local commodity due to a tight distribution policy on the part of the bank. The six-week promotion resulted in "thousands of accounts" bringing in "millions of dollars," according to the bank. Perhaps the most telling result is the fact that all 11 affiliates of First of Denver's HC opted to conduct Elbert doll premium promotions last year.

When Elbert was first presented to bank management, the marketing department stated "We will have fun with Elbert, but never make fun of him." That's just what has occurred,

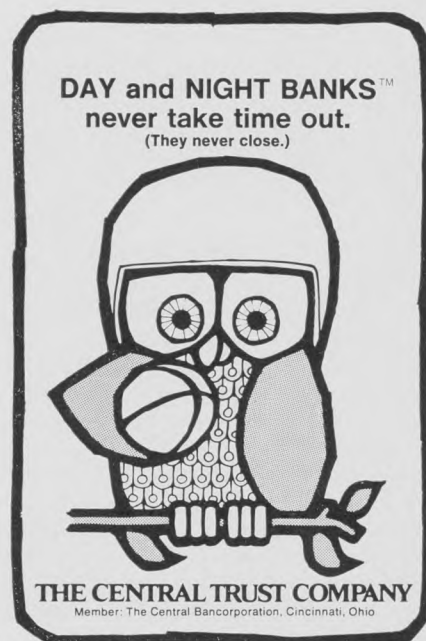
and now the bank's marketing people contend there's nothing more fun than success!

Coast Federal Savings, Los Angeles, helped make a name for itself by featuring a brown Belgian hare in its TV advertising for many years. Eventually, the rabbit was retired after 15 years' service. One of the reasons the live rabbit was retired was that he couldn't say anything. All Buck Bunny could do was pick up coins in his mouth and deposit them into a bank and spell out the thrift's name in alphabet blocks—which are pretty good tricks for a rabbit, even in Los Angeles!

Recently, when the institution was searching for a new advertising gimmick, attention was repeatedly focused on the old rabbit. Even though Buck hadn't been around for a long time, a market survey revealed that 46% of those surveyed still could identify the rabbit with Coast Federal. They could also recall what Buck had done in the way of tricks on the TV commercials.



Life-size Elbert the bighorn makes friend for First of Denver at bank-sponsored event.



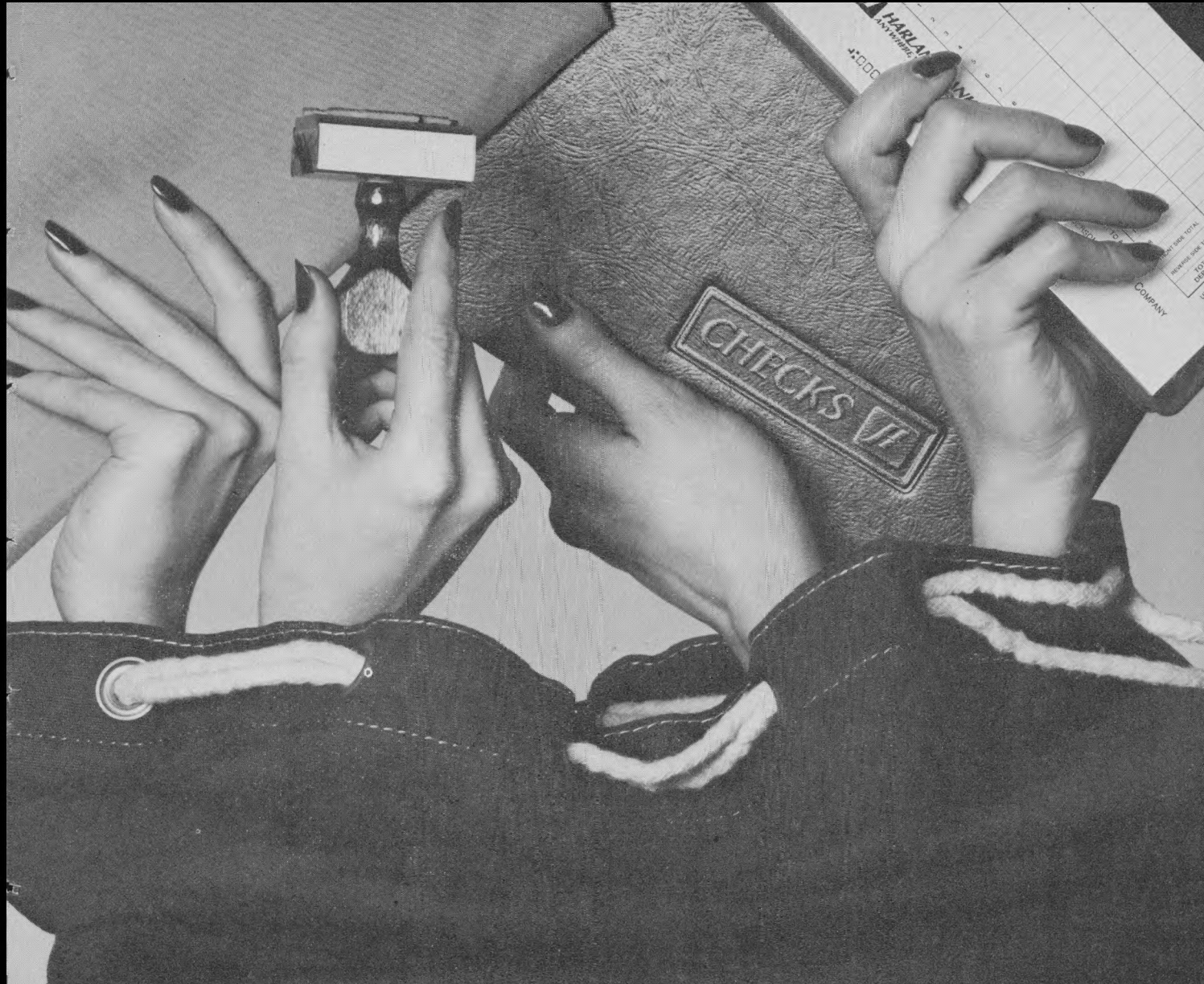
Central Trust's owl peers at Cincinnatians to promote ATM service.

has made a name for itself (even though it doesn't have a name, as such) by appearing on tee-shirts and billboards, in newspaper ads and TV commercials.

But now the Central Trust owl has a new job—representing a regional ATM and check guarantee interchange currently comprised of Central Trust, Covington (O.) Trust and First National, Middletown, O.

Although the network was first announced in October, 1975, the caricature owl was born in February, 1973, when his job was to publicize Central Trust's Day and Night Banks, a 24-hour ATM service.

Recognition of the owl as spokesman for Central Trust's automated banking services was developed and continues to be augmented through a variety of media and promotional activities, ac-



THE HARLAND B.A.G. OF TRICKS. EVERYTHING YOUR BUSINESS CUSTOMER NEEDS.

When your business customers open their accounts with you, give them *everything* they need at one time. Checks. Commercial deposit tickets. Rubber endorsement stamps. And money bags. It's all there in Harland's Business Account Group (B.A.G.), and it's a great way to get off on the right foot with new business customers.

All B.A.G. merchandise is produced or stocked at your Harland plant, so service is speedy. Your customers will have everything they need without delay. And, not only will B.A.G. make a happy customer, it will also save you money. How? Because the costs of the deposit tickets, money bags and rubber stamps are passed on to the customer in one debit.

To find out more about the B.A.G. program, just talk to your Harland Sales Representative.

HARLAND

P.O. Box 105250, Atlanta, Ga. 30348

ording to the bank. The bird has appeared in TV commercials, lauding particularly the "night owl" aspect of ATM services. He has also been used heavily in print media, often donning a special costume to adapt to a particular audience or situation. He has dressed as a football player when appearing in the Cincinnati Bengals fact book or other publications during the football season. His agility has extended to the baseball diamond, hockey arena or tennis court as the occasion warranted.

Other costumes and poses have varied according to the particular message. For instance, he has "flipped" (on his branch) over Day and Night banks, and has worn a rainhat while urging customers to avoid banking in the rain (the bank service will be available whenever the downpour stops).

Central Trust offered a stuffed owl as a savings premium during the Christmas shopping season in 1973. It was available for \$2 to customers depositing \$200 or more in a savings account. It was also available for \$3.95 without a deposit. With 5,000 stuffed owls distributed more quickly than anticipated, the promotion came to a premature end a week before Christmas.

This past spring, the bank distributed 10,000 owl tee-shirts in six business days to those depositing \$100 or

Second-generation Buck Bunny works for Coast Federal Savings, Los Angeles.



more in a savings account. Other owl items include magnets and adhesive-back owl appliques.

Since the inception of the Owl Network, all owl items are made available to participating financial institutions. The owl symbol appears on all debit cards used in the network, as well as on the network's terminals. Customers are encouraged to look for the "sign of the owl" when they need ATM services.

Another bird, a 42-inch-tall parrot, recently became the newest staff member of Metropolitan Bank, Chicago. "Metropolly," a 10-year-old macaw, lives in a tall cage in the bank's lobby.

Metropolly was added to the staff to serve as a spokesman in bank advertising and promotional materials and

also to appear at area schools to assist in lectures on money management and basic economics.

The bank expects the parrot to add fun and interest to a normally dry subject like economics. In addition, it can be an entertaining focal point to bank customers. Metropolly is expected to tour children's wards at area hospitals and is available on a select basis to local community groups for parades and open houses.

The bird's previous experience includes starring in several product promotions and advertisements, the latest being a TV commercial with entertainer Mitzi Gaynor. With a life-span of 75 years, the 10-year-old parrot is expected to be active at the bank for some time.

The bank came up with the idea of purchasing Metropolly after a media campaign featuring a parrot had been prepared by the bank's advertising agency. "Since the campaign featured a parrot, we felt we should find the real thing and put him to work for the community's benefit," a spokesman said.

Financial institutions contemplating engaging representatives of the animal kingdom as spokesmen had better select their candidates soon—only a limited number of species have not yet been spoken for! ••

Bank Barely Able to Keep Up With Demand for Toy Bears


FOR SEVERAL WEEKS late in 1975 and early in 1976, there was a "run" on Crocker National branches throughout California, but those who were descending on the bank were seeking stuffed bears, not their money. In fact, they were standing in line to open or add to savings accounts just so they could obtain the cuddly little toys.

The whole thing started just before the Christmas season of 1975, when Crocker National's promotion department came up with "Sunny the bear." The 17-in-tall animal was available—one to a customer—to each person who opened a new savings account with \$300 or more or added at least that amount to an existing savings account. The bank obtained the bears from Animal Fair, Chanhassen, Minn.

What followed was almost unbelievable. It even made the wire services and was reported around the country. It seemed everyone wanted one of the bears, which were advertised across the state via TV commercials and newspaper ads. The stuffed bear used on TV was animated, sat in the chair of the

bank's chairman and "talked." However, the commercial made it clear that

Free.
With love from Crocker Bank.



Yours free with a \$300 savings deposit.
Sunny makes banking bearable—for a change.

You can't buy Sunny the Bear anywhere. You can only get him here. At Crocker.
Always do it for \$300 or more to new or existing savings accounts at Crocker Bank, and he's yours.
If you want to open a new Crocker account with savings that's over \$300, you'll get Sunny the Bear as your reward, and we'll handle the whole matter for you.
Sunny is 17 inches tall. He's warm. He's soft. He's cuddly. He's a nice bear. You think of something, we'll handle it. Sunny's got his eye locked on, and he'll watch you.
And he's for Bear den't say. There's not one Sunny to a customer while the supply lasts. Don't you have some one you'd like to have him to love.
Crocker's changing banking.
Member FDIC.

This newspaper ad helped introduce Crocker National's Sunny the bear to public. So many people wanted him that branches that ran out tried to wheedle bears from those that still had reserves.

the bears being offered by the bank could not talk.

According to Angela Bohning, then in charge of new accounts at the Palos Verdes Branch, customers who already had accounts insisted they should get a bear, and one man who had a \$50,000 savings account threatened to take out the entire amount unless he got a bear.

"We tried to tell them just to withdraw \$300 and open another account," says Mrs. Bohning, "and some of them did. Mothers would come in with two or more kids in tow and each child wanted a bear, of course. But it was one account, one bear, no more and no less, so they had to open two or three accounts."

To add to the difficulties, a bear shortage developed, and the "top brass" let it be known that there must be a strict accounting for each bear.

"It got so that we had a bear count at our branch at the end of business every day," says Mrs. Bohning. "The tellers had to balance their bears before they balanced their drawers. We finally



Teller at Crocker Nat'l, San Francisco, is pictured with Sunny the bear, stuffed animal offered as premium at Crocker banks throughout California late in 1975 and early in 1976. Bears were so popular they had to be locked in vaults at night at some branches (UPI photo).

had to appoint one of the assistant managers as 'the bear man.' He was in charge of bears. He would count them and then lock them up in the vault at night."

As the bear shortage became worse, various branches tried to get more bears from others that still had reserves. The Palos Verdes Branch even sent a pickup truck to an office in Orange County for a supply. No one would say whether

A Bear Boosts a Bank



A six-foot rabbit named Harvey has gained fame on stage and screen. In Elgin, Ill., a six-foot koala bear caused a stir. The man-sized koala really was Richard Hughes, v.p., Elgin State, and he was kicking off the bank's holiday promotion, which consisted of offering a free stuffed toy called "Koko Koala" to persons depositing \$250 or more to a new or existing savings account or to a new checking account. Mr. Hughes wore the koala costume while he distributed fliers about Koko Koala to motorists and shoppers downtown and outside the bank building. Elgin State also distributed koala lollipops and buttons to area residents to give added emphasis to the stuffed-bear promotion, which, according to Mr. Hughes, the bank hopes to make an annual event.

MID-CONTINENT BANKER for March, 1977

the truck was accompanied by an armed guard.

To attest to Sunny's popularity, Mrs. Bohning points out that one woman came in with a teddy bear she had bought at a department store. She said her son wouldn't have anything to do with it because it didn't look like Sunny. She wanted to trade it in on a Crocker bear, but the bears were all gone.

Although the bear promotion ended early last year, the outcry for them continued for weeks. • •

• Bank Marketing Association. Proceedings from the association's 1976

Bank Planning Conference form the basis of a new BMA publication entitled "Planning Can Make the Difference in Your Bank's Future." The 92-page book contains edited texts of presentations made at the conference, held in Chicago. Major topics include planning for increased bank earnings, planning for profitability and financial objectives, analyzing the strengths and weaknesses of your bank versus its competition and integrating marketing planning into the corporate plan. Copies are available at \$15 each to BMA members. Write: BMA, 309 W. Washington St., Chicago, IL 60606.

How profitable can Christmas Clubs be?



Send for The Unidex Report's fascinating new research findings which prove again that Christmas Clubs can significantly increase your cross-selling opportunities. That's right. Customers who maintain Christmas Clubs are more likely to use your other services than those who don't. A national sample clearly shows that these customers are 17.7% more likely to have an installment loan in the institution where they maintain a Christmas Club account. And there's much more. The complete service pattern will really open your eyes. It's a totally factual map to your future. And one you can profit by.

Read how in The Unidex Report on Christmas Clubs. Send for your copy today. Just write: John H. Guinan, President, Christmas Club a Corporation, P.O. Box 20, Easton, Pennsylvania 18042.

christmas club a corporation
P.O. Box 20
Easton, Pennsylvania 18042

56A

A Potpourri of Bank Marketing Ideas

Adapt one and put it to work for your bank!

'Money Box' Multi-Service Program Offers Checking-Account Alternative

CAPTURING CHECKING ACCOUNT customers is the intent of the "Money Box Account" promotion of Houston First Savings. The program is an EFT-based package offering a variety of services.

Billed as a money-management program, "Money Box" offers five basic services to customers that "fill the gap left by the no-interest checking account," says a Houston First spokesman. The following is what the program offers its participants:

- Monthly bills may be paid by telephone from the account, which earns daily interest. This, says the S&L spokesman, saves time and money spent on bookkeeping and writing and mailing checks, and the phone call can be made any time of the day. The new account balance, payments and deposits are totaled for the customer at the conclusion of the pay-by-phone transaction.
- Funds may be transferred between the "Money Box" account and a bank checking account via a telephone call.
- Participants receive a plastic Prestige card that can be used to withdraw

up to \$200 in cash at over 2,500 locations throughout the country. The card has been hailed by S&L officials as the first step in establishment of a plastic-card base for EFT.

• Customers may make deposits, cash checks, withdraw cash and transfer funds via the S&L's Mosler 24-hour "Money Box" ATMs.

• Account holders become members of the institution's First Club and receive monthly statements showing records of all transactions: the size of each transaction, who was paid and when. First Club members receive 15 free financial services and discounts from local merchants, in addition to a quarterly publication, *First Club News*.

Besides the benefits to customers, Houston First officials say, participating merchants profit from the "Money Box" program, due to guaranteed funds to pay the customer's bills, convenience, accurate payment records, a reduction of paper work, fewer items to be mailed (and lost in the mail) and no service charges to the merchant. • •

Free...this framed Renoir reproduction (or any of 5 other special selections from The Art Institute of Chicago)



Just for saving \$100 at LaSalle National Bank and taking out a family membership in The Art Institute of Chicago at the regular \$30 fee.

The Art Institute of Chicago has taken a significant step toward its goal of increasing its membership in the Art Institute of Chicago. The Art Institute of Chicago has taken a significant step toward its goal of increasing its membership in the Art Institute of Chicago. The Art Institute of Chicago has taken a significant step toward its goal of increasing its membership in the Art Institute of Chicago.

LaSalle
...the bank on the move

Large newspaper ad featured reproduction of Renoir painting, one of six offered savers depositing \$100 at LaSalle Nat'l, Chicago, and taking out \$30 family membership at Art Institute of Chicago.

tute. At the same time, she continued, the bank helped bring in much needed members and funds to the institute.

Also participating in the promotion were Hyde Park Bank, Chicago, and First National, Highland Park, Ill.

38 First-Days:

Presidential Inaugurations Examined by Lobby Exhibit

The tale of 38 first-days has been told by a lobby exhibit at Frost National, San Antonio. The bank featured a Smithsonian Institution exhibit of the inaugurations of the 38 American presidents.

The showing was a retrospective look at inaugurations—their more human side as well as the swearing-in ceremonies. A number of interesting aspects of the inaugurations were highlighted, including roles played by first ladies as the oath of office was administered to their husbands. First ladies' ball gowns were shown, and observations of Presidents-Elect, such as James Madison's comment, "I'd rather be in bed," added human interest to the display.

The public was invited to view the exhibition during regular banking hours.

The Money Box Account.
Because your checking account doesn't pay interest.

For your monthly bills by phone:
Pay your bills by phone from your Money Box Account. It's easy and convenient. You can pay your bills from the comfort of your home, and you can do it at any time of the day. Just call 1-800-555-1234 and you'll be on your way.

For your money bills by phone:
Withdraw your money by phone from your Money Box Account. It's easy and convenient. You can withdraw your money from the comfort of your home, and you can do it at any time of the day. Just call 1-800-555-1234 and you'll be on your way.

Advantage of your money:
Your Money Box Account earns you a daily interest rate. That's right, a daily interest rate. So your money is always working for you.

Emergency cash advances:
Need cash fast? No problem. Your Money Box Account offers you emergency cash advances. It's easy and convenient. Just call 1-800-555-1234 and you'll be on your way.

Houston First Savings

Paintings Offered:

Bank Helps Art Institute Gain Family Memberships

LaSalle National, Chicago, recently completed a civic-minded premium program that resulted in 2,228 new memberships for the city's art institute.

Anyone depositing \$100 or more in a savings account and taking out a family membership in the Art Institute of Chicago at the regular \$30 fee was entitled to one free framed reproduction of six works from the institute. Artists represented were Winslow Homer, Claude Monet, Perre Auguste Renoir, Joan Miro and Hans Hofmann.

Both reproductions and memberships were touted as ideal Christmas gifts. The offer closed on Christmas Eve.

