

MID-CONTINENT BANKER

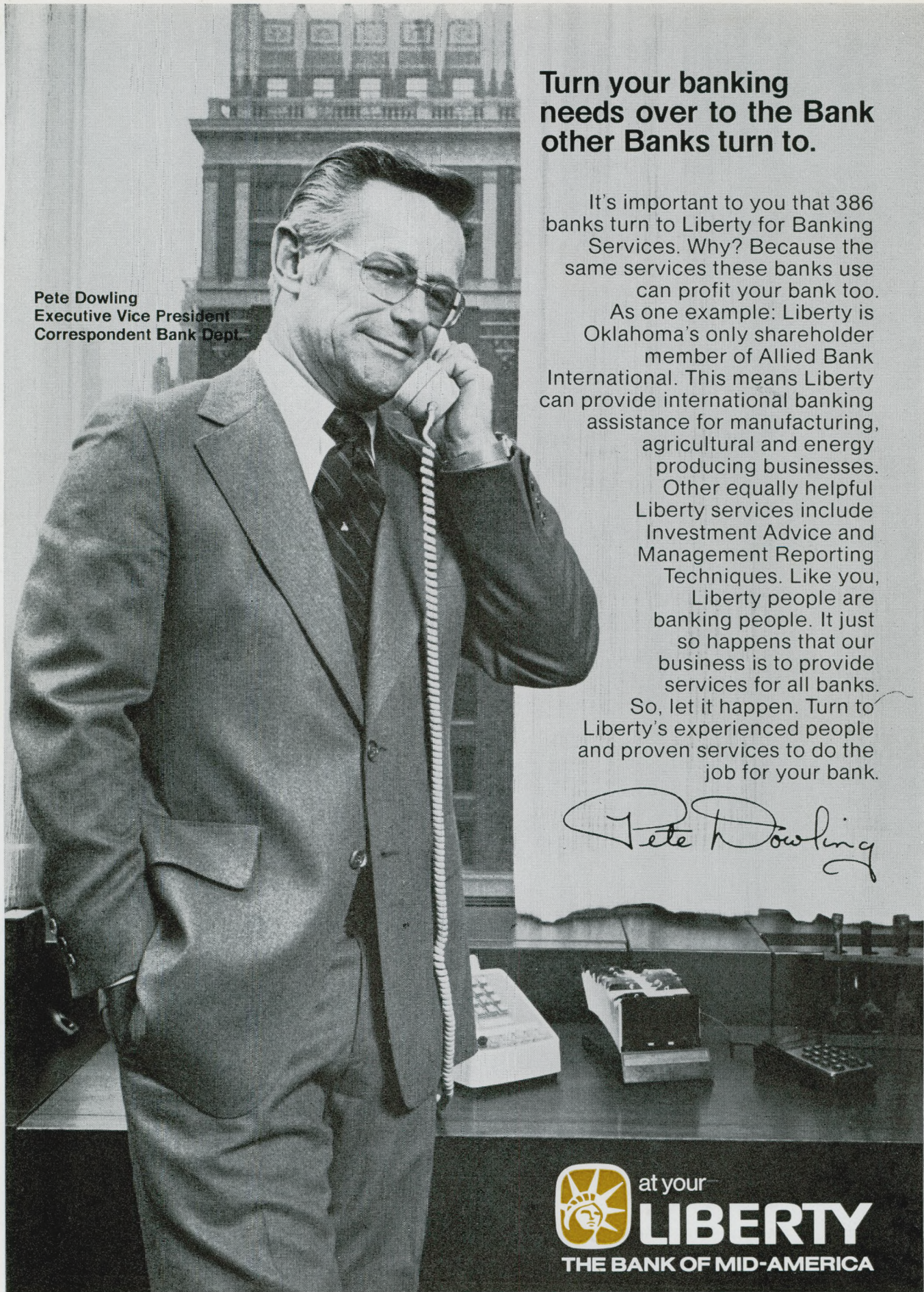
The Financial Magazine of the Mississippi Valley & Southwest

Operations and Convention Issue

APRIL, 1978



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Pete Dowling
Executive Vice President
Correspondent Bank Dept.

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MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

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MID-CONTINENT BANKER (publication No. 346 360) is published 13 times annually (two issues in May) by Commerce Publishing Co. at 1201-05 Bluff, Fulton, Mo. 65251. Editorial, executive and business offices, 408 Olive, St. Louis, Mo. 63102. Printed by The Ovid Bell Press, Inc., Fulton, Mo. Second-class postage paid at Fulton, Mo.

Subscription rates: Three years \$24; two years \$18; one year \$11. Single copies, \$1.50 each. Foreign subscriptions, 50% additional.

Commerce Publications: American Agent & Broker, Club-Management, Decor, Life Insurance Selling, Mid-Continent Banker, Mid-Western Banker and The Bank Board Letter.

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- April 15-17:** Louisiana Bankers Association Annual Convention, New Orleans, New Orleans Hilton Hotel.
- April 16-19:** Bank Marketing Association Staff Sales Training Workshop, Chicago, Holiday Inn Mart Plaza.
- April 16-27:** ABA National Commercial Lending School, Norman, Okla., University of Oklahoma.
- April 17-18:** Robert Morris Associates Foreign Credit Principles and Standards Workshop, St. Louis, Breckenridge Pavilion Hotel.
- April 22-25:** Banclub Association Convention, Nashville, Opryland Hotel.
- April 23-25:** Bank Administration Institute City Conference, San Francisco.
- April 26-28:** ABA Governing Council Meeting, White Sulphur Springs, W. Va., The Greenbrier.
- April 30-May 3:** ABA National Conference on Real Estate Finance, Washington, D. C., Capitol Hilton Hotel.
- April 30-May 3:** Bank Marketing Association Marketing Planning Conference, Washington, D. C., Hyatt Regency.
- April 30-May 4:** Bankers Association for Foreign Trade Annual Meeting, Tarpon Springs, Fla., Innisbrook Resort/Golf Club.
- May 4-5:** Robert Morris Associates Managing Your Loan Examination Workshop, New Orleans, New Orleans Marriott.
- May 4-6:** ABA Southern Trust Conference, Nashville, Opryland Hotel.
- May 7-8:** ABA/Insurance Industry Conference, Arlington, Va., Crystal City Marriott.
- May 7-9:** Texas Bankers Association Annual Convention, San Antonio, San Antonio Convention Center.
- May 7-9:** Independent Community Bankers in Illinois, St. Charles, Ill., Pheasant Run Resort.
- May 7-10:** ABA Northern Regional Bank Card Workshop, Chicago, Continental Plaza.
- May 7-10:** Bank Marketing Association Advertising Workshop, New York City, The Biltmore.
- May 7-12:** ABA National Commercial Lending Graduate School, Norman, Okla., University of Oklahoma.
- May 8-9:** Robert Morris Associates Import/Export Workshop, Washington, D. C., Stouffer's National Center Hotel.
- May 8-10:** Bank Administration Institute Bank Tax Conference, St. Louis, Breckenridge Pavilion Hotel.
- May 8-12:** Bank Administration Institute Introduction to Bank Auditing Short Course (Under \$75 million), Iowa City, Ia., University of Iowa.
- May 10-12:** Alabama Bankers Association Annual Convention, Mobile, Municipal Auditorium.
- May 10-12:** Kansas Bankers Association Annual Convention, Topeka, Downtown Ramada Inn.
- May 10-12:** ABA Bank Planning Workshop, Dallas, Fairmont Hotel.
- May 13-17:** Arkansas Bankers Association Annual Convention, Hot Springs, Arlington Hotel.
- May 14-16:** Missouri Bankers Association Annual Convention, St. Louis, Sheraton-St. Louis Hotel.
- May 14-16:** Tennessee Bankers Association Annual Convention, Memphis, Holiday Inn-Rivermont.
- May 14-19:** ABA National Personnel School, Atlanta, Marriott Hotel.
- May 14-19:** Louisiana Banking School for Supervisory Training, Baton Rouge, Louisiana State University.
- May 15-19:** Bank Administration Institute EDP Auditing Introduction Short Course (\$25 million+), College Park, Md., University of Maryland.
- May 16-17:** Oklahoma Bankers Association Annual Convention, Oklahoma City, Sheraton Century Center.
- May 16-19:** Bank Administration Institute Operations Management in Community Banks Short Course, Athens, Ga., University of Georgia.
- May 16-19:** Bank Administration Institute Estate Taxation Short Course, Park Ridge, Ill.
- May 17-18:** Bank Administration Institute Bank Security Planning Clinic, Atlanta.
- May 18-20:** National Association of Bank Women Rocky Mountain/Western Regional Conference, Los Angeles, Century Plaza Hotel.

MID-CONTINENT BANKER for April, 1978

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MID-CONTINENT BANKER for April, 1978

The Banking Scene

By Dr. Lewis E. Davids

Hill Professor of Bank Management,
University of Missouri, Columbia

Set Policy—Then Follow It!

THREE DECADES AGO, it was rare for a bank to have a written policy, let alone a "full-spectrum" written policy. The several hundred institutions that had some kind of written policy at that time typically were very large. A few "country" banks did have written policy, generally covering only the loan area. Some covered the areas of investments and personnel practices, including conflicts of interest.

About 15 years ago at banking schools, seminars, workshops, association meetings and at personal meetings with federal and state bank examiners, I made a point of raising the question of banks having written policies. I asked for leads to banks having any kind of written policy; the responses were few and far between.

A follow-up of the leads I obtained was, frankly, disappointing. My requests to banks for sample copies of their policies produced quite a few operating manuals, as contrasted with policy statements. Those operating manuals, for example, contained specifics on employee dress, signing in and out for work, selection of vacation time, insurance coverage, illness, leaves, discussion of customer business, etc.

Most subject areas covered in those policy statements were tied to day-to-day pragmatics that are, were and *should* be in the purview of operating management. Few of the statements took a broader long-range policy view; the few that did generally were authored by the bank's CEO and only later ratified by his board.

A discussion of this with those CEOs brought out some mixed explanations and rationalizations. One well-run bank was headed by a third-generation banker. He had learned banking from his grandfather and his father. The banker's son was next in line for succession. After a series of minor

medical crises, the father, as a form of inheritance for his son, put into writing his philosophy and future vision for the bank. The input by the rest of the board concerning policy formation was minimal, probably because, since its inception, the bank had been family controlled.

Another CEO wished to step out of active management and chair the board of his bank, as well as devote more time to outside activities. He told me that he thought it prudent to write a policy statement for his board to ratify

Some banks, in order to comply with regulatory pressure, adopt a policy that appears to meet regulatory wishes. The institutions then ignore the policy.

and adopt prior to his stepping out of active operating management. He was rightfully concerned that the hard lessons he had learned might be overlooked by his successor, a younger, less-experienced individual. That CEO was concerned that, if he took over the office of chairman—with its more outward concerns—his good unwritten policies would be ignored or overlooked. His solution? Put them in writing; have the board adopt them, and then step up to chairman.

In another instance, while the bank believed it had a good—although unwritten—policy, a serious breach of policy occurred in the loan and overdraft area. The offending officer contended that he had followed bank policy as he had understood it. The national bank examiner who unearthed the situation commented that, while not a perfect solution, one corrective step might be to put the policy into

writing and conduct a periodic or annual review, which would include a signed attestation that the bank's official staff had read and understood the policy.

The examiner's suggestion was adopted by the institution's board. It was interesting that, in the process of the board's writing the policy, considerable differences of opinion developed among members of the senior staff about the translation from the unwritten to the written policy. The process had helped clarify areas that formerly had been ambiguous.

That bank now has an annual policy review, at which time minor policy revisions are made. A major review is scheduled every five years. That review is made by a board committee and the bank's senior vice presidents, who solicit ideas from their subordinates, by department and by function.

Those pioneer banks had to generate policy from within. In one sense, it's rather rewarding, but sometimes frustrating, to form a policy from scratch. Today the written policies of a number of well-run banks have been collected and are available to directors.

I find it interesting that banks approach the subject of policy in somewhat different ways, and that is as it should be. Certainly, the policies of a giant, billion-dollar, urban money-market bank will differ from those of a small country bank. However, by reading and studying the various policies, it's possible for an individual to pick out those features and phrases that are appropriate for his own bank.

A large group of bankers still resist developing written policy. They argue that a policy must be dynamic and that exceptions to written policies are frequently carried out. The nature of a policy's terms may expose the bank to constraints that may be inappropriate.

(Continued on page 10)

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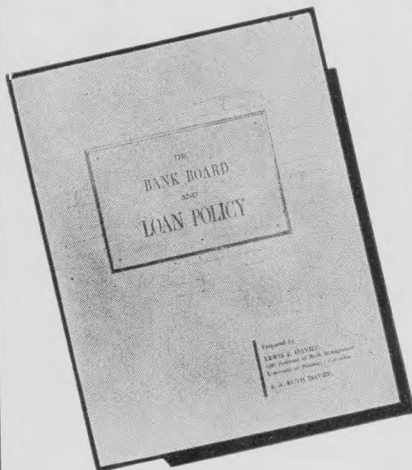


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The BANK BOARD Letter

408 Olive St., Suite 505
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More than one banker has told me that it's better to have no written policy than to have one that is breached frequently.

A good policy should not be breached frequently, but exceptions will be necessary at times. However, when exceptions are made, they should trigger a process in which the board has the exception called to its attention and then resolve whether that exception should be allowed to stand.

Generally, the CEO of a small institution establishes his bank's written policy; in larger institutions, more people usually are involved in this process, and this is especially true in departmentalized banks. It's relatively rare in such banks for the board, as a whole, to be actively involved in actual formulation of written policy.

A good argument can be made for the board setting policy. The board either will take the initiative of asking that the bank develop written policy, or the board is presented with the policy and accepts it as its position—after it has reviewed the statements and perhaps modified them to agree with the board's perceptions and consensus.

I often hear criticism by regulators that banks having written policy either have ignored or haven't kept the policy up to date. A major bank examiner once told me that he had read affirmative-action policies of many banks' boards, but it was obvious to him that the policies were more for show than for actual implementation.

Whether or not this is true, the fact remains that some banks, in order to comply with regulatory pressure, adopt a policy that *appears* to meet regulatory wishes. The institutions then ignore the policy. But what about the practice of enforcing the policy an institution has adopted? One of the near-tragic developments in banking was the failure of Franklin National of New York. That billion-dollar institution represented the largest failure of a bank (up to that time) in the U. S.

Actually, Franklin National had a well-written policy. A great deal of time and effort had gone into its preparation. Because the policy was ignored, some bankers contend that the efforts involved in writing bank policy may be unrewarding, an exercise in futility.

What is overlooked is that one board function is to see that its policy is carried out. In the case of Franklin National, the board should have instructed its external and internal auditors to check for policy implementation. If that had been done, the board would have *known* that its policies weren't being followed, and at that point the

Franklin National directors would have had a draconian decision to make: To resign or to insist that the policy be implemented as directed. If implementation then were not forthcoming, the individuals responsible, even if they controlled the bank, should have been asked to tender their resignations.

In the case of Franklin National, the unique factor was that control of the bank was with a foreigner who wasn't a member of the board, but in lieu of a board seat had a director-designate serve in his place.

It is rather easy for me to say that a bank director should step down if he cannot, in good faith, be assured that the board's policy is being implemented or for him to ask for the resignation of a peer-director. The fact is that in such situations, if a resignation is tendered it often is expressed in terms likely to deceive the general public: that the individual is resigning "for

**A bank director should
step down if he cannot be as-
sured that the board's policy
is being implemented.**

personal reasons," rather than because individuals in the bank had not followed board policy. Such face-saving devices *may* be in the best general interest of the director and the bank, but it's likely that a more forthright statement would correct such situations. Tempering that, however, is the widespread fear that publicizing such an action might precipitate adverse developments in the bank, such as substantial withdrawals.

It's a rare bank that develops a full-spectrum policy. Rather, such a task generally is accomplished in "building-block" fashion; for instance, development of a lending policy, followed by development of an investment policy, then development of an overall policy on business ethics and conflicts of interest, etc. At times, formulation of policy is the direct result of regulatory pressure to put a particular segment of a bank's operation into writing.

In the last few years there has been a significant increase in the number of banking institutions that have attempted, often successfully, to put unwritten policy into writing. The board must recognize that implementation of written policy should be reviewed periodically and, at all times, monitored either by internal or external auditors. Violation of policy must be brought before the entire board. The board, on a case-by-case basis, should let its actions be known. • •

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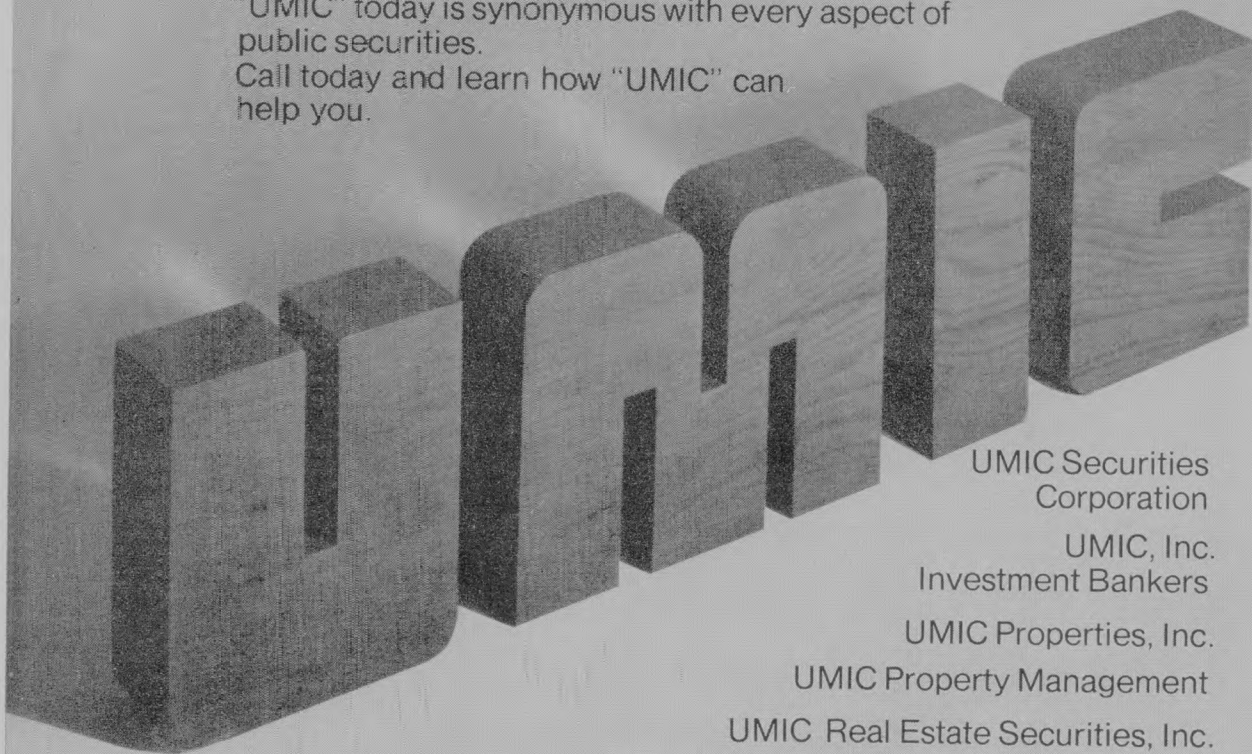
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NEWS OF THE BANKING WORLD



MANN

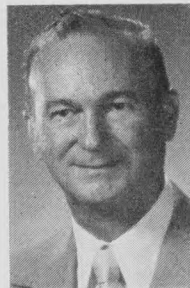
• **Maurice Mann** has left his post as president, Federal Home Loan Bank, San Francisco, and joined The Becker Warburg Paribas Group, Inc., as vice chairman of Warburg Paribas Becker Inc. and A. G. Becker Inc., operating arms of the group. Mr. Mann, who has been a speaker at several bankers' conventions, joined the Federal Home Loan Bank in 1973 and will remain in San Francisco with the investment banking and financial services firm, where he will be involved with short- and long-term debt financing.



McLEAN

Prochnow, retired president, First National, Chicago, was reelected secretary. William J. Korsvik, vice president, First of Chicago, was reelected associate secretary.

• **Robert C. Nelson**, executive vice president, Indiana Bankers Association, Indianapolis, has been appointed chairman, board of trustees, Graduate School of Banking at the University of Wisconsin/Madison. Mr. Nelson fills the unexpired term of William J.



BRADLEY

Daner, who left the board following his resignation as secretary/general counsel, North Dakota Bankers Association. Mr. Daner returned to private law practice.

• **Bennett A. Brown**, assistant president, Citizens & Southern National, Atlanta, since 1971, has been named the bank's president and CEO following the resignation of Richard L. Kattel as chairman and president. Mr. Brown has been a C&S officer since 1957. Elected C&S chairman was A. Pratt Adams Jr., a director since 1964 and chairman of the board's examination committee. Mr. Adams is a senior partner in a Savannah, Ga., law firm.



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Asset Figures Corrected

ST. LOUIS—Our apologies to First Union Bancorp. for making an error last month in reporting its total assets for 1976 and 1977. First Union's total assets at year end 1977 were \$3,083,745,000, compared with \$2,797,781,000 a year earlier. The story in the March issue of MID-CONTINENT BANKER erroneously used the HC's total *earning* asset figures for the two years instead of total assets.

The article pointed out that First Union achieved record earnings last year, with consolidated net operating income totaling \$22,274,000, or \$4.83 a share, compared with \$21,019,000, or \$4.58 a share, in 1976. After the effect of investment-securities transactions, net income in 1977 was \$22,271,000, or \$4.83 a share, up from \$21,212,000, or \$4.62 a share, reported the previous year.

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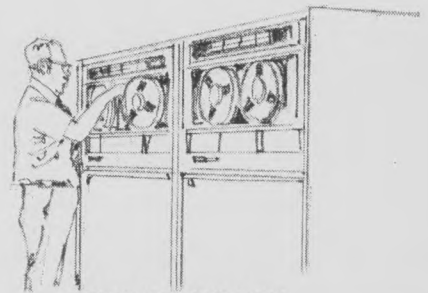
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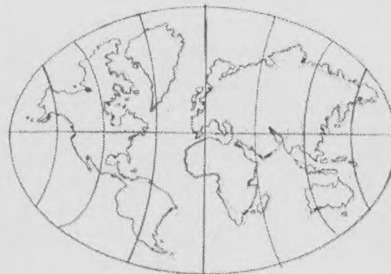
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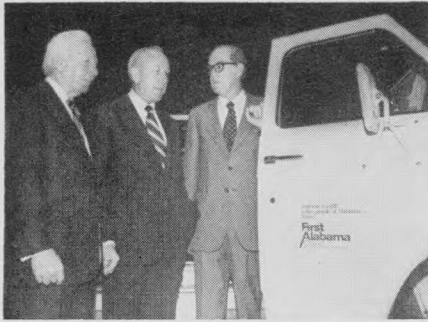
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From l., Frank A. Plummer, ch. & CEO, and Lynn H. Mosely, pres., First Alabama Bancshares, Birmingham, present one of four vans to Bryce Torrence, dir. of disaster services, American Red Cross, Washington, D. C. HC presented vans to Alabama Red Cross chapters for use in aiding disaster victims.

A 'Good Neighbor':

HC Donates Four Vans For Disaster Relief

First Alabama Bancshares, Inc., Birmingham, has applied its "good-neighbor" policy by donating four vans to Alabama Red Cross chapters. The vans will be used for disaster relief activities.

The vehicles were presented to Red Cross chapters in Montgomery, Birmingham, Huntsville and Mobile. The vans have been valued at \$25,000, and the contribution is said to be the largest ever made to the Red Cross in Alabama by a major business or industry.

The vans will be used throughout the state during and after natural disasters to transport food, clothing and first-aid supplies for disaster victims and to transport Red Cross volunteer and staff personnel to operate shelters and provide services.

Bank Does Part in Crisis



Frank B. Hower Jr., ch., Liberty Nat'l, Louisville, looks on as a light bulb is removed in his office. The bank has reduced by 25% all electrical lighting usage in its Main Office, Operations Center and branches to help in saving energy during the coal shortage. The bank also has turned off all exterior sign lighting during the crisis.

Community Involvement

'Career Day':

Bank-Sponsored Seminar Aids Minority Students

Harris Bank, Chicago, has sponsored its third annual "Career Day," and black students from 13 area colleges and universities were invited.

The day-long program was held at the bank and was designed to explain career opportunities in banking and financial institutions. The seminar consisted of slide presentations, tours, lectures and question-and-answer sessions.

Thirty of the bank's black staff members served as faculty for the educational program. They explained credit analysis, corporate and individual lending, trust services, personnel, investments, computer services and other topics.

For Employees, Tenants:

Bank Hosts Noon Seminar On Being Better Parent

A week-long series of noon-hour seminars at First National, Little Rock, hopefully has made better parents of bank employees and tenants of First National's building. The seminar, titled "Learning to Be a Better Parent," was cosponsored by the bank and the University of Arkansas at Little Rock.

The series was conducted by a representative of the Center for Child Development and Education at the university, and featured as guest speakers on successive days authorities on child care from a number of area institutions. Topics of discussion included encouraging creativity in children, helping children solve moral problems and the effects of divorce on children.

A Busy Retirement:

Late-Blooming Artist Displays Works at Bank

Much local talent probably lies undiscovered—or unpublicized—in cities throughout the Mid-Continent area. One resident may produce extremely beautiful ceramic figures; another may sew lovely quilts; still another may transform lowly eggs into exquisite snow scenes, Christmas tableaux, etc. It would be a good public-relations gesture for banks to display these un-



Michael W. Collins (l.), s.v.p., real estate banking div., Heritage Standard Bank, Evergreen Park, Ill., points out feature of painting of sailing ships to its creator, Carl S. Hanson. Mr. Hanson took up oil and acrylic painting in 1967 after retiring as contractor.

usual works in their lobbies.

For instance, works done by a man who didn't start painting as a hobby until after he worked most of his life as a contractor recently were exhibited at Heritage Standard Bank, Evergreen Park, Ill. The artist, Carl S. Hanson, was born in northern Sweden and became a bricklayer at 14. Emigrating to this country in 1946, Mr. Hanson became a builder and general contractor. After retiring, he began painting as a hobby during Chicago's record-breaking snowstorm in 1967. He worked with oils and acrylics and overcame many exasperating moments to emerge as an accomplished artist with a unique style and technique in all his original artworks, according to a bank spokesman. His collection includes an artistic tribute to some U. S. presidents, beautiful seascapes and landscapes.

Heritage Standard Bank urged its customers to go to the bank to view Mr. Hanson's works and congratulated the artist for having found this "remarkable talent and having fulfilled his retirement years with such beauty and artistry."

Display Lauds City Living



A winter highlight of the lobby of Mercantile Tower, headquarters for St. Louis' Mercantile Bank, was this display on city living. Constructed by Neighborhood Marketing Services, a nonprofit group supported by block-grant funds, the display used pictures and text to illustrate the variety of architectural styles and availability of a number of neighborhood lifestyles and activities throughout St. Louis.

ESSENTIAL

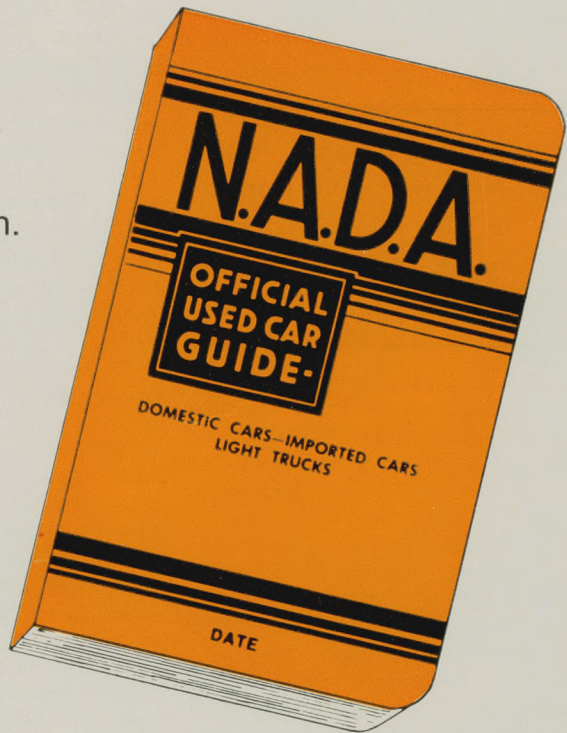
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Distorted View of Banking Created By Interpreters of FDIC's Survey

BANKING practices have been in the news once again, and throughout March it seemed as though political and news events had been timed to coincide with the release of the FDIC's special survey. Competing interpretations of the survey were issued almost immediately.

A March 7 CBS-TV special report and a news release from Senate Banking Committee Chairman William Proxmire (D.-Wis.) were the first shots in a campaign to create the impression that a crisis in banking practices exists. Creating such an impression could help to improve the chances of passage of punitive and unjustified legislation like the so-called Safe Banking Act, the Competition in Banking Act and consolidation of the regulatory agencies.

Although TV and legislators saw a negative connotation in the FDIC survey, generally, it showed only a handful of abuses.

While Senator Proxmire and others sought to interpret the FDIC's survey as supporting legislation which would impose new restrictions on banks, the ABA predicted that when the wrangling as to what the FDIC survey means is over, most people will see that it produced no surprises. If anything, the survey showed that bankers' ethics stack up favorably against those of any other business—or political—group.

Generally, the survey showed only a handful of alleged abuses, and all of those are fully covered by rules already on the books. The way to deal with the isolated cases of insider abuses in banking is to give bank regulators better enforcement tools—tools they have asked Congress to give them. For three years, the ABA and the banking industry have supported legislation that would do just that.

One problem in recent weeks has

Editor's Note. This column was prepared by the Public Relations Division of the American Bankers Association.

been that the data collected by the FDIC has proved to be confusing and in some cases misleading. Unless that information is analyzed in a reasonable context of everyday banking activity, it can be subject to serious misunderstanding and misinterpretation. For example, the most important aspects of the overdraft section of the survey are the questions that were not asked. Only the "worst case" information on politicians' and insiders' overdrafts was gathered—the biggest overdraft, the longest time any big overdraft remained unpaid, the most unusual cases in which no interest or service charges were imposed on overdrafts, etc. Banks' practices regarding all other customers' overdrafts were not asked for and regrettably remain unknown.

Any conclusions that so-called insiders receive preferential treatment is wrong, because there is no frame of comparison for the information gathered. Drawing conclusions from the overdraft section of the survey would be like judging the local fire department solely on the basis of the single worst and longest-burning fire in its history.

Even so, those who seek to capitalize on negative news have been hard at work in their effort to interpret the FDIC's survey as supporting legislation like the so-called Safe Banking Act. The CBS special report concentrated almost exclusively on the "Texas Rent-a-Bank" scandal and the collapse of a Wisconsin bank due to fraud, incidents that took place several years ago as though they had occurred yesterday and were happening all the time. The report tended to portray exceptions (shoddy practices) as the rule—and thereby produced misleading distortions of fact.

Many concerns about overdrafts would be dealt with constructively by the Fed's recently reactivated proposal to allow banks to offer their customers automatic, pre-authorized transfers from savings to checking accounts. This service could be used to cover overdrafts or to keep checking account balances at a specified minimum.

While regulators of other types of financial institutions often seem to be

cheerleaders, the Fed's proposal is something that bankers can cheer about—especially those who face stiff mutual savings bank, credit union or S&L completion for deposits. The ABA supports this proposal, but is asking the Fed to require that there be parity of interest rate ceilings on savings accounts linked to checking accounts for any type of financial institution that may be authorized to offer them. The ABA also is asking the Fed not to require interest forfeiture on funds transferred and not to restrict the pricing of the new service.

* * *

Competition among banks is strong and serves the public interest, and the so-called Competition in Banking Act is not needed, the ABA told the Senate Banking Committee recently. While the name of the bill suggests that it would enhance competition in the American financial system, the fact is that the measure is anticompetitive and would have a destructive impact on the competitive environment for banks.

The only beneficiaries of the bill would be certain industries that have an interest in blocking growth of banks and bank HCs—not the American public. As introduced, the bill would:

The Safe Banking Bill would benefit only certain industries that would like to block banks' and bank HCs' growth.

- Unnecessarily make antitrust limitations more stringent with respect to bank HC acquisitions, as well as bank mergers and consolidations, and impose an arbitrary limit on bank size of 20% of the banking assets in a given state.

- Virtually repeal previous legislation that gave bank HCs greater flexibility to provide new services to meet customers' changing needs.

- And move toward "back door" centralization of bank supervision and regulation by giving the Fed greater authority over national banks and state-chartered, non-Fed member banks.

No justification has been put forward for the provisions of that bill, the ABA said. The measure is particularly objectionable because it singles out banks for restrictive treatment, but ignores the substantial competitive advances made by banks' competitors. Banks should not be singled out for special, punitive treatment, and stricter standards should not be imposed on banks and bank HCs than are applied to other industries or other types of financial institutions. • •

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There's been a lot of talk lately about the shrinking Bankers Blanket Bond market. About how only six or so sources now provide this necessary coverage. About the troublesome restrictions placed on banks seeking the insurance. Even about some banks not being able to get a blanket bond under any terms.

There's no denying that the last few years have been tough, both for some banks and for insurers. But Scarborough and Company has remained a stable source for blanket bonds for almost 60 years. What's more, we developed and we continue to offer the broadest bond coverage in the market—the Bankers Special Bond. It affords banks important extensions and additions to standard blanket bond coverage.

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Regulatory News

Fed Revises Proposal On Automatic Transfer From Savings to Checking

The Fed now is accepting comments on a revised proposal to permit automatic transfer of funds from an individual's savings account to his or her checking account to cover checks drawn by the depositor to ensure a minimum balance in the checking account.

The proposal is changed from an earlier one made in March, 1976, in two main respects: The minimum forfeiture of interest would be the amount earned in the previous 30 days, and no minimum amount would be required for transfer.

The proposed new service would be available only to individuals—not to businesses or governments—and would be entirely voluntary. Depositors could not be required to enter into automatic-transfer agreements, nor could such transfers be made unless previously authorized by depositors.

The proposal would end a current prohibition in Regulation Q—payment of interest on deposits—against automatic transfers from savings deposits.

Under the proposal, a member bank and an individual depositor, acting voluntarily, would agree on a plan authorizing the bank to draw on the customer's savings account in the bank to cover checks written or to keep funds in the customer's checking account from falling below a certain level.

The proposed new service would be added to two others previously authorized by the Fed to increase banking convenience to the public: allowing customers to withdraw or transfer funds from savings accounts at member banks by telephoned instructions and authorizing member banks to pay bills for their customers according to a plan pre-authorized by the customer.

Gov't, Municipals Applications Again Accepted From HCs by Fed

The Fed's Board of Governors has announced it will resume processing applications from bank HCs to underwrite and deal in federal government and municipal securities.

Applications, however, will be processed on a case-by-case basis, and the FRB will take no regulatory action to add this activity to its Regulation Y as

closely related to banking and permissible for bank HCs.

On October 19, 1976, the board announced it had deferred action on a rule-making proposal to make underwriting and dealing in government securities a permissible activity for bank HCs. It suspended further consideration of applications to engage in this activity to allow time for the newly created Municipal Securities Rule-Making Board to take possible action in this field.

On April 2, 1974, the board issued a proposal to add this activity to its Regulation Y as permissible for bank HCs. As a result of its more recent action, the board withdrew that 1974 proposal.

Senate Approves Miller As New Fed Chairman

G. William Miller was sworn in as new Fed board chairman March 8, following a lopsided



MILLER

vote of 14-1 by members of the Senate Banking Committee. Committee Chairman William Proxmire (D., Wis.) cast the dissenting vote. The full Senate approved the appointment March 7.

Mr. Miller replaced Arthur F. Burns as Fed chairman. Mr. Burns had served in three administrations. Mr. Miller was chairman and president, Tectron, Inc., conglomerate based in Rhode Island.

Senator Proxmire challenged Mr. Miller's adequacy for the job. "Although Mr. Miller has been a smashing success in the business community," he said, "he is not qualified for this particular job. The nation is not well served" by the nomination.

Senator Proxmire cited Mr. Miller's alleged lack of experience in dealing with the economy as his principal reason for objecting to the nomination.

Pension Plan Insurance Coverage Clarified by FDIC Amendment

The FDIC has adopted an amendment to its deposit insurance coverage regulations that provides specifically for insurance coverage on deposits of pension and other trustee personnel benefit plans.

Nonvested interest of individual beneficiaries of employee benefit trusts in deposits of trust assets will be recognized and will be insured, together with the beneficiary's vested interest, to the maximum amount of \$40,000.

Under previous regulations that treated pension funds in the same manner as personal trusts, only vested interests of beneficiaries were separately insured. Nonvested interests of all beneficiaries of the same pension trust were insured in the aggregate up to the \$40,000 limit.

The amendment is consistent with the national policy of concern for the protection of pension plan assets expressed in ERISA, according to the FDIC.

Political Contributions Are Subject of Notice Issued by Three Agencies

All three federal bank regulatory agencies have issued notice that political contributions and certain other questionable payments by banks and bank HCs may be regarded as unsafe and unsound banking practices subject to appropriate corrective action.

In a joint policy statement, the agencies said they will use their full legal authority to halt such practices, involving cease-and-desist orders and referrals to law-enforcement agencies for possible prosecution. Such payments also may become a relevant factor in consideration of applications submitted by organizations that made them.

The statement referred to recent disclosures of certain questionable payments by a small number of banks and bank HCs. It expressed the federal regulators' belief that continuation of such practices would reflect unfavorably on the banking system as a whole and thus undermine public confidence.

The policy statement was issued by the Comptroller, the FDIC and the Fed.

Credit Card Indebtedness Limit For Bank Execs Raised by Fed

The Fed has amended its regulation on loans to executive officers of member banks, increasing from \$1,000 to \$5,000 the limit imposed on member banks' extension of credit to their own executives through the use of bank credit cards.

The Fed made the amendment because it was felt that the current limit, established in 1967, needed adjustment due to the increase in consumer prices and the expansion of bank credit card usage and acceptability since that time.

Why banks suggested Ætna Money for bells in Maryland and pipes in Texas



The business was importing crafts from the East. The problem? Supporting a customer-dating program, while paying its own bills on time. And this would take fresh funding.

The bank couldn't expand its line, but could suggest a solution: Ætna MoneySM, with inventory and receivables as collateral.

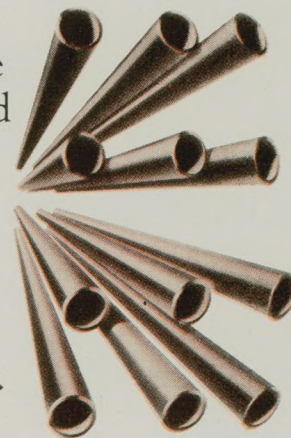
Result? The importer not only rang up more sales and earned more trade discounts. He also continued as a good depositor of the bank.

Another bank's lending limit was \$350,000. One of its customers, a pipe wholesaler, had quickly reached it and was now pushing to go beyond.

How could the bank keep his business without slowing his growth?

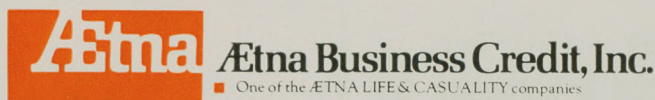
Solution? Ætna Money, secured by receivables and inventory, with the bank participating.

Result? The wholesaler's sales continued to grow. And the bank kept a customer.



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

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



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

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Selling/Marketing

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On the best-seller list for 68 years, that little book so many millions of people carry around with them has some interesting figures behind it. Examples: Christmas Club members use other banking services more and remain more loyal to a financial institution longer than non-members.* It's not hard to read between the lines and realize that the "Incentive Book" has in it a powerful message for you — all pointing toward profitability. Any questions? We'll be glad to answer them.

