

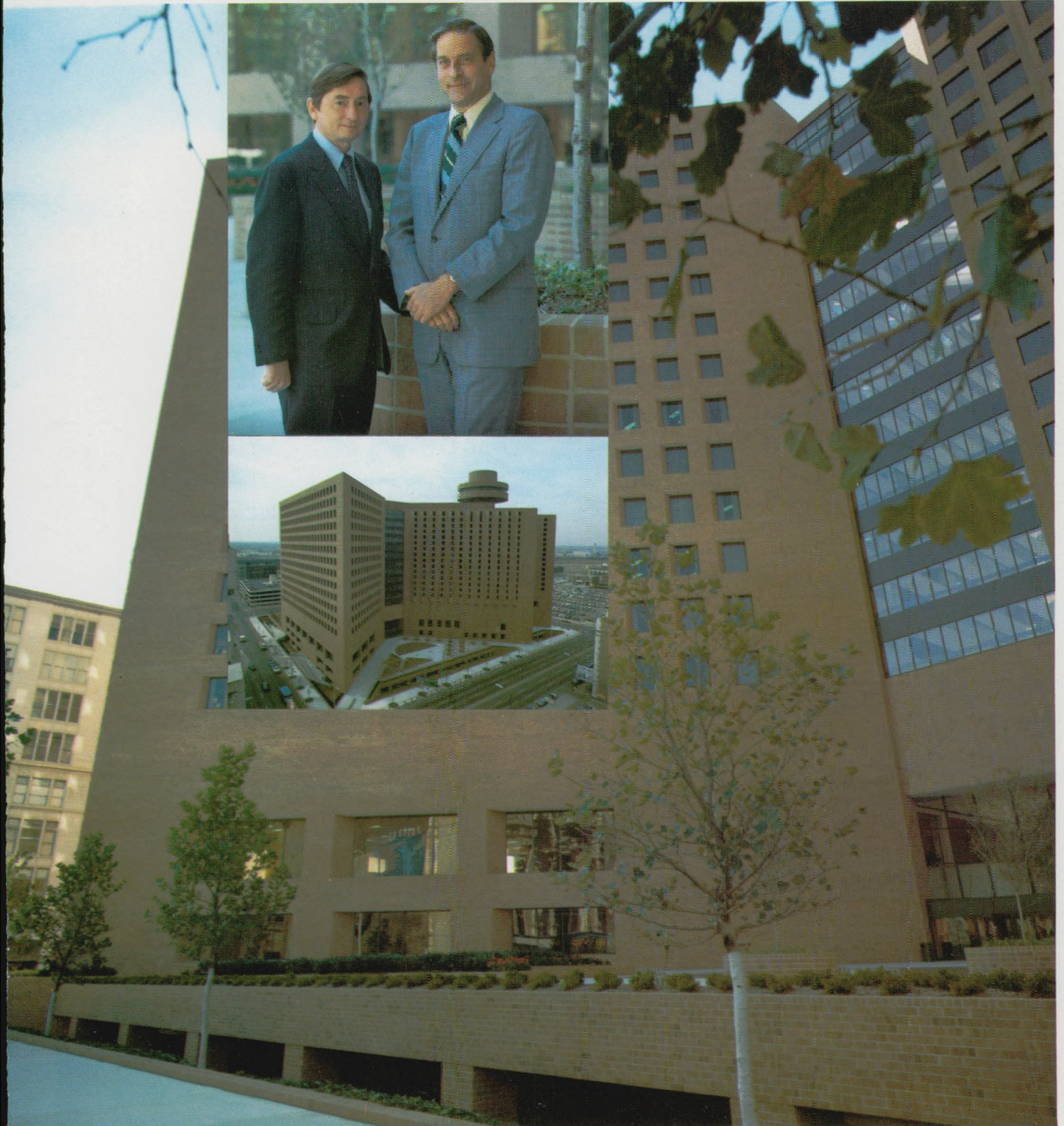
MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

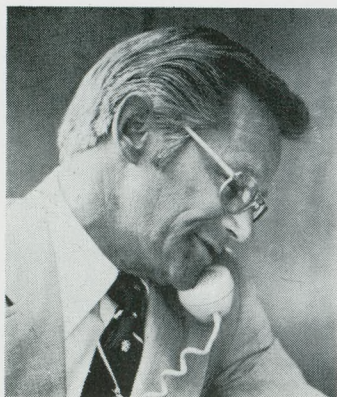
BANK MODERNIZATION ISSUE

OCTOBER, 1977

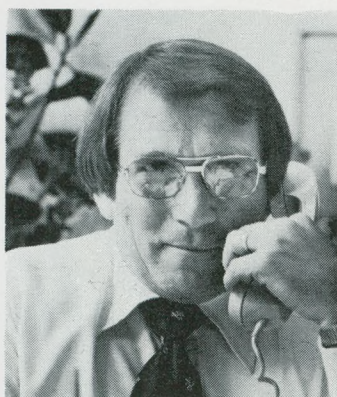
'Spectacular' is Word for New Home of Merchants of Indianapolis—Pages 76-77



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



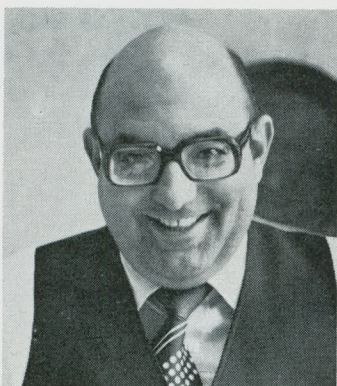
Pete Dowling



Ron Leavell



George (Pat) Kelly



Jim Kienholz



Ken Ferguson

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- Investment Services
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- Retail Banking Services
- International Banking

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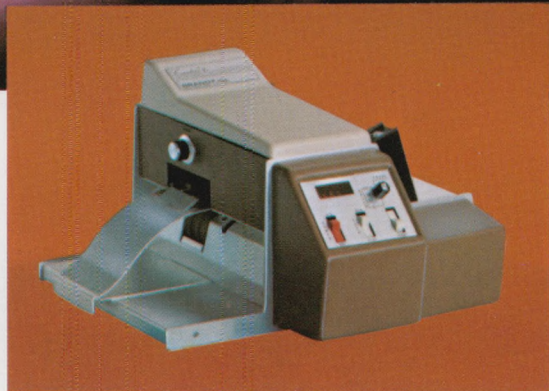
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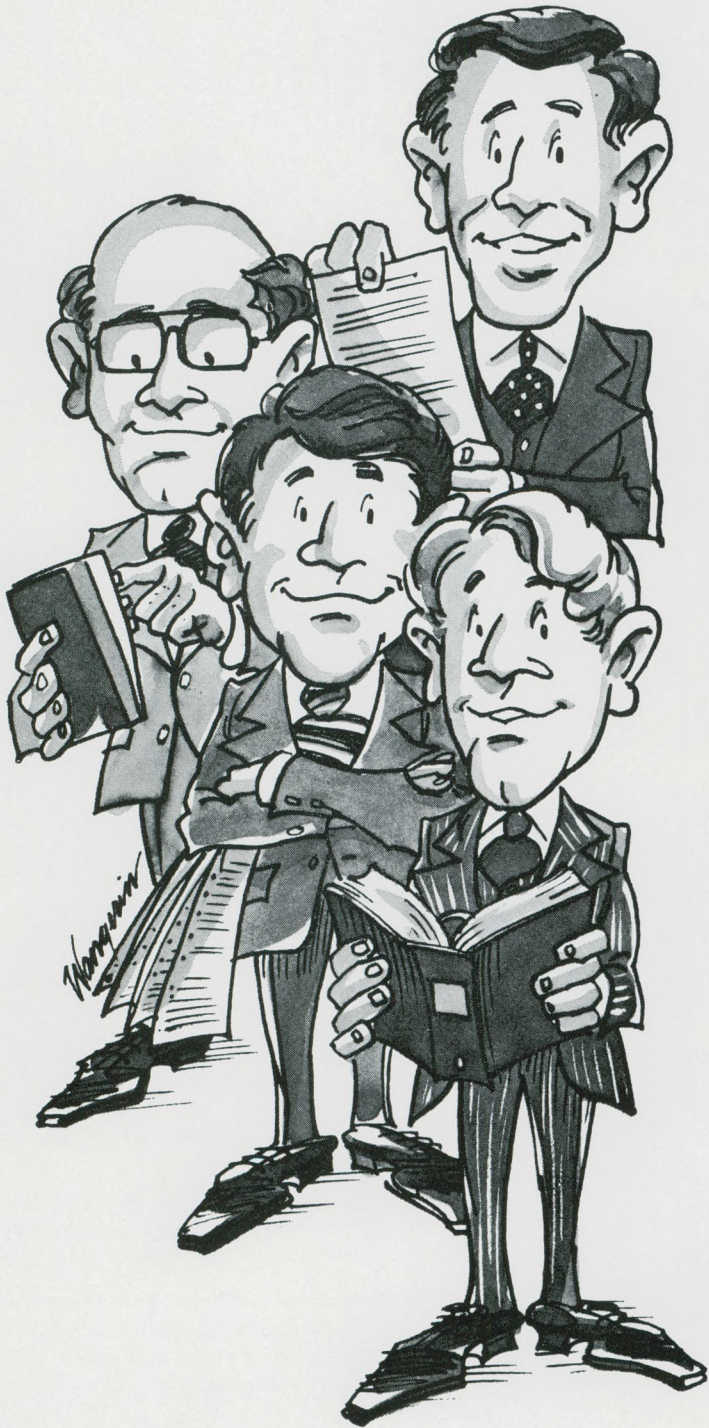
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Convention Calendar

- Oct. 15-19: ABA Convention, Houston.
 Oct. 23-27: Consumer Bankers Association Convention, Phoenix, Arizona-Biltmore.
 Oct. 24-25: Bank Administration Institute Cost-Effective Communications Management Meeting for Community Banks, St. Louis, Sheraton-West Port Inn.
 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. 15-16: Robert Morris Associates International Lending: Techniques & Standards Workshop, Memphis, Hyatt Regency.
 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.
 Nov. 21-22: ABA Tax Workshop, New York City, Biltmore Hotel.
 Nov. 21-22: Bank Administration Institute Money Transfer Seminar, San Francisco.
 Nov. 21-23: Bank Administration Institute Accrual Accounting Short Course, Pittsburgh.
 Nov. 27-Dec. 2: ABA National Commercial Lending Graduate School, Norman, Okla., University of Oklahoma.
 Nov. 28-29: Bank Administration Institute EEO Compliance Short Course, Park Ridge, Ill.
 Nov. 28-30: ABA National Correspondent Banking Conference, New Orleans, Fairmont Hotel.
 Nov. 29-30: ABA Tax Workshop, Chicago, Hyatt Regency O'Hare.
 Nov. 30-Dec. 2: Bank Administration Institute Affirmative Action Program Short Course, Park Ridge, Ill.
 Nov. 30-Dec. 3: Bank Marketing Association Trust Marketing Workshop, Miami Beach, Fla., Americana of Bal Harbour.
 Dec. 7-9: Bank Administration Institute Money Transfer Developments Seminar, New York City.
 Dec. 13-14: Bank Administration Institute Trust Operations-Large Banks Seminar, Washington, D. C.
 Feb. 5-8: ABA National Trust Conference, New York City, Waldorf Astoria.
 Feb. 5-17: ABA National Installment Credit School, Norman, Okla., University of Oklahoma.
 Feb. 8-10: ABA Bank Investments Conference, Dallas, Fairmont Hotel.
 Feb. 12-15: ABA Conference for Branch Administrators, New Orleans, Royal Sonesta Hotel.
 Feb. 12-15: ABA Bank Telecommunications Workshop, Houston, Hyatt Regency.
 Feb. 12-18: ABA Operations/Automation Division Business of Banking School, Fort Worth, American Airlines Learning Center.
 Feb. 19-22: Bank Marketing Association Community Bank CEO Conference, Tarpon Springs, Fla., Innisbrook.
 Feb. 22-24: ABA Advanced Construction Lending Workshop, Columbus, O., Ohio State University.
 Feb. 26-March 1: Bank Marketing Association EFT Conference, New Orleans, New Orleans Marriott.

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

Volume 73, No. 11

October, 1977

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The Banking Scene

By Dr. Lewis E. Davids

Hill Professor of Bank Management,
University of Missouri, Columbia

Soul Searching on Capital Adequacy

I RECENTLY reviewed the data that had been compiled by *The Banker*, a highly respected London publication, on capital adequacies of the 50 largest banks in the world. These figures should make us all do much soul searching.

The definition of capital adequacy used by *The Banker* is equity plus loan capital of 15 years or more original duration. This really is a broader concept than many American bankers use. In general, it shows that most major banks have experienced a substantial drop in their capital between 1971 and 1975.

To illustrate: Credit Lyonnaise went from capital as percent of assets of 1.30% in 1971 to .85% in 1975. Société Générale, in the same period, went from 1.18% in 1971 to .65% in 1975. Just think of a commercial loan applicant coming to your bank and trying to borrow with less than 1% capital.

Most American banks or bank HCs have substantially more capital than the two banks mentioned above. However, without exception, those major American banks in the tabulation had experienced reductions in their capital. For example, in the same period, Citicorp, New York City, dropped from 5.91% to 5%; Morgan Guaranty, New York City, from 6.74% to 4.73%; First Chicago Corp., from 6.64% to 4.66%; Continental Bank, Chicago, from 5.79% to 4.08%; Chemical Bank, New York City, from 5.13% to 3.99%; Chase Man-

hattan, New York City, from 6.97% to 3.98%; Manufacturers Hanover Corp., New York City, from 5.60% to 3.53%; Bankers Trust New York Corp. from 5.71% to 3.43% and BankAmerica Corp., San Francisco, from 4.20% to 3.03%.

If one were to compare these figures with those of 10, 20 and 30 years ago, one would note a steady deterioration in the stated capital of American banks and bank HCs. One can take a sanguine position and say that banks previously had too much capital, and, thus, today's figures are adequate. One can say that with higher federal deposit insurance (FDIC), the need for capital has been reduced substantially. One can observe that bankers have become so sophisticated with such things as liability management and risk management that banks don't need the proportion of capital that federal and state regulators traditionally called for. Or one can say, as a goodly number of New York bankers did before the failure of U. S. National of San Diego and Franklin National of New York City, that "The Fed will never let a billion-dollar-or-over bank fail."

Although I have lectured and written on the topic, I'm frank to admit that I do *not* know—in dollars and cents—just how much a bank should have to attain the proper amount of capital. My statement over the years is that a bank must have sufficient capital to maintain public confidence and that the public is fickle. There

have been runs on banks that were forced to close while other banks with less proportionate capital were able to weather the storm or experience no runs.

If the trend in diminution of bank capital continues in the years ahead at the same degree it has between 1971 and 1975, one doesn't have to be a student of trend analysis to wonder at what point must it stop or reverse itself. This is not going to be easy to do in view of the number of bank stocks now being priced in the market at substantial discounts from their book value. Thus, it becomes increasingly difficult for banks and bank HCs to increase their capital, whether it be in the form of common stock, preferred stock or debentures or even commercial paper. In fact, the decline in capital tends to make analysts more wary, and—for bank stocks to be attractive to investors—higher dividend payments must be made to attract them. It's a fact that some of the more sophisticated manufacturing and chemical companies are calling on bank cashiers and comptrollers for data on a bank's solvency and liquidity.

It's not coincidental that bank regulators, too, have been stepping up their scrutiny of banks beyond their routine examinations. For several years now, both the Fed and the Comptroller of the Currency have been experimenting with *early-warning systems*.

These studies are too untested to indicate yet whether they will work successfully. Let's hope they will work. However, let us also remember that neither of the two federal bank regulators noted above were very accurate in their attempts in past years to measure capital adequacy, even though their formulas and approaches were amended from time to time.

So far, it doesn't appear that the typical early-warning system, while it

"... it becomes increasingly difficult for banks and bank HCs to increase their capital, whether it be in the form of common stock, preferred stock or debentures or even commercial paper. In fact, the decline in capital tends to make analysts more wary, and—for bank stocks to be attractive to investors—higher dividend payments must be made to attract them."

"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."

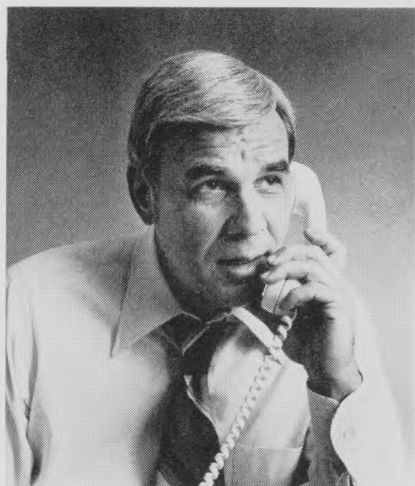
"Do you mean that you might advise me not to buy a given municipal?"

"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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uses other data, concentrates on six early-warning variables, which are:

- Total operating expenses/total operating revenues.
- Total loans/total assets.
- Commercial and industrial loans/total loans.
- Provision for loss/total loans and investments.
- Net liquid assets/total assets.
- Gross capital/risk assets.

So far, bank regulators using early-warning systems have found that their most difficult area is in the establishment and application of cutoff points developed from past estimations and models and applying them to the types of economic conditions anticipated in the days and months ahead. Still in the experimental stage are new approaches to exploring ways to estimate the probabilities of failure or a low supervisory rating directly from the early-warning variables. Examiners are quick to admit that there's a great need on their part for a far more thorough analysis of the structure of banks' loan portfolios, especially as they relate to industry or geographic concentrations.

Conclusion: There's a good, valid use of statistical procedures in employing probability theory and regression analysis in the application of early-warning data from a bank to help examiners redirect or concentrate their examinations on problem banks' weak areas. As bankers, we applaud such efforts. However, as bankers, we should not depend on regulators to detect our weaknesses. The latter should be apparent first to administrators of each bank. Bank management should be the first to recognize weaknesses in their loan portfolios, especially their commercial and industrial loans. Provision for loan losses should be reasonable and accurate; investments should be adequate to provide secondary reserves and liquidity. The ratio of gross capital to risk assets is one of the most fundamental ratios. In too many banks, it has shown a deterioration that, at some time, must be reversed. • •

Clarence Stewart Dies

ST. LOUIS—Clarence M. Stewart, 88, retired St. Louis Federal Reserve Bank officer, died September 18 of a heart attack while dining in a cafeteria here.

Mr. Stewart joined the Fed when it was established in 1914 and became assistant to Chairman William McChesney Martin in 1917.

He retired in 1954 as vice president and manager of the Little Rock Branch of the St. Louis Fed.

NEWS OF THE BANKING WORLD



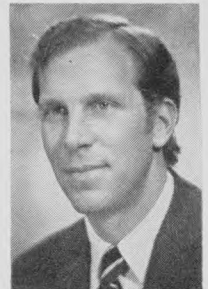
RHODES



RUSSELL



STANSBURY



CULVER

• **Thomas F. Russell**, chairman and CEO, Federal-Mogul Corp., has been elected a director of Detroitbank Corp. and its principal subsidiary, Detroit Bank.

• **Fred Zimmerman III**, vice president and trust officer, Republic National, Dallas, has been appointed to a three-year term on the New York Stock Exchange's institutional advisory committee on trading. Mr. Zimmerman is officer in charge of equity trading in his bank's investments division. He joined Republic National in 1968. The institutional advisory committee on trading discusses industry problems and offers the "buy side" institutional viewpoint in its recommendations to the New York Stock Exchange.

• **Paul L. Stansbury**, senior vice president, Valley National, Phoenix, has retired after 29 years. Mr. Stansbury has held a number of posts in his bank, that of vice chairman of the senior loan committee being the most recent. In addition, he is the immediate past president of the Consumer Bankers Association. He joined the bank in 1948 following eight years' service with Peoples Bank, Youngstown, O. He moved up through the ranks and was elected senior vice president in 1972.

• **Darryl W. Rhodes** has been appointed assistant vice president-loans, Federal Land Bank, Wichita. He will supervise and direct analysis and processing of all new loans at the bank. He joined the institution in 1976.

• **David M. Culver**, head of First National in St. Louis' regional banking division, has been promoted to senior vice president. He is responsible for national accounts in the Midwest, agricultural lending and the financial institutions/public funds departments. Mr. Culver joined First National in

1967 as a trainee, was named business development representative in January, 1968, a commercial banking officer the following December, an assistant vice president in 1971 and vice president with responsibility for the bank's New York territory in 1974. He became head of the regional banking division in 1975.

Corporate News Roundup

• **Scarborough Associates.** Donald C. Liggett has joined Scarborough Associates, Chicago, as director of group and association benefit programs. Scarborough Associates is an affiliate of Scarborough & Co., Chicago-based writer of group insurance benefit plans for banks. Mr. Liggett was instrumental in developing and administering the Illinois Bankers Association's group insurance programs from 1963 to last July.

• **Bank Building Corp.** Vivian C. Titone has been promoted to manager of administration and control and Glenn LaVine has been named manager of architecture and engineering at Bank Building Corp. of St. Louis' northern division in Chicago. In addition, Kathy Wright has joined the firm as assistant public relations director. Miss Titone and Mr. LaVine joined Bank Building Corp. in 1974, and Miss Wright previously was employed by KPLR-TV, Wright & Manning, Inc., and KMOX Radio.

LaVINE

WRIGHT

TITONE





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 the lasting quality of their work.



First National Bank Of Commerce

CORRESPONDENT BANKING DEPARTMENT

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MID-CONTINENT BANKER for October, 1977

Convincing Customers They're First Is Object of Banks' New Ad Campaign

UNLIKE the old Abbott and Costello routine that's never resolved, the First Midwest Bancorp., St. Joseph, Mo., knows who's on first—customers of the HC's banks. And the HC has taken this philosophy and incorporated it into its new ad campaign.

Banks belonging to First Midwest Bancorp. are three in St. Joseph—First National, First Stock Yards and First Trust; and one in Savannah, Mo.—Home Bank.

Henry Lammers, vice president marketing, explains that the shortest route to expressing who's on first with the HC's member banks is the new tag line, "YOU FIRST." "It's inherently friendly and speaks to the customer.

"Our agency built an entire multimedia campaign around the 'YOU FIRST' line that encompasses all our major promotions at all our facilities." Mr. Lammers continues, "First priority with our agency was to build a friendly atmosphere around our communications program.

"The campaign that was developed



Henry Lammers, v.p./marketing, First Midwest Bancorp., St. Joseph, Mo., chats with two "stars" of "YOU FIRST" ad campaign sponsored by HC.

from our marketing plan was divided into two phases. The first introductory phase dealt primarily with establishing the 'YOU FIRST' visual with our individual banks and banking programs." An original jingle on 'YOU FIRST' was composed and recorded in several different formats. This allowed us to use it in the introductory phase to help establish retention of the line."

Jeff White, senior account executive at Fletcher/Mayo/Associates, the bank's agency, reports that the second phase of the 'YOU FIRST' campaign took shape when the decision was made to use children.

"Kids project a warmth that can't be beat. Our idea was to use the children in their own environment doing their own thing. We didn't try to make them say or do anything. All we did was give them a situation and simple props and let the camera roll.

"Response to the print and television spots using the kids proves our strategy to be right. Customers make a point of telling employees at the bank they really like the material."

Mr. White says this following year's efforts will center around post-testing customer reaction to the overall image of "YOU FIRST." Also, which of the major banking services needs more marketing effort will be given a hard look.

"The research hopefully will allow us to fine-tune our existing material and create on-target new messages," Mr. Lammers says. "All in all, though, we are happy with the results now and look forward to next year. It's a good feeling knowing who's on first." ••

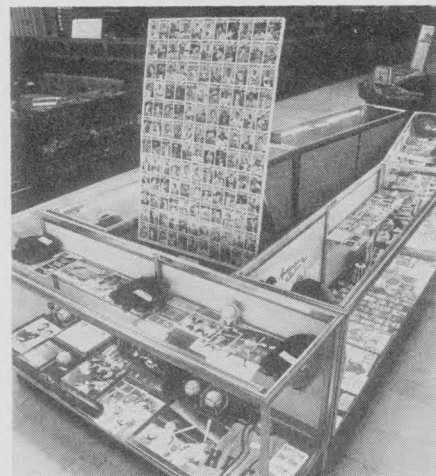
From Fox to Santo:

Historic Baseball Display Lets Customers Reminisce

Customers of Chicago City Bank recently were able to reminisce over a lobby display of original baseball items and artifacts. The showing was held during regular banking hours and provided a peek at the past glory days of two Chicago teams—the Cubs and the White Sox.

Part of the exhibit featured artifacts used by former Chicago heroes such as Ernie Banks, Nellie Fox, Ron Santo, Sherm Lollar and Minnie Minoso. Educational portions of the show highlighted the development stages in the manufacture of a baseball bat, the component parts of a baseball glove and the construction of the modern baseball.

Completing the display were photos, uniforms and bubble-gum trading cards.



Baseball fans were able to reminisce over this display of memorabilia in lobby of Chicago City Bank. Featured were artifacts used by former heroes of White Sox and Cubs ball clubs.

Variety's the Thing:

Multifaceted Opening Attracts 10,000 Persons

The multifaceted opening of the Southwest Plaza facility of State Bank of Freeport, Ill., proved to be a popular draw for area residents. In fact, more than 10,000 persons were said to have attended!

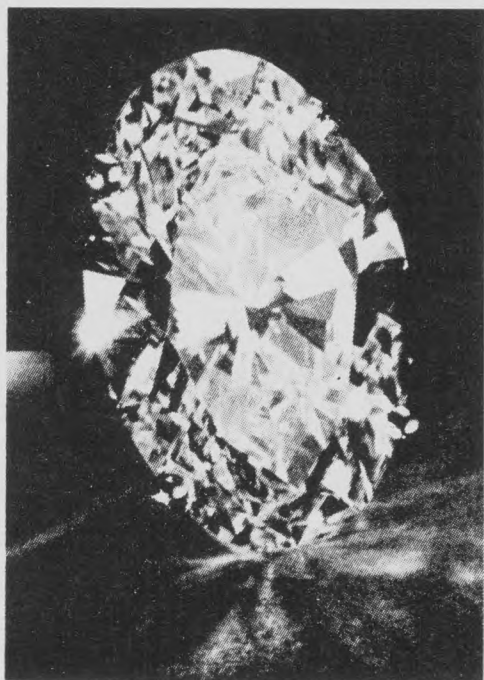
To celebrate the opening, the bank held a series of weekend community events:

- First was a traditional grand



This is montage of newspaper ads featuring "YOU FIRST" ad campaign run by First Midwest Bancorp., St. Joseph, Mo. Using children in print and TV ads proved to be good strategy, according to HC spokesman.

The Diamond program[®]



Mid America Marketing Associates, Inc. has created a new concept in quasi-premium/deposit attraction programs. Using products of great customer value, the outstanding results for your bank are greater deposits (at a lower cost); effective retention of existing customers; larger average deposits and a greater percentage of new customers.

The Diamond Program[®] provides your customers with an extremely high quality diamond of substantial appreciating value.* *The Diamond Program[®]* provides your bank with a truly distinctive offer that is new and unique.

There will be a limited number of banks in the United States offered this program. If you are truly interested in *The Diamond Program[®]* contact *Mid America Marketing Associates, Inc.* Your communication will be dated for first refusal.

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Kansas City, Missouri 64114
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opening with a continental breakfast for the press and local dignitaries, followed by a ribbon-cutting ceremony. After that, 200 geranium plants were distributed free to early comers, and those in attendance could register for the first of four "grocery grab-off sprees," which were arranged in cooperation with the new Eagle's supermarket adjacent to the bank. Demonstrations of the bank's 24-hour ATM were given, with receipt numbers entered in a drawing for a trip to Hawaii.

- Second was a display of antique automobiles on the institution's parking lot. The showing featured a 1938 Lincoln Zephyr convertible, a 1937 Lincoln limousine and a 1948 Triumph convertible once owned by the late Jack Benny. In addition, children in attendance were given rides on the Jaycee's fire truck.

- Boating and fishing were spotlighted on the third weekend with a display of fishing and pleasure boats. A local fishing expert gave tips on catching the "big ones," and children were given balloons and entertained by "Breezie the Clown," president of State Bank's Junior Banker Club.

- The fourth event was a crafts

show wherein local artisans displayed, demonstrated and sold weavings, Malaysian batiks, wood carvings, needlecraft and other items. "Mr. Moustache," a local television personality, drew caricatures of the children and handed out moustache mementos.

- Three days later, a midweek event was held: a band concert under the stars on the bank's parking lot. People listened from cars or sat on chairs provided by State Bank.

- The final event was the appearance of former Chicago Cubs great Ernie Banks, who greeted admirers, chatted about baseball and other subjects and signed autographs.

The facility is located on the southeast corner of Route 26 and South Street and is a contemporary brick structure with 2,600 square feet of space. Its interior has two offices, a tellers area, lobby and waiting area, work room, employee lounge, storage room and a mechanical equipment room. Outside are five drive-up stations, a drive-up night depository and a drive-up ATM. Bank Consultants of America, Rolling Meadows, Ill., and M. E. Knedler & Associates, Denver, served as architects.

100th ATM Customer



Donald W. Steele (l.), a.v.p. and Western Avenue Office mgr., First Bank, South Bend, Ind., presents a portable AM/FM radio to Mr. and Mrs. Anthony Berus. Mr. Berus received the radio as a prize for being the office's 100th customer to make a transaction on its "Anytime Banking Center" ATM. The bank also has slated prizes for the 500th, 1,000th and 5,000th customers to use the Anytime Banking centers at three offices.

What's Funny?

Somberness Is Abandoned In Trust's Ad Campaign

Death and taxes may not be a particularly funny subject, but St. Louis Union Trust has avoided the usual somber attitude toward the subject in its "humorous" ad campaign.

The new tax act offers reform. We offer relief.



The Tax Reform Act of 1976 has made some dramatic changes in estate administration and planning. Under the new law, an executor inherits extensive responsibility. At St. Louis Union Trust Company, we assume the burden of liability that the individual executor would otherwise face. Because we are specialists in trust and estate administration, we are equipped to handle the extensive bookkeeping and financial analysis required of today's executor. We also have sophisticated computers to handle the necessary record keeping. If you would like further information concerning our services, just give us a call at 231-9300. Get to know us. We can help you help your client.

St. Louis Union Trust Company
Trust and Investment Service Exclusively

Using the work of cartoonists whose style is reminiscent of that seen in *New Yorker* magazine, the St. Louis Union Trust print campaign featured typical situations in which trust customers find themselves. Ad copy then offered solutions through the trust company.

Advertisements have been run in newspapers, trade journals and "slick" magazines such as *McCall's*, *Better Homes and Gardens* and *Good Housekeeping*. A radio campaign employing a similar light style also was used.

'Diamonds for Savers' Incentive Promotion Provides Gems in Lieu of Interest on CDs

A NEW type of deposit attraction program was launched last month by Mid America Marketing Associates, Kansas City. It's called "Diamonds for Savers."

The program offers bank customers genuine diamonds with a guaranteed appraisal value in lieu of interest for CDs. Four sizes of the gems are offered, ranging from 1/8 karat, 33 points to 7/8 karat, 86 points. The diamonds are not mounted.

A customer depositing \$1,325 in a 48-month CD qualifies for one of the 1/8 karat, 33 point diamonds. The same diamond can be obtained by depositing \$5,500 for 12 months or \$12,000 for six months.

The 7/8 karat, 86-point gem is available for a deposit of \$6,500 for 48 months, \$9,500 for 36 months or \$30,000 for 12 months.

According to Henry Austin, who runs Mid America Marketing, diamonds appreciate rapidly in value. Along with their exquisite beauty, he says, the actual value of diamonds continues to increase at an accelerated rate.

Mr. Austin, former assistant director of marketing at Commerce Bancshares, Kansas City-based HC, is president of Mid America Marketing. He says banks offering diamonds in lieu of interest can save on expenses because the cost of the gems is less than the normal interest paid on CDs. Also, he says, customers benefit by getting the jewels immediately instead of waiting for the interest to accrue on the CD.

Mr. Austin says the appraised value of a diamond is worth more at the time of deposit than the total amount of interest that would be received over a four-year period. Interest funds at CD maturity would not be sufficient to purchase the diamond at that time, due to its increase in value over the term of the CD.

Mr. Austin says the diamonds are extremely high grade. Each gem is sealed into a packet along with a certificate stating its appraised value. The sealed packet is redeemable for the face value on the certificate. Customers can upgrade their diamonds by exchanging them for more valuable stones by dealing with Mid America Marketing. • •

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St. Louis POS System Has Smooth Start; Deposits Exceed Withdrawals in \$ Total

AN ELECTRONIC funds transfer system based in grocery stores in St. Louis has had few start-up problems, according to Ed True, executive director, RSU Corp., the organization authorized by the Federal Home Loan Bank Board to service the operation, called Money-Matic.

As predicted earlier this year, deposits exceed withdrawals in dollar volume. As of August 31, 24,880 transactions have been made through the system. Of that number, 7,707 have been deposits, amounting to \$2,091,016, and 17,173 have been withdrawals, amounting to \$1,299,496.

Money-Matic consists of point-of-sale (POS) terminals in 42 Schnuck's markets in the St. Louis metropolitan area. Customers of eight S&Ls have access to the system through terminals located in the service center at each store. The units are operated by market personnel.

Inquiries about joining RSU have come from other S&Ls and from banks and credit unions. Banks can't participate at present because the terminals have been judged to be branches, which are not permissible for banks under Missouri law. Mr. True says no firm plans have been made to include additional financial institutions in the program at this time. Initial participants include Bohemian, Community Federal, Economy Federal, Hamiltonian Federal, Lafayette Federal, Northwestern and Public Service S&Ls, all based in St. Louis, and Jefferson S&L, Ballwin, Mo.

Future plans for RSU include installation of additional units in other markets and in retail outlets, but no discussions have been held yet, according to Mr. True.

Schnuck's Markets is promoting Money-Matic in its own advertising. The firm is collecting a designated fee for each transaction as a way of covering its costs. It is expected that the service will attract new grocery customers.

The principal problem observed during start-up of the system has been customers forgetting their personal identification numbers (PIN). In order to complete a transaction, customers must punch their PIN numbers on a pad after a Schnuck's employee has placed initial information in the com-

puter terminal.

The system could have been operative as early as last autumn, but RSU took a go-slow posture to insure that Schnuck's employees were trained and at ease with the terminals before the public participated, Mr. True said.

The system is expected to operate at a loss for at least a year.

Minimum deposit or withdrawal through the system is \$25 and there is no maximum on deposits, which can include checks. The largest deposit so far has been \$25,000. Withdrawals are limited to \$200 per day.

The machines automatically debit or credit the Schnuck's account.

The eight S&Ls participating in the system account for more than 40% of the S&L market in the St. Louis and St. Charles areas. More than 150,000 customers are eligible to use the system 14 hours a day, six days a week.

The RSU switch is said to be the first application of a community-wide financial customer service between several financial institutions and a major food chain in a metropolitan area.

Following announcement of the service in January, RSU put a small number of POS terminals into service early in March, with the balance installed during the following two months.

After two months of operation, RSU reported 4,139 transactions, 2,791 of which were withdrawals totalling \$211,600, and 1,348 were deposits, totalling \$430,700.

All expenses involved with the system are paid by the participating S&Ls. The service is free to customers of the thrifts. Deposits and withdrawals made at the markets are transmitted to the S&Ls involved by direct line. Total transaction time to enter a deposit or check an account balance for a withdrawal is less than six seconds. • •

Increased Accuracy Predicted With Computer Reporting System

ST. LOUIS—Mercantile Trust has initiated a computerized balance reporting system for its corporate customers utilizing the computer and telecommunication capability of National Data Corp., Atlanta.

According to a Mercantile spokesman, the reporting system provides



New computerized balance reporting system of Mercantile Trust, St. Louis, is said to provide corporate customers with basic account balance information on more timely basis with greater accuracy and in more useful formats than in past.

basic account balance information via computer terminals on a more timely basis than has been possible in the past and with greater accuracy and in specialized formats more useful to its corporate customers.

By 8 a.m. each day, the service will provide all detailed balance deposit and disbursement information required for a company's cash management, including continuous and early data for consolidation of daily cash-management positions. In addition, the system can be tailored to meet individual customer requirements for certain types of information. That information can be provided by a variety of means, including TWX, Telex and computer terminals at the customer's facility.

Cash Dispensers and ATMs Subjects of Status Report

PARK RIDGE, N. J.—The fourth in a series of status reports on cash dispensers and automated tellers now is available. The 400-page report is called "Cash Dispensers and Automated Tellers—Statistical Data and Analysis With Selected Case Histories."

The 179 tables in the report, says author Linda Fenner Zimmer, are based on results of a comprehensive 11-page survey conducted during the spring and summer of 1976 and sent to all financial institutions known to have such equipment installed. Interspersed throughout the report are 84 case histories detailing the experiences specific institutions have encountered with their equipment—all drawn from public sources of information.

Copies of the report, priced at \$150 each, may be ordered from: Linda Fenner Zimmer, Payment Services Correspondent, 80 Lawn Street, Park Ridge, NJ 07656.



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Insiders Must Not Benefit Personally From Sale of Credit Life Insurance

EDITOR'S NOTE: Opinions expressed in the following article are those of the author and do not necessarily represent the views of the Comptroller of the Currency.

ON AUGUST 12, 1977, the United States District Court for the Southern District of Texas (Galveston Division) issued its Full and Final Judgment in a suit filed against the Comptroller of the Currency by five national banks in Texas over proper disposition of credit life insurance income. Two weeks later, on August 24, the court issued an opinion that expounded at some length on the conclusion of law set forth in the Full and Final Judgment.

(The banks that filed the suit were First National, La Marque; Texas National, Baytown; First National, Deer Park; First National, Bellaire, and Madison-Southern National, Houston.)

The suit was the banks' response to a letter from the first deputy comptroller, subsequently affirmed by then Comptroller James E. Smith, in which the banks were asked to cease paying credit life insurance income to insiders. The banks were told that, in the Comptroller's opinion, they could legally receive this income, but that, in any event, the directors had a fiduciary obligation to find a means of selling the insurance so that insiders would not incur a personal benefit.

In effect, the Comptroller's Office said that it did not care how the insurance was sold, as long as insiders did not benefit personally. One could also infer from the letter that if no legal way could be found for the bank to



By **FORD BARRETT**
Assistant Chief Counsel
Comptroller of the Currency
Washington, D. C.

make this insurance available, both the bank and its insiders would be prohibited from selling it or earning any profit from it.

The five banks asked the court to declare unlawful the Comptroller's directive. The court held to the contrary, stating that "the action of the Comptroller in demanding that all income, whether in the form of commissions, experience refunds or reimbursements for administrative expenses . . . is and was a lawful demand of the Comptroller, and the Comptroller has the right, and in fact, the obligation to institute cease-and-desist proceedings against the plaintiff banks if the practice of diverting such income to directors, officers or controlling stockholders is not immediately terminated."

The court also held that "any director, officer or controlling stockholder who diverts such income to himself commits a breach of fiduciary duty. . . ." Additionally, the court stated that "the

directors of national banks have a strong and compelling fiduciary duty to ensure that all income or economic benefit of any type arising from [the sale of credit life insurance] accrue[s] solely and entirely to the bank as an institution. If state or federal laws prevent the income . . . from accruing directly to the bank (and this court holds they do not), then the directors have a compelling fiduciary duty to make certain that the economic benefits resulting from the [sale of credit life insurance] redound to the benefit of all stockholders, and not merely directors, officers or principal shareholders."

The court's decision is the controlling law in the Southern District of Texas, which comprises the counties around Galveston, Houston, Laredo, Brownsville, Victoria and Corpus Christi. It is as applicable to state banks as to national banks in that region and undoubtedly will have a spillover effect on other types of financial institutions there. Although not controlling elsewhere, the decision will be regarded as a precedent by other courts and will have persuasive effect. The court's emphatic language should enhance its weight in jurisdictions outside the Southern District of Texas.

In light of this decision, all national and state banks that allow officers and directors to take credit life insurance income for themselves should seek the advice of legal counsel immediately. Since the court's opinion appears to open the way for suits by minority shareholders against directors of such banks, bank counsel should decide whether it is wise to continue the practice. Counsel may well conclude that the practice should cease even before the effective date of the Comptroller's final regulation, which is January 1, 1978.

Other matters counsel will want to note include the court's remark in its Memorandum Opinion that this practice "may well violate" the criminal laws of the United States governing the misapplication of bank funds. Consideration also should be given to disclosure of the practice to shareholders, since the practice itself can be deemed "material" for purposes of the securities laws regardless of the dollar amounts involved. Specifically, it would seem necessary to disclose both the recipients and the amounts each received. It also may be necessary to disclose pertinent parts of the court's decision in *First National Bank of La Marque v. Smith*, particularly if the bank or bank holding company is located in the Southern District of Texas. • •

Credit-Life-Income Ruling Becomes Final

WASHINGTON, D. C.—On September 19, the long-awaited ruling by the Comptroller of the Currency on disposition of credit-life insurance was announced. Comptroller John G. Heimann issued a regulation that, effective January 1, 1978, no national bank can allow proceeds from sales of credit life insurance to go to insiders.