Susan McGuire, bank spokeswoman, said the promotion was of value to the bank because its image was enhanced through association with the art insti-

Home-Improvement Market Nailed Down By Bank's Free-Hammer Promotion

ROCKINGHAM NATIONAL, Harrisonburg, Va., succeeded in nailing down the home-improvement-loan market in its area with a premium promotion featuring "a home-improvement loan and a hammer to go with it." A free hammer was offered as an incentive to prospective loan applicants.

During a three-week period from mid-May to early June, the campaign was advertised in print and on radio and television. One TV and radio ad featured a man singing the folk song, "If I Had a Hammer," and leading into a conversation with a neighbor about home-improvement loans.

Rockingham National ordered 138 hammers for the promotion and gave them all away; the number of new loans made during the campaign totaled 204.

According to Tom Brightman, Rockingham National's director of marketing, "Home improvement loans are profitable for three reasons: They are large in dollar value; they entail lower administrative costs than other loans; and they involve ready collateral. Our hammer campaign allowed a creative approach to print, radio and TV and used an inexpensive item that easily differentiated Rockingham National from others. The hammer has lasting advertising value, too, because it places an often-used item with our identity on it in the borrowers' homes." ••

At Rockingham National Bank, we'll supply the tools to help you nail down home improvements.



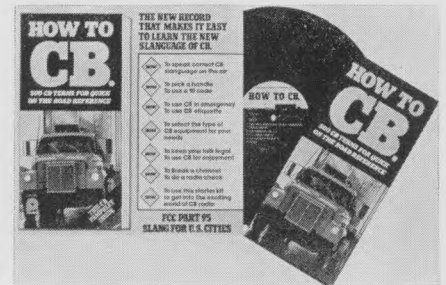
A home improvement loan and a hammer to go with it.

Rockingham National Bank
YOUR HOME-OWNED ACTION BANK
1945 CENTER, HARRISONBURG, VIRGINIA 22801
• HARRISONBURG • CROFTWOOD • VERONA
• BRIDGEWATER • MEYERS CAVE • MT. SONEY
MEMBER, VALLEY OF VIRGINIA BANKERS' ASSOCIATION

CBs Popular as Premiums; 'Slangage' Aid Offered

There's little doubt about the fact that CB radios have been a popular self-liquidating premium at financial institutions during the past year.

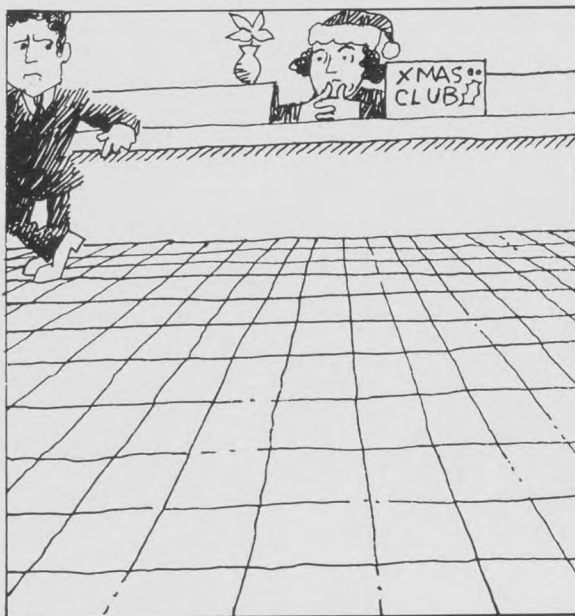
Island Federal Savings, Long Island, N. Y., offered CB radios with antenna for \$53, plus tax, with a qualifying \$1,000 savings deposit. First National, Minneapolis, included CBs in a recent



premium promotion. The model offered could be installed in the customer's auto and was available for \$80, merely for opening a new checking account and applying for either the bank's ATM entry card or its package of bank services.

A CB-related premium entitled "How to CB" is now available in record, 8-track tape or cassette form from Pick-

How much new business does your present Christmas Club generate?



If your present Christmas Club isn't attracting as many new customers as you would like, maybe it's outlived its usefulness. If that's the case, why not look into an attractive and practical Christmas Club program from Rand McNally. You'll find that they have all the innovative ideas, materials and know-how needed to help you organize, promote and get the most out of your Club... including some cost-saving features you can't afford to overlook.

**A name you know,
a company you should know more about**



Rand McNally
Financial Systems Division

P.O. Box 7600 / Chicago, Illinois 60680 / (312) 267-6868
10 East 53rd Street / New York, New York 10022 / (212) 751-6300
206 Sansome Street / San Francisco, California 94104 / (415) 362-4834

Cute . . . and a Winner!



OUR SUPER TIN LIZZIE

gets instant attention. Ideal as a prize at opening of main office, drive-in, or branch. Used in parades instead of a float. A great car loan and savings incentive. Fine to give away in cooperation with local retail promotions. Hundreds of different uses made by banks and thrift firms each year. Price, \$670. *Please place your orders early.*

America's Best Promotional Value

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"



wick International, Woodbury, N. Y. It presents 500 CB terms for quick on-the-road reference and shows customers how to use the "slanguage," as CB lingo is termed. It also includes information on how to use a CB in an emergency and how to select the type of CB equipment to meet a given situation.

In 'Beantown':

BMA's April Conference To Examine Bottom Line

"Marketing Research and the Bottom Line" is the title of the 10th annual marketing research conference of the Bank Marketing Association. The event has been scheduled for April 3-6 at Boston's Hyatt Regency Cambridge Hotel.

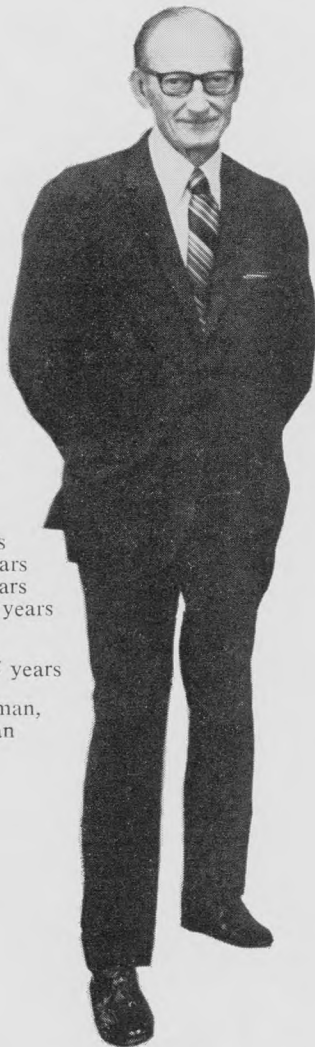
This year's conference has been geared toward new and experienced bank marketing researchers. More than 25 prominent research professionals are slated to discuss the latest "hot" topics, while providing updates on new and established research areas, especially as they relate to bottom-line decision making.

The program has been structured with three general and 15 special-interest sessions and includes a "Basics of Bank Marketing Research Course," which is targeted at junior market researchers and bank marketers with limited research experience. That course will cover project planning and problem delineation, data collection, questionnaire design and data preparation, data analysis and managing the research function. In addition, the BMA has scheduled a three-part community bank research module.

A Mid-Continent-area banker who will address the conference is Jerry S. Wayt, president and CEO, Citizens Banking Co., Anderson, Ind. His topic will be "A - A = NG." Serving as program chairman is Stephen A. Haley, vice president, Huntington National, Columbus, O., while Donald A. Rauschenberg, director of marketing research, Harris Trust, Chicago, serves as program co-chairman.

Registration fee for the conference is \$235 for BMA members and \$335 for nonmembers. For more information, write Don Hoss, Director, Education Department, Bank Marketing Association, 309 West Washington Street, Chicago, IL 60606.

Which of these correspondent bankers would you choose?

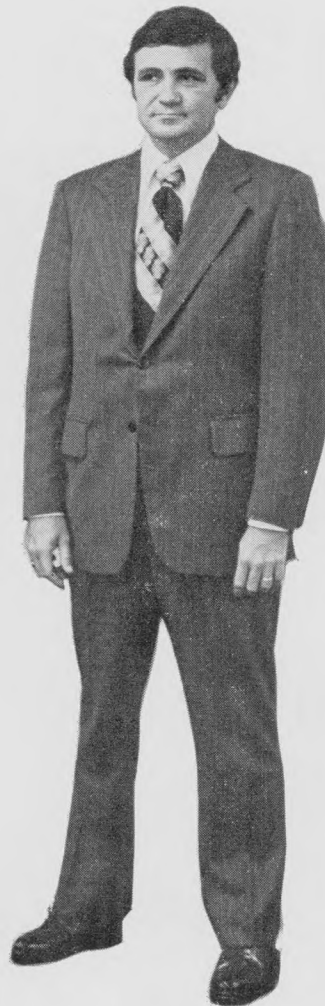


Name: Harold Smith

Transit Operations. . . 2 years
 Bookkeeping. . . 3 years
 Tellers. . . 6 years
 Army Service. . . 3 years
 Bond Department. . . 6 months
 Business Development. . . 2 years
 Metropolitan Division. . . 2 years
 Correspondent Division. . . 27 years

Total Banking Experience. . .
 45 years

Hobbies. . . Hunter, Outdoorsman,
 Collector of Indian
 Artifacts



Name: Ted Smothers

Data Processing. . . 11 years
 Banking Division. . . 1 year
 Correspondent Division. . .
 3 years

Total Banking Experience. . .
 14 years

Hobbies. . . Fisherman, Khoury
 League Baseball and
 Soccer Coach

Some big differences, right?

Not really. Both have a common denominator called "back-up by Boatmen's." That's right. They can draw on the knowledge of data processing technicians, marketing strategists, bond experts or whatever specialist it takes to assure correct and valid answers and programs to any unique situation you may encounter.

Call Harold Smith or Ted Smothers, whichever you choose, and let them show you what we mean with "back-up by Boatmen's."



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

100 North Broadway, St. Louis, Mo. 63116 / 314 425-7500

Light Note Struck During Remodeling With Colorful Cartoon Characters

TWO CARTOON CHARACTERS—"Citizens Superintendent" and "Citz, the Progress Watchdog"—are helping Citizens National, Decatur, Ill., and its customers get through a 20-month remodeling program in as light-hearted a vein as possible. These colorful hard-hatted figures are used on all signs and bank publicity and are included in striking graphics on walls of the bank's temporary quarters. The latter are in a former drug store located next to the bank building. The temporary area, which eventually will become part of the remodeled bank building, has been imaginatively designed to facilitate a smooth operation and create customer interest in the building program.

The Bunce Corp., St. Louis, is under contract for the project space planning, design and construction management.

Because most of the banking functions are operating side by side in the temporary lobby, the creative graphics and signage minimize confusion and

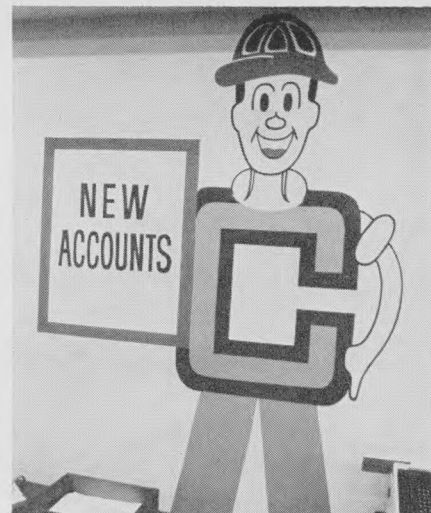
interruptions by showing customers where each department now is located. According to a bank spokesman, the graphics are particularly helpful in guiding customers to the safe deposit area, which is located away from the main lobby.

The imaginative design scheme also provides a pleasant environment for employees and creates interest in the project among customers. Instead of "playing down" the remodeling, the construction characters cleverly emphasize the building project and the temporary nature of the bank's facilities. As a bank official puts it, "Our employees and customers are extremely excited about our remodeling and seem to enjoy the progress of the job. The way the temporary quarters were designed has been an important part of making the project fun."

William Barnes III, chairman, points out that bank customers believe the project is very much *their* project and are always anxious to know more about it. To keep customers up on the project's progress, the bank has implemented a customer-information program, which includes displays and sketches depicting the remodeling area.

The most difficult task seems to be that of communicating the project's scope to the public. More than 52,000 square feet of space on several floors of the bank building and adjacent high-rise structure will be completely renovated by April, 1978. Part of the two buildings' exteriors also will be refurbished during the project, which was begun last September.

Because nearly every department will be enlarged or moved, the work



This happy, hard-hatted cartoon figure—"Citizens Superintendent"—is being used to direct customers of Citizens Nat'l, Decatur, Ill., to various departments during bank's 20-month remodeling project. Here, he indicates new accounts department.

is being scheduled in two phases: In the first phase, the main bank building is being remodeled while operations continue in the adjoining building. In November, 1977, operations will be moved back to the remodeled area while the adjoining space is renovated.

The construction team scheduled the project to minimize disruption, requiring various departments to relocate their operations only once during the job. The demolition also is being phased so that construction activity is isolated from the bank's ongoing operation, virtually eliminating dust and noise. The commercial loan, trust, farm and other executive offices, along with an employees' cafeteria, were moved in one day into a building formerly occupied by the telephone company, across from the bank's parking garage. The entire teller line, customer services, installment loan and deposit control were moved in one weekend, thus clearing three floors for construction.

Before undertaking the project, Citizens National's leadership listed several requirements that had to be met: temporary quarters that would be attractive and efficient, without spending large sums of money; main bank functions to remain in the immediate area, free from noise and dirt and convenient for customers; and maintenance of high morale among employees and customers during the project.

As Mr. Barnes says, "We would like everyone to enjoy the project and really feel involved in what's going on. Judging from our customers' response to our temporary quarters, we've succeeded so far." • •



"Citizens Superintendent" (r.) and "Citz, the Progress Watchdog" (l. above stairway) point way to temporary location of safe deposit department at Citizens Nat'l, Decatur, Ill., during bank's remodeling program. Two cartoon graphics are being used throughout bank's temporary location to give customers directions to various departments.

**We put
a premium
on service.**

Unlike some suppliers, Christmas Club a Corporation, always delivers on time, as promised. Your order receives the personal attention of a pro who works with your marketing team to make sure you get what you need, when you need it. Call (800) 523-9440 toll free, anytime.

**CHRISTMAS
club a corporation**
P.O. Box 20
Easton, Pennsylvania 18042

The Whitney works worldwide.

In the world of international banking, effectiveness requires transacting business across the ocean as quickly as across the street. It also requires being up-to-the-minute on trading techniques and knowing what makes world trade successful. To serve your customers' needs your bank needs a correspondent bank with international efficiency, experience, and expertise to back you up. That's where the Whitney can help. We make international – and correspondent – banking just a little bit easier.

Whitney
NATIONAL BANK OF NEW ORLEANS
Established 1883



Light, Humorous Radio Commercials Tell Banker's Message

RADIO COMMERCIALS that are light and entertaining? Such adjectives ordinarily aren't used to describe banks' advertising efforts. However, the Missouri Bankers Association is blanketing the state with commercials created first, of course, to get messages on banking across, but designed to do so in a humorous way.

According to Roy Schumacher, MBA public relations director, the association's public relations committee—after considerable study—felt that the commercials a majority of banks are using are the "heavy-handed-service-type," but the MBA's should have a new kind of treatment. Therefore, the MBA turned to Fred Arthur Productions of Denver, described by Mr. Schumacher as the leading producer of light and humorous radio spots. This firm has produced similarly stylized spots for a number of banks throughout the country "with marked success."

Here's an example of one of these MBA commercials (readers should bear in mind that they are written for the

ear, not the eye, and probably don't seem as effective when read as when they're heard):

Music: Child playing violin. Poorly.

First speaker: (Paul Lynde type) Our daughter wanted to take violin lessons in the worst way. Which meant we had to buy her a violin. Which we really couldn't afford at the time. So, I went down to our bank . . . and they said they'd be happy to do whatever they could to encourage the child and help further her musical career. And they promptly loaned us the money.

Music: Up for few seconds . . . then under for . . .

First speaker: I thought I'd never forgive them for that. . . .

Music: Continues under announcer, progressively improving. . . .

Announcer: If there's one thing your bank believes in, it's the future of this country. And that means encouraging those who will be responsible for it. So, whether it's to help pay for a musical instrument, or start a savings program for a college education, futures

begin right down the street. At your bank.

Music: Violinist has now become quite accomplished and finishes with great flourish to tumultuous ovation.

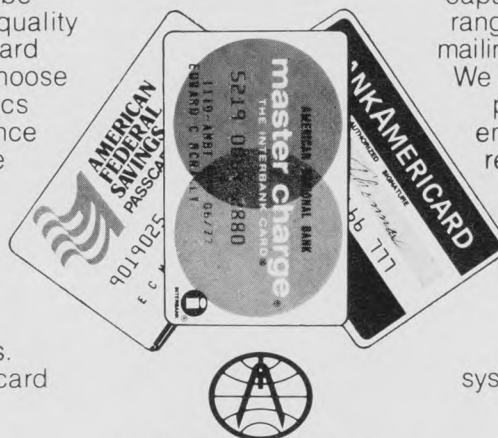
First speaker: Bravo! Encore! Didn't I always say she'd make it? Like I told those guys at the bank. . . . "You're investing in a virtuoso, gentlemen." (Fade) Bravissimo!!!

Announcer: This message presented with the good wishes of your Missouri Bankers Association.

The 420 radio spots were aired during January and February and will be broadcast again in April. The five different commercials are being heard across the state, with a combination including the larger city stations plus the Missouri Network of 52 stations serving outstate Missouri. The spots run during "drive" time—normally 6:30-8:30 a.m. and 4-6 p.m.—to catch the car radio listeners and some of the dinner-time audience. The spots run two weeks on and two weeks off during the three months.

WHEN IT COMES TO DEBIT OR CREDIT CARDS, IT'S EASIER TO MAKE THE RIGHT CHOICE FIRST

Your card system can be trouble-some without quality plastics and prompt card issuance. When you choose Rand McNally's plastics and guaranteed issuance dates, you also get the assurance of more than a century of Rand McNally experience in supplying the financial community with quality products and services. Rand McNally's bankcard



capabilities are extensive—ranging from card design to mailing direct to your customer. We provide a comprehensive package that supports the embossing and encoding requirements of all major manufacturers of automated equipment. So when your bank or savings & loan is selecting card systems, choose Rand McNally—it makes the rest of the system work so much easier.

**RAND MCNALLY & COMPANY
RANDCARD DIVISION**

P.O. Box 7600 Chicago, Illinois 60680

312-673-9100

The station schedule is: KMOX and KSD, St. Louis; KWTO, Springfield; KMBZ, Kansas City; and the Missouri Network.

Commercial costs, both production and time, on the four major stations and the Missouri Network are underwritten by the MBA. The latter reports receiving some complimentary telephone calls from various bankers. An example is this excerpt from a letter sent by George H. Pfister, president, Manchester Bank, St. Louis: "I think it is well done and certainly very timely in view of competitive factors at work in our industry. I would hope that such programs telling about the business of banking are expanded and continued."

Largest Gain in CD Sales In 6 Years Is Result Of Gifts Campaign

A CD-RELATED premium promotion, "Extraordinary Gifts for Extraordinary Savers," by State Bank, Freeport, Ill., has brought about results that are, well, extraordinary. In its 90 days' running time, the campaign resulted in the largest net gain in time deposits the bank has had in more than six years!

State Bank has, for the past several years, been active in the use of premiums and has found them to be extremely helpful in attracting new deposits, a bank spokesman says. And only top-quality, "good image" merchandise is offered. With that consideration in mind, the "Extraordinary Gifts" campaign was undertaken.

The program offered four- and six-year CDs at 6½% and 7%, respectively. These CDs normally would be offered at 7% and 7½%, but the ½% difference was multiplied by the number of years to maturity of each CD, resulting in a difference of \$150 plus the legal \$10 premium charge for a \$5,000 account; \$300 plus \$10 for a \$10,000 account; and \$600 plus \$10 for a \$20,000 account.

Gifts offered during the campaign were targeted at the over-40 age group and were categorized according to the size of the CD. Premiums for a \$5,000 deposit included a Structo Gas Grill, which is manufactured in Freeport. Other most-popular items, according to the bank spokesman, were RCA XL 15" color TVs, Amana microwave ovens and Wards CB radios. A Hawaii vacation was offered with a four- or six-year deposit of \$100,000, but State Bank, as had been anticipated by officials, had no takers for that premium.