*Based on independent market research studies among 2,500 financial institutions conducted in 1977 by Unidex Corp.

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'Sidewalk Superintendents'



Rex Moon (r.), pres., United American Bank, Knoxville, Tenn., looks on as Jake Butcher, bank ch., is helped into an "Official Sidewalk Superintendent" apron by Lillian Mashburn of the bank's marketing dept. The "aproning" ceremony was part of a party held by the bank to update the public on the status of United American Plaza, the bank's future headquarters and Knoxville's first skyscraper. Each guest received a carpenter's apron and a signature card describing his official duties, which include "full privileges to gaze, gape, gasp, cheer, sneer, smirk, marvel or yawn at all construction work on United American Plaza—and to make known to all within hearing distance any ideas on how the job should be done." The building is expected to be completed by next fall.

Your Money Back:

Good-Service Guarantee Offered by Illinois Bank

You don't read much about banks offering money-back guarantees—unless you live in Lombard, Ill.

THE BANK OF YORKTOWN

**MONEY-BACK
GUARANTEE**

"If you feel that any officer or employee of the Bank of Yorktown fails to serve you in a warm, willing, and professional manner, we will make every effort to expedite your 100% satisfaction. Or, we will arrange for an orderly transfer of your funds to one of our competitors."

We believe in courtesy, and in what will do for you. Our people are enthusiastic and helpful—and the understanding you need. This means more for you at the Bank of Yorktown.	• Sales professionals, trained to provide knowledgeable, timely financial advice. • Full range of bank services for the 1000 convenience. • Extended drive-up hours. • Weekend Branch (24 hrs. 5 night closing). • Simple parking, independent to the bank. • An excellent location, accessible to many major suburban streets and the Western Shopping Center.	If something is wrong, please tell us. We'll do everything we can to make it right. We guarantee our services, and our people. Come in today to test us!
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Y

BANK OF YORKTOWN
One Western Center (opened 1976) 604E 624 3600 • Member FDIC

Money-back guarantee of good service was announced to residents of Lombard, Ill., by this ad for Bank of Yorktown. Part of ad states, "We believe in ourselves and in what we can do for you."

Bank of Yorktown, taking a clue from retail store policy, has begun offering its customers what it calls a "money-back guarantee" of good service.

The guarantee, featured prominently in bank advertising, states that "If you feel that any officer or employee of the Bank of Yorktown fails to serve you in a warm, willing and professional manner, we will make every effort to expedite your 100% satisfaction. Or, we will arrange for an orderly transfer of your funds to one of our competitors."

Most banks tell people they are friendly and professional, but few are willing to really put themselves on the line to prove it, said Edward J. Shaw, president. "We are. And, during the last year, we've invested both time and money in training employees. It seemed natural that we follow through with a strong statement of our commitment to service . . . such as the money-back guarantee."

'Blanketing' the Area:

Cold-Weather Premium Warmly Received in June

Who would want a blanket in June? Quite a number of people, judging from the success Community State, Huntington, Ind., had when it offered Beacon "Carousel" blankets during its grand-opening celebration.

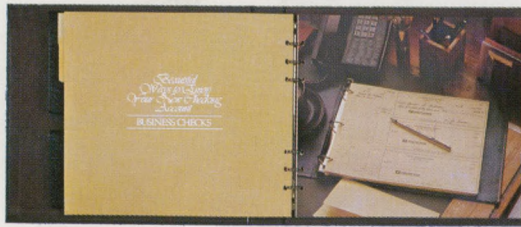
During the week-long festivities surrounding the opening of the bank's South Branch, customers depositing \$100 to checking or savings accounts or purchasing a CD received a blanket. The offer was continued for four weeks after the opening.

According to R. M. Hafner, bank president, "Our promotion was conducted during the hottest period of the year, but people were eager to receive the blankets and were pleased with their quality."

And the figures are there to support that statement: The bank opened 624 new accounts and brought in about \$1 million in new money as a result of the offer! The blankets were supplied by Ray F. Cline Marketing.

The One from Harland.

If you're not experiencing *The One* from Harland, take the opportunity. Banks everywhere are enjoying Harland's elegant, compact and efficient catalog. *The One* has it all.



Our complete line of checks and other products in one convenient package. See for yourself how we've developed the most effective way to sell the most attractive checks.



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Insurance

Banks, Insurance Firm Work Together To Provide IRA, HR-10 Coverages

By JACK L. MONTGOMERY
Huntsville, Ala.

CONSIDER John Q. Public's feelings resulting from the constant bombardment he receives via newspaper, television, radio, brochures and "door knockers" extolling the benefits he will receive from purchasing IRA, HR-10 or tax-sheltered annuities from a bank, a securities brokerage house or an insurance company.

Banks claim the following advantages for their plans: no load charges, short-term guaranteed interest and higher interest rates, that "your money stays in the local community" and that John Q. can get his money at any time (but with a penalty).

Brokerage houses say about the same thing that banks do, only they say John Q. Public can get even more interest on his money if he places it with a brokerage firm (even though the money leaves the local community).

Insurance firms contend the real criterion is what John Q. ends up with at retirement in the form of a monthly income. That money *does* leave the community and it isn't as readily available (generally) as John Q. would like and the insurance industry can't guarantee the highest interest rate. It can, however, guarantee higher annuitized monthly income; it does have a guaranteed floor on its interest rates, and it's not limited to the FDIC's \$40,000 maximum safety amount.

Confusing, isn't it? Many times, I have put my pencil to the outlandish claims I have read in my local newspaper and wondered how I could get across to my IRA/HR-10 client that I'm really giving him or her the best product and advice.

Let's face it: The average person, while generally appreciating the idea of using before-tax dollars to salt away money for his retirement, doesn't have a real understanding of the advantages and disadvantages of one form of investment over another. And he is getting more confused each day because of claims made by the banking and insurance industries. As a life insurance agent working in the tax-sheltered

field, I, too, had my share of problems in the past.

But no more! Not only have I solved my problem of placing the most balanced product in the tax-sheltered field in the hands of my client, but I've solved my prospecting problems—forever!

I've reached this happy state through my discovery of a "sponsored-marketing" concept, through which I feature a variable-investment program and a total health-and-welfare plan, using them either singly or in concert, for the maximum benefit of my client—whether his future holds inflation, depression, sickness, death, total disability or just plain quitting. I can provide John Q. Public with a program that allows him to have every advantage that the banking and insurance industries imply that the other cannot provide.

This sponsored-marketing opportunity was presented to me by Life Investors Insurance Co. of America. This company has a wholly owned subsidiary called Massachusetts Fidelity Trust Co., which acts as a trustee or custodian for IRA, HR-10 and TSA deposits for banks and S&Ls.

Also, Life Investors controls Agri Benefits Administrators, which in turn acts as a third-party administrator for Communicating for Agriculture, Inc., a nonprofit organization that promotes the general health, welfare and advancement of personnel in agriculture or agribusiness fields.



Jack L. Montgomery qualified for the Million-Dollar Round Table and has won other industry recognition since entering the life insurance business in 1969. He holds a degree in economics from Stanford University and was a program manager for defense systems in the aerospace industry before beginning his life insurance career.

He recently assumed the presidency of J. Noral & Associates with principal offices in Huntsville, Ala. His organization exclusively represents Life Investors Insurance Co. of America and its wholly owned subsidiary, Massachusetts Fidelity Trust.

As a result of this structure, Life Investors is able to offer banks capabilities they do not now have: guaranteeing IRA, HR-10 and TSA depositors a disability feature on their deposits; no charge to the depositor at time of distribution of funds at retirement; ability to "peg" the annuity rate back to the date of entry into the plan; and a capital-deposit privilege allowing the depositor to add an amount equal to a maximum of three times his total guaranteed accumulations to the "pegged" annuity rate. Massachusetts Fidelity Trust does all reporting to bank customers as required by the Internal Revenue Service at no charge to the bank.

What do participant banks do for Life Investors and its representatives? Here's how they're working for me:

I surveyed more than 30 banks and S&Ls in northern Alabama to determine if one fell within preset criteria. The institution had to be privately owned; its president had to be an outstanding member of his community and be well known and regarded; the institution had to be in an aggressive growth cycle, had to have adequate deposits, had to be located in an area conducive to sales of IRA, HR-10 and TSA plans and had to have a president and board who worked exceptionally well together. Finally, the institution's staff had to be above average in ability and enthusiasm about their institution's services.

After three months, I found such a bank in a nearby town, Home Bank of Guntersville. Its president, Hayse McCahey, agreed to mail typed, personally signed letters to all the bank's customers telling them that the bank had added a new dimension in banking service. He noted that a representative of Life Investors would call on them and that the representative—I, or my associates—would explain the bank's new program.

Imagine, 30 referred-lead letters of this high caliber going out each Monday morning! To date, for each 100 letters mailed, we have made 70 appointments. Of these, 18 fall into purely public-relations calls for the bank because of the advanced age or status of their customers. Fifty-two of the appointments are between ages 21 and 55 (the age group we normally would call on to present an IRA/HR-10 plan). Of these 52, 26 are enrolled in the bank plan. The average annual premium is \$847.50.

The reason the bank president is happy to send 30 letters for each associate in my agency each week is that his bank's customers now have four choices as to how their deposits can be handled. One hundred percent can go



LeFebure Tel-Air System 1000 lets you expand without excavating your drive-up area.

From the flawless styling of the kiosk to the overhead return and time-saving free carrier, LeFebure Tel-Air System 1000 is one of the finest drive-up systems available. It combines speed and simplicity for your customers.

Tel-Air System 1000 can reduce installation and expansion costs because the carrier is transported overhead, and there's a turbo-compressor in each kiosk that operates independently.

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The attractive kiosk presents the carrier horizontally, in the open... no obstructions on top, or the side... so it accommodates customers in vans and pick-up trucks as well as those in passenger cars.

Two-way communication and eye-to-eye customer contact lets your tellers serve each customer on a personal basis.

Errors are reduced, as carriers, tubes and kiosks are color-coded for easy visual reference.

Tellers appreciate Tel-Air System 1000. Its unique single-line tube system prevents exhaust fumes and outside air from accompanying the carrier into the building. Carriers are delivered in a vertical position, easy to retrieve. Tellers may recall a carrier from the kiosk, or while in transit.

The more you investigate Tel-Air System 1000, the more you come to realize its practicality. Your LeFebure Sales Engineer can give you all the details.



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Convenient. Reliable. Overhead.

on deposit at the bank, or 100% can go to Life Investors. (These options are elected by approximately 3% of the customers.) Ninety-seven percent elect to split 50/50 between the flexible bank savings and the guaranteed Life Investors savings. A fourth option, recently introduced, is the Variable Investment Program II, which allows the bank to participate in any of the aforementioned service features, plus guarantee the deposit of the premium in the bank, if the customer is totally disabled, yet still retaining the plan, plus add many new checking accounts as a consequence. In 23 weeks of our program, my associates and I have placed in excess of \$45,000 in annualized new deposits in Home Bank, and we have introduced many new people to VISA or Master Charge accounts or have set up new checking accounts for them.

When we enroll a customer in the plan, we usually get about four referrals. The bank president then sends a different letter saying that the addressee's close friends, "Betty and Joe," had asked the president to write to the addressee and tell him of this unique service. This referral letter carries a double clout—not only is it from the prospect's good friends, but it's from the leading banker in town! Is it any wonder we have a 50% closing ratio?

The same referral system works for the rural-sponsored market for agriculture and agribusiness. Leading agribusinesses in the community (banks, equipment dealers, etc.) are contacted and enrolled in "Communicating for Agriculture, Inc.," a nonprofit organization. Then, as members, they are eligible for the health and welfare plans that equal or surpass the plans of most major corporations in America.

For example, a small agribusiness owner or farmer can have 100% in-hospital coverage, 50% out-of-hospital

coverage with a \$3,000 stop-loss feature, and a \$1,000,000 lifetime major-medical maximum benefit, and all, most or some of his total deposits are given back to him at retirement in the form of a tax-deferred cash fund or an annuity if he desires, regardless of the number of claims he has made. The cost is only slightly higher than what he previously might have paid for health insurance alone. This is why I have sold more IRAs in just the last few months than I've sold to date with other methods of prospecting or kinds of products.

Second Bank in Plan

Recently, Security Bank, Arab, Ala., under the presidency of Tom Moore, ably assisted by Leland Vaughn, executive vice president, entered into our sponsored-marketing plan. To better understand our mutually supportive roles, Vice Presidents Sarah Moore and O. B. Cochran attended a Life Investors interstate general agents sponsored-market workshop. As a result, our sponsored plan is working even more smoothly, and we've gained a greater insight into banking operations and problems. We did not have this before. To accelerate our community rapport, Mr. Moore has introduced us to leading residents, accountants, farmers and attorneys in Arab.

Perhaps a unique feature of this deep southern, rural bank is that all three branch managers are exceptionally qualified and talented women. In addition to Mrs. Moore, there are Mesdames Maurice Riggins and Wynelle Ogletree.

With all these features and attributes, is there any question why Tom Moore's small independently owned bank is giving the big conglomerate banks in the area a run for their money?

Our agency's future plans anticipate a new bank system entering into the sponsored-marketing plan every three months on a coordinated and scheduled basis and concurrent with development of qualified associates to service their needs.

As a result of the success of the sponsored-marketing program in the various states, Life Investors is developing even greater benefit packages for banks and their customers.

My agency now can offer a qualified new associate a better-than-average chance of achieving financial success in the life insurance business within his first two years by providing him with 30 quality leads each week. We also have a three-year, step-by-step training program.

The fact that half the premiums in our programs can remain in the community and that bank customers appreciate the courteous way our associates point out the many personal services that currently are being offered by the bank has much to do with its enthusiastic acceptance by both the banker and his depositor.

Another benefit my agency has provided is a sophisticated mobile computer terminal in each of the banking areas. Working through banks, we now serve the needs of local accountants, attorneys, businessmen, farmers and agriculturally oriented businesses.

I believe our program gives the average consumer the most flexible and balanced vehicle for both his long-term capital accumulation and his tax-sheltered dollar. Further, by making available to John Q. Public the major advantages of both the life insurance and banking industries in one package, we are serving our fellow men and women to our highest professional capacity. ••

Community Has High Level of Awareness of 'New Bank Plan'

ONE of the banks with which Jack L. Montgomery is working to provide IRA, HR-10 and TSA coverages is Security Bank, Arab, Ala. Vice President Sarah Moore told MID-CONTINENT BANKER she would recommend the program described by Mr. Montgomery.

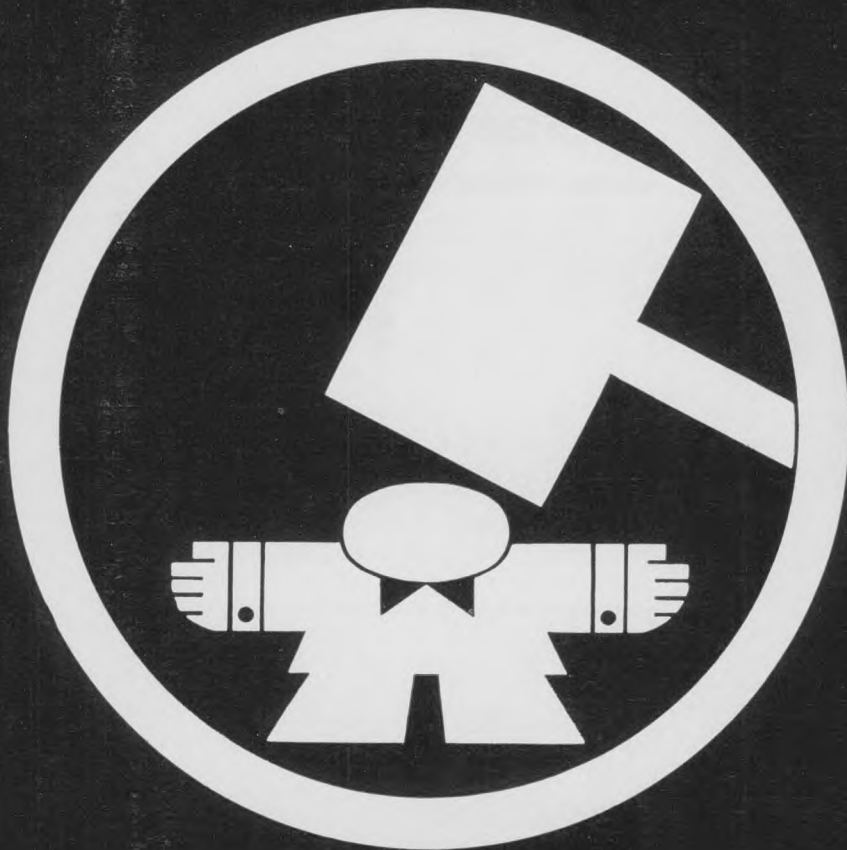
Mrs. Moore pointed out that there's a high level of awareness of "the new bank plan" in the community, and everyone seems receptive to Mr. Montgomery and his associates. She said they started calling on her bank's stockholders and directors *before* calling on bank customers. This was done primarily to alert the bank's investors to

the new service before the general public was told about it. Mrs. Moore believes this was a good idea because stockholders thus knew about the program and wouldn't have to show ignorance if they were asked about it by someone outside the bank.

Mr. Montgomery and his associates, she continued, have conducted themselves in a businesslike and professional manner and have won the confidence of several local businessmen and businesswomen, as well as bank officials.

The bank and Mr. Montgomery worked for several months on preliminary activities so that the program

could be launched in the most effective way for the bank and for Mr. Montgomery. The latter and his associates check with the bank in all matters pertaining to the bank before meeting the customers. Mrs. Moore emphasized that nothing is done without prior bank approval, and this makes for a good relationship between the bank and Mr. Montgomery. They mention all the services the bank has to offer and elaborate on the ones certain customers may not be using. Mr. Montgomery and his associates also take back to the bank comments made by bank customers they call on.



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ment of claims.

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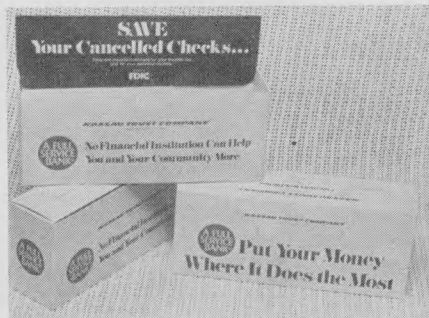
New Products and Services

tronic readout giving batch and accumulative figures. Also available are a Model 946 printer to record coin totals and a security stand in which bags hanging from the machine are locked.

Write: Brandt, Inc., Watertown, WI 53094.

• **Brandt, Inc.** This firm has introduced a new coin sorter/counter that allows the operator to set the exact amount of coins to be delivered to each bag. Called Model 936, the sorter/counter stops automatically when the desired quantity of coins is reached. The operator-set bag stops make the machine particularly flexible and adaptable to any coin-counting operation, says Brandt. After controls are set, the operator is free to perform other tasks while the 936 is sorting, counting and totaling up to 600 coins a minute. Mixed coins from the hopper are handled in one operation. The unit has a memory that always retains an accumulative total and an instantaneous elec-

• **Full Service Bank Productions.** A canceled-check file that has been endorsed by the ABA has been introduced by this firm. Called Full Service Bank Check File, it is shipped flat, but, says the firm, unfolds easily along clear creases into its essential box shape measuring 8 3/4 inches long by 3 1/2 inches high by two inches wide. Colors are dark brown and sky blue on white box-board with a dull sheen. Space is indicated for filing information such as



check dates and numbers. Display space is provided in three main areas of the graphic design for an individual bank imprint in the same bright blue as the registered full-service-bank logo. Thus, the bank, the full-service-bank organization and the ABA are tied together with the latter's \$4.1-million national advertising program.

For a free sample of the check file and for other information, write: Albert C. Winiarski, product manager, Full Service Bank Productions, Inc., P. O. Box 1098, Bethlehem, PA 18016.

• **Long, Carner & Associates, Ltd.** This bank-marketing firm has introduced BANC PEN Market Penetration Analysis for nationwide distribution. It is issued to subscriber banks and HCs on a quarterly basis and includes a complete comparison of deposit and loan categories for every commercial bank listed as a competitor by a subscriber. Complete information on every commercial bank in the country is obtained by Long, Carner from the Fed's Board of Governors. A subscriber may define his own market area, which may be a single city or county, multi-county or multistate. Each analysis is done expressly for the subscriber.

Write: Long, Carner & Associates, Ltd., P. O. Box 1482 S.S.S., Springfield, MO 65805.

• **Mosler.** A new case history brochure is available from Mosler describing the firm's Pneu-Vista® remote transaction system at Preston State, Dallas. The equipment is said to have increased the efficiency of the bank's drive-up services by nearly 123%. Write: Mosler, Department PR-137, 1561 Grand Blvd., Hamilton, OH 45012.

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Over the last four years, the Manufacturers Hanover Early Bird has beaten the 10 A.M. New York Clearing House deadline more than 1,200 times. Mission accomplished: converting the 0210 items of correspondents into "instant cash."

Our Early Bird relay service was the first of its kind among major New York banks. And now we have a mini "air force" of two helicopters for extra-busy days and for emergencies.

Just send us your items via the priority parcel service of a major airline. Our helicopter at LaGuardia Airport will speed them to our Check Processing Department in plenty of time to beat the 10 A.M. gavel.



For more information, contact your National Division Representative, or Herbert V. Fink, Operations Department, 4 New York Plaza, New York 10015 (212-623-3506), or Ronald R. Pabian, National Division, 350 Park Avenue, New York 10022 (212-350-4107).

Just say you want to fly with the "Ace."

MANUFACTURERS HANOVER

MID-CONTINENT BANKER for April, 1978



If you sell your customers an ordinary brand of travelers cheques, be sure to tell them not to lose them on a weekend.

Or on a holiday. Or even at night.

Why? Because ordinary travelers cheques have ordinary refund systems. Which are only open during normal banking hours, Monday through Friday.

If a customer loses ordinary travelers cheques on a weekend, he could be out of funds for quite some time.

And that's enough to ruin a perfectly good vacation.

Your customer deserves better than this. He deserves American Express® Travelers Cheques.

With American Express, your customers can get an Emergency Refund™ 24 hours a day, 365 days a year, for up to \$100 at Holiday Inns across America and Canada.

Our Emergency Refund system alone is enough to rescue a vacation from disaster. But it's just one of the reasons

why American Express is the world's number one brand of travelers cheque.

Here are a few more.

1. Your customers can get *full* refunds during normal business hours. Usually on the same day. In addition to Emergency Refunds at odd hours.

2. American Express Travelers Cheques are good at thousands more hotels, motels, restaurants and gas stations across America than any other brand.

3. Only American Express Travelers Cheques are supported by the world's largest network of travel offices. Helpful places around the world where your customers can go with a problem.

Good customer relations are priceless. You can protect them with the world's number one brand of travelers cheques: American Express.



American Express Travelers Cheques



SMITH



FUSSNER

Corporate News Roundup

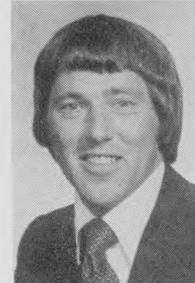
• **Bank Building Corp.** Patricia E. Fussner has been named executive assistant to the chairman of this St. Louis-based company. Thus, she becomes a member of BBC's management group. Mrs. Fussner joined the firm in 1961 and most recently had been special assistant and secretary to Joseph A. Smith, chairman and CEO.

• **M. J. Swords Associates, Inc.** Haddon H. Smith joined this Kansas City-based consulting firm March 1 after taking early retirement from Commerce Bancshares, Kansas City. He had been executive vice president and chief financial officer there the past eight years. Before that, Mr. Smith was senior vice president and senior loan officer, Marine Midland Bank, Buffalo, N. Y.

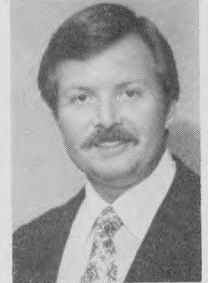
• **Southeastern Financial Corp.** Robert E. Kile has been promoted to assistant treasurer and senior analyst/loan administration and Everett H. Walker Jr. to assistant treasurer. Mr. Kile joined the firm, headquartered in Charlotte, N. C., in 1972 and was credit officer/chain store division before his recent promotion. Mr. Walker, with the firm since 1973, also is credit manager/equipment financing. Southeastern Financial is engaged primarily in factoring and commercial financing.

• **Mosler Safe Co.** This firm, headquartered in Hamilton, O., and TRW, Inc., have reached an agreement in principle under which TRW will purchase certain assets and assume certain obligations of Mosler's Teller-Matic operation. The closing, scheduled for June 30, is subject to various conditions, including preparation and signing of a definitive contract. The transaction involves Mosler's Teller-Matic

product line and related customer service. However, it does not include Mosler's other products—security systems ranging from vault, safe deposit and large customer-service installations to remote-transaction and camera-surveillance systems as well as components. Mosler is a subsidiary of American Standard, Inc., New York City.



CLANTON

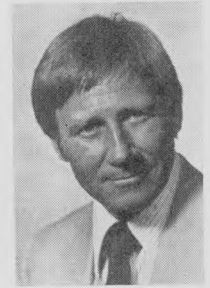


HUNT

• **UMIC, Inc.** A full-service branch has been established in Fort Lauderdale, Fla., by this Memphis-based investment banking firm. Donald B. Clanton is manager and Robert V. Hunt sales manager. Mr. Clanton, with the firm since 1972, is a UMIC vice president. Mr. Hunt has spent 3½ years in UMIC's Wall Street office in New York City. Dave Furnas of Memphis, UMIC senior vice president and marketing director, is liaison between the new office and the firm's headquarters in Memphis.



LOOP



JOHNSON

• **Bank Consultants of America.** Charles A. Loop and Lewis E. Johnson have been given new posts at this Denver-based firm. Mr. Loop was appointed to the newly created position of vice president/marketing. He had been director of marketing in the firm's Midwest division office in Chicago. Mr. Johnson was named vice president/operations, a post formerly held by Douglas F. Baker, now president. Mr. Johnson was mountain states division manager.

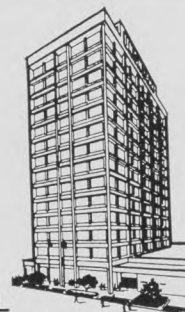


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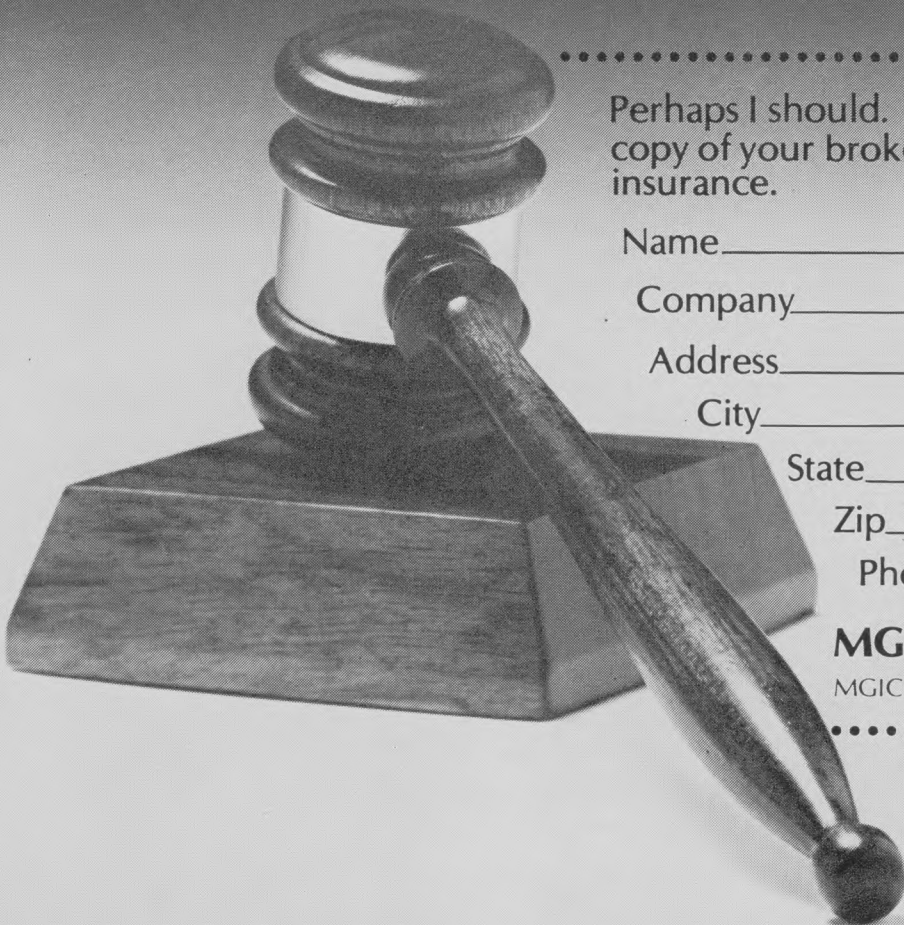


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*National figures are taken with permission from the 1975 and 1976 Bank Administration Surveys of the Check Collection System. Continental Bank figures are as submitted to the Surveys.

We'll find a way.



Continental Illinois National Bank and Trust Company of Chicago.

Shared ATM Network Is Successful After Predecessor System Replaced

'Jeanie' popular with public that shunned cash dispensers

WOULD a community that had shown little interest in a cash dispensing machine operation accept an ATM multi-transaction system?

That was the primary question facing the people at Fifth Third Bank, Cincinnati, as they investigated alternative methods of moving into on-line EFT services. The time was 1975 and the bank was considering the installation of on-line ATMs to replace its existing off-line cash dispensers.

The dispensers had been activated through the bank's 140,000-plus cardholder BankAmericard program. Called Teller 24, the system had met with little usage acceptance or reliability success throughout the two years of its existence, said Robert A. Cline Jr., senior vice president at Fifth Third.

However, as the new system was investigated, it became obvious that programming and equipment costs would be substantial for a single bank. Mr. Cline said that, as a result, several other local financial institutions were contacted in an attempt to create a shared system that would begin operations early in 1977.

The concept called for each institution to own its terminals, but to share a common logo. Customers of each bank or S&L would be able to use any terminal in the system to make deposits, withdrawals and other on-line transactions.

Enough local financial institutions liked the idea to form a charter group

comprised of Provident Bank, Eagle Savings Association, Hunter Savings Association, Standard Federal S&L, Home Federal S&L and Fifth Third, all in Cincinnati.

The plan called for all terminals to be connected to Fifth Third's computer, where on-line CIF files would be contained, accessible by each member through its own CRT terminals. An automated reconciliation system was designed to allow each institution to interchange transactions daily.

A launch date of April, 1977, was agreed on, Mr. Cline said, but the federally chartered S&Ls were unable to meet the date. They anticipate joining the network in the future, however.

Other banks have joined the system in the meantime, Mr. Cline said. They include First National, Harrison, O.; Morgan County Bank, Eminence, Ind.; Peoples Deposit, Burlington, Ky., and Second National, Ashland, Ky. The name selected for the group was Midwest Payment Systems.

When consideration was given to a marketing program for the system, Mr. Cline said, it became evident that three basic characteristics must be in place for a successful system—on-line capability, mass mailing of debit cards and a personalized marketing approach designed to overcome consumer resistance to automation.

Midwest Payment Systems decided to adopt these characteristics and make the name of its service a household

word among potential users.

The household word selected to make the system acceptable to the public was Jeanie. Who could say this common, female name connoted anything but a friendly human system that would be easy to use?

After a mass mailing of access cards, participating institutions sent pre-mailers in anticipation of a quarter-million-dollar media campaign. The mailing indicated the customer's four-letter accessibility PIN and listed the accounts the customer could access with Jeanie.

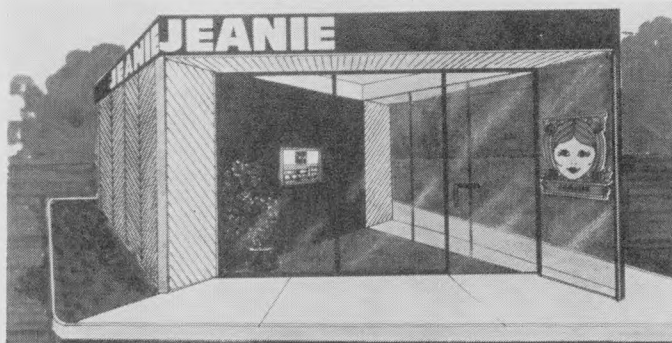
A TV and print campaign was designed to bring customers to the terminals, where hostesses from participating institutions led them through an initial transaction. Ads stressed the fact that customers from any institution could use any machine in the system, no matter where or in which institution it was located.

Bright red plastic cards with the Jeanie logo provided a common identity and blended with the common decor and facia of the ATMs in each institution. Customers were allowed to select their own PIN in place of a randomly selected number if they wished to make the service even more personal.

Mr. Cline said that a quarter-million cards were mailed in March, 1977, followed a week later by the generic campaign featuring Jeanie.

About eight weeks later, a computer letter was sent to each card holder who hadn't used Jeanie in order to stimulate usage. Each customer was reminded of his PIN and was offered a free piece of apple pie at a local fast food restaurant if he used the ATM. All he had to do to get his pie was to present a receipt from an ATM. About 35,000 people were prompted to use the ATM by the letters.

Cincinnatians found that the simplicity of the advertising and the fun of using an on-line ATM, combined with the fact that multiple institutions were presenting Jeanie, were to their liking, Mr. Cline said. Less than six



Free-standing Jeanie Center is about to be constructed adjacent to Florence Mall by Peoples Deposit Bank, Burlington, Ky., member of Midwest Payment Systems. Actual center will not conform exactly to this artist's rendering.

months after the system was introduced, the millionth transaction was recorded. The system's 20 ATMs were used at least once during the period by 68,000 different customers.

By year-end, almost two million transactions had been completed by 86,000 different card holders.

Mr. Cline said the economies of sharing a system convinced the bank to give up the concept of running its own on-line network. Splitting the costs of advertising, depreciable equipment, telephone lines and computer facilities has resulted in lower costs for each participating institution, he said.

The Jeanie system enables banks to "branch" at low cost.

System policy dictates that interchange fees are paid to the terminal-owning institution by the card-customer institution. Prices range from 50¢ for a deposit to 20¢ for a withdrawal or transfer to 10¢ for an inquiry. Mr. Cline said these prices provide an incentive for system users to purchase equipment if they have good locations. Some ATMs are experiencing consistent usage of more than 12,000 transactions per month. At least one institution has been able to refrain from opening on Saturdays because of its participation in the system.

There was great impact on the market by having multiple institutions introduce the same product in a competitive yet shared environment, Mr. Cline said. Another advantage of sharing is the spreading of data processing software costs over multiple institutions. Smaller banks have the advantage of offering the same modern technology to their customers as do the large participants, yet their cost of entry is minimal when compared to costs of an exclusive system.

Mr. Cline says the success of the Jeanie system has had a net effect of reducing the future and present costs of conventional branching by offering a large selection of locations at low initial cost. He gave the illustration of a small bank with one or two branches joining the system being able to offer its customers access to their funds at 24 locations.

Members of Midwest Payment Systems feel the economic gains have been worth the efforts put forth to establish the system, Mr. Cline said. Future expectations include installation of more terminals as more institutions join the system. • •

Management Experts Give Six Steps To Improve Bank Business Meetings

CORPORATE business meetings generally suffer from a reputation of being time wasters, say management experts. And this has happened despite more than a decade of training executives to stage more productive meetings. Even though these meetings make use of technology to make their points, most business people—including bankers—are turned off by meetings because they consider all such events to be incapable of being effective.

This wouldn't happen, management experts contend, if those who put on bank business meetings established clear-cut views as to how such meetings should be staged and what they are designed to accomplish.

An amazing amount of money is invested in meetings by the business community. Judging from the lack of consistent success with these events, there's an awful lot of money being wasted—money that could be better used for other purposes.

Clear goals, limited attendance, prepared agenda are among the steps that can improve meetings.

Is the answer to stop having business meetings? Some management people think so, but that could be self-defeating, experts state.

Business meetings are really an indispensable management tool—provided they are conducted correctly. Management experts tend to agree on the following six steps that should result in a successful meeting, if followed closely.

These steps aren't complicated and don't require a lot of vigorous thinking or planning. This is because they are based on basic principles. But they are useless if not followed to the letter—and with conviction, management people say.

Here are the six steps:

- Have a clear goal in mind for each meeting. If this goal can't be determined, don't hold the meeting. A poorly thought out meeting is a waste of the bank's money—not to mention the time of those participating. It's im-

portant for those in charge to establish clearly just what they want the meeting to accomplish.

- Be selective in deciding who is to attend the meeting. Invite only those who must be present to make the meeting effective. Rule of thumb dictates that five or fewer persons should attend a problem-solving meeting, 10 or fewer for a problem-defining meeting and 30 or fewer for a review meeting. Keep the number of attendees at a minimum for all regularly convened meetings. One exception to the minimum attendance theory: If the goal of the meeting is to motivate or inspire, invite as many people as possible! Another rule of thumb: The larger the gathering, the shorter the meeting should be.

- Make sure the approach to conducting the meeting is geared to the audience attending the meeting. Keep the meeting's objective in mind when planning what is to be presented. If the viewpoint of the audience isn't known, it'll be pretty difficult to conduct an effective meeting—the audience will have to work too hard to figure out what is being presented, what ideas are being put across.

- At all meetings, prepare an agenda and make sure those attending have copies. Distribute the agenda in advance, if possible, so attendees can become familiar with it before the meeting begins.

- Make good use of audio-visual devices at meetings. Such equipment does a lot to dispel boredom and visual presentations are more likely to be indelibly impressed on those attending. Visual presentations also can simplify an idea and cut down on the time necessary to present it. Overhead projectors have been found to be simple and successful audio-visual aids.

- Make sure everyone attending knows what he is to do as a result of the meeting. Hand out action minutes that specify what's to be done and who's to do it. Then no one can say he hadn't been informed and a lot of unnecessary follow up activity can be eliminated.

These six steps to a successful business meeting, if followed, will go a long way toward making a bank's meetings more productive and interesting, management experts say. • •

On-Line ATM Network Scores in Nashville; Supplier Writes Book About System

SOMEONE has written a book on how to have the most successful automated teller machines in the world. That "someone" is a team of writers for International Business Machines Corp. (IBM), and the book is an in-depth study of the ATM program at First American National, Nashville.

While some banks across the nation have been disappointed with customer reaction and use of their automated tellers, First American National President Kenneth L. Roberts only has praise for the bank's Anytime Teller machines and says they are one of the greatest services First American provides its customers.

The Nashville bank initially introduced 10 ATMs (IBM 3614 Consumer Transaction Facilities) in May, 1976. They were placed at six bank offices, three grocery stores, and one free-standing building in a shopping area. Immediately, transactions began accumulating faster than expected, and at the end of the first month's operation, the 10 Anytime Tellers cumulatively had been used over 87,000 times. The following month, 96,000 transactions were completed, and the total climbed to 108,000 in July. The trend upward continued.

"Although there is no official clearing house for ATM statistics, Linda Fenner Zimmer in her *Cash Dispensers and Automated Tellers* publishes information about electronic banking machines, and all figures that we read in her publication and from all data we

collected from other banks with ATMs, we discovered that we had, after only three months' operation, the most-used automated teller machine in the nation at our Harding Mall Office, followed closely by another of our ATMs, at our Hillsboro Office. Both average between 18,000 and 19,000 transactions per month," Mr. Roberts said.