The regulation originally was proposed July 19, 1976, by then Comptroller James E. Smith shortly before he left the post. At that time, he asked that comments on the proposal be sent to his office.

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A Small Bank Can Justify Expense Of Installing Its Own Computer

CAN A \$25-million bank in a rural area install its own computer and justify the expense? Tri-County Bank, Roachdale, Ind., not only has its own IBM System/32 equipment, but has sold the software program it developed for it to other banks that have the same equipment.

Tri-County Bank has sold checking-account programs to a \$33-million bank, a checking- and savings-account program to a \$7-million bank and a savings-account program to two Illinois banks.

The decision to go electronic, according to President David S. "Sam" Hostetter, came after the bank's aging NCR Postronic machines began to wear out. Although they had served the bank well, new ones couldn't be purchased because NCR had stopped manufacturing them, and finding parts for them was becoming increasingly difficult.

"We found we had two choices: We could do the posting ourselves or go off premises," says Mr. Hostetter. "Although it sounded easier to let some other party solve our problems, in the end we opted for our own computer. At that point, we learned some amazing facts about the bewildering speed of changes in computer technology.

"All of us are aware that changes in computers come with lightning speed. There is another amazing thing about computer technology, however—the direction of the changes. In the past, computers have been bigger, faster and very expensive. Now modern computers exist that are smaller, just as fast and much less expensive.

"The relatively low cost was a shock, especially since we had thought at first that we'd never be able to afford our own computer. To us, it seems as if computer manufacturers finally have looked to those of us who are not the largest banks in the country, who do not have unlimited amounts of money to spend on processing checks. For example, the small desk calculator that originally cost about \$250 now can be purchased for a mere \$29.95. The far larger computer that was necessary to process the work of a \$50-\$75-million bank once cost between \$250,000 and \$500,000. The same-sized banks now can buy a computer to do their work

for about \$40,000."

Because Tri-County Bank specializes in personalized service, Mr. Hostetter continues, the bank's management thought it could serve its customers better if it kept the responsibility of doing its own bookkeeping.

"We preferred keeping the confidential information of our customers away from a third-party processing unit," he explains. "The IBM System/32, introduced in January, 1975, appeared to be the answer to all our problems."

"The relatively low cost was a shock, especially since we had thought at first that we'd never be able to afford our own computer. To us, it seems as if computer manufacturers finally have looked to those of us who are not the largest banks in the country . . ."

The bank put its checking accounts on the system on Labor Day weekend in 1976, becoming the first Indiana bank to do so. Four months later, two kinds of savings accounts went on it, followed a month later by payroll accounts and seven months later by CDs. The bank now is putting loans on the system and will follow that with its general ledger.

When it made the decision to computerize, the bank's officers realized it was going to have a two-sided human problem—with its customers and with its employees. As Mr. Hostetter points out, "We know nearly everyone who walks through the front door. We have coffee with them; we see them at ball games. . . . If Bill or Joe or Mary is overdrawn, we call them up and tell them it's OK. If they lose a checkbook, we watch for any checks that might not have been written by them. Therefore, when we announced that we were going to get a computer, many customers were disturbed.

"We'll only be a number to you," they said. Or, 'I had a mistake on a bill for fertilizer once, and it took a year for the computer to correct it.'"

In an effort to combat such ideas, the bank instructed its employees never to use the phrase, "The computer made

a mistake." Also, Mr. Hostetter says that if there is an error, an effort is made to correct it immediately. However, he adds, the bank's old mechanical bookkeeping system was much more likely to make errors than is the computer.

Mr. Hostetter says the personal touch is still there with customers: "We still know the customer. We still go to the ball game with him. We still know his signature and his habits."

The other human aspect of the problem of converting to a computer was the bank's employees, who tended to fear the unknown, to view the word "computer" as awesome. To get around this fear, Tri-County Bank asked its employees who attended computer school to convey to the rest of the staff that the computer simply is a tool to store records, do calculations and print trial balances and reports, and they did so. In addition, they pointed out that since a computer cannot think, it takes people to make it work by putting information into it.

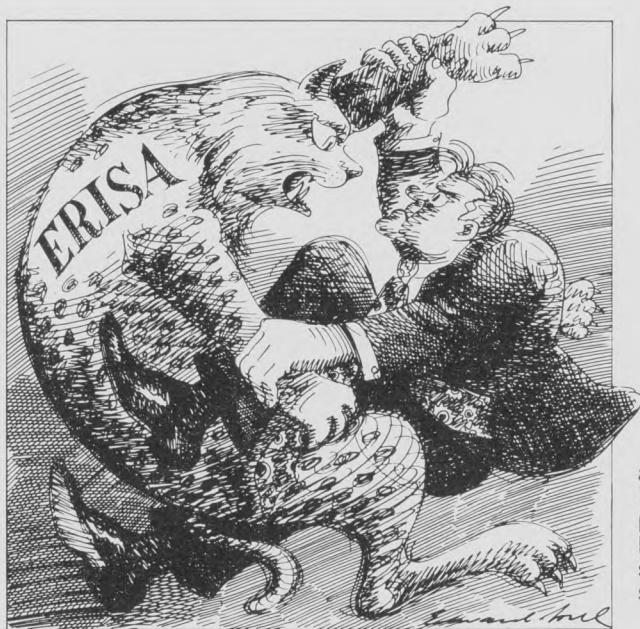
This explanation, plus watching the computer in action, convinced the bank's staff that the new addition posed no threat to them. In fact, says Mr. Hostetter, the employees are fascinated by it and fully accept it now.

Mr. Hostetter points out that he had so much confidence in the IBM System/32 that the bank converted to it "cold turkey." That is, it was not run parallel with the old equipment for a while, as is usual in such cases. Despite this, he continues, there have been few problems connected with the new computer. One person operates the computer until about 6 or 6:30 o'clock each night so that when the other employees arrive the next morning, all checking accounts are posted and up to date. Such a schedule, says Mr. Hostetter, alerted the bank to a \$12,000 check-kiting operation in one case. This, he says, further cements his belief in mini-computers and, incidentally, the software developed by his bank.

Although the bank has not yet begun to make a profit on sales of its software program, Mr. Hostetter is a staunch advocate of mini-computers for banks with less than \$50 million in assets.

He gives three reasons for this belief: 1. They're easy to operate. 2. Their cost is low compared with other types of bookkeeping arrangements. 3. They make it possible for banks to provide more personalized service to customers than they can with other types of equipment. • •

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If you have questions about any facet of the KIS program, please write for the Harris KIS brochure and schedule of fees, or call David A. Sturdy at 312/461-2576. KIS could be exactly what you've been looking for.



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A New Post:

Community Services Rep Announced by Bank

Kari Mills has joined St. Joseph Valley Bank, Elkhart, Ind., as community services representative, a new post.

In announcing the appointment of Mrs. Mills, a bank spokesman said, "St. Joseph Valley Bank intends to provide a complete community service to newcomers in the Elkhart area. We will establish a Newcomer Center in our Main Office and provide the service throughout our branch system to people seeking information about life and living in the Elkhart area."

Mrs. Mills goes to the bank from another bank in St. Joseph County, where she had served as executive secretary.

'Big Spring Plaza':

Pedestrian Park Created By Bank for Residents

One of the latest "people-oriented" features of Bowling Green, Ky., is a new pedestrian park known as Citizens Big Spring Plaza, which was constructed by Citizens National.

Located at the corner of Chestnut Street and Main Avenue, the park features a re-creation of the "big spring" around which Bowling Green was founded in 1796 by George and Robert Moore.

The park consists of two large circular flagstone patios connected by walkways to Chestnut Street and Main Avenue. Cut native limestone was salvaged from the foundation of the house that previously occupied the lot and used as a wall around each of the patios.

Each patio is surrounded by trees—some old and some newly planted—



These are two views of pedestrian park constructed by Citizens Nat'l, Bowling Green, Ky., for use by area residents. On l. John P. Hines (standing), bank pres., greets friends in park, which is called "Citizens Big Spring Plaza." Park is so named because it contains re-creation of spring around which Bowling Green was founded in 1796.

Community Involvement

and lighting is from six vintage street lamps. Seven benches have been placed throughout the park, providing resting places for area residents, employees and shoppers, while local artisans are encouraged by the bank to use the patios for displays and demonstrations.

An Encouragement:

Bank Awards Students For Work in Economics

Clark County State, Jeffersonville, Ind., wanted to encourage the study of our nation's economy, so it initiated an annual essay contest for area high school students. The second annual version of the contest was held this year, and the bank awarded \$1,350 to the winning essayists.

Students were asked to analyze the desirability of profits in our economic system, and all county high school seniors were eligible to enter. The essayists were required to consult references other than encyclopedias or textbooks, so many interviewed local businessmen, while others consulted publications such as the *Harvard Business Review*.

The contest is part of Clark County State's effort to communicate with local students and encourage them to become aware of the problems and potential of local industry, a bank spokesman notes. A statement by one of this year's contestants accurately summarized the event's intent: "There is no alternative to capitalism that promises both wealth and liberty."

Stretching School-Supply Budget



Gerald R. Jarema, pres., Heritage Bank, Country Club Hills, Ill., helps stretch the school-supply budgets of some local children by presenting them with free pencils. Pencils were distributed to all children—or parents with school-age children—who visited the bank.

New Opening:

HC 'Branches Out' —In Memorable Way

The Detroitbank Corp. has entered the realm of outstate bank subsidiaries through the purchase of Kentwood National, which is in a suburb of Grand Rapids. But that "branching" activity was made even more easily remembered by the HC's present to the Kentwood library and school system—a pair of trees to be planted when autumn's cool weather arrives.

The present was symbolized by a 20-foot-tall tree that was presented to the school system and library. When fall arrives and the other trees may be transplanted more easily, the library will receive an Austrian pine outside the window of its children's section, while a Norway maple will be planted near the visitors' entrance of the school system's administration building.

A Salute:

Lobby Programs by Bank Spotlight Library Week

To salute National Library Week, Chicago City Bank's Englewood Shopping Concourse Office has presented a series of lobby programs demonstrating the Chicago Public Library's services and resources.

Through the cooperation of the Chicago Public Library and its Hiram Kelly Branch, programs to interest adults and children were presented. On hand were guest lecturers on nutrition and indoor gardening for the adults, and puppet shows, movies and story hours were available for the youngsters.

The event was free to the public and held during regular banking hours.

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Agricultural News

Ag Bank Officers Spend Day on Farm As 'Prizes' in Annual Drawings

BANKS in rural areas have long been known to encourage their officers to visit farms of customers to give advice and check up on the condition of the premises, but some banks are going to step farther in services to farm customers. They're auctioning off their top offices as "farmer helpers for a day."

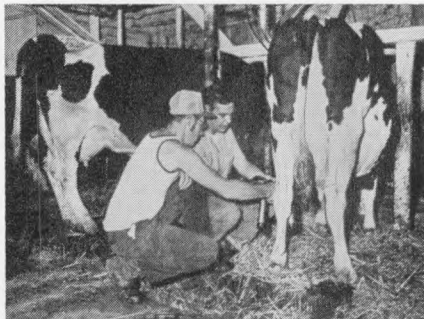
One such bank is Citizens Central, Arcade, N. Y., which recently saw fit to hold a drawing for its customers. First prize was the services of the bank president for a day and runner-up prizes were seven lesser bank officials, all of whom were committed to put in a day's labor on some lucky customer's farm.

To qualify, farmers mailed in coupons from one of the bank's newspaper ads promoting the contest. Winners were selected in a random drawing.

Coupons were also available in the bank lobby. Each coupon (see illustration) featured a photo of bank President R. Carlos Carballada dressed in bib overalls and clutching a pitchfork



Coupon for "farmer-for-a-day" contest featuring bank pres. dressed in bib overalls, clutching pitchfork.



"Farmer-for-a-day" R. Carlos Carballada (2nd from l.), pres., Citizens Central, Arcade, N. Y., helps with dairy farm operation. Mr. Carballada was first prize in drawing involving eight bank officers, each of whom worked one day on the farm of a bank customer.

in one hand. The headline on the coupon read: "Hand for a day. An exclusive, not-so-big-city service from the country bank."

Contest rules required the bankers to work on the farms of winners on July 7 from 6 a.m. to 4 p.m. Breakfast and lunch were provided by the farmers, with dinner optional.

First-prize winner was the owner of a 510-acre dairy farm.

Mr. Carballada was put to work applying medication to cows' udders prior to hooking up milking machines. "I also moved a couple of cows that were more stubborn than I had anticipated," the banker said.

Mr. Carballada completed his morning chores by 9 a.m. After breakfast, he was put to work cleaning stalls. After lunch, he moved furniture and helped spread fertilizer. A squadron of photographers and news media people kept tabs on his activities during the day. Mr. Carballada had never worked on a farm before.

He said the contest wasn't just a promotional gimmick for the bank but a chance for bankers to "get the feel of some of the work that is involved in dairy farming," an industry that accounts for more than a quarter of Citizens Central's business. "A lot of us look at the numbers but very few of us get into the marketplace," he said.

The bank expects to repeat the promotion, perhaps enlarging it to include other types of business customers.

Another bank with a similar promotion is First National, Valley City,

N. D. Its contest is termed "slave for a day." Four of the bank's officers are offered as "prizes" and each works one day on the farm of one of four winners in the contest. The bankers will do any farm-related work.

The contest is fitting for the bank, since its motto is, "Put your bankers to work!" ••

Banks Maintain Leadership In Providing Ag Credit

Banks maintained their national leadership among major lending institutions in providing nonreal estate ag credit last year, according to ABA figures.

Results of the ABA Agricultural Bankers Division's annual farm credit study indicate that banks provided \$23.3 billion in nonreal estate loans—15% more than the previous year and more than half of the \$44.7 billion loaned by all major lenders.

Production credit associations, the next leading nonreal estate farm lender, provided \$12.2 billion, while the Farmers Home Administration lent \$1.9 billion.

Total farm real estate debt as of last January 1 was \$56.1 billion, a 10% increase over debt for the previous year. Of that amount, banks loaned \$6.8 billion—an 8% increase over the previous year.

Total national farm debt for all major lenders reached \$101 billion, a 12% increase over the previous year and a 77% increase over the last five years.

Mid-Century Area Banker Is Cited for Scholarship

CHARLOTTESVILLE, VA.—A Mid-Century area banker has been cited for excellence in scholarship and general attitude by the Graduate School of Consumer Banking, University of Virginia.

James C. Brewer, vice president, United American Bank, Knoxville, Tenn., was presented with the Arthur J. Morris Award, which is presented annually to the student who excels during the three-year course of study.

Winner of the Aubrey V. Kidd Thesis Award for the most outstanding thesis in the school's class of 1977 was Christine C. Friedberg, loan officer, Shawmut Bank of Boston, who wrote "The NOW Account: Friend or Foe of Retail Banking?"

In addition, 97 bank officers received diplomas at this year's commencement exercises, marking the conclusion of the school's 26th session.

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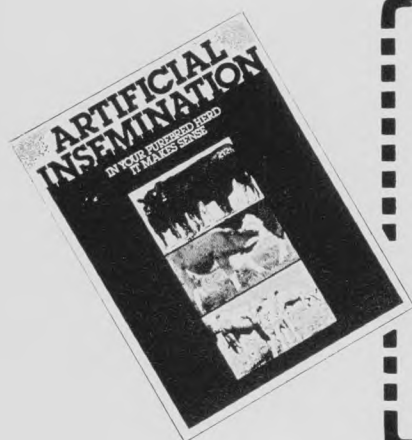
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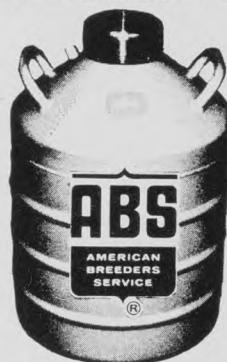


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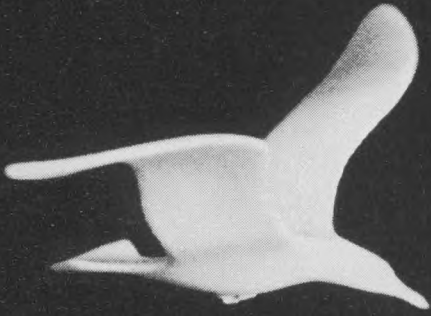
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Lance's 'Unusual' Banking Practices Not Typical of Industry, Says ABA

By ROSEMARY McKELVEY • Editor

IT'S IRONIC that just as the ABA is mounting a \$4.1-million ad campaign to give commercial banks a good image, the so-called "Bert Lance affair" has to surface.

Regardless of the guilt or innocence of the former director of the Office of Management and Budget (OMB), the one-time Georgia banker has put banking in an unfavorable light. Through his admissions that he, his wife and members of his family overdrew their bank accounts many times for several years, he has made it look as though there's a double standard—one for bankers and another, more stringent, one for their customers. Another admission—that he used the same collateral for loans at two different banks—makes it look as though bankers do things they would never allow their borrowing customers to do.

Because of all the publicity generated by Mr. Lance's "unusual" banking practices, the ABA—in the person of President-Elect A. A. Milligan—spoke up in defence of banking.

On September 12, Mr. Milligan, chairman and president, Bank of A. Levy, Oxnard, Calif., devoted a large part of his talk before the ABA's Bank Card Convention in Atlanta to a discussion of Mr. Lance. In the talk, he sharply challenged assertions that business practices attributed to Mr. Lance are typical of the banking industry.

To reinforce his challenge, he announced that a poll of 176 banking leaders, conducted by the ABA at a Chicago meeting September 9, showed that two-thirds of the banks represented have more stringent overdraft policies for bank officers than for customers.

"About half the bankers—83 of 176—said they absolutely do not tolerate any overdrafts by their officers, even though in some cases, customers might receive overdraft courtesies," said Mr. Milligan.

Seventy-one percent of the bankers said they require their officers to report all personal borrowings to their boards of directors to avoid even potential conflicts of interest.

"I see red," continued the ABA officer, "whenever I hear anyone dismiss the allegations about overdrafts and failure to disclose personal borrowings as being 'just typical business practices among bankers.' That simply is not true."

The Californian pointed out that there are 14,000 banks and a quarter-million bank officers in this country.

"I will stack up their ethical practices against those followed by any other industry in the United States any day of the week," he said. "I'll be happy

to live with the results."

Avoiding any judgment of Mr. Lance's activities, Mr. Milligan said, "I don't know whether Bert Lance has done anything wrong, because I don't know what he has done. All I know is what I read in the newspapers and see on television. It isn't my job—nor is it your job as bankers—to determine what may or may not have been done. . . .

"But I do know that this whole affair is casting a pall over the banking industry. I do know that it will give banking a black eye—if it goes unchallenged."

The survey alluded to by Mr. Milligan was taken at a meeting the ABA held to discuss pending federal legislation. Participants were members of the ABA's Governing Council and Government Relations Council, leaders of state bankers associations and other national banking organizations.

The fear that not only is the Lance controversy giving banking a bad name, but that it may lead to stringent banking legislation has a real foundation. Just two days before Mr. Lance was scheduled to testify before the Senate Governmental Affairs Committee, Representative Fernand J. St. Germain (D.R.I.) introduced what he called a "safe-banking bill." It would require fuller disclosure and limit self dealing by financial institution officials.

The St. Germain bill would put tighter restrictions on personal borrowing practices of officers, directors, employers and their families in all financial institutions, not in banks alone. It also would apply to all companies affiliated with such "insiders" and to their political or campaign committees if they should be in politics. In addition, it would prohibit loans to insiders from a bank holding a correspondent balance from the applicant's bank.

In addition, Representative St. Germain's proposal would set up a Financial Institutions Examination Council, which would establish uniform examining procedures for all financial regulatory agencies.

All these issues have come up in the Lance controversy.

Some banking reforms had already been in the works when Mr. Lance's troubles began to surface. However, because of him, they probably will get much more attention than they had previously.

For instance, there's Senate Bill 71—Financial Institutions Supervisory Acts Amendments of 1977—which was introduced last January 10. In his Atlanta talk last month, Mr. Milligan pointed out that, even before this year, the ABA was active in its support of the act.

"This bill," he said, "actually would strengthen

the enforcement powers of regulators. For example, it would limit bank loans for officers and stockholders who have at least 10% of the bank's stock. It would require two-thirds board approval before any loan over \$25,000 can be made to officers, board members or 10% stockholders. And it would require that the terms of these loans be no more favorable than the terms offered other borrowers.

"That isn't all. This bill would give federal regulatory agencies stronger powers to issue cease-and-desist orders and remove officers. Civil penalties would be imposed on violators—both banks and individual bankers—of certain laws, regulations and orders. And interlocking directorships among financial institutions would be limited.

"Bankers have nothing to hide. That is why we are able to come out in support of a bill like this.

"Thus, it is ironic that banking should be singled out for special criticisms over ethical questions. Because no industry has tried harder to keep its own house in order. No industry has worked more willingly with the government to eliminate abuses."

On September 21, President Jimmy Carter announced the resignation of Bert Lance as director of the Office of Management and Budget (OMB) at a late-afternoon press conference.

Mr. Milligan then turned his attention to some legislative proposals being put forward that the ABA believes to be "very bad."

Such proposals would prohibit a bank from lending money to a director—a proposal, he said, that would make it particularly difficult for small banks to get good directors or to make major loans in their local communities. Such proposals would require prior approval before sale of any bank stock in blocks as small as 10% and would put all bank stocks under Fed margin requirements, making it even more difficult to maintain local control of smaller banks, said Mr. Milligan.

However, the ABA official ended his talk on a hopeful note by saying, "I am an optimist. I cannot believe that Congress—once it considers the situation calmly—will pass legislation that will benefit no one, legislation that will only harm our customers.

"Let us hope for—and let us work for—the use of fact, not fiction, reality, not rhetoric, reason, not emotion, as bases for changes in banking law or regulation." • •

Populus of Richmond, Mo., Turns Out To Celebrate Banker's 100th Birthday

THE TOWN of Richmond, Mo., turned out to celebrate the birthday of a local banker. An unusual occurrence? Well, yes and no. The celebration marked the 100th birthday of W. F. Yates, who has served Exchange Bank continuously since 1901!

"His advanced age hasn't slowed him down, either," said one of Mr. Yates' colleagues. "His weekend activities during the celebration began with his being in a parade on Friday evening, which was followed by a sit-down dinner in his honor.

"On Saturday morning, Mr. Yates greeted more than 500 well-wishers at the bank and was the guest at a dinner held that night, with about 125 present. Missouri Secretary of State James C. Kirkpatrick and Thomas Field, president, William Jewell College, Liberty, Mo., were dinner speakers.

"Mr. Yates attended church on Sunday morning, a funeral on Sunday afternoon and spent the rest of the day making his usual visits to his farms. He is still going strong, but the rest of us at the bank are worn out!"

W. F. Yates spent four years at William Jewell College and 18 months with a bank in Kansas City prior to joining Exchange Bank in 1901. He has served in every position at Exchange Bank since that time, including 50 years' service as the institution's president. He presently holds the position of chairman and, according to the ABA, is the oldest active banker in the U. S.

His fellow bankers say Mr. Yates always has made a point of being a progressive banker. An early example of that progressiveness was during the 1920s, when he covered all accounts in another local bank that was about to fail. He had attempted to interest the town's other two banks in combining with Exchange Bank to assist the troubled bank's depositors, but was rebuffed. Exchange Bank covered all checks written on the failing bank and, although Exchange Bank's overdrafts that day totaled nearly \$1 million, the move had preserved the financial integrity of many of the town's businessmen.

"Those overdrafts were the equivalent of loans," says Mr. Yates, "and all of them were paid up eventually. In the process, Exchange Bank acquired many new accounts from the former depositors of the defunct bank, and we became the largest financial institution in Richmond."

Mr. Yates has led his church in financial drives for three building programs, the most recent being a neo-colonial building on West Main that was completed in 1969.

In addition, the centenarian has devoted much time to William Jewell College. A permanent shrine is the school's student union building, which was named for him and dedicated in 1957. In the past 15 years, Mr. Yates has overseen construction of Exchange Bank's new headquarters building and of a facility at Wood Heights. • •

Annual Financial Seminar Planned for November 2 By Nat'l Blvd., Chicago

CHICAGO—National Boulevard Bank has chosen "Perspective '78" as the theme of its first annual financial seminar, which will be held November 2 at the Hyatt Regency on Wacker Drive here.

Speakers will include Congressman Frank Annunzio of Illinois' 11th District, who is on the House Banking and Housing committees and is chairman, Consumer Affairs, Banking Committee; Eliot Janeway, political economist and newspaper columnist; William C. Harris, Illinois commissioner of banks and trust companies; Llewellyn Jenkins, executive vice president, Manufacturers Hanover Trust, New York City; and Eugene Larkin, senior partner in the New York City office of Haskins & Sells.

Mr. Janeway will be the luncheon speaker. Mr. Harris will give his impressions as a new banking commissioner. Mr. Jenkins, as head of his bank's correspondent bank division, will take an overlook at correspondent banking and borrowing. Mr. Larkin will describe what can be expected in future bank examinations and other regulatory procedures.

Daniel N. Quigley, executive vice president of the bank, will look ahead in the EFTS field. He is chairman, Electronic Funds-Illinois, a statewide organization of some 700 banks.

Chicago Mayor Michael Bilandic will give a special welcome, and Henry K. Gardner, president of the bank, will set the stage for the day's activities.

According to Vice President George Dearborn, head of NBB's correspondent banking department, about 200 banks will be represented at the seminar.

Bank's Remodeling Project Becomes Cleanup Program When Flood Hits Its Town

WHEN First State, Pineville, Ky., completed a rebuilding project in August, its staff didn't celebrate just that milestone; employees also were proud that the bank "lived through" a catastrophic flood in Pineville last April.

The bank's quarters already were being remodeled last spring. In fact, the project was just six weeks away from completion when the Cumberland River, on whose banks Pineville is located, began rising at an alarming rate. At noon April 4, the bank's president, George H. Reese III, decided it would be prudent to start moving some bank machinery and records to a higher location even though the local radio station was predicting that the river would not go over the city's flood wall. Despite this assurance, as soon as each department balanced, Mr. Reese asked its staff to move its machines and records.

Everything that could be moved was taken to a newly installed record vault in the new and uncompleted bookkeeping department on the second floor.

At 4 p.m., Mr. Reese sent most of the bank's personnel home before the flood waters were too high for them to reach their families. Those employees who lived close to the bank, including Mr. Reese, continued to move heavier machines and records.

At 8:30 p.m., the Kentucky Utilities Co. sent word that the continued rainfall probably would send the river over Pineville's flood wall. At that time, those bank employees still left started moving in earnest and began by assigning priorities.

First, they moved the machinery needed to maintain service, including two NCR proof machines. Next priority was the bank records, which are quite voluminous and required a considerable amount of time because of the limited personnel available. Besides Mr. Reese, the "movers" included Clinton C. Taylor, senior vice president; Aubrey Bailey, vice president; Carl T. Miracle, cashier; Baylor Fulton, assistant cashier and security officer, and James R. Gragg, collection manager. Charles Dean, the bank's retired president, and Assistant Vice President Polly Combs helped as much as possible, and towns-

people also went to the bank to lend assistance.

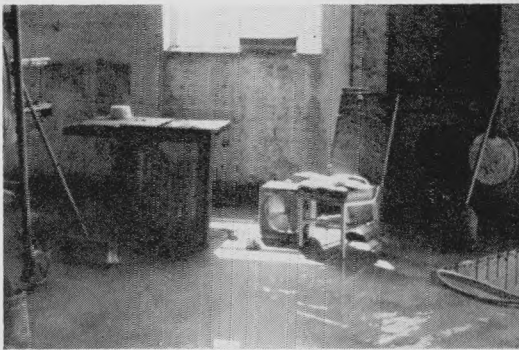
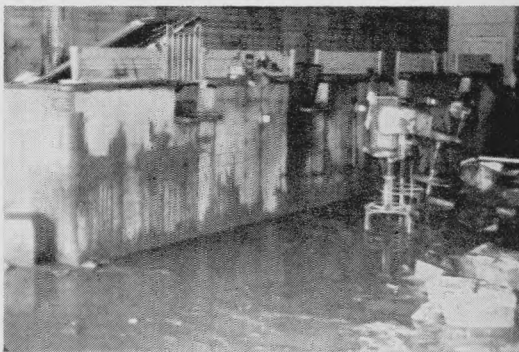
The third priority was to move notes and collateral because the vaults containing them had to be opened, and the fourth priority was to move the money. The latter had to be taken from the money chests in the vault at the annex next door to the main bank, as well as from the main vault and from the Harlan Road Branch. Securities and money were moved to the storage vault in the upstairs bookkeeping department.

At this point, bank personnel armed themselves because they had \$377,025.57 in cash and all the bank's collateral and notes, both installment and commercial, in the storage vaults.

Mr. Reese and his co-workers also moved as much furniture as they could to scaffolding, which was in the bank because of the remodeling project.

The flood waters went over the flood wall at 12:30 a.m. April 5, and state police evacuated the town. However, because Messers. Reese, Miracle and Fulton were bank personnel, they were allowed to remain in the bank building to protect the money and collateral. They were forced to retreat upstairs from their salvaging operations at 1:30 a.m., when the water rose to their waists. Mr. Reese points out that most of the moving had to be done by flashlight.

The three men remained on guard at the bank from April 4 to April 6, when the water began to recede. During the flood, they could hear crashing within the bank building and all over town as flood waters swept away storefronts, counters and furniture. Many explosions were heard throughout the night as the water reached power lines on poles. The water continued to rise until 5:30 a.m. April 5 and completely covered the first floor and sealed off the three



TOP: Here's what tellers area at First State, Pineville, Ky., looked like before flood last April.

2ND FROM TOP: Here's tellers area after flood.

3RD FROM TOP: This is main banking lobby after flood. Night depository is at right.

BOTTOM: Bank's bookkeeping department was sea of mud and debris after flood waters receded.

bankers. An escape hatch in the roof allowed them to climb up on the roof, which is three stories high. Fortunately, the roofers who had been working up there had left a rope, and it was used later to get down.

The bank's Harlan Road Branch is on high ground and so was not flooded. By April 6, this branch was in full operation and was serving customers. Mr. Fulton was placed in charge there and supplied the branch with money by climbing down the rope from the main bank's roof to a rowboat, which took him to dry land. Then he walked 1½ miles to the branch. Items for the bank's records were returned the same way. Later, state police and the National Guard gave minimal help in transporting money. The bank's other officers remained in the flooded building, eating and sleeping upstairs and guarding and cleaning up as best they could.

On April 6, Mr. Bailey started re-assembling one of the proof machines and enough hardware to start processing checks and deposits and to balance the books. A temporary bookkeeping department was set up in the basement of his home, which is on high ground. By working around the clock, employees had this department functioning by April 11. The first day the work was processed, 985 customers were overdrawn.

Only half the bank's personnel were available for cleanup operations and bank work because the homes of the other half, as well as those of two officers, Polly Combs and Freda Parsons, had been completely destroyed or severely damaged. The bank's bookkeeping supervisor reached her home only to find that it had been swept away.

Pineville's grocery stores and service stations were destroyed, and its post office was under water. Drinking water was contaminated and unusable.

When flood waters receded, Mr. Reese found that the furniture that had been placed on scaffolding had floated away and been destroyed, thus causing a nearly 100% loss on furniture. New safe deposit boxes, which cost \$17,000 and had been received on the day of the flood, were damaged by it. The old boxes were completely under water and had to be replaced. Total safe deposit loss was estimated by Mr. Reese at \$40,000.

According to Mr. Reese, there is no insurance coverage on safe deposit boxes because the flood was "an act of God," and, thus in this case, insurance didn't apply. Water, under pressure, entered the keyhole slots in the boxes, and so all their contents were wet. Those contents that were taken out promptly and dried slowly were saved,



Main Office of First State, Pineville, Ky., was being remodeled before flood hit last April.



This is exterior of bank building after flood was over.

but those customers who didn't go to the bank immediately lost what they had had in their boxes because the paper became pulp.

Mr. Reese adds that the bank has had no claims for lost items from the boxes and is not liable for the losses because the bank wasn't negligent in any way, and, as noted above, the flood was "an act of God." Bank personnel have been busy helping customers obtain duplicate insurance policies, bonds and stock certificates that were lost. However, deeds are a problem because the courthouse also was under water.

All bank forms were destroyed, a loss estimated at \$40,000. First National, Louisville, and banks in neighboring towns supplied First State with their forms so that the bank could continue in operation until its own new forms could be printed.

The flood put the bank's furnaces 20 feet under water and also reached the switching gear and telephone equipment in the basement. Duct work under the floor and in the walls was gone; the dry wall had to be removed and insulation taken out; lighting fixtures that were in cartons in the lobby were damaged; all finishing wood had to be taken down and sanded, and cans of paint left by painters in the lobby were forced open by flood waters and washed over everything.

As the waters went down, Mr. Reese immediately contacted Diebold, Inc., Canton, O., and asked the firm to duplicate the security equipment and

alarms lost in the flood. Because of the emergency situation, Diebold switched from its regular production schedule to manufacture the needed equipment, which then was installed by the firm's personnel from Canton and Lexington, Ky.

In the meantime, the bank's officers were armed and took turns at standing guard along with off-duty policemen.

Mr. Reese devoted the bank's operating personnel to the single job of restoring service to the Pine Street Annex. Because they worked around the clock, the bank was the first and only business in downtown Pineville to open Monday, April 11. Because the town had received a staggering blow, Mr. Reese thought it was critical to open the annex and thus restore confidence in the community even though the bank was only cashing checks and accepting deposits at that point.

Two trailers were obtained, set up April 13 on the parking lot behind the bank and supplied with electricity on an emergency basis. On April 18, the bank opened for business in the trailers, one of which was used for bookkeeping and the other for loans. Because the banking business is deemed essential, the telephone company supplied limited phone service.

Although Mr. Reese had the maximum amount of flood insurance he could obtain, \$105,000, he estimated that flood damage to his bank was \$350,000. He intends to recover the loss as much as possible through an income-tax refund based on the bank's casualty loss.

To ease the rebuilding program, Mr. Reese sought and obtained permission from the state banking commissioner to exceed the 40% rule of physical plant to capital. He explains that the bank is in an exceptionally strong capital position and can sustain this loss.

"Our earnings are good," he continues, "and, given time and patience, we will recover—as will our town. I expect to have many notes classified and some notes written off because of the virtual destruction of Pineville. This, too, we can stand because the majority of our notes are well collateralized and because mountain people pay their debts. Our town needs our bank more than ever now. Our delinquencies will increase dramatically, but, given time, they will be reduced to normal levels as people sort out their lives." • •

have a young lady approach my desk and introduce herself as the first-prize winner. She was very proud to be the recipient of a one-year membership to the National Wildlife Ranger Rick program," he said.

Another of Mr. Lichtenstein's series of bank ads features local historical articles. This series has been used by three St. Louis area banks: American National, Brentwood and City Bank. The ads are tailored by Mr. Lichtenstein for the trade area of each sponsoring institution and include anecdotes, sketches and maps associated with historical events in the community. Much of the material has never been published, Mr. Lichtenstein, a history buff, said.

One of the ads for Brentwood Bank featured an article entitled "How Brentwood Grew Up on the Streetcar," that told how the community of Brentwood was developed. Another brief article described the oldest land grant in the community. The puzzle portion of the ad featured a sketch of a portion of a building in Brentwood and readers were requested to identify it and send their entry in to compete for a \$5 first prize. Readers also were asked to send in stories and pictures about Brentwood's history. Those that were used in future ads earned \$5 for the donor.

P. C. Baerveldt, president, Brentwood Bank, said the series generated "a good deal of public interest" for his bank. "We feel this program was effective in our community relationships, and we may renew or expand it in the future," he said.

Mr. Lichtenstein believes that residents of an area naturally are interested in that area's history. Thus, he contends, his ads appeal to readers by meeting a market need—their interest in history.

The historical series is designed to be published weekly in suburban newspapers, but some banks use metropolitan dailies for their ads. Suburban newspapers are a natural place for readers to look for local historical information, Mr. Lichtenstein says.

He adds that ads offering historical or wildlife information are more appealing than ads that discuss a bank service. More people, he says, will read an ad that appeals to a broad range of interests than one that deals with a bank service. However, he is careful to include space in each ad for the promotion of a bank service.

Norman J. Tice, president, City Bank, St. Louis, said he has been pleased with the advertising Mr. Lichtenstein has produced for the bank. "These ads have created a great deal of interest and good readership for the bank and have been an excellent public relations tool," he said.

"We have been able to ascertain that there is a very high level of readership," he said. "We use an enlargement of the ad in our lobby so that our lobby traffic is exposed to the historical section of the ad."

American National, St. Louis, also runs historical ads and displays posters of the ads in its lobby. According to Robert J. Gaddy, president, comment has been favorable. "We believe this approach has been beneficial to us in identifying our bank with the community," he said.

St. Johns Bank made use of the historical series when it observed its 50th anniversary recently. Mr. Lichtenstein created a special series on the history of St. John as a community and of the bank as an institution that played an important role in the growth of the community.

Mr. Lichtenstein is so sure of the drawing power of his ads that he offers to refund the cost of his service to the bank if an ad does not pull reader response. He says he's never had to make good on his offer. • •

FDIC Releases Problem-Bank Data; LeMaistre Predicts Continued Decline

THE FDIC'S recently released mid-year problem-bank data peg the number of institutions listed at 368 as of June 30, 1977, one more than a year earlier. "However," says Chairman George A. LeMaistre, "we expect some continued moderate decline in the number over the coming months."

The FDIC chairman points out that the number of problem banks in the U. S. reached a peak of 385 in November, 1976, and 379 in December of that year, adding that there have been only four failures of insured banks to date in 1977. At this time last year, he says, that number was 10, while eight banks failed in the first half of 1975.

The FDIC's division of bank supervision segregates its problem banks into three categories:

- **Serious Problem-Potential Payoff:** An advanced serious problem situation with an estimated 50% chance or more of requiring financial assistance from the FDIC in the near future.

- **Serious Problem:** A situation that threatens ultimately to involve the FDIC in a financial outlay unless drastic changes occur.

- **Other Problem:** A situation wherein a bank contains significant weakness, but where the FDIC is less vulnerable. Such banks require more than ordinary concern and aggressive supervision.

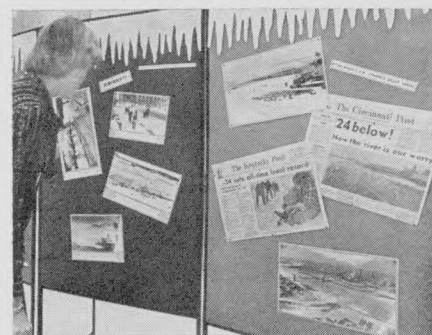
During first-half 1977, 91 banks were added to the list; 102 were removed (three by failure). The net decrease of 11 results from decreases of 15 in the "Other Problem" grouping, six in the "Serious Problem-Potential Payoff" category and an increase of 10 in the remaining group. Of the 368 listed banks, 292 were of the under-\$50-million size; 34 were between \$50- and \$100-million; seven were between \$500 million and \$1 billion, and eight

were banks with deposits of \$1 billion or more.

The number of banks in the two more serious categories has risen since the beginning of the year: 119 at the end of June compared with 115 last January. Ninety-two of the 119 were banks with deposits of less than \$50 million; 10 of the institutions had deposits of between \$50- and \$100-million, 13 between \$100- and \$500-million, three between \$500 million and \$1 billion, while only one had deposits of \$1 billion or more. No banks with deposits of more than \$350 million were listed in the most serious category, and 12 of the "Serious Problem-Potential Payoff" group had deposits of less than \$25 million. Three of that category's listed institutions had deposits of between \$25- and \$50-million.

The FDIC notes that only 2.5% of all insured banks are on the problem list and that its experience has been that about 75% of the banks listed on a given date will no longer be considered in problem status two years later, due to corrections of deficiencies. • •

Cold Day in July at Central Trust



Heat-weary customer of Central Trust, Cincinnati, examines display of newspapers and photos graphically describing record cold and snow of last winter. More than 100 snow scenes were provided by two local newspapers. Maybe the July heat wasn't so bad after all!



Cheryl Cross. Marketing Officer.

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An expert, like Cheryl.

MID-CONTINENT BANKER for October, 1977

 **Fourth
National Bank**
Tulsa, Oklahoma. Member F.D.I.C.

Solar Units Used to Heat, Cool Premises

Side Benefit: No More Snow Plowing!

SOLAR ENERGY-equipped banks are sprouting throughout the United States, according to LeFebure, manufacturer of equipment for financial institutions, located in Cedar Rapids, Ia.

When an acute shortage of natural gas in New Mexico coincided with plans for a new facility, United Southwest National, Santa Fe, became what is thought to be the first bank in the nation to rely on solar energy for its basic heating and cooling needs.

The bank's new facility features 38 solar panels on its roof, set in a sawtooth configuration to expose the entire face of each panel to the sun.

The panels collect heat and transfer it to an antifreeze circulating solution. A heat exchanger then transfers the heat to water that is stored in a large concrete tank under the bank's vault. Water is pumped from the tank to five different heating coils, which concen-

trate the heat. Then a blower system forces air across the coils and into various parts of the bank. Each coil is individually controlled by a thermostat.

A gas backup unit supplements the system whenever a period of cloudiness extends beyond two or three days.

The duct system is used to carry refrigerated air in the summer months.