During the 90 days of the promotion,

time deposits increased 16% and 27% of the customers had no previous relationship with State Bank. Of the total dollar-volume brought in during the campaign, 61% was new money.

Arrangements were made with local merchants who already had been customers of State Bank to purchase the items needed for the campaign. Many customers qualifying for a premium would visit the merchant to pick up a gift and, in many instances, would purchase a higher-priced or related item, something that built up much good will toward the bank among local shopkeepers.

An added benefit of the promotion was what it did to educate people in the bank's area on CDs. Many customers now come in the bank, the spokesman notes, and request CDs by name, whereas in the past only "pass-book or savings plans" were the subject of inquiries. • •

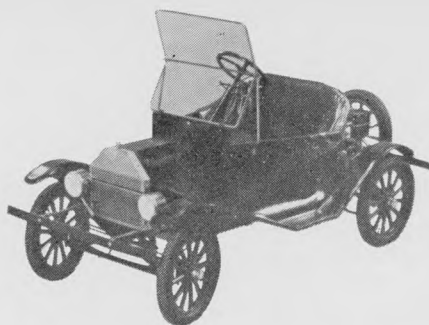
HIBBARD & O'CONNOR
GOVERNMENT SECURITIES, INC.
Dealers in
Ginnie Mae Pass-Through and
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Financial Institutions Rely on Lizzies To Attract Attention, Promote Good Will

THINGS can be more pleasant around a financial institution because of the presence of Lizzie. Lizzie can attract a good deal of attention and fun to a bank, a thrift—any financially oriented enterprise.

Is Lizzie a gimmick to promote an automated teller machine? Or a spokesperson used in advertising?

No, Lizzie refers to a miniature automobile, more properly referred to as "tin lizzie" or even "super tin lizzie."

A tin lizzie is a scaled down version of a 1910-era auto. The car weighs in at about 220 pounds, comes with a steel frame and body and sports molded fiberglass fenders and running boards. Motive power comes from a four-cycle

By **JIM FABIAN**
Associate Editor

gasoline engine. Lizzies come in black finish (what else in 1910?) with red-and-gold trim. Top speed is about 17 mph. The cars are manufactured by Crue-Cut Manufacturing & Distributing Co., Kansas City.

Financial institutions making use of tin lizzies have found that the little autos can serve in many ways—such as parade floats, backdrops for period photographs, prizes in drawings. New uses for lizzies are being dreamed up almost every day.

Nederland (Tex.) State Bank bought

a tin lizzie and raffled it off. According to former bank executive John W. Bailey, some 100 boxes containing entry blanks for the drawing were posted throughout Nederland. Anyone who wanted to register for the drawing could do so once a day in any of the 100 locations in participating stores, where managers rejoiced over the boost in traffic. Entrants were encouraged to visit as many stores as they could as often as possible to obtain entry blanks. After six weeks, some 6,000 entries were placed in the drawing box and a large crowd came down to the bank on the day of the big event to witness the tin lizzie drawing.

To promote the drawing, the lizzie was entered in a local parade. Its occupants were the bank's president and his daughter. The bank's name was lettered on both sides of the car to assure maximum publicity. The car proved to be an inexpensive parade float, according to Mr. Bailey.

Another tin lizzie was used by Mr. Bailey at his present institution, Central Bank, Beaumont, Tex., to introduce the bank's new name and location. The giveaway hinged on the arrival of the 10,000th customer to use the bank's drive-up facility. Publicity and advertising about the lizzie giveaway heightened interest in the bank's new building, Mr. Bailey said. But this time, instead of the bank president appearing in the little car, an attractive young woman was hired to show off the lizzie. On high traffic days, the auto was driven around the parking lot of a shopping center to draw attention to the drawing.

It took only three weeks for the 10,000th account to show up at the drive-up. The 10,000th person drove up right behind the chairman's wife, who,

Adventures With Lizzies

A distributor of tin lizzie autos who likes to show people how to have fun with the little cars is Bob Tucker of Bob Tucker Associates, Port Arthur, Tex. However, he says, bankers come up with some funny ideas of their own, too!

Mr. Tucker says most of his customers can't resist driving the miniature autos as soon as they arrive. One of his banker customers didn't quite get the hang of the vehicle before he drove it into a lamp post! Fortunately, the man was not injured and replacement parts for the vehicle were readily obtainable.

Another banker used his bank's tin lizzie to try to temper an associate's soberness. He asked the dour associate to drive the tin lizzie down to the local post office each afternoon to pick up the bank's mail! The associate endured the humiliation of jamming his lanky frame into the little car every day. He sat straight as a poker as he negotiated the streets of the town. But he apparently kept his demeanor intact, as he never cracked so much as a smile!

One bank had just installed a tin lizzie in its lobby when a Texas rancher came in and spied it. He immediately cranked up the car's engine and started driving the vehicle around the lobby! The distraught banker quickly opened the bank's double doors and motioned the rancher to take off. He did, and the banker sent the rancher a bill for the car and ordered another for the bank's use!

Our new address is simple to remember...

"THE TALLEST BUILDING IN OKLAHOMA"

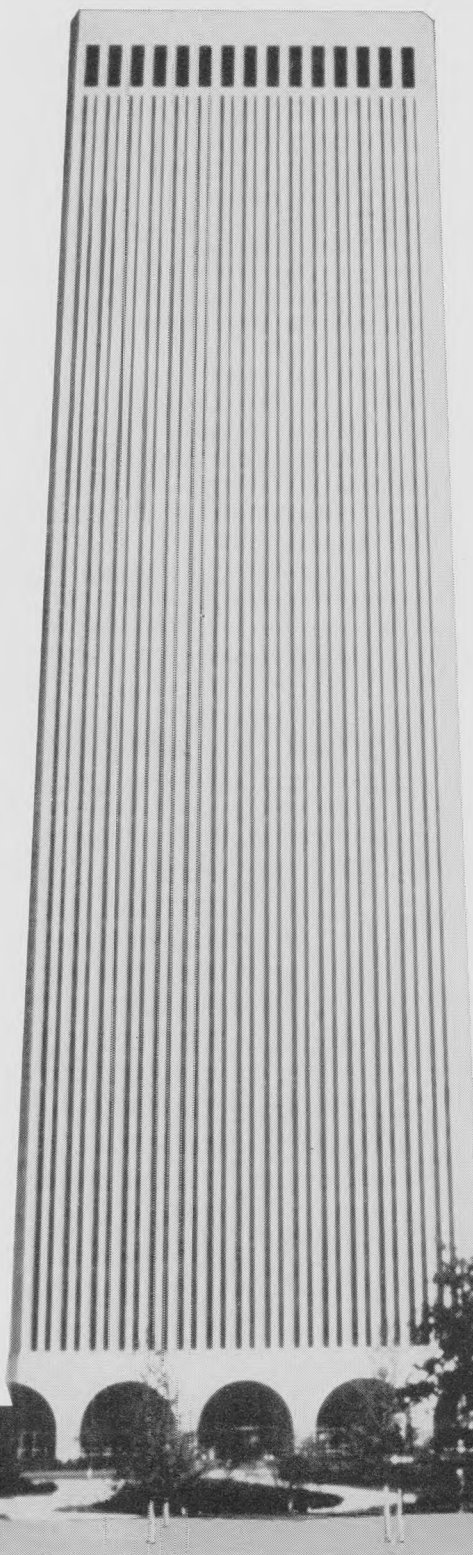
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as the 9,999th customer, almost upset the bank's giveaway plan!

Mr. Bailey said he feels the results of promotions featuring tin lizzies can be measured in improved public image for sponsoring institutions on the part of customers.

"The tin lizzie is cute, attention getting, imparts a light atmosphere to any promotion and can be effective over an extended promotion period," he said.

Calcasieu Marine National, Lake Charles, La., used a tin lizzie as a giveaway in connection with the opening of one of its branches. Entry blanks were distributed to the bank's commercial customers and the public was urged to visit these businesses in order to pick up their entries. According to Philip R. Price, vice president and marketing director, demand for the entry blanks was so great that merchants ran out and had to call for more.

More than 3,000 people showed up for the bank's grand opening and some 30,000 entry blanks went into the hopper for the drawing.

"The exposure of our new location and its facilities . . . has resulted in more than expected increased business," Mr. Price said.

The bank bought a second tin lizzie for use in parades, school athletic events and other public relations activities.

First State Savings, Watertown, Wis., used its tin lizzie to liven up its office for the holidays. It arranged for a Santa to sit in the driver's seat and the car was trimmed with garlands.

The car will be displayed at each of the thrift's branch offices throughout 1977 for four-to-six-week periods. It will be used in press release photos. During the summer, it will appear in parades in the various towns in the thrift's market area. The car is hauled from location to location by a trailer. It is expected that a driver dressed in a turn of the century motoring coat will be employed to drive the auto in parades.

Future plans for the lizzie include visits to nursing homes and hospitals in First State Savings' trade area, according to David J. Block, vice president-marketing.

First National, Wauwatosa, Wis., is celebrating its 70th anniversary this year and it will use a tin lizzie to garner publicity for the event. The major activity planned for the little car is a lobby photo-taking display.

Bank customers will be encouraged to dress in 1907 outfits and have their photos taken in the car. In addition to calling attention to the bank's anniversary, the photo display will bring the public into the bank where individuals will be made aware of the bank's services.

American National, Shawnee, Okla., has been using a tin lizzie as an advertising tool. Staff members drive the car in various parades. As the car fades into the distance, parade watchers can't help seeing a canvas cover over the rear-mounted spare tire emblazoned with the bank's slogan: "We're here to help!"

The bank also uses the car as a babysitter for children of bank customers. Parents merely park their kids around the vehicle, which bears a sign "children welcome!"

Belleville (Ill.) National Savings used a tin lizzie to promote the opening of a drive-up facility. The public was invited to submit estimates of how long it would take to drive the vehicle from the main office to the drive-in. The person guessing the time down to the closest second won the car. A local beauty queen drove the lizzie during the trip between the two offices. • •

'Buttons' New Household Word in KC As First Charter Starts ATM Service

"**B**UTTONS" has become somewhat of a household word in Kansas City due to the vigorous marketing efforts of First National Charter Corp. affiliates, First National of Kansas City and Leawood National.

Last September, 50 teaser billboards went up in the Kansas City area, bolstered by a newspaper advertising campaign. Both media played upon the curiosity of the public with phrases such as "Push Our Buttons," "Does Buttons Ever Sleep?" "We're Popping Our Buttons" and "Who Is Buttons?" This last phrase was the question many

Kansas Citians were asking when the mystery was solved in October with the multi-media release of details about Buttons.

It was then that the perplexed public learned that Buttons, the Personal-Touch Teller, was an automated teller machine (ATM) offering 24-hour banking services. The word "Buttons" relates to the communications keyboard of the Diebold TABS 550 ATM unit used by the banks.

According to a Charter spokesman, the Buttons/Chartercard program was undertaken by First National and Leawood National to extend the availability and convenience of financial services and to enhance their competitive retail positions in the marketplace. Research indicated that ATM services would be well received by the customers and prospective customers of both banks. The desirability of offering Buttons at other Charter affiliate banks is now being considered.

By opening a savings or checking account, customers receive a free Chartercard (bank debit card) and personal

Hello, I'm Buttons™
THE PERSONAL TOUCH TELLER™
Use me 24 hours a day, 365 days a year. Just touch the buttons for 11 different banking services. Use me to get cash, make deposits, transfer funds and pay loans. I'll even give you your balance. And almost everything I do takes a minute or less, with the use of your own personal service card from the First National Charter family of banks. So, apply for your free Chartercard today. And come in to see how easy I can make things.

Once you meet Buttons, you'll never want to bank any other way again. Stop in at any location soon, and get a demonstration of all that Buttons can do. Then, pick up a Chartercard request. Buttons, the new Personal Touch Teller, is just one of the personal touch services for you at First National Bank of Kansas City and Leawood National Bank.

PERSONAL TOUCH BANKING

First National Bank
OF KANSAS CITY ASSOCIATE
East Lobby, 98th & Main
South Lobby, 10th & Baltimore
Cotton Vista Branch, 1750 Blue Ridge Extension
Leawood National Bank
Watts MB Branch, 10712 & Main Lane

Newspaper ad introduced Buttons to public as name of ATM service provided by First Nat'l and Leawood Nat'l, KC affiliates of First Charter Corp.

identification number (PIN) that provide access to the four Buttons locations, three of which are available 24 hours a day.

Services include cash withdrawal,



Teaser billboards like this made Kansas Citians wonder what or who Buttons was.



"Buttons" ATM unit in south lobby at First Nat'l, Kansas City. Another unit is in east lobby and offers 24-hour access.

deposits, funds transfer between accounts and loan payments. Customers can request their account balances and send messages to the banks to note address changes, request additional deposit slips or checks, or request information about other bank services.

On November first, following a three-week demonstration period, Buttons became operational using real money. According to a Charter spokesman, the transaction volume on a per-machine basis after three months exceeds the national average.

A caricature of Buttons, complete

with smiling face, arms and oversized shoes, is used in newspaper, TV and other promotional materials. The cartoon approach humanized Buttons, also permitting him to introduce himself in TV commercials and promote the Personal-Touch Banking services.

The newspaper ad introducing Buttons invited the public to stop in at any of four locations to receive a demonstration of Buttons. Chartercard re-

quest forms were available at each location and were included in newspaper ads and direct mail campaigns.

Two of the four units are located at First National's downtown headquarters, one in the south lobby and another in the east lobby. A third unit has been installed at the bank's Loma Vista Facility. The fourth ATM is located at Leawood National's Watts Mill Facility. • •



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

First Alabama

ABA Marketing Conference

The 1977 ABA National Marketing Conference will be held April 24-27 at the Hyatt Regency Hotel, New Orleans.

Sessions are designed to include small community banks looking for ways to stretch their low-budget marketing dollars, as well as for large multi-bank HCs interested in setting up major corporate-marketing functions.

Sessions of general interest will include legislative and regulatory issues, product planning, a marketing approach to capital acquisition, marketing equal credit opportunity, how to handle NOW accounts, cost analysis and service profitability, analyzing ATM and CBCT locations and a general panel discussion on EFTS.

Information is available from Bert Auer, assistant director, marketing division, ABA, 1120 Connecticut Ave., N. W., Washington, DC 20036.

IRAs Revisited:

Lessons From North of the 49th Parallel

HOW WOULD you like to have opened 75,000 Individual Retirement Accounts (IRAs) representing over \$250,000,000 in a period of five years?

Impossible?

Not really. But then again, it didn't happen here in the United States. It happened to one of our banking neighbors north of the 49th parallel, Bank of Nova Scotia.

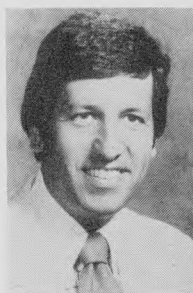
The bank's investment management facility, Scotiabank, which handles IRA marketing and processing, has had a solid record of success in IRAs, a record that we bankers in the States might peruse to see what ingredients led Scotiabank to capture 21% of Canada's IRA market. And let's analyze its approaches to determine where Scotiabank's marketing decisions concur with marketing decisions made by U. S. banks that have deemed their IRA efforts "successful."

Although Canada operates under a different tax law, there are no important qualitative differences in Canada's IRAs and IRAs in this country. What is different is that Canada's program went into effect in 1957, but according to David Scott, Scotiabank president, "it took a few years for IRAs to catch on." A few years indeed! About 13 as a matter of fact.

In 1960, three years after the program's inception, Canadian financial entities had \$38 million in IRAs. (In mid 1976, some 15 months after the inception of the U. S. program, depository institutions held \$1.4 billion in IRAs.) In 1970, 13 years after the IRA starting date, Canadian financial institutions held \$225 million in IRAs. But during the next five years the program grew rapidly, and by year-end 1975 posted a dollar volume of \$1.3 billion.

There were two reasons for the growth, according to Mr. Scott. One is that many middle-income Canadian taxpayers began to look to sheltering their hard-earned dollars as tax rates increased. Secondly, it took some time for the people to become educated to IRAs.

In looking at the IRA situation in this country, I feel we can assume that



By **GEORGE M. MORVIS**
President
Financial Shares Corp.
Chicago

the latter is quite correct. Even though our U. S. program has accelerated much, much faster than Canada's (we also have a greater potential market), the overwhelming majority of the estimated 40 million U. S. people who are eligible for IRAs simply do not yet understand the program.

When we questioned Mr. Scott about Scotiabank's marketing approach to IRAs (by the way, it didn't go after the IRA market until 1970), he boiled it down to these salient points:

- No media advertising. Since Scotiabank was a late entrant into the IRA market, and many other financial entities, including the life insurance people, had made the public aware of the existence of IRAs via paid mass media, it decided against media advertising. Mr. Scott insists Scotiabank wouldn't have used mass media even if it were an early market entrant because the research it conducted early on refuted claims that the advertising directed the purchaser to the institutions placing the ad.

- Personal selling and staff training. Scotiabank's principal medium for training was structured staff meetings. The staff presentations "were simple and punched home a worthwhile message." They also encouraged ideas from employees on how to improve the program.

- Point-of-sale material. It was heavily used, and because Canada is a branching country, it was designed with regional appeal. It used a lot of

POS signs, buttons and booklets everywhere. An incentive was even created to get employees to wear the pin-on lapel buttons. (A cash incentive was tied to each person assigned to a pin.) Results: 81% average participation for wearing the pins during a two-month test period.

- A manual. "The Answer Book," used to "excite the interest of the first-time reader," contained all of the ingredients of a well-done piece: complete, understandable answers that were easily accessible. The bank also used printed IRA "calculators" as handouts. Potential customers, therefore, were able to instantly and easily calculate their IRA investment, return and tax-sheltered income.

- A specially designed computer processing system and a well-planned system of employee communication, including periodic newsletters and a toll-free WATS line from branches to the IRA Information Bureau, were established. Said Mr. Scott, "This telephone is a real confidence booster for the guy on the firing line. It costs us money, but it helps us do a better job."

Mr. Scott also pointed out that the bank experienced a good deal of business from the tax-free rollover market and designed its calling program and other sales efforts to meet the particular needs of that market. Rollovers now account for 20% of Scotiabank's total IRA volume.

Let's turn stateside. I think we can see that those banks that have felt successful with IRAs have employed many of the same marketing tactics as our Canadian friends. Many of us are already familiar with the well-publicized IRA marketing efforts of Lincoln First Bank, Rochester, N. Y., and Philadelphia Savings Society (both utilizing staff training and personal selling in a big way), so I'll turn to a few banks that have established good IRA track records through some well-balanced marketing efforts.

Daniel Johnston, officer in charge, Wachovia Bank's IRA effort, said that even before entering its program, a comprehensive marketing plan was undertaken. Both the market potential and the competition situation were

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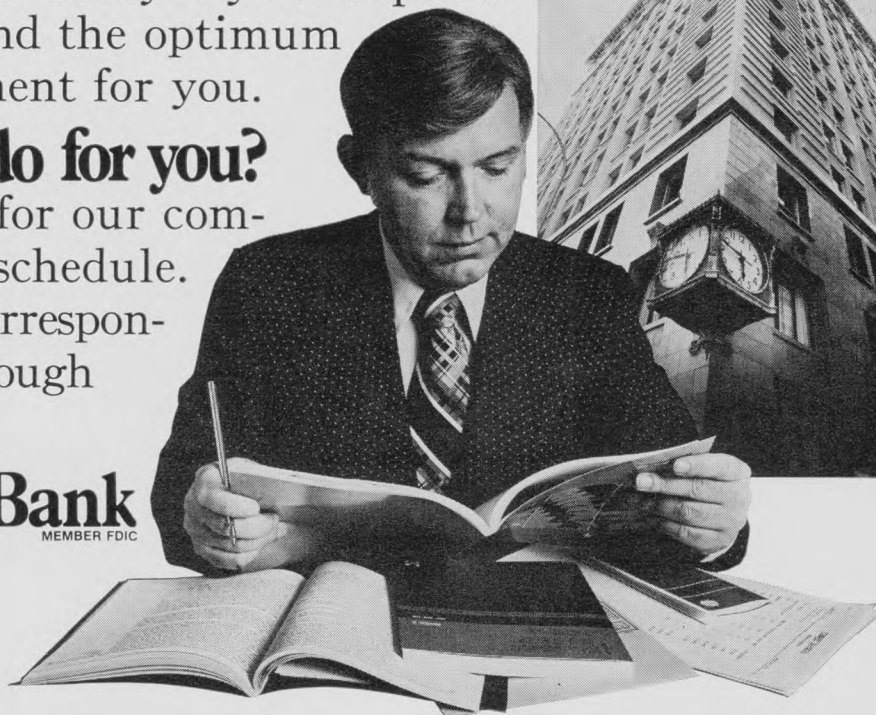
the ability to analyze your deposits and can recommend the optimum clearing arrangement for you.

