

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

OPERATIONS ISSUE

APRIL, 1977



**St. Louis S&Ls
Start POS System
In 45 Markets;
Mo. Legislature
Locks Banks Out**

(See Page 37)

Now! Use your Lafayette Federal Pass Card at 6 Schnucks Supermarkets!

With your Pass Card you can:

- Make deposits (\$25 minimum)
- Make cash withdrawals (\$200 limit)

These Schnucks stores now have remote Money-Matic terminals to handle Lafayette Pass Cards:

• 8753 Manchester Road	• Fenton Park Mall
• 10550 Baptist Church Road	• 2030 Dorsett Village Center
• 10760 Watsoe Road	• 5519 Oakville Shopping Center

More stores soon!

Remember! Your Pass Card account earns 5.25% with an effective annual yield of 5.39%

Our customers who have already converted their Passbooks to the convenient new Pass Card will be receiving their confidential "PIN" (Personal Identification Number) by mail. This number is necessary to operate the Schnucks remote Money-Matic terminal. For those who have not converted to Pass Card, come in to Lafayette Federal with your present Passbook and you'll receive your new Pass Card! Call your nearest Lafayette Federal office for more information.



CHECOKARD^{T.M.}

MAKES "BANK-BY-SATELLITE" DOWN-TO-EARTH REALITY



For the first time
in banking history,
a customer has used
a simple, plastic card
to transfer money
via satellite.

This is how.

On March 7, 1977 in Tulsa, Oklahoma, Mrs. Mary Lou Creekmore, a customer of Guaranty National Bank, went shopping in the Anthony's store in Cherokee Village Shopping Center. Mrs. Creekmore bought three dresses.



She paid for them with her ChecOKard. Using Anthony's point-of-sale banking terminal, Mrs. Creekmore had money transferred from her Guaranty National Bank account to the Anthony's store account.

Westar (Western Union's geo-stationary communications satellite) sent the request from Tulsa to Oklahoma City where the funds were transferred from Mrs. Creekmore's Guaranty Checking Account to Anthony's account by National Sharedata. The money transfer notification was sent back to Tulsa ... and Mrs. Creekmore went home with her dresses.

This practical, down-to-earth banking application of a communications satellite gives us a look into an exciting future of banking ease and convenience.



LIBERTY

THE BANK OF MID-AMERICA

Liberty National Bank & Trust Company/P.O.Box 25848/Oklahoma City 73125/Phone:405/231-6164/Member F.D.I.C.

Like Fine Crystal



The Boatmen's National Bank's Correspondent Banking Division, like fine crystal, is ready to serve. Dependable, almost flawless, yet a real bargain in the long run. Why? Excellence is always the best buy, especially when you have customers who are depending on you. And they do depend on you.

The same way you depend on us. We know how to perform. And we enjoy doing it. In every phase of Correspondent Banking... overline participations, investments, all services.

Boatmen's Correspondent Services, like fine crystal, ready to serve.



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Area Code 314 425-7500

MID-CONTINENT BANKER



The Financial Magazine of the Mississippi Valley & Southwest

Convention Calendar

Volume 73, No. 4

April, 1977

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MID-CONTINENT BANKER is published 13 times annually (two issues in May) by Commerce Publishing Co. at 1201-05 Bluff, Fulton, Mo. 65251. Editorial, executive and business offices, 408 Olive, St. Louis, Mo. 63102. Printed by The Ovid Bell Press, Inc., Fulton, Mo. Second-class postage paid at Fulton, Mo.

Subscription rates: Three years \$21; two years \$16; one year \$10. Single copies, \$1.50 each.

Commerce Publications: American Agent & Broker, Club-Management, Decor, Life Insurance Selling, Mid-Continent Banker, Mid-Western Banker, The Bank Board Letter and Program. **Donald H. Clark**, chairman; **Wesley H. Clark**, president; **Johnson Poor**, executive vice president and secretary; **Ralph B. Cox**, first vice president and treasurer; **Bernard A. Began**, **William M. Humberg**, **James T. Poor** and **Don J. Robertson**, vice presidents; **Lawrence W. Colbert**, assistant vice president.

April

- 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 24-26: ABA Workshop for Bank Planning Officers, Atlanta, Omni Hotel.
- 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 EFT Conference, Cherry Hill, N. J., Cherry Hill Inn.
- May 1-4: Bank Marketing Association Bank Librarians Conference, Boston, Copley Plaza.
- May 4-6: ABA Southern Trust Conference, Nashville, New Opryland Hotel.
- May 4-6: Alabama Bankers Association Annual Convention, Huntsville, Von Braun Civic Center.
- May 8-10: Texas Bankers Association Annual Convention, Dallas, Fairmont Hotel.
- May 8-11: Conference of State Bank Supervisors Annual Convention, Atlanta, Omni International Hotel.
- May 8-11: Robert Morris Associates Credit Department Management Workshop, Dearborn, Mich., Hyatt Dearborn.
- May 9-11: ABA National Conference on Urban Economic Development, Dallas, Dallas Marriott.
- May 10-12: Oklahoma Bankers Association Annual Convention, Tulsa, Sheraton Skyline Hotel.
- May 11-13: Kansas Bankers Association Annual Convention, Overland Park, Glenwood Manor.
- May 11-13: Bank Administration Institute Labor Relations Seminar, Park Ridge, Ill.
- May 12-15: 28th Assembly for Bank Directors, Palm Beach, Fla., the Breakers.
- May 14-18: Mississippi Bankers Association Annual Convention, Biloxi, Broadwater Beach/Biloxi Hilton.
- May 15-16: ABA Insurance Industry Conference, Arlington, Va., Crystal City Marriott.
- May 15-17: Tennessee Bankers Association Annual Convention, Gatlinburg, Sheraton Hotel.
- May 15-18: ABA National Operations/Automation Conference, New Orleans, Hyatt Regency.
- May 15-18: Arkansas Bankers Association Annual Convention, Hot Springs, Arlington Hotel.
- May 15-18: Bank Marketing Association Staff Sales Training Workshop, Phoenix, Del Webb's Mountain Shadows Resort.
- May 15-20: ABA National Commercial Lending Graduate School, Norman, Okla., University of Oklahoma.
- May 15-20: ABA National Personnel School, Pittsburgh, Marriott Inn.
- May 15-20: Louisiana Banking School for Supervisory Training, Lafayette, University of Southwestern Louisiana.
- May 17-20: Bank Administration Institute Computer Performance Measurement Seminar, New York City.
- May 22-25: ABA National Conference on Real Estate Finance, San Francisco, St. Francis Hotel.
- May 22-25: NABW Southern-Southeastern-South Central & Florida Regional Conference, Nashville, Hyatt Regency Hotel.

MID-CONTINENT BANKER for April, 1977

You want a bank that can back you...over-line or overseas.

Count on the *total* capability of Mercantile Trust in St. Louis.

We can provide the over-line support you need to take advantage of big opportunities.

And we can support you with a full range of specialized services. For instance, our International Department can help you and your customers with overseas contacts, documents, financing, even customs services.

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with you.**

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The Banking Scene

By Dr. Lewis E. Davids

Hill Professor of Bank Management,
University of Missouri, Columbia

Credit Cards: Weigh the Alternatives!

TRADE JOURNALS I've read from the various financial and merchandise fields—S&Ls, mutual savings banks, personal and commercial finance companies, credit unions, major oil companies, insurance companies and retail merchants—share a salient feature: Those institutions are vitally concerned with the way they are affected by changes in payment mechanisms and pricing structures.

Without exception, all of these journals insist that any payment system or

ed by many other banks. Chances for success in the operation of the practice are debated widely in the trade.

Making the new debit cards more popular with the public than the prevailing credit cards will call for much creative selling and some additional material benefits from debit-card issuers, or else credit card issuers will have to adopt some fee structure similar to Citibank's. But competitive factors will make this difficult to implement.

product line.

Exxon Corp. a few months ago inaugurated a plan in some limited marketing areas permitting a discount to customers who pay in cash rather than charge Exxon products on their credit cards. The discount for currency was roughly equivalent to the cost of the credit transaction, including float credit-card handling and collection expenses.

Following Exxon's approach, there has been a revival of the idea of marketing an identification card that would be acceptable to merchants who, in turn, would give a discount from their list prices to retail customers. The merchant's discount would approximate the bank's discount-rate charges for the credit tickets that the merchant would deposit at the bank. Merchants and bankers, however, recognizing that ours is a check-writing society, knew that the ID "cash" card would call for a discount from list prices for payments in currency or checks.

This idea was introduced several years ago on the West Coast, but it didn't catch on significantly for a number of reasons, including ambivalence on the part of merchants who accepted bank credit cards. But a resurgence of the idea is developing in Arizona, Texas, California and Florida.

A different, but related, situation involves an unsuccessful attempt by a major West Coast commercial bank to adapt the "touch-tone" telephone as a giro-fund switching device for its customers to pay bills. Though dropped by that institution, the basic idea recently was adopted successfully by a mutual savings bank. The current success of that simpler package indicates that the "touch-tone" approach *does* work with proper market segmentation.

On the East Coast, a medium-sized mutual savings bank, which handles a major bank credit card, has made many of its savings-account customers happy by crediting passbook accounts with a

"Commercial bankers, who have had low net earnings on discounts generated by customers' use of credit cards at merchant accounts, tend to view the emerging debit cards (at least for a time) as likely to be additional drains on their earnings."

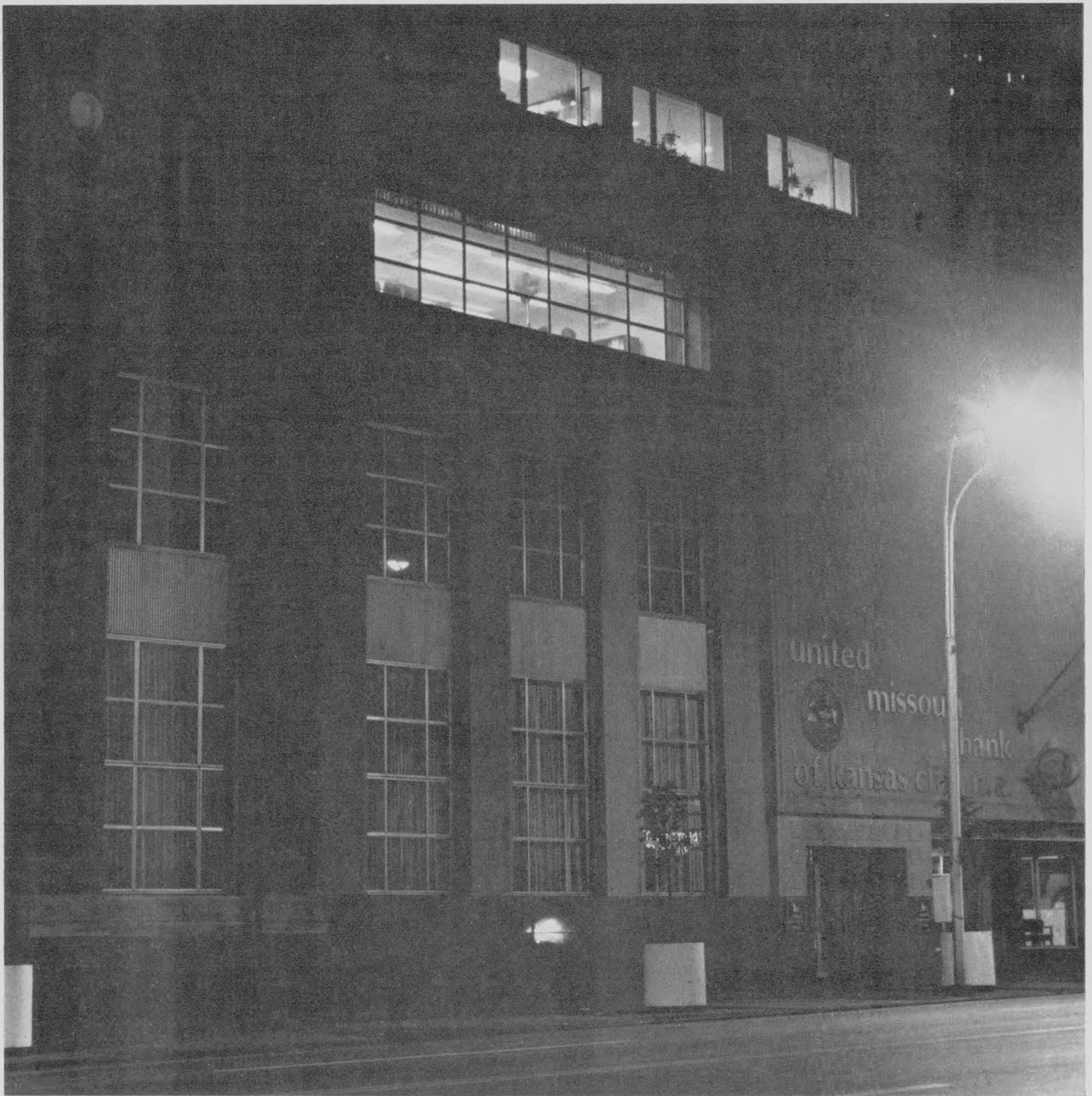
electronic fund transmission technique that emerges as more viable than those used previously doesn't necessarily exclude the old systems' use. The journals all want a significant voice in how they can contribute and participate.

Commercial bankers, who have had low net earnings on discounts generated by customers' use of credit cards at merchant accounts, tend to view the emerging debit cards (at least for a time) as likely to be additional drains on their earnings. The new debit cards will involve materially higher expenses to introduce and run parallel with existing credit cards. Whether a significant segment of the general public that holds and uses credit cards can be conditioned to give up the "free" float and adopt the non-float debit card is a question about which many bank marketing executives have strong mental reservations and for which they would like answers.

Citibank's commendable attempt to have its credit card holders pay a monthly carrying fee if they pay off their balances—thus avoiding any interest charge on as much as 45 days' float—is an idea that hasn't been adopt-

To make things more difficult for both issuers of credit cards and debit cards, an old idea is being revived: Cash is more desirable to a merchant than a credit instrument; a guaranteed credit instrument is more acceptable than a non-guaranteed check; and a guaranteed check is more acceptable to a merchant than a guaranteed credit ticket, which involves a discount by the bank from its face amount.

Thus, after years of talk about the "checkless" society, talk that has been fueled by use of credit cards, giro systems and EFTS, we supposedly should need fewer checks and currency, but developments challenge such views. Several attempts have been made by innovators in the last decade to sign up merchants to give a discount from their list prices to customers who pay with currency. Such plans have had modest success. This probably is because the use of currency today accounts for only about 10% of the payments made in the U. S. Thus, merchants in general have only a minor proportion of their sales consummated with currency, although the proportion may vary tremendously depending on merchant and



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) 556-7000

- 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 April, 1977

"Making the new debit cards more popular with the public . . . will call for much creative selling and . . . additional material benefits from debit-card issuers. . ."

percentage of the billing charges to their bank credit cards. This, in effect, is a cash discount from the list price.

Another marketing phenomenon has an interesting relationship to the situation: the fantastic growth of the "cents-off" merchandise coupons. Merchandise coupons have been used successfully for generations to help sell soap, coffee and the like, but their recent dramatic increase has amazed many marketing observers. In addition, a pro-

file of coupon users shows that they are younger, better educated and more affluent than non-users. Thus, conventional wisdom to the effect that users of "cents-off" coupons are likely to be thrifty little old ladies with time on their hands and the patience to clip newspapers for the coupons is refuted.

My point is that the concept of a single price-structure is eroding. What's more, merchants who sell on credit and accept bank credit cards are increas-



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Lynn Mosley (205/832-8588),
president of First Alabama
Bancshares, Inc.

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- First Alabama Bank of Huntsville, N.A.
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- First Alabama Bank of Mobile County

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ingly being asked by good customers to quote a discounted cash price from their posted list price, and many retailers are granting—often grudgingly—discounts for cash or check payments!

Trading stamps, which in recent years waned in usage in many communities, have shown renewed vitality. Housewives, it seems, have again developed puckered lips from licking and pasting stamps in books. The pricing structure is further complicated by this, especially when banks issue stamps.

As we continue to observe innovations, experimentation and changing technology in credit, debit, cash ID cards, point-of-sale terminals, optical scanning price recorders, shifts in consumer attitudes toward giro systems, marketing techniques involving touch-tone, rebates, stamps, upstream and downstream, and "cash" discounts, it becomes increasingly important for commercial bankers to stay attuned to all related developments, not only by other bankers, but by other financial intermediaries and by merchants at local and national levels.

The consumer today is exercising a much greater price sensitivity than in the past. Yet, paradoxically, what works well in one region of the country can prove to be a dramatic failure in another. Some of the previously noted developments may work in your community. Some probably will not.

It seems that *no* individual standardized credit system is likely to emerge. Each innovator will try to incorporate features he believes will meet the needs of the perceived market. Some of those innovators will be ahead of their time and will meet consumer resistance simply because their products are new and strange. Other systems, while logical and in the public interest, will fail to be born because of obsolete laws and regulations.

All the newer systems provide an unknown potential for massive fraud. Many bankers would like a respite from the changes they face. The forces at work not only in banking and financial institutions, but also in society and technology, clearly indicate that to resist any change is likely to be as unfortunate an experience as to try to adapt to the multitude of innovations.

Great selectivity and careful weighing of all alternatives are essential!

• Thomas E. Davis has been promoted to senior vice president and director of research, Federal Reserve, Kansas City. He had been vice president and senior economist. In his new post, he succeeds Raymond J. Doll, who retired.

YOUR BANK'S LOSS?



No worry if you have LSI Insurance through Scarborough

Sure you require evidence of primary auto coverage at the time of your loan, but what happens when your borrower's vehicle is uninsured, his auto is stolen, damaged or destroyed, and he defaults? One thing for sure, you have problems.

With Lenders Single Interest Insurance Auto Insurance through Scarborough, you can protect your bank's loan . . . because you have coverage up to replacement value, unpaid balance or cost to repair.

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Single Interest Insurance through Scarborough & Company can:

- Reduce installment loan charge-offs.
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- Include towing and storage.

Because you deal **directly** with Scarborough on claims, you receive prompt, fair and professional service, with a minimum of red tape. Another reason to think of Scarborough for Lender Single Interest Auto Insurance.

Call or write Bob Marshman or clip the coupon below for more information.

Scarborough the bank insurance people

Scarborough & Company
222 N. Dearborn St. Chicago, Illinois 60601
Phone (312) 346-6060

Fill in this coupon to receive the free booklet "Lenders Single Interest Automobile Insurance".

Name _____

Title _____

Bank _____

Address _____

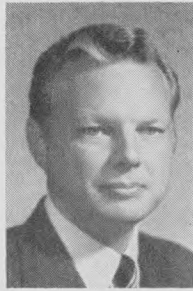
City _____ State _____ Zip _____

MC 4/77

BANKING WORLD



FORD



WILLIAMS



ANDERSON



CALLIHAM



BUSH

• **Richard F. Ford**, president, First National, St. Louis, will take office in October as vice chairman of the ABA's Commercial Lending Division. The chairman will be Ralph B. Gilpatrick Jr., senior vice president, Mellon Bank, Pittsburgh. Two Mid-Continent-area bankers are among eight nominated to serve for the first time on the division's 20-member executive committee. They are George R. Baker, executive vice president, Continental Bank, Chicago; and Thomas R. Clevenger, president, First National, Topeka.

• **Thomas R. Williams** was elected chairman, First National Holding Corp., Atlanta, March 15. He also was elected to the board of the HC, parent organization of First National Bank, Atlanta. He succeeds Edward D. Smith, who retired after 23 years with the First National organization. Mr. Williams, who had been the HC's CEO since January, 1976, retains his titles of president of the HC and chairman of the bank. Mr. Smith has joined an Atlanta law firm in an "of counsel" position. He remains on the boards of the HC and bank.

• **Bette B. Anderson** has given up the post of president, National Association of Bank Women, to become under secretary of the Treasury in Washington, D. C. This reportedly is the highest Treasury post ever held by a woman. Mrs. Anderson was vice president, Citizens & Southern National, Savannah, Ga. Edith E. Calliham, vice president, First National of South Carolina, Charleston, has succeeded Mrs. Anderson as NABW president.

• **George Bush**, former director, Central Intelligence Agency (CIA), Washington, D. C., has been named a director and chairman of the execu-

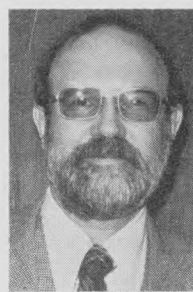
tive committee, First International Bank, Houston. He also has been elected to the boards of First International Bancshares, Inc., Dallas, the Houston bank's parent HC, and First International Bancshares, Ltd., the HC's merchant bank in London. Mr. Bush recently completed 10 years of public service, which included being a Republican member of the U. S. House of Representatives from Houston and Harris County, U. S. representative to the United Nations, chairman of the Republican National Committee and chief of the U. S. Liaison Office in China. On leaving the CIA post last January, Mr. Bush received the National Security Medal for "public service of the highest order" from outgoing President Gerald Ford.

• **Richard M. Rathgeb** has advanced from assistant vice president to vice president, First National, St. Louis. He heads the regional banking division group that covers Illinois, Kentucky and Iowa. He joined the bank in 1970.

• **Conrad E. Lawlor** has been named acting regional director for the Small Business Administration's Region VII Office, headquartered in Kansas City. This four-state region includes Missouri and Kansas. Mr. Lawlor, a ca-



RATHGEB

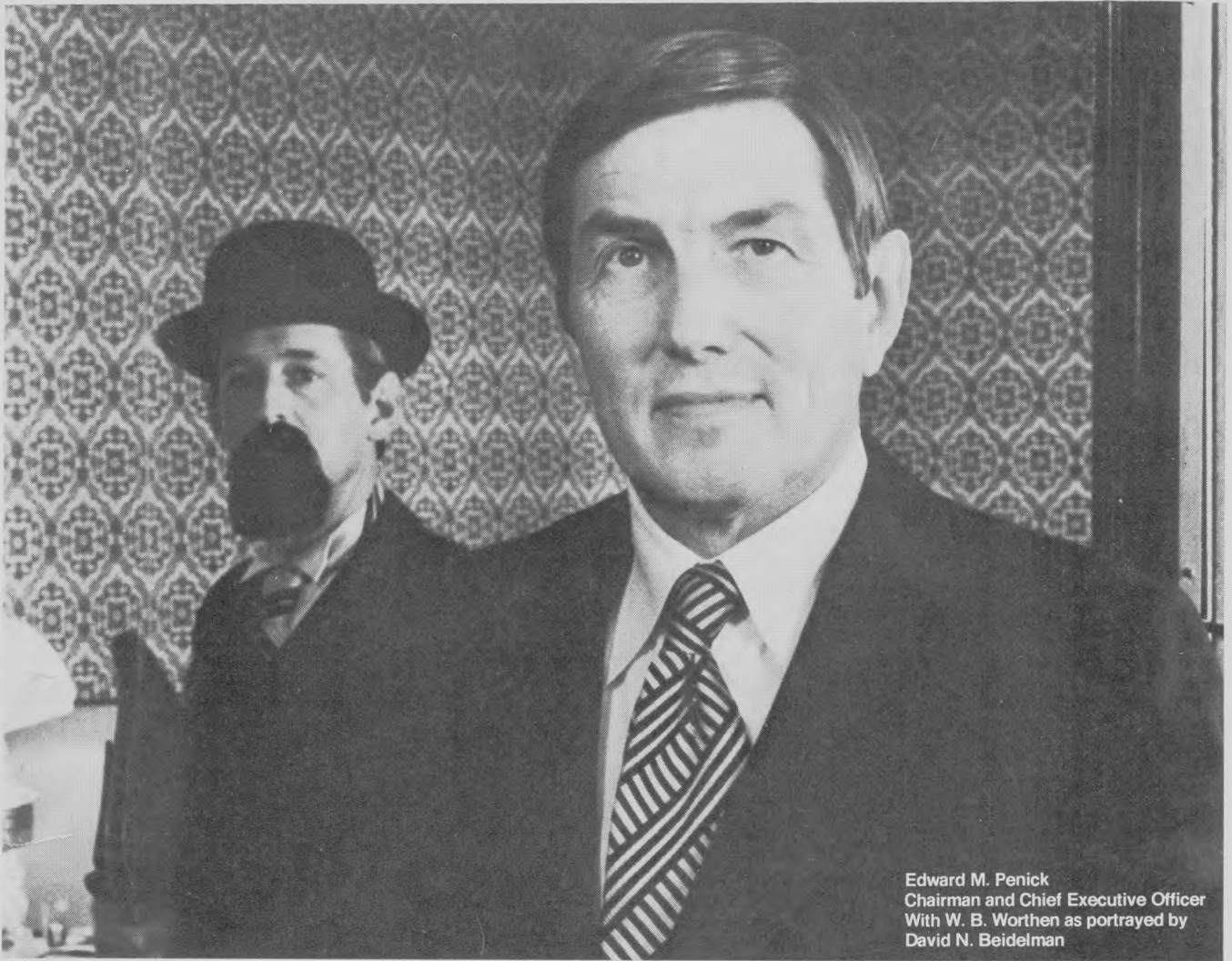


LAWLOR

reer civil servant, has served in various key executive positions for the SBA in Region VII and was district director, 1965-70. He was assigned to the Kansas City Regional Office as deputy chief of finance and investment from 1970 to 1973. He then was transferred to the Des Moines (Ia.) District Office, where he was community economic development chief two years.

• **Central Bancorp.**, Cincinnati, last month elected three new directors: Walter E. Bartlett, general manager, WLWT, and president, Multimedia Broadcasting Co.; Ruth C. Mead, partner, Rend & Co., Dayton, O.; and Harry Rossi, president, Union Central Life Insurance Co.

• **Key managers** have been announced for the multinational banking department announced by Chicago's Continental Bank last July. The new department is headed by Senior Vice President J. Joseph Anderson, who reports to Executive Vice President Edward M. Cummings. Vice President W. Denis Wright heads one North American division and another North American division is headed by Vice President William L. Staples. A New York office is headed by Vice President William L. Gunlicks. Multinationals headquartered in Latin America and the Asia-Pacific region are served by a Chicago-based division headed by Vice President Carroll M. Rickard. The European multinational regional office in London, headed by Senior Vice President Caren L. Reed, coordinates the following European units: a London office, whose area manager is Vice President James P. Donahue; a Brussels office under Vice President William A. Page and a Frankfurt office under Vice President Robert J. Morrison.



Edward M. Penick
Chairman and Chief Executive Officer
With W. B. Worthen as portrayed by
David N. Beidelman

For 100 years, we've been years ahead.

We're commemorating our 100th anniversary with an even stronger effort to be the bank that serves you best.

"100 years of service. That's a long time. And we're all quite proud of this accomplishment.

"It all started on January 2, 1877. The doors of Worthen Bank were opened for the first time. And through those 100 years, Worthen has grown to be the largest and most service-minded bank in Arkansas.

"Looking through the years, and all the way back to the founding days of our bank, there has always been a dedication by management to three very important principles:

1. Integrity toward customers;
2. Sound management of the money entrusted to us, and;
3. Innovation of new banking services.

"It is on these three principles that we base our success in serving you.

"Our management has been dedicated to finding new ways of offering banking services. Our staff has been dedicated to the delivery of those services.

"Worthen Bank was opened with assets of \$75,000. Today, our assets are over half a billion dollars.

People have responded to our positive attitude and have made us the largest bank in the state.

"We're proud of this leadership position. And in this, our 100th year, it is our continuing commitment to always be the bank that serves you best."

WORTHEN

Worthen Bank & Trust Company, N.A.
Little Rock, Arkansas / Member FDIC
a fabco company

Community Involvement

'Tel-Money' Financial-Info Service Garners BMA's Golden Coin Award

NEEED FINANCIAL information? Well, if you're in South Bend, Ind., that information could be as close as a phone call away, thanks to First Bank's "Tel-Money" service.

"Tel-Money," which has won the Bank Marketing Association's 1976 Golden Coin Award in the public affairs category, is a service consisting of a library of pre-recorded tapes. A consumer merely has to call a specified telephone number, ask the operator to play a specific tape and then listen. The "Tel-Money" line is in service 24 hours a day, seven days a week.

Included on each three-minute tape is information, with a "credit tag" at its end. The recording also points out the name and telephone number of a specially trained member of First Bank's staff who can supply information beyond that of the recorded message.

Topics for inclusion in the library were chosen after the bank conducted research to identify subjects that might be on the average person's "most wanted" list or that may be important. The messages were prepared by First Bank's marketing staff and reviewed by line division personnel and legal staff. Actual recordings were made by professionals and each tape subsequently was tested for ability to communicate effectively.

How did the service come about? As early as 1973, First Bank began to look for a way to provide financial counseling services to consumers—about 250,

000 of them—in its market area. Bank officials recognized a banking trend toward increased consultative involvement with customers, and, after conducting image studies, found that many of its retail customers were aware of First Bank's inability to communicate with them on an advisory level. What was needed, bank officials reasoned, was a way to enhance the bank's image, provide high-quality educational information and provide the consumer market with easy, confidential access to that information.

Once the project became reality, "Tel-Money" was advertised in newspaper supplements, outdoor posters and through 65,000 brochures that were sent to checking- and savings-account customers.

Besides winning the BMA award, has the service been a success? "Yes, definitely," says a bank official. "During 'Tel-Money's' introduction, an average of 80 calls per day were received by our 'Tel-Money' operator, and, although First Bank had originally expected to receive about 2,000 calls during the duration of the introductory period, twice that amount came in! And comments, letters and new-account signature cards we received have told us of the appreciation people in our market area have for the service.

"In addition," the official continued, "the service has referred a substantial number of new-business prospects to First Bank's line officers!" ••

'Black' Arts:

Afro-American View Is Focus of Display

A black-arts display held at Detroit Bank wasn't an exhibition featuring an evil brand of magic; it was reportedly one of the largest art shows representing works by Afro-Americans to be held in Michigan.

Assembled by American Black Artists, Inc., the Detroit Bank display was titled "Art From a Black Perspective" and included oil and acrylic paintings, sculpture, charcoal and chalk drawings and mixed-media works. More than 150 pieces by 50 artists were featured in the one-month show in the bank's Main Office exhibit area.



Discussing a painting by LeRoy Foster of the young Frederick Douglass symbolically breaking the bonds of oppression for all people is Leno Art Jaxon, dir. and founder of American Black Artists, Inc., which assembled 150-work art show for Detroit Bank. All works in exhibition, which was held in bank's Main Office, were by Afro-American artists and depicted various experiences and emotions of blacks throughout American history.

The show's theme was a depiction of a broad range of human experiences and emotions that have been used by Afro-American artists attempting to define the present state, predict the future direction and illustrate the past of black people in the U. S.

Blood Needed:

Employees of Holding Co. Join Red Cross 'Bank'

Under an agreement signed at Heritage/Pullman Bank, Chicago, the American Red Cross has agreed to meet blood and blood component needs of all employees of the bank and its parent HC, Heritage Bancorp.

Under the plan, all blood needs of nearly 400 employees of the bank and HC and the employees' families will be met by the Red Cross.

A blood-drawing program was held at Heritage/Pullman Bank, and 60 pints of blood were drawn from bank and HC employees, and donated to the Red Cross Blood Processing Center.

Red Cross blood technician draws pint of blood from Bruce Morrison, aud., Heritage Bancorp. Photo was taken during blood-drawing program held at Heritage/Pullman Bank, Chicago.



introducing! A new public service brought to you by FIRST BANK exclusively!

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But that's not all! Jack Miller, vice president and manager of the bank's telephone department, will give you the answers to your most important questions.

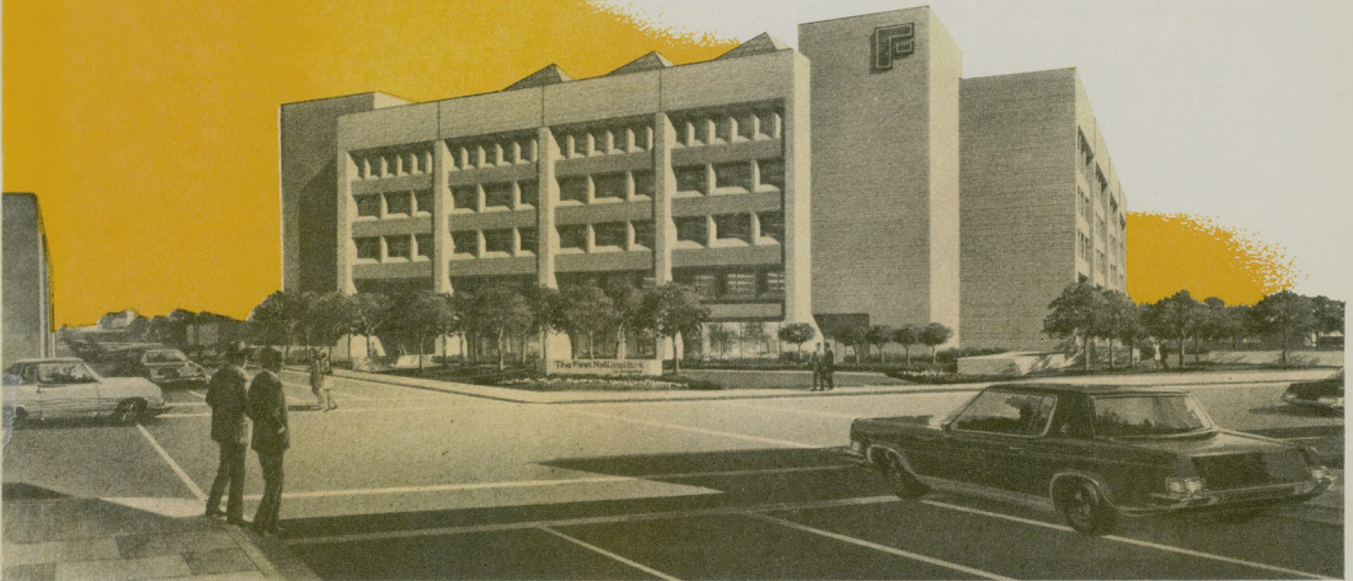
All you do is dial our number of 234-1411 and specify the identifying number of the topic you need to know about. That's it! When you call, we'll have a first-class, easy-to-understand recording about 3 minutes long. Depending on the subject, you'll also receive a copy of the recording.

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Drop by and see our new building on your next visit to Amarillo. We'll be moving in May 16th, and hold our dedication and open house on Sunday, May 22nd. If you can't make it our way, give Bob or Larry a call at their new number. They'll be glad to tell you how an 88-year-old bank, in a brand new building, could make a nice, new addition to your bank operation.



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NEWS ROUNDUP

News From Around the Nation

Fed to Propose NOW Accounts

The Fed is expected to ask Congress to enact legislation allowing all Americans to collect interest on money deposited in demand accounts by authorizing banks to issue NOW (negotiable order of withdrawal) accounts.

The accounts would be available only to individuals and the initial interest ceiling would be lower than 5%, with increases planned after a few years.

The same legislation is likely to provide for interest payments on reserves, a move that is designed to curb the exodus of banks from the Fed system.

Fed Rules on HC Money Orders

The Fed has announced that it will consider requests by HCs to enter the money order business on a case-by-case basis.

At the same time, it ruled favorably on applications to issue money orders by Citicorp, New York, and Republic of Texas Corp., Dallas.

Republic will be permitted to retain its three money order subsidiaries and Citicorp will be permitted to start one. Both HCs will be permitted to issue money orders with face values up to \$1,000 on consignment to agents or vendors, such as convenience stores and banks, which will sell them to the public.

The Fed hopes to promote competition in the money order field by permitting HCs to get into the business. HCs can compete with nonbank money-order firms better than can commercial banks, since the latter are subject to reserve requirements.

Ag-Land Fund Plan Dropped

Continental Bank, Chicago, has withdrawn its application to the IRS requesting tax-exempt status for employee benefit plans investing in the bank's proposed Ag-Land fund.

A spokesman said the bank had decided not to proceed with the plan after discussing the proposal with various members of the business and ag communities and government leaders.

The fund had been proposed as a vehicle to permit pension funds to invest in farmland and then lease the land to farmers.

The plan had met with vigorous opposition from farmers and ag-related organizations.

Fed 'Accommodation' Called Inflationary

Increased pressure on the Fed to accommodate federal deficits will lead to serious inflation in years ahead, said Lawrence K. Roos, president, St. Louis Fed, recently.

He said accommodation occurs when the Fed is called

on to make open market purchases of securities issued by the Treasury to finance federal deficit spending.

"If the Fed accommodates the Treasury by buying government securities on the open market," he said, "upward pressure on interest rates is alleviated, but inflationary pressures are created . . . because purchase of government securities by the Fed increases the nation's total stock of money."

Mr. Roos said inflation would not be the only adverse result if the Fed were forced to cooperate continually with the Treasury by accommodating as much debt as the federal government desired. "When government expenditures are financed by the indirect sale of bonds to the central bank, the costs (of government services) are hidden and citizen awareness of government expenditures is diminished. When citizens are not aware of government expenditures, obviously they are denied information they need to exercise effective control of government."

He asked that the Fed be permitted to continue to function "with the independence necessary to assure economic stability."

Privacy Protection Asked

Congress has been asked to ensure that the confidentiality of information regarding bank customers is fully protected in any audits of federal bank regulatory agencies by the General Accounting Office.

An ABA spokesman testified that, while bankers support the concept of performance audits of bank regulators, they are concerned about possible breaching of the confidentiality of information on bank customers that is contained in bank examination reports.

The more people having access to examination reports, the spokesman said, the greater the risk of invasion of personal privacy.