To go along with the solar heating system, the 7,600-square-foot bank building has double insulated glass windows and extra insulation in walls, ceiling and roof.

"They say you build a bank only once, so we wanted to go all the way," said Jose Gonzales, bank president.

Other features of the pueblo-style bank include an atrium with a fountain, a space-saving zig-zag teller counter with six stations and a LeFebure drive-up area with two active lanes and two more "stubby" for future use.

Although solar energy use is generally thought of in conjunction with the "sun belt" states, Erie Savings Bank, Buffalo, N. Y., has been testing a pilot system in its Cheektowaga Branch for two years. The first commercial structure in western New York state to undertake such a project, the bank has been closely monitored by engineers, architects and businesses.

The system includes 18 solar collector panels, comprising about 300 square feet, that heat up a glycol-water solution that in turn warms the air in the bank. Because of its relatively small size, the solar system is used to assist the conventional heating system. However, plans call for 700 additional square feet of solar panels as soon as a practical chiller is developed and testing completed.

Once the system is expanded, it will assume the primary role of heating and air conditioning, except during long periods of cloudy weather.

"The bank is pleased with the results so far," commented Branch Manager Richard Wachowiak. "With the help of this present solar system, we have experienced notable savings in conventional fuel consumption."

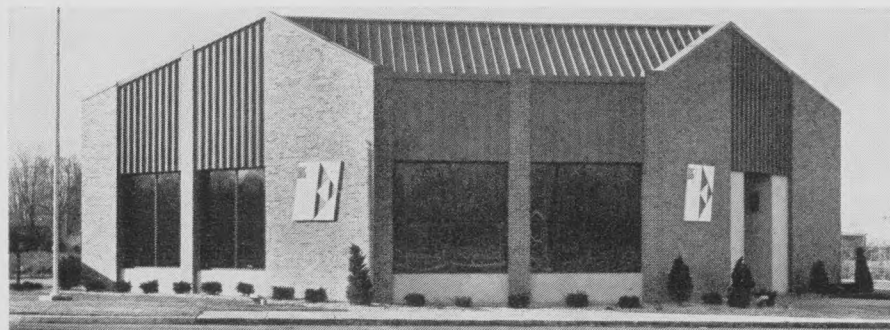
Although the greatest benefits of solar heating are experienced in the spring and fall months, the system provides a major side benefit in winter months—snow melting. This is achieved by circulating the solar-heated solution beneath the drive-up area.

The new building housing Raccoon Valley State, Adel, Ia., looks somewhat like a greenhouse at first glance. But it's much more than that—it's the first commercial solar-heated and cooled building in the state, according to LeFebure.

In the winter months, the bank is warmed by solar-heated water. In the summer, this heated water operates a type of air conditioner known as an absorption chiller. The unit works like the gas refrigerators used in some homes and campers. Chilled water circulates through coils similar to those in an auto's radiator. When the hot, moist air drawn from the bank passes over the coils, it is dried and cooled. Then it is circulated through the bank by fans. It has been estimated that the system will pay for itself in less than



Rooftop solar panels can be seen best from rear of new facility of United Southwest Nat'l, Santa Fe, N. M. This is said to be first facility in nation to rely on solar energy for basic heating, cooling needs.

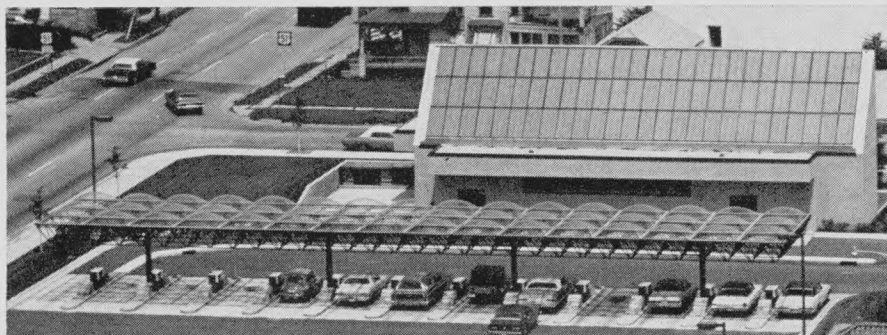


Solar panels blend in with building design at Cheektowaga Branch of Erie Savings, Buffalo, N. Y. Bank also uses system to melt snow from drive-in lanes in winter.

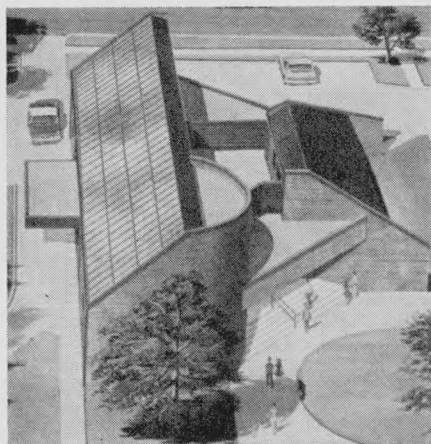
WHERE MONEY MEETS can be in the solid surroundings of tradition or in an atmosphere of contemporary flair, but the feeling must be the same, the feeling that things of great importance take place there. We know the feeling at Arrow Business Services. Our Design Department can give it to you in your meeting rooms, your lobbies, throughout your facility. They and you can choose from 16,000 square feet of custom showroom and 25,000 square feet of active inventory right behind it. Furniture. Decor pieces and accessories. People and paper flow systems. Even supplies. Arrow also knows that even where money meets the surroundings shouldn't cost too much money. We have a feeling we can meet your needs. Call us.

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Motor bank facility of First Nat'l, Rockford, Ill., uses roof-mounted solar panels to generate more than 40% of its heating needs. Facility features 12-lane drive-in with unique canopy constructed of 48 domed plastic skylights.



First commercial solar-heated and cooled building in Iowa is new building of Raccoon Valley State, Adel. Contemporary building has collectors mounted on roof.

15 years.

The recently opened motor bank of First National, Rockford, Ill., features 12 lanes with LeFebure Tel-Air 9 kiosks for personal drive-up transactions, and two lanes for commercial customers.

The adjacent facility building gets more than 40% of its heat from a solar system consisting of 78 modular panels.

Using a dry-heat system, hot air from the solar panels is drawn into the 6,500-square-foot bank building. If the hot air is not needed, it is sent to the basement where it heats some 32 tons of pebbles. On cloudy days, heat stored in the rocks can be sent into the bank. A backup heat pump plus resistance coils provides additional heat when needed. The heat pump also reverses to provide cooling during hot spells when the solar collector's extra heat is vented outside.

Manager Wendell C. Craft admits that, even with reduced fuel bills, a long time will be needed to pay for this solar system. But the bank's decision to go solar was not primarily an economic one. Officials felt their solar experience would be beneficial to scientists and engineers and would also encourage others to install similar systems to further the cause of solar energy experimentation. They also believe that

the bank may be asked to finance such installations for customers in the near future. Having first-hand experience will pay off when that time comes. • •

Energy Conservation Is Major Consideration In Planning Buildings

BANK BUILDERS consider it their responsibility to guide customers so that both esthetic and energy conservation objectives are carefully considered when planning a new project or a remodeling job.

The question of energy has become complicated by the fact that natural gas for heating and air conditioning is not available in some areas of the nation for most new construction, and only in limited amounts for remodeling projects.

This has prompted many customers to ask about solar heating. They want to know, first, if it's available, and, second, if its economical. Solar heating is available, but it is not yet economical, builders say (see story on page 32).

Electric heat pumps have been found to be practical and reliable by builders. Most utility firms will project the savings and the time necessary to recapture the capital investment with this type of heating/air conditioning system.

Builders are reducing the amount of glass areas and building overhangs to assure energy conservation. They are also using more insulation in buildings, recommending the use of heat-absorbing glass, vestibules, insulated floors, zone heating and air conditioning and reducing ceiling heights.

Builders are also double-checking plans to make sure they are not susceptible to involuntary wastage of energy. In addition, they do research on products designed to cut down on heat loss and use them whenever possible. They also attend meetings with specialists in the field of energy conservation to glean new expertise. It is expected that new breakthroughs in such

areas as solar heating will soon be made that will enable builders to make their projects even more energy efficient.

It is generally agreed that energy conservation measures increase the cost of a project about 10% if measures are limited to insulation improvement. It takes about three years to recover such increases.

Of course, solar installation would increase costs to a greater extent, builders say. Solar consideration must be looked at early in a design, since not every site or orientation of a building is suitable. Some firms have added architectural consultants to their staffs who are specialists in solar applications. In most cases, solar is considered to be a supplemental source of energy.

As in every aspect of bank construction, the time spent on advance planning pays off for both builder and client, builders say. Every detail of a plan must be gone over carefully, checked and rechecked, before plans are finalized. As energy-conservation knowledge matures, it will be incorporated into building projects.

Firms contributing information to this article include Diebold, Inc., Canton, O.; Planning Projects, Inc., St. Louis; and Design Plus, Inc., St. Louis.

Energy Conserving Prefabs Available From Diebold

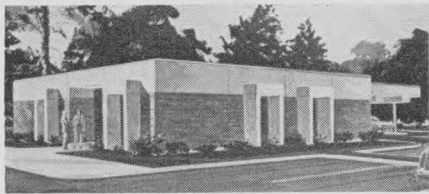
New models of financial buildings that emphasize design and construction features keyed to lower energy usage have been put on the market by Diebold Contract Services, Inc., Clearwater, Fla., a subsidiary of Diebold, Inc., Canton, O.

According to the manufacturer, energy conservation features of the new buildings have been effected without sacrificing the basic advantages of the buildings, such as their functional flexibility and installation speed.

Energy conservation aspects of the buildings include 6" fiberglass batt insulation in all exterior walls, protection of potential air leakage points by seals, sealants and weatherstripping, noncombustible perlite board sandwiched between the steel floor deck and the carpet underlayment and double-glazed windows with bronze-tinted glass for heat absorption.

Roof insulation consists of two layers of 1" thick rigid fiberglass with joints staggered in both directions to minimize the possibility of vapor leakage.

The buildings are designed to be installed in sections, the number of which is determined by the required size of the finished building. Heating and air conditioning controls are installed in each section so temperature can be controlled in individual air con-



ditioning units depending on their usage.

Optional energy-saving features include single door or double door vestibules, "eyebrows" for solar protection at windows and additional ceiling insulation.

The buildings have future expansion capability and are available in as little as 90 days.

Capital-Formation Conference To Be Sponsored November 29 By Continental Bank, Chicago

CHICAGO—Former presidential advisers George W. Ball and Paul W. McCracken will be among key speakers at a major conference on capital formation to be sponsored by Continental Bank November 29 at the Continental Plaza here.

The conference, called "What Will Tomorrow Cost? The Challenges of Capital Formation," will examine the future capital needs of the U. S. and the world and will discuss the uncertainties surrounding the capital-investment issue.

Mr. Ball is a senior partner with the investment banking firm of Lehman Brothers, Inc., New York City. He was Undersecretary of State from 1961 to 1966 and has written two books. Mr. Ball will talk on "Capital Formation in a One-World Economy" at the luncheon.

Mr. McCracken will address a morning session of the conference on "The Nature of the Capital Problem in the Coming Decade." He currently is Edmund Ezra Day University professor of business administration at the University of Michigan. From 1956 to 1959, he was a member of the President's Council on Economic Advisers and returned to the council at the beginning of 1969 to serve as its chairman for three years. He now is chairman, Council of Academic Advisers, American Enterprise Institute for Public Policy Research, Washington, D. C.

Four senior businessmen from Chicago-based corporations will be members of a panel to assess capital considerations in major industries. In addition, two Continental Bank officers—President John H. Perkins and Vice Chairman Donald C. Miller—will speak.

Electronic-Terminal Expansion Into Two Areas Is Announced By First National, Chicago

CHICAGO—First National recently reached two milestones in the EFTS field.

The bank's Visa division completed an agreement with A&P to install shopper-operated terminals in selected Chicago-area A&P stores. A&P customers who already can use their Visa cards to charge groceries and cash checks at customer-service counters soon will be able to verify the transactions themselves at the specially designed terminals.

Using a Visa card with an "OK" service mark, a customer can have checks for grocery purchases verified within seconds without waiting in line at a service counter. Grocery purchases also can be charged to a customer's Visa account. In addition, the terminals can accommodate A&P's "Chek-X-Press" card to authorize cashing of personal checks.

Several of the terminals were installed in a few A&P stores last August. Most of the 102 stores in the six-county metropolitan area will have the terminals by November 1. The machines are being located in free-standing yellow kiosks.

First National's other EFTS milestone was reaching agreement with Tel-A-Data Corp., a subsidiary of Chicago's American National, to make the YES electronic funds transfer program available to Tel-A-Data's network of 70 client financial institutions.

Tel-A-Data, according to a First National spokesman, is the largest data processor for area S&Ls. In effect, the spokesman points out, the agreement gives these S&Ls the opportunity to use First National's YES system.



Julene Brill (r.) shows customer at Chicago-area A&P store how to use terminal to obtain authorization for check or credit purchases. Agreement to install terminals was made between A&P and Visa division of First Nat'l, Chicago. New system enables persons with "Check OK" Visa cards and A&P "Chek-X-Press" cards to receive approval for cashing checks.

The system permits customers of participating S&Ls to access their accounts through computer terminals at retail outlets. Customers may withdraw funds from their accounts, make deposits and cash checks, using a YES card issued by a participating S&L.

Chicago's Uptown Federal S&L has used the YES system for more than a year, according to George J. Butvilas, Tel-A-Data's executive vice president, with customers conducting financial transactions at several local Jewel food stores. The recent announcement represents an expansion of this system to all Tel-A-Data clients.

Credit Card Issuers May Bill On By-Transaction Basis—Fed

WASHINGTON, D. C.—An interpretation by the Fed of Regulation Z, the Truth-in-Lending Law, permits certain credit card issuers to continue sending bills to customers only when a transaction has occurred. The interpretation also requires such issuers to conform only to provisions of Regulation Z that clearly are consistent with their type of billing.

The move by the Fed simplifies procedures for credit card issuers that bill customers in full on a transaction-by-transaction basis and impose no finance charges.

Most credit cards extend open-end credit, credit available with a bank credit card, for instance, and customers are billed regularly for purchases. A debt balance may be left after the customer makes a payment. But certain credit card issuers, automobile rental companies, for example, require payment in full for each transaction, sending bills only when a transaction has been made, and make no finance charges.

Kayser, Klockars Lead Classes At Grad School of Banking

MADISON, WIS.—Bankers from the Mid-Continent area have been chosen as top class officers at the Graduate School of Banking, University of Wisconsin.

Elected president of the class of 1977 was Glen M. Kayser, assistant vice president, First National, St. Louis, while Robert W. Klockars, vice president, Farmers State, Lindsborg, Kan., was chosen to lead the class of 1978.

Named vice president, class of 1977, was Milton M. Olmsted, vice president, First National, Collinsville, Ill. In the 1978 class, R. Steven Robb, vice president, Iola (Kan.) State, was elected vice president, and Margaret M. Howard, Bank of Wolcott, Ind., was elected secretary.

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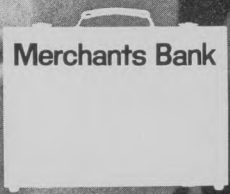
Call us: 800-382-9952 or 317-267-7960 (Mackay) or 7965 (Nelson) or 7966 (Like) or 7964 (McCart) or 7967 (Howarth) or 7963 (Richard).

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Left to Right: Marv Like, Tom McCart, Carl Nelson, Linda Howarth and Jim Mackay. **Not Present:** Mike Richard



Spanish Flavor Is Found In Midwest Bank Facility

WHEN Columbia Union National of Kansas City decided to open a facility in the city's Country Club Plaza section, its officers realized that the building's design could not be ordinary.

The plaza is a mirror of old Spain, with its 14 square blocks of stores topped with tiled roofs, ceramic murals on many exterior walls, courtyards centered around numerous pieces of sculpture and elegantly beautiful fountains. Any new addition should strive to match this majestic beauty.

of the main lobby is a brilliantly painted skylight made of 16 2x2-foot panels of stained glass backlighted to give the effect of sunlight.

To complement the plaza's Spanish decor, it wasn't enough for the bank facility to have a touch of Spain here and there without any continuity or overall theme. The entire facility spells Spain in a blend of beauty that extends from the hand-painted tile on the drive-through lane walls to the statue and water display and on inside to the highly detailed lobby and entire interior space.

"Diane," a larger-than-life bronze by Richard McDermott Miller, revolves every hour within a water display just south of the drive-through windows. The work was purchased by Columbia Union and dedicated by civic leaders and spokesmen for the city's art and cultural communities during the facility's grand-opening festivities.

Another outside attraction, positioned on the north wall of the drive-through-window area, is a colorful ceramic mural, hand painted in Seville, Spain, depicting the fleet of Christopher Columbus.

At the front door of the facility, there's a dramatic mix of colors, light and beauty all working together. The skylight emphasizes the many points of interest in the lobby. Ceramic tiles, also hand painted in Seville, were used for accent throughout the interior, adding authenticity to the Spanish decor. Tiles are located on the soffit of the teller line, along the entrance wall and even on a drinking fountain. Tiles on the front of the teller line are painted to resemble coats of arms from each province in Spain.

Drapery panels are a printed velvet that accents the softer interior colors with bold vivid color. Warm reds, oranges and earth colors give the interior a warm, inviting feeling. Even the wood beams are terra-cotta stained.

A lobby painting features a Granada, Spain, street scene, and all wall hangings are from Southern Mexico and the Yucatan Peninsula.

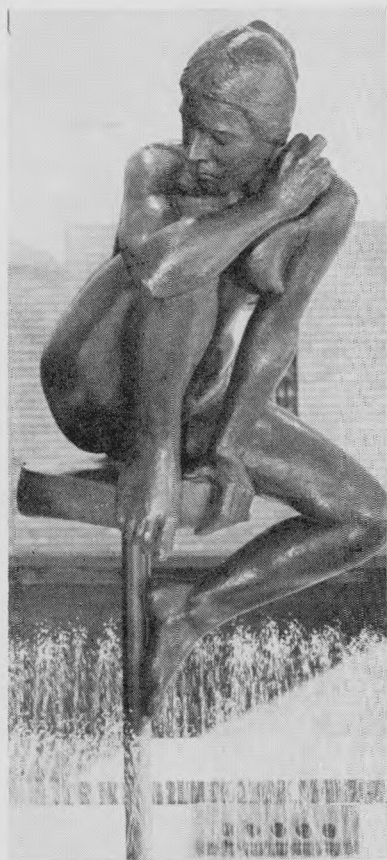
The conference room carries out the Spanish theme in finest detail. It's lighted by stained-glass panels, which provide the same skylight effect as in the main lobby, and features a vaulted ceiling and Spanish tiles. In niches along the walls of the octagonally

The Country Club Plaza area of Kansas City was hit by a catastrophic flash flood September 12. However, fortunately, Columbia Union's facility, described in the accompanying article, was not damaged.

Functionally and operationally, Columbia Union had to totally redesign a structure in a portion of a former Sears, Roebuck parking lot, where a Sears lawn and garden center once had operated. The facility had to be arranged to accommodate this unusual sloping building. Existing large support beams had to be concealed and incorporated into architecturally attractive features. Orientation of the floor plan was rotated 45 degrees in the existing building to accomplish this so that attention could be directed away from the beams. The rotation placed entrances and bank departments in their proper locations for customer convenience.

Optimum conservation of energy was achieved by heavily insulating the ceiling and exterior walls and using a minimum of glass openings. All windows are double glazed with impact-resistant glass.

The exterior and interior were integrated, even to the detail of continuing the brick paving that was used for outside teller lanes and sidewalk area into the lobby. Bold lighting touches begin at the front entrance with huge, ornate wrought-iron lanterns hanging overhead. The lanterns were fabricated in Kansas City from designs by Mayol Linscott, the architect who conceived many of the plaza's interesting features more than 50 years ago. In the center



"Diane," larger-than-life bronze by Richard McDermott Miller, is located within water display just south of facility's drive-through windows. Statue revolves every hour.

Main banking lobby of plaza facility of Columbia Union Nat'l, Kansas City, features beautiful Spanish decor, which also predominates throughout entire structure. Design complements other buildings in city's Country Club Plaza, which is Spanish in style. Stained-glass panels in ceiling of bank facility provide skylight effect. Colorful ceramic tiles may be seen on check-writing desks and on front of tellers counter. Latter tiles are painted to resemble coats of arms from each province in Spain.

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Choose single or dual denomination bill dispensing. Customer information displays, fixed or programmable. Card readers, SWIPE or read/write. Select the level of controller intelligence you require. Magnetic tape, floppy disc, and cassette input/output are available. And an alphanumeric receipt printer is now offered.

Four primary configurations of the Teller-Matic Designer Series 8000—lobby and wall cash dispensers, and lobby and wall ATM's—will be available for delivery in the second quarter of 1978. Additional modules and components, permitting a variety of other configurations and capabilities will be available during the 3rd and 4th quarters of the year.

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For further information about the Teller-Matic Designer Series 8000, write Mosler, Department 17, 1561 Grand Blvd., Hamilton, Ohio 45012.



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*Most modules in the Designer Series may also be retrofitted to the current Teller-Matic 6000 System.

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shaped room are molas, hand-sewn pieces of bright cloth in intricate patterns with details from Spanish wrought-iron gates, circa 1860.

Besides being attractive, the facility is extremely customer minded. Electronic calculators are built into the rich wood customer check desks in the

lobby. Front and rear entrances are barrier free to accommodate customers in wheelchairs. In addition to the drive-through windows and a night depository, a walk-up teller window on the west side of the facility faces out into the covered parking garage. As an added convenience to customers, Co-

lumbia Union adjusted its facility hours to correspond to the late shopping hours of plaza merchants, providing 70 hours weekly.

All operational equipment, excluding security, was provided by LeFebure, Cedar Rapids, Ia. ••

Bulk Filing, Debit Cards, Retail EFT in Supermarket Are Topics of BAI Reports

PARK RIDGE, ILL.—The Bank Administration Institute has released reports titled "Bulk Filing, a Cost-Cutting Opportunity," "Debit Card Operations" and "Consumer Requirements for Retail EFT in the Supermarket."

"Bulk Filing, a Cost-Cutting Opportunity" points out that technological improvements have caused a resurgence of bulk filing as a viable cost-reduction procedure. The report describes a number of check-handling enhancements to the bulk-filing function and their adaptability, regardless of bank size.

Bulk Filing, the report concludes, is the first step in changing check-flow patterns and that techniques for eliminating check-handling functions will provide valuable cost benefits for many years.

The 14-page report was prepared by Robert D. Sorenson, BAI senior systems specialist, and is available for \$4 to members and \$8 to nonmembers.

"Debit Card Operations," prepared by George W. Steffen, principal EDP audit specialist with the BAI, is a case-history bulletin describing how Iowa's Brenton Banks, Inc., established and maintains a full-fledged debit-card operation (deposits, withdrawals, transfers and payments). This 45-page report details the major segments of the HC's system and attributes its success to its operations system and an active marketing program. It's available for \$5 to members and \$10 to nonmembers.

Prepared as the first in a series of reports commissioned by the BAI to objectively assess what consumers require from EFT systems in supermarkets, "Consumer Requirements for Retail EFT in the Supermarket" is 23 pages in length. The BAI is studying why consumers either use or don't use present EFT systems and reasons for both behavior patterns. The series is aimed at defining user requirements without preconceived assumptions about EFT

and will collectively present a set of EFT system requirements that BAI member banks may use in developing or altering EFT product offerings.

"Consumer Requirements for Retail EFT in the Supermarket" was prepared by Willard Bishop, of Willard Bishop Consulting Economists, and George W. Steffen. It's available at \$4 to members and \$8 to nonmembers.

Four From Mid-Continent Area Are Among Recent Appointees At Robert Morris Associates

PHILADELPHIA—Four bankers from the Mid-Continent area have been named chairmen for 1977-78 by Robert Morris Associates. Two are national committee chairmen, while two will chair division councils.

Larry D. Babb, vice president, Lockwood National, Houston, was appointed chairman, Cooperation With NACM and Other Credit Associations Committee, while Richard K. Charlton, vice president, First National, Chicago, will chair the Forms Committee.

Named council chairmen were Jack R. Crigger, executive vice president, American National, Chattanooga—Domestic Lending Division; and Leo H. Garman, senior vice president, First National, Chicago—International Lending Division.

The following also were appointed RMA national committee chairmen: John E. Sumter Jr., vice chairman, American Security Bank, Washington, D. C.—Legislative and Regulatory; Douglas W. Dodge, senior vice president, Mercantile-Safe Deposit & Trust, Baltimore—Loan Management Seminar Board of Regents; Charles T. McGarrough, senior vice president, Northwest Bancorp., Minneapolis—Accounting; Robert B. Frasca, vice president, Chase Manhattan Bank, New York City—Cooperation With Finance and Loan Companies; Joseph B. Tockarszewsky, vice president, Irving Trust, New York City—Real Estate and Construction Lending; James M. Nelson, corporate research officer, First National, Boston—Statement Studies; Jay M. McDon-

ald, vice president, Citizens & Southern National, Atlanta—Development of Bank Loan and Credit Officers; and S. George Scarfo, credit officer, New England Merchants Bank, Boston—Ethics and Exchange of Credit Information.

In addition, T. Lincoln Morison Jr., vice president, First National, Boston, will chair RMA's Credit Division council; Robert A. Young, president, Northwest National, Vancouver, Wash., will head the Policy Division Council; and James F. Nissen, president, National Bank of Commerce, Lincoln, Neb., will oversee the Chapters Division Council.

'How-to-do-it' Approach Estate Planning Book Designed for Paralegals

***Estate Planning and Administration*, by William C. Clay Jr., 300 pgs., \$19.95. R&R Newkirk, publishers, Indianapolis.**

This new book is a discourse for professionals entering post-tax reform planning and administration. It is designed for attorneys, trust officers, accountants, securities brokers and life underwriters and can be useful in training paralegals.

The volume contains an estate planner's analysis of new legal concepts like generation-skipping transfers, carryover basis and cumulative gift and estate taxes, as well as more familiar estate planning tools like powers of appointment, lifetime gifts (including gifts in trust) and marital deductions.

It also offers coverage of the powers of an executor, probating a will, filing the decedent's final and the fiduciary's income tax returns, filing state and federal death tax returns and planning post-mortem for heirs. The human considerations in professional estate work are emphasized.

An appendix contains sample forms, including wills and trusts. A glossary of terms is included for persons learning the post-reform vocabulary of estate planning and administration.

The author has had experience as a corporate executive in banking, communications, manufacturing, land development, mining and oil exploration.

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Striking Designs, Tasteful Interiors Typify Trio of New Buildings

A TRIO of striking bank buildings in the southern portion of the Mid-Continent area illustrates the diversified talents of today's financial institution architects and interior designers.

Two of the projects have been completed, while the third is set for occupancy about a year from now. They are: Terrebonne Bank's new seven-story headquarters building in Houma, La.; Indianola (Miss.) Bank, an affiliate of

By **JIM FABIAN**
Associate Editor

Planters Bank, Ruleville, Miss.; and the Lewisburg branch of Southern Deposit Bank, Russellville, Ky. All are projects of Bank Building Corp., St. Louis.

Terrebonne Bank's new building is the tallest in the downtown portion of Houma and is being constructed adja-

cent to the bank's present quarters at Main and Gabase streets.

The contemporary 100,000 square-foot building features exterior materials of bronze reflective glass in a bronze setting integrated with white masonry panels.

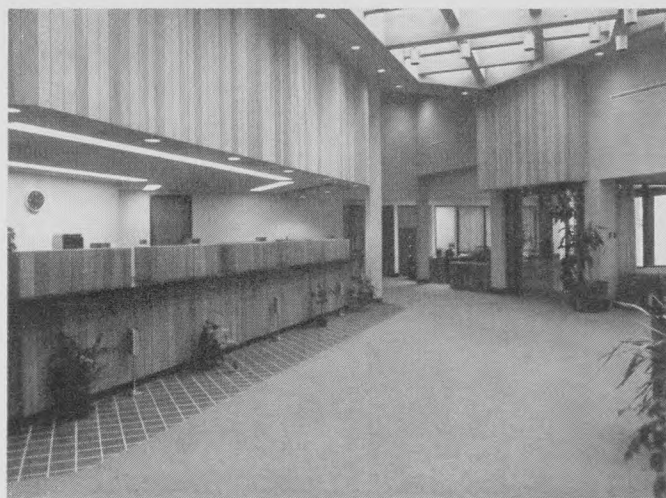
The first and second floors extend into a 6,000-square-foot triangular-shaped customer service area illuminated during the day by four large skylights. Warm, natural, earth-tone colors will predominate the lobby area, which will feature oiled walnut desks and teller fixtures inlaid with honed finish baltic brown granite.

An escalator will transport customers to and from the second floor loan departments which overlook the main lobby. Live trees and green carpeting will

LEFT: Seven-story Main Office of Terrebonne Bank, Houma, La., is nearing completion. Structure features bronze reflective glass in tower and vertical cylindrical window columns. Present home of bank (center of photo) is partially wrapped by new construction. **LOWER LEFT:** Colonial design is featured at Lewisburg branch of Southern Deposit, Russellville, Ky. **BELOW:** Contemporary-styled Main Office of Indianola (Miss.) Bank features octagonal shape and unusual roof lines. Interior of windowless building is illuminated by large skylight.



Interior of Indianola (Miss.) Bank features cedar paneling, large skylight with cross-beams, oatmeal-hued carpeting, live plants. At l. is tellers' fixture; at rear are executive offices.



accentuate the interior decor.

Bank operations will occupy the third floor of the tower, while the fourth through sixth floors will be leased until the bank's growth requires their conversion to bank offices.

Executive and administrative offices will be located on the top floor, where the decor will be traditional. Mahogany paneling, oak floors, oriental rugs and warm rust and gold tones will be utilized.

According to Jerome C. Daigle, vice president, the bank's fourth building is being constructed because of rapid bank growth in the past few years. Conditions in the bank's present 20-year-old building became more crowded than ever after installation of an EDP department last year.

The old bank building is being partially wrapped around by the new structure, Mr. Daigle says. After the bank moves into the new structure in the fourth quarter of 1978, the old building will be leased. Plans call for the possibility of converting the 30-foot-wide concourse between the two buildings into a shopping mall.

Terrebonne Bank's expansion project began with the construction of a drive-in facility and multi-story parking garage that was completed last year on property adjacent to the new building. The drive-up facility features 10 lanes and four walk-up windows. An over-the-street walkway will connect the garage and main office, providing entrance to the tower via the loan department.

The bank was organized in 1910. By 1955, it had outgrown its second home, which was sold to the city of Houma as a city hall. The present building is 20,000 square feet in size.

Of the 100,000 square feet in the new building, 30,000 will be leased.

The most unusual architectural features of the new building are a number of cylindrical window columns

placed vertically around the tower portion, Mr. Daigle says. He added that the banking floor will include a Docutel ATM that will be available to customers around the clock.

The bank has three branches, each of which is equipped with an ATM. The bank's teller terminals were put on-line in July.

Indianola Bank's new building, while a great deal smaller than Terrebonne's, makes up for its size in its unique design. The one-story masonry building is made of warm-tone beige brick with a terra metal roof with standing seams. The roof has several levels and slopes that accentuate a large skylight. Cedar wood, used in the interior, is also featured above the metal cornice line on certain areas of the exterior to accentuate the use of the same material inside and out.

Warm, oatmeal-tone carpeting combined with terra cotta tile in the lobby area coordinates with the cedar tellers' fixture and cedar overhang with drop illuminous lighting. The skylight floods the lobby with sunshine and adds to the rustic, natural decorating scheme.

The building contains 8,000 square feet of space and is located about two blocks from the bank's former headquarters. There was a branch located on the site of the new building, and when the new building was opened, the bank's former Main Office was designated as a branch.

A three-window drive-in facility is adjacent to the new building.

Inside the bank are four working tellers windows, with space for four more windows. A passageway extends around the octagonal, windowless structure. Entrances from the north and west open to the lobby and tellers fixture. To the rear of the building are the bookkeeping department, the boardroom and other operating departments. To the right of the lobby are executive

offices and a conference room. To the left is the loan department.

Indianola Bank is an affiliate of Planters Bank, Ruleville, and is a full-service institution.

Southern Deposit Bank's new building is described as graceful colonial and is located in a heavily wooded area. The facility is a variation of a pre-planned building and is proof that such buildings can be attractive and functional.

The exterior is face brick with a portico and asphalt shingle roof. The one-story building includes 1,815 square feet of operating space.

A safe deposit vault, night depository, two drive-up units and three teller stations are available to serve customers. The traditional interior is decorated in shades of green. There is a large conference room and an employee's lounge.

The building was opened last year as the second branch of Southern Deposit. It's located about 10 miles from the Main Office in Russellville.

Although the population of Lewisburg is only about 1,000, more than 5,000 people attended the branch's grand opening, at which visitors having keys that opened a treasure chest could scoop up all the coins they could hold with both hands.

According to Berks Brown, executive vice president, Southern Deposit's claim to fame is that it was the first bank to be robbed by the notorious bandit Jesse James. The story goes that the bank financed Mr. James' father's college education and apparently the bandit son considered the bank to be generous enough to provide for his needs, too. A large mural of the outlaw hangs in the Main Office in Russellville.

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Bank Solves Lack-of-Space Problem By Expanding Behind Main St. Site

CAN A BANK on Main Street in a small town make good in the world of modern banking and retain the touch that appeals to the home folks?

First National, Fremont, located in a rural area in northeast Indiana, found an imaginative way to retain its traditional Main Street banking image and also add a wide variety of new services through an innovative addition of another building to the rear.

"Rarely has a bank in a smaller community managed so successfully to combine the best features of traditional and modern banking at so little cost," said Jerry Watkins, a former banker and now a Mosler salesman. Mr. Watkins supervised the installation of equipment to provide the new services.

Formerly First National's Main Street office offered typical lobby banking services only. Management recognized the need for expansion and called on Mos-

ler Facilities Planning Department for ideas. The bankers wanted to convert the sales offices, showroom and parking lot of a former auto dealership to the rear of the bank and connect same to the bank's original building.

Permission was secured to close the alley that separated the two buildings and the former showroom and sales office, which was owned by bank management, was transformed into an 11,000 square foot addition that is connected to the bank's original building by a 25-foot-long passageway.

The new building provides a greatly enlarged teller area with an additional enclosed teller station for commercial transactions. For security, Mosler has provided extended photo coverage of the customer transaction area and added a high-line security system with direct connection to the sheriff's office.

A popular feature of the new building is a community room that is available to local organizations for meetings and seminars. The room measures 42 feet by 43 feet and the banking area can be secured easily when meetings are to take place.

The vault area was expanded so there are now five vaults to handle a wide range of security needs including safe deposit boxes, securities storage and an especially large vault for storage of rare and valuable collections, such as china or antiques.

Earl Ford McNaughton, vice president and cashier, supervised the construction project. He was impressed by Mosler's ability to adapt to the customer's wishes on the job.

"For example," he said, "the people at this bank preferred the looks and tradition represented by the old vault doors. Mosler and Jerry Watkins didn't try to sell us on the advantages of a new line of sleek equipment. They adapted their plans for the vault area to include the old doors that we wanted. On the other hand, when we were talking about our ideas for a new commercial teller window in an enclosed area, I recalled a similar installation that I'd seen in California. Jerry wrote

for pictures and we used them as the basis of our architect's design."

The new building offers Mosler Pneu-Vista drive-in facilities for three lanes, including two remote drive-up installations.

The addition permitted the bank to add on-site parking, making the bank independent of the limited curbside parking that inhibits the growth of many Main Street banks in small towns.

The bank had one night depository and is adding a drive-up night depository, as well as a package receiver and two walk-up windows located near the drive-in window.

The new building includes space for a Teller-Matic™ automated teller installation. According to Mr. Watkins, the bank "is wise to include wall space for an ATM at this state of its development. When it considers demand to be suitable, it will be able to install a secure, receipt-giving depository that can readily interface with its main frame."

The building's exterior combines brick and fieldstone from the Fremont area. The interior features vertical oak plank in the teller counters to match the vertical panels on the walls of the former auto agency. • •



TOP: Exterior of addition to First Nat'l, Fremont, Ind., headquarters combines brick and fieldstone from Fremont area. **CENTER:** Interior features vertical oak plank in teller counters to match vertical panels on walls of former auto agency. **BOTTOM:** Building offers Mosler Pneu-Vista drive-in facilities for three lanes, including two remote drive-up installations.

First ATM for La Porte, Ind.



The first ATM in La Porte, Ind., was installed recently by La Porte Bank at its recently opened main office. The unit was displayed in the bank's lobby for two weeks prior to installation to permit customers to become familiar with its capabilities. The ATM is a Mosler Teller-Matic Secure Model 6100 Transaction Terminal with dedicated controller.



ABOVE: Four-story, 32,000-square-foot First Tennessee Bank, Cookeville, was opened last May. Structure overlooks community from hillside. BELOW (top): James M. Wilson, architect and engineer, and Mrs. Beverly A. Anderson, interior decorator, worked together to produce building. They are shown in president's office of bank. (Middle): Board room features 32-foot-long table. Oriental mural at rear conceals projection screen and chalk board. (Bottom): Lobby features patterned carpeting with glazed floor tiles around furniture. Lighting is combination of recessed, cove and decorative chandeliers.

Exterior-Interior Coordination Gives 'Total Design' Appearance To First Tenn. Bank, Cookeville

NO MATTER how striking a new bank building is from an architectural standpoint, if the interior decor isn't equally as attractive, the project falls short of its potential.

One way to achieve total design is to engage firms that work together to coordinate all aspects of a new building project.

The new home of First Tennessee Bank, Cookeville, was handled by James M. Wilson, architect and engineer, Nashville, who worked with his subsidiary firm, Interior World, also in Nashville, so that the total design concept would be carried out from the exterior throughout all interior spaces. Mrs. Beverly Anderson heads up Interior World.

The exterior of the bank's building, which was opened earlier this year, is contemporary with white cast stone, dark solar glass and a colonnade concourse for customer convenience. The four-story, 43,000-square-foot building is located on a hillside overlooking Cookeville.

The \$2.5 million project includes four drive-in lanes, a 24-hour teller installation and a main vault with 2,100 safety deposit boxes. The entire project was designed with future expansion in mind, according to Mrs. Anderson.

Inside, the first floor is contemporary with traditional accents in soft greens and golds with touches of rust. Patterned carpeting in the lobby is accompanied by glazed floor tile areas around the check desks and in front of the tellers cages. Desks are paneled and the upholstery style is cube/over-stuffed.

Building materials are varied in texture and finishes and include Italian perlato marble, oriental grass cloth, pecan and oak woods.

A graphic wall behind the teller area is composed of groupings of large-scale

coins and logos cut from plywood, arranged at random and painted an off-white, giving the effect of chiaroscuro (light and shadow) art style. Paintings by local artists have been incorporated into the decor.

The second floor houses the book-keeping and operations departments, with an employee lounge/dining room and ladies lounge/locker room. Nylon carpeting is glued to the floor for ease in locating desks and machines and chairs are equipped with casters to eliminate chair mats.

Colors vary from soft aqua blues to bright royal blue. The employee lounge is decorated in a sunroom motif with bright yellows, white and greens. Wide expanses of glass in all areas offer natural light. Recessed fluorescent lighting is also provided.

The third floor is for rental space and future expansion.

Executive offices, the board room, a conference and trust library and an executive dining room and kitchen occupy portions of the fourth floor. Breaking from the soft colors on the other floors, this area is more dramatic, due to oriental accents. Colors are rust, gold, peach and green, with the dining room in Williamsburg blue.

Ceilings are of decorative tiles and furnishings are traditional walnut and mahogany finished to coordinate with the paneling, which includes elaborate mouldings.

The board room table is 32 feet long and is boat shaped—eight feet wide in the center and four feet wide on one end. Also included in the board room is projection equipment with a built-in screen, concealed by an oriental mural.

From beginning drawings to the finished building, Mr. Wilson and Mrs. Anderson worked closely with bank management to provide a bank that is attractive internally as well as externally.



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Swedish Heritage Of Bank's Town Seen in Building

Lindsborg, Kan., as one can tell from its name, has a strong Swedish background. Therefore, when the city's bank, Farmers State, decided to erect new quarters, an "old-country Swedish traditional" design was chosen.

The design concepts for the structure were conceived by President Gene L. Larson, Vice President Robert W. Klockars and Tom Pyle, an architect. For several months, the three men held research sessions, during which they studied all available sources of Swedish architecture in the area. These sources included library books, magazines, travel brochures and actual photos taken by Mr. Klockars and other local residents while visiting Sweden.

As a result, the new building is a successful blend of the "old-country" look with modern functional architecture. The exterior incorporates authentic "street-paver" bricks and rough-hewn cedar slabs to give the walls a look of majestic solidarity.

In keeping with the long, elegant roof line so prevalent in country Swedish architecture, the designers carefully scaled the structure to coincide in height with surrounding buildings on Main Street, maintaining architectural harmony with existing businesses.

The roof has a "Scandia design"—smooth red tile, a durable material that now is rare because it has been discontinued by American building material producers.

