

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

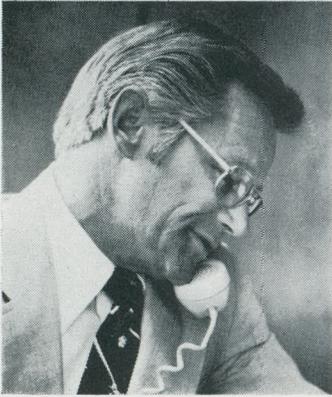
CHRISTMAS/MARKETING ISSUE

JULY, 1977

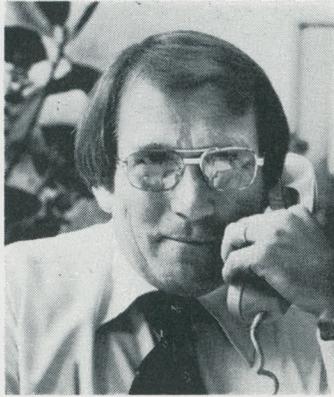


Santa Goes to Work for Christmas Club—Page 56

These Correspondent Banking Officers represent Liberty's resources - to help solve your problems.



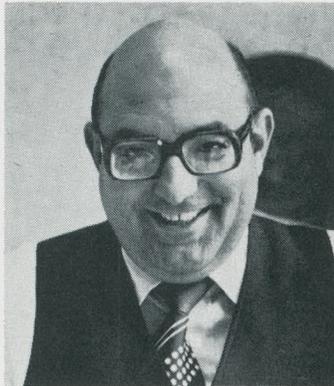
Pete Dowling



Ron Leavell



George (Pat) Kelly



Jim Kienholz



Ken Ferguson

Each one can offer on-the-spot suggestions and solutions. But, they can also put you in touch with one of Liberty's experts for in-depth problem solving capabilities. Experts in fields like:

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- Investment Services
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MID-CONTINENT BANKER is published 13 times annually (two issues in May) at 403 Olive, St. Louis, Mo. 63102. July, Vol. 73, No. 8. Second-Class postage paid at Fulton, Mo. Subscription: \$10.



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|---------------------------|---------------------------|
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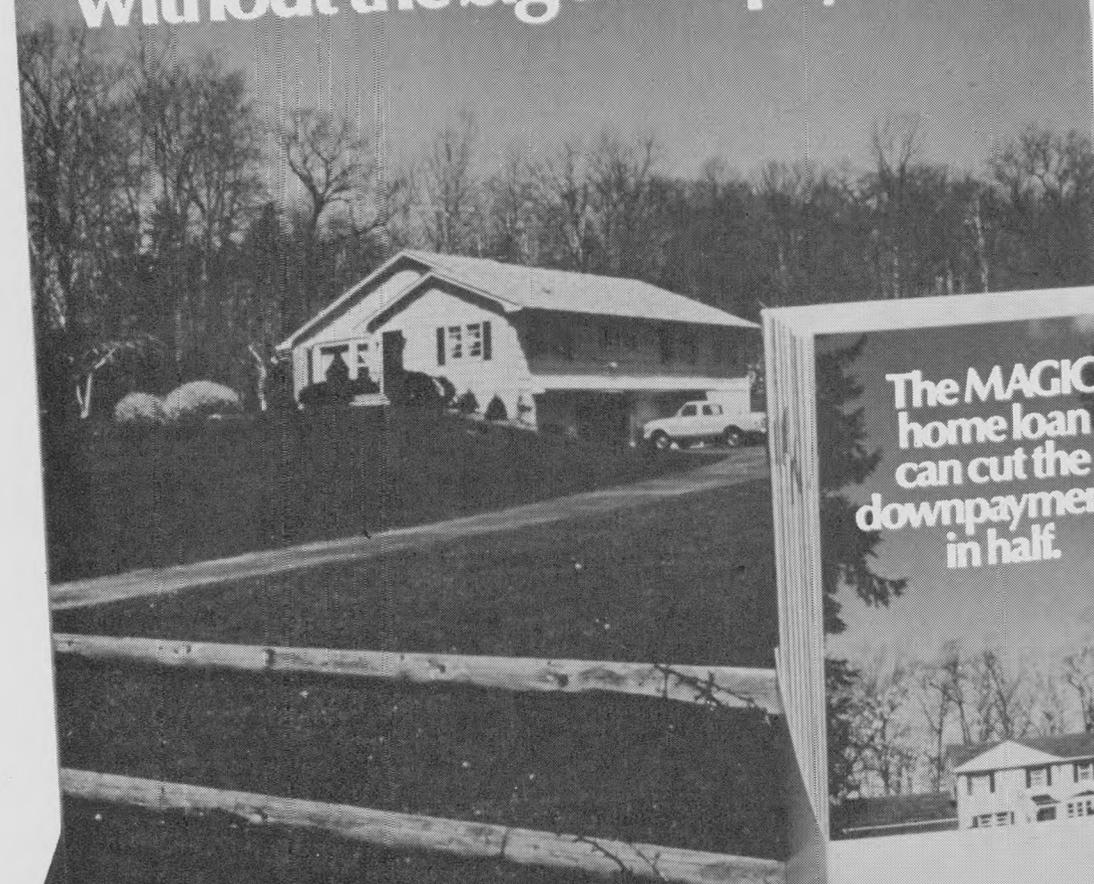
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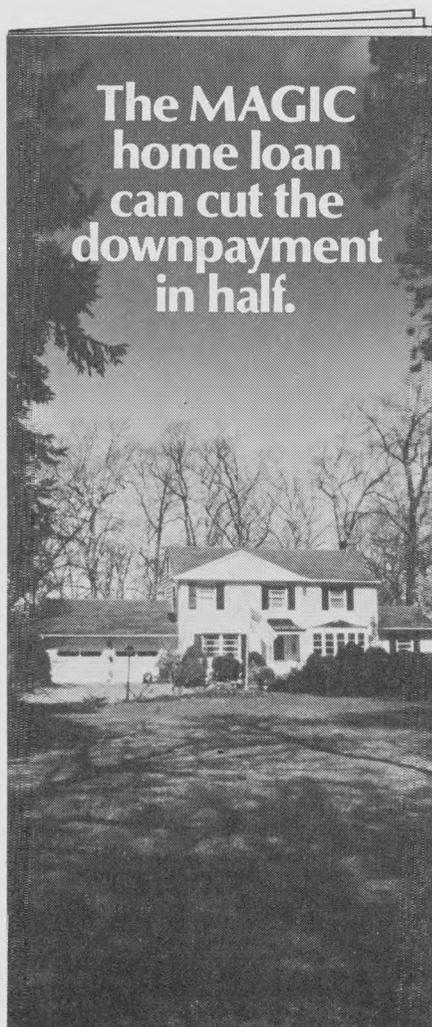
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Convention Calendar

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

Volume 73, No. 8

July, 1977

July 17-23: ABA Operations/Automation Div. Business of Banking School, Ithaca, N. Y., Cornell University.

July 24-29: ABA National School of Bank Card Management, Evanston, Ill., Northwestern University.

July 28-30: ABA National Governmental Affairs Conference, Washington, D. C., Washington Hilton.

July 31-Aug. 12: Consumer Bankers Association Graduate School of Consumer Banking, Charlottesville, Va.

Aug. 7-12: ABA National School of Real Estate Finance, Columbus, O., Ohio State University.

Aug. 13-19: Bank Marketing Association Bank Management School for Marketing Managers, Madison, Wis., University of Wisconsin.

Aug. 14-27: Central States Conference Graduate School of Banking, Madison, Wis., University of Wisconsin.

Aug. 15-26: ABA National Trust School/National Graduate Trust School, Evanston, Ill., Northwestern University.

Sept. 8-9: Robert Morris Associates Commercial Loan Training Programs: Content and Methods Workshop, Chicago, Continental Plaza.

Sept. 11-13: Kentucky Bankers Association Annual Convention, Louisville, Galt House.

Sept. 11-14: ABA Bank Card Convention, Atlanta, Peachtree Plaza Hotel.

Sept. 11-16: Robert Morris Associates Loan Management Seminar, Bloomington, Ind., Indiana University.

Sept. 12-15: Bank Marketing Association Four-in-One Marketing Seminar, Atlanta, OMNI International Hotel.

Sept. 12-15: National Association of Bank Women Convention, Atlanta, Atlanta Hilton.

Sept. 18-21: ABA National Personnel Conference, Atlanta, Hyatt Regency.

Sept. 22-23: Robert Morris Associates Value and Credit Assessment in Real Estate Lending Workshop, San Francisco, St. Francis Hotel.

Sept. 25-27: ABA Secondary Market Workshop, Chicago, Hyatt Regency O'Hare.

Sept. 25-27: Bank Marketing Association Officer Sales Call Training and Train the Trainer Seminar, Columbus, O., Columbus Hilton Inn.

Sept. 28-30: ABA Southern Regional Operations and Automation Workshop, Atlanta, Hyatt Regency.

Oct. 3-4: Robert Morris Associates Loan Quality Control Workshop, San Francisco, Miyako.

Oct. 15-19: ABA Convention, Houston.

Oct. 23-27: Consumer Bankers Association Convention, Phoenix, Arizona-Biltmore.

Oct. 26-28: ABA Midwestern Regional Operations and Automation Workshop, Chicago, Hyatt Regency O'Hare.

Oct. 30-Nov. 1: ABA International Foreign Exchange Conference, New York City, Waldorf Astoria.

Oct. 30-Nov. 2: Robert Morris Associates Annual Fall Conference, New York City, New York Hilton.

Oct. 30-Nov. 2: Bank Marketing Association Convention, Honolulu, Hawaii, Hilton Hawaiian Village.

Nov. 2-4: Association of Bank Holding Companies Fall Meeting, Boca Raton, Fla., Boca Raton Hotel.

Nov. 6-9: Bank Administration Institute Convention, Houston, Hyatt Regency.

Nov. 6-17: ABA National Commercial Lending School, Norman, Okla., University of Oklahoma.

Nov. 13-16: ABA National Agricultural Bankers Conference, Kansas City.

Nov. 13-16: ABA Mid-Continent Trust Conference, Houston, Houston Oaks Hotel.

Nov. 13-18: ABA National Personnel School, Dallas, Marriott Motor Hotel.

Nov. 14-16: Bank Administration Institute Corporate Cash Management for Operations Personnel Seminar, Boston.

Nov. 15-18: Bank Administration Institute Trust Operations Short Course, Dallas.

Nov. 16-18: Bank Administration Institute Financial Accounting and Reporting Seminar, Park Ridge, Ill.

Nov. 17-18: Robert Morris Associates Value and Credit Assessment in Real Estate Lending Workshop, New Orleans, Royal Orleans Hotel.

Nov. 17-18: Bank Administration Institute Tax Return Preparation Short Course, Dallas.

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MID-CONTINENT BANKER (publication No. 346 360) 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. Beggan**, **William M. Humberg**, **James T. Poor** and **Don J. Robertson**, vice presidents; **Lawrence W. Colbert**, assistant vice president.

The Banking Scene

By Dr. Lewis E. Davids

Hill Professor of Bank Management,
University of Missouri, Columbia

Pension Terminations—A New Market

SINCE SEPTEMBER, 1974, when the Employee Retirement Income Security Act (ERISA) was signed into law, there have been largely unnoticed terminations of literally thousands of retirement plans.

According to Internal Revenue Service (IRS) figures, in 1970, 2,306 such plans were terminated. In 1971 the figure jumped to 3,335 and by 1972 the number of terminations reached 3,550. In 1973, that number climbed to 4,130, advancing to 4,604 in 1974. But when people began to realize the implications of ERISA in 1974, there was a massive jump in terminations—8,276 pension plans were discontinued.

Hold your breath, because in 1976, 15,859 plans were ended! (It might have been 15,860. I had contemplated a similar step for my own plan, but was persuaded by knowledgeable people that if I did so I would have had to endure additional filings, which would be even more onerous than the paper work already involved in the maintenance of my plan.)

What's interesting is that not one but two congressional committees have reported that, since the Pension Reform Act became effective, the rate of new pension plan formations dropped from almost 60,000 per year in 1974 to 30,000 annually in 1975, and to only 26,000 in 1976. An extrapolation of these figures presents the frightening implication of "throwing the baby out with the bath water."

Some banks—mostly small ones—are among those institutions that no longer offer pension plans. Larger banks seem to have developed a tolerance to added paper work and have continued their ERISA plans. These banks appear to agree with Senator Gaylord Nelson (D., Wis.), who said, "We certainly need to analyze the decisions on terminations in detail and intend to do so. However, it is safe to generalize at this point that maladministration of the

statute is one of the chief underlying causes of the problem." Needless to say, if banks were as prone to "maladministration" as the government, they would long ago have had their charters revoked!

There is a real danger that many bankers, on observing some of their customers dropping their pension plans, may overlook the fact that these actions may be a blessing in disguise. The decision of a company, union or private individual to terminate a pension plan because of the obvious amount of paper work or poor performance of the plan is a good opportunity

environment, can be attractive.

The typical bank probably isn't staffed to expeditiously handle or answer questions of a complex nature on IRA "roll-over" accounts of terminated pensions. Further, IRS rulings are quite technical about how time frames and capital gains may be handled.

Even a moderate-sized city correspondent may be of marginal advisory help in such matters. However, the new change in Regulation Q relating to Keogh and HR-10 accounts means that commercial banks now can compete on equal footing with S&Ls for this interesting market segment. Some

"(Banks offering pension plans) appear to agree with Senator Gaylord Nelson (D., Wis.), who said, 'We certainly need to analyze the decisions on (pension plan) terminations in detail. . . . However, it is safe to generalize . . . that maladministration of the (ERISA) statute is one of the chief underlying causes of the problem.' Needless to say, if banks were as prone to 'maladministration,' as the government, they would long ago have had their charters revoked!"

for an innovative bank. Why? The termination is accompanied by a distribution of the proceeds of the pension to the beneficiaries who in turn will be receptive to the idea of an organization—such as your bank—helping fill the vacuum caused by that termination.

This brings up a couple of questions. Can a terminating plan be handled by your bank in such a way as to save your customer unnecessary tax exposure? And, can your bank make the termination financially attractive, considering the quantity of paper work involved?

For some of the small IRA terminated plans, the latter probably is unlikely, but some long-term employees or groups of employees may have six-figure or better "roll-over" benefits. Such figures, even in today's inflated

S&Ls have put more than \$1 million in additional deposits on their books in recent months as a result of their interest in and help to beneficiaries of terminated retirement plans.

If S&Ls are able to master the complexities of terminated plans, I'm sure most banks certainly can. Not every CPA or attorney who is a bank customer may have the interest or competence to wade through the IRS procedures for a beneficiary of a terminated plan, but some CPAs and attorneys do.

It might not be a bad idea to locate such an attorney or accountant, so your bank can compete with S&Ls. That way, a customer of your bank who finds that his pension plan is being terminated can rely on a knowledgeable individual to provide him with needed and valuable advice. ••

"United Missouri's bond department is one of the top 100 bond investment institutions in the country!"

"So what?"

"Well, there are thousands of banks and other financial and investment houses throughout the country who deal in municipals and governments. That's why being in the top 100 means something."

"How do you rank locally?"

"Right up in front of the pack."

"Okay. But, what does that mean to our bank?"

"Maybe nothing. But, listen. How we got so big is important to you. And, now that we are big, what we can offer you is vital whenever you invest."

"How did you get so big?"

"This may sound vague. But, we got big because we have always been responsive to the basic needs of our customers."

"What does that mean? In what ways?"

"Well, we think of you — first. Where you are. Where you want to go. After all, it is your portfolio we're talking about. We would, for example, first evaluate your financial position before we would even recommend certain municipals."

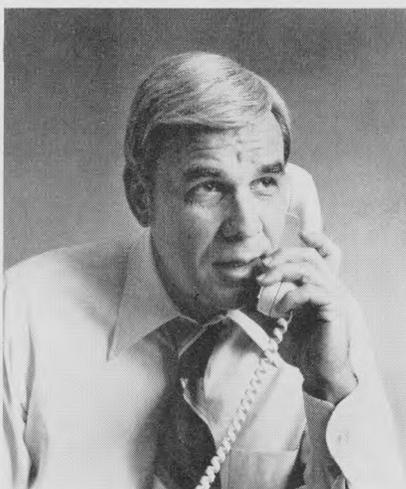
"Do you mean that you might advise me not to buy a given municipal?"

"Absolutely. Relatively risk-free as most are. Tax-exempt as they are. If we don't think they're right for your portfolio, we'll tell you so."

"That's interesting. What else does bigness mean to me?"

"Quite a few things. Advantages we can offer you because of our sheer size and clout. It takes a large organization to investigate and analyze the municipal bond offerings that merit our recommendations. And, that's what we do."

"Is that necessary?"



"It is for us. One reason is that last year we participated in almost \$1 out of every \$2 of municipal general obligation bonds . . . sold at public sale...in Missouri and Kansas. That's just for openers. Obviously, we have to know what we're doing."

"How well do you evaluate every municipal offering?"

"That's where judgment — earned the hard way through experience — comes in. We evaluate the credit worthiness of the bond before we sell it to you. We don't just sell it, and forget it."

"What do you mean by that?"

"Since credit is continually changing, we continually re-evaluate it. We make secondary markets if you decide to sell."

"That's good to know."

"One other thing about proper analysis of all bond offerings. We may not look as flashy, but we'll make fewer mistakes."

"I'm sort of interested. But, I want to think it over."

"You should think it over and talk it over with our bond department people, whenever you have a few minutes to spare."

"I've got a friend in our trust department who might be interested, too..."

"Tell your friend to stop by — or give us a call when he has a minute — I'm sure we can help him, too."

"Fair enough!"

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MID-CONTINENT BANKER for July, 1977

9

BANKING WORLD



LeMAISTRE



LANE

• **George A. LeMaistre** has succeeded Robert E. Barnett as FDIC director. As announced last month, Mr. Barnett resigned to join a Washington, D. C., law firm. Mr. LeMaistre practiced law in Tuscaloosa, Ala., until 1960, when he became president of City National there. He was chairman and CEO when, in 1971, he was appointed to the FDIC's board.

• **Mills B. Lane Jr.** has been elected director emeritus, Citizens & Southern National, Atlanta. He is a former president, vice chairman and chairman of the bank and joined it in 1934. Mr. Lane retired as an active C&S director just before being elected director emeritus.

• **Sheldon W. Stahl**, vice president and senior economist, Federal Reserve, Kansas City, will become deputy governor, office of finance and research, Farm Credit Administration, Washington, D. C., August 1. In his new post, Mr. Stahl will be responsible for monitoring, coordinating and supervising the Farm Credit System's financing programs and will oversee research on financing the FCS as well as research

into agricultural and rural credit needs. Mr. Stahl joined the Fed's research division in 1962, was named to the bank's official staff in 1967 as research officer and was promoted to vice president and senior economist in 1973. For about two years, beginning late in 1967, Mr. Stahl was research officer and economist at the Philadelphia Fed.

• **Bobbie Taylor**, president, National Association of Bank Women in 1969-70, has retired from First National, Lamesa, Tex., where she was assistant vice president.

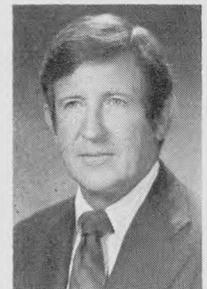
• **Jerry J. Jason**, assistant vice president, Southeast First National, Miami, was elected AIB president at its annual convention in Phoenix May 29-June 1. Richard L. Killmon, vice president, Fidelity Bank, Oklahoma City, is the new vice president. Two of the four new councilmen are Mid-Continent-area bankers: William P. Liles, assistant vice president, First National, Lubbock, Tex., representing District Six; and B. Paul Horne, accounting officer, Indiana National, Indianapolis, representing District 11.

Corporate News Roundup

• **Integon Corp.** An agreement in principle has been reached for Integon Corp., Winston-Salem, N. C., to acquire shares of Secura Corp., an Atlanta-based mortgage guaranty insurance

firm. Integon will trade 6/10ths of a share for each Secura share. The agreement must be approved by Secura shareholders and regulatory agencies. Following the agreement with Secura, mortgage guaranty insurance will be a new insurance specialty for Integon.

• **Jon R. Brittenum & Associates, Inc.** Dabbs Sullivan Jr. has joined this Little Rock-based investment banking firm as executive vice president and chief operating officer. He began his career in 1950 with Dabbs Sullivan Co., which, in 1967, was merged with Trulock & Co. to form Dabbs Sullivan, Trulock & Co. When Reynolds Securities, Inc., bought the merged firm in 1974, Mr. Sullivan was made vice president. He continued in that capacity with Reynolds Securities until joining Jon R. Brittenum & Associates, Inc.



SULLIVAN

• **Associates Commercial Corp.** A national accounts division has been formed by this Chicago-based commercial financing subsidiary of Associates Corp. of North America, a Gulf & Western company. The new division, headed by Vice President James E. Lewis, operates within Associates Commercial Corp.'s industrial finance division. It provides secured, medium-term corporate financing in amounts from \$500,000 to \$10 million. Mr. Lewis goes to Associates with 11 years' experience in commercial financing and investment and commercial banking.

• **NYTCO Services, Inc.** The name of this St. Paul-based firm was changed to Collateral Control Corp. July 1. The change involves the name only, with no realignment of personnel, company services or alteration of corporate financial structure. The former NYTCO is the outgrowth of three predecessor firms: St. Paul Terminal Warehouse, founded in 1916; New York Terminal Warehouse Co., organized in 1936, and Haslett Field Warehousing, founded in 1913.

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Because he lacked a strong cash flow — and couldn't increase his bank credit line — the plumbing supply wholesaler was missing sizeable trade discounts.

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Secured by accounts receivable and inventory, we quickly supplied the needed working capital in participation with the bank.

Result? A more profitable operation for the wholesaler. And the bank retained a good customer.

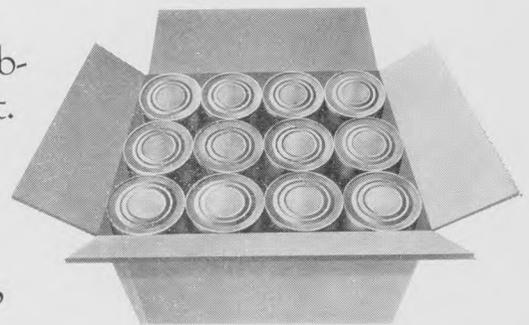
A food processor wanted to sell off a subsidiary, and three executives wanted to buy it. But where would the money come from?

Solution? A bank mentioned **Ætna Money**. We provided a multi-million dollar loan secured by plant, equipment, inventory, and accounts receivable.

Result? A smooth acquisition. And a new customer for the bank.

Ætna Money. It's flexible and quickly available for your customers. It's a workable alternative for you. Call us.

You get action with **Ætna** because our business is to help your business.



Although certain identifying facts have been changed to protect client confidentiality, these are authentic examples of **Ætna Money** at work.

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Personnel

College Instructor's 'Sabbatical' Is Spent as Employee of Bank

COLLEGE EDUCATORS often are accused of living in an "ivory tower," of not knowing what's going on in the so-called "real world," although they're charged with teaching young people how to make their way in that world. Well, an instructor at the two-year Butler County Community College in El Dorado, Kan., took an 18-week "sabbatical" earlier this year to gain practical experience that he could share with his students—and he spent those 18 weeks in a local bank, Walnut Valley State.

Sabbatical leaves traditionally are taken by college and university faculty members every seven years for the purpose of study or travel. At Butler County Community College, the board of regents has adopted a policy of six months' leave with full pay or a year's leave with half pay. Ronald Seager, office education coordinator at the college, had an idea. Why not request a leave so that he could work within a business in the environment of Butler County, as he put it, "thereby pursuing my course of study and refreshing my experiences in this manner." In asking for his leave, Mr. Seager wrote Carl Heinrich, president of the college, "I

feel that this total immersion in a business will improve my teaching effectiveness tremendously, much more so than through the textbook or theoretical approach that would be achieved by enrolling in a semester of university study."

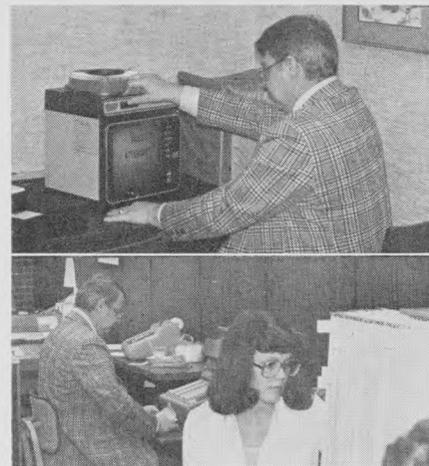
Mr. Heinrich agreed, and leave was granted.

Before final action was taken, Mr. Seager called on various firms and sounded out his ideas to businessmen, who received him enthusiastically.

One of those with whom Mr. Seager discussed his plan was Clifford Stone, chairman, Walnut Valley State. Mr. Stone had served the ABA as a member of its personnel administration and management development commission and also as a member of the subcommittee on training. He was quick to see the pragmatic aspects of Mr. Seager's proposal and readily agreed to the arrangement.

The first meeting was followed by another last November 2. At that time, it was agreed that Mr. Seager would begin work at the bank on January 10, with his employment to continue until May 24—approximately 18 weeks.

The work plan agreed on saw Mr.



Ronald Seager, office education coordinator, Butler County Community College, El Dorado, Kan., is shown at two different tasks in that city's Walnut Valley State Bank. Mr. Seager took 18-week "sabbatical" at bank to become acquainted with business world.

Seager in the dual roles of employee and observer. As a staff member, he went through the actual selection, training and work experiences of any new employee at the bank. This included a facet regarded as absolutely indispensable at the bank, the code of confidentiality. This is a pledge required of every employee that banking-transaction information be treated with the utmost confidentiality and professionalism.

As an observer, Mr. Seager was able to analyze staff assignments from the standpoint of one whose academic charge is to prepare students for just

(Continued on page 28)

Labor Dept. Seeks Debarment Of NBC of San Antonio From Federal Contract Work

SAN ANTONIO, TEX.—The U. S. Labor Department last month filed a complaint against the National Bank of Commerce, seeking debarment of the bank from present and future government contracts for allegedly refusing to abide by federal equal-employment-opportunity regulations.

If debarred, NBC would be the first bank to lose Treasury Department contracts for serving as a federal depository and for issuing and redeeming U. S. savings bonds and redeeming savings notes.

Executive Order 11246 prohibits federal contractors and subcontractors from employment discrimination based on race, color, sex, religion or national origin. It's administered by the Labor Department's Office of Federal Contract Compliance Programs in the Employment Standards Administration.

This case arose, according to a release from the Labor Department, when the Treasury Department, which has enforcement responsibility for the banking industry under the executive order, found—during a compliance review—that NBC had not developed an acceptable written affirmative-action program. Specifically, says the Labor Department release, the bank refused to set goals and timetables for hiring and promoting minorities and women, had not made plans to correct underutilization of these groups in the bank and had not considered remedial measures for any past effects of employment discrimination.

According to the Labor Department, the bank disputes the allegations and contends that the written affirmative-action-program requirement is a violation of federal civil rights laws and constitutes reverse discrimination when there has been no court determination of employment discrimination.

However, the Labor Department points out that the executive order has the force and effect of law.

According to NBC, the bank believes

the department's action was precipitated by a lawsuit NBC filed last December. That lawsuit, in which the Secretary of Labor and the Secretary of the Treasury are named as defendants, is an action for declaratory judgment filed in the U. S. District Court in San Antonio. NBC has asked the court to rule whether the Treasury Department can require the bank to establish goals and timetables and take other affirmative action in favor of minority and female employees and applicants to the exclusion of non-minority and male employees and applicants.

NBC's president, Robert H. Seal, says the bank brought its action because it's strongly committed to a policy of equal-employment opportunity for all its employees and applicants, regardless of their race, color, religion, gender or natural origin. He adds that this action was taken to clarify an apparent conflict between the two federal laws and to seek guidance for future employment policies.

"We are concerned that the government regulations in question are themselves discriminatory," says Mr. Seal.

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Installment Lending

Married Women Can Get Credit History But Could Suffer from Mate's Negligence

NEW PROVISIONS of the Equal Credit Opportunity Act that took effect June 1 permit a married woman to establish a credit history in her own name, but could also mean she would share in a bad credit history built by her husband, according to officers at Continental Bank, Chicago.

"Although the legislation will allow many married persons to share the good credit rating they've built together, certain adverse consequences could result if they are not prudent," said James A. Matthews, vice president in charge of consumer lending.

"For example," he said, "if a husband repeatedly neglects to make payments on schedule to an account in his name, but of which his wife is an authorized user, as his spouse, any detrimental credit report also would reflect his wife's name."

"... if a husband repeatedly neglects to make payments on schedule to an account in his name, but of which his wife is an authorized user, as his spouse, any detrimental credit report also would reflect on his wife's name."

In the past, reports to credit bureaus on accounts used by both husband and wife generally were made in the husband's name only, said Janice P. Ventura, Continental's family economics analyst, even when credit was originally extended in the names of both spouses, or when the wife's income was used to open the account.

Miss Ventura said that, under the new legislation, creditors, including banks, are currently in the process of asking account-holders to decide whether they wish to add a second name to their accounts so that credit information concerning their accounts can be reported in the names of both husband and wife.

"The second name added by most individuals probably will be that of either a co-obligor—a spouse or another person liable for payment—or an authorized-spouse user, who typically used the account but is not liable for payment," Miss Ventura said.

For example, if a man and his employed wife decide to include the wife's income and signature on an application for credit, the wife becomes a co-obligor, and her name would appear on the account. The couple may require the lender to report information about the account in both names, even though the monthly statements might show only the first name on the credit application.

A different situation exists if a man obtained a bank card solely on his own financial credentials but listed his wife as an authorized-spouse user, Miss Ventura noted. The couple still could instruct the lender to show both names on any reports to credit bureaus, even though the wife only used, but was not liable for payment on, the account.

Mr. Matthews said that Continental, in the future, plans to give its Master Charge cardholders the option of having a separate card made up in the name of each authorized user, so a married woman might carry a card bearing her name even though she was not liable for payment on the account.

"The legislation doesn't require lenders to issue separate cards," Mr. Matthews said, "but we feel this is another simple step we can take to help married women establish their own credit history."

Mr. Matthews noted that, since 1975, when the first provisions of the Equal Credit Opportunity Act went into effect, the percentage of women applying for credit at the bank has increased.

"We expect to see a further increase, since more women are working or heading households now and, as such, qualify on their own for credit without counting a husband's income," Mr. Matthews said.

He also noted that the equal credit provisions have made women more confident of their ability to be granted credit.

"The law used to tell lenders what they couldn't do, such as follow discriminatory lending practices," Mr. Matthews said. "Now, lenders are told what they must do, and some credit applicants may feel more comfortable in that kind of an environment." • •



This is portion of auto show held on lot of shopping center adjacent to Citizens Nat'l branch, Danville, Ky. Show was held by bank in conjunction with local auto dealers, drew two-day crowd of 2,500.

Good Weather, Free Food Help Draw Crowd of 2,500 To Bank's First Auto Show

DANVILLE, KY.—Thanks to a helping hand from Mother Nature in the form of excellent weather, and lots of free hot dogs and soda, 2,500 persons showed up for the first annual auto show of Citizens National, which was held in cooperation with five local car dealerships.

The show was held in the shopping center adjacent to the Citizens National branch and was advertised via television, newspaper and radio. During the show itself, a live radio show was broadcast from the bank, during which bank and auto-dealer personnel were interviewed.

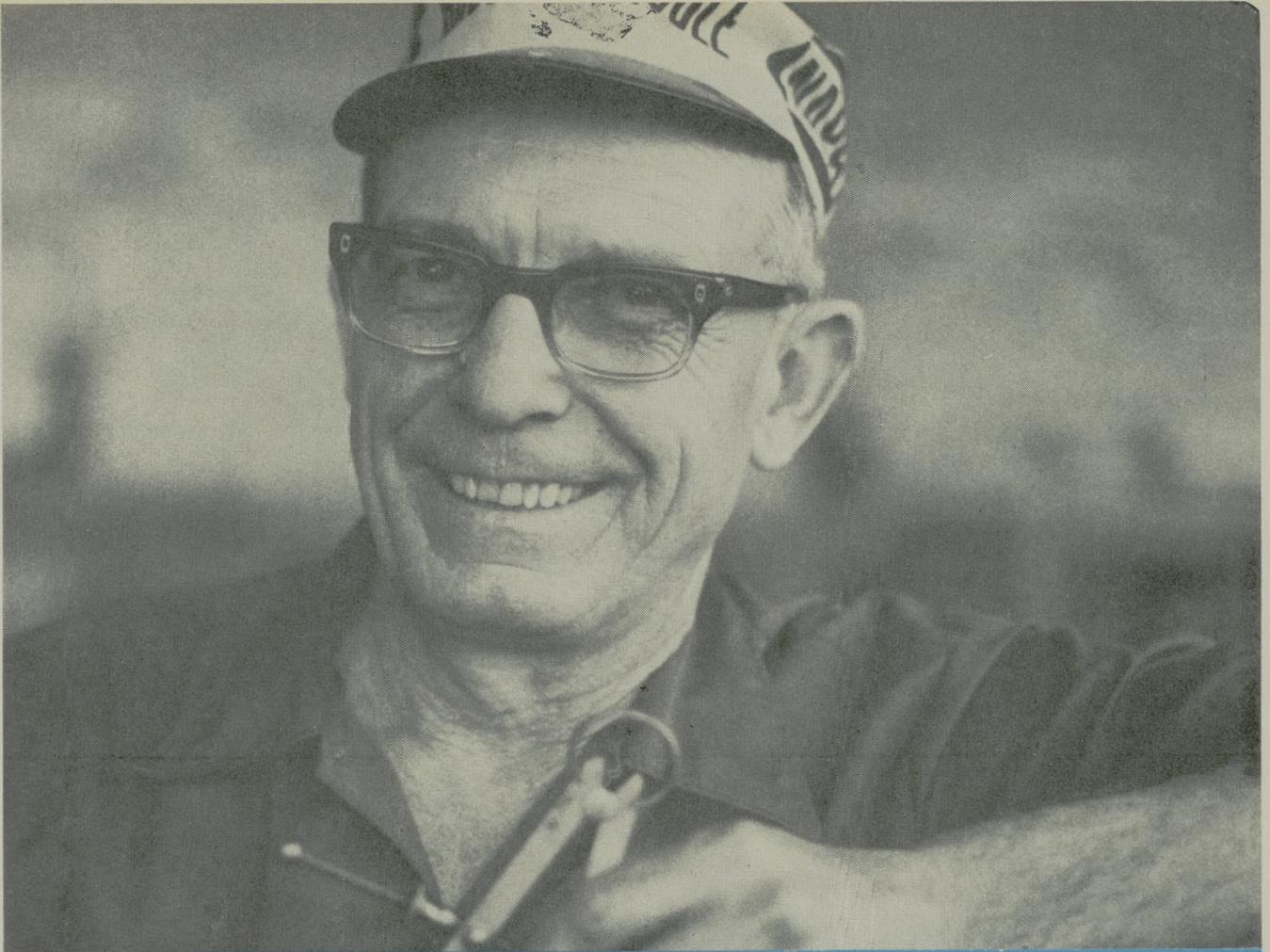
Auto dealers were pleased with the turnout. One representative says, "Consumers who never had been in our showroom walked through our area, and we had a chance to demonstrate our new cars and trucks."

Needless to say, the bank was pleased with results of the show, since the branch received exposure, bankers were able to meet with prospective car buyers and bank-auto dealer relationships were enhanced greatly, a Citizens National spokesman says.

The spokesman went on to say of the auto show, "The consumer is given the opportunity to shop and compare the various automotive products on the market in one central location without showroom pressure, and showing the consumer that Citizens National has an interest in the local automotive business encourages them to finance their purchases with us."



To publicize auto show, local radio station set up live broadcast from bank lobby. Broadcast featured interviews with bank, auto-dealer personnel.



MISSISSIPPI HAS AN ATTITUDE WORTH CATCHING!

We believe in hard work for what we want, and we know how to work hard together. We think our attitude is one of the most important, most positive of our state's many resources. We'll bet you don't know all the facts about the good things we're doing in Mississippi.



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

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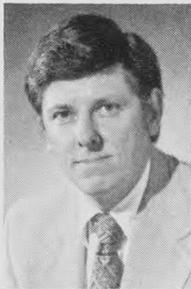
Public Affairs Post Is Created by Bank

H. Kris Ronnow has joined Harris Bank, Chicago, as public affairs officer, a newly created post.

The position encompasses philanthropic giving, the bank's participation in civic and cultural activities, bank-sponsored youth activities, bank employee social and athletic organizations and related activities.

Mr. Ronnow formerly was director of the community relations department, Village of Oak Park, a Chicago suburb. In that post, he was responsible for fair housing and employment, public accommodations ordinances and policy and program development related to equal opportunity and racial diversity of the community.

Mr. Ronnow holds a master's degree in social work from the Jane Addams Graduate School of Social Work and a master's of divinity degree from McCormick Theological Seminary.



RONNOW

Economic-Illiteracy Fighter:

'Let's Talk Business' Program of Okla. Bank Featured in Publication

"Let's Talk Business," an economics-information and education program developed and sponsored by Liberty National, Oklahoma City, and the Oklahoma Chamber of Commerce, is featured in the July installment of the *Dun's Review* series, "Corporate America."

In its year-long series, *Dun's Review* is recognizing outstanding corporate programs designed to improve understanding and appreciation of America's free-enterprise system.

Launched early in 1973, "Let's Talk Business" encompassed wide-ranging public-information and educational programs, including financial support for primary/secondary-school economic education, financial incentives to teachers for creativity in economic education and "Viable New Business Ideas," a contest that solicited young people's suggestions for starting their own businesses. The program utilized the print and broadcast media, informational literature, audio/visual presentations and other communications tools.

Community Involvement

The *Dun's Review* article features one "Let's Talk Business" print advertisement, headlined: "You're offered a better rate on your savings account than most businesses get in profits." The ad noted that the average business profit margin at the time was 4%, a lower rate of return than a contemporary passbook-savings account or short-term CD would have yielded. The ad was one of a series produced by Liberty National to explode myths and explain facts about American business and economics in general.

Thousands of persons of all ages were exposed to various aspects of "Let's Talk Business" through the communications media, speaking engagements, schools and other types of presentations. Subsequent surveys, according to the bank, revealed that the program helped increase audience understanding of the U. S. business system significantly. For this achievement, Liberty National received the 1973 George Washington Award of the Freedom Foundation at Valley Forge, Pa.

Caring for Others:

Bank of Oklahoma Assists In Aid for Accident Victim

When 16-year-old Charla Willyard of Tulsa was permanently paralyzed from the chest down in an auto accident, the medical bills to her family were staggering. Although her parents carried health insurance, the drunken driver that caused the accident was insured only for the minimum-amount liability.

The week following the accident,



From l., Cathy Harned and Alice England, Bank of Oklahoma, Tulsa, join Tulsan Jack Mohatt in admiring works in art sale held in bank's lobby. Sale was organized by Mr. Mohatt and held to benefit Charla Willyard, 16-year-old Tulsan who was paralyzed from chest down in auto accident.

Connie Munson, a teller at Bank of Oklahoma, Tulsa, and a good friend of Charla's mother, set up a trust fund for the girl. The bank then aided Miss Munson in publicizing the fund by interesting a newspaper, two television stations and a radio station in Charla's story. Within weeks, \$1,401 had been contributed to the fund, including more than \$200 from Bank of Oklahoma employees.

But because of Miss Munson's efforts in Charla's behalf, another Tulsan, Jack Mohatt, entered the picture. Mr. Mohatt had read that the paralyzed girl was interested in poetry and art. But in addition to their mutual interest in art, Mr. Mohatt and Charla have more in common: Five years ago, doctors had told him that he never would walk again. "Thanks to physical therapy and mental therapy in the form of art lessons," said Mr. Mohatt, "I now am able to walk without a cane."

Mr. Mohatt drew a charcoal portrait of Charla, an idea that eventually led to an art sale to benefit the stricken girl. Bank of Oklahoma made space available on the ground level of its new 52-story building, and more than 50 paintings, drawings and etchings were donated by area artists. Students from Tulsa Junior College helped Mr. Mohatt staff the six-day exhibit/sale.

The result? Thirty pieces of art were sold, netting \$1,300 for the Charla Marie Willyard Trust Fund!

"But most importantly, said Mr. Mohatt, "all the attention she has been getting has changed Charla from a heartbroken invalid to a young woman full of hope."