T&L Account Interest Pushed

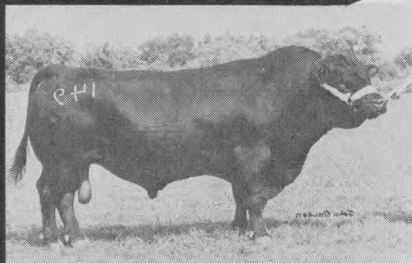
The ABA has lent support to a legislative proposal to permit the Treasury to invest funds in its T&L accounts with banks in open-ended bank obligations secured by a pledge of acceptable collateral or in obligations of the U. S. government and its agencies.

But the ABA strongly opposes other provisions of the legislation that would permit S&Ls to act as depositories for T&L accounts. The opposition is based on the volatility of the accounts.

The ABA has asked Congress to amend the measure so as to require the Treasury to reimburse banks for the rapidly expanding services they provide federal agencies in addition to the servicing of T&L accounts and issuing and redeeming savings bonds. The services referred to include handling IRS tax liens and levies and microfilming checks under the Bank Security Act.

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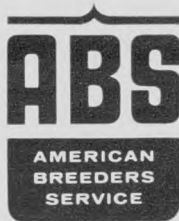
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Installment Lending

Exhibit, Award, Energy-Saving Loans Promote Home-Improvement Programs



This is part of crowd that attended first annual (1976) home-improvement show sponsored by First Nat'l, Elkhart, Ind. Participating merchants don't have to be bank customers. They are charged \$110 for each booth they occupy. Admission to annual shows is free.

AT THIS TIME of year, home owners, after digging out of a winter of snows and cold, look around their dwellings and see that some improvements should be made. Perhaps a new kitchen would be in order, an extra room added, maybe some aluminum siding. Of course, such projects cost money, and usually the home owners don't have enough to cover the jobs they want to do. Thus, they turn to their local banks for home-improvement loans. At least, that's what those local bankers hope.

However, these home owners could go to finance companies or even to their brothers or brothers-in-law to get the needed funds. Therefore, to get the prospective borrowers to go to their banks, the latter should spotlight home-improvement loans through newspaper ads, TV or radio commercials, statement stuffers, etc.

An Indiana bank—First National of Elkhart—has begun sponsoring annual home-improvement shows to stimulate local residents' desires to fix up their homes and, of course, to go to First of Elkhart for the money to do this.

The bank's home improvement shows are open to any merchant in the Elkhart area who's involved with home improvement in the broadest sense, says Robert R. Raymond, marketing

officer. Participants in the 1977 show—held March 25-27—included firms that sell everything from aluminum siding, kitchen cabinets, insulation, carpeting, lawn and garden equipment to pianos, TV sets, swimming pools and telephones.

The shows are entirely free to the public and are paid for primarily by participating merchants, who are charged \$110 for each booth they occupy. The booths are sold on a first-come-first-served basis. The 1977 show, held in an Elkhart gymnasium, featured 45 firms occupying 72 booths.

First of Elkhart begins planning each year's show about five months ahead of the actual dates. Letters and contracts are sent to all area merchants, who in turn, are asked to return the signed contracts with checks for booth costs. The bank's branch managers and officers also make calls on merchants. Mr. Raymond emphasizes that a merchant doesn't have to be a bank customer to take part in the show.

The 1976 show attracted more than 10,000 visitors. Although the merchants were happy because their exhibits brought them sales, says Mr. Raymond, the show last year didn't generate many home-improvement loans. For the 1977 show, the bank planned to offer special home-improvement-loan

rates and a premium to anyone who closes a loan with First National. In addition, the bank promoted the 1977 show with billboard, newspaper, radio and TV advertising in its market area.

Energy-Saver Loan Plan. Lake View Bank of Chicago last month announced a 20% cut in interest rates on home-improvement loans to customers financing energy-saving projects. President Joseph D. Barnette says an energy-saver-loan borrower will be charged at an annual percentage rate of 10.20% instead of the bank's usual 12.83%. According to Mr. Barnette, this cost-cutting measure would save a borrower of \$3,000 for three years a total of \$135 in interest charges.

Projects qualifying for the reduced rate include insulation, weather stripping and caulking, storm windows and doors and other related conservation projects.

"Since these steps could cut up to 25% or more off heating bills while helping add to the real estate's overall value, it is one of the best returns on an investment that I can imagine," Mr. Barnette says.

The bank plans to keep its special loan rates in effect as long as there are sufficient numbers of local home owners and businesses requesting the program.

Home-Improvement Award. Reagan Commerce Bank of Houston has initiated what it calls the T. C. Jester Award. The bank plans to give it each spring to a resident of the city's Heights area who does the most to improve his own home and whose work has encouraged similar improvements by his neighbors. The first such award, a pewter plaque, will be presented April 21, San Jacinto Day.

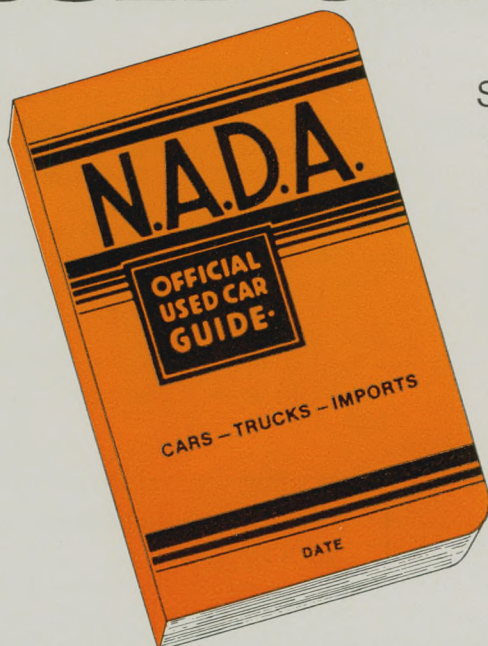
Persons may nominate their own or one of their neighbors' homes. Complete rules and entry forms are available at the bank, from Heights area merchants or from the Houston Heights Library. Any house located within specified boundaries may be nominated. The award is named for the Reverend T. C. Jester, who was pastor of the Heights Baptist Temple for more than 20 years. The bank points out that the clergyman's influence was instrumental in strengthening Heights area residents during the critical era between 1925 and 1950, years that included a depression and World War II. According to the bank, his concern made him a stabilizing influence in the Heights and throughout northwest Houston.

The T. C. Jester Award is part of Reagan Commerce Bank's \$10-million commitment to the re-emergence of the Heights communities. A companion award, the Dr. Mylie E. Durham Sr.

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Award for commercial improvement, was presented last fall.

Judges for the 1977 award are three prominent cultural historians and a restoration architect. ••

Two Bank Charge Cards Report Volume Increase, Delinquency Decrease

Bank-card volume, outstandings and participations continue to grow while delinquencies decrease, according to statistics recently released by the two national bank-card systems.

BankAmericard sales volume passed the \$11-billion mark last year, with delinquencies reaching a new all-time low, reports National BankAmericard Inc. (NBI), San Francisco-based administrative organization for that card program. With the conversion that began March 1, BankAmericard and its affiliated cards issued in 22 countries will establish Visa as the system's global work mark.

Gross BankAmericard sales volume (sales and cash advances) for 1976 was \$11.1 billion, up 23.6% over the 1975 total of \$8.9 billion. As of last December 31, outstandings on Bank-

Americard were \$5.2 billion, up 19.4% over the same date in 1975. Dollars delinquent (30 days or more past due) represented 3.13% of dollars outstanding, a new low. The portion of card holders paying their bills in full each month remained fairly constant at 35.6% during 1976. Net charge-offs for the year totaled .86% of gross volume, compared with 1.27% for 1975, continuing a downward trend and the lowest loss figure in three years. Of this .86%, .76% was credit losses and .10% fraud losses.

BankAmericard transactions at retail point of sale averaged \$26.10, a 7.6% increase over the 1975 figure of \$24.26. As of last December 31, the average outstanding balance was \$382.43, up 7.3% over the \$356.47 average a year before. As of last December 31, NBI members totaled 7,889, an increase of

14.8% over the year-earlier figure.

Interbank Card Association, New York City, licensor of the Master Charge card, reports record advances in card holders, outstanding balances, active accounts and merchants in 1976.

Domestic outstanding balances as of last December 31 rose to \$6.5 billion, a \$1.1-billion—or 21%—gain over year-end 1975. U. S. Master Charge card holders increased by 3.7 million to an all-time high of 40,680,830, or 9.9% over the 1975 figure, while active accounts reached 16,693,729, which is 12.6% more than in the similar period in 1975.

As of December 31, number of U. S. merchants honoring the card totaled 992,924, an 18% increase over the 841,288 reported at year-end 1975. This number represents 1,368,237 retail outlets.

Master Charge's gross dollar volume rose \$2.4 billion in 1976 to an all-time high of \$13.7 billion, a 21.2% boost over 1975. The average retail purchase last year was \$26.27, up 7.6% from \$24.42 a year earlier, and the average cash advance went up 2.3% to \$116.12. The percent of outstanding balances 30 days or more past due dropped from 4.3% at year-end 1975 to 3.2% at the close of last year.

During 1976, number of participating banks grew 1,252 to an all-time high of 8,594.

	BankAmericard/Visa	Master Charge
Card Holders	33,915,460	40,680,830
Accounts	20,555,000	25,039,329
Merchants	874,884	992,924
Participating Banks	7,889	8,594
Outstanding Balances	\$ 5.2 billion	\$ 6.5 billion
Retail Volume	\$10.1 billion	\$12.3 billion
Gross/Dollar Volume	\$11.1 billion	\$13.7 billion
Average/Retail Purchase	\$26.10	\$26.27

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Record Initial Sales

ST. LOUIS—Record sales of more than \$1 million were reported for the first 25 days of operation of a newly formed BankAmericard credit-card organization called Monetary Card Services, Inc. (MCS).

This not-for-profit corporation was created to operate a joint processing service for BankAmericard banks in a five-state area—Missouri, Kansas, Iowa, southern Illinois and western Kentucky. As of press time, about 100 banks had joined MCS.

Information on the group may be obtained from: Monetary Card Services, Inc., 220 South Jefferson Avenue, St. Louis, MO 63103.

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Wall to wall security with LeFebure surveillance and alarm systems.

You've got to be hard-nosed with the constant threat of armed robberies. And LeFebure surveillance and alarm systems are a rough defense.

You can get a better look at what you want to see with the LeFebure 2701 70MM Camera. The negative area is twice as large as other 35MM surveillance cameras... so you get big, clear blow-ups for better evidence. Easy film loading with cassette to save time. This is a proven system... a defense that works.

Vault protection is automatic and reliable with the compact LeFebure Grade A 3000 Vault Alarm system. And the carefully designed LM-3800 Line Monitor watches over the total alarm system.

LeFebure has engineered just about everything you need in dependable security systems to provide a reliable defense for your operation and all of the people in it. Write today for facts on alarms; smoke, heat and infrared detectors; triggering devices; program clocks; closed circuit TV and other special systems.

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Cedar Rapids, Iowa 52406



Selling/Marketing

Who Loves Ya?

Banks Get With Spirit; Celebrate Valentine's Day

As a famous bald-headed television cop often asks, "Who loves ya?" Last February 14, customers of at least five banks in the Mid-Continent area learned the answer to that question: their financial institutions!

Valentine's Day celebrations were held in the lobbies of three banks in

Missouri: American National and City Bank, both of St. Louis, and Brentwood Bank. In Illinois, Heritage/Standard Bank, Evergreen Park, and Heritage Bank, Country Club Hills, both held a "salute to the gals."

Continuing a six-year custom, American National, Brentwood Bank and City Bank gave away chocolate, foil-wrapped "kisses" to customers at tellers and drive-up windows. At the two Heritage banks, women customers were greeted by lobby displays keyed to



Marion Shallow (l.), pers. banking div., Robert Conlan, v.p. & aud., Mary Johnston, asst. cash., and Alfred J. O'Malley, pres., all of Heritage/Standard Bank, Evergreen Park, Ill., prepare to hand out sampler boxes of Whitman's chocolates to women customers.

Valentine's Day. Women customers also received complimentary sampler boxes of Whitman's chocolates.

From *American Express*:

Above-Average Incomes Are Charge-Card Targets

Progress Bank, Fenton, Mo., now offers a new American Express charge-card program designed for persons with above-average incomes who do substantial business and personal traveling and entertaining.

The American Express Gold Bank Card provides all international charge privileges of the American Express Card plus a cash reserve of at least \$2,000 issued by the bank. Under the new program, a card holder may obtain up to \$1,000 in travelers checks every 21 days by writing a personal check at an overseas travel office of American Express Co., its subsidiaries and representatives. Payment for the travelers checks may be drawn from the cash reserve.

A special feature of the program makes it possible for card holders to borrow money from Progress Bank either as cash or in the form of a checking-account deposit.

According to Lewis R. Corbet, vice chairman, Progress Bank, "With the widely accepted card, one may do anything from buying a rough-cut diamond in Rio to purchasing scientific reports from the U. S. government. Russia's Intourist honors the American Express Card and, by special government edict, it's the only charge card accepted in Burma."

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.

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Send for your copy today. Just write: John H. Guinan, President, Christmas Club a Corporation, P.O. Box 20, Easton, Pennsylvania 18042.

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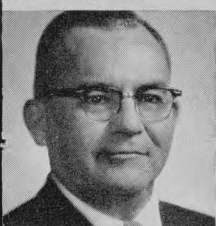
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And Jack Daly, International's top premium expert, has the facts and figures to prove it. He'll also help you choose the best incen-

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.

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The more you get into premiums the better we look.



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Seven five-week-old puppies prove handful for six adults. Pups are "stars" of TV commercial and other advertising media being used by Commerce banks across Missouri in connection with their smoke detector premium program. L. to r. are: Don Clabaugh, art director; John Valentine, account exec., Valentine-Radford, Kansas City, Commerce's ad agency; Laura Kemper, director of advertising, Commerce banks; Bob Jones, Jones Productions; Andrea Therman, dogs' owner; and Jean Haskins, member, St. Louis Dalmatian Club.

Smoke Detector Premiums Publicized In Ads Featuring Dalmatian Pups

CHILDREN AND DOGS are surefire attention-getters in photos, newspaper articles, ads, TV commercials, etc., as the Commerce banks of Missouri can testify to firsthand. The banks, which belong to Commerce Bancshares, headquartered in Kansas

(Advertisement)

Concern for Wildlife Is Big Business

When the people of Missouri passed only one statewide tax in 1976, they confirmed their determination to preserve our wilderness. Have you noticed the number of TV spectaculars, radio commentaries and the whole new industry of magazines, books and newspaper features devoted entirely to this subject? A concern for our environment is rapidly becoming one of the most powerful voices in our nation.

Until now, there has been little an advertiser could do to capitalize on this deep commitment of all the people in this country.

Just developed, though, is a weekly series of eye-catching illustrated newspaper columns called, "Your Wilderness." In these columns, offers of specific bank services are combined with interesting stories of the importance of wildlife and intriguing puzzles—sure to get response from readers.

This format, in similar series, has been acclaimed by customers and bankers every time it has been used. "Your Wilderness" columns, with an unusual guarantee of readership, are now being distributed as a syndicated service through Country Press, Inc., City Bank Bldg., Suite 306, Div. A, 4625 Lindell Blvd., St. Louis, MO 63108. Write for details and samples of this unique means of creating improved community involvement.

22

City, are using seven dalmatian puppies to publicize their smoke-detector premium program. Traditionally, dalmatians have been firehouse mascots and thus are an appropriate tie-in with smoke detectors. The latter are small, battery operated devices that are attached to ceilings in homes and sound an alarm in a fire's earliest stage.

The seven Commerce pups—just five weeks old when they made their debut—are appearing in newspaper ads and TV commercials across Missouri. They have made a big hit with the public as evidenced by the fact that requests have been going into the various Com-

merce banks to adopt or buy the pups.

The TV commercial opens with a shot of the pups fast asleep; then the smoke detector goes off, and they rise and trot down a flight of stairs and out a door to safety. Because of their small size, their stomachs rub across the steps, and they gingerly put one paw out each time they advance down the stairs.

"Everyone is aware of the importance of smoke detectors in fire protection," says Laura Kemper, director of advertising for Commerce banks, "and the puppies inspire the protectiveness people feel about their families."

However, she admits, the pups were hardly "pro talent." "They seemed to enjoy the attention," she went on, "except when it came to running down a flight of stairs for the television commercial. That took about a pound of liverwurst and a lot of patience." The commercial took two days to shoot in Kansas City.

The Commerce campaign is tied to a new deposit and installment-loan campaign that allows the banks to offer the detector at substantially reduced prices. It will run until April 15.

According to Miss Kemper, the promotion is going well, and a lot of people have shown interest in the detectors. They're called First Alert and are manufactured by the Smoke Alert division of Pittway Corp., Aurora, Ill. • •

\$79 Value:

Free Cameras for Loans Bring 2,500 Customers

Every time more than 2,500 people in Louisville snap a picture they think of Citizens Fidelity Bank! And the people at Citizens Fidelity think about the more than 2,500 direct loans the camera snappers took out at the bank—each amounting to at least \$1,500!

What do cameras and loans have in common? Just ask Tony McEwen, Citizens Fidelity marketing officer and retail products manager. He'll tell you that people snap up cameras when they're free and they don't mind taking out a loan to do it.

From last August to November, the bank offered free Polaroid Super Clincher Land cameras free to anyone taking out a direct loan to buy an auto, boat or RV; to consolidate existing loans; to pay for a vacation, etc. The cameras were billed as a \$79 retail value and came with carrying case and tripod mount.

Ads on TV, in newspapers and on billboards directed camera fans to get their loans directly from one of the bank's nearly 50 banking centers.

According to Mr. McEwen, the promotion was very successful for increasing bank growth.

Protect your family with a First Alert™ smoke detector from Commerce Bank.

Most home fires start at night, when people are asleep. That's why Commerce Bank wants to help keep you and your home against fire with the First Alert™ smoke and fire detector. It's a battery-powered alarm that sounds a loud, clear, distinctive sound. Before there's a visible smoke, some or high heat. The unit's warning siren device is manufactured by the world's leading, most experienced maker of smoke alarm systems, First Alert detectors are UL listed and meet state and local requirements. First Alert is already protecting over one million homes.

First Alert smoke detectors are UL listed and meet state and local requirements. First Alert is already protecting over one million homes.

Commerce Bank is offering this proven fire safety device at a very special price.

It's yours for only:

- \$25 when you open a \$200 savings or checking account.
- \$25 when you add \$25 to an existing savings account.
- \$10 with a \$2,000 direct installment loan.

Every home is responsible to do it. Let's make sure yours is. First Alert smoke detectors are available at participating banks.

Offer ends 4/15/77. See your local Commerce Bank. Offer ends 4/15/77. See your local Commerce Bank. Offer ends 4/15/77. See your local Commerce Bank. Offer ends 4/15/77. See your local Commerce Bank.

Every home needs professional protection. Save money on the First Alert smoke detector from Commerce Bank. It's one smart way we come through for you.

What can we do for you?

Commerce Bank

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No matter which side you're on, FIMO is a story with a happy ending. If you'd like more information, or would like us to prepare a financial

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Gil Rosenwald, Director of Money Order Sales Development
American Express Company, American Express Plaza, N.Y., N.Y. 10004

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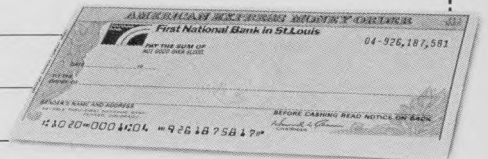
The FIMO story interests me very much. Please send me more information. I am interested in the financial analysis. Please tell me more.

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Address _____

City _____

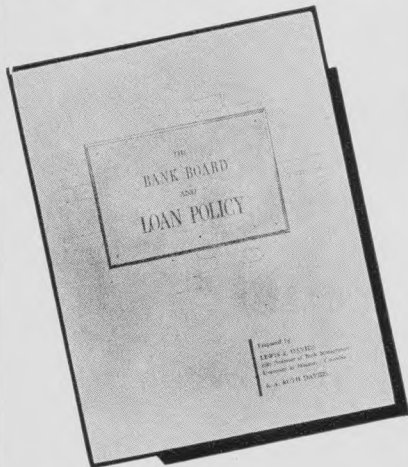
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The BANK BOARD Letter

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New Products and Services

• Sillcocks-Miller Co. "Security pantograph write-in or signature panels" have been introduced specifically for plastic banking and credit cards by Sillcocks-Miller Co., Berkeley Heights, N. J. These panels, says the manufacturer, have special individually designed overprints, each to exact customer specifications, to help prevent tampering or forging. All are tailored to each client's needs; they are not standardized. In addition to manufacturing magnetic banking cards, the firm produces a variety of plastic advertising and promotion items. Among the latter are decals, tent or bend-back counter signs, wall signs with or without adhesive or pressure-sensitive backing, "Take One" literature boxes, remembrance products for bank customers, calendar cards, slide charts or disc calculators, pocket cards, key or luggage tags. Of special interest now is the firm's complete metric-conversion line featuring customer-education gifts. Write: Sillcocks-Miller Co., 310 Snyder Avenue, Berkeley Heights, NJ 07922.

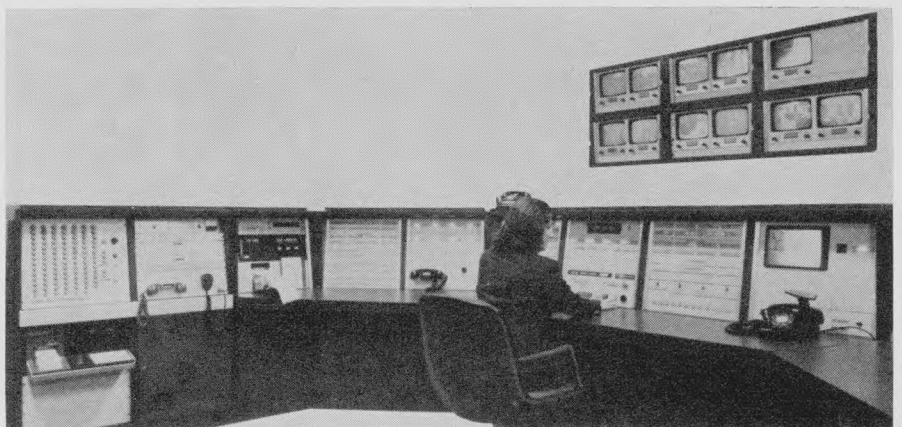
• Brandt, Inc. Two automatic packaging machines have been introduced by Brandt, Inc., Watertown, Wis. A



LEFT: Brandt's Model 1702 portable automatic wrapper will be available in July. RIGHT: Model 1780 heavy-duty, high-speed automatic coin wrapper is available now.

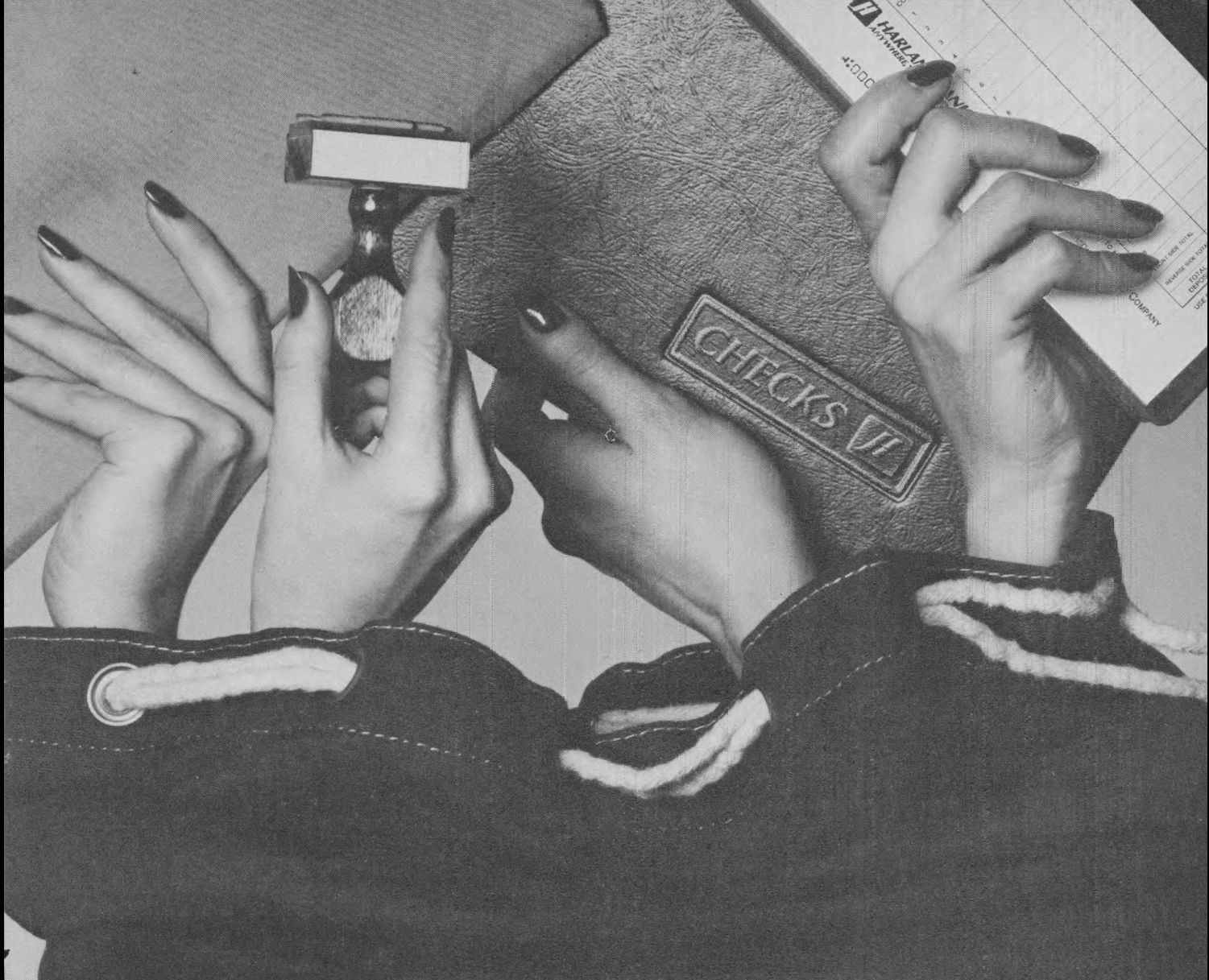
small, portable automatic wrapper, designated Brandt Model 1702, will be available in July. According to Brandt, it offers two-button control, is light weight and has a large-capacity input hopper, which is capable of holding up to 10,000 coins and wraps all-denomination U. S. coins. It offers options for special token or foreign coin wrapping. Now available is the Model 1780, which is described as a heavy-duty, high-speed automatic coin wrapper that produces up to 1,440 wraps of coin per hour. Built on a roll-about stand, the machine features infrared stack detection, which stops the machine from functioning when a poor stack is detected, thereby avoiding spills. Brandt says the Model 1780 also can be used as a high-speed coin verifier and has an easily attachable bagging attachment. Write: Brandt, Inc., Watertown, WI 53094.

Branch Monitoring System Introduced



Branch monitoring systems like the one pictured here now are available from Diebold, Inc., Canton, O. These Diebold DGM-320 branch monitoring systems can accommodate a minimal number and variety of signals or as many as any conceivable practical situation might require, says the manufacturer. The system is under the direct and complete control of the institution in which it's installed. Each system is application engineered so that no two systems are precisely alike, says Diebold. Its capabilities include electronic monitoring of internal wiring and defeat-resistant circuits and monitoring of telephone lines between the central office and remote points. Two basic communications networks are standard with the system: The DGM Series 100 and 200. The first accommodates a multi-point network for applications involving long distances within the network. The Series 200 network is designed for situations in which distances don't make telephone tariffs a major cost factor. Write: Diebold, Inc., Canton, OH 44711.

MID-CONTINENT BANKER for April, 1977



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Corporate News Roundup

- **Insured Credit Services, Inc.** This Chicago-based private insurer of home-improvement loans has been merged with Old Republic International Corp. Old Republic, also based in Chicago, is a multi-line insurance holding company, with insurance subsidiaries that provide specialized lines of coverage for lending institutions. The firm is a leading carrier in the consumer credit life and disability field, as well as in home-improvement credit-guaranty insurance. Old Republic also provides numerous other credit-oriented insurance coverages, among which are mortgage credit life and disability. Insured Credit Services is described as the nation's leading managing underwriter of private credit loss insurance on home-improvement loans. ICS pioneered the idea of privately insuring home-improvement loans through Old Republic 22 years ago and has continued to expand its services to provide a comprehensive range of portfolio review and marketing aids to the lending community.

- **Talcott National Corp.** John A. Kingston has been elected president and chief operating officer, Talcott National Corp., New York City, and its business finance and factoring subsidiary, James Talcott, Inc. He succeeds Brooke Grant, chairman, who continues as CEO. Mr. Kingston formerly was senior vice president. Before joining Talcott in March, 1976, he was president and CEO, United Virginia Factors Corp. In other action, William R. Gruttemeyer was elected executive vice president, Talcott National Corp., and James Talcott, Inc. Mr. Gruttemeyer went to Talcott in 1974 from Chase Manhattan Bank, New York City.



KINGSTON



GRUTTEMEYER



HOWE



BAKER

- **Bank Building Corp.** John F. Howe has been named vice president and general manager, Central Financial Facilities Division, Bank Building Corp., St. Louis. He succeeds John P. Mushill, who has assumed responsibility for the Western Financial Facilities Division in San Francisco. Mr. Howe went to Bank Building in 1973 after having been vice president, corporate planning, Inmont Corp., and director of corporate planning and evaluation, Monsanto Co.

- **S&H Promotional Services Co.** Robert H. Baker Jr. has been named national accounts manager, Financial Promotions Division, S&H Promotional Services Co., Hillside, Ill. He formerly was vice president, Jefferson Bank, Peoria, Ill. In his new post, Mr. Baker will arrange internal staff-incentive programs for financial institutions for this Sperry & Hutchinson Co. division.

Slater Named Exec. V.P. Of Consumer Bankers Assn.

WASHINGTON, D. C.—Richard K. Slater has been appointed executive vice president of the Consumer Bankers Association. He previously served as assistant director of the American Bankers Association's Installment Lending Division and as an officer of the Bank of Virginia-Potomac. He also served as a staff economist, National Commission on Consumer Finance.

In his new position, Mr. Slater will direct the CBA's activities in the areas of consumer banking administration, legislative relations and communications. He also will serve as director of the Graduate School of Consumer Banking, which is sponsored by the association, and will have responsibility for developing new educational programs for the school.

Mr. Slater received a bachelor's degree in business administration from Bowling Green (O.) State University and a master's degree from the University of Maryland, College Park.

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Recoveries of Charged-Off Loans: An Area Where Controls Are Needed

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

AN ALERT LOAN OFFICER of a bank in the East was walking down the street and came upon a former borrower of his bank whose loan had been charged off. The loan officer halted the former customer and politely suggested that he make at least a partial payment on the loan. Much to the banker's surprise, the former customer replied, "I no longer owe the bank. I paid another loan officer, Mr. Smith, more than a year ago; I received a receipt for my payment and my note was marked 'paid.'"

Mr. Smith, the loan officer in question, was confronted with that information and confessed that he had collected the former customer's charged-off loan and had misappropriated the proceeds to his own use, rather than apply the money as a recovery of

charged-off loans. The bank had no system of reconciling its charged-off loans and Mr. Smith—knowing this—had been diverting recoveries for nearly 10 years!

Subsequently, a program of 100% direct verification of the charged-off loans of the bank uncovered a total of more than \$150,000 that had been embezzled by Mr. Smith.

This bank's entire system of audit and internal controls later was found to be weak, but there presently are many banks across the country with otherwise excellent audit and internal controls that neglect to exercise proper controls over (or audits of) charged-off loans. Quite often, bank personnel will forget charged-off loans.

But the fact that a loan has been charged off doesn't necessarily mean

that it is entirely uncollectible; the opposite often is true. According to a Fed study of member banks, more than 25% of all charged-off loans are recovered.

My experience, however, has shown that *many* bank officers and employees systematically divert charged-off loan recoveries to their own use. Therefore, the charge-off ledger constitutes a potential asset over which adequate audit and internal control must be maintained, particularly since charged-off loans aren't a part of a bank's general-ledger assets and don't appear on a bank's statement of condition. Therefore, all banks should establish a charge-off ledger covering all categories of loans. This ledger should be reconciled to the reserve for loan losses monthly.

Here's a simple formula an auditor or control officer may follow in order to begin a charge-off ledger and the job of reconciling it at each month's end:

Establish the beginning balance. Unless a bank is relatively new, many of the institution's charged-off loans may date so far in the past that there may be little hope of their being collectible. Because of this, bank management—working with the board of directors and loan department(s)—should establish an inventory of those charged-off loans of recent years that have a reasonable potential for collectability. A ledger sheet (see illustration) should be set up for each charged-off loan. The accumulation of these sheets, in alphabetical or numerical sequence, will constitute the charge-off ledger, and the total of the balances of these ledger sheets will be the beginning balance for the charge-off ledger.

In addition to proving the charge-off ledger monthly, the charged-off notes themselves should be proved to the same memorandum control figure. These notes should be kept under dual control at all times and all charged-off notes should be given audit review shortly after their charge-off to ensure that they were authorized properly for charge off.

Finally, all accounts in the charge-off ledger—except those in the process of litigation for collection—should be included in the bank's annual direct-verification program; such action would have caught Mr. Smith, the errant loan officer, in the beginning of his "caper." The former loan customer, not knowing that his loan had been charged off, would have notified the bank promptly that the balance on his direct verification form was incorrect. • •

This article is reprinted with permission from the December, 1976, "Loss Protection/Prevention Bulletin" of Scarborough & Co., Chicago.

HOW IS THE CHARGE-OFF LEDGER RECONCILED MONTHLY?

First, analyze your "Reserve for Loan Losses" account for the month thusly:

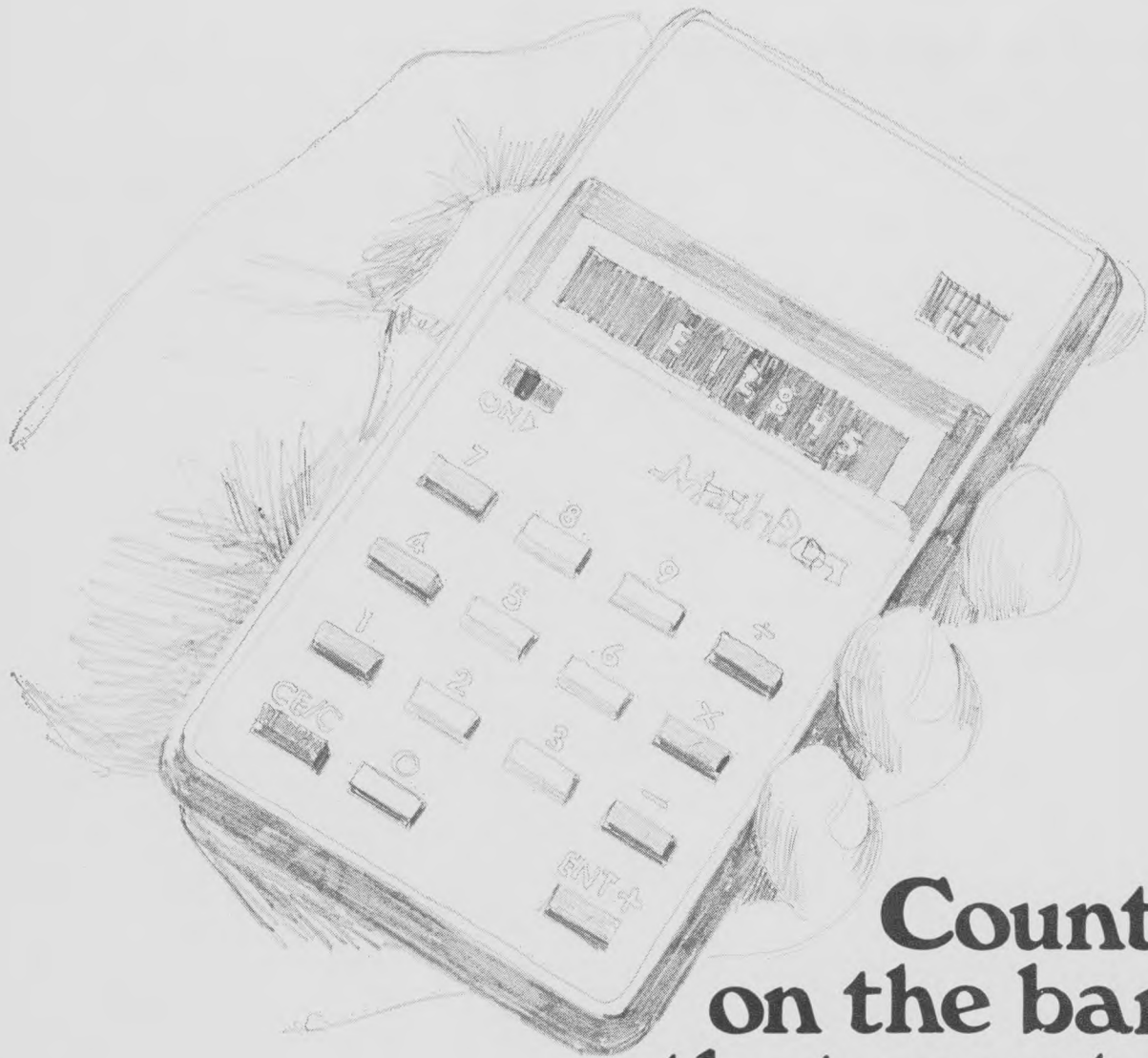
Balance:	Beginning of month	.....	\$	_____
Plus:	Recoveries	..... (1)	\$	_____
Less:	Charge-offs	..... (2)	\$	(_____)
Plus:	Direct Credit Transfers	.....	\$	_____
Less:	Direct Debit Transfers	.....	\$	( _____ )
Equals:	Balance-End of Month	.....	\$	=====

Then, using the same "Charge-off" and "Recovery" figures, proceed to arrive at the month-end figure to which your charge-off ledger should balance:

Balance:	Charge-off Ledger - Beginning of Month	.....	\$	_____
Plus:	Charge-offs	..... (2)	\$	_____
Less:	Recoveries	..... (1)	\$	_____
Equals:	Balance - End of Month	.....	\$	=====

(Charge-off ledger should balance to this figure.)