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analyzed, with particular attention given to deposit patterns and sale structures. It was found, for example, that insurance companies presented the strongest competition because of their demonstrated success in selling Keogh plans, the availability of a sales-oriented force, advanced knowledge of policyholder's occupations and IRA eligibility, experience in selling pension plans to small businesses and corporations and consumer appeal of "no penalty" withdrawals of cash value of insurance plans (remember, these have no tax benefits). However, the Winston-Salem, N. C., bank did feel it could compete effec-

tively with insurance companies, especially with the IRA rate offered by such companies, a rate that simply is not competitive.

The bank also decided to define specific market segments and pinpoint marketing approaches to those segments. Among the segmented markets defined were management groups of small-to-medium-sized businesses; attorneys, accountants and other professionals; individual small businesses; personnel officers; and the general public. With the exception of the latter two, almost all of the segmented groups were "sold" in three ways: personal calling, direct mail and customized ads in selected trade publications (i.e. farm-oriented IRA ads in farm publications within the market). Mr. Johnson also indicated that employee training, a good operational system and a central IRA information telephone number for bank employees to call, should they have an immediate question, helped the bank exceed its 1976 IRA goals.

Len Shannon, senior vice president, Central Bancshares of the South, Inc., Birmingham, Ala., assigns heavy emphasis to personal selling, education, staff training and "packaging" for its IRA efforts.

Central's packaging approach consists of no service fee; supplying of year-end tax reports; automatic deductions from checking or another savings account (helps cross-sell other savings accounts); and free checking, either with a \$75 per-month automatic deduction or \$1,000 lump-sum payment. Mr. Shannon indicated that even though the first-year results were deemed a success based on ABA surveys, the HC itself was nevertheless "disappointed."

This disappointment caused the HC to hire an insurance consultant to review its sales literature and simplify the sales approach. The HC now has an IRA sales flip chart to assist staff training personnel. Part of that flip chart is a simple formula that immediately shows the potential customer what he can expect from his IRA. In addition, the HC supplies each customer with a postcard that can be sent to the Social Security Administration to request a status report of his personal social security benefits. Mr. Shannon said this tool is very helpful and a bank's district social security office would be able to supply the information on how a bank might go about arranging for this free service.

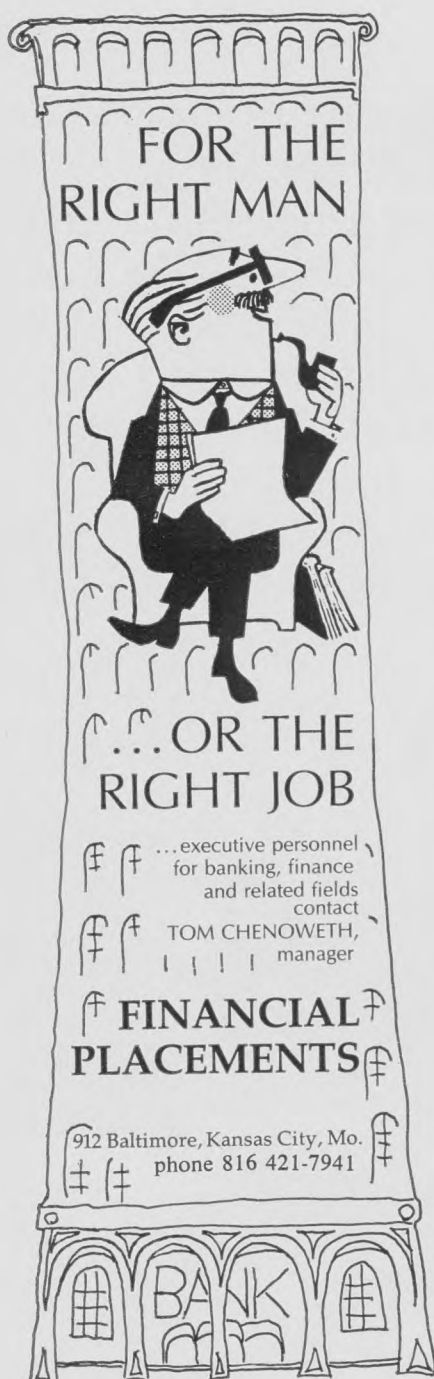
A small Ohio bank, Ohio State, Dayton, utilized its entire budget (which was less than \$4,000) to develop a professionally done sound/slide presentation and accompanying brochures

(one for IRA and one for IRA rollovers and an operations manual). The bank then blitzed the Dayton market (after utilizing the audio/visuals for employee training) and made presentations at trade associations and civic clubs as part of seminars they sponsored for accountants and small business owners and in corporate offices or a potential IRA customer's home. The printed material was utilized as a handout at these presentations and at the new accounts desk, it was also used as rack literature and was included in selective direct mailings. The results were some 200 IRA accounts signed up during the first year! For a \$15-million bank, that's a better-than-average share of market.

It's quite obvious—whether it be Canada or the United States—that employee training, communication and personal selling are the keys to the IRA strategies that succeed. It's a lesson for many of us, but one that should also be tempered with plenty of thought before committing marketing dollars.

I feel that nearly all banks should offer IRAs as part of their range of services, but all banks shouldn't market IRAs. It all depends on what you find in your market.

Recently a banker whose bank was located in a downtown office building of a major U. S. city and had no branches, said that his IRA research indicated that 95% of his potential market (the office building in which the bank was housed and surrounding office buildings) consisted of companies with pension plans. He couldn't see spending time dwelling any further on IRA nor diverting any dollars to a widespread marketing effort. He'd "sell" his customers via direct mail and use point-of-sale materials. Beyond that, the IRA for his bank didn't appear to be a product "on which to expend a lot of time and marketing dollars." Makes sense! ••



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Sylvia Porter Offers Financial Advice To ATM Users at 1st of Evanston, Ill.

DURING A RECENT promotion at First National, Evanston, Ill., customers who deposited \$300 or more in a savings account and signed up for ATM services were able to get free financial advice from Sylvia Porter. The bank offered volumes one and two of Doubleday's *Sylvia Porter's Money Book* as premiums during the campaign.

completed application to use the bank's ATM services.

The objective of the promotions, says Mr. Scott, is to not only sustain savings growth but to sell the "First Reserve" and ATM accounts, both of which will receive primary emphasis in the bank's 1977 marketing effort. • •

• **Bank Administration Institute.** The fifth in BAI's community bank series on operations and automation, entitled "The Customer Information File," has been published. The report demonstrates how the customer information file can be considered as a "subset" of the bank's total data content. Included in the report are sections on the implementation of a CIF; CIF system conversion; maintenance; utilization and an appendix of case studies. Cost to members is \$5; to nonmembers, \$10. Write: Bank Administration Institute, P. O. Box 500, 303 S. Northwest Highway, Park Ridge, IL 60068.

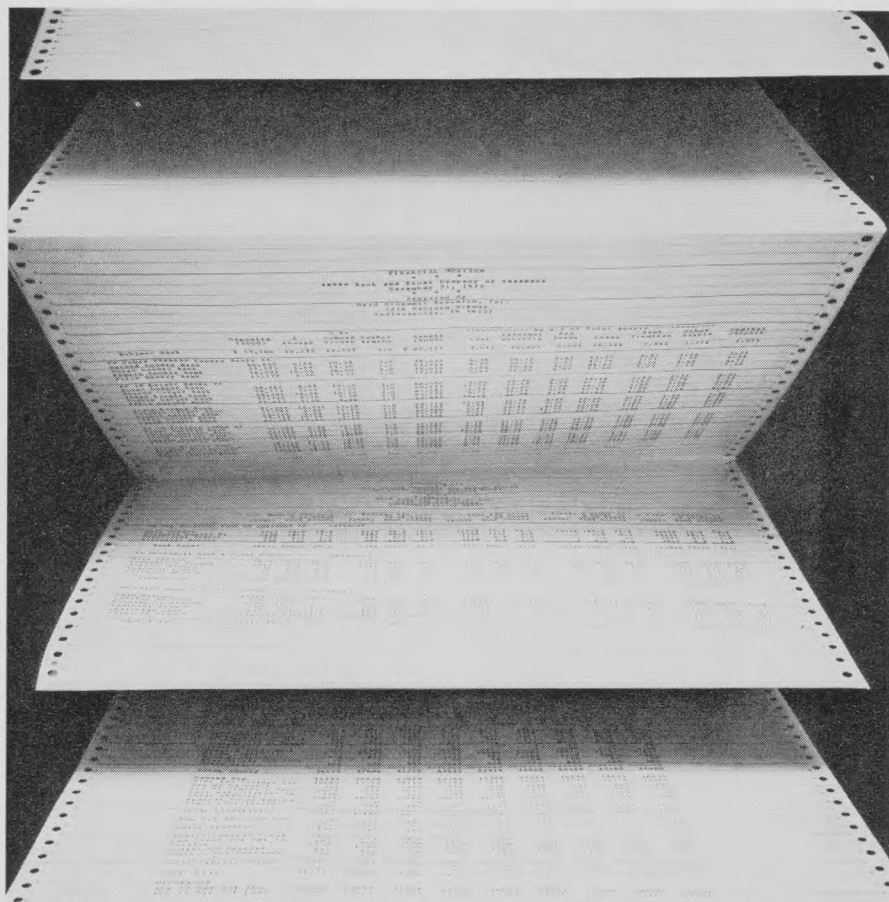
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SYLVIA PORTER'S MONEY BOOK

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 Telephone: 312-326-1100



**We're not involved in selling numbers.
We sell involvement in numbers.**

There's a wealth of data on financial institutions available. We know. We have it. Some published; some not published. Our business is to extract and interpret this information in a marketing-oriented manner. And do it faster and more economically



than a bank could do it alone.

Write on your letterhead for this explanatory folder. No obligation, of course.

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The promotion was publicized through the local newspaper, the regional edition of the *Chicago Tribune* and by direct mail. Much of the campaign's success has been pegged by a bank spokesman on the fact that First National personnel became involved in the promotion through a special color slide presentation outlining the campaign.

And how successful was the *ATM Money Book* campaign? Nearly 2,000 ATM-card applications and more than \$1 million in deposits resulted. "We were especially pleased with the results," said Gary A. Scott, senior vice president, "because the population of our primary trade area is declining and it's difficult to generate new deposits."

A policy at First National is to use premiums that offer constructive benefits to current and prospective customers, Mr. Scott notes. For example, another campaign that was run parallel to the Sylvia Porter offer featured a free selection from the *Better Homes & Garden* book series for a customer opening a new "First Reserve" checking account or a savings account, plus a

Bill Paying by Phone Offered at Two Banks; Up to Now, a Service Offered Only by S&Ls

BILL PAYING by telephone—a service previously offered only by S&Ls—now is available at two commercial banks, both located in the Mid-Continent area. These banks are Louisiana National, Baton Rouge, and St. Joseph Bank, South Bend, Ind.

A commercial bank, Seattle-First National, pioneered telephone bill paying in 1973, but discontinued the program because of low acceptance. According to Louisiana National, this prototype service had two major shortcomings: 1. It required consumers to use only touch-tone phones. 2. It was priced at \$6.50 a month.

Farmers & Mechanics Savings Bank, Minneapolis, introduced a revised pay-by-phone service in November, 1974. Payments were priced at 15¢ each, and any telephone (rotary dial or touch tone) could be used. Since then, says Louisiana National, this thrift institution has built a large base of enthusiastic users: 18,000 customers, 1,400 merchants and more than 350,000 payments a year as of last September. Since 1974, about 50 S&Ls in the United States have begun offering the service.

Louisiana National's program. The Baton Rouge bank calls its program the Bill System. Under the program, the consumer dials the bank, gives an account number, his secret identification number (which he chooses himself), the store or business to be paid and amount to be paid. With a dial telephone, these instructions are given to an answering service, which leads the caller through the sequence using appropriate questions. With a touch-tone phone, these orders are given directly to the bank's computer. The bank then handles all the work of paying the merchant and deducting the funds from the customer's checking account.

Louisiana National customers can pay any merchant they wish—from the smallest one-person shop to the largest corporation. They also can call any time of day or night seven days a week. Calls can be made from any phone—at home, in an office, anywhere there's a telephone.

A merchant will be mailed his payment on the banking day following the processing of his customer's payment.

By **ROSEMARY McKELVEY**
Managing Editor

Allowing for normal mailing delays, the merchant can expect to receive his payment within five banking days following the processing of the customer's payments. Louisiana National points out that merchants with checking accounts at that bank have an advantage—payments to their accounts will be made on the banking day following payment processing.

Louisiana National customers are advised to make their calls at least five days prior to the payments' due dates, excluding Saturdays, Sundays and legal holidays. Ordinarily, LNB is not responsible or liable for incurrence of late charges unless the bank is at fault. However, each case will be reviewed on an individual basis.

A customer periodically can add or delete names on his list of merchants. An authorization form is placed in each subscribing customer's packet. All he has to do is complete the appropriate

sections on the form, sign it and send it in a return envelope or take it to one of LNB's offices.

Provisions are made for errors made by customers. An emergency teller is on duty from 8 a.m.-11 p.m. on weekdays and from 9 a.m.-5 p.m. on Saturdays.

To keep his checkbook straight with payments made through the Bill System, a Louisiana National customer—before he makes his call—enters the payment code, merchant's name and amount of payment in his checkbook. Then he can read the entries during the call. Touch-tone callers on the per-payment plan (15¢ per payment) are given a total service-charge figure at the end of each call. They enter this service charge in their checkbooks. Rotary callers on the per-payment plan have to remember to enter the service charge after each call or wait and adjust their balances when they receive their statements.

A customer can include a "one-time" bill or "nonrecurring" bill on his list of allotted merchants. However, Louisiana National points out, the Bill System provides the biggest advantage when paying recurring bills that come in each month.

Louisiana National's Bill System provides each customer with a description of the payment on his checking-account statement. The bank says it will stand behind any payment appearing on a descriptive statement as being proof of payment.

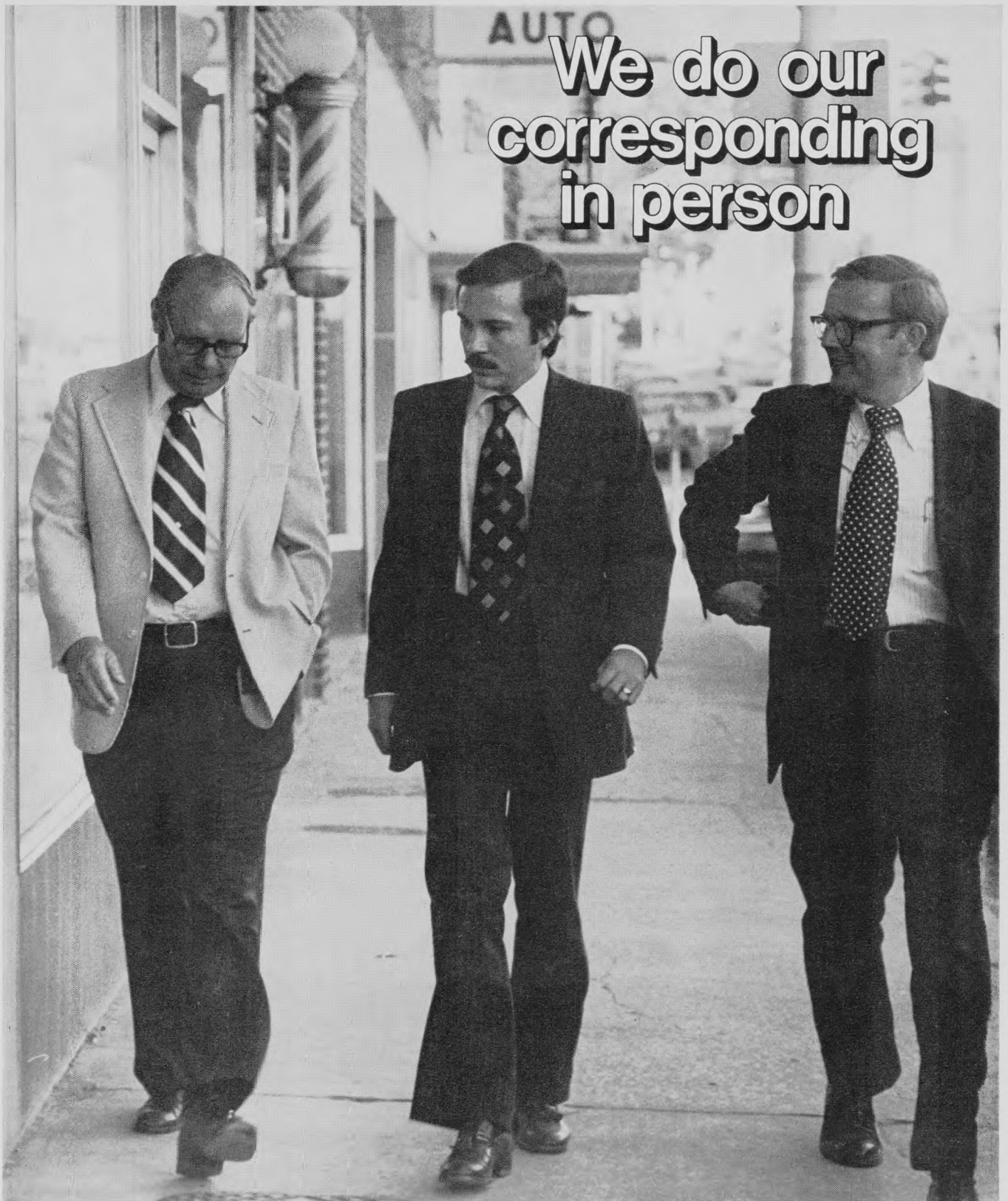
St. Joseph Bank's program. Called Phone-Pay, St. Joseph Bank's program is available from 10 a.m.-10 p.m. Monday through Friday. Once a customer signs up, all he has to do is call a special number, tell the bank whom he wishes to pay and how much. The bank does the rest. All payments are handled on a daily basis, and creditors receive their payments from the bank each day.

A major feature of the South Bend programs, says Arthur H. McElwee Jr., president and chief administrative officer, is that a subscribing customer can keep his funds in an interest-bearing savings account and transfer the necessary amount of money to his checking account when he calls the bank to have

DATE	DESCRIPTION	AMOUNT	BALANCE
12-31-74	Balance	215.17	215.17
1-15-75	Check #729	12.50	202.67
1-15-75	Check #730	3.75	198.92
1-15-75	Check #731	10.00	188.92
1-15-75	Enter BEP No 03456930	11.30	177.62
1-15-75	Regular Service Transfer K & B	10.00	167.62
1-15-75	Enter BEP No 02425789	3.47	164.15
1-15-75	Deposit	200.00	364.15
1-15-75	LNBA Cash Withdrawal Ref No 0240284	25.00	339.15
1-15-75	2008 Dr. John Arzfeld	30.00	309.15
1-15-75	2009 Howard's Florist	5.85	303.30
1-15-75	2010 Mohr's Oil Corporation	9.15	294.15
1-15-75	2011 South Central Bell	25.00	269.15
1-15-75	2012 Gulf States Utilities	40.50	228.65
1-15-75	T&E Service Charge	1.75	226.90
1-15-75	Enter Service Charge	1.00	225.90
	ENDING BALANCE		217.17

This is sample of monthly, itemized and descriptive statement Louisiana Nat'l, Baton Rouge, sends customers subscribing to its Bill System. Latter is program by which customers pay their bills by phone, with bank taking funds directly from customers' accounts and sending them to merchants.