Community Help:

HC Helps School Public On Available Federal Aid

St. Louis-based Mercantile Bancorp., Inc., has retained the services of St. Louis' Community Program Development Corp. to assist the HC, its member banks and those banks' communities in linking federal resources with local goals and objectives.

The HC is sponsoring a series of meetings throughout Missouri with member banks and community leaders to discuss government programs and their availability with Community Program Development Corp. representatives.

A key figure in Community Program Development Corp. is its president, Louis G. Berra, who is said to have extensive knowledge and background in federal programs, legislation, the nuances of federal regulations and the management, evaluation and accountability for federal monies.

For fifty years, our way of banking has been to help your bank do more banking.

A world of extraordinary banking skill, massive resources, and person to person performance.

Since July 18, 1927, we've grown to offer the kind of solid, full-range support that banks everywhere must have to remain competitive in the financial world today.

Third National Bank's Correspondent Division delivers it to over 350 banks in Tennessee, Kentucky and Alabama.

With services like Profit Sharing Retirement Trust, Lock Box and complete Cash Management, Leasing, International Services,

and other services offered by our bank. Services that produce results.

If you discover a banking service you're not equipped to handle just yet, put Third National's Correspondent Division to work for you. Contact one of our representatives

today. Our Tennessee WATS line is (800) 342-8360. In neighboring states, dial (800) 251-8516.

As we celebrate our 50th Anniversary

may we express our appreciation for the confidence you have shown in us.



Call on our experience.

Santa's Cannery



You'll be Santa's best helper when you offer to seal any small gift . . . or cash . . . in this very special #2 can. Each can is decorated with a bright Christmas red and white label in your choice of two attractive styles. The unique three dimensional gift/tag bow adds the finishing touch to this colorful gift-wrapped package. And, the tag can be imprinted with your firm's name. You'll be the most popular place in town when people discover your Santa's Cannery. In less than twenty seconds, you'll seal each can smoothly with our special sealer (it's about the size of a blender, and clamps on the edge of a desk).

Those receiving this unique gift package will not know what is inside until they open the can with a can opener. It's really

Your customers
will love it,
and your
local charity
deserves it!

clever and fun. Opened, the can converts to a year-long savings bank with its own slotted plastic snap-over lid. Over 800 firms have proven this program to be their best Christmas customer relations idea.

By selling your gift-cans you can offer this program PROFITABLY (the gift cans self-liquidate at 50¢ per can). Some businesses have chosen to donate the proceeds to a charitable group, such as a local orphanage,

etc. Either way, your program is sure to become a tradition for years to come.

A TOTAL advertising and promotional package is included in the program. Exclusivity for your area can be reserved by returning the postage-paid order card next to this ad.



Return
this
card
today

Selling/Marketing

The 'UAB Special':

Race Car 'Package' Marketed by Bank

A professional race car as a bank's advertising medium? That's the case in Wichita, where United American Bank is sponsoring a Lola Formula B T2 42 race car, with Jim Maetzold as the driver.

"Granted, sponsoring a race car is an unusual way to promote a bank," admits Vice Chairman Mike Michaelis. "But we liked the idea because of its uniqueness, and we were very impressed with the complete package that Jim Maetzold offered."

Mr. Maetzold approached UAB about sponsorship several months ago. Because there's seldom a purse in professional road racing of this type, local support is essential to a race car's successful operation. Mr. Maetzold devised a plan that would make sponsorship an attractive marketing proposition.



Race car driver Jim Maetzold (r.) gives some pointers to Mike Michaelis, v. ch., United American Bank, Wichita, sponsor of Mr. Maetzold's Lola Formula B T2 42 race car. Note bank's logo (in red, white and blue) on front of car.

The total package includes the red, white and blue logo blazoned on the race car, called the "UAB Special," with the crew and driver wearing UAB uniforms.

Exposure for the bank is strong throughout the summer months because Mr. Maetzold is scheduled to race in five amateur and two professional events.

In addition, the package includes a variety of display options at the close of the season. UAB may use the car for a lobby display and may set it up for public viewing in central Wichita locations.

In cooperation with Goodyear Tires' racing division, Mr. Maetzold will offer a racing and driver safety program to

area youth groups. The program will consist of slides, a movie, discussion and a display of the "UAB Special."

"For a relatively low cost," says Mr. Michaelis, "we net a lot of publicity for the bank. We will be associating ourselves with an extremely popular sport that has a loyal base of support. Presentation to youth groups will give us the added advantage of contributing to a public service."

Auto racing is said to be the second fastest growing spectator sport in the U. S., with attendance last year reaching more than 50 million, a 25% increase in the past decade.

It's the kind of promotion whose specific gains for the bank may elude researchers. However, Mr. Michaelis points out that indirect marketing can be very effective, if the idea is a winning one. And, according to him, "The 'UAB Special' is sure to be a winner."

The Orient in Missouri:

Bank Lobby Transformed Into Japanese Garden

For two weeks this spring, the lobby of the Bank of Ladue, Mo., was transformed into a Japanese garden, complete with drip fountain and garden shelter. The traveling exhibit was created by the Missouri Botanical Garden of St. Louis in honor of its new 13.5-acre Japanese garden. Bank of Ladue had the honor of being the first site for the traveling exhibit.

During the first week of the display, the bank offered customers special prices on spring trees, plants and shrubs for minimum deposits.

Bank of Ladue has garden displays

each spring, and they are the brain-child of Howard F. Baer, a bank director.

Young People Are Target:

New Service, Birthday Plugged During One Event

Colonial National, San Antonio, recently celebrated its third year of operation, and during the celebration the bank was able to promote a new service, its Young Leaders Club Account.

The special account is aimed at the 21-35 age group and is a checking account offering special extras such as parties, trips and discounts for restaurants, movies and businesses in San Antonio. A fee of \$3.50 per month is charged for the service, but people signing up for the club during the bank's anniversary event received the first month at no charge.

Fifty prizes were given to lucky registrants during the birthday celebration of the institution. In addition, anyone visiting Colonial National during the two-week event received a gift.

Grand prize was a family trip for four to the Six Flags Over Texas amusement park.

Besides the grand prize, other prizes included savings accounts at the bank for \$100, \$50, \$25, and 25 pairs of tickets to Six Flags, as well as twenty two-dollar bills.

During the two Fridays of the celebration, a "resident" of the amusement park, "Professor Cyrus Cosmo," was on hand to aid guests of Colonial National in registering for prizes. On the second of the two Fridays, Professor Cosmo drew winners' names for prizes.



This Japanese garden was on display at Bank of Ladue, Mo., for two weeks this spring in honor of new 13.5-acre Japanese garden at St. Louis' Missouri Botanical Garden.



At l., Clarence C. Casey, pres., Rosedale State, Kansas City, Kan., admires special cake made by Guyneth Lawler (r.), bank staffer, for bank-sponsored concert for members of its Golden Arch Club for customers aged 60 or older. At r., Jeannie Turner, customer since bank's 1903 opening, receives floral arrangement from Mr. Casey during event.

Elders Honored:

Bank's Golden Arch Club Treated to Free Concert

In observance of Kansas Bank Week, Rosedale State, Kansas City, Kan., held

(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 301, Div. E, 4625 Lindell Blvd., St. Louis, MO 63108. Write for details and samples of this unique means of creating improved community involvement.

a free concert for members of its Golden Arch Club. The club is comprised of bank customers aged 60 or older.

The event was held at the Rosedale Middle School and featured the Foggy River Boys, musicians from the Ozark town of Branson, Mo. They entertained the audience with country, popular, gospel, western and folk music.

The Foggy River Boys were preceded by a piano recital by local high school student Randy Bush, winner of the Kansas state music competition this year. Rosedale State staffers were on hand during the event to serve cake and punch.

Guyneth Lawler of the bank's staff made a display cake for the concert. The cake was decorated with a golden arch. As a climax to the evening, the floral piece that graced the punch table was presented to Jeannie Turner, a customer of Rosedale State since its 1903 opening.

"The concert was one of the most successful promotions Rosedale State has ever held," said Clarence C. Casey, bank president. "We have received a number of letters and phone calls from people in appreciation of the event, and the concert still is a prime topic of conversation among members of the Golden Arch Club."

'Dream Girl':

"Unattached" Females Are S&L's Targets

By targeting a mortgage-loan promotion at a "new" market, that of the unattached female, United Federal S&L, Fort Lauderdale, Fla., realized what an S&L spokesman has termed "a noticeable increase in . . . loan applications."

Kate Hartland, United Federal's vice

president/advertising, said, "We have a lot of divorced, single and widowed women who can qualify for a mortgage loan, but the market was being totally ignored in this area."

The ad campaign was introduced last March and probably will be continued until sometime during the summer. The campaign is being run concurrently with other S&L promotions and appears about eight times monthly in six daily newspapers in the United Federal area. It's also being aired on a number of "easy listening" radio stations.



Titled "Dream Girl," newsprint ads for the promotion feature a fashion-model-type sketch and copy that asks, "Remember when you could only get a mortgage loan with help from your Dad, your brother or your uncle? Those days are gone at United Federal . . ."

Scents for the Ladies



J. William Sabo, pres., Heritage First Nat'l, Lockport, Ill., presents a Mother's Day greeting and a vial of Chanel No. 5 perfume to Mrs. Leon Wilhelm, a bank customer. As a tribute to mothers of its area on Mother's Day, the bank presented the first 400 women to visit Heritage First Nat'l with Chanel "scents."

How to get the most for your safekeeping dollar: take the depository route, via **Manufacturers Hanover.**

Cuts holding and handling costs.

For profit's sake, count yourself in on the most advanced way to process securities — by electronic book entry, with Manufacturers Hanover Trust as custodian. Automatically, you "piggy-back" on our long position at Depository Trust Company which entitles you to lower rates. You not only cut out the expenses that certificates



entail — clerks, guards, vault space — but depository processing actually costs you less than a traditional safekeeping service.

Gets you your money faster.

We have the expertise with DTC's Institutional



Delivery service to expedite trade confirms and settlement. The fewer the fails, the better control you have of your funds. And we promptly credit dividends on the payable date.

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We're quick to relay the facts you need for reconciliation. In addition to conventional reporting means, we now have one of the most advanced on-line Securities Movement and Control systems — so advanced it can report your transactions on a daily basis. But hardware can't do it all. At MHT, you

deal with a staff whose experience in securities administration averages well over 10 years.

Leaves liability worries behind.

When you participate via MHT, you're relieved of the immense pressures that come from safeguarding securities. In fact, MHT has more than \$5 billion of its own trust assets on deposit at DTC.

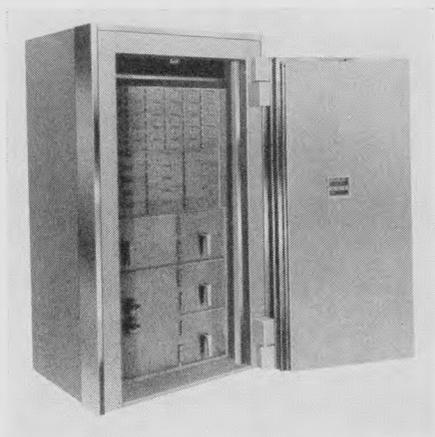
To learn more about how your bank can profit by MHT's relationship with DTC, contact Brian V. Carty, Manufacturers Hanover, 350 Park Avenue, New York, N.Y. 10022. (212) 350-4658.

MANUFACTURERS HANOVER

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MID-CONTINENT BANKER for July, 1977

- **Diebold, Inc.** A new vault designed for financial institutions with satellite or temporary offices or for large offices needing point-of-use protection for cash and securities has been announced by Diebold, Inc., Canton, O. The Porta-Vault can be moved and installed quickly, according to the manufacturer, and its interior arrangements include safe deposit boxes, teller



lockers and open-storage arrangements. The safe is available in stainless steel or in one of eight optional colors accented with stainless trim. Besides incorporating a number of protective devices, the Porta-Vault has built-in provision for optional alarm contacts. Write: Diebold, Inc., Canton, OH 44711.

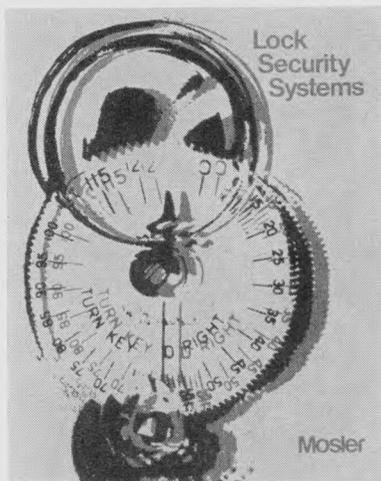
- **American Express.** A revised version of the Travelers Letter of Credit is being offered by American Express, New York City. The most noticeable new feature of the Travelers Letter of Credit is its reduced dimensions, which now are business-envelope size. In addition, drafts that must be presented to banks for encashment have been provided with the document. Special security features also have been incorporated into the Travelers Letter of Credit, and it is available in amounts from \$2,000 to \$100,000. Write: H. S. Thomson, manager, Travelers Letter of Credit Department, American Express Co., American Express Plaza, New York, NY 10004.

- **Consumer Bankers Association.** "Elimination of Holder in Due Course—How It Affects Consumer Bankers," by Ralph J. Rohner, the former chief counsel to the Subcommittee on Consumer Affairs, Senate Banking, Housing and Urban Affairs Committee, has been released by the Consumer Bankers Association, Washington, D. C. This booklet examines the Federal Trade Commission's regulation on the preservation of consumers' claims and defenses and is designed to clarify con-

New Products and Services

fusion surrounding this ruling. The booklet is available at \$4 each, paid in advance. Write: Consumer Bankers Association, 1725 K Street, N. W., Washington, DC 20006.

- **Federal Deposit Insurance Corp.** A new consumer-information brochure has been released by the FDIC, Washington, D. C. The second in a series of consumer educational pamphlets from the FDIC, this new release focuses on six federal consumer-protection statutes enforced by the FDIC for member banks. In addition, the new brochure includes a detachable form for use in detailing the nature of a bank-related complaint or inquiry and instructions for requesting assistance from an FDIC office. Copies of the brochure are available at no charge. Write: Federal Deposit Insurance Corp., Publications and Graphics Service Branch, 550 17th Street, N. W., Room 825, Washington, DC 20429.



- **Mosler.** A 38-page comprehensive manual on lock security systems now is available from Mosler Safe Co., Hamilton, O. It's designed, says Mosler, to help customers determine risk-management programs commensurate with their loss potential and stresses preventive security measures. Also covered are nearly every standard lock application and protection, combination locks, time locks and key locks. There's also a glossary of terms. Write: Mosler Safe Co., Department PR-087, 1561 Grand Boulevard, Hamilton, OH 45012.

- **Brandt, Inc.** The Model 801 high-speed bill counter and verifier has been introduced by Brandt, Inc., Watertown, Wis. The machine operates on a photoelectric cell counting principle rather than a mechanical one and features a receiver area that is 25% larger



than in previous models. The Model 801 can count up to 500 bills per minute and can operate in a batch mode. The unit's housing is of high-impact cyclolac plastic in a non-reflective tan finish. The Model 801 weighs 23 pounds and can be moved easily, according to the manufacturer. Write: Brandt, Inc., Watertown, WI 53094.

- **Bankers Systems, Inc.** Although bankers in the Mid-Continent area cannot offer NOW accounts at the present time, legislation is before Congress that, if passed, would extend NOW-account privileges to banks across the country. Therefore, a booklet called "NOW Account Management" should be of interest to bankers. The publication is designed to be given to customers holding NOW accounts and may help reduce customer errors, improve the financial institution's image in the community and promote better customer relations, according to Bankers Systems, Inc. NOW-account terms, the anatomy of a NOW check, how to write it and how to make a deposit are included in the booklet. Also explained are a NOW checkbook register and reconciliation of the statement. Write: Bankers Systems, Inc., P. O. Box 1457, St. Cloud, MN 56301.

- **Federal Reserve System.** "The Equal Credit Opportunity Act and . . . Women," and "The Equal Credit Opportunity Act and . . . Age" are new consumer pamphlets available from the Federal Reserve System. Copies of the Equal Credit Opportunity pamphlets may be obtained singly or in bulk free from the Board of Governors in Washington, D. C., or from any of the 12 Federal Reserve banks.



The two-sided story of the 60-second money order.

The story of the American Express® Financial Institution Money Order (FIMO) has a happy ending for both sides. Yours *and* your customer's.

FIMO will not only save your tellers valuable time at the counter, they'll also eliminate costly cashier's checks and processing.

All your tellers have to do is issue FIMO in the specified amount. They don't even need an officer's authorization. Then you just mail a weekly report to American Express and your work is done.

We do all the processing—including reconciling, storing, filing and ordering. We'll even run down exception items and stolen money orders. *And* handle refunds.

As for your customers, they're sure to appreciate the fact that FIMO can be issued in under a minute,

and that they write in the payee's name themselves for privacy they don't get with most money orders.

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

analysis of your present system for you, just mail the coupon below to Gil Rosenwald, Director of Money Order Sales Development, American Express Company, New York, N.Y. 10004. Or call him collect at (212) 480-3226.

Gil Rosenwald, Director of Money Order Sales Development Am 7
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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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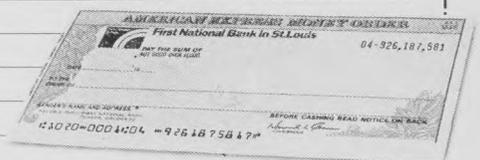
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Agricultural News

Ag Lenders Discuss Methods to Help Farmers Weather Drought, Tight Credit

AG LENDERS in plains and western states have real problems in finding ways to help their customers stay in business, according to a sampling of bankers from those states, who participated in an ABA-sponsored ag bankers seminar for news media recently.

Five bankers who work daily with the financial problems of farmers and cattlemen discussed the current credit situation.

They agreed that uncertainties beyond the control of the farmer—the drought and the pricing of grains and cattle—have pushed many farmers, grain producers and cattlemen in the plains and western states into a precarious capital-short position.

A lack of cash flow is creating the most problems, said panelist Marvin Rohn, vice president, Omaha National. “Cash flow is the gross income of product produced and sold, less expenses

incurred in the production of that product,” he explained.

The banker observed that, because of the large production of corn and wheat in 1976, prices of these commodities fell below the cost of production. Farmers anticipate the same problem this year.

“Drought in 1976 created a shortage of feed grains for the livestock feeder and a shortage of cash from the sale of soybeans,” said Ed W. Claussen, chairman and president, Farmers State, Schleswig, Ia. “These factors, plus high land, machinery, fuel and fertilizer costs, have all contributed to the tight cash flow situation,” he said.

Walter W. Minger, senior vice president, Bank of America, San Francisco, panel moderator, noted that livestock people deserve special attention. “Cow-calf operators have experienced poor markets for three years, drought for

two years and increasing operating expenses. The earnings base of many ranchers has been shrunk at the same time that unit production costs have increased.”

Panelist Dean D. Haddock, president, Guaranty State, Beloit, Kan., agreed that there has been a severe weeding out of cattle feeders with some expected to not have re-entry capability.

“Beef cow operations have just held on for the past three years, operating at a loss and with a prayer for better days,” Mr. Haddock observed. “Many lines of farm credit have been able to stay in business only through the benefit of the continued appreciation in land values.”

Mr. Rohn agreed that increased values of land have allowed additional long-term debt to be placed against term assets, stretching out the expense side of cash flow and placing an increased availability of cash for other uses.

“Operators in the tightest squeeze are the younger ones who started into business during the early 1970s, when prices were profitable,” said Wayne D. Gibson, vice president, First Security, Bozeman, Mont. “The young farmer has little room to fall back on his equity and consequently, in some cases, is being forced to sell out.”

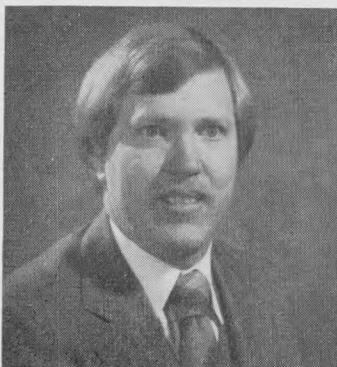
The panelists agreed that the tight money situation will be with us for at least a year, even with normal crops and good livestock prices in 1977.

Ag lenders must study every avenue available to help their customers stay in business without further eating into the equity they have in their farm operation, Mr. Gibson said. “Reducing operation costs for the farmer and rancher and financing his operation until such a time as prices return to a level profitable for continued operation,” are two methods Mr. Gibson cited.

“We are encouraging customers to cut back on nonessential purchases and closely study all marketing avenues to improve their income,” he said.

“The grower or rancher must first perceive that a change in operations or style of management is needed before borrower and lender can sit down with any hope of reaching a mutually acceptable solution,” Mr. Minger concluded. • •

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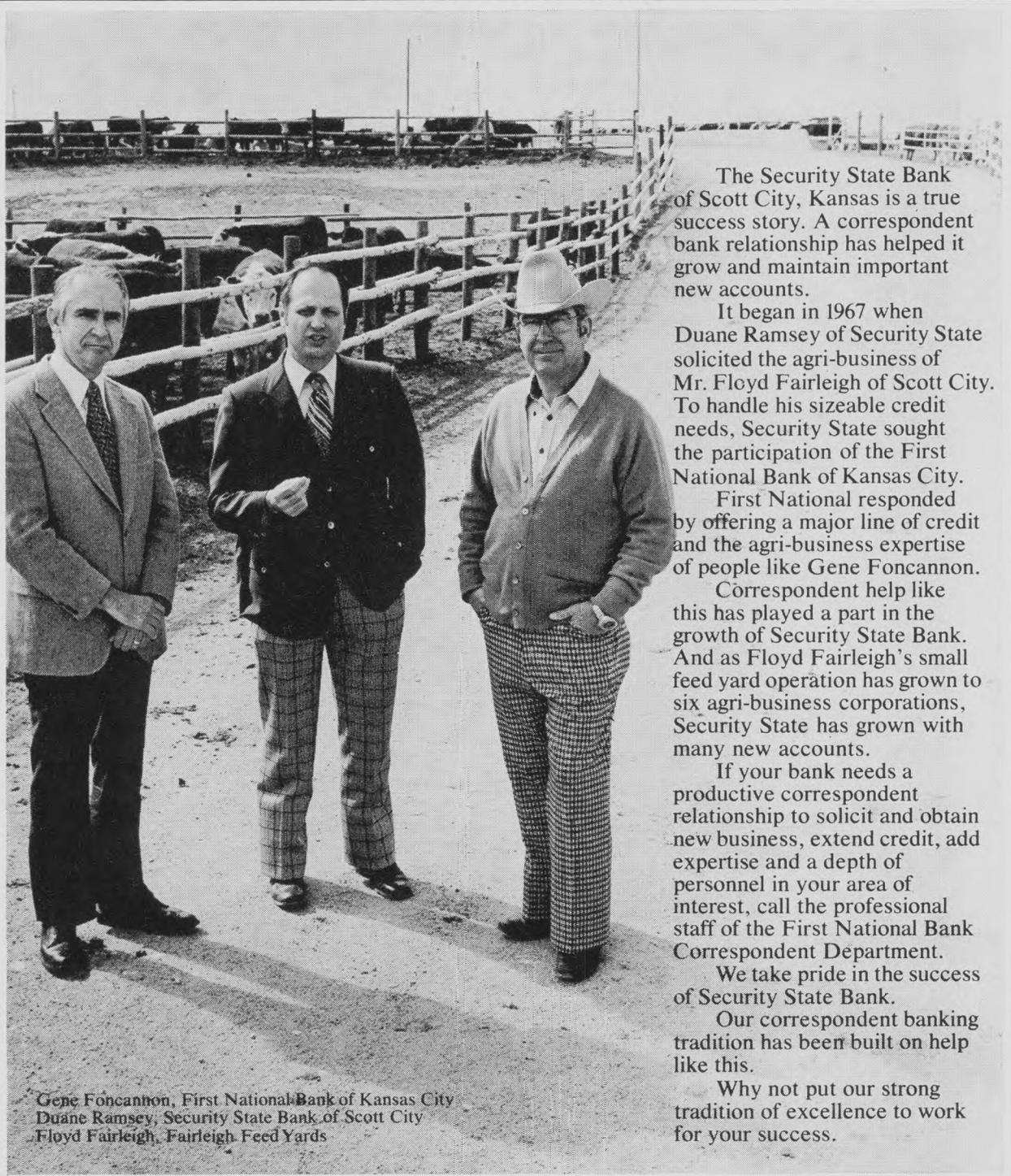
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“Being a First correspondent bank helped us succeed in landing important new business like Floyd Fairleigh’s feed yard.”



Gene Foncannon, First National Bank of Kansas City
Duane Ramsey, Security State Bank of Scott City
Floyd Fairleigh, Fairleigh Feed Yards

The Security State Bank of Scott City, Kansas is a true success story. A correspondent bank relationship has helped it grow and maintain important new accounts.

It began in 1967 when Duane Ramsey of Security State solicited the agri-business of Mr. Floyd Fairleigh of Scott City. To handle his sizeable credit needs, Security State sought the participation of the First National Bank of Kansas City.

First National responded by offering a major line of credit and the agri-business expertise of people like Gene Foncannon.

Correspondent help like this has played a part in the growth of Security State Bank. And as Floyd Fairleigh’s small feed yard operation has grown to six agri-business corporations, Security State has grown with many new accounts.

If your bank needs a productive correspondent relationship to solicit and obtain new business, extend credit, add expertise and a depth of personnel in your area of interest, call the professional staff of the First National Bank Correspondent Department.

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Mortgage Lending

Bank of America Plans Public Offering Of Mortgage-Backed Certificates

A REGISTRATION statement has been filed with the Securities & Exchange Commission by Bank of America covering the proposed public offering of about \$150 million in mortgage-backed pass-through certificates.

According to the bank, the proposed issue will be the first public offering by a private mortgage lender of ownership interests in a pool of conventional single-family mortgage loans. The pool will be patterned after the structure used by the Government National Mortgage Association (GNMA) for its mortgage-backed securities; however, neither the certificates nor the underlying mortgages will have any governmental insurance or guaranties.

The registration statement covers 1,500 certificates with a face value of about \$100,000 each. Net proceeds from the sale are expected to be used

by the bank to originate new conventional residential mortgage loans.

The certificates will be of the "pass-through" type, the bank said, with each certificate entitling its holder to 1/1,500th of the principal and interest received on the pool each month, less the bank's servicing charge on the loans.

The certificates will not be a debt obligation of the bank, but the mortgage pool will have the benefit of a mortgage guaranty insurance policy, which is limited in scope and amount.

Insurance for the issue will be provided by Mortgage Guaranty Insurance Corp. (MGIC).

According to MGIC President Leon T. Kendall, the issue is a breakthrough for conventional loans.

"The use of mortgage-backed securities is an area long championed by MGIC as a vehicle to get additional funds into the housing market," Mr. Kendall said. "Conventional mortgage-backed securities will attract new money to home loans from nontraditional sources such as pension funds, bank trust departments and even international investors," he said.

Mr. Kendall said MGIC will insure the top 5% of the outstanding principal balance of the issue, which initially will be \$7.5 million.

Mr. Kendall pointed out that the issue is significant in that it is the first marketable, privately sponsored registered pass-through mortgage security that does not require over-collateralization. He said once the bank creates its pool, it has no liability other than to fulfill its servicing contracts.

"When the market accepts this," he said, "it will be accepting mortgages as mortgages, rather than relying on the general credit of the originator, or requiring over-collateralization of significant amounts."

He said that the issuance of increasing amounts of securities backed by conventional loans and protected by mortgage guaranty insurance "will greatly expand the market for our industry."

The influx of funds through mortgage-backed bonds will make the mortgage market more efficient and will tie it more closely to the general capital markets, Mr. Kendall said. He

added that, while it may not lessen the broad cyclicity of the mortgage market, it will help temper disintermediation and lessen its chronic stops and starts. ••

Instructor's 'Sabbatical'

(Continued from page 12)

such assignments.

Bank officers provided Mr. Seager with opportunities to see other banks' operating procedures, attend informational and training sessions and otherwise gain an overall perspective of commercial-bank operations as seen through a trainee's experiences. He also kept a diary in which, each day, he recorded his job experiences and reactions.

Because Mr. Seager also is responsible for a program at the college under which students can receive college credit for part-time work, this sabbatical in the day-to-day business world is additionally valuable.

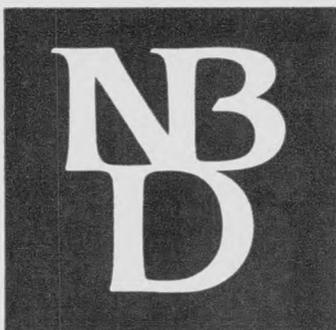
"This was an extremely interesting experience," says Mr. Seager. "I am so very pleased at having been accepted by officers and employees of the bank. They knew why I was here, and they approved."

Mr. Stone, a contributor to financial publications and a frequent speaker and panelist at national and regional banking seminars, is equally enthusiastic about the "Seager project" and plans to encourage other bankers and businessmen to investigate the possibilities for similar projects in their communities.

After obtaining a bachelor's degree in business administration in 1960 from Emporia (Kan.) State College, Mr. Seager spent three years in the business world, at Commercial Credit Corp. in Stockton, Calif. He returned to Emporia State College in 1963 to work toward a master's degree. He also held an administrative post there while doing so. His teaching post at Butler County Community College is his first, and he's now in his 12th year there.

It was that long absence from the business world that helped him decide to return to it for a little while. As he pointed out in his letter to Mr. Heinrich, business, just as other segments of society, has changed tremendously during the past 15 years. He believes his 18 weeks at Walnut Valley State have helped bring him up to date in the world of business. ••

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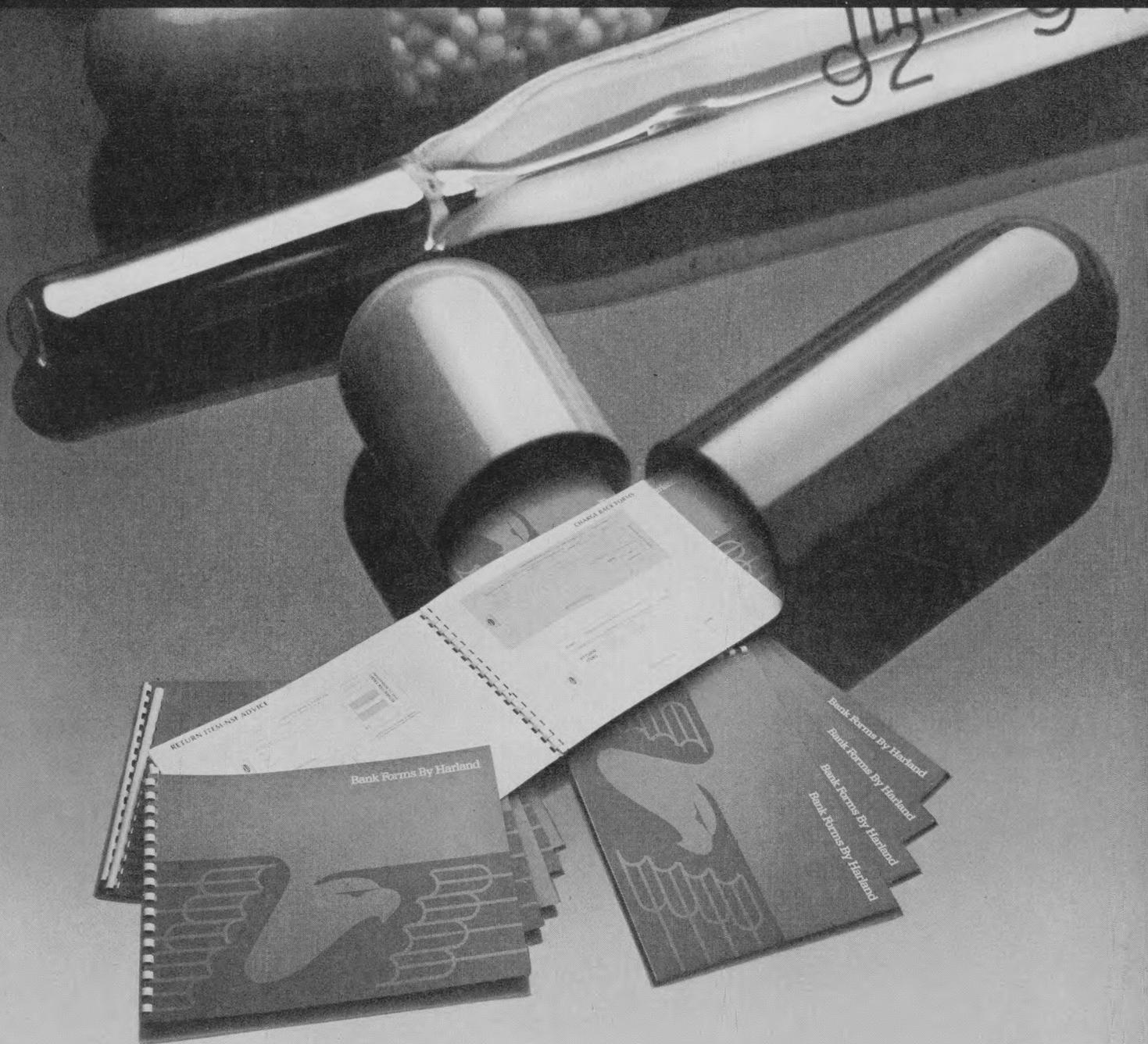


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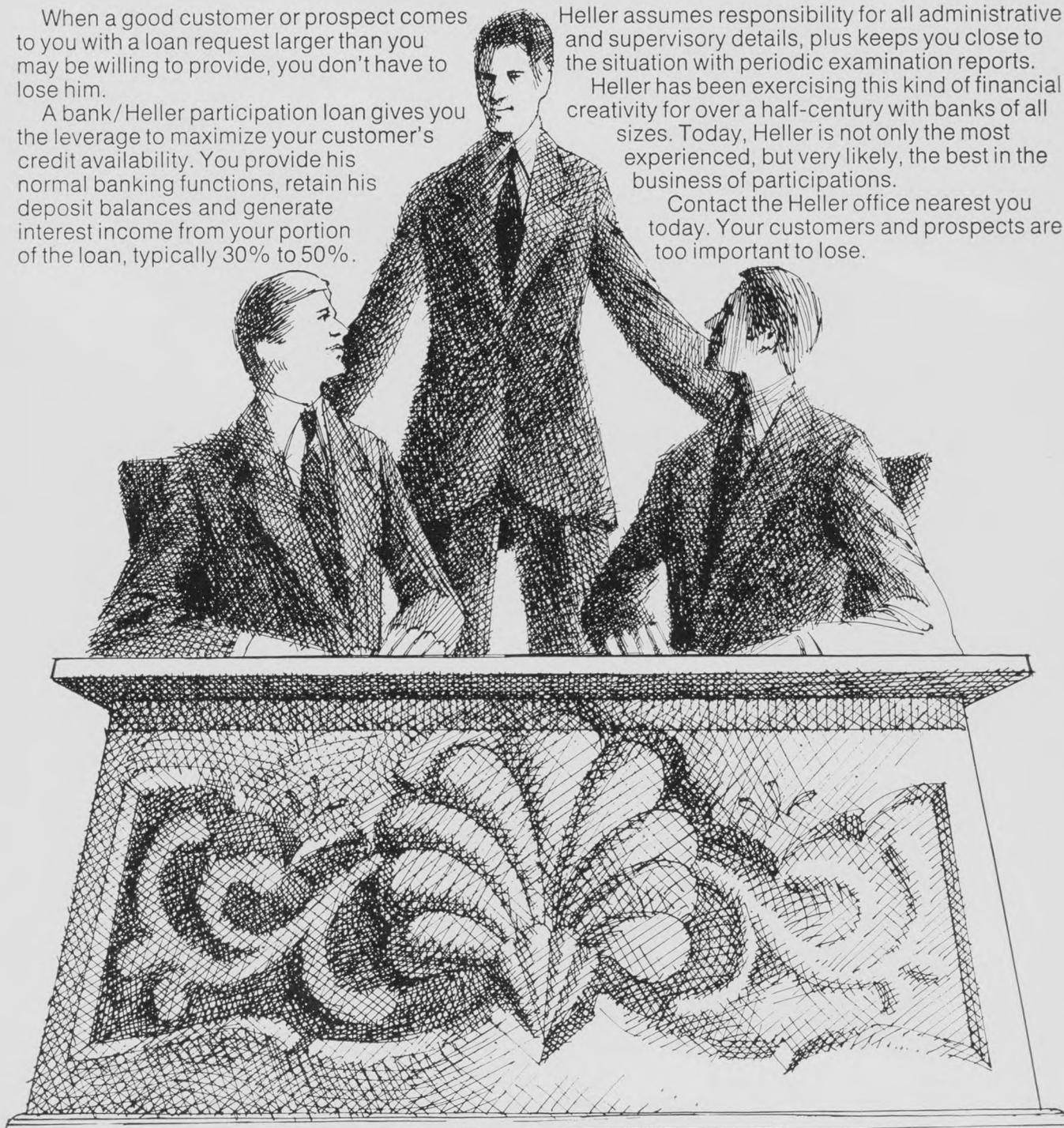
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Six Bills on Financial Reorganization Are Introduced Into Congress

Sponsors Include ABA, Administration, S&L Groups, Mortgage Bankers and Senator Thomas McIntyre

THERE ARE no summer doldrums in the 95th Congress, at least as far as banking is concerned. This was made evident by the introduction June 9 by Senator Thomas McIntyre (D., N.H.) of six bills that propose major changes for the financial industry. The bills reflect the interests of the Administration, ABA, Mortgage Bankers Association, National S&L League and U. S. League of Savings Associations. The sixth bill is being sponsored by Senator McIntyre himself.

Hearings were scheduled to begin June 20 on the proposals.

The Administration's bill (S. 1664) would extend NOW accounts nationwide and allow the Fed to pay interest on required reserves it holds. The ABA bill (S. 1668) embodies in legislative language the position developed on behalf of banking by more than 300 bankers at the ABA's banking leadership meeting in April at The Greenbrier, White Sulphur Springs, W. Va. The ABA points out that all elements of the banking industry's position are being put before Congress for consideration.

All six bills are being considered by the Senate Financial Institutions Supervision Subcommittee, of which Senator McIntyre is the chairman, but the subcommittee will forward only a single legislative proposal to the Senate Banking, Housing and Urban Affairs Committee.

The ABA bill and the Administration's measure are substantially similar, but there are several differences between them:

First, under the ABA bill, all institutions that choose to offer third-party-payment accounts—whether they pay interest or not—would come under the same interest-rate ceilings for all classes of time and savings accounts. Under the Administration bill, even if a thrift or credit union chooses to offer NOW accounts, it still would be able to pay

By ROSEMARY McKELVEY
Managing Editor

its customers higher interest on other classes of time and savings accounts. Only NOW accounts would have the same rate ceiling at all financial institutions.

Second, the ABA bill would preserve and support the dual-banking system. The ABA proposes that the Fed set reserve requirements on NOWs and other account balances *only* for federally chartered financial institutions, state-chartered Fed members and state-chartered members of the Federal Home Loan Bank System. The Fed would have no authority to set reserves on NOWs held by state-chartered non-members.

However, under the Administration bill, the Fed would set reserve requirements on NOWs alone for *all* financial institutions, whether state or federally chartered. Under both bills, the Inter-agency Coordinating Committee would set the interest-rate ceiling for the new type of account.

Third, the ABA bill would require the Fed to pay a uniform interest rate on required-reserve balances for banks of all sizes. The Administration bill doesn't spell that out. It leaves it up to the Fed to decide exactly how interest would be paid on required-reserve balances. According to the ABA, that

could mean a graduated interest rate for different-size banks.

The bill sponsored by the U. S. League of Savings Associations (S. 1666) includes a provision that would extend for 10 years deposit-rate ceilings, with the rate differential favoring thrift institutions. The bill would make authorization of variable rate mortgages easier by the Federal Home Loan Bank Board and would give S&Ls more authority in the consumer-lending field.

The National S&L League bill (S. 1667) is similar to that proposed by the U. S. League. One difference is that the National S&L League recommends a 5½-year extension of deposit-rate ceilings instead of a 10-year extension. It also would permit S&Ls to offer NOW accounts and give them broader investment privileges than does the U. S. League's bill.

As described in the *Congressional Record*, the Mortgage Bankers Association bill (S. 1669) would void those regulations of the Federal Home Loan Mortgage Corp. that have the effect of preventing mortgages approved by the Secretary of the Department of Housing and Urban Development from servicing mortgages sold to the corporation. For example, the bill would preclude any seasoning requirement for loans to be serviced by HUD-approved mortgages or any restriction limiting the amount of loans a seller may contract out for HUD-approved mortgage servicing.