Highlighting the main entrance are two magnificent hand-carved doors of dark South American rosewood. They were carved by Massachusetts craftsmen and shipped to Lindsborg for in-

Premiums Pay Off

Farmers State, Lindsborg, Kan., is located in wheat country, and this commodity is not having a good year. However, despite the fact that wheat farmers make up a large part of its customer base, the bank obtained \$350,000 in new money in a 30-day premium promotion that followed completion of its new building. President Gene Larson says he is extremely pleased that the program produced such results.

The bank offered 17 premiums, either free or below cost, for new checking and savings accounts and for additions to existing accounts. Various kinds of cutlery, always popular, were among items offered. They were supplied by the Vernon Co., Newton, Ia., and included chef tongs, six-piece steak knife sets and Big Country eight-piece cutlery sets. In addition, the bank gave away a barbecue grill supplied by Vernon.

Other items offered as grand prizes during a week-long open house included a 12-inch black and white portable TV set, a blender set, an AM/FM electronic readout digital clock radio and a Polaroid camera.

stallation. Sculptured Viking-head profiles are inlaid into the center of each door, enhancing the Scandinavian ornamental carvings. Massachusetts carvers now are preparing "Swedish crowns," which may be substituted for the Viking heads in the doors and displayed on special occasions.

Inside, according to Mr. Pyle, the lobby space was made large enough to make customers feel comfortable enough to move in any direction—directly to the tellers windows, to the receptionist or to the fireplace lounge area. The fireplace occupies a prominent place on the south side of the lobby. It's constructed of large "street-paver" bricks and blends in well with

the lobby's traditional Swedish decor.

Arranged around the fireplace are deep-cushioned couches and chairs supported by heavy slab-oak construction, reminiscent of Swedish pioneers' old-style durable designs.

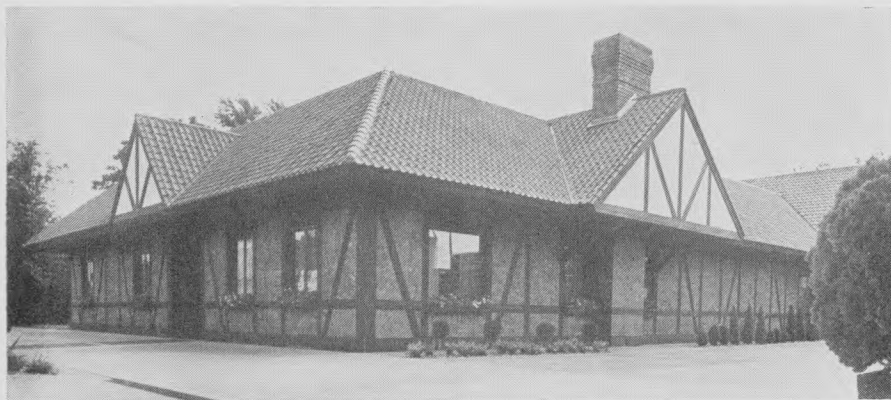
The objective of this area, says Mr. Larson, is to create an atmosphere of the old country store, "where you could just come in anytime as you were walking by and sit down and visit with other folks, whether you had actual business or not. We hope that everyone will feel welcome, especially senior citizens who just might enjoy having a place to stop and relax while they are downtown."

The picture windows are trimmed and given a paned effect with dark stained cedar, in keeping with the traditional motif. Looming over the lobby are great beams of rough-cut cedar, their darkly stained spans and cross-braces extending up to the high-peaked white ceiling. Suspended between the beams are wrought iron-copper-glass chandeliers with amber lighting. The multiple-lamp fixtures are accented with crimson and gold glass panes. Light fixtures over the tellers counters are framed and suspended from the ceiling beams by cedar slabs, providing a transition to the counters' oak construction.

The cultural atmosphere and Swedish heritage of Lindsborg are reflected in artwork on display throughout the bank. Oil paintings and watercolors created by Lindsborg artists adorn the walls of the various office areas and the main lobby. Scandinavian Rya wall tapestries are hung in the bank, too. In Mr. Larson's office are several carved wooden figures, the work of Anton Pearson, Lindsborg carver.

The structure has a two-lane Diebold drive-up system and a Diebold alarm system and an American Sign & Indicator time-and-temperature sign that displays temperatures in Fahrenheit and Celsius readout.

The Swedish theme also was carried out in the week-long grand-opening celebration the bank held after the new building was completed. A special section of the Lindsborg *News-Record* was devoted to the new bank building, and the first page was headlined, "Valkomma till den Stora Invigning!" This was Swedish for "Welcome to the Grand Opening." The Lindsborg Swedish dancers entertained. This group, made up of Lindsborg High School students, has entertained at Expo 67 in Montreal, at the National Folk Dance Festival and twice in Sweden.



New home of Farmers State, Lindsborg, Kan., reflects Swedish heritage of area. Two bank officers and architect spent months searching for ideas to incorporate into building.

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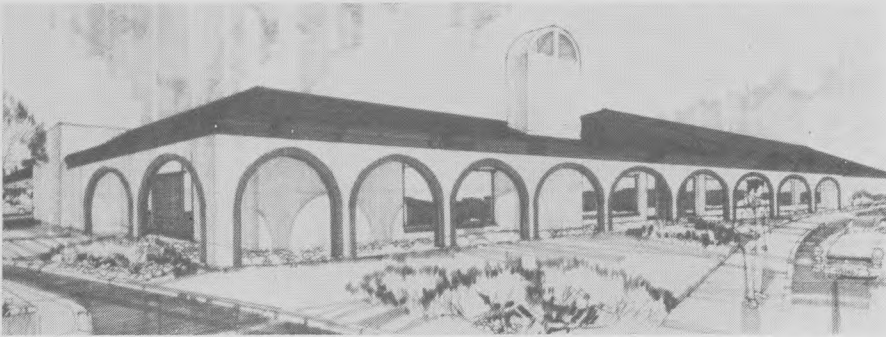


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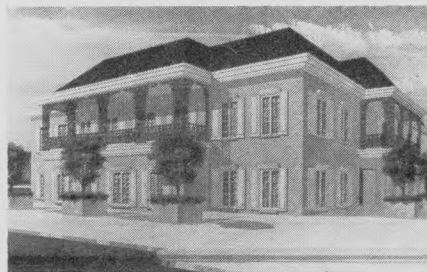
Bank's First Home to Have Mexican Motif



A Mexican motif is planned for the new building of recently organized Industrial National, East Chicago, Ind. Construction has begun on a two-story addition to an existing one-story building on the site. The original building will be remodeled to integrate with the new portion. The bank is located in an area heavily populated by people of Mexican descent. Architects are Mayes, Williams & Partners, Glen Ellyn, Ill.

Reflects Area's Heritage

The new Main Office building planned by St. Landry Bank, Opelousas, La., will have a traditional Spanish-French design, reminiscent of New Orleans' Garden District. The structure will feature French doors and windows with wrought-iron balconies and mansard roof. Entrances will be on the north and south sides, with commercial drive-up windows and two remote drive-up units, along with a night depository, to be located on the west side. Bank Building Corp., St. Louis, will manage the entire project, utilizing local labor, material suppliers and subcontractors wherever possible. Completion is scheduled for September, 1978.



This branch of River City Bank, Sacramento, Calif., is designed to resemble stately mansion of bygone era. Note gazebo in foreground with bank's name and logo prominently displayed.

Mansion From Another Era Is Recalled in Design Of California Bank Branch

When the River City Bank of Sacramento, Calif., decided to open a second branch, it chose a building design that symbolizes a bygone era of paddle-wheel boats and river-front mansions.

The structure has a two-story, pilared veranda around all four sides and a widow's walk. Complementing the building is a gazebo with walls emblazoned with the bank's name and logo, a riverboat.

To reinforce the old-fashioned theme, the drive-up tellers wear dresses reminiscent of the last century. However, the branch's facilities are strictly contemporary. The eight-lane remote banking system, manufactured by Diebold, Inc., Canton, O., requires the services of only four tellers. It's equipped with eight Visual Auto Teller III systems.

The drive-up installation has an approach area that can accommodate 60 cars, and—on a typical banking day—1,800 motorists use the facility.

According to Vice President James Birmingham, branch manager, 60% of its deposit transactions go through the drive-up.



TOP: Branch of River City Bank, Sacramento, Calif., has old-fashioned design, but latest in drive-up equipment, manufactured by Diebold, Inc., Canton, O. There are eight Visual Auto Teller III stalls, with about 1,800 customers using them each day. BOTTOM: Drive-up tellers wear 19th-century dresses to complement theme of branch's design.

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Banks' Modernization Projects Feature Variety of Concepts

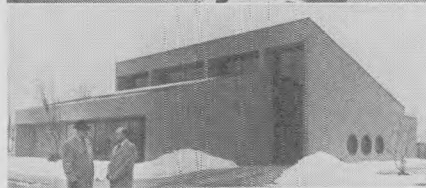
Bank Quarters 'Unique,' Yet Complementary To Their Surroundings

When Detroit Bank-Troy (Mich.) started planning new Main Office quarters and a branch in the Drummer Building, its management wanted them to be unique, yet blend in with their surroundings. That objective was achieved, according to President Roland C. Schroeder.

"Each bank facility," he says, "characteristically exhibits design concepts which allow them to be distinctive and, at the same time, remain harmonious and complementary to the area in which they are located.

"For example, at our Main Office, sloping roofs and diagonal emplacement of cedar-clad siding on the building's exterior walls, offset by circular, bronze-colored windows, provide a striking visual image for the bank while relating well to both the developing residential community and nearby commercial area.

"Our office at the Drummer Building . . . has been designed so that it not



ABOVE: Studio-ceilinged lobby of new Main Office building of Detroit Bank-Troy (Mich.) effectively complements modern check-writing desks and tellers counters. Roland C. Schroeder (first man on right), bank pres., and Robert E. Saylor (l.), v.p., explain various types of savings accounts to Bruce Randall, Birmingham (Mich.) insurance agency partner. **BOTTOM:** Exterior of Main Office building features sloping roofs and diagonal emplacement of cedar-clad siding on walls. Circular windows at right are bronze colored. Rodkey Craighead (l.), pres., Detroit Bank Corp., parent firm of bank, visits with Roland C. Schroeder, bank pres.

only has its own design integrity, but also looks as though it was supposed to be part of the building."

The Main Office's studio-ceilinged lobby has both contemporary lighting and natural illumination as a result of emplacement of glass windows near the top of the building's east elevation. This provides a bright, cheerful atmosphere for bank customers. The 5,000-square-foot structure is fully insulated and electrically heated and cooled, providing efficient utilization of energy.

The building and site meet all handicap, barrier-free codes, and extensive use of landscape materials and other plantings on the outside create the illusion of a mini-park.



Drummer Building Branch of Detroit Bank-Troy (Mich.) was designed so that it not only has its own design integrity, but also looks as though it was supposed to be part of building in which it is located. Lawrence D. Corbett, mgr. (in dark suit), assists facility's first customer, Norman C. Perrin, CPA firm officer.

Open Lobby, Triangular-Shaped Light Are Focal Points of New Bank Bldg.



The new home of First Nat'l, Perry, Okla., features a "leaf-lite" triangular-shaped light form in the lobby ceiling (l.), setting off a specially designed three-station check-writing desk. A custom-designed tellers counter is in the background. At right is a view of the lobby, showing the openness of its design. The brown and black houndstooth-checked carpet provides direction for the eye, leading from the front

entrance to the tellers area and across to the officers' area. The bank has LeFebure drive-up and walk-up windows, under-counter equipment, night depository and alarm components. Bank Systems Co./Roth & Brown Architects, Westwood, Kan., provided a complete design service for the building project.

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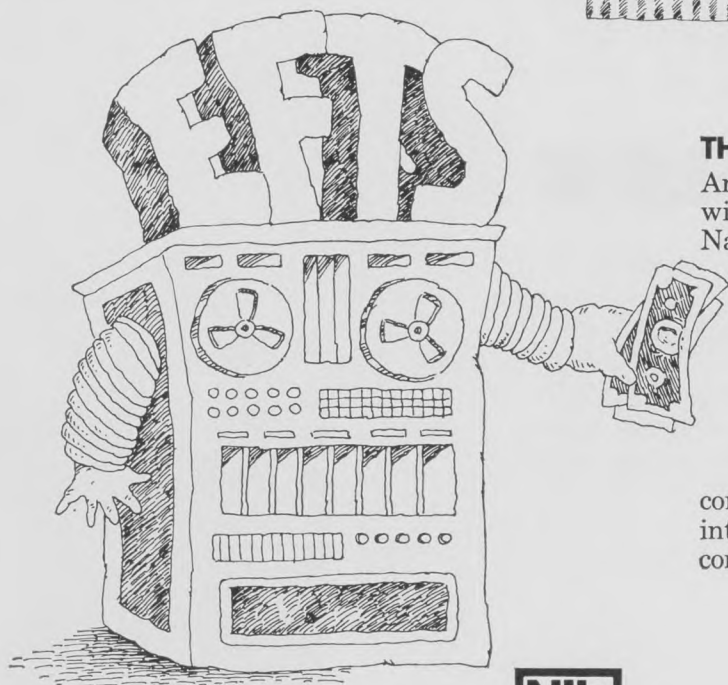


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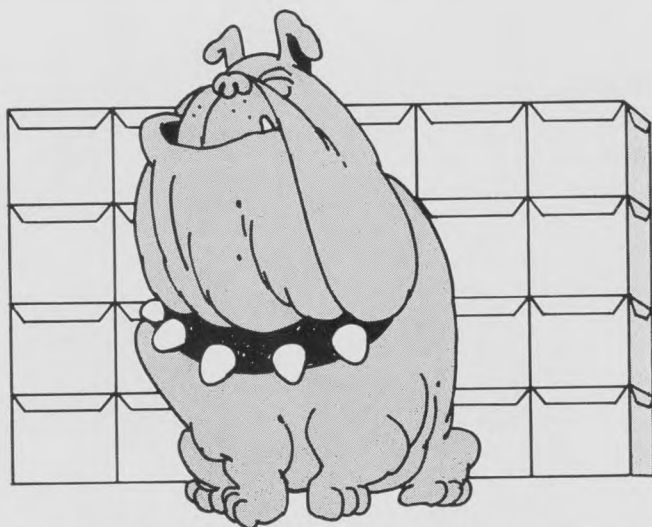
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Space-Age Design Bank Opened



First National, Danville, Ill., opened this space-age drive-up facility across from its headquarters in downtown Danville earlier this year. Circular main structure (r.) measures 44' in diameter, houses vault, four walk-up windows, a drive-up window and remote-unit operations area. Three matching circular remote units each measure 38' in diameter, are built of poured concrete and reinforced steel. Each unit houses three drive-up stations. Facility is located on lot measuring 150' x 150' and was designed by Illinois Bank Building Corp., Chicago. Facility is equipped with Diebold drive-up teller units. Diebold also built tube system connecting facility with main bank.



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Interior Mood of Bank Changes by the Hour

The new West Los Angeles office of Bank of America presented a challenge to Cannell & Chaffin Commercial Interiors, Los Angeles: The building is designed around a triangular core with glass walls, so the structure permits complete penetration of sunlight through the day.

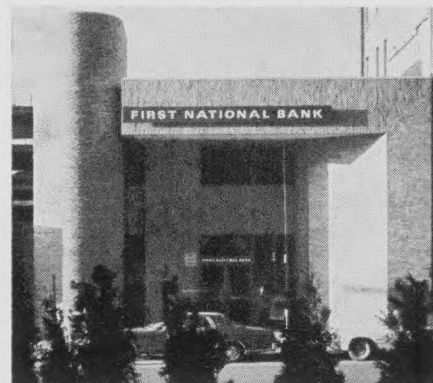
The intensity and color values of sunlight vary with the time of day and by the sun's position in the sky. Besides the aesthetic effect, this is said to exert a great influence on the morale of people working in the building.

To make the best use of the low morning sun, which has a yellowish and low-intensity light, the designers gave carpeting, wall treatment, furniture and accessories warm tints of red, brown and yellow. This gives the eastern offices a cheerful feeling.

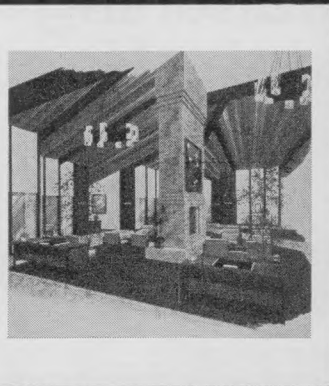
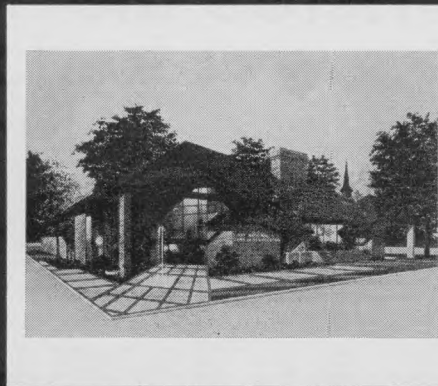
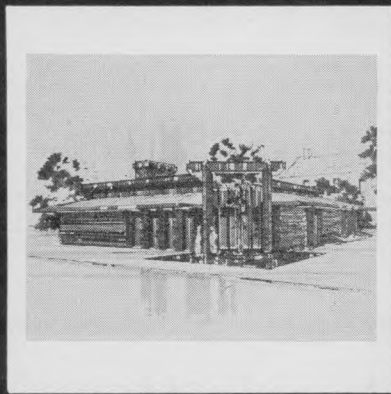
The solar light is relatively whiter in the late morning and early afternoon, and temperatures rise in the south-facing offices. Therefore, darker colors were used on this side—beige carpeting, low-intensity yellows and dark tans.

As the afternoon sun begins to swing to the west and creates a more yellowish tint, its intensity is strongest and heating effect the greatest. To counteract the physical and psychological need for a cooler environment, the designers used cool colors for wall, floor and accessories, emphasizing blues, greens and cool grays.

Masonry Award Winner

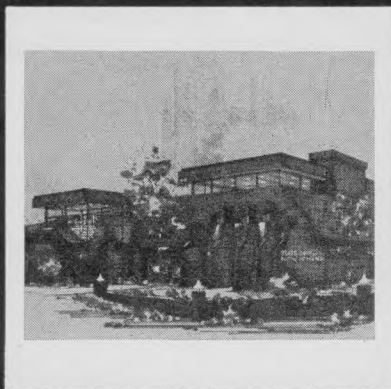


The Riverview Branch of First National, Toledo, O., has been selected as winner of the honor award for excellence in masonry design by the American Institute of Architects, Toledo chapter, and the Masonry Institute of Northwestern Ohio. The building features a 33-foot cylindrical brick stair tower and brick laid in soldier courses above its glass facade (soldier courses bricks are laid vertically). Sand mold brick was used throughout the building.



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Bank's Open House Features Dancing Couple, 'Napoleon' And Touch of England

When Continental Bank, Metairie, La., unveiled its new building, it featured its name at the grand opening by having a dancing couple perform "The Continental" a la Fred Astaire and Ginger Rogers in costumes reminiscent of the 1930s era when the famous couple was starring in motion pictures. Tony Bevinetto wore white tails, and Danni Laurent was in a long white flowing dress trimmed in sequins and feathers.

In addition, a young woman dressed as Eliza Doolittle in "My Fair Lady" was on hand, complete with flower cart and flowers for visitors. Other "personalities" present were the Emperor Napoleon and a "beefeater" (yeoman of the guard of English monarchs). Both, of course, were impersonations. They represented Paris and London since a free trip to these two cities was the grand prize at the open house.

The building was decorated in red, white and blue, and free gifts were distributed. In addition, for several months, Continental Bank is offering lead crystal gifts to all who open new



Danni Laurent and Tony Bevinetto (dancing couple) are flanked at open house at Continental Bank, Metairie, La., by London "beefeater" (l.); Elton A. Arceneaux Jr. (2nd from l.), bank pres.; Joseph W. Bery (2nd from r.), e.v.p.; and "Napoleon." Dancers performed "Continental," number made famous by Fred Astaire and Ginger Rogers in 1930s. "Beefeater" was played by Rick Holland and "Napoleon" by L. J. Richard.

accounts. This offer also is good at the bank's Westbank office in Harvey, La.

The bank's new home has a roof built to accommodate conversion to solar

plates when solar heating becomes feasible. The roof is angled at the correct slope and in the right direction for this area to take maximum advantage of

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solar energy, according to a spokesman for the architectural firm that designed the building.

Extreme energy efficiency also was incorporated into the design. The steeply sloping roof, which has window openings in the north, provides a great deal of interior light while, at the same time, minimizing solar gain during the heat of the day.

The 5,800-square-foot structure is optimally insulated to reduce heating and cooling costs, and another natural resource, wood, is used effectively on the exterior.

Organ Grinder With Monkey Helps Open Bank Facility

When Uptown National, Chicago, started planning the grand opening of its drive-up facility, the bank's management wanted its neighbors to become enthusiastic about it. Thus, according to President Charles T. Goodrich, the bank tried to have a grand opening that as many persons as possible could enjoy.

That was the same reason, he adds, that Bank Consultants of America, Rolling Meadows, Ill., was asked to design the most attractive building possible on the location, which is on a heavily trafficked commuter thoroughfare. The facility is approximately two miles north of the main bank,

which is in the Broadway/Lawrence area of Chicago's north side.

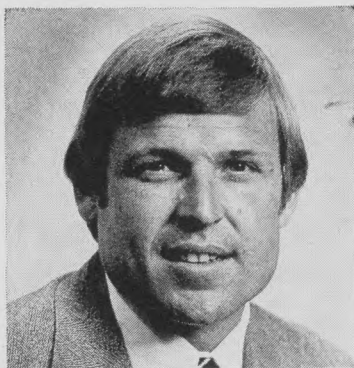
To create interest in the new facility, the bank held week-long opening festivities that included an antique popcorn wagon, from which free bags of popcorn were dispensed, an organ grinder with a live monkey and a variety of giveaways.

The bank reports that, during the first month the new facility was in operation, 1,000 new accounts were opened.

Lake View Bank Expands



The first expansion of facilities of Lake View Bank, Chicago, will be an office at the Clark and Broadway business center on Chicago's north side. The 5,000-square-foot office was designed by Otis Associates and occupies a building that formerly housed a restaurant.



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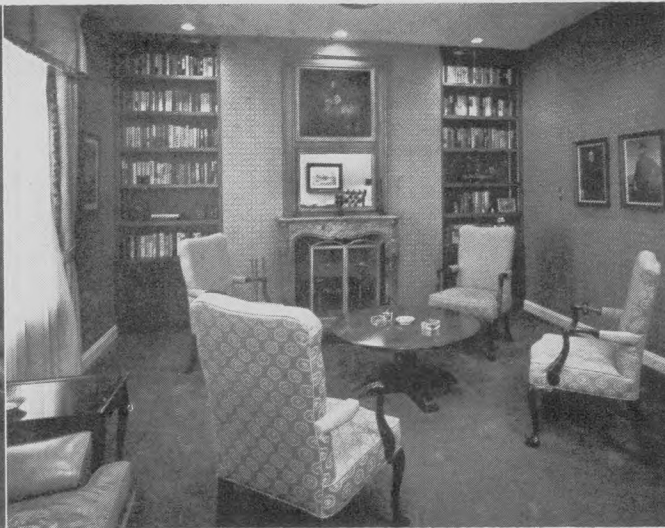


All ages are represented in lineup for free popcorn from old-fashioned popcorn wagon at grand opening of Uptown Nat'l of Chicago's drive-up facility.



Organ grinder with monkey attracts youngsters during grand-opening festivities for drive-up facility of Uptown Nat'l, Chicago.

Traditional Decor Chosen for New Bank Building



Traditional decorating design was selected for office of T. W. Leggett Jr., president, Piggott (Ark.) State, when bank constructed a new building recently. Photo at left shows Kittinger George Washington desk with leather executive chair. Photo at right shows opposite end of office, featuring a grouping of four high backed Queen Anne

chairs, upholstered in a Kittinger fabric, and high-low Knob Creek center table. Setting is designed to provide a relaxed, conversational area for meetings with customers and staff. Decor is work of Arrow Business Services, a division of Memphis Bank & Trust. Arrow specializes in financial institutions.

'Money Tree' Contest, Barbecue / Outdoor Dance End Remodeling Program

To show the public its remodeled home, Leland (Ill.) National held a week-long grand-opening celebration, which featured a barbecue/outdoor dance and a "Money Tree" contest.

During the latter contest, which is a copyrighted promotion, the bank—each morning—chained a safe deposit box containing a check for a sum between \$500,000 and \$1 million to a

tree on the bank property. This box was removed to the bank vault at closing time.

Contestants simply were told the highest and lowest amounts possible and were free to guess any amount between these figures. The grand prize was \$164, and the second to 10th prizes were cash awards varying from \$75 to \$10. In addition, 26 "Money Tree" t-shirts were given as prizes. A total of 545 persons entered the contest, and 36 of them were prize winners.

The bank building, designed and

constructed by Bank Consultants of America, Rolling Meadows, Ill., was changed from a contemporary to a more traditional style. Three new offices and a boardroom were incorporated into the design. Lighting was replaced, and all new carpentering, draperies and furniture (such as wing chairs) were installed. Extensive use was made of walnut moldings and brass hardware.

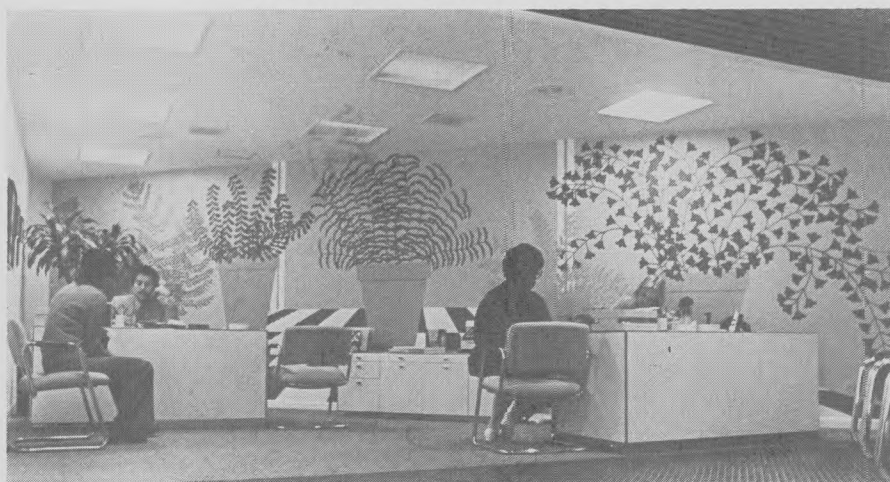
Historical Architecture Of Bank Building Retained In Remodeling Project

A turn-of-the-century building that once was a vaudeville theater hardly seems a likely setting for a bank, but such a structure is the home of the Bank of Chicago, located on the city's north side uptown area.

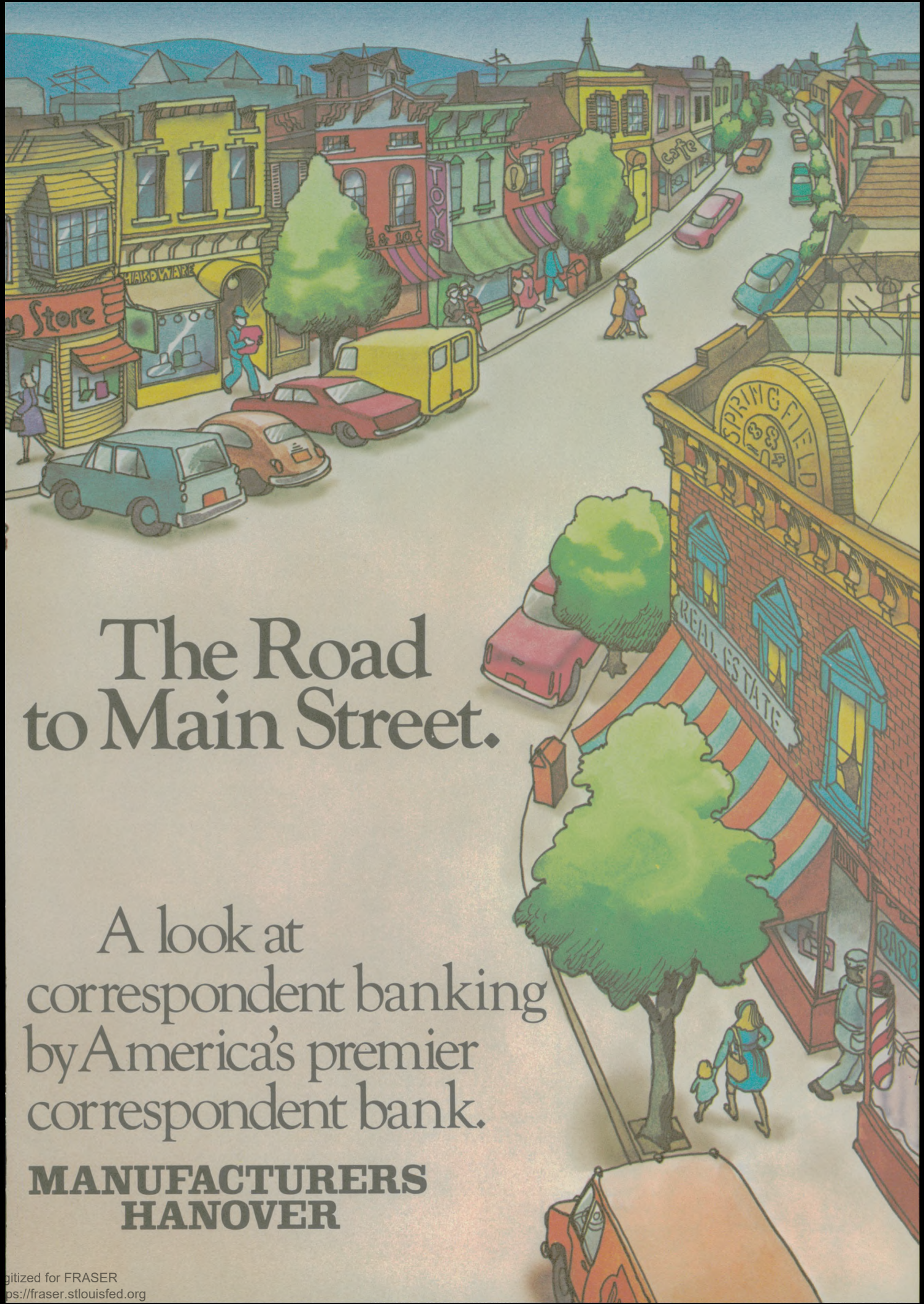
When the bank decided to remodel its unusual building, President Gerhardt Umlauf called on Bank Consultants of America, Rolling Meadows, Ill., to "provide for contemporary efficiencies while preserving the historic architecture of the building." This architectural style included the high ceilings and elaborate terra-cotta trim characteristic of theaters of another era.

The remodeling program complemented these unique features with a new earth-tone color scheme that enhances the terra cotta, new furniture and carpeting not only on the floors, but also on some of the walls to increase soundproofing. The latter was necessary because the structure, since

Flora That Needs No Watering



The "solarium" of the Tulane-LaSalle Office of Bank of New Orleans contains this greenery that needs no watering. The mural of five giant potted Louisiana ferns is painted on an 8x30-foot wall and the ferns' pots are three feet high. The ferns vary in shades of green and in size, which, combined with the geometric patterns of the floor and ceiling, create the illusion of a room opening where space actually narrows. Three large panels of bright sky blue are above the floor, resembling floor-to-ceiling windows looking out on a clear day. The mural is the work of Artenvirons, New Orleans.



The Road to Main Street.

A look at
correspondent banking
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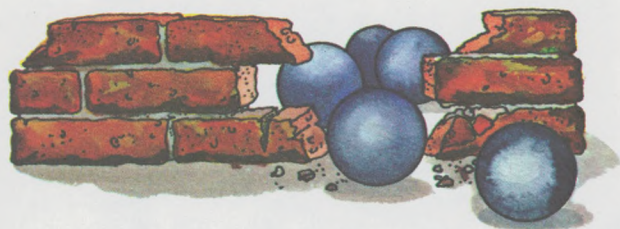
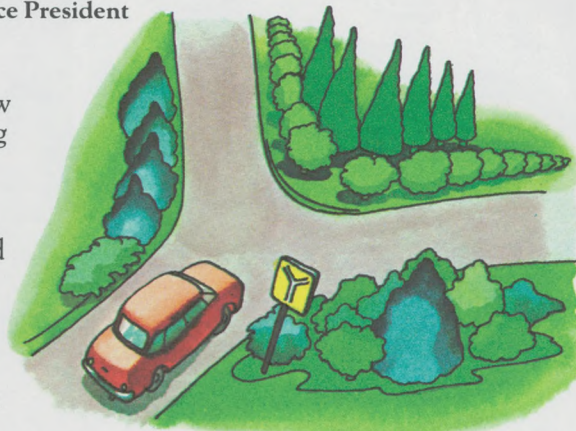
Llewellyn Jenkins, Executive Vice President

The right road.

When correspondent banking began, over a century ago, it grew with the railroads. We built our family of correspondents by following the railroads — bringing "interior" banks the money center services they needed to serve their customers.

Today, with more than 3,200 banks around the country calling us *their* banker, MHT is America's premier correspondent bank. And for good reasons.

We have kept pace with the more complex space-age needs of our customers — bringing innovative and specialized services, often computerized or automated, to banks of all sizes. And we put MHT specialists "on the jet road" to help serve you and your customers in a changing world.



The nitty-gritty of securities handling.

Manufacturers Hanover has always been important to its correspondents for safekeeping and handling of securities.

Vault safety was one of our earliest concerns. Back in the 1800s, some of our people came up with the unique idea of putting cannonballs in the walls around the vaults. Thus, if a thief tried to tunnel through to the money, he'd get zonked on the head with a cannonball!

Times have changed. Book-entry depository processing is here, and it's fully operational at Manufacturers Hanover. With MHT as your custodial bank, you automatically participate in the Depository Trust Company, the nation's largest holder of stocks and bonds — with substantial savings in costs and manpower.

Our modern TRANSEND service offers a speedy method of reporting both demand deposit and securities transactions. And MHT's famous "Coupay" service gives you the first completely automated system for coupon paying, reconciliation and destruction.

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Through our specialized corporate trust services, we can provide your corporate customers with modern and personalized programs.

Transifac, our fully automated securities transfer system, provides complete on-line shareholder and bondholder information.

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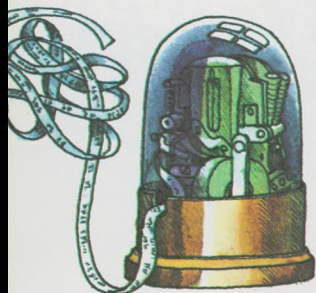


How now, Dow Jones?

Correspondents can tap MHT's trust specialists to serve their customers' investment needs. For instance, more than 20 analysts in our research department, plus our roster of economists, back up PIR/C — Professional Investment Research, Computer-Aided. In this program, we furnish subscribers with the same information supplied to our own portfolio managers. And we back it up with additional counsel whenever needed.

Manufacturers Hanover expertise is also available for assistance with a correspondent's own investments. We tailor your program to your bank's position.

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Geobanking® – a unique worldwide approach.

MHT is a leader in worldwide banking. But unlike most major international banks, Manufacturers Hanover does not enter a region or a country with a rigid operational philosophy. Instead, we adopt the way of banking that works best for a particular place at a particular time.

In some countries, we maintain full-service branches. In others, we set up specialized subsidiaries and affiliates.

And elsewhere, we have representative offices to work with indigenous banking systems – forming this country's largest network of international correspondents.

Thus, Geobanking is wholly responsive, since it fine-tunes banking to national and regional needs. It is flexible, quickly adjusting to changes in prevailing conditions.

And Geobanking enables Manufacturers Hanover to marshal for you and your customers the worldwide resources of a \$31-billion organization.

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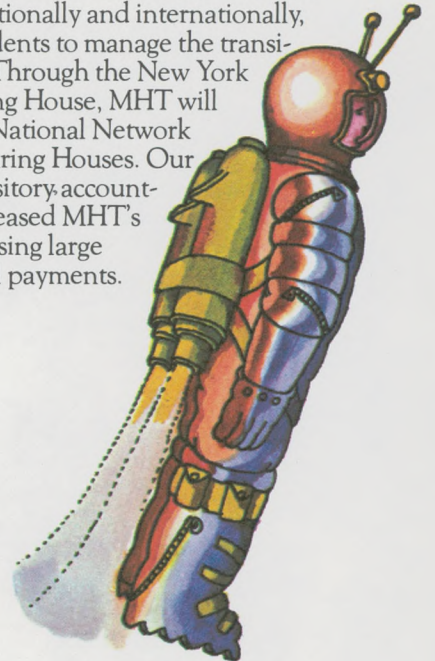
So if you want to get on the right road to correspondent banking services, give us a call. The number is (212) 350-6604.

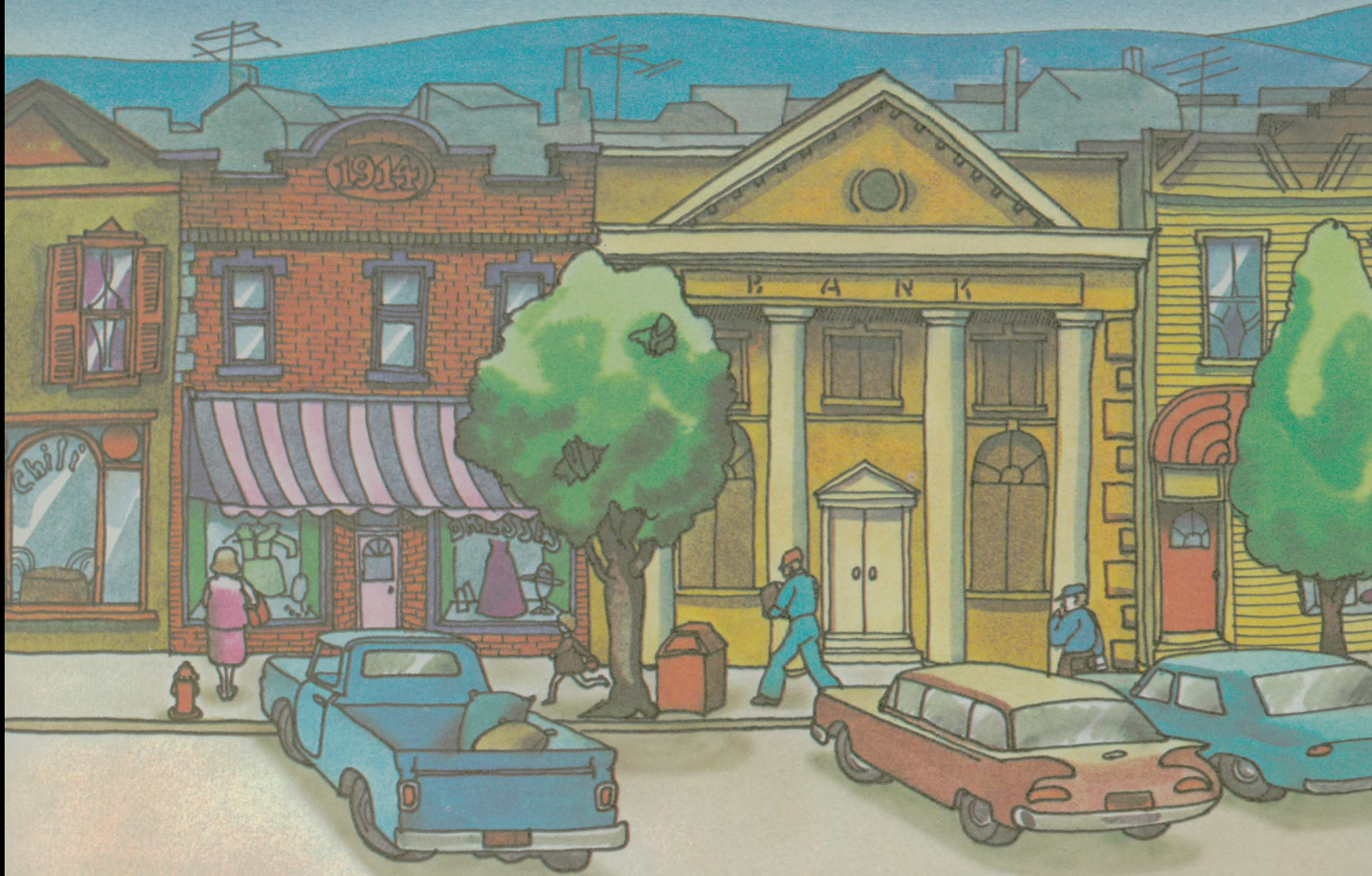
You'll find us easy to talk to.

The road to the future.

The banking marketplace is changing before our eyes, transformed by computer technology. Interbank funds transfer technology is in a revolution as well. As we look down the road, we see vital new services developing, while many traditional services disappear and transaction costs go down.

Manufacturers Hanover is in the forefront of EFT changes, nationally and internationally, helping correspondents to manage the transition to the future. Through the New York Automated Clearing House, MHT will have access to the National Network of Automated Clearing Houses. Our international depository accounting system has increased MHT's efficiency in processing large dollar international payments.