This procedure should be repeated at each subsequent month-end.



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Trusts

Money-Market Funds Gain Acceptance As Adjunct to Cash Management Needs

By **RICHARD FISHER**
President
Federated Securities Corp.
Pittsburgh

IN EARLY 1974, a new investment vehicle in the form of the "money market fund" was introduced. Spawned by the historically high short-term interest rates money market instruments carried, these funds were designed to allow an individual or institution to commit funds to the money market while avoiding the tedium of monitoring maturities, shopping for rates and conducting expensive credit analyses.

In an economy that saw too many borrowers competing for too few dollars, the funds became an instant success. Media exposure coupled with a heightened public awareness of the corrosive effects of inflation on cash positions and savings accounts further stimulated investor awareness of the funds.

Our firm created a money market fund in mid-1973. We foresaw a need by institutional investors, specifically bank trust departments, for an administratively convenient, conservatively managed cash equivalent fund that could be used to move surplus cash in response to movement in the equity and bond markets.

We structured our funds—called Money Market Management, Inc., and Trust for Short-Term U. S. Government Securities—along the lines of the types of instruments they were designed to compete with. Money Market Management, with a portfolio confined to the CDs of the 50 largest U. S. banks, and the Trust, with a portfolio limited to government securities maturing in one year or less, provided trust

officers with a product mix that could replace or supplement prior or existing cash management needs.

Coupled with a high quality portfolio profile, we put into place an administrative capability that was a mirror image of the trust clients' operations department. We added a service package that includes a legal staff oriented toward trust law and familiar with the workings of the Comptroller's office and state banking departments.

Our initial marketing efforts showed us it was necessary to convince the skeptical trust officer that money market funds had a function and identity light years removed from the typical mutual fund with which he was familiar.

Success came to the funds in the form of investments from small- to medium-sized regional trust departments that realized that aggressive cash management had become co-equal with managing a portfolio of stocks and bonds. As our client list grew, so did the administrative sophistication of the services we offer.

We now have a bank service department staffed by trust operations professionals. Using the computer capability of the funds' transfer agent, coupled with procedural formats of our own design, we provide trust subaccounting services flexible enough to mesh with existing trust department computer programs. The aim is to provide participating trust departments with complete cash management services while helping them to avoid the labor-intensive and concomitantly capital-intensive efforts of performing the same functions in-house.

Once we establish a relationship with a trust department, we strive to

provide meaningful information about our performance. This takes the form of weekly portfolio profiles along with yield figures, rates and maturities of the instruments we hold. If a particular investment is transitional in nature or perhaps interest-rate sensitive, the information can be provided on a more frequent basis.

As interest rates retreated from historic highs, the maturity schedule of our portfolio enabled us to remain competitive with alternative money market instruments. Our Trust for Short-Term U. S. Government Securities, for example, has compared favorably with 90-day Treasury bills for the period shown. For each week since mid-June, 1976, the Trust's net yield has exceeded the weekly average yield available from three-month Treasury bills (before transaction costs) and without the market risks associated with direct investment.

Late in 1976, the Tax Reform Act provided another opportunity to supplement our trust products. The act permits an investment company in corporate form to pass on the income from municipal obligations in its portfolio tax-free to its shareholders. Anticipating passage of the act, we created Federated Tax-Free Income Fund, Inc.

Limited to high-quality municipal obligations, the tax-free fund simplifies the chore of procuring and warehousing municipal obligations with the additional feature of liquidity on a daily basis. Increasingly, trust departments are accepting this vehicle as well.

Of additional import is the recent proposal by the Comptroller's office to amend Regulation 9.18 (collective investment funds), whereby a trust department in its master-note arrangements with corporate borrowers would be compelled to recognize the lending limits applicable to any one corporation as provided for in 12 U.S.C. 84. Assuming the proposal's adoption, the trust officer will be provided with an additional stimulus to explore integration of the types of investments described here into the cash management program. ••



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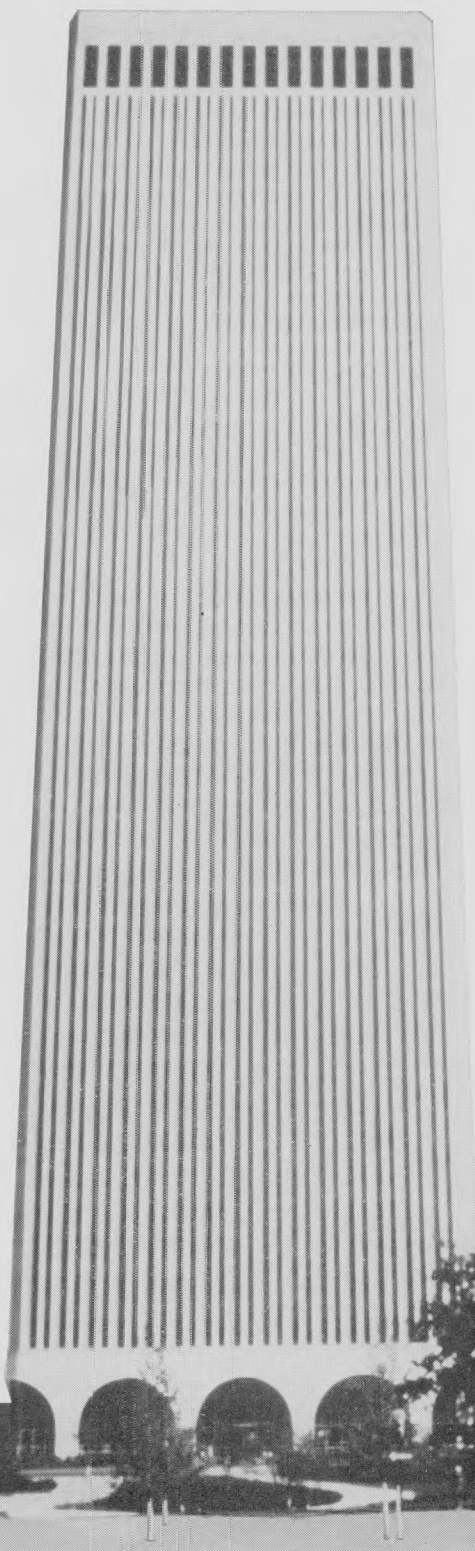
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Bank-to-Bank Check-Guarantee System Is Planned by Group of Illinois Banks

A BANK-TO-BANK check-guarantee system is planned to begin operating in November in Illinois under sponsorship of the eight-month-old organization called Electronic Funds Illinois, Inc. (EFI), headquartered in Chicago.

EFI's full-time director is Michael Miller, who holds the title of president. Daniel N. Quigley, executive vice president, National Boulevard Bank, Chicago, is EFI's chairman. Secretary-treasurer is Harold Moe, president, Second National, Danville. Warren Martin, executive vice president, Capitol Bank, Springfield, is on its executive committee.

The organization is supported chiefly by equity membership fees paid by bank members, which include banks with under \$10 million in deposits to those with over \$1 billion in deposits. Fees are based on amount of deposits.

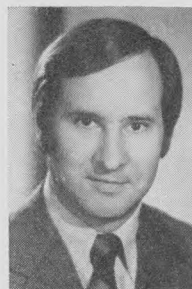
The group had 650 members as of press time. When the membership was 631, a study was made, and it showed—according to Mr. Miller—that EFI had a 51.6% membership penetration of the 1,223 banks in Illinois. Broken down, this study revealed a 43% penetration of members of the Association for Modern Banking in Illinois (AMBI), a 68% penetration of the Independent Community Bankers of Illinois (ICBI) and a 58% penetration of the Illinois Bankers Association (IBA).

EFI plans to meet the first part of May with banking organizations in seven other states—Arkansas, Iowa, Missouri, Nebraska, Oklahoma, Texas and Wisconsin. They will discuss the possibility sometime in the future of establishing a regional EFT network. On February 22, EFI met with representatives of EFT systems from Iowa, Nebraska and Texas to discuss standards, operations and security questions involved in a possible interchange.

The mailing address for EFI is: Room 330, 400-410 North Michigan Avenue, Chicago, IL 60611. ••

Gudinas Elected MAPEX Pres.; Four New Directors Named

ST. LOUIS—Richard J. Gudinas, executive vice president, Boatmen's National, and senior vice president, Boatmen's Bancshares, Inc., has been elected president, Mid-America Payment Exchange (MAPEX). He succeeds Lawrence Chapman, vice president, First National.



GUDINAS

MAPEX also has named four new directors: Lawrence Abeln, vice president and comptroller, St. Louis County National, Clayton, Mo.; and, from St. Louis, William LeGrand Rives, vice president, First National, and Jerome Goldstein, vice president of financial services, Mercantile Trust; and James Moser, president, Bank of Poplar Bluff, Mo.

In addition, MAPEX has made the following appointments: vice president, George Ryrie, president, First National, Alton, Ill.; secretary, Mr. Abeln;

and treasurer, Mr. Rives. Mr. Gudinas has appointed MAPEX Director Dean Kamper, president, First National, Belleville, Ill., as chairman, legal/legislative committee; Mr. Goldstein as chairman, marketing/education committee; and Mr. Rives as chairman, rules/operations committee.

Statewide Electronic Processing For Arkansas Banks Is Begun By Worthen's Computer Center

LITTLE ROCK—Worthen Bank's Computer Service Center last month began accepting electronic transmittals of bookkeeping information from banks across Arkansas that use the center. Thus, these banks no longer have to



Computers like this one are being installed in banks throughout Arkansas that use Worthen Bank of Little Rock's Computer Service Center.

send paper documents each day by courier service to the center here.

Information now can be transmitted electronically through use of "intelligent" computer terminals that are being placed in banks throughout the state.

Besides editing and checking, these "intelligent" computer terminals retain information as it's processed throughout the day. At the end of the day, each bank is able actually to see on its terminal screens up-to-the-minute, balanced transaction data before it's transmitted to Worthen's Computer Service Center for processing. By the following morning, the processed information is re-transmitted to the banks either in printed form or stored for later printing. A Worthen spokesman points out this eliminates the vast amount of paperwork usually required and helps banks balance and verify their daily operations.

According to the spokesman, this is the first time this advanced step in electronic data processing has been made available by an Arkansas bank.

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CITIBANK 



Citibank, N.A. Member FDIC

American Express announces the most important development in travelers cheques since the travelers cheque.



Express Pac

As you know, American Express invented travelers cheques. And now, we have invented a brand-new way of selling them. It's called Express Pac[®], and it's been proven, in exhaustive testing, to benefit both customer and seller in several important ways.

What Express Pac does for you and your customers.

Express Pac streamlines and speeds up the whole process of selling travelers cheques.

In eighteen months of testing, we proved that it reduces transaction time by more than 50%. Which means that your tellers can handle twice as many customers in the same amount of time as before.

This also translates into an important customer benefit: shorter, faster-moving lines.


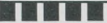

In addition, Express Pac drastically cuts settlement time, virtually eliminates common clerical errors, and provides for better inventory and audit control.

Interested in hearing more? Then let's talk about how Express Pac works.

How does Express Pac do all these things?

First, let's take a look at what Express Pac is. Like we said, it's a new system of selling travelers cheques that have been conveniently packaged in envelopes containing 3, 5, or 10 cheques of the same denomination.

As you can see by the diagram, there are ten different color-coded envelopes, or Pacs, in all, which can be sold singly, or in combinations, to provide your customer with any amount of travelers cheques he desires, in multiples of \$50.

Cheque Denomination	\$10	\$20	\$50	\$100
 3 CHEQUE PAC			\$150	\$300
 5 CHEQUE PAC	\$50	\$100	\$250	\$500
 10 CHEQUE PAC	\$100	\$200	\$500	\$1000

What if your customer doesn't happen to want a multiple of \$50? We tested that, too, and found it just wasn't a problem. But more on that later. Now, here's where Express Pac really saves the time.

Included in each Express Pac is a purchaser's application form, already filled in with most of the information you used to have to put in by hand: cheque serial numbers, denominations and amounts, all neatly pre-printed on the form.

Also on the form is the amount to be collected from the customer, the amount to be retained by the seller, and the amount to be sent to American Express.

So all your customer has to do at the teller window is put his signature on the form, and print his name and address.

And all your teller has to do is fill in the date, collect the money, hand over the cheques and one of the attractive new leather-like wallets, and request that the customer sign his cheques and insert them into the wallet before he leaves the premises.

With the customer signing his cheques away from the teller window, and inserting them into the wallet himself, your teller will be able to serve the next customer in line that much sooner.

Benefits extend all the way into the back office.

Express Pac reduces settlement time because the amounts to be retained and the amounts to be sent on to American Express are neatly

printed on each purchase form. There's no guessing at illegible figures. So there are fewer mistakes. And there's less time spent correcting those mistakes.

And since packaging eliminates broken series of cheques or loose cheques, inventory and audit procedures are less complicated, less time-consuming.

Received enthusiastically by sellers and customers.

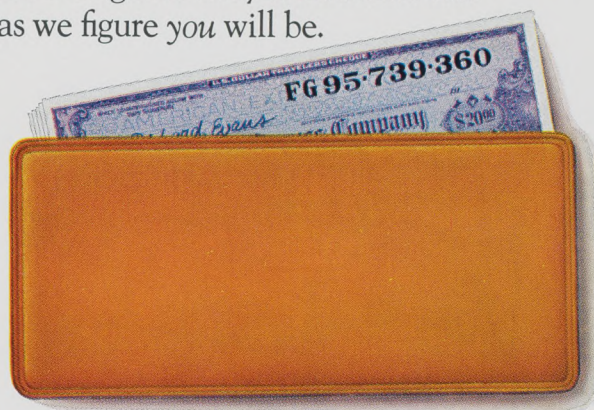
Before introducing Express Pac, we knew from our figures that 90% of our customers buy travelers cheques in multiples of \$50.

What about the other 10%? What would they think about Express Pac? This is one of the questions our test market research was designed to answer.

The results were quite remarkable.

In eighteen months of testing involving over 70,000 transactions, we received only one customer objection.

Management and sellers, of course, were happy with the system right from the start. As we figured they would be. And as we figure you will be.



Express Pac is coming to your area soon.

We'll be in touch with you very soon, with more details on Express Pac.

Once you put Express Pac into actual operation, we think you'll agree with us: that with the advent of Express Pac, the travelers cheque business will never be the same.



**American Express®
Travelers Cheques**

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.

S&Ls Participate in Shared POS Network In 45 St. Louis-Area Supermarkets

Banks locked out by balky state legislature

MORE THAN 150,000 S&L depositors in the metropolitan St. Louis area have access to their passbook savings accounts 14 hours a day, six days a week. These customers don't have to go to an S&L to transact their savings business; they merely drop in at the nearest of 45 Schnucks supermarkets, each of which is equipped with a point-of-sale (POS) terminal at its courtesy counter.

Initiation of the new POS network coincided with news that the Missouri legislature failed for the second consecutive year to enact legislation enabling banks to offer EFT services in the state.

Eight St. Louis-area S&Ls are members of the Money-Matic EFT switch that is operated for Remote Service Unit Corp. (RSU) by Cashex, the corporation that handles Schnucks' check verification service. RSU is a service organization authorized by the Federal Home Loan Bank Board to service Money-Matic. The switch is said to be the first application of a community-wide financial customer service between several financial institutions and a major food chain in a metropolitan area.

Following announcement of the service last January, RSU put a small number of POS terminals into service early in March, with the balance due to be installed this month. Customers of participating S&Ls can withdraw up to \$200 per day through the terminals or deposit any amount over \$25, which is the minimum amount for any transaction.

In order to use the system, a customer needs a plastic debit card from a participating S&L and a personal identifica-

By **JIM FABIAN**
Associate Editor

tion number (PIN) assigned by the S&L. At the market, the customer fills out a deposit or withdrawal slip and hands it to the courtesy counter clerk with his debit card. The clerk inserts the debit card into the terminal and gives the customer a PIN pad. The customer taps out his PIN, which activates the terminal. In the case of a withdrawal, the terminal verifies that the customer has sufficient funds to permit withdrawal and debits the customer's account. Then the clerk pays out the money in cash. In the case of a deposit, the customer hands his money to the clerk, who enters the deposit through the terminal.

All expenses involved with the system are paid by the participating S&Ls. The service is free to the customer.

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

Executive director of RSU is James E. (Ed) True. Mr. True told MID-CONTINENT BANKER that more S&Ls are expected to join Money-Matic once it has had an opportunity to prove itself.

He cited the primary advantages of the service to thrifts as the offering of a new and exclusive service and an extraordinary opportunity to generate new deposits from the 43-store network,



Now! Use your Lafayette Federal Pass Card at 6 Schnucks Supermarkets!

With your Pass Card you can:

- Make deposits (\$25 minimum)
- Make cash withdrawals (\$200 limit)

These Schnucks stores now have remote Money-Matic terminals to handle Lafayette Pass Cards:

• 8753 Manchester Road	• Fenton Park Mall
• 10550 Baptist Church Road	• 2030 Dorsett Village Center
• 10760 Watson Road	• 5519 Oakville Shopping Center

More stores soon!

Remember! Your Pass Card account earns **5.25%** with an effective annual yield of **5.39%**

Our customers who have already converted their Passbooks to the convenient new Pass Card will be receiving their confidential "PIN" (Personal Identification Number) by mail. This number is necessary to operate the Schnucks remote Money-Matic terminal. For those who have not converted to Pass Card, come in to Lafayette Federal with your present Passbook and you'll receive your new Pass Card! Call your nearest Lafayette Federal office for more information.

Mailing piece sent to customers of Lafayette Federal Savings, St. Louis, advertises availability of Money-Matic POS service at Schnucks markets in St. Louis metropolitan area.



Customer (facing camera) punches PIN to activate POS unit being serviced by Schnucks Market courtesy desk employee. Installation is part of Money-Matic POS system serviced by RSU, Inc., for eight St. Louis-area S&Ls.

since each terminal is tantamount to a branch for the S&L.

The market chain benefits from the service since it is expected to attract more customers and some of the risk is expected to be eliminated from its money-handling service.

RSU is directed by a five-person board drawn from the participating S&Ls. According to Mr. True, the option exists for any financial institution to join the system and be represented at each terminal. All that is necessary for commercial banks to join the system is enabling legislation from Jefferson City.

RSU has authority to operate throughout Missouri and will soon seek permission to begin operations in Illinois, where Schnucks has additional outlets.

For the most part, bankers in Missouri are taking the development of Money-Matic calmly. No movement has been formulated to fight the RSU setup or to hold it up until banks can participate.

"It wouldn't help banking in the least to fight this thing," said James E. Brown, president, Mercantile Bancorp., St. Louis, Missouri's largest bank HC. "We believe in what they're doing, but we don't believe S&Ls should have an

exclusive on it."

He cited a danger that S&Ls, with less technical know-how than banks, might botch the POS service, thus putting a bad taste in the mouths of consumers about EFT. Such a development could rebound against all financial institutions in the future, he said.

He termed the recommendations of the National Commission on EFT "idealistic." He was referring to the commission's recommendation that, if states don't enact enabling EFT legislation by a certain date, federal law would supersede state law.

Along with many bankers, Mr. Brown wonders how far the Missouri legislature will let banking's competitors go before it begins to grant equality to banks. Even partial equality would be an improvement, he said, especially now that inequality between banks and thrifts is increasing.

"S&Ls already have better rates, branching privileges and NOW account authority," he said. "And now they have POS, too. Thrifts don't really need the extra advantages they're getting at the expense of banks," he said.

"Obviously, we're not surprised by this expansion of service by the S&Ls in our area," said Clarence C. Barksdale, chairman and CEO, First National, St. Louis, in reference to Money-Matic. "It should show all bankers in Missouri the urgency of the situation.

Retailer's Expectations:

Money-Handling Costs, Risks Lowered by Money-Matic

THE EXPECTATION of realizing lower costs and risks in handling money at retail outlets is seen by an executive of the supermarket chain participating in the Money-Matic POS system that became operational in the St. Louis area recently. Craig D. Schnuck, executive vice president, Schnucks Markets, Inc., outlined the retailer's viewpoint about POS in an exclusive interview with MID-CONTINENT BANKER. Forty-three of the chain's outlets are equipped with Money-Matic terminals that are available to 150,000 S&L customers in the St. Louis area (see adjoining article).

The interview follows:

MCB: What are the advantages to you as a retailer offering the Money-Matic system?

Mr. Schnuck: Our interest is in providing our customers with an additional service, hopefully providing another reason for them to come into our stores. We, as a company, are basically service oriented; Money-Matic enables us to

add another service that we feel the consumer will appreciate because customers will have much greater access to their S&L accounts. Our hours are, of course, much longer than S&L hours. Our supermarkets are open from 8 a.m. until 10 p.m., Monday through Saturday. Most of our stores are closed on Sunday.

MCB: What if people come into the supermarket just to make a withdrawal or deposit and don't shop for groceries? Isn't this a costly service to a food retailer?

Mr. Schnuck: Right now we have people coming into the stores strictly to cash checks. Banks have forced us into the check cashing business and we are bearing the expenses of check cashing. The Money-Matic system permits us to offer financial services to individuals at a much lower cost and with much less risk than we incur with check cashing.

MCB: What other advantages do you see in offering Money-Matic?

Mr. Schnuck: A reduction in the

number of checks cashed, which should reduce our check-handling expenses and check-cashing losses. However, these are advantages that we *hope* will occur, but, as yet, it is much too early to tell if they will.

MCB: How does Schnucks protect its own interests?

Mr. Schnuck: We protected our interests during the initial negotiations with RSU. The S&Ls are reimbursing us for our labor costs for each transaction, paying for terminal installation and for installation of telephone lines to the central computer and a telephone line for customer use, as well as other physical changes made in the stores to accommodate the system.

The S&Ls are promoting the service. We stand to benefit from their promotional efforts. We also will benefit from the S&L customers who are presently not our customers who will come into our stores to use the Money-Matic system. We will have opportunities to capture those people as regular

"I believe that, if they had offered this service a year ago, EFT legislation supported by banks would have been overwhelmingly approved in Jefferson City. However, once again this shows us how a small group of Missouri bankers has a tendency to line up against each other according to size with this disastrous result."

Mr. Barksdale said thrifts are operating Money-Matic under the legitimacy of the law that has always favored S&Ls and must be changed eventually to put banks and savings institutions on an equal basis, branchwise.

"It behooves every banker in Missouri," he said, "regardless of the size of his bank, to become aware of the problems of the noncompetitive situation banks find themselves in with S&Ls and make his views known immediately to his state representative and senator."

"The cooperative actions by all bankers in Missouri to support legislation that will enable banks to be competitive is a must; otherwise we, in Missouri, will find that we can no longer compete and have lost out to a more aggressive competition," he said.

Bankers have conceded that legislation authorizing EFT operations for banks will not pass in the Missouri legislature this year.

Commenting on that situation, Bill B. Lee, chairman, government relations

committee, Missouri Bankers Association (MBA), and chairman and president, First National, Neosho, said that Missouri bankers did a better job of lobbying for EFT legislation this year than last, but there is still much complacency on the part of many bankers toward EFT. They want to hold out until the National Commission on EFT makes its final report, despite the fact that EFT is already upon us, he said.

Glen K. Arnold Jr., president, Missouri Independent Bankers, and president, Blue Ridge Bank, Kansas City, said he's not alarmed at the head start thrifts are getting in the EFT arena. He said thrifts have always been competitive with banks and they won't steal business away.

All efforts to obtain enabling legislation for EFT is premature, he said. Bankers are forgetting that customers must bear the cost of EFT services in the long run and that the only people benefiting from EFT now are equipment suppliers.

Only time will tell whether banks gain entrance to EFT in Missouri. A spokesman for the MBA said enabling legislation will be introduced in the legislature again next year.

Perhaps Money-Matic will be the catalyst that puts Missouri legislators in the mood to pass the MBA-sponsored bill that will open the door for participation in EFT for Missouri banks. ••

Continental Bank, Tel-A-Data Develop Computer Switch For POS Network Link

CHICAGO—Continental Illinois National and Tel-A-Data Corp., a subsidiary of American National, have announced an agreement to permit S&Ls and banks that are Tel-A-Data on-line data processing customers to use Continental's POS network in Chicago-area merchant locations.

Under the agreement, Continental will develop a computer switch to permit information on POS transactions at Continental's electronic terminals to be transmitted to Tel-A-Data's computer files.

According to a spokesman, the computer link "will offer customers of our Tel-A-Data's 67 S&L and bank clients the convenience of conducting some of their routine financial transactions at a merchant location close to where they live, work or shop."

Tel-A-Data's bank clients will be able to issue plastic automatic banking cards to their customers, permitting the customers to cash checks at any of Continental's terminals in the Chicago area. The terminals are located at Dominick's Finer Foods, Treasure Island Food Mart, Inc., and Wieboldt's, Inc.

S&L customers, a bank spokesman said, initially will be able to use their plastic cards for cashing checks and

customers. We definitely think this service will be helpful in attracting new customers, since it is an exclusive service.

MCB: How soon do you expect to have electronic transfer of payments for groceries in your stores?

Mr. Schnuck: How far away we are from an EFT system depends entirely on economics. I feel it will occur only when the costs of the system can be justified by the financial community. I think the consumer will accept and use the system after initial concerns are overcome if the system does not impose an additional cost on the consumer. If EFT systems are designed properly, people will develop confidence in them.

I think the future of EFT systems will be successful if the consumer does not have to pay for the service. The financial industry is making a mistake if it thinks the consumer will pay to participate in an EFT system. Retailers, also, are unwilling to bear additional costs. All costs should be borne by the participating financial institutions.

MCB: How soon do you expect to have an automated check approval or check authorization system?

Mr. Schnuck: A check authorization

system is being developed by Cashex, a company that is neither a retailer nor a financial institution. We are very interested in implementing such a system because it offers some important

advantages to us. It should enable us to reduce our check cashing losses dramatically and we should be able to improve our security system significantly with such a system. ••



Money-Matic transactions are carried out at service centers of Schnuck's markets. Chain expects to benefit from service because it will attract non-customers into the store. Once inside, they might decide to purchase grocery items.

making deposits to or withdrawals from savings accounts at Dominick's. Other retail terminal locations may be added at a later date to provide these same financial services.

Due to less stringent regulations governing S&Ls, their customers will be able to use the terminals for a greater variety of transactions than bank customers, the spokesman said.

Customer-Operated Terminals Placed in Louisville Stores By Citizens Fidelity Bank

LOUISVILLE—The second phase of Citizens Fidelity's Service Tree Service program has been implemented in more than 50 Convenient Food Mart Stores.

Customer-operated terminals permit bank checking and savings customers to do their routine banking transactions and shopping at the stores.

The new terminals are totally customer operated so merchants are free to attend to their customers, a spokesman said, and bank customers can do their routine banking in complete privacy. The service permits customers to deposit to or withdraw from their checking or savings accounts and to transfer funds from one account to another.

The spokesman termed the first phase of the service to be an experiment that proved that banking units at the point of sale are the "most cost-efficient means for delivery of retail services to a broad marketplace."

ABA Slates Conference On Revitalizing Cities

DALLAS—The Marriott will be the site of the American Bankers Association's second National Economic Development Conference May 9-11.

The event will feature presentations and discussions of opportunities available to banks in strengthening local economies. Conference Chairman William I. Spencer, president, Citibank, New York City, says the subject matter will be pertinent to commercial lending officers, CEOs, mortgage lending officers and urban economic development professionals.

Titles of general sessions to be held during the conference include "Assigning Priorities to Bank Goals," "Federal, State and Local Government Economic Development Incentive Programs," and "The Impact of Regional Economic Development Councils." A number of concurrent workshops will serve as "how-to" sessions on specific program information.

Profitable EFT Marketing Is Topic of BMA Conference In Cherry Hill, N.J., May 1-4

CHERRY HILL, N. J.—The Cherry Hill Inn will be the site of the May 1-4 EFT conference of the Bank Marketing Association. The event's title is "Marketing EFT for Profitability."

The conference has been geared to marketing and operations people with EFT responsibilities. The three-day

program will explore new developments and innovations in the EFT environment, and heavy emphasis will be placed on maximizing EFT marketing opportunities for increased bank profitability.

The program will include special sessions for large and community banks, while panels, "rap" sessions and question-and-answer sessions also have been planned. Session titles include "EFT Is Alive and Well—Or Is It?," "ATM—Planning and Playback," "Community Banks: How to Participate at a Profit," "Large Banks: Point-of-Sale Services," "Plastic Cards—Are They Here to Stay?," "Retail and Nonbank Viewpoints on EFTS" and "Advertising EFT."

On hand to take a "crystal-ball" look at the implications of a checkless/cashless society will be Paul Nadler, professor of business administration, Rutgers University, New Brunswick, N. J. Speakers from the Mid-Continent area who have been scheduled to appear are Michael E. Henesey, EFTS marketing representative, Fourth National, Wichita; Alex W. "Pete" Hart, senior vice president, First National, Chicago, and Jack W. Whittle, chairman, Whittle Group, Chicago. Conference chairman is Keith W. Hughes, vice president-retail banking, Crocker National, San Francisco.

Registration fees for the conference are \$235 for BMA members and \$335 for nonmembers. For additional program information, write Donald J. Hoss, Education Department, BMA Headquarters, 309 West Washington Street, Chicago, IL 60606.

A&P To Switch to Customer-Operated POS Terminals

First Nat'l to Take Over Continental's System in Chicago Stores

CITING THE FACT that financial transactions at electronic terminals in supermarkets have been disappointing, the A&P food chain in Chicago has opted to remove POS terminals from the courtesy counters of 52 of its Chicago stores in favor of customer-operated units.

In so doing, the stores are terminating a service supplied by Continental Illinois National over the past two years. The Continental setup was installed in the stores when they were owned by National Tea Co. The stores were purchased by A&P late last year.

The new service will be provided by First National, which will convert the system and expand it to include an additional 52 A&P stores in the Chicago

area. The changeover will take place next month.

When the changeover is made, there will be no cessation of service.

A spokesman for Continental said the bank had terminated its service agreement with A&P because customer-operated terminals would limit the range of financial transactions that could be conducted at the machines.

According to an A&P spokesman, the chain wishes to retain its own check cashing service, which it purchased from National Tea. By placing the terminals away from the courtesy desk, he said, customers banking with First National will be able to approve their own checks through the terminals and will not be obliged to wait in long

lines with customers using A&P's check OK service.

The A&P spokesman said the chain is not closing the door to future developments of full transaction electronic terminals within its stores, but merely postponing it.

When First of Chicago takes over the system, it will install data capture terminals at which customers will be able to verify their own checks. The system will use a negative file which merely verifies that a customer is known, but the system has the potential for both on-line or off-line transactions and the use of a positive file.

Eventually, the customer will be able to use Visa charge cards, successor to BankAmericard, for groceries.

Free Checking Can Be Eliminated Without Losing Valuable Customers

DURING the late '60s and early '70s, banks were getting increasingly competitive and were looking for new ways to attract business. One idea various banks across the country latched on to was free checking; that is, eliminating service charges for *all* demand-deposit customers.

As it turned out, this wasn't a good idea. Banks found that most of the customers attracted to their banks because of the free checking also were the ones with the most activity in their accounts. Thus, these accounts became extremely costly to maintain. As S. Joseph Ward, vice president and public relations director, Bank of Virginia Co., Richmond, puts it: "The accounts were not paying their way, and it was not fair to other depositors or the bank to continue this policy." Within a few years, many of the "free-checking" banks were going back to service charges.

Bank of Virginia had been offering totally free checking service for several years when, in April, 1974, it announced it was going back to service charges, beginning with the June statement period. In a letter to the bank's checking-account customers, President William T. Gordon cited recent widespread increases in all supplies, postage costs and personnel costs as reasons to re-evaluate free checking. However, he pointed out that the bank would charge \$1 per month only on those checking accounts with balances of less than \$50 during the period covered by the statement. That meant, he continued, that customers could continue to enjoy free checking services just by maintaining a minimum balance of only \$50.

Mr. Ward points out that Bank of Virginia was the first bank in its market area to take a "free" service away from a customer, but he is proud that his bank had the courage to take an obviously much-needed action. An-

By **ROSEMARY McKELVEY**
Managing Editor

nouncement of resumption of service charges was made not only in the president's letter, but also through signs in each branch. The action also was announced to all news media concurrently with the first date of statement stuffing. The action, says Mr. Ward, went well with the bank, but most competitor banks followed suit.

According to Mr. Ward, the closed accounts were monitored daily to determine what effect the action was having. He says there was a small decline in number of accounts, but the average balances increased. Also, he adds, most of the closed accounts were those that would become the most unprofitable for the banks to which they moved. The decline in number of checking accounts leveled off after about six months, and from that point, the normal increase in accounts was resumed.

Bank of Virginia today does not offer any form of free checking. Its schedule is set up on a very simple formula: When an account falls below \$50 in any month or cycle period, a \$1 service charge is added to that statement.

"We believed," says Mr. Ward, "a customer would have less difficulty in understanding the \$50 minimum as opposed to some average-balance figure, which has been customary with many banks in the past. This decision also has proved to be a good one."

Mr. Ward reports that after more than two years since the decision of the Bank of Virginia Co.'s lead bank to discontinue free checking, officers are pleased with the response and with the type of accounts now being maintained.

"We will continue to monitor the service costs required to handle a

checking account," Mr. Ward adds, "and will not hesitate to apply a fair and equitable service charge for the handling of an account."

Rhode Island Hospital Trust National of Providence was another leader in its area in discontinuing free checking. Gail Bonner, market research officer, says all six major banks in the Providence area had free checking for 11 months—from December, 1969, to November, 1970. The other institutions were quick to follow Hospital Trust's action in reinstating service charges.

It all started December 2, 1969, when the bank began advertising free checking in newspapers and over the radio. Within 72 hours, there were public announcements and/or hastily contrived ads from all major banks in the state, announcing they were dropping all balance requirements.

Two Rhode Island banks even began offering no-service-charge *business* checking. As a former officer of Hospital Trust asked in a speech at a regional meeting of the Bank Marketing Association in 1972, "Can you envision your bank handling the typical check reconciliations for several supermarkets or from a major department store without charging the customer for the service?" No-service-charge business checking lasted about four months, with the two banks restoring service charges to business accounts with some chagrin. According to the Hospital Trust spokesman, their experiment landed no substantial business accounts, attracting only a few hyper-cost-conscious corner-drugstore types and some chronic problem children, "which the rest of us passed on with sighs of relief."

Hospital Trust re-established service charges on all personal checking accounts November 16, 1970. A mass mailing was made to all such customers October 16, a month in advance, so that they would know of the bank's intention. No advertising was done, but the bank prepared a press release and, subsequently, sent an option form to each customer, with his or her next regularly scheduled statement, reinforcing the earlier notification and asking each person to tell the bank if he wanted a per-check charge plan or a minimum-balance plan. In preparing the announcement and promotional material, the bank worked closely with its

"An analysis of the accounts we lost showed, as expected, that most of the opportunists had gone elsewhere, including the out-of-state accounts attracted by the lack of service charges and no-minimum-balance requirements. Most satisfying to us was the fact that we held on to most of the new, previously untried checking-account customers, who liked the new service and had no objection to paying a reasonable price for it."

"More and more banks are looking at all of the areas of services relative to customers with an eye to instituting reasonable and fair charges for services."

ad agency for the creative input and used customer-attitude surveys (focused interviews) both before and after the fact to assess the reaction that should be expected.

What happened? There wasn't a stampede of ex-Hospital Trust customers lined up at competitors' account desks, so the other banks took similar action and restored service charges, too, pretty much on the same basis as Hospital Trust: suggesting that customers retain a minimum balance of \$100 or \$200, for which they would continue to receive no service charges, and establishing a fixed charge if and when checking-account balances fell below the level established to receive continued free checking.

"During the preceding 11-month period," Hospital Trust's spokesman told the BMA, "our ordinary share of market would have been a net increase of approximately 5,000 personal checking accounts. Because of aggressive promotion . . . we gained 8,000 accounts during this period. Of this 8,000, we lost approximately 2,000 in the three-month period that followed restoration of service charges, leaving us with a net increase of 6,000 accounts and an increased share of market.

"An analysis of the accounts we lost showed, as expected, that most of the opportunists had gone elsewhere, including the out-of-state accounts attracted by the lack of service charges and no-minimum-balance requirements. Most satisfying to us was the fact that we held on to most of the new, previously untried checking-account customers, who liked the new service and had no objection to paying a reasonable price for it."

About 50% of the bank's personal checking-account customers had—before December, 1969—been the economy "special" or low-balance/per-check-charge customers. However, given a choice of maintaining a minimum balance or paying a per-check fee on the basis of check volume, 80% opted for the minimum-balance plan.

There were a few letters of complaint, particularly from area freshman college students, who had established no-service-charge checking accounts in September and found themselves, in a month's time, informed to the contrary (abruptly, in their opinion). They complained bitterly about being "sucked into" a "free" service for which they

subsequently were charged. However, Hospital Trust had nowhere near the number of complaints it expected.