Senator McIntyre's bill (S. 1665) would provide, for the first time, for a federal-charter option for mutual savings banks, establish a central-liquidity fund for credit unions and modernize and restructure the National Credit Union Administration.

As J. Rex Duwe, chairman of the ABA's Governing Council and former association president, said at the 1977



J. Rex Duwe, ch., ABA Governing Council, and former ABA pres., is shown discussing the newly proposed financial legislation at the New Mexico Bankers Association's annual convention in Santa Fe last month. Mr. Duwe is ch. & pres., Farmers State, Lucas, Kan.

New Mexico Bankers Association convention (within 48 hours after Senator McIntyre had introduced the proposed legislation): "Our challenge during Senator McIntyre's hearings, and during the rest of this Congress, will be to persuade Congress that competitive parity for bank customers must be an integral part of any legislation for NOW accounts."

Mr. Duwe, chairman and president, Farmers State, Lucas, Kan., told his New Mexico audience that the ABA's recent track record offers some reason for optimism. He pointed out that the association was active in arguing the case with the Fed and FDIC that a new form of account should be created that would result in eliminating the interest-rate differential on IRA and Keogh accounts; the ABA's been in-

involved in a myriad of tax decisions that have saved banks and their customers literally millions of dollars; it backed the successful effort to give bank customers the legal right to challenge government subpoenas of their records and to require the IRS to reimburse banks for the time spent digging out those records; and, largely as a result of an ABA lawsuit, a nationwide moratorium has been placed on share-draft authorizations for federal credit unions.

"Now," he continued, "it is time to use all our legislative clout to gain equality for bank customers and banks."

"Jean Monnet, who was the father of the Common Market, once wrote to other European leaders, 'We must attack our problems instead of each other.' I say the same thing to America's

bankers: We *must* attack our problems and not each other.

"Our nonbank competitors have received tremendous increases in authority. They have used that authority to the disadvantage of bank customers."

Mr. Duwe emphasized that the ABA's proposed legislative package offers bankers the opportunity to reverse that trend, but he warned that this package will fail if bankers don't unite behind it.

"We cannot ignore this opportunity for competitive equality," said the ABA spokesman. "We must respond to this challenge in a way that meets the needs of our customers *and* our institutions. To do otherwise would jeopardize the financial health of our communities, our industry and, indeed, our entire financial system." • •

BankAmerica Corp. Quarterly Report Features Average-Balance, Risk Info

BANKAMERICA CORP., San Francisco, has released its first-quarter report, which contains new average-balance-sheet information and a description of the HC's system for measuring country credit risks.

New to BankAmerica quarterly reports is the inclusion of a table showing consolidated average balances, interest and average rates, which reportedly allow easier comparison of BankAmerica Corp. with other bank HCs.

An introduction to the report's "Management Discussion" section is an overview of what the corporation has identified as key performance variables, how they are organized and the methods used to derive those indicators.

Changes in average balances contained in the table are covered by the discussion section. In discussing average total net loans, for instance, the section notes that "as demand for domestic wholesale commercial loans remains weak, the bank continues to pursue lending opportunities in foreign markets." As a result, the report says, overseas loans have grown by 14.1%—from a first-quarter average of \$12.5 billion in 1976 to \$14.3 billion during first-quarter 1977.

The HC's "Country Risk Rating System" concentrates on two types of risk:

The first type of risk noted in the report is associated with BankAmerica Corp.'s total exposure within a country. An adaptability index is included, based on a country's economic, political and social stability, quality of its policy management and its record for honoring internal and external debt.

The HC notes eight economic variables that are considered in developing a country's adaptability index: (1) real gross domestic product per capita; (2) consumer prices; (3) merchandise export earnings; (4) domestic and foreign savings; (5) export product concentration; (6) food and fuel imports; (7) exchange-rate adjustments; and (8) International Monetary Fund account position.

The second type of risk noted in the report is associated with the HC's exposure in a currency external to a given country. An external debt-servicing index is developed, which represents the relationship between a country's projected external-debt-service requirements and resources available to service that debt.

Four economic variables are considered in developing that index: (1) external debt-servicing-capacity ratio; (2) number of months of imports covered; (3) total external debt divided by GNP; and (4) a compressibility ratio (a measure of how large a portion of export earnings and net private transfers is required to finance vital imports and current external debt payments).

Another section of the discussion looks at major measures of performance that HC management and the investment community believe are indicative of BankAmerica Corp.'s overall performance. This section includes a dividend-payout ratio and the price range of common stock.

Also added to the discussion of the statement of income are sections on the corporation's pretax income and effective tax rate. • •

Interbank Opens Warning Bulletin To All National Bank Cards

NEW YORK—What has been termed by its owner as "the most sophisticated and effective card security system in the bank charge card industry"—Interbank Card Association's regional warning system—will be available to the bank card industry regardless of present card affiliation, according to the firm.

"This development is of profound significance to the entire bank card industry," John J. Reynolds, Interbank president, said, "particularly in its effect on the reduction of credit risk at the point of sale to the bank and with added assurance of security to the bank's card-honoring merchants."

The regional warning system utilizes input from 8,500 participating banks to develop, print and issue more than 1.1 million copies of its regional restricted card bulletin on a regular basis to some 800,000 merchants in eight geographical regions around the world. Merchants are required to check the bulletins for card validity on all Interbank card sales under a specific transaction amount.

Participating banks may input on a weekly basis the numbers of all Master Charge and other Interbank cards which, for one reason or another, are deemed by the bank to require authorization. The new arrangement will allow for the inclusion of other non-Interbank cards in the regional restricted card bulletin system.

The bulletins are said to have been responsible for major across-the-board reductions in fraud. During 1976, reported fraud on interchange declined 22.4% on a sales gain of 38.6%.

Adverse Effects in Store for Banks If Comptroller's Proposed Regulation On Credit-Life Income Goes Through

WE WELCOME this opportunity to express opposition to the proposed regulation published last year by the Comptroller of the Currency regarding disposition of income from credit life, health and accident premiums.

The headline over the May 15th MID-CONTINENT BANKER article by Ford Barrett, "Credit Life Income Should Go to Banks, Not to Individual Employees, Directors," should not be construed as the magazine's endorsement but, as Managing Editor Rosemary McKelvey explains, it was simply intended to be a title condensing the views of Mr. Barrett, who is assistant chief counsel on the Comptroller's staff in Washington, D. C.

Comes now our detailing of the opposition viewpoint:

The Independent Bankers Association of America represents more than 7,300 banks, about 2,000 of them national banks.

The proposed regulation would adversely affect our member banks in several ways:

- It would interfere with the sale of independent national banks to other independent owners in the future.
- It would make it difficult, if not impossible, to service existing bank stock loans.
- If this regulation is promulgated, and followed by the other federal bank regulatory agencies, such a regulation would similarly affect state banks, which number 5,371 in our association membership.
- The regulation would decrease banking competition and increase concentration, contrary to our national policy to preserve competition as the great regulator of banking.

When an insurance agency is truly a bank asset, the proposed regulation is not necessary because there are other statutes and regulatory power adequate to deal with diversion of capital assets or income of a national bank.

There's an important difference between ownership and control of an insurance agency by the bank corporation and one owned by individuals holding the controlling shares of a

By GENE MOORE
Secretary
Independent Bankers
Assn. of America
Sauk Centre, Minn.

bank. The former is the bank agency, the latter the private agency.

If a private agency traditionally has been owned and controlled by individuals who also have the controlling shares of the bank, the agency is not an asset of the bank, and the bank is not entitled to income from the agency except for fair reimbursement for overhead costs in connection with the operation of the agency on bank premises.

The problem with the proposed regulation is that no distinction is made between private agencies and bank agencies. It would sweep into the bank's assets the ownership, control and income of all agencies regardless of prior ownership and without considering constitutional due process, state insurance laws, income-tax consequences and the relative legal rights of majority and minority stockholders of a bank.

Alleged Diversion of Agency Income. The proposed regulation prohibits its commission income derived from the sale of credit life, health and accident insurance to be paid to any employee, officer, director or principal shareholder of the bank. Further, it states that payment of such income to others than the bank is "an unsafe and unsound banking practice." The regulation statement refers throughout to what is called "diversions of insurance income" (theft) from the bank.

"No distinction is made between a private agency legitimately owned by officers or directors and a bank agency owned by the bank corporation. It is crucial and necessary that such a distinction be made."

No distinction is made between a private agency legitimately owned by officers or directors and a bank agency owned by the bank corporation. It is crucial and necessary that such a distinction be made.

Many insurance agencies on bank premises are owned and controlled by individuals who are principal shareholders of a bank, particularly in small and medium-size banks. A much smaller number of insurance agencies are owned and operated by the bank corporation and carried as an asset of the bank. If state banks were considered in the ratio, an even greater majority would be private agencies.

When an agency is owned and controlled by the bank corporation, and has been considered as a bank asset for a period of years, the agency income admittedly should not be diverted to private hands, but should be kept by the bank as part of its assets and income. If diversion of such a bank agency income into private hands occurs, the bank and its shareholders may be deprived of their property rights. In such case, no regulation as proposed is needed. There are adequate statutory and regulatory controls to forestall any possible diversion.

Recognition of an insurance agency as an asset of the bank corporation assumes the bank has the legal right to operate the agency. The Comptroller cites 12 U.S.C. §24(7) as legal authority for this assumption: "To exercise by its board of directors or duly authorized officers and agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking. . . ."

It may well be questioned whether operation of an insurance agency by the bank corporation is authorized under the powers clause since it may not be "necessary to carry on the business of banking." Further, any incidental power may be exercised "subject to law" which involves regulation of the business of insurance exclusively by the states.

The argument may be made that where the bank owns, controls and

treats the insurance agency as a bank asset, and where the bank regulatory authority has interpreted this activity as a permissible implied power for a long period of time, such interpretation may be weighed under the general rules concerning the construction of statutes.

But where the insurance agency is operated by individuals who also are among majority shareholders of the bank, and the bank is reimbursed for all overhead costs attributable to operation of the agency on bank premises, the question of proper exercise of incidental bank powers under the statute is not involved.

State supervisors in some states don't permit banks to operate insurance agencies and don't permit such operations by other financial institutions on the basis that they are not within statutory powers. In such cases, there is no alternative but to permit private ownership and operation of insurance agencies on bank premises, so long as the bank is reimbursed for overhead expenses. If the bank is not so reimbursed, the statutes and regulatory powers referred to above could be applied.

Constitutional Due Process. The proposed regulation supports an untenable

concept: Simply because an individually owned agency operates on bank premises, its assets and income automatically are the bank's property.

This proposal would take away from private ownership the insurance agency income and force all the income to be owned by the bank. Such a regulation would deprive these private owners of constitutional rights, particularly in taking their assets and income without due process of law in violation of the Fifth Amendment.

A federal agency by regulation cannot deprive recognized owners of their constitutional rights. The proposal would take from them considerable value in the form of assets, goodwill and the right to future income, all without just compensation. This issue of taking property without due process is compounded by the question of whether the transfer to the bank would be treated retroactively.

Preemption of State Regulation. Another serious problem this proposal presents is the intrusion of the federal government into insurance regulation, which is exclusively in the states. In 1945, Congress adopted the McCarran Act and made it clear it was not interested in regulating the insurance business and had no intention of pre-

empting regulation of insurance by the states. Thus, insurance regulation always has remained exclusively in the various states.

One of the most sensitive and important areas of the regulation of insurance business is the control through licensing of individual agents by state insurance commissioners. And since long before 1945, only individuals have been licensed on the premise that in this way the public could best be protected. Hence the state has the opportunity and right to license only trustworthy and competent persons, and the state commissioner can suspend or revoke a license when an agent is untrustworthy or employs false practices in the sale of insurance. The states hold individuals directly accountable for violations and thus will not license agency corporations, as such, including financial institutions.

The Comptroller's regulation attempts to prescribe who can be an agent for the sale of credit life, health and accident insurance and who is entitled to the commission income. State laws uniformly prescribe that only a licensed agent may be paid a commission, and this requirement is enforced by penalties against the agent and the carrier or both.

The proposal attempts to *force* payment of commissions to a corporation, which itself cannot be licensed under most state insurance laws. It also presents a dilemma to a bank owner: If he followed the proposal and transferred ownership, control and income of the agency to the bank corporation, he would commit a violation of state law in some jurisdictions. On the other hand, if the bank owner were to refuse to make such transfer because it would violate state law, he would find himself afool of the proposed regulation.

The Comptroller's Office for many years has authorized national banks to write their own credit life coverage in the form of "debt-cancellation contracts" payable on death of the borrower. But some states prohibit such contracts as the writing of insurance without a license.

Many state laws prohibit purchase of insurance as a prerequisite to obtaining a bank loan. These laws apply to national banks. And Regulation Z under the Consumer Credit Protection Act gives the customer the option of whether to purchase insurance at the lending institution. Further, that act specifically provides against preemption of state laws.

The proposal does not consider the fact that individually licensed agents are liable personally for payment of premiums to carriers. They cannot es-

(Continued on page 82)

Comptroller Exceeds His Powers With Credit-Life-Income Proposal

By N. J. SCHINDLER
Finance Insurance
Consultant

EDITOR'S NOTE: The Comptroller's proposal that income from credit life insurance sales should be counted as bank income and not go to officers, directors or stockholders has drawn much comment since it was announced in July, 1976. Among those against the proposal is the Independent Bankers Association of America (see article beginning on page 33). Mr. Schindler agrees with the IBAA and gives the following reasons for his opposition to the proposal:

TWENTY-FIVE YEARS of working with banks and bankers in many states permit me to speak with authority in total support of Gene Moore's statements and questions raised in the accompanying article.

Apparently, neither the Comptroller of the Currency nor his staff bothered to check their files concerning a similar situation created in 1963 by then-Comptroller James J. Saxon. Nationally publicized reaction was summarized in a

telegram sent to President Lyndon B. Johnson, telling the President to advise the Comptroller to "keep his currency-picking hands out of the insurance business" and suggesting that the President give the Comptroller an "official spanking for exceeding his regulatory powers."

To date, the Comptroller's Office is dealing with a "proposed" regulation. No mention has been made of the degree of harassment, intimidation and confusion caused by examiners during the past two years. Although labeled "fact-finding," criticisms were leveled at both state and national banks after routine examinations showed that commission income was not paid 100% to banks. In spite of state laws to the contrary, numerous bank boards were instructed to respond to the dictates of their district office of the Comptroller stating that their banks would comply and divert all commissions involved directly to their banks. • •



return, in our Pension Investment Trust Equity Fund...
in Tulsa?

Tulsa, Oklahoma. Land of cowboys, oil wells and nice, friendly people.

You knew that. Did you know Tulsa was also the home of the country's #1 performer in equity funds?

Now you do. If your fund didn't return 43.3%, maybe you should give us a call in Tulsa. I know

what you're thinking. Anyone can make money in a good year. Well, the Becker figures show us to be a top performer in lesser years as well.

If you want your fund professionally managed, start at the top — Write or call Richard E. Minshall, Sr. Vice President. Fourth National Bank of Tulsa.



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 (918) 587-9171

Becker Funds Evaluation Service: Periods ending Decemeber 31, 1976.
 Equity Funds, calendar period cumulative rates of return. Annualized returns.

	1970-76	71-76	72-76	73-76	74-76	75-76	1976
Median	3.0	4.1	1.5	-2.5	3.6	21.9	16.7
S&P 500	4.39	7.49	5.35	2.64	7.04	25.35	19.15
FOURTH	9.6 *	12.1 *	8.4 *	7.9 *	17.8	35.5	43.3

*Time weighted for change from fiscal year to calendar year.

Truth-in-Lending Simplification: An Idea Whose Time Is Now

TRUTH-IN-LENDING simplification is an idea whose time is now. With over 10,000 lawsuits in federal courts alone and comprehensive compliance examinations by federal banking agencies, bankers have become more vocal in their demand for help—and rightfully so. The needless complexity of the Real Estate Settlement Procedures Act (RESPA) came to a head early, and Congress responded by amending that law to make it more realistic for bankers and consumers. The fact that it took eight years to get to a point of no return for Truth-in-Lending should not diminish the need for change. Now that we are there, we should examine carefully the experiences of those years and come up with something beneficial to the consumer, but of minimal complexity so that bankers can readily comply.

Truth-in-Lending started out simply enough—a proposal to disclose cost information so that consumers could compare and shop. As it traveled through the legislative process (a process that itself took eight years), it gained complexity and evolved to require disclosure of selective credit terms. By the time the Federal Reserve Board and the courts were done, we had a law that contains 52 sections, a regulation that has 15 sections, 153 subsections requiring 13 specific items of information at the time the account is opened, with an additional 15 items that must be disclosed with each periodic statement in open-end credit alone. Closed-end credit requires 11 items to be disclosed.

Of course, bankers are not completely absolved from helping to create this complex morass. Taking advantage of a willing Federal Reserve Board staff and a recent change in the law, creditors, including banks, have added to the confusion by asking for “official” staff interpretations of the law whenever the smallest question arises. To date, there are over 1,200 unofficial staff letters and 71 official staff letters, providing various degrees of protection from lawsuit. Unfortunately, overuse of this “protective device” has resulted in a constant change of forms and procedures for creditors fortunate (or unfortunate) enough to keep up with the current letters. By trying to keep up

By **TERRENCE H. KLASKY**

with this constant stream of letters and attempting to comply, bankers find themselves constantly changing their procedures. The fact is that it's almost impossible for a banker to be in full compliance with Truth-in-Lending, because of this constant change.

In the past, bankers could take the position that they were making a good-faith effort to comply, and where a technical violation did exist, they could take their chances on the possibility of a suit being brought. However, the detailed compliance examination procedures of the Comptroller of the Currency should have all but ended this philosophy. Recently, the Comptroller has taken the position that he has the authority to order reimbursement for violations of all aspects of the Truth-in-Lending Act. Additionally, where in the past it may have been prudent for bankers to readily discuss any problems they might have been having with a particular law or regulation, including Truth-in-Lending, disclosure of such a problem coupled with subsequent examination by the examiner could result in a substantial claim for reimbursement by the Comptroller's Office.

Rest assured, the Fed and FDIC examiners will not be too far behind in requiring the same detailed examinations and, in all probability, take the position that reimbursement can be ordered by those agencies, too.

On the other hand, the Comptroller,

Terrence H. Klasky formerly was on the FDIC's general counsel staff and a member of its honors program and recently left the American Bankers Association, where he was associate federal administrative counsel, to join the Washington, D. C., law firm of Milton W. Schober. Mr. Klasky holds a bachelor of science degree in psychology from Pennsylvania State College and a juris doctor degree from Temple University Law School. He belongs to the American Bar Association and is on its committee on the regulation of consumer credit. He also is a member of the Pennsylvania and District of Columbia Bar associations.



in developing his comprehensive compliance procedures, has developed a separate handbook for use by examiners that also will provide valuable clues to bankers as to what is important and what should be reviewed before an examination. While the Fed and the FDIC are somewhat further behind in such programs, creation of comprehensive handbooks by these agencies will benefit small banks especially.

Even so, a problem does exist and must be corrected. Truth-in-Lending has become too complex—both for the banker and the consumer. It's an amazing fact that not one individual or organization has yet determined what the consumer really wants or needs in terms of disclosure. Arguments that consumers are entitled to cost information in order to shop certainly is as valid today as it ever was. At the same time, too much information could be confusing and downright detrimental to a consumer's understanding of the terms and costs of credit.

At this writing, there are at least five legislative efforts and one regulatory effort underway to simplify Truth-in-Lending. Of course, what's simplification to one individual may not be that to another. For instance, some of the legislative efforts focus on improving the act while cutting down on some of the liabilities. Such improvement may take the form of beefed-up administrative enforcement. Bankers seem to be most concerned about the liabilities, both civil and administrative, for even the slightest, most technical, unintended violation. Of course, civil penalties are fairly steep at this point, since there is a minimum recovery of \$100 plus attorney's fees and court costs, even if the consumer has not actually suffered damages. Of course, this has spurred use of the official-staff-letter technique for protecting against liability.

Bankers must begin to decide exactly what their concept of simplification really is. While hearings have been held and undoubtedly will continue, it seems unlikely that they will spur any immediate legislative relief. There will have to be a long drawn-out process of identification of the problem and review of the alternatives. It

(Continued on page 80)



Keep in touch with your customers

Brandt Electronic Cashier® delivers new-fashioned customer service at your bank.

Some teller windows are all hardware and no humanity. Most customers would appreciate a personal touch. Brandt helps to make friendlier, more personal service possible.

Our 570 electronic cashier is fast, efficient and accurate. The secret is solid-state electronics. Just a light touch on two keys pays any amount from 1¢ to 99¢. And the large, easy-to-read digital display instantly verifies the amount.

The cashier's trap door attachment delivers coins directly to the teller, who can then hand them to the customer. The personal touch, remember? Coin chutes of various lengths are also available. They can be attached to either side of the unit for direct payment to the customer. On our Model



Brandt Model 570 Cashier

504, the keyboard is separated from the dispenser for the ultimate in versatility.

All Brandt cashiers are attractive as well as efficient. Finished in a soft Desert Tan with color-harmonized keyboards, they'll add strong visual appeal to every transaction.

Assure the finest customer service at your bank with Brandt electronic cashiers.

Brandt
Systems 

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



Burton Stacy, President
The New Bank of Culpeper

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

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

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

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

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

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

THE SECRET IS TOTAL COORDINATION

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

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

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

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

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

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

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

BUT DOES IT REALLY KEEP DOLLARS AT HOME?

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

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

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

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

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

And you and your bank will be the hero.

**TIME IS RUNNING SHORT
CALL COLLECT NOW
(615) 790-2330**



MADISON AVENUE ASSOCIATES, INC.
P.O. Box 12338, NASHVILLE, TENNESSEE 37212

Christmas Promotion Timetable

What to do to prepare, starting next month!

VIRTUALLY any Christmas program results in extra holiday pleasure for both customers and employees of a bank. All programs can be fun to produce for many people associated with a bank. And they can be even more fun—and resultful—if planned carefully and early enough.

August (or even earlier) is not too early to begin. Some of the things that may be needed require long production periods and must be ordered long enough in advance to be ready at the desired delivery date. Unforeseen difficulties—strikes, transportation tie-ups, etc.—can cause last-minute headaches in getting essential materials to the bank on time.

So plan early. Decide what management wants to accomplish this Christmas. Get the plans approved, and get going!

Here are some checklist suggestions—more or less in chronological order—to help start the planning process. Use whatever portion is relevant to your bank. Feel free to add new ideas. The important thing is to get what needs to be accomplished down on paper. It's the first step to a happier, more resultful and carefree holiday season for your bank.

Things to do this summer:

- Jot down the exact objectives of the bank's Christmas program. Be specific: How much increase from the Christmas club program is desired; what theme, if any, should be set for the lobby decorations; the amount of advertising support the program will get (print space, air time, direct advertising material, etc.).

- Draw up a rough budget of estimated expenses and get it approved.

- Appoint whatever employee committees are necessary to assist in the program. If a dress-a-doll program is planned, appoint a committee to handle the details; also appoint a toy committee if employee donations will be used to purchase toys for needy children.

By **ORVILLE GOERGER**
Special Contributor

- Order calendars and budget books to be distributed at Christmas as early as possible.

- Call in a display firm (unless displays are handled in-house) for ideas, sketches and estimates. Agree early on what is to be done, especially if special construction is necessary.

- If an organist will be needed to provide lobby music, get the person under contract early; organists are sometimes in short supply near Christmas. Also, arrange early for rental of an organ and sound equipment.

- Decide what theme or gimmick (if any) will be used to promote Christmas clubs. If a gift or premium will be used, check its availability and arrange for delivery.

- Review last year's Christmas activity. Eliminate any part of the new plan that didn't work too well the previous year. Be sure all the best features from previous years are retained.

Things to do in September:

- If choruses of school children will be performing in the bank lobby at Christmas, contact the schools and set dates for the appearances. Check availability times and what the students might need from the bank when they perform.

- If the plan calls for bank staff carolers in the lobby, organize them

and select a leader. Allow sufficient time for practice sessions.

- If the bank's singing group plans to tour local hospitals, etc., start lining up dates for the holiday season.

- Mailing of Christmas club checks usually is done in late October. Prepare copy for the bank's transmittal letter and plan the mailing vehicle. Be sure to include invitations to start new club accounts for the coming year.

- Check out the Christmas club new-account counter for use in the lobby and make any repairs or alterations necessary. If a new counter or club display is desired, plan it now so it will be ready when the lobby club promotion begins in early November.

- Begin firming up the bank's holiday advertising program and decide on an advertising schedule for newspaper, radio, TV and direct mail. Have Christmas club advertising material ready to go by the end of September.

- Run a preliminary story in the bank's publication featuring details of the Christmas club promotion, the premium to be used (if any), the approximate amount of money to be distributed to last year's members and the goal for the coming year.

- Keep a close eye on the progress of the display firm. Don't let it get behind schedule.

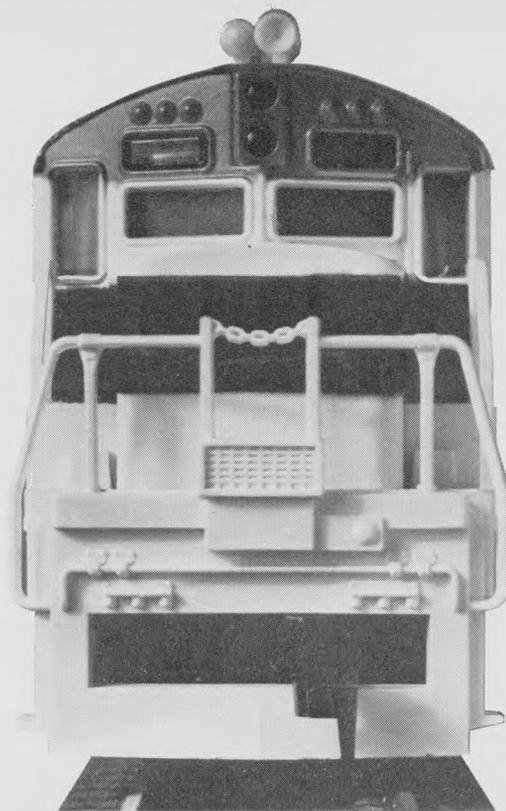
- Check out all supplies that have been ordered. If anything has been overlooked, order it right away!

- Let building operating personnel responsible for the lobby know about the decorating plans. If decorating involves major work or installations, get early confirmation of the ability of bank personnel to handle the work. If necessary, adjust plans to meet the requirements of building operating personnel.

- If a major radio or TV Christmas program is on the agenda, check the station for availability of air time. Reserve the time, if possible.

- If bank executives use individual-

Editor's note: This article is based on a chapter of a soon-to-be-published manual entitled "How to Plan a Merrier Christmas That Increases Business, Builds Goodwill and Boosts Customer Relations for Banks." Mr. Goerger began his career in public relations and advertising in 1940 and served Mercantile Trust, St. Louis, for 16 years as director of public relations and advertising. See page 45 for an announcement about the publication of the manual.



ATLANTA, CHICAGO, MILWAUKEE, CLEVELAND, DENVER, AND ST. LOUIS

AHM Train Sets have put money in banks all over the country

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

We'll give you exclusivity in your marketing area. We guarantee both the supply and quality of merchandise. We can even help you develop deposit-building premium ads.

Prices — for a complete HO Scale railway including locomotive, cars, track, and power pack — start at under \$15.00. The complete set with GP-18 Lighted Diesel and 6 cars, illustrated below, is under \$20.00. Over 30 other AHM sets are available. For more information, write or call, Hobby Marketing, 100 Main Street, Reading, Massachusetts, 01867. Telephone 617/944-7980.





ly typed "thank you" form letters to customers at Christmastime, prepare the copy and get it approved so secretaries can start producing the letters in their spare time so they'll be ready for holiday-season mailing.

- Kick off the bank's doll-and-toy program for employees (if one is used). Check the plans of the various committees involved. Run an advance story in the bank's publication. If necessary, circulate a staff memo inviting participants to join. This should be done each year, as there are usually some new employees who are not aware of the program.

Things to do in October:

- Mail checks to last year's Christmas club members. Since these people are the best prospects for a repeat sale, make every effort to get them to renew their memberships and to increase the dollar amount of their clubs. In addition to the transmittal letter invitation, consider a premium (or some special inducement) to spur action.

- If the pay-out is a substantial amount, get publicity by issuing a press release. Mention the new campaign and when it starts.

- Make sure all Christmas club advertising is produced and ready for the start of the campaign.

- Set up Christmas club headquarters in the lobby. Indoctrinate staff members who will work at this counter. Make sure they are well acquainted with all information in the media ads.

- Devise some simple survey technique that will keep the bank posted week to week on various marketing information: size of accounts opened, sex and age group of members, whether old or new customers of the bank, etc. This will help, this year and next, in planning a sales strategy.

- Put final touches on all other holi-

day advertising, including November and December statement stuffers.

- Consider the practicality of using statement stuffers as additional Christmas advertising when handed out by tellers. If used, train tellers in suggested procedures and give them hints about what to say to customers.

- If the bank will sell novel money packages as gifts (pound of money, money by the yard, etc.) start stockpiling an inventory by using spare moments of staff members to assemble items. (Some of these gifts take a lot of time to produce in quantity!)

- If staff members are preparing toys and dolls for some charitable organization, inform the organization early so it can coordinate its plans.

Things to do in November:

- Start assembling all the ingredients needed for the lobby decorations: ornaments, wreaths, holly, display racks for toys and dolls, tree lights, Christmas-theme pins for tellers, coffee bar materials, outside decorations, etc.

- Officially open the lobby Christmas club booth. Make sure a schedule has been worked out so there are always enough people on hand to serve customers without undue delay.

- For the first few days, check each staff member working at the club booth to make sure he knows the "sales story" and is delivering it properly. Even those who have worked the counter before have been away from this work for 10 months and may be a bit rusty. Also, the campaign theme and sales strategy will be new to all employees, providing it was changed from last year.

- Advise personnel to be alert to cross-selling opportunities at the booth. Tip off all booth workers to these opportunities and suggest ways they can

capitalize on them.

- Observe the operation of the booth daily during the first week. If additional direct-advertising material (a folder, for instance) will facilitate the service of customers and increase selling opportunities, design and produce one as quickly as possible.

- If a premium is used as a sales incentive for Christmas club accounts, check out its customer appeal. If it isn't living up to expectations, there may still be time to make changes for the balance of the campaign.

- Check the renewal rate on your old Christmas club accounts. If below par (possibly because of a more attractive offer by a competitor), use a follow-up mailing offering an additional incentive.

- Near the end of the month, gather all display materials and store them where they can be picked up conveniently when the lobby is decorated.

- Run an update story on the bank's Christmas program in the employee publication. Include a report on early activity at the Christmas club counter.

- Tie in tellers and other lobby personnel to the Christmas club program. Urge them to remind customers to join when they serve them. Give them a folder or memo suggesting ways they can push new accounts.

- At the beginning of the month, and if the bank is using an employee sales contest for club business, distribute packets and necessary contest materials. Issue weekly reports on employee selling efforts. Include techniques various employees have found effective in selling.

- Call in dolls that have been dressed by employees and/or customers. Check their number and make sure you have sufficient lobby display facilities to handle them.

- Ask the toy committee to make purchases using funds collected from employees, and get the merchandise into the bank. Shop around and buy where the best prices and discounts are offered.

- Make sure all media advertising is prepared and ready to run when the Christmas campaign opens.

Things to do in December—before Christmas:

- Install lobby decorations and put up external decorations for both main bank and drive-in. Coordinate work done by employees and outside helpers.

- Make sure all departments have suitable displays. Most departments prefer to handle their own decorating. Make sure each one is supplied with the materials needed.

- Kick off the media advertising program. Make sure everything men-

Christmas Comes But Once A Year...



Large 11½ x 14½ size

Beautiful in full color

"EARLY WINTER" ANOTHER FAMOUS CURRIER & IVES PRINT PERFECTLY SUITING THE CHRISTMAS SEASON, YET HAVING YEAR ROUND USE IN EVERY HOME

CAPITALIZE ON IT FULLY AND "INEXPENSIVELY" WITH "FINE ARTS" DECORATED METAL TRAYS

EVERY HOME CAN USE EXTRA TRAYS, PARTICULARLY IF UNUSUAL AND BEAUTIFUL ENOUGH TO BE PROUDLY USED AS TRAY OR WALL DECORATION

OUR TRAY/PLAQUES ARE ALL OF THAT....ELEGANT IN THEIR EXCLUSIVE OVAL SHAPE (cost more but well worth it)....EXQUISITELY BEAUTIFUL IN THEIR AUTHENTIC FULL COLOR REPRODUCTION OF DESIGN....THE CURRIER & IVES SCENES IN PARTICULAR HAVING BROAD APPEAL, MANY PEOPLE "COLLECTING" THEM, OFTEN HANGING THEM AS "GROUP" DECORATION.

(Typical testimonials)

"With the help of your trays our Christmas Club accounts grew by 54%."
"Unlike candles, records, cookie-cutters, etc., your trays provided new attraction, year round use. Club openings increased by 30%."
"Your trays helped us exceed 7700 club accounts this year, double last!"
"We initially ordered 1500 trays. All were sold out at \$1 in two days"

Write for exclusive in your trading area. Send \$1.00 to cover postage and handling for free tray.

FABCRAFT, INC. FRENCHTOWN, NEW JERSEY 08825 (201) 996-2113

The "Fine Arts" Tray People – beautiful exclusive trays for promotional use only

tioned in the ads (coffee bar, free gifts, etc.) is in place and ready to go.

- Make sure all employees are familiar with the ads being published. Give them complete information on anything they should know in order to answer questions intelligently.

- Make photocopies or blowups of newspaper ads and display them in the bank lobby.

- If special radio or TV programs are being sponsored, list and display the dates and times of broadcast.

- Early in the month, check with the bank's chorus members to make sure they are about ready to perform. Schedule noon-hour programs for the lobby the week before Christmas.

- Prepare lobby posters to announce chorus performances. Include a photo of the group on the posters.

- If the bank's chorus is to perform outside the bank during the Christmas season, reconfirm the dates with the organizations involved and make sure transportation is provided. Issue a press release announcing the chorus' schedule.

- Reconfirm dates of visiting school singing groups and issue press releases.

- Reconfirm arrangements for organ

Get an Early Start!

"Our records show . . . that banks do not plan ahead for their Christmas decor, but wait until late October or November to inquire about displays. In most cases, this is too late for a custom production order."

So says Robert F. Metzger, vice president, Garland Display Corp., one of the nation's leading display firms. The statement points up the fact that advance planning is a "must" for any bank desiring to show its premises off to best advantage during the holidays. Whether or not a professional decorator is involved, time is of the essence in planning for the holidays!

music in lobby with organist, organ rental firm and personnel to install organ.

- If your organist plans to use copyrighted music, get clearance from the American Society of Composers and Publishers (ASCAP). The organist can usually make these arrangements and will bill the bank for the small fee involved.

- Remind officers planning to send out individually typed "thank you" letters to good customers to mail them on time. The best time to send this type of letter is the week *after* Christmas, when the mails are not as flooded.

- Check the lobby daily to make sure special features, such as the coffee bar, letters to Santa counter, unusual money gifts, are operating satisfactorily and that no supplies are in danger of running out.

- Keep tabs on the premium inventory to prevent running out. If supplies run out, be prepared to issue "rain checks" to disappointed customers. When a new supply arrives, arrange for prompt delivery of the item to customers.

- Dolls and toys destined for children's charities usually are picked up from the bank about December 23 so each recipient has his gift by Christmas Eve. To avoid gaping holes in the lobby display after the gifts have been taken, replace the gifts with dummy gift-wrapped packages.

- If the bank CEO is planning a personal Christmas message to employees via a letter, confirm that the letter is ready to be delivered on the desired date.

- Enclose the bank's calendar card for the new year in December statements and have copies distributed by tellers in the weeks before Christmas. If appointment calendars are issued, make sure they are ready for distribution to VIP customers during December.

- If a live Christmas tree is going to be placed in the lobby, make sure there are no local ordinances prohibiting a live tree. Take every precaution against the possibility of fire.

- Take pictures of the lobby, when decorated, with closeups taken of the special features. Some photos can be used for publicity purposes; others for reminders when installing next year's display.

Things to do in December—after Christmas:

- Write a critique of the program while it is still fresh in mind. Note what, if anything, went wrong, what were the most popular features, what should have been done differently. Invite key people in the bank to give their opinions. File away for next year.

- Pack Christmas decorations away carefully. Check mechanical and electrical equipment. If anything needs repair, do it right away so it's ready for use next year.

- Make an inventory of the various locations around the bank where Christmas decorations are stored. It'll save a lot of hunting time next year.

- If you liked the work of your organist, sign him up for next year.

- Publish a final report on Christmas club results in the January issue of the employee publication. If a contest was involved, announce and congratulate the winners.

- When all the bills are in, check expenditures against the budget. It will help make next year's budgeting more exact.

- Thank all employees—in person or with a letter—who gave their time to the Christmas program.

- Finally, relax! It's all over—until next year! ••

Bank Donates Prize Money For Holiday Lighting Contest

Citizens State, Carrizozo, N. M., co-sponsored a residential Christmas lighting contest last year. The bank contributed \$100 for prize money.

"We believe that the joy of the holidays is enhanced by Christmas lights," said bank President Johnson Stearns. "Lighting homes gives a great deal of pleasure to a lot of people and to us makes the expense and work worthwhile."

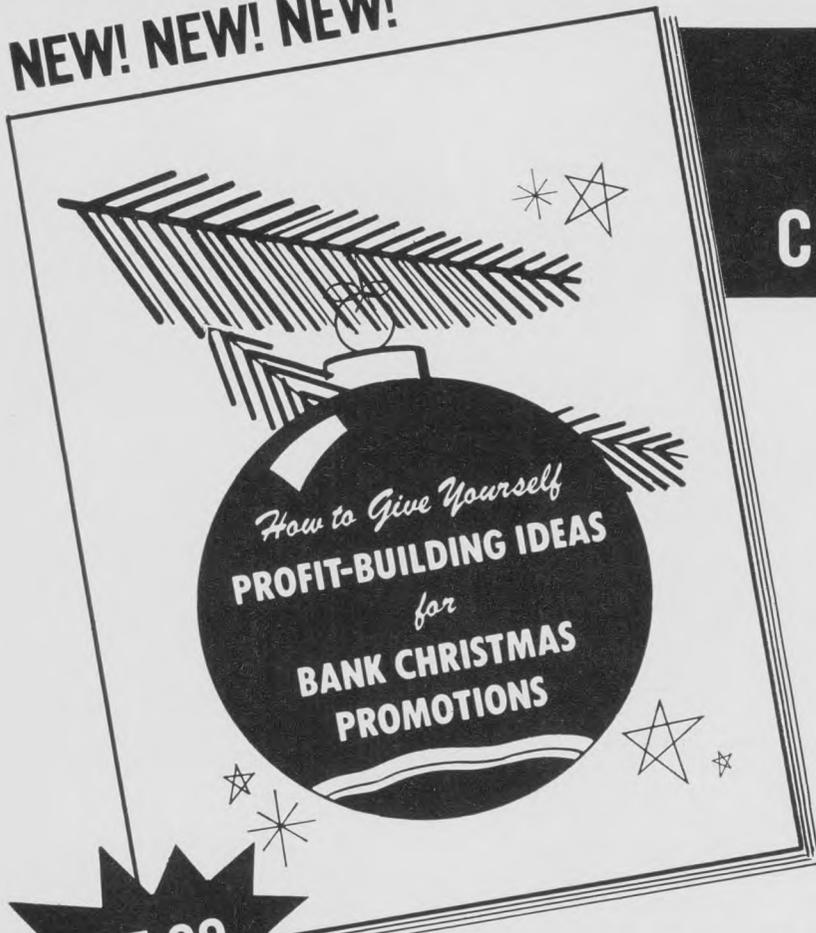
It is traditional in Carrizozo for a couple traveling through town to be asked to judge the lighting contest.

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NEW! NEW! NEW!



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To build savings accounts. Put added sizzle in Holiday selling. Create valuable publicity opportunities. Collect public relations dividends for your bank.

Then put this new, profit-building publication to work now. Its 80 pages are packed with tested Holiday ideas used by banks, large and small, coast to coast — PLUS brand new ideas built from sound selling techniques.

It even gives a formula for creating your own ideas — custom-fitted to your bank's image and personality.