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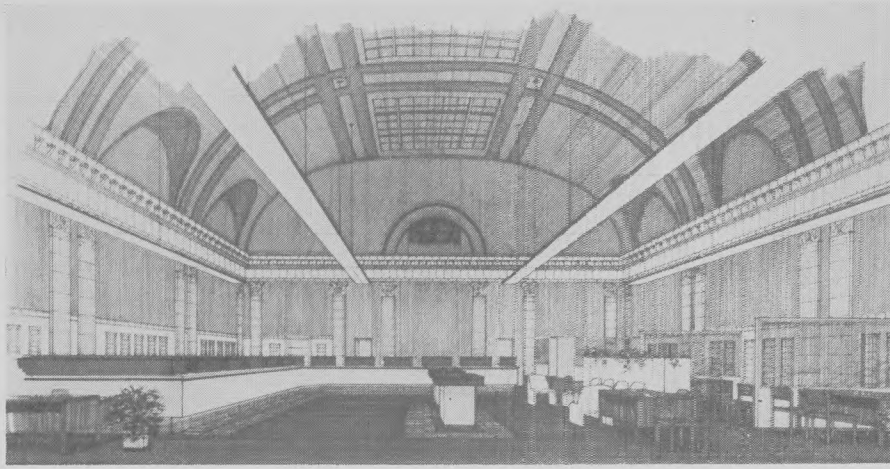
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This is artist's rendering of newly remodeled Bank of Chicago, which is housed in former vaudeville theater that dates from turn of century.

it originally was designed to be a theater, had acoustics that resulted in conversations on one side of the bank lobby being heard on the other side.

The entire customer-service area was rearranged, and 10 universal teller stations and five new-accounts desks were installed. There's room for one more new-accounts desk.

According to Mr. Umlauf, this has given the bank a much more efficient use of existing lobby space than before, and the overall appearance is more open and attractive than formerly.

'10-Second No-Cash' Windows Featured at New Drive-Up Of Oklahoma City Bank

A \$1.5-million expansion program just completed by United Oklahoma Bank, Oklahoma City, has given the bank a new eight-lane drive-up facility, which features two special "10-second no-cash windows." According to Presi-

Sign 'Reaches' Customers



Electronic message center sign graces front of new building of First Nat'l, Beresford, S. D. According to John Diefendorf, bank president, sign is "the most effective way we can reach our potential customer." Bank uses sign for public service messages, time and temperature, markets and auctions. It was manufactured by Daktronics, Inc., Brookings, S. D. Bank opened 11,000-square-foot, two-story contemporary structure earlier this year.

dent R. Y. Empie, customers who want to deposit only checks with no-cash withdrawals can use these windows to complete a transaction in 10 seconds or



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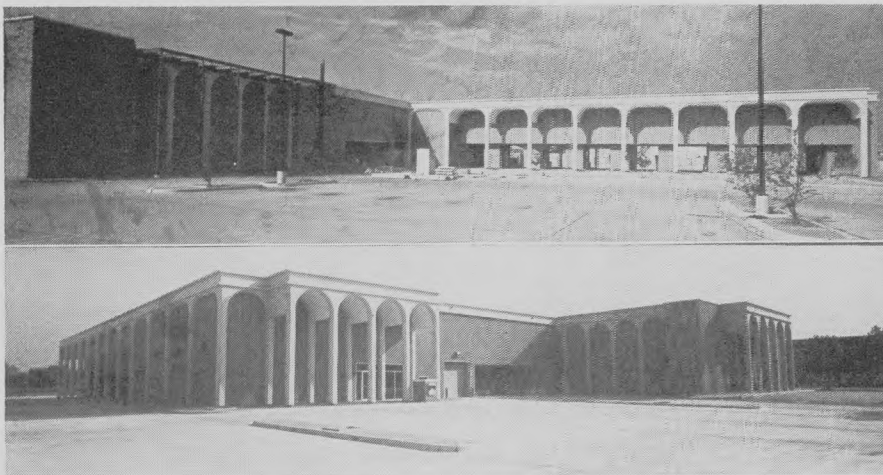
Now even the smaller financial institutions can afford a message center display for advertising or public service. Daktronics Venus 500 has 32 columns of lamps with seven 15-watt bulbs per column for displaying 18" high characters. Flash on as many as 16 words of five letters, or less, plus time and temperature or run a traveling message of up to 16 words of up to 16 characters each. (The word "Congratulations" is shown traveling in the photo.) Plus time and temperature

Messages are programmed from a desktop keyboard console that lets you see the message on the screen before it appears at the message center.

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These are two views of expanded United Oklahoma Bank, Oklahoma City. TOP: New eight-lane drive-up facility (r.) adjoins main

bank (l.). Facility features arch design to complement main bank building. BOTTOM: Arches predominate exterior of bank building.

It Wasn't Interstate 35

OKLAHOMA CITY—During opening-day festivities September 6 for United Oklahoma Bank's new eight-lane drive-up installation, several bank officers were out there "directing traffic." As each motorist pulled up, an officer would greet him or her by saying, "Welcome to United Oklahoma Bank's new drive-up bank."

However, one man wasn't happy with this greeting as was evidenced by his saying, "Motor bank, h - - -! I'm looking for Interstate 35 to Dallas." It wasn't determined how the man, a Texan, landed in the drive-up lane, but he was graciously sent on to his correct destination.

less.

The facility, which adjoins the main bank, replaces the drive-up that the bank had been using. The new facility has individually staffed teller windows. In the same structure with it are a walk-in "mini lobby" and drive-up night depository.

The new section, says Mr. Empie, is protected by the most advanced electronic security system available. It was provided by Diebold, Inc., Canton, O.

The facility more than doubles the physical size of the bank, which changed its name from Stock Yards Bank last April.

Brick and Wood Combined To Produce New Home For Bank in Illinois

The new home of First National, Beardstown, Ill., features a design that is warm and inviting, yet, at the same time, projects a feeling of strength and security.

The brick exterior is complemented by an interior with uniquely designed dark wooden beams that support a roof

of lighter colored wood. The focal point of the lobby is a floor-to-ceiling brick fireplace.

The new building has a Mosler pneumatic-tube drive-up facility.

The natural style of architecture was created by Ralph M. Broughton Jr., a designer and president, Design +, Inc., St. Louis. He has been designing buildings for more than 20 years and has over 200 banks to his credit. One of his oil paintings is permanently displayed over First of Beardstown's fireplace.

The project manager was Winn Pardee, a former banker (for 18 years), who was responsible for working out



This is exterior of new home of First Nat'l, Beardstown, Ill.



One of the offices in new home of First Nat'l, Beardstown, Ill., has uncluttered, comfortable look. Note planter at right.

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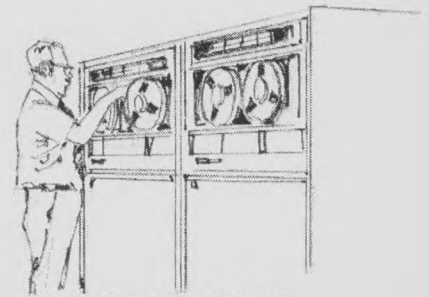
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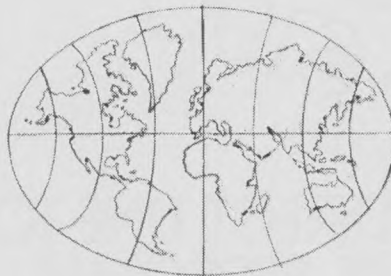
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INTERNATIONAL BANKING



BOND DEPARTMENT

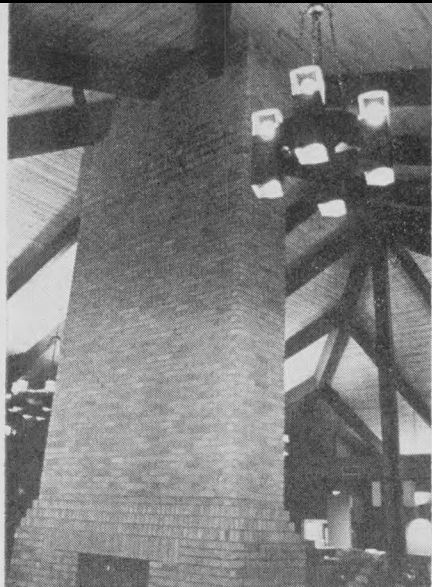
Sometimes it takes more than one to reach a goal. That is where the Whitney comes in. For over 90 years, the Whitney reputation for sound banking knowledge and reliability has been a strong factor for success in correspondent banking.

The Whitney would welcome the opportunity to join with your organization to achieve mutual goals.

Whitney
NATIONAL BANK OF NEW ORLEANS

Reliability in banking since 1883

Bank Uses Metal Building System in New Quarters



All-brick fireplace rises from floor to ceiling in lobby of new building of First Nat'l, Beardstown, Ill. Dark ceiling beams contrast with, yet complement, fireplace and light-colored ceiling.

the functional layout and for being liaison with the engineers, construction manager and bank equipment supplier.

Engineering Associates, Inc., took the design of the bank building and developed working drawings, specifications and engineering. The entire St. Louis-based design and construction team is called the Plus Group.



Citizens State, Kingsland, Ga., used a metal building system from Pascoe Steel Corp., Pomona, Calif., to erect its new quarters, pictured here. The bank selected a Jacksonville, Fla., construction firm, which used the Pascoe plan-and-build method to guarantee both construction timing and project costs. Under this program, the builder coordinated architectural design, site preparation, foundations, slab, metal building, building erection, plumbing and electrical services, heating and air conditioning, paving and complete exterior finishing. Roofs and walls are completely insulated. The structure has 2,400 square feet of interior space, finished inside with wall-to-wall carpeting, an acoustical suspended lighting system and painted walls of vinyl-covered gypsum. The exterior features brick veneer on block construction with a Pascoe fascia system and a cantilevered canopy over the drive-up window.

Customers Can Learn While Waiting at Drive-Up

FORT WORTH—Customers at Fort Worth National Motor Bank—more than 40,000 of them per month—can learn about important events, public services and try to answer riddles while waiting to transact their banking business.

The bank has installed two electronic message centers over the drive-up's driveway so that customers entering the motor bank can see the signs easily from their vehicles. The signboards can present a variety of messages.

A control console located in Fort Worth National's marketing department is used to program messages on the two signboards at the Motor Bank, which is across the street from the bank's headquarters. Messages can be changed in seconds by typing copy on a keyboard much like a typewriter's.

Irvin S. Farman (r.), v.p. and PR dir., Fort Worth Nat'l, joins Wendell Nedderman, gen'l ch., 1977 United Way of Metropolitan Tarrant County campaign, in inspection of bank's new electronic message center. Bank operates two such signs at its Motor Bank.

DIAL A
DETROIT BANK^{er}
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YOUR DIRECT LINE TO
PROMPT, PERSONAL
CORRESPONDENT
BANKING SERVICES

For knowledgeable, personalized
attention to correspondent
banking problems . . .

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DETROIT BANK^{er} better



DETROIT
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Member FDIC



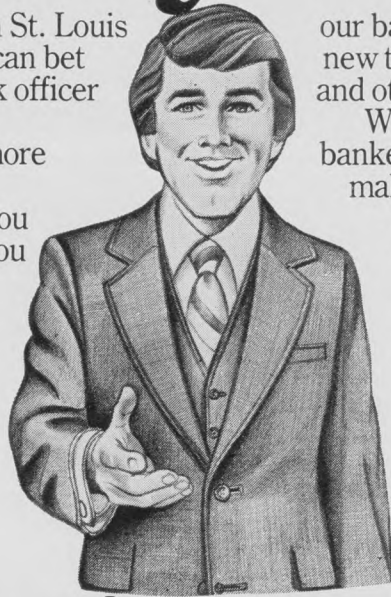
What you see.

When First National Bank in St. Louis is your correspondent bank, you can bet you'll see your own personal bank officer on a regular basis.

And if you need to see him more frequently, you will.

Of course, he's available to you by phone almost every day. So, you can get fast, on-the-spot service whenever you need it.

Your First National Banker really knows his business—and how it can help your business. He'll keep you up-to-date on all



our bank's services, on recent legislation, new technology, competitive practices and other developments.

We put a lot of faith in our correspondent bankers. We give them the authority to make decisions for us and to make loans in our behalf. You can put your faith in them, too.

If you're not already seeing a First National Bank in St. Louis correspondent banker, you should call Chuck Betz today at (314) 342-6386. He'll make sure you see one soon.

What you get.

Good as he is, your correspondent banker cannot do all the work connected with your bank's account.

That's why First National Bank in St. Louis maintains special staffs to give you daily assistance for daily needs.

For example, our people have developed "Rabbit Transit" check-clearing systems that can improve your earnings, because your transit items become collected balances rapidly.

Another way we can help you is with our Fed Funds, investment and safekeeping capabilities. Our performance record in this area is highly regarded throughout our industry.

We also offer your bank the services of our skilled data processing team. They can bring to your operation reliable and sensible systems for getting your work done.

Our capacity for overline lending, based

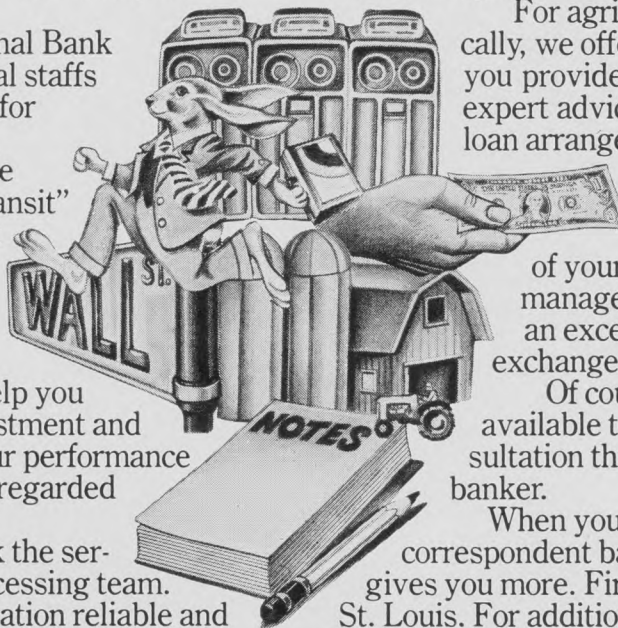
on our sizable assets, allows you the opportunity to make larger loans than you otherwise might.

For agricultural loans specifically, we offer specialists who can help you provide your customers with expert advice as well as flexible loan arrangements.

We sponsor timely seminars where you and other top management of your bank meet with the top management of our bank. This is an excellent opportunity for us to exchange ideas and share expertise.

Of course, we are always available to you for individual consultation through your correspondent banker.

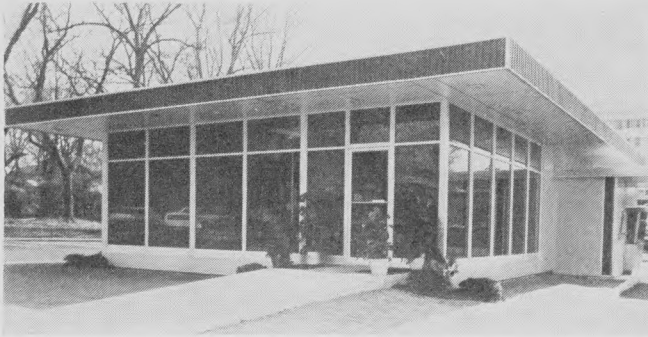
When you want to get more from a correspondent bank, get with the bank that gives you more. First National Bank in St. Louis. For additional information or an appointment with a correspondent banker, call Chuck Betz at (314) 342-6386.



First National Bank in St. Louis

A First Union Bank

Member FDIC



LEFT: This was way branch of Alabama Nat'l, Montgomery, looked before it was expanded by addition of two Diebold Financial Building sections in just few hours. RIGHT: This is enlarged branch.

Business as Usual As Branch Is Expanded In Just Few Hours

When Alabama National, Montgomery, realized that the branch it opened about a decade earlier adjacent to the state capitol buildings was doing so much business it needed to expand, it called on Diebold, Inc., Canton, O., to make some structural additions in just a few hours.

Such speed was possible because the original branch structure was a Diebold

Financial Building, and one of its features is the ease with which it can be enlarged or moved if the site becomes landlocked.

The bank also thought it important that the addition not be conspicuously new. Diebold Contract Services matched the materials involved so that the expanded building has visual as well as structural unity.

The expansion was made in the form of two Diebold Financial Building sections added to one side of the original building. The two sections were placed into position on two previously prepared footers—between 9:34 a.m. and 12:48 p.m.—without any interruption of the bank's business schedule or impairment of security.

As part of the expansion program, three Diebold Visual Auto Teller systems were installed at the branch. A walk-up window is popular with state employees for cashing checks during the noon hour. The expansion also accommodated additional safe deposit boxes, a Diebold After-Hour® Depository, additional parking and two additional lobby teller stations.

August V. Wilke Jr., assistant vice president of the bank, describes the

project as "easier, quicker and much more economical than conventional construction."

Toll-Free Information Number Available to BAI Members

PARK RIDGE, ILL.—A central telephone message and information number now is available to members of the Bank Administration Institute. It's called BAI Toll-Free.

BAI Toll-Free has been installed to handle both technical and general information inquiries. If the BAI information services department cannot give an immediate answer to a question, the message will be relayed to the appropriate BAI staff member, who will research the inquiry and return the call as soon as possible. The direct toll-free line doesn't allow call transfers within the BAI.

The BAI Toll-Free number for the continental U. S. is 800/323-0146. Illinois residents only should call BAI Toll-Free at 800/942-2181. The BAI's national office number remains unchanged.

RADIO **magazine**
BILLBOARDS **POD** **SURVEYS**
Communications **MARKETING**
Newspaper **MEDIA**
TV **DESIGN** **LOGOS** **Specialties**
ads **Photography** **KMA**

Yes, advertising and everything that goes with it can sometimes be confusing. So why not get back to basics? Basics like you will find in our total advertising program. Designed specifically for banks.

**Kenneth
Mills
Advertising**

P. O. Box 853 • Searcy, Ark. 72143
115 E. Center • 501-268-4891

Bank Building Part of Area Upgrading



Citizens National, Downers Grove, Ill., will soon move into new quarters adjacent to its existing building in the central business district of the Chicago suburb. Construction is in two phases to permit uninterrupted banking operations. The new, three-story building is being erected next door to the existing building. The old building will be razed upon completion of the new building and a five-lane drive-up facility will be put in its place. The project is part of a general upgrading of the downtown Downers Grove district. Architects are Mayes, Williams & Partners, Glen Ellyn, Ill.

Sooner or later, we'll put most of the others in the shade.

If you're dealing with an investment banking firm, it's good to know that they're financially strong. And on the grow.

Why? Well, for one reason, you can be pretty sure that they'll be around for awhile. They're not easily uprooted.

For another thing, it means that you can count on them to deliver on all their commitments. So that your investments will have a chance to bear fruit.

We're that kind of investment banking firm.

We've been on the grow for the past 10 years. And we just keep getting stronger with age. For example, our total stockholders' equity stands at over \$2.7 million. Our net earnings represent better than a 13% return on revenues. And our sales volume runs about \$4 billion a year.

We have more than 1,000 customers from all types of financial institutions... banks, S&Ls, credit unions, insurance companies.

And we intend to keep branching out year after year. With more customers and more capital.

So, when you're looking for a solid investment banking firm, don't be blinded by the forest of competition.

Choose Hibbard, O'Connor & Weeks. And avoid going out on the limb.



**HIBBARD, O'CONNOR
& WEEKS, INC.**

1300 Main Street
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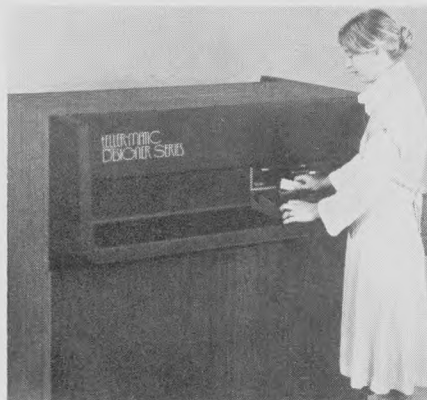
Modernization Products Potpourri

Put Them to Work on Your Projects!

• **New ATM Concept.** The Teller-Matic Designer Series 8000 was unveiled last month by Mosler, Hamilton, O. According to the firm's president, R. William Ayres Jr., the new series is a radical departure from traditional ATM designs in that the Teller-Matic customer is offered a selection of modular components that may be combined in various ways to create a range of configurations from a basic cash dispenser to an extended-capability ATM. The modular concept, Mr. Ayres continues, makes it possible, in effect, for a bank to customize an ATM system for specific applications and requirements.

Delivery of the Teller-Matic Designer Series 8000 will begin in the second quarter of 1978 with the introduction of four primary configurations: a lobby terminal as a cash dispenser (Model 8300); a lobby terminal as a full-function ATM (Model 8350); a wall-terminal cash dispenser (Model 8200) and a wall-terminal ATM (Model 8250). Additional modules/components, permitting a variety of other configurations and capabilities, will be available during the third and fourth quarters of next year. Most modules offered in the Designer Series also may be retrofitted to the current Teller-Matic Series 6000.

Both cabinetry and facade of the two basic terminals incorporate new features and services to present a more con-



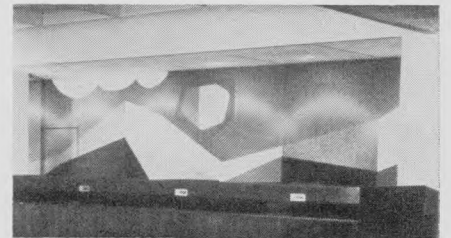
Dual unit is available in Mosler Teller-Matic Designer Series lobby terminal. Two terminals are contained in single cabinet in this configuration. Terminals are arranged within cabinet so that customer panels are on opposite sides of cabinet.

temporary appearance and to permit greater application flexibility. The wall terminal has a recessed, tilted facade, protected by a tinted acrylic Vandal Guard. The lobby terminal features a sleek tabletop design. The Designer Series 8000 has a fixed customer-information display—primarily for cash-dispenser configurations—and a programmable display. Both single- and dual-denomination-bill dispensing is available, and an alphanumeric receipt printer is offered, permitting personalized receipt messages. A SWIPE card

reader now is available, as well as the read/write card reader used in current Teller-Matic designs.

Write: Mosler, Teller-Matic DS8000, Department PR-117, 1561 Grand Boulevard, Hamilton, OH 45012.

• **Wall Carpeting.** The wall graphic in the accompanying photo is in the tellers area of South Denver National. It is Tretford Carpet by Eurotex, Philadelphia. Charles Novak, bank president, commissioned a Dallas architect to create the original mural design. The 11-color artwork was transferred to the bank wall by a Denver interior contractor.



According to Eurotex, selection of Tretford broadloom was dictated by the carpet's color range (37 hues) and its unique fusion-bonded, concentric-ribbed composition, which allows it to be cut in any direction without tearing or fraying.

Tretford also is available in half-meter-square movable modules and companion Acousticord wall coverings.

Write: Eurotex, the Marketplace, 2400 Market Street, Philadelphia, PA 19103.

• **New Drive-Up System.** LeFebure, Cedar Rapids, Ia., now offers a new Tel-Air System 1000, which employs a single-tube overhead design. Because free carriers are transported overhead, says the manufacturer, installation costs and inconveniences are minimal. Tel-Air drive-up service may be added without tearing up existing pavement, without closing down drive lanes during construction and without excavating into bedrock, marshland or other undesirable terrain.

Tel-Air 1000 is a direct-vision unit with fast-in, fast-out delivery, according to LeFebure. It's the first LeFebure system to use a common dispatching and receiving tube. The one-line pneumatic-tube system operates on air pressure created by reversing airflow from

'Lifetime' Aluminum Letters Available



This sign is a sample of the wide variety of architectural letters available from Lake Shore Markers, Inc., Erie, Pa. The letters are offered in sizes ranging from two to 24 inches and in many designs. They are cast in a selected alloy, corrosion-resistant aluminum and finished in weatherproof coatings. There is a choice of colors and of mounting arrangements to suit the background, whether it's aluminum, brick and mortar, wood or other wall surfaces. The letters come with or without low-voltage lighting systems. Write: Lake Shore Markers, Inc., P. O. Box 59, Erie, PA 16512.

The ins and outs of the agricultural lending market.



A correspondent bank that's in the ag overline market one year and out the next is just the kind of correspondent bank you don't need. Your agribusiness customers need credit they can depend on.

Continental Bank is committed to the ag market. This year. Last year. Next year. Not because it's a good crop year, or because loan demand is down in other industries. We're in it for the same reason we're in the correspondent banking business. To build long-term banking relationships.

Continental Bank has always provided correspondents with seasonal loans and agricultural overlines. We've even developed a special cash flow

kit for our correspondents. With step-by-step, common-sense procedures their farmers can follow to sound financial management.

At Continental Bank, credit requests go directly to your account manager. The officer who can say "yes" or "no" on most loans. You get a decision fast. From the person who made it.

When you call John Tingleff at (312) 828-2191 and tell him you're in the market for a farm credit...you can bet on one thing. We'll be in the market, too.

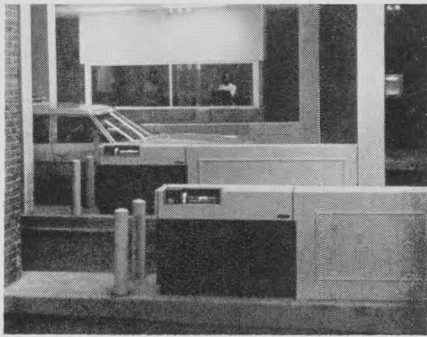
We'll find a way.



CONTINENTAL BANK

231 SOUTH LA SALLE STREET, CHICAGO, IL 60693

Continental Illinois National Bank and Trust Company of Chicago.



This is LeFebure's Tel-Air 1000 overhead drive-up system.

a turbo-compressor. Any external air taken into the system is discharged automatically with use of an exclusive pressure-release valve. Thus, no outside air or exhaust fumes accompany the carrier into the control station, and condensation is controlled.

Because Tel-Air System 1000 has a turbo-compressor in each kiosk, drive-up facilities may be expanded at any time. Each kiosk can be installed independently because it is operated independently.

When a customer drives up, the big side-opening carrier is presented in a horizontal position, totally visible in the presentation opening. Because there's no obstruction at top or sides, customers in vans and pickup trucks are accommodated as easily as those in passenger cars, says LeFebure.

Write: LeFebure, P. O. Box 2028, Cedar Rapids, IA 52406.

• **Electronic Signs.** Electronic time-and-temperature and message-center displays are offered by Daktronics, Inc., Brookings, S. D.



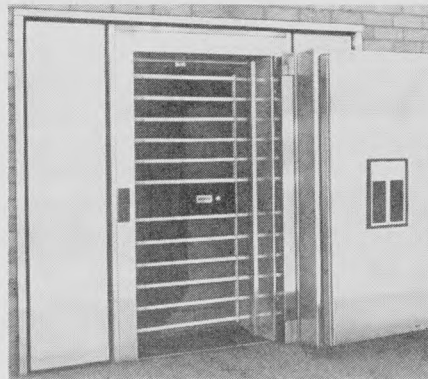
This is example of electronic time-and-temperature sign offered by Daktronics, Inc., Brookings, S. D.

"While modernization enables a bank to offer improved services," Daktronics points out, "good identification ensures exposure and awareness, resulting in new customers and increased business. A good sign will inform potential customers of your presence and willingness to serve their banking needs."

Write: Daktronics, Inc., 331 32nd Avenue, P. O. Box 299, Brookings, SD 57006.

• **New Vault Door.** Now available from Diebold, Inc., Canton, O., is the Guardian Vault Door with a thickness of seven inches. A 3½-inch version of the Guardian door was introduced earlier.

The seven-inch Diebold Guardian Door is styled throughout in stainless steel, including jambs and vestibule. Door hinges are made of stainless-steel castings.



This is Diebold's seven-inch Guardian Vault Door.

Among security features is the exclusive Diebold single-spindle "Rapidial," which operates two key-changing four-tumbler combination locks. A three-movement, 120-hour time lock monitors door-opening and closing schedules. Two thermal relocking devices and one mechanical relock are designed to protect against attack with torches, explosives and drills. A full-height movable locking bar on the leading edge of the door is complemented by a full-height fixed locking bar on the hinge door. Standard equipment with the seven-inch Guardian includes a universal door alarm contact and a daylight holdup device.

A choice of two standard day gates is offered with the door—one featuring horizontal aluminum grillwork and the other offering smoked glass panels.

Write: Public Relations Department, Diebold, Inc., Canton, OH 44711.

• **Electronic Access Control.** The Cypher Lock system, manufactured by Continental Instruments Corp., Hicksville, N. Y., permits an area to be locked and alarm protected 24 hours a day,

without inconveniencing authorized traffic flow or reducing exit safety. It eliminates loss, theft or duplication problems associated with keys, says the manufacturer.

Cypher Lock is composed of a spy-proof push-button panel and an electronic control box. An electric strike of the customer's choice is available from stock or can be purchased separately. Output voltage is adjustable from 6-12 or 24 volts, in either AC or DC. Codes can be changed simply in seconds by any authorized person. A holdup alarm option permits normal entry by authorized personnel, but silently activates a signal when entry is being made under duress.

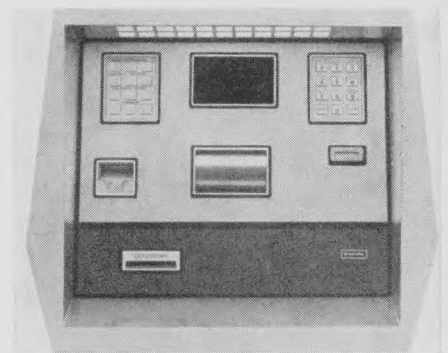
Write: Continental Instruments Corp., 170 Lauman Lane, Hicksville, NY 11801.

• **ATM Compatibility Feature.** Docutel Corp., Dallas, has announced a new electronic capability feature that makes it possible for most existing Docutel automated teller machines to serve as the control unit for the firm's new Total Teller 2000 ATM. According to Docutel's president, Jack Meredith, the new feature gives Docutel customers an inexpensive, one-step way to move up to the new TT 2000 product line.

Purchase of a TT 2000 controller now can be deferred until the user is ready to add more of the new ATMs, Mr. Meredith points out and adds, "Only the new terminal and the compatibility feature are needed to provide the equivalent of a full-service TT 2000 ATM."

This feature allows the TT 2000 terminal to be installed at any on- or off-site location without a controller. The "host" ATM performs all its functions at full capacity, unaltered by addition of the TT 2000 terminal.

The compatibility feature provides for all the modularity and all features of the TT 2000. These features include



Docutel Corp., Dallas, has announced this new Total Teller 2000 automated teller machine. New electronic capability feature makes it possible for most existing Docutel ATMs to serve as control unit for this ATM.

Now is the time to expand home improvement loan volume.

Here are six reasons why...

ICS, the world's leading insurer of home improvement loans, believes current economic conditions provide an excellent climate to increase your HIL volume and profits.

- 1. Stable Diversification.** Consumer HIL demand continues to grow and the timing is perfect for increased loan activity in this category. Loan volume in other categories such as autos, boats and rec vehicles is adversely affected by possible energy shortages and inflationary price increases.
- 2. Higher yield.** Your profits are being squeezed by spiraling costs and can be offset by a high yield home modernization plan. An ICS program assures that your gross income will be higher than that received from FHA auto and mobile home loans. Let us demonstrate how an ICS insured program will provide a dramatic increase in profits on a privately insured portfolio compared to FHA coverage.
- 3. 100% Credit Protection.** ICS insured home improvement loans enjoy 100% credit protection. And we include every unpredictable default . . . such as layoffs, recession, strikes, bankruptcy and divorce. Other loans, by comparison, put the entire burden of risk on you.

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

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



307 N. Michigan Avenue
Chicago, Illinois 60601
312/263-2375

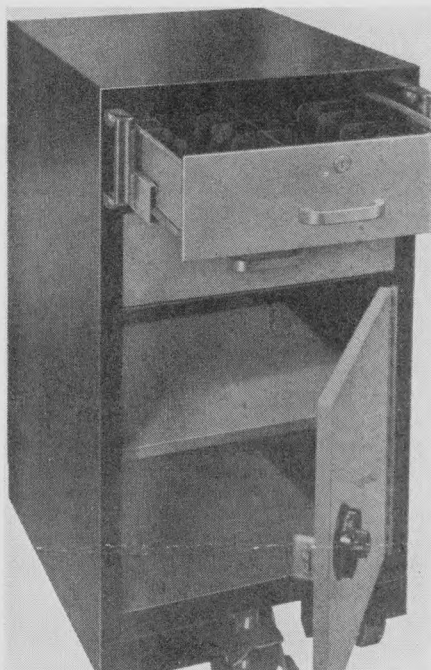
America's No. 1 insurer of home improvement loans.

a 4,000-bill, 1,500-receipt capacity; single-bill dispensing in two denominations; programmable multi-line video display and personalized alphanumeric customer receipts.

With or without this compatibility feature, the TT 2000 is completely modular. The user can add or change functions, such as keyboards, printers and card readers, without replacing the basic unit. The ATM, says Mr. Meredith, can be anything from a simple cash dispenser to a full-service machine that handles a wide range of transaction and customer communication functions. The compatibility feature can be installed in any Docutel 300 Series or T5 (a Docutel trademark) ATM to allow it to function as a host controller.

Write: Docutel Corp., P.O. Box 22306, Dallas, TX 75222.

• **Steel bank equipment.** Bank counter equipment, manufactured by Parent Metal Products, Philadelphia, includes back and under-counter units and fixed and mobile units and is available with a full line of accessories. The manufacturer says the line is security designed and can be customized to fit each bank's needs.



Write: Parent Metal Products, 6800 State Road, Philadelphia, PA 19135. Ask for bank catalog BCE-69.

• **Message Signs.** Ten.O.One is a bank display service offered by Synthetic Surfaces, Inc., Green Bay, Wis. The signs have a continuous change of brightly lighted, illustrated copy, custom made for the exclusive use of a financial institution in a given area. Illuminated with monochromatic light, they are programmed to conform with

a bank's image, time of year and any topic related to special promotions. The electro unit comes in different sizes and is tied in with a library service, which—maintaining the necessary flexibility—makes sure the correct message is at the right spot at the right time.

NUMEA (acronym for New Media) is an extension of the same principle, bringing identical messages outside a bank.

Synthetic Surfaces says no purchases are necessary; the display service may be obtained via subscriptions, which can be canceled at any time.

Write Synthetic Surfaces, Inc., P. O. Box 2325, Green Bay, WI 54306.



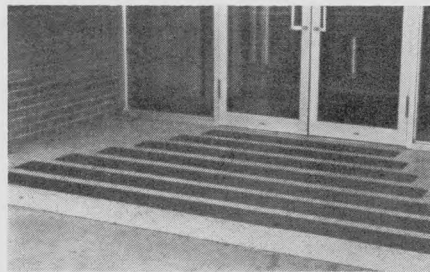
This is JC/80 computerized building automation system, which now can be leased from Johnson Controls, Inc., Milwaukee.

• **Building Automation Systems.** Johnson Controls, Inc., Milwaukee, has announced the availability of a leasing program for its computerized building automation systems, including energy conservation, security and fire-safety systems. They formerly had to be purchased.

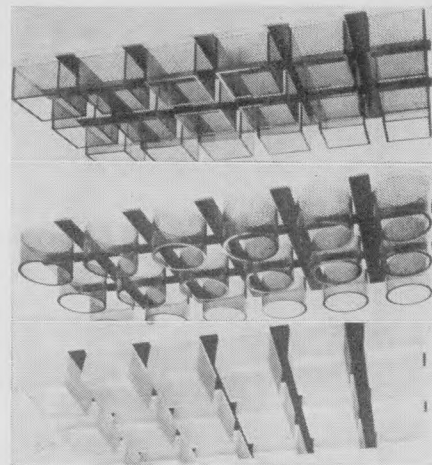
Lease rates include all primary equipment and software and can include labor and installation charges.

Write: Johnson Controls, Inc., Milwaukee, WI 53201.

• **Safety-Tread Material.** A safety tread material for all slippery areas is offered by Wooster (O.) Products, Inc. Called Flex-Tred 300, it's available in several sizes of strips, cleats and rolls and is designed for maximum wear and with non-curling edges. According to the manufacturer, it's easily applied to any type of surface.



Write: Wooster Products, Inc., P. O. Box 896, Wooster, OH 44691.



TOP: Triburon No. 6502 cube ceiling, offered by United Lighting & Ceiling Corp., Oakland, Calif., is made up of transparent bronze cells on clear prisms. CENTER: Triburon No. 6511 is cylindrical and also is made up of transparent bronze cells on clear prisms. BOTTOM: Triburon No. 6532 is cubed, but is comprised of white cells on white diffuser.

• **Ceiling Lights.** A new-textured light-source ceiling, offered by United Lighting & Ceiling Corp., Oakland, Calif., utilizes hollow acrylic four-inch modules to create low-brightness, non-glare lighting. Trademarked Tiburon, the system enables a designer to use a repeating pattern of cubes and cylinders or a random combination of both. Its four-inch module gives a continuous appearance when viewed from below. The Tiburon ceiling is available in smoked bronze, translucent white and a variety of custom colors. It's made from acrylic plastic, which, says its manufacturer, will not discolor.

Write: United Lighting & Ceiling Corp., 513 Independent Road, Oakland, CA 94621.

Bank Announces New Division Aimed at Middle-Size Businesses

HAMMOND, IND.—Hoosier State has established a commercial finance division with the intent of meeting the needs of middle-sized businesses.

Although the division's commercial finance and leasing services will be available to businesses of all sizes, a bank spokesman notes, "The middle-sized businessman, who is one of the major forces in the economy, often is faced with unique financing needs that cannot be met with traditional bank lending."

The new division will be managed by W. R. Holmes, a lending officer in the bank's commercial loan division with more than 18 years' banking, credit and finance experience. He joined Hoosier State in 1975.

Putting it together.

Put 6 major divisions and subsidiaries together and you have "UMIC". "UMIC" today stands for one of the largest volume dealers in Public Securities in the United States, with stockholder's equity in excess of 5 million dollars and, for its fiscal year ended April 30, 1977 reported gross sales of \$2,950,692,000.

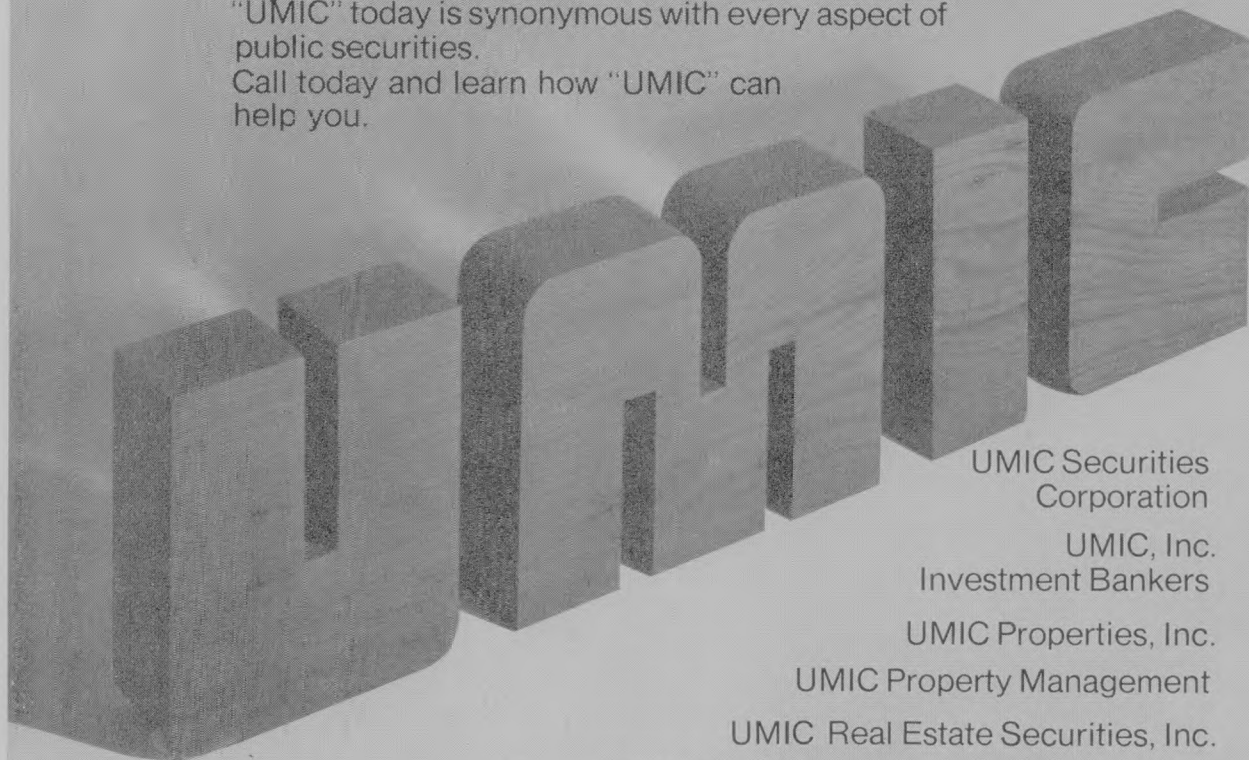
"UMIC" also stands for one of the country's largest developers of critically needed housing for the elderly and handicapped. UMIC has financed over 6,500 units of Section 23 Leased Housing and is presently involved in the new Section 8 program as owner and developer of 900 units of housing for the elderly. UMIC offers a complete financial service to Local Housing Authorities and other developers of public housing.