"Concentrated market research preceded our placement of our ATMs, and we expected Harding Mall to conduct large volume. But the extent of that volume surpassed all expectations when it reached a high of over 24,000 transactions in July, 1977.

"The location is in a fast-growing area of the city that attracts young people. The Harding Mall area is highly concentrated with multifamily and single-family dwellings. Our Harding Mall Office is located at one of the busiest intersections in the city," Mr. Roberts added.

The success of the bank's ATM network led management to add another four machines in September, 1977, at three branch offices and a grocery store. These new machines strengthened the bank's ability to provide the service to a wider geographical area and are doing well by national standards.

"The consumer is growing in importance as a key source and user of funds," said James W. Smith, senior vice president of the operations group.

"Our retail customers have become better educated, are more mobile and

are ready to accept more sophisticated banking services; however, they react to rather than demand these new services. With the 3614s, we think we have the best service delivery system in the country, and the level of customer acceptance reinforces this point of view. Thirty-seven percent of our customer base use our Anytime Tellers."

Although First American was not the first Nashville bank to offer ATMs, it was the first Nashville bank to offer an on-line teller machine. Being on-line with the computer greatly increased the number of potential users of the machines because debit cards could be mailed to all the bank's DDA customers. First American's competitors had been able to mail only to a select group—those who had bank credit cards.

According to Richard L. Goodwin, vice president who heads the service delivery area, educating employees and providing incentives were keys to success that got the Anytime Teller machines off to such a grand start in 1976.

"We prepared an educational film about the ATMs and presented it to our employees in group meetings," Mr. Goodwin said.

"A highly successful employee incentive program was designed to encourage personnel to promote the Anytime Tellers. We offered a customer incentive for using the machine during the first month—a free slice of strawberry pie from a popular local restaurant chain. We had trained personnel at each machine, day and night, demonstrating its use. We had a heavy advertising schedule. Our marketing plan was fine tuned to our objectives, and the usage figures reinforce our thinking."

The success story spread rapidly. IBM purchased the royalty rights to the bank's software package and is actively marketing it. The conglomerate also prepared an illustrated book about the First American installation and mails it to every bank considering an IBM ATM.

Banks from around the world made inquiries. Banking schools and conventions, including the ABA, asked Messrs.



Customer of First American Nat'l, Nashville, combines banking with grocery shopping at one of bank's 14 Anytime Teller machines. In addition to four grocery store locations, First American has ATMs at nine branches plus one unit off premises in a shopping center.

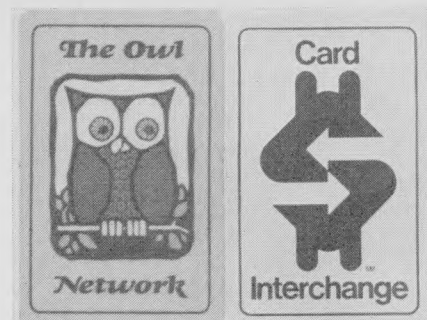
Smith and Goodwin to speak about the First American Anytime Teller operation.

To date, some 81 banks have talked with First American about its ATMs. Representatives from 29 states, the District of Columbia and 11 foreign countries have visited Nashville to study First American's program.

When asked what advice Mr. Smith gives to banks that ask how they, too,

can make their ATM program successful, he always has the same reply:

"Employee involvement. Prepare your personnel to talk with customers about the service. Provide an employee incentive program to spur their interest. Man the machines with competent, friendly bankers who can demonstrate the machine to your customers, answer their questions and take away any fears of the automated machines." ••



Logos of both independent ATM networks appear on each of about 100 Mosler ATMs accessible to customers of Owl Network and Card Interchange, operating in Ohio and Kentucky.

Independent ATM Network Interchange Reports Use Exceeding Expectations

CUSTOMER USAGE of what is termed the nation's first interchange between independent ATM networks has exceeded expectations, says Robert M. Klingler, vice president for marketing and EFTS at Central Trust, Cincinnati, lead bank in the Owl Network, one of the two cooperating networks.

The other network is the Card Interchange, operated by First National, Louisville.

While usage of the interchange between the two networks has been light in comparison to transactions within either of the individual networks, the participating institutions view the system as an evolutionary type of development that will grow with time and the overall progression of EFT systems, Mr. Klingler says.

The Owl Network/Card Interchange was initiated last June. From the outset, the ATMs of Central Trust's Owl Network and those of First of Louisville's Card Interchange have been available for cash withdrawals to 600,000 customers of all financial institutions participating in either network.

The interchange system is being used according to anticipated patterns, Mr. Klingler says. Usage of the Owl Network ATMs by Card Interchange customers increases when sports events—such as Cincinnati Reds baseball games—take place in Cincinnati. Other transactions in the greater Cincinnati area seem to cluster at the Florence Mall shopping complex in Florence, Ky., installed by participating Boone State of Florence.

Card Interchange ATMs are frequented by Owl Network customers who are students at the University of Kentucky, Lexington, and the University of Louisville, Mr. Klingler says. Customers report opening accounts with Owl Network financial institutions

precisely because their sons or daughters would have cash withdrawal accessibility while attending the universities.

Both networks use Mosler equipment, which makes the procedure for withdrawing funds identical at all of the approximately 100 ATM locations available through the interchange.

According to Walt Peterson, manager, systems support, for Mosler's Teller-Matic Division, the Owl/Card Interchange network is unique to his knowledge. No other bank networks offer such an interchange across state lines.

As far as ATM equipment is concerned, Mr. Peterson says, there's no problem, as long as the equipment is compatible. The fact that both the Owl and Card Interchange networks utilize Mosler Teller-Matic Mark II ATMs with identical magnetic stripe formats eliminated any problems as far as equipment is concerned.

Regardless of point of origin, Mr. Klingler says, the customer's regular account statement from his or her financial institution lists all automated teller transactions on that account. Both the Owl Network and Card Interchange identifying symbols appear on all ATMs in the interchange to facilitate recognition by customers of the participating financial institutions.

Each network has experienced rapid growth in its number of member institutions and expects that trend to continue, Mr. Klingler says. Thus, Central Trust, whose Owl Network has steadily expanded both north and south of the Hamilton County area where Central Trust is located, expects even farther southward penetration through the Card Interchange network. Northward expansion is foreseen not only through additional Owl Network participants, but also through interchange arrangements among affiliates of Central Ban-

corp., state-wide Ohio HC of which Central Trust is the anchor bank, Mr. Klingler says.

As EFT systems become increasingly prominent in these and other surrounding areas, cooperative interchange systems are anticipated in larger geographic regions, with a nationwide system eventually emerging.

Members of the Owl Network, in addition to Central Trust, include: Boone State, Florence, Ky.; Covington Trust, Citizens National and Peoples Liberty, all in Covington, Ky.; Citizens Bank, Home Federal Savings and West Side Federal Savings, all in Hamilton, Oh.; First National, Middletown, Oh.; and General Electric Evendale Federal Credit Union, Cincinnati.

Members of the Card Interchange include the following Kentucky institutions, in addition to First of Louisville: Second National, Lexington; Taylor County Bank, Campbellsville; Farmers Bank, Madisonville; Bank of Mt. Vernon; National Bank, Cynthiana; Citizens State, Owensboro; First Hardin National, Elizabethtown; American National, Bowling Green; Farmers National, Danville; Morganfield National; First National, Paintsville; Farmers Bank, Princeton; and Shelby County Trust, Shelbyville. ••

Operations/Automation Meeting Planned May 21-24 by ABA

ATLANTA—Special emphasis on the impact of new regulations and examination procedures will be a highlight of the ABA's national operations and automation conference May 21-24 at the Peachtree Plaza here.

More than 90 sessions are planned and will be divided into tracts on EFT, check processing, bank operations, data processing and community-bank operations. Featured speakers on May 22, 23 and 24, respectively, will be syndicated columnist Art Buchwald, Olympic gold medalist Bob Richards and Paul Nadler of Rutgers University. The conference theme will be "Progress Through Involvement."

Competing Arkansas Banks Join Forces To Launch Debit Card ATM Service

Usage of five-machine network increases 15% per month

ALTHOUGH they compete head-on in the fast-growing northwest Arkansas market, McIlroy Bank, Fayetteville, and First State in adjoining Springdale decided to cooperate in a joint-venture pioneering of on-line automatic teller machines (ATMs).

Using NCR 770 machines in a national pilot program for that vendor, the system became operational in October, 1976. Ten months later, with five ATMs in service, the monthly transaction volume had reached 18,000 and was increasing at the rate of 15% a month.

Spokesmen for both banks pronounced the volumes higher than anticipated. Customers are the chief beneficiaries, they said, but they added that the banks gain, too, because they can provide extended business hours with no increase in personnel costs.

While the ATMs are now on-line 24 hours a day, seven days a week, they were initially on-line for 16 hours a day, from 7 a. m. to 11 p. m. The data processing bureau, Computer Resources Corp., has a full scale on-line operation with time out each day for file servicing, a necessity that takes only 30 minutes or so during the early morning hours when there is virtually no one using the system.

Skip Rutherford, public relations director for McIlroy Bank, said the decision was made to go directly into on-line operations because the banks wanted to gain the fullest possible benefits for themselves and their customers. They also wanted to avoid any confusion that could have arisen with an interim off-line approach, he added.

Jim Jefferson, cashier and operations officer at First State, said the biggest boon for customers is that they can learn their balances at any time.

"Just how important this last capability is can be attested to by the number of phone calls most banks get from people inquiring about their balances," Mr. Jefferson said. "Now, besides being able to bank whenever they want to, people also can balance their check-

books without having to wait for the bank to open.

An unusual aspect of the joint ATM venture is that users of the "One For All" cards may withdraw all of their available balances during on-line operating hours, not just their individually prescribed card limits for off-line use.

During the second week of operation, in fact, one man with a balance of \$11,000 in his account withdrew \$9,000. Bank officials have no idea why he wanted so much money, but said the point is that he was able to get it.

Yet another aspect of the McIlroy-First State venture which differs from most is that cards were issued to every checking or savings account customer who wanted one. This, they added, gives them what they consider to be a strong competitive advantage. Competitors with off-line ATMs restrict

card issuance to their "good" customers, the spokesman for the on-line banks stressed.

ATM operations also are economical in that their debit transactions—checking or savings account withdrawals and transfers between accounts—are handled in a completely paperless mode, the spokesmen continued. Customers receive receipts from the machines, so there is no need to supply additional documentation with statements.

"In essence, we're laying the groundwork for an electronic funds transfer system," commented Frank Farrish, president of Computer Resources.

To distribute the initial series of "One For All" cards, McIlroy Bank and First State had three-part perforated forms produced by Computer Resources. The part with the customer's personal identification number (PIN) was controlled by the bank audit department and the other two parts were shipped to the card manufacturer with a magnetic tape. There, cards were embossed, encoded and inserted in mailers. After the banks assured the accuracy of the cards and mailers, the two-part forms with cards inserted in window envelopes were sent to customers.

To use the cards, customers were informed, they had to sign and date one part of the form with the bank address and business mailing permit on the back and put it in the mail. As the cards arrived, customer signatures were compared to the specimens on file at the banks. Then the preaddressed forms with the PINs were sent out by the audit department.

"The procedure was relatively economical," Mr. Farrish commented, "yet the built-in security precluded anyone getting someone else's PIN."

McIlroy Bank, which has assets of \$88.8 million, has one ATM at its main bank on the square in Fayetteville and others at three of its four branches. First State, with assets of \$69.6 million, has one ATM at its main Springdale



Five ATMs provide on-line service for customers of McIlroy Bank, Fayetteville, and First State, Springdale, both in Arkansas. Unique feature of service is policy enabling customers to withdraw their entire balances through machines.

office, and a second at a branch. Through a network of 34 electronic financial terminals, seven cathode ray tube (CRT) terminals and five thermal-printing terminals, McIlroy Bank has all of its operations on-line with centralized information files (CIF) to the data processing center. There are 30,000 customer accounts on-line including demand deposit accounts, savings accounts, CDs, installment loans and accrual loans. In an average month, the combination of 46 terminals accounts for more than 70,000 non-ATM transactions with a 2-3 second response time.

First State has 17,000 demand deposit and savings accounts which are serviced by its ATM, but it also has access to the computer-maintained files for customer inquiries and the like via a CRT terminal. Currently, the bank's data processing is done by another service bureau, and the magnetic tapes are sent to Computer Resources daily for updating master files there.

Its present service bureau, however, cannot supply CIF, Mr. Jefferson said, so First State is in the process of installing a remote MICR capture system that can handle 600 documents a minute. This system will transmit all necessary transactions for processing at Computer Resources. After processing, the center will transmit all reports to the bank using leased telephone lines.

The latter has a 256K NCR Century 201 computer, plus an NCR 755 Financial Application Preprocessor System (FAPPS), which captures input data and reformats it for entry to the mainframe processor. Peripherals of the

system include a 3,000 line-per-minute printer, an MICR sorter, a tape drive, a dual cassette reader and eight magnetic disk spindles which each put more than 60 million characters of information on line.

Formed in 1970, Computer Resources' first customers were McIlroy Bank and Decatur State Bank, some 60 miles northwest of Fayetteville. In early 1973, both banks implemented on-line inquiry systems. In 1976 the conversion was made to the more advanced on-line CIF system. The bank in Decatur, which has assets of \$13.4 million, still uses daily courier service and batch processing for its 6,000 customer accounts which include demand deposit accounts, savings accounts, CDs and installment loans. On-line access to customer account status and for making file changes and additions is provided by a CRT terminal.

Computer Resources also serves the \$13.2-million-asset American State in Charleston, about 100 miles south of Fayetteville; the \$8.2-million-asset Bank of Elkins, about 13 miles east; and seven S&Ls with a total of 13 branches within a 100-mile radius.

Bank of Elkins uses Computer Resources' batch processing and daily courier service to handle its 4,000 demand deposit accounts, savings accounts and CDs. Although the bank does not yet have an ATM of its own, it's planning to issue "One For All" cards so its customers may use the teller machines of McIlroy Bank and First State. An interchange agreement also has been established with City National, Fort Smith, Ark., which has a

metropolitan ATM network of its own.

Thus, in the near future, what started as a mutually advantageous joint venture by two banks may gain enough participants to extend the benefits to a majority of bank customers throughout northwest Arkansas. And with net cash settlements for ATM activity already allocated among the banks electronically, a complete EFT system isn't far away. • •

Survey Says Small Banks Shorted For Fed Membership Fees

Small- and medium-sized banks don't fare as well as large banks when it comes to getting their fee's worth from Fed membership, according to a study by the New York Fed.

The study estimated that the cost of services used by large banks—those with \$2 billion or more in deposits—in the Fed's second district (New York) amounted to 1.4% of pretax net income at the banks.

At medium-sized banks—from \$100 million to \$2 billion in deposits—the costs equaled 4.2% of pretax net. At small banks, the figure was 5.6%.

If the Fed charged explicit fees for each service, as has been proposed, the added burdens from such fees would fall heaviest on smaller- and medium-sized institutions, the study said, because these institutions utilize Fed services nearly twice as much as do large banks.

The study is based on a survey of the use of services by 44 banks taken last June. It found that about 60% of the cost of all services was attributable to the 11 large banks in the district.

St. Louis Bank Holds Price/Risk Management Seminar



First Nat'l, St. Louis, hosted 40 ag bankers from correspondent banks in Missouri and Illinois at its recent "Price/Risk Management in Times of Surplus" seminar. Photo at left shows hosts from bank's ag-finance dept. and correspondent div. and seminar speakers from Merrill Lynch, Pierce, Fenner & Smith, Inc. From l.: Earl N. Haldeman III, a.v.p., host bank; George Traicoff, Merrill Lynch commodities specialist; Neil F. Bergenthal, v.p., host bank; and Nelson D. Cornelius, Merrill Lynch v.p. and mgr., grain dept. Photo at r. shows First Nat'l Ch. & CEO Clarence C. Barksdale (c.) flanked by group of Illinois ag bankers, in-

cluding (from l.) William G. Vogt, ch., Greene County Nat'l, Carrollton; Ralph L. Forrest, v.p., Citizens Nat'l, Decatur; Mr. Barksdale; Donald Toppmeyer, e.v.p., Bank of Calhoun County, Hardin; and David Carey, e.v.p., Greene County Nat'l, Carrollton. Day-long meeting covered alternatives to on-the-farm storage, role of county elevator, economic justification of on-the-farm storage, government loan programs, effect of on-the-farm storage on hedging, hedging alternatives to futures market and relationship of broker to farmer.



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Closed-Circuit TV Is Latest Development In Bank Surveillance

Numerous benefits reported from system

CLOSED-CIRCUIT TV has been in use at banks for some time, notably in connection with drive-up operations, where it has been used effectively to "humanize" remote transactions by providing customers in their cars with video images of tellers.

It's also been used extensively in some banks in connection with teller training. Videotaping mock transactions in the classroom has been useful in teller education.

But now closed-circuit TV (CCTV) is taking on another—and more important—role in financial institutions: surveillance.

Until recently, traditional film detection cameras were considered the best type of equipment for banks. However, equipment manufacturers agree that analyses of the additional benefits offered by a refined CCTV system are convincing bankers to install CCTV systems. These systems offer management aids that go beyond simple surveillance; they offer cost and storage efficiency, protection against common frauds as well as robbery and they contribute to personnel safety, not to mention improved traffic control.

Mid-States Bank, Denver, recently installed a CCTV system in its new facility. With the system in place, bank

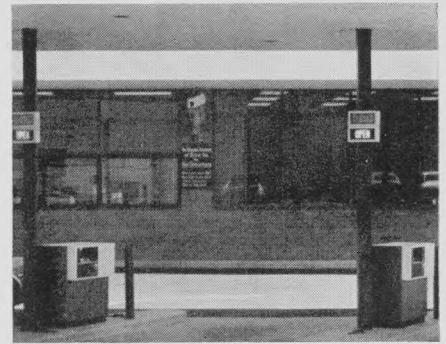
officials can monitor all motor banking as well as lobby activities from either of two central locations at any time. Extra tellers can be assigned to drive-up stations to relieve congestion or moved back to serve customers inside as needed, all due to the CCTV system, says Mrs. Betty M. Paulsen, vice president and cashier.

"I can be constantly aware of all activity, and that is bound to improve service," she says in support of the CCTV system.

The economics of CCTV compared to a continuous-run film camera system were important factors when the bank's management selected its surveillance equipment.

While the cost of non-reusable film can run into thousands of dollars annually, a six-month supply of video tape is reusable for years and storage is less bulky. Furthermore, according to Mrs. Paulsen, "Keeping taped records for more than half a year is almost meaningless, because if a particular crime isn't solved within that time, the odds of it ever being resolved are nil."

Bank management also concluded that a CCTV system would provide superior surveillance to detect crime and supply evidence for conviction.



Weather-protected 35mm video camera is mounted adjacent to control station at drive-up area of Mid-States Bank. Camera pans entire area and can record auto license numbers for identification and provide traffic flow information to improve service.



Photo taken from CCTV monitor screen at Mid-States Bank's drive-up shows auto's license plate.

Banks can be victimized every day by bad check artists and forgers with no one being aware of it until the transaction is processed, Mrs. Paulsen says. While CCTV keeps a constant vigil and offers instantaneous recall, a "panic" film system activated by bank personnel during a class holdup "has little or no value against those daily 'holdups' that occur during normal operation," she says.

Mid-States' continuous CCTV system records all events. Once a crime has been detected, a photo and description can be provided to the police in seconds. The video tape never leaves the premises.

There's no delay for film processing. And, if a CCTV camera is damaged during commission of a crime, the important action—and the evidence—is safely on video tape in the remote recorder. It isn't destroyed with the camera as film sometimes is.

Management of Mid-States saw the CCTV system as providing an extra margin of safety for bank employees and customers. "In cases of spectacular crime," Mrs. Paulsen explains, "a

Mid-States Bank's CCTV system includes video camera (c.), recorder (r.) and monitor (l.). Polaroid camera is needed to make hard prints from monitor. Equipment was supplied by LeFebure, Cedar Rapids, Ia.



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'panic' film system can actually be dangerous. With continuous CCTV surveillance, there's no need for an employee to activate a panic system which, if detected by the lawbreaker, could lead to serious injury."

The CCTV system also aids the bank in monitoring certain secret behavior patterns developed to protect all personnel against kidnapping or similar crimes, Mrs. Paulsen says. If a pattern is broken, it's almost certain to be viewed on a monitor and appropriate action taken. "No film system, panic or continuous, can give us that kind of surveillance," she says.

Mid-States' system includes five video cameras that concentrate on three key areas of the bank.

- A weather-protected 35mm camera, equipped with pan and tilt options, surveys the entire drive-up area. It can record license numbers for identification and provide traffic pattern and flow information to improve service.

- Another 35mm video camera with pan and tilt capability monitors activity in the commercial loan area.

- A third camera records activity in the lobby facing the teller line. Also, fixed cameras are positioned at each end of the teller line.

Images from the cameras are transmitted to two monitors located in the president's office and in Mrs. Paulsen's office. The latter is coupled with the video recorder and automatic sequencer with manual override.

According to Mrs. Paulsen, "We are most pleased with our CCTV system. It lets us feel safer and serve our customers better." • •



In her office at Denver's Mid-States Bank, V.P. & Cash. Betty Paulsen uses desk top monitor to check activities scanned by one of bank's five CCTV cameras. Office is also location of video recorder and automatic sequencer with manual override that round out bank's system.



These nearly simultaneous views taken directly from monitor screen of CCTV surveillance system at Mid-States Bank show the same customers. One view is from fixed camera at end of teller line, other is from camera at opposite end of line.

Instant Replay to Banks!

TIME WAS when instant replay was something that was associated primarily with football games! But no longer. It's becoming an everyday activity in financial institutions.

Closed-circuit TV systems are manufactured by major bank equipment suppliers, including Mosler, Diebold and LeFebure.

- Mosler calls its system Photoguard TV-II video tape recording system. It's described in Mosler literature as a system that never forgets a face. Since it's not unusual for a bad check to go undetected for some time after it's been passed, it's virtually impossible for a teller to describe a bad check passer. That's why it's so important for a bank to have an accurate visual record of every transaction, Mosler says. The instant-replay factor and the ability of the system to provide a hard-copy photoprint of any transaction make it easier for banks to identify "white-collar" criminals. Each frame on the video tape can be identified by time and date.

The system can be used for live-action viewing, enabling branch managers and training directors to view classroom scenes recorded as they occur. In emergencies, the TV screen can serve as a backup to teller-activated alarms. The camera eye, positioned well above the banking floor, can help affirm an emergency or spot suspicious actions before trouble starts.

- Diebold's system is called Video Surveillance System-III. The firm says its silent video camera is a definite deterrent to both the white collar criminal who never knows when he's being photographed, and the violent armed robber who can't destroy the picture merely by destroying the camera.

The Diebold system records still pictures from each of the cameras connected to it, in a set sequence. Many hours of surveillance can be recorded on a single reel of tape and the tape usually can be stored for several months without deterioration of the picture. The tape is automatically erased as it is rerecorded. Tapes are said to be reusable up to 500 times.

CCTV systems yield a photographic record that is recorded and available for instant playback at a secure site, remote from any of the cameras in the system. This factor makes it vandal resistant, Diebold says.

- LeFebure's CCTV Surveillance System provides video tape that can give law enforcement officers an immediate look at holdups or robberies. It also permits them to view movements and reactions of suspects that can aid in their apprehension. An optional Polaroid camera can transfer an image from the monitor screen to a finished photo to enable police to have an accurate photo of any suspect.

The system can be used to provide better customer service, LeFebure says. If a monitor shows that cars are backing up at a drive-up facility, additional tellers can be dispatched to the facility to open additional windows to reduce the backup. The equipment also can be used for after-hours observance. • •

Ag Bankers Agree With Irate Farmers, But Don't Favor Federal Intervention

AGRICULTURAL bankers are showing sympathy for the current problems of farmers, but do not support additional government intervention, according to a survey taken by the ABA.

The agricultural bankers division, one of 17 ABA divisions representing segments of the industry, recently contacted 30 bankers from various sections of the United States.

The ABA found that the bankers contacted believe that farmers hurt by the cost-price squeeze are more likely to benefit from development of new markets for their products than from government assistance that might carry with it government interference.

Bankers fear additional government controls as the price of more government supports, according to the ABA, as reported in a special supplement to the division's monthly "Agricultural Bankers" newsletter.

The most positive achievement of the farmers' strike has been to attract public attention to the plight of many farmers, the survey indicated.

Most bankers agreed that the farm problems prompting the strike efforts merit closer scrutiny by the Carter Administration and Congress.

"We need to develop markets and new uses for our surpluses," said a Virginia banker. "Government control of imports where we have surpluses would be helpful."

An Illinois banker said he would like to see "the whole effort directed toward developing more export business and increased domestic consumption of grain."

While all bankers interviewed reported some strike activity in their areas, only about five of the 30 said the farmers' strike is having even limited impact on business in their trade areas.

Farmers participating to any degree were described as younger, highly leveraged and sometimes not the best managers. A Kansas banker noted that most participants are 35 to 40 years old. "They bought high-priced land when grain was high," he said.

More than half the bankers said farmers did not appear to be withhold-

ing their products from markets at present. Most said they did not expect them to withhold land from planting later.

Most bankers said the farmers' strike has few if any significant implications for them. Six said there are possibilities that some farmers might defer planting or marketing and thus not be able to make loan payments. This would defer gross farm income and render banks less liquid.

"I feel our typical farm customer has a sound financial base to absorb some low-profit years just like any of his counterparts in the business community," said a Wisconsin banker.

Walter W. Minger, chairman of the ABA agricultural bankers division and senior vice president, Bank of America, San Francisco, noted that while only 30 bankers were formally surveyed, their views probably reflect opinions held by many agricultural bankers across the country.

"Agricultural bankers are well aware of the continuing financial plight of the farmer, but we do not foresee their economic problems being permanent," Mr. Minger said. • •

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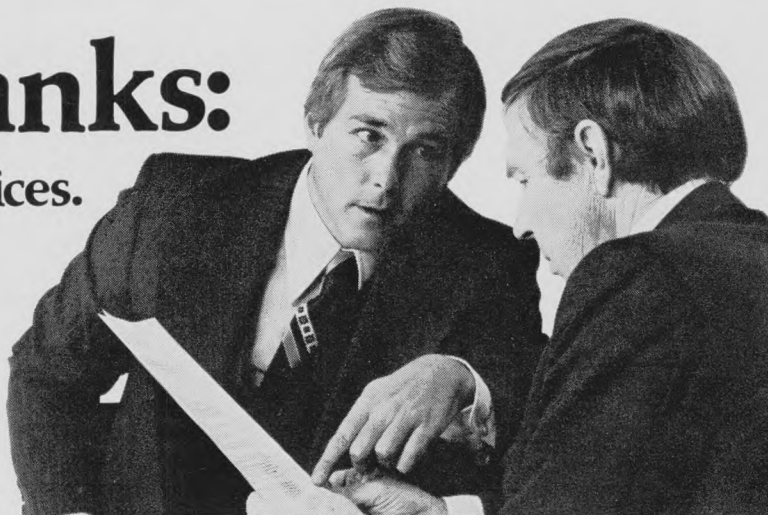
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Bank's Solution-Transmission System Proves Boon to Small Correspondent

FOR SOME TIME I had been of the opinion that it would be very convenient for our bank to do our own data processing work, but the equipment cost involved and the need for specially trained personnel were restraints that always kept us from installing our own system.

Ron Deal, vice president of our lead correspondent, First American National, Nashville, and I had discussed my interest in being able to process our own bank work in house. He approached me in early 1977 about a new service that First American then was developing, FAST—First American's Solution-Transmission. FAST was just what I had been looking for.

We now have our own IBM mini computer in our bank that is directly linked by telephone to First American's larger IBM 370/158. Accompanying our computer system are a reader/sorter and associated communication equipment needed to provide the hookup between our bank in Lebanon and First American in Nashville. We installed the computer in December.

Having our own computer did not necessitate hiring additional personnel. The ease of operation that the System/32 provides combined with the simplicity of programmed procedures that First American's research staff developed made the training of our existing staff relatively effortless. In fact, two of our newest employees are now handling our data processing requirements on the System/32. We encode and prove deposits each day on our proof machine. During the day we enter numeric data via the reader/sorter and enter account maintenance data via the computer keyboard.

When all our work is done and all entries are proved, we dial First American's master computer by regular telephone and transmit our transactions from our mini computer to the large computer in Nashville. Our work is processed there and is transmitted back to our computer for printing. Using First American's FAST system, we do not have to have an employee present in order to receive the return transmis-

By **R. T. VanHOOSER JR.**
President
Lebanon (Tenn.) Bank

sion. We can print as many copies of each report as we need. Our management reporting system has been enhanced with this feature of FAST.

The benefits of FAST are many. First, we are assured of overnight processing with complete reports ready the next morning. This was a real plus during the past winter. Our staff balances our work; therefore, we have better control of workflow and the items themselves. We keep all on-us items, which reduces crucial deadlines and ensures that no items are lost in transit.

Moreover, now that we have our computer in house, we can provide additional services to our customers. We are studying the possibility of organizing a central information system to facilitate our future service delivery needs. We also are expanding our in-house system to provide commercial services to our customers for fee in-

come. We have full access to First American's technological developments but with minimal financial investment on our part.

Our start-up cost for FAST—leasing the computer from IBM and installing the telephone lines—was matched by savings from eliminating courier service from Lebanon to Nashville and from reduced fees. First American's FAST fee is significantly less than we previously were paying for processing.

The Lebanon Bank is the first bank to install FAST, and naturally there were some complications that you would expect in any start-up operation. These have been worked out. A consolidated effort from all parties—the staff of Lebanon Bank, First American's staff, the telephone company and IBM—makes FAST a viable and efficient method for us to handle our data processing requirements.

The FAST system makes a lot of sense to me, and I have my eye on the future development of electronic fund transfers plus the numerous other technological developments that lie ahead.

According to Tom Clayton, data processing officer at First American, the fundamentals of FAST are just what the banking industry has been anticipating.

In a recent conversation with me, Mr. Clayton said: "When equipment technology and prices came to an affordable and sophisticated level, the timing was perfect for FAST. FAST gives a small bank, such as yours, the capability to operate in the environment of a large city bank with a computer large enough to handle daily processing, electronic fund transfers, automated tellers and point-of-sale terminals—but without the responsibility for keeping abreast of technological advancements or maintaining the heavy equipment and specialized staff. We do all that in Nashville and pass on our expertise to our correspondents. We're optimistic about the future of this service and the many doors it opens for correspondent services."

I heartily agree with him. • •



Computer operator at First American Nat'l, Nashville, initiates communication from First American's computer to a mini computer at Lebanon Bank. Direct computer link is being marketed by First American to its correspondents.

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Check-Guarantee Plan Debuts in KC Under Direction of Security Nat'l

MONEYCARD, a new check-guarantee system featuring plastic cards, is set to debut in the metropolitan Kansas City area April 10, according to officials at Security National, Kansas City, Kan., which is in charge of the program.

The system originally will be offered by 12 area banks, including Arrowhead State, Brotherhood State, Indian Springs State, Security National, Turner State and Westgate State, all in Kansas City, Kan.; Citizens State, Shawnee; Commercial State, Bonner Springs; Manufacturers State, Leavenworth; and United Kansas (formerly Santa Fe Trail State), Merriam—all in Kansas. Two Missouri banks are participating: Bank of Jacomo, Blue Springs, and Farmers State, St. Joseph.

Security National launched the Moneycard program last fall by contacting area banks and inviting representatives to a series of informal meetings. At the meetings it was explained that Moneycard-issuing banks guarantee personal checks of card holders up to \$100 for cash, merchandise or services. The Moneycard is the only identification a checkwriter need show to participating merchants or banks in order to cash personal checks.

Participating merchants match the signatures on the check and the Moneycard and record the card number and its expiration date on the check. Neither the merchant nor the cardholder pays anything for the service.

Although the Kansas City area Moneycard program is under the direction of Security National, the program was originated in Wichita last year under the direction of First National, Union National and Kansas State in that city. It is now known as Moneycard of Kansas. The Kansas City-area portion of the system is known as Moneycard of Greater Kansas City.

Jay Breidenthal, senior vice president at Security National, directs the Moneycard effort. He sees the program as more than a method of facilitating check writing. "It's really the first step toward electronic banking," he says.

"While our customers will be realizing a definite immediate benefit in the form of greater negotiability for their checks, they also will be getting used to using plastic cards in handling banking transactions. This will make the in-



Moneycard participants post this decal in windows. Program is expected to attract new business from shoppers.

evitable transition to electronic banking much smoother," he says.

Studies indicated that bank customers didn't want to give up the privacy of their checkbooks, he says. "With Moneycard they don't have to. At the same time, we are putting the actual tool they eventually will be using for EFT in their hands."

Mr. Breidenthal points out that Moneycard presents an affordable option to banks considering offering EFT services in the future. "There's no enormous capital outlay for equipment with Moneycard," he says, "but, just the same, we're paving the way for EFT services."

Supporting this statement, Mr. Breidenthal says that all Moneycards will be issued with magnetic strips for use with ATMs. "That way, when we go to ATMs, the necessary tools will be in our customers' hands. All the banks on the program can make their own decisions on whether, and when, to get into ATM services."

Eleven-member Moneycard sales crew called on Kansas City-area merchants to sign them up for check-guarantee service. Women operate out of Moneycard Center in Security Nat'l building, Kansas City, Kan. Security Nat'l directs Moneycard program.



Pam Grisnik, marketing officer at Security National, is coordinating all Moneycard activities and has set up a Moneycard Center in the Security National building.

The first step in marketing Moneycard was to call on Kansas City area merchants to sign them up, Miss Grisnik says. "We hired 11 women, and after a two-day training session they began calling on our list of area merchants.

She reports that merchant response has been overwhelming. "The first day we called on 184 merchants and 170 of them accepted the program with enthusiasm. Many already have stickers in their windows announcing their participation in Moneycard."

She says merchants have nothing to lose and everything to gain by accepting Moneycard. "The banks guarantee the checks; merchants don't have to bother with checking numerous forms of identification; they aren't bothered by terminals; there's basically no training necessary for employees; and they have an added service to offer shoppers."

Miss Grisnik said that by the time the cards are issued, more than 2,500 stores will be honoring Moneycard.

Each of the banks in the program is using its own criteria for selecting which of its customers qualify for cards, Mr. Breidenthal says. He expects that 60% of a bank's customers will qualify.

What about problems? "Banks in Wichita have experienced virtually no bad-check problems with customers using Moneycard," Mr. Breidenthal

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says. "We anticipate similar results. After all, each bank has complete control over who receives cards. Criteria can be made as demanding as the banks wish."

The Moneycard Center at Security National coordinates all Moneycard activities. Each bank pays a fee to join the program, calculated by a formula based on its assets and demand-deposit accounts. Of these fees, a large share goes immediately into research and marketing to assure continued success for the program, Mr. Breidenthal says.

An intensive three-week advertising campaign will launch Moneycard in Kansas City. Directed by Allvine Advertising Associates, Kansas City, Kan., the campaign will utilize radio, TV, newspaper and outdoor. During the opening blitz, more than 15 million impressions of Moneycard ads will appear in the market area.

"We have to get the message out to the entire city," Mr. Breidenthal says. "We have to be sure that everyone knows about Moneycard. Based on the success of the program in Wichita, and the banks we have on board here, we are most confident that Moneycard will become an important part of banking in Kansas City in the years ahead." ••

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**New Responsibilities Given
To Four RMA Staff Members**

PHILADELPHIA—Robert Morris Associates has promoted four staff members to new posts.

Charles R. Huntington was named director of the policy division, which is responsible for producing services for commercial lending managers. He replaces Rowe Fesperman, who resigned in January. Mr. Huntington joined RMA in 1973 and had been director of the domestic lending division.

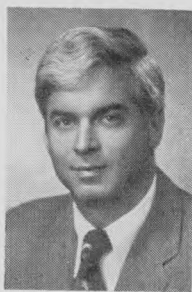
Luis W. Morales, director of communications the past eight years, was appointed to the additional post of director of the chapters division. This division is responsible for helping volunteer leaders of RMA's 32 chapters across the U. S. and Puerto Rico in the administration of their local units. Mr. Morales replaces Dennis Neff, who resigned in February.

Cecelia M. Small, office manager, was given the additional responsibility for logistical planning for all RMA national meetings and educational activities. She formerly was the association's registrar.

Pat Kochta replaces Mrs. Small as registrar.



KANE



FORD

Ford and Kane Elected To ABA Division Posts

Richard F. Ford, president, First National, St. Louis, was elected chairman of the ABA's commercial lending division last month during the division's 30th National Credit Conference.

Elected vice chairman was Charles J. Kane, chairman, Third National, Nashville. Both men will assume their posts during the ABA's annual convention in October.

Mr. Ford was vice chairman of the division last year as well as chairman of the government relations committee. He succeeds Ralph B. Gilpatrick Jr., senior vice president, Mellon Bank, Pittsburgh.

Mid-Continent-area bankers reelected to the executive committee of the division include George R. Baker, executive vice president, Continental Illinois National, Chicago; Thomas L. Wright, president, First National, Laurel, Miss.; Thomas R. Clevenger, president, First National, Topeka; Gerald W. Fronterhouse, executive vice president, Republic National, Dallas; and Joe Semrod, president, Liberty National Corp., Oklahoma City.

Banker Receives Award



Clarence C. Barksdale (c.), chairman and CEO, First National, St. Louis, received Brass Hat award from officers of Advertising Club of Greater St. Louis recently. Handing award to Mr. Barksdale is Ray A. Karpowicz (r.), club president, and manager, KSD-TV. Albert G. Watkins, club first vice president, looks on. He's affiliated with Time, Inc. Mr. Barksdale spoke to club on vitality of St. Louis as a "unique marketplace," one that practices historic preservation while perpetuating unparalleled economic growth.

MID-CONTINENT BANKER for April, 1978

United Bank Card Assn. Formed in Oklahoma City

OKLAHOMA CITY—Formation of United Bank Card Association was announced recently here by Marshall Callaway, executive director. The association is a division of United Oklahoma Bank.

The association is licensed to issue Visa and Master Charge cards to customers of member banks and will provide credit, accounting, financing and credit center services for both individual and merchant accounts of member banks.

Each member bank will be able to participate directly with the association in providing card services to customers, Mr. Callaway said. Association membership will permit member banks to accept their own credit deposits from their participating merchant customers, enabling each bank to work directly with its individual and merchant accounts with card services, he said.

31st Directors' Assembly Set for April 13-16

NEW ORLEANS—Current policy issues important to inside and outside directors will be the theme of the 31st Assembly for Bank Directors, to be held April 13-16 at the Fairmont Hotel here.

Among those speaking at the assembly will be Congressman Henry S. Reuss (D., Wis.), chairman, House Committee on Banking, Currency and Housing; Gerald M. Lowrie, ABA's executive director of government relations; and Eric B. Gasser, president, J. Henry Schroder Bank, Zurich, Switzerland.

Other faculty members, representing banks and regulatory agencies, will discuss problems of changing director exposures and responsibilities, management-director relations, credit problems and community and security programs. A spouses' program will also be conducted.

Group discussions will focus on competitive developments, trust department operations, director-management relations and regulatory changes and proposals.

The assembly will be directed by Charles W. McCoy, chairman and president, Louisiana National, Baton Rouge, and Lawrence A. Merrigan, president, Bank of New Orleans.

Registration information is available from Richard B. Johnson, Southern Methodist University, Box 214, Dallas, TX 75275.