\$7.00

AN INVALUABLE AID FOR THE PERSON IN YOUR BANK RESPONSIBLE FOR CHRISTMAS PROMOTION PLANNING

To give your bank the most out of Christmas, start with a sound plan. Use this manual for a complete, step-by-step outline of how to go. Here are a few samples of the many practical topics covered:

- How to use lobby decorations most effectively.
- The many ways banks promote Christmas savings.
- Selling other bank services to Holiday shoppers.
- What your bank can do for children at Christmas.
- Most effective ways to remember employees in Christmas planning.
- How to cash in with Holiday direct mail.
- Using the "good will" season to build bank good will.
- Getting the most benefit from Holiday publicity opportunities.
- A tested way to create your own Christmas ideas.
- Planning — with a step-by-step schedule from midsummer to New Year's.

Here is a timely reference you can use right now and for many years to come. It deserves a place in your reference file.

Successful Christmas promotions are born early.

Now is the time to start planning. Here is the tool that makes this job easier and more resultful. Send for it today.

It is the best "gift" Santa can bring your bank this Christmas!

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MID-CONTINENT BANKER
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Banks Help Keep Sales in Own Towns By Backing Shop-at-Home Programs

By ROSEMARY McKELVEY
Managing Editor

IN THIS DAY of superhighways that link towns and cities across the country, it's easy for residents of medium-sized and smaller communities to drive to larger metropolitan areas to shop, especially at Christmastime. Of course, the money they spend in the large cities doesn't benefit their own towns. Therefore, if these shoppers can be encouraged to shop at home, the hometown merchant—and, indirectly, his bank or banks—will profit.

Campaigns to convince local residents to patronize their hometown merchants have been run successfully the past two Christmas seasons by First Midwest Bancorp., a bank HC headquartered in St. Joseph, Mo. This city is located near Kansas City, and St. Joseph residents increasingly were taking their business to the KC shopping centers instead of spending their money at home.

What did First Midwest Bancorp. do about it?

According to Henry Lammers, vice president/marketing, the HC bought the "Try (name of town) First" program that had been developed and is marketed by Madison Avenue Associates, Nashville. The package includes packets of material to be used by merchants and store personnel. There are red and green buttons to be worn by

store clerks and that bear the message, "Try St. Joseph First." The same slogan appears on window posters, counter cards and door stickers. In addition, the HC's banks—First National, First Trust and First Stock Yards—made available free plastic shopping bags bearing the "Try St. Joseph First" slogan. Another HC affiliate, Home Bank, Savannah, Mo., also participated on a "mini" scale.

The 1975 campaign was so successful, according to Mr. Lammers, that the HC expanded the program for 1976. The latest program was kicked off last October 12 and 13 with continental breakfasts for area merchants. Several hundred attended, including industrial wholesaler and service-type businesses. The latter put "Try St. Joseph First" banners in their plants and put information about the program on their bulletin boards.

The HC took advantage of these two breakfast meetings to tell the merchants and businessmen about the HC's banks. W. Dale Maudlin, senior vice president and commercial loan officer at First of St. Joseph, described the services available to them through the banks.

The 1976 "Try St. Joseph First" program became operational the week after Thanksgiving and ran until De-



M. Paul Haynes Jr., v.p. & cash., Farmers & Merchants Bank, Baldwyn, Miss., wears red and green button urging residents to "Try Baldwyn First." Copy is imprinted on Christmas tree background. On desk at Mr. Haynes' right is Santa Claus counter card saying, "Santa Thanks You for Shopping in Baldwyn." Bank provided "Try (name of town) First" program developed by Madison Avenue Associates, Nashville, to its local merchants in effort to get residents to shop in Baldwyn rather than in other cities. According to Mr. Haynes, his bank is extremely pleased with "Try Baldwyn First" program. In fact, Mr. Haynes hopes to promote trade in Baldwyn not only during Christmas season, but all year round.

ember 20, with double the number of merchant participants over 1975. The HC's banks used 24 St. Joseph-area billboards to urge the public to shop at home. This same message dominated statement stuffers and 30-second TV commercials sponsored by the banks. A radio commercial supplied by Madison Avenue Associates also was used. Merchants were invited to tie in their messages with these commercials. The banks distributed at no charge to local stores decals, banners, counter cards, logos and slick sheets. The latter contained newspaper-ad logos available to merchants to push the shop-at-home theme.

Mr. Lammers cites the success of the 1975 program as the reason his HC decided not only to sponsor it again in 1976, but to expand it. To determine whether the 1976 campaign was successful, First Midwest Bancorp. sent questionnaires January 10 to participating merchants. They overwhelmingly rated the program either excellent or good; there were few fair ratings and no poor ratings. Because the HC picked up the tab on all promotional materials, the only cost to the merchants was their own advertising.

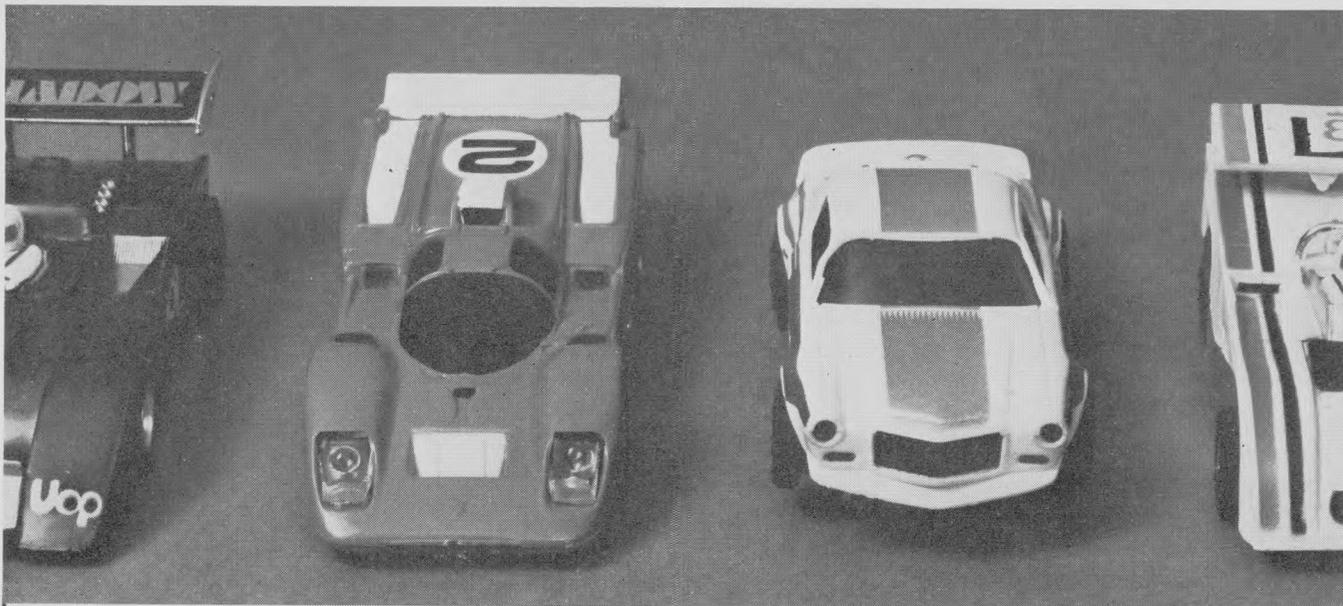
Mr. Lammers estimates that the HC spent about \$15,000 on the 1976 campaign, but looks on this cost as extremely worthwhile. In fact, First Midwest Bancorp. probably will repeat the program in the coming Christmas season.

As Mr. Lammers puts it, "Hometown

MID-CONTINENT BANKER for July, 1977



These are samples of "Christmas Shop St. Joseph" logos that were made available to St. Joseph, Mo., merchants from local newspaper through First Midwest Bancorp., St. Joseph-based bank HC. Logos were part of package of material HC obtained from Madison Avenue Associates, Nashville, which developed "Try (name of town) First" program. First Midwest sponsored this program during past two Christmas seasons. Objective was to convince St. Joseph residents to do their Yuletide shopping at home, rather than in nearby Kansas City.



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And, our deals can put money in your bank.

A complete Aurora AFX® Jackie Stewart Racemaster Speedway™ Road Racing Set® self liquidates for \$19.95. That's the kind of offer you need to attract new deposits or promote car loans.

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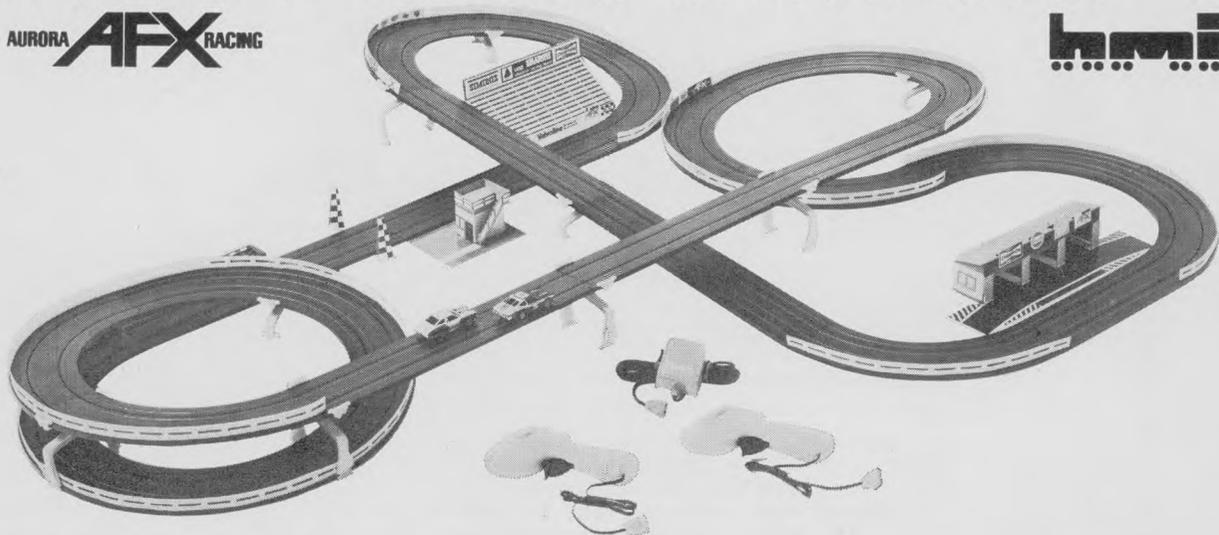
It contains over 26 feet of track for head-to-head racing competition. Two super fast AFX® Magna-Traction™ cars. Two Russkit® Speed Controllers. Safety UL listed Wall-Pak®. Realistic Pit Area, Grandstand, Start and Finish Pylons, and Judges Stand.

It's an offer that has accelerated deposits at banks around the country simply because the demographics are right: Average age of the potential road racing set purchaser is thirty-one, the average family income is \$15,000 and over 73% of Road Race sales occur from September to January.

So if you're looking for the checkered flag on new deposits or auto loans write or call Hobby Marketing, Inc., 100 Main Street, Reading, MA 01867. Telephone 617/944-7980.

AURORA **AFX** RACING

hmi



shopping benefits all of us. It creates jobs. It improves the standard of living and it makes possible a wider selection of merchandise in our local stores."

Among other banks that are enthusiastic about the "Try (name of town) First" are Iowa State Savings Bank, Knoxville, and Ashuelot National, Keene, N. H. At the latter bank, Senior Vice President Philip C. Dyer says that, while the bank anticipated generating goodwill with merchants, he was surprised by the amount of favorable comments received, not only from the merchants but from area residents.

D. Lewis Job, executive vice president of the Knoxville, Ia., bank, also reported excellent response from local merchants, including comments about how good it was to receive this kind of help from the bank.

The Madison Avenue Associates program to get residents to shop locally is not confined to banks. The Newberry County Development Board & Chamber of Commerce, headquartered in Newberry, S. C., sponsored a "Shop Newberry County First" program last year. It began November 4 and culminated December 22 with the giving away of a 1977 auto and two color TV sets. As-

ording to a C. of C. spokesman, this was the first time there was a county-wide effort on such a campaign. He adds that the enthusiasm displayed by both merchants and shoppers was terrific.

The development board/C. of C. coordinated the program with a committee consisting of representatives of all the merchants' associations throughout the county. Each merchant paid a fee into the "Shop Newberry County First Committee," and this fee went toward purchases of the car and two TV sets. The money also helped pay for about 100 radio spots per week on each radio station in the county and full- and half-page ads in the local paper twice weekly. In addition, each merchant used the "Shop Newberry County First" logo in his own ads, and the newspaper had a special advertising section for participating merchants.

The development board/C. of C. enlisted the services of the senior seminar students in business administration at Newberry College, who conducted a shopping survey. This survey was completed prior to the beginning of the campaign, and a copy of the results was sent to merchants, who then could learn their strong and weak points. ••

Collectors' Plates Offered As Christmas Premium

For the fifth consecutive year, Continental Bank, Chicago, offered customers original collectors' plates as a holiday premium last December. The plates were available free to customers depositing \$300 into new or existing savings accounts.

The 1976 plates featured reproductions of Chicago artist Franklin McMahon's watercolor drawings of the Art Institute of Chicago and its Michigan Avenue surroundings and the farm at Lincoln Park Zoo.

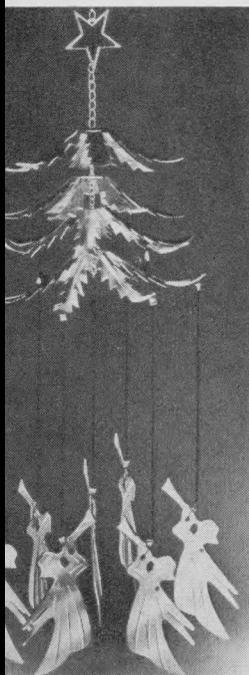
Christmas Poster Contest Held for Elementary Students

"What Christmas Means to Me" was the theme of a poster contest sponsored by Bank of House Springs, Mo., last December. Participating were students at elementary schools in three communities in the bank's trade area.

Winning entries in each grade category (one through eight) received \$15 savings accounts and posters were displayed in the bank's lobbies during the Christmas season.

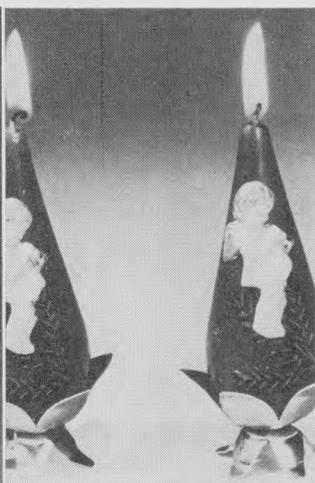
CHRISTMAS CLUB *Creations*

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All metal wind chimes
\$3.00 Retail) \$1.00 Ea.
case pack 144 your cost



"ANGEL MUSICIAN"

Candles with golden holders
(\$3.00 Retail) \$1.00 Ea.
case pack 72 your cost



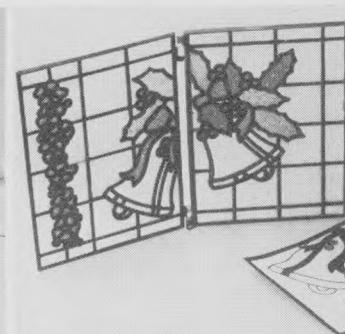
"ELF" Candlestand

with 6" tapered candle
\$1.00 Ea. (\$2.50 Retail) 90¢ Ea.
your cost case pack 144 your cost



"CHRISTMAS TRIVET"

Cast iron frame with ceramic tile
(\$2.50 Retail) 90¢ Ea.
case pack 48 your cost



"CRYSTALLENE GREETING CARD"

with stained glass effect in self-mailer.
(\$2.00 Retail) 85¢ Ea.
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Christmas decorated self-mailing NOTES. Perfect for that personalized greeting, short notes and invitations and for that special "Thank You" note.
Packet of 16 (\$1.50 Retail) 60¢ Ea.
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Minimum Order—144 Each Item . . . 10% R/P

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Serving Over 5000 Financial Institutions

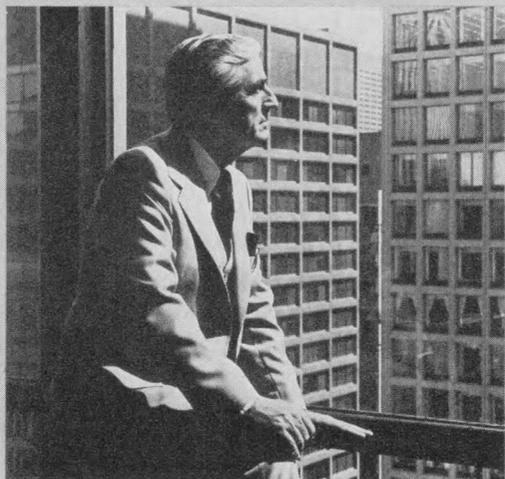
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Four centuries ago, William Shakespeare said, "What's past is prologue." In modern terms, this means that experience of the past usually leads to the beginning of something new.

At CLIC, we feel that phrase aptly describes what is now occurring in the apartment and commercial lending industry. The experiences of 1974 and 1975 clearly indicate that no commercial mortgage loan is insulated from the cyclical aberrations of the nation's economy and their effect on local markets, no matter how prudent the lender and sound his underwriting may be.

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Bank Devises Christmas 'Cash' Program To Benefit Merchants, Boost its Image

What can you do to keep money in town?

WHAT CAN a local bank do to help merchants compete with metropolitan retail shopping centers at Christmastime? How can a bank help merchants grant credit to their customers at a minimum cost? How can a bank promote itself among non-customer merchants and give these merchants opportunities to do some business with the bank without jeopardizing their existing banking relationships with competitors?

Answers to these questions would make a significant contribution to a community, thought Lester W. "Bill" Souba, president, David City (Neb.) Bank. So he set about to come up with the answers.

The following situations promoted Mr. Souba to think hard about new bank services to help out the local community:

- There had been a lack of any general promotion of community merchants at Christmas or any other time.
- Local merchants were feeling increased competition from large retail chain stores in nearby cities. These stores offered "free" charge accounts, where the customer could charge a purchase in October, November, December and January and not make the first payment until February, with no finance charge applied until March.
- Local merchants didn't have adequate working capital to offer similar "free" charge accounts.
- Local merchants felt that the bank's only interest was in bank growth, not merchant success.

Mr. Souba realized that large amounts of local funds were leaving David City to be spent in metropolitan stores for the same goods and services that were available locally.

Visits with merchants assured Mr. Souba that a promotion program to encourage shopping in David City was past due and would be welcomed.

Advertising costs were studied in connection with a promotion and expenditures were determined for getting a promotion started.

Mr. Souba's plan of action was to initiate the David City Holiday Cash

Program. The program permitted participating merchants to offer their customers "free" charge accounts similar to those being offered by competing chain stores. Customers could apply for Holiday Cash coupons at the bank and, if a credit investigation was positive, the requested amount of holiday cash would be granted. The customer could spend the holiday cash at participating merchants as though it were real cash.

Customers using holiday cash didn't have to pay the bank back until February and, if the account was paid in full by March 1, there was no interest charge. If the customer didn't pay in full by March 1, his loan began accruing interest and a payment schedule was set up.

Holiday cash enabled customers of local stores to make cash sales that were really charge transactions. Merchants didn't have to set up costly charge programs of their own and then try to collect after Christmas. If any cash coupon loans were not paid by

customers, the loss was the bank's, not the merchants'.

Merchants could redeem their coupons at any time by bringing them to the bank. The amount of funds received from the redemption was on a graduated basis ranging from 95% to 99% of face value. The longer the merchant held the coupons on his premises, the lower the discount he had to pay. The program cost the merchant nothing except the cost of a poster for his window announcing the plan. Of course, he incurred a slight cost when redeeming the coupons, but this was done only after a sale had been made, at which time merchants were happy to pay a percentage to the bank.

The program was announced by statement stuffers, point-of-sale advertising materials, display cards, radio commercials, newspaper advertising and through holiday cash certificates.

A variety of techniques was used to implement the program, including the following:

- A bank officer called on each merchant to explain the program. He utilized a display notebook that contained all program materials to enable the merchant to see everything at first hand and make his own judgment as to the merits of the program.
- The bank offered a cost-share contract for radio advertising with participating merchants. This enabled the merchants to benefit from the discount the bank earned by purchasing a large block of advertising time from the station. A musical jingle was written and recorded at the radio studio and it was played in each commercial promoting the holiday cash program.

A four-hour live radio broadcast from the bank lobby launched the promotion on "kickoff day" for the Christmas shopping season. Each participating merchant was given five minutes of the program's time to tell potential customers about his wares and services. Local high school bands and carolers made recordings of Christmas music that were played during the four-hour broadcast. Parents of friends of the participants made an effort to listen to

Christmas In October?!?

Sure, why not??

With
**DAVID CITY
HOLIDAY
CASH**
It's Easy!!!



You Can Shop Now and
Not Pay Until February

Available Exclusively at
**DAVID CITY
Bank**

at NO COST TO YOU.

Check the list of participating merchants in this ad and you'll find the merchants making David City your Christmas shopping center.

Hurry on down to the
David City Bank for details.



When you think of Banking, think...
DAVID CITY Bank
Helping you change things for the better!
Member FDIC

Newspaper ad informed public of holiday cash promotion that permitted credit-worthy customers to apply for coupons good at local merchants for holiday spending, with no payment necessary until February.



Great craftsmen are infinitely patient and skillful with the tools of their trade and their lives are animated by a spirit that dares to be different. Good banking is a craft

that must be practiced and developed by men and women who, like artisans of great skill, care about the lasting quality of their work.



First National Bank Of Commerce

CORRESPONDENT BANKING DEPARTMENT

Member FDIC

210 Baronne Street / New Orleans, Louisiana 70112 / 504-561-1473

MID-CONTINENT BANKER for July, 1977

51

their children; thus they heard the commercials, too.

The whole purpose of the promotion was to show merchants how they could cooperate to help keep local funds at home rather than seeing the money flow into the coffers of distant stores.

The bank funded the entire program. A portion of the cost was recovered by selling air time to merchants at cost.

The program has been used for two years and is considered to be a great success by merchants. Mr. Souba said skeptical merchants have been convinced that the program resulted in a turnaround of the flow of funds out of the city.

While there was no rush for holiday cash, merchants reported several big-ticket items being sold to people who used the coupons, and several merchants attributed greater traffic flow through their stores to the promotion.

Merchants said they had customers new to the store during the holiday season and attributed this development to the radio commercials.

Plusses for the promotion, according to Mr. Souba, included the fact that new faces showed up in local stores, that it became known that a small town

of 2,400 residents could offer Christmas bargains comparable to those offered in larger communities, that the merchant community achieved a new solidarity, that the cost of the promotion was minimal.

Perhaps the greatest benefit to come from the promotion, Mr. Souba said, was the fact that merchants became convinced that the local bank was interested in their welfare as well as its own! • •

'Biggest Yule Party in Town' Hosted in Bank High Rise

Christmas came to the 42-story First Wisconsin Center, Milwaukee, in a big way last year. A building-wide Christmas party, billed as the biggest in town, drew almost 1,500 people to the home of the Main Office of First Wisconsin National.

The people who manage the center regularly schedule a variety of events throughout the year, but they wanted to do something special for Christmas. The party, complete with Christmas carols by the bank's chorus, and refreshments, was the answer.

The chorus, which has become a yuletide institution in the Milwaukee

area, was a natural choice for entertainment. Their carols echoed throughout the galleria level of the center, putting many guests in the Christmas spirit.

Refreshments posed a problem. The center's management extended an open invitation to the nearly 5,000 people working in the building and there was no telling how many would attend the party. Planners ordered enough food for 1,500, and they guessed correctly.

The Christmas events are a part of a variety of weekly programs presented throughout the year at the center.

"What we're trying to do is show people that downtown is alive and well, and that there is plenty to do down here," said Chester Stevens, vice president, First Wisconsin Development Corp.

Christmas Club Promo Offer: Two Books That Can Help

What's a bank to do when it wants to promote Christmas clubs but doesn't want to meet the competition in offering interest or other costly inducements?

Bank of New Orleans sweetens its Christmas club advertising promotion with an offer of a free copy of the "Farmers' Almanac," a collection of anecdotes and useful information, including weather predictions, planting and garden calendar and holiday dates.

Actually, the Almanacs are free to anyone, not just those signing up for Christmas clubs, but the timing of the publication date of the Almanac enables the bank to offer new copies at the same time Christmas clubs are being solicited.

Last year, the bank's Christmas club newspaper advertising called attention to two books—the Christmas club coupon book, which, the ad copy said, "predicts your good Christmas '77," and the Almanac, which "predicts the weather and gives helpful hints." The advertising implied that bank customers could benefit from obtaining both books.

According to Paul F. Steen, director of advertising and public relations for Bank of New Orleans, the first year the almanacs were offered (1967) 10,000 were distributed. Last year, it took 60,000 copies to satisfy demand!

"The popularity of the little publication never ceases to amaze me!" Mr. Steen said.

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Magnificent displays made to give long life . . . real eye-stoppers. Great as attention getters. Tremendous public relations. All displays operate on 110 volt.

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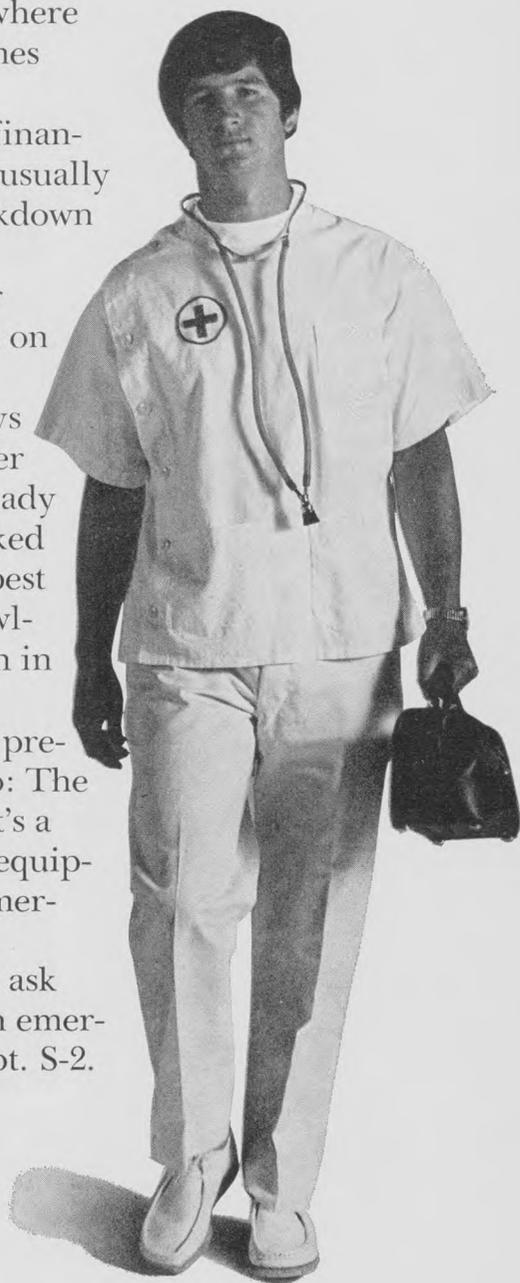
More and more attention is being directed to emergency services. Specialists like paramedics get to an accident quickly where their expert training becomes invaluable.

Emergencies occur in financial institutions, too. They usually stem from equipment breakdown or malfunction.

This is when Mosler nationwide service takes on additional value. Any time day or night, 7 days a week, there's a Mosler Service Technician ready to help you. He's backed up with the largest, best equipped, most knowledgeable organization in the industry.

Mosler offers a way to prevent most emergencies, too: The Mosler Service Contract. It's a periodic checkup on your equipment that nips potential emergencies in the bud.

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TELEPHONE



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The way your customers are traveling these days, there's no telling where they'll end up – the country's most bustling cities, or its most scenic rural areas.

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If American Express® Travelers Cheques are ever lost or stolen, your customers can arrange for a refund anywhere in the U.S. just by finding the nearest telephone. Seven days a week, no matter where he is.

All he has to do is call one toll-free number, 800-221-7282. (In New York, he can call collect, (212) 248-4584.) On a business day, we can arrange for a *full* refund at the nearest

refund location, usually on the very same day.

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It's that simple.

No wonder more and more people prefer to travel with American Express Travelers Cheques. When they do, it's always with the reassuring thought that help from our refund centers is only a phone call away. No matter where they travel.

Make sure you sell your customers American Express Travelers Cheques. The travelers cheques with the refund system that's always open and is never very far away.



American Express Travelers Cheques

Christmas Club Membership to Hit 10.6 Million; Payout Expected to Reach \$2.3 Billion

Survey targets projected figures for 1977 clubs

CHRISTMAS club membership figures among 2,500 surveyed financial institutions will reach 10.6 million this year. This was one of the findings made by the Unidex Corp. during two recently completed surveys of Christmas club consumers and financial institutions.

The studies also revealed that among the 2,500 financial institutions surveyed, projected payout for 1977 is \$2.3 billion. In addition, three out of every four surveyed institutions offer Christmas clubs to their customers.

To obtain consumer information, telephone interviews were conducted with 2,051 individuals aged 18 and over in 34 scientifically selected locations.

For the industry survey, 2,500 of the country's largest financial institutions were targeted. They included 1,000 commercial banks, 1,000 S&Ls and 500 mutual savings banks. Survey findings were based on a response of 869 questionnaires, or 36%.

One of the most significant findings was that Christmas clubs are more widespread than was generally recognized. Of the 869 responding institutions, 652 offer Christmas clubs to their customers.

Who are these customers? Christmas club depositors tend to be middle-aged, middle-income, of blue collar occupation and female. Potential customers appear to have the same demographic makeup.

By **JOHN H. GUINAN**
President
Christmas Club a Corp.
Easton, Pa.



Santa Claus, whose domicile is "Santa's Workshop" in North Pole, N. Y., has become a spokesman for Christmas Club a Corp., said to be the nation's oldest and largest producer of holiday gift savings programs. In the photo, Santa signs up for a Christmas Club account "sold" by John H. Guinan (r.), pres., Christmas Club a Corp.

Female heads of households hold the greatest number of Christmas club accounts. However, as income increases, there is a marked trend for the account to be held jointly—ranging from 16% of those with incomes under \$11,000

up to 31% of those with incomes over \$20,000. In lower-income households, the accounts more often are in the male's name.

City size also has an effect on male versus female membership in Christmas clubs. In larger cities, the female is more likely to hold the account. Conversely, in smaller communities, the male holds the account more frequently.

Age is a determining factor in account ownership as well as length of time the account is maintained. Research has found that with increasing age, the female is more apt to carry the account, and if she is over 51 years, she probably maintains that account five years or longer. Joint holding is more common among younger households, and 40% of the respondents between the ages of 26 and 45 years hold their accounts between three and 10 years.

Of the total number of respondents, 61.3% were more likely to hold their accounts three or more years. These figures indicate that Christmas clubs are habit-forming—that once someone opens a club account, she is likely to hold it for a minimum of three years.

What incentives are used to start the

TABLE I

Industry Survey

Comparison of Commercial Banks in Survey
With All Institutions Surveyed (2500)

	1977	1975	Diff.	% Change
<u>1000 Commercial Banks Surveyed</u>				
Christmas Club Memberships	6,787,616	5,846,893	940,723	16.09
Payout in Millions \$	1,202.9	1,059.2	143.7	13.57
Average Account \$	177.21	181.18	-3.97	-2.19
<u>2500 Institutions Surveyed</u>				
Christmas Club Memberships	10,624,155	9,498,561	1,125,594	11.85
Payouts in Millions \$	2,263.7	1,912.3	351.4	18.38
Average Account \$	213.07	201.32	11.75	5.84
<u>Commercial Banks as % of Total Survey</u>				
Christmas Club Members	63.9	61.6		
Payout in Millions	53.1	61.9		
Average Account	16.8 smaller	10.0 smaller		

On the Cover

Santa Claus was the center of attention when he visited the Children's Seashore House in Atlantic City in May. The hospital houses about 70 children. The visit coincided with the New Jersey Bankers Association convention, at which Santa appeared as a spokesman for Christmas Club a Corp.

TABLE II
Consumer Survey

Service Usage of Christmas Club Users and Non-Users by %

Service	User	Non-User
Checking Account	92.4	92.9
Regular Passbook Savings Account	85.7*	79.9
Certificate of Deposit	29.9*	22.6
Installment Loan	39.3*	34.4
Overdraft Checking	18.6	18.2
Any Other Type of Savings Club	11.0*	2.9
Bank Credit Card	57.9*	50.0
Any Other Type of Credit Card	40.2*	35.8

Significantly high percentage*

Christmas club habit? According to the survey's findings, interest and premiums are offered frequently. Over 81% of the financial institutions replied that interest was paid on Christmas club accounts and 31.3% offered premiums to new members. Over one-fourth provided premiums and interest as incentives.

Where can most Christmas club depositors be found? 21.2% of the public in the Northeast are Christmas clubbers. Based on the South's lower percentage of current users—8.5%—it is clear that the southern region provides good opportunity for Christmas club expansion.

Current club membership in the surveyed 1,000 largest commercial banks is projected to be 6,787,616, with payout totaling \$1.2 billion. Table I shows a 16% increase in membership and a 13.5% increase in payout for these 1,000 commercial banks between 1975-1977.

When comparing these figures with all institutions surveyed, an interesting pattern can be noted. Although the in-

crease in membership for commercial banks was greater than for all institutions surveyed, the increase in payout for commercial banks was less.

The lower payout can be attributed to smaller average club accounts. In fact, during the two-year period, the average account size decreased by 2%, whereas the average account size for all institutions increased by 6%. Obviously, other types of institutions surveyed appear to be doing a better job of selling larger clubs.

It is obvious from these statistics that, while membership size is growing at a rate well above the average for the surveyed institutions, payout has not increased commensurately. Since the potential exists for larger payout and thus greater profitability, we believe banks generally should make a concerted effort to "sell up" existing and new accounts; i.e., to sell more strongly the \$5, \$10 and \$20 club accounts.

How profitable are Christmas clubs?
In an effort to answer this question, we would like to highlight some of the

surveys' findings:

Fact #1: Three out of every four institutions surveyed offer Christmas clubs.

Fact #2: Christmas club customers are more likely to avail themselves of other banking services than nonusers (see Table II).

It is reasonable to assume from Table II that Christmas clubs are remarkably effective cross-selling tools, and, as such, they obviously are profitable.

Fact #3: In addition, Christmas club depositors are more loyal to their individual institutions, as shown in Table III. And the more stable the customer universe, the greater the opportunity to cross-sell.

Fact #4: Contrary to popular thinking, officers of smaller institutions (under \$100 million in size) in self-contained communities viewed their Christmas club service as being more profitable than did officers in larger institutions. This may be attributed to the fact these institutions can make more efficient use of media (primarily television) for club promotions.

Copies of the surveys referred to in the accompanying article are available at no charge by sending a request on a bank letterhead to John H. Guinan, president, Christmas Club a Corp., P. O. Box 20, Easton, PA 18042.

It is our feeling that Christmas club's profitability cannot be measured as an isolated service, but rather that the number of services used by Christmas club depositors be compared to the services used by the average non-Christmas club depositor. Only in this way can the true value of Christmas club be accurately gauged.

Another significant but often overlooked fact is that Christmas clubs are valuable public relations tools. Studies have shown that the majority of consumers (79.5%) use their club savings directly for Christmas spending. And when these dollars are poured into the business community each year, the entire community receives an economic shot of adrenaline. This point should be stressed in all promotional campaigns for Christmas clubs.

Based on the Unidex studies, we feel that Christmas clubs are indeed profitable when properly viewed as cross-selling tools. And those in the industry are well aware of the fact that cross-selling is the key to successful financial marketing. • •

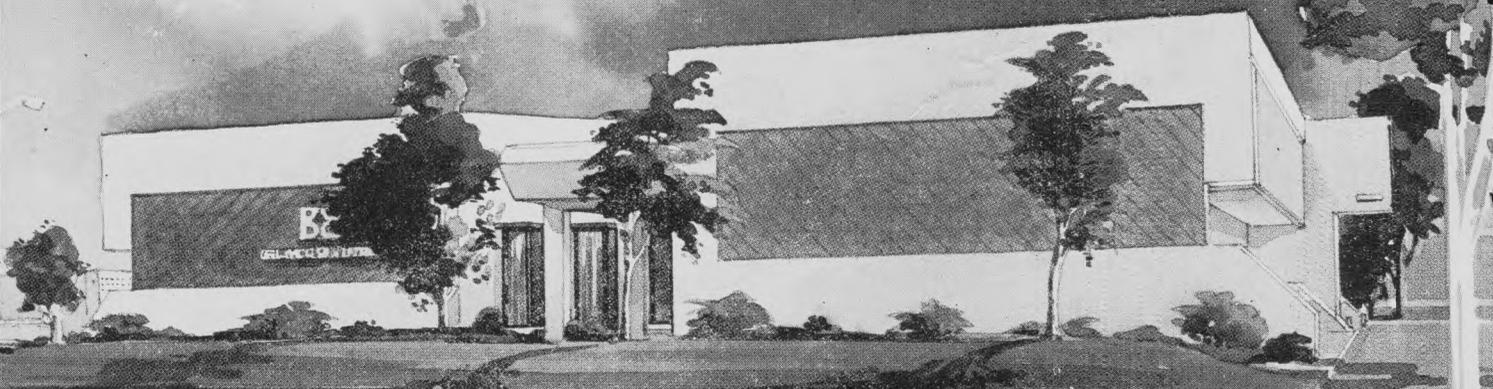
TABLE III
Consumer Survey

Loyalty of Christmas Club Users Versus Non-Users by %

	User	Non-User
Less than 1 year	1.5	4.3
1 year but less than 3 years	7.0	14.1
3 years but less than 6 years	18.0	19.3
6 years or more	72.2	61.3
Not sure	1.0	0.3
No answer	0.0	0.6

Most buildings begin with a foundation.

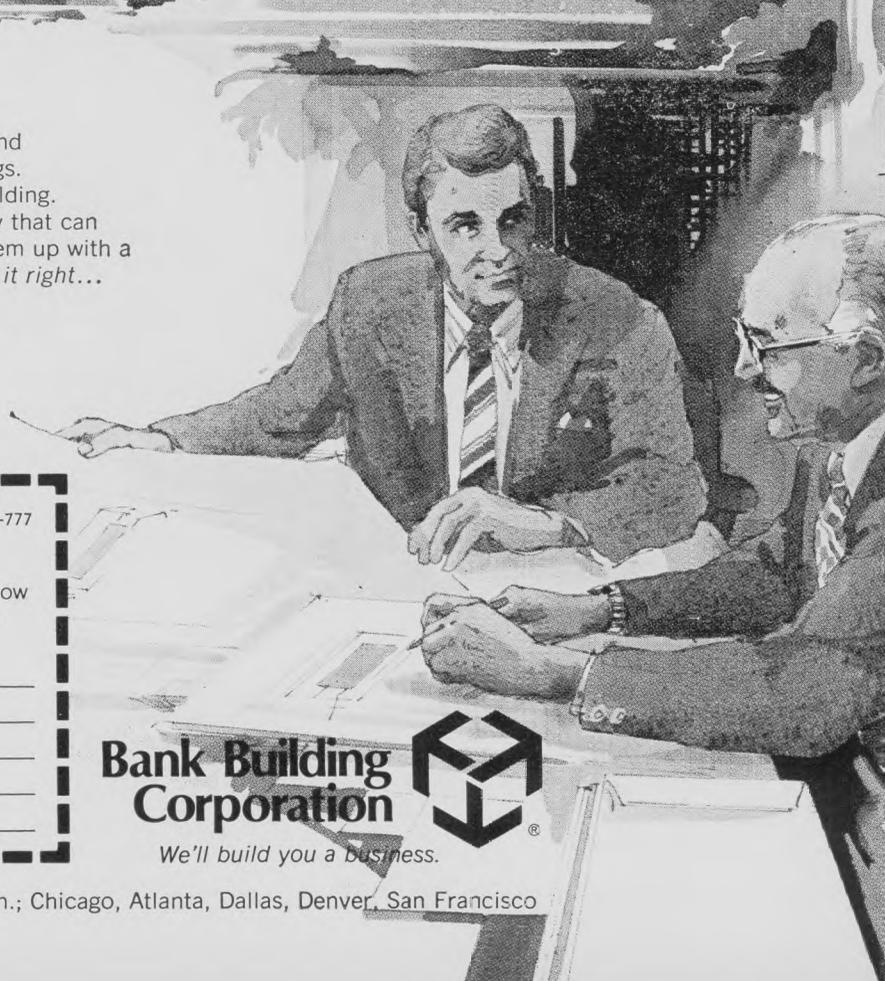
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Variety of Premiums Are Available to Banks To Use for Pre-Christmas Promotions

BANKERS throughout the Mid-Continent area are getting ready to launch the 1977 Christmas season by offering incentives to motivate customers to sign up for Christmas clubs, new savings and checking accounts and new installment loans. Some incentives will serve to attract customers to newly opened or remodeled offices.