Putting it together is the "UMIC" way of total client service to:

- 1. Institutional and individual investors in municipal and government securities including free portfolio analysis.*
- 2. All issuers of municipal securities seeking financial, advisory or underwriting services.*
- 3. Any organization wishing to provide public housing.*

"UMIC" today is synonymous with every aspect of public securities.

Call today and learn how "UMIC" can help you.



UMIC Securities
Corporation

UMIC, Inc.
Investment Bankers

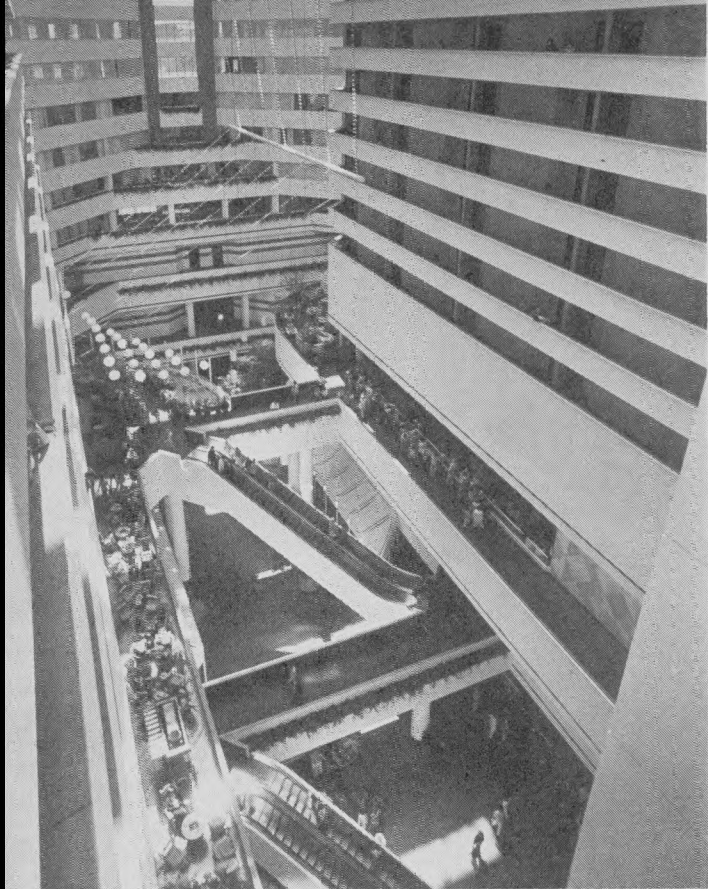
UMIC Properties, Inc.

UMIC Property Management

UMIC Real Estate Securities, Inc.

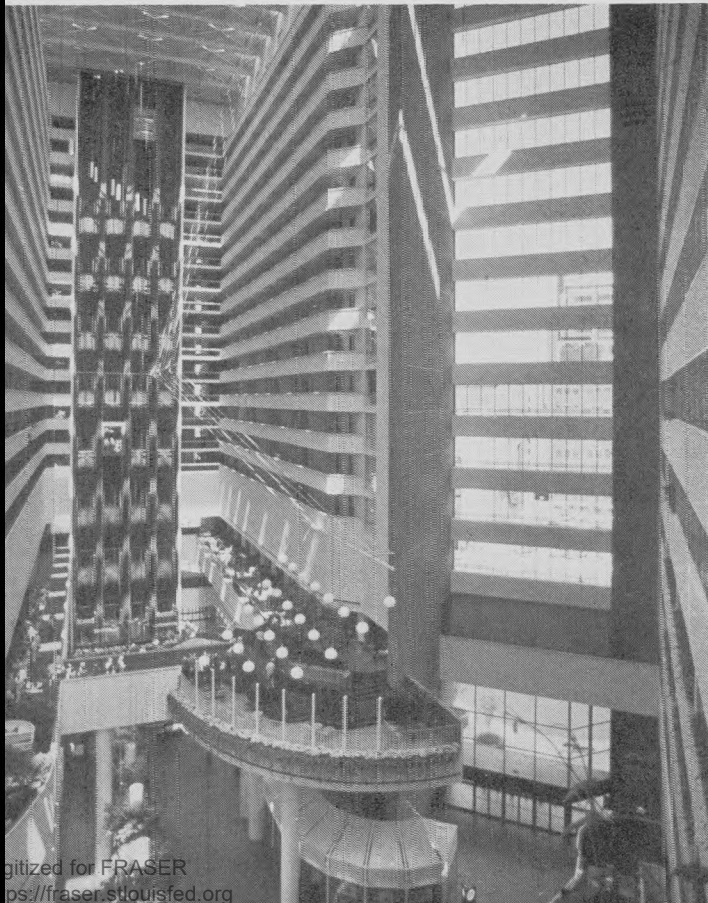
UMIC Housing Development Corporation

959 Ridgeway Loop Road, Memphis, Tennessee 38138 (901) 761-4500



Merchants East section of Merchants Plaza is to left of bank of windows; Merchants South is to right. This view is from elevator area of Hyatt Regency Hotel, which shares atrium with Merchants Nat'l, Indianapolis.

This view of Hyatt Regency is taken from Merchants Nat'l of Indianapolis' trust department, which is on sixth floor of Merchants East. Bank's main entrance is at lower right.



ON THE COVER: Main banking floor of Merchants National, Indianapolis, occupies the ground floor of Merchants Plaza in the city's downtown section. At right is the atrium that is shared by the bank and the Hyatt Regency Hotel, which is housed in the right portion of the complex (see lower inset). Top Inset shows Donald W. Tanselle (l.), president of Merchants National, and Otto N. Frenzel III, president of Merchants National Corp., one-bank HC of which the bank is the principal subsidiary.

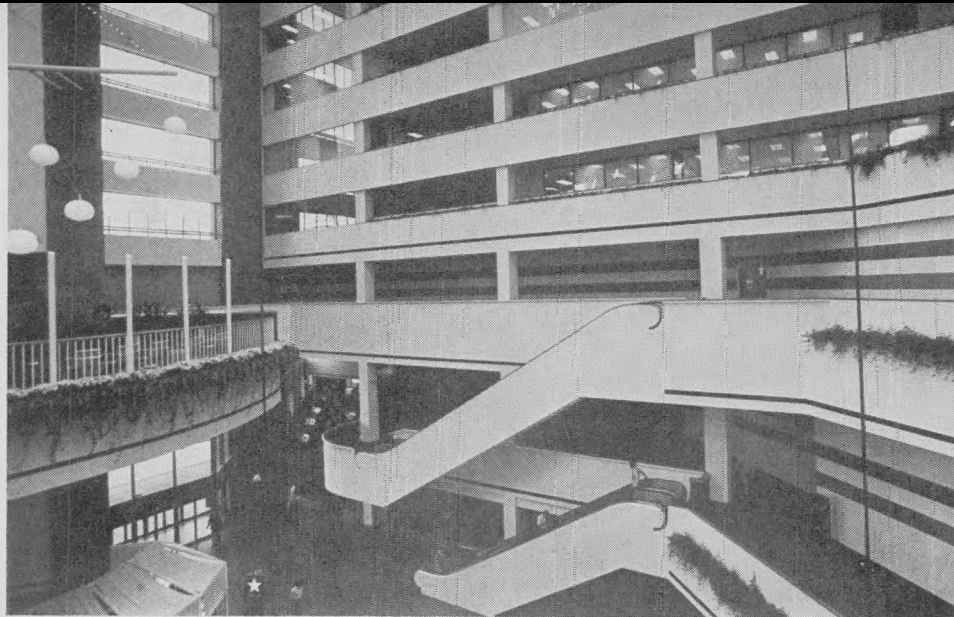
'Spectacular' Is Worth Of Merchants Nat'l

THE NEW HOME of Merchants National Corp., a one-bank HC, and its principal subsidiary, Merchants National, Indianapolis, features a 210-foot-high atrium of sparkling glass and skylights which it shares with the Hyatt Regency Hotel and offices and retail businesses. In fact, three separate buildings are joined together to form the atrium.

The entire complex is called Merchants Plaza, which is located in downtown Indianapolis and is a \$50-million project standing on a square block bounded by Washington, Illinois and Maryland streets and Capital Avenue. It's described as the largest single, privately developed project in Indiana.

Merchants National occupies more than 225,000 square feet of space in the twin 16-story office buildings, Merchants East and Merchants South. The bank HC and bank utilize a major portion of the first eight floors of these office buildings. Many retail shops and boutiques have leased space in and are beginning to move into the remaining portions of the first, second and third floors. The Hyatt Regency Hotel, which has 20 stories, contains 535 rooms and has a revolving restaurant on top.

Merchants National's Main Office is located on street level. The 12 tellers windows, customer counters and floors are made of verde antique marble. The wall behind the tellers windows is cov-



This view of Merchants Plaza is seen from Merchants Nat'l of Indianapolis' dining room. Main entrance is at lower left.

or New Home f Indianapolis

officer dining room on the fourth floor. Luncheons are served buffet style with accommodations for 60. Next to it is the employee dining room, where there is room for 300 persons. A redwood roof deck leads off these dining rooms for open-air dining under large red, white and blue umbrellas.

Ground was broken for the plaza October 10, 1974. Architects were J V III, a partnership of three architec-

tural firms based in Houston. Construction managers were a joint venture of Geupel DeMars, Inc., Indianapolis, and Turner Construction Co., Cincinnati. The Prudential Co., Chicago, is the major financier, and the F. C. Tucker Co., Indianapolis, is the developer.

Merchants National was founded in 1865, is the third largest in Indiana and ranks 105th nationally. Merchants National Corp. was formed in 1972.

ered with a hand-quilted mural of a beige wool fabric depicting eagles in flight. The mural, measuring 10x120 feet, is dramatically lighted. Soft champagne white plush carpeting covers the floor of the open customer-servicing area. The interior wall is composed of hand-rubbed, oxidized bronze panels. Work stations in this area are made of custom-made English oak.

Overlooking the customer service area is the foyer of the commercial banking department. The gently curving balcony leads into glass-walled offices for department heads, conference rooms and an interior area for custom-made work stations. Creamy white, open-weave drapes are hung at the windows.

Paneled administrative offices on the fourth floor have rosewood floors, accented with Persian rugs. The adjacent boardroom has the latest audio/visual equipment.

Space usage in the bank's various departments is based on an open concept, which includes many glass walls. Furnishings and wall fabric have earth-tone colors. All departments have a view of the atrium or downtown Indianapolis, and plants are placed strategically in the departments, all of which now are located within the plaza complex. Previously, they were spread around four separate downtown buildings.

Also overlooking the atrium is the



ABOVE: This is street-level view of Merchants Nat'l of Indianapolis' new Main Office in Merchants Plaza. Tellers area is at right. Wall behind it is covered with hand-quilted mural of beige wool fabric depicting eagles in flight.

BELOW: This is main entrance to Merchants Nat'l of Indianapolis' new Main Office. Part of banking area may be seen in center beneath balcony.



Memphis, New Orleans Are Sites Of Upcoming RMA Workshops

Memphis and New Orleans have been selected as sites for two upcoming workshops of Robert Morris Associates, which is headquartered in Philadelphia.

A workshop titled "International Lending: Techniques and Standards" will be held November 15-16 at the Hyatt Regency in Memphis. That workshop is designed for those involved in loan and credit review, loan and credit administration, loan officers sharing responsibility in their banks for approving proposed or actual international loans and those already involved in international lending.

The workshop will cover short-term financing and interbank loans and placements; medium-term financing; country risk analysis and developing-country exposure guidelines; pricing guidelines and insights into interest-rate setting; Eurodollar syndicated loans and elements of a loan grading policy.

Heading that workshop will be Michael N. Clemens, president, Columbus (O.) Trust, while faculty members include Emile P. Coulon, vice president, and Leo H. Garman, senior vice president, both of First National, Chicago.

RMA's "Financial Statement Analysis" workshop is slated for the Mid-Continent area at New Orleans' International Hotel, December 4-7. It is aimed at experienced credit and loan officers who want to sharpen their skills in financial analysis and keep up to date on current techniques and accounting rule changes.

Fee for the former workshop is \$165 to RMA members and \$210 to nonmembers, with enrollment limited to

65. The latter workshop's fee is \$200 to members and \$250 to nonmembers. Enrollment at the latter is limited to 75.

ATM Transaction Volume Of Bank in Columbia, Mo. Ranks With Industry's Tops

COLUMBIA, MO.—The ATM transaction volume of Boone County National during its first full month of operation stood at 8,535, placing it among the top performers in the industry, according to a bank spokesman. The ATM, known as the "24-Hour Little Bank," was opened with a card base of 17,000 following a six-week demonstration period.

Of the transactions, 5,093 were monetary and 2,967 were balance inquiries. Approximately 43% of the transactions occurred during banking hours, and more than twice as much money was deposited as was withdrawn.

To establish awareness of the ATM in Columbia, a town with 60,000 population and where no ATM had existed before, the bank used the theme "You Are Invited to a Coming Out Party." The party motif was carried throughout an intensive ad campaign on television and radio and in newspapers, statement stuffers and lobby posters.

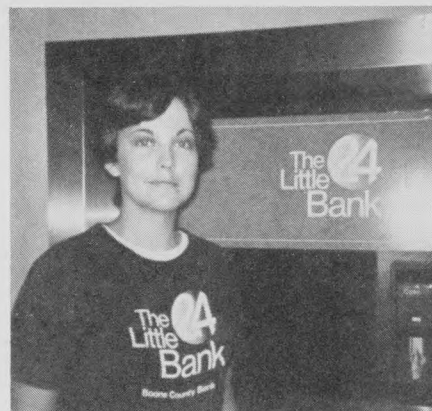
Bank employees were featured in television commercials in which hundreds of red and white helium-filled balloons were released from the bank's doors and drifted skyward; the film was reversed to create the illusion of the balloons coming back into the doors, where a "coming out party" celebrating the Little Bank was in progress.

Lobby decorations carried out the party theme with streamers, balloons and a popcorn machine. Children were given helium-filled balloons, which also spread word of the campaign.

Incentives were offered to entice customers to try the machine: Coupons for free ice cream bars, tacos and fried chicken dinners were interspersed among the play money packed in the demonstration model.

Employees of Boone County National were involved from the project's outset. They previewed the advertising, were trained to operate the ATM and received T-shirts, bearing the "Little Bank" logo, at the end of their training period. Staffers were encouraged to wear the T-shirts to work.

Bank employees served as demonstrators and a sales force for the ATM, were kept informed of the campaign's progress and received recognition for their extra effort. Personnel attended the machine during the first weeks, in-



"24-Hour Little Bank" ATM of Boone County Nat'l, Columbia, Mo., is setting records for number of transactions. More than 8,500 transactions were made on machine in first full month of operation, over 5,500 more than had been predicted by bank officials.

viting usage and encouraging customers to try the "nonthreatening" balance-inquiry feature.

The Little Bank is located on premises in a glass-enclosed vestibule of the bank's Fountain Lobby, which is on a busy downtown street near three college campuses.

The installation has been successful beyond the goals originally set by Boone County National. Figures of 3,000 transactions monthly after two months of operation and 4,000 per month by year end were shortsighted. The former figure was exceeded within the Little Bank's first 12 days of operation, so new goals were set: to have the highest usage in Missouri and to be among the top 5% in the nation. And with the return of 25,000 college students to Columbia in the fall, the bank just may reach those goals!

Chicago HC Honored



A. Robert Abboud (2nd from l.), chairman, First Chicago Corp., is presented silver tray by representatives of the International Visitors Center of Chicago in appreciation of the HC's "generous support" of center activities. The center is the official Chicago agency for programming international visitors for the U. S. Department of State. It has hosted more than 60,000 foreign diplomats, businessmen, educators, journalists and students during its 25-year history.

'Issues in Bank Regulation' Published by BAI

A new quarterly publication, "Issues in Bank Regulation," has been introduced by Bank Administration Institute.

Purpose of the publication, according to BAI President Ronald G. Burke, is to provide a two-way forum between bankers and regulators so they can develop an improved understanding leading toward practically oriented solutions.

The publication will have a paid circulation of about 10,000 readers and its audience will consist of more than 8,000 bank CEOs and 2,000 regulators, attorneys, professors and accountants.

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Another step toward 2001.

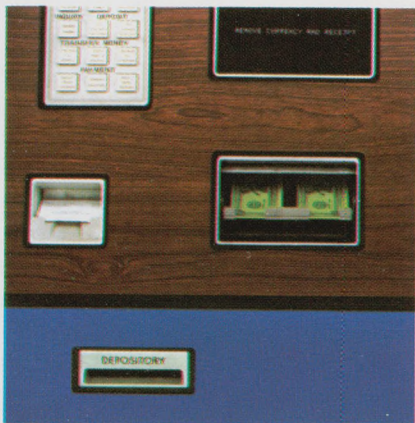


See the dynamic
new TT 2000 family
at ABA!

We're looking into the future to provide the kind of automated banking that's needed today.

New! Docutel's TT 2000™, the first totally modular ATM system.

For the first time, you can order a Docutel ATM system in any configuration you need. From a simple cash dispenser to the most sophisticated automated teller system in the industry. Standard features:



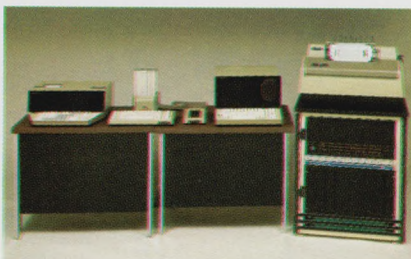
4,000-bill, 1,500-receipt capacity. Single-bill dispensing in two denominations. Programmable multi-line video display. Personalized alphanumeric customer receipts.

New! Total Teller 2000 compatibility feature.

New compatibility feature makes it possible for most wall-mounted Docutel ATMs to serve as the control unit for the TT 2000 terminal. Purchase of the TT 2000 controller can be deferred until the Docutel customer is ready to add more of the new ATMs. The compatibility feature is an inexpensive, one-step way to move up to the highest level of ATM service.

New! FS 2000™, for branch automation beyond ATMs.

A system of interactive terminals combined with a branch controller. Multiple terminal installations and other automated peripheral equipment can be linked via Docutel's exclusive data bus or by telecommunication for both on-line and off-line operation. Now you can receive data input, answer inquiries, process transactions, provide general purpose communication and maintain up-to-date records for inquiry and authorization all in one completely integrated Docutel financial system.



New! Computerized Customer Service Center.

A toll-free number gets you computer-quick action from Docutel's 300-plus field engineers. The Center serves any customer in the country, 24 hours a day, 7 days a week. Gets the engineer to you already briefed on your ATM's maintenance history. Improves parts control and parts tracking. Provides better-than-ever management control of ATM service.

New! Library of coast-to-coast Docutel ATM case histories.

A 10-year collection from Docutel's 3,500-plus installations. Invaluable documentation of such things as ATM performance, successful promotions, siting effectiveness, etc.

Talk to the leader in automated banking.

Docutel Corporation, P. O. Box 22306, Dallas, TX 75222, (214) 438-1818.



Bank Boosts Auto-Loan Business 12% With 3-Month Multimedia Campaign

A TWO-PRONGED auto-loan campaign this year at Valley National of Arizona produced a 12% increase in such loans for May/June/July, 1977, over the same period last year and a 22% boost in dollars.

The campaign, conducted at all 170 Valley Bank offices of the Phoenix-based bank, had auto dealers as its main target and, secondarily, was aimed at auto purchasers, especially those in the 24-44-year age group.

The bank chose May, June and July to run the campaign because those months are key auto trade-in months in Arizona, and dealers have heavy inventories at that time, says Warren Goodrich, vice president/corporate communications. He explains that Valley National's prime strategy was to show dealers the bank's support of their sales efforts.

From May 1 to the end of July, the bank ran print, radio and TV ads on auto loans. Each had its unique flavor, but the overall theme was "Why Not Trade It In?"

The half-page horizontal print ad featured a "Should I trade my old car in?" quiz in the form of questions with multiple-choice answers. For instance, No. 1 was "Your car sounds like:." The three possible answers were: "Four mice on an exercise wheel" or "A 30-man demolition crew" or "It's ready for the Indy 500." Another question was

"When you offer a friend a ride, he:." Possible answers were: "Starts talking about the benefits of a long walk" or "Asks for a crash helmet . . . or his mother" or "Wants to drive and asks to borrow your car next Tuesday."

In addition to seven questions, this ad allowed readers to score their answers, with each "a" answer scoring 0, "b" 1 and "c" 2. A reader could determine whether he's in line for another car by adding up his points. As an example, the ad indicated that a score of 0-3 meant "Junk it" because the car probably is costing more to drive than its original value. A score of 4-7 points, according to the ad, meant the car is a "beast." That is, it may have been a beauty, but it's becoming a real animal. In each of these cases, the ad suggested the best thing for the reader to do was to go to his auto dealer and buy another car. The suggestion ended with "Ask your dealer for Valley Bank financing."

The ad said a score of 8-13 points meant "Let's Talk Turkey." In other words, that car has been given good care and would be a welcome sight at any dealership. Therefore, it would bring a "healthy trade-in allowance." Again, it was suggested that the reader ask his dealer for Valley Bank financing.

A score of 14 points meant the car was at "The Top of the Heap." As the ad indicated at this point, "Your car's

incredible. The epitome of automotive excellence. But if you'd like a change of pace, any dealership would love your car. And if you need financing, ask your dealer for Valley Bank's. You can probably drive your new car away the same day."

Thirty- and 60-second TV commercials were run on 10 Arizona channels for 13 weeks. They showed "the hero," with his old car, watching the gas pump running, running, running, leaning back in the seat and having it collapse, getting lost in smoke as the car struggles uphill and being asked by an old prospector with a burro and dog, "Why not trade it in?" The voice-over announcer then tells the harried motorist: "When you're ready, your dealer can set up a Valley Bank financing plan, the same day you pick out your car."

Other advertising for auto loans was done through 100 statewide billboards, full-page ads in Phoenix and Tucson city magazines and on radio. Three light-comedy spots in a new form, backed by familiar Valley Bank music, were played on 54 radio stations throughout the state. Two-thirds of these commercials were aired during morning and afternoon rush hours to reach listeners going to and from work.

The entire campaign was previewed with audio/visuals at auto dealer sales meetings, where the bank distributed 16x22-inch broadsides that also had been sent to Valley Bank's 170 offices.

Reproduced on the broadsides were six frames from one of the TV commercials, a radio script, two pieces of art for the outdoor boards, the full-page magazine ads and the newspaper quiz.

Valley National Bank's "Should I trade my old car in?" Quiz.

CHECK THE APPROPRIATE ANSWER:

- 1.** Your car sounds like:
 a. Four mice on an exercise wheel
 b. A 30-man demolition crew
 c. It's ready for the Indy 500.



- 2.** To stop your car at a red light:
 a. You pump your brakes to help, apply the emergency brake, drag your feet and plan to hit out all the balls.
 b. You have to give at least two blocks notice.
 c. You can step on a dime.

- 3.** When you offer a friend a ride, he:
 a. Starts talking about the benefits of a long walk.
 b. Asks for a crash helmet or his mother.
 c. Wants to drive and asks to borrow your car next Tuesday.



- 4.** When you go to the gas station:
 a. You exhaust the oil companies' reserves.
 b. The attendant looks at your car and laughs hysterically.
 c. The attendant asks you how much you want for your car.



- 5.** When you start your car in the morning:
 a. A boy Scouts try reading your smoke signals.
 b. Tow trucks gather around your driveway.
 c. Your well-tuned machine gets up and goes.

- 6.** The interior of your car looks like:
 a. You're secretly housing a family of gophers.
 b. You're taking a class in patchwork quilting.
 c. New Or. at least almost new.

- 7.** A good nickname for your tires would be:
 a. Mount Baldy
 b. Patches
 c. Panther Pines

SCORING: Score 0 points for each a, 1 point for each b, 2 points for each c.

QUIZ ANALYSIS:

0-3 points: The Junk-It.
 This car is probably costing you more to drive than its original value. It's best to run it all? In your case, you'd probably be looking a service to the community by jettisoning another car. And quick. Ask your dealer for Valley Bank financing. He can set up a plan the same day you pick out your next car.



4-7 points: The Beast.
 Your car may have been a beauty, but it's becoming a real animal. Think about trading it in while it's still worth something. With big dealer inventories right now, you'll have lots to choose from. And ask your dealer for Valley Bank financing.

8-13 points: The "Let's Talk Turkey."
 Chances are you'll be welcome right at any dealership. You've taken fairly good care of your car, so you can let you'll get a healthy trade-in allowance. When you pick out your next car, ask your dealer for Valley Bank financing. He'll set up a plan for you, fast.

14 points: The Top of the Heap.
 Your car's incredible. The epitome of automotive excellence. But if you'd like a change of pace, any dealership would love your car. And if you need financing, ask your dealer for Valley Bank's. You can probably drive your new car away the same day.

Why not trade it in?
 We go out of our way for you. Valley National Bank Member FDIC.

Four-Year Car Loan Is Norm, According to ABA Survey

WASHINGTON, D. C.—The typical term for a new-car loan from a commercial bank now is four years, and the average annual percentage rate on this kind of loan is 11.24%. These are two of the findings in a survey conducted among members of the executive committee and advisory board of the ABA's Installment Lending Division.

The survey also found that new-car loan interest rates are expected to rise from 1/10% to less than 1/10% between now and next February.

More than 85% of the responding banks said four years were the longest period for which they offered new-car loans. Another 5% said they offered five-year loans. Less than 10% said they limited new-car loans to 3½ years. Only 2.5% said they would not lend beyond three years.

This newspaper ad was published by Valley Nat'l of Arizona during its three-month auto-loan campaign. Ad contained multiple-choice quiz and grading system designed to show readers whether they needed new cars.



For Hire:

Good looks, energy economy, and a willingness to re-locate

Your branch or satellite office options have increased importantly since the addition of new models to the line of Diebold Financial Buildings. Esthetically, these buildings speak for themselves — and eloquently. More important is the energy efficiency we've given these new buildings. They're amply insulated in the wall, in the roof, and in the floor. All windows are double-glazed . . . all doors are weatherstripped . . . every point of possible air loss is firmly sealed.

Moreover, these new Diebold Financial Buildings retain the important advantages of their predecessors. You save time: once you choose the specific building that fits your needs, Diebold takes charge. You don't get involved in endless details, cost over-runs, elusive completion schedules. Yet . . . in only 3 to 4 months you can be in business — attracting new deposits, new customers, earning a return on your investment.

Further, as your market grows, the building can be expanded — often over a weekend. These buildings can also be readily moved so if a location doesn't work out, you can move it elsewhere and still recover an important part of your original investment.

With a Diebold Financial Building you can be in business fast, can count on energy savings, and can be as flexible as your marketing requires. Doesn't that sound like **your** kind of building? Write for complete details and case histories.

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Volunteers:

Small Cities Aided In Planning for Future

A pilot project devised and implemented by United California Bank, Los Angeles, could have a positive influence on the long-term financial condition of small cities throughout the U. S., according to a bank spokesman. A volunteer group of California business and financial experts, working with two "typical" cities, has completed a municipal planning program.

In the "Small Cities Program," two

volunteer urban teams of professionals from the private business sector analyzed the financial prospects and municipal planning options and presented written plans and recommendations to the cities of Montebello and Saratoga, both in California.

The volunteer teams were comprised of experts in banking, accounting, urban planning, political science, economics and computer science. In addition, graduate students in business and finance took part in the program.

Besides aiding the two cities, a major goal of the study was to create an example for other businesses and mu-

nicipalities throughout the country. The bank hopes similar projects will be initiated to help assure the financial stability of small cities across the U. S.

BAI Communications Seminar Planned for St. Louis in Oct.

ST. LOUIS—A program for community banks on cost-effective communications management has been planned for October 24-25 at the Sheraton-West Port Inn here by the Bank Administration Institute, which is headquartered in Park Ridge, Ill.

Services and equipment offered by various firms will be discussed by a number of experts in the field. Spot-lighted will be the new WATS tariff and electronic telephone systems.

On hand as guest speakers will be Larry M. Salvatori, president, Telecommunications Management, Inc. (TMI), an independent organization that specializes in analyses, design interconnections and management of communications systems; James W. Davis, TMI vice president; and David C. Anderson, also of TMI.

The program will feature techniques for reducing costs without lowering the quality of telephone services and is designed primarily for banks that have no communications specialists on staff. Topics will include how to: control message unit charges; plan for growth; reduce one-time charges; lower long-distance charges and evaluate interconnect alternatives and service requirements.

A special reference manual containing material to be discussed during the program and relevant articles will be given to each registrant.

Consumer Bankers Convention Slated for Phoenix, Oct. 23-27

PHOENIX—The Arizona Biltmore has been slated as the site of the 57th annual convention of the Consumer Bankers Association. Dates of the event are October 23-27.

Spotlighted guest speakers during the convention include John J. Rhodes (R., Ariz.), U. S. House minority leader; Robert Nyere, senior vice president, First National, Boston; Kenneth Larkin, senior vice president, Bank of America, San Francisco; and Roland E. Brandel, partner, Morrison & Foerster, San Francisco.

In addition, Robert Johnson, director, Credit Research Center, Purdue University, Lafayette, Ind., will present the first results of the "West Coast Charge Card Study," which examined the effect of rates, rate ceilings, state laws and other factors on bank-card profitability.

Who Projects Your Corporate Image?



ST. PAUL FEDERAL SAVINGS
& LOAN ASSOCIATION, Chicago,
in their Spring-Summer collection

... each employee should. And they will ... in fashionable corporate apparel — styled by leading designers and manufactured in highest quality, durable and easily maintained fabrics.

Career apparel by CORPORATE APPAREL, INC., not only complements your employees, but also your total image.

For the best in professional service, the finest in quality, the ultimate in design, and the most original coordinates, contact CORPORATE APPAREL, INC.



LANSING STATE BANK,
Lansing, IL., in grey and
burgundy Fall program

(Isn't it time
your firm
projected its
corporate
image?)



CLYDE SAVINGS & LOAN
ASSOCIATION, Chicago, in
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plaids and powder blue

Esther Miller President

Corporate Apparel, Inc.

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Let Employees Select Career Apparel Say Representatives of Thrift, Bank

Committees present views of staff people

BANK EMPLOYEES can play major roles in the establishment and maintenance of career apparel programs, say representatives of Harris Trust, Chicago, and Franklin Society Federal Savings, New York City.

Franklin Society has five branches in New York City and suburbs with about 90 public contact employees of both sexes.

With this number of customer-contact employees, it's understandable that some problems concerning dress and appearance would arise in connection with management's desire to have all employees look neat and presentable.

A dress code was seen as the best way of accomplishing management's goal.

But the institution didn't just draw up a dress code and force it on its employees; rather it formed a committee of employees to establish the code. The committee was made up of employees from all areas of thrift and it was charged with the job of making sure that the code would be acceptable to all employees.

At this point the possibility of adopting career apparel was presented to the committee. It was enthusiastically received because committee members realized that the use of career apparel would bring uniformity of dress to the work force. Moreover, the committee could consult with apparel suppliers for advice and could recommend that the bank contract with a reputable apparel supplier that specialized in clothing for business firms.

The committee, working with an apparel supplier, selected a color scheme of red, white and blue for the outfits. It also decided that individuality was a must in choosing the styles for the apparel wardrobe. It was felt that if a large selection of coordinated pieces were made available to employees, all feelings of regimentation and restriction of styling would be avoided.

There was some thought in the early planning stages of adding an emblem to identify the thrift to provide greater recognition for the institution. This,

however, was not done, because it was believed that the emblem would make it less desirable for employees to wear the outfits to and from work.

Franklin Society pays the entire tab for the clothing and employees are permitted to select any of the garments offered with a minimum budget of \$200 per employee. Extra pieces can be purchased at employee expense.

Included in the outfits for women are slacks, dresses, skirts, jumpers, jackets and blouses. Outfits for men consist of blue suits, navy slacks and coordinated houndstooth blazers.

A thrift spokesman said the employee committee was a valuable asset in planning the career apparel program. It provided a link between management and employees and, most important, it assured management that employees would be getting what they wanted and would therefore be pleased with the outfits.

After the apparel was worn for a while, there was almost unanimous approval by both management and personnel. All problems of dress have been eliminated and the thrift has established a corporate identity with the apparel.

Employees like the program because it represents a substantial savings on the cost of their working wardrobes and provides security in the knowledge that they will appear neat and fashionable at all times, the spokesman said.

Harris Trust's committee used a survey form to determine the opinions of its employees prior to selecting career apparel for those working in the bank's newest addition to its downtown Chicago complex.

The survey was divided into two parts—one for women, the other for men.

The survey for women proposed a seven-piece outfit and asked employees which of 13 items they would like included in the basic outfit. They could select from two styles of dresses, long and short sleeve jackets, long and short sleeve blouses, short and long vests, two types of pants, a skirt, a cardigan and a turtleneck sweater.

Their preference regarding scarves was requested and they were asked if they would purchase additional coordinated items if they were offered at cost.

Another portion of the survey asked employees which pieces of the previous

Three ways to coordinate career apparel are suggested here by Creative Image, Dallas. LEFT: Informal three-piece combination features belted, checked short-sleeved jacket with solid-color slacks and long-sleeved shirt. CENTER: Dark vest and skirt and polka-dotted shirt under contrasting white jacket strikes happy medium between dressy and formal look. RIGHT: Smart appearance is created by combining vest with fitted jacket and skirt. Checked blouse is accented at neck by matching scarf.



career outfits they liked the best, and which they liked the least.

The men were offered four-piece outfits of two pairs of slacks and two jackets. Their preference for ties was requested and they, too, were queried on their willingness to purchase additional items at cost.

According to a spokesman, the results of the survey were a decisive factor in selecting the outfits.

More and more financial institution managements are realizing that it's difficult for one person to make clothing decisions that are agreeable to a large number of employees. They realize that no one knows better what a given employee likes in the way of clothing than that employee herself or himself. Thus, the input from employees is vital in the establishment of an apparel program.

The diverse selection available in career clothing today permits a bank or thrift to supply outfits that appeal to every taste and style. The employee who can't stand herself in pants can opt for dresses and skirts and still fit in, since all outfits are color coordinated. Those who like to wear scarves can do so without detracting from the overall look of the outfitted personnel. Employees can wear contrasting outfits that carry out the bank's color scheme, thus avoiding the look of uniformity that earlier programs projected. • •



Personnel at First Nat'l, Chicago Heights, Ill., model career apparel designed to harmonize with decor of new building, opened last year. Predominant color of outfits is "angora peach," a soft rust that picks up one of the accent colors of the banking lobby decor. Outfits were supplied by G. Carlyle Struven, Inc., Chicago.

New Bank Decor Calls for Apparel That Harmonizes With Color Scheme

WHEN A BANK moves into a new building or a remodeled one, it can make its new decor more striking with the adoption of career apparel that harmonizes with the color scheme of the bank, says Jerry Struven, president, G. Carlyle Struven, Inc., Chicago, apparel supplier.

It's an opportunity no banker should pass up, Mr. Struven says. With today's modern fabrics and a wide assortment of colors, it's possible in most cases to create apparel for customer contact per-

sonnel that harmonizes perfectly with the color scheme of the bank's lobby.

Adoption of harmonizing outfits gives the bank's appearance a completeness that is not possible if personnel are encouraged to wear clothing of their own clothing which often clashes with the tones of the bank's decor.

When a bank puts a lot of money into decorating its premises, Mr. Struven says, it's self-defeating to overlook the clothing being worn by bank personnel.

It's natural for bank employees to be proud of the place in which they work—especially if it's a tastefully decorated banking floor, Mr. Struven says. Imagine how this sense of pride can be shattered for employees who dress tastefully if a fellow worker comes to the bank dressed in something that clashes with the decor. The employee might not realize he or she is disrupting the harmony of the color scheme of the bank. He or she might be wearing the best outfit either owns, but, if it doesn't harmonize with bank decor, it stands out in the eyes of fellow employees and customers and serves to detract from the total esthetic picture the bank's decorators have tried so hard to establish.

Worse yet is the situation of an employee knowing he or she is wearing apparel that clashes with bank decor and not being able to do anything about it, due to adverse financial circumstances.

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to add career apparel to its decorating budget, but the price is well worth it, Mr. Struven says. The expenditure is an investment—just as the new or remodeled building is an investment. Apparel adds to the harmony of the surroundings; it boosts the morale of employees, who realize that apparel is a valuable fringe benefit that saves their clothing budget, reduces turnover and makes the bank a more pleasant place to work; and it serves to identify employees, making it simpler for customers to transact their business. And these are only some of the benefits, Mr. Struven says.

First National, Chicago Heights, Ill., recently moved into a new Main Office. The bank had been using apparel, but management realized that the new decor called for new outfits. There was no problem regarding the colors of the

apparel to be ordered; it was dictated by the color scheme of the bank.

According to Evelyn Noel, personnel officer, the main lobby in the new building is primarily decorated in earth tones with warm shades of burnt orange, brown and rust accents.

Miss Noel says the Struven firm provided the bank with "the perfect color scheme for our new facility." The basic color of the mix-and-match combination outfits is "angora peach," which is described as a very soft rust that picks up one of the accent colors of the building.

"Career apparel should adapt to the building decor and not be a sharp contrast," Miss Noel says. "We at First National . . . are very pleased with our career apparel program, . . . especially when we receive compliments from our customers." • •

Benefits of Leasing Career Apparel Include Elimination of Clothing Stock

MARINE National Exchange Bank, Milwaukee, was one of the first banks in that city to dress employees in career apparel. This was done in 1962, when professional fashions were adopted to complement the decor of the newly completed Marine Plaza.

Today, about half the firm's banks throughout Wisconsin dress their personal contact employees in career outfits designed for each bank.

Marine was also one of the first banks in the state to take advantage of the benefits of leasing career apparel. Leasing began in 1973 and last year Cudahy (Wis.) Marine also started leasing outfits. Both banks deal with Means Career Apparel, Willowbrook, Ill.

Marine National Exchange is currently on its second leased wardrobe. The six-piece outfits for women and the four-piece outfits for men, in dark brown and a subtle check, permit versatility while retaining an overall professional and harmonizing appearance, according to a bank spokesman.

The Cudahy Marine wardrobe consists of six mix-and-match pieces in brown, orange and a plaid. Staff members at both banks can wear whatever combination of items they wish on any given day.

Marine National went to leased outfits to eliminate the problem of purchasing a sizable stock of outfits necessary to keep up with employees hired to keep up with growth of the bank. Cudahy Marine found it was more economical to lease than purchase apparel.



Staff members at Marine Nat'l Exchange Bank, Milwaukee, model apparel supplied by Means Career Apparel, Willowbrook, Ill. Outfits include plaid blazers for both male and female employees.

Six other Marine banks continue to purchase their outfits.

The two banks that lease apparel pay flat monthly fees for the outfits. The Means firm provides replacement items and additional pieces as they are needed. Clothing is made from fabrics easily cared for and employees are responsible for maintenance.

Whenever new apparel is being considered at Marine National Exchange, a fashion show is mounted for personnel, who then select the items to make up the wardrobe.

What do the banks look for in leased career apparel? According to Jeanne Roeglin, Marine National Exchange personal banking officer, the most important features are fabric and

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Solids and plaids predominate in apparel worn by employees of Cudahy Marine Bank, Milwaukee. Outfits are leased from Means Career Apparel.

workmanship. The fabric must be "beefed up," not merely "off the rack" quality, to assure wearability. In addition, the fabric must be washable and require little or no ironing. Tailoring must be professional.

"Career apparel provides an overall professional look to our people," concluded Miss Roeglin. "Leasing has provided us with additional versatility that enhances this look and is attractive to both our personnel and customers."

Financial Institution Images Boosted By Contemporary Career Apparel Outfits

CAREER APPAREL not only flatters the employees of a financial institution, but the institution's total image, says Esther R. Miller of Corporate Apparel, Inc., Chicago.

Because today's dress codes are so loose, she says, customers of a financial institution are pleased when they notice employees wearing career apparel. Why? Because they present a unified corporate image to the public, an image that reflects the institution's decor as well as its basic marketing philosophy.

The use of career apparel eliminates any dress competition on the job, Mrs. Miller says. And, since most firms using apparel pay all or part of the cost of the outfits, employees are relieved of the burden of making large financial outlays for clothing to be worn to work. She says that latest surveys show that employees can save up to \$550 annually on clothing and dry cleaning if they are issued career apparel. Not to be overlooked is the fact that career apparel is durable, washable, easy to maintain and is of better quality than

most employees can find on the ready-to-wear racks of department stores.

Corporate Apparel specializes in clothing employees of financial institutions in Chicago and the Midwest, such as St. Paul Federal Savings, Chicago; First National, Lansing, Ill.; and Clyde Savings, North Riverside, Ill.