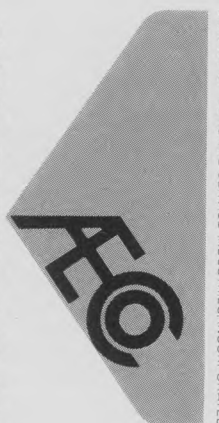
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Bank-Consulting Firms: Why They Are Needed, Finding the Right One

EDITOR'S NOTE: In the ever-changing, increasingly competitive world in which businesses must operate today, it's more important than ever that banks set and reach definite goals in the areas of supervisory training, high-performance levels, reduced costs and development of a factual evaluation system. These objectives are just as necessary for small and medium-sized banks as they are for large institutions.

Often, outside professional consulting firms can save banks time and money in determining their goals and how to reach them. One of these firms is the Howard J. Blender Co. of Dallas, which has installed bank operating-control systems in more than 250 different-sized banks in the U. S. In the following interview, the firm's chairman, Howard J. Blender, describes what his firm does and why a bank-management service is important to banks.

Q. Mr. Blender, just what is the Howard J. Blender Co.?

A. We're a bank management services company. We provide management programs and systems exclusively to banks.

Q. Is there a big demand for this type service?

A. Certainly. In fact, today with the additional complexities of managing any business—banking included—it's difficult for any businessman to keep up with the changes and advances taking place, much less be aware of the latest management methods and techniques. Today's banker is more of an administrator and knows that he must keep a tight handle on operating expenses. The day of shooting from the hip is over.

Q. How does a bank management service sell itself?

A. Largely, it's a matter of referrals—some bank we've helped recommends us to another bank. We also have a small sales force. Basically, however, we sell by giving away samples. We zero in on certain banks we believe are progressive and are looking for ways to improve operating profits, and we offer to provide free analyses of their operations. Depending on the size of the bank, we may just zero in

on certain departments rather than on the entire bank. We'll then make a formal presentation, highlight what's wrong and suggest ways we might work together to improve the situation. When we are retained, we will go into more depth and actually stay on the premises to see that the changes and programs we have designed for them are completely implemented and operating. We believe in achieving results, not simply providing operating manuals.

Q. Isn't there always the possibility they'll just take your recommendations and implement them themselves?

A. There's always that possibility, though to the best of my knowledge, it's never happened—at least to us. But banks usually are pretty aware of their own problems to begin with. And we pull heavily from their own people—we ask them what's wrong and what they think will solve the problem. What they lack isn't so much the knowledge of the problem, but the method to solve the problem. It gets back to not seeing the forest for the trees—and lacking the technical skills to do a very specialized program.

Basically, you find the same thing in all facets of endeavor. There are dozens of books on speed reading available for \$6 to \$10, but no one really gets with the program unless he plunks down some money and puts himself under a qualified teacher. The same thing is true with diet books—we get fired up to do something. However, we not only lack the resolve to do it, but need medical approval to do it properly.

Q. That's where management services companies come in?

A. Yes. We not only understand the problem; we understand the motivational need—we're professional motivators. We could come up with the best program in the world, and it wouldn't be worth a nickel unless we could get the bank staff to implement it.

There's also a good deal to be said for experience—this is all we do, and we've worked with more than 250 banks in the past 10½ years. You learn things in that length of time.

Q. What kind of things?



"Anyone can get a business card printed with 'consultant' on it and come in with a pretty good dog-and-pony show. It's important that a bank know the consulting firm's reputation and actually check references."—Howard J. Blender.

A. What an operation should be, work flow, how departments relate to one another and how they should be organized. Another important aspect is dealing with and working with bank employees. It's not like working with people on an assembly line. Bank employees are different, and consultants should be different. It's not only the technical skills involved, but we've often said that 80% of our success is due to the tactical ability of our analysts to accomplish what should be accomplished.

There are many technical things we can talk about; for instance, establishing volume norms for individual employees, knowing other banks' procedures, etc. However, we avoid comparing one bank to another. We find it best to compare each operation to a hypothetical normal and then adjust that according to individual situations.

Q. When you're looking for prospects, do you concentrate on poorly run or unprofitable banks?

A. No. An "ideal" client is one that already has a profitable operation and is well managed even before we start. Those are most likely to be receptive to new ideas and tips on how to stay that way.

Q. What's the most common problem in banks today?

A. Most banks are over-staffed. This isn't just our opinion; it's from banking associates themselves. Another problem is that banks—like most businesses—promote supervisory and management personnel because they have



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been there the longest or do a good job where they're working. However, these employees never have been trained to supervise. One of the key areas we work in is to develop proper persons to be supervisors and teach them how to use the tools to supervise.

Q. Most banks believe they need more people. Don't you get employee resistance when you tell them things like "most banks are over-staffed"? No one wants to be managed out of a job.

A. As far as "managing" anyone out of a job, we seldom, if ever, advocate firing someone. The problem in banking—or one of the main problems—is the high attrition rate. We're told it's one of the highest in business. So our task is to keep the good people. Too often, because of improper working methods and supervisory skills, we lose the people we don't want to lose. One of the problems banks have is that they lack the proper evaluation techniques to find out who is doing the right job in the right manner.

It's true, however, that some banks do require more people in certain specific jobs. But most often, this is a result of "mix-matched work capacity"—which merely means that we have too many people doing some jobs and not enough doing another. The key is to have the right number of the right people in the right place at the right time. A bank may have employees who are working *efficiently* but not *effectively*.

Q. What's the difference between "efficiently" and "effectively"?

A. Well, the wrong thing may be done the right way—that's *efficiency*. When you do the *right* thing the right way, you're *effective*. I remember one bank we worked with had been "helped" by management consultants who knew about management but not about banking. They were able to increase efficiency in one department so much that eight persons were doing the work formerly done by 12. *That's efficiency!* Unfortunately, the entire operation was a holdover from the pre-computer days and *the entire function was no longer necessary!* These people were moved into other jobs where they could be both efficient and effective.

Q. Can you give us some examples of how management techniques have been successful in different departments? And is there a department that, historically, is worse?

A. I'll be glad to give examples, though no one department stands out as worst. Of course, the departments with the most people can make the most dramatic impact on profits.

I remember one bank we went into had a loan department you wouldn't believe. Something like 45% of their

loans were for under \$500! About 75% were for under \$1,000!

Q. Were they losing money?

A. Banking is a good, solid business. And it's not true that banks are losing money as much as the fact that they're not making as much as they should and could make if they had a proper operation. To have a proper operation, a bank must have all the facts, such as knowing that 45% of its loans are for under \$500 so management will know how to cure the problem.

The solution for that particular department was simple. We implemented an aggressive campaign toward car dealers and really started pushing credit cards and automatic overdrafts.

The wrong thing done the right way may be being efficient, but the right thing done the right way is being effective.

Q. Can you give us an example from another department?

A. I remember that one particular proof department had a problem with one supervisor. It wasn't that she wasn't trying to do a good job; it was just that her efforts were unguided and her staff unresponsive.

She had a lot of friends in the department, and they were social as well as business friends. Some of her friends used this relationship to do less than they would have otherwise, and employees who weren't "in the inner circle" resented it and did less than they might have.

The problem was so acute that the supervisor herself sometimes would have to run machines.

Q. What did you do?

A. Working closely with bank management, we implemented a cross-training program that allowed shifting of personnel due to fluctuations in manpower demands in the various departments. They then transferred the proof supervisor to this new department, and another supervisor was brought to proof. This ended accusations of favoritism.

We also installed an operational control system that evaluated each worker's performance in the department. This made it evident who the *real* workers were and took evaluation of performance out of the subjective realm.

Since employees then were given credit for the amount of work accomplished and were recognized for outstanding performance, working became more rewarding.

The bottom line was an increase in productivity, a decrease in turnover and a 22% reduction in number of paid hours per week in the proof department!

Q. You mentioned "operating control system"—what is it?

A. OCS is the foundation we use for seeing that work is completed by priority, accuracy and on time. It provides a means to identify and correct problem areas, a program to evaluate departments, supervisors and employees, a plan to match capacities to available man hours, a forecasting tool to accurately predetermine man-hour requirements at various levels—and also a system to improve channels of communications within a bank.

Q. What about tellers?

A. Using the same general OCS system, we were able to save a \$40-million-deposit midwestern bank \$28,000 annually in staffing and another \$80,000 by canceling an unneeded additional drive-up teller lane.

Teller lines frequently are staffed for peak periods, and, when the crisis has passed for that day, there are a lot of expensive, bored employees sitting around waiting for the next customer. A lot of savings can be realized by a good cross-training program and, most effectively, proper utilization of tellers.

Q. Do you feel cross-training—or lack of it—is the main cause of bank waste?

A. It's certainly a contributing factor, but not the only one. One thing that certainly affects bank profits is the amount of *unnecessary* work done.

I remember the trust department of one bank gave every external indication of being a well-run profit center. There was no appreciable backlog, yet morale was low, and there was a feeling by trust employees that they were overworked and underappreciated.

We analyzed each job function and found each had failed to make the small, timely changes necessary to operate efficiently and effectively and at maximum profit potential.

In the operations area, for instance, we discovered they were making microfilm records of all accounts and balances. In addition, administrators were receiving daily and weekly computer printouts with the same information. On top of this, a "gains and losses card box" had been installed by a previous administrator, who was the *only* one ever to use it.

A lot of time was saved by simply removing the triplication.

We also recommended that statements, tax sheets and fee work sheets no longer be prepared for administrators to review. Our studies showed they weren't being reviewed anyway, and

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it was a waste of money and time. The check-signing limit and the minimum for handling trust accounts were raised, and we recommended that the department begin offering a set group of services for a fixed fee and charge for services beyond that.

The end result was that the trust department was able to begin closing at 5 p.m. instead of 8 p.m., and more than \$30,000 a year was saved in operating costs!

Q. What about bookkeeping?

A. When we go into any bank, there are certain things we have to find out about all departments. They are: What activities are currently being performed? How are they being performed? When does the work arrive? Where does the work come from? How much actual work is there to do? And how much time does it require to do the function, and how much time is available before it has to get to the next step? In other words, we have to decide how to synchronize this work with other work going on in the bank.

By interviews, volume registers and even observation, we can break each job into measurable activities. This is invaluable in giving us a handle on the operation.

We not only study the apparent work, but also do a traffic analysis, studying not only walk-in customers but type of transactions, phone calls, times various things occur, etc. This enables us to totally schedule all areas.

Many people believe the work of a bookkeeping department is made up of check filing and statement preparation. In truth, that's only a percentage of its work and often a smaller percentage than customer handling. Very often, phone calls going into bookkeeping shouldn't be going in there at all. Many are likely to be internal that cause bottlenecks and an unnecessary work load. Sometimes, too, bookkeeping gets "visits" from tellers who want to check transactions.

Sometimes, we'll even move a department to improve working environment. I remember one bank where bookkeeping was located right in the traffic pattern behind the teller line. We moved it upstairs, where it was quieter and there were fewer interruptions.

Q. Wasn't that a bit extreme?

A. Oh sure, and we don't usually rearrange floor plans and move departments around. But there is no typical bank, as I said earlier, and this one was so poorly laid out that it would have been almost impossible to solve its problems without re-drawing floor plans. It's amazing to me after working on over 250 banks, the number that are designed by architects who don't

have knowledge of the requirements of work to be done in the various areas.

I remember a bank in Iowa that was ready to break ground for a large, new building. The bank asked a major supplier to put in additional proof machines, which required X amount of floor space. The bank president called us in to just check the work, and we did that. As a result, he canceled his order for the machines and had the architects redesign the area for more effective use. Because the proof machines weren't required, the overall design wasted about 30% of total floor space!

Q. What are some common recommendations made in bookkeeping?

A. There are a half dozen main

NABW Sets Regional Conference For Charlotte, N. C., April 19-21

April 19-21 are the dates for the Quad-Regional Conference of the National Association of Bank Women, to be held at the Radisson Plaza Hotel, Charlotte, N. C. Delegates are expected to attend from Alabama, Kentucky, Tennessee, Louisiana, Mississippi and other states.

Theme of the meeting is "The Business of Banking—Service/Competition/Profit." Speakers will include Hugh L. McColl Jr., president, North Carolina National, and the editor of *Fortune* magazine, Wyndham Robertson.

In addition to general sessions, workshops on bank operations, asset management, corporate and consumer lending opportunities and branch management will be held.



Planning committee for NABW regional conference to be held in Charlotte, N. C., this month include (seated, from l.) V. Ch. Nancy Grant, v.p., American Bank, Charlotte; Ch. Mildred H. Gwinn, v.p., North Carolina Nat'l, Charlotte; Southeastern Regional V. P. Helen Faw, controller, First Nat'l, Dalton, Ga. Standing, from l., are Southern Regional V. P. Anne Flannagan, first v.p., Commercial Nat'l, Anniston, Ala.; South Central Regional V. P. Lorraine Moore, a.v.p., American Bank, Baton Rouge, La., and Florida Regional V. P. LaVerne Edwards, a.v.p., Florida First Nat'l, Bartow.

ones. We may recommend discontinuation of certain activities that may duplicate other effort. We may set up certain files for better utilization. We may centralize the work for better management control and scheduling. We may review bank policy regarding item charges. We may make recommendations concerning statement cycles. We may get into bulk filing—which is new and has a lot to recommend it—if bankers are flexible enough to do away willingly with something that's part of bank tradition. Ideas die hard, sometimes.

After everything else is done, whether it's bookkeeping or any other department, we'll make staffing recommendations, not on a "by-name" basis, but by giving the number of people required to do each job in each department.

Q. Mr. Blender, what would you like to see change about the consulting business?

A. First and foremost, I'd like to see proper qualifications for consultants! There are some good, professional organizations like the Society of Professional Management Consultants that try to see that the right people are doing the right job for the right client.

Unfortunately, not all "consultants" are familiar with banking—a good case in point is the example I gave earlier where efficiency on the part of a consultant enabled a 12-man task to be done by eight—but the task itself was unnecessary.

There also are a lot of people called "consultants" who are merely out of a job and looking for work. A man gets fired from a consulting company and starts out on his own. Often, such persons not only hurt their clients, but give consulting a bad name.

Even if an individual is qualified, banking is too complex for a one-man consulting firm to really be able to handle it. It takes at least three specialists to do the job. Frankly, even after we've done 250 jobs, I wouldn't tackle a job all by myself anymore.

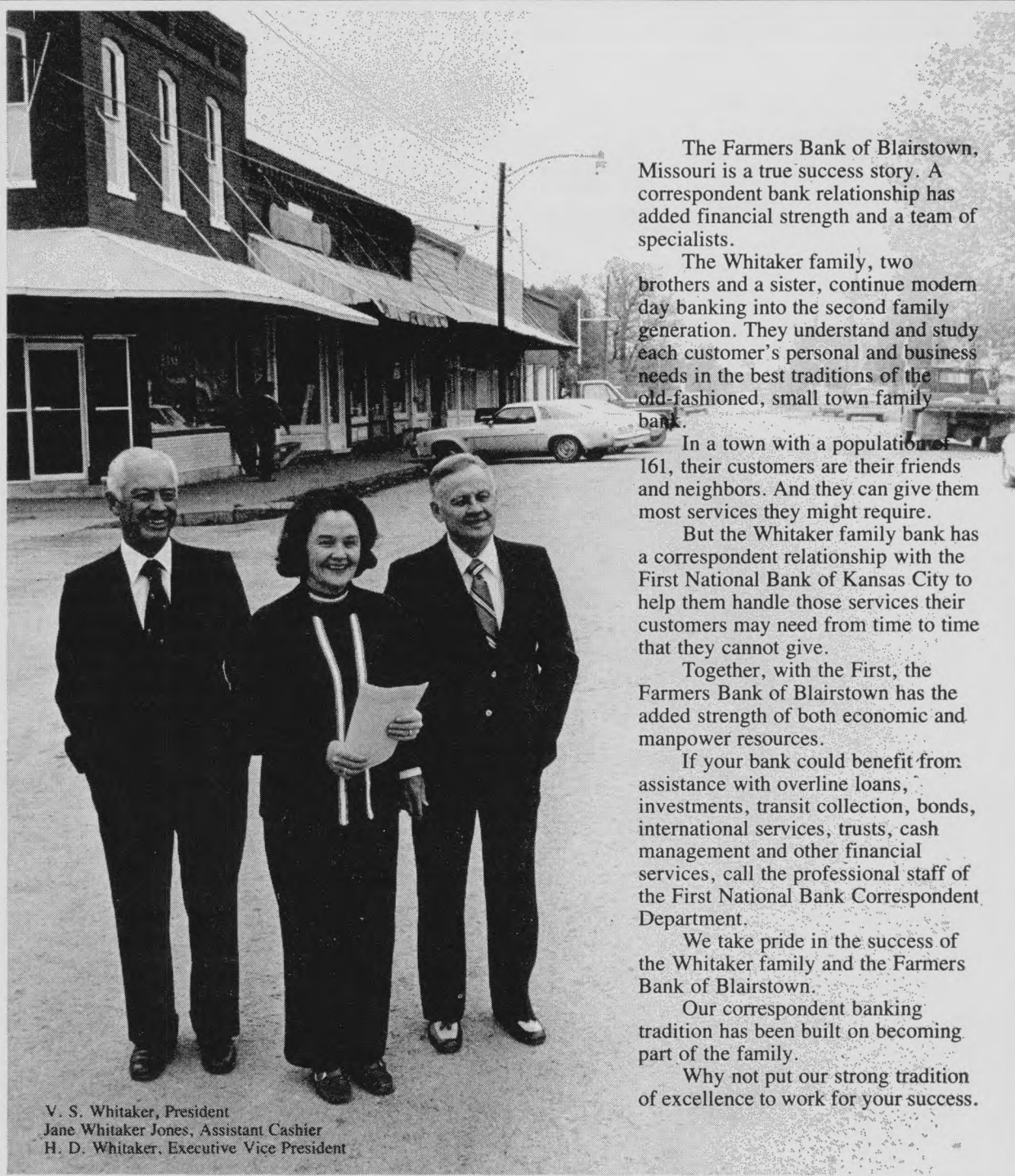
Q. Is there something you'd like to see banks themselves do when they're hiring consultants?

A. Definitely! I'd like to have them thoroughly check out the people they're hiring! We tell our prospects to check on us. Anyone can get a business card printed with "consultant" on it and come in with a pretty good dog-and-pony show. It's important that a bank know the consulting firm's reputation and actually check references.

I had one bank president shrug off our own references with, "It's not necessary to check them. You must be legitimate—you've got a brochure!"

A poor consultant really could have fouled up that bank! • •

“Our bank is a family bank and always has been. And we look to the First for help just like one of the family.”



V. S. Whitaker, President
Jane Whitaker Jones, Assistant Cashier
H. D. Whitaker, Executive Vice President

The Farmers Bank of Blairstown, Missouri is a true success story. A correspondent bank relationship has added financial strength and a team of specialists.

The Whitaker family, two brothers and a sister, continue modern day banking into the second family generation. They understand and study each customer's personal and business needs in the best traditions of the old-fashioned, small town family bank.

In a town with a population of 161, their customers are their friends and neighbors. And they can give them most services they might require.

But the Whitaker family bank has a correspondent relationship with the First National Bank of Kansas City to help them handle those services their customers may need from time to time that they cannot give.

Together, with the First, the Farmers Bank of Blairstown has the added strength of both economic and manpower resources.

If your bank could benefit from assistance with overline loans, investments, transit collection, bonds, international services, trusts, cash management and other financial services, call the professional staff of the First National Bank Correspondent Department.

We take pride in the success of the Whitaker family and the Farmers Bank of Blairstown.

Our correspondent banking tradition has been built on becoming part of the family.

Why not put our strong tradition of excellence to work for your success.

Your success is our tradition.

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Bank** of KANSAS CITY,
MISSOURI

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Customers Can Check Account Status Via Bank's Link to Distant Computer

ALTHOUGH more than 100 miles from its computer in Fayetteville, American State, Charleston, Ark., has an on-line communications link for checking customer account status. The system also provides overnight data processing.

Charleston, with a population of 1,761, is about 30 miles southeast of Fort Smith in the western part of the state. The bank, with assets of \$13.2 million, has been serving Franklin, Logan and Sebastian counties since 1910. A branch is located in Altus, a community about 32 miles away with a population of less than 500.

Both the main bank and the branch have leased telephone lines to link NCR 260-6 thermal-printing terminals with Computer Resources Corp. in Fayetteville. In addition, the main office has a cathode ray tube (CRT) terminal in the bookkeeping department which is also on-line. Customer queries and other transactions are conducted throughout the day on all three units.

After closing, when the main office has completed proofing, checks and other documents are run through an NCR 670 MICR sorter at the rate of 600 a minute. The information is captured on a tape cassette which is then put on an NCR 399 electronic accounting machine for transmission to the data center, again over leased telephone lines.

At night, Computer Resources processes for American State on a 256K NCR Century 201 computer. Besides a dual tape cassette reader, the data center's peripherals include its own 670 MICR sorter, eight magnetic disk spindles, each of which puts nearly 60 million characters of information on-line to the central processor, a magnetic tape drive and an NCR 755 unit that captures data before processing for applications at other banks.

Each morning, Computer Resources transmits the results of its processing back to American State. The data is again captured on tape cassette by the 399 machine; then the previous day's trial balance is produced on a free-standing printer at the rate of 200 lines a minute.

The main bank and its branch have 2,540 checking accounts, 1,668 savings accounts, 1,050 CDs, 610 installment



Electronic accounting machine's tape cassette capability is an integral part of on-line communications system linking American State, Charleston, Ark., with computer center 100 miles away in Fayetteville.

loans and 587 accrual loans. During an average month, the bank runs 5,500 transactions on its CRT terminal and the two thermal-printing terminals.

"The advantages of this system are obvious," said Richard Huck, vice president, American State.

"Although our bank is small, it has all the advantages enjoyed by larger institutions which are able to afford the most sophisticated computer systems available. In point of fact, we enjoy virtually the same level of sophistication ourselves."

Further enhancements of the system are possible, providing they can be cost-justified. One would be to install NCR 279 electronic financial terminals in the main bank and its branch. These would provide on-line transactions for checking and savings accounts, CDs and mortgage loans.

Yet another step would be to install ATMs in an on-line or off-line mode. Either choice would extend normal bank services to a 24-hour-a-day, seven-day-a-week operation for the convenience of customers but at no increase in personnel for the bank.

"The small country bank still occupies an important position in the economic life of its community," Mr. Huck commented, "and today it can be every bit as competitive as the largest metropolitan-area banks."

Continuing Education Units Now Awarded by BAI

Continuing education units (CEUs) are now being awarded to bankers participating in educational programs sponsored by the Bank Administration Institute. BAI has joined other professional associations in offering CEUs to participants in most BAI courses that meet national criteria and guidelines.

Work on the CEU began in 1968 with a national planning conference sponsored by a group of college-level educators. The consensus of this conference identified three common needs: (1) a significant national, uniform unit of measure for non-credit continuing education, (2) development of a usable system, one that coordinates efforts from the consumer of educational products as well as the producer, (3) and the establishment of a task force of representatives of universities, business and industry to develop a proposal for the unit of measurement.

One CEU equals 10 contact hours of participation in an organized continuing education experience under responsible sponsorship and qualified instruction. Records are kept for all wishing to participate. At any time, a participant may request a transcript that will contain information regarding the number of CEUs accumulated.

Those seeking additional information on the CEU program may contact BAI by phone at 800-323-0146 or write the Division of Educational Development, BAI, P.O. Box 500, Park Ridge, IL 60068.

Correspondent Conference Set by Commerce Bank, KC

KANSAS CITY—Commerce Bank will hold its 1978 Correspondent Bank Conference April 20 at the Alameda Plaza Hotel here. Conference theme is "professionalism in banking—the Commerce Bank of Kansas City approach."

Guest speakers will include Earl L. Butz, former Secretary of Agriculture and dean emeritus of agriculture, Purdue University; and Morton I. Sosland, editor/publisher, *Milling and Baking News* and president, Sosland Companies, Inc.

Discussions will be led by various Commerce Bank officers covering the fields of portfolio management, corporate and retail lending, bank cards, estate planning, agribusiness, cash management and other related fields.

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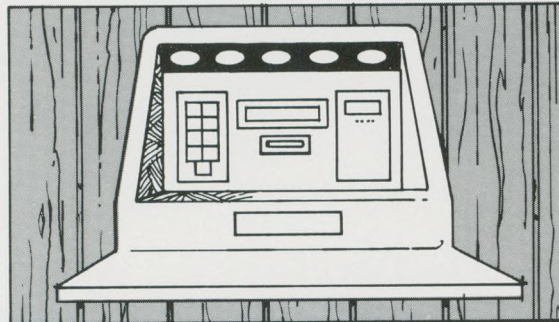
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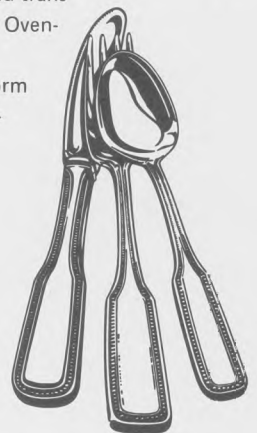
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AMERICAN FLAGS

Thrift: Marion (Ind.) Federal Savings.

Premium: 3x5 foot American flag kit.

Offer: Free flag kit to anyone depositing \$300 or more in a new or existing savings account.

Supplier: Atlas Flag Corp. of America, 1311 E. Jackson St., Eldorado, IL 62930.

Results: Approximately 800 flag kits given away during a three-week period. Average deposit to qualify for free flag kit was \$1,200, resulting in about \$1 million in new deposits.

CALCULATORS

Holding Company: BancOhio, Columbus.

Premium: Toshiba LC-830 calculator with \$26 retail value.

Offer: A deposit of \$100 or more to a new or existing savings or checking account or purchase of a new CD or installment loan entitled customer to purchase calculator for \$12.95 plus tax. Offer was made at HC's 230 locations throughout Ohio.

Supplier: William Myers, Specialized Incentive Marketing, Columbus.

Results: After first three weeks, initial order of 30,000 calculators was exhausted, bringing in about \$20 million.



WRIST WATCHES

Bank: New Jersey Bank, Paterson.

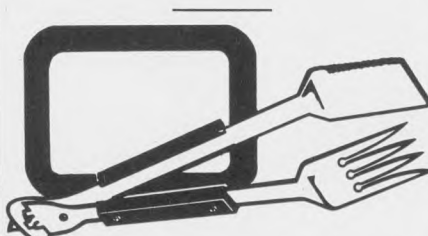
Premium: Helbros watches.

Offer: Any customer taking out a personal installment loan of \$2,500 or more was eligible for any one of eight different watches with suggest-

ed retail prices ranging from \$80 to \$110. Displays of watches were set up in each of the bank's 43 offices.

Supplier: Helbros Watches, Inc., 2 Park Ave., New York, NY 10016.

Results: A 53% increase in direct consumer loans for the year, or about \$4.5 million in new business. About 2,000 watches were given away during the three-month promotion, but more than 4,000 new loans were put on the books. Most qualifiers for free watches were men.



BARBECUE TONG & MITT

Bank: Litchfield (Mich.) State.

Premium: Barbecue tong and mitt.

Offer: Items available free with \$5,000 or more deposited to new or existing savings or checking account. Those depositing lesser amounts could purchase the set at varying amounts from \$2.50 to \$6.

Supplier: Vernon Co., Newton, Ia. 50208.

Results: \$1.5 million in new money was deposited and 350 new or add-on deposits were made. Total cost to the bank was \$3,000. Cost of funds generated during the promotion was .2%. Length of promotion: seven months.

LAWN TRIMMERS

Thrift: Leader Federal Savings, Memphis.

Premium: Two models of Weed-eater lawn trimmers.

Offer: Clippie model given away free to anyone taking out home improvement loan of \$2,000 or more; Needie model given for loans of \$5,000 or more.

Supplier: Weed Eater, P.O. Box 37347, Houston, TX 77036.

Results: A 315% increase in loan applications during the 10-week promotion plus a total dollar amount increase of 345%. Average loan yield was 11.58%. Of the 192 trimmers given away, 90 were Clippies and 102 were Needies. Year-end results

showed a 63% increase in loan volume over figures for the previous year. Promotion enabled the thrift to obtain a larger share of the Memphis home improvement loan market.

ELECTRIC TRAINS

Bank: First Bank-Midland Milwaukee.

Premium: 49-piece Bachmann electric train set.

Offer: Deposit \$250 to a new or existing savings account and buy the train set for \$19.95 plus tax.

Supplier: Affiliated Services, 7879a N. Babb Ave., Skokie, IL 60076.

Results: 1,000 new accounts opened and 498 add-ons made during approximately two month promotion. Almost \$1.1 million in new deposits received with average amount per deposit close to \$700, considerably more than required. 1,800 train sets were sold to customers and 302 sets were sold to employees. A cross-selling promotion was tied in with the train deal that resulted in 191 new account relationships with new and existing customers. These accounts included checking, savings, CDs, IRA/Keogh, loan and charge card applications.



STAINLESS FLATWARE

Bank: First Alabama, Montgomery.

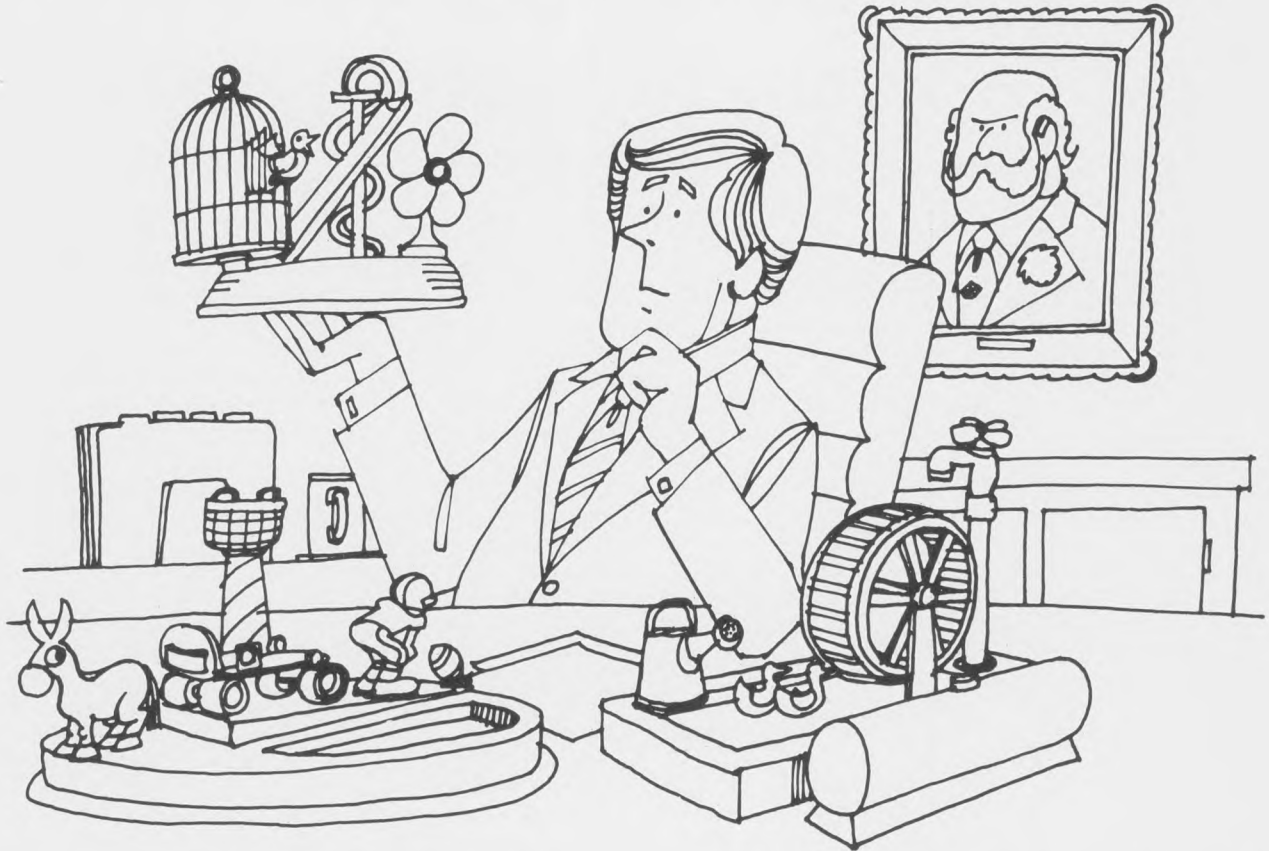
Premium: 1776 pattern of stainless flatware.

Offer: A minimum deposit of \$25 to a savings account was required to qualify customers for one free place setting. Additional \$25 deposits qualified customers to purchase additional settings at \$3.75 each.

Supplier: Salem China Co., Salem, OH 44460, through Thom Welch Co., Brookhaven, MS 39601.

Results: A 30% increase in new accounts, and about \$14 million in new deposits after the first 10 months of the promotion.

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BG-3

BG/5

Efficient Coin-Counting Equipment Enables Banks to Improve Service

STATE BANK of Blue Mound, Ill., with assets of \$8 million, sells some \$40,000 in excess coin to correspondents or the Fed every month, primarily because a laundry machine vendor 50 miles away stops at the bank weekly to have his coin counted and wrapped automatically.

At the \$35-million John Warner Bank of Clinton, Ill., traffic and deposits have increased following the appearance of a quarter-page ad in the local newspaper inviting children and adults to bring their coins in because "we're never too busy for piggy banks."

At First National, Peoria, Ill., nearly 20 times the size of State Bank of Blue Mound and four-and-one-half times the size of John Warner, it's hoped that a new machine like those at the other banks will encourage churches throughout the city to bring Sunday collections in for processing—and discourage Monday morning hand-wrapping sessions which lead to extra work for bank staff.

A small, a medium and a large bank, all in central Illinois, are using high-speed electronic equipment from Brandt, Inc., to provide customers a needed service, build new accounts, hold on to existing customers, encourage youth thrift accounts, become self-sufficient in coin, serve the community and increase their "bottom line" figures.



Contacts by Bill McChristy (r.), pres., State Bank, Blue Mound, Ill., with firms dependent on coins has made bank self sufficient in coin since installing centralized coin control system. At l. is Bill Welch, district mgr., Brandt, Inc., manufacturer of equipment.

Says Bill Welch, Brandt's district manager based in Peoria, "The three are simply representative of the many banks in our area offering what we call 'centralized coin control' service to customers and prospects. Among some 400 banks in our sales territory, including central Illinois and parts of Iowa and Missouri, more than half have been attracted to the idea and are reaping financial and customer service benefits as a result."

At State Bank of Blue Mound, Mr. Welch points out, "It wasn't easy selling the concept to a banker in a community of only 1,100 people." But he did. He suggested to President Bill McChristy that a Brandt Model 930 coin sorter/counter could serve the area's many commercial customers like schools, clubs, car washes, churches, municipalities, vendors and the like.

"I never thought we could justify the cost of the machine," says Mr. McChristy, "as small as we are. I couldn't see its potential at the time, but decided to give it a try. As it turned out, the 930 easily paid for itself in the first year."

Among the bank's six major coin customers, the biggest is a vendor based in Carlinville, 50 miles southwest of Blue Mound, whose laundry machines serve apartment building residents from Macomb on the north to Mattoon on the south. Before he learned of Mr. McChristy's equipment, the vendor was depositing small amounts of coin at 15 different banks—a total of \$30,000 or more a month, which was too big a sum for any one bank to handle manually.

Now, the vendor brings his full weekly collection to State Bank where, at a rate of \$2,000 or more per hour, it's sorted, counted and totaled on the Brandt 930 and left with the bank. "While this customer plus others have made us self-sufficient in coins," says Mr. McChristy, "saving us the cost of purchasing different denominations, we've enjoyed added benefits in gaining a sizable checking account of the vendor and providing loans to him for new laundry equipment."

Thirty-five miles north of Blue Mound is Clinton, where an identical machine at John Warner Bank is used to lure new residential customers while avoiding the tediousness on the part of tellers of hand-sorting loose change. The bank's "never too busy" advertising message reflects the fact that the Model 930 handles the average content of a piggy bank, a coffee can, a whisky bottle—or whatever comes in—in a matter of seconds.

Says Ed Polen, vice president and cashier, "Some 14 months ago we became the first among two banks and two savings and loans in Clinton to employ and

advertise an automatic coin sorter/counter to build our business and provide a service to the community. At the same time, our purchase of the machine supported our philosophy of using modern, automated equipment to make staff jobs easier and keep staff size at a minimum to reduce overhead and obtain greater profitability."

Townpeople responded immediately to the bank's ad—created from promotional materials Brandt offers its customers. "We invited them to watch the 930 in action," says Mr. Polen. "We placed the machine in full view behind one of our teller booths at the rear of the bank away from front-door traffic. The kids especially find it fascinating—the digital totalizer, for example, flashing how much money was in the piggy bank—and they come in often with new coin collections for the fun of it all."

Whereas tellers previously sent customers away with coins and wrappers to do the job themselves for lack of teller time, "they now welcome the opportunity to show off our machine," according to Mr. Polen. "It's been a good investment for us from an operations end and from a customer relations standpoint as well. The 930 is good to have in that our tellers use it for fast balancing of coin drawer content at the end of each workday."

At Peoria's First National, Assistant Cashier Steve Turbett expects a Brandt sorter/counter on order will eliminate the need for bank staff to break coin wraps brought in, count the coin for accuracy and repeat the wrapping effort of customers like Peoria-area churches. "We'll save the church ladies a lot of time on Monday morning, since the machine will do their job in minutes. And our staff will gain time for far more productive efforts."

Replacing a pair of old, out-dated Brandt units, the Model 934 coming to First National is expected to provide greater speed and the coin handling features desirable for a larger-volume bank. The unit also has an optional printer that automatically records batch and accumulative coin totals.

"Our girls are thrilled at the thought of getting a machine offering great speed and convenience compared to what they've been using," says Mr. Turbett. "While we don't advertise the service, we have many customers—both individual savers and commercial accounts—bringing loose coin to teller windows daily. Our older equipment has eliminated counting and wrapping by hand, but its relative slowness sometimes causes impatience and lines often form at the other side of the window."

Brandt staff point to a recent survey revealing that more than 50% of American adults—children with piggy banks not included—save or hoard coin, without enjoying the benefit of savings account interest. "It costs less than a dollar a day," says district manager Bill Welch, to provide a centralized coin control service to the community while bringing in additional deposits at the same time.

A coin sorter/counter is the only piece of bank equipment, says Mr. Welch, that can show "a provable return on investment because it alone will bring in deposits when promoted as a community service." Bankers McChristy, Polen and Turbett—plus another 200 or so in Mr. Welch's Illinois-Iowa-Missouri territory—agree with his statement. • •



Harry Nedoma, sales rep., Brandt, Inc., checks out new coin sorter/counter with teller at First Nat'l, Peoria, Ill. Bank purchased equipment to eliminate Monday problem of breaking coin wraps and recounting coins brought in by area churches.



Piggy banks are welcome at John Warner Bank, Clinton, Ill., and have been since bank purchased high-speed coin sorter/counter. Equipment is located behind teller counter so children can watch it in operation. • •

Tom Sawyer Knew How—Do You?

By ORVILLE R. GOERGER

CHANGE SHY TELLERS into hotshot Salespeople? Improve employee-customer relations? Get more performance mileage from virtually everyone on your payroll?

It's possible. Many banks do it, simply by making better use of tried-and-true principles, often neglected.

The secret is *motivation*. Getting an employee to do something because he or she wants to—instead of because he or she has to.

Salesmen know the art. They don't "sell"—they make prospects *want*. Happily, these same principles apply to many banking jobs.

Remember Tom Sawyer? He was a past master of motivation. He didn't ask his friends to help him whitewash that fence; he knew he'd be turned down cold. He *did* make the job so fascinating and fulfilling they begged for the privilege of doing it.