Whatever the objective, experience indicates that banks can expect consumers to respond to their merchandise offers in gratifying numbers, producing significant volume at attractive acquisition costs.

Consumers aren't the only targets of promotion-minded bankers. Staff employees, including officers and directors, are frequently offered merchandise rewards for introducing relatives, friends and acquaintances to the bank for the purpose of opening new accounts.

Employee-motivation programs provide a choice for bank marketing officers, giving them the option of "pulling" consumers to the bank with a premium offer, or "pushing" their services to consumers by making salespersons of staff members.

Premium promotions are most commonly available either directly from the manufacturer of the merchandise or indirectly from a premium jobber. In either case, the choice of merchandise is limited to those made or carried by the supplier. All-employee motivation programs, which offer a catalog of several hundred items, are available from a few incentive firms that specialize in this field and offer their services to national and regional manufacturers, major distributors and others.

Premium operators and incentive firms compete for the same dollars. One firm, S&H Financial Promotions of Cincinnati, bridges the gap between the two by offering all types of merchandise promotions, thus providing bankers an opportunity to choose the type of offer best suited to current local conditions while still doing business with a well-known, financially stable concern.

A glance at the sales records indicates the truth of this statement. Recent and current promotions include a variety of one-shot premium offers; continuity programs, which motivate repeated deposits; loan promotions;

branch openings; and staff training and business development programs.

Typical one-shot premium programs offer consumers well-known name brand merchandise free or at extremely attractive prices when a specified amount is deposited in a new or existing account. Frequently such offers are timed to coincide with a branch opening or other special occasion.

When Akron (O.) National wanted increased awareness of its statewide affiliation as part of the BancOhio system, it used a premium offer of wristwatches augmented with clocks for kitchen, bedside or travel. As in most such promotions, the premium was free, provided the accompanying deposit met a fairly sizable minimum requirement. With smaller deposits, consumers paid a price substantially below normal retail, but sufficient to liquidate the bank's cost.

First National, East Chicago, Ind., also offered depositors watches on the same free-or-purchase basis, while LaSalle National, Chicago, offered an assortment of what it called "beautiful bargains," several different items appealing to a variety of tastes, all on a purchase basis with a required deposit to qualify for each item.

Cincinnati's Fifth/Third Bank cap-

italized on the growing popularity of tennis by offering a name-brand racket autographed by professional star John Newcombe. This offer gave tennis fans an opportunity to acquire a quality racket at a price well below retail while the liquidation feature held the bank's acquisition cost to a minimum.

Deposits are not the only objective of premium promotions. Both BancOhio and City National, Detroit, used an assortment of power tools augmented by a home coffee maker to attract installment loan business. The choice of items in these offers is indicative of the pinpoint accuracy with which premium promotions can be aimed at target markets. Power tools appeal almost exclusively to men, who are apt to make major financial decisions like car, boat and home improvement loans, while the coffee brewer is one of the hottest home appliances to hit the market in recent years.

To let its customers and prospects know about its new branch office, and to attract as many visitors as possible, Harbor Springs (Mich.) State offered an assortment of premiums, a treasure chest prize giveaway, plus souvenirs for all. The full-color mailing piece that spelled out the details was a shelf item, available from S&H for imprinting by sponsoring banks.

Cleveland's National City Bank offered an assortment of premiums free with deposits in new or existing savings accounts to celebrate the remodeling and expansion of one of its suburban offices.

As banking becomes more retail-oriented, many bankers have taken lessons from retailers with good results. Continuity promotions, based on sets of merchandise acquired over a period of weeks or months during a number of periodic visits, have long been a staple in supermarkets. Dishes, flatware, books and other items have been used successfully, especially by multiple-outlet national and regional chains.

This concept has been accepted and adapted by many banks with excellent results. Most commonly these programs offer the first item free when the required deposit is made in a new or existing account with the succeeding items in the set purchased at liquidation prices with subsequent deposits.

There are two basic types of conti-

Free Coming Ware. First come, first serve.

The First National Bank of Chicago has something very new for the holiday. Free "Coming Ware" (Continuity) merchandise is available in all banking offices. Along with the purchase of a new or existing savings account, you can receive a variety of beautiful bargains. Choose from a variety of items, all available for a limited time only. The amount of deposit required to qualify for each item varies. The First National Bank of Chicago is the only bank in the Midwest to offer this special promotion.

Choose from a variety of items to receive as a gift. The First National Bank of Chicago is the only bank in the Midwest to offer this special promotion. The amount of deposit required to qualify for each item varies. The First National Bank of Chicago is the only bank in the Midwest to offer this special promotion.

Item	Deposit Required
A. Coffee Maker	\$100.00
B. Toaster	\$50.00
C. Dish Set	\$25.00
D. Flatware Set	\$25.00
E. Dish Set	\$25.00
F. Dish Set	\$25.00
G. Dish Set	\$25.00
H. Dish Set	\$25.00
I. Dish Set	\$25.00
J. Dish Set	\$25.00
K. Dish Set	\$25.00
L. Dish Set	\$25.00
M. Dish Set	\$25.00
N. Dish Set	\$25.00
O. Dish Set	\$25.00
P. Dish Set	\$25.00
Q. Dish Set	\$25.00
R. Dish Set	\$25.00
S. Dish Set	\$25.00
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U. Dish Set	\$25.00
V. Dish Set	\$25.00
W. Dish Set	\$25.00
X. Dish Set	\$25.00
Y. Dish Set	\$25.00
Z. Dish Set	\$25.00

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

Ad for continuity premium promotion sponsored by First Nat'l, Chicago, featuring cookware items. Consumer can select as many items as he chooses, depending on amount of money he wishes to deposit.

nuity programs. One, offering merchandise that lends itself to the accumulation of a full set but each piece of which is useful and valuable to the consumer by itself, is in effect a series of related one-shot promotions. The consumer gets a free gift or a "good buy" on each transaction, but is under no pressure to build the complete set by making subsequent deposits.

Typical of this type of promotion are a pewterware offer by Jefferson Bank, Peoria, Ill.; a cookware promotion by Michigan National, Detroit; and a cookware offer at First National, Chicago. Each offered the first item free with an opening deposit of sufficient

size, or for sale with a smaller deposit, and additional pieces at attractive prices with subsequent deposits.

Ideally, continuity programs are based on merchandise that is only fully useful in complete set form, such as dinnerware or flatware. Depending on individual circumstances, a full set may be four, six, eight or more place settings, plus a number of accessory and serving pieces.

S&H's china continuity program is typical of this type of promotion. Banks choose one or two patterns of porcelain china or stoneware, or one pattern of each, and offer the first basic four-piece place setting free with an initial

deposit of from \$50 to \$250. Additional place settings, add-on settings and completer pieces are purchased at a fraction of the price of comparable merchandise with subsequent deposits of as little as \$25. Selling prices range from less than \$5 for a three-piece add-on setting to as much as \$16 for a covered casserole, and are usually designed to liquidate all or most of the cost of the free premiums as well as the sold items.

Promotional support provided by S&H includes newspaper ad layouts and copy; radio commercials; returnable displays for each office; all necessary administrative and record keeping forms; and full-color brochures, which are imprinted with each bank's offer and terms.

The final facet of S&H Financial Promotions' program is staff training and business development, which, in effect, makes salespersons of all bank employees. For these activities, S&H executives with backgrounds in marketing and staff training conduct seminars for selected leaders who are then provided with a series of structured training sessions that they put on for small groups of employees back at the bank. Simultaneously, employees are offered redeemable prize points for their successful referrals of new customers to the sponsoring bank.

A packaged "prize bank" program, complete with all administrative forms and operation manual, makes all-employee motivation programs readily available to small-market banks, such as Bank of Maryville, Tenn. Larger institutions like state-wide Fidelity American Bankshares in Virginia take advantage of S&H's capability to personalize and promote its program and its EDP administrative services. • •

Staffers Aid Fund Drives; Bank Offers Action Banks

Several staff members of National Bank of Commerce, Memphis, got the Christmas spirit last year by participating in the fund-raising activities of their own civic organizations.

Three branch managers took part in the annual newspaper sale drive by the Exchange Clubs of Memphis; another helped with the annual Christmas card selling project of the Phoenix Club in support of the Boys' Clubs of Memphis.

The bank observed Christmas by offering five styles of old time mechanical banks for sale to customers. Each bank has moving parts. One bank features an elephant that flips a coin into its body with its trunk; another features a caricature of Teddy Roosevelt shooting a coin into a tree which prompts a bear to pop up; another features a clown eating a coin and blinking.



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Professional Decorators 'Deck the Halls' Of Banks to Gain Public's Goodwill

HOW DOES today's financial merchant differ from the retail merchant?

For one thing, the quality of his basic product (spelled m-o-n-e-y) is identical to that of his competition, since the U. S. Government Printing Office has exclusive rights as manufacturer.

And that's about where the similarities begin and the differences end.

For example, your friendly retailer is telling Mr. and Mrs. America to shop at his place of business because it offers all the advantages—the best prices in town, convenience, excellent service and cheerful, courteous and competent sales people. In a word, these elements evolve into an "image."

If that sounds familiar, it should, since banks and S&Ls have stressed the same advantages in their own messages to the public.

Competition, after all, is still competition, whether it's among your friendly bankers or your friendly merchants. It may not be an historical fact, but it's safe to say the financier learned the value of promotion and advertising from his retail associates. The end result has been a welcome new image, away from the traditional formalities of past generations.

Not everything is up-to-date-in-Kansas City, however. Or, for that matter, San Francisco, Boston, Miami or Dallas.

Retailers also learned at a very early age that there was another element to selling. No doubt some enterprising merchant discovered he could grab some business from his competition

By **CY McBRIDE**
Special Contributor

down the street by displaying a suit, dress or pair of shoes in a manner to attract more attention than the other store owner.

At the same time, he may have begun to learn that display could be translated into other areas, such as store interiors, color schemes, arrangement of merchandise and seasonal decor. It was at that particular time that "window dressing" left the ranks of the amateur and turned professional.

Not the least important in this new art form was the introduction of seasonal displays and retailers almost instantly discovered that there was no better time than Christmas to press the "image button."

Christmas trees, garland and holly wreaths eventually were accompanied by colorful lights and animated characters to attract the public's eye. And the Christmas season exploded from a routine buying period to the peak of the retail year.

Could financial institutions work the same miracle by giving more consideration to Christmas decorations? To a lesser degree, yes, if properly done and properly promoted. At least that's the opinion of one person prominent in the Christmas and seasonal display business.

Joe Botkin believes financial businesses could do much more to build a warm and friendly image in their communities by the tasteful use of Christmas decorations. As vice president of

National Decorators Supply Co., Indianapolis, he's well qualified to discuss the subject.

His family owned company has been designing and building seasonal decorations for retail stores for 47 years. Since World War II, they've expanded into the design of retail stores and 17 years ago began designing Christmas decor for financial firms. Since the late 1960s, National Decorators has moved into the shopping center arena where its people have designed and manufactured complete Christmas programs for more than 30 enclosed malls.

"Certainly a bank is not that much different from a retail business" in Mr. Botkin's opinion. "They are selling merchandise and people want the best price. But there are the same intangibles as in retail—courteous service and atmosphere. And display is part of atmosphere.

"The financial institution is a cornerstone of any community, large or small. Fortunately, the old 'stuffiness' is being replaced with a warmer look and a friendlier attitude and their customers no longer feel uncomfortable when they enter," said Mr. Botkin.

But many of them aren't taking advantage of display potential, particularly in the use of Christmas decorations. "Why wouldn't decorations be just as valuable to a bank as to a shopping center or retail merchant? It's the perfect time to generate the spirit of goodwill and it seems to me a financial institution should be a leader in portraying the Christmas spirit," Mr. Botkin said.

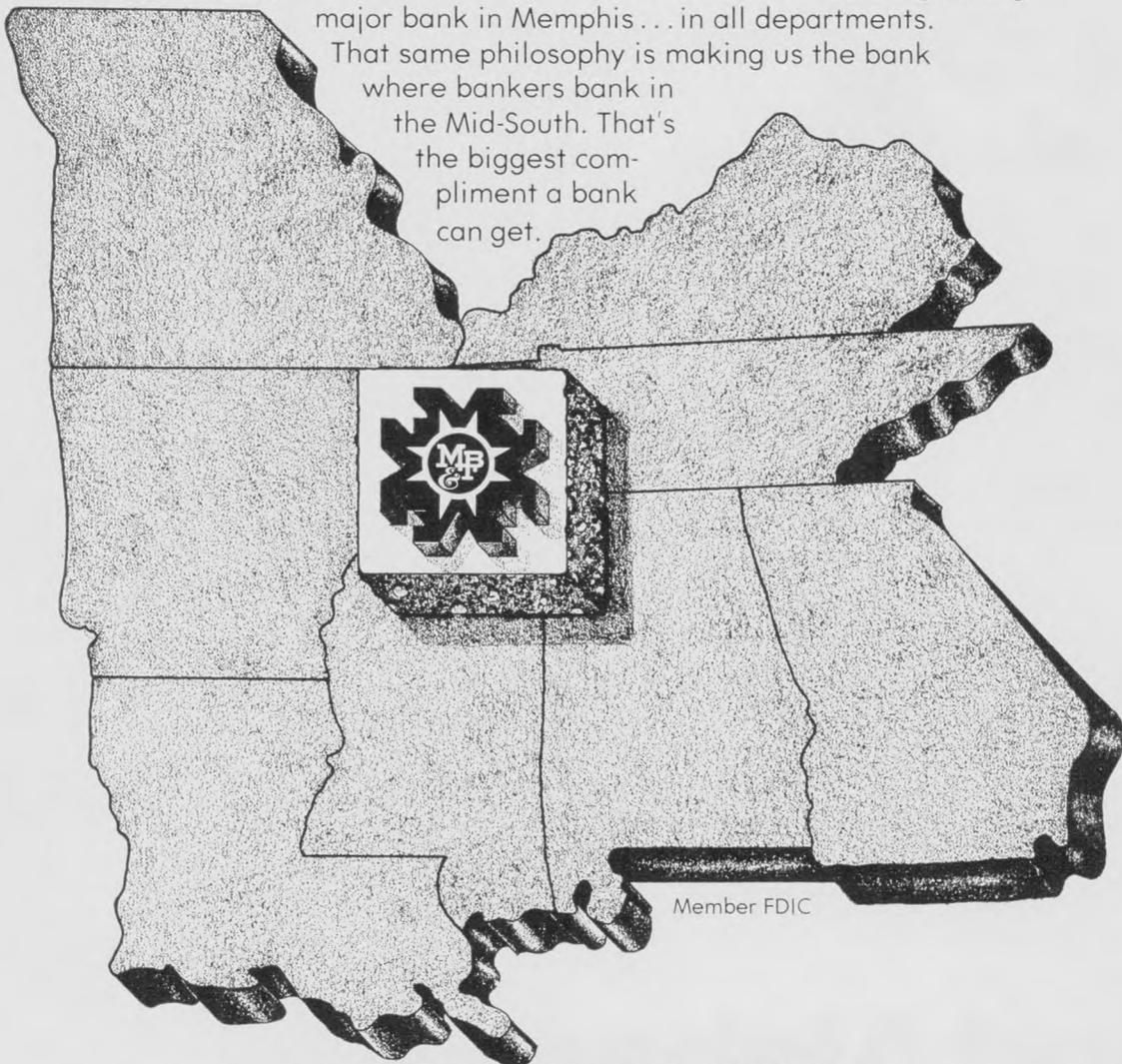
"If decorating is done professionally

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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

and in good taste, children and adults alike will respond to it. And there just isn't any better way of creating the image banks seek."

It's Mr. Botkin's view that Christmas decorations in an advertising sense represent a much better value than similar expenditures for newspaper, television or radio advertising. The public is exposed to decorations for some 30 days each season. Though the initial investment may run as high as \$5,000, professional decorations will last at least 10 years if properly handled and stored. By comparison, a full-page newspaper ad, depending on the size of the market, may cost anywhere from

\$500 to \$5,000 for one printing. And a single one-minute television commercial may range from \$100 to \$1,000.

"Considering the investment in time and money that goes into designing and building a bank to blend in with the community, I would think bankers would want to create the same feeling for the holidays," Mr. Botkin added.

Naturally, he thinks a professionally done package is far better than asking your local florist to supply or provide stock decorations, usually good for a single season. "A good display company will custom design your decorations, provide color renderings and blueprints and installation instructions.

Any maintenance person can install them and take them down," Mr. Botkin said.

What does Mr. Botkin recommend in the way of decorations?

"That depends on the size of the building, the architectural design, the interior look, even the size and type of community where the bank is located. A religious theme might be appropriate, as well as the traditional reds and greens. But it's best to make a study of the project before developing the theme and color scheme."

An ultra-modern building might require silvers and golds, even pinks and lavenders, according to Mr. Botkin. Dark areas, naturally, would require lighter colors, or vice-versa.

Areas to be trimmed may include walls, ceilings, lighting fixtures, balcony railings, stair wells, columns or posts and teller cages. Even the vault could be decorated. And in the case of large metropolitan banks, consideration should be given to decorating the executive offices and dining rooms and the employee dining rooms.

Decorations may include garland swags, ribbon, holly berries and one or more trees. He emphasizes that an artificial tree, rather than natural, should be used. "It can be made fire-resistant and will pass all the local fire codes."

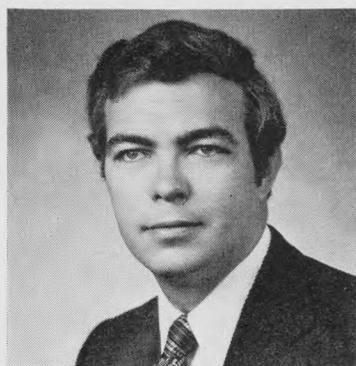
Animated scenes can become a very important feature area of the total decor. They can be enclosed with a decorative fence and become the focal point. Such animated settings could be used as selling features for Christmas club accounts and other services.

There are many ways to go with exterior decorations, again depending on the building features and the landscaping. An entrance canopy may require a simple garland drape or the outside could be enhanced with trees, candles or animated carolers featuring taped music. Santa Claus and his sleigh and reindeer could be featured inside or outside.

Similar window treatment could eliminate the need for outside decorations.

"There really are no limitations, except your imagination, on what can be contained in a Christmas decor package. It's simply a matter of taste and what you want your customers to feel when they come in your front door," Mr. Botkin said.

"But I believe they have a very definite place in a financial institution's promotional plan. We talk about images and there's no reflection so universally understood and received as the Christmas season," Mr. Botkin said. ••



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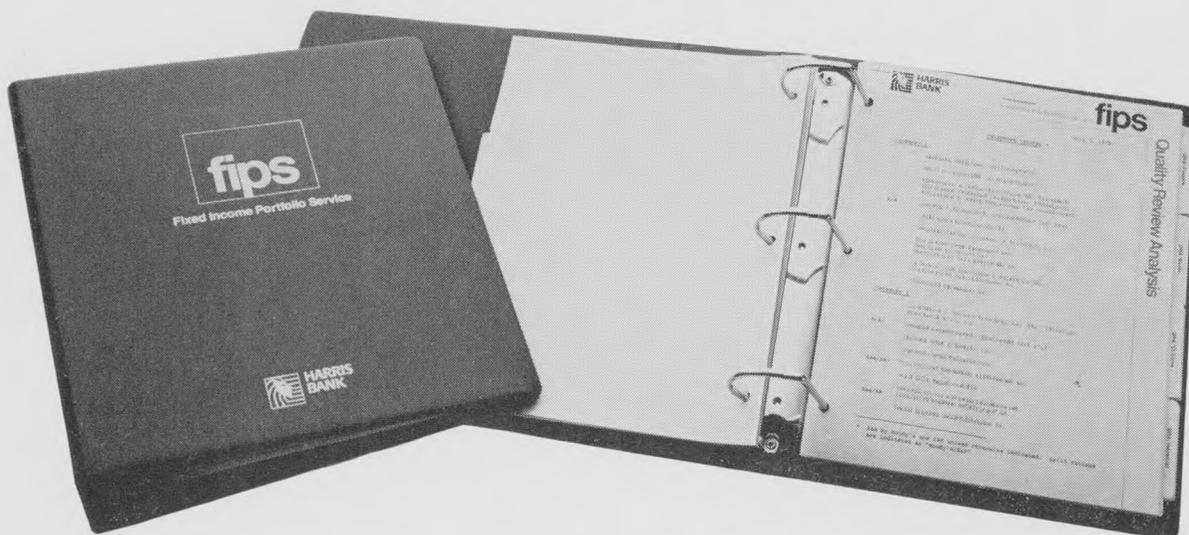
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Christmas Club Customers Asked to Forego Premiums To Help Underprivileged *Bank spends budget On gifts, party for kids*

RESULTS—when a five-year-old kid, who has never seen Santa before, has never had a Christmas present or a Christmas tree before, reaches out a shy, solemn hand to a bank vice president to shake and say “thank you,” but instead falls into sobs in his arms.

Or where a needy child takes half his money and asks the bank vice president to put it in the Salvation Army pot for needy children.

When a nine-year-old, underprivileged child yells out, “Hi, Linda, remember me,” to a bank officer’s daughter and they hug each other on the street!

And when Christmas clubs go up from 1,846 one year to 2,027 the next year—that’s results, and the acceptance and response of a community to a bank’s effort to do something neighborly.

The “something neighborly” referred to by Reed Kammerer, marketing officer, Beloit (Wis.) State, is a unique Christmas event, begun in 1975, that has become a tradition in Beloit.

According to Mr. Kammerer, Beloit State launched a full scale Christmas club campaign in 1975 that was designed not to promote Christmas clubs but to promote the spirit of Christmas by providing the thrill of a happy child’s Christmas for 100 underprivileged children in the community.

Bank management had been seeking a way of offsetting the bank’s image of big-business-banking and out-of-town ownership. It desired to become more involved with the private community and to offer something beyond commercial/consumer conveniences. The bank wanted to do something neighborly for its community.

So, Mr. Kammerer came up with the

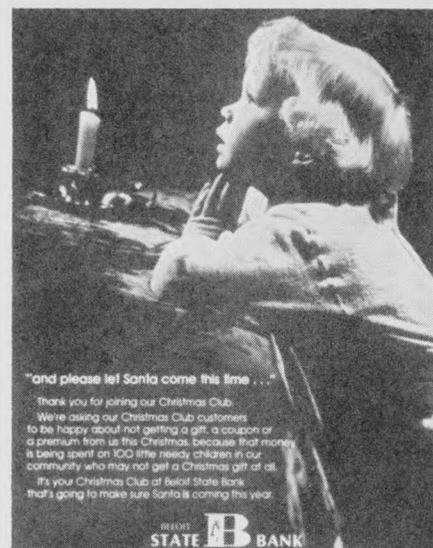
idea that, instead of spending money for premiums to induce customers to open Christmas club accounts, the money budgeted for the premiums should be spent on Christmas gifts for underprivileged kids.

The idea was approved by bank management and the cooperation of the Salvation Army was obtained. The Army had drawers full of files on children who had never known the experience of a Christmas gift or tree. The Army’s staff helped the bank choose 100 local kids to be the first beneficiaries of the “Beloit State Bank Christmas Premium Budget.”

The bank decided to base its Christmas club promotion advertising campaign on an appeal to customer compassion rather than commercialism. A negative sell technique was used, asking people to be glad they weren’t getting a premium from the bank because that money was being spent on 100 needy children in our community who may not get a Christmas gift at all.

Newspaper ads featured a stark, black and white photo of a small, vulnerable looking child in worn sleepers, kneeling at bedtime prayers. The headline read, “and please let Santa come this time.” Object of the ad was to remind the affluent that there were those who repeated this prayer year after year.

The newspaper ads in the multimedia campaign were supported by larger-than-life posters of the child at point of purchase. Posters were hung behind each teller window at each branch. Direct mail stuffers repeated the graphics and copy and included a return reply to enable recipients to open Christmas club accounts by mail.



This card was given to customers of Beloit (Wis.) State when they opened Christmas club accounts. It asks customers to be happy about not getting a gift, a coupon or premium so the money normally spent on such things can be used to bring Christmas to 100 needy children in the community. Customers responded by opening almost 200 more accounts than had been opened previous year.

Radio ads also were used to spread the word of the campaign.

Everyone on the bank’s staff was involved in the event. The bank’s president and 20 officers volunteered to take the kids (in groups of five) on shopping sprees. The children were allowed to purchase gifts for themselves and for their families. Bank staffers and spouses volunteered to help the kids wrap the gifts. After the shopping was done, the bank threw a big Christmas party for all 100 kids, complete with a visit from Santa.

Of the \$2,500 Christmas premium budget, \$1,000 was spent on advertising and promotion. The balance was spent on the kids, each of whom received \$10 for gift purchasing. The balance of the budget was spent on gift wrap, a Christmas tree, decorations and refreshments for the party.

According to Mr. Kammerer, the event was so popular and generated so much goodwill for the bank, it is expected to become an annual event.

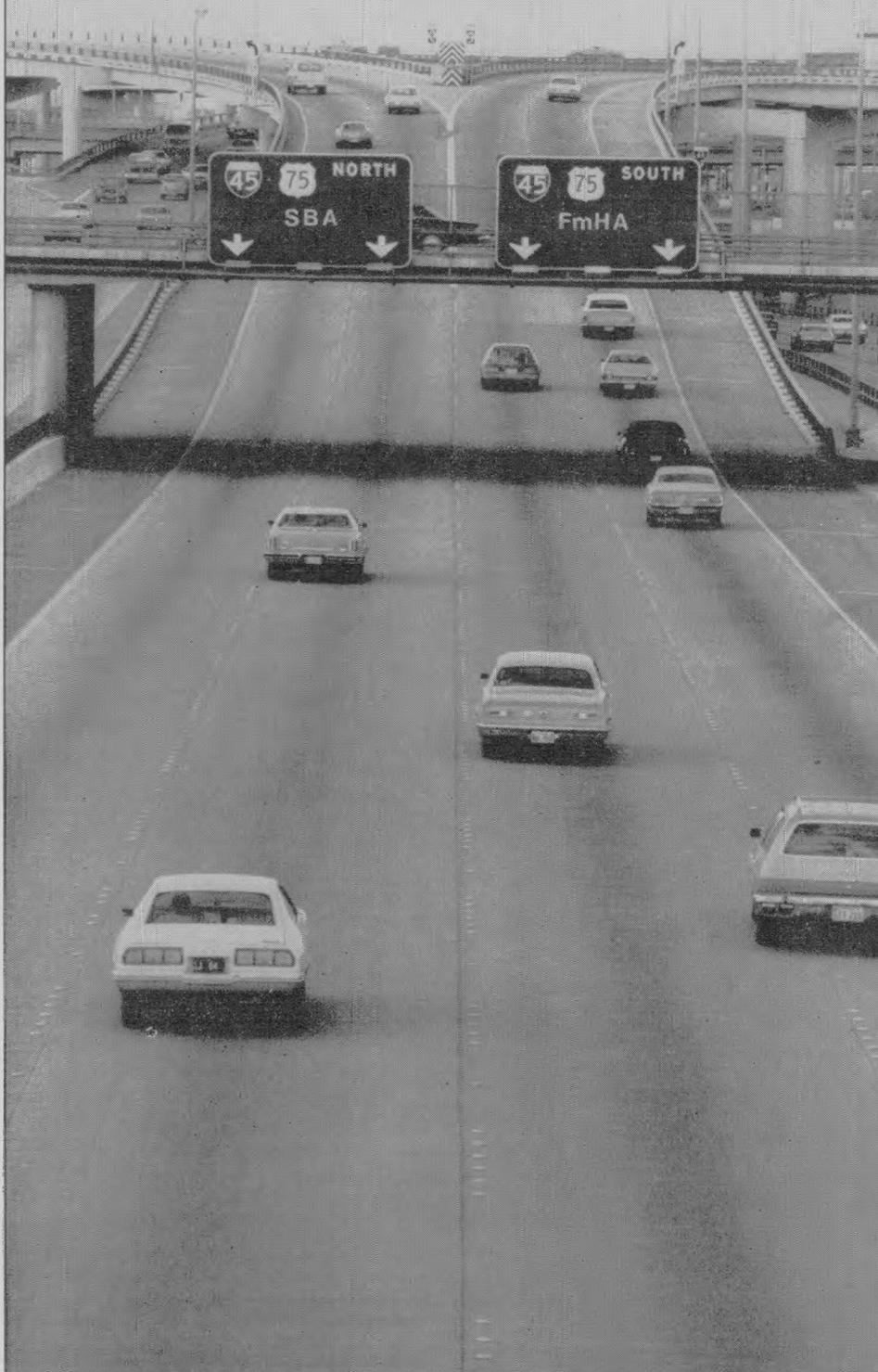
Typical of the letters received at the bank is the following, from a customer:

“I have never written a letter like this before, but I had to tell you how much I admire and respect the project you are sponsoring with Beloit’s underprivileged children.

“Today everyone seems to be looking out only for themselves. There’s a catch to everything. To see a big bank like you doing something like this with no strings—it makes me want to cry.

“God bless you, and Merry Christmas. I know you know what it means.”

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Financial Institutions Offer Metal Trays As Gifts to Promote Christmas Clubs

WHAT WAS responsible for more than 2,500 new Christmas club accounts being opened at Tri-City Bank, Bristol, Tenn., last year, resulting in almost \$200,000 in new money?

What was responsible for bringing 900 new Christmas club accounts to Jefferson-Gravois Bank, St. Louis, resulting in more than \$56,000 in new money?

What was responsible for a 21% increase in Christmas club accounts at Decatur County Bank, Greensburg, Ind.?

The answer is the same in all three instances—colorful metal serving trays featuring nostalgic Currier & Ives painting reproductions.

Tri-City Bank offered one tray free to each person opening a \$1 or higher Christmas club account last year. The promotion ran at the bank's six offices for almost two months.

"This was a very successful promotion, not only from the standpoint of

club savings, but from the excellent goodwill garnered from showing our customers how to save systematically through the use of Christmas clubs," said Bruce D. Martin, vice president. A total of 2,000 trays was distributed.

Decatur County Bank gave a tray free to anyone opening a \$3 or higher Christmas club account during a six-week period prior to last Christmas.

"The public response to the trays created a lot of excitement in our bank lobby and proved to be a welcome feature of our Christmas club (promotion)," said Bob Bostick, marketing rep for the bank.

Humboldt (Kan.) National distributed more than 800 trays as gifts (one to a family) during its annual week-long pre-Christmas open house celebration last December.

Vice President Margaret L. Brinkman said that some people who had not gone to the bank during the promotion have been asking for the trays since then. "Our customers were very pleased with the trays," she added.

The trays are distributed by Fabcraft, Inc., Frenchtown, N. J. Miss Brinkman reported that the bank hadn't ordered nearly enough of the trays and found it necessary to order more on December 20. "We received them within a couple of days," she said.

South Chicago Savings Bank offered the trays as part of its Christmas club promotion last year. In two months, 3,000 trays were distributed, resulting in 2,846 new accounts, representing more than \$114,000 in new money.

Banks have been using the trays,

which come in a variety of shapes and illustrations, for other events, too.

Jefferson Bank, Jefferson City, Mo., first used trays in early 1976 to commemorate the bicentennial. Four different styles were offered as a bicentennial series.

"We simply displayed them in our bank lobby and the response . . . was great," said Angie Moody, assistant cashier. "We had no trouble selling them and our customers loved them. We sold them for \$1.50 each."

In October, the bank offered a different series of trays, displaying them near teller windows. "Again, the response . . . was tremendous," Miss Moody said. "Our customers' requests for these trays prompted us to reorder," she said.

First National, St. Peters, Mo., offered a free tray to anyone opening a regular checking account or depositing \$50 or more in a savings account. A series of four trays also was given to anyone opening an "Ambassador" account, a combination checking-savings account.

As of March, the bank had distributed more than 2,300 trays, resulting in about 250 new Ambassador accounts representing about half a million dollars in new deposits.

A special bicentennial tray was offered to anyone depositing \$100 or more in a new savings or checking account at American Bank, Norco, La. About 400 trays were distributed during a 30-day period. According to Jeanette Jacob, vice president, the trays represented a token of appreciation to the bank's customers during the bicentennial year.

Clayton Bancshares, St. Louis, offered trays at no cost to customers of member banks agreeing to a monthly automatic transfer of funds from checking to savings in the amount of \$25 or more.

Trays also were offered to customers agreeing to monthly automatic debits of the monthly payments for their installment or mortgage loans.

The program was started in December, according to A. Joseph Williamson, vice president-marketing, and, in less than two months, about 650 customers had qualified for the trays by signing up for one of the plans.

New to the Fabcraft line this year are trays featuring a local scene, the bank's insignia or other reproduction. A tray was recently created for Fidelity Trust, Stamford, Conn., featuring a reproduction of the painting "First Train to Stamford—Christmas 1848," by artist Stanley J. Rowland. The original hangs in the bank's lobby. The bank used the trays as a Christmas club incentive. • • •

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Custom-designed tray features painting hanging in lobby of Fidelity Trust, Stamford, Conn. Trays were offered to bank customers signing up for Christmas club accounts.

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Back Row: Phillip Hoot, Bill Hellen, Lee Daniel

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A Potpourri of Christmas Ideas for Your Bank

Trains Generate 250 New Accounts As Christmas Incentive in Okla. City

WHEN IT COMES to a premium to be offered at Christmastime, it's difficult to beat an electric train set!

This point was made last Christmas in Oklahoma City, where Liberty National offered an AHM HO scale model train set for \$19.76, along with a \$100 deposit into a savings account. The trains are provided by Hobby Marketing, Reading, Mass.

Full-page newspaper ads and TV commercials alerted the public to the offer. A portion of the newspaper ad copy read as follows:

"Put this AHM HO gauge Christmas train under your tree for only \$19.76 when you deposit \$100 or more to a new or existing regular savings account at your Liberty.

"This beautifully detailed electric train is the perfect gift for children of all ages. Over 100 pieces are included. A 'Frisco' engine and caboose . . . five cars . . . both curved and straight track . . . trestle and bridge set . . . card stock train station and village . . . plug in electric power pack transformer."

The promotion ran from November 29 to December 23, according to Mrs. Linda Moore of the public relations department. In less than a month, more than 700 sets were sold. More than 250 new accounts were opened with deposits totaling \$103,000 and about 350 add-on deposits were made, bringing the total to more than \$180,000. The trains were sold for \$19.76 to tie in with the bicentennial celebration.



Students and staff at Dale Rogers Training Center for mentally retarded children admire one of two model train sets donated to special schools in Oklahoma City last Christmas by Liberty Nat'l.

The people at Liberty National were well aware that model trains have appeal for people of all ages and economic situations. That's why they permitted employees to purchase train sets and that's why the two table-mounted display sets from the bank's lobby were donated to special children's schools just in time for Christmas. One school was for deaf children, the other for mentally retarded children.

The director of the Oklahoma County Council for Mentally Retarded Children wrote the following thank-you letter to the bank:

"Please know how deeply appreciative we are for the electric train you donated to the Dale Rogers Training Center recently. It has been a source of real pleasure to our students, many of whom would not have an opportunity like this in their homes.

"It is gratifying to know that people in our community recognize the needs at Dale Rogers Training Center and are so willing to meet them. Because of people like you, we are able to enrich and expand our program for the mentally retarded children and adults in the greater Oklahoma City area.

"Thank you for your generosity and interest toward our 'special people.' You have brought us much joy!" •••

Christmas Club Incentives Offered by Rand McNally

Nine well-known Rand McNally premiums are being offered to customers of banks using Rand McNally Christmas clubs this coming season.

Theme of the promotion might be, "You save twice when you open your Christmas club account." The theme refers to the fact that the account in itself is a means of saving in addition to the fact that the premiums are offered at reduced prices from retail—thus, a second savings.

When a customer opens a Christmas club account, he is given a coupon listing the nine incentives. The coupon is used to order the premiums desired direct from Rand McNally. The sponsoring bank does not handle the incentives; thus, there is no purchase, storage or cost to the bank.

Among the incentives offered are at-

lases, globes, children's books and travel books. Price reductions range from 50% to about 66% under retail.

Banks offering the Rand McNally Christmas clubs are provided with initial promotion material at no cost. Some products are even available at no cost to the bank, depending on the size of its Christmas club order as further promotion assistance.

Greeting Cards Include Checks For Holiday Gift Giving

A relatively new concept in banking services for Christmas is available from Check Mates. The service offers customers the combination of a greeting card and a negotiable check in one product, permitting the safe and convenient transmittal of a monetary gift in a tasteful manner.

The cards come in two types and are available in several designs. Type "A" is designed for the checking account customer who maintains a demand deposit account at the bank. The cards are pre-printed with the issuing bank's logo and ABA transit and routing symbols and are then MICR encoded with the customer's account numbers at the point of sale. The customer completes the check portion, mails the card to the recipient, who simply detaches the check portion and negotiates it.

Type "B" is similar to a money order or traveler's check. The cards include pre-printed logo, transit and routing symbols and include carbonized copies for customer and bank records.

The greeting card checks can be used as a complimentary banking service, an image building sales tool or as a premium.

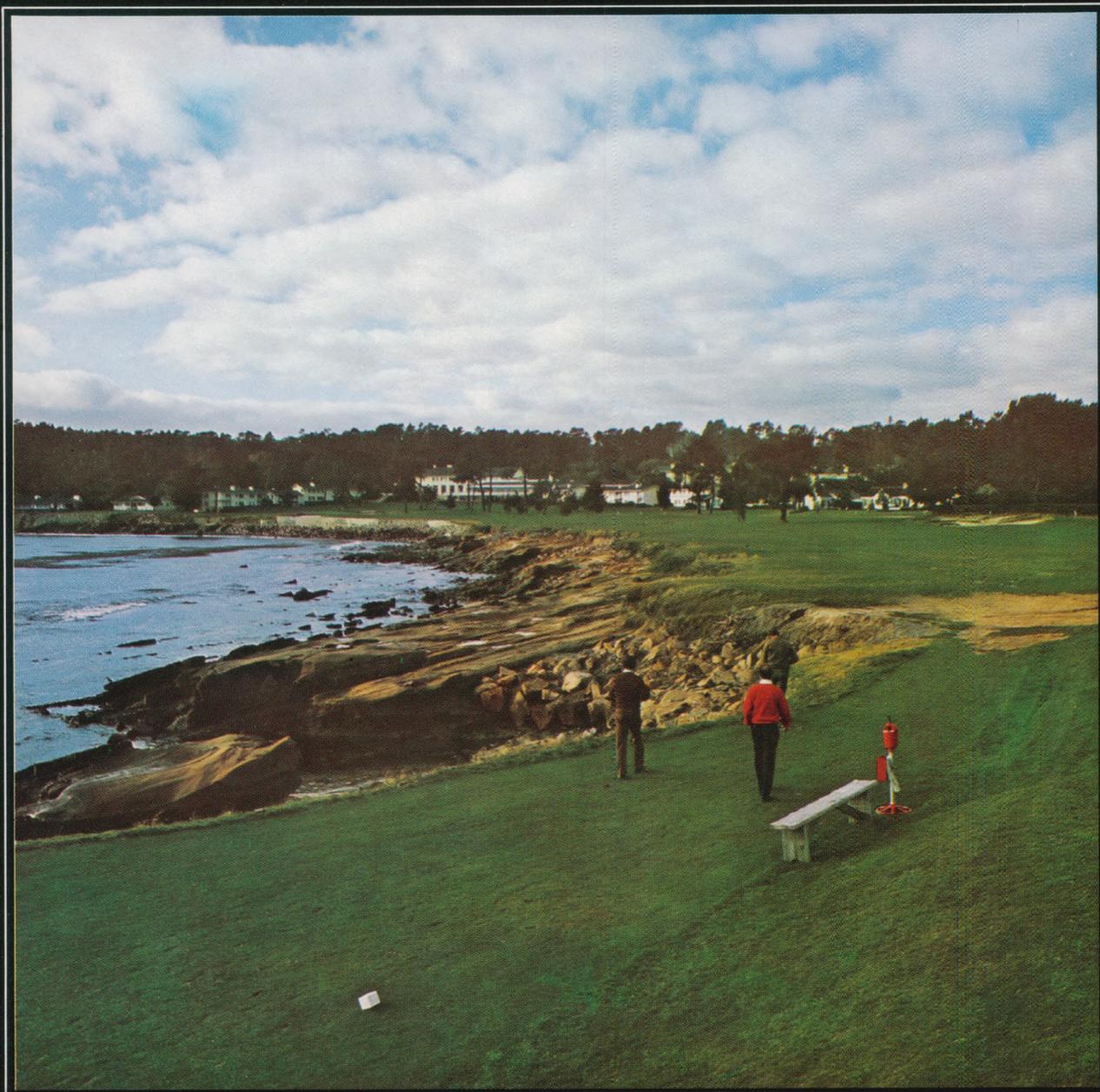
100 Basketballs Donated To Needy by Bankers

Staff members of First National, Little Rock, donated 100 basketballs to the children of needy families last Christmas as their participation in the Christmas project of the Salvation Army.