Fidelity Bank, Philadelphia, instituted free checking in December, 1974, and stopped it in April, 1976. According to Paul J. Levine, vice president, there were two schools of thought: 1. It would increase deposits. 2. It would increase servicing costs. The latter happened, without an accompanying rise in dollar amounts. As other banks found, the type of accounts attracted to free checking at Fidelity Bank were high activity with low average balances. A lot of so-called "convenience" accounts were opened. A wife or husband would open a second account when the spouse already had one. Thus, the number of checking accounts went up, but average balances were minimal.

Fidelity, realizing the inevitable, decided to drop free checking and was the first major bank in the city to do so. In February, 1976, the bank informed checking-account customers of the decision in a mailing that went along with their statements. The announcement was a candid letter from the CEO citing a loss of service-charge revenue accompanied by a boost in servicing costs. Before mailing the statement-stuffer announcements, the bank held a televised news conference in its main office to make the announcement. In addition, it sent press releases to all newspapers, large, small, daily, weekly, etc., in its market area.

Initially, says Mr. Levine, the bank lost business. However, eight months later—in December, 1976—net declines in number of accounts was only 2%, and there was a dollar increase of 8%. In the last three months of 1976, the number of accounts started to go up again. This past February, the bank readjusted its service charges upward and again mailed notices with statements. The reason: Fidelity has 82 branches in seven counties, and so the cost of maintaining the check-processing function continues to increase.

Mr. Levine believes some people have the idea that the banks are using their money, and so that should be enough recompense. To counter this attitude, Mr. Levine suggests that banks first of all, of course, keep their service charges reasonable and then explain to the public the need for them and the problems a bank has with check-

ing accounts. He also suggests that banks tell how a checking account is a valuable and convenient service for bank customers, but that a bank has significant costs in maintaining it.

Pittsburgh's Equibank introduced free checking with no minimum balance in May, 1972. However, because of increases in labor, operations and postage costs, the bank reinstated service charges in April, 1976. Personal checking accounts still are free if their holders maintain a balance of \$50 or more. There's a \$2-per-month service charge on accounts where the balance falls below \$50 during the month.

There are three exceptions to the minimum-balance rule: No service charge is applied to accounts of customers 62 or older who receive social security; customers under 62 on social security who have their checks deposited directly into their checking accounts by the Treasury Department and customers who have their paychecks deposited directly into their checking accounts by their employers.

Reinstatement of service charges was announced to the general public through a press release sent to all media. There also was a letter from the bank's president—William E. Bierer—sent to each current checking-account customer. There was no direct advertising. However, as new ads and brochures on checking-account services were produced, the revision was included.

Equibank employees were given considerable background on service charges before the public announcement was made. Each contact employee received a manual describing the reasons, purposes and procedures involved in the new fee, along with suggestions on how to answer inquiries from customers. In addition, the bimonthly employee magazine carried an interview with R. W. Plumb, executive vice president, retail banking group, explaining the new policy.

About six months after Equibank reinstated service charges, Pittsburgh National, the city's second-largest bank, also did so.

All these banks went to free checking with high hopes of increasing business. They found that it mostly resulted in higher operating costs, and so they did the wise thing: They reinstated service charges without apologizing. As Mr. Plumb put it in the Equibank's employee publication interview, "More and more banks are looking at all of the areas of services relative to customers with an eye to instituting reasonable and fair charges for services. Banks are addressing the question of service and fee income as a necessity for the kinds of services they are performing for their customers." • • •

Automated Paperwork Distribution System Speeds Delivery Between Bank Departments

Is an electronic railroad needed at your bank?

AS BANKS expand into larger quarters dictated by growth, operations departments face increasingly complex problems involving mail distribution and transit of important documents.

Often, when a bank moves into a gleaming new office tower, it is consolidating a number of far-flung operations formerly housed in various office buildings in the downtown area. Consolidation into one building eliminates a good many horizontal delivery problems, but it can also create vertical delivery problems!

Two banks in the Mid-Continent area that have solved the latter type of problem are Fort Worth National and Mercantile Trust, St. Louis.

Both banks are using a distribution system called "Telelift," which consists of a network of tracks on which individual cars run in shafts hidden within walls. The system, somewhat like a model railroad, can transport mail and other relatively lightweight loads to bank departments.

According to Mosler Airmatic & Electronic Systems Division, supplier of the system, more than 200 installations have been made throughout the world in various types of buildings, including hospitals. An installation is currently being put in place in Citicorp Center, New York City.

Fort Worth National uses Telelift to move items between operations areas located beneath its parking garage and motor bank and offices in its adjacent 37-story tower building. The system dispatches and receives securities, cash, mail and supplies.

According to Richard W. McKithan, senior vice president, Telelift was chosen for the job because it was "basically an uncomplicated system that would work or could be made to work without too much effort."

He said he had checked out systems utilizing pneumatic tubes, vertical conveyors and office messengers at the time the bank's new buildings were being designed, but concluded that Telelift would increase both the speed

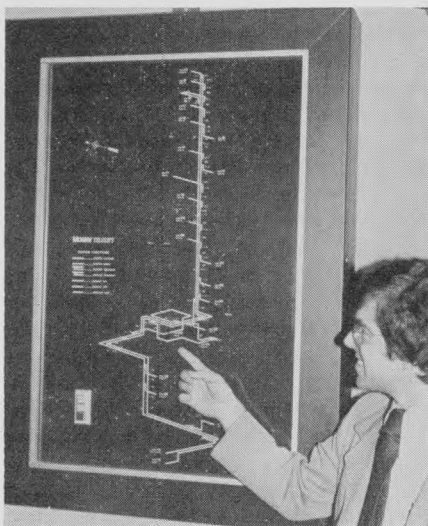
By **JIM FABIAN**
Associate Editor

and efficiency of the operation of distributing paperwork throughout the bank.

Mr. McKithan says Telelift has helped reduce the amount of cash maintained at teller stations, since additional cash can easily be called up



Bank personnel can place up to 20 pounds of paperwork in each Telelift car and send car on its way to other departments via automated delivery system supplied by Mosler.



Kurt R. Eisleben points to terminal of "Tram" automated delivery system on wall-mounted diagram of system at Mercantile Trust, St. Louis.

and dispatched safely with Telelift. Another benefit, he says, was realized in the deletion of additional vaults in the commercial loan, note and trust departments. These departments send all sensitive paperwork to the main vault area at the close of each working day via Telelift.

Don Bohannon, operations officer, says that, before Telelift, mail was delivered about once every two hours. Now it's delivered on a continuous basis throughout the day.

"In several areas we transmit large amounts of cash and negotiable securities in Telelift cars that are locked. Our security people were a little concerned at first, but I think experience has shown that Telelift can do the job just fine."

Mercantile Trust uses its Telelift system (which it has renamed "TRAM") primarily to deliver mail to departments in the Main Office and the adjacent high-rise tower building and to expedite teller-to-proof department shipments. The system delivers items to 23 stations located on 21 floors in the two connected buildings. Each station is serviced every 30 minutes during the working day.

"TRAM has proved to be an efficient, labor-saving device that will pay for its half-million-dollar cost within three years," says Kurt R. Eisleben, mailing department manager.

The system includes more than 50 self-propelled cars that run on tracks that fan out from the mail department and traverse a central shaft to serve the tower stations and move across a pedestrian bridge (hidden by a false ceiling) to reach the bank.

The cars move at about 100 feet per minute, assuring delivery from the fourth floor mail room to the 20th floor of the tower in less than three minutes. Granted, an individual can walk faster than 100 feet per minute, but no one can climb stairs or wait for and ride elevators at this speed, Mr. Eisleben says.

Capacity of each car is 20 pounds. This is equivalent to a stack of standard

computer output 12 inches thick. Solid-state switching units with "read head" capability make a central computer unnecessary, as each switch makes decisions regarding the routing of cars.

The system is paying for itself because it has eliminated the need for most messengers, accelerated delivery time and enabled the bank to centralize its word processing and copying centers, thus eliminating costly decentralized equipment, Mr. Eisleben says.

The move to the tower resulted in the bank closing two of its three former mail departments and the TRAM system made it possible to conduct regular, uninterrupted mail deliveries at regular intervals throughout the day. The TRAM also eliminated the sight of supermarket-type push carts in hallways and elevators delivering mail.

"There's little chance that a TRAM car will be delayed in making its rounds," Mr. Eisleben says. "It doesn't have to wait for an elevator, it doesn't have to learn the layouts of the various floors of the building, it doesn't stop at the water cooler and it will work any number of hours with no thought of overtime pay!"

Most floors have one TRAM station, which is serviced by personnel working on each floor. Certain departments have point-to-point authorization for

Multiple-Delivery System

First National, Chicago, utilizes three automated delivery systems.

The bank's Telelift system operates between the lower levels of the Main Bank building and floors two to 11 of an adjacent annex. The 10-station, 26-car system racks up about 2,300 car movements each month, carrying mail and other communications. All cars are routed through the distribution department.

The bank also has a conveyor vertical lift system that serves only the main building. The system averages 23,000 trips per month throughout the 34 floors housing bank offices.

A pneumatic tube system serves all banking floors of both buildings. Although large items cannot be accommodated with this system, delivery is extremely fast, averaging between one and two minutes. The tube system provides direct service between stations.

The bank uses messengers to deliver negotiable instruments.

sending material. These include the proof, bond, discount and trust security departments.

Mr. Eisleben says the TRAM system permits his department to deliver mail

to bank departments earlier than would be possible with messengers. Cars loaded with early arriving mail are sent to the various departments on a schedule timed to coincide with arrival of personnel in those departments. This enables the mail department to clear out its bins early in the day.

The system is monitored in the mail room by utilizing a 23-station schematic diagram that shows—by means of lights—the location of all cars in the system. It also transmits a report by station and zone if a failure occurs in the system. Similar to a model railroad, the system has spurs for temporary storage of excess cars. The system also has a track maintenance car—with a self-contained vacuum sweeper—that roams the network.

Mr. Eisleben says much of the system's potential remains untapped, but it is doing everything his department wants it to do. His aim is to see TRAM totally replace secretarial and clerical help being used for hand deliveries between departments.

The Telelift system can be installed in existing buildings, according to Mosler. In such cases, it usually is not hidden behind walls to cut down on installation costs. A single-track system requires a right of way of about one-and-one-half square feet. • •

BMA Slates Bank Management School For August 13-19 at U. of Wisconsin

THE BANK MARKETING Association has scheduled its 1977 Bank Management School for Marketing Managers for August 13-19 at the University of Wisconsin, Madison. The seven-day course, which is sponsored annually by the BMA in cooperation with the university, formerly was called the Graduate Course in Bank Marketing Management.

The course is designed to provide marketing managers with necessary exposure to advanced marketing topics and management concepts and practices. According to a BMA spokesman, the program assists bankers in becoming better marketing managers and better management executives.

The course's new name was designed to more adequately reflect the thrust of the curriculum, which hasn't changed dramatically since its 1973 inception. Fine tuning, however, has produced a program that is said to be more attuned to the broad-based needs of marketing managers functioning as marketers, managers and bankers.

The school's curriculum is focused

on the changing, challenging environment confronting today's bank marketing manager, the BMA spokesman notes. Courses include "The Changing Environment for Banking—Cultural and Social," with Michael H. Mescon, regents' professor of human relations and chairman, Department of Management, School of Business Administration, Georgia State University, Atlanta; "High-Profit vs. Low-Profit Banks—Applied Asset & Liability Management," with William F. Ford, vice president, Wells Fargo Bank, San Francisco; and "Management by Objectives," with Louis A. Seiberlich Jr., senior partner, Omnisystems, Milwaukee.

Other topics will be "Commercial Marketing," with Richard F. Langan, vice president, Morgan Guaranty Trust, New York City; "The Changing Environment for Banking—the Legislative Impact," with Bryan K. Koontz, executive director, Wisconsin Bankers Association; and "The Price of Bank Funds," with Harry Blythe, professor of finance, Ohio State University, Columbus.

Students will be able to participate in "BankSim," a computer bank simulation program that allows students to act as members of a senior-management team that has responsibility for the total management and success of a "bank."

Director of the BMA Bank Management School for Marketing Managers is Neil M. Ford, professor of marketing, Graduate School of Business, University of Wisconsin. Interested bank marketing managers are urged to apply for the program as soon as possible, since a limited number of places are available.

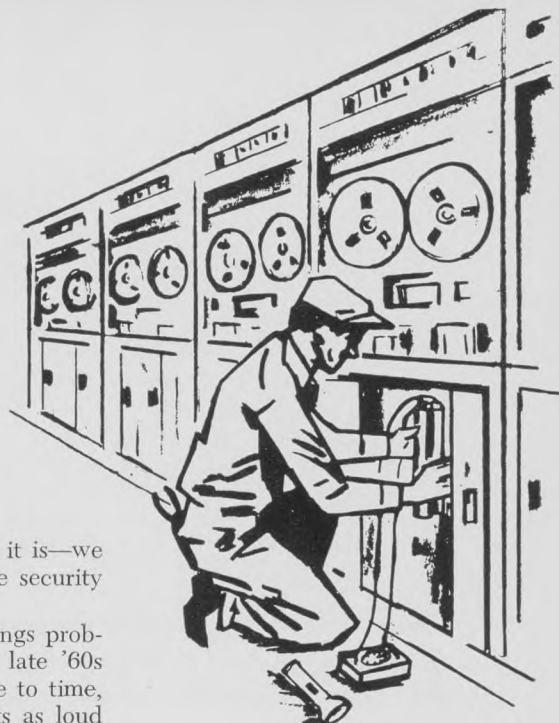
Tuition for the school is \$550 (double-occupancy room) or \$575 (single occupancy) for BMA members; \$700 or \$725 for nonmembers. For more information, write Schools Registrar, Bank Marketing Association, 309 West Washington Street, Chicago, IL 60606.

'Instant Statements'

WICHITA—Kansas State now makes "instant statements" available to its customers. Its NCR 260 printer produces a customer statement in just a few seconds. The statement shows all activity on a checking and/or savings account with final balance to the moment. According to a bank spokesman, Kansas State depositors consider this free service to be convenient and helpful.

How to Prevent Destruction Of a Bank's Data Center By Bombs, Arson, Sabotage

By CHARLES B. TEBBS
Assistant Vice President
Security/Protection Dept.
Bankers Trust Co.
New York City



DESTRUCTION of its hardware conceivably could shut down a bank. While I will be addressing myself primarily to cases of catastrophes that would put a bank's data center out of business, the methods I will describe to protect computers against such attacks also are applicable to and effective against less serious acts of intentional damage.

The purpose of this article is to have you plan for such destruction, rather than bet on the chance it won't happen, to lessen the chances of your waking up to hear that famous word of the TV ad, "Gotcha"—not in the face, but in the heart of your bank. Consider the destruction of a data center by fire as IBM said about its fire in Hawthorne, N. Y., in 1972. "A holocaust hot enough to buckle steel girders, make plastic butter out of keyboards and tape reels, reduce tons of paper to ash."

Or destruction of a data center by explosion—dead bodies, twisted steel of central processing units (CPUs), torn tapes and shattered glass.

In either case, utter havoc.

Such cases are different from other forms of sabotage—for instance, you could discover the complete inability to function because of the intentional malicious act of individuals miles away—unionized city employees having called a general strike and literally "cutting off your water."

Here, utter frustration. You are down! The consoling thoughts here are: 1. Your local competition is in the same boat, and 2. When things cool off, you can resume normal operations without replacing hardware and software.

What are the chances of a disgruntled employee, terrorist or other person attacking your facility by fire or bomb today, in 1977?

"Very slim," you say. "The Viet Nam war is over, Dow isn't making napalm, the universities aren't doing weapons studies, SDS is dead and everybody

loves banks. Oh what a relief it is—we don't have to worry about the security of our hardware."

Well, times do change. Things probably aren't as bad as in the late '60s and early '70s. But, from time to time, some of us still find the blasts as loud and the fires as hot. The old causes have been replaced by new ones. Instead of war protesters, we now have terrorist members of FALN, PLO and SOIL. They may not be after data centers per se, but these groups don't like banks and bomb them with frightening regularity. Most banks have data centers.

Let's look at some recent events: 10/26/74—Five Manhattan banks were bombed. 4/2/75—Bankers Trust headquarters on Park Avenue and other banks were bombed. 10/27/75—Continental Bank was bombed in Chicago.

There should be no doubt that terrorism is still a serious threat in some areas.

While we may consider the probability of attack by outsiders to be low, the possibility should be of concern to us—more so since arson or bombings can have a horrendous effect on our ability to function in a *timely* fashion. I'm sure that those who bombed our headquarters building would have bombed our data center given half a chance. What is the possibility of attack by outsiders in *your* area? You'll

know only if you keep your finger on the pulse of specific political, economic or social issues or local situations that might trigger severe tensions.

The risk of attack by outsiders does not concern me as much, however, as the danger presented by the insider who also may want to say "Gotcha"—disgruntled because he is being let go in a reduction-in-force program or because a fellow employee with less time, knowledge and experience got the promotion. This person has access, is vengeful and probably knows how best to put you down. He could be in any of our data centers on any given day. And if he can drop chips from the key-punch equipment into the main frame (sabotage), he can do more and can present a real threat to the protection of your hardware. With today's restrictions on employment practices, how much do we know about this particular insider who can learn how to make bombs from the underground press and our own army field manuals?

Risk analysis alone is a complicated subject. For our purposes, suffice it to

In this article, the author advises banks with computer processing centers to plan for their possible destruction by bombs, arson or sabotage, rather than bet on the chance that such catastrophes won't happen. In essence, he says:

- 1. Analyze your risks.**
 - 2. Know your employees.**
 - 3. Make data center tough to find and penetrate.**
 - 4. Review internal safeguards.**
 - 5. Before disaster strikes, identify your critical programs; know who can help, where and how soon.**
-

say that if you haven't analyzed your risks and weighed your vulnerability to natural hazards, internal breakdowns, acts of fraud and acts of destruction, you should do so without delay. If you find there's a threat by acts of destruction, what's the answer? What can you do? Of course, there's no single, simple answer because banks are of different sizes and different geographical locations. Some of us may rely on service bureaus for 100% of our data output. Some of our data centers are old, some new, some large, some small, some housed separately and some in operations centers, each with varying numbers of employees and a variety of equipment and programs. Our interests are similar, but we have different risks so our security needs will vary.

they are bondable. Check on this as quickly as possible.

B. *Security Awareness*—This essentially is a management responsibility. Make sure: 1. Employees know security requirements. 2. You check on adherence to security procedures.

C. *What do you know about the other insiders—the non-employees, vendor representatives, maintenance personnel and cleaners?* 1. Do you have backgrounds? 2. Are they supervised? 3. Are they escorted?

Probably not, and I know all the excuses. But why should we pay less attention to the "inside-outsiders" than to our own known employees? Frequently, these people work when the data staff doesn't, thereby giving them every opportunity to yell "Gotcha."

D. *How is Morale?* If your manage-

neighborhood might slowly have gone to pot. Take a look. Have undesirable neighbors moved in? Are there external threats? If you think so: 1. Again, take the sign down. 2. Brick up windows. 3. Bury your power and communication lines. 4. Reduce means of access. 5. Control access. 6. Lock and alarm access points. 7. Continually watch thy neighbor and thy neighborhood.

C. If a non-dedicated building (multi-tenant mix), do the other tenants present a danger by being controversial or because of their product or housekeeping? Are you off the beaten track within the building? Do tenants cause access problems?

D. If located in your own building, you have advantages—you can control the environment around your data center, keep the whole structure secure, fire safe and with necessary backup power and air.

If you have a choice, hide the data center and make it as inaccessible as possible. Avoid underground and first-floor locations; keep it away from outside building windows and not directly under the roof. Insulate it top and bottom and sideways with its own support groups—programmers and systems people.

At Bankers Trust, the data center (in place for two years) occupies most of five floors near the top of the new 42-floor high-rise operations center—the data center proper on 37, 38 and 39 and check processing on 34 and 35. The secured areas of these floors accommodate 253 employees and \$26 million worth of hardware. The center operates around the clock, 6½ days a week. The check-processing group alone handles 1,000,000 pieces of paper a day valued at \$2 billion to \$2½ billion. Since I am the individual primarily responsible for the security of the center, it helps also to have total security responsibility for the building itself, one of the most fire-safe towers in the world. Bankers Trust Plaza was the first building constructed under New York's rigid "Public Law 5"—the first completely sprinklered high rise in New York. There is emergency communication throughout and a system to control air flow, power flow and evacuation procedures from the mandated fire-command station. It is so fire safe, it's the only building I know of in New York permitted to keep all fire-tower doors locked from the stair side—fail-safe in the event of an emergency. It's comforting to know we have a diesel generator for certain elevators and exit lights, emergency power service consisting of six gas-fired 5,800 kw turbines on the roof, uninterrupted power service consisting of 1,658 on-line batteries, each 560 DC volts,

"If you have a choice, hide the data center and make it as inaccessible as possible. Avoid underground and first-floor locations; keep it away from outside building windows and not directly under the roof. Insulate it top and bottom and sideways with its own support groups—programmers and systems people."

As different as we are, there are some basic and practical security considerations that could measurably reduce the odds of these data centers becoming a target of catastrophic attack and allow us to recover should we, in spite of logical safeguards, become such a target. Let's take up briefly what we can do in areas of personnel practices, location, perimeter security and internal safeguards to protect our data centers.

I. *Personnel Practices:*

A. *New Employees*—There's an old saying in banking—"Know your customer." In this day of computer technology, is it any less important to know your employees—particularly the ones working in the "heart" of your bank? Data managers may be screaming at personnel for applicants with the result that proper procedures suffer. We all have an applicant fill out an application, but it's incumbent on us to know more about this employee in so critical an area. Fortunately, most banks do backgrounds on all employees (if you don't, you should)—and fingerprint them (if you don't, you should—all of them). The problem is, you won't put them to work in a teller cage until you get the results of the investigation. They might steal \$300! Likewise, you won't put them in your trust department with bearer paper or in your coin and currency departments. You ensure that in your bank they are not being put to work prematurely in your data center. If there is any question, be sure

ment thinks profits should be better, the data center manager may be asked, "What steps are you going to take to reduce your 1977 budget by 4%?" We all know the results—there are layoffs; raises and promotions cease, and innovative research programs come to a halt. Thereafter, fewer lower-paid people do more work for the same money. People are tired, make more errors and either cease to care or say between clenched teeth as they are fired, after 15 years of dedicated service, "I'll get you!" If this is happening (and you should know), don't give them a chance to say "Gotcha"—escort them out quickly and don't let them come back. Get their keys and IDs.

II. *Site or Location:*

Most of you are concerned with the security of existing data centers. Unless that data center happens to be in a stage of physical transition, I doubt, in this economy, if anything I say could possibly convince management to move merely to improve security—rightfully so. It's your service responsibility to secure what you have as best you can. When did you last take a hard look at what you have? Is it: 1. The "look what we have" glass menagerie. 2. The dedicated building or, 3. The multi-tenant mix?

A. If management is still showing off the now grown-up "baby," I suggest you take down the nursery signs, give the creature some privacy (by hanging curtains) and rip out the cart treadle.

B. If a dedicated building, your

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for the data center alone. That is real power backup—needed in our case because we won't bet our life on Con Ed. The risk of power failure was weighed and the probability found to be high.

To secure this fire-safe building we installed: a) hundreds of balanced magnetic contacts on all exterior doors and interior doors to vital areas, b) 40 card readers—for access control, c) closed-circuit TV, d) sonic alarms, e) a programmable guard tour system and, f) two-way radios, all controlled from our Diebold DGM 320 security console—the largest system of its kind in private hands when installed. All this, to back up 72 armed guards on fixed posts, doing tours or acting as response personnel.

This is the environmentally safe and secure structure in which we housed our data center. You have to be an employee or authorized and announced visitor to take an elevator to a bank-occupied floor—no thieves and, we hope, no terrorists. This outer perimeter security is the first line of defense for our data center. Of course, you may not have or need this all-inclusive protection for your building. It does show how far some of us have gone.

III. Perimeter Security and Access Control: Here, we come to basic security considerations tailored to your data center needs—your best defense against the outsider. By securing the perimeter, you protect the people, the facility, the software and the hardware.

You all know which people need to have access to the data center: data center employees, users, vendor representatives, auditors, maintenance personnel (painters, carpenters, electricians, etc.), cleaning personnel, delivery personnel, security personnel

(tours), the manager's fiancée, the high school senior class, prized bank customers and, last, but not least, visiting firemen.

This proud, outgoing manager is holding "open house"—showing his department to everyone. Tough as it may be, do yourself a favor and restrict access based on legitimate need. In addition to our 253 employees, we have a list of bank service people and vendor representatives who are allowed access. Vendor representatives, maintenance personnel, cleaners and firemen should be identified, registered and escorted. Those users who demand face-to-face contact can have it without entering. How do you keep out the unwanted?

The degree of security you need can range from a closed door operated by treadle to a receptionist alone, guard alone, electric door releases, card readers, mantraps or a combination thereof.

Regardless of the approach you take you should: a) reduce entrances to a minimum—one if possible; b) have someone check anyone who enters; c) register and escort authorized non-employees; d) equip emergency exits with crash bars—detex alarms; e) if you do not operate around the clock, be able to lock the facility, alarm the doors and afford prompt response; f) set up a desk or input-output windows for the users (our windows are at opposite ends of the floor and removed from the employee entrance. They are of bandit-barrier construction. There are speakers, deal plates, package pass-throughs and cart pass-throughs.); g) check all incoming and outgoing packages; h) have data center personnel inspect, handle and store incoming deliveries.

At Bankers Trust, we have excep-

tionally tight access security, card readers, good and bad card alarms, door controls, mantraps with interlocked doors and a comparison of I.D. photos to the employee's face.

IV. Internal Safeguards: Bob Courtney, in his capacity as computer security specialist at IBM, has listed fire as the third highest risk or threat to data centers. The fire could be caused simply by poor housekeeping or by arson!

Either way, the effects could be disastrous, and so it's incumbent on you to ensure that people are trained and that appropriate protective equipment is in place. Consider these points in light of your operation:

1. Do you have proper smoke- and fire-detection equipment?

2. Will it sound a local audible alarm and send an alarm to the fire department?

3. Are personnel trained to react to this alarm? Have they heard it? Are drills held for all personnel?

4. Do you rely on hand-carried extinguishers, or do the detection devices trigger sprinklers, a CO₂ system or Halon flooding?

If extinguishers, are they the proper type, and have personnel had experience in using them?

If sprinklers, how well advanced would the fire be before the fusible link of the sprinkler head was melted in an air-cooled environment? Maybe you have gone to a dry sprinkler system incorporating a delayed discharge of clean water through previously uncharged lines. If so, have you "keyed" your manual sprinkler controls? (to prevent that sort of sabotage)?

If CO₂, is the release timed allowing for evacuation of personnel? In concentrations needed to extinguish a fire (by displacing oxygen), it can incapacitate and kill.

Have you looked to see if Halon or Freon-1301 might now be justified for your data center? It sustains life and results in little or no damage to equipment.

5. Are you properly protecting your magnetic tapes, disks and microfilm? Are data stored in vaults made for this purpose? If not, is the library sprinklered? (Water won't damage magnetic-data-storage media. On the other hand, sustained heat—about 150° F—may distort the material.) But CO₂ or Halon allow for a speedier recovery.

So, you take a hard look and find security systems, fire systems and emergency procedures in good shape (or take action to correct any deficiencies). You are ready—oh what a relief it is!

Then in spite of your good work, disaster strikes—the event that hap-

Detroit Bank Holds Special Seminar



Thomas D. Thomson (r.), v.p. & chief economist, Detroit Bank, outlines areas he will cover during the bank's special seminar on banking, finance and economics to (l. to r.): Eugene A. Miller, s.v.p.; Donald R. Mandich, e.v.p.; and U. S. Army Col. Bruce E. Green. The seminar, held March 14, was attended by high-ranking members of the armed forces and senior federal government personnel, all of whom attend the Industrial College of the Armed Forces at Fort McNair, Washington, D. C. This was the second year those attending the college went to Detroit as part of their field studies. Col. Green is Detroit trip director for the college.

pens only to someone else. Were you really ready?

V. *Recovery Plans:*

On April 10, 1976, a fire struck First Data Corp.'s computer facility in Waltham, Mass. It started at 8:45 p.m. on Saturday and fed on combustibles on two floors below the data center. It was under control at 4 a.m. the next day. David Friesen, vice president for operations, in describing lessons learned from the fire said, "We learned that our emergency procedures and planning were fairly good—as far as they went. These plans focused on responding to the emergency situation and that, of course, is necessary. The plans were much weaker in the area of recovery from the damage caused by a major disaster." To improve the recovery plans, they asked the question, "What would be necessary to restore critical service to users in the fastest possible time?" That's a good question for all of us because our ability to recover quickly or even stay in business after such a disaster will depend on how well we planned in three main areas:

A. *Backup Tapes*—Were backup tapes vaulted at another site with sufficient frequency, and were media in the computer room protected from fire, water and soot? First Data Corp. re-

covered virtually all data from media in the computer room at the time of the fire. However, it took 10 days to complete all media cleaning, and users had to wait that time or use week-old data from the off-site tape storage. The point is—how long could your users, the bank departments, wait? If you are OK on software, look at your backup equipment.

B. *Backup Equipment:* Did you previously locate compatible backup equipment? 1. Are you small enough to be handled by a service bureau? Could it handle your critical programs? Have you identified those programs, personnel, transportation and communications to handle them? or 2. Did you develop a mutual-aid agreement with another bank or association? Has the other bank changed equipment or become too busy to accommodate you? Is the agreement spelled out as to scope of support, operating protocols, test exercises and costs? 3. Or, are you relying solely on your vendor to replace equipment? This may be OK if you are small and have to replace only a minimum of equipment. But if you are large, your acquisition of replacement equipment will depend on what the vendor has in the warehouse for shipment, in transit or just coming off the line. This will vary from day to day

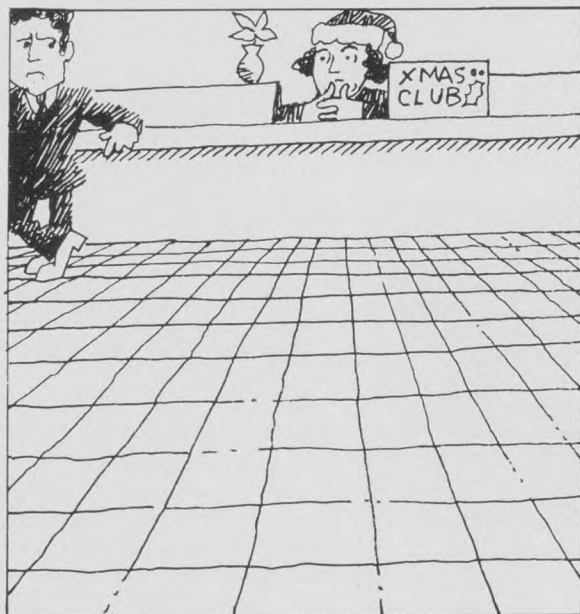
and is the only factor in this whole topic where the horseshoe and prayer might help. Your vendor knows this and tells you not to rely on him. It took IBM eight days to recover after the Hawthorne fire. There is some hope, fortunately, because today some types of non-compatible equipment can be programmed to be compatible within several days.

C. *Site:* Let's say you have the tapes and get the equipment. Where do you put it assuming your old site is unusable? Have you located an alternate site that has the power, water and air you'll need? The larger you are, the longer it will take to prepare a site.

D. *Other Considerations:* 1. Do you have the proper "all-risk" insurance, "media coverage" and "extra expense"? 2. If you figure the number of days you might be down, have you made arrangements with other banks, the Fed and clearinghouse associations for extensions on clearing checks, credit, etc.?

Summary: 1. Analyze your risks. 2. Know your employees. 3. Make the data center tough to find and penetrate. 4. Review internal safeguards. 5. Before disaster strikes, identify your critical programs; know who can help, where and how soon. • •

How much new business does your present Christmas Club generate?



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Mercantile Trust Offers ATM Service To Banks in Three-State Area

Enables banks to get in on ground floor of EFTS

IN MID-FEBRUARY, Mercantile Trust, St. Louis, announced the availability of an on-line electronic banking machine system for banks in a three-state area.

According to Jerome J. Sandweg, vice president, financial services division, Mercantile is the first bank in Missouri and one of the first in the nation to market such a system.

Mr. Sandweg says the bank is drawing on its considerable experience with its "Fingertip Banking" ATM service, which it introduced to its retail customers in St. Louis in November, 1975.

The system Mercantile is offering to banks in Missouri, Illinois and Kansas is similar to the Fingertip system, Mr. Sandweg says. Banks contracting for the system will be provided with on-premise, on-line central information files and will install Diebold automated teller machines (ATMs) in an outer wall of the bank or facility.

The system, activated by plastic debit cards, enables customers to conduct most personal banking transactions at the ATM. These transactions include deposits, withdrawals, balance inquiries and transfers of funds on a 24-hour, seven-day-a-week basis.

Individual banks using Mercantile's system would develop their own marketing trade names which would be best suited to their individual areas and tied to their advertising programs and public images.

Mr. Sandweg told MID-CONTINENT BANKER that the system is being offered to encourage greater familiarity and usage of ATMs by the public and to permit smaller banks to provide their customers with these new electronic services.

Mercantile Trust also sees the service as a way to increase its service to

By **JIM FABIAN**
Associate Editor

correspondent and other banks, Mr. Sandweg says. Mercantile presently handles data processing for more than 80 midwestern banks.

What type of bank would be best suited for an ATM system? Mr. Sandweg says it's difficult to pinpoint an ideal situation, because every bank is unique regarding the attitude of management toward electronic banking, not to mention its competitive situation. However, he adds, a \$35-million (or larger) institution in a community that supports at least one other bank or thrift would be a likely candidate for an ATM system. He adds that a bank installing an ATM should locate the unit in a high-traffic area where chances are excellent for capturing a significant share of the market. An ideal location would be in the external wall of a suburban bank facility in a new shopping center. A bank located in a downtown area could place an ATM in a facility in a fast-growing area of the community and expect the unit to do a good job in

tapping the market potential in that area.

Bankers, for the most part, are eager to offer ATM service, Mr. Sandweg says, but encounter problems in starting up their own. Mercantile's existing system eliminates most start-up dangers and provides ATM service at a cost well below what a bank would incur were it to develop its own service. Even so, the costs are significant.

Fees associated with implementing Mercantile's ATM service will vary slightly, Mr. Sandweg says, depending on the size of the bank and number of ATMs, debit cards and accounts involved. Basically, start-up fees would be about \$50,000. This includes conversion of accounts to a central information file, staff training, marketing review, file scrubbing, card manufacture, card issuance and multiple mailings.

Monthly on-going fees would be about \$2,500 and would include on-line operation of the ATM and CIF and related reports, additional debit card issuance and file maintenance.

Still other costs would involve ATM depreciation and maintenance, CRT rental and phone lines, for an estimated start-up cost of from \$15,000-\$30,000 and a monthly on-going cost of from \$1,000-\$3,000.

The system is geared to Diebold TABS ATMs, which cost about \$35,000 when used on-line. Each bank will own its own ATM.

However, Mr. Sandweg says, customers contracting for Mercantile's system can save by not "reinventing the wheel" because Mercantile has done all the spadework. By not creating its own software, the bank can save a great deal of money. And, by using the Diebold ATM, it can save time by not shopping around for equipment. Mer-



Typical Mercantile Bank "Fingertip Banking" unit. Individual banks using Mercantile's ATM system will develop individual marketing trade names for the service.

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MID-CONTINENT BANKER for April, 1977

cantile maintains the system, which means that, when a client bank is closed, Mercantile monitors the ATM and is in a position to alert the bank if it needs servicing or if a malfunction occurs.

Also, during non-banking hours, customers using the ATM have access to a phone with a direct line to Mercantile's troubleshooters. Should a customer become confused when operating the ATM, he merely picks up the phone and tells his problem to the Mercantile employee, who instructs the customer how to operate the unit properly.

A valuable part of the service, Mr. Sandweg contends, is the fact that Mercantile establishes the CIF and maintains it. The CIF portion of the system provides the following features through on-line CRTs installed in the teller area or back office of the client bank:

- On-line CIF inquiry for all customers, providing account number relationships, including look-up of account numbers based on name.

- Timely balance inquiry data for both checking and savings accounts. Transactions at the ATM or CRT terminal update balance inquiry records immediately.

- Selective holds can be placed on accounts via the terminals.

- New account information will be entered and controlled on each bank's premises.

- Master file and name and address changes will be entered daily from each bank, under local control.

The ATM provides the following services, which are the same as those offered by Mercantile to its own customers:

- Withdraw cash from checking and savings accounts, and from Master Charge (by cash advance).

- Deposit to checking and savings accounts and immediate withdrawal privileges based upon a portion of the deposit.

- Verification of account balances.

- Transfer of funds from savings to checking, checking to savings and from Master Charge to checking (by cash advance).

- Payments to various accounts, including charge card, installment loan, mortgage loan, etc.

- Messages to bank to request supplies and register changes of address.

One of the strengths of the system, according to Mr. Sandweg, is the fact that it has been standardized to permit widespread implementation of the ATM service. In planning for installation, a banker will want to be aware of these general considerations, he adds:

- Mercantile will provide debit card/ATM service, including initial and

on-going card issuance, 24-hour answering service when the bank is closed, staffing, training, marketing advice and on-line computer processing.

- This service is provided only to banks that process both DDA and savings with Mercantile. Master Charge processing is optional.

- The central information file must be installed and operational about two months before cards are issued and ATMs installed.