What's this got to do with banks? More than you might think. Banks, too, are learning that people can be motivated and that enthusiasm can be created for many banking jobs often approached with apathy.

For example, bank employees seldom like to sell. They lack experience. They feel uncomfortable doing it. And they see little benefit in it for themselves.

Yet one bank turned even tellers into successful "sales people"—without interfering with customer-service duties. Recognizing tellers' reluctance to "sell," the bank merely asked them to do two simple things: 1. Remind customers they served that the bank's Christmas club desk was open. 2. Give each customer an introduction card to take there and open an account.



It worked. Since generally only a reminder is required to activate the opening of a Christmas club account, the teller invitation and card did the trick.

What motivated these tellers to cooperate? First, the task was easy. No sales talk was required. It didn't take much time. Second, there was a special bonus for each teller for each card bearing his or her name that turned up at the Christmas club desk.

Sales-oriented motivation, of course, frequently is used in banks. There are contests, awards, bonuses, trips, incentive ideas of many kinds, each designed to bring in new banking business. Most are successful, proving that bank employees—with motivation—can do many things often considered beyond their abilities.

Yet the sales field is only one area in which banks can use motivation to advantage. With motivation, staff people dealing with customers—in person, by phone, through the mails—can improve customer relations. Even productivity of employees can be improved.

In three areas—sales, public relations, productivity—even the most willing workers in almost any bank probably are not delivering their full potential. And that is wasteful.

An unmotivated employee is a bit like a gas-guzzling car. Both are doing all that's asked of them. Yet neither is operating at peak performance.

"Gas-guzzling" employees are fairly common in the American business picture. A recent *Wall Street Journal* survey revealed that 62% of executives polled have problems motivating workers, especially the younger ones.

In fairness, not all the blame can be laid on the employee. Many jobs are routine, dull and boring. In them, it is only "human" to do just what is expected, no more. Obviously, that can be a drain on job efficiency.

Remember that payroll is one of a bank's largest expenditures. So if employees are not performing at their full potential, a bank simply is not getting the greatest possible "return" on this substantial investment.

But think what it might mean if employees were effectively motivated. Instead of being "gas-guzzlers"—with low "performance mileage" per payroll dollar—employees could become a more profitable investment. And usually happier and more enthusiastic people as well.

Here are several ways in which motivational efforts might pay off for a bank. Employee sales efforts. Improving customer relationships. Reducing errors. Building employee morale. Increasing productivity of

a specific department. There probably are dozens of other targets in almost every bank.

Before starting, however, let's speculate a bit on what it is that "turns employees on." What induces a person to make a special effort? Basically, there are three general requisites.

1. Offer a reward for the special effort. Bonuses. Gifts. Commissions. Almost anything of tangible value.

2. Provide some form of recognition. Promotion. Title. Publicity. Anything that provides a pleasurable boost to the ego.

3. Make every employee feel important. Provide some form of praise. Make everyone feel a vital part of the plan.

If the motivation plan includes these elements, it probably will be successful.

Some motivational plans—especially in the sales area—are available in complete package form and can be put into operation with little effort by a bank.

For many objectives, however—because motivation is such an individual thing—good results can be obtained by custom designing a program for a specific bank need. It will take a bit longer to get into operation, and it will require careful study and planning. But it will pay off.

Here are examples of what has been done—plus suggestions to spark a bank's thinking.

Profit-sharing plans obviously are an excellent way to stimulate employee interest in doing a good job. But make sure employees are reminded frequently of this incentive.

Most such plans start with a lot of employee determination to boost profits by eliminating waste and working harder. Soon, however, there is a human tendency to forget what profits depend on. Employees gradually slip back into previous work habits. Much of the added incentive originally created by the program is lost.

For maximum benefit to the bank, remind employees regularly how extra effort on their part can give them extra income. Keep selling the program in house organs, bulletins, letters from the president, etc. A profit-sharing plan will motivate employees indefinitely—if the bank keeps reminding them how it can help increase their rewards from it.

Make employees feel more important. In World War II, defense workers were encouraged to sign their names on shells and weapons they had helped produce. This simple act made each worker feel he was an important part of the war effort and was one of many things credited with keeping morale and production high.

The same idea can help bank-by-mail employees feel more important. Have them sign—or have their names printed on—deposit receipts they return to customers. This gives extra recognition to these employees and makes them feel a more personal part of each transaction. (It also makes an otherwise cold-blooded mail transaction a little warmer for customers!)

Even better, add the employee's picture on the re-

turn receipts he or she handles. One bank goes even a step further. At Christmas, it encloses with the receipt a "greeting card" bearing the pictures and names of all bank-by-mail employees. Employees love it. So do the customers—some of whom even send back greeting cards of their own with thank-you notes.

Employee recognition also can improve quality of performance. Manufacturers, when checking finished products, often enclose the number of the employee who made the inspection. Now an increasing amount are using the employee's name instead of the impersonal number—and are noting improved inspection performance. It seems that a person putting his name on his work is more conscientious.

Even Uncle Sam has started using this technique. Just recently, President Jimmy Carter issued an executive order requiring every federal employee writing a new regulation to sign "his or her name to it." The hope: An employee will prepare a regulation more carefully if he knows he will bear the brunt of any criticism.

Suggestion boxes encourage employees to seek new and better ways to do their jobs. Rewards, of course, should be offered to provide incentive. Such suggestions often uncover practical ideas and profitable innovations in many companies.

"Suggestion" programs don't always work well. One reason is that employees are not kept informed as to what sort of ideas are sought or given helpful hints in developing them. This produces a lot of unusable ideas. In turn, this leads to employee discouragement and loss of interest.

"Suggestion" campaigns also fail for lack of sustained promotion. Campaign programs are always kicked off with a great flourish and create high initial interest; but without frequent reminders and re-selling of the idea, it's easy for employees to forget. Frequent publicizing of accepted suggestions and awards given for them is an excellent way to keep interest and participation high.

Sales contests, as mentioned, provide a good opportunity to use employee motivation. In such contests, extra interest can be built by using a "team" approach. Divide personnel into teams—by departments or groups—and "team spirit" often will build up an extra incentive. Where an employee on his or her own may not be too active, the pressure of more enthusiastic teammates often provides an added motivating pressure.

In the same way, it helps—whenever possible—to have employees' wives share in winners' awards. Never underestimate the power of a woman to motivate! Of course, include women employees' husbands, too.

Special awards for exceptional performance. A company, seeking to better employee attendance records, offered extra vacation time to employees not late or absent for the year. The extra man-hours saved more than made up for the added vacation time.

"Mystery customers" to improve teller service. The
(Continued on page BG/38)

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Apparel Supplier Presents Styles To Thrift at On-Site Fashion Show

A MODEL moved gracefully around the attentive audience. Her pleated skirt, bush jacket and printed blouse received approving looks. The commentator emphasized the outfit's styling and fabric highlights.

This scene is a common one in fashion showrooms, country clubs and department stores throughout the country. This, however, was none of those. It was the executive conference room at First Federal Savings of Broward County in Ft. Lauderdale, Fla.

Here, recently, a committee of women employees gathered for a day-long meeting to select a new collection of styles for the association's career ensemble program. The choice: An eight-piece group in Du Pont "Dacron" polyester and "Wintuk" yarns of "Orlon" acrylic, designed by Starflite Uniforms, Inc., of New York.

First Federal's program, the first of its kind in affluent Broward County, was started in 1962. Being the second largest S&L in Florida, its management realized the importance of projecting a leadership image. The ensemble concept, management felt, would help maintain this image by giving staff members at all locations a uniform, professional look.

Employees liked the idea as it helped cut the cost of clothes for work. It was decided that the ensemble design should change every four years. New basic pieces now are added every two years to help keep the look contemporary and interesting.

A free wardrobe for work is fine, but how do you please more than 700 employees—all with individual tastes? First Federal's unique "fashion committee" method, operative since the start of the program, has proved to be the answer.

"We believe in getting our people involved," says

Eva Burkard, the association's vice-president/corporate secretary. "We felt that if they were going to wear the clothes, they should have a say in what they'd be."

To get opinions from a cross-section of its staff, First Federal formed a committee with representatives from each of its offices and departments. One of the committee's most important functions is to evaluate information submitted on questionnaires that were distributed to female employees at all of the association's 17 branches. These questionnaire responses give the committee input on the kind of clothes the staff would like to wear. This information is evaluated in relation to practicality, cost and business appearance. With the facts in hand, committee members have a good idea of what they are looking for when selected vendors come in to put on their "fashion shows."

Most recently, four top apparel companies were invited to show their latest lines at a First Federal ensemble committee meeting. Ability to handle volume, quality of fabrics, workmanship and reasonable price were key factors as to which firm the association would choose to design its new apparel. The choice: Starflite Uniforms, Inc.

"Their fabrics and styling really impressed everyone," says Ms. Burkard. "They didn't look at all like what most people think of as career apparel. Most of the women agreed the outfits were nice enough to wear after work, too." The committee also felt the fabrics' stay-neat, easy-care features were a plus. "One of the things that sold us was that the collection not only looked good, but it would stay good-looking with a minimum of care," the corporate secretary commented. "For a prestige service organiza-



tion, confronting the public all day long, that's critical."

The New York-based uniform company's willingness to coordinate a new ensemble line exclusively for First Federal was another important selling point. The new group's basic items, all in rust, brown or camel, include: three-

piece outfit with blazer, inverted kick-pleat skirt and weskit; cardigan and sleeveless pullover sweater set; chain-link vest; princess line, front-zip dress with patch pockets and self-tie belt; belted bush jacket; and two-piece (blouse and eight-gore flare skirt) print dress.

For the tailored clothes, Starflite used a new textured poplin doubleknit fabric from Springs Mills. The printed fabrics used in blouses and some skirts are a custom interlock knit. The sweater styles are all in "Wintuck" yarns of "Orlon" acrylic.

"With a top-flight organization like First Federal, it was imperative that we use fabrics that would impart a rich, quality image and also perform in an outstanding manner," Starflite President Hugh Teegan said. "The new ensemble fabrics of 'Dacron' and 'Wintuck' met all the requirements."

Providing specially-proportioned clothes for hard-to-fit employees is another example of Starflite's willingness to work with an important customer. Preliminary garment alterations are done by the association's in-house seamstresses at no charge. Subsequent tailoring, when necessary, is provided at minimum cost.

What happens to the thousands of old garments when a new ensemble is introduced? Rather than discard them, First Federal donates the clothes to disaster-relief projects in this country and overseas—another example of class on the part of a first-class organization! • •



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Award Winner:

'TV Guide' Lookalike Pushes Bank Services

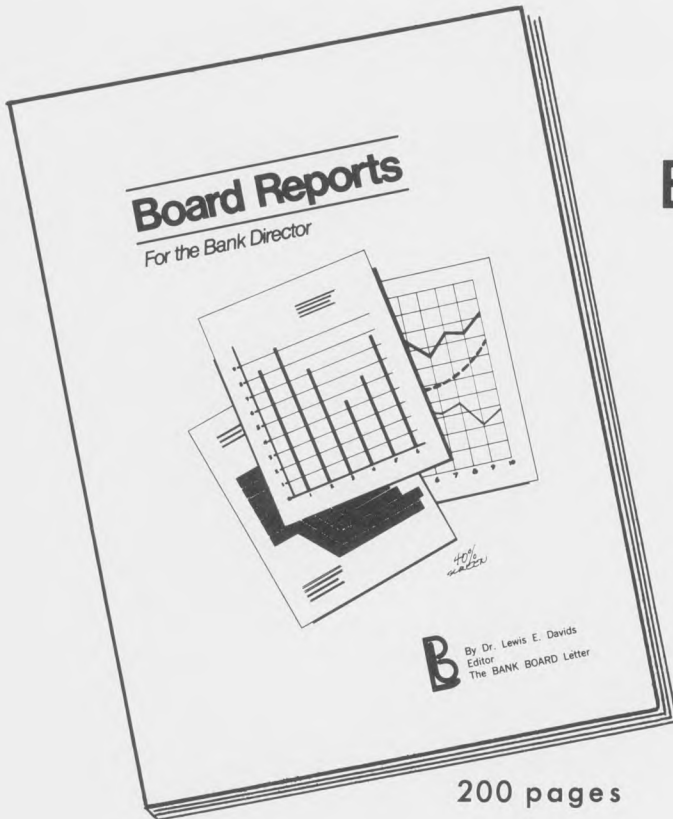
The Parkdale "Bank Guide," a service and information brochure published by Parkdale State, Corpus Christi, Tex., received an award for newspaper-insert advertising from the Corpus Christi Advertising Federation recently.

The Guide bears a strong resemblance to "TV Guide" magazine and includes articles about bank services and a list of services made to appear like a directory of TV programs. Customers of the bank and newcomers to Corpus Christi are urged to retain the publication for reference.

Articles in the Guide explain the bank's operations, tell how to qualify for a loan, advise women who are leery about dealing with banks, list 10 lazy ways to bank (using services such as bank by mail) and respond to questions people have about banks.

The bank also received three silver citations for excellence for its overall advertising campaign theme "Parkdale People, Parkdale Bank—Let Us Shine For You." Two of the citations were cited for excellence in TV advertising.

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(Publication Date: May 15, 1978)

200 pages

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Editor, The BANK BOARD Letter

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Bank Salutes Apple Harvesters By Baking Giant Pie on Premises

WHEN A BANK is located in an area that is famous for growing apples, there's no better way for it to become involved in its community than by offering to bake a 10-foot apple pie during the annual harvest homecoming event.

That's just what the people at Union Bank, New Albany, Ind., did last fall.

The pie—which was almost a foot thick—took three days to prepare. Bank employees did most of the peeling of the 70 bushels of apples necessary to fill the pie, but several TV personalities from stations in nearby Louisville, Ky., helped out. It was natural for the bank to hold a contest to see who could come up with the longest apple peel as the apples were being prepared for the pie!

In addition to the apples, the pie required 250 pounds of dough, 200 pounds of sugar, 15 pounds of cinnamon, five pounds of nutmeg and 40 pounds of butter.

When the pie was ready for baking, it was fork-lifted into a special oven imported from Liberty, Ky. (where the idea of a giant pie originated) and baked

for 12 hours. After the pie was baked and cooled, servings were offered free to 10,000 people attending the event. Film star Robert Morse cut the first piece.

Forrest Byrne, vice president at the bank, was in charge of the project. Preparation for the pie began on a Thursday and continued on Friday. It was baked on Friday night and served on Saturday.

Site of the event was the bank's parking lot. A bright yellow tent was erected to provide shelter for the pie and its cooks. There was hardly a lull in the activity for the entire three days!

Union Bank supplied participants with tee-shirts and caps bearing large red apples and the bank's name. Prizes for the apple peeling contest were real apple trees. Records of songs such as "Don't Sit Under the Apple Tree With Anyone Else But Me," "God Didn't Make Little Green Apples" and "One Bad Apple" were played over the PA system during the event.

Mr. Byrne estimated the cost of the event to be about \$4,000, which included the expenses of the people who brought the pie pan and oven from Kentucky and some of the pie's ingredients.



Employee of Union Bank, New Albany, Ind., places strips of dough on top of 10-foot wide, 10-inch deep apple pie prior to baking. Seventy bushels of apples were peeled for pie, which was baked on bank's parking lot in special oven imported from Kentucky.



People line up to sample giant pie on last day of three-day apple harvest homecoming. Film star Robert Morse cut first piece, bank employees doled out rest of pie to 10,000 hungry celebrants. Bank personnel were outfitted in tee-shirts and caps bearing apple and bank's name.



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Employees Boost Bank's Deposits; Qualify for Merchandise, Trips

MORE THAN \$40,000,000 in new deposits and about 5,000 new accounts isn't bad for 16 weeks' effort! That's what happened recently at Birmingham (Ala.) Trust National as a result of the bank's "Benefiting Through New Business" promotion.

But the bank didn't do the work—its employees did. And the bank and its employees—some 1,200 of them—had expert assistance from two sources: S&H Financial Promotions, Cincinnati, and Hubbard & Associates, a financial marketing consulting firm.

One of the best ways to interest employees in selling bank services is to entice them with possible prizes associated with an employee incentive promotion, according to Debbie Weaver in the bank's marketing department.

And this is where the people at S&H come in. They provided the large catalog of premiums available to employees of the bank reaching the goals that made them eligible for high-quality merchandise. S&H advertises itself as the only firm in the business that offers a full-range of full-service business development programs exclusively for financial institutions. The firm provides the motivational expertise, warehousing and the brand-name merchandise necessary to make an employee incentive promotion take off.

And employees could "take off" with at least one of the premiums offered in the promotion—a hot air balloon! No one took advantage of that piece of merchandise, but the balloon provided a good deal of incentive and color to keep the promotion in high gear throughout its four-month run.

The contest worked as follows: Each employee was given a supply of introduction cards to be handed out to new business prospects, such as friends, relatives and neighbors. The prospect was instructed to present the card when he or she came to the bank to open any one of numerous accounts. When the introduction card was processed by the bank, the employee was credited with a set number of points that each new service was worth to the employee.

Employees were divided into three categories: (1) non-contact employees, (2) contact employees and non-contact officers and (3) contact officers and new account representatives.

The point system worked differently for each category. For example, for selling a "banker's dozen" account with approved check OK, non-contact employees received 4,000 prize points, contact em-

ployees and non-contact officers received 2,000 prize points and contact officers and new account representatives received 1,000 prize points.

Merchandise catalogs were sent to each employee's home where the entire family could examine them at leisure and goals could be established by employees desiring a certain item of merchandise.

The 1,200 participating employees were divided into five leagues and 62 teams, each of which competed against one another for bonus points that were presented every four weeks.

Bonus points were given to each team when all members of the team had earned award points, according to Miss Weaver. At the end of the campaign, a president's employee grand prize was awarded to those earning the highest number of regular prize points.

First prize awards were one-week all-expense paid vacations for two in the Bahamas. Taxes on all merchandise awards over \$100 in value were paid by the bank.

Hubbard & Associates provided the expertise for employees to sell bank services effectively. It provided the bank with its "Yes System" designed to make the job of selling services easier by teaching them how to get things done through people more effectively.

The system consisted of course material that was divided into eight segments, each one teaching participants a different proved method that could be used for more successful selling. All team captains attended sessions at which the system was explained. They in turn held meetings with their teams to disseminate the information to all participants.

Team captains were supplied with workbooks containing the main points of the Yes System. The Yes training methods include lectures and visual aids, discussion, self-instruction exercises, self-testing, actual case studies, audio cassettes and participation exercises. All employees were encouraged to take part in nine one-hour training sessions conducted by team captains.

After six weeks, employees had brought in 2,188 new accounts valued at more than \$9 million. The grand total, after 16 weeks, stood at 4,986 new accounts, bringing in \$40,244,401 in new loans and deposits.

That's a pretty good showing on the part of the bank's employees! • •



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

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5 OLD STYLE COIN WRAPPER

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

6 KWARTET COIN WRAPPER

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

7 FEDERAL BILL STRAP

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8 COLORED BILL STRAP

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

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BG/17

Help for Designing an ATM System

Designing the Design is an Important Operation!

By G. G. GONZALES, Marketing Manager, University Computing Co., Dallas

SO YOUR financial institution has decided to install automatic teller machines. Fine. But now what?

Obviously, the institution must have a design for the ATM system. But how do you go about designing the design?

Whether your institution is small and will only be installing one or two ATMs or is large and will have ATMs in several areas of the city, you still need a system design.

You've probably made the ATM decision because you want to keep your competitive edge. Or, you want to offer your customers more services, and by offering these extra services you hope not only to keep existing customers, but also to attract new customers.

Perhaps in ATMs you see the potential for lowering your operating costs by reducing lobby traffic or expanding your points of service without additional "brick and mortar" branches.

Possibly an ATM program will serve as a vehicle for your institution to enter the electronic funds marketplace.

The questions and considerations discussed below can assist in developing a system design. Some of the areas may not apply to all institutions, while some institutions may have additional areas to consider.

An attempt has been made, however, to include the major items to consider and questions to ask when planning an ATM system.

What type access vehicle will your institution use?

There is a choice of credit cards, debit cards or both. Although credit cards have been used in the past as access vehicles, debit cards are becoming more popular. With the debit card, those customers who either don't qualify for a credit card or don't want one would be able to use the ATM.

When the cards are issued, what market segments will you address?

Some institutions have different privileges for different customers, while other institutions don't differentiate between customers and offer the same services to everyone.

When deciding on card types, the institution also should decide on the type of mechanism that will be used initially to establish a card holder base as well as to maintain it on an ongoing basis.

Should your institution generate the personal identification numbers (PINS) internally or allow the customer to select his own?

Although customer-selected PINs enhance client

acceptance of the ATM service, the necessary security surrounding the issuance of PINs becomes more difficult.

The number of digits in each PIN is important, since the longer the PIN, the less chance there is of duplication and the less chance of the secret code being broken. On the other hand, with a long PIN, there is a greater possibility that the customer will forget the number. For those situations where customers do forget their PINs, there should be procedures developed to reissue these numbers without extensive security exposure.

What types of transactions and accounts will be allowed in your ATM program?

The transactions can be limited to withdrawals of cash only. Or, a full-function ATM service might be offered with withdrawals, deposits, transfer of funds, payments and balance inquiries. The institution also can provide various accounts or have only one account available.

When implementing usage controls on the ATMs, what variables will you choose?

The institution can select the maximum number of withdrawals per day on a number of transactions basis, on an amount basis, or a combination of both. It will also need to decide if the usage controls will be at the card level or at the account level. The institution will want to give its customers convenience while minimizing exposure to fraud. If the institution plans to operate on an off-line mode for a portion of the business day, should usage controls for off-line processing be more restricted than on-line?

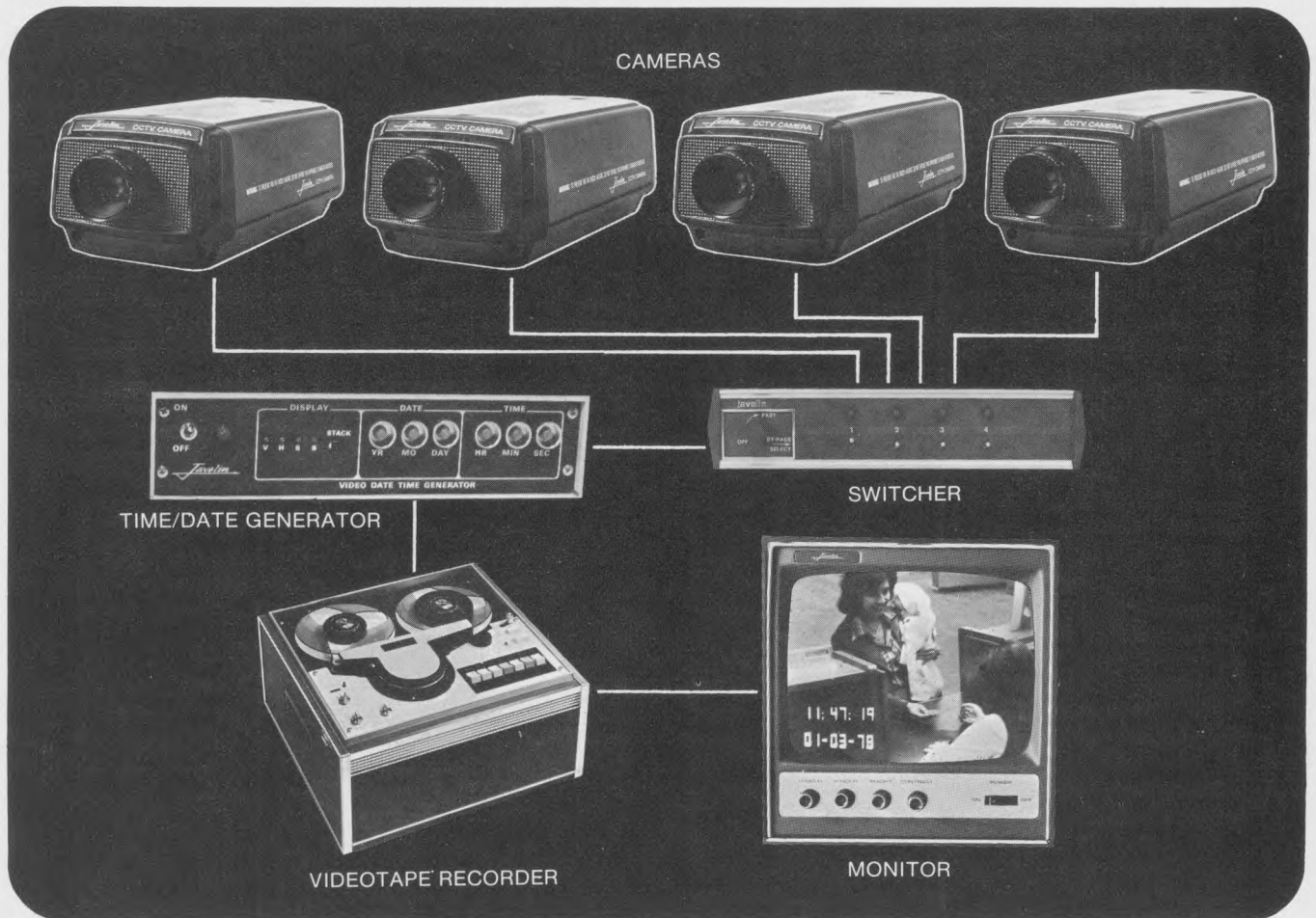
On the surface, authorization logic seems obvious—if there is enough available balance, you authorize the withdrawal. However, the logic goes much further than that. For example, how should frozen accounts, dormant accounts and escheatable accounts be handled?

A matrix should be developed showing all possible transaction types versus all possible account types versus all possible account conditions. Within this matrix, all reject conditions should be defined. Differences between on-line and off-line authorization as well as all conditions where a card is to be retained should be considered. Mapping out all possibilities and conditions will make handling the authorization logic easier.

What should ATM messages include?

These messages lead customers through transactions and include standard messages provided by the ATM manufacturer and customer messages that the

The basic bank security system.



There is nothing unusual about Javelin's bank security system. In fact, it's rather common. The basic system diagrammed above, with minor variations for individual applications, is in use right now in financial institutions throughout the United States and internationally.

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Of course the major reason financial officers use our system is simply that it works for them. Constantly, conveniently and economically. It can work for you too. The basic bank security system. By Javelin.

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Basic Bank Security.

Javelin Electronics / 6357 Arizona Circle, Los Angeles CA 90045 / (213) 641-4490 / Telex: 69-8204

BG/19

institution establishes.

When designing the customer messages, identify all possible conditions that can happen in the transaction process and analyze what messages are required to cover all conditions. The messages should be understandable, consistent for like situations and, most importantly, courteous.

What mode of operation will you implement for the ATM service?

Hours of operation planning should include the hours the machine will be available, the time to settle the machines, servicing hours and off-line/on-line operation time. Network monitoring can be assimilated into the regular computer operations group or may be done by a separate specialized group.

Backup procedures and rules for servicing the machine should include major and minor problems, card jams and replenishing cash. Here again, the institution might not need to form a completely different staff, but can use present employees who can absorb these procedures into their other duties.

Also, in planning the mode of operation, statistics will need to be gathered and a determination made as to what information will be most relevant and how it should be gathered.

Security is always a consideration when installing an ATM system, with the mailing of PINs, control of plastic cards, handling of retained cards, alarm systems and security of servicing. The last item is certainly a human one. If an ATM is out of cash at two in the morning and the institution promises 24-hour availability, how safe is it to send out someone to replenish the cash? Will the institution let the ATM stay down until dawn and not risk a robbery or worse?

The last consideration in the operation of ATMs is settlement procedures—when, where and by whom the procedures should be handled.

How many machines and what type will your institution install?

The answer to this question will, of course, depend upon institution and city size and the preferred location of the ATMs. In some locations, the institution might prefer the machine to be freestanding, while at another location it might be more convenient for the machine to be placed in the wall of an existing building. The institution should also decide if the ATM should be a single- or dual-bill denomination machine.

Does your institution want to acquire a test machine before the actual system is in operation?

A large institution that plans to install a complex ATM system will certainly want to give this question consideration. And, all institutions will have to determine what back room and back-up equipment will be required.

Where will the ATMs be placed?

Site selection is one of the most important factors in installing ATMs. The machine must be in a convenient and safe location, well lighted and protected from the weather, or customer response to the service may be much lower than expected. There should also be a telephone or a telephone number at the ATM for customers to report any malfunction or to make inquiries.

What about marketing strategy?

Marketing strategy is perhaps the most important consideration in planning your ATM system. Without a good marketing program, most ATM programs won't even get off the ground.

Among other things, the marketing group will be charged with naming the service. The name should be catchy and, in some cases, could tie the ATM to other services the institution offers. Some institutions attach human names to their machines, while some prefer a name that emphasizes the fact that the ATMs are machines.

The advertising campaign that launches the service should also follow the institution's theme. The ads need to be timed correctly, of course, to coincide with the service. Advertising the ATMs too early can be just as damaging as advertising too late. In one case, the public's curiosity fades before the machines are available and in the other, the public doesn't have time to learn about the service until it is already installed.

An education program is essential—not only to let people know the service will be available, but also to show how the ATMs work. The institution can do this by direct mail campaigns, advertising in various media or demonstrations at the ATM itself. Some institutions have even installed an ATM in a van and have gone all over the city demonstrating the service.

Don't forget that this customer education must continue after the service is installed and functioning. If the system is to be successful, marketing plans can't stop. The more people the institution can reach, the more successful the program will be.

But, education should not be limited to customers. It also should include the training of institution employees. Customer contact personnel, especially, should be trained on the service in order that they can easily answer customer inquiries, but more importantly, so that they don't feel that their jobs are threatened by the new machines.

After you have mapped out a plan for your system and you know what you want to do and when, how are you going to measure the success of the new program?

Before the service is begun, the institution should decide what the program's goals are and define in detail what is considered success or failure.

Some goals the institution might set up would be:

- Transaction volume.
- Card usage—what percentage of the existing cardholder base is using the machine and, within the users, how often are they using the ATM?
- Availability of service—a high percentage of availability to customers would definitely be a sign of success.

Goals should be measurable and have time frames attached. Some mechanism should be put into place to monitor activity and to provide ongoing statistics.

The system design checklist, as previously stated, is not complete and does not try to cover each detail of planning an ATM installation. It should, however, give you and your institution a place to start, give you ideas and raise questions that perhaps you hadn't thought of before. • •

What do these key financial people know about money orders that you ought to know?



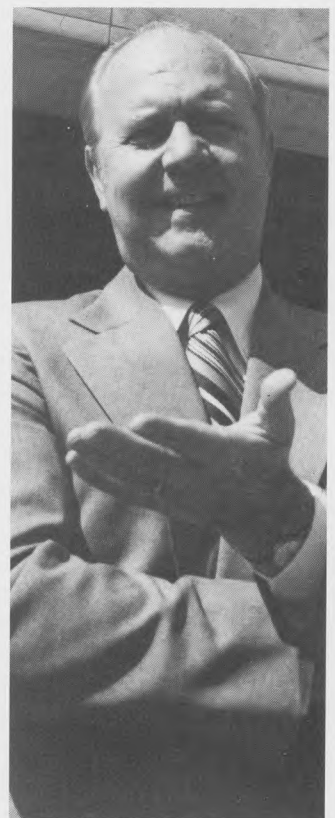
"We like selling Travelers Express money orders... our customers like buying them." Jeffrey S. Smith, Retail Banking Officer, Teller Services Administration, First National Bank of Minneapolis, MN.



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Continuous Premium Promos Self Defeating, Selective Use Brings Greatest Rewards

By **MELVILLE H. SMITH**
President
Programmed Marketing Services
Chadds Ford, Pa.

MOST financial institution executives agree that advertising services is important. Millions of dollars are spent each year on newspaper, radio, TV, outdoor and direct mail advertising, with much of it saying the same thing. Every institution seems to be claiming it is the friendliest, most convenient, pays the highest return allowed, is insured by a government instrumentality, etc.

Lack of creativity plus government regulations are driving financial institutions toward uniformity. And the more uniform their services are—or are perceived to be by the public—the more important become the intangible qualities created by advertising.

Consider a product as prosaic as table salt. Wouldn't most people assume that salt is salt, and that there's really very little difference between brands? Then why does the Morton brand command more money per case than a less-

er-known brand? The answer lies in the intangible quality the well-known brand is perceived to have, and that quality was created by consumer advertising.

Consider, too, the heavy expenditures for cigarette advertising, aimed mostly at creating intangible differences in products that are generally considered uniform in quality. Other examples are gasoline, soap and bread, all of which require hefty advertising budgets to create or magnify real or imagined product differences.

At times, advertising alone isn't enough to reach marketing goals. Packaged goods manufacturers, for example, are especially skillful in using other marketing tools. Proctor & Gamble, Lever Brothers or Colgate couldn't possibly turn in substantial profits year after year if they relied on advertising alone. Depending on marketing objectives, they use such merchandising techniques as premiums, sampling, couponing, cents-off promotions, half-price sales, etc., all of which are intended to give nonusers a temporary inducement to buy the product but without destroy-

ing the product's price structure.

The theory behind this strategy is that there are a lot of people "out there" who are indifferent about buying product A, B or C. All these people need is a nudge—in the form of a temporary inducement—to try the product. Of those who try, a certain percentage can be expected to repeat and become regular buyers. True, some will fall by the wayside and sales won't hold at peak levels following a promotion, but sales will usually settle back to a level higher than was attainable before the promotion.

Promotions rarely pay for themselves during the promotion period. But they usually are paid for by profits resulting from sales brought about by the promotion.

What does all this have to do with financial institutions? The same principles of marketing apply to soap and financial services. There are times when advertising alone isn't enough to carry the institution to its marketing goal. There are other marketing tools that can and should be used to give prospects a temporary inducement to try the institution's services.

It isn't practical to offer a price concession by temporarily raising the dividend or interest rate. It isn't easy to offer a sample of an institution's services. Certainly, half-price sales, cou-



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Address _____

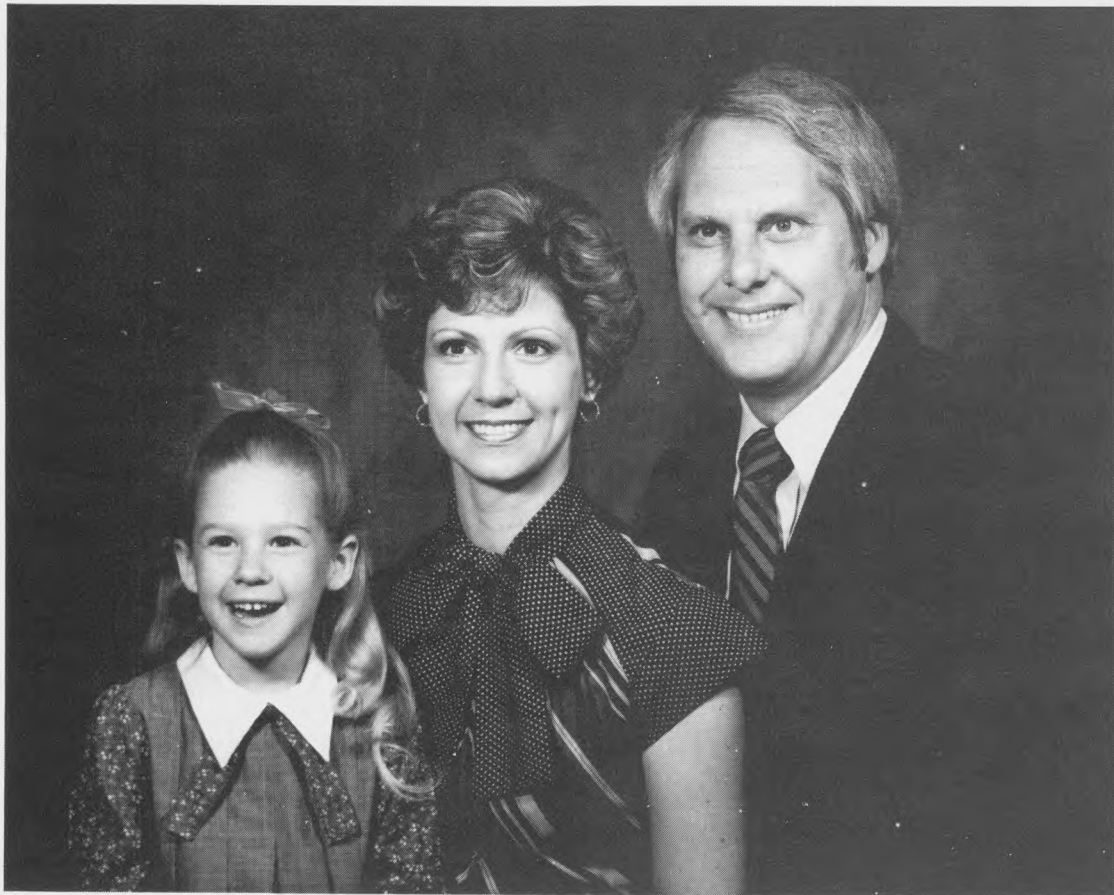
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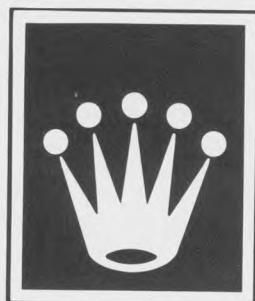
You give a free 8 x 10 color portrait to each customer and prospective customer. Our low cost promotional package includes materials such as ad slicks, statement stuffers and radio spot copy. These items are designed to attract families into your bank not once, but twice. And our Gold Crown Portraits are sure to please

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BG/23

poning and cents-off promotions don't make sense for financial institutions.

Fortunately, there's one merchandising strategy that's practical and profitable, and that's the use of premiums. With premiums, a financial institution can offer savers a temporary inducement without messing up its interest rate or dividend structure.

Recently I talked with an executive at a \$300-million S&L. To meet the institution's need for mortgage money, management had borrowed \$17 million from the Federal Home Loan Bank Board at an average cost of 7½%. I pointed out that a well-structured dinnerware continuity program would bring in at least \$15 million in new funds and at a cost of one-quarter of 1% over the passbook rate. In short, over a period of 12 months, the S&L could enjoy a saving of 2% on \$15 million, or \$300,000 per year. The institution could accomplish the same result (if permitted by regulators) by cutting its price, that is, raising its dividend rate. But once the rate was raised, it would be difficult to reduce it to its former level.

If premium promotions can attract funds that effectively, why not run them continuously? The more frequently promotions are run, the less effective they become. We have all seen new in-

dustries spring up and, as newcomers fight for distribution and sales, more and more pressure deals—such as couponing; cents-off promotions; buy two, get a third free, etc.—are tried. Before long, the consumer gets so accustomed to special offers that she waits for a special deal before buying. What started as a legitimate merchandising technique degenerates into what is tantamount to a price cut, even a price war.

When, then, should a marketer use premiums? They should be used when there is a special need, but rarely on a continuous basis. The circumstances under which premiums are most productive are:

- When a newly chartered institution is launched.
- When a new branch is opened.
- When a modernization or remodeling program has been completed.
- When an institution has a small share of the market and wants to expand it.
- When there is a need for additional deposits.
- When an institution needs a defensive program because of new competition.
- When there is a need of some program to set the institution apart from its competition.

The kind of premium program an institution needs will depend on the relative importance of the above objectives. The program that's ideal for launching a new branch probably will not be the most appropriate for attracting savers at the lowest cost. Get the advice of a professional firm that's knowledgeable in all phases of financial premium promotions, straight one-shots, self-liquidating, continuity promotions. Those firms that handle only one type of financial premium find it difficult to offer unbiased advice.