In making the presentation, staff members held an elimination basketball free throw contest in the bank's lobby for three prizes of gift certificates to downtown merchants.

Referee for the "shoot-off" was former Razorback basketball star Almer Lee.

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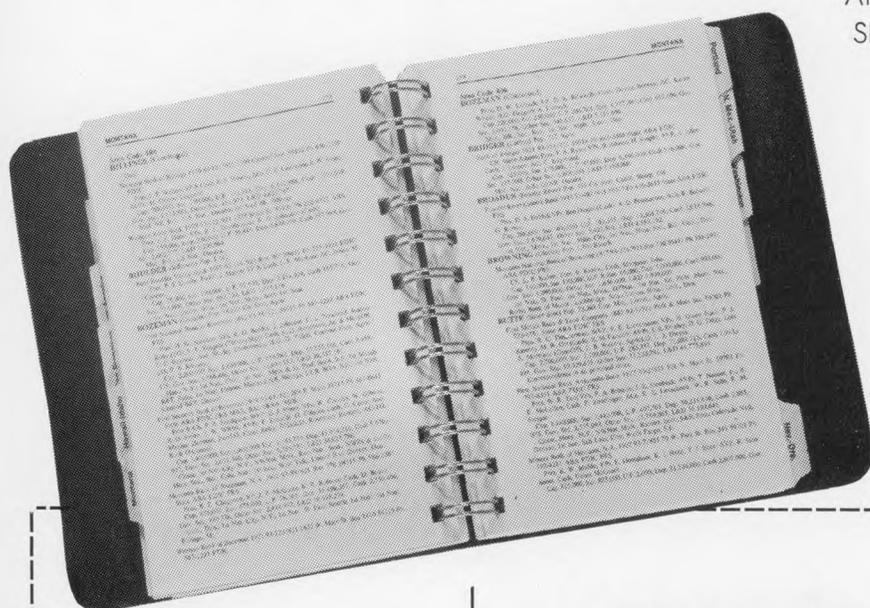
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Benefits From Christmas Incentive Offer Continue Well Into New Year for S&L

DEPOSITS generated by a pre-Christmas incentive promotion may become a New Year's blessing to the sponsoring financial institution as well!

Take the case of First Federal S&L, Hanover, Pa., which offered a china-ware promotion just prior to a Christmas season.

The \$20-million-deposit institution recently reported that it had added no less than 60 accounts per month during the previous 30 months. Thus, some 1,800 new accounts were added to the 3,000 accounts on the books at the time the promotion began.

This S&L has a hard row to hoe, in that it is flanked by offices of five other financial institutions, all bidding for the same deposits.

Prior to the incentive promotion, the S&L had never opened more than 30 accounts in any single month. The improvement during the first half of the second 30-month period after incentives were offered was not surprising to management, which had come to expect it as a result of the S&L's first premium offer, a self-liquidating continuity program featuring Chadds Ford china from Programmed Marketing Services, Chadds Ford, Pa.

Actually, the program generated as many as 110 new accounts during one of its peak months. This was the highest new-account activity in the association's history. The continuing higher level of new-account activity was maintained after the china offer was completed.

The institution now regularly opens more than 60 new accounts monthly. This higher level of activity was induced initially by the incentive promotion, S&L management states.

This case history points up one aspect of premium offerings frequently overlooked—the sustaining power of a well-structured continuity program. In addition to generating about \$1 million in passbook savings at a premium cost of only one-quarter of 1%, First Federal successfully created an increased awareness of the institution by the community, and this increased awareness resulted in new business well past the conclusion of the premium program that concluded just prior to Christmas.

A portion of the increased new-account activity can be attributed to a more sales-minded staff at the S&L. When a popular premium is offered, staff people tend to overcome any sense of shyness they might have had to promoting the premium and asking for the new account.

After encouraging people for several months to take advantage of a free gift offer by opening a savings account, contact personnel often find it easier to sell an account on its own merits, even after the free gift offer has been concluded, institution officials state.

Premium suppliers recommend the setting of sales goals at the beginning of an incentive campaign. If these goals are properly rewarded once attained, personnel will be encouraged to "push the product"! ••



Employees of Exchange Bank, Dallas, exhibit some of 100 new toys purchased by employees and donated to needy children through services of Salvation Army.

Employees Give Toys to Needy Through Salvation Army

Employees of Exchange Bank, Dallas, helped many underprivileged children enjoy Christmas last year. More than 100 new toys were donated to the Salvation Army Christmas Cheer Program by the employees.

The program was initiated within the bank and the toys purchased by a committee of employees. The toys were displayed in the bank lobby for a few days prior to being delivered to the Salvation Army.



Dinnerware continues to be popular incentive to generate new accounts for financial institutions.

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How It Was Done:

HC's Statewide Incentive Promotion Pulls in \$14 Million in New Deposits

IT TAKES a great deal of planning to mount a successful premium promotion. Ask Jerry Jackson, marketing officer at BancOhio Corp., Columbus, who recently helped plan and coordinate a promotion that resulted in \$14 million in new deposits for the 40 banks participating in the HC-wide promotion.

Successes like this don't just happen, Mr. Jackson says. And he's backed up by Dale Johnson, director of marketing research at BancOhio.

The promotion came about because of a critical loan-to-deposit ratio that existed in many affiliates of BancOhio. Therefore, Messrs. Jackson and Johnson were assigned the task of coming up with a program that could be handled successfully by all affiliates, wherever they were located in Ohio.

It was to be the first corporate-wide program for BancOhio. Many of the affiliate banks had no experience with incentives and were expected to be skeptical of a program designed to "fly" in Columbus/Cleveland, yet also being able to leave the ground in the small towns served by some HC affiliates.

Mr. Jackson said a check list of the items thought to be critical for a successful promotion was developed, as follows:

- A premium would be necessary that would give new and existing customers of all participating banks a genuine bargain.
- The premium would have to have a proved track record in other financial institutions.
- The program would have to be simple to administer.
- The premium must come from a reputable supplier.
- Full return privileges from the supplier would be necessary.
- The premium should be supported by national advertising on the part of the supplier.

By **JIM FABIAN**
Associate Editor

• Proper timing in the market place was essential.

The premium selected was a Kodak Hawkeye Pocket Instamatic camera. The premium was available at \$10 to the HC, which planned to self-liquidate it for \$9.95. The cameras were selling locally for from \$18 to \$20, so it was a real bargain at \$9.95. Inventory was not much of a problem, since the cameras were light in weight, well packed, easy to store and inventory. In addition, Mr. Jackson said, the Kodak name was extremely well known in the market place, a fact that would put the minds of many participating bankers at ease.

It was decided to run the program in November and December to take advantage of the heavy Christmas adver-

tising the camera maker does at that time. Not only would customers be exposed to the bank's advertising but also to media advertising from Kodak.

Mr. Jackson said merchant objections about the banks offering cameras were minimized when merchants were advised that the promotion would result in more cameras being brought into the market, which would mean more business for merchants who sell and process film. It was possible that the mere existence of a simple way to operate a camera in the market might generate more interest in photography and, therefore, create future sales for more advanced equipment, Mr. Jackson theorized.

Regional meetings were held to gain affiliate bank support for the promotion. A coordinator in each bank was assigned and each bank's quota was determined after discussing the situation with a marketing officer and the coordinator. Based upon the quotas, the coordinators could win prizes when reaching 25%, 50%, 75% and 100% of their quotas. Since the coordinators had helped establish the goals for their banks, it was felt they would really be competing with themselves, not with each other.

To build more excitement into the promotion, Mr. Jackson said, a package was sent to each coordinator with the words "Mission Impossible" stenciled on the envelope. Inside was a memo, a cassette tape, cookies and an envelope of coffee. The memo directed the coordinators to take the packages home, relax and enjoy the cookies and coffee and play the tape, which contained a detailed explanation of the program. Part of the taped message advised coordinators to submit one of their business cards to HC headquarters for participation in a drawing for a free camera and a year's supply of film. It was soon obvious which coordinators



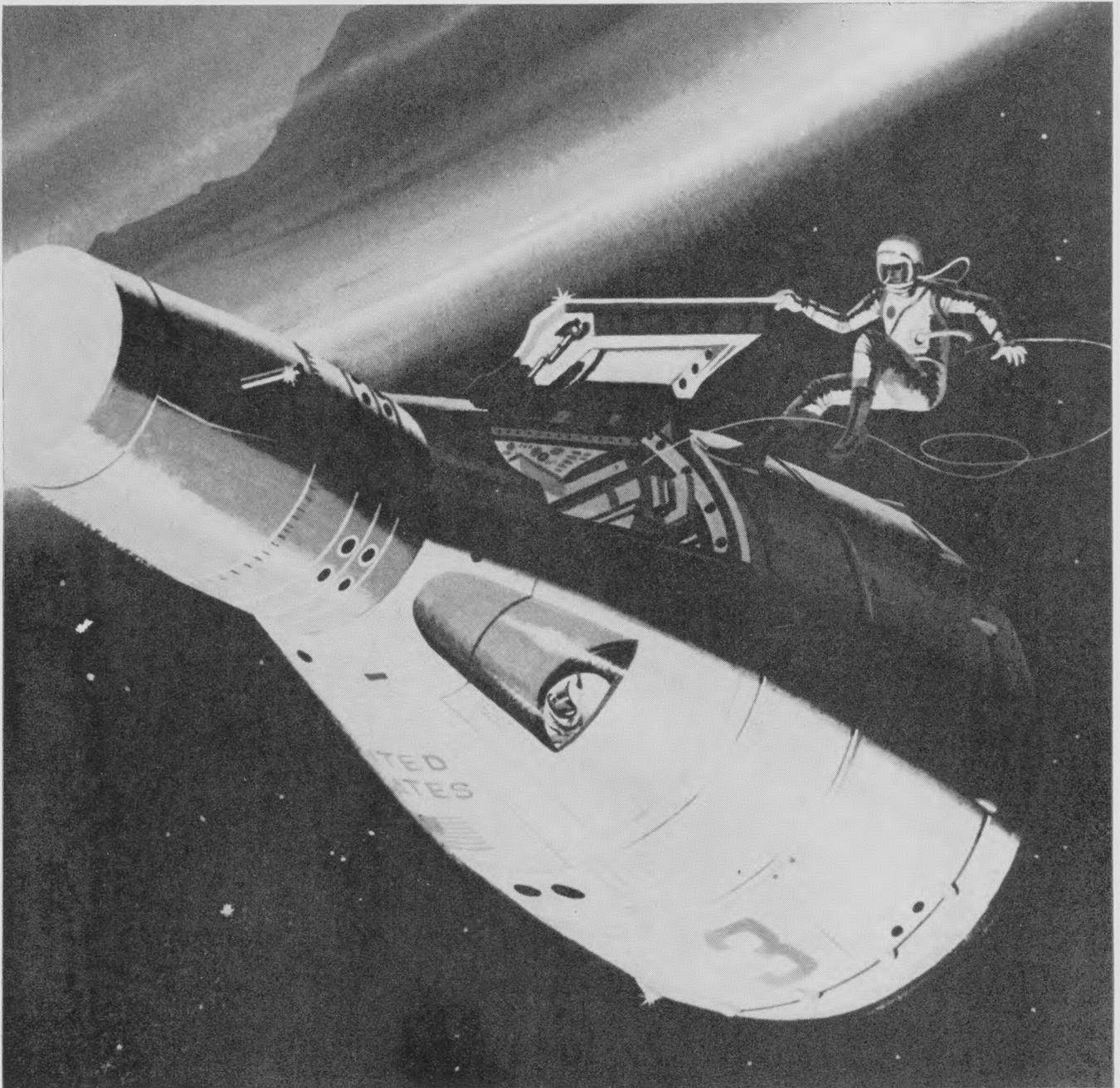
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Typical newspaper ad for BancOhio HC's camera promotion. HC designed ads and supplied affiliates with kits of advertising materials.



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had taken the time to listen to the tape, Mr. Jackson said.

Advertising was developed for radio, newspaper, stuffers, billboard, TV, counter cards and point of sale displays. The major theme was "money in the bank can put a camera in your pocket." Affiliates controlled the volume of advertising in their markets, coordinated with their advertising budgets.

To qualify for a camera at \$9.95, a customer was required to deposit \$100 in a new or existing savings account or new checking account.

An extensive indoctrination program

was set up by the HC for all employees. It was offered to affiliates. Product knowledge was stressed in order that personnel could fully explain the merits of the premium and have a knowledge of what a fine value the customer was getting, Mr. Jackson said.

Goal of the promotion was 40,000 cameras and \$20 million in new deposits. Since the HC had never conducted a state-wide promotion, it was difficult to determine a goal. More than 25,000 cameras were moved and Mr. Jackson said everyone was extremely pleased with the \$14 million in deposits.

A breakdown of the results reveals the following for the 40 participating banks:

- Number of new checking accounts: 1,766.
- Total number of new checking account dollars: \$1.5 million.
- Average deposit to new checking account: \$824.
- Number of new savings accounts: 4,088.
- Total amount of new savings account dollars: \$3.1 million.
- Average deposit to new savings accounts: \$751.
- Number of new CDs generated by promotion: 198.
- Total new CD dollars: \$1.3 million.
- Average new CD deposit: \$6,635.
- Number of existing accounts: 18,222.
- Total add-on dollars to existing accounts: \$8.2 million.
- Average deposit to existing accounts: \$447.
- Number of cameras sold: 25,447.
- Total dollars generated: \$13.9 million.
- Average dollar deposit for all types of accounts: \$543.
- New accounts as percent of total: 23.7%.
- New dollars as percent of total: 41%.

James Wentling, director of marketing for BancOhio, had this to say about the promotion: "I've never been part of a project I was more proud of. We made believers out of many banks that had never run a premium. Had we failed, it would have been tremendously difficult to regain their confidence. Many programs tend to become too complex and complicated, both to the customer and the bank. We kept it simple and consequently (it was) successful." • •

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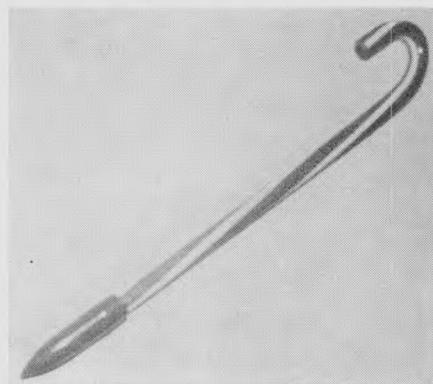
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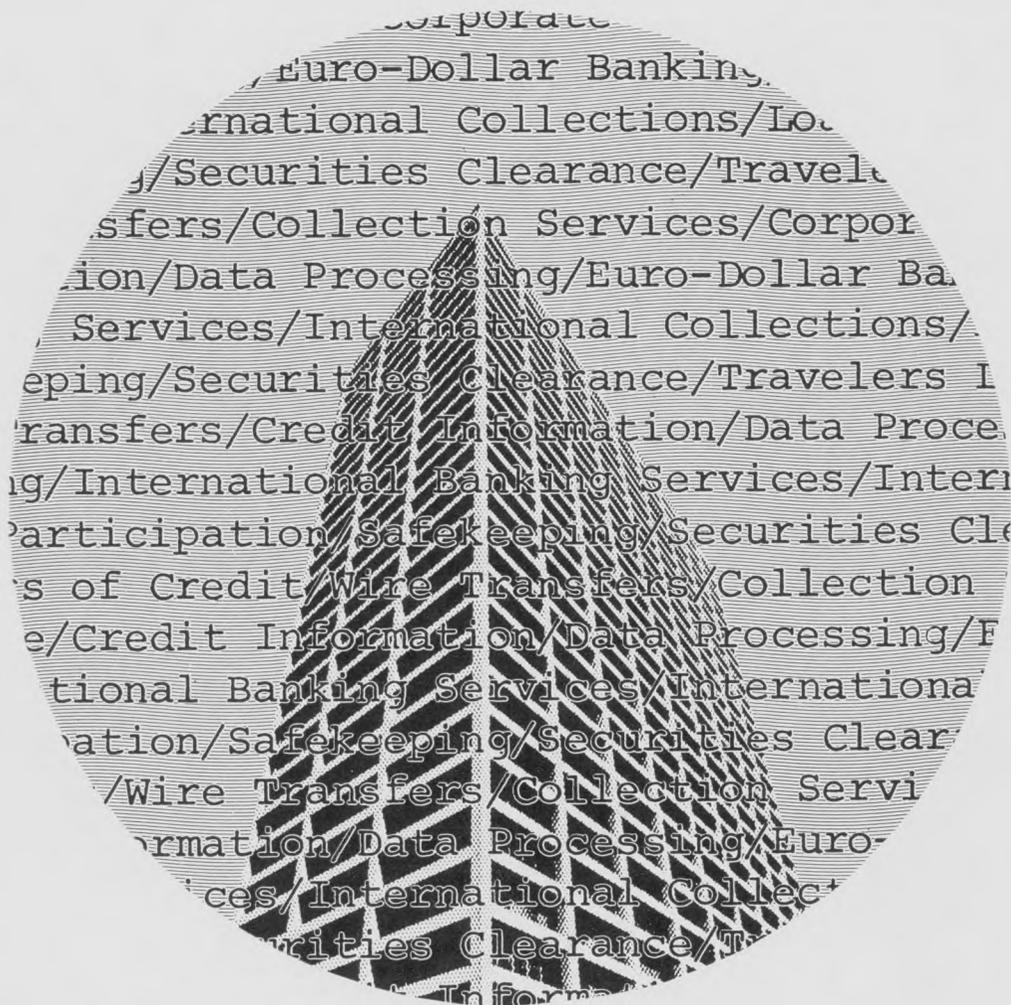
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We can do it all.

Eliot Janeway Defuses False Alarms At Merc Trust Correspondent Party

PEOPLE who have been selling their stocks because they fear a return of tight-money conditions spawned by double-digit inflation and rising interest rates "are going to wake up soon and realize they have been frightened by a false alarm," said economist Eliot Janeway at the Spring Correspondent Conference sponsored by Mercantile Trust, St. Louis, last month.

"The present fear about inflation and higher interest rates is due simply to a misreading of money supply statistics by Federal Reserve Bank officials who pushed up fed fund rates, which, in turn, panicked the professional stock market crowd and, in turn, some money banks began hiking the prime interest rate to compound the fears," he said.

"However, the best proof that this was a false alarm is that the bond markets have held remarkably steady; utility stocks have held firm; there's been no runup in gold; the Saudis are putting their money in U. S. three- to five-year governments and neither copper nor steel has been able to raise prices," Mr. Janeway said.

He advised his audience not to worry about President Jimmy Carter as being a free spender. "They don't know they have a new Calvin Coolidge in the White House," he remarked.

"The situs picketing bill was defeated in this Carter-dominated Congress; so was the \$50 rebate; federal borrowing has been cut back sharply and double taxation on dividends will be ended by next year," he continued.

"Bert Lance, Carter's budget director, recently asked a group of businessmen at my house, 'What else do you want?'"

Mr. Janeway said there's no energy crisis, meaning that "too many confuse petroleum availability with supply.

"The Saudis are not going to create an oil shortage," he said, "so long as we control the Shah of Iran. Once government and business set to work on developing alternate sources of energy, such as alcohol made from grains, from coal and even garbage, we will kick off an investment boom not seen in many years," he declared.

He advised ag banks to support farmers because Russia and China will

be in the grain market for a long time. "What we must remember," he said, "is not to give our big food assets away simply because of the danger of an even greater surplus."

He recommends "investing in high-yielding utilities and other money stocks offering yields of 6% or better. These stocks will spark the next market recovery," he said.

R. Hal Dean, chairman and CEO, Ralston Purina Co., St. Louis, and a director of Mercantile Trust, advised bankers to speak out against lawbreakers in the United States by establishing a code of conduct that recognizes business' obligations to society.

"Rules and regulations come from corporate indifference," he said, adding that the biggest problems of business today are those generated by government agencies whose personnel are fueled by excessive zeal.

He advised bankers to see that refutations of false accusations against business made by government agencies are well circulated. "Government-agency allegations are not always totally valid," he said.

He said that agriculture is the nation's largest business, involving some \$95.5 billion in 1976. Agriculture accounts for a prominent part of the GNP, since 20% of the national income goes for food.

Agriculture has an unmatched level of performance, he said. Ag productivity has enabled the U. S. to enjoy prosperity, and a key reason for farmer expertise is the relationship between local and big-city banks through the correspondent system.

Because farm debt is soaring, he said, it's increasingly important that banks see to it that farmers get the financing they need.

"American agriculture is the world leader in productivity and efficiency and the best example of the success of the U. S. free-enterprise system at work," Mr. Dean said. He added that



Socializing at conference were (from l.) Zalie Leven, ch. & pres., Normandy Bank, St. Louis; D. E. Rieff, pres., Farmers & Merchants, Prairie Grove, Ark.; James E. Brown, pres., Mercantile Bancorp.; and Eugene Leonard, s.v.p., Mercantile Trust.



Participants at Mercantile Trust Spring Correspondent Conference bull- pen sessions included (l. photo) James E. Brown, pres., Mercantile Bancorp.; Lynn H. Miller, pres., Mercantile Trust; David T. Stoecker, v.p. & corres. dept. head, Mercantile Trust; (c. photo) R. Hal Dean, ch.

& CEO, Ralston Purina Co., & dir., Mercantile Trust; (r. photo) Eliot Janeway, political economist; Donald B. Wehrmann, s.v.p., Mercantile Trust.



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U. S. ag expertise constitutes a firm rebuttal to those who preach more government control of business.

Merc President Lynn H. Miller reported on the bank's growth in the international area. Mercantile's international business department has grown from 17 to 80 people in the past 10 years, he said. The bank now has correspondent relations with 117 overseas banks and more than \$100 million in foreign loans outstanding, all trade-related.

Export of products manufactured in the bank's three-state trade area reached \$1.3 billion in 1976, Mr. Miller said, and that figure doesn't include more than \$700 million in agricultural products.

This development of a foreign correspondent-bank system has enabled Mercantile to sell its interest in the London Interstate Bank, which it helped form a number of years ago to open London markets, Mr. Miller said.

Mr. Miller recently returned from the Soviet Union, where he studied the Soviet financial system.

James E. Brown, president, Mercantile Bancorp., parent of Mercantile Trust, said there appears to be no escape from the mandate to automate and simplify financial transactions at all levels.

"While we are faced with many real obstacles in this venture," he said, "the electronic-transfer syndrome is hard upon us."

He warned that thrifts "will have taken the whole ball game unless we compete on common ground." Thrifts

soon will have a form of checking-account service as well as other new consumer banking products to deliver, he said.

"Add to that impressive weaponry the off-premise supermarket terminal and convenience that borders on ubiquity and you have a scenario which could spell doom for traditional commercial banking," he said. "The privileges extended to the thrift industry almost make a joke out of our so-called 'free-enterprise' system," he added.

He recommended sharing of EFT terminals so banks can spread the cost burden. He admonished bankers to know their costs of offering services, stating that "our pricing policies obviously are out of date."

He said that competition, not cost, probably will determine whether banks adopt EFT systems.

"We, indeed, have a vested interest in our banks and we recognize that our game plan will not remain static," Mr. Brown said. "The future techniques of banking may be as difficult to sell to our associates as it is to our public, but as we move ahead, I trust we all remember that a high-performance bank is a profitable bank and that banking is, indeed, a trade."

Following the bull-pen session, bankers were treated to cocktails, a buffet dinner and the Chicago Cubs-St. Louis Cardinals ball game, which the Cubs won. • •

Truth-in-Lending

(Continued from page 36)

should be clear that there are a number of standard givens that bankers should consider: *First*, some banks have spent tremendous sums of money trying to comply with the present Truth-in-Lending Act and have developed comprehensive procedures for their personnel, stockpiled forms and generally would take the position they are in compliance with the law. *Second*, small banks with limited staff resources won't be able to quickly revise their procedures to take account of major simplifications of Truth-in-Lending. *Third*, at this point, no one knows exactly what information is essential to consumers or what information the consumer needs—whether it be cost information or term information. *Fourth*, no simplification at all will ever be passed unless both bankers and consumers agree on some basic concepts.

All this may sound rather negative; at least one immediate legislative effort should be considered. Rather than wait for the entire process of simplification to reach its bitter end, a result that's not guaranteed in this session, why not put a moratorium on civil litigation until Congress has thoroughly examined the issue? Almost everyone agrees something needs to be done; the only question is how and how much?

Again, the key thing bankers should concentrate on is organizing their thoughts and beginning a dialogue that ultimately could result in a more livable situation than we face today.

Without an industry position on basic issues, bankers will have to depend on legislative efforts now underway. As mentioned above, the five legislative efforts and one regulatory effort entail various extremes of "simplification." At one extreme is a bill (H.R. 6875) introduced in the House by Representative Robert Drinan, which concentrates on beefing up administrative enforcement while only touching on the disclosure problem by limiting civil liability to a specified list of material disclosures. Another House effort by Representative Benjamin Rosenthal's Government Operations Subcommittee, while not yet in bill form, again focuses on lack of administrative enforcement, rather than the underlying problem.

On the Senate side, Senator William Proxmire (S. 1312) and Senator Jake Garn (S. 1501) have submitted bills. Senator Donald W. Riegle Jr. purportedly is working on another. Sena-

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TOM CHENOWETH, Manager

tor Proxmire's bill deals with some of the basic issues, including agricultural exemption, civil liability, model forms and administrative enforcement. Senator Garn's bill goes further by providing relief from constant forms changes by limiting effective dates of any law, regulation or interpretation to October 1, limiting the degree of itemization of finance charges, revising many regulatory burdens involved in open-end credit and drastically limiting civil liability to violations that "were material to the obligor's awareness of the cost of credit."

Yet these efforts, as comprehensive as they may seem at first blush, fail to reach some of the most knotty issues. Recognizing this as a serious problem, the Federal Reserve Board staff has put together a complete and fundamental rewrite of those aspects of Truth-in-Lending dealing with closed-end credit. A subsequent project will entail a complete rewrite of open-end credit.

While the staff draft has a way to go before it becomes a legislative proposal, it does shift the focus from abstract notions of simplification to concrete proposals. Basic changes would include: 1) limiting mandatory disclosures to identity of creditor, amount financed, finance charge, schedule and total payments, APR and deferred-payment price (credit sales); 2) requiring model forms; 3) prohibiting itemization of the finance charge; 4) including credit-life premiums in the finance charge (an alternative would allow exclusion if voluntary and revocation permitted); 5) clearing specification of who is responsible for disclosure in a multiple-creditor situation; 6) revising civil-liability provisions.

This short summary doesn't begin to do justice to what the staff has attempted—a nuts-and-bolts rewrite—but it does represent the most dramatic attempt to deal with the Truth-in-Lending problem.

Since the only way legislation can move forward quickly is for everyone to participate in the process of change, bankers should identify those aspects of the various proposals deemed beneficial to everyone—bankers and consumers. If one end of the proposals does not do the job, bankers should be prepared to offer their own proposal(s). But whatever they do or do not do, they should recognize that the opportunity to change Truth-in-Lending constructively is now, and the time to evaluate and review the problem is almost past. • •

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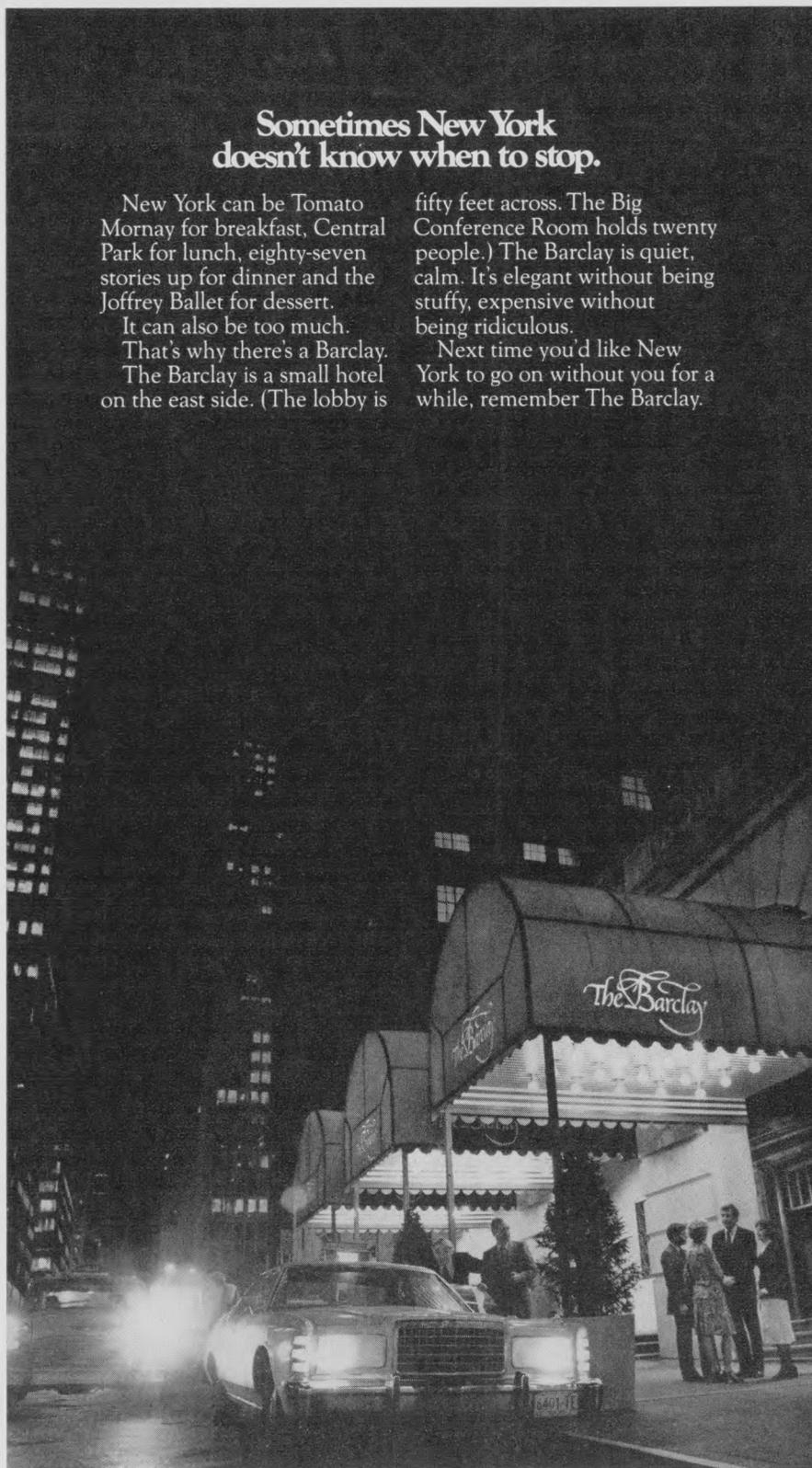
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Credit-Life Income

(Continued from page 34)

cape this liability by assigning commissions to the bank.

It should be observed that a state is better able to regulate activities of local agents than a federal agency, even if the latter could exercise the right to regulate.

Some states permit individually licensed agents to operate within a corporation (formed for personal or tax reasons) so long as the agents remain personally responsible.

Horace R. Hansen of St. Paul, general counsel of the Independent Bankers Association of America, declares that the problem with the proposal in this context is: "It destroys free choice, seizes personal property without due process and creates unnecessary federal-state regulatory conflicts."

Income-Tax Problem. Another problem concerns income taxation of insurance commissions. Given the fact that every agent selling credit life, health and accident insurance must be licensed in that field by the state in which he operates, and that only licensed agents may be paid commission income, the question arises whether the individually licensed agent is subject to federal income tax (and possibly state income tax). If the individual agent voluntarily assigns his commission income to the bank where he is an employee, he cannot thereby relieve himself of income-tax liability. How can the federal bank agency by regulation force an individual agent to make such an assignment thereby and relieve him from income-tax liability?

Stockholders' Rights. The proposed regulation and the statement accompanying it declare that all stockholders of the bank must be treated equally and that managing or controlling stockholders do not have any greater rights than minority stockholders. Under the heading "Unsafe or Unsound Practices," the Comptroller states that if minority shareholders are not treated equally with majority stockholders in regard to insurance income, there automatically is a diversion (theft) of bank income.

These are conclusory statements unsupported by law. Further, they assume that insurance-agency income, regardless of real ownership, is the income of the bank. This is an assumption unsupported by law or by any evidence mentioned in the proposal.

There's no question that individuals may operate an insurance agency on bank premises, provided there's dis-

closure and proper allocation of costs. The fact that individuals operating the agency happen to be among the majority or controlling stockholders is of no legal consequence unless there are secrecy, bad faith, fraud or other oppression against the rights of minority stockholders of the bank. Legal rights of minority stockholders are distinctly limited. In addition to regulatory remedies under statutes, there's always a remedy by civil action.

Rights to control and manage a corporation are legally protected advantages of majority shareholders. Congress and the courts have stated repeatedly that competition is the great regulator in banking. Federal and state regulatory banking statutes are designed to assure bank safety in the public interest; they are not designed to tell bankers how to compete. Incentives for obtaining controlling shares of a bank are consonant with this national policy.

Transfer of Bank Ownership. The proposed regulation, if adopted, would produce severe consequences to the viability of small and medium-sized banks, especially those in smaller communities and suburban areas.

Transfer of smaller banks involves unique problems. Sale of a smaller bank is generally made to one of two types of buyers: (a) a multibank holding company, or a large bank which may convert the acquired bank into a branch, depending on state law; or (b) local buyers in the community, who may include officer personnel of the bank.

Local buyers usually need a bank stock loan to help finance the purchase, in which case the role of an insurance agency in the transaction is extremely important. Alternative "a" frustrates national policy of preserving competition and preventing concentration in the field of banking.

Unfortunately, our tax laws fuel the process of acquisition of small banks by large banks or holding companies. Usually, the purchase is made by a tax-free exchange of stock.

Alternative "b" does not offer such advantages. The selling banker sells both controlling shares in the bank and the insurance agency together. The buyers are attracted by the combined earnings of the bank and insurance agency. Without the agency, the package would be less attractive.

Buyers of a small bank usually need a bank-stock loan from a larger bank to help finance the purchase. In many cases, the bank-stock loan would be impossible to negotiate or repay with the modest earnings of the bank alone, so the earnings of the insurance agency become a critical ingredient for both parties. Further, agency income is an incentive that enables small banks to attract and retain competent officer personnel.

The result is different where the insurance business is owned and controlled by the bank corporation. If only the majority shares are pledged to repayment of the bank-stock loan, these shares do not carry with them the total profit of the insurance agency, and dividends payable to the majority stockholders are considerably less.

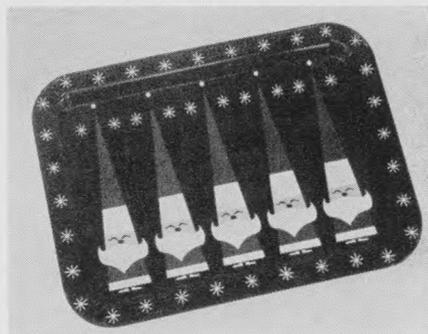
In the case of the bank agency, the local buyers are left with fewer after-tax dollars with which to repay the bank-stock loan. This considerably reduces the possibility of selling a small bank to other local owners.

While the proposed regulation is limited to credit life, health and accident insurance, its adoption might invite extension to other lines of insurance, now normally handled by private agencies in banks, because the same reasoning supporting the proposal could be applied.

Credit life, health and accident insurance is partially for the benefit of the bank in the sense that it protects the collateral, namely, the individual borrower. If he or she dies or becomes disabled, the bank has insurance proceeds to apply on the balance of the loan. At the same time, this line of insurance is for the protection of the family of the individual borrower. If he dies or is disabled, the family is relieved of the debt to the extent of the insurance proceeds.

The same applies to fire and auto insurance, and these lines are, in many cases, the major part of the agency's business. Fire insurance protects the loan's collateral, namely the mortgaged building. It benefits the borrower and his family because they are relieved of debt. In auto insurance, physical-damage coverage protects the mortgaged

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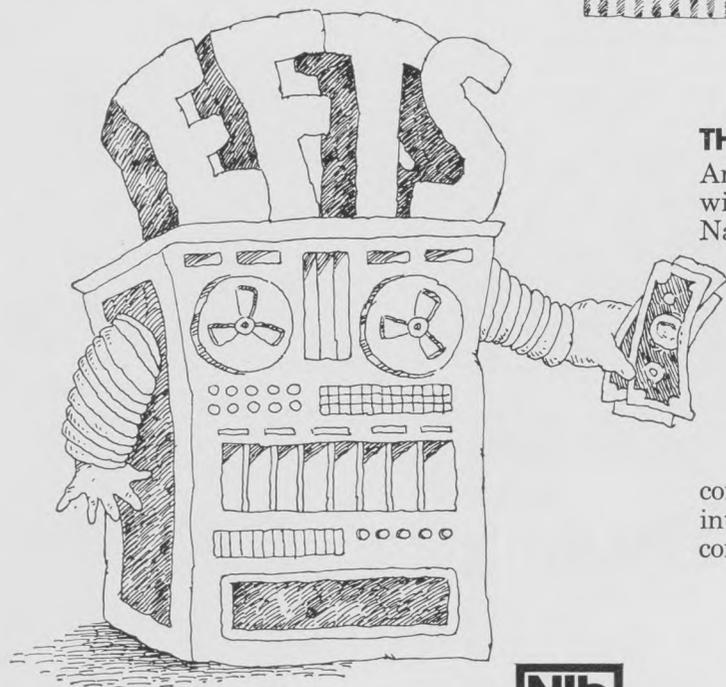
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vehicle and also protects the borrower and his family. Any line of insurance that protects the bank basically protects its borrowers. Insured in the policies are the borrowers.

It cannot be concluded that private-agency business and its commission income belong to the bank simply because of its partial interest in proceeds of the insurance.

Conclusion. There's a need to examine bank-insurance relationships on a case-by-case basis, using existing statutes for needed remedies. The Comptroller has no grant of power whatever to legislate new law in this

field. If his proposal were promulgated, it would be invalid, and, in some areas, totally ineffective. A uniform rule for the nation is a legal impossibility.

For many legal and practical reasons, as well as the inadequate factual and legal foundation for the proposed regulation, it should be withdrawn. ••

Beau Snow Coin Banks Offered as Premiums

A new coin bank is being offered as an incentive by Christmas Club a Corp., based on the firm's Beau Snow



character.

The bank stands about seven inches in height and includes a twist knob in the base to permit access to contents. The banks are made of nontoxic material that is soft and sturdy.

John H. Guinan, president of Christmas Club a Corp., said, "We have enjoyed success using the Beau Snow character in promotions and as premiums in the form of trays and candles. We feel that 'Beau' will have even greater success as a coin bank offered as a part of in-bank promotions. They make an excellent holiday gift."

Magazine Cover Contest Stresses Yule Spirit

Each Christmas, Detroit Bank asks the young relatives of its employees to design the cover for the December issue of the bank's magazine, "The Teller."

The contest has become a tradition at the bank, and last year more than 135 youngsters sent in their impressions of the yuletide season.

Contestants enter drawings in one of three categories according to their grade in school: nursery through third grade, fourth through sixth grade and grades seven through nine.

Prizes are gift certificates and entries are displayed at the bank.



Rodkey Craighead, pres., Detroit Bank, and Sheryl Young, editor of bank's employee publication, review some of drawings submitted in yuletide contest by children of bank staffers.

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Proposed Kentucky Merger Blocked by Justice Dept.; Court Action to Be Sought

LEXINGTON, KY.—A proposed merger agreement between Second National and Bank of Lexington has been extended to June 30, 1978, by the boards of the two banks. The merger was approved April 27 by the Comptroller of the Currency, but was opposed by the Justice Department, which filed a complaint May 26 in the Federal District Court for Eastern Kentucky alleging possible violation of Section 7 of the Clayton Antitrust Act.

The complaint filed by Justice alleges that the merger would eliminate existing competition between the merging banks and might "create a monopoly or tend substantially to lessen competition." Under the Bank Merger Act, the filing of a complaint by Justice automatically bars consummation of a bank merger until the issue is resolved through court action. Thus, the boards of the two banks voted extension of the merger so the banks could seek resolution of the issue through the courts, according to J. H. Graves, president, Second National.