- Normally, automatic overdraft privileges are implemented through Mercantile's personal credit system.

- Bank personnel will have on-line balance inquiry and hold capability through CRTs located in the teller area.

- Each bank's ATMs will be reserved for the exclusive use of its customers and its own unique debit card.

- Each bank will buy and own a Diebold ATM according to specifications. Assistance will be provided to insure that the proper features are ordered on the ATM so it will interface properly with Mercantile's network.

- The normal implementation period is from six to nine months to secure equipment, create the CIF file, issue cards, design a marketing program, etc.

The Mercantile system was not offered to correspondents and other banks earlier, Mr. Sandweg says, because it appeared that the Bankmate switching system, operated by Financial Communication Services Corp., St. Louis, would become a reality. But legislative setbacks in Missouri have put Bankmate on the back burner for the time being. He says that any bank installing an ATM system now will be ahead of its competition should the Bankmate system become operational. • •

ATM Success Stories Offered In Portfolio Format

The experiences of two Mid-Continent area banks utilizing Diebold TABS automatic teller units are detailed in a portfolio of 10 ATM success stories published by Diebold.

In describing the success of the "Fingertip Banking" ATM service of Mercantile Bank, St. Louis, Charles A. Elfrank, senior vice president, says, "Our first objective was to serve our present customers, but 'Fingertip Banking' has brought us new customers, too!"

The Mercantile system, installed in November, 1975, recently chalked up its millionth transaction. Volume is now approaching 100,000 transactions a month, giving Mercantile a ranking in the upper 5% of banks in the nation in machine usage.

Mercantile uses Diebold TABS ATMs in its Main Office and in its facilities in St. Louis. Affiliate banks of Mercantile Bancorp. throughout Mis-



Free-standing ATM facility in shopping center in Enid, Okla., is used extensively by customers of First National. Photo is taken from case study of ATM operation published by Diebold, Inc.

souri are gradually being equipped to offer the service to their customers.

Mercantile is offering its ATM expertise to other banks (see adjoining article).

The other Mid-Continent area bank featured in the ATM portfolio is First National, Enid, Okla.

H. H. "Bud" Champlin, chairman, president and CEO, says, "We were most interested in being able to provide our customers with the most convenient banking possible, and, in doing so, felt that our 7/24 bank equipped with Diebold TABS was the route to take.

"I can say without any reservation it has accomplished our main purpose in providing convenient banking to our customers."

Copies of the Diebold portfolio are available from the firm, located in Canton, O. 44711.

- Frank E. McKinney Jr., chairman, American Fletcher Corp., Indianapolis, has been selected by the New York Alumni Association of Sigma Alpha Epsilon fraternity to receive the fraternity's "Highest Effort Award." This award recognizes an alumnus who has "performed a service that betters either man's condition or knowledge; demonstrated by his actions the ideals of the fraternity . . . and set an example of service to his fellowman or community for those who follow." Mr. McKinney, an alumnus of the fraternity's Indiana University chapter, was the winner in the financial field.



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Brandt's new 1702 and 1780 . . . reliable, efficient, accurate and quiet.

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The Model 1702 is Brandt's portable answer for totally economical coin wrapping. Small and lightweight, it moves easily where you need it and operates with a minimum of noise.

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Both new units are extremely simple to operate. Denomination changeover is fast and easy. And both models have large-capacity hoppers for fast loading.

Brandt's unique *modular design* is another important key to total coin wrapping productivity. This construction of the 1780 allows you to add other components and accessories as your coin wrapping needs increase. And the 1702's hinged cabinet gives quick access when service is necessary. That means less downtime.

The new Brandt Model 1702 . . . portable and economical. The new Brandt Model 1780 . . . fast and efficient. Both deliver top coin wrapping productivity.

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MID-CONTINENT BANKER for April, 1977

Success

In the real world of automatic banking, Diebold TABS makes it happen

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How about Your bank? If your attitude toward automatic banking is "let's wait and see," the success these banks have enjoyed may be constructive in helping you decide how long to wait.

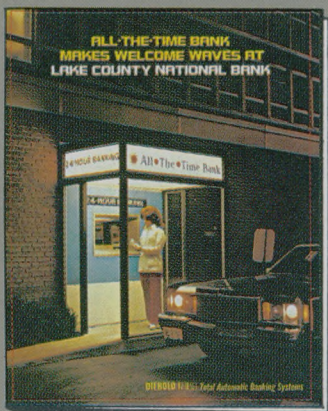
We'll be glad to send you a copy of each of these automatic banking case histories, with the understanding that what you see may make you want to wait no longer.

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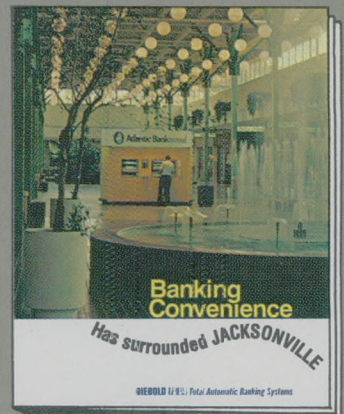
LAKE COUNTY NATIONAL BANK, Painesville, Oh.:
"Applications for automatic banking service continue to average 300 per month, and their service has been available for more than



FIRST NATIONAL BANK, Enid, Okla.:
"The equipment is paying for itself by eliminating much customer pressure for longer hours and an extended work week."



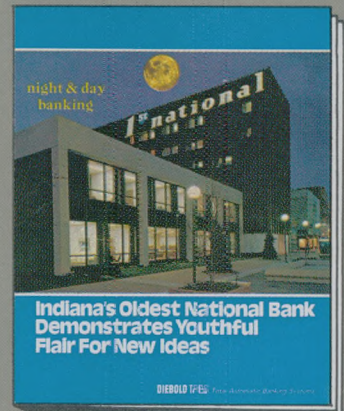
MERCANTILE BANK, St. Louis, Mo.:
"Our automatic banking traffic is running at a pro-rata level of 1,000,000 transactions per year."



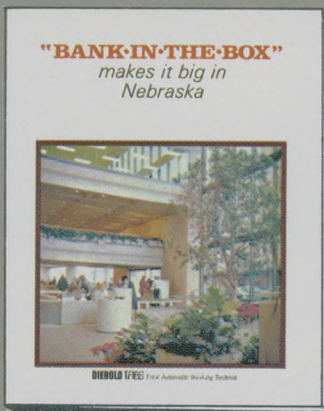
ATLANTIC BANCORPORATION, Jacksonville, Fla.:
"Our eight TABS installations are averaging 80,000 transactions per month"



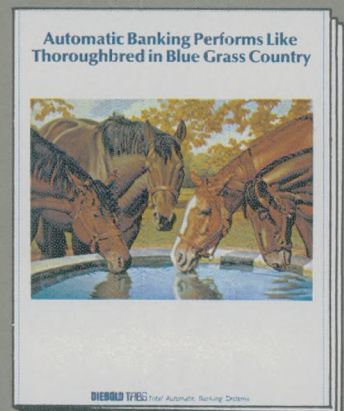
AMERICAN BANK & TRUST CO., Lansing, Mich.:
"50% of our new accounts specify automatic banking as the reason for opening the account."



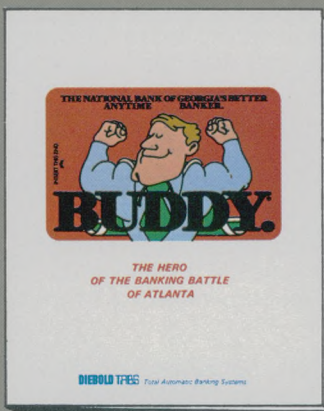
FIRST NATIONAL BANK, Richmond, Ind.:
"Our competition has a card base three times larger than ours. But our unit accounts for 49% of this area's ATM transactions."



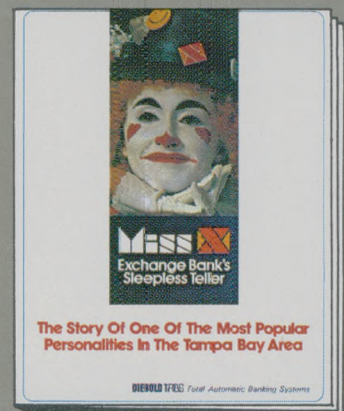
NATIONAL BANK OF COMMERCE, Lincoln, Neb.:
"Usage increases every month. The number of new accounts requesting cards is much higher than anticipated."



FIRST SECURITY & TRUST CO., Lexington, Ky.:
"For us it completely solved the Saturday banking problems."



NATIONAL BANK OF GEORGIA, Atlanta, Ga.:
"We were the last in our market to introduce automatic banking, therefore we had to be the best."



EXCHANGE BANCORPORATION, Tampa, Fla.:
"We're averaging more than 12,000 transactions per month at one installation."

Why Diebold Total Capability can mean success for your Automatic Banking Program

SYSTEM FLEXIBILITY

The keystone of TABS success is its interfacing flexibility - in terms of your customer, in terms of your operations.

Further examples of this flexibility include the TABS fully programmable video display, off-host applications, MICR transaction records, on-line interfaces, asynch or bisynch protocols, and on-line/off-line reversion modes.

In addition, the Diebold TABS interactive video display can greet your customers by name, and the system dispenses currency in any denomination. It also offers a choice of walk-up, drive-up or lobby models.

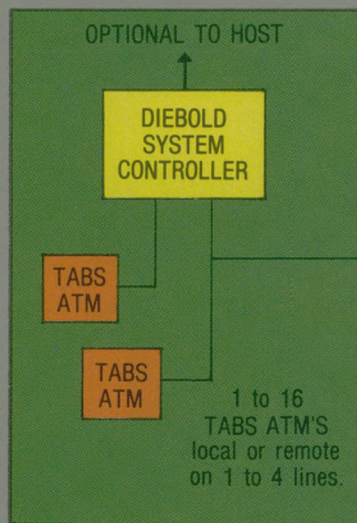


NETWORK VERSATILITY

The Diebold Terminal Control Unit provides network management for multiple TABS installations with an attractive price/performance ratio. It can operate off-host or interface with your IBM, Burroughs, NCR, or Honeywell main-frame.

Diebold provides standard system software for both the controller and TABS itself, while multiple software and hardware options are available for program tailoring.

In addition, the Diebold TCU's multidrop and local line capabilities keep leased line requirements to a minimum, and the system includes network-wide non-volatile memory.



SUPPORT COMPETENCE

Diebold has implemented statewide, countywide and citywide networks, including operating system interfaces and off-line applications. But our experience and competence extend as well to the many other factors which will assist in achieving successful automatic banking programs — ATM site selection, marketing strategies, employee training, and card design and encoding, to name a few.

We know what's required and how to help you meet those requirements by supporting your system interface, your marketing programs, and your operational considerations. Most of all, we do things your way. After all, we've been working with financial institutions like yours for well over a century.

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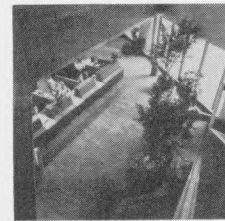
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Toronto, Ontario; Montreal, Quebec

BOATMEN'S BANK

We've Moved UPTOWN... DOWNTOWN

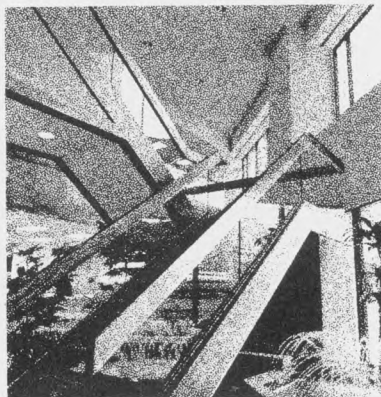
Boatmen's Bank and Trust Company of Kansas City has moved its main downtown bank into sleek, quarters in Kansas City's unique new City Center Square. The bank's two-story layout is open, airy and very contemporary. Interesting angles and an unusual, almost diagonal, interior are highlights of the Bank's new offices. Earth tones of beige, soft gold, brown and muted orange mingle together with focal points being the beautiful, green tropical plants which have been carefully placed in eye-catching areas of the Bank.

Three splashing brickworked fountains are located at the foot of the wood-and-glass modified Empire-style stairway to the second level. A panoramic view of the Bank on two levels is possible from the landing on the stairway. Open expanses of glass and visually-airy work areas supply pleasing surroundings for customers and employees alike.



BOATMEN'S BANK & TRUST CO

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Banks' Operations Can Be Helped In Many Ways by the Telephone

WITHIN A FEW WEEKS of each other, St. Louis' Mercantile Trust and Nashville's First American National announced two different new services, but each has something in common with the other: Both involve use of the telephone.

Mercantile unveiled its "Tallyphone," which is a Bell System transaction telephone. Customers holding Mercantile Fingertip Banking cards (automated teller cards) can use the device to obtain checking- or savings-account balances or Master Charge available credit on any accounts tied to their Fingertip Banking cards. When activated by one of these cards, the Tallyphone gives desired account balances through a computerized voice response.

At present, three Tallyphones are operating in Mercantile's main lobby, but additional units may be installed in other area Mercantile banks if the service proves popular with customers. In the meantime, customers of all St. Louis-area Mercantile banks and Mercantile Bank, Springfield, Mo., may use their Fingertip Banking cards in these Tallyphones. During the introduction period, bank personnel were stationed at the equipment to demonstrate how to use it.

"This is a pilot program and the first such bank installation in St. Louis," says Charles A. Elfrank, senior vice president in charge of personal banking at Mercantile. "It is designed to give rapid service to customers seeking balances. Mercantile's Fingertip Banking machines, of course, also will continue to provide balance information."

First American of Nashville introduced its "Phone-a-Loan" service, which is designed especially for people who don't have time to go to the bank during regular banking hours to apply for a loan. However, says President Kenneth L. Roberts, it's available to everyone.

Here's how Phone-a-Loan works: A person needing a loan, but with no time to go to the bank, merely calls First American from his or her home, office or even a phone booth—anywhere there's a phone. A special staff has been trained to handle these calls. Loan-application information is taken over the phone, and an applicant is called back with an answer in a matter

By **ROSEMARY McKELVEY**
Managing Editor

of hours, according to the bank. If the loan is approved, all the borrower has to do is go to the nearest First American office, sign the loan form and pick up the money.

Phone-a-Loan is in operation from 8:30 a.m.-6 p.m. Monday through Friday and from 8:30 a.m.-noon on Saturday.

Neither of these services is unique. Many other banks are offering them. However, these two particular banks were singled out in this article because they are the most recent ones to announce services tied in with the telephone. They also are good examples of how this instrument can help banks' operations and marketing efforts.

In fact, in recent years, the Bell System has developed teams of account executives who specialize in communications for banks—programs that can help banks attract new business, reduce operating costs and make telephone usage more efficient than formerly.

These account executives are trained in all facets of banking so that they know the field thoroughly. In fact, according to Clifford L. Titus, market manager-finance for Southwestern Bell in St. Louis, several of these representatives formerly were bankers.

Mercantile Bank of St. Louis' new "Tallyphone" gives account balances via computerized voice response when activated by Fingertip Banking card. Three Tallyphones are operating in bank's main lobby. Objective of this equipment is to save time of bank personnel. Customers who merely want to know their current account balances are urged to use "Tallyphone" instead of asking bank employees, who then must stop and look up requested information.



Emphasizing that the phone should not be considered an expense but an asset to and problem solver for banks, Mr. Titus describes some of Bell's "Phone Power" programs:

- They can help bankers collect overdue loan payments by showing banks' installment loan staffs how to use the phone with maximum efficiency when calling delinquent borrowers.

- They can analyze teller operations and see whether and/or where human tellers' time can be reduced with installation of teller-terminal systems.

- They can make time-, labor- and cost-saving suggestions on the handling of telephoned account inquiries. The Mercantile Tallyphone installation is one example. Another example would involve utilization of an audio-response unit, in connection with customers' touch-tone phones. This unit would be connected to a bank's computer, and a special line or lines to the unit would be added to the bank's existing phone system. Then, the numbers for the special line or lines would be advertised to the public. Persons with touch-tone phones would call those numbers and reach the voice-response unit without going through the bank's main switchboard. After calling the special number, the depositor would punch in his account number and receive the requested information without taking the time of the bank's switchboard operator or bookkeeping personnel.

Banks may protest that such a system eliminates the personal touch, but Mr. Titus believes that most people today are familiar enough with computers to accept this arrangement. In addition, they're interested in getting the information they want as quickly as possible without having to talk to perhaps two or three persons and being put on "hold" while a bank employee searches records.

Mr. Titus gives another illustration of installing a separate line to ease the load on a bank's main switchboard: A bank instituted a direct-deposit program for a hospital's payroll. This bank found that although the program reduced its lobby traffic on payday, many of the hospital's employees were tying up the bank's phone lines to inquire whether their money had been deposited and whether they could start writing checks on it. A Bell representative suggested

putting in a smaller phone system with a separate number from the bank's main number. Then, the bank began an educational program to get direct-deposit customers to use the special number when calling about their accounts and not tie up the main lines into the bank.

Installation of separate phone lines can be done on temporary or permanent bases, Mr. Titus points out. For example, if a bank is running a limited program, say, offering a certain premium for only 30 days, separate lines can be installed just for that length of time. Also, he adds, calls on those special lines can be monitored to give a bank an accurate count on the calls made on a particular promotion.

Mr. Titus emphasizes that although the various programs offered by Bell's financial division have standard elements, each bank is treated on a one-to-one basis, with the Bell representative making individual studies of each one so that he has an in-depth understanding of the business problem facing the bank. In that way, the representative can come up with a workable plan for that particular bank. The answer may lie in recommending additional or entirely new communications equipment, or it may be as simple as showing bank personnel how to use present equipment more efficiently than they had been doing. In other words, the Bell representative takes an advisory approach; he wants to become a business/communication consultant to a banker. That is, understand the banker's business problems and issues and then develop a business solution that will address those problems and issues.

EFTS. No discussion of banking today would be complete without including electronic funds transfer systems. Of course, the Bell System, a pioneer in communications, believes it can be a big help to banks in the EFTS field. In this connection, according to Mr. Titus, Bell has formed an EFTS marketing support group. Members of this group study the EFTS market from the viewpoints of the merchant and consumer on the user side and also from the bank's side in the transmission of data from the point of sale back to the data base at the bank. They then endeavor to design, develop and recommend a solution that will be workable and attractive to all parties involved.

According to Mr. Titus, Southwestern Bell, which covers five states—Arkansas, Kansas, Missouri, Oklahoma and Texas—is currently working in each of these states toward development of an EFT system that can be offered to financial institutions. Working toward the goal, Southwestern Bell is studying the current and future market needs of EFT systems which, when

completed, will form the foundation for the EFTS communication system that will be recommended as a solution.

In the POS area, Bell recommends that any banker trying to develop a POS system closely evaluate the cost-displacement values to the merchants and consumers. Frankly, says Mr. Titus, a merchant doesn't care whether a system is helpful to, or good for, a bank; he is interested in what it can do for his store.

"When you develop your overall program, it would be wise to invest a lot of time in developing specific cost saving benefits and then sit down with the decision maker in the merchant location and cover it in detail. It will prove successful in the long run," Mr. Titus advises.

Probably the best-known service provided by the Bell System is giving tips on telephone marketing; that is conducting telephone-marketing campaigns designed to attract new business. The company not only will train bank personnel on the "dos" and "don'ts" and effective use, but it will assist the banks in developing a complete marketing campaign around the use of the phone.

An example was cited by Mr. Titus: "We had one of our bankers express a desire to increase the cross-selling of additional bank services to some of his more valued customers. Since the banker did not have central information files (CIF), we set up a program to gather information manually and then statistically evaluate what additional bank services could be sold to those selected customers. This program included not only the profitable services that should be offered, but most effective use of bank personnel, times of the day to implement the program, additional follow-up programs and the usual telephone tips. The response to the program was good."

As for telephone marketing, Mr. Titus advises that, to start with, banks should choose employees who are personable, at ease, can act natural on the phone. Usually, he says, such people are found in the public relations or marketing department. In addition, he says, these employees should be knowledgeable about the customer and the bank services, particularly those they are calling about, and have the ability to overcome—in a nice way—any objections that may be voiced by those being called. On the other hand, they should know when to end a call; that is, to know when a person being called simply is not interested in what the caller is "selling." Making someone angry certainly is not an objective of these calls.

Mr. Titus suggests that a bank, when preparing a telephone-marketing campaign, alert its customers by sending

them a pre-selling package of information which indicates that the bank, within a certain length of time, will follow up by a personal call and that the bank would appreciate their taking a few minutes to talk to the bank's employees. Another suggestion to increase market share from people moving into the area is to obtain a list of the newcomers—perhaps from local real estate offices—and then mail these people material on the bank's services and tell them they will be called and asked to become the bank's customers.

According to Bell, the single fastest-growing part of any business, including banking, is communications, the flow of information. Thus, many business/banking problems really are communications problems in disguise, and Bell, as the world's largest communications company, believes it can be enormously helpful to banks by applying its expertise in communications to banks' problems. "The system is the solution" is a phrase that appears in many Bell System ads. According to Bell, it's more than a slogan; it's a basic expression of its business philosophy. • •

ABA Communications Up-to-Par, According to Nation's Bankers Answering Independent Survey

WASHINGTON, D. C.—An independent survey by Arthur Young & Co. indicates that the American Bankers Association is communicating satisfactorily with its members.

According to an ABA spokesman, the survey indicates that the membership generally is satisfied with the association's communications activities. Of the bankers interviewed, most of whom are CEOs, 94% read *Capital*, the ABA's weekly newsletter. Of those, it was found that 96% found the publication to be useful.

It was felt by 83% of the bankers that the ABA keeps them well informed on its activities in the government relations area; 79% said that the ABA's legislative positions usually reflect the opinions of their banks.

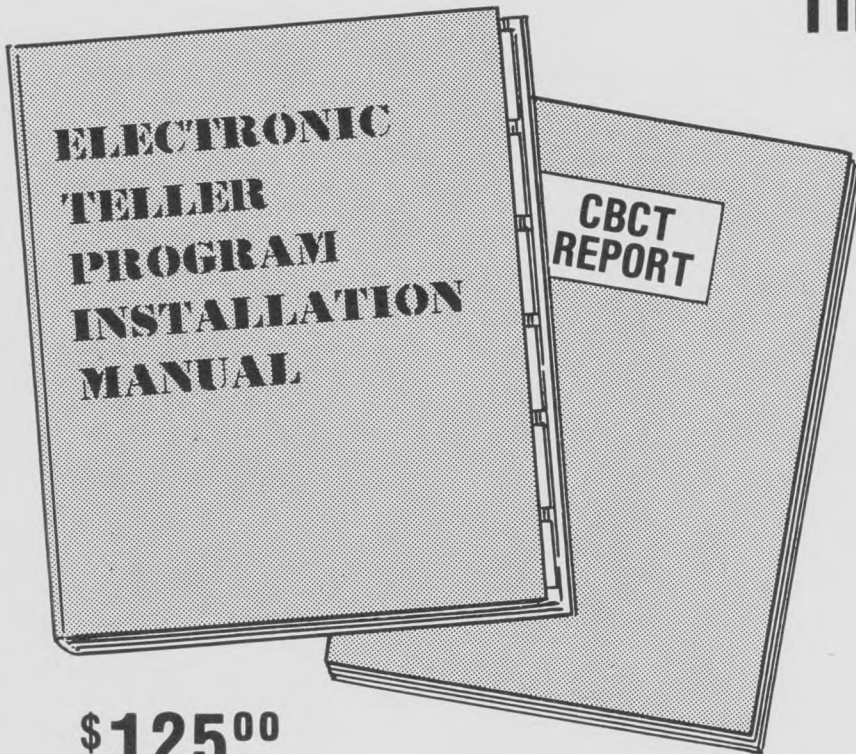
Ninety percent of the surveyed bankers read the announcements of the ABA's services; 64% said the volume of mail from the association is about right, and 63% said they had participated in ABA conferences, schools or seminars. Of that 63%, the survey showed, 85% said their objectives had been met.

The survey was conducted in late 1976 for the ABA Task Force on Banker Communications, which found that the ABA is "doing a good job of communicating with its members."

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To 'Manage' Their Future:

Banks Must Commit Themselves To Business-Planning Process

BANKING has undergone drastic change in the '60s and '70s, and if there is any element of certainty in the future course of banking, it's that greater and more rapid change will occur. Interest on demand deposits, NOW accounts, increased consumerism and increased competition by S&Ls and credit unions in traditional bank products and services are just some of the major areas of uncertainty that need to be addressed and prepared for.

If change, regardless of its scope, is the only element of the future that we're willing to predict as being inevitable, then how do we, as managers, deal with this phenomenon of change? More and more, the survival of a company as well as its long-term profitability is becoming directly linked to its ability to deal with and manage change. Change, in this context, is not all bad or all good. It is merely inevitable as well as essential.

Companies that have met the challenge of change successfully have done so by linking all the primary functions of a business, such as research and development, purchasing, production, packaging, pricing, distribution, marketing, etc., to a comprehensive business-planning process.

There are two subtle, but critical, points that should be made here. First of all, the banking industry too often views itself as something other than a

By **GERARD J. ROTHLEIN JR.**
And
DAVID L. YORK
**First National Bank
& Trust Co.**
Tulsa

business, but quite simply a bank *is* a business. No, it doesn't produce and sell widgets, but it does have a vital product, money, that all industries must have, even the widget maker, if we want our free market economy to function.

As banks begin to think of themselves as having the basic components of a classical business enterprise, a more accurate portrayal of the true business dynamics of the industry come into view. This perspective will allow our industry to deal more effectively with the future.

The second key word when discussing business planning is the recognition that planning is a management process as opposed to some empirical exercise. If banks are businesses, then, it follows, that bankers need to be managers who utilize the basic tools available to enhance their effectiveness. Business planning is such a tool.

How do we as bankers (managers) begin establishing an effective business-planning process? What follows will be an attempt to aid the reader in

understanding more of the logic, structure and requirements in building a new or refining an existing planning process.

It's somewhat ironic that the commercial-banking industry has been one of the last major industries to adopt business planning as an integral part of its overall management process. For years, bankers have served as financial/managerial advisers to many of their customers. Bankers have handed out this advice without an established track record of their own in the critical management activity of business planning. As was said earlier in this article, the banking community is facing change at an ever-increasing rate. In the last decade, a growing number of bankers also have embraced the planning process as the basic management tool to aid in anticipating and managing the future as opposed to merely reacting to what the future might bring.

For any business-planning system to succeed, regardless of the industry, the visible and responsive commitment of executive management is a prerequisite. For many small and medium-size banks, "executive management" translates into the chairman of the board, the CEO, the president or some combination. On the surface, making a commitment to a business-planning process appears easy. Experience has shown, though, that responsibilities sur-



GERARD J. ROTHLEIN JR. (r.) joined First of Tulsa's trust department in 1972, was elected trust investment officer in 1973 and vice president in 1974. He recently assumed responsibility for the bank's planning function. Mr. Rothlein won the 1976 Chairman's Award for outstanding leadership in asset management and funding. He holds a bachelor of science degree in marketing from St. Peter's College in New Jersey and a juris doctorate from the University of Tulsa College of Law.

DAVID L. YORK (l.) went to First of Tulsa's planning department in 1973, was elected planning officer in 1974, corporate planning director in 1975 and recently became assistant vice president with responsibilities in commercial banking. Mr. York has a bachelor of arts degree in economics from Knox College, Galesburg, Ill., and a master of business administration degree from Washington University, St. Louis.



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rounding the CEO's commitment are, oftentimes, the most difficult and frustrating he or she has to assume. What alternatives are open to the CEO at this point? Actually, there are only two meaningful courses of action. The CEO and his board can simply allow the forces of change within and outside of the industry to shape the future direction and performance of the bank. The second decision that executive management can make is to adopt, develop and implement a formalized business-planning process.

Let's assume a bank's executive management elects to make the formal commitment necessary to establish a planning process. What are the steps required to take in establishing this management process? We have outlined below a general approach to developing the infrastructure necessary to sustain an effective planning process.

Before proceeding with the general design of a planning process, it must be understood that each organization's approach to this management activity will be different. The process has to be tailored to the unique management style, the markets served, the external operating environment, etc., of the bank. Secondly, there are no "cook-book" approaches to sound business planning, but there are several basic concepts and tools of planning that have general applicability to all who plan. By formulating responses to the questions posed below, a bank can be well on its way toward implementing an effective business-planning process.

I. *What is our business?/What is our mission?*

Although the answer to this question may seem obvious, the changes that have impacted the banking industry in recent years have resulted in an identity crisis for many banks. Are we financial supermarkets? Do we cater just to the wholesale customer, the retail customer or some combination? Where are our markets—global, national, regional, local, etc.? It is executive management's first responsibility in the planning process to answer and document these types of questions.

II. *Where are we now?*

In answering this question, management is seeking a reference point so that the bank can consider logically and realistically where it wants to be sometime in the future. Listed below is an outline of a well-defined reference point:

- a. A comparative financial assessment of the bank's performance vs. competition (other banks, S&Ls, credit unions, etc.)
- b. National, regional and local economic factors.

“. . . Typically, initial planning efforts consider only a 12-month horizon. This type of planning is termed operational planning. As your process matures, the planning horizon should be pushed out to the three- to five-year range depending on your comfort factor.”

- c. Federal and state legislative or regulatory developments.
- d. Market share trends vs. the competition.
- e. Strengths and weaknesses of the bank.

III. *Where are we going?*

The answer to this question implies that a reference point has been developed. Management now can analyze where the natural momentum of the bank will carry the organization assuming no action is taken to react to the external and internal developments that are constantly impacting the bank. At this point, the bank's management is able to see a gap developing between what has happened to the bank and what is happening to it now, assuming no changes are made. What action does management take if it does not desire to be carried forward into the future by the bank's own inertia? We must answer the next question.

IV. *Where do we want to go as an organization?*

This is the objective and/or goal-development stage designed to close the gap between what has transpired and what you want to happen. Preferably, these goals or objectives are quantifiable so that management can monitor their achievement or lack thereof.

V. *How do we get there?*

Objectives cannot stand alone as they must be supported by strategies that will lead to accomplishment of the previously developed objectives. Strategy development is at the heart of an effective plan since it provides the framework by which management allocates the resources of the firm (money, manpower, machines and methods).

VI. *Who will be responsible for accomplishing the desired results? What specific resources will be required and over what time frame? What are the costs?*

All three of these questions are the tactical short-range decisions that the bank's management must address to

ensure successful execution of previously developed strategies.

As previously stated, development and implementation of a planning process are unique to each organization. Our own experience at First of Tulsa is highlighted below to provide the reader with a "real-world" example.

One problem you will confront at the outset is the length of the planning horizon. Typically, initial planning efforts consider only a 12-month horizon. This type of planning is termed *operational planning*. As your process matures, the planning horizon should be pushed out to the three- to five-year range depending on your comfort factor. In the planning jargon, we refer to this more sophisticated process as strategic planning. As you read the next section, you will see how we addressed the horizon problem.

At First Tulsa Bancorp., we began our planning process in 1972 with the appointment of a planning committee made up of a representative group of the organization's managers, who held a series of meetings to deal with the future of the organization. Participants and members of this committee prepared lists of suggestions and ideas regarding their areas of responsibility as well as the organization's future needs and directions. Little definitive action took place as a result of these meetings. However, the initial framework, documentation and thought process were created for future planning efforts. This framework made people in the organization begin to recognize, discuss and assess their individual and collective problems. We began to respect the future and what it might hold for our bank.

By January, 1973, an organizational unit was established, termed planning and research reporting to executive management. Staffed with three people, this group began laying the foundation for a more formalized and documented approach to the planning needs of this organization. The initial focus of this area's work centered on the operational planning issues that faced managers in the coming year. Each area documented their primary functions and activities. They began to describe "what they thought they did." The planning cycle of 1974 stressed what planning is, who does it, how it works and how participants benefited. We continued to build on the framework and experience gained in the previous cycle.

In the 1975 planning cycle, we built in a subtle, but critical, point of departure from the 1974 effort. We attempted to speak to our corporate mission for the first time and established

several key corporate objectives. The focus still centered around the operational-planning level. The organization was still acquiring the mechanics and experience necessary to sophisticate the process further.

In 1976, we embarked on our first true strategic planning process. At the outset, we prepared a comprehensive report that aided in establishing a reference point for the bank relative to our financial performance, our competition, our market-share statistics, regulatory/legislative issues and economic trends. The process was designed to continue the reenforcement of our corporate missions and objectives. Through meetings with key managers and executive management, we developed a list of "strategic issues." We defined a strategic issue to mean an issue that confronted our organization with such magnitude that it required specific resource allocations as well as executive, divisional and operational management's understanding, commitment and follow through. Additionally, a strategic issue normally had a planning horizon of greater than one year. Sixteen strategic issues eventually were approved by executive management and addressed by the organization. These 16 strategic issues became the focal point of our efforts in 1976, and positive results were attained.

In 1977, we're attempting a further refinement and complexity whereby we are now asking key managers to prepare strategic plans and set objectives, goals and action plans for their areas of responsibility for an 18-month horizon. This planning effort will address where are we now, where do we want to be 18 months from now, how do we get there and what specific resources will be required and at what cost. This year's process will focus at the divisional level where development of its plans will link back directly to achievement of the corporate goals and objectives set by executive management. ••

First Nat'l, Ft. Worth, Sponsors Civic Film As Part of Centennial

FORT WORTH—First National is observing its centennial this spring. However, instead of receiving birthday gifts, the bank is giving one to its city—a motion-picture portrait of Fort Worth narrated by actor James Stewart.

The 15-minute color film, "Fort Worth: The Unexpected City," will be seen first by the public at the Mayfest on the banks of the Trinity River. Then, prints will be available for use by clubs, civic institutions, the Fort Worth

Chamber of Commerce and individual firms, the city (to which the film will be officially presented), the Tarrant County Convention and Visitors Bureau and other groups.

The bank's sponsorship will be reflected only in a single credit line at the film's end. It's being produced by Witherspoon & Associates and directed by Jane Schlansker & Co., both of Fort Worth.

Although Mr. Stewart is not seen on camera, his distinctive voice provides the central viewpoint linking the comments of five Fort Worth residents of varied backgrounds, expressing their strongly held feelings about the city and why they chose to live and work there. Mr. Stewart himself has close business and personal ties to Fort Worth.

Other facets of the centennial observance include a spring encore of last fall's popular "A Little Noon Music" series on the plaza in front of the bank building, making available a portfolio of historical photos of the city, a photography competition, a display of paintings of historical buildings and mementos of the centennial.

First National opened April 23, 1877, under the direction of Captain Martin B. Loyd, who had served with the Confederate Cavalry in Texas during the Civil War. According to First National,

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it received the first national bank charter to be used in Fort Worth and the ninth in the state. At the close of the first day's business, deposits totaled \$72,000. At year-end 1976, the bank's deposits had reached \$751.9 million.

• **Two Mid-Continent-area** bankers are among U. S. delegates to the ABA's 30th International Banking Summer School, which will be held June 5-18 in Ronneby Brunn, Sweden. They are both from Chicago—William B. Nurre, vice president, Harris Trust; and Carl Brott Ritzel, international banking officer, Continental Illinois National.

Assembly for Bank Directors Scheduled for May 12-15 To Examine 'Dos & Don'ts'

PALM BEACH, FLA.—The Foundation of the Southwestern Graduate School of Banking, Southern Methodist University, Dallas, and the Florida Bankers Association will cosponsor the 28th Assembly for Bank Directors May 12-15 at the Breakers, here.

Leading the program's discussion topics will be "Dos and Don'ts for Bank Directors," "What We Learned From 1974-76" and "What a Director Should Expect From Management," while panels will examine topics such as marketing and director/management relations, trust business and the HC—developments and administration, and the outlook for bank legislation and regulation.

A special spouses' program also has been planned.

According to Assembly co-directors Charles Rice, president and CEO, Barnett Banks of Florida, Inc., Jacksonville, and Philip F. Searle, chairman and CEO, Flagship Banks, Inc., Miami Beach, an innovation for the 28th Assembly will be special-interest sessions on tax reform, communications and adjustments in the middle years.

Among the speakers slated for the event are Fed Governor Philip E. Coldwell, Washington, D. C.; George A. LeMaistre, FDIC director, Washington, D. C.; Eugene L. Swearingen, chairman and CEO, Bank of Oklahoma, Tulsa, and Gerald M. Lowrie, ABA executive director of government relations.

Registration for the 28th Assembly is underway. Registration fee is \$300 for directors and \$100 for spouses. For more information, write Dr. Richard B. Johnson, President, Foundation of the Southwestern Graduate School of Banking, SMU Box 214, Dallas, TX 75275.

MID-CONTINENT BANKER for April, 1977

Do you ever get the feeling New York's closing in on you?