**We do our
corresponding
in person**



Randolph Stivers, Executive Vice President of First National Bank & Trust of Corbin conducts Jim McKenzie, Asst. Cashier and Murphy Brock, Vice President of Liberty Bank, on a tour of downtown Corbin.



Liberty National Bank
and Trust Company of Louisville

his bills paid. This results in additional interest income for the customers, Mr. McElwee points out.

The customer receives a monthly statement from the bank spelling out all his Phone-Pay payments for that month. The totals are cumulative so that the customer is instantly aware of the total amount he had paid to any creditor in a given year.

Benefits of program. According to Louisiana National, here are some of the advantages to the customer subscribing to its service:

- It's like having a branch bank in his home.
- It saves time—no trips to merchants to pay bills, no check writing, no envelope addressing, no stamp hunting, no trips to the post office.
- It saves the cost of stamps, envelopes and checks.
- It's convenient, providing after-hours service.
- It's secure, confidential and accurate.
- There's overdraft protection through

BankAmericard overdraft procedures.

- There's prompt payment—no mail delays or unintended delays because of putting off going to the post office.
- There's a monthly, itemized and descriptive statement.

• Customers pay from their checking accounts, and they maintain control over those accounts.

Louisiana National says merchants derive these benefits from the service:

- Customers like the convenience.
- There are no NSF checks; payments are guaranteed.
- There's prompt remittance.
- There's no charge to merchants for participating in the Bill System.
- There's increased operating efficiency.
- There are no formal, signed agreements.

At Louisiana National, rules relating to checking accounts remain in effect. If a payment overdraws a checking account, a \$6 charge is assessed on all overdrawn payments. As with checks,

payments can be paid (overdraft) or go unpaid (NSF). The BAC overdraft feature can be used. Customers receive overdraft or NSF notices in the mail.

At Louisiana National, customers are offered a choice of two service-charge plans: 15¢ per payment or a flat fee of \$1.50 a month. St. Joseph Bank says it charges a "small transaction fee" for its service, adding that this amounts to considerably less than a customer would pay for stamps, checks and stationery.

In addition to being a new service for customers and merchants, Louisiana National describes the Bill System as a step toward "source data capture." If banks can capture payment data at their source (i.e., in the home), the bank believes the banking system can skip its expensive paper data-capture process. The typical check is handled more than 10 times during its life span. If all this handling can be eliminated, the bank points out, then the costs of this effort can be reduced. • •

Employee Incentive Campaign Reversal: Customers Ask to Be Sold Services!

HOW DOES a bank go about securing 800 new accounts (checking, savings, CDs) and more than \$9.5 million in eight weeks without the use of premiums?

By using employees, say the people at National Bank of Commerce, San Antonio, Tex.

Ho, hum, another employee incentive program with bank customers and prospective customers being pestered by employees out to make a buck! Not at all!

NBC took the tack that prospective customers should pester bank employees, not the other way around. They did this by launching an "Ask Me, I'm From NBC" promotion, in which people were encouraged to identify and

approach bank employees wherever they found them in the San Antonio area.

The bank made employees highly visible, outfitting them with tee shirts emblazoned with "ask me" slogans. The tee shirts were designated to be worn during employees' leisure time. When on the job, employees were encouraged to wear necklaces and pins identifying them as employees of the bank. One side of the necklace pendant had the words "I'm Me" stamped on it, the other side bore "I'm From NBC," identifying the person as a bank employee.

Newspaper ads told the public that NBC employees "had the answers" and that anyone approaching an employee and asking a question about banking



Employees of NBC, San Antonio, were encouraged to wear bank-supplied tee shirts during leisure hours so public could identify them and ask them questions about banking, setting themselves up for sales pitch by employee.

would probably find out more than he wanted to know about the topic of the question.

Of course, what the ads didn't say was that the employee would take every advantage to sell the questioner a bank service!

FARMERS GRAIN & LIVESTOCK HEDGING CORP.

LOOKING FOR IMMEDIATE ACCURATE INFORMATION TO DEAL WITH TODAY'S WILDLY FLUCTUATING GRAIN & LIVESTOCK MARKET?

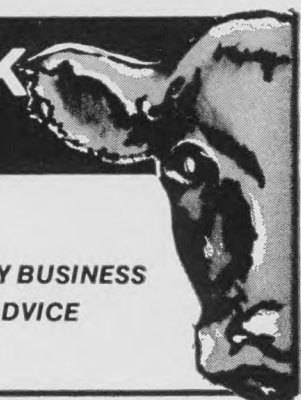
WRITE OR CALL

FGL • 1200 35th St.

West Des Moines, Iowa 50265

515 223-2200

OUR ONLY BUSINESS IS ADVICE





Ask Me. I'm From NBC.

The "I'm Me." sign is just the beginning of a new, exciting campaign for NBC. You can help us by wearing the sign of confidence. The sign is located in the lobby of the NBC Building, 30 Rockefeller Plaza, New York, N.Y. All special services, accounts and a 24-hour telephone service are available. Inquiries should be directed to the NBC Building, 30 Rockefeller Plaza, New York, N.Y. 10020. For more information, call 212-512-2000. The sign is available for use in all NBC stations. The sign is available for use in all NBC stations. The sign is available for use in all NBC stations.

National Bank of Confidence.
National Bank of Commerce.

Advertising for NBC, San Antonio, bore additional logo during employee incentive promotion—"National Bank of Confidence."

Extensive training sessions were held to educate employees about the various bank services so they could sell effectively. Employees were segregated into categories and quotas were established to make them eligible for a series of cash prizes up to a \$1,000 grand prize.

As an incentive, the bank stationed "mystery" people around town whose job was to approach bank employees, query them and give the employees opportunities to sell services. Instant cash awards were given when employees responded with sales pitches.

The bank projected the "I'm Me" theme to the public as a sign of confidence. In line with that, it added a line to its logo—"National Bank of Confidence"!

A bank spokesman said the campaign received enthusiastic support from both officers and employees. Judging from the results, the spokesman was understating the facts! • •

First Commerce HC Income Up

NEW ORLEANS—First Commerce Corp. had consolidated net income for 1976 of \$6.3 million, or \$3 per share, compared to 1975 income of \$151,000, or 7¢ per share.

Total assets at year-end 1976 stood at \$984.6 million, compared to \$1 billion at year-end 1975, reflecting a deliberate reduction in time deposits. Average demand deposits have remained stable and average savings accounts have increased by 16.7% over 1975.

MID-CONTINENT BANKER for March, 1977

Do you ever get the feeling New York's closing in on you?

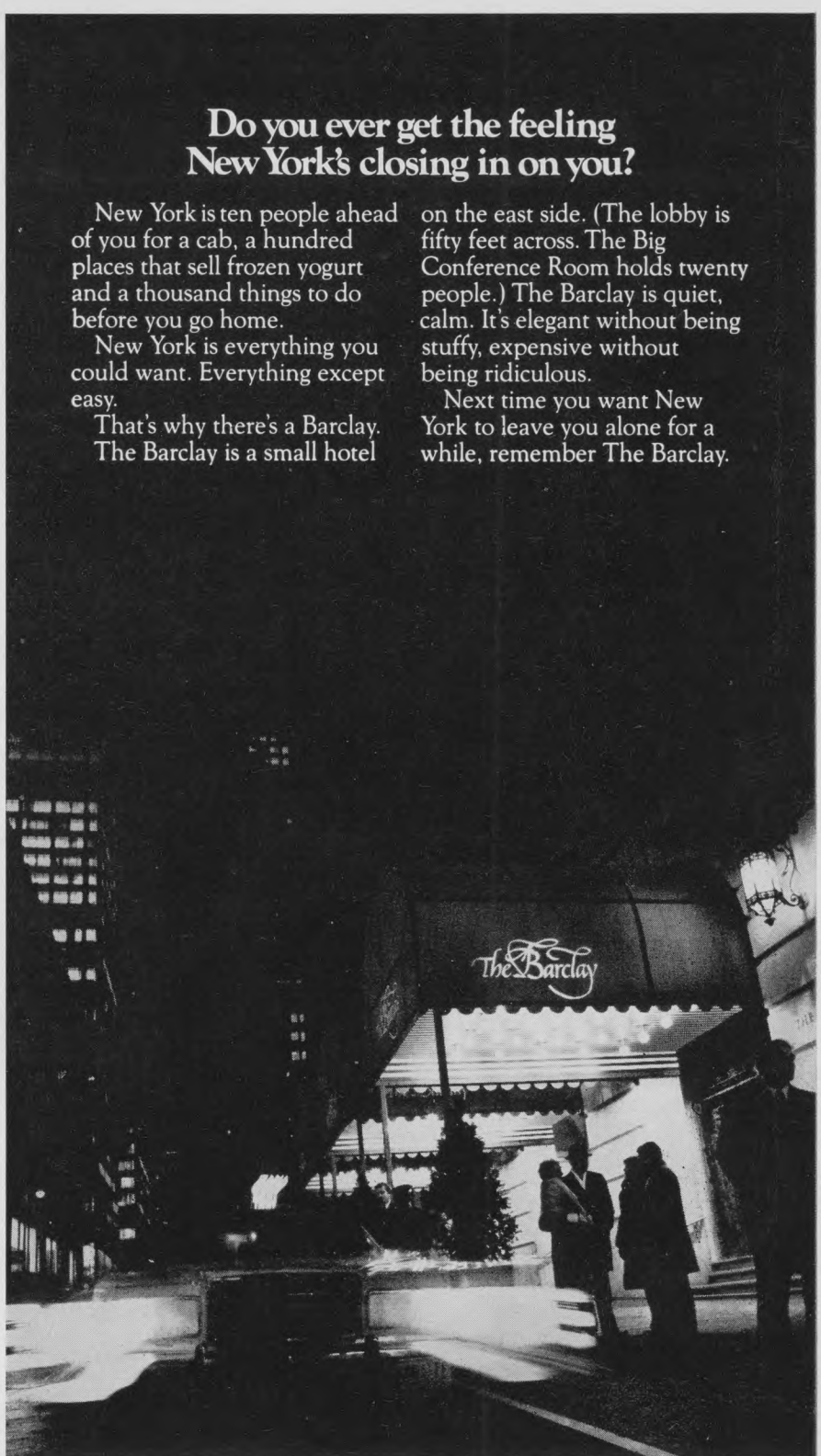
New York is ten people ahead of you for a cab, a hundred places that sell frozen yogurt and a thousand things to do before you go home.

New York is everything you could want. Everything except easy.

That's why there's a Barclay. The Barclay is a small hotel

on the east side. (The lobby is fifty feet across. The Big Conference Room holds twenty people.) The Barclay is quiet, calm. It's elegant without being stuffy, expensive without being ridiculous.

Next time you want New York to leave you alone for a while, remember The Barclay.



The Barclay

When enough New York's enough.

48th just off Park. (800) 221-2690. In New York State, (800) 522-6449. In the city, 755-5900. Or call your corporate travel office or travel agent.



Board Room News

Promotions • Elections • Earnings • Retirements

Edwin Yeo Joins First, Chicago As Executive Vice President

CHICAGO—Edwin H. Yeo III, former Undersecretary of the Treasury for Monetary Affairs, has joined First National as chairman, asset and liability management committee, and executive vice president.

The committee includes the heads of the various line departments of the bank under the direction of the chairman and president.

Mr. Yeo will also be responsible for coordinating the bank's strategy on economic and financial conditions in various regions of the world as well as the bank's view on issues of international monetary policy.

Prior to service with the Treasury, Mr. Yeo was with Pittsburgh National, where he was vice chairman of the board. He is a recipient of the Treasury's Alexander Hamilton Award.

Top-Management Promotions At Boatmen's Nat'l, St. Louis

ST. LOUIS—Senior management changes have been made at Boatmen's National. Ethan A. H. Shepley Jr., formerly executive vice president, was named vice chairman; John M. Brennan, Richard J. Gudinas and Hugh M. F. Lewis were promoted to executive vice presidents and Marvin W. Smith was promoted to senior vice president.

Mr. Brennan is in charge of the banking division, Mr. Gudinas is in charge of the operations division, Mr. Lewis is in charge of the trust division and continues as senior trust officer and Mr. Smith is responsible for the accounting and auditing functions and continues as controller.

Messrs. Brennan, Gudinas and Lewis were senior vice presidents, Mr. Smith was a vice president.

Mr. Brennan also was elected senior vice president-loan administration at Boatmen's Bancshares, and Robert J. Bennett was named senior vice president-planning and development at the HC. Mr. Bennett formerly was HC vice president.

Mr. Shepley joined Boatmen's in 1953 and is president of Boatmen's Bancshares. Mr. Brennan joined the bank in 1970, Mr. Gudinas in 1960, Mr. Lewis in 1947 and Mr. Smith in 1971.

In other action, the bank elected Mel Johnson assistant vice president. He is manager, auto leasing, and joined the bank in 1973.

Fred L. Kuhlmann, Anheuser-Busch, Inc., has been elected a director.



JOHNSON



ELSTROTT

Johnson, Elstrott Are VPs At Bank of New Orleans

NEW ORLEANS—Bank of New Orleans has promoted Jacob J. Elstrott Jr. and James O. Johnson to vice presidents. Mr. Johnson is in the correspondent department.

Dorothy C. Jeanfreau and James W. Lee Jr. were advanced to assistant vice presidents.

Named assistant cashiers were Ronald

Harrell, Lawrence J. LeBon III, Richard Dufrene and Mrs. Geraldine T. Rainey.

Mr. Elstrott joined the bank in 1950, Mr. Johnson in 1968, Mrs. Jeanfreau in 1954, Messrs. Lee and Dufrene in 1973, Messrs. Herrell and LeBon in 1975 and Mrs. Rainey in 1966.

Elections, Promotions Made At First National, St. Louis

ST. LOUIS—Four assistant vice presidents have been elected at First National.

They are Bernadine T. Alexander, William K. Carson, Allan G. Curtis and Michael F. Timmerman.

New officers are Daryl W. Crawford, personnel officer; Lorraine H. Greene, bond investment officer; and Lynette F. Mayden and Steven J. Maier, international banking officers.

Commerce Bank, Holding Co. Announce Promotions

KANSAS CITY—Commerce Bank has elected W. Kay Voorhees a senior trust officer, Franklin D. Shobe and Michael S. Dafferner assistant vice presidents and Josephine M. Guitier and Richard A. Hutchins trust officers.

Mrs. Voorhees joined the bank last June and was formerly with Traders National. Mr. Shobe joined the bank in 1970, Mr. Dafferner joined Commerce Bancshares in 1975, Miss Guitier has been with the bank since 1947 and Mr. Hutchins joined the bank in 1975.

Robert H. West, executive vice president, Butler Manufacturing Co., has been elected a director of the bank.

J. Hugh Shields has joined Commerce Bancshares as a vice president, loan administration. He was formerly with Bank of Virginia-Potomac. Charles E. Templer has been elected controller of the HC. He had been assistant controller since joining the firm last April.

Directors Elected at FNB, Jackson

JACKSON, MISS.—First National has elected three new directors. They are T. G. Blackwell, owner of an auto agency; Dudley J. Hughes, managing general partner, Pruet & Hughes Co.; and Bernard Weiss, founder and partner, Maison Weiss.



GUDINAS

LEWIS

BRENNAN

SMITH

SHEPLEY



Consolidated Statement of Condition

ASSETS	December 31, 1976
Cash and Due from Banks.....	\$ 830,051,954
Time Deposits in Other Banks.....	436,639,033
Federal Funds Sold and Securities Purchased under Agreement to Resell.....	299,195,625
Investment Securities:	
U.S. Treasury Securities.....	646,719,605
State and Municipal Securities.....	428,079,853
Other Securities.....	16,629,308
Trading Account Securities.....	180,768,841
Loans, net of Unearned Discount.....	1,786,878,399
Less: Reserve for Possible Loan Losses.....	(22,860,913)
Direct Lease Financing.....	53,546,657
Customers Acceptance Liability.....	30,180,271
Bank Premises and Equipment.....	90,365,097
Other Assets.....	82,203,582
Total Assets.....	<u>\$4,858,397,312</u>
LIABILITIES	
Demand Deposits.....	\$1,371,283,834
Savings Deposits and Certificates.....	810,258,538
Other Time Deposits.....	809,267,351
Deposits in Foreign Offices.....	694,075,058
Total Deposits.....	<u>\$3,684,884,781</u>
Federal Funds Purchased and Other Short Term Borrowings.....	753,415,118
Acceptances Outstanding.....	30,180,271
Accrued Interest, Taxes and Other Expenses.....	59,801,637
Mortgage Payable.....	3,160,199
Other Liabilities.....	36,042,351
Total Liabilities.....	<u>\$4,567,484,357</u>
EQUITY CAPITAL	
Capital Stock (\$16 Par Value) Authorized and Outstanding 3,137,815 shares.....	\$ 50,205,040
Surplus.....	102,389,160
Surplus Arising from Assumption of Convertible Capital Notes by Parent Company.....	15,590,700
Undivided Profits.....	122,728,055
Equity Capital.....	\$ 290,912,955
Total Liabilities and Equity Capital.....	<u>\$4,858,397,312</u>

DIRECTORS

WILLIAM F. MURRAY
Chairman of the Board

STANLEY G. HARRIS, JR.
Vice Chairman of the Board

CHALKLEY J. HAMBLETON
Vice Chairman of the Board

CHARLES M. BLISS
President

BENNETT ARCHAMBAULT
Chairman and President
Stewart-Warner Corporation

JOHN W. BAIRD
President
Baird & Warner, Inc.

JOSEPH A. BURNHAM
President and Chief
Executive Officer
Marshall Field & Company

JAMES W. BUTTON
Senior Executive Vice President —
Merchandising, and Director
Sears, Roebuck and Co.

O. C. DAVIS
President
Peoples Gas Company

KENT W. DUNCAN
Executive Vice President

SAMUEL S. GREELEY
Chairman and Chief
Executive Officer
Masonite Corporation

ROBERT C. GUNNESS
Retired Vice Chairman of the Board
Standard Oil Company (Indiana)

HUNTINGTON HARRIS
Trustee
Estate of Norman W. Harris

DONALD P. KELLY
President and Chief
Operating Officer
Esmark, Inc.

JOSEPH B. LANTERMAN
Chairman
AMSTED Industries Incorporated

ARTHUR C. NIELSEN, JR.
Chairman of the Board
A. C. Nielsen Company

JAMES E. OLSON
President and Chief
Executive Officer
Illinois Bell Telephone Company

GEORGE A. RANNEY
Vice Chairman
Inland Steel Company

THEODORE H. ROBERTS
Executive Vice President

DANIEL C. SEARLE
Chairman of Executive Committee
and Chief Executive Officer
G. D. Searle & Co.

MAYNARD P. VENEMA
Director and Past Chairman
of the Board
UOP, Inc.

Harris Trust and Savings Bank

Wholly owned subsidiary of HARRIS BANKCORP, Inc.

MAIN BANKING PREMISES: 111 West Monroe Street, Chicago, Illinois 60690

OPERATIONS CENTER AND BANKING FACILITY: 311 West Monroe Street, Chicago, Illinois 60690

INVESTMENT DEPARTMENT REPRESENTATIVE OFFICES: New York; St. Louis; San Francisco

LONDON BRANCH: 48/54 Moorgate, London, EC2R 6EU, England

INTERNATIONAL OFFICES: Mexico City; Nassau; São Paulo; Singapore; Tokyo

Harris Bank International Corporation: 345 Park Avenue, New York, N.Y. 10022

Harris Corp Leasing, Inc.: 111 West Monroe Street, Chicago, Illinois 60690

Wholly owned subsidiaries of HARRIS TRUST AND SAVINGS BANK

ORGANIZED AS N. W. HARRIS & CO., 1882 • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION, FEDERAL RESERVE SYSTEM

Ft. Worth Nat'l Names SVP; Richard McKithan Retires

FORT WORTH—Fred L. Jones has been elected a senior vice president at Fort Worth National. He was previously a vice president and director of employee relations and is now manager of the administration division.