Mr. Graves says the banks' position essentially is as follows:

"1. We concede that the merger will eliminate some existing competition between the two banks, but the extent of such competition is not substantial.

"2. The local banking market is dominated by the area's two largest banking organizations, which hold 43% of the deposits in the six-county SMSA. Second National is the fifth-largest bank, with 7% of the deposits in the SMSA, and Bank of Lexington is seventh largest, with 4.2%. The merger of Second National and Bank of Lexington will result in a bank with better capacity to compete with the two leading banking organizations.

"3. The merger will result in significant economies of operations, facilitate a strengthening in capital position and permit more effective use of managerial resources.

"4. The merger will have substantial benefits for the public through expansion of services, especially in such lines of activity as trust services, plastic-card banking, construction loans, loans to agriculture and small business loans."

In summary, Mr. Graves believes the merger will, on balance, increase com-

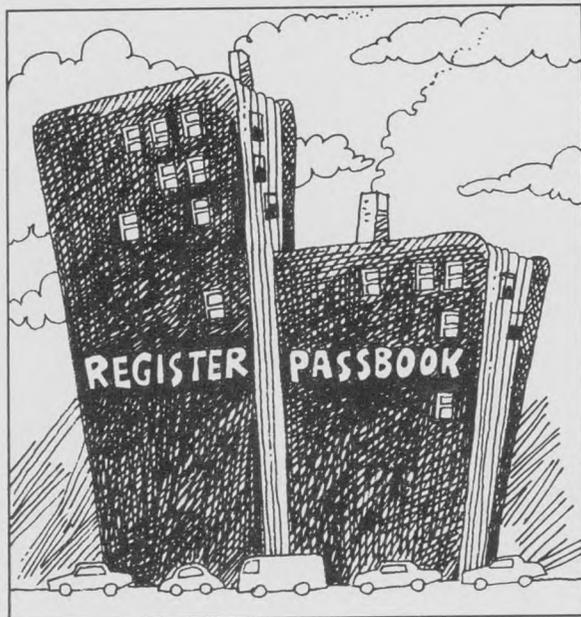
Santa Takes to Air



A collection of radio-controlled model airplanes filled a portion of the lobby of Southern Ohio Bank, Cincinnati, last December. The collection was the bank's Christmas gift to the community. Models on display ranged from a "peanut size" Piper Cub to a large B-24 bomber. Some models were suspended from the ceiling, others were displayed on the floor. Two model planes were awarded to visitors by a drawing. Kneeling at left is Thomas Dix, bank president.

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Swedish Bankers Association Studies Bank's ATM Operation

NASHVILLE—The Swedish Bankers Association has joined the ranks of what has been called a "growing number of financial groups" that has studied the Anytime Teller Machine operation of First American National.

Twenty-eight representatives of the Swedish Bankers Association were on hand to study the First American National ATM operation, which reportedly leads the nation in usage. Since installing 10 of the IBM machines, First American National has entertained representatives from 80 financial institutions in 27 states, Washington, D. C., and seven foreign countries who visited



Richard L. Goodwin (l.) v.p., First American Nat'l, Nashville, explains operation of bank's Anytime ATM to Bo Gunnarsson, deputy mgr., Swedish Bankers Assn., Stockholm. Mr. Gunnarsson and 27 other Swedish bankers visited First American Nat'l to attend briefing on operation, maintenance of ATM system, which is said to lead nation in usage.

Nashville to gain firsthand knowledge of the operation. In addition, a number of banking schools and banking associations have requested that First American National representatives lecture on the setup.

According to a bank spokesman, "When First American National began its ATM operation, industry experts told us we could expect about 10,000 transactions in the first month. But the ATMs handled 88,000 transactions in that first month, and we have processed over 1,243,000 transactions on 10 machines in the past year."

EFT Cost/Benefit Package Prepared by School, CPA Firm

The Graduate School of Banking at the University of Wisconsin-Madison, in conjunction with Peat, Marwick, Mitchell & Co., CPA firm, is offering an educational package to help bankers make the tough decision of whether an EFT system is cost-justified for their institution.

The package "represents the first specific technique we know of to help individual banks evaluate the financial implications of an EFT system," according to William J. Daner, chairman of the trustees of the school.

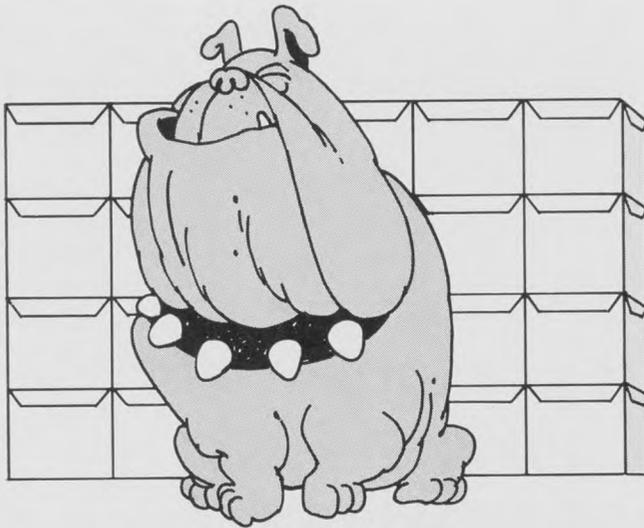
The cost/benefit analysis package will be offered this month in Minneapolis, Kansas City and Chicago. It is designed to acquaint bankers with the technique and to help them evaluate whether to send a representative to later, three-day implementation seminars scheduled for fall.

The cost/benefit analysis package, which took eight months to develop and involved more than 3,000 man-hours, contains numerous worksheets, case materials, schedules and instructions for tailoring the approach to the individual's own bank and operating environment. It concentrates on point of sale (POS) and automated teller machine (ATM) analysis.

The package also includes a computer-based cost/benefit model for preparing projections related to a specific bank's EFT efforts. These projections should enable a bank to understand EFT's impact on pricing decisions, marketing plans and profits.

According to Peter D. Louderback of Peat, Marwick & Mitchell, "prior planning is essential if EFT is to ultimately succeed at a bank. This practical cost/benefit package will provide a method of analysis, rather than specific 'go-no go' answers."

Among those guiding the project was Robert C. Nelson, executive vice president, Indiana Bankers Association.



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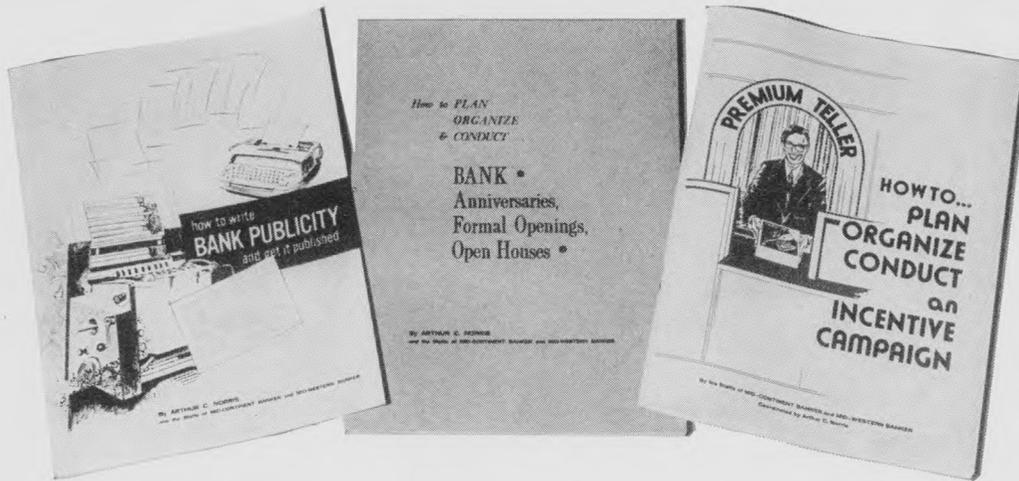
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96 pages, 16 illustrations; starts by telling you premium terms and the history of incentives, roams through such topics as trade area studies, tying in with current events, getting new business from old customers, motivating staff members and concluding with a series of six case histories of actual bank promotions that obtained exceptional results.

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Expanding Powers of Competitors Of Banks Cited by J. Rex Duwe At New Mexico Convention

By ROSEMARY McKELVEY
Managing Editor

JUST as the 1977 New Mexico Bankers Association convention was getting underway in Santa Fe last month, Senator Thomas McIntyre (D., N.H.) introduced legislation that proposes major changes for financial institutions.

Fortunately, one of the convention speakers was J. Rex Duwe, chairman of the ABA's Governing Council and former association president. Mr. Duwe, chairman and president, Farmers State, Lucas, Kan., outlined the six bills—including the one sponsored by the ABA—that make up the McIntyre package and announced that hearings would be held on them in Washington, D. C., beginning June 20.

Because of the importance of this proposed legislation, a feature article on it, including some quotations from Mr. Duwe's New Mexico speech, appears on page 31.

Besides discussing the proposed new legislation, Mr. Duwe talked about the

advantages nonbanking competitors have over commercial banks. He pointed out that "our nonbank competitors have been gaining new powers bit by bit through a whole string of individual actions taken outside the halls of Congress. These actions occurred—and still are occurring—in the federal regulatory agencies, in some state regulatory bodies and in some state legislatures. And while each individual action doesn't seem particularly important for the entire banking industry, the cumulative effect is to grant our nonbank competitors a whole new range of powers—without any corresponding change in their taxation or regulation. The most important of these new powers involves third-party payments."

Mr. Duwe then listed the following facts:

- All federally chartered S&Ls can offer pre-authorized bill-paying services.



Two representatives of Washington, D. C., groups are shown talking at NMBA convention in Santa Fe last month. At l. is J. Rex Duwe, ch., ABA Governing Council, and former ABA pres. At r. is FDIC's new ch., George A. LeMaistre. NMBA was first banking group Mr. LeMaistre addressed since being named to his new post. Mr. Duwe, who also talked at convention, is ch. & pres., Farmers State, Lucas, Kan.

- All mutual savings banks and all federally chartered S&Ls can offer telephone transfers of funds from savings to checking accounts.

- All federally chartered S&Ls and all federally chartered credit unions are authorized to operate manned remote-service units. This service also is legal for state-chartered CUs in 10 states and state-chartered S&Ls in 19 states.

- Some form of third-party-payment account is authorized for one type or another of nonbank competitors in 35 states. S&Ls in 10 states and mutuals in 14 states can offer checking accounts, NOWs or non-interest-bearing NOWs. State-chartered CUs can offer either checking accounts or share drafts in 27 states, including Texas, Colorado and Utah.

Mr. Duwe added that all this doesn't take into account the regulation now proposed by the National Credit Union Administration that would authorize all federally chartered CUs in every state to offer share drafts. He emphasized that the ABA has strongly opposed this proposal and, if it's adopted, will continue its opposition in the courts. The association, said Mr. Duwe, doesn't believe the NCUA has the authority to promulgate such a regulation.

Regardless of what happens in this particular case, the Kansan warned, there's no denying that nonbank competitors in 35 states already have the



Newly elected NMBA officers are pictured in front of association's official banner at close of 1977 convention in Santa Fe. L. to r., they are: Leon G. Harmon, pres.-elect; Charles Joplin, pres., and Ike Kalangis, treas.

authority to offer some form of third-party-payment account.

Thus, he said, there's really very little point in bankers arguing about whether they want their nonbank competitors to have third-party-payment powers, because they already have them. The question, asked Mr. Duwe, is where do we go from here?

Speaking specifically to New Mexico bankers, Mr. Duwe said that they may not yet feel the force of their nonbank competitors' expanding powers as strongly as bankers in other parts of the nation because they have managed to postpone most of these changes at the state level. For instance, during this past session of the New Mexico legislature, he said, a bill that would have authorized share drafts for state-chartered CUs was defeated, as was a bill that would have given state-chartered S&Ls the authority to offer NOWs. Thus, right now, he said, the possibility of bank competitors gaining third-party-payment powers in New Mexico must seem remote indeed.

However, he urged the state's bankers to look down the road a bit, saying, "One of the advantages of our dual system of regulating financial institutions is the opportunity for innovation and experimentation. But once state-chartered financial institutions in a particular state gain new powers, their federally chartered competitors in that state also begin demanding those same powers in the name of competitive equity. As more and more states grant new powers, the pressure increasingly mounts at the federal level, until it becomes progressively irresistible."

As examples, Mr. Duwe pointed to the spread of CU share drafts and NOW accounts in New York, where state-chartered S&Ls are authorized to offer checking accounts. Federally chartered S&Ls argue that they need the same power if they are to compete effectively, he continued. As a result, earlier this spring, Congress almost granted them this power. He attributed the defeat to Fed Governor Arthur Burns' opposition to the proposal. Governor Burns argued that NOW-account powers should be extended nationwide to all financial institutions in every state. Mr. Duwe pointed out that this proposal is in the Administration-backed bill in the financial-reorganization proposal introduced by Senator McIntyre.

Mr. Duwe said there are three alternatives for bankers to follow on the issue of nonbank competition: 1. Do nothing; sit on the sidelines while others determine the shape of the competitive environment in which banks try to serve their customers effectively. 2.



W. R. "Bob" Nicks, 1976-77 NMBA pres., is pictured during association convention last month. TOP: He gives his report to conventioners. CENTER: Mr. Nicks (r.) pins badge of office on incoming Pres. Charles Joplin. BOTTOM: Mr. Nicks (l.) is shown with convention speaker, J. Rex Duwe, ch., ABA Governing Council.

Come out with unalterable opposition to all proposals now being considered for allowing consumers to earn some form of interest on their transaction balances. 3. Recognize these proposals for interest-bearing transaction accounts for what they really can be—an opportunity to gain competitive equity for bank customers.

Mr. Duwe said the third alternative was chosen by banking leaders who met at The Greenbrier in White Sulphur Springs, W. Va., in April. These 400 bankers from all 50 state bankers associations hammered out a basic strategy designed to gain full competitive equality for bank customers and banks. The goals decided on at this April meeting form the basis of the

ABA-backed bill that is part of the financial-reorganization proposal introduced by Senator McIntyre.

New Officers. Charles A. Joplin was elected NMBA president, succeeding W. R. "Bob" Nicks, president, Citizens State, Springer. Mr. Joplin is president, Security National, Roswell. Named president-elect was Leon G. Harmon, president and CEO, New Mexico Bank, Hobbs. The new treasurer is Ike Kalangis, president and CEO, Capital Bank, Santa Fe.

Elected to the NMBA executive council were: Jack T. Cargill, executive vice president, Roswell State; Gary C. Lawrence, president, Bank of Las Vegas; and Milo L. McGonagle, president and CEO, First National, Santa Fe.

Wayne Stewart, president, First National, Alamogordo, was elected to the ABA Governing Council for a two-year term beginning next fall.

50-Year Club. Three New Mexico bankers were awarded 50-year plaques in absentia since none was present. They are: Edna B. Hutton, senior vice president, Farmers & Stockmen's Bank, Clayton; Earling A. Anderson, Mimbres Valley Bank, Deming; and William B. Bunch, vice chairman, First National, Portales.

1978 Convention. It was announced that the 1978 convention would be held June 8-10 in Albuquerque. • •

■ JOHN E. DANZEISER has been elected treasurer, New Mexico Bancorp., Inc., Santa Fe. A CPA, Mr. Danzeiser goes to the HC from Peat, Marwick, Mitchell & Co., Santa Fe. At the HC he will be responsible for coordinating accounting and audit functions of HC affiliates. Former HC Treasurer Joseph Mazurkiewicz continues as comptroller, First National, Santa Fe, an HC affiliate.

■ GEORGE L. CLARK has resigned as president, First National, Albuquerque, and has joined Plaza del Sol National, Albuquerque, as president and CEO. Raoul J. Cordova, who had been Plaza del Sol's acting president since last January, will remain as vice president.

■ J. LARRY CARTER has been named president, First National, Albuquerque, succeeding George L. Clark, who resigned. George Headrick has been elected chairman, replacing Herbert Wilcox, who also resigned. In other news at First National, Norman R. Corzine, Alfred F. Mallett and William F. Weissert have been promoted to senior vice presidents, while Michael C. Quinlan has been named executive vice president.

NOW-Type Accounts Occupy Indiana Bankers: Voss, Shaffer, McWhorter Elected

By JIM FABIAN
Associate Editor

LEGISLATION proposed by the ABA seeking parity among financial institutions definitely was the key issue affecting bankers attending the 80th annual Indiana Bankers Association convention in French Lick last month.

A last-minute special afternoon session devoted to the topic drew a surprisingly large crowd of bankers, many of whom had questions about the various ramifications of banks offering NOW-type accounts. The questions were fielded by a panel of five Indiana bankers, all of whom took part in the meetings that led to the ABA's position on parity some six weeks prior to the Indiana convention. The ABA meeting's consensus formed the basis of the association's legislative bill, S. 1668, which was introduced into the U. S. Senate early in June.

ABA President W. Liddon McPeters presented background information on the legislation during his keynote address to the convention. He stressed the fact that the ABA's bill—one of

several introduced in the Senate by various interests—was the only bill that served the best interests of commercial bankers and their customers.

Mr. McPeters, who is president, Security Bank, Corinth, Miss., said that victory for the ABA legislative package in Congress would result in equality for banks and their customers. He added that the ABA has established a pretty good track record in Washington in getting its ideas recognized, citing the recent interest parity given to banks by the Fed regarding Keogh plan accounts.

He told the Indiana bankers that the ABA's package isn't perfect, but it is practical. The ABA has a good package to sell, he said. It's one that strives to meet the challenges of the future.

At the NOW-accounts special meeting, it was brought out that, should the ABA's plan be enacted, banks could establish their own policies regarding size limitations on NOW-type accounts. For instance, they could stipulate minimum balances of \$500 or \$1,000 and

levy service charges—or they could choose not to offer the accounts at all.

It was thoroughly explained that banks would not achieve interest parity with S&Ls and credit unions if they chose not to offer NOWs, that the parity would apply to all savings instruments in institutions offering NOWs, that the Fed would pay interest on NOW-account reserves and that state nonmember banks would lose out because they would not be required to maintain reserves with the Fed and thus would not qualify for interest on those reserves.

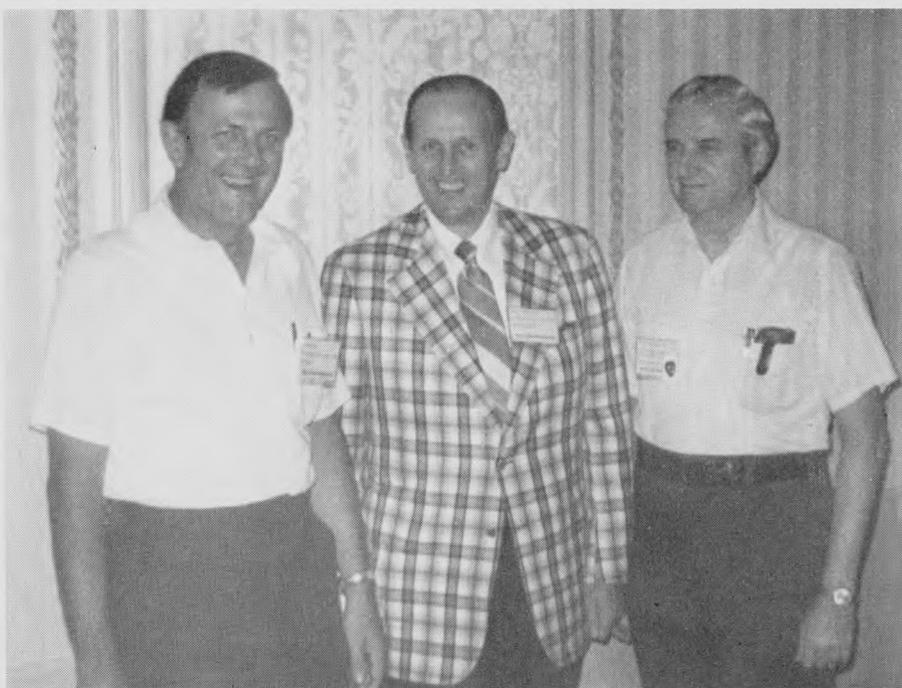
Numerous comments were made to the effect that credit unions are banking's greatest competitors in Indiana, rather than S&Ls. It was also pointed out that passage of S. 1668 would have little effect on this situation, since few credit union members would switch to banks because many firms sponsoring credit unions stipulate CU membership as a requisite for employment and that CUs can offer more attractive services because their overhead usually is low because they occupy quarters supplied by the sponsoring firm.

It was brought out that the thrifts say they don't want NOW-type accounts, but it's thought they will use them once they are authorized. A showing of hands revealed that not one banker in attendance wanted NOW-type accounts either!

Outgoing IBA President William C. Farrell Jr., president Elston Bank, Crawfordsville, devoted a good portion of his address to the NOW situation.

He reviewed the various bills promoting NOW-type accounts introduced in the Senate in previous weeks and said that if the analysis of these bills is correct, "practically all of us should expect reduced earnings. It is quite natural to react negatively to that prospect," he said, "but we should not react negatively to a change just because it would benefit the large banks. General-

New officers of IBA include (from l.) Tom G. Voss, pres., Seymour Nat'l—pres.; Paul E. Shaffer, ch. & pres., Fort Wayne Nat'l—v.p.; and Russell R. McWhorter, pres., Citizens Bank, Michigan City—treas.



ly speaking, their earnings are proportionately less than (those of) smaller banks and their capital-to-deposit ratios are not as high. The more help they can get, the better off our entire industry will be."

Mr. Farrell pointed out the ABA's bill will meet with the strongest opposition of any of the bills, particularly from thrifts. He predicted that the ABA probably will have to revise its position after the hearings begin, particularly with regard to holding out for removal of the savings-rate differential.

"It seems to me that the odds are a little greater that legislation in some form will pass," he said. "Odds are at least great enough that we had better be giving some serious study as to what we are going to do.

"In anticipation that a change might occur," he continued, "we should all learn what it costs us to service our checking accounts and be prepared to price our services to produce a reasonable profit.

"If we get into the game, let's plan our moves well and set our fees sensibly," he said. "If you do otherwise, enough competition surely will follow to keep you from getting all the temporarily unprofitable business that you would hope to make profitable later.

"If we don't get into the game, we shall continue to 'get the business' from the credit unions that are still doing a flourishing business with their share drafts."

Dr. Leonard L. Berry, chairman, department of marketing, Georgia State University, Atlanta, presented the "facts of life" of marketing to the audience.

He said consumerism is invading the banking world, resulting in escalating distrust and hostility toward banking. He said banks are becoming more automated and, thus, impersonal, which breeds hostility.

He also said that customers respond to effective contact efforts by well-trained and motivated bankers, that bankers must realize they need the retail accounts that are the net suppliers of funds, that bank contact employees determine what kind of service customers receive and that there's a changing attitude toward work on the part of employees in banks and other industries.

He advised bankers to respond to these facts of life by paying as much attention to internal marketing as external marketing. If management considered employees to be "internal customers," and jobs as "internal products," performance would improve, resulting in better service and additional customers for the bank.

He called on CEOs to encourage feedback from employees, to nurture them on the job, to put the best em-



W. Liddon McPeters (l.), ABA pres., and pres., Security Bank, Corinth, Miss., visits with outgoing IBA Pres. William C. Farrell Jr., pres., Elston Bank, Crawfordsville, prior to opening of IBA convention.

ployees in branch-manager positions and to pay good wages. These are some of the things management can do to counteract the facts of life that affect banking negatively today, he said.

Another speaker on bank marketing was Duane McCullough, senior vice president, Fannin Bank, Houston. His theme was that all the brains of bank marketing are not located in money-center banks. Bankers who know their markets should plan their own marketing strategies rather than follow the so-called "leaders" in New York or Chicago.

Many of the "big boys" have followed marketing plans for retail accounts that have resulted in losses, he said, so they now are saying that retail accounts are not profitable. It's an established fact that banks under \$50 million in size can do well with retail accounts; in fact, they must have these accounts to remain competitive. It's a matter of attitude, he said, and the local banker should know his own territory better than anyone else.

The speaker of the Indiana House of



Two panelists at NOW-account session at IBA convention were Jim McLaughlin (c.), ABA staff, and Cornelius O. Alig Jr., vice chairman, Indiana Nat'l, Indianapolis. They are shown fielding question from Indiana banker following special session.

Representatives, Kermit O. Burrows, asked bankers to make sure they contact their representatives to express their views. However, he said, bankers should expect their reps to come home to solicit constituents' views, rather than expect constituents to travel to the capitol to collar their reps.

He warned against a growing trend among Indiana legislators to promote the concept of a full-time legislature, rather than the present citizens' legislature. Once a legislative body becomes a full-time one, he said, staffs expand and all sorts of marginal legislation is dreamed up just to keep the capitol humming throughout the year. Too many legislators, he said, are seeking the prestige of living in Indianapolis, rather than seeking to serve the people in the best way.

New officers. Tom G. Voss, president, Seymour National, assumed the IBA presidency during the convention. Other new officers are Paul E. Shaffer, chairman and president, Fort Wayne National—vice president, and Russell R. McWhorter, president, Citizens Bank, Michigan City—treasurer.

Three bankers were elected to one-year terms as members-at-large of the IBA board. They are Thomas M. Miller, president, Indiana National, Indianapolis; William H. Olds, president, Marion National, and Robert C. Rose, president, American National, Vincennes.

Paul E. Shaffer, incoming IBA vice president and chairman and president, Fort Wayne National; and Wilbur S. Roby, president, Anderson Banking Co., were elected to the ABA Governing Council for two-year terms. The third member of the Indiana contingent to the ABA is C. Lloyd Griffis, current ABA vice president for Indiana and president, Old-First National, Bluffton. His term expires next year.

Next year's convention will meet in Indianapolis, breaking the French Lick trend. However, it is expected that French Lick once more will be the convention site in 1979. • •

■ CONRAD E. UITTS has been named president, First National, Kokomo. In addition, Charles W. Cameron has been named executive vice president and James S. Briscoe has been elected senior vice president. Mr. Uitts joined First National in 1953 as assistant manager, bookkeeping department, and advanced through the ranks to his previous position of senior vice president and controller. He is a past state president and former state director of the Bank Administration Institute. Mr. Cameron joined First National in 1950 and Mr. Briscoe joined the bank in 1975.

State Legislative Picture Buoy's Spirits Of Delegates Attending Illinois Meeting

IF THE 86th annual convention of the Illinois Bankers Association was a happier meeting than usual, it wasn't necessarily because of the varied convention program or the social gatherings that were held in connection with the annual meeting. It was the fact that the Illinois legislature had effectively killed all prospects of Illinois becoming a branching and multi-bank holding company state in 1977. The annual legislative attempt to change the structure of banking in Illinois had progressed closer to reality this year than it had in recent years, yet the determined efforts of the IBA staff and members once more thwarted bank structure changes.

The legislative victory for the IBA could be considered a tribute to Robert Schrimple, long-time IBA executive vice president, who steps aside this year to permit his successor, William J. Hocter, to take over. Mr. Schrimple will devote his time in the future to monitoring the state legislature for the IBA while Mr. Hocter runs the Chicago operation.

A page in the convention program was dedicated to Mr. Schrimple's work with the IBA. It included the following tribute:

"A 21-year veteran of the IBA, Robert C. Schrimple has dedicated himself to the work of the association. To the activities, programs, legislative issues

By **RALPH B. COX**
Editor and Publisher

and to the bankers themselves, he has given more than anyone could ask for—and that is himself.

"Bob Schrimple's success stems from his continual striving, achieving and caring . . . always something positive."

In introducing Mr. Schrimple's successor, outgoing IBA President Ray G. Livasy, president, Millikin National, Decatur, said the IBA had interviewed 200 candidates for the position before selecting Dr. Hocter.

"I believe the council members are uniformly impressed with Dr. Hocter, as I'm sure you will be as you have an opportunity to work with him," Mr. Livasy said in his president's address.

The main portion of Mr. Livasy's address dealt with the changes buffeting the banking industry.

"Our business in 20 years has moved from a fairly idyllic era to one of profound change," he said. "I'm aware that few of us have liked the changes or endorsed them, but we've survived and adapted and have met most of the challenges. There are many ahead, and we're not going to greet them with relish but we are and have been resilient."

"My only admonition to you is to pay attention to what is on-going," he continued. "Visit with those in our

business who have a contrary view. Talk about the subject of your concern and form opinions and position on the basis of the facts and your bank's needs. There are still many in our business who let others establish their position without benefit of examining the facts. I find that almost an inexcusable procedure."

President Jimmy Carter appears to grasp facts well and is a lot more conservative than the financial community would think, said Dr. Walter Heller, regents' professor of economics at the University of Minnesota.

He said the President has set these goals for the year 1980:

- Lower the unemployment rate to 4%-5%.
- Stabilize the rate of inflation at 4%.
- Bring the federal budget down to 21% of the gross national product. It runs more than 22% now.
- Balance the budget.

Dr. Heller said the president knows there's no way to balance the budget except through high employment. But to get full employment, he said, the economy is going to have to grow at the rate of about 5% to 5½% a year for the next four years.

Dr. Heller predicted a \$2-trillion GNP for 1978, a \$10-\$20-billion income-tax deduction and a decline in federal spending of from \$5 to \$7 billion unless the economy falters.

The economist doesn't expect to see a confrontation between President Carter and Fed Chairman Arthur Burns. He also said inflation will not roar ahead next year. He predicted an inflation rate of about 6%-6½% instead of the 10%-14% experienced over the recent short-term. Even though short-term rates are up, he said, there will be no chance of long-term rates rising rapidly.

The good signs in the economy, Dr. Heller said, are increased consumer spending, business and capital spending up about 15% and housing starts up 20% to 35% now and another 8% expected next year.

Three of four new IBA officers pose with outgoing Pres. Ray Livasy (seated, l.). Seated at r. is John R. Montgomery III, new pres. Standing (from l.) are Gavin Weir, 2nd v.p., and B. F. "Chip" Backlund, 1st v.p. and pres.-elect, respectively.





LEFT: (from l.) Arthur Busboom, pres., Bank of Rantoul; Incoming IBA Pres. John Montgomery, pres., Lakeside Bank, Chicago; Kenneth Cook, pres., DuQuoin State; John D. Lemmerman, outgoing IBA treas., and pres., Nat'l Bank, Monmouth. CENTER: (from l.) Robert C. Schrimple, IBA e.v.p.; Speaker Robert S. Brown, Interbank Card Assn., New York City; Warren Burmeister, s.v.p., Lake View Trust, Chicago; Speaker John

Russell, City Nat'l, Columbus, O. RIGHT: 50-Year Club inductees are congratulated by Pres. Livasy (far r.). From l.: Bernie Zaur, Metropolitan Bank, Chicago; Marion Ellsworth, Manufacturers Bank, Chicago; E. N. Peterson, Winnetka Bank; Raymond A. Till, First Nat'l, Mt. Prospect; C. G. Bauer, DuQuoin Nat'l.

He predicted some slowing down in the economy in the second half of 1978, but no recession.

"Cost push is our greatest problem," he said. "Annual 8% average hourly increases in wages with an increased productivity of 2½% simply means 5½% inflation. Yet," he continued, "labor costs are up less in the U. S. than in any other country in the world." During the 1970-75 period, labor costs were up 48% in the U. S., 146% in Germany and 151% in France, he said.

Speaking on "The Impact of Energy on the Financial Community," Robert C. Thompson, vice president-finance, Shell Oil Co., said the energy business is high-risk and capital-intensive by nature.

"To finance capital programs historically," he said, "the oil industry has used internally generated funds for as much as 85%, having only to depend on debt and equity capital for 15%. But that's changed. As of 1975, the industry, on the average, was financing only 67% of its capital needs internally."

He said that governmentally imposed restrictions on the oil industry's ability to internally generate funds will require added emphasis on external capital markets.

"A simple fact is that most major oil companies have high credit ratings and will continue to use long-term debt financing to raise capital," he said. "But as this activity increases, it could be more difficult for other borrowers to get their capital financing."

He pointed out that scores of additional capital demands will be created by exploration and production plus conservation.

"The auto industry will require more capital to make cars lighter, smaller and more energy efficient," he said. "More demands will be made on the plastics industry, machine tool and die makers. Banks will be loaning money for some of these capital expansion needs."

"Another stimulant for increased capital demands is the home and build-



LEFT: (from l.) Speaker Stephen S. Gardner, v.ch., Fed Board of Governors; Larry E. Harshbarger, pres., Bank of Charleston; Robert Verheyen, e.v.p., Bartonville Bank; Neil Bach, e.v.p., Bank of Pontiac. RIGHT: (from l.) Speaker Kermit Hansen, ch., U. S. Nat'l, Omaha; Daniel N. Quigley, ch. IBA EFT com. & e.v.p., Nat'l Boulevard Bank, Chicago; Outgoing IBA Pres. Ray Livasy, pres., Millikin Nat'l, Decatur.



ing conservation plan. A vast market will be created for insulation. Existing home building supply firms will build inventories; others will enter the market. Both will need capital.

"Factories and utility plants undergoing conversion to coal power will create further capital demands. Furnaces will have to be converted and anti-pollution equipment installed.

"As you can see," he continued, "the spin-off of the energy situation—in terms of capital formation needs—is tremendous. Many conservation and conversion technology interests will be vying with oil, gas and coal producers for capital."

He called for immediate incentives for oil and gas exploration and production so that the nation will not run out of energy components by 1985.

"We believe that in this age of reason, people such as yourselves, who understand the complicated world of capital formation, will be able to explain the need for profits to others—to your senators and representatives. We believe this will result in people seeing the needs for economic incentives to energy production, not constraints," Mr. Thompson said.

During the ABA annual meeting, Arthur F. Busboom, ABA state vice president for Illinois, and president, Bank of Rantoul, presented the ABA's platform for the achievement of parity with other financial institutions, followed by the offering of interest-bear-



Speaker Howard K. Smith, ABC-TV correspondent; B. F. Backlund, incoming IBA 2nd v.p.; J. D. Lemmerman, outgoing IBA treas., relax on podium.

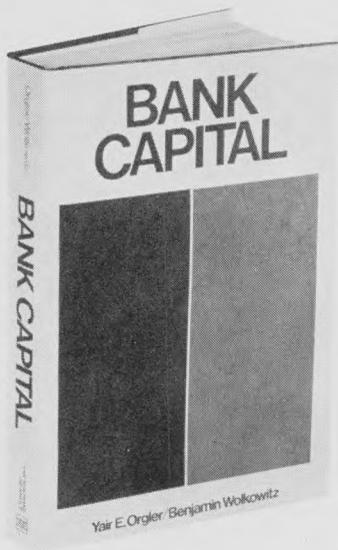
ing checking accounts, on an optional basis, by all financial institutions. Details of the ABA's plan appeared in the June issue.

Mr. Busboom's remarks were seconded by Stephen S. Gardner, vice chairman, Fed Board of Governors, who gave the Fed's viewpoint on payment of interest on reserves and the authorization for nationwide NOW-type accounts.

Two amendments were voted into the IBA constitution, increasing the membership on the council of administration by adding the chairman of the committee on bank management and the chairman of the board of trustees of the Illinois Bankers School; and permitting the council of administration to designate the titles of appointive officers.

John R. Montgomery III, president, Lakeside Bank, Chicago, was elected IBA president, succeeding Mr. Livasy. New first vice president is B. F. "Chip"

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Robert C. Schrimple (l.), IBA e.v.p., congratulates William J. Hocter, who is scheduled to succeed Mr. Schrimple at IBA in September. Mr. Schrimple will retire then. At present, Mr. Hocter is staff v.p., IBA, having gone there last February 22 from Cleveland Fed, where he was v.p. & economist. Mr. Schrimple has been with IBA 21 years.

Backlund, president, Bartonville Bank, and new second vice president is Gavin Weir, chairman and president, Chicago City Bank. Elected treasurer in absentia was Edmond J. Arseneault, president, Soy Capital Bank, Decatur, who was in Europe during the convention.

Elected to the ABA governing council for two-year terms were Mr. Montgomery and outgoing Treasurer Jack Lemmerman, president, National Bank, Monmouth. ••

**Nat'l Check Guarantee
Launched by Interbank**

NEW YORK CITY—"Signet," a national check-guarantee program, has been launched by Interbank Card Association, licensor of the Master Charge card.

The Signet program is expected by Interbank officials to be fully operational by September. The program will allow a card-bearing customer to obtain a guarantee for a personal, government or other third-party check to pay for purchases at participant merchant locations throughout the U. S. In addition, card holders will be able to cash checks at any participant bank in the country.

The Signet system will utilize present Interbank facilities that currently are being used for the interchange of Master Charge authorizations. Authorizations needed to obtain check guarantees, regardless of geographical distance from the card holder's own bank, will be provided in about five seconds, according to Signet officials.

Banks and merchants participating in the program will display the green-and-white Signet logo. A smaller version of the Signet service mark will appear on cards issued by the customer's

bank and the remainder of the card will be reserved for the bank's identification.

Transactions will be authorized at merchant locations in a manner similar to that for Master Charge procedures. A telephone or POS terminal may be used to transmit a check-guarantee request message to the issuing bank through the Interbank switching center in St. Louis. When the approval is received from the issuing bank, the merchant also receives a unique guarantee number, which is entered on the cardholder's check.

**Dissmeyer Elected President
Of National ACH Association**

CHICAGO—Virgil M. Dissmeyer, executive vice president, Northwestern National, Minneapolis, was elected president, National Automated Clearing House Association (NACHA), at its annual meeting here June 7. He moved up from vice president.

George W. McAulay, senior vice president, First National, Dallas, was elected NACHA vice president. Elected secretary/treasurer was Charles H. Chappas, associate director, ABA Payments System Planning Division.

During the meeting, NACHA's board voted to seek and obtain a single contract providing fidelity insurance cov-



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erage for member ACH associations. The insurance would cover both intra- and interregional transactions. Cost of such coverage will be allocated by assessment of NACHA membership, presently consisting of 32 regional ACH associations, 27 of which currently are operational and processing about 6,000,000 debits and credits monthly.

Second of Four Workshops Held By Bank Directors' Assn.

NEW YORK CITY—The Park Lane Hotel was the site June 24 of the Eastern Bank Director-Management Workshop of the National Association of Bank Directors. The association has announced that its third and fourth workshops will be held in San Francisco in September and in Nashville in October, respectively. The first workshop was held in St. Louis in February.

Major speakers on hand for the second workshop here included George LeMaistre, newly elected FDIC chairman; William E. Whitesell, secretary of banking for the state of Pennsylvania; and Carol Greenwalt, commissioner of banks for Massachusetts.

In addition, two Mid-Continent-area experts were on hand to address the conference: Robert Marshman, vice president, Scarborough & Co., Chicago, and James Webb, NABD president, and chairman, Nashville City Bank.

The NABD has announced plans to sponsor the Institute for Bank Directors November 11-14 at the University of Colorado-Boulder. James V. Baker, executive vice president, Fidelity Nank, Oklahoma City, and Peter A. Reilly, NABD executive vice president, will have responsibility for the curriculum at the Institute.

Operations, Technology Group Formed as Subunit by BAI

The Banking Services Division of the Bank Administration Institute has formed a new subunit to be named the Operations and Technology Group.

According to Gerard V. Carey, BAI chairman, the merger of the former Bank Systems Group and the Industry Systems Group into one new unit acknowledges the extensive interrelationship of the former groups and will unite their efforts to serve BAI members in areas such as bank operations, EFTS, the check collection system, business EFT and other related industry concerns.

BAI's volunteer banker-staffed Industry Systems Commission and the Operations and Automation Commission will continue to function under their present names and leadership. Both will work with the new Operations and Technology Group.



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NEWS

From the Mid-Continent Area

Alabama

Kelly Cited by Young Bankers, J. R. Jones Named President During Gulf Shores Convention

GULF SHORES—Kay K. Kelley, vice president, First Alabama Bank, Montgomery, has been named Alabama's Outstanding Young Banker for 1977 by the Alabama Young Bankers. The announcement was made during the group's 1977 convention here in May.



KELLEY

In other convention news, the following officer elections were announced: President—J. R. Jones, president, Escambia County Bank, Flomaton; vice president—Dowd Ritter, vice president, First National, Birmingham; treasurer—Rance Kelly, loan officer and branch coordinator, Central Bank, Huntsville; and secretary—W. J. "Happy" Fulford, assistant cashier, Merchants National, Mobile.