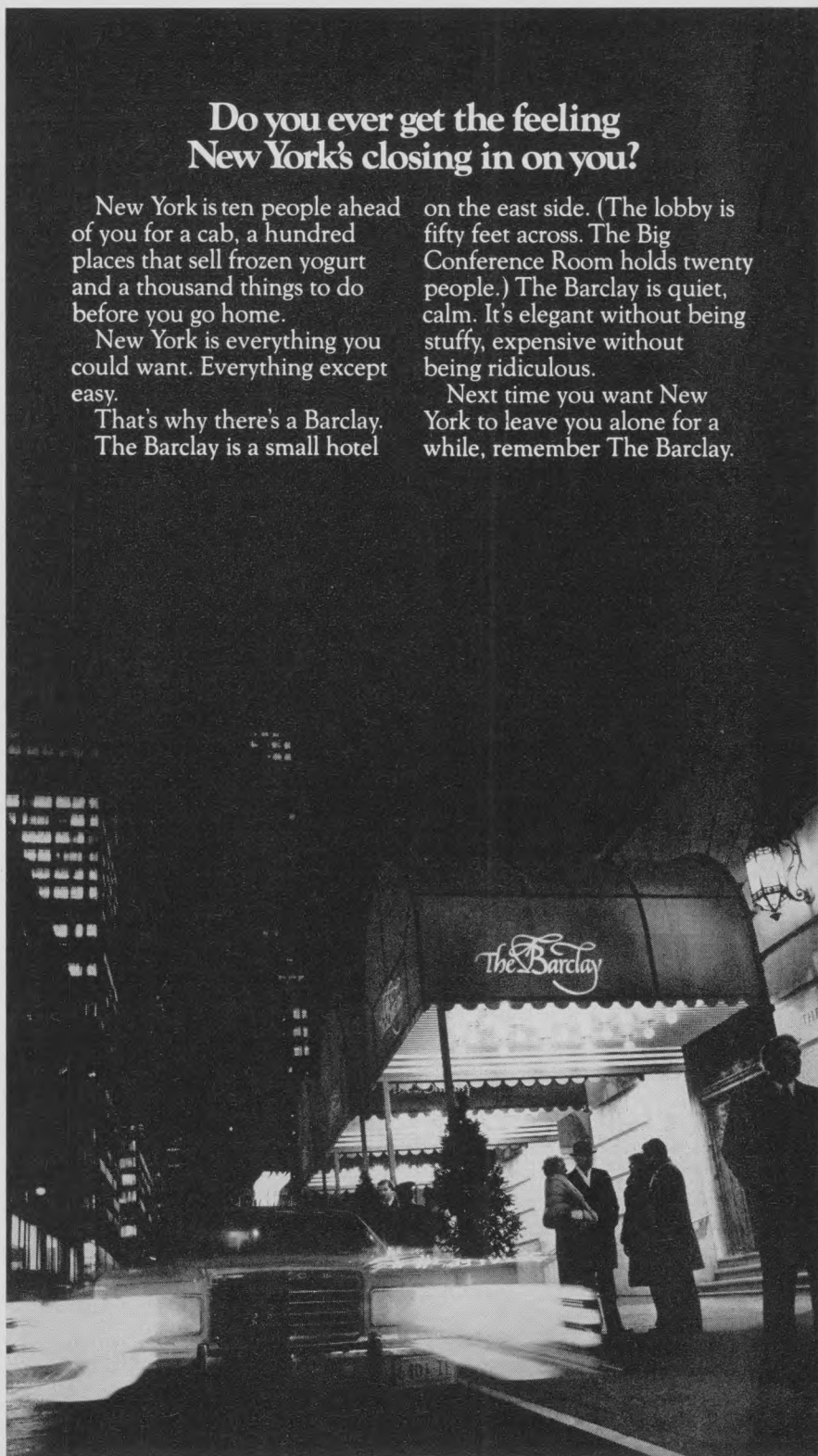
New York is ten people ahead of you for a cab, a hundred places that sell frozen yogurt and a thousand things to do before you go home.

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Equipment Supplier Helps Bank Prepare for EFT Age

ANYONE involved in the design and construction of a new bank in the EFT age knows the importance of working closely with an equipment supplier.

A case in point is Bank of Oklahoma, Tulsa, major tenant in the recently opened 52-story Bank of Oklahoma Tower, said to be the tallest building in the state. The tower is a demonstration that persistence and a determination to provide quality banking services to a maximum number of people can make a reality out of an idea whose time has come.

The tower is built around a flexible system that positions the bank for the age of EFT that lies ahead.

Flexibility was the key for Mosler, the firm that supplied much of the equipment in Bank of Oklahoma Tower. Flexibility was necessary in order to help the bank design and construct the facility.

While the tower was under construction, Bank of Oklahoma opened a customer bank communications terminal (CBCT) at Resource Sciences Corp., a Tulsa-based energy and engineering firm employing 750 people located 10 miles from the bank's headquarters. Another CBCT was opened in the lobby of the bank headquarters during construction of the tower (the former headquarters is now a facility).

At that time, Oklahoma was one of a few states retaining pure unit banking. Banking laws prohibited any branch facility except a drive-in located within 1,000 feet of the headquarters. Clearly, the CBCT at Resource Sciences raised some legal questions.

Leonard J. Eaton, bank president, explained the action this way: "This bank wants a leadership role in doing what state and national banks have been reluctant to do before—remaining competitive with other financial institutions so that we serve our present customers better and attract new ones."

Mr. Eaton pointed to three factors influencing the bank's decision.

- Oklahoma unit banking laws originally were put on the books to protect farmers. The idea was to make sure that financing was available in rural areas and that city banks, through branches, didn't drain funds from agricultural areas to benefit manufacturers.

- An S&L already had opened a re-

mote electronic terminal similar to the service Bank of Oklahoma had placed at Resource Science.

- The Hinky Dinky situation in Lincoln, Neb., establishing a POS service in a supermarket, had been declared legal.

Bank of Oklahoma's CBCTs conformed to state law by not offering deposit service. The point was made that anyone could make a deposit at a mailbox, but couldn't at an ATM.

In December, 1975, a judge ruled that the Resource Sciences installation was not a branch and could legally take deposits in addition to permitting customers to obtain cash, pay bills and do all the things other ATM installations permitted. This cleared the way for Mosler to continue working with the bank to prepare for the EFT revolution.

Less than a month before the tower opened, the U. S. Supreme Court refused to review three lower court decisions that ruled that CBCTs were branches subject to state branching laws. This left lower court decisions in force, which meant, in Oklahoma, at least, that CBCTs were not restricted by state banking statutes, since they

had been ruled as not being branches.

Last January, Bank of Oklahoma installed two ATMs in the huge lobby of its tower. These are in addition to three through-the-wall installations. Another ATM is in operation in the nearby facility.

This new generation of transaction terminals provides special features for a multi-terminal network. Each terminal has limited, self-contained intelligence. Operating programs are down-line loaded from the controller, giving each terminal in the network control over its own subsystems.

One controller can operate up to six terminals. There are no distance restrictions between remote terminals and the controller. The controller uses a DEC PDP-11 mini-computer with an 8-K memory. An additional 64K of memory is generated through a virtual storage operating system developed by Mosler systems designers, making a total of 72K of memory available to each six-terminal network.

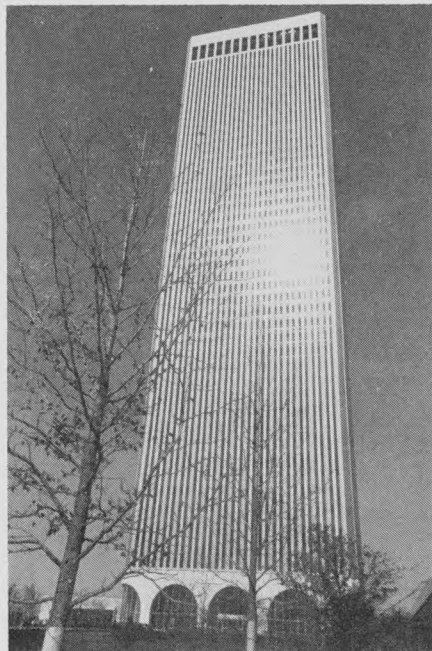
The system has the capacity to maintain a 5,000 account discretionary file. Eleven more ATMs are on order, along with two controllers to supplement the present two. This will give the bank widespread reach to accommodate more customers.

The bank reports that it has 40,000 Master Charge cardholders and anticipates installation of new ATMs to meet demand. There are more than 800 persons employing TransFund debit cards at Resource Sciences and an average of 7,500 transactions take place monthly.

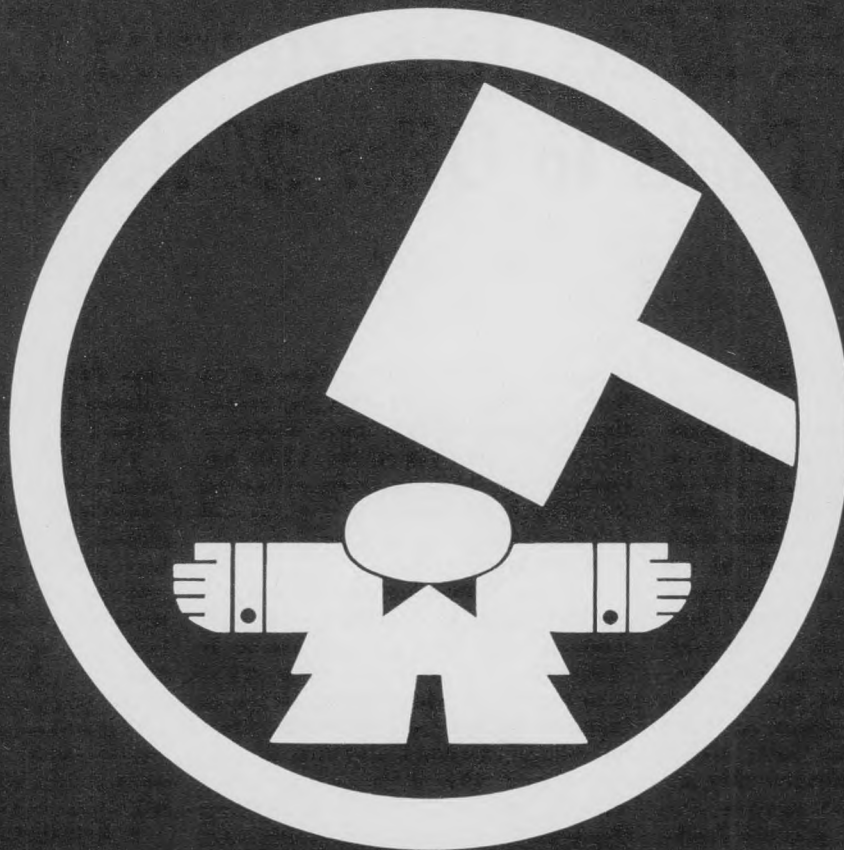
Other Mosler equipment in the bank includes a pneumatic tube system, two 10-inch electric vault doors and a proprietary alarm system that surveys the bank's headquarters.

Computerized cameras guard strategic areas throughout the bank. Irregularities are recorded on video tape or film. Coded identification cards permit employees to have entry to restricted areas and regulate access to all areas after office hours.

According to John Davis, marketing director for the bank, "the willingness of Mosler specialists in various fields to work with us to prepare for all eventualities has been instrumental in gaining a position of leadership for the bank in EFT." • •



52-story Bank of Oklahoma Tower is centerpiece of Williams Center, major urban renewal program in Tulsa.



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Electronic Tellers Take Pressure Off Staff, Enable Banks to Offer 24-Hour Service

EACH DAY sees the installation of more automatic teller machines (ATMs) in banks across the nation. These machines are being used to extend banking service hours, to provide banking service in off-premise locations, to reduce pressure on bank staffs and—perhaps most important—to enable banks to sign up new customers.

ATMs have been in service long enough for their owners to establish track records of their performance. MID-CONTINENT BANKER has asked a number of banks to report on their ATMs—how many they have, where they are located, how effective they are in promoting the bank's services, etc. Capsule reports from selected banks follow:

- **Central Trust, Cincinnati**, has 16 Mosler ATMs in service, with more on order. Twelve of the units are mounted on walls of branches and the Main Office, one is in a drive-in, two are in supermarkets and one is in an industrial plant. Volume per month on these machines averages 70,000 and 70% of the transactions occur on weekends. All on-

premise machines are operational 24 hours per day, seven days per week; those off-premise are open whenever the site is open. Use of the ATMs has enabled the bank to avoid extending its lobby hours and a staff is on call 128 hours per week to respond to problems and insure uptime.

- **First National, Atlanta**, has 21 Docutel units in operation with two more on order. The units are known as "Tillie the Alltime Teller." One ATM is in the bank's Main Office, 16 are in branches and four are off-premise (two on college campuses and two in grocery stores). One of the units on order will be installed in an office building this year. Transactions per month average 175,000, which breaks down to an average of between 2,200 and 2,300 transactions per week per machine—said to be the highest transaction volume in the United States. Weekends see the highest volume and busiest hours are from noon to 2 p.m. and from 4 to 7 p.m. Approximately 35% of the transactions take place during regular banking hours. All units are

open 24 hours a day, except for a daily balancing which takes place between 2 and 2:30 p.m.

The ATMs have proved their usefulness by enabling transactions to be transferred from live tellers to machines; by offering 24-hour and location convenience; by eliminating the cost of brick-and-mortar expansions; by reducing personnel expenses and staff increases; by offering the consumer the ability to check his account balances, which takes some of the load off tellers and platform personnel; and by offering consumer loan/charge card payment ability, which also helps eliminate teller transaction time.

- **Kellogg-Citizens National, Green Bay, Wis.**, operates 10 Mosler ATMs and has six more on order. One unit is in the lobby of the Main Office, three are available round the clock in banking offices and six are in retail stores (two are through-the-wall installations). Sixty-five percent of the transactions are recorded on weekends and after banking hours. Five of the units are operational around the clock and the other five are open daily during hours established by retail stores in which they are located. Concrete results from the ATMs include increased accounts and the ability to provide retail banking services in areas where branching would be prohibited. There has been some difficulty getting customers to use the units for the first time, which is being overcome by educational advertising and by giving demonstrations of how the units work to each customer signing up for a debit card.

- **Commerce Bank, Topeka, Kan.**, has five Diebold ATMs in service. One unit is located at the Main Office and another is at a detached branch. Recent installations were made at a grocery store, a shopping center and a hospital. The two on-premise machines average 10,000 transactions per month; the three other units have not been in service long enough to establish a track record. Evenings and weekends see the most transactions and the units are operational around the clock. All the units



Customers make use of "Tillie" through-the-wall ATM at First Nat'l, Atlanta. Bank's more than 2,200 transactions per week for its 21 ATMs is said to be highest transaction volume in U. S.

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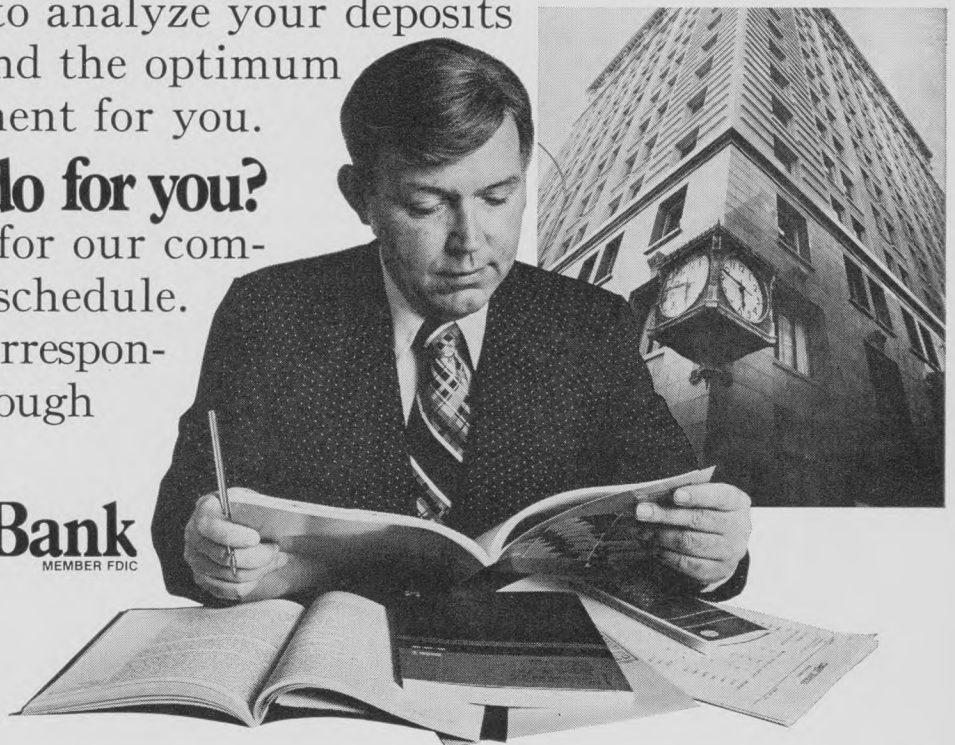
the ability to analyze your deposits and can recommend the optimum clearing arrangement for you.

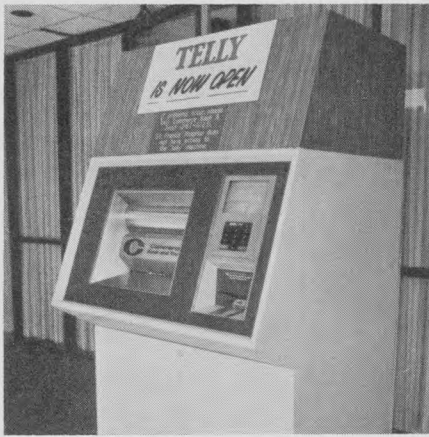
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Commerce Bank, Topeka, Kan., recently installed this ATM in a local hospital lobby. It's one of five units working for the bank.

are on-line directly into the bank's on-premise data processing center. The system is flexible and can accommodate other banks on a shared basis. The system is supported by a CIF, an in-house card issuing facility and an on-line internal teller machine system that can be utilized in a POS environment outside the bank. The units are enabling the bank to maintain steady customer growth. Debit cards are issued to customers on a request basis and all customers are asked to use their cards before leaving the bank to make sure

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the cards are properly encoded and to make sure customers know how to use the ATMs.

- **First National, Dallas**, has two Docutel ATMs, both wall-mounted at the Main Office. Average number of transactions per month is 2,500 and the majority of transactions are made on weekends or late on Fridays and early on Saturdays. The units are operational around the clock, which is one of the principal reasons the bank installed them.

- **First National, Jackson, Miss.**, operates five Docutel machines. Four units are wall-mounted in branches and the fifth is free-standing in a grocery store. Busiest times are weekends and evenings and the units are operated on a 24-hour basis. An after-hours service team is on call to reduce downtime.

- **Boulevard State, Wichita, Kan.**, has one Mosler ATM, located in a branch. The unit chalks up about 2,500 transactions per month and business is heaviest on weekends between 1 and 8 p.m. Primary advantage of the service is to enable customers to conduct most banking transactions on a 24-hour basis.

- **First National, Louisville**, has 18 Mosler ATMs in operation with two more on order. All the units are on-premise at the Main Office, branches and drive-ins. Weekends record the most transactions and all units but one are operational 24 hours a day. The ATMs have proved their usefulness in cross selling, taking checks out of the system and relieving pressure on tellers. Drawbacks of the units include downtime, capturing cards, customer education and servicing expense. These were overcome by loosening the card capture criterion, revising service contracts, training a service staff and conducting systemwide demonstrations of how to use the machines.

- **First National, Oklahoma City**, has one IBM unit in operation, located in the Main Office. The unit serviced 2,500 customers during its first month, is operated on a 24-hour basis and sees the most use on Thursdays and Fridays between 10 a.m. and 1 p.m. and 2:30 to 4:30 p.m.

Worthen Bank, Little Rock, has eight ATMs in seven locations. Five of the machines were made by Docutel and three are from Diebold. Six of the units are through-the-wall and two are free standing. The machines are located in the Main Office and at branches, one of which is at the Little Rock Municipal Airport. Saturday is the busiest day for ATM transactions, especially from 10 a.m.-2 p.m. and 5-8 p.m. Usage is also heavy prior to the opening of branches on weekdays. Six of the units operate around the clock, the airport

installation operates during airport hours (6 a.m.-11 p.m.) and one unit in the Main Office is available only during the day when the lobby is open. Worthen attributes some growth in new accounts to the ATMs and the machines enable the bank to save on personnel costs. Bill dispensing characteristics of the units have caused some problems. For instance, one type of machine issues cash only in packets; but there are advantages to this characteristic, in that the bank can include incentives, such as coupons, in the packets.

- **Mercantile Trust, St. Louis**, has 16 Diebold units in operation, in its "Fingertrip Banking" service. All of the units are located on-premise in St. Louis and Springfield, Mo. The units currently serve about 17,500 customers monthly (placing the bank among the top 5% in ATM usage in the nation) and all but one are operational on a 24-hour basis. Fridays and Saturdays are the busiest days and the busiest hours are from 8 a.m. to 5 p.m. Benefits include a marked decrease in teller lines and an improved image as a "modern and progressive" bank. One problem encountered was the fact that many customers had either lost or forgotten their personal identification numbers and could not use the system. To correct this situation, the bank mailed the numbers to every inactive card holder, which resulted in a significant increase in the number of first-time transactions. • •

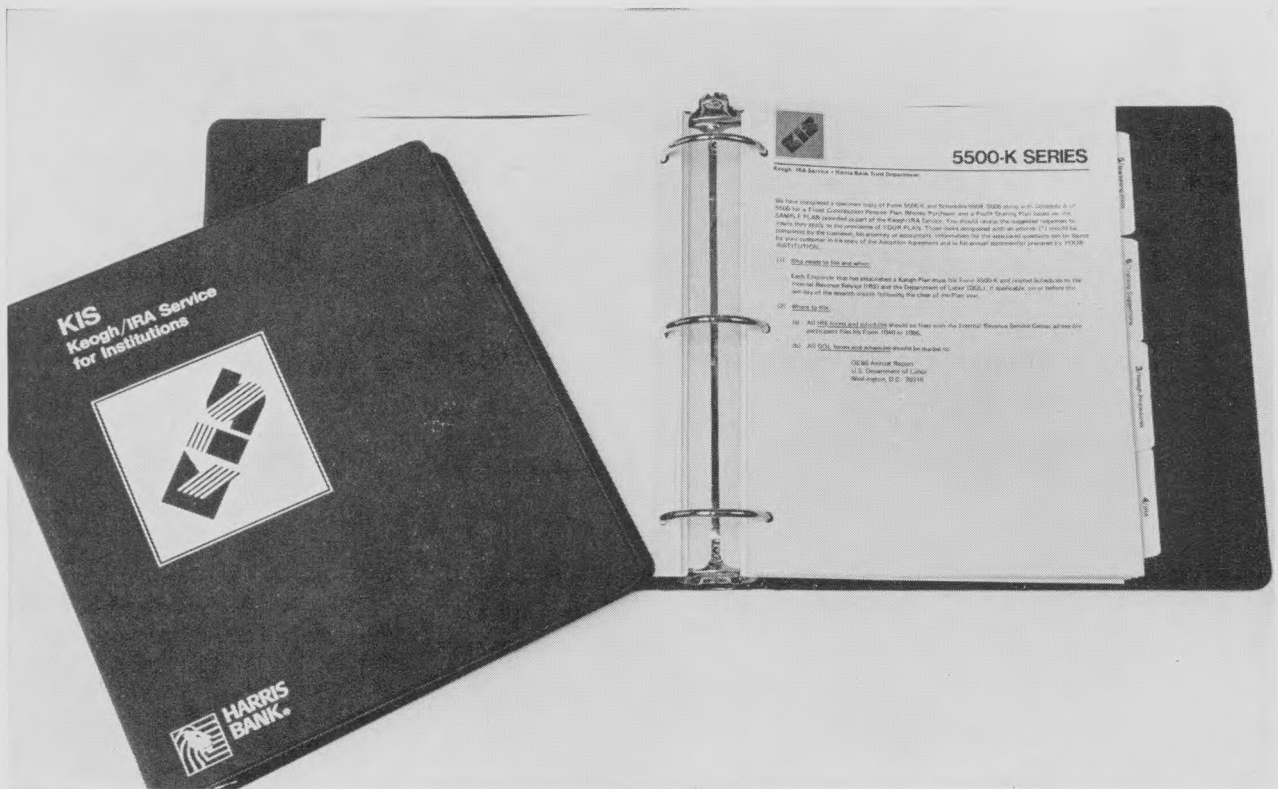
FDIC Sees Substantial Loss From Hamilton Nat'l Closing

CHATTANOOGA—A substantial loss from book value is expected by the FDIC in its liquidation of Hamilton National, which was closed in February, 1976.

The FDIC's 39-member liquidation staff had collected some \$33 million at year-end 1976 through liquidation of loans, securities, real estate and other assets.

The major portion of loss is expected to be in the real estate and home loan category, areas that caused the bank's failure. First Tennessee, Chattanooga, assumed control of the failed bank shortly after it was closed.

As of December 31, 1976, the book value of remaining assets assumed by the FDIC, including charged-off loans, was \$121.4 million. After deductions of all collections, the FDIC was owed about \$71.2 million as reimbursement for cash advances, including the original purchase of assets, subsequent purchase of assets, cost of liquidation to date and settlement of liabilities assumed.



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- Suggested Keogh Summary Plan Description
- Adoption Agreement and Forms
- Sample Government Reporting and Disclosure Forms
- Administrative Suggestions
- Keogh and IRA Regulations
- Communiqués to Keep You Up to Date on Changes Affecting Keogh/IRA Programs
- Telephone Consultations with Harris Keogh/IRA Specialists

Even if you presently have a Keogh Plan which complies with ERISA, an abbreviated KIS package can provide you with features which will prove invaluable in your day-to-day operations.

ANY QUESTIONS?

If you have questions about any facet of the KIS program, call David A. Sturdy, 312/461-2576. KIS could be exactly what you've been looking for.



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EFT Networks Broaden Operations: More Banks, Services Involved

Technological advances include satellite transmission

DESPITE the lack of a unified stance on the part of financial executives regarding the merits of EFT—not to mention a timetable to implement it—the existing electronic networks in the Mid-Continent area are prospering. A year ago, a survey of EFT package plans either being launched or still in the conceptual stage was published in MID-CONTINENT BANKER to give an indication of the variety of packages big city banks were putting together to be sold to downstream correspondents as participants. On this and the following pages, an updating of some of these programs appears.

ChecOKard Network Expands in Okla.; Satellite Transmission Demonstrated

LAST APRIL, an on-line computer-terminal-based check guarantee and verification system called "ChecOKard" was being franchised in Oklahoma by Liberty National, Oklahoma City. The shared system initially included 11 banks in the Oklahoma City area and was operated by National Sharedata Corp.

Last month, a ChecOKard customer using her card in a Tulsa store partici-

pated in a historic event in EFT history: her transaction was transmitted to National Sharedata's computer center in Oklahoma City via Westar satellite in what is said to be the first time in history that a bank debit card was used to transfer funds electronically by means of a communications satellite.

The demonstration, according to bank spokesman, afforded the U. S. and the world with an early look into the future of space-age communication as applied to bank payments systems.

Although normal land-line computers link Tulsa and Oklahoma City, the demonstration showed that the communications network supporting ChecOKard has the capability to interface with any EFT facility in the country, the spokesman said.

Other milestones in the updating of ChecOKard include the opening of Oklahoma's first banking center in the concourse of Liberty Tower in Oklahoma City last May. Customers could bank with their ChecOKards around the clock for the first time by using an on-line ATM. In addition to the previous check authorization service, ChecOKard enabled customers to make deposits and withdrawals and check ac-

count balances.

Then, last November, the system was expanded by establishing banking centers in C. R. Anthony's retail stores. POS terminals were installed in 13 stores that enabled customers to transact ordinary business plus pay for merchandise purchased.

The network was expanded throughout Oklahoma to Chickasha and Tulsa and the number of participating banks grew from the original 11 to the present 14 banks. Terminals in stores have been increased to 17.

Banks participating in the system include Oklahoma National, Chickasha; American National, Midwest City; Choctaw State; Citizens National, Oklahoma City; Del State, Del City; First National, Moore; Liberty National and Medical Center State, Oklahoma City; Park State, Nicoma Park; Security Bank, Midwest City; Shepherd Mall State, Southeast Plaza Bank and Quail Creek Bank, Oklahoma City; and Guaranty National, Tulsa.

In addition, Liberty National and Citizens National, Oklahoma City; and Guaranty National, Tulsa, maintain on-premise ATMs. • •

Two Additional Banks Join Ark. EFT Network

In the past year, two additional banks have joined the original 12 participating in a statewide ATM network—Arkansas Bank Interchange Group—developed by Commercial National, Little Rock, and several of its correspondents.

Customers of each bank can make deposit or withdrawal transactions to their accounts on the machines operated by their own bank. Additionally, they can withdraw as much as \$100 from their checking accounts through the use of the ATMs of all participating banks



ABC-TV affiliate news reporter interviews Willis J. Wheat (r.), dir. of marketing, Liberty Nat'l, Oklahoma City, at site of first transfer of money via satellite using debit card. Transmission of customer's ChecOKard purchase went from C. R. Anthony Co. store in Tulsa to computer center of Nat'l Sharedata Corp. in Oklahoma City last month via Westar communication satellite.

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throughout the state.

The system makes use of Diebold TABS units. Each participating bank has designed its own debit card and encoding and embossing of the cards of eight of the participating banks is done through Commercial National.

Commercial National worked out the bugs in the system before offering it to correspondents throughout Arkansas. The bank set up a card system that could be used interchangeably between all participants and developed the

marketing program that was offered to participants.

Commercial National assists participants in the following areas: Decisions as to which customers should receive cards, card design, working out problems and costs, capital investment (including leasing) to solve investment problems of smaller banks, program selling aids, employee training for selling the service, support for local advertising efforts and encoding and embossing of cards.

shortly.

The network is supporting eight ATMs, of which four are on the premises of Fourth National and one each on-premise at Boulevard State and United American State, Wichita; Citizens State, El Dorado; and Peoples Bank, McPherson. The system is designed to work with ATMs of all major manufacturers. A shared off-premise ATM is now operating in the cafeteria of the Boeing Co. in Wichita.

Last November saw the beginning of operations of four POS terminals in four supermarkets in Wichita. The system has grown to 19 terminals in nine markets in Wichita.

A check guarantee feature of the program was introduced in January and 20 check guarantee terminals are now in operation in 17 supermarkets and three oil stations. These merchants advertise that they accept checks only from Via cardholders. No other identification of the check writer is required.

ATM transactions have been as high as 10,000 per month. Cash withdrawals on ATMs exceed deposits by about five to one; however, the dollar amount deposited exceeds withdrawals by about two to one.

By the end of this year, some 60 banks are expected to be participating in the network, using about 20 ATMs and more than 75 POS terminals in supermarkets and discount stores. About 65 check guarantee terminals will also be in use at lower-volume merchant locations.

Last January the Via network was merged with Service Card System Corp., Oklahoma City. Now cardholders in Oklahoma and Kansas can conduct certain banking transactions at remote terminals in either state. ••

Moneycard ATM System Expands Operations

Automated card encoding equipment has been added to the "Moneycard" debit card interchange placed in operation by Worthen Bank, Little Rock, last year. The equipment provides correspondents with improved service on card turnaround time.

A Moneycard operations department has been formed to handle all Moneycard operations, including implementation, card production, hot carding and general questions and problems from correspondents.

The network has grown to 16 banks in 18 cities during the year. Twenty-six ATMs are in operation now and a few more are due for installation shortly. The ATMs were purchased from Docutel, Diebold and Mosler.

Moneycard is now being offered to

MID-CONTINENT BANKER for April, 1977

Fourth of Wichita's 'Via' Network Expands; Merges With Oklahoma City Operation

THE ESTABLISHMENT of a network of ATMs and POS terminals in Wichita by Fourth National—announced a year ago—has come to pass.

The system has been named "Via, the Cash Card." Full participation in the network has been offered to all Wichita-area banks and the network is now being expanded out of the city. To date, 11 banks are participating, including Boulevard State, Chisholm Trail State, City National, Fourth National,

National Bank, Twin Lakes State, United American State and Wichita State—all in Wichita; Citizens State, El Dorado; Peoples Bank, McPherson; and Planters State, Salina.

Via cards were first issued last September to customers of Fourth National. As other banks joined the system, cards were issued to their customers. About 85,000 cards have been issued in Wichita, El Dorado and McPherson. Salina customers will receive their cards

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banks that cannot afford to install ATM equipment. These banks issue cards to their customers to be used in the ATMs of banks in close proximity. Many of

the 24-hour minibanks in the network are located in regional shopping centers and are readily available to customers of these banks.

Amelia, Inc. As more merchants join the program, the system will be extended beyond the area's grocery stores, adding diversity to the retail program.

Customers of all network financial institutions receive Owl debit cards that grant access to both ATMs and POS units. Central Trust's Day and Night owl caricature has been adopted as the network's symbol.

Central Trust provides network financial institutions with marketing support in the areas of print literature, advertising, promotional concepts and employee training programs. Systems assistance in the correspondent's conversion to automated CIF, upon which the system is based, and in the production and distribution of debit cards remains a part of the EFT package. • •

New Services Added to Owl Network Developed by Central Trust, Cincinnati

THE OWL Network, described last year as an ATM interchange between Central Trust, Cincinnati, and Covington (Ky.) Trust, now includes a regional check guarantee system along with the automated teller interchange and encompasses seven counties from northern Kentucky to Middletown, O.

Current members include four area banks, two S&Ls and a credit union (pending regulatory approval). These institutions presently operate 27 ATMs and 100 POS terminals in retail merchant locations. A year ago, 15 ATMs were in operation and POS terminals were in the planning stage. Additional ATM locations are being studied.

The majority of future ATM installations will be off-premise. Presently, the ATMs are located in 18 branches, at four supermarkets, one industrial plant and one airport.

Since court decisions have ruled that ATMs are branches, Central Trust has filed branch applications for the machines to comply with state regulations.

Merchants currently participating in the check guarantee system include all Kroger and Liberal supermarkets as well as the majority of IGA stores in the seven county area, and Food Mart of

Chicago's Continental Expands Networks Offering EFT Services to Banks, S&Ls

NINE BANKS are currently participating in a POS on-line network to check cashing files and Master Charge files developed by Continental Illinois National, Chicago.

Merchant membership includes two supermarket chains, a department store and a variety of single-outlet merchants. Terminals are at 175 locations, where Master Charge cardholders and 750,000 merchant and bank cardholders can cash checks and charge merchandise via the network.

More than 8.5 million transactions were processed last year and check approvals can be completed in from three to five seconds. Uptime performance has been better than 98%.

Participating banks, besides Continental, are Northern Trust, Pioneer Bank and National Security Bank, all in Chicago; Glenview State; Avenue Bank, Oak Park; Skokie Trust; Roselle State; and Bloomingdale State, all in the Chicago area.

Continental's ATM network is an on-line system to status files. Thirteen ATMs have been installed on-premise and transaction volume averages one per cardholder per month.

Last month, two Chicago-area S&Ls joined the network and are offering deposit and withdrawal services (in addition to check cashing privileges) to their cardholders at one of the supermarket chains. Additional S&Ls are expected to join before year-end.

Continental expects to open its second facility shortly, as authorized by Illinois banking statute, and to expand its ATM network at the new location.

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(left to right) Julian L. Clark, President and Chief Operating Officer, Deposit Guaranty National Bank; John P. Maloney, President and Chief Operating Officer, Deposit Guaranty Corp.; Charles R. Arrington, Chairman of the Executive Committee, Deposit Guaranty National Bank; Barney H. Jacks, Senior Vice President and Correspondent Department Manager; Robert C. Garraway, Vice Chairman - Financial; and J. H. Hines, Chairman of the Board and Chief Executive Officer.

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Descriptive Statement, ATM Operation Added to EFT Package at First of KC

IN 1974, First National Charter Corp., Kansas City, approved a comprehensive plan for the development of retail-oriented computer systems to serve the needs of its affiliate banks. The responsibility for the development of these systems was assigned to the operations division of the HC's lead bank, First National, Kansas City.

Many of the planned systems have been completed and installed at First National and another affiliate, Leawood National.

The most recent system installed is a descriptive customer statement. The descriptive statement became a reality when First National installed IBM's new 3800 laser beam high speed printer. The statement permits full description of transactions generated from an on-line ATM network as well as transactions received from the automated clearing house, eliminating the need for individual transaction advices. The descriptive statement also provides the ability to describe any trans-

action from a future point-of-sale system.

First National and Leawood National introduced Buttons, the Personal Touch Teller, last October. This network of Diebold TABS 550 ATMs is supported by an on-line computer system. The ATM network is supplemented by an on-line teller system using NCR's 279 teller machines. Both the ATM and teller systems are part of the bank's central information system (CIS).

The CIS offered currently includes demand deposit, savings, CDs, installment loans and debit card accounts. Inquiries and posting to the system are made from the ATM and teller terminals as well as CRTs and an inexpensive thermal printer. Access to the CIS is made easy through the use of the regular account numbers or by the powerful ALPHA look-up system. One of the most unusual features of the system is the "instant statement," which provides a picture of all transactions

since the customer last received a statement. The "instant statement" is also available in an abbreviated descriptive form.

The comprehensive plan calls for the placement of commercial loans, club accounts, real estate loans and an automated tickler file into the CIS. Commercial loans, general ledger and investment accounting are currently offered as off-line batch systems.

First National is currently developing two new services for implementation this year. The first of these is an overdraft banking system to be integrated into the demand deposit system. The other service will combine all customer accounts into a single combined descriptive statement.

First National Charter's computer systems services are also available to First National's correspondent customers who send data processing work directly to Kansas City or to one of the remote capture centers. Centers are now operating in Parsons, Iola and Independence, Kansas, and one will soon open in Springfield, Missouri. Other centers in Kansas and Missouri are under consideration. • •

In Phoenix:

BMA's Sales Workshop Is Slated for May 15-18

The Bank Marketing Association has slated a staff sales training workshop, "Putting the Sell in Sales Training," for May 15-18. Headquarters for the event will be Del Webb's Mountain Shadows Resort in Phoenix.

The workshop has been geared primarily to individuals with training responsibilities in banks of at least \$50 million in size, but representatives of banks of all sizes are invited to attend.