Richard W. McKithan, senior vice president and manager of special projects, retired recently following 35 years with the bank. He had held his last position since 1972.

Other promotions involved David W. Farmer, who moved from Texas American Bancshares to the bank. He served the HC as vice president-personnel and now serves the bank as vice president and director of employee relations.

Others promoted were Buck Clary



JONES



McKITHAN

LARGEST
IN
MICHIGAN



NATIONAL BANK OF DETROIT

assets over
7 billion dollars

Member Federal
Deposit Insurance Corporation

Jr., Jack Dacy and Archie L. Nance, to vice presidents; C. LaMar Gemberling, to vice president and trust officer; Paris Couturiaux, James B. Peterson and Thomas C. Sassman, to assistant vice presidents; and Jerry C. Vandever, to assistant vice president and trust officer.

Mr. Jones joined the bank in 1964 and Mr. McKithan has been with Fort Worth National since 1941.

Executive Promotions Made At American Fletcher

INDIANAPOLIS—American Fletcher National and American Fletcher Corp. have promoted Walter W. Ogilvie Jr. to senior executive vice president, executive management group.

Named executive vice presidents were Larry J. Hannah, AFC corporate group; Alvin L. Kuehn, portfolio and money market group; A. L. LePere, AFC consumer and operating groups; and J. Albert Smith Jr., to head a new group named the real estate group, which includes American Fletcher Mortgage Co.

Mr. Ogilvie joined the bank in 1967 and Mr. Hannah was with the bank from 1964 to 1972. Mr. Kuehn joined American Fletcher in 1972, Mr. LePere in 1968 and Mr. Smith in 1969.

In other action, the bank promoted Eugene E. Henn to vice president and senior counsel and David R. Hamer and Frank C. Pirillo to vice presidents and counsels. All are in the general counsel department.

Mr. Henn joined the bank in 1961, Mr. Hamer in 1967. Mr. Pirillo has been with American Fletcher Mortgage Co. since 1972 and recently joined the bank.



HAMPSON



OGILVIE

Hampson Joins Worthen Bank

LITTLE ROCK—Leonard L. Hampson has joined Worthen Bank as vice president in the correspondent bank division. He had been with First National here since 1963 and was director of its correspondent bank department the past 10 years.

Mr. Hampson also is chairman, Bank of Locksburg, and a director, First State, Dermott, both in Arkansas.

Correction

Last month's issue carried an item about promotions at Commercial National, Little Rock, but inadvertently stated that those being promoted were associated with First National, Little Rock. MID-CONTINENT BANKER regrets the error.

Promoted at Commercial National were James R. Cobb and Barnett Grace, to senior vice presidents; Ron W. Strother and Dale J. Winthroath, to vice presidents; Jim James and John Roewe, to assistant vice presidents; Greer Baber, to assistant auditor; Jerry Griffin, to loan officer; Carol Hardwick, to assistant board secretary; and Richard G. Prinz, to travel officer.

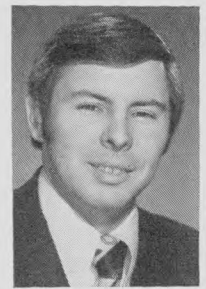
Fox, McCreary Named SVPs At First Amtenn, Nashville

NASHVILLE—First Amtenn Corp. has promoted John C. Fox and J. Franklin McCreary to senior vice presidents.

Mr. Fox continues as treasurer and joined the HC in 1972. Mr. McCreary is also general counsel and joined First American National Bank in 1964.



FOX



McCREARY

Frank E. Reeves was promoted to assistant general counsel and David E. Johnston joined the staff recently as assistant general counsel. Bobby R. Carpenter was named administrative officer and Thomas N. Cripps was elected assistant auditor.

Officers Elected, Promoted At BancOklahoma HC, Tulsa

TULSA—Lemuel C. Cragholm Jr. has been named vice president and manager, energy department, BancOklahoma Corp. He was formerly with Continental Illinois National, Chicago. Christopher J. S. Andrews has been appointed an international officer. He was formerly with Toronto Dominion Bank, Montreal, Canada.

Dennis Hicks was promoted to assistant vice president, Louise Glass was elevated to operations officer and Robert Fugate was appointed assistant trust officer.

National Boulevard Bank of Chicago and Subsidiary Consolidated Statement of Condition December 31, 1976.

(In thousands)

Wrigley Building • 400-410 N. Michigan Ave. • Chicago, Ill. 60611 • (312) 467-4100

ASSETS

Cash and Due from Banks	\$ 33,198
Securities:	
Investment Securities:	
U.S. Treasury	66,117
U.S. Government Agencies	7,581
State and Municipal Securities	40,037
Other	3,794
Total Investment Securities	117,529
Trading Account Securities	3,891
Total Securities	121,420
Federal Funds Sold	18,600
Loans, Less Reserve for Possible Loan Losses of \$2,309	202,089
Leasehold Improvements and Equipment	1,095
Customers' Acceptance Liability	23
Other Assets	6,373
	<u>\$382,798</u>

LIABILITIES AND CAPITAL ACCOUNTS

Demand Deposits	\$149,041
Time Deposits	185,285
Total Deposits	334,326
Federal Funds Purchased and Other	
Borrowed Funds	16,951
Acceptances Outstanding	23
Other Liabilities	2,379
Total Liabilities	353,679
8 1/4 % Capital Notes (Subordinated)	7,500
Shareholders' Equity:	
Common Stock (200,000 shares, par value \$20.00)	4,000
Surplus	8,500
Undivided Profits	9,119
Total Shareholders' Equity	21,619
	<u>\$382,798</u>

Board of Directors

MYRON RATCLIFFE
President, Miami Corporation
Chairman

HENRY K. GARDNER
President

ROBERT C. BARTLETT
President, Commerce Clearing House

ROBERT H. BURNSIDE
Group Vice President and Director—Retired
International Harvester Company

ROBERT L. GROVER
Chairman
Snap-on Tools Corporation

JOHN E. GUTH, Jr.
Vice President, Marketing Operations
International Business
Machines Corporation

CARL A. KROCH
President
Kroch's & Brentano's, Inc.

M. JOSEPH LAMBERT
Senior Vice President, Kraft, Inc.

W. W. McCALLUM
President
W. W. McCallum & Associates

JAMES L. O'KEEFE
O'Keefe, Ashenden, & Lyons

FRANK C. OSMENT
Executive Vice President
Standard Oil Company (Indiana)

THOMAS H. PEARCE
Chairman
National-Standard Company

CHARLES E. SCHROEDER
Vice President
Miami Corporation

WILLIAM L. SEARLE
Chairman, G. D. Searle & Co.

JOHN W. SHELDON
Chairman, Chas. A. Stevens & Co.

CHARLES B. STAUFFACHER
President, Chief Executive Officer and
Chairman Executive Committee,
Field Enterprises, Inc.

O. EVERETT SWAIN
Executive Vice President
Kraft, Inc.

HENRY G. VAN der EB
Chairman and Chief Executive Officer
Container Corporation of America

MAX E. WILDMAN
Wildman, Harrold, Allen & Dixon

WILLIAM WRIGLEY
President, Wm. Wrigley Jr. Company

Member Federal Deposit Insurance Corporation

MID-CONTINENT BANKER for March, 1977



**NATIONAL BOULEVARD BANK
OF CHICAGO**
400-410 N. MICHIGAN AVE., 237 E. GRAND AVE.,
PHONE (312) 467-4100 • MEMBER FDIC

Bank of Southwest, Houston, Names Three Vice Presidents

HOUSTON—Bank of the Southwest has elected A. W. Nelson and Walter B. Hendrick vice presidents and James C. Thompson has joined the bank as a vice president and director of the human resources department.

Mr. Nelson was an assistant vice president and operations supervisor in the international banking division. He joined the bank in 1947. Mr. Hendrick joined the bank last January and is in charge of the Southwest corporate department's real estate finance section. Mr. Thompson was formerly with Affiliated Bankshares of Colorado, Boulder, and First National, Albuquerque.



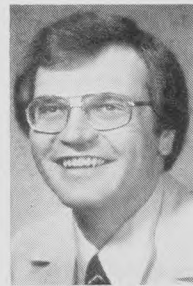
NELSON



HENDRICK



THOMPSON



FERGESON

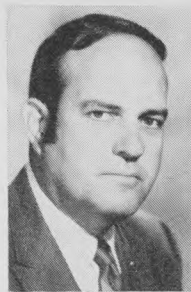
Three Exec. VPs Named At Liberty Nat'l, OC

OKLAHOMA CITY—Liberty National has promoted Fred M. Moses to executive vice president, commercial banking, and Jack E. White to executive vice president, trust. Joe H. Blair was promoted to vice president, trust.

Named assistant vice presidents were Clifford Elliott, Kendric Fergeson, Robert Henley, Marjean McCrady, John H. Masters, John A. Shelley, Dorothy Riffel and Janell Tidwell. Mr. Fergeson is in the correspondent banking department.

Liberty Financial Corp. promoted William B. Robberson to executive vice president.

Mr. Moses joined Liberty in 1969 and Messrs. White and Robberson have been with the bank since 1963.



GOODWIN



HOUSE

Three Elected, Three Raised At Texas Bank, Dallas

DALLAS—Texas Bank has promoted three officers and elected three new officers.

Gene L. Burgen was elected senior vice president in charge of operations; Rex B. House was promoted to senior vice president and manager, correspondent banking and southwestern accounts division; and W. Jerome Dano was promoted to senior vice president in real estate and construction loans.

Michael Chaffin and John F. Goodwin were elected vice presidents. Mr. Chaffin is manager, trust operations, and Mr. Goodwin is in the correspondent and southwestern accounts division. Dale E. Cole was promoted to vice president, real estate and construction.

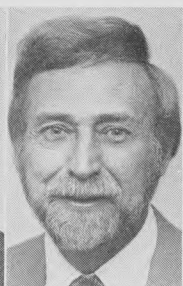
Mr. Burgen was formerly with U. S. National, Omaha; Mr. House has been with Texas Bank's correspondent division for 14 years; Mr. Dano joined the bank in 1975; Mr. Cole is a former vice president of a construction firm; Mr. Chaffin was formerly with First City Bancorp., Houston; and Mr. Goodwin was formerly with Fort Worth National, where he was vice president and manager, correspondent bank department.

First Nat'l, Kansas City, Promotes 4, Elects 2

KANSAS CITY—First National has elected Harry W. Adams Jr. vice president in the operations division and promoted Franklin L. Dunn, William J. McKay and James A. Thomas from



DUNN



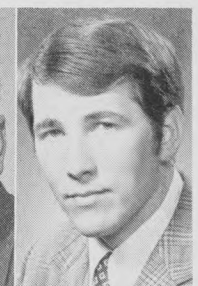
ADAMS



BARLOW



McKAY



THOMAS

assistant vice presidents to vice presidents.

Michael A. Luby Jr. was promoted from assistant cashier to assistant vice president and Betty J. Barlow was elected vice president and treasurer, First National Safe Deposit Co.

Mr. Adams was formerly with Charter Bank, Jennings, Mo. Messrs. Dunn and McKay joined the bank in 1936, Mr. Thomas in 1971, Mr. Luby in 1973 and Mrs. Barlow in 1962.

New Unit, Managers Named In Continental Reorganization

CHICAGO—Formation of a new financial services department and appointment of several managers were announced by Continental Bank.

The new group consists of the existing commercial and international department and a new multinational department to serve large customers with extensive overseas operations.

John E. Porta, vice president, is head of the new department. Mr. Porta was formerly head of Continental Illinois Ltd., London.

The financial services department includes the following service sections:

Corporate finance and international securities, London, headed by George L. Scheuppert, vice president. Another corporate finance section will be located in Chicago.

Global cash management, based in Chicago and headed by Andries H. J. Jansma, vice president. Russell J. Hovde, vice president, will supervise domestic cash management.

Activities of Continental Illinois Leasing Corp., Chicago-based subsidiary of the bank's HC, Continental Illinois Corp., will continue to be managed by Joseph M. Nachbin, executive vice president.

U. S. trade finance, based in Chicago.

Gerald M. Keeley, senior vice president, will head staff administration for the general banking services group. Kenneth J. Rudnick, vice president, will be in charge of general banking's training section.

Your best connections to Europe and the Far East are right through Houston.

News of international importance from Houston's largest bank.

First City National Bank can assist you in providing direct international banking connections to your customers with interests in Europe and the Far East.

Our international involvement includes a full-service branch in London, a representative office in Tokyo and a Eurocurrency unit in Nassau, the Bahamas. In 1973, we took part in financial history by

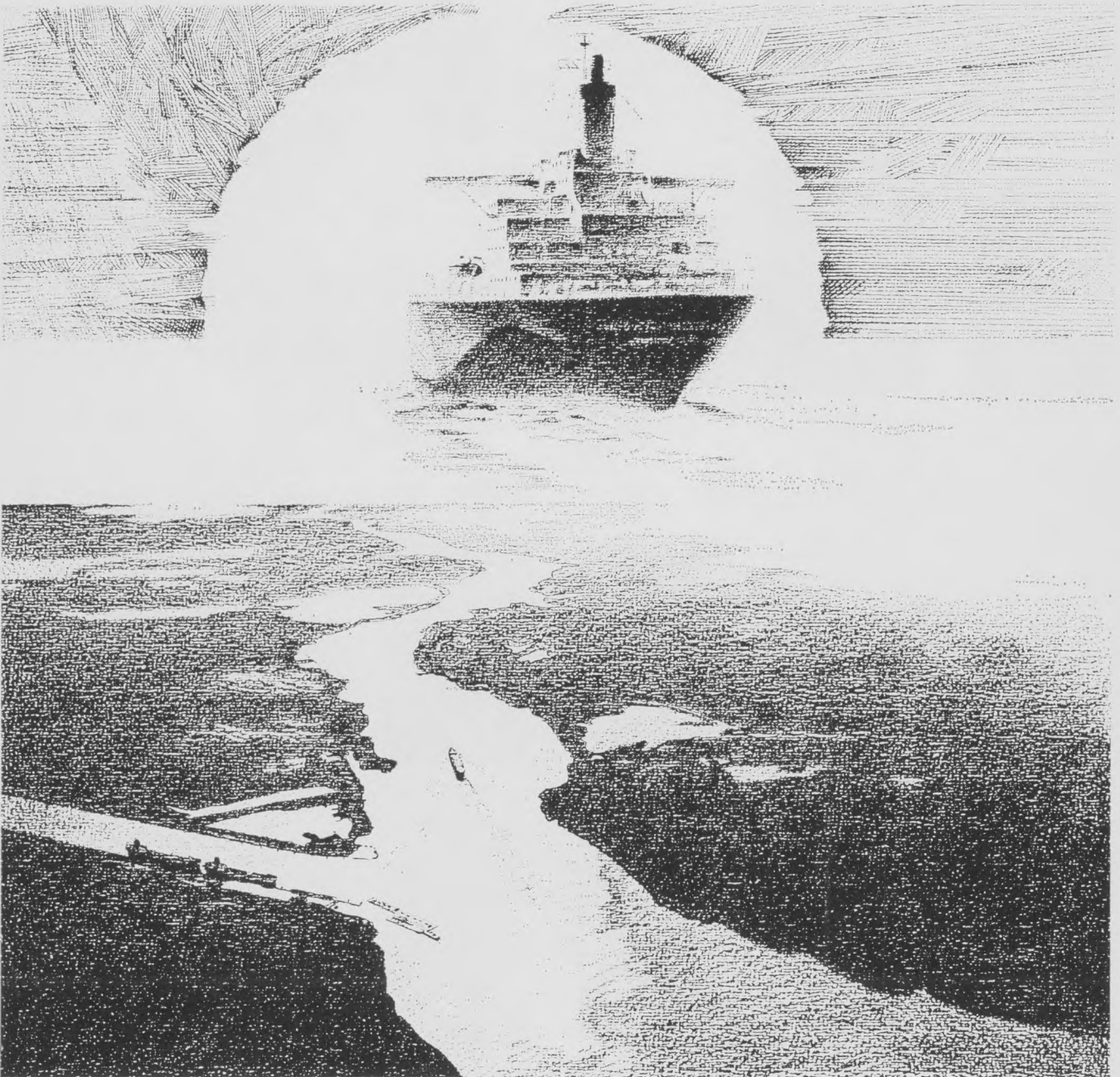
helping to establish the first merchant bank in Indonesia offering a wide range of financial services.

Domestically, our staff includes experienced international banking specialists who understand the monetary particulars of overseas operations. This part of our 100-year commercial banking experience is yours for the asking.

We're becoming involved with more and more industries every day. In so doing, we're proving to corre-

spondents that more service is the result of more experience. Understanding business as well as banking worldwide has made us . . .

A major financial strength behind Texas industry.



Burrow, Jarvis, Lambert Raised at Worthen Bank

LITTLE ROCK—Larry Burrow, Don Jarvis and Bev Lambert have been promoted from vice presidents to senior vice presidents at Worthen Bank. All three are division managers.

Mr. Burrow joined the bank in 1970 and manages the trust division. Mr. Jarvis manages the operations and administration division and has been with Worthen since 1971. Mr. Lambert, who heads the investment division, joined the bank in 1969.



JARVIS



LAMBERT



ZETTLER



BURROW

Zettler, Carr Promoted At St. Louis Fed Reserve

ST. LOUIS—The Federal Reserve Bank of St. Louis has named Charles D. Zettler vice president and A. Melvin Carr assistant vice president. Mr. Zettler succeeded Edgar H. Crist, who retired recently.

Mr. Zettler joined the bank in 1949. Prior to that, he was an Illinois state bank examiner. Mr. Carr, who succeeded Mr. Zettler, joined the bank in 1952. Prior to that, he was with Peoples First National, Paducah, Ky.

United Mo. Names Directors

KANSAS CITY—United Missouri Bank has elected Mrs. Muriel Kauffman to its board. She is associated with Marion Laboratories, Inc., and has been an advisory director since 1971.

United Missouri Bancshares has elected Paul D. Bartlett Jr., president, Bartlett & Co. Grain, to its board. He is a member of the board of United Missouri Bank.

First City Nat'l, El Paso, Promotes Two Officers

EL PASO—First City National has promoted Lester L. Parker Jr. to vice president and Steve DeGroat to assistant vice president in the commercial lending division.

Mr. Parker joined the bank in 1970 and has worked in operations, marketing, national accounts and commercial lending. Mr. DeGroat has been with the bank since 1973, assigned to the operations, marketing and commercial lending divisions.

Costakis Named President At LaSalle Nat'l, Chicago

CHICAGO—LaSalle National has realigned its senior management positions. James G. Costakis, chairman, executive committee, takes on additional duties as president. He will continue to share principal executive responsibilities with Harrison I. Steans, chairman.

Former President Milton F. Darr Jr. was elected vice chairman. He will continue to represent the bank while devoting more time to outside interests. Mr. Darr has been with the bank more than 30 years.

New Bank of St. Louis Chairman

ST. LOUIS—Jack W. Minton has been elected chairman, Bank of St. Louis, and continues as president and CEO. Kenneth Poslosky, commercial loan division, has been named executive vice president and a director; Fred Fangmann, controller of the bank's parent HC, General Bancshares Corp.,



POSLOSKY



MINTON



HARRINGTON



FANGMANN

St. Louis, has been named the bank's senior financial vice president and secretary; and Martin Harrington has been appointed senior vice president, correspondent banking division.

Five Promoted, Four Elected At First NBC, New Orleans

NEW ORLEANS—First National Bank of Commerce has promoted four officers and elected five others to banking officer status.

A. Peyton Bush III was promoted to manager, operations division; William H. Keener Jr. was named vice president, metropolitan department; Terry D. Barnett was promoted to assistant vice president, personal lending department; and Ronnie J. Foret was named assistant vice president, petroleum and special credits department.

Louis J. Provenzano, Michael G. Gretchen, Michael L. Tindall, Michael L. Sappington and Malcolm P. Schwarzenbach Jr. were named banking officers.

Messrs. Bush and Keener joined the bank in 1974, Mr. Barnett in 1970 and Mr. Foret in 1974.