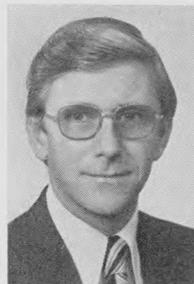
Named group chairmen for 1977-78 were: group 1—Richard Thrasher, assistant vice president, East Lauderdale Banking Co., Rogersville; group 2—Ronnie Dukes, assistant vice president and Austin Branch manager, First National, Decatur; group 3—Phil Davis, vice president, Farmers & Merchants Bank, Centre; group 4—Bob Montgomery, Central Bank, Birmingham; group 5—Bill Gray, assistant vice president, Peoples Bank, Pell City; group 6—Steve Rogers, operations officer, Commercial National, Demopolis; groups 7 and 8—Annice Duncan, assistant trust operations officer, Alabama National, Montgomery; group 9—Hal Bryars, assistant vice president and Brookley Office manager, First National, Mobile; and group 10—John Stack, Railroad Branch manager, City National, Dothan.

Martin Pace, vice president, First National, Butler, was named Outstanding

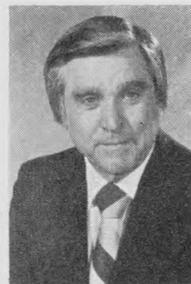
ing School Coordinator for his education in economics program in group 6. Outstanding Group Chairman of the year kudos went to Jeff Kelly, vice president, Fort Payne Bank (group 3), while Bill Nettles, Bank of Thomasville, was honored for the best presentation. Bill Gray, the new group 5 chairman, was honored for the best scrapbook.

Mrs. Kelley, Alabama's Outstanding Young Banker for 1977, is in the mortgage loan department of First Alabama Bank, Montgomery, where she originates commercial and residential construction loans. Mrs. Kelley joined the bank in 1964.

■ DAN STONE, advisory board chairman, Farmers & Merchants Bank, Centre, has been elected president of the Automobile Dealers Association of Alabama, Inc. Mr. Stone is the owner of an auto-truck dealership in Centre.



KENYON



STONE

■ PETER M. KENYON, head of Merchants National of Mobile's international department, has been promoted from vice president to senior vice president. Elected vice presidents were: Walter I. Cleverdon, David R. Dunlap III, James S. Dowdell, Dorothy Dorgan, Russell M. Harris and Frederick W. Taul. New assistant vice presidents are: N. Eugene Barnes, Rudy P. Baugh and Alvin W. Seale.

■ FIRST ALABAMA BANK, Montgomery, has promoted Laurence B. Tipton Jr. from trust officer to vice president and trust officer and Bertha B. Thomas from assistant cashier to assistant vice president.

■ FIRST NATIONAL, Mobile, has promoted O. Duane Etheredge, Kenneth E. Niemeyer, Thomas E. Sharp Jr. and Thomas G. St. John to vice presidents. All were assistant vice presidents. Mr. Etheredge is manager, Bayou La Batre Branch. Messrs. Niemeyer, St.

John and Sharp are trust officers. The bank recently opened its new Main Office drive-up facility, which has six pneumatic-tube-system teller stations and a night depository. It's located a block from the former downtown facility.

■ FIRST NATIONAL, Birmingham, has promoted three trust department members to senior vice presidents: Benjamin S. Carroll, personal trust; John H. Goff Jr. and Hugh B. Harris Jr. The latter is in the institutional and corporate trust section. Mr. Carroll and Mr. Harris also are trust officers, and Mr. Goff is a trust investment officer.

■ GEORGE A. WILSON has been promoted from assistant vice president and cashier to vice president and cashier at Southern National, Birmingham. Also promoted were: Gerald S. Touger, from correspondent bank auditor to controller and general auditor, and Harold J. Whitlock from assistant cashier and auditor to assistant vice president and assistant operations officer. Messrs. Touger and Whitlock also have been given additional responsibilities. Larry R. Mathews, who was assistant cashier, has been made assistant investment officer. The latter change was made to identify specialty areas more clearly.

■ W. DAN PUCKETT, manager, investment division, Central Bancshares of the South, Inc., Birmingham, has been promoted to senior vice president.

■ M. TOM RODEN has been appointed installment loan department manager, Bank of Huntsville. Mr. Roden previously served as senior vice president, Peoples National, Huntsville.

■ FLOYD TIREY JR. has been named vice president and loan officer, First National, Russellville. Mr. Tirey has 10 years' banking experience.

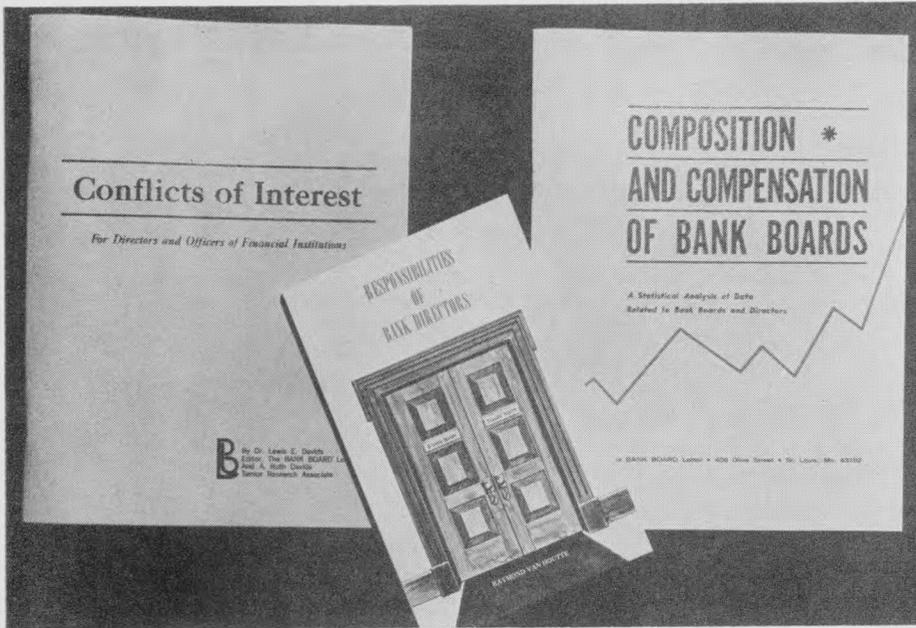
■ BAYNE VAUGHAN SR. has been honored with a dinner for his 40 years' service to First National, Decatur. He is the bank's president.

Arkansas

■ TWO MEN have accepted memberships on the national advisory board of Commercial National, Little Rock. They are Joseph A. Burnham, chairman and CEO, Marshall Field & Co., Chicago, and Frederick D. Watkins, presi-

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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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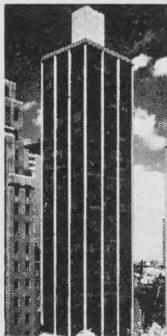
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dent, Aetna Insurance Co., Hartford, Conn. The national advisory board is a group of 19 Arkansas natives who have achieved acclaim as leaders in national and international business and in religion. The board meets annually in Little Rock to study a topic of broad interest to Arkansas and to make policy recommendations to business and governmental leaders in the state.

■ JAMES E. BURT III has been named chairman and CEO, State First National, Texarkana, and Ben G. Sandefur has been elected president.

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LOVELL

■ JAMES A. LOVELL JR., vice president in charge of personnel, First American National, North Little Rock, has been selected by the Bank Administration Institute as Arkansas state director. His term will run from July 1, 1977, to June 30, 1979. In that post, Mr. Lovell will serve as liaison officer to chapters, district directors, and national organization and other banking organizations. Mr. Lovell entered banking at First American National in 1961.

Illinois

■ CHALKLEY J. HAMBLETON has retired as vice chairman, Harris Bank, and as president of its parent company, Harris Bankcorp, Inc., both of Chicago. He had served the bank for more than 42 years. Mr. Hambleton was elected bank president in 1971 and HC president in 1972. He advanced to bank vice chairman last year.



HAMBLETON



WEIR

■ GAVIN WEIR, president and CEO, Chicago City Bank, has been elected to the additional post of chairman, a position that had been vacant since 1970. Mr. Weir joined the bank in 1970 and formerly was president, County Bank, Blue Island. He is second vice president, Illinois Bankers Association.

■ B. KENNETH WEST, Harris Bank of Chicago's banking department head, has been advanced to executive vice president, while Ben T. Nelson, metropolitan group executive, has been named senior vice president. Michael M. Karnes, vice president, has been appointed group executive of the newly formed money market and investment portfolio group and is succeeded as

money market division administrator by Charles C. Brosius, assistant vice president. Mary Olson, vice president, has been elected administrator of the bank's new investment portfolio division. In addition, the following have been named assistant vice presidents: Margery F. Blume, Helmut L. Kopke and Richard R. Loncar, banking, and John Alexander Jr., Robert W. Back, Victor S. Sidhu and Andrea J. Torok, trust.



WEST



NELSON



COOLEY

■ JOHN L. COOLEY has joined Merchandise National, Chicago, as president. Prior to that, he was head of the banking division at Fourth National, Wichita, Kan., with responsibilities for correspondent banking, credit card activities and marketing. Mr. Cooley previously served Merchandise National from 1963 to 1965 as marketing department head. During the past

First of Gilman Builds Quarters



This is an artist's depiction of the new building of First Nat'l, Gilman, which is under construction. The contemporary brick-and-stone building was designed by Illinois Bank Building Corp., and was planned to harmonize with First Nat'l's large wooded site. Care was taken in the planning to preserve as many of the site's trees as possible. Bank Constructors, Inc., is general contractor for the project.

three years, he has been active in the EFT field, serving on the board of Kansas City's Mid-America Automated Clearing House Association and as chairman of the Kansas Bankers Association's standing committee on EFTS.

■ JOHN E. PORTA, senior vice president, Continental Illinois National, Chicago, has been named financial services head as a result of the bank's reorganization of its lending areas serving corporate customers. Mr. Porta formerly was executive director, Continental Illinois, Ltd., in London, merchant banking subsidiary of the bank's parent, Continental Illinois Corp., Chicago.

■ DANIEL P. ISACKSEN has been named deputy commissioner of banks and trust companies for Illinois, replacing James T. Herbstritt. Mr. Isacksen has been president, Suburban Computer Services, Palatine, and prior to that was marketing and data processing officer, Commercial National, Peoria.

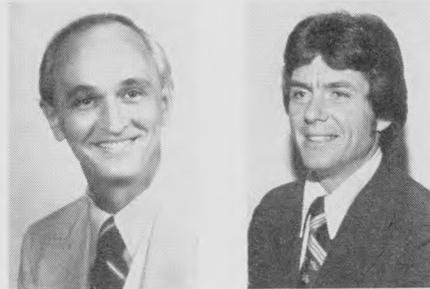
Indiana

■ FIRST BANK, South Bend, has begun construction of a new brick colonial office building to replace the current temporary structure at the Mishawaka East Branch Office. Thomas J. Hill has been named the office's manager. He joined the bank in 1971. The new building is scheduled to be completed in September. In other news at First Bank, Eugene L. Cavanaugh Jr. has been named assistant vice president, planning and services; James S. Jackson has been appointed operations officer; and William P. Yerkes has been named Lincolnway West Office manager.

■ JAMES M. O'DWYER has been elected assistant vice president and trust counsel, Lincoln National, Fort Wayne. He holds a law degree from Indiana University and joined the bank in 1976.

Kansas

■ LAUREN W. KINGRY has joined the correspondent bank division of First National, Wichita, as assistant vice president. He will be involved with agricultural lending and correspondent bank investments and services. He formerly was marketing officer at the bank's West Office. Charles Q. Chandler IV has been named assistant vice president and will serve as special projects coordinator.



JONES

KINGRY

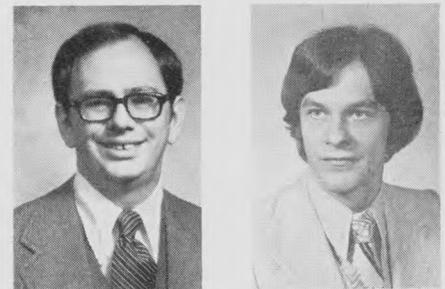
■ LAWRENCE M. JONES, president, Coleman Co., Inc., Wichita, has been named a director of Fourth Financial Corp., Wichita. John L. Cooley, who had been senior vice president, Fourth National, Wichita, has been elected president, Merchandise National, Chicago. Mr. Cooley had served Merchandise National in the 1960s and joined Fourth National in 1973. At the latter, he had headed the banking division and had directed the bank's correspondent banking, credit card and marketing functions.

■ THELMA J. WELLS has been elected a director of Security State, Great Bend, filling the vacancy left by the death of John Graham. Mrs. Wells is the second woman to serve on the bank's board. She is a noted church and civic leader in Great Bend.

Kentucky

■ MYRON MANN has been elected president and chief operating officer, Second National, Ashland, while G. B. Johnson has been appointed chairman and CEO, and P. J. Wonn III has been named vice chairman and chief financial and trust officer. John C. C. Mayo continues as honorary chairman. Mr. Mann joined the bank in 1976 as executive vice president-administration; Mr. Johnson joined Second National in 1966 as vice president and trust officer; and Mr. Wonn went to the bank in 1965 as a management trainee.

■ THOMAS J. WILSON has been appointed assistant vice president at the Louisville Branch of the St. Louis Fed, succeeding Robert E. Harlow, who has retired. Mr. Wilson joined the Fed in 1965 and previously served as the Louisville Branch's data processing department manager.



WILSON

MAZEIKAS

■ THOMAS J. MAZEIKAS has joined Fort Knox National as vice president/controller. He goes there from Arthur Young & Co., CPA firm, where he served as a senior auditor. A CPA, Mr. Mazeikas holds a bachelor's degree in accounting from the University of Dayton.

■ FIRST NATIONAL, Nicholasville, has begun construction on an addition to its Main Street Office. The structure will add 4,200 square feet of space to the bank and is being constructed adjacent to the present building and over the existing parking area. It will be supported by steel columns and will



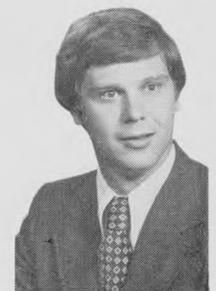
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Jim Hefley

match the present building in design. The addition will house the credit and installment loan departments and the office of First National's ag representative.

■ **CITIZENS FIDELITY**, Louisville, has announced the following promotions and appointments: Felix Dent, vice president, to time credit department manager; F. Gerald Greenwell, to vice president and trust officer; Terry Leech, to real estate officer, trust division; Chuck Wood, assistant vice president, to bank card service center manager; Donald Sibler, from auditor to assistant vice president, accounting; and Bob Robinson, assistant vice president, to national services division manager, bank card service center.

Died: Louise Bell Logan, 83, vice president, director and board secretary, Bedford Loan & Deposit Bank, at Carroll County Memorial Hospital following a heart attack. The daughter of William R. Logan, who was first vice president and cashier of Bedford Loan & Deposit at its 1891 opening, Miss Logan joined the bank in 1910 as a clerk following her father's death. She advanced through the ranks, was elected a director in 1924 and was named cashier in 1950, reportedly being the first woman bank cashier in Trimble County. Miss Logan, who was said to have been one of a few who pioneered attendance of women at bank conventions, was a past treasurer of the Kentucky BA and a past president of the KBA's Group Five.

Louisiana

■ **H. GERARD ERATH**, vice president, Whitney National, New Orleans, has been elected a director of the Bankers' Association for Foreign Trade. He is a member and former director,



ERATH

New Orleans Board of Trade, and a past president, New Orleans AIB Chapter. The Bankers' Association for Foreign Trade was founded in 1921 and concerns itself with legislative and regulatory matters, professional banking standards and interests of the inter-

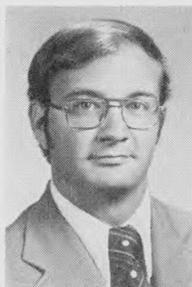
national banking community in the U. S.

■ **H. DAVID DABDOUB** has been named vice president, Continental Bank, Harvey. He formerly was with another bank in the area, where he served as assistant vice president. In other news at Continental Bank, Fred B. Morgan III has been named cashier and Joseph D. Peeples Jr. has been appointed assistant cashier. Mr. Morgan is a CPA and formerly was an accountant with a bank in New Orleans, while Mr. Peeples previously served a bank in Jefferson Parish.

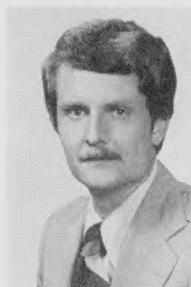
■ **T. FRANK WALLACE** has been named president, Community Bank of LaFourche, Raceland. He goes there from Exchange Bank, Dallas, where he held the position of senior vice president and marketing division chief.

Mississippi

■ **FIRST NATIONAL**, Jackson, has promoted Ernest Knight, Highland Village Office manager, and Steve Leech, operations division, to vice presidents. The following have been named assistant vice presidents: George Aycock, personal loan; Ken Beal, operations;



LEECH



KNIGHT

Mark Clemons, accounting; Lester R. Furr, Woodland Hills Office; Tish Hughes, credit; Connie Jones, Poin Dexter Office; Rick Polk, new accounts; Barbara Russell, teller operations manager; and Bill Watson, Master Charge security officer. Donnie Tynes, accounting, Suzette Summers, account services and Johnnie Gray, personal loan, have been elected assistant cashiers.

■ **WILLIAM F. HANKINS** has been named senior vice president at Mississippi Bank, Jackson. He joined that institution in 1976.

■ **AN INTENDED** merger has been announced by Mississippi Bank, Jackson, and First National, Canton. Approval for the move is pending.

Named in ADDY Competition



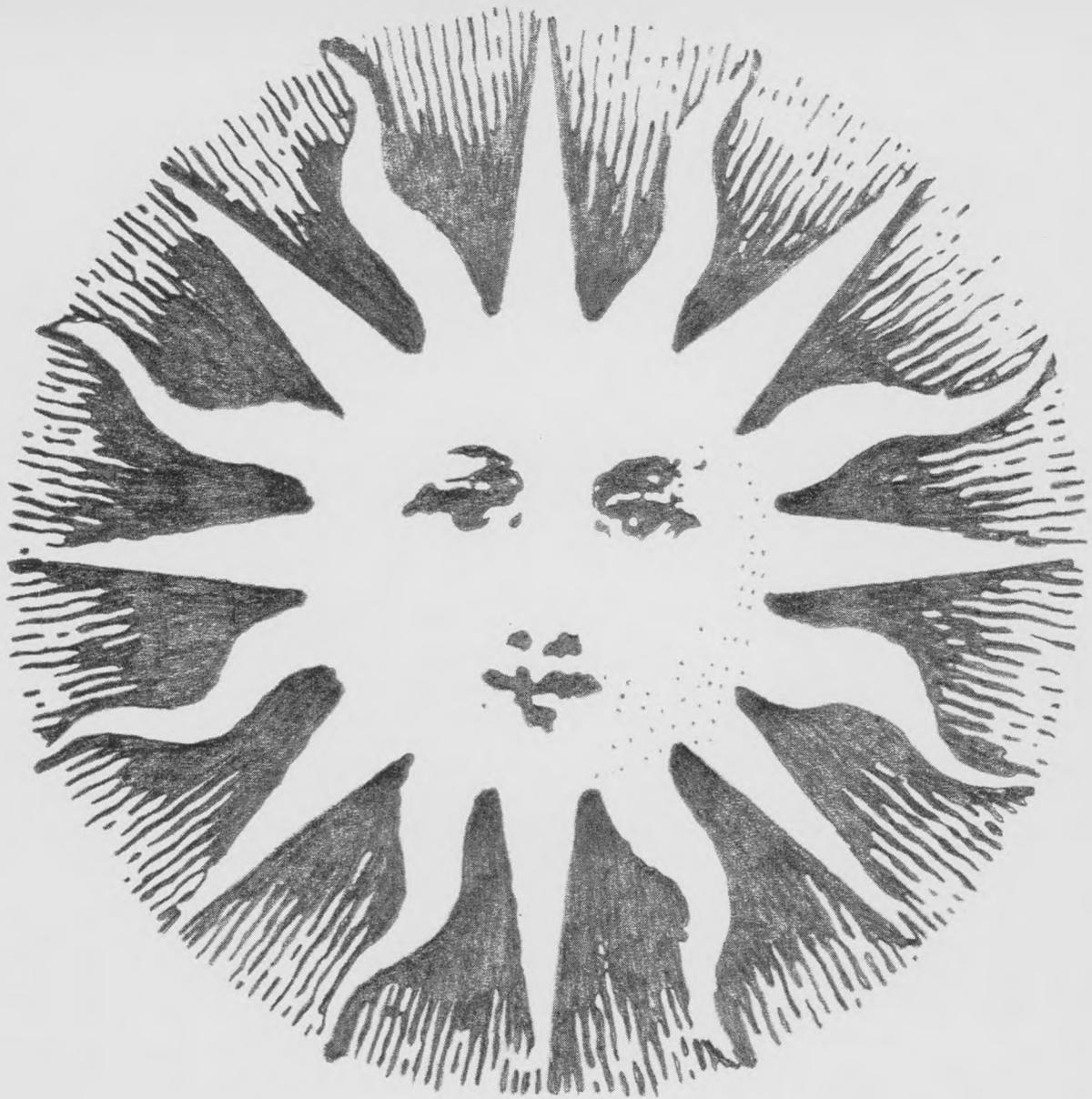
Bank of McComb and First Mississippi Nat'l, Jackson, and their ad agency, Maris, West & Baker, Jackson, received regional advertising recognition in the 7th district ADDY competition. Shown here are (from l.) Norman West, ad agency e.v.p.; Tal Braddock, mktg. dir., Bank of McComb, holding the ADDY his bank won for a black-and-white newspaper ad; Harry Baxter, v.p., mktg., First Mississippi Nat'l, holding silver certificate his bank won for an annual report; and Gerrit Maris, ad agency pres.

Missouri

■ **ROBERT HENDRIX**, executive vice president, Cape Girardeau Chamber of Commerce, has been elected a director of First Missouri Development Finance Corp. for 1977-78. Mr. Hendrix represents the 10th Congressional District on First Missouri's board. First Missouri, a privately owned state business development corporation, is headquartered in Jefferson City. It was established in 1968 to provide a source of credit, not otherwise available, for business and industry. The corporation to date reportedly has helped create or retain more than 4,332 jobs for Missourians through its loans to firms in the state.

■ **HENRY D. SCHODDE**, vice president-personnel, Southwestern Bell Telephone, St. Louis, has been elected a director of County National Bancorp., Clayton. He was named a director of the HC's lead bank, St. Louis County Bank, Clayton, in February.

■ **UNITED MISSOURI BANK**, Kansas City, has announced the following promotions: Michael A. Kleinman, to vice president and pension trust officer; Sal O. Panis Jr., to vice president; Daniel F. Fox, to assistant department manager, bankcard division, asset management; Jon J. Henderson, to vice president at the affiliate, United Missouri of Blue Valley, business development department; Randall J. Klein, to bond investment officer; Harry A. Peel, to assistant vice president, personal banking; Ann Gardner Smith, to as-



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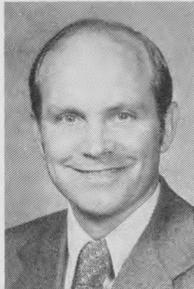
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sistant cashier, personal banking; Charles N. Van Zante, to assistant cashier, commercial loan; and Robert L. Breviglieri, to assistant vice president, computer services marketing.

■ GERALD R. SPRONG, president and CEO, and William F. Enright Jr., chairman, American National, St. Joseph, have been honored by two Missouri institutions of higher learning. Mr. Sprong received a Distinguished Alumni Award from Northwest Missouri State University, Maryville, and Mr. Enright received an honorary Doctorate of Laws degree from Missouri Western State College, St. Joseph.



ENRIGHT



SPRONG



FRINTZ



BANGERT

■ WALTER J. FRINTZ, cashier, First National, St. Charles, has been elected president, Four County Bankers Association. That association consists of banks in the counties of Lincoln, St. Charles, Montgomery and Warren.

■ THOMAS A. BANGERT has been named vice president, operating systems department, Mercantile Trust, St.

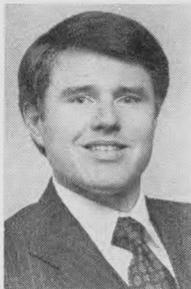
Louis. He has been with the bank since 1961. In addition, Mercantile Trust has announced the following promotions: Robert P. Cange and Bruno C. Bucari, to assistant vice presidents, international; Michael T. Normile and Jon A. Lindhjem, to assistant vice presidents, comptroller department; Schuyler G. Herbert, to trust officer; Douglas C. Drawe, to investment officer, trust; Joseph F. Licata, to international banking officer; and Ronald M. Cleary, to assistant trust officer.

■ EMMA R. SCHOLL, senior vice president, Florissant Bank, has been elected chairman, Metropolitan St. Louis Group, National Association of Bank Women, for 1977-78. Other officers: vice chairman, Betty McKinnon, assistant cashier, Edwardsville (Ill.) National; secretary, Shirley Bushart, assistant cashier, Lindbergh Bank, Hazelwood; and treasurer, Judyth Fischer, assistant cashier, Edgemont Bank, East St. Louis, Ill.

■ DOUGLAS M. LESTER has been elected executive vice president, Boone County Bank, Columbia. He joined the institution as vice president in charge of operations in 1974.

■ THOMAS H. HOLCOM JR. has been promoted from assistant vice president to vice president, First National, Kansas City. He manages the corporate banking services group. In other promotions at the bank, Elaine M. Whitehouse has been promoted from assistant cashier to assistant vice president; James K. Shineman and Gary C. Stewart have been elected trust officers; Richard A. Marks, Ruth Nichols, Philip Rogers and Larry D. Thompson have been named assistant cashiers; and David C. Rigg has been appointed deputy comptroller. At First National's affiliate HC, First National Charter Corp., Kansas City, it has been announced that Fed approval has been received for affiliation with Farmers Trust, Lee's Summit. Shareholder approval for the move is pending.

■ MICHAEL P. DOLAN, executive vice president, Plaza Bank of West Port, St. Louis County, has been



HOLCOM



DOLAN

HC Seeks Purchase Approval

BRENTWOOD—Brentwood Bancshares, Inc., a new HC, is seeking Fed approval to purchase Brentwood Bank, according to a joint announcement by Gayle W. Lichtenstein, bank chairman, and Holland F. Chalfant Jr., HC chairman.

Mr. Chalfant formerly was associated with Mercantile Trust and Manchester Bank, both of St. Louis.

According to a bank spokesman, Peter C. Baerveldt Jr., bank president, will retain that position and no personnel changes are expected after the proposed purchase. It was pointed out that the sale would not affect any accounts or deposits and that plans have been made to expand the institution with additional facilities.

Also associated with Mr. Chalfant in the HC are: Stephen R. Apted, president, Apted-Hullings, Inc.; William P. Beavers, president, Biddle Co.; F. Gilbert Bickel III, Donelan-Phelps Investment Advisors Inc.; Taylor S. Desloge, vice president, secretary and treasurer, General Steel Industries; Patrick M. Donelan, general partner, Donelan-Phelps & Co.; Nicholas V. V. Franchot III, president, Christy Firebrick Co.; William R. Hostetler, vice president, Universal Printing Co; Zoe Desloge Lippman, director, Killark Electric Manufacturing Co.; Joseph L. Mason, president, Mason-Cassilly, Inc.; Jackson C. Parriott, president, Par Development, Ltd.; Thomas E. Phelps, president, Donelan-Phelps Investment Advisors; and Robert L. Sharp, president, Bob Sharp, Inc.

Brentwood Bank was founded in 1912 as Bank of Labadie and moved to Brentwood in 1949 as America State, renamed Brentwood Bank. Bank officials say the proposed HC purchase is unrelated to the operation of two other banks that make up the ABC group, which also consists of American National and City Bank, both of St. Louis. Mr. Lichtenstein will remain as chairman of the three institutions.

elected president, St. Louis Chapter, American Institute of Banking. Also elected as chapter officers were: first vice president—Rosemarie Stallings, assistant vice president and trust operations officer, Edgemont Bank, East St. Louis, Ill.; second vice president—Thomas M. Noonan, vice president, St. Louis County Bank, Clayton; associate vice president—Judith A. Zeilmann, Hampton Bank, St. Louis; treasurer—Edward C. Berra, president, Southwest Bank, St. Louis; and executive director and secretary—Joseph G. Steel, AIB staff, St. Louis.

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CRIST



■ EDGAR H. CRIST has been sworn in as Missouri's commissioner of finance, succeeding William R. Kostman. Mr. Kostman resigned the post to re-join Commerce Bancshares, Kansas City, as a vice president. Mr. Crist joined the St. Louis Fed in 1942, was transferred to its examination department in 1949 and moved through every title position in the commercial-examination area. When he retired recently, he was a vice president.

Oklahoma

■ GLENN P. "RED" WARD has retired as senior vice president in charge of correspondent banking, Fourth National, Tulsa. He had been with the bank since 1959 and has joined Arkansas Valley State, Broken Arrow, as president and a director. Neely W. Kimbrough, who was president, has been advanced to chairman and CEO.



Receiving words of praise for service from Frank X. Henke III (r.), v. ch., Fourth Nat'l, Tulsa, is Glenn P. "Red" Ward, who had been with bank since 1959 and retired recently. Mr. Ward had served as bank's s.v.p. in charge of corr. banking and was honored with a party attended by correspondent banking associates from five states in Mid-Continent area.

■ JOHN M. HOLLIMAN SR. has been honored by an in-house party marking his 50th anniversary of continuous service as legal counsel to Union Bank, Bartlesville.

■ LIBERTY NATIONAL, Oklahoma City, has named James E. Talkington, Larry Testerman, Jim R. Cole, Eddie Jackson and Janet Lambert assistant

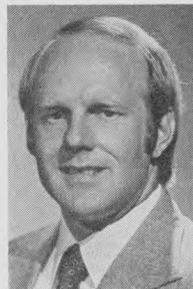
vice presidents, while Joy Cowen and Linda Moore have been appointed marketing officers.

■ JOHN G. WEINMANN, New Orleans attorney, has been elected a director of First National, Oklahoma City.

■ BANK OF OKLAHOMA, Tulsa, has made the following announcements: Lee Daniel III and William R. Hellen Jr., correspondent banking, have been named assistant vice presidents, while David B. Christofferson



HELLEN



DANIEL

has been elected an assistant vice president, energy department. At the bank's HC, BancOklahoma Corp., Tulsa, Robert N. Miller, vice president of manufacturing, marketing and distributing, Getty Oil Co., has been elected a director.

■ FIRST NATIONAL, Ponca City, has celebrated the opening of its expanded facilities with an open house. The expansion has added about 100 square feet of frontage to the building's Grand Avenue side. The move was made in three phases: The first included a new building addition, which occupies the space where commercial establishments had been located; the second was a remodeling of the west 50 feet of the bank building; and the third phase was a remodeling of the east 25 feet of the building. About 5,000 square feet of space were added to the new building. The bank's lobby was expanded to run the entire length of the bank, while a 13-space customer parking lot was added outside. The



New interior of First Nat'l, Ponca City, shows lobby, which was expanded to run entire length of bank.



Exterior of First Nat'l, Ponca City, has undergone complete remodeling. Exterior is covered with grayed aspen and has green walls accented by metal overhang and entrance canopies.

structure's exterior was redone in grayed aspen with green walls, accented by a metal overhang and entrance canopies.

Tennessee

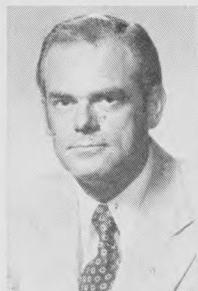
■ FIRST AMERICAN NATIONAL, Nashville, has announced the following elections: Charles J. Womack and Norman A. Carl, to vice presidents and trust officers; Robert J. Sullivan, to vice president; Gregory M. O'Neal and Mark Linville, to trust officers; and Lawrence W. Kain, to assistant vice president. In addition, Davis W. Adkisson has been given a title change to assistant trust officer.

■ A PROCLAMATION signed by Richard Fulton, Nashville mayor, designated the week of June 5-11 as AIB week in that city. On hand to celebrate the event at an installation and awards banquet at the Richland Country Club, were Monroe Kimbrel, president, Atlanta Fed, and Jerry Jason, national AIB president and assistant vice president, Southeast First National, Miami. New officers of the Nashville AIB Chapter are the following Nashvillians: president—Antoine Khoury, comptroller, Nashville City Bank; first vice president—Frank St. Charles III, assistant vice president and 800 Main Street Office manager, Union Bank; second vice president—Olin West III, assistant vice president and Church Street Office manager, Third National; treasurer—Richard Purdy, banking officer, United American Bank; chief consul—Mary Ann Eakes, First American National. Nancy Boyd serves as chapter executive secretary.

Texas

■ REPUBLIC NATIONAL, Dallas, has announced that James F. Chambers, senior vice president, has been named to the newly created post of manager of marketing and administra-

tive services, while Bob Rork, senior vice president, has been appointed to head the bank's retail banking services. Mr. Chambers will serve as senior vice president of the corporate office reporting to the president. He joined the bank in 1961 as a management trainee. Mr. Rork, who joined Republic National in 1962 as a management trainee, will continue in his duties as metropolitan commercial division manager.



CHAMBERS



RORK



MATTHEWS



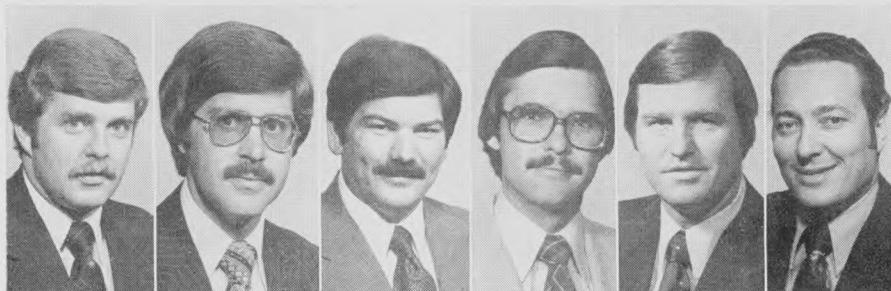
MELTON

■ WILLIAM J. MATTHEWS has been elected vice president at Frost National, San Antonio, while Jesse Martinez has been named assistant vice president. Mr. Matthews joined the bank in 1972 and is benefits-and-compensation and methods-and-planning manager. Mr. Martinez joined Frost Bank in 1969 and is an administrative officer and teller services manager.

■ JAMES MELTON has been advanced from assistant vice president to vice president, First National, Amarillo, while Hershel Kime and Hershell Thaxton have been promoted from assistant cashiers to assistant vice presidents.

■ THE FED has approved the merger of Cullen Bankers, Inc., Houston, and FrostBank Corp., San Antonio. It is expected that the merger will be consummated following a statutory 30-day waiting period. The resultant HC will be named Cullen/Frost Bankers, Inc.

■ LUBBOCK NATIONAL has elected Jesse K. Mattox Jr., president and general manager, Tersco, Inc., of West Texas, and J. W. Wright, president, Associated Supply Co. of Lubbock, as directors.



NEWTOWN

VINCENT

BAEZ

CROSBY

STOREMSKI

RIHA

■ FIRST CITY NATIONAL, Houston, has named the following as vice presidents: Carlos T. Baez, international; George E. Crosby, economic analysis; J. Christopher Newtown, national; Ellery R. Riha, facilities management; Leon Storemski, loan and collection services; and Bruce H. Vincent, petroleum and minerals. Elected assistant vice presidents at First City National were Alexander C. Baker, who also was appointed a trust officer; Daniel T. Betsinger, bank services; Janell Blue, customer service; Nicholas P. Costas and Randall Reeves, regional and correspondent; Mac Longoria, metropolitan; Monty J. Lutton, corporate services; Michael W. Mouser, employee relations; and Gregory R. Sporak, planning and operational analysis.

■ BANK OF THE SOUTHWEST, Houston, has announced the following promotions: Dwight T. Johnston and Howard H. Schneider Jr., investment department, and James B. Trimble, asset based lending manager, to assistant vice presidents.

■ GERALD WEEKS has been named cashier, First National, Brownwood. He goes there from First National, Hurst, where he had served as vice president and cashier.

■ CENTURY BANK, Garland, has announced plans to construct a new building at Beltline and Brand roads. The building will adjoin Century Bank's present site and completion is expected by mid-1978. The new facilities will have 12,300 square feet of space for bank operations and 12,200 square feet of lease space. The bank has received regulatory approval for the project.

■ LAS COLINAS NATIONAL, Irving, has opened in the Corporate Plaza Building at 4950 North O'Connor Road. A subsidiary of First United Bancorp., Inc., Fort Worth-based HC, Las Colinas National has an initial capitalization of \$1,250,000. Officers of the bank include John West, president; David Graeber, vice president and loan officer; and Gunther Weniger, cashier. Serving on the institution's board are Mr. West, William C. Bever, Sloan

Blair, Charles Lasater, David McDavid, H. C. "Woody" Clemons and Eugene Smith Jr. Las Colinas National will feature extended lobby hours until a motor bank is completed in September.

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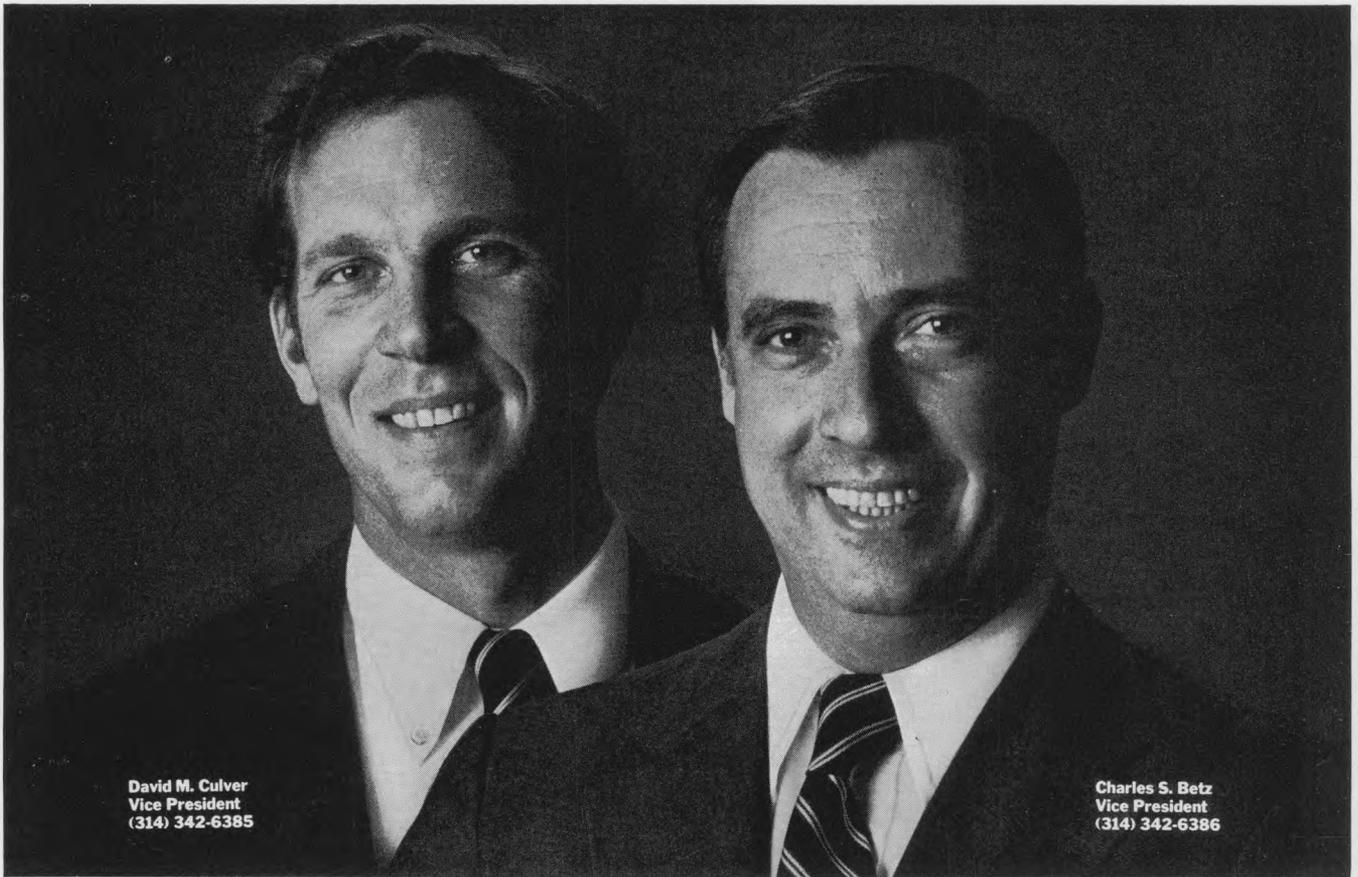


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