Designed to familiarize participants with the newest tools and techniques involved in developing a bank training program, the workshop will stress practical training methods. Special emphasis will be placed on starting, maintaining and evaluating a bank training program, as well as enlisting management support to keep it going. A human relationship model, customer relations model and cross-sell model will be explored in depth, and ways to implement those models will be discussed and evaluated.

Program chairman for the workshop is Douglas Hanks, executive vice president, Whittle Group, Chicago.

Registration fee for the workshop is \$235 for BMA members and \$252 for nonmembers. For more information, write Donald J. Hoss, Director, Education Department, BMA Headquarters, 309 West Washington Street, Chicago, IL 60606.

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Joint Leasing Program Is Popular With Banks Without Leasing Depts.

MORE AND MORE of the nation's banks are finding that it's possible to offer leasing services as an alternative to loans despite a lack of staff people experienced in leasing know-how.

This is because firms such as Tri-Continental Leasing Co. (TCL) are offering specialized leasing services to banks that take the "sweat" out of the operation. TCL is a St. Louis-based firm that is a division of Yegen Associates, Rochelle Park, N. J.

"We were getting calls from banks wanting to finance equipment leases," said Robert W. Stubbs, TCL's president, "but the banks didn't want to shoulder the entire loan. That's how we got the idea for our program."

Tri-Continental's leasing program is based on the premise that a businessman would rather deal directly with his own bank than arrange lease financing through an outside source. "We, in effect, put banks in the leasing business," Mr. Stubbs said.

In return for a fee, TCL sets up a leasing department in a participating bank. It supplies trained personnel and handles most of the paperwork and administrative duties involved in lease transactions.

For example, Mr. Stubbs said, when a customer inquires at his bank about an equipment lease, the bank calls on TCL to prepare a lease proposal and cash flow analysis. The bank presents these to the customer and draws up the necessary documents. TCL sets up a payment schedule, purchases the equipment, assumes responsibility for billing and taxes and provides the bank with a collection service.

The company also holds seminars to enable loan officers to learn more about leasing procedures. Its attorneys are available to counsel banks on legal aspects of certain lease contracts. Even advertising and other promotional materials are provided.

Leasing plans are structured individually and offered to only one bank in a given locality, Mr. Stubbs said. This gives that bank an exclusive equipment-leasing program.

Tri-Continental's lease portfolio includes commercial equipment for agriculture, mining, manufacturing, communications, transportation, medicine and retail sales, as well as others.

Among the banks using TCL's service is National State Bank, Linden, N. J. According to Thomas E. Farley, assistant cashier, the bank entered the leasing field with two objectives: to

provide an alternate means of financing for commercial accounts and to increase its installment loan portfolio with quality paper at a favorable yield. Mr. Farley said TCL has assisted the bank in meeting these objectives.

At the inception of National State's leasing program, TCL staged a leasing seminar for bank officers. Those in attendance were given leasing packages that highlighted the advantage of a leasing operation and outlined specific guidelines in answering customer questions relative to leasing. TCL also provided brochures about equipment leasing for the bank's commercial accounts. The brochures were mailed with checking account statements and were displayed at branches.

TCL assigned an account executive to the bank to follow up on all "in house" lease inquiries. In addition, the account executive submits outside lease offerings for the bank's consideration.

According to Mr. Farley, "We have found the Tri-Continental personnel to be quite adept in their knowledge of leasing, and we eagerly anticipate a

long and profitable relationship."

A bank in a western state reports that two members of the TCL staff serve as representatives of the bank and its leasing activity. They are considered to be bank employees. The bank entered into its leasing program to give it a competitive edge. Its personnel call on customers of competing banks and offer leasing service—something the competitors don't provide. The bank also desired an alternate method of financing its own customers.

Financial experts estimate that \$100 billion worth of equipment is on lease in the U. S. at present. That's a 33% increase during the last two years. Projections developed by the American Association of Equipment Lessors indicate that leasing will account for as much as 20% of all new equipment acquired by business within a few years.

■ HARRY B. BROCK JR. has been named chairman, Central Bancshares of the South, Birmingham, Ala. Terence Brannon has been elected the HC's president and chief operating officer. Mr. Brannon also was elected to the HC's board. Mr. Brock remains CEO.

TV Set That Pays for Itself Offered to CD Purchasers

THERE IS nothing new in a financial institution offering a TV set in lieu of interest. However, when a CD purchaser can buy a quality TV at a reduced cost, regain the TV's cost from interest earned by the CD and still get some interest in cash—that's news!

Customers of six United Jersey Banks were given the opportunity to purchase CDs and 19" Magnavox color TVs from May to September last summer. Print ads attracted attention with this headline: "Get 19 inches of living color. And you can get your money back, too."

The ads advised customers that they could purchase CDs maturing in from one to 3½ years and get a TV at a special bank price (\$350 instead of \$425). They could recoup all their money when the CD matured.

To take advantage of the offer, customers were required to deposit \$1,750 or more in a CD. They could walk out with their TV (or have it delivered). At maturity, the CD will have earned enough interest to pay the depositor back for the TV.

A customer depositing \$1,750 would

be issued a CD in the amount of \$1,400 for 3½ years at a 6½% interest rate. The \$350 difference paid for the TV. Upon maturity, the CD will pay \$1,763.01, which means that the customer gets his TV free and collects some small change (\$13.01) in the deal.

The ad explained that the amount deposited would be reduced by the cost of the TV, plus sales tax and delivery charges.

According to Ralph D. Spencer Jr., senior vice president at United Jersey Bank headquarters in Hackensack, the TV sets were chosen as premiums because of the special appeal the summer of 1976 offered with the airing of the Olympic Games and the two political conventions.

Mr. Spencer said the promotion brought in about half a million dollars, 60% of which was new money. About 170 TVs were sold.

"We were pleased with the results of the program," Mr. Spencer said, "as it enabled us to offer a quality premium at an attractive price while giving us additional deposits." • •

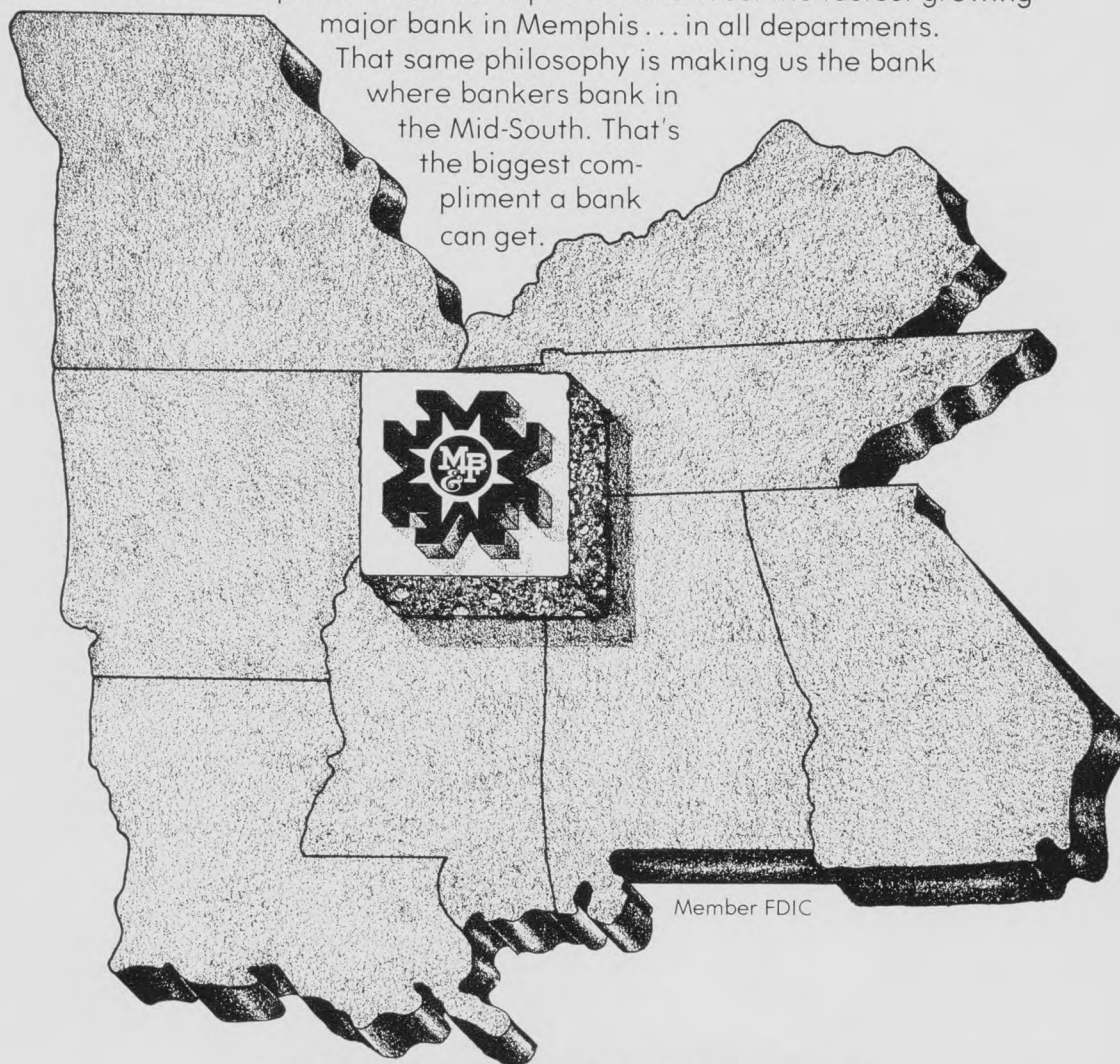
CORNERSTONE.

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.

We're in that position not just because we offer the full range of banking services, other banks also offer impressive shopping lists. Nor are we making it just because we're big, some banks are bigger. Banks are banking on us for the same reason our other customers do... we're dependable. We're the most solid bank in town, stone-solid, and we back our services with personal attention and unbeatable experience. We throw in some extras, too, that bankers appreciate, like expert insurance capability, guidance in the construction and design of bank facilities... even selection of furnishings.

Solidarity plus the personal touch and the willingness to take the extra step have made Memphis Bank & Trust the fastest growing major bank in Memphis... in all departments.

That same philosophy is making us the bank where bankers bank in the Mid-South. That's the biggest compliment a bank can get.



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THE BANKER'S BANK

Interstate Branching Called for by Nat'l EFT Commission

BANKS and other electronic funds transfer firms should be allowed to cross state lines with terminals to collect deposits, says the National Commission on Electronic Fund Transfers in a 149-page interim report to Congress issued last month. The commission had been deliberating since early 1976 and has until next October to complete its final recommendations to Congress.

According to the commission, branching should be allowed first in "natural market areas" where states grant one another reciprocity, but later Congress should authorize it for any financial institution, whether or not states want entry. To force the issue, it was recommended that Congress establish a date for interstate branching by all federally regulated financial institutions for contiguous states. Under this plan, states would be forced to change restrictive branching laws if they want state-chartered institutions to have a fair chance to compete, says the commission.

Within states, the commission recommends that branching restrictions on national banks' terminals be eliminated as quickly as possible and that states and the federal government start allowing statewide branching for all financial institutions.

The commission didn't make any recommendations on nationwide branching because, members say, it was "not clear from evidence available" whether nationwide branching would "alter the nation's banking structure in a way that would be inimical to the public interest." Consequently, it concluded that a "course of moderation is called for."

Also in the branching area, the commission says that retailers who permit shoppers to use their charge cards to pay bills and make deposits in banks shouldn't be regulated and that no restrictions should be placed on banks' or stores' ability to offer bill-paying and other payment services through terminals anywhere in the country.

As to sharing, the commission strongly endorses a concept of "pro-competitive sharing" for banks and other financial institutions that want to pool their funds to buy expensive EFT hardware, but it says "mandatory sharing" required by some states should be outlawed because it could create monopolies.

The commission also recommends that the Justice Department's antitrust division should decide, on a case-by-

case basis, just how competitive the sharing actually is. According to the commission's report, "limited sharing among relatively small institutions" that could not afford to offer an electronic system alone would be "normally acceptable," but that unlimited sharing normally would violate federal antitrust laws.

Finally on sharing, the commission calls for a "cooperative administrative arrangement" among state and federal regulators of financial institutions to determine which systems banks and thrifts should be allowed to share and which they should not.

In the area of technology, the commission indicated it reached no conclusion about the need for standards and security in the EFT industry or about the role of major competitors, like American Telephone & Telegraph. The latter has been accused by rivals of entering the data processing field as a "communications carrier."

The branching proposal is expected to be the most controversial recommendation to be made by the commission. However, it also is making recommendations in the areas of consumer safeguards, privacy, the government's role in EFT and EFT's effect on monetary policy.

The commission says it's thinking of assembling a data bank of all crimes against depository institutions to help analyze security problems and that it hopes—in its final report—to come up with guidelines for reducing EFT crime.

Hardly had the 26-member commission made its interim report public when the Conference of State Bank Supervisors (CSBS), through its president, John B. Olin, commented unfavorably on it.

Mr. Olin, Oregon's superintendent of banks, characterized the report as reflecting an unwarranted bias toward federal solutions to certain EFT issues that could lead to an unjustifiable altering of present state-federal checks and balances.

"This is particularly true," says Mr. Olin, "in the report approach to the EFT 'branch/terminal issue.'" The CSBS doesn't contend, he continued, that each and every function capable of being performed by EFT technology should be regulated strictly by states. However, it does assert that intrastate and interstate EFT facilities involved in taking deposits, paying checks or making loans should be determined by

the states and be applicable to both federally and state-chartered banks.

Mr. Olin labels the commission's recommendation to impose a federal solution to interstate EFT activities after an unspecified period as "coercive in nature and reflective of bias toward consolidating more control in the central government without evidence that such is warranted." He indicates that the CSBS would strongly oppose this provision.

Mr. Olin congratulated the commission's members for the breadth of their research into highly complex questions and the diligence that has marked their efforts.

"We are still in the early stages of EFT development," he says, "and it is imperative that the dual-banking system, which has served our country so well, not be jeopardized by legislative action in an area where its implications cannot be fully understood or appreciated at this time." • •

To Alleviate Hardships:

Emergency Loans Offered By First American Nat'l

First American National, Nashville, has offered extended credit and emergency loans to residents of middle Tennessee who are suffering financial hardships caused by the energy shortage.

The bank has set up an "Emergency Action Center," which accepts telephone requests for financial assistance. The institution has offered to extend its customers' installment loan payments for 30 days, if needed. Similar provisions have been set up for Master Charge customers.

In addition, First American National has begun what it calls "Emergency Action Loan" procedures to help tide residents over until the end of the fuel crisis.

According to Kenneth L. Roberts, president, "First American National realizes that bad weather, plant closings and layoffs are creating problems for many people. There are some families in middle Tennessee that haven't received full paychecks with regularity and may not for some time, due to the energy situation. The Emergency Action Center has been set up to accommodate as many of our customers as possible."

The ABC's of Credit Insurance.

B is for Banking.

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

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

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

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

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

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

But also easy as you-know-what.



J. Wayne Williard, Jr., Vice-President



Tellers Seminars Feature Discussions of Security, Swindles, Selling

By **ROSEMARY McKELVEY**
Managing Editor

TO MANY customers, a teller is their bank. If she (most tellers seem to be women) is rude and abrupt, inefficient and seems uninterested in the customer, the latter likely will see the bank as rude, abrupt, inefficient and uninterested. On the other hand, when a teller is friendly, helpful, efficient and seems sincerely interested in a customer, the depositor probably will believe the bank has the same attributes. Tellers always are on the front lines; they are, many times, the only link between banks and their customers. Thus, how they work with these customers is extremely important.

Realizing that a teller is an important link to a customer and that she must continually increase her knowledge and skills, the Missouri Bankers Association held its second annual tellers seminar series across the state last month. The seminars were held in six widely scattered cities, including St. Louis and Kansas City. The seminars were put on by Symposiums, Inc., Middleton, Wis., and were attended by about 1,095 bank tellers.

Using slides to graphically illustrate their points, representatives of Symposiums, Inc., spoke on "Basic Transactions," "Security," "Communications," "Check Swindles" and "Techniques in Sales for Full-Service Bankers."

Before the seminars began, participants were given looseleaf binders containing outlines of each of the above subjects. Thus, they were able to follow along as the speakers made their points. In addition, they can refer to the information in the binders anytime they need to at their banks.

In the "Basic Transactions" segment of the seminars, the slides allowed the audience to watch over a teller's shoulder and see how correct everyday money-handling procedures are carried out. The tellers were told that the basics of their jobs are safety, efficiency/productivity and public relations. They were advised to establish a procedure and stick with it day after day, to keep their work areas neat and orderly, to follow this order when paying out money: 1. Fix the amount of the check in their minds. 2. Pay out coins first so that a customer can be putting them away while the currency

is being pulled. 3. Pull currency. 4. Recheck the amount of the check. 5. Pay out currency. 6. Thank the customer *by name*. Even if a teller doesn't recognize a customer, by the time the transaction is completed, she has seen the name on the check. Also discussed was counterfeit money—how to detect a counterfeit bill and what to do if one is detected.

What should be done before, during and after a robbery was outlined and pictured in slides in the "Security" segment. First of all, four objectives were given: 1. Safety for employees and customers. 2. Minimizing of losses. 3. Retention of evidence. 4. Notification of authorities. The importance of being aware and remaining calm was stressed throughout this part of the seminar. A weapons-identification exercise was included and a robbery in progress portrayed, both by means of slides.

The importance of listening was emphasized throughout the "Communications" segment. In communicating with customers, the tellers were advised to: 1. Communicate effectively. 2. Recognize customer needs. 3. Create a climate of confidentiality and credibility. 4. Appreciate a customer's business. 5. Listen closely. The tellers were told to restate any instructions given them by their customers so that they know whether they understand them correctly. They also were advised not only to speak in a friendly way, but to have a friendly look on their faces, too. As it was pointed out, they will defeat their purpose if there's an unhappy or unfriendly look on their faces even if they are speaking in a friendly tone. The tellers also were given hints on how to communicate effectively with their peers and their supervisors.

The "Check Swindles" segment started out by emphasizing that a person doesn't have to have a gun to rob a bank. All he needs is a check and a pen. Then, instances were shown on slides of how banks can lose money through stolen and altered checks and through check kiting, followed by a discussion of ways to avoid this. The theme of this segment was, "Know your endorser. Be able to collect tomorrow on all the checks you cash today." Also illustrated were methods used to falsify identifications.

In "Techniques in Sales," the tellers were told to know thoroughly all the services their banks offer and how each

one can benefit a customer. Slides were used to show them how to cross-sell checking and savings accounts, financial planning, installment loans, safe deposit boxes and travelers checks.

A brochure describing these seminars points out that a bank's marketing, advertising and public relations programs can flounder and fail if the person on the front line—the teller—isn't trained properly. Seminars such as the ones sponsored by the MBA are designed to give tellers this training.

\$90,000 Grant Awarded To NABW Educational Program For Management-Skills Studies

CHICAGO—The educational foundation of the National Association of Bank Women has been awarded a \$90,000 grant by the William H. Donner Foundation, Inc., New York City. Purpose of the grant is to help fund development of a new management-skills study program for women in banking.

The new program is the fourth component in a series of degree and non-degree courses being developed to assist women aspiring to move up the bank-management ladder. The NABW will match 50% of the grant through fund-raising efforts among its members and banks.

Titled the "Management Series," the new NABW program will offer women bankers a combination of two seminars and a series of individual or group study modules in six management-learning areas. On completion of the program, participants will receive a certificate from the NABW recognizing knowledge of management techniques.

Participants first will attend a two-day seminar on management process, which covers concepts of management, leadership styles and strategies, problem definition, problem solving and decision making. Participants then will select and complete a series of study modules chosen from subjects such as effective communication, time management, business negotiating and professional ethics. A concluding seminar, "Management of Change," will focus on principles for managing change and conflict in organizations.

Heading a team of consultants experienced in the subject areas of the new certificate program is Margaret Fenn, associate professor, University of Washington Graduate School of Business Administration, Seattle.

“With the First as a partner,
we’ve succeeded as we’ve
helped Jim Boone’s farm
implement business succeed.”



George Dudley, First National Bank of Kansas City
Robert Bugbee, First National Bank of Quinter
Jim Boone, Ideal Industries

The First National Bank of Quinter, Kansas is a true success story. A correspondent bank relationship has helped it develop and grow with an important new customer.

In 1965, Robert Bugbee, president of the bank, called upon the First National Bank of Kansas City to participate in a major line of credit for Mr. Jim Boone, founder of Ideal Industries in Quinter, manufacturer and distributor of specialized farm equipment.

The First National Bank of Kansas City extended credit used for seasonal working capital and in recent years for major business expansion and distribution of Jim Boone's own invention, the Flex-King stubble mulch plow.

Credit assistance and the additional help of business expertise of the people in our Correspondent Department like George Dudley have been important in the success of First National Bank of Quinter.

And as Jim Boone's small husband-and-wife company has expanded to a thriving corporation, First National Bank of Quinter has grown with important new business.

Call the professional staff of the Correspondent Department of the First National Bank of Kansas City. We can help your bank with the development of new business.

Our correspondent tradition has been built on helping banks like the First National of Quinter.

Why not put our strong tradition of excellence to work for your success.

Your success is our tradition.

**First
National
Bank** of KANSAS CITY,
MISSOURI

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Bank Continues Operations in Midst of New-Building Project

WHEN DIRECTORS of First National, Perry, Okla., decided not only that the bank needed new quarters, but that those quarters should be erected on the site of the old building, they realized that trying to run a bank in the middle of a construction project would be a challenge. However, they concluded that the downtown square is vital to Perry's economy. President Carl B. Hamm says professional planners had recommended that the bank be moved away from the downtown area, but the directors vetoed the idea in the best interest of the community's economy.

"We decided to design the project in two phases so that the bank could locate in half the new building while the old building was razed and the second half constructed," says Allen Roth of Roth & Brown, Architects, project architect for Bank Systems Co., bank design specialist, Westwood, Kan., which had been commissioned to plan the new structure.

Plans for the new building were presented and approved at the annual stockholders' meeting January 13, 1976; the contract was awarded for general construction in late March, and construction was begun in April on the first 50-foot half of the concrete block and stucco structure. Steel bar joists and metal deck completed the roof. A temporary wood siding was placed along the column line between the new building and its yet-to-be completed second phase. After closing hours on a Saturday afternoon in mid-July, existing tellers counters, bank equipment and furnishings were moved into their temporary quarters. A new vault was constructed in the first half, and the existing vault door was relocated in the prepared opening. The bank was open for business as usual on Monday morning.

After the old building was torn down and construction begun on the second 50-foot half to join with the first part, two temporary drive-up units were set up in the parking lot. By September 1, the second half was enclosed and the chore of finishing out the interior proved to be the most hectic for all concerned.

"Both customers and bank staff members endured a period of inconvenience," says Mr. Hamm, "while daily banking chores were carried on to the tune of construction equipment and the hammers of carpenters."

During demolition and construction of the second phase, precautions were taken to keep weather, dust and dirt from filtering into the adjoining side of the Phase 1 building. Two-by-four braces and temporary wood siding sandwiched plastic sheeting together in a weather-proofing effect. This makeshift siding was not foolproof, but greatly lessened the chance of outside elements entering. In one case of a summer downpour, Vice President Craig Biggs joined with others in swabbing out a flooded lobby.

Hard hats were a fun item—not needed as desperately as indestructible nylon stockings. Bank uniforms were shed, and slack suits were in evidence for the nine-month duration. The compounded racket of air hammers, electrical saws and hammers hitting nails often causing mistopings.

A human-interest angle resulted from the construction project. A stray mongrel happened along about the same time as the construction crew foreman and appointed herself his dutiful companion. Her multi-heritage background,

cranky temperament, and incredibly "underbitten" tooth line added to her notoriety. Fed tablescraps by employees and expert in scavenging over weekends, "Dog" became the bank mascot until giving birth to four pups, described as "adorable," in December. "Dog" herself had been the subject of much publicity, and another ad campaign ensued that brought immediate homes for the wriggly four.

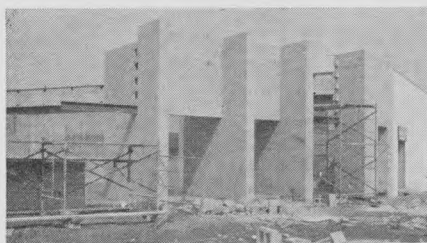
To keep the public informed on and interested in the construction project, First National published monthly construction progress reports in the local newspaper. The bank believed that informing the community about the project would create a feeling of involvement, maximize interest and minimize inconvenience of those who went to the bank. These updates also were mailed to anyone expressing an interest in them.

Because of the inconvenience to customers, the bank expected its growth to stagnate and possibly decline during the construction period. Quite the opposite happened: First National had a 50.73% boost in deposits, a 47% increase in assets and a 24% growth in loans!

After the building was finished and had been shown at a public open house, Mr. Hamm sent letters to his employees, expressing his appreciation for their cooperation during the construction period. He thanked them for working with dust filtering into their hair and clothing, having to watch their step because of "Dog's" restroom habits, trying to talk on the phone above the noise of saws, hammers and drills, coming to work and discovering their work areas had been moved since they left the previous day, snagging their clothes on nails and rough lumber. He also thanked them for the long hours spent preparing for and conducting the open house. • •



As Phase 1 (r.) of First of Perry's construction was being carried out, second phase was prepared for by removing facade from original bank building (l.) before demolition.



Phase 2 shell of new home of First of Perry adjoins temporary bank facilities (r. background) in use.

This is new home of First Nat'l, Perry, Okla., which was erected on site of bank's old quarters. Bank continued operations while construction was going on.



Temporary drive-up units (foreground) were used by First of Perry during construction of new quarters. In background, old drive-up units are dismantled. New building's drive-up facilities feature LeFebure model 2111-T electric drive-up window and Tel-Air 9 remote pneumatic kiosk units. Additional LeFebure equipment includes under-counter equipment, walk-up window, night depository and complete alarm components.



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Citizens Fidelity's Bank Card Service Center handles the credit, debit, and special plastic needs for 100 banks in the Midwest. Our service includes all or any part of the process: encoding, embossing and mailing the plastic of your choice.

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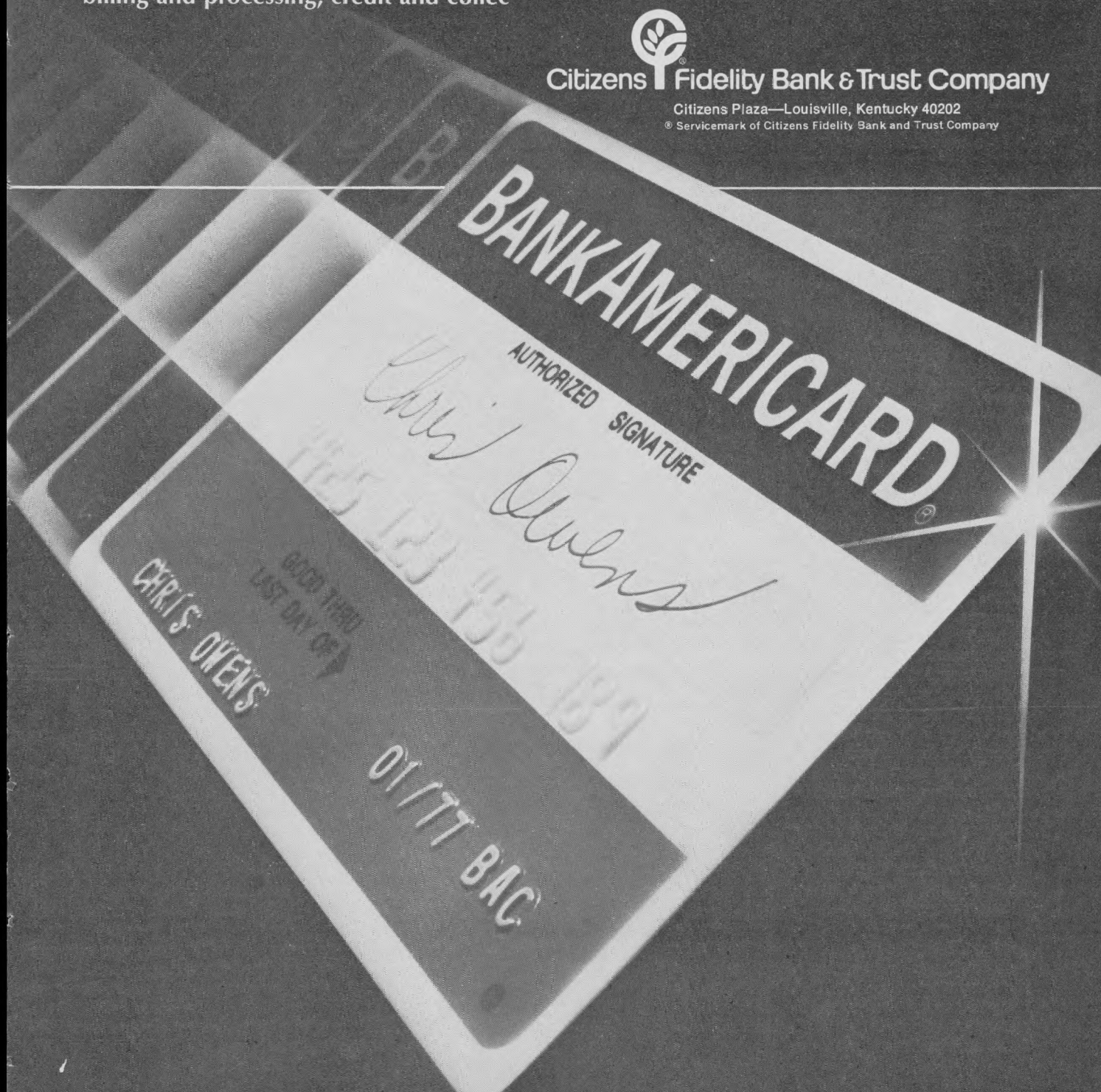
tion administration, employee training, as well as advertising and marketing support. Whether your bank's opportunities be in credit or debit card introduction, BAC to Visa conversion, or dual branding, our bank card Service Center can help turn plastic to profit for you. Call Forrest Cook at (502) 581-3224 today.



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Bank HCs' / Lead Banks' Decision Making Is Focus of Study by Academicians

A STUDY was made last year to determine the extent of centralized decision making by the parent company and/or lead bank among the nation's registered bank holding companies. Dr. John O. King, head of the department of marketing and economics, and Dr. Donald D. Wilson Jr., associate professor of marketing, College of Business, Southeastern Louisiana University, Hammond, sent questionnaires to CEOs of all 241 registered bank holding companies as listed in the fall, 1975, edition of the *McFadden American Bank Directory*. The questionnaires were mailed March 22, 1976, and 110 completed responses were returned.

As a result of their survey, Dr. King and Dr. Wilson reached these conclusions in their study, which is entitled "Centralized Decision Making Within Registered Bank Holding Companies":

1. Small registered bank HCs, both in terms of asset size and number of subsidiaries, tend to practice a higher degree of centralized decision making than do larger HCs.

2. Recently chartered registered bank HCs practice considerably less centralized decision making than do firms chartered before 1970.

3. HCs having a designated "lead bank" tend to practice a higher degree of centralized decision making than do firms having no designated "lead bank."

4. From studying data gathered, it appears that as registered bank HCs increase in size, there's a tendency for a firm to decentralize those decision areas involving individual decision making which is an attraction to young, competent, managerial personnel. In this connection, such areas were referred to as lending, administration and operations, marketing and sales training. This carries the implication that if the smaller HCs are to compete in the job market for talented managerial personnel, they must decentralize those decision-making areas that afford the maximum individual involvement in decision making. Failure to do this means they will lose the recruiting battle with the larger firms that are offering decision-making opportunities to their young, talented personnel.

Dr. King and Dr. Wilson remind readers of their survey that their findings are based on information supplied by parent organizations only. No attempt was made to determine whether executives of subsidiary banks hold the same opinions relative to the extent of

centralized decision making within their HCs.

In their introduction to the survey's findings, the authors say they hope the study will shed light on whether such firms are taking advantage of strengths that might accrue to them by virtue of being a registered HC. • •

Government Predictability In Dealing With Citizens Pledged at Bank Seminar

HOUSTON—Americans can expect a new sense of predictability and consistency in the way the government deals with them. That was the pledge made by T. Bert Lance, director, Office of Management and Budget, Washington, D. C., at First City National's 1977 Executive Management Seminar.

Speaking to guests and correspondents of the bank from around the nation, Mr. Lance said, "Bankers like to plan and they like to see their customers able to plan," and pledged that the Carter Administration would move quickly to achieve the following goals: a forward-moving economy, presentation of an energy-reorganization plan to Congress by April 20, completion of a welfare-reform proposal by May 1 and a tax-reform package by August 31.

In addition, Mr. Lance, former president, Calhoun (Ga.) First National and National Bank of Georgia, Atlanta, promised a balanced budget by 1981.

The Executive Management Seminar was kicked off by a speech by W. Lid-



T. Bert Lance (on podium), dir., Office of Management and Budget, addresses 1977 Exec. Management Seminar of First City Nat'l, Houston, as Nat S. Rogers, host bank pres., looks on.

don McPeters, ABA president, who discussed "Banking Issues in 1977." His topics included the effectiveness of the three federal regulatory agencies, extension of the Interest-Rate Control Act, EFTS' status and payment of interest on demand deposits. Regarding the latter subject, Mr. McPeters said, "While customers may be able to earn interest on average balances in their checking accounts, they also may wind up paying even more in service charges that are increased to reflect the real cost of servicing checking accounts. That is the message we must communicate to our customers and our legislators." Mr. McPeters is president, Security Bank, Corinth, Miss.

Other speech topics were "The Economic Outlook for 1977 and Beyond" and "The U. S. Stake in the Middle East," by J. Robert Ferrari, vice president and chief economist, the Prudential Insurance Co. of America, and Rawleigh Warner Jr., chairman, Mobil Corp., respectively.

'Round the Track:

Road Racer Premiums Joined With Auto Show To Interest Depositors

What do road race sets and auto shows have in common? Public interest!

A bank in northern Illinois attracted almost a quarter million dollars in new deposits when it offered road racing sets to savers prior to the last holiday season.

The promotion fit in well with the bank's weekend new auto show, which was held on its parking lot after all the 1977 models became available.

The public was invited to stop by and do its 1977 auto shopping at the bank as well as register for a free road racing game for the kids. The game was called "Aurora AFX Jackie Stewart Racemaster Speedway."

All the local new car dealers furnished 1977 products for the bank's auto show and the bank stood ready to process any auto loan applications that resulted from the show.

During the 90-day race car set promotion, the bank offered sets for \$21.95 plus tax to anyone making a \$200 deposit to a savings account. Additional racing cars could be purchased for \$2 and a \$50 deposit. The bulk of the customers made add-on deposits and took home more than 300 race car sets and almost 200 additional race cars.

The promotion was advertised on billboards, TV and radio, plus newspapers. An in-house display was also mounted.

It's 50 miles long, 40 feet deep, and runs around the world.

A closer look at the Houston Ship Channel from Houston's largest bank.

Linking the Gulf of Mexico with the nation's sixth largest city is the Houston ship channel. This 50-mile canal connects Houston with over 250 ports of the world.

Since its completion in 1915, the channel has contributed greatly to the economic growth of Houston and the entire Southwest.

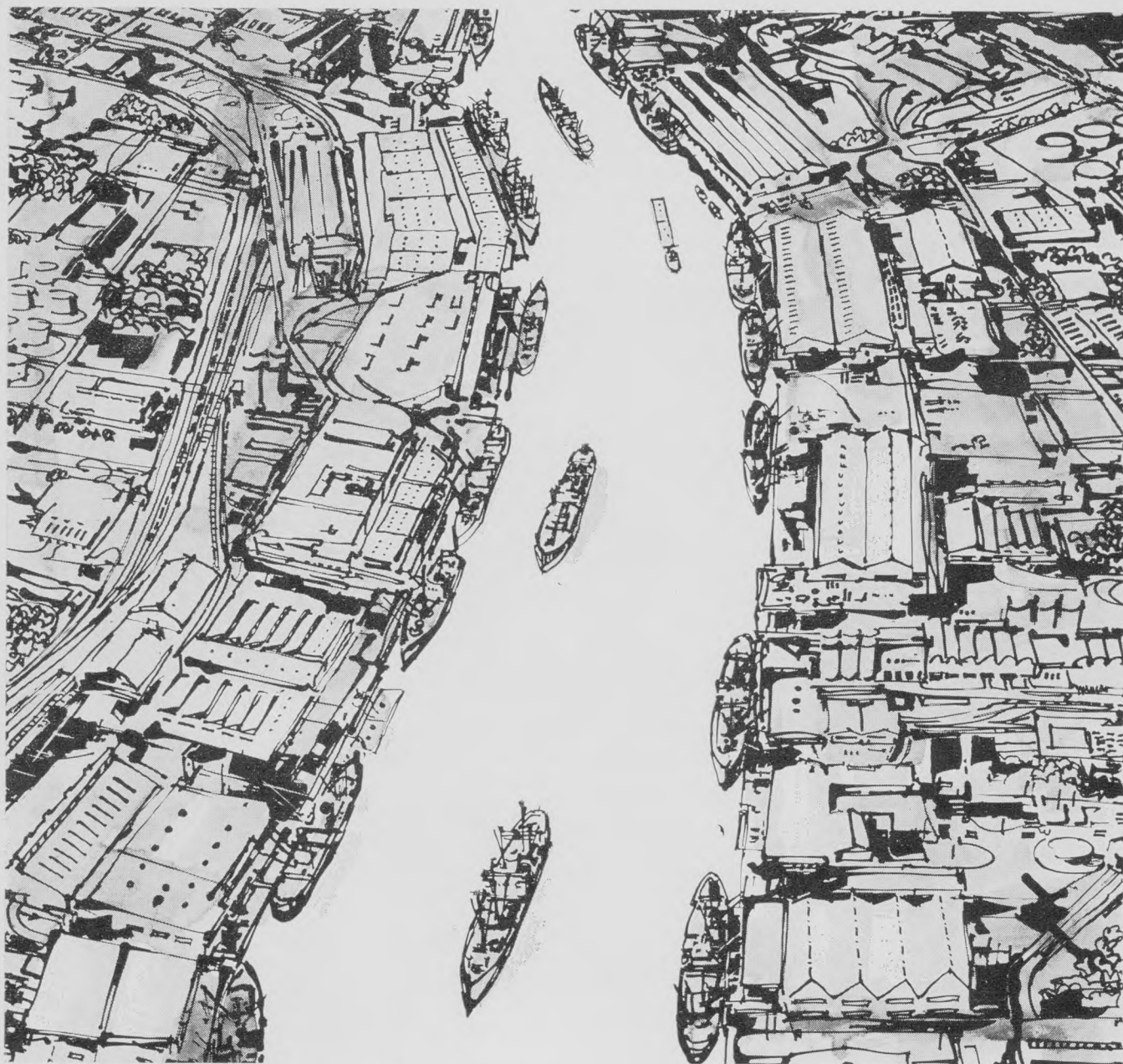
Each year the port handles over 86 million tons of cargo, with imports and exports totaling well over \$3 billion.