The outfits for women at St. Paul Federal Savings are fashioned in gray and yellow woven polyester with matching jackets and slacks for male personnel. First National, Lansing, issues outfits of burgundy and gray double knit polyester, with blouses of pink Qiana. Clyde Savings features career suits in navy and powder blue polyester with matching blouses.

Mrs. Miller says her firm is unique in that it has sales reps who make weekly calls on most customers to take care of alterations and outfitting new employees. A backup stock of outfits is kept on hand for each customer, she says, and this stock is used to outfit new employees as they join the staffs of financial institutions. Outfits of ter-



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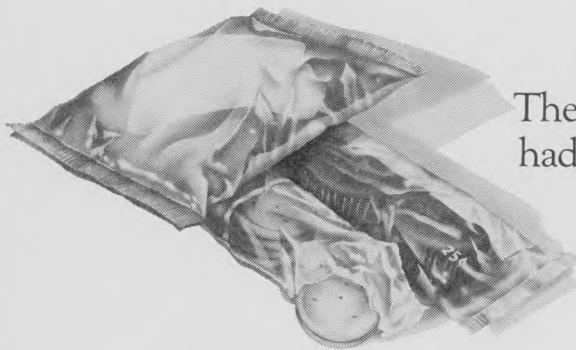
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minated employees are recycled if possible and are altered to fit new employees.

Mrs. Miller says that career apparel has brought a new dimension to the once stereotyped field of uniforms, and that new dimension is contemporary fashion. It's part of a nationwide trend to substitute career apparel for the clothing employees generally wear to work, and it's resulting in an increased awareness and appreciation of the corporate images of financial institutions.



Navy and powder blue are the colors worn by employees at Clyde Savings, North Riverside, Ill. Outfits are supplied by Corporate Apparel, Inc., Chicago.



Suits of employees at First Nat'l, Lansing, Ill., feature burgundy and gray double knit material.



Spring suits for St. Paul Federal Savings employees are fashioned in gray and yellow woven polyester. Institution is in Chicago.

Apparel Helps Solve Identity Crisis For Technologically Oriented Banks

NEW BANKING technology, including EFT, has improved bank operations, but there is a danger that it forms a catalyst for making banks "faceless" institutions, says Martin Shampaine, president, Creative Image, Dallas, career apparel manufacturer.

"As a consumer and customer, I fundamentally haven't changed," Mr. Shampaine says. "I find little comfort in dealing with the efficient but sterile automatic teller transferring my funds. In the ultra-competitive financial business community the public has, in many cases, found it difficult to distinguish one bank from another."

But each bank does have its difference, and it should be identified, he says.

A bank, like an individual, has a personality and an identity, Mr. Shampaine says. This identity is one of the bank's most valuable assets. It comes through its employees—its most valuable partners. The bank's difference—or personality—is in its employees, not in its EFT systems.

What's one of the best ways to make this identity evident? By the use of career apparel, he says. Apparel projects the image and personality of any bank, when it is used effectively.

Early in its history the airline industry faced an identity problem. Equipment, services and technology were basically the same. The airlines had to reach the public to identify and express their differences. One means used to accomplish this was the adoption of career apparel, Mr. Shampaine says.

Worn by ground agents, stewardesses, captains—practically everyone on the payroll—career apparel identifies the airline and projects the image of a professional, confident, efficient team.

"When you board a plane you expect a professional team to fly you to your destination," Mr. Shampaine says. "Does the public feel any differently about the institution that handles its financial transactions?"

Fashionable career apparel replaces the extremely out-of-date garments that employees sometimes wear and permits customers to see where to go for assistance. It makes employees look like the professionals they are, he says.

"Your professional crew in and out of the bank is better evidence of the

bank's personality and identity than a billboard or neon sign indicating time and temperature," Mr. Shampaine says.

He adds that career apparel is an employee fringe benefit that is important to personnel every working hour. Daily, employees face the "what-to-wear" syndrome. The simple solution is career apparel, because it eliminates the worry about competitive dress, he says.

Each bank has employees who represent several different economic levels, he says. Often this is reflected in clothing. Career apparel eliminates "class distinction" and the resentment that can be generated from clothing competition among fellow workers. A fringe benefit that replaces dollars normally spent maintaining a wardrobe for work enables employees to use those dollars for home, for personal expenses or for savings.

Today, all industries face the problem of recruiting capable employees, Mr. Shampaine says. Many capable potential employees haven't entered the financial work force because of their inability to purchase the type of wardrobes demanded for work at prestigious institutions like banks. Career apparel can solve that problem and open the door for more potential applicants. No longer will the individual's budget keep him or her from applying for a bank position.

Personnel department personnel often have questioned the capability of a prospective employee, simply because of his or her clothing, Mr. Shampaine says. A poorly dressed person can project an image of poor ability on the teller line while a well-dressed person can express the image of one eminently qualified for bank work.

Employees like to dress well. They receive a boost when they are complimented on their outfits, Mr. Shampaine says. This, in turn, is evidenced in greater efficiency on the part of employees. They make fewer mistakes and get along better with customers.

"Career apparel can become a major asset that will earn dividends payable to your bank's marketing, personnel and public relations departments," Mr. Shampaine says.

"Technology is changing the systems of banking, but career apparel is changing the face of banking!" • •

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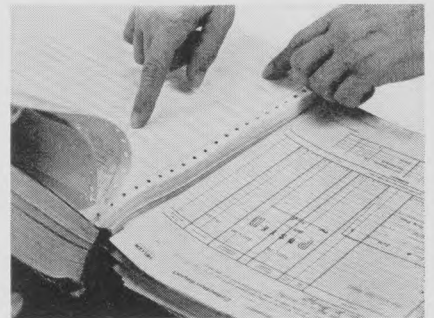
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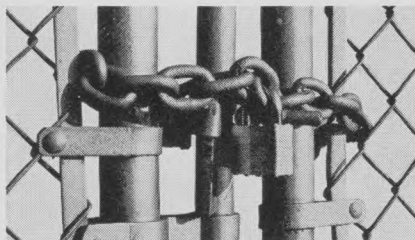
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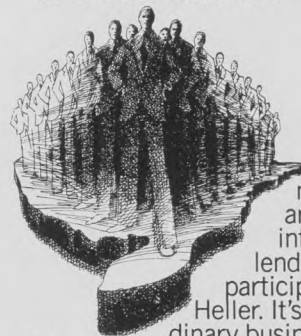
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Interest Rates, Inflation, EFTS Discussed At CEO Day Sponsored by St. Louis Fed

THE FUTILITY of trying to use monetary policy to keep interest rates *constantly* below those determined in the market was the focus of a talk given by Lawrence K. Roos, president of the St. Louis Federal Reserve Bank, at the latter's CEO Day August 24. About 130 bankers from Missouri, southern Illinois and southern Indiana went to the bank for a day of discussion of inflation, interest rates, consumer-credit regulations, EFTS and other topics of interest to commercial bankers.

"Fundamentally," said Mr. Roos, "the object of monetary policy should be to promote full employment of productive resources while maintaining a stable price level. And we know that an important factor in whether or not we can achieve price stability is our ability to control the nation's money supply. In the past, the very nature of money limited the amount a government could put into circulation. For example, in earlier times when money consisted of gold and silver coins or certificates that could be exchanged for gold or silver, a government legally could create more money only when it acquired more precious metal. However, the amount of money circulating in the U. S. economy today is not limited by a gold or silver standard. Instead, it is limited by the actions of a Federal Reserve committee—the Federal Open Market Committee (FOMC), composed of the seven members of the Federal Reserve Board of Governors, the president of the Fed-

By ROSEMARY McKELVEY
Editor

eral Reserve Bank of New York and, on a rotating basis, four other Reserve bank presidents.

"The Federal Open Market Committee, which meets once a month, is able to expand and contract the nation's money supply through the system's open market operations, which consist of purchases and sales of government securities in the open market.

"When the FOMC decides to *expand* the money supply, it directs the money desk at the Federal Reserve Bank of New York to *purchase* government securities from securities dealers. To pay for securities purchased, the Federal Reserve is able to write checks on itself—checks that are not backed by reserves of any kind. When such checks are deposited in a commercial bank, the commercial bank's reserves are increased. The commercial bank is, then, able to make loans based on these new reserves. The funds the bank lends are deposited in someone's checking account and become demand deposits, which are, of course, money. Thus, the purchase of government securities by the Federal reserve results in an increase in the economy's supply of money.

"When the FOMC decides to *reduce* the country's money supply, the money desk at the Federal Reserve Bank of New York *sells* government securities from the system's portfolio. Reserves are drained from the commercial bank-

ing system, and the economy's total supply of money thereby is reduced."

For the FOMC to avoid causing either inflation or recession, Mr. Roos continued, the committee must aim to keep the money supply growing at about the same rate as the economy's capacity to produce goods and services. When the money supply grows *faster* than that for a prolonged period, he explained, *inflation* is caused. On the other hand, if the money supply were to grow more *slowly* than the economy's productive capacity, *deflationary* pressures would be created.

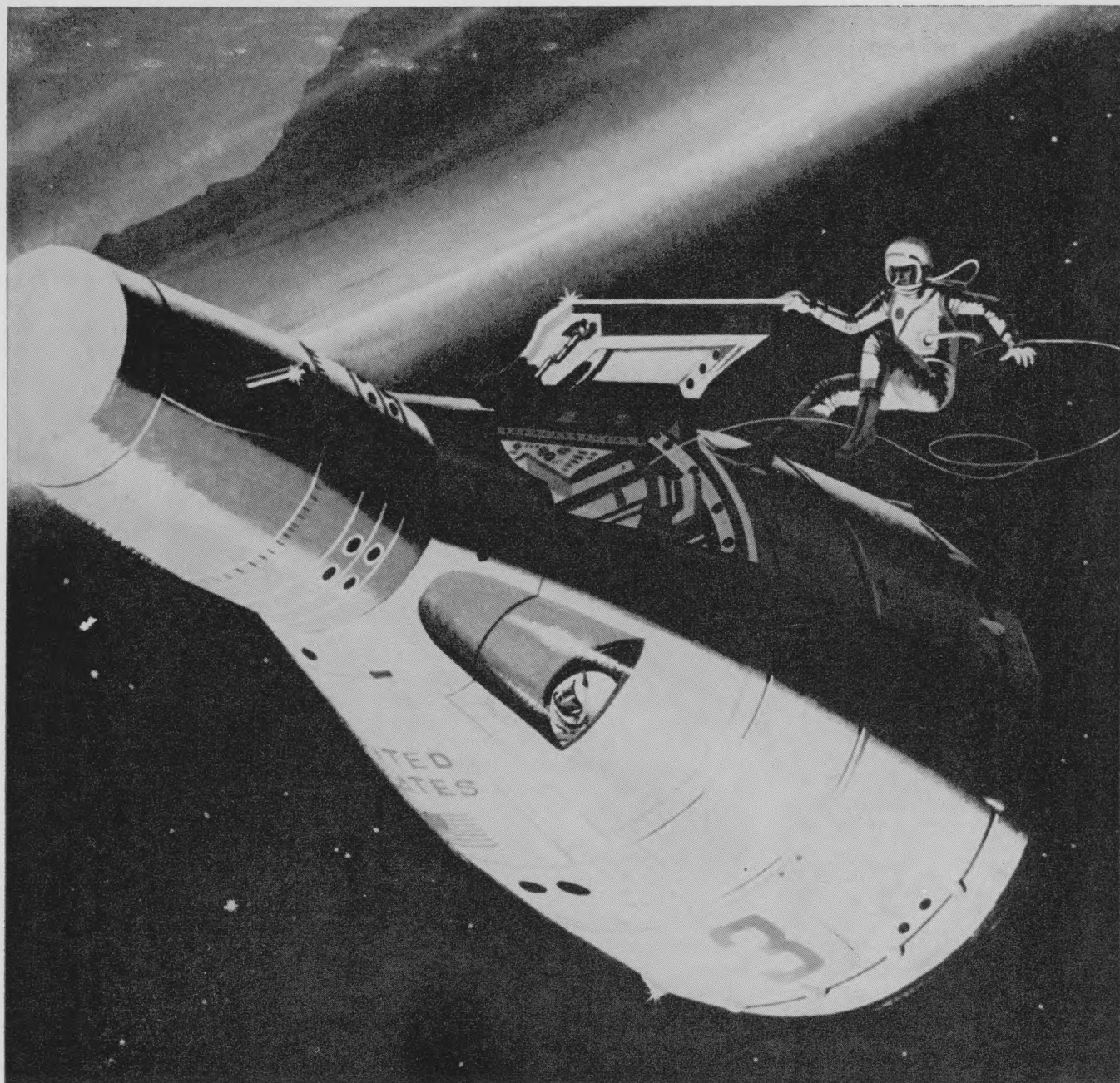
He pointed out that in recent years, the money supply has tended to grow too rapidly rather than too slowly. Therefore, most recently the major task confronting the FOMC has been to restrain the money supply's rate of growth to avoid future inflation.

Mr. Roos then described how this same mechanism through which the Fed controls the money supply's growth enables the system to affect short-term interest rates. When the U. S. Treasury sells a large volume of government securities, perhaps to finance a federal budget deficit or when the overall demand for credit increases for any reason, interest rates tend to rise. However, if the New York Fed's money desk enters the market and buys government securities, the upward pressure on interest rates is alleviated, at least temporarily. Such purchases increase commercial-bank reserves, and the banking system is able to supply more credit. This additional supply of



Panel of St. Louis Fed officers is shown during wrap-up session of CEO Day Aug. 24. LEFT: Anatol B. Balbach (l.), s.v.p.; Donald W. Moriarty Jr. (c.), 1st v.p.; and Lawrence K. Roos (at lectern), pres.

RIGHT: F. Garland Russell Jr. (l.), s.v.p. & gen'l counsel; Joseph P. Garbarini (2nd from l.), s.v.p. & controller; Harold E. Uthoff (2nd from r.), s.v.p.; and Randall C. Sumner, atty., consumer affairs div.



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F. Garland Russell Jr. (l.), s.v.p. & gen'l counsel, St. Louis Fed, is pictured at his bank's CEO Day with Donald E. Lasater (c.), ch., Mercantile Trust, St. Louis, and Donald P. Brown, pres., First Nat'l, O'Fallon, Ill.

credit tends to lower interest rates.

This sounds good, said Mr. Roos, but, unfortunately, there are ancillary consequences of such actions. As he explained, an interest rate is a price—the price of credit. Like all prices in a free market, interest rates fluctuate continually in response to all kinds of real and imagined forces. In the absence of action by monetary authorities to maintain interest rates at artificial below-market levels, prevailing interest rates at any time are the rates at which lenders want to lend the exact amount borrowers want to borrow.

According to Mr. Roos, when monetary policy keeps interest rates artificially low, borrowers are encouraged to borrow, but lenders receive no additional encouragement to make loans. If monetary policy is designed to prevent interest rates from rising, the Fed must supply more credit to the economy, which, in turn, causes the money supply to expand.

He pointed out that persistent attempts to keep interest rates low through monetary intervention cause the money supply to grow much faster than the growth of the economy's productive capacity. When that happens, inflation inevitably follows.

Herein lies the great irony of the whole process, he said. Because attempts to keep short-term interest rates low cause inflation, their ultimate effect is exactly the opposite of what they were designed to accomplish. Lenders soon see that inflation is diminishing the real return they receive on the funds they have loaned. So, to compensate for the expected effects of inflation, they must increase the interest rates at which they are willing to lend. If monetary policy remains steadfast in its efforts to keep interest rates down, it must react to this further increase in interest rates by supplying still more credit and, in the process, still more money. This accelerates the inflationary trend. To protect their real rate of return, he said, lenders again

must raise interest rates. The monetary authority will have to react again. Lenders will raise their interest rates again, etc.

"Fortunately," he explained, "we don't have to choose between inflation and low interest rates. Instead, the choice is between low rates of inflation with low interest rates and high rates of inflation with high interest rates. That would seem to be an easy choice to make. But here's the catch. To experience reduced inflation and relatively low interest rates over the long haul, we must be willing to allow short-term interest rates to fluctuate with the supply and demand for credit. We must be willing, occasionally, to swallow the bitter medicine of temporary interest-rate increases to avoid the crippling disease of inflation that is the inevitable result of efforts to keep interest rates constantly low regardless of the demand for credit. Those who speak out for low interest rates in times of increasing demand for credit are merely paving the way for more inflation in the future."

Mr. Roos then spoke about how difficult it now is for those involved in formulating the nation's monetary policy, with policymakers facing cross-currents of public opinions and interests that often are difficult to reconcile. First, there's the natural desire of citizens for low interest rates and increased services from government. Then, there are the fiscal policymakers, who, in an effort to reflect what they interpret to be the desires of their constituents, tolerate deficit spending by government and embrace the traditional populist philosophy of keeping interest rates low.

Both these forces, said Mr. Roos, exert important influences on monetary policy at a time when more and more people are awakening to the very real threat of inflation and are calling for action by the Fed to curb future inflation.



Three Missouri bankers visit with one another at St. Louis Fed's CEO Day August 24. L. to r., they are: Evans McReynolds, ch., Boatmen's Union Nat'l, Springfield; Pat Lea, ch. & pres., First Nat'l, Sikeston; and Donald R. Selby, pres., Commerce Bank, Kirksville. Mr. Lea is v.p., Missouri Bankers Assn.



Kenneth E. Cook (l.), pres., Du Quoin (Ill.) State, chats with Ralph Frerker, a.v.p., State Bank of Breese, Ill., during St. Louis Fed's CEO Day Aug. 24.

"The simple truth is," he said, "we cannot have it both ways."

Mr. Roos then made a plea to give the Fed the independence it needs to do what's necessary to resist inflation. He admitted this will entail unpopular actions such as preparing to tolerate a reasonable degree of upward movement of interest rates in times of increased credit demand and resisting monetization of government debt where such actions clearly would be inflationary.

Other Speakers. In discussing the economic outlook, Anatol B. Balbach, senior vice president of the St. Louis Fed, warned that "current unemployment statistics do not accurately reflect actual economic conditions such as industrial demand or capacity."

"A more accurate barometer," he continued, "is the ratio of people actually working to the total population of the country. On that basis, July showed 90,561,000 Americans working, or 57.8% of the country's population. This was the highest level at least since World War II."

The economic outlook also was discussed by Vice President Denis S. Karnosky. The many and varied consumer regulations now faced by bankers were described by Randall C. Sumner, attorney, consumer affairs division. Major EFTS issues were discussed by Donald W. Moriarty Jr., first vice president.

The one-day meeting ended with an hour-long question-and-answer session.

■ DONALD J. ORTIZ has been elected president and CEO, United Southwest National, Santa Fe, replacing Jose Gonzales, who no longer is with the bank. Succeeding Mr. Ortiz as chairman is Richard Montoya, former bank vice chairman and chairman, Public Service Commission.

■ ZILLA PADILLA has been appointed assistant vice president, loan department, Bank of Santa Fe.

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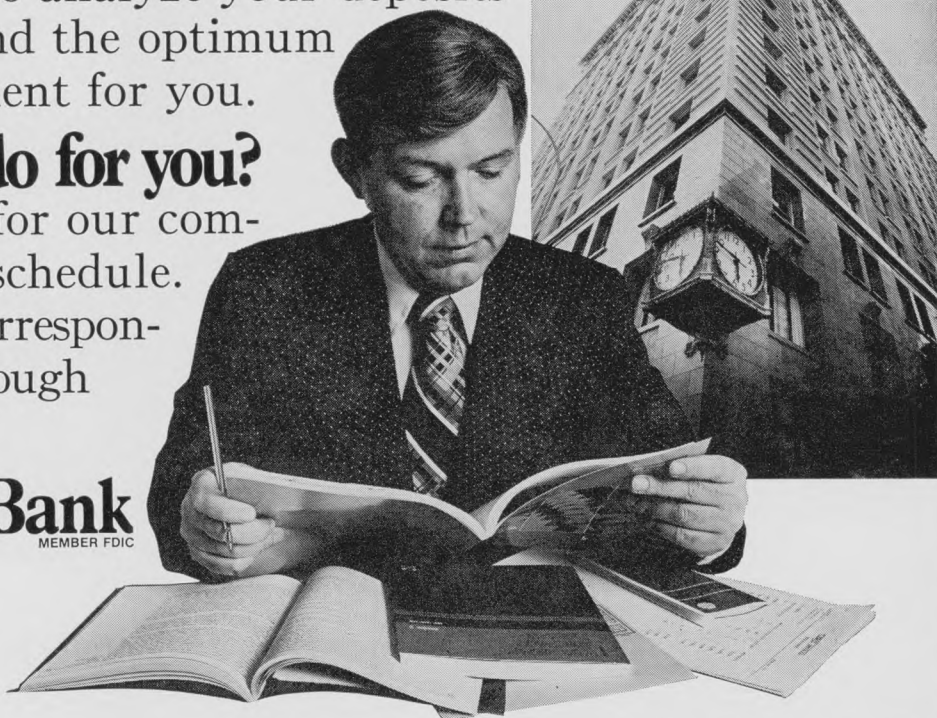
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MBA Regional Meetings Give Priority To Establishment of Political Action Unit

By **JIM FABIAN**
Associate Editor

A POLITICAL action committee, future legislative plans and the status of banking's competition held the spotlight during the first series of regional meetings held last month by the Missouri Bankers Association.

Meetings for regions one through four were held in Kirksville, Trenton, St. Joseph and Kansas City from September 12-15.

MBA Executive Vice President Robert W. Crawford presented plans to organize a political action committee (PAC) for Missouri. Purpose of the PAC, he said, would be to inform state legislators of the viewpoint of bankers on state issues. In addition, the PAC would attempt to raise funds to help finance legislators' election campaigns. He cautioned that expenditures of PAC funds would be limited to \$1,000 for high-level state office seekers, \$500 for state senate candidates and \$250 for candidates for the state assembly.

Final approval for the PAC is expected from the MBA board this month, Mr. Crawford said. Many competitors of banking have already formed such committees, he added, and they consider the cost as being one of the costs of doing business.

Each member bank will be asked to make a \$20 basic contribution to PAC, according to Mr. Crawford, plus 50¢ per million in assets. The MBA will bill its members.

The PAC will be governed by a committee of three under the direction of the MBA board. Committee members will evaluate those running for office to determine their worthiness for a contribution from the PAC.

Mr. Crawford cautioned that all contributions to the PAC must be personal and can't come from the bank. He said that up to \$100 is tax deductible.

It is hoped, he said, that the PAC will be in operation by January. Letters to MBA members explaining the concept are expected to be mailed this month.

As usual, the top priority on the legislative front for 1977-78 will be passage of legislation authorizing an EFT network for Missouri. Passage of this legislation will enable a proposed five-state EFT switch to be established.

During the last legislative session, the

assembly speaker referred the EFT bill to the consumer protection committee, which has appointed a subcommittee to work on a draft for a bill to be introduced in the upcoming session. Mr. Crawford reported that the Missouri senate is getting started on an EFT bill. The MBA is working with Senator Mary L. Gant in gathering information on the topic.

The MBA plans to push for legislation in the areas of late charges, usury penalties and safety deposit regulations.

The MBA plans to establish a computer bank of information about special banking interests of employees in member banks, Mr. Crawford said. Bankers are being asked to distribute computer cards to employees requesting desired information. The completed cards, once they are integrated into the MBA's computer, will enable the MBA to zero in on certain individuals when seminars and meetings covering certain disciplines are held. The cards also ask for names of state legislators known by employees. Mr. Crawford said a list made from this information will enable the MBA to act swiftly in times of legislative crisis.

MBA President Mills H. Anderson, president, Bank of Carthage, concentrated on bank competition in his president's message.

He said that nearly 34 million people, or one out of every six, belong to a credit union, double the number holding such membership 10 years ago. Since 1974, credit union assets have risen from \$32 billion to \$45 billion. CUs have \$36 billion in installment loans, which is almost one-fifth of all installment loans outstanding.

Missouri has 445 CUs, with assets of \$661 million. The advent of professional CU managers has resulted in a liberalization of CU lending ability, with state-chartered CUs in Missouri now able to issue share drafts.

"Banks in the area where share drafts are issued are losing checking accounts to the credit unions because of the interest-paying account feature," he said.

The credit union bill recently passed by Congress enables federal CUs to issue CD-like instruments, make long-term conventional home loans, handle self-replenishing lines of credit plans and increase amounts and terms of maturities.

The recent advances by CUs is just the beginning, Mr. Anderson said. "Na-

tional credit unions are working for demand checking powers, a central liquidating fund, streamlining of day-to-day operations and other legislative goals to give CUs the right to become freer competitors in the consumer marketplace."

Due to the interest-rate differential authorized by Congress, S&Ls can pay higher rates on savings, resulting in S&L savings in Missouri growing at an annual rate of 14.4% in 1975 and 15.9% in 1976. During the same time, Mr. Anderson said, bank deposits grew at 4.3% and 8.8%, respectively. Total S&L assets in Missouri topped \$338 billion at the end of 1975 and hit \$392 billion at the end of 1976.

"The Federal Home Loan Bank in Des Moines, Ia., pays interest to each of the S&Ls keeping reserves with the branch. The FHLBB also sells federal funds for their members. . . . The FHLBB also buys bankers acceptance and government bills, notes and bonds for members of the association, at no charge," he said.

S&Ls have continued to broaden their scope of services, he said, despite pro-



Principals at Region Four meeting in Kansas City were Paul E. Warren (l.), s.v.p., First Nat'l, Liberty, regional sec., and E. L. Burch, v.p., United Missouri Bank, Kansas City, regional v.p. Mr. Warren was elected to succeed Mr. Burch at meeting.



Pictured at Region Three meeting of MBA in St. Joseph last month were (from l.) Harold L. Boatman, 1st v.p., Farmers & Valley Bank, Tarkio, regional v.p.; Mills H. Anderson, MBA pres., and pres., Bank of Carthage; and Charles D. Maxwell, e.v.p., Farmers State, Cameron, regional sec. Mr. Maxwell was elected regional v.p. at meeting.

tests by other financial trade associations. The industry is now trying to provide itself with the right to make all types of consumer loans, including auto, household goods, bill consolidation and revolving credit. The S&L industry also is in favor of nationwide NOW accounts.

S&Ls can branch to any location in Missouri, provided they secure permission from their state regulatory agency, Mr. Anderson said.

He also commented on RSU Corp.'s EFT system, sponsored in the St. Louis area by S&Ls. "As expected, deposits far exceeded withdrawals in dollar volume," Mr. Anderson said. (See article on page 14.)

"Along with finance companies that have offices throughout the state of Missouri, we are also having national concerns offering checking account privileges on money that is left with their institutions for one reason or another," Mr. Anderson said.

He mentioned firms such as Fidelity Municipal Bond Funds, Inc., which allows an initial investment of \$2,500, which is invested in a managed portfolio of long-term tax-free bonds. The fund allows free check-writing privileges while the account is earning tax-free income. Recently, he said, Merrill Lynch, Pierce, Fenner & Smith, Inc., the largest brokerage house in the U. S., started paying higher interest on money left in a person's account for the purchase of securities or for margin on securities. Free check-writing privileges are also provided.

Mr. Anderson also called attention

Hat Awarded to Kelly

Recipient of the annual awarding of the hat presentation at the Group Three regional meeting in St. Joseph was Jack Kelly, assistant vice president and cashier, Citizens Bank of Atchison County, Rock Port. Mr. Kelly's commodity predictions for last December 1, made a year ago, proved to be 94% accurate.

His prediction for cattle was \$42.75, which proved to be \$2.25 higher than the actual \$40.50. He expected the hog price to be \$37, when it was \$35.50. He predicted corn at \$2.30, only 1¢ higher than the actual price. His only low prediction was for soybeans, which he pegged at \$6.54. The actual price was \$7.50.

Since Mr. Kelly was not present at the meeting, his new Stetson hat was accepted by an associate.

to a proposed takeover of a thrift in California by Sears, Roebuck & Co. He said that Sears and the Credit Union National Association have announced a program to use point of sale terminals in Sears stores that will accept CU share drafts initially—then CU plastic cards—for EFT services.

He said that the growth rate of commercial banks in Missouri is the poorest of all financial institutions.

Mr. Anderson concluded by stating that, if banking's competitors can offer services that were formerly exclusive to banks, banks should be permitted

to offer services formerly exclusive to non-bank financial institutions.

Following are the newly elected officers of regions one through four:

Region One—v.p.: J. W. Ballinger III, executive vice president, Bank of Cairo; sec.: John R. Hancock, vice president and cashier, Monroe City Bank. Attendance at this year's meeting was 506. Next year's meeting will be in Hannibal.

Region Two—v.p.: Larry Richards, president, Community Bank, Chillicothe; sec.: Ed Robertson, executive vice president, United Missouri Bank, Brookfield. Attendance at this year's meeting was 396. Next year's meeting will be in Trenton.

Region Three—v.p.: Charles D. Maxwell, executive vice president, Farmers State, Cameron; sec.: Larry Ellington, vice president, Farmers Bank, Gowar. Attendance at this year's meeting was 636. Next year's meeting will be held in St. Joseph.

Region Four—v.p.: Paul E. Warren, senior vice president, First National, Liberty; sec.: Thomas L. Palmer, vice president, Traders National, Kansas City. Attendance at this year's meeting was 498. Next year's meeting will be held in Kansas City.

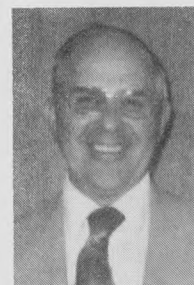
Officers of the remaining regions will be reported in the November issue. • •

Consumer Finance Conference Planned by Missouri Bankers For Nov. 9-10 in Columbia

COLUMBIA, MO.—Mills H. Anderson, president, Missouri Bankers Association, will call to order the MBA's consumer finance conference, scheduled to be held November 9-10 at the Ramada Inn here. Mr. Anderson is president, Bank of Carthage.

The lead-off speaker November 9 will be Ralph J. Rohner, professor of law, Catholic University of America, Washington, D. C., who will talk on "What Can the Government Do for (to) You?"

Also on November 9, M. F. "Mike" Hanlon, vice president, Bank of St. Louis, will be on a two-person panel, "The Bottom Line: How Marketing



Rowland L. West, pres., United Missouri Bank, Warrensburg, is ch., Mo. consumer finance conference.

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Affects It." Mr. Hanlon's topic will be "How to Get More Business." The second panelist had not been announced as of press time.

That afternoon, following a noon luncheon, there will be an economic forecast and size-group rap sessions on consumer loans outstanding. Groups will be divided into banks with loans of up to \$15 million; \$15-\$30 million and over \$30 million. The day will end with a 6 p.m. social hour and a 7 p.m. banquet at which Grant Gard, Omaha author and speaker, will talk.

On November 10, William A. Glasen, assistant vice president, Commerce Bank, Moberly, will describe his bank's experiences in being audited during the past year. A panel on "New Examining Procedures" will have these members: John E. Yorke of Kansas City, senior examiner, Federal Reserve System; Anna McDonald, a member of the supervisory staff in the 10th Region, Comptroller of the Currency; and E. Clion Curtis, regional counsel, FDIC, St. Louis.

The final speaker will be Edgar H. Crist, Missouri banking commissioner, whose subject will be "What to Expect on Installment Loan Regulations."

The conference will be adjourned at 11:30 a.m.

Regulators and Bankers Scheduled to Be on Program of Bank Directors Assembly

SAN FRANCISCO—Regulatory and banking representatives will speak at the 29th Assembly for Bank Directors, which will be held November 3-6 at the San Francisco Fairmont. The assembly is cosponsored by the Foundation of the Southwestern Graduate School of Banking and the California Bankers Association.

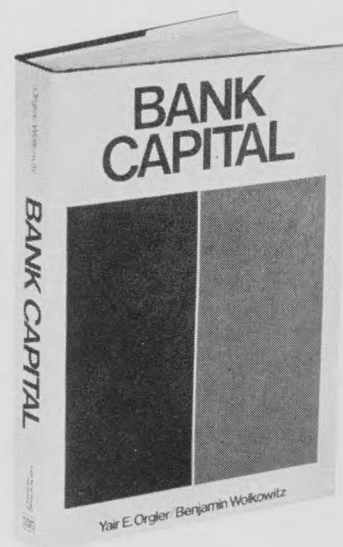
Comptroller John G. Heimann will discuss "Changing Standards of Bank Regulation." Also scheduled to appear are: FDIC Chairman George LeMaistre; Eugene L. Swearingen, chairman and CEO, Bank of Oklahoma, Tulsa; Ronald A. Terry, chairman and CEO, First Tennessee National Corp., Memphis; James S. Hall, president, First Arkansas Bankstock Corp., Little Rock; John J. Balles, president, San Francisco Fed; and Roy D. Hartmann, executive vice president, Security Pacific National, Los Angeles.

Discussion groups will have such topics as "The Planning Function," "The Public Assignment of Bankers," "Qualifications of Directors of Financial Institutions," "Financial Management in 1978," "Managing Banks' Costs" and "Monetary Policy."

A separate program is planned for spouses on "What Every Intelligent Person Should Know About Banking," "Trust and You" and "What to Know About Finance."

The 30th assembly will be held January 26-29 at the Riviera in Palm Springs, Calif.

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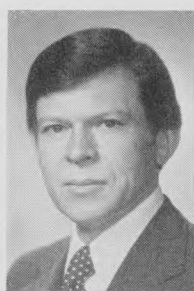
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Story of Pork Producers' Battles Told to Bankers at Stock Yards Day

By **JIM FABIAN**
Associate Editor

A CAPACITY crowd of bankers from Missouri, Kansas and Iowa turned out for the 21st annual Market Day at the yards in St. Joseph, Mo., last month. The event was sponsored by First Stock Yards and First National banks in St. Joe.

The morning events included a tour of the Stevens Hat Co., manufacturer of Stetson headgear, and a brief stop at the St. Joseph cattle auction.

Featured speaker on the afternoon program was J. Marvin Garner, executive vice president, National Pork Producers Council, Des Moines.

He told how the council is working to protect pork producers against increasing governmental intervention.

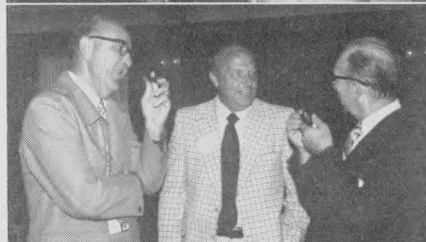
He said that pigs today are not unlike school-age children who are being forced into habitats and ways of life that aren't of their own choosing. Neither of them, he said, have much say in what happens to change their life styles.

He said the use of antibiotics and sulfa are being challenged by people who make decisions based on personal attitudes, rather than facts.

"We've been attempting to work with a Food and Drug Administration task force for some seven years now, with efforts being made to get facts and experimental data into the task force members' hands so they can make practical decisions and recommendations in the use of antibiotics. This is being done so the nation's livestock producers can continue to produce sufficient healthy red meat to feed this growing nation as well as others.

He said the swine industry is being harassed by two government agencies, each attempting to take the heat off itself and place it on the pork producer because of his use of sulfa products in pork production. The agencies can't agree on sulfa residue limits, so they say the pork producer has misused the product.

"After much ping-pong back and forth between the two agencies, he said, "we now have a letter in which the gentleman who sets tolerance levels for the use of sulfa in pork production admits that the degree of possible error in the test for amount of sulfa in the tissue is greater than the allowable tolerance that he now allows. As a result, we now have about one out of every 10 pork producers whose hogs have



TOP: Speaker J. Marvin Garner (l.), e.v.p., Nat'l Pork Producers Council, chats with H. H. "Beanie" Broadhead Jr., pres., First Stock Yards Bank, St. Joseph. **MIDDLE:** Missouri bankers talk with Benton O'Neal (c.), s.v.p., First Nat'l, St. Joseph. They are John Cusick (l.), Chillicothe State, and Carl Minor (r.), Farmers Bank, Maysville. **BOTTOM:** John E. Karn (l.), e.v.p., First Stock Yards Bank, chats with Kansas bankers Jim Needham and Bud Ross, both from Troy State.

been tissue-tested being halted from marketing any hogs until he has sent five head in for an official tissue check and clearance."

He said that a growing number of producers are proving that they have abided with all recommendations and regulations in the use of sulfa, yet they are being embargoed from marketing any hogs until the animals are tissue-cleared.

"To realize the economic pressure this embargo brings down on a producer," he said, "just imagine that you have made a loan to a progressive farmer who is now marketing about 2,000 hogs per year. All of a sudden he is notified that a load of hogs he marketed 30 days ago had a sulfa residue and he can't market any more animals until he has run a test.

"Unless he uses the one private government-approved lab, . . . he will have to wait three to five weeks for a government lab to make the test for him. It is August 1 and hogs are selling in the mid-to-high forties, with announcements of big corn crops and

bean crops on the way to add emotional pressure to an already down-trending hog market.

"If he has a payment due on his loan with you, you are going to be involved in his dilemma quickly. Do you think the economic stability of that pork producer should be undermined by a test that has a degree of error greater than the tolerance allowed?"

He said that the shell of complacency that surrounds some of those imbedded in the regulatory areas of government affords these people a protection that does not require their decisions to be made according to economic fact based upon common sense.

"We have a top product today," he said. "It has been selling in a market-leading position for quite a few months. Our opportunity for export of pork expands almost daily."

He said pork markets were opening up in England, Japan and Canada.

"Our producers today function on greater borrowed capital than ever before," Mr. Garner said. "They are operating larger units than ever before. They are more specialized than ever before. Yet they continue to rank high on production of their own feed grain supplies. They do not seem to follow the economic trends to such extremes as they have earlier, and therefore, maintain a more stable base of economics than they did before.

"Their investment per animal production unit today is high enough that it discourages the short-term, in-and-out type of producer that plagued the industry for generations.

"Our marketing system may not be perfect in the eyes of everyone on every given market day, but it is a system that has stood the challenge of time and change. It is one that does respond to quality, maybe not to the degree that some would like, but general price levels do indicate value."

He said the industry hasn't won all its battles, but it is going to continue to try to represent the pork producers in an industry they are proud of, in a businesslike manner that attracts cooperation, not legal entanglement.

"We appreciate the attention being given to our industry by the financial structure today," he said. "We expect the financial empire and the pork industry to be on closer speaking terms in the future than in the past."

The traditional panel discussion concluded the formal portion of the program.

Reporting on the cattle situation was Robert J. Bollmann of Dugdale Packing Co. He said the trend has been and will continue to be like a yo-yo. However, it is hoped that the valleys and peaks will not be as deep and as high

as previously. The size of the cattle kill is healthy, he said, averaging 700,000 per week. This pace eventually should result in the elimination of the too-fat cattle glut, which has been brought about by lower feed costs. He advised bankers to put their money on cow-calf operations, which seldom go broke.

Jack Hodgin of Cecil Baker Live Stock Commission Co. reported on the pork situation. He said the market was on a downward trend and that hogs are better this year than last, with a 230-pound average weight. The future market will depend on weight and how the hogs are marketed, he said, but he doesn't see a price as low as last year's. Yet the price might drop to \$35 or \$37. He said more pork is being eaten this year than last and that pork consumption amounts to about 60 pounds of the average 170 pounds of meat consumed annually by each American. He added that packing houses will operate at capacity in October, November, April and May.

Herschel M. Hunt of Allied Mills, Inc., discussed the feed situation. He said the free market era is being replaced by government controls in pricing, which will eliminate the wild gyrations in the market and result in stability and an excess supply of all grains. He predicted the largest carry-over in grains this year since 1972,

with the exception of soybeans. Much of this carryover is being used for feed, he said. It looks like 1978 will see an even greater excess because the government's set-aside program won't have much effect. There will be more on-farm storage than ever; more bins are being financed now than in any previous 12-month period. The grain will be coming in to market when the bankers begin to call in their loans; it will be stored until then. He said the export situation is bright for soybeans but not for other grains. The only bright spot in the picture is the feeding margin in most livestock and poultry, which might be temporary.

Joseph L. Treu of Swift & Henry Live Stock Commission Co. said a large number of heavy cattle is coming to market, while the demand is for lighter steers that won't come to market until next spring or summer. He said heavy cattle cost more to feed than they bring on the market. A yearling program could hold down production and relieve feed and water pressures, and many farmers will feed out calves and yearlings due to the glut of feed.

The day-long event was concluded by the traditional steak feed. • •

Walls Receives Scholarship

JEFFERSON CITY—Kenneth L. Walls, chief examiner, Missouri Division of Finance, has been awarded a scholarship citing regulatory excellence by the Conference of State Bank Supervisors. The scholarship provides all expenses for CSBS' advanced training program to be held at the School of Banking of the South, Louisiana State University, Baton Rouge.

Mr. Walls began his banking career at Lindell Trust, St. Louis, in 1957. He went to the Division of Finance in 1966 and advanced through the ranks to chief examiner in 1977.

■ LELAND M. WALKER has advanced from assistant auditor to vice president and director of auditing and loan review, First National Charter Corp., Kansas City. Gerald J. Cramer and Robert J. Pennington have been promoted from assistant controllers to assistant vice presidents.

■ FIRST MIDWEST BANCORP., INC., St. Joseph, has received final approval to purchase Farmers Bank of Gower. Loren W. Schneider, the bank's president, will continue there, as will all other directors and officers.

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Kentuckians Slap Wrists of Speakers Over NOW Accounts at Convention

KENTUCKY bankers speak their mind no matter whom they invite to address them at their annual convention.