Premiums are a legitimate marketing tool, but the marketing objective should determine what type of premium is to be used. Twenty years ago, we in the premium industry frequently heard financial people say, "We don't believe in giveaways."

Most of those same people—now that they have seen what premiums can do and how they should be used—are using premiums routinely as circumstances arise in which incentives can help financial institutions reach marketing goals. • •

From the ABA:

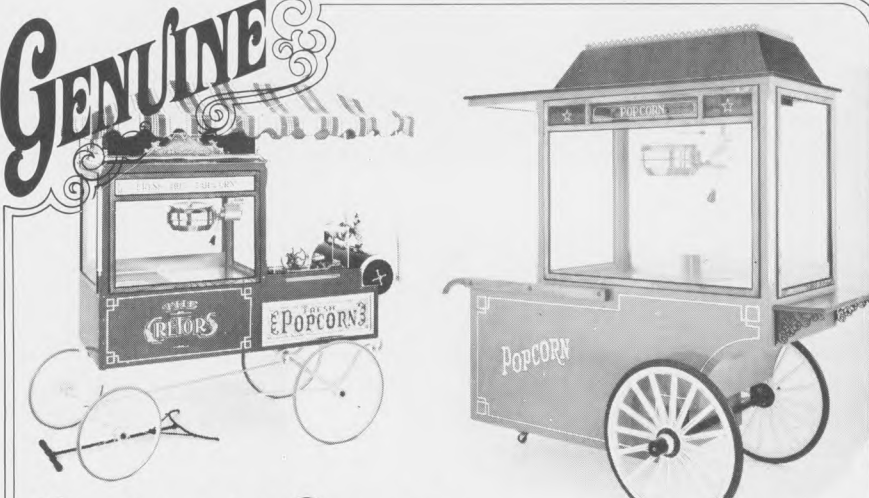
Successful CI Programs Published in New Book

Successful community involvement programs for banks are featured in a new book available from the ABA entitled "Bankers and Community Involvement: Profiles of Selected Bank Programs in Economic and Community Development."

The book profiles 83 programs developed by banks ranging in deposit size from \$50 million to \$1 billion. Purpose of the book is to identify a sampling of bank community action programs and present them in a single volume for the use of bankers who want to initiate new programs or evaluate existing ones.

The book is divided into chapters on employment and minority business development; commercial and industrial development; neighborhood redevelopment and rehabilitation; urban transportation; ecology and education, and community outreach programs. The cases represent programs that respond to community needs and to the needs and expectations of depositors and stockholders. In nearly all cases, the programs are profitable for sponsoring banks.

The book is available to ABA members at \$15 per copy and to nonmembers at \$20 per copy. To order, request publication number 029800 from the Order Processing Department, ABA, 1120 Connecticut Ave., N. W., Washington, D. C. 20036.



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Regular Price: \$11.00

Profit-Building Ideas for Bank Christmas Promotions. This is NOT a Christmas Club book, although ONE chapter is devoted to Christmas savings promotion plans. Other chapters: selling various bank services during the Holidays: using lobby decorations most effectively; helping children at Christmas; remembering employees in Christmas planning; using the "good will season" to build bank good will; getting the most benefits from Holiday publicity; planning for the Holidays from mid-summer to New Year's. In 80 pages are packed tested Holiday ideas used by banks, big and small, from coast to coast.

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Regular Price: \$17.00

How to Write Bank Publicity and Get It Published. . .

The complete guide to procedure in writing publicity releases and how to prepare them so that newspaper and magazine editors will use them; 61 pages; 12 chapters with titles such as "Constructing the News Story," "Placing the News Story," "Handling 'Sticky' Situations," "Dealing with News Media"; another completely factual, step-by-step how-to-do-it manual.

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Few Check Kiting Losses Covered by BBB; Tellers Can Be Trained to Detect Fraud

HOW CAN banks protect themselves against check kites? How can personnel learn to detect kites? What protection is provided against check kites by bankers blanket bonds?

The answers to these questions appeared recently in the Loss Protection/Prevention Bulletin published by Scarborough & Co., Chicago-based bank insurance firm. The answers were prepared by Oscar W. Jones, director of loss prevention services for Scarborough.

A check kite is the practice of drawing against fictitious balances credited by worthless checks in the process of collection, Mr. Jones said.

The kiter deposits worthless checks simultaneously or at carefully timed intervals in two or more banks, usually located in widely separated cities. The checks deposited in one bank are drawn on the other bank. These checks may be the kiter's personal checks, those of an accomplice, or those of a business concern operated by the kiter.

In this way, bank balances consisting of uncollected funds are built up, and if either bank pays against such balances, the kite is successful. The process can be repeated and go undetected indefinitely as long as the bank pays against uncollected funds and the gross book balance at each bank is replenished on a timely basis, Mr. Jones said.

When the kite is detected and the rhythmic flow cycle of payments against uncollected funds is broken, one or more of the involved banks will suffer a loss. Losses from kiting operations can quickly reach catastrophic proportions. Banks have been closed as a result of kites.

Mr. Jones presented a typical kiting scheme. Bank A is in a town 10 miles from Bank B. Bank A and Bank B clear each other's checks through the Fed, which is in city C. A check deposited in Bank A drawn on Bank B takes two days to clear and vice versa. The kiter knows these facts or he can get them easily by cashing checks on each bank

in its opposite number.

First he opens an account in each bank with a nominal cash deposit. Then he gets his checkbooks. Here is a typical list of transactions:

July 2—The kiter deposits a check drawn on Bank A for \$500 in Bank B.

July 3—He deposits a check drawn on Bank B for \$1,000 in Bank A.

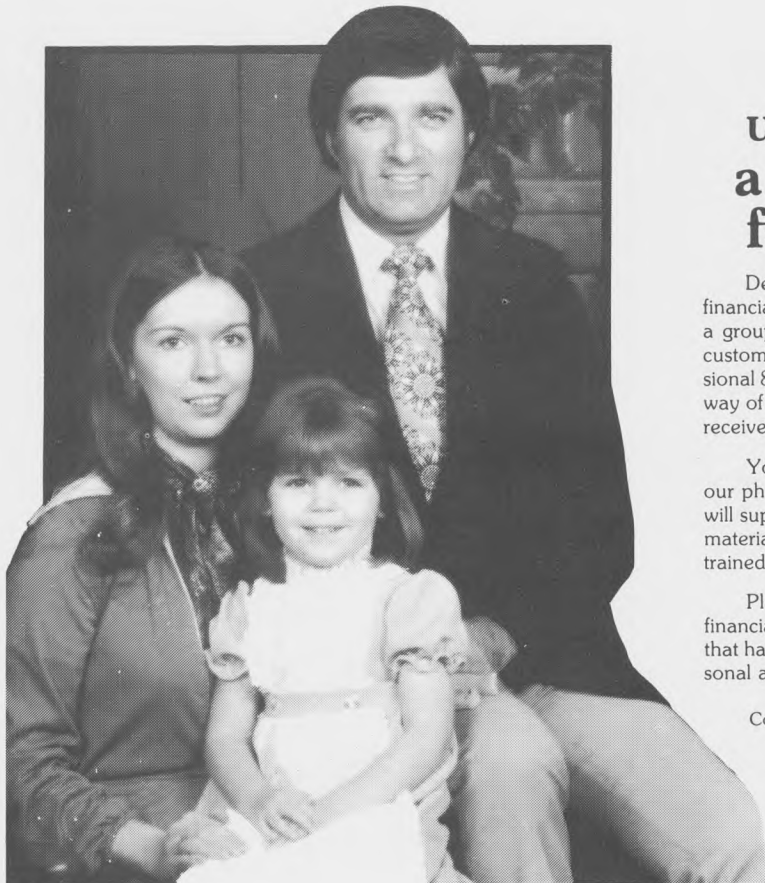
July 6—After the weekend, the check for \$500 clears Bank A. The kiter deposits a check for \$1,500 on Bank A in Bank B.

July 7—The \$1,000 check clears Bank B. The kiter deposits a check for \$2,000 on Bank B in Bank A.

July 8—The \$1,500 check clears Bank A. The kiter deposits a check for \$2,500 on Bank A in Bank B.

July 9—The \$2,000 check clears Bank B. The kiter deposits a check for \$3,000 on Bank B in Bank A.

July 10—The \$2,500 check clears Bank A. The kiter now shows \$1,500 in each account. He draws two checks for cash in the amount of \$1,500 each,



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and presents them for payment at their banks. Then he leaves town and when the checks bounce because of non-sufficient funds, the whole house of cards collapses.

Another example was cited by Mr. Jones:

Doe Co. is a customer of the bank. At the moment, it has a short cash position and a payroll to meet. The firm expects \$5,000 in payments to be made to it within a few days.

Doe Co. has accounts at both Bank A and Bank B. The owner cashes a check for \$1,000 at Bank A, drawn on Bank B, which he uses to meet his payroll. He then deposits a check in Bank B for \$1,500, drawn on Bank A.

Before this check can clear, he deposits a check in Bank A for \$2,000 drawn on Bank B. He can now cash another \$1,000 check at Bank A drawn on Bank B.

If his payment is received in time, Mr. Doe simply deposits the \$5,000 he received in Bank B and no one is the wiser. In effect, he has simply "arranged" a short-term, unauthorized loan to hold him over until his accounts receivable come in. Actually, he is kiting. Should the payment not arrive on time, Mr. Doe is in trouble. In any event, he is making use of the bank's money, Mr. Jones said.

By mixing deposits partly with cash, partly with legitimate checks and partly with kited items, a depositor can make it difficult for the bank to detect the kiting operation. Of course, he must know the clearing and collection procedures of the banks involved in some detail and be willing to spend the time to keep track of his operation and to go from bank to bank.

Another reason for a kiter to go into operation might be to establish a reputation for credit purposes. In this case, he might inflate an account, keep it inflated for some time, then slowly "deflate" it without actually keeping any money for his own purposes. The only thing he would accomplish would be an account balance higher than it actually is.

Kiters, Mr. Jones said, may be criminals who intend to fleece a bank of substantial funds by inflating false accounts, or they may be persons with less-than-good credit ratings, who are trying to improve the ratings by inflating their accounts. In any case, the operation is illegal and the alert banker, especially the teller and the bookkeeper, should be on the lookout for clues that a kite is taking place.

Banks using manual bookkeeping methods can protect themselves against kiting attempts by following these rules, Mr. Jones said.

- Tellers and proof clerks should always be amount conscious. Someone should be looking at checks, either deposited or paid, over a specific amount. The bank should select an amount and inspect all transactions over that amount. Much can be learned about depositors this way.

- Tellers should watch for checks or drafts drawn on other banks signed by the depositor.

- Tellers should watch for checks or drafts deposited regularly if drawn by the same maker.

- Tellers should report and scrutinize accounts of any customer making

frequent requests for information relative to his account.

- Bookkeepers should watch for and report large transactions, made either by check or deposit.

- They should check any balance less than the day's deposit, especially if it occurs frequently.

- They should report any unusual activity whether or not it appears legitimate.

- They should watch for and report checks payable to the maker deposited in another bank.

- They should watch for and report repeated checks to the same payee.

- They should report any customer



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making frequent requests for information, even though such requests are made through a teller or other person.

- The bank's auditor should scan the ledger frequently for violations of the above rules and follow through on any instances reported by tellers, proof clerks or bookkeepers.

Most banks now use EDP on checking accounts and find the prevention of kiting to be easier than it was in the days of manual processing. Mr. Jones presented the following possibilities on ways to utilize EDP to its fullest potential in the prevention and detection of kites.

- Be sure the bank's EDP program includes a provision for "holds" against

uncollected funds.

- Fully utilize this provision by training tellers to "flag" checks and drafts drawn on other banks so these items will not be available for depositors to draw against until final collection is a certainty.

- Be sure the EDP program includes provisions for reporting attempts to use uncollected funds and reporting unusual account activity.

The key to preventing check kites, Mr. Jones said, is to refrain from paying against uncollected funds.

In spite of this danger, almost every bank permits well-established accounts to draw against uncollected funds occasionally as part of common banking

practice. This is true of many personal accounts where the amounts involved don't justify the expense of intensive preventive measures.

But banks shouldn't be concerned about the occasional user of float or uncollected funds, he said. Generally, that type of account isn't the one that causes trouble.

Banks should be concerned, he said, about the account that consistently uses uncollected funds. Any depositor who must consistently draw against such funds is either undercapitalized, in trouble, or both. Any bank tolerating such a practice very long must expect trouble.

What about blanket bond coverage on kiting? Many bankers ask this question, Mr. Jones said.

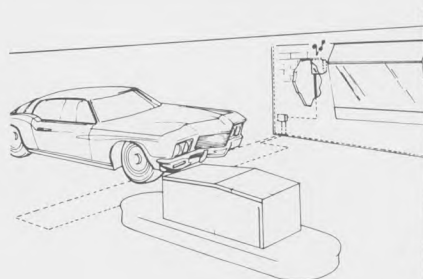
Prior to April 1, 1969, when the latest version of Standard Form 24 bankers blanket bond was adopted, a growing body of court decisions held that check kiting losses were covered under the premises-insuring agreement of the bond, by reason of inclusion of the words "false pretenses." Check kiting losses were regarded as "false pretenses" under such legal interpretations and, consequently, bankers could generally expect indemnity to apply to such losses even though they might involve extensive use of the mails.

It was the contention of the insurance firms that no such coverage was ever intended to apply under BBB, so at the 1969 revision a specific exclusion was put into the bond, reading as follows:

"... or loss resulting from payments made or withdrawals from any depositor's account by reason of uncollected items of deposit having been credited by the insured to such account, unless such payments are made to, or withdrawn by, such depositor or representative of such depositor who is within the office of the insured at the time of such payment or withdrawal. . ."

This language isn't intended to exclude check kiting losses where the transactions involved take place entirely on the bank's premises, Mr. Jones said. Thus, in a situation where a check kite might be operated by an individual who drives his car between the banks involved in order to personally make the deposits and withdrawals, coverage would apply to a loss situation even under the current BBB wording. On the other hand, no coverage would apply to the same kind of loss where the transactions are made by mail.

Most check kiting losses involve use of the mails, Mr. Jones said, so most check kiting losses are not covered.



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If you had the actual 'Framed Limited Edition' on your desk at this moment, you'd probably realize this is something just about everybody in your market would like to own. Read the rest of this ad. If you are at all interested in considering this item as a premium, we'll arrange to get one in your hands soon — no cost or obligation.

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Combine a localized work of art — with a frame that's a work of art — and you've really got something. That is exactly what we have done.

First of all, the artworks are truly 'Limited Editions'. The original art is created just for you. The prints are made only in the quantities you order. When your promotion is over, we destroy the plates and no more prints are available . . . ever! Consequently, most of the recipients will rightfully regard their new possession as a collector's item.

We would ask you to supply us with photographs of interesting scenes or historic sites from your area. (Or, you could get existing art from your local library or historical society). Our artists-under-contract would then render meticulously detailed pen and ink artworks. A photographic plate would next be made. From the plate, authentic reproductions would be printed on fine quality 70 lb. stock. When everything is completed and inspected, the prints are carefully trimmed to size, hand-assembled into the frames and shrink-wrapped for protection.

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The original of this type frame is considered a work of art, in and of itself. It is regarded as a classic design and is the only frame ever selected for permanent display in the Museum of Modern Art.

Because it is crystal clear, polished acrylic — it has a purity of form and purpose with the unusual quality of working well with any decor. For this program, we have selected the size that sells best at retail — 8" x 10". The other measurement of interest is the side which is a full 1 1/4" to give a unique dimensional effect. Within the frame is a stark white insert box whose function it is to "hold" the print to the front of the frame so there is no unsightly buckling. There are die-cut holes in the back of the box which is how the frame is very simply hung on a nail.

Before shipment, every frame is subjected to a fail-safe, fluoroscope-type inspection process so that no blemish goes
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undetected. All frames are guaranteed to be shipped to you in perfect condition.

PROGRAM POSSIBILITIES

Depending upon your program objectives, we suggest you offer from one, to a maximum of four scenes. The basic deposit acquisition program recommended would use four different scenes. The first 'Framed Limited Edition' to be offered free — with a low deposit requirement to encourage maximum participation. The other three to be sold slightly above your cost with a subsequent deposit and lobby visit.

An interesting program theme for four scenes would be, "The Four Seasons of — — —". (Depending upon the size of your market, the title would include the name of your community, county or state). The nature of the product, as well as this particular theme, would tend to encourage your customers to acquire the full set to make an interesting wall grouping.

Should you decide to use the 'Framed Limited Edition' for a Christmas Club or branch opening promotion, you might elect to use just one local scene and title your program, "Autumn in — — —", or "Christmas in — — —". The use of just one scene, initially, could serve as an experiment for a more expanded program to follow later — when results are in.

Due to the product's low cost and unusual localized appeal, there are any number of new service introductions and/or traffic-building events which can have enhanced attention drawn to them through a tie-in to a themed 'Framed Limited Edition'. If you decide to try this program, we're sure you'll agree.

A CONSERVATIVE WAY TO BUY

To go into this program, there is no major commitment necessary. Our minimum quantity for an initial order of custom, 'Framed Limited Editions' is just 576 pieces. *In this quantity, your cost is under \$2.00 each complete.* Once the original art has been done, we will retain the plate to make any additional prints you may wish to order. Larger quantities will qualify you for additional discounts. All prices are cumulative in figuring price breaks. In other words, your entire program total determines your final adjusted billing rather than on a per order basis. Every effort is being made to cooperate with you on price. We know, the lower your cost — the more promotional applications you'll have for our product.

Remember, there are no hidden costs. No extras. No "start-up" costs. The price

quoted is the complete cost for the finished, framed product — F.O.B. New York.

HOW THIS OFFER IS POSSIBLE

Unframed art has virtually no appeal to the average consumer. Offer the finest art print available and tell your customer they must go out and purchase a frame, mat the print, assemble the whole business, then wire it for hanging and you might just as well offer an electrical cord and suggest they buy an appliance to go with it.

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BG/29

Problems with SBA Disaster Loans Outlined by Ag Bankers; Over-Indebtedness a Possibility

WASHINGTON, D. C.—Although agricultural bankers view Small Business Administration (SBA) loans to disaster-stricken farmers as a welcome source of funds, the ABA has warned that SBA procedures—while helpful in expediting disbursement of funds—raise such long-term problems as encouraging over-indebtedness, commitment of collateral and placing future financial arrangements in jeopardy.

Walter W. Minger, chairman, ABA agricultural bankers division, and senior vice president, Bank of America, San Francisco, and Charles W. Nichols, senior vice president, Fidelity Brenton Bank, Marshalltown, Ia., made that testimony before a joint hearing of the Senate Subcommittee on Economic Development, Marketing and the Family Farmer and the Subcommittee on Agricultural Credit and Rural Electrification.

The ABA ag representatives cautioned that "some financial planning should be done in disaster lending so as to take into consideration the individual

farmer's total indebtedness, collateral requirements and repayment ability. The disaster loan should allow for flexibility in terms so it can be properly fitted into the best overall credit plan for the farmer."

They complimented the SBA for its promptness and minimal amount of paperwork, when compared with the emergency program of the Farmers Home Administration (FmHA), but noted, "We view the FmHA as the primary government agency involved in both direct and guaranteed loans to farmers. We believe the FmHA, with its extensive network of local offices and skilled farm loan people, is the appropriate organization to handle the various government credit programs for agriculture."

The ABA's primary recommendations to the Senate committees were a strengthening of the FmHA guaranteed farm loan program to achieve greater involvement of the private sector and relieving government of the burden of handling such a wide range of programs.

Mr. Minger also recommended that high priority be given to support of FmHA resource and administrative authority needs.

Book Review:

Sensational Bank Failures Chronicled in New Work

Can You Trust Your Bank?, by Robert Heller and Norris Willatt, New York: Charles Scribner's Sons. 250 pp. \$9.95.

The recent Bert Lance episode should help sell a quantity of this book, which details the "sensational bank failures of the 1970s." The purpose of the authors is to show how a series of bank failures and near failures in this decade almost led to the collapse of the international banking system.

The authors document what went wrong and why and show how a crucial part in creating chaos was played by individuals who used the borrowing and lending of other people's money for their own personal gain.

They state that the book deals with an unattractive stage in the history of the banking system—the stage of Franklin National, U. S. National, Penn Central and Lockheed.

The book covers monetary shenanigans on both sides of the Atlantic and the authors draw on their considerable experience with well-known financial publications in presenting their material. The writing style is terse and uncomplicated and the authors breeze through numerous case studies in a manner that holds the reader's interest.

Mr. Heller is editor of *Management Today*, said to be Britain's leading business magazine. Mr. Willatt is a former associate editor of *Barron's*.

While several of the case studies deal only indirectly with banks, each episode spotlights the crucial role banks play in business and how tempting it is for a bank's influence to be misused by white-collar criminals.

The authors assure their readers that they trust their local banker—it's the big guys one has to watch out for. They graphically portray the importance of fiscal integrity on the part of bankers through the citing of instances where that quality of character was lacking.

Although the book doesn't deal with director responsibility directly, it becomes obvious, after a few chapters have been read, that the rascals of the financial world can operate successfully primarily because they know the directors of the banks they head or deal with are lax in their duties or are operating in collusion with those who have been giving banking a tarnished reputation.

The authors conclude that the key question—can you trust your bank?—can be answered affirmatively. How-

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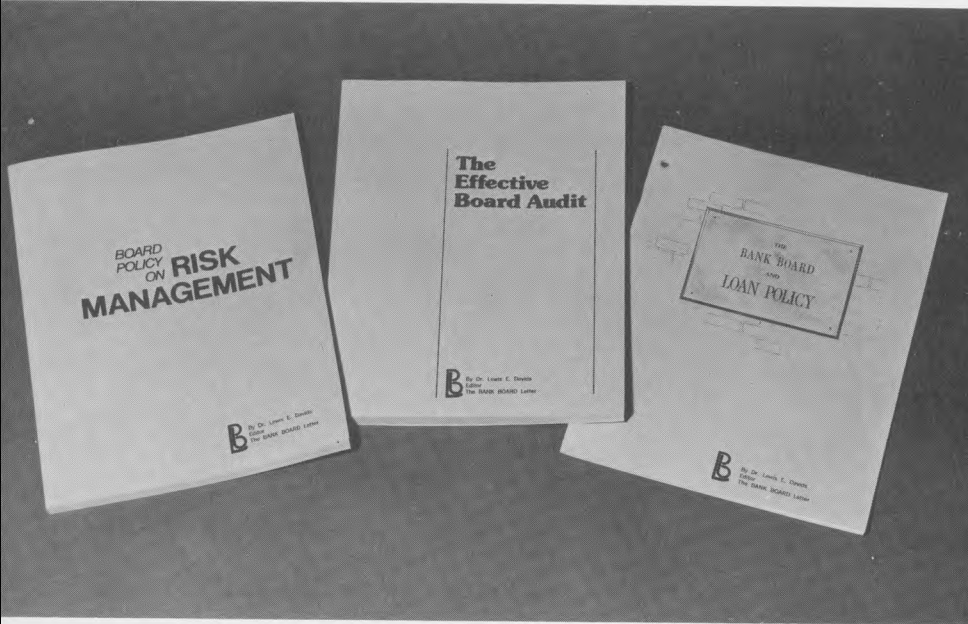
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ever, if the question is rephrased to can you trust your banker, the answer is negative, because "there is quite a good chance that he will invest the bank's money foolishly, exercise inadequate control over subordinate operations, provide no control over large delinquent corporate clients and, in consequence of such faults, incur large and horrific writeoffs."

Bank Sponsors Tennis Meet



Tulsa Mayor Robert J. LaFortune (c.), a tennis novice, gets a briefing on the sport from Len Eaton (r.), president, Bank of Oklahoma, and Libby Adams. Bank of Oklahoma will sponsor the Colgate Grand Prix Tennis Tournament in April. The 32-bracket tournament is Tulsa's first on the Colgate circuit. Several of the top male players in the world are expected to participate in the week-long event at the Shadow Mountain Racquet Club.

Bankers With Credit Info Listed in RMA Directory

PHILADELPHIA—Robert Morris Associates has published a directory listing bankers involved in exchange of credit information on commercial borrowers. The listing will be updated annually.

According to RMA, the directory's purpose is to make it easier for bankers to obtain information they routinely compile in making credit decisions about business borrowers. This, RMA adds, should help the lending process at banks throughout the nation.

The directory lists names, addresses and telephone numbers of almost 4,500 bankers in more than 1,800 commercial banks in the U. S., accounting for about 75% of total bank loans in the country.

The banks are located in 965 cities, which are listed in alphabetical order. Under each bank are listed names of individuals who answer commercial-credit inquiries on domestic and foreign accounts.

Although the banks in the directory comprise most of the bank membership of RMA, the directory is a new product of the association and not its membership roster.

A free copy of the directory has been mailed to each banker listed in it, and

additional copies are available from RMA's national office, 1432 Philadelphia National Bank Building, Philadelphia, PA 19107. Prices are \$7.50 a copy to personnel in RMA-member banks and \$10 a copy to nonmember personnel.

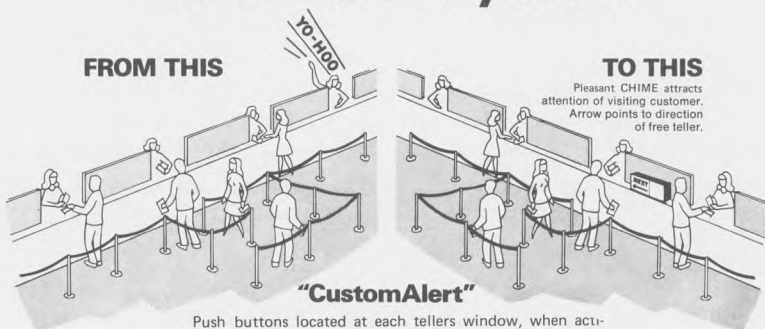
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Four Currier & Ives scenes are available on trays exclusively through Christmas Club a Corp. The scenes are: "Getting Ice," "Harvest Time," "The Old Grist Mill" and "Preparing for Market." The steel-tray foursome are lithographed in full color, with



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George B. Everitt (c.) and John L. Cooley (l.), chairman and president, respectively, Merchandise National, Chicago, stand behind what is billed as "world's largest piggy bank," chrome sculpture crafted by John Kearney (r.). Piggy bank is one of numerous sculptures made by Mr. Kearney from auto bumpers. The chrome pig weighs 300 pounds and measures three by five feet and is on loan from Fourth National, Wichita, Kan., Mr. Cooley's former bank.

**Nationwide NOWs by '80
Foreseen by Bankers
According to 'NOWletter'**

Legislative approval of nationwide NOW (negotiable order of withdrawal) accounts is expected by financial institution leaders before 1980, according to "NOWletter," a new newsletter concerned with news and commentary about NOW accounts.

"NOWletter" is edited by Robert D. Hall Jr., said to be the nation's leading authority on NOW accounts. Until recently, he was vice president, Charlestown Savings Bank, Boston, which, at one time had 32,000 NOW accounts—more than any other thrift in the U. S.

One factor that may force enabling legislation for nation-wide NOWs on the part of Congress was the promise the legislative body made in 1974 that, if NOW accounts were successful in New England, they would be instituted nationally.

The introductory issue of "NOWletter" includes an item on NOW account losses. Editor Hall writes that most New England financial institutions don't know the true contribution a free NOW account makes to the bottom line in terms of either profits or losses, so the Savings Banks Association of Massa-

chusetts recently made available to its members a cost-accounting manual. Developed by the accounting firm of Ernst & Ernst, the manual provides a step-by-step costing methodology which, if followed, "can provide banks with cost information on providing NOW account services to customers."

Mr. Hall writes that one institution with 10,000 free NOW accounts and \$8 million in deposits was shocked to discover that these accounts were costing approximately \$300,000 over a 12-month period—an average cost of \$30 per account.

Copies of the manual are available to financial institutions at \$200 each from the Savings Banks Association of Massachusetts, 50 Congress St., Boston, MA 02109.

Information about "NOWletter" is available from Mr. Hall at Cash Management Institute, P.O. Box 542, Holliston, MA 01746.



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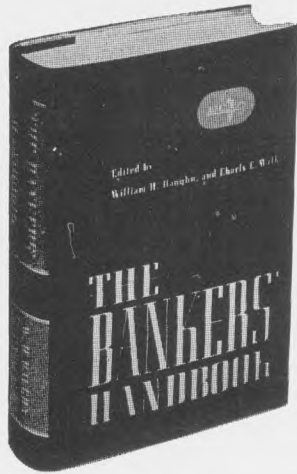
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BG/34



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Bank Ads Create Desire for Premium; Volume Runs Month Ahead of Projections

"LADIES, how many times, when you've been someone's dinner guest, have you gazed at their lovely table and wished that your own table could be just as elegant?"

"You can take a giant step right now toward turning that dream into reality, just by saving at Nashville CityBank.

"That's right, Nashville CityBank will help you put together a complete 73-piece set of beautifully crafted stainless flatware simply for being a regular Nashville CityBank saver.

"Start collecting your own luxurious set, with its gracefully curved handles, rich beading, and soft glow of brushed pewter by opening a new savings account with \$50 or more or by adding it to an already existing account.

"When you do, the first five-piece place setting is yours absolutely free! Then, every time you add \$25 or more to that account, you may purchase another five-piece place setting, or a handsome accessory piece, for only \$3.95 plus tax.

"This beautiful, American-crafted stainless is waiting for you right now at any Nashville CityBank office."

This 60-second radio commercial was one of the ways Nashville (Tenn.) CityBank advertised its on-going stainless premium promotion, says Nelson Early, the bank's product manager. TV, statement stuffers, newspaper and outdoor were also utilized, all with a "Free from NCB" theme.

Results of the promotion at the end of four months were impressive. Volume was so brisk that the bank found itself 30 days ahead of projections on reorders of stainless, Mr. Early said.

As of March 1, 3,321 place settings had been given away to those qualifying with \$50 deposits. More than 4,600 place settings were sold, along with 1,637 individual serving pieces and 322 complete 73-piece sets. Customers were required to deposit \$25 for each of the place settings and serving pieces sold. In order to purchase the 73-piece set (with chest), they were required to deposit \$1,000.

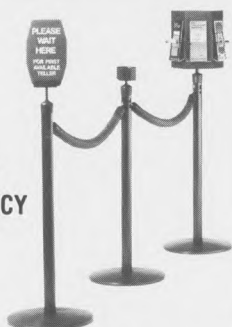
About 900 new accounts were opened during the first four months of the promotion, resulting in \$1.5 million in new deposits. An additional \$3 million came in as add-on deposits (more than 6,000 of them!). The grand total (with still two months to go) was \$4.5 million. Mr. Early expects the total will exceed \$5 million by the time the promotion is over next month.

"We've had excellent response from the Nashville community," Mr. Early says.

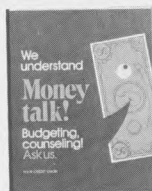
The stainless was manufactured by Salem China Co. and was supplied through Thom Welch Co., Brookhaven, Miss. • •

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Start your new savings account today. At \$50 or more, you'll receive a complete 73-piece stainless steel service set for just \$1,000. Start today!

START TODAY
Visit any Nashville CityBank office and start your collection today!

FIRST PLACE SETTING FREE
NCB makes it easy to start your own collection of this beautiful stainless. It's FREE with any new savings account or new.

Nashville CityBank

Nashville (Tenn.) CityBank's newspaper ad attracted attention with "free" headline, illustrated every piece of stainless being offered, along with terms.

Bank's ATMs Handle Enough Volume To Replace Tellers; Usage Up 400%

MORE THAN half of the 23 ATMs operated by Liberty National, Louisville, average enough transaction activity to replace at least one live teller each, says G. W. Holland, vice president/marketing research.

Usage of the bank's ATMs has increased more than 400% in the past two years to an estimated penetration of over 40% of the bank's card holder base originally issued access cards, Mr. Holland says. This is due to on-line expansion, additional services and equipment, debit card issuance and promotional activity.

"With the turnover of accounts that has taken place in the past two years," he says, "probably half of the customers presently holding an access card and PIN number have used the ATMs at least once during that period. Both deposit and withdrawal activity have continued to grow at a substantial rate at almost parallel levels, with deposits exceeding withdrawals by as much as 10%."

Mr. Holland says that the bank's ATM usage compares favorably to national usage rates, on a usage-per-customer basis.

The bank has been energetic in promoting its ATMs, according to Mr. Holland. Extensive advertising support familiarized the public with the machines and their services. In addition, direct mailings of brochures, access cards and PIN numbers have been made. In the summer months, the bank has hired college students to serve as demonstrators at new ATM locations.

Coupon incentives have been effective, he says, including one good for a free ice cream sundae, another offering a two-for-one movie admission and a third that enabled customers to take advantage of a two-for-one deal on restaurant meals.

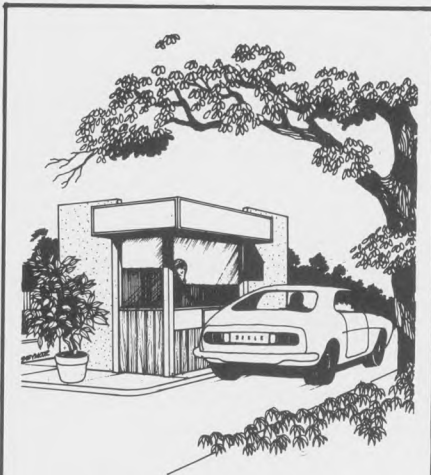
Liberty National has ATMs in 20 locations, Mr. Holland says. The locations include supermarkets and branches, in addition to the Main Office. The bank initiated its ATM network early in 1971 with off-line Master Charge access permitting only checking and Master Charge transactions. In February, 1976, the network went to on-line and Master Charge cards were reissued to existing customers and a debit Money Card feature was added on back of the Master Charge card for ATM access.



Liberty Nat'l ATM installation at Louisville supermarket. More than half of bank's ATMs average enough transaction activity to replace at least one live teller.

Services available through Liberty's ATMs include checking account deposits and withdrawals, transfers to checking from Master Charge cash advance, transfers to checking from savings and checking and savings account balance inquiry.

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Tom Sawyer

(Continued from page BG/9)

procedure is simple. Employees are informed that persons unknown to them—posing as customers—will be visiting the bank during a stated period of time. They will grade the tellers serving them on the quality of service given—and tellers passing this test will receive an award a bit later from the bank. Thus, tellers who may have become a bit careless, are kept on their toes. Even more important, this extra attention to proper procedures for a period of time tends to correct and strengthen tellers' service habits.

Pay compliments to boost morale. It's easy to keep employees happy. Just let them know that good work they have done has been noticed by management. When an employee does something praiseworthy, recognize it. If possible, give him or her a verbal pat on the back. If nothing else, a brief note or letter works wonders.

Publicize noteworthy achievements. Run a story on the event, with a picture, in the bank publication. Or put an announcement on the bank bulletin boards.

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Everyone likes compliments—and a bit of publicity—on something done well. Providing such compliments and publicity encourages all employees to emulate the activity that won this praise. It's surefire motivation.

These are a few illustrations of how motivation can improve job performance in a bank. There probably are many other areas in which a bit of creative thought will pay off in productivity. Someone once said that virtually every job in the world could be done a little better—if the people doing it reached their full potential.

In almost every bank, increasing a department's output, encouraging employee sales efforts, reducing errors, improving customer relations, building employee enthusiasm, raising morale and almost anything else might be done just a bit better.

The right motivational ideas can pay off handsomely. It's worth a bit of effort and thought to find the key! • • •

Bonds Elected President Of ABA Trust Division

NEW YORK—W. Kenneth Bonds, chairman of the trust committee and executive vice president, Liberty National, Oklahoma City, was elected president of the ABA's trust division last month.

Bernard F. Curry, senior vice president, Morgan Guaranty Trust, New York, was elected vice president, and William H. Webster, senior vice president and senior trust officer, Union National, Little Rock, was elected to the executive committee.

The elections were held during the ABA's national trust conference and electees will assume their posts during the ABA convention in October.

ABA Forms Advisory Board For Community Bankers Div.; Has 200 Rotating Members

WASHINGTON, D. C.—A community banker advisory board of nearly 200 members has been formed by the community bankers division of the ABA. The board is a representative group of community bankers who will advise the division's 19-member executive committee on matters affecting ABA services to the membership.

Chairman of the community bankers division is Jerome L. Chandler, president, Farmers State, Sterling, Kan.

The board is set up so that a portion of the membership will be rotated annually among the community banker constituency to provide opportunity for wider involvement, Mr. Chandler said. Only community bank CEOs will be considered for membership.

A brochure outlining the function and listing the names of members on the board has been distributed to ABA community bank members. Copies are available from the division of the ABA, 1120 Connecticut Avenue, N. W., Washington, D. C. 20036.

• **H. Alexander Aguiar**, vice president and assistant to the president, Amalgamated Trust, Chicago, has been named Ecuador's permanent representative to the U. S. for economic, business and industrial development. In that role, Mr. Aguiar will help promote the sale of Ecuadorian products in the U. S. and the importation of American industry and technology to Ecuador. Mr. Aguiar joined Amalgamated Trust in 1971 and currently heads its community development department.

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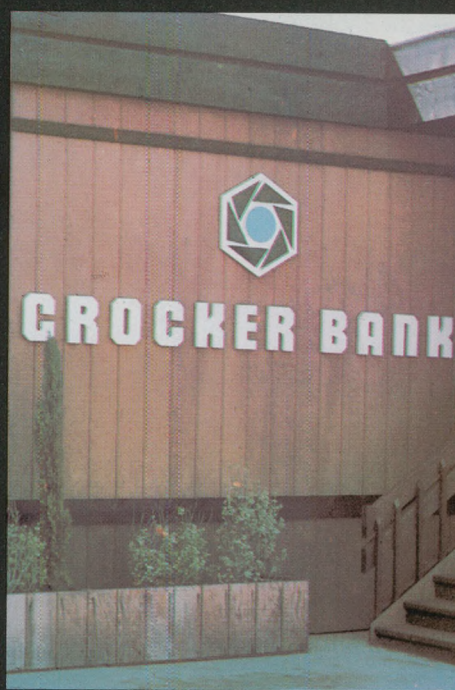


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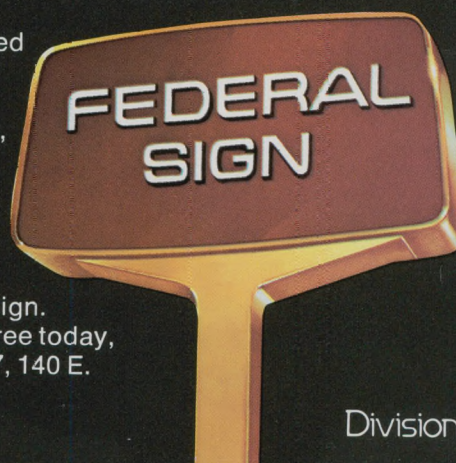
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This campaign will be made available to you at a very nominal cost and will include a year-round program of newspaper ads, radio spots, billboard designs,

statement stuffer designs plus a budget guide promotion. A special feature of the campaign is the free color portrait promotion for individuals and family groups — tried, tested and guaranteed to work.

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THE NATION'S STUDIO



Phone Bill-Paying Service Offered by More Banks Utilizing EFT Technology

By JIM FABIAN, Associate Editor

BILL PAYING by phone as a bank service is coming of age. The concept, made possible by EFT technology, is slightly more than five years old as a commercial bank service. Increasing numbers of banks are offering the service as a means of cementing customer loyalty, a way to help eliminate the barrage of paper items threatening to engulf them and as an economy measure for both customers and banks.

Both large banks and their smaller counterparts are actively pushing phone-pay services, from giants like Equibank and Mellon in Pittsburgh to moderate-sized Community Bank in Topeka.