First City National Bank contributes financially to the smooth flow of goods in and out of the Houston ship channel. Our experience from such involvement 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 has helped us become . . .

A major financial strength behind Texas industry.



Banker Calls for Federal Intervention To Develop Nation's Energy Sources

CALLING for an end to "politically palatable" sloganeering about energy problems, an Oklahoma senior bank executive warned that direct federal intervention might be necessary to fully develop the nation's energy resources.

Richard E. Minshall, senior vice president, Fourth National, Tulsa, said that "sloganeering can be short and simple, while answers and solutions are necessarily complex." Pointing out that oil imports have more than doubled since 1970, Mr. Minshall said that "we no longer have sufficient domestic production to meet our own needs and we no longer control the foreign oil that is the source of our necessary imports.

"After three years of school closings, long lines at gas stations, brownouts, higher utility bills, we Americans are no closer to understanding the problems and acting on solutions than we were three years ago," he said.

Stressing that the nation needs to buy time to develop replacements for oil and gas, Mr. Minshall warned that the oil and gas industries must be given price incentives to increase domestic exploration. "It is the only viable short-term solution," he said, stressing the words "short-term."

Discussing long-term solutions, Mr. Minshall said that priority should be given to developing facilities for the gasification and liquefaction of coal, since such facilities take about three to five years to bring on stream as opposed to nuclear facilities which need a 10-year lead time.

However, Mr. Minshall warned, although the technology is available to process the country's 350-year supply of coal, it will be expensive. He said that a coal liquefaction plant with a capacity of 100,000 barrels a day would cost about \$1.5 billion. "Also," he said, "based upon present economics, the oil equivalent price per barrel for oil from coal conversion would be equal to \$20 to \$25 per barrel versus the present price of OPEC crude of \$14 per barrel. Gasification of coal can be presently done at an MCF (1000 cubic feet) cost of approximately \$4, versus \$1.50 to \$2 per MCF in the U. S. intrastate natural gas market.

"Some program of government subsidy and tax incentives will be required to enable these products to compete with oil and gas at OPEC prices," said Mr. Minshall.

"For example," he said, "the government could contract with industry to

create a synthetic producing capability from coal liquefaction needed to fill much of the gap between U. S. production and consumption. The U. S. could enter into supply contracts on a 'take or pay' basis with U. S. industry for 3,000,000 barrels per day at a negotiated price of approximately \$20 per barrel for a term long enough to recover the capital costs of plant and equipment."

Mr. Minshall warned that the price tag on enough plants to achieve this level of production would be high: \$45 billion over a three-year period. And the oil from these facilities would be expensive, he said. "But it would be preferable to pay \$6.6 billion a year for U. S.-produced and controlled oil than export more than twice that dollar figure to pay for foreign crude," he said. "Jobs, tax revenues and oil producing capability would be created, a trade deficit of \$15.6 billion per year would be eliminated and a threat to our national security would be greatly reduced," he said.

Pointing out that the United States is no longer in a position to weather another embargo, Mr. Minshall said that "we as Americans must find a positive common ground and begin to deal in solutions, and we must do it quickly."

Mr. Minshall is responsible for the management of oil and gas properties in his bank's trust department. He is a member of the Tulsa-based group "Energy Advocates," made up of senior executives and CEOs of leading Oklahoma independent oil companies. Members of the group have spoken in many parts of the country, sharing their concern about the nation's energy situation. • •

SBA Expands Service With 2 New Offices

KANSAS CITY—The U. S. Small Business Administration's Regional Office here has announced plans to expand its services by opening two new branches in Kansas and Missouri. The additional offices, which are being created with no overall increase in staffing, will give the SBA three office locations in Missouri and two in Kansas.

According to an SBA spokesman, the changes will enable the SBA to:

- Decrease travel expenses.
- Increase employees' productive time by eliminating excessive travel time.

- Increase loan approvals through closer bank and organizational relationships, thus creating more jobs in the two states.

- Save clients' time and money by providing more convenient agency services.

- Increase bank participation in agency loan programs.

- Provide closer loan servicing and management assistance to clients.

- Eliminate the confusion caused by one district office serving territory in two states.

Locations for the new branch offices have been slated for Springfield, Mo., and the Johnson County, Kan., area, supplementing existing SBA offices in Kansas City, St. Louis and Wichita. The move will allow SBA offices to correspond to statewide boundaries and normal trade areas, following other federal agencies in the Kansas-Missouri area.

Educational Benefit:

'Consumer Survival Kit' Cites ABA Housing Guide

Two sections from the ABA's booklet, "A Homebuyer's Guide," have been selected for inclusion in the Public Broadcasting Service television program, "Consumer Survival Kit."

The television series provides supplementary printed material to viewers on request for each segment. The ABA reprints cover how to select a house and what the contract is, and were included in the "Consumer Survival Kit" supplement, "Home Buying II: A Piece of the Block."

According to a "Consumer Survival Kit" spokesman, the "kit" is finding its way into homes, schools and libraries in the continental U. S., Guam and Hawaii. Canadian viewers are said to be requesting the reprint, too.

The ABA booklet was published to assist member banks establish or supplement their consumer contact and community information programs. Topics covered by the publication include "Can I Afford a Home?," "How Will the Home Be Financed?," "How Do I Apply for a Bank Mortgage?," "What Are Settlement Costs?" and "What About Condominiums and Cooperatives?"

The booklet is available through ABA Order Processing and the order number is 246300. Pricing begins at 45 cents a copy for 1-99 copies and arrangements may be made for imprinting at an additional charge of \$30. For more information write Linda Feldman, Marketing Division, ABA, 1120 Connecticut Ave., N. W., Washington, DC 20036.

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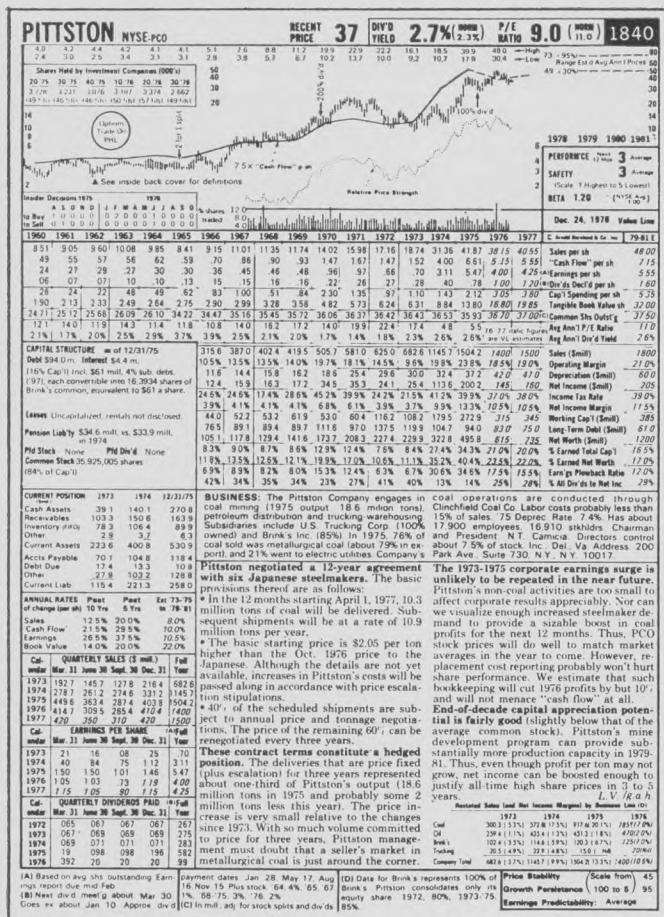
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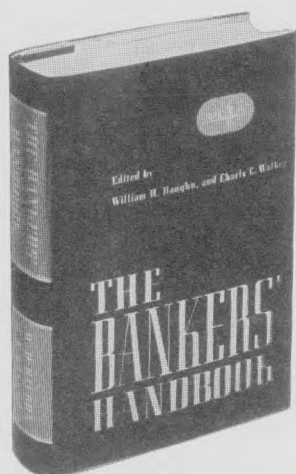
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NEWS

From the Mid-Continent Area

Alabama

■ **MARY GEORGE WAITE**, president, Farmers & Merchants Bank, Centre, has been named state chairman of the 1977 Future Farmers of America Foundation Sponsoring Committee. Mrs. Waite joins 31 chairmen from other states in coordinating their states' fund-raising activities for the FFA Foundation this year.



WAITE



JEFFERY

■ **WILLIAM A. JEFFERY II**, formerly assistant vice president, Merchants

National, Mobile, has advanced to vice president. Glenn D. Sigler moved up from assistant cashier to assistant vice president. Elected assistant cashiers were Joy Kemp and Grace Vickery, while new assistant trust officers are Connie Dixon and Nancy Langmaid.

■ **DR. WHEELER A. GUNNELS** has been elected a director of First National, Opp. He practices family medicine and surgery.

■ **RICHARD M. PENNINGTON JR.** has been promoted from vice president to senior vice president, First National, Mobile; **W. M. "Monty" Collins** has moved up to vice president, and **Robert S. Wilbanks** has become assistant vice president. Mr. Pennington, who went to the bank in 1973, continues as head of the marketing division. Mr. Collins joined First Alabama in 1974 as director of industrial development. Mr. Wilbanks, with the bank since 1972, is in the commercial loan division.



COLLINS



PENNINGTON

■ **UNION BANK**, Montgomery, has promoted the following: from assistant vice presidents to vice presidents, **Ann Thrash** and **C. Merrill Hiebert**; from administrative assistants to assistant vice presidents, **Jane L. Cannon** and **Dorothy J. Norris**; from women's division officer/marketing to assistant vice president, same division, **Bertie W. Fann**; from assistant cashier/accounting to assistant vice president, **Frances R. Norman**; and from personnel officer to assistant vice president/personnel officer, **Eloise M. Pryor**. In other action, the bank elected **Troup R. Cunningham** to its board. He is a farmer and cattleman.

■ **FIRST ALABAMA BANK**, Montgomery, has promoted **Delmar F. Epton** and **John P. O'Connell** from vice presidents to senior vice presidents. Mr. Epton has charge of the operations department. Mr. O'Connell is personnel officer.

Arkansas

■ **PULASKI BANK** and its parent firm, **Pulaski Investment Corp.**, both of Little Rock, have announced plans

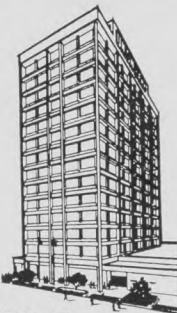


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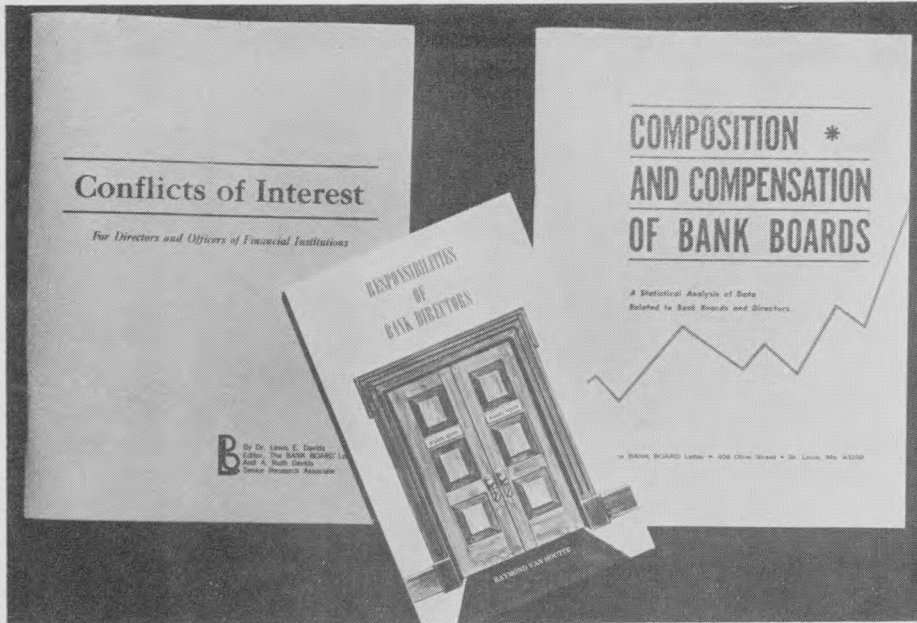


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what is expected of them and the bank they serve in terms of responsibilities to depositors, shareholders and the public. *Responsibilities* examines recent court decisions, investment return, continuity of management, long-range planning, effects of structural changes—HCs, branching, mergers—on competition, and more.

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author, Dr. Lewis E. Davids, editor of *The BANK BOARD Letter*. This book will give the reader an insight into the variety of occupations represented on bank boards; the number of inside and outside directors; frequencies of meetings; salaries paid. Also included are many tables, showing retirement ages for directors, per-meeting and annual fees, highest paid directors, etc. Designed to help you make comparisons and put your board structure and fees in proper perspective.

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to construct a new main bank building in Little Rock's Pulaski Heights area. The \$2.8-million, two-story building will feature what reportedly will be the state's only drive-up with an overhead teller installation, and parking for 100 cars will be provided on the building's roof. The structure will have 60,000



square feet of space, 35,000 of which will be occupied by an affiliate, Pulaski Mortgage Co. The building's main banking room will be a large open space with 20-foot-high ceilings. The bank's first level will center around an enclosed air-conditioned brick-floored mini-mall fronted with retail shops opening into the bank lobby. A brick-and-wood motif will be carried throughout the bank's interior, and its exterior will be of chocolate-tone brick and light tan precast concrete panels.



WATSON

■ E. STEVE WATSON has joined First Arkansas Bankstock Corp. (FABCO), Little Rock, as vice president and general counsel. Mr. Watson, a CPA, formerly was assistant regional administrator and senior trial attorney in the Fort Worth Regional Office of the Securities & Exchange Commission.

Illinois

■ JOHN CALDWELL MEEKER has been elected a director of National Boulevard Bank, Chicago. He is executive vice president, Amoco International Oil Co., the international subsidiary of Standard Oil Co. (Indiana).

■ CONTINENTAL BANK, Chicago, has elected the Reverend Raymond C. Baumhart, S.J., to its board. He is president, Loyola University of Chicago, and also is a director of Continental Illinois Corp., the bank's parent HC.

Malone Heads IBA Division

Ernest A. Malone, director of marketing, Millikin National, Decatur, has been elected president of the Illinois Bankers Association's marketing and public relations division.

In addition, the following IBA division officers have been named: first vice president—G. Thomas Andes, executive vice president, First National, Belleville; second vice president—Gerald Feezor, president and CEO, Peoples Bank, Marion; and secretary—Karen Reeves DeLee, IBA staff, Chicago.

■ WILLIAM J. HOCTER has been elected staff vice president of the Illinois Bankers Association, going there from the Cleveland Fed, where he was vice president and economist. Mr. Hocter is expected to succeed Robert C. Schrimple as IBA executive vice president in September, when Mr. Schrimple retires. Mr. Hocter entered banking in 1962 with the Chicago Fed and joined the Cleveland Fed seven years later. He began his new duties with the IBA February 22.



HOCTER

■ HARRIS BANK, Chicago, has promoted Jerome P. Crokin, Paul F. Lawless, Wayne W. Thomas and William A. Thuma Jr. from assistant vice presidents to vice presidents. Mr. Crokin is in the banking department's division responsible for finance companies, mutual funds and investment bankers and brokers. Messrs. Lawless, Thomas and Thuma are in the trust department. The bank's HC, Harris Bankcorp., Inc., elected two new directors—Frank C. Osment, executive vice president, Standard Oil Co. (Indiana), and Charles Marshall, president and CEO, Illinois Bell Telephone Co. They also were elected to the bank's board.

Died: P. Jordan Hamel, 57, vice president, trust and investment services department, Continental Bank, Chicago, on March 4. A banker 34 years, Mr. Hamel started with the old City National, which was merged with Continental Bank in 1961.

Indiana

■ ROBERT R. BATTON has been named to the newly created post of chairman at Kentland Bank. Succeeding him as president is Ronald L. Humphrey, who formerly was executive vice president. Mr. Batton joined Kentland Bank in 1949 as vice president and cashier, advancing to president in 1961. Mr. Humphrey joined the bank in 1965 as trust officer. He previously managed the Federal Land Bank in Kentland.

■ LEONARD L. WHITFIELD has joined St. Joseph Valley Bank, Elkhart, as vice president and trust officer. He previously held the same posts at Marshall County Bank, Plymouth.

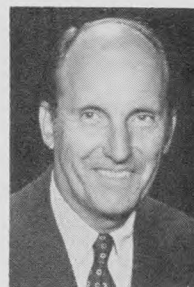
■ LUCILLE J. BARRETT has been promoted to assistant vice president, Lafayette National, which she joined in 1969.

■ CASSANDRA MIDDLETON has moved up from assistant cashier to cashier, Citizens Northern Bank, Elkhart. She joined the bank in 1974.

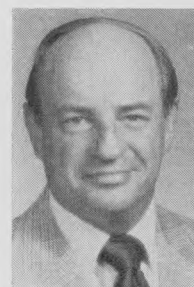
Kansas

■ DENNIS W. SZALLA has joined First National, Wellington, as cashier. He formerly was with First National, Topeka, as assistant vice president and controller. Before that, Mr. Szalla was auditor, Columbia National, Chicago.

■ NATION MEYER has been elected chairman, First National, Hutchinson, succeeding Leonard Beutler, who has been named honorary chairman. Charles Lear, formerly executive vice president, succeeds Mr. Meyer as president. The bank also has announced the following promotions: to vice president—Gary Karrer, from assistant vice president; and to assistant vice presidents—Jim Willingham, from personal loan officer, and Kent Longenecker, from marketing officer. Mr. Karrer is a correspondent banking officer.



MEYER

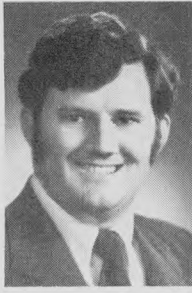


LEAR



BAUMAN

■ H. C. BAUMAN, vice president, Commerce Bank, Kansas City, has been elected managing officer of the Kansas division of the correspondent division. He joined the bank in 1975 and has been a vice president since last November.



BRIXEY

■ D. MICHAEL BRIXEY has joined Commerce Bank, Kansas City, Mo., as assistant vice president in the correspondent bank division. He has been assigned to southern Kansas. Mr. Brixey had been a bank examiner for the FDIC since 1967.



SCHUSTER

■ DERYL K. SCHUSTER, formerly regional director, U. S. Small Business Administration, Kansas City, has joined Overland Park State as executive vice president. He served the SBA for eight years. Prior to that, he had been Kansas administrative assistant to Senator James B. Pearson and had spent eight years in commercial banking. As SBA regional director, Mr. Schuster directed the SBA's four-state operation.

■ H. PHIL MAPES has been promoted to senior vice president and controller, MidAmerican Bank, Shawnee Mission. He joined the bank last year as vice president and controller.

■ CENTRAL BANK & TRUST is the new name for Central State Bank & Trust Co., Wichita.

Kentucky

■ CLYTIA ARMES has retired after more than 50 years as president of Citizens Bank of Grayson County, Leitchfield. She has been named president emeritus. Succeeding her is Howard Wood, who joined the bank last August. In addition, Paul Gibson, vice president and Big Clifty Office manager, has been advanced to senior vice president and will continue at the Big Clifty Office. Prior to joining Citizens Bank, Mr. Wood served for 12 years with Citizens Bank of Glasgow, most recently as vice president and consumer loan department manager.

■ CITIZENS FIDELITY, Louisville, has named Charles J. Thayer senior vice president and chief financial officer, succeeding W. Robert Tennill, vice president, who resigned recently. Named vice presidents were Richard D. Whitty, Henry L. Ryan Jr., Guilio Guinchigliani, Kelly Downard, James R. Combs, James B. Hill and Joseph Morrison. Mr. Thayer joined the bank in 1969 and was named senior vice president in January.

■ FIRST CITY BANK, Hopkinsville, broke ground recently for its new NorthWest Branch. The branch will feature four inside teller windows and three drive-up units, as well as an ATM. Completion of the near-\$300,000 project is expected this summer.

Louisiana

■ REHM T. WINTERS has been promoted to vice president and cashier at Liberty Bank, New Orleans. He joined the bank in 1974 after service with another New Orleans institution.

■ CHARLES E. FORET, vice president, National American Bank, New Orleans, has been named manager of the bank's correspondent banking division, succeeding Milton J. Zeller, who has retired after 34 years with the bank. Mr. Foret joined the bank in 1957 and was named vice president in January, 1976. Mr. Zeller's service at National American was preceded by



FORET



ZELLER

service with the New Orleans Fed, which he joined in 1925. He was honored with a 50-year plaque from the Louisiana Bankers Association at its 1975 convention.

■ MICHAEL J. RAPIER, who was president and chief administrative officer, National Bank of Commerce in Jefferson Parish, has been named president and CEO. He has been in banking 17 years. Vic J. Passera, formerly chairman of the board and CEO, continues as chairman of the board and also was made chairman of the executive committee. A former president of the bank, which he joined 21 years ago, Mr. Passera has been in banking 45 years. In other action, NBC elected Sue Chamberlain assistant vice president/administration, William E. Miller assistant vice president and manager, Driftwood Branch, and Audrey Aucoin banking officer/personnel administrator.



RAPIER



PASSERA

■ JERRY W. BRENTS has been advanced from senior vice president and chief administrative officer to senior executive vice president and chief operating officer at First National, Lafayette. Prior to joining the bank, Mr. Brents worked for a CPA firm for two years before becoming a special agent with the FBI. He left the FBI in 1974



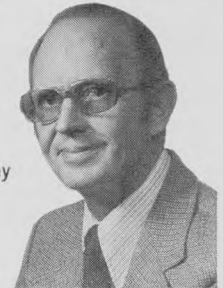
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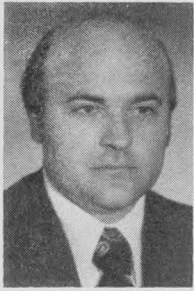
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Jack Markey

after eight years, going to First National as vice president in charge of corporate planning. He was named to his previous position in 1976.



BRENTS



HAMLIN

■ WILLIAM J. HAMLIN retired March 31 as executive vice president, Guaranty Bank, Alexandria. He joined the bank in 1952 as vice president, was elected senior vice president in 1960, executive vice president in 1970 and a director in 1972. A graduate of the School of Banking of the South, Louisiana State University, Baton Rouge, Mr. Hamlin also was elected a certified commercial lender by the ABA in 1975.

Mississippi

■ BROOKHAVEN BANK has promoted Mrs. Elizabeth Emfinger and Mrs. Patsy Smith to assistant cashiers and Mrs. Agnes Ratliff to auditor. Mrs. Emfinger joined the bank in 1964, Mrs. Smith in 1963. Mrs. Ratliff has been with the bank for 15 years.

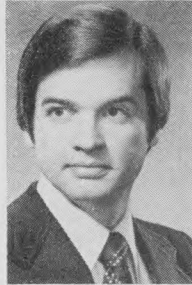
How-dee!



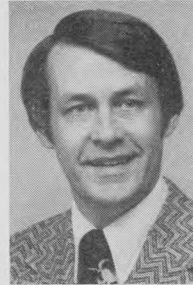
Country/western personality Minnie Pearl (l.) chats with Juanita G. Summers, v.p. & a.t.o., Brookhaven Bank, during the Nat'l Crusade Kickoff Meeting of the American Cancer Society. Both were participants in the two-day meeting held in Atlanta: Miss Pearl is a member of the society's board and a longtime ACS volunteer; Mrs. Summers is v.p. of the Lincoln County Unit of the ACS and is serving as campaign ch. during the 1977 drive.

Missouri

■ FIRST NATIONAL, Kansas City, has promoted Bill R. Mattox to vice president and Rodney K. Brown to assistant vice president. Mr. Mattox joined the bank in 1963. Mr. Brown has been with the bank since 1974. Named advisory directors were Archie R. Dykes, chancellor, University of Kansas, and Joseph C. Grissom, president, Western Auto Supply Co.



R. BROWN



MATTOX



T. BROWN

■ THOMAS J. BROWN, vice president, Commerce Bank, Kansas City, has been elected managing officer of the Missouri division of the correspondent division. D. Michael Brixey has joined the bank as an assistant vice president in the correspondent division. Mr. Brown joined the bank in 1969; Mr. Brixey was formerly an FDIC examiner. Elected vice presidents were Dev Strischek and James R. Trigg, both of whom joined the bank last year.



BARBER



FERGUSON



SCHNUCK



BUXTON

■ MERCANTILE TRUST, St. Louis, has elected Charles H. Buxton II cashier. He is also vice president and head of the operating department. Named to the bank's board were Williard F. Barber Jr., Brown Shoe Co.; Robert W. Ferguson, Southwestern Bell; and Donald O. Schnuck, Schnuck's Markets. Mr. Barber was formerly an advisory director.

■ ST. LOUIS UNION TRUST has elected August A. Busch III, president and CEO, Anheuser-Busch, to its board. He was formerly an advisory director.

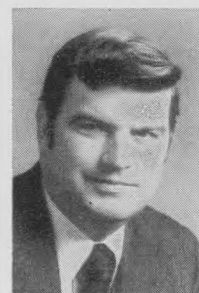
■ ST. LOUIS COUNTY NATIONAL, Clayton, has announced its intention to leave the Fed and convert to a state charter, taking the name of St. Louis County Bank, its original title. The competitive disadvantage involved in Fed membership was cited as the reason for withdrawal. In other action, the bank has elected Henry D. Schodde, Southwestern Bell, to its board.

■ BOATMEN'S BANCSHARES, St. Louis, has elected Edwin J. Spiegel Jr., chairman and president, Alton Box Board Co., to its board.

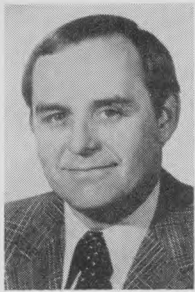
■ WALTER J. EITZEN, chairman, Farmers & Traders, California, was honored with a reception recently to mark his 70th anniversary with the bank. Mr. Eitzen is 94.

■ LEO F. MANN JR. has been promoted to vice president, United Missouri Bank, St. Louis. He joined the bank in 1973.

Jack House Dies



John C. (Jack) House, 39, vice president, business development department, United Missouri Bank, Kansas City, died suddenly last month. He joined the bank in 1973 and traveled in the St. Louis metropolitan area as well as in Iowa.



ROGERS



SILVERBERG

■ **JOHN P. ROGERS**, assistant vice president, Mercantile Trust, St. Louis, has been elected president of the St. Louis Chapter, Bank Administration Institute. Also named chapter officers were: first vice president—Michael P. Dolan, executive vice president, Plaza Bank of West Port, St. Louis County; second vice president—S. H. Wamhoff Jr., vice president and secretary, Lindell Trust, St. Louis; treasurer—Bernhardt J. Sartorius, general auditor, St. Louis Fed; and secretary—Milton A. Weis, auditor, Boatmen's National, St. Louis. The following have been named St. Louis BAI directors: Kenneth F. Buettmann, senior vice president, Mercantile National of St. Louis County; William F. Unwin, vice president and cashier, Boatmen's Bank of Concord Village; and Ernest J. Brundick, vice president and comptroller, Manufacturers Bank, St. Louis.

■ **FIRST NATIONAL**, St. Charles, has promoted Mae Silverberg to vice president and Carl Waldvogel Jr. to loan officer. Mrs. Silverberg has been with the bank 27 years; Mr. Waldvogel six years.

■ **JOHN H. McHENRY** has been promoted to executive vice president at United Missouri Bank, Jefferson City. Promoted to vice president and cashier was Larry L. French. Both men joined the bank in 1974.

■ **UNITED MISSOURI BANK**, Kansas City, has promoted Leone Hoffman Park to senior vice president in the business development department, Harlan L. Everett III to director of marketing, William A. Hann and Philip A. Harris to vice presidents and Robert Gnaegy to assistant vice president. Mrs. Park joined the bank in 1968, Mr. Everett in 1974, Mr. Hann in 1968, Mr. Harris in 1966 and Mr. Gnaegy in 1967.

■ **J. RICHARD FURRER**, executive vice president, South Side National, St. Louis, has been elected president of the Bank Management Association of St. Louis. Other officers elected were: first vice president—Paul Ross, senior

vice president, First National, St. Louis; second vice president—Harley Schwerling, president and CEO, Manufacturers Bank, St. Louis; treasurer—Quinton Keller, president and CEO, Lemay Bank; and secretary—A. R. Naunheim, chairman, Charter Bank, Jennings, and president, Charter Bank, Overland. In addition, the following have been named directors of the association: John D. Weiss, president and chairman, T. G. Bancshares Co., St. Louis; Lee W. McNorton, president, Boatmen's National of North St. Louis County, Florissant; and Cyril A. Niehoff, president, Florissant Bank.

Died: G. Jack Jones Jr., 53, president, Clifford Banking Co., Clarksville, last month.

New Mexico

■ **VALLEY NATIONAL**, Espanola, has promoted William A. (Bill) Reed from vice president to executive vice president and Laura Martinez to customer service officer.

■ **RONALD R. FIRESTONE** has been appointed assistant cashier at First National of Lea County, Hobbs. He was formerly with Clovis National.

■ **STAN LANE** has been promoted to executive vice president at Rio Grande Valley Bank, Albuquerque. He has been in banking since 1965 and was formerly senior vice president.

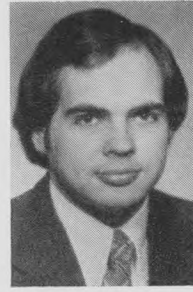
■ **CITIZENS BANK**, Las Cruces, has named John D. Yarbrough, oil executive, and Everett Crawford, senior vice president and cashier, to its board. Mr. Crawford joined the bank in 1973. Larry Dorbandt has been elected assistant vice president.

■ **DAN SOCOLOFSKY** has been named trust officer at Farmers & Merchants Bank, Las Cruces. He was formerly with a local accounting firm.

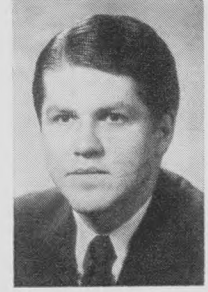
Oklahoma

■ **BEN HARNED JR.**, senior vice president, First National, Bartlesville, retired March 1 after 43 years with the bank. He remains a director and consultant. He joined the bank in 1934 and was named senior vice president in 1969 and director in 1971.

■ **ROBERT P. HOMES** has been named a vice president in the commercial loan department at UnionBank, Oklahoma City. He joined the bank in 1975, following service with First National, Dallas.



CRUTCHMER



HENKE

■ **CLYDE V. CRUTCHMER** has been named representative of correspondent banking, Fourth National, Tulsa. He is a former football player and stockbroker. Frank X. Henke III has been named vice chairman and chief operating officer of the bank and its parent HC, Fourth National Corp. He was formerly HC president. He joined the bank in 1967 and headed the trust division. Tom P. Henson has been elected HC president, succeeding Mr. Henke. He joined the bank in 1954 and is an executive vice president of the bank.

■ **CHARLES B. CHADWELL** has been elected president and CEO, Security Bank, Lawton. Exall English was elected to the new post of vice chairman. Promoted to senior vice president was Grover B. White and Joan Houghton, Margaret McCracken and Dennis A. Saunders were elected vice presidents. James J. Doherty and Jack Vardeman were elected assistant vice presidents and James Barnett, vice president, was elected to the board.

■ **FOUR DIRECTORS** have been elected to the boards of Liberty National Corp. and its subsidiaries, Liberty National Bank and Liberty Financial Corp., all in Oklahoma City. They are Philip F. Farha, William J. McWilliams, J. B. Saunders III and Jack C. Tway.

Failed Bank Purchased

Washita State has been organized to take over recently failed First State, Foss. The new bank is headed by members of the Huckabay family and opened for business on March 14 in the failed bank's quarters. First State was closed on March 11 by the Oklahoma banking commissioner.

All depositors of First State automatically became depositors of the new bank. The FDIC approved the purchase of the failed bank for \$107,760.

■ **FIRST NATIONAL**, Oklahoma City, has elected Tom Dunlap and Gerald Cornelison vice presidents and Miss Betty Adkins assistant vice president. Miss Adkins has been with the bank since 1963; Messrs. Dunlap and Cornelison are new to the bank. In other action, Ron Bradshaw, senior vice president, has been promoted from head of the real estate lending division to a newly created post in the commercial lending group. He coordinates the metropolitan lending, personal banking and agricultural lending activities and heads the metropolitan lending division. In the latter post, he succeeds Don Buckalew, senior vice president, who now heads the new regional commercial lending division.

■ **R. G. (TONY) TURNBULL** has joined Shepherd Mall State, Oklahoma City, as vice president. He was formerly with First National, Oklahoma City, and before that, was with City National, Oklahoma City.

Tennessee

■ **JOHN B. JAMES** has joined the correspondent banking department of Citizens & Southern National, Atlanta, as vice president. He manages the department's division serving a territory that includes Tennessee. Mr. James joined the bank in 1967 and has served in a number of departments.



JAMES

■ **MIKE MAGNUSSON** has been promoted from cashier to vice president and cashier, Bank of Ardmore. The following have been advanced from assistant cashiers to assistant vice presidents: Reba M. Gordon, Linda L. Whitsett, Wynona Hodges, Sandra Garrison, manager, Elkton Branch, and Randall B. Hobson and William H. Howell, both with Bank of Giles County Branch, Pulaski.

■ **FIRST TENNESSEE NATIONAL CORP.**, Memphis, has appointed Troy Barron retail credit division manager to replace Glenn Hodges, who was named marketing division manager of First Tennessee Bank, Memphis, and director of marketing for the HC. Stan

Nawrocki has been named information systems division manager and William E. Goodman has been named commodity division manager.

■ **AMERICAN CITY BANK**, Tullahoma, has elevated Duane Thorpe to chairman and CEO, named George S. Vibbert Jr. president and elected Leon Ring vice chairman. Mr. Thorpe was the bank's first president.

■ **FIRST AMERICAN NATIONAL**, Nashville, has named Donald R. Mullican a vice president and promoted Thomas A. Wright, James L. Uden, Larry J. King, Robert L. Polston and Richard A. Lewis assistant vice presidents. Richard E. Herrington joined the bank recently as an assistant vice president and head of the financial planning department. Mr. Mullican joined the bank in 1959.

■ **UNITED AMERICAN**, Memphis, has named Robert L. Wheeler a vice president and Alan G. Cooper and John C. Woolley assistant vice presidents. Mr. Wheeler was formerly with City National, Memphis.

Texas

■ **ALLEN B. CLARK JR.**, assistant vice president and trust officer, Republic National, Dallas, was among the 104 young men and women across the nation selected as regional finalists for the 1977-78 White House fellowships. The fellowships were created to provide firsthand experience in the process of governing the nation.

■ **J. D. BUCKMAN**, vice president and trust officer, and Everett E. Kidd, vice president, retired recently at Fort Worth National. Each man has served the bank for 40 years.

■ **JAMES R. PERRY** has been elected president, First National, Fort Worth. He had been selected for the job late last year, but continued as chairman of State National, Odessa, until March 1. He will continue as State National's chairman. Mr. Perry is also a director of First United Bancorp., HC controlling both banks.

■ **ROBERT H. DEDMAN**, chairman, Club Corp. of America, has been elected to the board of First National, Dallas. First International Bancshares, HC controlling First National, has received Fed approval to acquire Beaumont State.

■ **PATRICK H. O'DONNELL JR.**, senior vice president, Capital National, Austin, has been promoted to manager, trust and property management ser-

vices. Bryan Hardeman has been elected a loan review officer and James R. Hulme has joined the bank as trust administration officer.

■ **FIRST NATIONAL**, Canyon, has promoted Jody Magness to assistant vice president and Jan Dietz to assistant cashier. Miss Magness began her banking career in 1959; Miss Dietz has been with the bank since 1969.

■ **WILLIAM J. ROVERE JR.** has been elected a vice president in the metropolitan department at First City National, Houston. He joined the bank recently after service with Bankers Trust, New York City. In other action, First City Bancorp. has received approval to acquire East Dallas Bank. It will be the 25th acquisition for the HC.

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