At last month's 83rd annual KBA convention in Louisville, the assembled bankers approved a convention resolution opposing the passage of NOW account legislation. This was done despite the fact that the keynote speaker at the convention was none other than Arthur Burns, Fed chairman, who devoted a good portion of his speech to urging bankers to support Senate Bill 2055, the Consumer Financial Services Act, that would authorize nationwide NOWs.

And, if one slap on the wrist wasn't enough to make their point, the bankers' resolution appeared to be a reprimand to another well-known speaker at the convention—one of banking's own—Roger A. Lyon, ABA treasurer and president and chief administrative officer, Valley National of Arizona, Phoenix.

While Mr. Lyon didn't support S. 2055, he did encourage bankers to put their weight behind S. 1668, which the ABA leadership supports. The bill would authorize banks, thrifts and credit unions across the country to offer NOWs, but it also authorizes full-service banks to pay the same interest on all types of savings accounts as do thrifts or credit unions. In other words, the bill provides for interest equality among institutions.

Mr. Lyon's remarks were given on the second day of the convention and the anti-NOW resolution was passed on the first day. While it's one thing to go against the chairman of the Federal Reserve, it's another to pull the rug out from under the ABA, certain Kentucky bankers felt. Outgoing KBA President O. T. Dorton, president, Citizens National, Paintsville, hedged a little following Mr. Lyon's plea for Kentucky banker support of the ABA's position by stating that the convention may have been premature in pushing the resolution through before hearing Mr. Lyon's views.

By **RALPH B. COX**
Publisher



Monday morning speakers included Fed Ch. Arthur F. Burns (l.) and U. S. Senator Wendell H. Ford. Dr. Burns favored NOW account legislation while Senator Ford opposed it.

However, the resolution stands as made.

Perhaps the incident was a case of following the advice of fellow Kentuckians, since U. S. Senator Wendell H. Ford, former Kentucky governor, blasted the NOW account concept in his talk given on the heels of Dr. Burns' remarks. The senator told his audience that NOWs are opposed by most bankers because they would have a negative effect on bank earnings; create an undue financial burden on depositors who maintain lower balances and gen-

erally create clerical headaches for banks.

KBA President Dorton also expressed opposition to the check-like savings accounts on the first day of the convention.

Although the delegates were opposed to Dr. Burns' views of NOW accounts, they weren't unfriendly to the Fed chairman. During introductory remarks about Dr. Burns by U. S. Representative Carroll Hubbard of Mayfield, it was mentioned that if President Jimmy Carter "was sincere about balancing the budget and holding down inflation," he would reappoint Dr. Burns to a third four-year term as Fed Chairman. The remark brought enthusiastic applause.

Dr. Burns also used the platform to express his opposition to an audit of the Fed by the General Accounting Office (GAO). He stated that the GAO audits could "easily become a vehicle for intrusion into monitoring monetary policy—an area in which the GAO has neither experience nor expertise, to say nothing of responsibility."

He added that, while he did not mean to suggest "our stewardship should be beyond examination," he believes that arrangements Congress has fashioned across the decades "achieve thorough accountability. . . ."

"What concerns the board most," he said, "is that GAO auditing may become a device through which pressure



KBA officers for 1977-78 are (from l.) Tom A. Juett Jr., KBA pres.; Pat McCuiston, pres.-elect; and Robert E. Sutherland, treas.



This trio participated at ABA portion of convention. From l., Roger A. Lyon, ABA treas., who spoke in favor of NOW accounts; L. Felix Murray, ABA state coordinator for Savings Bonds, and ch., New Farmers Nat'l, Glasgow; and Edward L. Cawood, ABA v.p. for Kentucky, and pres., Bank of Harlan.

is brought to bear directly on the formulation of monetary policy."

"Progress" was the theme of the convention and the subject of President Dorton's address.

"There are those who would simply equate progress with change," he said. "Their strident voices cry out (that) we must change the banking structure, change the Federal Reserve System, change the supervisory agencies, change the nature of bank examinations, change the nature of our deposit accounts, change our treatment of consumers and change the nature of thrift institutions so they can do anything a commercial bank can do while retaining their beneficial rate differential and favored tax treatment."

He cited legislators who seem to believe that any ill, whether real or imagined, can be cured by passing a law.

"Personally," he said, "I prefer the wisdom of the sage who said, 'Unless you can be absolutely certain legislative change is needed, you can be absolutely certain legislative change is not needed.'"

He presented three areas of change

Among Tuesday speakers was Donald L. Bower (l.), pres. & CEO, Chevron, USA, San Francisco. In center is J. David Grissom, ch., Citizens Fidelity, Louisville, who introduced Mr. Bower. At r. is KBA Pres. O. T. Dorton.



that he feels have a major impact on banking—credit unions, NOWs and political action.

He pointed out that more than 23,000 credit unions are operating in the U. S., serving more than 32 million members and holding more than \$45 billion in assets. He added that the 280 Kentucky credit unions serve 285,000 members and have assets of \$291 million. Twelve of these CUs are offering share drafts to their members.

Mr. Dorton pointed out that credit unions are the fastest growing financial institutions in the country and that liberalized regulations are permitting them to encroach upon the domain of commercial bankers.

"The unfairness of this concept cries out for corrective action and can only be accomplished through the legislative halls of Congress," he said.

He traced the growth of NOW accounts from their beginning in Massachusetts and New Hampshire. He said these accounts appear to be a real boon to consumers, but the appearance is deceptive.

"Consumers opening NOWs will pay service charges for the privilege of earning interest on their 'household' money," he said. "For most customers at most banks across the country, these charges will probably exceed the interest earned on the accounts. In most

KBA Resolutions

Here's the text of the brief resolution about NOW accounts that was passed at the Kentucky Bankers Association convention:

"The Kentucky Bankers Association opposes legislative change permitting payment of interest on transaction accounts as not being in the best interest of the banks of Kentucky or the vast majority of the customers they serve.

"We respectfully call upon our Senators and Congressmen to oppose any legislative proposals which would permit negotiable orders of withdrawal or the payment of interest on demand accounts."

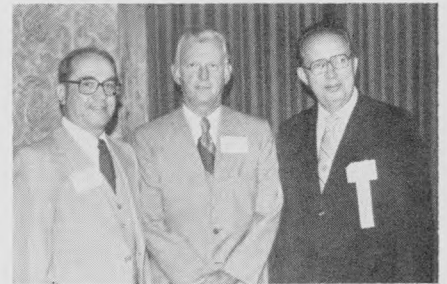
Other resolutions dealt with these topics: a call for congressional caution regarding classifying questionable banking activities of former Budget Director Bert Lance as being "typical banking practices"; opposition to expansion of credit union powers; opposition to any change in the Federal Reserve System; support for KBA/PAC; continuation of the federal student loan program and establishment of a Kentucky student loan program; support for the Kentucky Council on Economic Education; support of the U. S. Savings Bond program; and appreciation of the work of O. T. "Trigg" Dorton during his term as KBA president.

cases, a customer will need to have an average daily balance of \$1,000 or more before pocketing any interest. Consumers would be the real losers if NOWs become widespread.

"Studies show that the low-balance, high-volume users of checking services—young families, low-income people and minorities in particular—are most heavily subsidized by banks and thus would gain the least from interest paid on checking accounts."

He said that bankers need to ask whether Congress should legislate for the few—roughly 19% of checking account holders with relatively high average balances. "The principle of NOW accounts may sound attractive," he said, "but like so many attractive concepts, it loses something in the transformation to the practical."

Mr. Dorton called on bankers to work through their political action committees to influence legislators to do something to forestall the inroads being made by competitors of banking into areas that have been traditionally the domain of commercial banking. He chided Kentucky bankers for their poor response to the establishment of a KBA political action committee at last year's



Two newly elected KBA directors pose with outgoing KBA Pres. O. T. "Trigg" Dorton (r.). They are James S. McKenzie (l.) and W. S. Moss Jr. (c.).

convention. He said about 38% of KBA member banks permitted their employees to be solicited for KBA/PAC, with about \$11,000 being raised the first year.

He termed individuals who adopt the designation as "independents" rather than Republicans or Democrats to have copped out. "If, as I firmly believe," he said, "the direction of our industry will be decided in the halls of Congress and state legislatures, then we must become involved. To be independent and indifferent is to be for those who will surely continue trying to do us in."

W. Terry McBrayer, Kentucky commissioner of commerce, assured the bankers that Kentucky has a sound economy.

However, he said, the citizens of Kentucky face four tough questions:

- How will we provide more jobs



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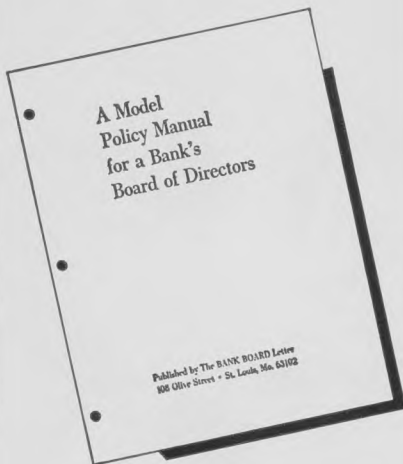
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for Kentuckians?

- How will we assist in the expansion of existing Kentucky industries?
- How will we attract new industry to Kentucky?
- How will we bring more capital investment into Kentucky?

These questions are prompted, he said, by increased awareness on the part of public interest groups, a phenomenon of the current generation.

"We can't shrug off this new generation as 'anti-business' or 'anti-establishment,'" he said. "They're not. Rather, they are asking for our help in achieving a better quality of life for all. They want us around. And they want us to lead the way of the future. But this generation is demanding more aggressive, creative, responsible corporate and government management."

He termed the demands of these people as a great opportunity, one that will call forth the inner resources of wisdom, strength and ability.

He called on bankers to seriously examine their operations and make changes where necessary, to give consideration to all sides of important topics so as not to impede the flow of information to decision makers, to engage in public disclosure of plans and policies and to maintain an unswerving commitment to personal integrity.

"You can meet the demands of the people and still make a profit," he said.

During the ABA portion of the convention, Leon Page, KBA president in 1975-76, was elected to the governing council. Mr. Page is president, Franklin Bank.

At the convention banquet, Tom A. Juett Jr., president, Citizens State, Wickliffe, assumed the KBA presidency, succeeding Mr. Dorton. Elected president-elect was Pat McCuiston, chairman and president, Planters Bank of Todd County, Trenton. New KBA

During annual breakfast sponsored by Citizens Fidelity, Louisville, ladies were presented with limited edition prints of painting by Rex Robinson, Owensboro artist. Print features Kentucky state flower, the goldenrod. Posing with print are (from l.) Joe L. Hamilton, e.v.p.; Mrs. Hamilton; and Robert E. Aldridge, s.v.p. This was last KBA convention for Mr. Hamilton, who expects to retire in 1978. He has served as host of the breakfast for many years.

treasurer is Robert E. Sutherland, president, Wilson & Muir Bank, Bardstown.

Elected to the board of the KBA were the following: Joe Dick, chairman and president, Bank of Murray; W. S. Moss Jr., chairman, Horse Cave State; and James S. McKenzie, president, Bank of Oldham County, LaGrange. • •

Bank Exhibit Focuses On Five Cultures

China, Turkey, Poland, Finland and France were the focal points of "International Vignettes," an exhibit held in the lobby of Detroit Bank.

The event focused on slices of life central to the countries' cultural heritages and featured personal heirlooms from private homes. The pieces in the collection were brought to the "new homeland" of the United States as reminders to families of their heritage and traditions and to pass this evidence of "old-country" culture on to future generations. According to a bank spokesman, several of the display items were carried out of their mother country at great risk.

Developed for Detroit Bank by the Hall of Nations Committee of the International Institute of Metropolitan Detroit, the display included embroidery and costumes from China, riches and utensils of a Turkish dowry, arts and crafts from Poland, handmade Finnish weaving items and an Alsatian kitchen scene from France.

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Randolph Stivers, Executive Vice President of First National Bank & Trust of Corbin conducts Jim McKenzie, Asst. Cashier, and Murphy Brock, Vice President of Liberty Bank, on a tour of downtown Corbin.



Liberty National Bank
and Trust Company of Louisville

NEWS

From the Mid-Continent Area

Alabama

■ **FIRST NATIONAL**, Birmingham, has promoted Fred A. Dunlap, Fairfield Branch manager, and Leonard Duffey, Bessemer Branch manager, to senior vice presidents. Mr. Dunlap has been with First National since 1940; Mr. Duffey, since 1953. In addition, Crawford T. Johnson III, president and CEO, Coca-Cola Bottling Co. United, Inc., has been named a bank director. First National also has announced plans to locate a new Operations Center in the U. S. Steel Industrial Park on 39th Street North. The center will have 190,000 square feet of space and will house approximately 350 bank operations and data processing employees.

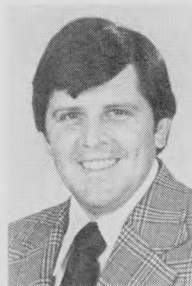
■ **JAMES M. "MIKE" TINGLE** has been elected vice president-correspondent loans at Southern National, Bir-



ANDREWS

mingham, while Steven D. Erickson has been named credit officer in charge of credit-department maintenance. Mr. Tingle has been with Southern National since its opening and previously served the correspondent department of another local bank. Mr. Erickson formerly served another bank in Alabama.

■ **EARL P. ANDREWS JR.** has been named executive vice president at Merchants National, Mobile. He has



TINGLE

been with the bank since 1953 and heads the marketing department. In addition, Al McDonald, Becky Sigler, Max Angerholzer, Betty DeWitt and Jarred R. Powell have been elected assistant cashiers, while Steve Burnthall and Linda Wing have been named bank card officers.

■ **FIRST WESTERN BANK**, Birmingham, has changed its name to MetroBank, reflecting its "spirit of growth and optimistic outlook for the future prosperity of the markets" it serves, according to a bank spokesman. The bank now is an affiliate of First Bancgroup-Alabama, Inc., and is in the process of enlarging, renovating and improving its office.

■ **EVERETT G. VICKERY** has joined First National, Russellville, as vice president. He served the Comptroller's office as a national bank examiner for the past nine years.

■ **THOMAS W. LEAVELL** has been promoted to vice president and trust investment officer at First National, Mobile, while Chadwick B. Clark and Thomas M. Roberts have been named assistant vice presidents. Mr. Leavell joined the bank in 1976; Miss Clark, in 1971; and Mr. Roberts, in 1972.

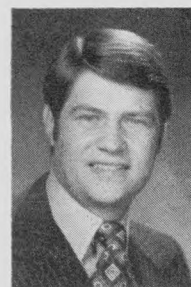
Arkansas

■ **WORTHEN BANK**, Little Rock, has promoted Patricia Brasko, James Fisher and Glenn Huselton to assistant vice presidents; Clo Blazer, Raymond Clayton Jr. and Charles Joyce to assistant cashiers and branch managers; and David Boerner and Kelly McKay to assistant cashiers.

■ **EDWARD M. PENICK JR.** has advanced from executive vice president



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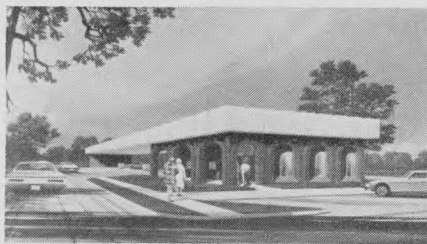
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to president at Twin City Bank, North Little Rock, while Kenneth J. Pennebaker, executive vice president, has been named a director. Terence E. Renaud remains chairman and CEO and indicates that the appointments of Messrs. Penick and Pennebaker are part of a restructuring of the bank's senior-management staff. Mr. Penick has been with Twin City Bank since 1968 and will take on added responsibilities in the areas of credit and deposit generation; Mr. Pennebaker has been with the bank since 1972 and will administer the institution's marketing activities, consumer lending and branch-office administration.

Illinois

■ CONTINENTAL ILLINOIS NATIONAL, Chicago, has announced the following promotions: to vice presidents—Michael D. Allen, William M. Goodyear, Owen C. Johnson, Erik C. Jurgenson, L. Kathleen Harker, John I. Finnerty Jr. and James P. Keffer; to second vice presidents—Richard E. Bratton, Paul Gojkovich II, Jay A. Tribbey, Johannes F. Breukhoven, James R. Coleman, Barton A. Francour, David W. Goodrich, Robert A. Middleton, Katherine J. Pattison, Stephen L. Quick, Michael T. Tokarz, Charles W. Lentz, Paul N. Guehring, James D. Mortimer, John E. Dancewicz, Thomas H. Eland, Donald M. Nesta, Timothy L. Connor, Carl B. Ritzel, Harry S. Precourt, Robert J. Kaminski, John L. Mroz, Jay W. Roston, Timothy E. Turnpaugh, Virginia H. Seemann, Mary E. Mottershead, Thomas H. Ransom, John A. Burton Jr., Robert J. Fiddes, Roderick E. Francis, Jack M. Miller and Mark Stevens. In addition, David A. Martin

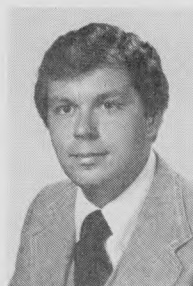
Facility Nears Completion



December 1 is the targeted completion date for this new facility of Central National, Sterling, Ill. The facility is called the Rock Falls Center and is located in Rock Falls, Ill. Designed by Illinois Bank Building Corp., the building features brick arches similar to those at the bank's Main Office in Sterling. The facility will contain 1,200 square feet of space and includes a full basement. A drive-in will include one commercial and two regular lanes and will feature equipment by LeFebure, Cedar Rapids, Ia. Central National is said to be the first bank in its area to receive a charter for a remote facility under recently passed regulations permitting such facilities.

has been named an attorney, corporate counsel department.

■ SEARS BANK, Chicago, has established a correspondent banking division, which is under the leadership of Vice President Robert E. Hahn. According to Vice Chairman Irving Seaman Jr., the division offers a complete range of correspondent services in both credit



HAHN



POWELL

and non-credit areas. Although initial marketing efforts will be concentrated in Illinois, the bank will expand the division to cover the entire Seventh Federal Reserve District in the near future, says Mr. Seaman. Mr. Hahn, who joined the bank June 1, had spent the past 12 years with Chicago's First National, both in operations and in correspondent banking. In a related action, William M. Powell has joined Sears Bank as vice president, bond department. He is working closely with the correspondent banking division in servicing correspondent bank bond portfolios.

Millikin Entertains Bankers



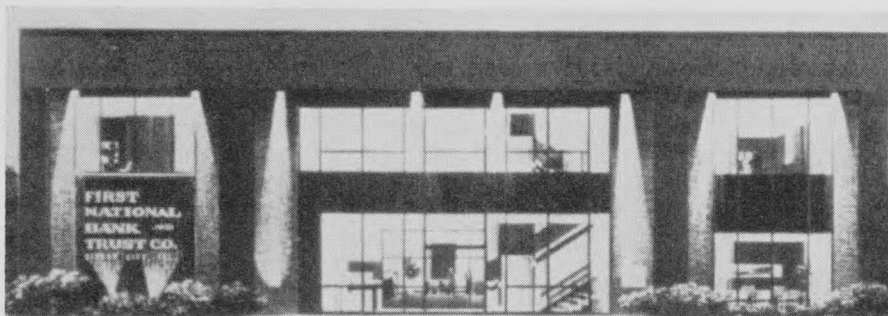
Dean Clausen (r.), a.v.p. and head of Millikin Nat'l of Decatur's correspondent bank dept., presents a door prize to Douglas R. McCumber, v.p., Tuscola Nat'l, at Millikin's 37th annual correspondent bank party. About 300 bankers attended the party at the Country Club of Decatur. After golf and tennis, cocktails were served prior to a gourmet buffet dinner. Door prizes, including a golf bag for the best golf score and a tennis racquet for the worst golf score, were presented after dinner.

■ SUBURBAN BANK of Hoffman Estates has broken ground for a facility in Schaumburg on Roselle Road near Scully Drive. The building will have one story and colonial style. It will have nearly 9,500 square feet of space and four drive-up lanes. A vestibule will house a walk-up tellers window, and a 24-hour depository unit will be immediately outside. Construction is expected to be completed by January.

■ JOHN O. SLONAKER has been named trust officer at First National, Alton. He previously has served National Bank of Bloomington, National Boulevard Bank and LaSalle National, both in Chicago.

■ CENTRAL NATIONAL, Chicago, has named Dominick A. Scalzetti second vice president and collection manager and Dennis E. Laria second vice president and installment loan manager. Mr. Scalzetti joined the bank in 1946; Mr. Laria, in 1967.

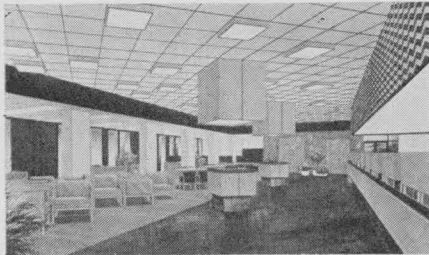
First Nat'l, Gibson City, Builds New Headquarters



Construction has begun on the new Main Office of First National, Gibson City. The building is being constructed across the street from the present office. It will be two stories and have 16,000 square feet of space. A two-lane drive-up will be adjacent and an ATM will be installed, permitting round-the-clock banking service. Completion is set for fall, 1978. The \$1 million-plus building was designed by Illinois Bank Building Corp.

Indiana

■ **FIRST NATIONAL**, Marion, has announced plans to remodel its building. The lobby will be enlarged and refurbished in a contemporary style. The interior will be decorated in shades of blue and beige. A deep-blue fascia will separate the high lobby ceiling from the lower office ceilings, and a drop illuminous ceiling covered with a blue and gold zigzag striped wall covering will be over an oiled-oak tellers fixture. Square, low, oiled-oak furniture will complement the dark beige carpeting in the lobby. The lobby floor will



This artist's drawing of planned new interior of First Nat'l, Marion, shows how lobby will be modernized, enlarged. Contemporary interior design will be blended with bank's traditional-style exterior.

combine carpeting and paved tile, and a hammered antique wall covering will accent the area surrounding the bank's vaults. Two elevators are to be installed in the building's east side, and a new lobby entrance on the north side will provide access to the parking lot. Bronzed, anodized aluminum windows with insulating glass and new stonework to match the existing stonework will complete the building's exterior. Bank Building Corp., St. Louis, is the consultant and construction manager for the project; W. C. McCormick, a BBC associate, is the architect.

■ **ROBERT L. METELKO** has been advanced from assistant controller to controller at Merchants National, Indianapolis. Paul Michael Wagner has been named assistant controller; Richard O. Dudley has moved up from assistant trust officer to trust officer; Paul W. Johnson, from assistant cashier to assistant vice president; and Frank B. Meltzer, to Meridian Park Office branch manager.



BONEN

THOMAS K. BONEN, customer representative, Continental Illinois National, Chicago, has been added to the Indiana staff of the bank's correspondent department, joining Thomas E. Elyea, vice president, and Stephen G. Rothenberger, second vice president. Mr. Bonen has been with the bank since 1972.

■ **MARK G. HUDSON**, who serves American Fletcher National of Indianapolis' Greenbriar Banking Center, has been promoted to assistant vice president, while David W. Thomas was named manager, Beech Grove Banking Center. Mr. Hudson joined the bank in 1969; Mr. Thomas, in 1974.

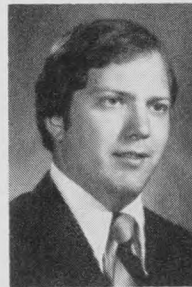
■ **CITIZENS BANK**, Jeffersonville, has announced the following promotions: James S. Honour Jr., to manager, Main Office Banking Center; Terry W. Lewis, to manager, Greentree Banking Center; and Noah "Bud" Johnson, to loan officer. Mr. Honour joined the bank in 1967, Mr. Lewis in 1970 and Mr. Johnson in 1965.

■ **PATRICK H. BEANE**, vice president, Indiana National, Indianapolis, has assumed new responsibilities as head of the dealer finance area. Frank L. Minardo, assistant vice president, succeeds Mr. Beane as head of the installment loan operations area. Mr. Beane joined the bank in 1960 and is a past president, Bankers Installment Credit Association of Central Indiana, while Mr. Minardo has been with Indiana National since 1967.

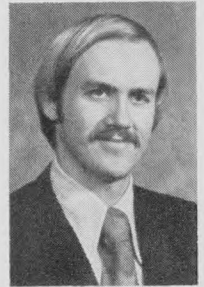
■ **FIRST BANK**, South Bend, has announced plans to construct an 8,000-square-foot addition to its Operations Center. Its design will complement the architecture and brick veneer exterior of the existing building.

Kansas

■ **MICHAEL J. O'LEARY** has been appointed a correspondent bank representative at Commercial National, Kansas City, while Thomas Mathis has been promoted to assistant vice president, bank card division. Mr. O'Leary has been with the bank since 1975; Mr. Mathis, since 1976.

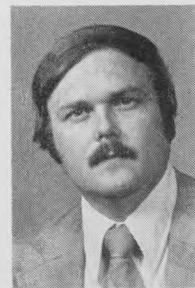


O'LEARY



MATHIS

■ **SECURITY NATIONAL**, Kansas City, has named Ralph E. Dye vice president, commercial loans, and Martin G. Istock Jr. vice president, investments. Mr. Dye goes to the bank with 40 years' banking experience. He spent 22 years with Traders National, Kansas City, Mo., most recently as executive vice president, retiring in October, 1976, when he entered the private consulting field. Mr. Istock returns to Security National after service with Commerce Bank, Kansas City, Mo., and as a government securities specialist with Merrill Lynch, Pierce, Fenner & Smith. At Security National, he previously had headed the bond department. In addition, Ted E. Fields has been named credit department manager, going from United Missouri of Kansas City. George Gray Breidenthal Jr. has been elected



ISTOCK



DYE



Max Dickerson

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assistant operations officer, and Pamala Grisnik has been named assistant marketing officer.

■ **ROBERT A. LEFTWICH** has been appointed cashier, First National, Wellington. He most recently served as assistant vice president and cashier, Allen County Bank, Iola. At First National, he succeeds Dennis Szalla, who has been named director of business development, Kansas Newman College, Wichita.

■ **AMERICAN STATE BANK-SHARES, Inc.**, Osawatomie, has received Fed approval to become a bank HC through acquisition of American State, Osawatomie.

Kentucky

■ **ROBERT CLINTON BERRY JR.** has been named vice president and trust officer at Owensboro National, succeeding Robert H. Taylor, who died. Mr. Berry goes there from Citizens Fidelity, Louisville, where he had been a trust officer.

■ **MEREDITH JOHNSON** has been elected assistant vice president, Citizens National, Bowling Green, while Vicki A. Corder and Michael W. Jones have been named assistant cashiers. Mr. Johnson is in the bank's marketing department, and Mrs. Corder and Mr. Jones are in the data processing department.

■ **JAMES G. NICHOLS** has joined American National, Bowling Green, as vice president, commercial loans. He

Brother Billy Attends Opening



Billy Carter (r.), brother of President Jimmy Carter, is greeted by Ralph E. Buchanan, ch., pres. & CEO, Bowling Green Bank. Mr. Carter was the special guest at the open house and reception celebrating the bank's newly remodeled quarters. Bowling Green Bank's new facilities include a three-lane drive-up, parking and brightly colored expanded facilities for all officers and operations.

MID-CONTINENT BANKER for October, 1977

entered banking in 1955 and before going to American National was a senior bank examiner for the state.

■ **GEORGE O. EICHE** has been appointed senior vice president and director of marketing at Central Bank, Lexington. Prior to joining Central Bank, Mr. Eiche was with Bank of Mississippi, Tupelo, and Bank of Lexington.

Louisiana

■ **JAMES R. MOFFETT** has been elected a director of New Orleans Bancshares, Inc., and its principal subsidiary, Bank of New Orleans. Mr. Moffett is president and CEO, McMoRan Exploration Co., New Orleans.



MOFFETT

■ **JOSEPH W. BERRY** has joined Continental Bank, Metairie, as executive vice president. He has been in banking since 1966.

■ **A MOVE** to sell 64% interest in All American Assurance Co., Baton Rouge, to United Companies Life Insurance Co., a subsidiary of United Companies Financial Corp., has been terminated. All American's stock is held by American Bank, Baton Rouge. Spokesmen for the two firms announced that a definitive agreement for the sale could not be resolved.

Mississippi

■ **JOE FERNALD** has been promoted to loan officer at Brookhaven Bank. He has been with the bank since 1976.

■ **LEE ROY SANDERS** has advanced from assistant vice president to vice president at Brookhaven Bank. He is manager of the institution's Lincoln Plaza Office. Mr. Sanders joined Brookhaven Bank in 1967 as manager, Bogue Chitto Office, and took over duties as Lincoln Plaza manager in 1972. He was named an assistant vice president in 1974.

Missouri

■ **FIRST NATIONAL**, St. Louis, has elected Richard O. Fine a vice president in the metropolitan division. He had been vice president and treasurer, Diversified Industries, Inc., since 1975. Before that, Mr. Fine was vice president, commercial loan department, Manufacturers National, Detroit.



MITCHELL



FINE

■ **MARY KAY MITCHELL** has joined the Missouri Bankers Association, Jefferson City, as communications director. She formerly was information officer, Lincoln University, Jefferson City, which she served for six years. Previously, Mrs. Mitchell was public relations writer, United Campaign, Kansas City; food editor, *Albuquerque Tribune*, and publications director, Alabama A&M College, Huntsville.

■ **MARTIN E. HARRINGTON** has joined Citizens Bank of University City as president and CEO, going from Bank of St. Louis, where he had been senior vice president, correspondent department. He had been with his former bank since 1957.

■ **GEORGE L. JARBOE** has joined Bank of Poplar Bluff as assistant vice president, going from Commerce Bank of Fenton, where he held a similar position.

■ **RICHARD L. JOHANNESMAN**, senior vice president in charge of Mercantile Trust of St. Louis' bond/investment department, has been selected by the Securities & Exchange Commission to serve on the Municipal Securities Rule Making Board. He is one of five



LOVIN



JOHANNESMAN



HAMMELMAN



RUSSELL

new board members scheduled to serve three-year terms beginning September 5, 1977. A total of 15 members, serving staggered terms, comprise the board. In other news at Mercantile Trust, Bill C. Lovin has been elected vice president, personnel, and Thomas N. Hammelman was named vice president, personal banking, where he will serve as planning and products development manager. Mr. Lovin joined the bank in 1970 and Mr. Hammelman in 1968.

■ LARRY E. RUSSELL has been named vice president of portfolio and sales services, investment department, United Missouri Bank, Kansas City, while Ralph J. Schrapf has been elected assistant vice president and manager of the bank's new facility at State Line and I-435. Terry A. Dierks was named assistant cashier, commercial loans. Mr. Russell joined the bank in 1973; Mr. Schrapf in 1976; and Mr. Dierks in January, 1977.

Cyrus E. Ricketts Dies

Cyrus E. Ricketts, 59, e.v.p., corporate trust and mutual funds div. of the trust dept. at United Missouri Bank, Kansas City, died of cancer August 27. He also was asst. sec. of the board for United Missouri Bancshares, Kansas City-based multibank HC. Mr. Ricketts joined United Missouri's predecessor, City Nat'l, in 1956 after having practiced law in Kansas City for 10 years.



New Mexico

■ FIRST NATIONAL in Tucumcari has celebrated its 75th year of operation. It opened in 1902 as Exchange Bank, becoming a national bank and undergoing a name change to First National of Tucumcari to replace the original charter issued while New Mexico was a U. S. territory. The institution merged with American National of Tucumcari in 1934, resulting in the present First National in Tucumcari.

■ McFARLAND BROTHERS' BANK, Logan, has been purchased by John D. Alford Jr., Thomas E. Fowler and Don R. Threet. Mr. Alford will serve as president, while Robert B. McFarland, former president, and his wife, E. Ovene McFarland, former vice president, will continue as directors.

■ DAVID L. CHAVEZ has joined First National of Lea County, Hobbs, as vice president and consumer loan officer, Main Branch. He has been in the financial industry since 1965 and most recently served as assistant vice president and branch manager, Fidelity National, Albuquerque.

Oklahoma

■ FIRST NATIONAL, Oklahoma City, has named Dean Ingram and Richard M. Bowen senior vice presidents. Elected vice presidents were Monte Deere, Robert P. Goodwin, Mel R. James, Frank W. Kinney and James C. Patridge, while Harry Adams was appointed assistant vice president and trust officer.

■ CHERYL J. CROSS has been named marketing officer at Fourth National, Tulsa. She has been with the bank since 1975.

■ FED APPROVAL has been received for First of Grandfield Corp. to become a bank HC through acquisition of First State, Grandfield.

■ THE FED has approved a move by First Guthrie BancShares, Inc., to become an HC through acquisition of First National, Guthrie. The HC also will acquire a beneficial interest in First Guthrie Business Trust, which, in turn, will acquire First Guthrie Insurance Agency, a company that will engage de novo in sales of life insurance directly related to extensions of credit by First National.

Tennessee

■ TILLMAN J. "TIM" KELLER III has been named a director of First American Bank, Knoxville. He is president, Institutional Jobbers Co., Knoxville and Chattanooga; partner, Kel-San Products, Knoxville; secretary, Frank's Food Co., Gray; and secretary-treasurer, director and executive committee member, Nugget Distributors, Inc.

■ FIRST AMERICAN NATIONAL, Nashville, has elected Robert B. Cullen and Clyde F. Hammer assistant vice presidents, Thomas M. Chandler as-

sistant controller, E. Thomas Clayton data processing officer, Cynthia E. Bennett loan review officer and Marilyn Link loan administration officer.

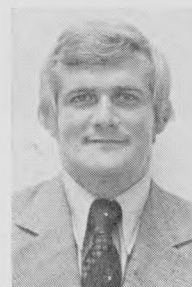
Texas

■ FIRST CITY NATIONAL, Houston, has named the following senior vice presidents: Frederick L. Bollerer, international department manager; John O. Bullington, metropolitan department; Forrest A. Goodell, U. S. Treasury and federal agency securities manager; Walter L. Kopycinski, systems, procedures and operations research manager; Dee Mifflin, employee relations department manager; and Richard Ripley, petroleum and minerals department. In addition, the bank's parent HC, First City Bancorp. of Texas, Inc., Houston, has received Fed approval for a merger through exchange of stock with City National of Bryan.

■ BONNIE SCHOMP has been named an assistant trust officer at First National, Amarillo. Miss Schomp, a former legal intern for a Weatherford, Okla., law firm, recently received her doctorate in law from the University of Oklahoma.

■ MIDWAY NATIONAL of Grand Prairie has become the 10th member bank of Republic of Texas Corp., Dallas. In addition, the Fed has approved a move by the HC to acquire First Bank, Carrollton.

■ STEPHEN D. CHIPMAN has been appointed vice president and executive/professional banking department manager, Bank of the Southwest, Houston. He joined the bank recently, going from Morgan Guaranty Trust, New York City. Jay A. Dudley has been elected assistant vice president, correspondent banking, at Bank of the Southwest, while Therese Glasner has been elected credit officer and John J. Felchak and Robert G. Yeomans have been named operations officers, item processing. Mr. Dudley joined the bank in 1974; Mrs. Glasner in 1972; Mr. Felchak in 1966 and Mr. Yeomans in 1970.

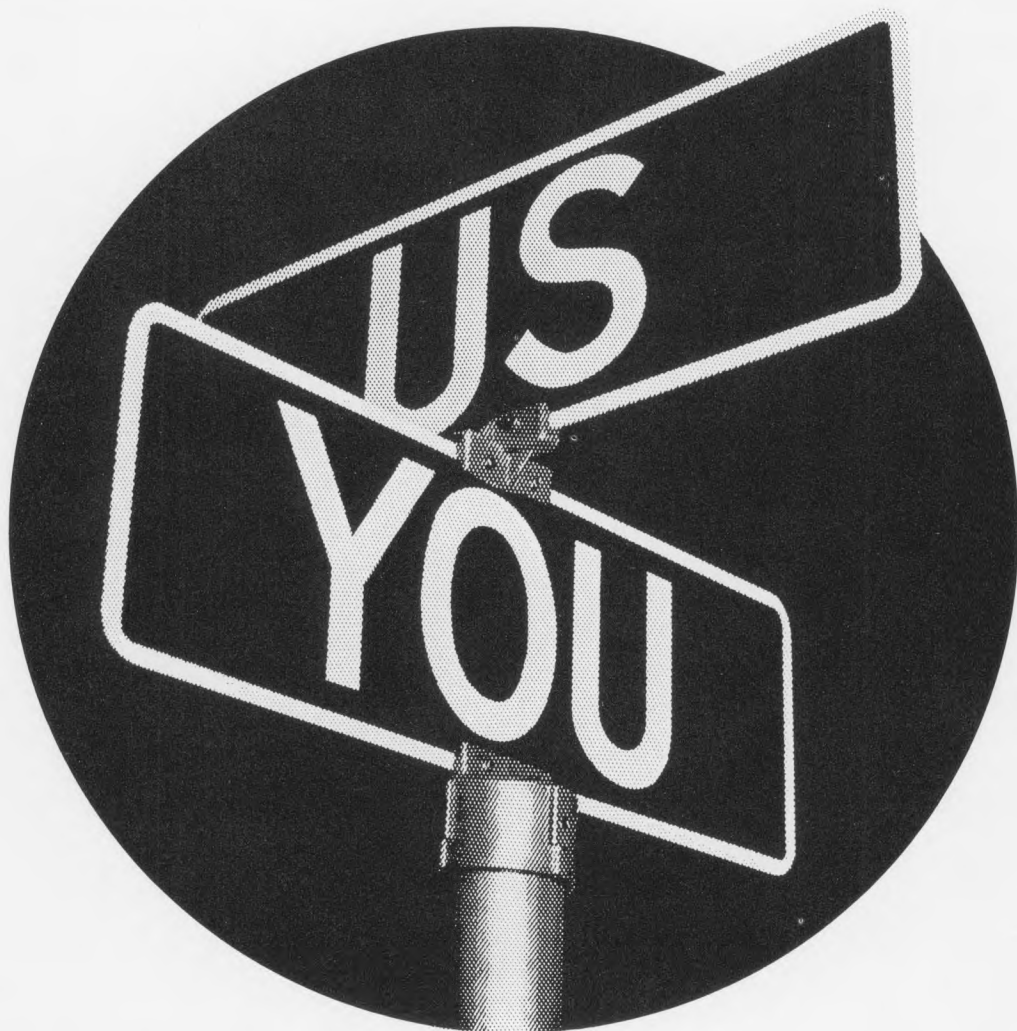


DUDLEY



CHIPMAN

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Correction of Abuses, Corruption In Currency-Exchange Industry Is Aim of New Ill. Legislation

SPRINGFIELD, ILL.—Correction of “abuses and corruption in the currency exchange industry” is the aim of a legislative package signed into law by Illinois Governor James R. Thompson.

“The cozy relationship that has existed between the currency exchange industry and state government is over,” the governor said. Governor Thompson gave his approval to 10 measures, some of which:

- Authorize the state director of financial institutions to establish—following public hearings—schedules of maximum rates to be charged for check cashing and writing money orders.

- Authorize currency exchanges to enter into agreements with utilities and other companies to act as agents for bill payments. Exchanges may not charge customers a fee for this service.

- Restructures the Currency Exchange Advisory Board from five to seven members and requires that four of the members represent the public and three represent the industry. For-

merly, all board members represented the industry.

- Increases the minimum amount of cash required to be kept on hand at community exchanges, in excess of outstanding money orders, from \$3,000 to \$5,000.

- Authorizes ambulatory exchanges to sell or issue money orders.

- Repeals legislative findings in the preamble to the state’s Currency Exchange Act containing “highly inflammatory and discriminatory language” about ambulatory exchanges.

- Increases the amount of insurance required by currency exchanges against theft, burglary and forgery.

Governor Thompson amendatorily vetoed Senate Bill 23 to authorize the director of financial institutions to fine or suspend exchanges that violate the law; the bill also gives the director power to authorize currency exchanges to render additional services to the public if such services are in the public’s best interests.

Graphic-Design Exhibit

Fine Print Examined During Five-Week Event

Fine print has come under the scrutiny of visitors to Louisville’s Liberty National, as the bank holds a five-week-long Festival of Fine Print, which examines the book as a valid art form.

Organized in cooperation with the University of Kentucky, King Library Press, University of Louisville, Louisville Free Public Library, Kentucky Arts Commission and other regional arts organizations, the showing is being held as a series of art exhibits, practical workshops, films, lectures, seminars and a design competition. Emphasis is placed on the elements of graphic design in the creation of a book: paper, type, illustrations, format, binding and the printing process of a small private press.

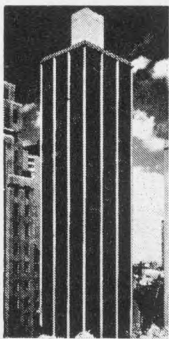
The bank’s Liberty Gallery, located in Liberty National’s Main Office, is host for the major exhibit of the festival, “Private Presses: the Book as Art.” In that exhibition are more than 60 limited edition books published by representative fine presses publishing in the U. S. today.

The bank also is funding a series of workshops for the public in paper-making, paper decorating and book-binding. Held at the Louisville Free Public Library, the workshops are conducted by artists and private press experts.

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