Business Development Officer Named at Commercial Nat'l, KCK

KANSAS CITY, KAN.—Donald L. Steppe has been elected business development officer, installment loan division, at Commercial National. Mr. Steppe will conduct new business development and marketing programs for the division.

He joined the bank in 1970 and was formerly collection manager, Master Charge credit card division.

BancOklahoma Names Director

TULSA—BancOklahoma Corp. has named J. E. (Jim) Tyree, president, Oklahoma Natural Gas, an advisory director. Mr. Tyree was named to his present post at the utility last October and has been with the utility for 28 years.

Kehoe Named Chairman, Director At First Tenn. Nat'l, Nashville

Cullen Kehoe, president and director, First Tennessee Bank and First Tennessee National Corp., both in Memphis, has been named chairman and director, First Tennessee Bank, Nashville.

Both the Memphis and Nashville banks are affiliated with First Tennessee National Corp.

Mr. Kehoe also serves as director of Allied Bank International and is a member of the Association of Reserve City Bankers and the Bankers Association of Foreign Trade.

kôr' i spond'

First NBC knows what it means.

cor·re·spond (kôr' i spond') *v.i.* **1:** for a person, partnership, firm or corporation to carry on business transactions with another at a distance; *esp:* **BANKING 2:** to communicate by letter, telegram or telephone, and, *esp.* at First National Bank of Commerce, to communicate on a personal level. Our correspondent banking officers understand all the services you require and anticipate all your needs. When you deal with us you know we know the meaning of correspondent. For information on First NBC's correspondent banking programs contact Doug Lore at 1/800/462-9511, within Louisiana, or 1/800/535-9601, outside Louisiana.



First National Bank of Commerce

CORRESPONDENT BANKING DEPARTMENT

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Raymond Doll Retires From Kansas City Fed

KANSAS CITY—Raymond J. Doll, senior vice president and director of research, Kansas City Fed, retired recently following more than 26 years of service. As the bank's senior policy advisor, he was an associate economist with the Fed's Open Market Committee.



DOLL

He chaired the Fed's committee on agriculture and rural development and was involved in the Fed's re-evaluation of its discount mechanism in the late 1960s, which led to adoption of the seasonal borrowing privilege for member banks.

Mr. Doll joined the Fed in 1951, following service with Kansas State University.

Citizens Fidelity HC, Bank Make Officer Appointments

LOUISVILLE—Michael N. Harreld has been promoted to senior vice president and manager of the marketing department at Citizens Fidelity Corp. and Charles J. Thayer has been promoted to senior vice president in corporate planning.

In the operations division, H. C. Churchill has been promoted to first vice president and manager, Anthony Frank to assistant vice president and property management officer and Mary Dugan to operations officer, transmittal banking.

In retail banking, Grover Johnson and Ronald Kresen have been appointed assistant vice presidents and Helen Pumphrey, Brenda Keys, Etta Zwigard and Mary Ann Brinke have been appointed assistant cashiers.

A. J. Desposito, senior vice president and manager, Citizens Fidelity Leasing Corp., has also been named a vice president of Citizens Fidelity Bank. Brent Raines has joined the bank as a vice president in marketing. He was formerly with Provident Bank, Cincinnati.

Michael B. Vairin has been promoted to vice president, commercial loans. He joined the bank in 1968.

C&S Names Five AVPs

ATLANTA—Five assistant vice presidents have been named at C&S National.

They are Richard S. Cassels, Daphne T. Garrett, Nancy P. Johnson, Michael R. Knight and Felix Rodriguez.

They joined the bank in 1972, 1949, 1973, 1972 and 1975, respectively.

FNB, St. Louis, Elects AVPs

ST. LOUIS—First National has elected T. Ellis Barnes III and Richard L. Winters assistant vice presidents.

Mr. Barnes joined the bank in 1973, Mr. Winters the following year. Mr. Barnes is in the metropolitan division and Mr. Winters is in commercial banking.

United Missouri Bank, KC, Names Thomason Exec. VP

KANSAS CITY—Don V. Thomason has been promoted from senior vice president to executive vice president in the business development department at United Missouri Bank. He joined the bank in 1970.

Promoted to vice presidents were Suellen E. Long, Michael R. Hart and Lindy J. Evans. Promoted to assistant cashiers were C. Steven Cole and Gary Foltz.

Hoyt H. Thompson, president, Townley Metal & Hardware, was elected to the board.

Mrs. Long joined the bank in 1962, Mr. Hart in 1971, Messrs. Evans and Cole in 1971 and Mr. Foltz in 1972.

County Nat'l Assets Up

CLAYTON, MO.—County National Bancorp. had net income of \$2.3 million, or \$3.34 per share, in 1976, compared to \$2.5 million, or \$3.63 per share, for 1975.

Total assets of the HC on December 31 were \$355 million, compared to \$311 million a year earlier. Total deposits were \$293 million, up from \$255 million at the end of 1975.

Steady Growth at BankAmerica

SAN FRANCISCO—BankAmerica Corp. reports net income for 1976, including securities transactions, of \$336.8 million, up 11.2% from \$302.8 million earned in 1975. This amounted to \$2.41 per share, up 10% from \$2.19 per share in 1975.

Total assets increased to \$73.9 billion at year-end 1976, up 10.7% from

\$66.8 billion at year-end 1975. Net loans rose to \$35.4 billion at year-end 1976, up 8.9% from \$32.6 billion at year-end 1975. Total deposits stood at \$60.8 billion at year-end 1976, up 7.4% over 1975.

Citicorp Earnings Rise

NEW YORK—Consolidated operating earnings after tax for 1976 for Citicorp reached a record level of \$404.9 million, up 16.3% from 1975 figures. Earnings per share were \$3.24 for 1976, compared to \$2.81 for 1975, an increase of 15.3%.

Total assets at year-end 1976 stood at \$64.3 billion, up \$6.4 billion from year-end 1975.

1st Kentucky Income Up

LOUISVILLE—Operating income for 1976 for First Kentucky National Corp. was \$12.7 million, or \$3.14 per share, an increase of 7% over the \$11.9 million or \$2.94 per share, earned in 1975.

Loans outstanding stood at \$629.8 million at year-end 1976, up \$60.9 million, or 10.7% from year-end 1975. Deposits were \$928.1 million at year-end 1976 and total assets were \$1.2 billion.

First Union Income Increases

ST. LOUIS—First Union Bancorp. had net operating income for 1976 of \$21 million, compared with \$18.7 million for 1975. On a per-share basis, 1976 net operating income was \$4.58, an increase of 12.5% over the \$4.07 earned in 1975.

Total assets were \$2.8 billion at year-end 1976, compared with \$2.6 billion a year earlier. Total deposits were \$2 billion at year-end 1976, compared to \$1.9 billion for 1975.

First City HC Reports Profits

HOUSTON—Record income before securities transactions of \$31.9 million, up 13% year to year, was reported by First City Bancorp. of Texas for 1976. Per-share equivalents were \$3.43 and \$3.11, respectively.

The HC became a \$5-billion organization for the first time last year. Total year-end assets were \$5.3 billion, an increase of 14.8% from the \$4.6 billion reported a year earlier. Total deposits at year-end were \$4.3 billion, up 13.5% from \$3.8 billion a year earlier.

Republic's Income Up

DALLAS—Republic of Texas Corp.'s income for 1976 increased 2.2% to \$46.2 million, or \$4.06 per share, compared to 1975 figures of \$45.2 million, or \$3.98 per share.

As of December 31, 1976, total con-

solidated assets of the firm stood at \$6.5 billion, a 21.2% increase over the year-earlier figure. Total loans increased 17.4% to \$3 billion and total deposits increased 15.6% to \$4.6 billion.

C&S Reports Higher Assets

ATLANTA—An increase in total assets and deposits was recorded by Citizens & Southern National last year. Total assets stood at \$3.2 billion at year-end 1976, versus \$3.1 billion at year-end 1975. Deposits were \$2.5 billion for 1976, compared to \$2.4 billion for 1975. Loans were \$1.9 billion at both year-end 1976 and 1975.

Consolidated net income for 1976 was \$15.2 million, including after-tax securities gains of \$705,000. This is a decrease of 11.8% from net income of \$17.2 million in 1975, which included the addition to last year's earnings of the \$1.2 million cumulative effect of a change in the method of reporting finance income on installment loans of C&S Finance Co.

On a per-share basis, net income for 1976 was 53¢, versus 60¢ in 1975.

American Nat'l Deposits Rise

CHICAGO—American National reported average deposits rose 5.8% last year and total resources at year-end 1976 stood at \$1.8 billion, a 10.4% increase over 1975 resources.

A decision for a sharply increased loan-loss provision resulted in reduced net income for 1976. Exclusive of the loss provision, profitability in the other aspects of the bank's operations, before securities transactions, matched the record level set in 1975.

Net income for 1976 was \$8.8 million, compared to a record \$11.8 million a year previous.

Central Nat'l Reports Profit

CHICAGO—Central National Chicago Corp. had consolidated net income of \$3.9 million for 1976, or \$3.26 per share, compared to a net loss in 1975 of \$11.3 million, or \$10.19 per share. The figures include gains on security transactions and the recognition of tax loss carry forward benefits.

Exceptional profitability in the bond portfolio and bonds trading activities of Central National Bank contributed to the improved earnings for the year.

Record Earnings for Continental

CHICAGO—Continental Illinois Corp. had record annual earnings for 1976 before security transactions of \$130.9 million, up 10.1% over 1975 earnings of \$119 million. Per-share earnings were \$7.45, compared with \$6.84 for 1975.

Higher net interest income on a taxable equivalent basis, strong expense control and increased fees and profits from other sources all contributed to the improved earnings performance, the firm said.

Boatmen's Has Record Income

ST. LOUIS—Boatmen's Bancshares had consolidated income before securities gains and losses in 1976 of \$8.8 million, or \$3.70 per share, compared to \$8.3 million, or \$3.53 per share, for 1975.

Total assets, deposits and loans stood at record levels at year-end 1976. Total assets were \$1.2 billion, up 18%; deposits increased 17% to \$962.3 million; and net loans increased 16% to \$603.2 million.

Increased Earnings at Liberty

LOUISVILLE—Net income for Liberty National after securities gains in 1976 reached a record level of \$4.4 million, or \$5.39 per share, compared to \$4.1 million, or \$5.04 per share, in 1975, up 7%.

The bank reached its highest level of deposits at year-end 1976—\$480.4 million, compared to \$459.2 million at

year-end 1975. The bank exceeded \$600 million in total assets for the first time in its 123-year history.

1st Charter Hits \$1-Billion Mark

KANSAS CITY—First National Charter Corp. exceeded \$1 billion in deposits for the first time last year, a 14.3% increase over 1975 deposits.

Net income for 1976 was \$10.8 million, or \$5.98 per share, up from \$10.2 million, or \$5.63 per share, for 1975. The firm has had five consecutive quarters with successively higher earnings.

Consolidated total assets of the HC stood at \$1.4 billion at year-end 1976, up 10.6% from the \$1.3 billion at year-end 1975.

Detroitbank Has Record Earnings

DETROIT—Detroitbank Corp. had net income, after securities transactions, of \$27.2 million, or \$6.39 per share, for 1976. In 1975, earnings were \$26.9 million, or \$6.34 per share. On a per-share basis, this represents a 1% increase.

Total assets of the HC rose to \$3.4 billion, up 6%. Deposits reached \$2.8 billion at year-end 1976, up 7% over 1975.

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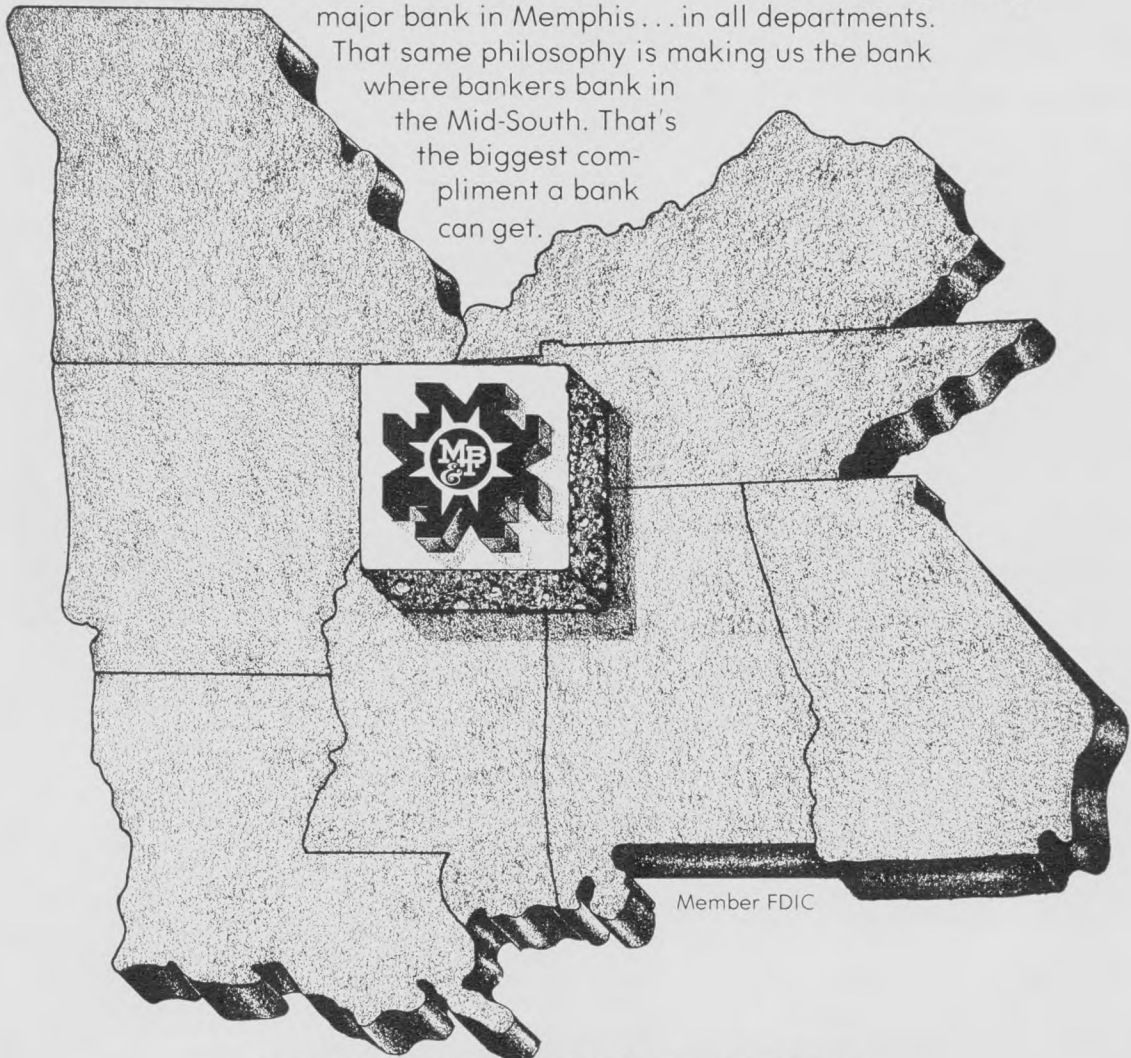
CORNERSTONE.

Memphis Bank & Trust is becoming the cornerstone of area banking. More and more banks, over 100 now all over the Mid-South, are banking with Memphis Bank & Trust. We have the fastest growing Correspondent Bank Department in Dixie.

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THE BANKER'S BANK

ABA President-Elect, Regulator Panel To Highlight 77th Louisiana Convention



LENSING



STUART



DELCAMBRE

HIGHLIGHTS of the 77th annual meeting and convention of the Louisiana Bankers Association will be a presentation by ABA President-Elect A. A. Milligan, president, Bank of A. Levy, Oxnard, Calif., a session with Roy Jackson, regional FDIC director, on the duties and responsibilities of directors and a panel of regulators to answer questions about new examination procedures.

The convention is scheduled for April 2-4 at the Hyatt Regency Hotel, New Orleans.

The annual event will get underway on Saturday, April 2, with registration in the exhibit hall from 9 a.m. to 5 p.m. Exhibits will be open the same hours.

Saturday evening will see a two-hour social in the Stadium Club of the Superdome, which is located adjacent to the hotel. Tours of the Superdome will be conducted.

Sunday's events will consist of registration and exhibits from 9 a.m. to 5 p.m.

Events begin early on Monday, April 4. The breakfast for graduates and students of the School of Banking of the South will begin at 7:30 a.m. and registration will begin at 8 a.m. Women's bingo and the first business session start at 9 a.m. The latter will include presentations by LBA President Donald Delcambre, president & CEO, State National, New Iberia, and Mr. Milligan. Committee reports and the first reading of resolutions will also be taken up.

A combined men's and women's social will begin at 11:45 a.m., followed by a combined luncheon, at which nominations and election of LBA officers and directors will be conducted.

The second business session will con-

vene at 2 p.m. with Mr. Jackson's talk, followed by the panel of regulators. The panel will consist of Mr. Jackson, representing the FDIC; Kenneth Pickering, state banking commissioner; and a representative from the office of the Comptroller of the Currency. Panelists will answer questions about new examination procedures and completing and filing quarterly reports, as well as other topics.

The social will begin at 6:15, followed by the annual banquet at 7:30 featuring the Conti family, billed as wholesome entertainment.

In addition to Mr. Delcambre, LBA officers for 1976-77 include Walter Stuart III, vice chairman, First National Bank of Commerce, New Orleans, who is president-elect; and George S. Lensing, president, Bank of Dixie, Lake Providence, who is treasurer.

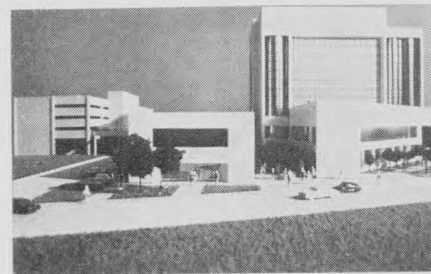
Mr. Delcambre joined State National in 1955 and has been president for 12 years. He is a graduate of the School of Banking of the South and is a former director of the Fed's New Orleans branch. He has served as chairman of the LBA's federal affairs and legislative affairs committees.

Mr. Stuart has been with his bank since 1963. He was elected senior vice president in 1965 and was raised to executive vice president the same year. He has been vice chairman since 1973. He served First Commerce Corp., parent HC, as president starting in 1973 and was raised to vice chairman in 1975. He is a director of the School of Banking of the South.

Mr. Lensing is a native of Arkansas and joined Logan County Bank, Scranton, Ark., in 1934. He moved to his present bank (then known as Lake Providence Bank) in 1940 and has been president since 1945. ••

■ **COMMERCIAL NATIONAL**, Shreveport, has promoted A. V. Loftus III and Seth Morehead Jr. to vice presidents; Samuel C. Bonnette to trust officer; Mrs. Nina R. Franklin, William G. Miller, Mrs. Elsie S. Pierce and G. Thom Williams to assistant vice presidents; Mrs. Ann F. Hilman to assistant trust officer; and Miss Janet Brossette, Stanley W. Burke III, Herbert L. Doughty, John W. Hollis and Ronnie D. Sheffield to assistant cashiers.

■ **TERREBONNE BANK**, Houma, has announced plans to erect a seven-story home office building adjacent to its existing headquarters. Completion is set tentatively for August, 1978. The contemporary-styled structure will have exterior materials of bronze reflective glass in bronze settings integrated with white masonry panels. The first and second floors will extend into a 6,000-square-foot triangular-shaped customer service area lighted by four large skylights. Warm, natural, earth-toned colors



will predominate in the lobby area, which will have oiled walnut desks and teller fixtures inlaid with honed finish Baltic brown granite. The second floor will overlook the main lobby and will be connected to it by an escalator. Live trees and green carpeting will accentuate the interior color scheme. The bank's present quarters will be available for lease when the new office tower is completed. The Southwestern Financial Facilities Division (Dallas) of Bank Building Corp., St. Louis, is the consultant and construction manager. John Suedel, an associate of Bank Building, is the architect.

■ **GUARANTY BANK**, Alexandria, has promoted Willie L. Spears to assistant vice president and elected Faye Campo, Judy Medica and Rose Ralston assistant personal banking officers.