Seattle First National is said to have been the first bank to offer automatic telephone payments. However, its plan, begun in 1973, was later scrapped, partly because few customers had Touch-Tone phones. In 1975 the concept was revived by Farmers & Mechanics Savings Bank, Minneapolis, and, by 1977, it had spread to Louisiana National, Baton Rouge, and St. Joseph Bank, South Bend, Ind.

The service is still rare enough to enable Pittsburgh's Equibank to state that it believes it's "one of the first major commercial banks in the country to make telephone banking service available to the public."

The Equibank service is similar to those offered by some other banks. It was introduced last October by the name EquiPhone and it enables the bank's more than 150,000 customers to pay bills from their home phones, according to Richard W. Plumb, executive vice president in charge of retail banking.

Mr. Plumb said the service enables customers to pay bills by transferring money from their regular checking accounts to their merchant accounts. By picking up their home phones, he said, customers can pay a variety of utility bills, including electricity, gas, water or phone, as well as charge card, department store and many other types of bills. Time saving is a major sales tool of the service, since customers no

longer have to write checks for certain bills. Neither do they have to spend money on stamps and envelopes.

Equibank offers its service at no additional charge to any customer with a regular checking account.

Mr. Plumb describes EquiPhone as a service innovation. "New developments in electronic banking systems make it possible for us to offer our customers better and more convenient services on a scale not possible before," he said. "Although telephone banking has been available to thrift industry customers for some time, EquiPhone is unique in that it represents the first time in the Pittsburgh area that telephone banking has been combined with a personal checking account."

To use the service, customers authorize the bank to pay up to 40 merchants where they have existing credit accounts, Mr. Plumb said. The bank provides customers with an identification number for each merchant as well as a personal security code.

When it's time to pay bills, the customer picks up his phone and places a call to EquiPhone. After he gives the proper identification numbers, he indicates the amount to be paid to each merchant, following verbal instructions given by the bank's computer.



Special EquiPhone booth was set up at Equibank to acquaint customers with telephone bill-paying service. Bank employee demonstrates EquiPhone as Richard W. Plumb (c.), e.v.p., and A. Allan Gural, v.p., watch.

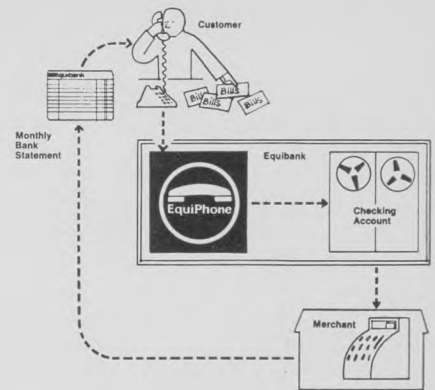


Diagram shows how EquiPhone bill-paying service at Equibank, Pittsburgh, works, starting when customer picks up phone to call bank. Amounts are transferred from customer's checking account to accounts of merchants and payments are listed on customer's monthly bank statement.

Either a Touch-Tone or dial phone can be used, he said. In the case of Touch-Tone, information is given by pressing the numbers on the phone. In the case of a dial phone, the customer gives the information to a special operator.

As the information is fed into the computer by the customer through his Touch Tone phone, the computer repeats the information back to the customer verbally. Should a correction be necessary, the customer can make it at any time during the call.

The payment is deducted from the customer's account the day the customer makes the call. The payment, along with the merchant's name, is listed on the customer's regular monthly bank statement.

Confidentiality is assured because only the customer knows his account number and his personal security code. In addition, Mr. Plumb said, payments can be made only to the merchants the customer has preselected.

Each customer desiring to use the service must complete an application before the service is available to him, Mr. Plumb said.

Mellon Bank announced its Payment Phone service in February. The service differs slightly from that offered by Equibank, said Walter R. Miller Jr., vice president and director, marketing division. Mellon Bank, he said, is the first commercial bank in the U. S. to offer consumers a telephone bill-paying service that can be used in conjunction with an interest-bearing account.

The service lets checking account customers open a day-of-deposit to day-of-withdrawal 5% interest-paying account from which they can elect to authorize transfers by phone to their checking account for the payment of bills to area and national merchants. The new savings account is called Pay-

ment Savings and interest is compounded on a daily basis, Mr. Miller said.

The account requires no minimum balance and withdrawals can be made from 8 a.m. to 10 p.m. Monday through Saturday. A charge of 10¢ per transaction is made and a customer must have a regular checking account to be eligible for the service, Mr. Miller said.

The Bill Payer System at Commerce Bank in Topeka was announced in February and offers some refinements not found in the services offered by most larger banks, said Al Moore Jr., vice president.

For instance, the customer can ar-

range for recurring bills of a fixed amount—such as loan payments—to be paid automatically for a given period of time. In addition, the service permits a customer to phone in information about bills to be paid and inform the bank when he wants the payment to be made. The bank's computer "warehouses" payment instructions until the date the customer requests payment be made.

Similar to other plans, Commerce Bank's service posts all phone payments on the customer's monthly bank statement. But at year end, the statement shows a year-to-date recap of payments made to assist the customer with family budgeting and planning, Mr. Moore said.

He said the Bill Payer service is a multi-bank application that is available to participation by other banks that have compatible equipment. • •

Variety of EFT Safeguards Are Outlined and Endorsed At ABA Leadership Conf.

WASHINGTON, D. C.—A number of EFT safeguards designed to protect consumer privacy were endorsed by bankers in attendance at the 1978 American Bankers Association leadership conference, which was held here February 21.

The bankers took a strong stand in favor of consumer privacy, pointing to a need for:

- Government access to and use of EFT information only for law-enforcement purposes.
- Private-industry disclosure of EFT information only through consumer agreement (except where disclosure is an accepted and safe business practice for credit-reporting purposes).
- No mandatory liability limit on debit-card functions (the \$50 limit on credit cards, for example). It was proposed that the check model for liability is more appropriate to EFT debit functions.

Other points endorsed by the conferees include:

- It is premature to legislate time limits for error correction in EFT systems, which still are in a developmental stage. In any event, customers have the responsibility of providing information as required by the depository financial institution to research alleged errors.
- There is no need to legislate stop payments or reverse payments, since competitive forces probably will allow for some delayed payment mechanism. Float is a by-product of the inadequa-

ties of the paper payments system and not a right, they said.

• Depository financial institutions should retain the right to unsolicited distribution of debit cards (without credit features and—as a safeguard—without personal identification numbers) to current depositors.

A consensus of the banking leaders also supported Fed and FDIC proposals to permit banks to offer individual customers automatic transfers on a prearranged basis from savings to checking accounts.

It was the feeling of the majority of those in attendance that there should be no mandatory interest forfeiture on funds that are transferred; that there should be no restrictions on pricing such services; and that there must be parity of interest-rate ceilings on savings accounts linked to checking accounts for any type of financial institution authorized to offer them.

In addition, banking leaders asked that consideration be given to allowing a lead time longer than 60 days between adoption and effective dates for such a rule.

Consumer Compliance Workshops To Be Held by ABA in May

WASHINGTON, D. C.—The ABA will hold five regional workshops to assist bankers in complying with the growing number of consumer regulations. They will be held throughout the U. S. in May.

Special emphasis will be given to truth-in-lending, equal credit opportunity and fair housing regulations. Representatives from federal regulatory agencies will participate.

Sites for the workshops are as follows:

May 7-9—San Diego, Harbor Island Hotel.

May 10-12—Denver, Stouffer's Denver Inn.

May 14-16—New Orleans, Royal Orleans Hotel.

May 17-19—Chicago, Hyatt Regency O'Hare.

May 21-23—Washington, D. C., Dulles Marriott.

Record Earnings Reported

CHICAGO—Record earnings were reached last year by First Chicago Corp., parent firm of First National. N.O.E. went up to \$111.1 million in 1977, or \$2.80 a share, from \$92.9 million, or \$2.35 a share, in 1976. Income after security transactions was up 8% to \$114.1 million, or \$2.88 a share, from \$105.6 million, or \$2.67 a share, in 1976. Demand deposits last year reached a new level of \$3.1 billion.

Why Offer Bill-Pay System?

"Louisiana National Bank believes that the people who use the Bill System will never leave this bank. They are never going to want to do away with the convenience of paying their bills by telephone. That, for LNB, is one of the biggest advantages to be gained from the Bill System."

This is how G. Lee Griffin, senior vice president, Louisiana National, Baton Rouge, summarizes the value of the bank's telephone bill-paying system. The bank began its Bill System in January, 1977, and found that 47% of the system's account base used the service during the first month of operation. The figure jumped to 50% during the second month.

Mr. Griffin predicts that between 40% and 50% of the bank's customers will eventually sign up for the payment system. He estimates that it will take from three to four years for the plan to be fully developed.

One way LNB promoted the service was to offer a free place setting of flatware to every person signing up for the Bill System. After a customer used the service, he received a certificate allowing him to purchase another place setting for \$3.95.

Mr. Griffin said LNB offered the service for four primary reasons: To provide a new source of fee income on a large portion of previously unprofitable checking accounts; to increase retail and consumer market penetration (retailers are encouraged to open checking accounts to eliminate float in receiving bill payments); the system is a move toward source-data capture, enabling the bank to save labor costs since the customer is doing a portion of the bank's work; and the service is a low-capital alternative that lets the bank offer another electronic banking service in its market.

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ABA's Education Function Undergoes Reorganization

WASHINGTON, D. C.—The internal education function of the American Bankers Association has been reorganized to better coordinate its instructional programs.

Under the new structure, the AIB staff has been merged with the education policy and development group. The AIB was formerly located within the ABA's member relations group.

Ralph Smeda, executive director, education policy and development group, will also serve as national director of the AIB, replacing the current director, Rudolph Fichtel, who retired recently.

Serving with Mr. Smeda will be four division directors, including Hartwell Davis, former AIB administrative director, who now heads a new division of education resources; James E. Curran, former research head, now director of program evaluation and education research; Gary Mulder, former director of program evaluation, now director of education and field relations; and Glen Jent, who continues as head of the division of program development.

Eagle-Eye View:

TV Commercial Uses Bird To Sell Bank's Services

TV watchers in Tulsa are getting an eagle's-eye view of the services provided by Mercantile Bank by means of a 30-second commercial featuring a golden eagle from the Tulsa Zoo.

Purpose of the commercial is to remind Tulsans that the bank is located in the center of one of the city's major shopping complexes. The commercial was designed to strengthen the identity of the bank's new ATM service.



Lady, golden eagle featured in TV commercial sponsored by Mercantile Bank, Tulsa, looks on as G. William Foster, bank pres., presents donation for bird's services to trainer, representing Tulsa Zoo, bird's owner. Bird is said to be one of few golden eagles born in captivity that has lived to maturity.

The ad uses aerial shots of the bank to show its proximity to shopping centers and to help prospective customers identify the bank. Shots of the eagle in simulated flight emphasize the theme, "An eagle's-eye view of banking." The eagle also is shown on top of the bank and in various scenes inside the bank.

Senator Baker to Keynote BANCLUB Convention in April

NASHVILLE—U. S. Senate Minority Leader Howard Baker (R., Tenn.) will keynote the opening business session of BANCLUB Association's seventh annual convention here April 22. The convention will run through April 25. Headquarters will be the Opryland Hotel.

Convention theme will be "Think BANCLUB!" and workshops and programs will center on increasing the number of special checking accounts among the more than 1,300 banks using BANCLUB's services.

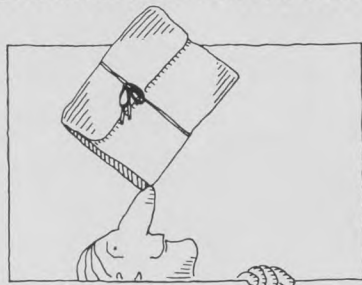
Included on the agenda will be sessions on marketing club accounts and retaining special checking account customers. Informational programs will be held on ATMs, EFT systems and NOW accounts.

Other speakers will include Jack Whittle, president, Whittle & Associates, Chicago, and Mary George Waite, chairman and president, Farmers & Merchants Bank, Centre, Ala.

Members of the BANCLUB Association's council taking an active role in convention planning include Robert D. Anderson, vice president, Anthony Wayne Bank, Ft. Wayne, Ind., and Clinton O. Holdbrooks, president and cashier, Peoples Bank, Pell City, Ala.

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Reducing Can Be Fun!



Chicago City Bank recently displayed this exhibit entitled "You Can Reduce" in cooperation with the American Medical Association. The 16-foot illuminated display in the bank's lobby provided pointers for a sensible reducing program while also suggesting proper eating and menu planning techniques. A popular portion of the exhibit was two large fun house mirrors that distorted the bodies of those peering into the mirrors. They were a fun way to remind people that it pays to keep in shape.

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Left to right: Doug Keffer, Bill Suliburk, Rob Rainey, Charles Rice

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Selling Myths and Misconceptions

By **JOHN R. GINSLER**
President
Financial Training Resources
Glen Ellyn, Ill.

SEVERAL YEARS AGO, the Harvard *Business Review* reported results of a survey describing how 1,000 students in 123 universities and colleges viewed selling as a career field.

Here's what they had to say:

"Salesmen must lie and be deceitful to succeed."

"Salesmanship brings out the worst in people."

"To be a good salesman, you must be psychologically maladjusted."

"One must be arrogant and overbearing to succeed in selling."

"Selling benefits only the seller."

"Salesmen are prostitutes because they sell all values for money."

"Selling is no job for a man with talent and brains."

These attitudes might be considered amusing if they were confined to just young people, who view selling from the perspective of limited experience and knowledge. However, it gets more serious when you consider that I've heard most of the same comments about selling from experienced bankers during the more than 17 years I've spent in helping banks and bankers improve their sales performance and results. The problem with such attitudes when felt by a banker is that they seriously limit his inclination to use selling as a legitimate means of serving the needs of his customers and achieving the income and profit goals of his bank.

When you ask people what they want in a job, typically they specify such things as financial opportunity, the chance to be of service, variety of activity, a challenge that will permit full use of their talents, etc. Interestingly, these are attributes that are satisfied in full measure by selling. Why, then, do most people rate selling so badly?

One cause for the negative feelings toward selling is the bad experiences most people have had with the misuse and malpractice of selling. We've all experienced the "salesman" who lied to us, tried to pressure us into buying something we didn't need or want or failed to keep his promises.

A second cause is the effect on our thinking of the stereotypes of selling and salesmen as portrayed in literature, movies or TV, where the salesman is frequently pictured as a glib, fast-talking, high-pressure pitchman—an image that you naturally would find irreconcilable with your view of yourself as a professional banker. While common, the negative viewpoints reflect just one side of the coin. They describe the misuse or malpractice of selling, rather than its professional and proper application.

Therefore, to put selling in proper perspective in relation to your functions as a banker, let's examine the dimensions of selling when practiced professionally.

First, the professional employs *two-way communications* in his practice of selling. He's concerned not only with transmitting information to his customer, but, equally important, with getting information and reactions from his customer. This is a primary difference between the selling practiced by the professional communicator and the pitchman or peddler.

The pitchman's communication is essentially one-way. He depends on quantity of effort and luck in getting acceptance. He frequently misses the mark and is resented by the customer

because what he's selling often has no relevance to the customer's needs. This type of selling sometimes is practiced by bankers in the form of social calls that may fill a quota, but serve no purpose for the customer.

In contrast, using two-way communications, the professional is able to identify and define the customer's needs and then communicate solutions that are directly relevant. This provides a basis for solving financial problems and strengthens your capacity to serve the customer as a professional financial counselor.

A second distinctive dimension of professional selling is that it's directed at *need-satisfaction* or *problem-solving*. Contrary to another popular misconception, professional selling is not concerned with getting people to buy what they don't need or want, but just the opposite. The professional is concerned with accomplishing two things in a selling relationship with his customer.

First, he's concerned with helping the customer identify and define need-conditions that may warrant a change in his existing situation, such as a problem calling for solution, a goal calling for achievement or practices or performance that could be improved.

Second, he's concerned with communicating to the customer how and why his needs can be satisfied and, ultimately, delivering such satisfaction to him through application of his bank's services and capacities. When professional selling is viewed as a need-satisfaction or problem-solving process, rather than detracting from one's image

Mr. Ginsler has had nearly 30 years of experience as a salesman, sales trainer and marketing and training consultant. His firm conducts sales skill and sales management training seminars for banks and other financial institutions on a nationwide basis. He and his associates have conducted such programs at more than 130 banks and have appeared at regional conferences attended by participants from more than 800 banks. He is also president, Training Dynamics, Inc., which provides a variety of sales and training consulting services to major corporations and trade associations.



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Earl Lassere, Vice President

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as a professional banker, it enhances the image, because it's concerned with delivering solutions to the customer's financial problems, achievement of his financial goals and improvement of his financial practices and performance.

A third distinctive dimension of professional selling is that it is a *mind-changing* process—concerned with moving a customer to decisive change in his thinking, practices or action.

This is a dimension of selling that disturbs many bankers because it implies manipulation or application of pressure. As a result of their fear of appearing to be "pushy," many bankers refrain from seeking action on their proposals and leave the initiative for decision making in their customers' hands. Unfortunately, this frequently leads to indecision, procrastination or no action at all.

Many times, the fear of taking the initiative in effecting change is due to a misunderstanding of how people change. Contrary to popular notion, mind change is not something we do externally to people, but rather it's what they do internally to themselves. You sometimes hear teachers say, "I taught him all he knows." Yet, parents know from hard experience that the learning change occurs only when the student wants it to occur.

The same is true with the selling process. In a real sense, you don't really sell a customer. He sells himself, as he becomes aware of his needs and how to best satisfy them. As a professional communicator, you can serve as an agent of change and help the process along by asking probing questions that enable the customer to perceive his needs, by communicating facts and benefits about your services and capacities that enable him to evaluate how his needs can be satisfied and by suggesting appropriate action to implement satisfaction of his needs.

This is not to say that people can't be fooled or pressured into taking certain short-term actions that may not be beneficial to them. The record is replete with abuses that have given selling a black eye over the years. However, fooling, conning or pressuring people do not produce lasting change, simply because they don't produce what the customer wants—lasting satisfaction.

Professional selling is concerned with developing lasting and continuing customer relationships by helping the customer achieve what he wants—lasting satisfaction of his needs.

As we've determined, when selling is viewed in terms of its professional dimensions—effective two-way communication that helps the customer

identify his needs and determine how to best satisfy them, and that initiates the change needed to achieve desired need-satisfaction—it enables you to function as a more complete and professional banker.

* * *

Next month Mr. Ginsler will examine why salesmen are made not

born, and discuss the knowledge and skills that a banker needs to communicate with professional competence. He'll provide readers with specific guidelines on how to develop services knowledge and refine selling skills through the use of a services information manual, in-bank sales meetings, and personal coaching. • •

'Card Interchange' ATM Network Links Banks Throughout Kentucky

"**W**E'RE STILL a long way from the checkless society ultimately envisioned in the continuing development of EFTS, but it's on the way," says Herbert M. Richardson Jr., senior vice president in the regional division, First National, Louisville.

An example of EFTS in Kentucky is First of Louisville's Card Interchange ATM network, which became operational a year ago. It's the state's first network of electronic banking services permitting consumers to use their personal bank cards at other bank's electronic teller facilities, says Mr. Richardson.

Charter participants in Card Interchange are First of Louisville, Second National, Lexington, and Taylor County Bank, Campbellsville. Fourteen Kentucky banks now participate in the network, with others ready to join pending installation of Mosler ATMs, Mr. Richardson says. First of Louisville has 20 ATMs in its branch system and the service could expand, in time, to all of the bank's 49 branch locations, he said.

First of Louisville functions as the "transmittal" or "originating" bank of the network and customers of all participating banks can use the machines of any other participating bank. Available transactions include withdrawal from checking and savings accounts and credit card cash advance. Additional services are available to customers of any one participating bank on machines of that bank, Mr. Richardson says. However, the network's services can be expanded to include deposits and transfers of funds from one account to another, Mr. Richardson adds.

"The expansion of EFTS will be limited only by the number of banks in the area and their respective commitments to the emerging era of electronic banking," he says. • •



J. H. Graves (l.), pres., Second Nat'l, Lexington, Ky., and A. Stevens Miles, pres. & CEO, First Nat'l, Louisville, point to Card Interchange logo that appears on ATMs of banks participating in state-wide system originated by First of Louisville.

CD Record File Regulation Proposed by Treasury

Banks and other financial institutions may have to maintain records of every CD and capital note sold or redeemed starting May 15 if a regulation proposed by the Treasurer becomes final.

Purpose of the regulation is to prevent purchasers of financial instruments from evading income taxes on the proceeds. Some small-denomination negotiable CDs have enabled their owners to evade taxes because their names do not appear on the instruments and financial institutions have not been keeping records.

The proposed regulation would require financial institutions to include the name, address and taxpayer identification of the customer. Currently, this information is kept only when a customer pays cash for a CD or capital note. Information for the records must be secured within 45 days of the transaction under the proposed regulation.

Comments will be accepted by the Treasury until April 15.

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Banks and Leasing Firms: Partners in Profit

WHEN the Comptroller of the Currency in 1966 allowed national banks to enter into the leasing business, a good many of them jumped on board. Earliest joiners were the largest banks, with smaller banks entering the field as time went on.

Reviewing the first decade of "bank leasing," it's clear that some banks became acclimated to this specialized business and developed profitable leasing divisions.

However, many other entrants have discovered, to their chagrin, that leasing carries with it penalties (they hadn't expected), as well as rewards. As a result, some have had to drastically reorganize their activities or drop out of the business altogether.

One of the main areas of difficulty in these new leasing ventures was credit analysis, which required bankers to use unfamiliar criteria. They found that credit determination was much different than in unsecured, short-term lending. Another problem was that anticipated yield often proved to be illusory.

To underscore the importance of technical proficiency in running a leasing operation, we will delve into these general difficulties in this article. Following that, we will demonstrate how a commercial bank of any size can make itself comfortable in the leasing business on the basis of obtaining necessary expertise and experience.

One can be specific about reasons why even a well-managed bank might be somewhat less than proficient at leasing. To begin with, this financial tool involves a longer-term, more specialized kind of credit analysis and an entirely different rate-setting procedure than short-term, unsecured financing. Second, there is a requirement (sometimes not realized) to know equipment values and profitable ways to dispose of equipment at the end of the lease

* Chandler Leasing Corp. is a subsidiary of Walter E. Heller & Co.

By **SAMUEL L. EICHENFIELD**
Executive Vice President
*Chandler Leasing Corp.



or in the case of repossession. Third, in the case of tax-oriented leasing, there's the necessity of managing the lessor's tax liability so that the tax shelter generated can be used.

In sum, potential profit components in a lease are the "interest" rate charged, residual benefits after the lease term is completed (what is obtained for the equipment through sale or lease renewal) and whatever tax benefit is received from Uncle Sam. Many lessors feel that the "real money" to be made in leasing is made through maximizing residual benefits, and, in this context, they have adopted the policy of assuming and booking residual values. If assumptions are not fulfilled, anticipated profits obviously don't materialize. This practice was followed by many banks that entered leasing.

There's some similarity to regular banking operations in that overhead problems that attend the leasing business are largely those found in an installment loan department and arise from general overhead functions. The principal difference results from the responsibilities peculiar to the ownership aspect of leasing. Accounts must be aged on a monthly basis and billing statements sent out to lessees, as with installment loans. There's a property-tax liability, unlike the installment-loan situation, even though the actual benefit of the equipment resides in the user of the equipment. The bank appears as the owner and is liable for the tax. While the expense is passed on to the lessee, it is, nevertheless, an administrative chore and requires tying up substantial amounts of money awaiting reimbursement.

Legal risk in the event of a casualty is another possibility, again because the bank is the equipment owner. For example, if a leased truck is involved in an accident, the bank might be named as a codefendant. Of course, all prudent lessors make certain that their lessees carry insurance to protect against this risk, but it's another illustration of the peculiar responsibilities of the lessor vis-à-vis the short-term

lender and administrative routine that must be installed and followed.

With it all, however, the positive experiences of many banks indicate that when done properly, leasing can be a significant source of profit. Banks that are successful have made the necessary commitment in resources and personnel. However, not all banks are able or willing to extend themselves in these ways, and for some banks, it would be uneconomical to do so. Yet, there is a way these banks can obtain a good share of the leasing rewards without taking the risks or incurring the expenses outlined above, and that is to form an association with experts in the leasing business. Let's see what can be accomplished in this way by looking at one of the basic problems.

Property that is the subject of a lease is one of the most important areas in the transaction. Its particular importance derives from its value at the conclusion of the lease term. Perhaps of necessity, most bank lessors have adopted the posture that they are financial institutions and not equipment specialists. Therefore, they have accepted the fact that even under favorable conditions, they normally will not be able to obtain maximum values or profits from the underlying equipment. Banks also realize that in the case of a repossession, they inevitably will end up selling on a "wholesale" level to a used equipment dealer, rather than at "retail" to another equipment user. The problem is exacerbated in the case of a regional bank that's called on to serve a customer by leasing equipment that will be used regularly at a distant location, perhaps thousands of miles away. When it's time for the equipment to be tendered, at the end of the lease term or—hopefully not—through repossession, how can the bank maximize its recoveries and profitability?

We believe we provided an answer to the problem of managing leased assets when we extended the facilities of our EMCO (Equipment Marketing Co.) operation to banks and other financial institutions on a fee basis. EMCO is not new; it has been Chandler's equipment disposal arm for many years. Here's how it functions.

Among ways of disposing of equip-

Dallas has come a long way since a bank draft spent three weeks in a strongbox.

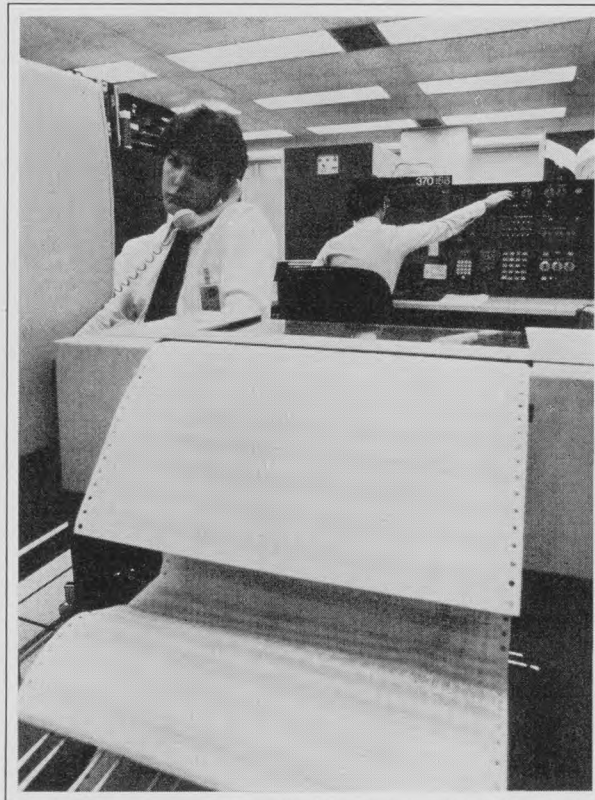
Today, the city's central location and its excellent communications and transportation capabilities mean information and funds can be transferred between Republic National Bank and our correspondents almost instantaneously. So, you can offer your customers the advantages of financial center services through Republic.

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capabilities of each of our departments—trust and investment, petroleum and minerals, international—and maintain complete control of your customers' accounts.

In working with our correspondent banks, we've helped make Dallas a city that understands that, even with

instantaneous communications, there's still no substitute for the personal contact you have with your customers. As a result, we've helped make Dallas the correspondent banking center of the Southwest.



Republic National Bank is Dallas.



ment at the end of the lease is to sell or re-lease it to the existing owner or sell or re-lease it to a third party. Theoretically, re-leasing is the most profitable because after renewal periods, the asset still is available for sale. (Probably, it hasn't depreciated any further because it was reasonably old at the time the renewals commenced.) Seventy-eight percent of re-marketing decisions made at a lease's conclusion are renewals, according to Chandler experience. For example, we have assets on renewal, still producing revenue, although the original leases expired 10 or 12 years ago.

It's unlikely that we could have established this maximal usage of equipment without the EMCO operation, and we believe it to be unique. With field personnel operating from coast-to-coast and well-located warehouses, this service unit evaluates equipment being placed on lease or renewal or being used as collateral for loans. In the disposal of property placed on sale, it typically secures the highest possible price because EMCO people "live" in the market of equipment users, not dealers.

For banks and other financial institutions, EMCO makes the same evaluations and performs all physical and negotiating functions involved in renewal or sale and delivery of equipment as it does for Chandler.

If we assume that a bank can reassure itself regarding property on lease by purchasing outside expertise, is it then fully prepared to market leasing actively? And loans collateralized by equipment? Not necessarily. For example, consider that a bank that doesn't have the ability to utilize the tax shelter cannot compete with a lessor that can and is willing to pass this advantage on to the lessee through lower rates. Think also of the bank that wishes to keep a close control of or limit funds employed in leasing, but still wants to exhibit a positive leasing approach to its customers. The answers to these two problems, and others that are intrinsic to leasing, also lie in the use of outside assistance.

Using the above examples to illustrate solutions, if a bank wants to enter into a lease but doesn't have the ability to utilize the tax shelter, we, and other major leasing firms, will enter into the lease and the bank can earn a fee or employ some funds in the transaction. On the other hand, if a bank has the ability to handle the transaction from a tax-shelter point of view, but doesn't want to get involved in the administrative aspects, the bank can consummate the transaction, and we will perform the administrative tasks for a fee. If a bank wants to reduce its concentration

or its exposure, we will invest our funds along with the bank's funds as joint lessor or lender. The main point is that there normally is a way for a specialized leasing firm to accommodate virtually any need or request that a bank might have in a leasing or equipment-lending situation.

What this article adds up to is a suggestion that a bank and a leasing firm can be partners in profit, realizing all the benefits that accrue to properly managed leasing arrangements. Just as important, the bank also can increase its services to existing and new clientele, without increasing its overhead structure or creating risks and exposures in areas it's not staffed to handle.

Reuss to Be Keynote For BAI Conference

U. S. Congressman Henry S. Reuss (D., Wis.), chairman, House Committee on Banking, Finance and Urban Affairs, will keynote the opening session of the Bank Administration Institute's first spring conference, to be held at the Hyatt Regency in Embarcadero Center, San Francisco, April 23 through 26.

BAI's chairman, Horace Dunagan Jr., president, First State, Caruthersville, Mo., will also address those attending the conference.

The conference is the first of two to be held by BAI this year, replacing the four regional conventions held previously. The second conference is set for New Orleans in May.

Others on the speaker's platform will be NBC newscaster Irving R. Levine and Michael H. Mescon, chairman, management department, Georgia State University.

Special-interest workshops will deal with problems of international banking, the technique of memory recall, a case study approach to building a plan for teller selection, a bank performance clinic and how to start a bank planning committee. Seventeen technical sessions also will be held.

Registration fee is \$175 for delegates, \$75 for nondelegates. Registration information is available from the BAI Meeting Services Division, P.O. Box 500, Park Ridge, IL 60068.



REUSS



DUNAGAN

Three Merc Affiliates To Withdraw From Fed; Four Others Might, Too

Three of the eight state-chartered affiliates of Mercantile Bancorp., headquartered in St. Louis, have announced their intention to withdraw from the Fed. Four others are considering withdrawal. The HC has a total of 28 affiliate banks.

The three withdrawing banks are Franklin County Mercantile, Washington; Mercantile of Springfield, and Mercantile of Memphis. Those considering withdrawal are Mercantile of Eldon, Mercantile of Farmington, High Ridge Mercantile and Sedalia Mercantile. All are in Missouri.

The withdrawals were triggered by a revision of banking statutes in Missouri last year that enables state-chartered non-member banks to satisfy up to half their state reserve requirements with earning assets, according to James E. Brown, HC president.

Mr. Brown said that, in the past, the HC has not recommended withdrawal of Fed membership to its affiliates, but, following the statute revision, a new analysis was made for affiliates that indicated that increased profit potential was possible by converting to state non-member status. "Accordingly," he said, "our state member banks were advised that their boards of directors, upon independent action, could withdraw from the Fed if they so chose."

"We have been and plan to continue to be a strong supporter of an independent central bank," Mr. Brown said. All nationally chartered banks affiliated with Mercantile, including the lead bank, 123-year-old Mercantile Trust, will remain in the Fed.

"We are not considering conversions to state charters for the purpose of withdrawing from the system," he added, stating that the HC's largest state-chartered bank, Mercantile of Kansas City, will retain its Fed membership.

"The sole motive for withdrawal is the prospect of significantly enhanced earnings occasioned by the recent change in state law and the fact that these affiliate banks will have additional funds to be constructively employed in their various communities," he said. "We very much look forward to the time when legal and regulatory actions will be taken to remove the significant cost penalties associated with (Fed) membership."

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Citizens Group's Opposition To Proposed Merger of HCs Leads to Special Fed Hearing

By ROSEMARY McKELVEY
Editor

THE PROPOSED MERGER of two Missouri multibank HCs was the subject of an unusual and lengthy hearing March 9 in St. Louis by the Fed's Board of Governors. The merger, if approved, would affiliate Manchester Financial Corp., headquartered in St. Louis, with Commerce Bancshares, which has Kansas City at its headquarters.

The merger is opposed by a citizens-action group in St. Louis called the Association of Community Organizations for Reform Now (ACORN), which is challenging it under the Community Investment Act of 1977, passed by Congress and signed by President Jimmy Carter last October.

The act requires all financial institutions proposing any kind of expansion to show the regulator responsible for approving the application how community credit needs are being met by the applicant.

The hearing, which was held at the St. Louis Fed's headquarters, was unique in that it was the first to be held under the new law and may become a test case under it.

As of press time, the Fed had not announced a decision on the merger.

ACORN charges that the merger would result in a reduction of service to the community around Manchester

Bank, lead bank for Manchester Financial, and would have an adverse impact on community credit needs. However, the group said it would drop its opposition if Commerce Bancshares would agree to enter into legal contracts committing itself to certain kinds of loans.

Actually, the Fed was not statutorily obliged to hold the hearing because the new law has not yet been implemented. In addition, neither the Comptroller nor the Missouri finance commissioner had recommended disapproval of the proposed merger. However, in announcing plans for the hearing, the Fed said that under its rules of procedure, it may—if it deems "desirable"—order a formal hearing or an oral presentation before the board or its designated representatives. The Fed decided to hold this hearing because of the interest in the issue involved as evidenced by submissions to the board and because of the alleged community disinvestment that ACORN believes will result if the merger goes through.

Representatives of the two HCs testified first. Commerce Chairman James M. Kemper opposed ACORN's suggestion that the HCs enter into legal contracts committing themselves to certain kinds of loans by asking where this might end. At some later date, he inquired, must his HC's banks enter into contractual arrangements with citizens-action groups who will set maturities rates and acceptable collateral for auto, farm real estate, student, housing and business loans, municipal, church and hospital financing and the many other types of credit requirements covering all communities where Commerce banks do business?

If this situation should occur, he continued, wouldn't it drive banks in unfavorable locations to liquidations? He cited National Stock Yards National of National City, Ill., as an example of being "worth more dead than alive." That bank was closed last year.

"What could the federal government do to keep the largest bank in East St. Louis (Ill.) in business when it decided that it was more profitable to liquidate," he asked.

"You can't provide credit without deposits and real capital," continued Mr. Kemper. "You must convince conserva-



George T. Guernsey III (l.), e.v.p., Manchester Bank, St. Louis, and his bank's pres., George H. Pfister, take break during special hearing held last month by Fed's Board of Governors on proposed merger of Manchester Financial Corp., headquartered in St. Louis, and Commerce Bancshares, Kansas City. Messrs. Guernsey and Pfister testified at hearing. Merger is opposed by ACORN, citizens-action group.

tive savers that you can soundly re-loan their money in older parts of the metropolitan area, that you have the expertise to do so and that expertise is based on freedom of choice. Most government giveaway loan programs have been disasters because they were not based on freedom of choice. Real estate lending, in particular, is a treacherous area to lend money in. It requires professional expertise."

Mr. Kemper said it's hard for his banks to believe that they are not trying to meet the credit needs of the communities in which they do business, but added that there never will be a time when they will not be changing nor when they cannot learn from others.

Mr. Kemper pointed out that the hearing was focused on only one segment of the banking business, but an important one, and that he would be foolish to say his banks could not improve on their records in inner-city residential lending. However, he said that the small Commerce Bank in downtown St. Louis has not had the basic deposit structure to undertake the type of affirmative-action program suggested by ACORN. As he put it, "We have responded to applications; we have not sought them."

He denied reports that his HC intended to move Manchester Bank from its midtown St. Louis location to the downtown section, adding it would be foolish to do so when that bank's deposit base comes from the surrounding area. What is planned, he continued, is to compete with the giant financial institutions in St. Louis and to support the community. Eventually, he said, that probably means a larger office downtown and more offices around the inner city. He emphasized that Com-



Waiting to speak before Fed's Board of Governors at hearing held last month in St. Louis on proposed merger of Manchester Financial Corp. and Commerce Bancshares are James M. Kemper Jr. (l.) and William A. Sullins Jr. Mr. Kemper is ch., Commerce Bancshares, Kansas City, and Mr. Sullins is pres., Commerce Bank, University City, Mo.

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SAMARAS WHITNEY
NOVEMBER

"I don't wait for a loan committee to approve your participation proposal."

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Barbara O'Neal, Vice President/Senior Relationship Manager, Correspondent Banking

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CHASE

merce Bancshares has not closed any offices in St. Louis so far, but that it has opened new ones in older parts of the city.

He closed by referring to a letter he had written the Manchester ACORN group in which he acknowledged his banks' obligation to affirmatively offer housing credit to communities in which they do business. He said the HC intended to improve the staffing of its real estate lending officers, setting up positive objectives and advising and consulting with the public on possible financing alternatives. It also will be the HC's policy to implement at Manchester Bank the lending policy initiated at Commerce Bank of Mound City in St. Louis. The latter bank is located in a predominantly low-income and black area.

This lending policy was described in testimony presented by Joe J. Curtis, president/chairman of the Mound City bank. The following real estate and home improvement lending policies were adopted in February, 1977, by Commerce Bank of Mound City's directors:

1. To serve both the borrowing and deposit needs of the community in which the bank is located.

2. To have lending officers encourage all qualified applicants in the trade area to apply at the bank for home mortgage and home improvement loans.

3. To periodically advertise and promote or otherwise encourage residential and property improvement loans through use of local community newspapers and brochures enclosed in customer statements.

4. To consider—within the limits of the bank's legal restrictions and prudent lending practices—all residential mortgage and home improvement loans to existing property without regard to race, color, religion, national origin, gender or marital status.

5. To make loans available to all prospective borrowers regardless of location or age of the property to be acquired or improved; not to confine lending to certain zip code areas and to have no restrictions of this type in the bank's lending policy.

6. To accept applications for real estate loans insured by a federal agency and generally to require a smaller down payment from the borrower than for other types of conventional or uninsured loans.

7. To request that all prospective borrowers for real estate residential mortgage loans or home improvement loans to existing property be current bank customers or be willing to establish depositor relationships with the bank on approval of a loan.

8. To ask that a prospective bor-

rower apply in person for a loan so that bank representatives can discuss the loan with him or her. At that time, the prospective borrower is asked to complete the loan application on forms used by the bank.

9. To meet at the bank with representatives of legitimate community groups interested in discussing the bank's lending policies and practices for improving the neighborhood.