NEWS

From the Mid-Continent Area

Alabama

■ **SHOALS NATIONAL**, Florence, has named W. Woodrow Truitt Jr. executive vice president. Mr. Truitt, a graduate of Jacksonville State University, expects to receive his master's degree in business administration in June. He also is a graduate of the School of Banking of the South at Louisiana State University, Baton Rouge. Mr. Truitt spent eight years with Commercial National, Anniston, and the last three years as CEO, Guaranty Federal S&L, Anniston.

'Bank on the Basics'

"Bank on the Basics" is the title of a community bank marketing seminar to be sponsored by the Bank Marketing Association April 20-21 in cooperation with its Florida-Alabama Chapter. The seminar will be held at the Bay Point Yacht and Country Club, Panama City, Fla.

The seminar will be directed to community banks with assets of \$25 million to \$200 million, is designed to provide participants with a basic understanding of contemporary marketing techniques and, according to the BMA, is especially relevant for individuals with limited or part-time marketing responsibilities.

Concurrent sessions are planned on such topics as: "Sales Training—How to Train the Customer-Contact Person at a Community Bank," "Effective Market Research on a Budget," "Premiums—Yes or No" and "Selling—Directors, Stockholders, Officers—Can It Be Done?" In addition, there will be sessions on "Marketing by Objectives," "Advertising Effectiveness" and "CBCT and POS—How to Justify Them for the Community Bank."

Arkansas

■ **THE FED** has approved the application of First Security Corp., Harrison, to become a bank HC through acquisition of Security Bank, also in Harrison.

■ **TWIN CITY BANK**, North Little Rock, has reached a new record—\$100 million in assets. The bank was founded in 1901 and now is operating in its new \$4-million building at One River-

front Place. Terence E. Renaud, Twin City Bank's president and chairman, has been named "man of the year" by the North Little Rock Chamber of Commerce.

Illinois

■ **O'HARE INTERNATIONAL**, Chicago, has promoted Thomas B. Sullivan from senior vice president to executive vice president and Terrance A. Madura from auditor to cashier. Mr. Sullivan has charge of lending at the bank.

■ **JOHN A. WILLIAMS** and Paul Chris Johnson have been elected senior vice presidents, Alton Banking & Trust Co. Mr. Williams, who was first vice president, has charge of commercial lending and the Master Charge operation. Mr. Johnson, formerly vice president, heads the installment loan department. Ruby M. Fritz has moved up from vice president and assistant secretary to vice president and secretary. Melvin G. Hall, chairman and CEO of the bank, has received an honorary degree from William Woods College, Fulton, Mo. He has been a trustee of the college and now is first vice chairman of its board of trustees.

■ **NORBERT E. SCHWARZ** became president, United Bank of Illinois, Rockford, February 21, succeeding Loren M. Smith. Mr. Smith now is chairman. Mr. Schwarz was president, First Wisconsin Bank, Green Bay, and chairman, First Wisconsin Bank, West Green Bay. Seth G. Atwood, who was chairman, was named to the new post of senior chairman at the Rockford bank.



HARROW SMITH COMPANY

Union National Bank Bldg. 501/374-7555

Little Rock, Arkansas

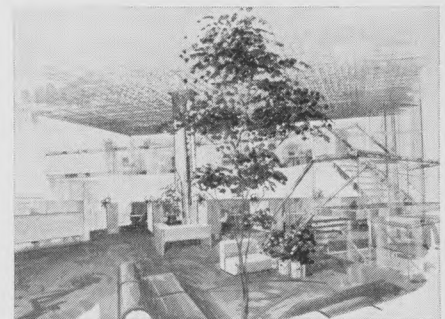
J. E. WOMELDORFF, Executive Vice President

Neighborhood Center Under Way



William D. Plechaty, s.v.p., Continental Illinois Nat'l, Chicago, makes the snow fly at the ground breaking for the bank's Neighborhood Banking Center at Clark, Division and Elm streets on the city's near north side. The center, scheduled to open this spring, will contain 4,000 square feet of space and will accommodate five tellers and eight personal bankers. It also will have two drive-up teller windows, a night depository and four automated teller machines, three inside and one on an exterior wall. The exterior ATM will be available 24 hours a day, seven days a week. The center will have extended hours. It will be located within 3,500 yards of Continental's Main Office at 231 South LaSalle Street, the boundary prescribed by state law for one of two off-premises facilities.

New Facility for Loop



This is an artist's sketch of the banking facility First Nat'l, Chicago, plans to open in April at the northeast corner of Wabash Avenue and Monroe Street. Services to be offered will include receiving deposits, cashing and issuing checks, drafts and money orders, changing money and receiving loan payments. The facility will have five First Card electronic banking tellers, three with 24-hour access, express lines for fast service and personal banking counselors. It will be open 8 a.m.-6 p.m., Monday through Friday, which, according to First Nat'l, will be the longest banking hours in the Loop. The facility will be opened under an Illinois law that permits an additional banking facility within 1,500 feet of a bank's home office.

■ LAWRENCE A. WILSON, vice president, City National, Dixon, last month was elected president of the Illinois Bankers Association's consumer credit division. Other division officers are: first vice president, David G. Siebert, executive vice president, First National, Dwight; second vice president, James E. Brown, vice president, State Bank, Collinsville; and secretary, Norman C. Peterson, IBA assistant secretary, Chicago.

■ ELMHURST NATIONAL has advanced William J. Thiel and Lester Madsen from assistant vice presidents to vice presidents, Otto W. Balgemann II to assistant vice president and Michael W. Stolz to assistant commercial loan officer.

■ UNION NATIONAL, East St. Louis, has converted to a state-chartered bank and has the new name of Union Bank.

Indiana

■ DONALD G. ERLNBUSH has advanced from executive vice president to president, Farmers State, Sullivan. He succeeds Kenneth P. Cooper, who retired after 35 years in banking. Mr. Cooper continues as a director and part-time trust officer. Mr. Erlenbush joined the bank in 1971 and has been a banker since 1962.



TURTON

■ FREDERICK E. TURTON has joined the Central Division of Bank Building Corp., St. Louis, as a consultant services manager. His territory includes southern Indiana and Hamilton County, Ohio. Mr. Turton previously was a marketing representative in data processing sales for IBM Corp. in Cincinnati.

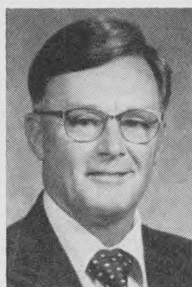
■ STANLEY R. BOUGHTON retired January 31 as president, Purdue National, Lafayette. He had held the post since June, 1975, and had been a banker 44 years. He was succeeded by James A. Posthauer, formerly executive vice president and cashier, who also was elected to the bank's board. Stanley J. Calderon has moved up from controller to senior vice president and cashier. Steven A. McQueen, who was assistant controller, was made controller.

■ FIRST BANK of Berne has announced the elections of L. B. Lehman, formerly president, as chairman; Brice Bauserman, formerly executive vice president, as president; and Frederick H. Liechty, formerly vice president, as executive vice president. Completing the executive-officer staff is Roger L. Flueckiger, cashier.

Kansas

■ J. REX DUWE, immediate past ABA president, has been named "Kansan of the Year" by the Kansas Native Sons and Daughters. The presentation was made at the organization's annual banquet in January by Governor Robert F. Bennett, who had proclaimed "Rex Duwe Day" in Kansas October 8, 1975, when Mr. Duwe was inducted as ABA president. Mr. Duwe is chairman of the ABA's Governing Council and chairman and president, Farmers State, Lucas.

■ J. A. MERMIS JR., president, Security State, Great Bend, has been named vice chairman and trust officer. He continues as CEO. He is a past president of the Kansas Bankers Association. Dale E. Oliver was promoted to president and assistant trust officer and Betty J. Sloan was promoted from cashier to vice president and cashier.



OLIVER

Kentucky

■ MRS. OZELLE M. McDONALD, assistant vice president and trust officer, Citizens National, Bowling Green, retired recently. The bank's trust department honored her with a retirement dinner. She had been with the bank since 1942.

■ FIRST CITY BANK, Hopkinsville, has elected four new directors. They are J. Glenn Babb, bank president; Wilma C. Garnett, president and treasurer, Marion Garnett Farms; Gary H. Latham, radio station president; and John C. Thurmond, secretary-treasurer, Bass & Co.

KBA Convention Sept. 11-13

LOUISVILLE—The Kentucky Bankers Association will hold its 1977 convention September 11-13 at the Galt House here.

■ SID PEAVLEY, treasurer, Whitley County Fiscal Court, has been elected a vice president, Bank of Williamsburg. The bank also has five new directors: Ray Bryant and J. W. Ferguson, H H & B Coal Co.; Pascual White, president, Whitley Development Corp.; Earl Wilson, chairman, Kentucky Central Life Insurance Co., and Edwin Schaeffer, a Lexington attorney.

■ RONALD E. BURDEN has advanced from executive vice president to president, National Bank of Paris. He succeeds W. F. Perkins, who resigned.

Louisiana

Louisiana news will be found on page 123 this month.

Mississippi

■ A. D. BRELAND, JR., who was chairman and president, Mississippi Bank, Crystal Springs, has been made chairman and CEO. Cecil Burnham, formerly executive vice president, has moved up to president. He has served



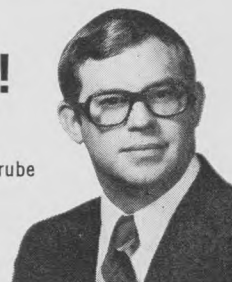
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BURNHAM

as president, Young Bankers Section, Mississippi Bankers Association, during the past year. Gerald L. White has been elected vice president, trust division, Mississippi Bank System, headquartered in Jackson. In addition, Mr. Breland was elected a director of the system, and Mr. Burnham, Ruby Lamb and Dr. Otho Messer were appointed to its advisory board. Mr. White joined Mississippi Bank, Jackson, in 1973. Mrs. Lamb is a worker in civic and educational causes, and Dr. Messer is a dentist.

■ WILLIAM T. HAYNIE JR. has been named vice president and trust officer, Hancock Bank, Gulfport. He will head the trust department. He was formerly vice president and trust officer, Birmingham (Ala.) Trust National.

Missouri

■ AMERICAN NATIONAL, St. Louis, has promoted Ralph A. Bertel from senior vice president to executive vice president, Joseph D. Weis from vice president and cashier to senior vice president and cashier, Thomas A. Gross from assistant cashier to assistant vice president and M. Colleen Stuetzer to assistant vice president.

■ DONALD D. FOLKS, who had been in charge of American National of St. Joseph's correspondent banking department, has been promoted to a senior-management position at the bank. In his new duties, Mr. Folks, a senior vice president, has responsibility for all bank operations, data processing, liability management, deposit accounting, transit, administrative services,

William Moore Dies



William G. Moore Jr., vice president, Mercantile Trust, St. Louis, died last month as the result of an auto accident. He was 55 and had been with the bank since 1947. He was a member of the marketing group, national / international banking.

facilities, Main Office, personnel and purchasing. Assistant Vice President Larry A. Morrow has been named to the correspondent banking post vacated by Mr. Folks, who joined the bank in 1949.



QUIGG



FOLKS

■ WILLIAM W. QUIGG has been promoted from executive vice president and trust officer to president, Central Trust, Jefferson City. He joined the bank in 1969. Named chairman was Sam B. Cook. Louis S. Dennig Jr. was named vice chairman and Robert M. Robuck was named executive vice president and chief financial officer.

Died: R. Waldo Holt, 86, former vice president at Mercantile Bank, Kansas City. He served as president of the Missouri Bankers Association in 1931.

■ GRAVOIS BANK, Affton, has promoted Jean M. Oebermann, Richard E. Bachmann and Thomas P. Knapko to assistant vice presidents and has named June Enloe assistant cashier. Mrs. Oebermann was an assistant cashier, and Messrs. Bachmann and Knapko were loan officers.

■ FIRST NATIONAL, St. Charles, has elected Joe Preston to its board. He is president, Preston's Furniture Co.



BEAN



HOEMAN

■ WILLIAM L. HOEMAN and Kenneth Bean have been promoted to vice presidents at St. Louis County National, Clayton. Mr. Hoeman also is a trust officer. Thelma Schlobohm and Patrick Stevenson were advanced to assistant vice presidents, Cecilia Handley and Geneva Helton to assistant cashiers and Ruth Cunningham to assistant trust officer. Mr. Bean directs the installment credit department.

■ CLIFFORD J. SANSOUCIE has been promoted from vice president to senior vice president at American Bank, DeSoto. In other action, the bank ad-



WESTHOFF



WALL



FILKINS



HOGAN



SANSOUCIE



KIRN

vanced Donald L. Hogan and Bernard R. "Dick" Westhoff to assistant vice presidents and Pauline A. "Polly" Wall, Marion D. Filkins and Vera C. "Pat" Kirn to assistant cashiers.

■ BANK OF ST. ANN has elected the following new directors: Dal Maxvill, former St. Louis Cardinals and Oakland A's baseball player and president, Cardinal Travel, Inc.; Clarence F. Ahrens, president and chairman, Ahrens

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& McCarron, Inc.; Santi P. Castelli, executive vice president, Castelli Tuxedo Rental & Sales, Inc.; J. Walter Kisling Jr., president, Kisco Co., Inc.; D. Charles Lesseg, president, Cavalier Ford, Inc.; and L. Dale Loveall, president, Loveall Enterprises, Inc.

■ **BANK OF POPLAR BLUFF** has promoted Stephen J. Sun and Willard L. Fox from assistant vice presidents to vice presidents, Lavena Hills from assistant cashier to assistant vice president, Marsha LeGrand to marketing officer and Barbara Frish to administrative assistant.

■ **GRANVILLE J. COOKE**, president, Farmers Bank, Antonia, was honored at an open house at the bank's Imperial Facility January 30 for his 40 years of banking service. Mr. Cooke has retired as chief operating officer, but continues as president and a director.

■ **JAMES J. HICKEY**, senior vice president, Webster Groves Trust, retired recently after 51 years in banking. He joined the bank in 1948 after spending 22 years at First National, St. Louis. The bank honored him with a retirement party.

■ **LEMAY BANK** has promoted Don A. Leupold from assistant vice president to vice president.

New Mexico

■ **NEW MEXICO BANK**, Hobbs, has made the following changes: James T. Hunter, who has been vice president and manager, Jal Office, has been promoted to vice president and manager, Broadmoor Office. Mark Sparks, loan officer, Jal Office, has become assistant vice president and manager of that office. Lucille Reeves has moved up from operations officer to loan officer, and Rita Crenshaw has been named operations officer.

■ **KERRY BOYD** has been promoted from assistant vice president to vice president, Hot Springs National, Truth or Consequences. He is chief agricultural officer. Alma Grantham, secretary to Vice President Fred Robinson, has been promoted to assistant cashier.

■ **ROSWELL STATE** has promoted Ralph M. Nix Jr. from assistant vice president to vice president and elected Bronson M. Corn a director. Mr. Corn, an advisory director since 1973, is a farmer and rancher.

Oklahoma

■ **ROBERT M. RAINEY III**, senior vice president, Bank of Oklahoma, has been elected to the board of the Dealer Bank Association, a Washington, D. C.-based organization that underwrites public securities.



RAINEY



BONDS

■ **W. K. "KEN" BONDS**, executive vice president and trust committee chairman, Liberty National, Oklahoma City, has been elected vice president of the ABA's trust division. His term begins in October. Division President is James W. North, executive vice president, Chase Manhattan, New York. Vice President is Robert L. Hunt, executive vice president, Security Pacific National, Los Angeles.

■ **SECURITY NATIONAL**, Norman, has four new directors: Charles Dunn, president, Dairy Queen Brazier Stores, Inc.; Gene McKown, a builder and developer; Margaret Melton, a retiring member of the Norman City Council; and Robert S. Patten, professor of English, Rice University, Houston.

■ **FIRST NATIONAL**, Pryor Creek, has received regulatory approval to increase capital from \$400,000 to \$800,000 through a 100% stock dividend. The increase will take effect April 13.

■ **FIRST NATIONAL**, Ardmore, has named Dan Stansill assistant trust officer. He was an assistant national trust examiner for the Comptroller of the Currency. Before that, he was with First National, Tahlequah and Sallisaw.

Died: Marion C. "Bud" Buzzard, 39, president and CEO, First National, Miami, and State Bank, Grove, on February 11, in the crash of a private plane near Anthony, Kan. Among the other four persons killed in the crash were Mrs. Buzzard, 37, and Mr. and Mrs. Marshall Nash, 38 and 37, respectively, and son-in-law and daughter of evangelist Oral Roberts. Mr. Nash was on the boards of First of Miami and State Bank, Grove, and was vice chairman, Bank of Commerce, Tulsa.

■ **ALMA BARNES** has been elected president, First Bank of Catoosa. She formerly was senior vice president, Guaranty National, Tulsa, which she joined in 1965. She has more than 18 years' banking experience. The Catoosa bank is affiliated with Guaranty National and Security Bank, Tulsa.

■ **CITY NATIONAL**, Lawton, has announced these staff changes: from vice president to vice chairman, Zelda Montgomery Davis; from assistant cashier to assistant vice president, Eugene Norman; to administrative officer, Shirley Huckabay; to operations officers, Barbara Winton, Jim Armstrong and June Johnston; to installment loan officer, Rick Strickland; to assistant collection officer, Ralph Mobley; and to accounting officer, Joe Pazoureck. George Porter was named advisory director.

■ **JOHN D. IZARD**, president, Fourth National, Tulsa, has been elected president, Tulsa Clearing House Association. He succeeds Kenneth Olinger, vice chairman, First National.

Tennessee

■ **WILLIAM McDONALD ANDERSON JR.** has been named president and CEO, First Tennessee Bank, Gallatin, replacing Buddy Chandler, who resigned to become executive vice president, First State, DeQueen, Ark. Mr. Anderson was formerly with First Tennessee, Memphis.

Texas

■ **FIRST VICTORIA NATIONAL** has promoted J. R. "Jim" Hartman from assistant vice president to vice president, elected Helen Barnett, Sue Jurischk and Clementine Peters administrative officers and named J. A. "Jay" Leggett investment officer and R. Kent Miller assistant operations officer. Maynard C. Janecka's title has been changed from assistant operations officer to personnel officer and Lucille Tate went from assistant cashier to women's services officer. A 200% stock dividend was voted by shareholders and will increase capital from \$2 million to \$6 million.

■ **JACK PILON**, CEO, First National, Brownwood, also has been named chairman. Elected to the board were Ferris Clements, who has businesses in Brownwood, Stephenville and Mineral Walls; and Spencer Beal, an oil producer. Named advisory directors were Carlton Beal, also an oil producer and

former chairman of the bank; and Guy D. Newman, chancellor, Howard Payne University, Brownwood.

■ LUBBOCK NATIONAL has promoted Robert Askew, Joyce Cozzen, Cliff Watt and Alan White from assistant vice presidents to vice presidents and Richard Hutchins and Joe Mays to assistant vice presidents.

■ ROBERT B. LANE, chairman, Clifton Bank, also has been named president. He succeeds Hulen C. Aars, who now is vice chairman. Wendell Bearden has moved up from vice president to senior vice president. Mr. Lane went to the bank in 1968 after spending five years with First National, Dallas. Mr. Aars has been with Clifton Bank 42 years and had been president since 1948. Mr. Bearden joined the bank in 1956.

■ CAPITAL NATIONAL, Austin, has named Randal C. Peschel vice president and real estate loan officer and James Lockart assistant vice president and manager of bank services. Mr. Peschel joined the bank in 1970 and had been assistant vice president since 1974. Mr. Lockart, with Capital Na-

tional since 1973, formerly was finance officer in administrative services.

Income Up at 1st International HC

DALLAS—First International Bancshares reported an 8.5% increase in income before securities transactions for 1976 over 1975 figures. Income totaled \$56.4 million, or \$3.80 per share, versus \$52 million, or \$3.51 per share, for 1975.

Total assets exceeded \$7.1 billion as of year-end 1976, compared to \$6.3 billion at the prior year end.

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