The Mound City bank's normal terms on real estate loans would be at rates based on market conditions and, on the date of the testimony, were running between 9% and 10%, with a 1% loan fee, with outside appraisers fee, title charges and customary filing and documentary fees paid by the borrower. The bank offers a maximum maturity of 30 years with a minimum down payment of 20% equity. Where eligible, Mr. Curtis said, equity requirements may be satisfied with actual equity and supplemented by private placement of the deficiency through a private mortgage guaranty firm.

"Manchester Bank has one of the biggest capital investments in the immediate area."—Hord Harden II

On home improvement loans, the bank uses the FHA Title 1 program with loans made to a maximum of \$10,000, with repayment monthly for a maximum of 84 months. Maximum home improvement loan rates are 12% as allowed by the FHA, with lesser rates where collateral is used or to comply with state laws.

Mr. Curtis said that his bank, to encourage new loan applicants, uses the St. Louis *Argus* and St. Louis *Sentinel*, minority-owned weekly newspapers that appeal to the black community, and the *Northside Journal*, a weekly newspaper directed to the trade area at the main bank's location.

One of the speakers for Manchester Financial Corp. was Hord Harden II, executive vice president, Manchester Bank, who discussed the bank's efforts and accomplishments in stabilizing and rejuvenating the area immediately surrounding it.

Mr. Harden pointed out that about four years ago, Manchester Bank became one of the incorporators of the Manchester-Chouteau Industrial Redevelopment Corp. (MCIRC). Subsequently, the St. Louis Board of Aldermen approved the corporation's plan for blighting some 100-plus acres of land in the Manchester-Chouteau-Tower Grove area. For all intents and

purposes, he continued, the corporation's operations to date have been financed with unsecured and interest-free loans from Manchester Bank, with such loans, at times, exceeding \$300,000. If this corporation were to liquidate now, Mr. Harden believes the bank would write off at least \$30,000 in loans to it.

Mr. Harden then told Fed Board representatives what his bank and its community have received for this \$30,000. In just three years, new construction in the area is in excess of \$6 million, with the bank having financed the major portion of this amount. In addition, the bank itself has acquired additional property for expansion and now owns the entire city block on which its main office is located. Mr. Harden pointed out that the bank has received many favorable comments on how it landscaped former eyesores. Also, the bank recently announced plans to expand its main office by adding more than 8,000 square feet of space.

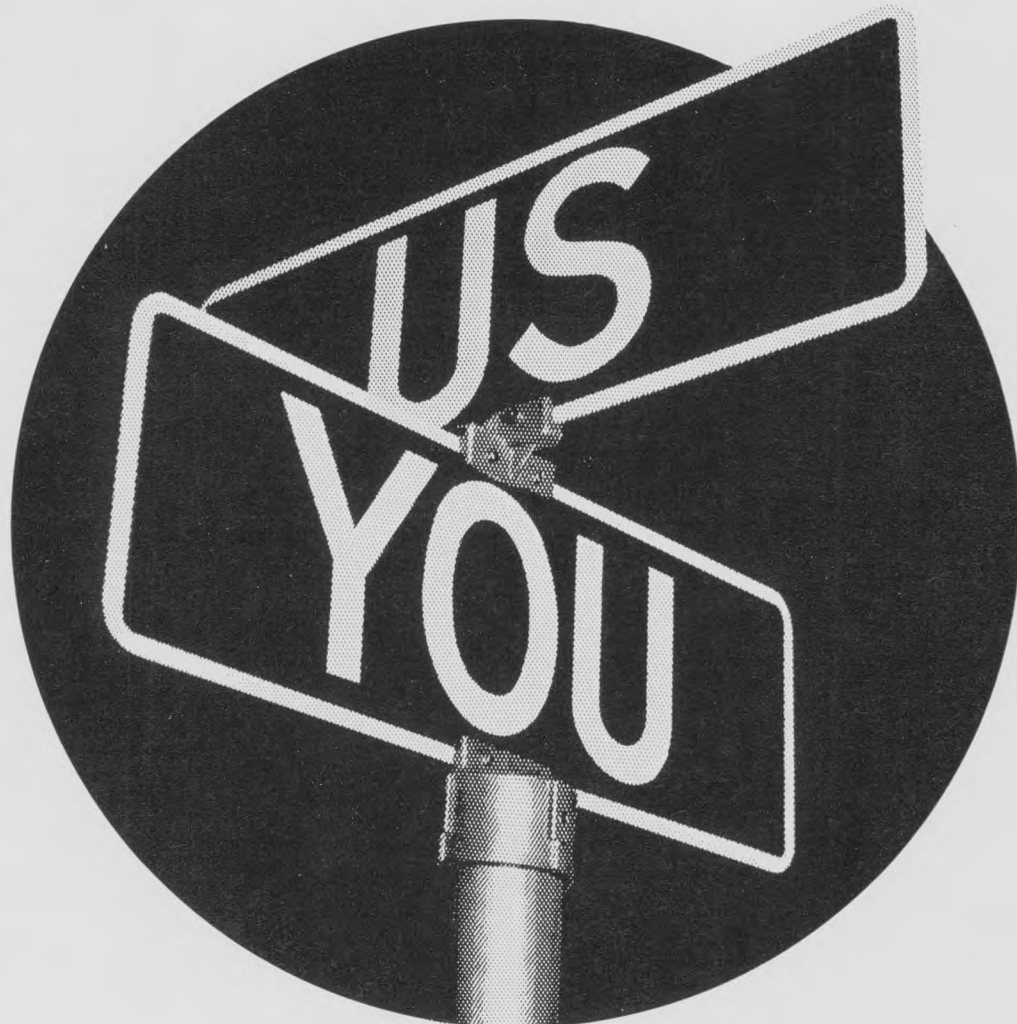
"The pure facts of the situation," said Mr. Harden, "are that Manchester Bank has one of the biggest capital investments in the immediate area. We are determined to protect that investment, and we believe the best way to do this is to help our neighbors improve their property. Our lending program and our commitment to the redevelopment corporation are some of the tools we can use to accomplish this task."

Mr. Harden said his bank's management believes its thrust in area redevelopment should not be only in the commercial-industrial sector. As a result, the bank and a group called Washington University Medical Center Redevelopment Corp. agreed to underwrite (50-50) for two years the operating expenses of the newly formed Neighborhood Housing Corp., formed to spearhead rehabilitation of residences in the area. After the two years, it's anticipated that block funds from the local Community Development Agency would be available to give further support to the program. Manchester Bank also has established a loan fund for the housing corporation to acquire property for rehabilitation. In addition, the bank has made and is committed to make a number of loans to individuals who will rehabilitate buildings in this designated area.

Manchester Bank, continued Mr. Harden, underwrote legal costs to argue before the Missouri Supreme Court a point of law that, when ruled on, permitted St. Louis and Kansas City to finance industrial expansion via industrial revenue bonds. Manchester Bank

(Continued on page 145)

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Five-Year 'Action Plan' Following Six-Month Study Adopted by Independents



Arriving at buffet breakfast during IBAA convention are Mr. and Mrs. Oliver J. Nunn. He is pres., Bank of Halls, Tenn.

A FIVE-YEAR "action plan" for possible reorganization was approved by the Independent Bankers Association of America at its annual convention March 6-8 in Hollywood, Fla.

The IBAA's executive council approved the hiring of Robert F. Taylor, director, Management Center, College of St. Thomas in St. Paul, to develop recommendations for the organization, position responsibilities and geographical locations of the IBAA's staff.

Mr. Taylor, a former staff member of Arthur D. Little Co., said this would be done by analyzing data collected from a poll of the 7,300 member banks and through interviews with staff and outside sources.

"This is an opportunity to re-evaluate and expand the services of the IBAA," said Mr. Taylor. "At the same time, it is a challenge to identify and preserve those activities that have contributed to the outstanding success of the association."

The six-month study will result in a five-year action program to recommend to IBAA governing bodies.

In other convention action, delegates ratified the association's cooperation in challenging what it called "the most open and obvious evasion of state branching laws" by Michigan National Corp., a large multibank HC based in Detroit. The HC has established an "Accommodation Transaction Service" (ATS) network through which deposits are received and checks paid at any of MNC's 16 banks and 180 offices for any account at any MNC bank.

"The net effect of this activity is a violation of Michigan branching law," the IBAA said in a convention resolution. "If permitted to continue, such activity could spread into other states

to the detriment of independent banking."

The IBAA has cooperated with the Michigan Association of Community Bankers (MACB) in challenging the activity before the Federal Reserve Board. The FRB ruled against the ATS, and the HC has appealed. The IBAA has joined as *amicus curiae* in a challenge of MNC's operation initiated by the Michigan commissioner of banking in federal district court. The latter ordered cessation of the ATS, and the HC was expected to appeal.

Convention delegates placed bank-regulatory excesses high on their lists of priority issues. One resolution called for better coordination among the three federal banking agencies to end "confusion, conflict, duplication, overlap and endless forms and reports." In another resolution, the association urged Congress to establish a national commission to review fully the "growth, power and lack of responsiveness of the federal-agency structure." Congress also was asked to reassert oversight and

control over the "apparently unmanageable federal-agency structure."

In a related resolution, delegates called attention to the paperwork burden that has reached crisis proportions in the business and banking world. "Ironically," said the resolution, "the trend runs counter to the stated intention of the President to reduce the volume of government regulations."

Commenting on the so-called "Safe Banking Bill" (H.R. 9600), the IBAA said it supports carefully considered, necessary changes that would improve the current system. "However," the association continued, "we feel that endlessly drafting new laws rather than enforcing present laws is the wrong approach. Stronger and coordinated banking supervision which would correct any improprieties would be preferable to inflexible statutes designed to correct isolated specific abuses."

IBAA President Edward A. Trautz, president, East Lansing (Mich.) State, told conventioners that congressional efforts to legislate a crackdown on bank regulation could dry up the availability of management talent to small banks. He said the association concurred with the congressional aim of regulating financial institutions more firmly and vigorously following "the Bert Lance matter," but that the IBAA found major flaws in so-called safe banking approaches to legislation.

The Safe Banking Act, which was

LEFT: New IBAA officers, elected at association's annual convention last month, are (l. to r.): 1st v.p., Raymond D. Campbell, pres., Oberlin (O.) Savings Bank; treas., Don F. Kirchner, ch./pres., Peoples Trust, Riverside, Ia.; 2nd v.p., Thomas F. Bolger, pres., McHenry (Ill.) State; pres., Ivan D. Fugate, ch./pres., Western Nat'l, Denver; and immediate past pres., Edward A. Trautz, pres., East Lansing (Mich.) State. RIGHT: Members of panel on guaranteed loans and secondary marketing have between-sessions conversation. L. to r., panelists are: Glenn A. Swanson, mgr., IBAA Washington, D. C., office, and panel moderator; Gordon Cavanaugh, administrator, Farmers Home Administration; A. Vernon Weaver, administrator, Small Business Administration; Hal C. Perry, FmHA director-at-large, Raleigh, N. C.; and Embree K. Easterly, pres., Capital Bank, Baton Rouge.



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Monthly Investment Services
Stock Transfer and Shareholders Services
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Collections
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Securities Custody
Security and Coupon Collection
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Student Loan Servicing

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Federal Funds
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Mr. and Mrs. Bill G. Allen begin convention day at buffet breakfast. He is ch., Burleson (Tex.) State.

tabled in the last session of Congress because of House Banking subcommittee opposition, proposed tight limits on loans banks could make to insiders as well as restrictions on financial interlocks.

Mr. Trautz reaffirmed association opposition to interest payments on demand accounts. Citing IBAA action in the past year against this controversial proposal to make NOW accounts nationwide, Mr. Trautz told members that the IBAA testified before Congress that the cost of such accounts would be borne largely by the average consumer and small banks—the majority of the nation's banks and consumers.

FDIC Survey. At a panel discussion on federal legislation, Senate minority staff member Anthony Cluff warned that the recent release of raw data from a special survey the FDIC conducted of the nation's 14,000 commercial banks lends itself to possible misinterpretation. He advised these banks to flesh out the survey, because the raw data don't tell the whole story.

Although armchair analysis of the statistics indicated that 92% of the 4,500 banks that reported they allowed insider overdrafts had made at least one at a zero interest rate, Mr. Cluff stressed that additional interpretation is needed since there frequently are extenuating circumstances. He noted that the survey also was isolating a "worst-case" situation, which was not representative of a cross-section of the banking community. However, he speculated that the figures could breathe new life into the stalled Safe Banking Act.

Price Services Fairly. Fairness in pricing bank services was called for by bank consultant Alex Sheshunoff, president, Sheshunoff & Co., Austin, Tex.

"First," he said, "banks should charge at least what it costs to provide the service, plus an appropriate margin of profit. Second, the customer who uses the service should be the one to pay for it."

As an example, he said the cost of processing a "hot check" should be paid by the hot-check writer, not the bank's borrowers. He pointed out that, all too often, costs of free or under-priced services are reflected in higher interest rates for borrowers or lower yields to savers.

Guaranteed-Loan Programs. Bottom-line advantages to banks of utilizing Small Business Administration and Farmers Home Administration guaranteed loans were underscored by panelists from government and banking.

Embree K. Easterly, president, Capital Bank, Baton Rouge, demonstrated how making 242 guaranteed loans had saved nearly 3,000 jobs in his city. An additional 1,139 jobs are at stake in loans still pending.

At the same time, he said, marketing opportunities for the 90% guaranteed portion make these loans the most profitable in the bank's loan portfolio.

He emphasized that these are not marginal loans and that the program is not a government giveaway. By adding jobs and taxes, he pointed out, the guaranteed-loan program benefits both a bank and its community.

SBA Administrator A. Vernon Weaver Jr. called for cooperation and trust between bankers and the SBA to obtain universal acceptance of the use of SBA and FmHA guaranteed loans. His appeal was seconded by FmHA Administrator Gordon Cavanaugh.

The Farm Sector. Barring calamitous weather conditions, prospects for the foreseeable future hold little promise for significant change from the current situation in the farm sector. This prediction was made by Roby L. Sloan, vice president and associate research director, Chicago Fed. He said financial problems in the months ahead again will be concentrated mostly among grain farmers as opposed to livestock producers.

Among various developments related to reduced farm earnings, he contin-



Mr. and Mrs. Joseph Glaser prepare to have breakfast during IBAA convention. He is on board of American State, Ligonier, Ind.



Mr. and Mrs. Ralph Litzelfelner and Mrs. T. W. Leggett of Bald Knob, Ark., arrive for buffet breakfast. Mrs. Litzelfelner is ch./pres., Citizens State, Bald Knob.

ued, perhaps most evident has been the deterioration in credit conditions. Agricultural banks in the Plains and Midwest reported widespread slowing in loan-repayment rates. Renewals and extensions of existing loans rose sharply, as did refinancings of short-term debt with longer maturities. Simultaneously, demand for new loans remained very high. At year-end, more than two-fifths of the banks had higher loan-to-deposit ratios than they felt desirable, Mr. Sloan said.

Legal Actions. In addition to the Michigan National case described earlier, the IBAA ratified the following association legal actions at the convention:

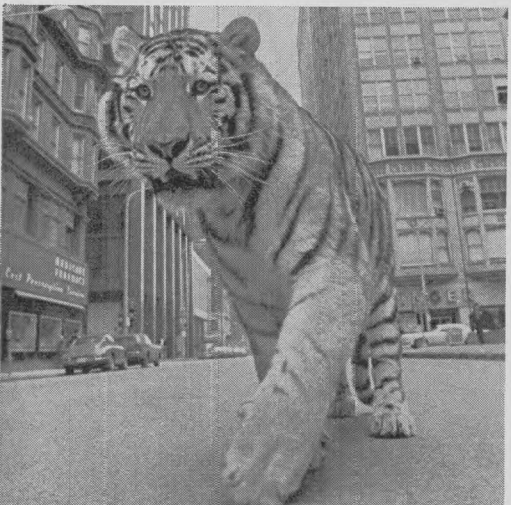
- Challenging the Comptroller's regulation on sale of credit life insurance now pending in the District of Columbia federal court.
- Challenging the Federal Home Loan Bank Board's regulation permitting federally chartered S&Ls to engage in banking by use of EFTS, a suit now pending in the D. C. federal court.
- Seeking rescission of operating circulars permitting thrift organizations direct access to bank-clearance systems.
- Supporting the challenge to securities brokerage firms' activities that amount to branching.
- Challenging federal and state agencies permitting credit union share-draft programs and EFTS activities.

Resolutions. In other convention resolutions besides those already noted, the IBAA:

Resolved to continue its support of interest-rate controls on savings and CDs and removal of the favored rate thrift institutions enjoy in those states where they have gained bank-like powers.

Contended that depository institutions that are allowed by law to offer demand accounts should have nondiscriminatory access into EFT systems at nondiscriminatory rates without regard to these institutions' sizes. The as-

(Continued on page 145)



Let's get together at the Convention!

St. Louis, May 10-12 Topeka, May 13-16

See you there!

Ed Huwaldt

Crosby Kemper
Byron Thompson

Jerry Scott
Lynn Mitchelson

Bill Bolt
E.L. Burch

John Kramer
Hal Hollister

Pat Thompson



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Five Concurrent Workshops Planned For Texas Convention May 7-9

SOMETHING NEW is in store for delegates to the Texas Bankers Association Convention May 7-9 at the San Antonio Convention Center.

On Monday afternoon, May 8, there will be five concurrent workshops for bankers, particularly CEOs. Workshop titles will be: "Bank Insurance and Bonding," "Consumer Compliance as It Affects the CEO," "BAI Financial Information System for Community Banks," "How to Make a Million Dollars in Real Estate Lending" and "Should We Start a Trust Department?" Each workshop will be given twice so that registrants can attend two out of five.

As of this writing, convention speakers will be ABA President A. A. Milligan, president, Bank of A. Levy, Oxnard, Calif.; Professor Paul Nadler, Rutgers University, New Brunswick, N. J.; and Nathan Pritkin, director, Longevity Research Institute, Santa Barbara, Calif. There will be two other speakers whose names were not available at press time.

Conventioneers will have time for social events, too. The opener will be the famous "Night in Old San Antonio" at La Villita on the San Antonio River, where delegates will enjoy the multiethnic flavor of San Antonio, with booths of varied foods, enlivened with music and dancing of the predominantly Mexican culture.

On Monday evening, May 8, there will be the traditional seated banquet, to be followed by entertainment by the Chordsmen and the Happy Jazz Band. Dancing will follow.

The convention will be adjourned at noon, May 9. A luncheon will follow.

Wives of bankers will have a choice of three tours: El Mercado and the Missions; McNay Art Institute and Los Patios for shopping and browsing; and the Mexican Governor's Palace and downtown historical sights. Luncheon will be served on each tour. • •



NADLER



MILLIGAN

Childers, Cheever And Williams Lead TBA During 1977-78

Charles L. Childers has served as president of the Texas Bankers Association the past year. He joined the Dallas Fed in 1948 as an examiner and stayed there until 1957. Then, he went to Tyler Bank, where he has been vice president/comptroller, cashier, senior vice president and, since 1974, president. Mr. Childers was on the board

of the TBA's conference planning, education and legislative committees for two years and spent a year as chairman of the state bank division.

He is an advisory director of the Conference of State Bank Supervisors for an area covering North and South Dakota, Kansas, Nebraska, Oklahoma, Wyoming, Colorado, New Mexico and Texas.

Mr. Childers has taught several AIB courses through Tyler Junior College.

Charles E. Cheever Jr. is the TBA's vice president. He entered banking in 1957, when he joined Broadway Na-



CHILDERS



CHEEVER



WILLIAMS

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tional, San Antonio. He advanced to president, his present title, in 1961.

The TBA's treasurer is E. W. Williams Jr. He entered banking in 1949 as assistant cashier, First National, Grapevine. From 1950-1952, he was an assistant national bank examiner for the Dallas Fed. From 1952-54, he was assistant cashier in charge of operations and personnel, First National, Lubbock. From 1954-61, Mr. Williams was vice president, director and commercial lending officer, First of Lubbock, and also had charge of public relations, advertising and correspondent banks. He organized and was a director of Idalou State (1955-62). Before joining Amarillo National in 1969, Mr. Williams was with several other Texas banks and one New Mexico bank. He has been executive vice president of Amarillo National since 1973.

■ **FIRST CITY NATIONAL**, El Paso, has promoted Terry M. O'Donnell to executive vice president, Thomas E. Stewart to vice president and Rafael St. John to assistant vice president. James M. Haverkorn and Charles K. Cooper were elected vice president and assistant cashier, respectively.

■ **FIRST NATIONAL**, Waco, has promoted George Brinegar and Hollie Hahn to vice presidents and elected Garland Dulock vice president and cashier. Peggie Mitchell and Steve Herbert were elected vice presidents and trust officers. Earlie Williams was promoted to assistant vice president and Glynn Buchanan was named assistant cashier.



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GEORGE



CUMBERLAND

■ **BANK OF THE SOUTHWEST**, Houston, has made Robert H. George vice president/manager of the energy division's new energy/corporate department and William W. Cumberland Jr. vice president/manager of the division's administrative department. Elected assistant vice presidents were Brian K. Delaney, Bernice G. Kitkoski, James M. Morgan, John W. Norris and Albert J. Range Jr.

■ **FIRST NATIONAL**, Dallas, and First International Bancshares held its first joint board meeting outside of Dallas last month. The meeting convened in San Antonio in an effort to reflect the importance the San Antonio market holds for the state-wide HC.

■ **FROST NATIONAL**, San Antonio, has promoted James M. Caruth and Angie De Los Santos to vice presidents and Richard Kardys to assistant vice president, trust. Mr. Caruth joined the bank in 1974; Miss De Los Santos has been with Frost National since 1961, and Mr. Kardys joined the bank in 1976. In other bank news, Tom C. Frost Jr., chairman, Cullen/Frost Bankers and Frost National, has been elected to the board of Cullen Center Bank, Houston. Mr. Frost currently is president, Association of Reserve City Bankers.



CARUTH



DE LOS SANTOS

■ **FIRST INTERNATIONAL**, Houston, has acquired a half-block site in the downtown area for its new drive-in facility, scheduled to open next year. The site is on the north half of the block bounded by Main, Leeland, Travis and Pease streets.

■ **EUGENE M. TUPACZ JR.** has joined Citizens National, San Antonio, as vice president for business development. He was named one of the outstanding young men of America in 1976 by the National Junior Chamber of Commerce.

■ **WILLIAM R. CAIN** has been elected senior vice president and executive committee member at Republic National, Dallas. He is in charge of establishing and managing a new corporate finance unit designed to assist corporate customers with long-term financing. He was formerly with Prudential Insurance Co.

■ **BEAUMONT STATE** has named Wayne Ransonette and Bernice Rollins assistant cashiers. They joined the bank in 1972 and 1974, respectively.

■ **REPUBLIC NATIONAL** has elected W. H. Bowen Jr. to its board. He is vice president/general manager of Southwestern Bell Telephone Co.'s Dallas-area operations.

■ **GEORGE P. MITCHELL** has been named an advisory director of Bank of the Southwest, Houston. He is chairman and president, Mitchell Energy & Development Corp.

Bank Offers Course In Financial Planning

First National, Fort Worth, has offered a low-cost home-study course titled "Personal Financial Planning."

The course, which is said to be easily understood, explains in six parts how people can make more money and how they can keep the money they've made. Each lesson combines the experience of experts in law, finance, insurance and personal money management.

Anyone may enroll in the course, and the price is \$36.

The course covers a variety of topics: investments, travel, buying a new or second home, college education, retirement, leaving an estate to heirs and protecting against loss of income due to illness, disability or untimely death.

Each student receives a confidential, 10-to-20 page computerized report analyzing his financial status after finishing the course. The analysis is based on data provided by the student and includes specific recommendations on how to reach individual financial objectives.

■ **FIRST NATIONAL**, Longview, has elected Bonnie Barker, Marjorie Brown, Virginia Gammons and Charles D. Howell assistant vice presidents. All were formerly assistant cashiers.



RILEY

■ **ROBERT G. BROOKS** has been elected a senior vice president at First City National, Houston. He is assistant manager of the real estate and mortgage banking department. Elected vice presidents were Thomas G. Macrini, Louis A. Vetrano, Nelson H. Creath, George W. Dunn, John L. Lenker, William K. Lovett Jr., William G. Messer, Dwain L. Newman, James L. Noel III, James S. Riley Jr., F. T. (Chip) Webster and W. Randolph Woodard. Mr. Riley is in the regional and correspondent banking department. Jeffrey L. Sarff was elected assistant vice president and trust investment officer and Robert B. Langley, James C. Rankin and Lucy Raynor were elected assistant vice presidents and trust officers.

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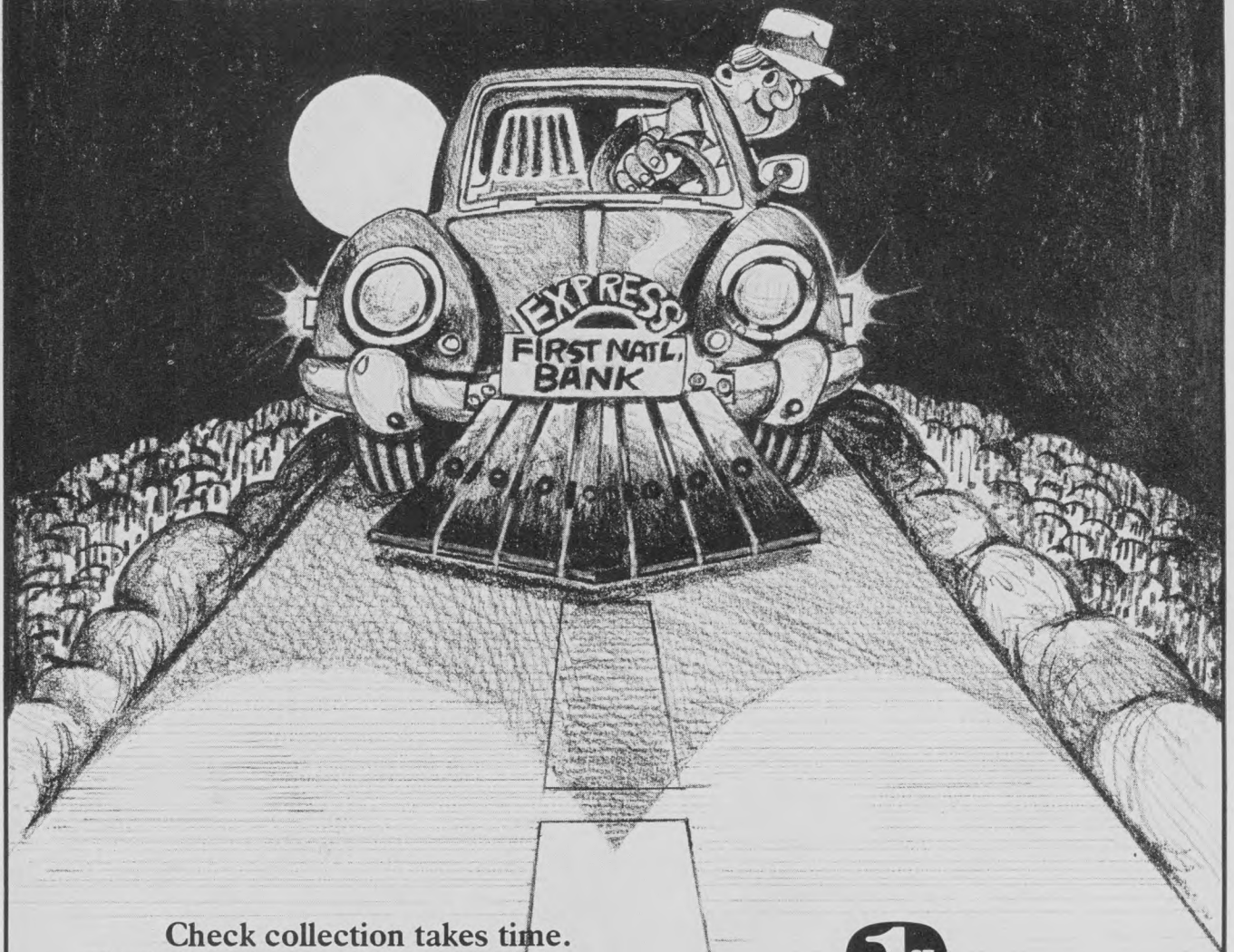


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Kansas Convention

Topeka, May 10-12

Headquarters—Ramada Inn Downtown

PROGRAM

BUSINESS SESSION, 2 p.m., May 11

Invocation—THE REVEREND ORLO CHOQUILL, pastor emeritus, First Presbyterian Church, Topeka.

Address—"Exciting Opportunities Ahead"—ELWOOD MARSHALL, president, Kansas Bankers Association, and president, Home Bank, Eureka.

50-Year Club Inductions—W. C. HARTLEY, president-elect, Kansas Bankers Association, and president, Miami County National, Paola.

American Bankers Association Elections—L. W. STOLZER, ABA vice president for Kansas and chairman/president, Union National, Manhattan.

Address—"Energy Facts: Where Are We Going?"—ROBERT J. ROBEL, chairman, Kansas Energy Advisory Council, Manhattan.

Installation of Officers and Regional Representatives.

Adjournment.

President



MARSHALL

KBA Pres. Elwood Marshall is a third-generation banker in Eureka, where he is pres., Home Bank. He entered banking in 1933 and has remained in it except for three years spent in public accounting. Mr. Marshall became pres./CEO in 1956.

President-Elect



HARTLEY

KBA Pres.-Elect W. C. "Dub" Hartley is pres., Miami County Nat'l, Paola, which he joined in 1959 after having become a banker in 1947 at American Nat'l, Baxter Springs. Mr. Hartley also is e.v.p. and dir., MidAmerican Bank, Roeland Park, which he joined in 1959.

Treasurer



CARR

KBA Treasurer Francis E. Carr became a banker in 1948 at Wichita's First Nat'l. In 1950, he moved to First Nat'l, Wellington, where he has been pres. since 1960. Mr. Carr is on the boards of Caldwell State and First Nat'l, Medford, Okla.

'You Can Do It' Is Theme Of 1978 KBA Convention Planned for May 10-12

TOPEKA—The men's golf tournament—beginning at 7:30 a.m. May 10—will lead off events planned for the KBA's 1978 convention here May 10-12. The tournament will be held at the Topeka Country Club, Lake Shawnee golf course and Topeka public golf course. A luncheon is planned for the Topeka Country Club.

This year's convention theme is "You Can Do It."

Tennis for men and women also is available May 10, beginning at 9 a.m. at the Wood Valley Racquet Club.

That night, at 6 o'clock, a "You Can Do It" welcome party is planned for the Ramada Inn's Regency Ballroom. A social and buffet dinner will be followed by entertainment to be provided by the Palace Drugstore Dixieland Band of Manhattan. There also will be dancing.

On May 11, there will be three special luncheons, all beginning at noon: The KBA 50-Year Club will meet in the Ramada's Gold Room. The schools of banking luncheon, in the Ramada's



Convention chairmen and women stop long enough to have their picture taken. Seated, l. to r., are: Charles Haynes, Patty Stones, Peter Maxon, John Finden and Jane Elliott. Standing, l. to r., are: Neil Firestone, John Fernstrom, Al Moore, Roger Franzke, Ed Jenkins, Ken Bossler, Al Higgins, Sims Firestone and Darv Hawley. Mr. Finden is gen'l chairman, and Mr. Maxon is cochairman.

Regency foyer, will be highlighted by a talk by William Wilsted, associate director, Colorado School of Banking. His topic will be "Pricing Bank Services for Profit." The Young Bank Officers of Kansas, to meet at the Topeka Town Club, will hear Roberty DeBruyn, editor, *Professional Banker*.

An all-convention party will be held May 11, beginning with a social at 6 p.m. at the Ramada, to be followed

by a 7 o'clock dinner and entertainment at 8:30. Pianist Roger Williams, called "Mr. Piano," and comedian Dick Fredman will provide the latter. Dancing will close the evening.

Oklahoma Lieutenant Governor George Nigh will be the speaker for the all-convention inspirational breakfast at 8:30 o'clock May 12. His topic will be "Our Problem Is Apathy, But Who Cares?" Presentations will be made to golf-tournament winners. The 1978 convention then will be officially adjourned.

On May 11, bankers' spouses will be treated to coffee and rolls at 9:30 a.m. at the Ramada and then will hear Robert Richmond, assistant director, Kansas Historical Society. Buses will take them to the society for a tour of it and then to the Topeka Country Club for a noon social and luncheon. After that, a fashion show will be provided by "Billie's," with bankers' wives acting as models.

John Finden, president, Topeka Bank, is convention chairman. His co-chairman is Peter V. Maxon, correspondent bank officer, First National, Topeka. Committee chairmen, all of Topeka, are:

Welcome party—Al Moore Jr., vice president, Commerce Bank; *Thursday night entertainment*—Maurice E. Fager, senior vice president, First National; *50-Year Club*—Patty Stones, personal secretary, Kansas Bankers Association; *YBOK luncheon*—Frank Kerr, assistant vice president, Highland Park Bank; *inspirational breakfast*—Al Higgins, vice president, Merchants National; *facilities/transportation*—Charles Haynes, assistant cashier, Kaw Valley State; *registration/housing*—Neil Firestone, vice president, Southwest State;

Thursday night social/dinner—Roger H. Franzke, vice president/marketing

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director, First National; *golf*—Kenneth Bossler, senior vice president, Fidelity State; *schools of banking*—Darv Hawley, senior vice president, Merchants National; *spouses' events*—Jayne Elliott, manager, Mid-Town Facility, Highland Park Bank; *publicity*—Roger Kirkwood, secretary/public relations director, Kansas Bankers Association; *budget*—Edwin Jenkins Jr., vice president/cashier, First State; and *tennis*—Craig MacPherson, assistant vice president/trust investment officer, First National.

KBA Governing Council Made Up of 40 Bankers, Including Officers

The KBA governing council is made up of the four top officers, three past presidents, two groups of regional representatives, six regional vice presidents, six one-year appointees, the trust division president, honorary (non-voting) members and advisory (non-voting) members. For 1978, the following are members of the governing council:

Officers—president, Elwood Marshall, president, Home Bank, Eureka; president-elect, W. C. "Dub" Hartley, president, Miami County National, Paola, and executive vice president, MidAmerican Bank, Roeland Park; treasurer, Francis E. Carr, president, First National, Wellington; and chairman, Floyd V. Pinnick, president, Grant County State, Ulysses.

Past presidents—J. Rex Duwe, chairman, Farmers State, Lucas; J. R. Ayres, chairman, Citizens State, Miltonvale; and A. J. Collins, chairman/CEO, Hutchinson National.

Regional representatives (terms expire May, 1980)—Benjamin D. Craig, president, Metcalf State, Overland Park; C. W. Wayman, chairman/president, Emporia State; C. W. Oberg, chairman/president, Union State, Clay Center; E. J. Costello, president, Tampa State; Linton C. Lull, president, Smith County State, Smith Center; and Howard Hunter, president, Hutchinson National.

Regional representatives (terms expire May, 1979)—David A. Nichols, president, Tower State, Kansas City; W. E. Oakes, president, State Exchange Bank, Yates Center; Elmer F. Heiman, president, Baileyville State; Robert W. Asmann, senior vice president, Fourth National, Wichita; Jay L. Jelinek, president, Munden State; and Howard K. Loomis, president, Peoples Bank, Pratt.

Regional vice presidents (terms expire May, 1978)—Region One, Eugene Hegarty, president, Farmers & Merchants State, Effingham; Region Two, W. G. Bodley, president, Bank of Commerce, Chanute; Region Three, George Maxwell, president, Citizens State, Osage City; Region Four, C. A. Williams, chairman, Halstead Bank; Region Five, Jack B. Berkley, chairman/president, Stockton National; and Region Six, Steve G. Miller, chairman, Hanston State.

One-year appointees (terms expire May, 1978)—Ned Cushing, chairman, University State, Lawrence; John McNay, president, City National, Pittsburg; James Birkbeck, president, Denison State, Holton; Walter Claassen, chairman/president, Kansas State, Newton; Gerald Shadwick, chairman/president, First National, Salina; and Dale Oliver, president, Security State, Great Bend.

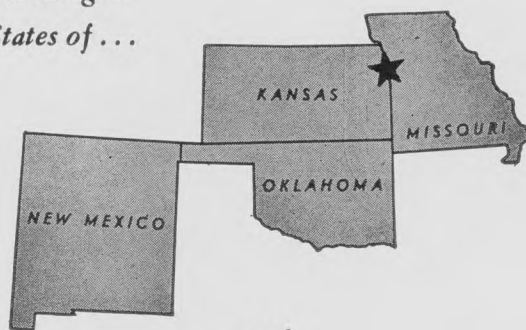
Trust division president—Howard Gunkel, senior vice president/trust officer, Emporia State.

Honorary members (non-voting)—J. A. Mermis Jr., vice chairman, Security State, Great Bend; Burton Lohmuller, chairman, First National, Centralia; W. E. Lehmborg, chairman, McPherson State; Oscar Brown, president,

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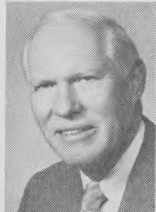
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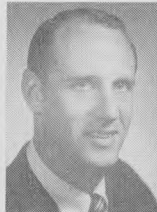
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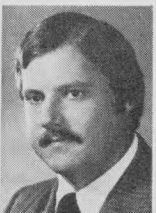
JACK MUELLER



BOB CHENOWETH



JOHN STRUBE



PAT BALDWIN



JIM HEFLEY



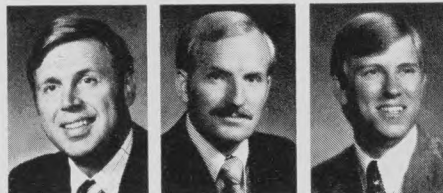
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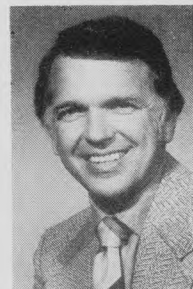
Dean Johnson

LuAlan Willems

Dean Thibault



Convention Speakers



NIGH



ROBEL

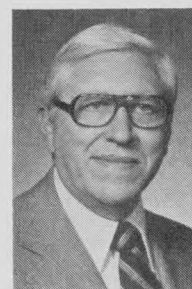
Robert J. Robel, ch., Kansas Energy Advisory Council, Manhattan, will discuss "Energy Facts: Where Are We Going?" at the only business session (May 11) scheduled for the KBA's 1978 convention. Lt. Gov. George Nigh of Oklahoma will speak on "Our Problem Is Apathy, But Who Cares?" at the all-convention inspirational breakfast at 8:30 o'clock May 12.

Farmers & Merchants Bank, Hill City; and W. W. Chandler, chairman, Chandler Bank, Lyons.

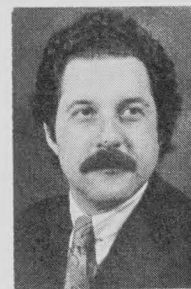
Advisory members (non-voting)—D. R. Bonine, vice president, American State, Great Bend; Betty Jane Bruns, vice president, National Bank of Wichita; and Ray Makalous, assistant vice president/correspondent banking, First National, Topeka.

■ ALICE P. KERR has retired as assistant vice president, Mission State, following 25 years of service. She joined the bank in 1952 and has been assistant vice president since 1972. She is a former president of the Kansas City Safe Deposit Association and the Missouri Safe Deposit Association.

KBA Nominees



LULL



SCHMIDT

Linton C. Lull, pres., Smith County State, Smith Center, is the nominee for KBA pres.-elect. Nominee for treasurer is John C. Schmidt, e.v.p., Exchange Bank of Schmidt & Koester, Marysville. Mr. Lull joined his bank in 1952 as agricultural representative and became its pres. in 1962. Mr. Lull also is pres., First Nat'l, Lebanon, and First Nat'l, Mankato, and ch., Citizens State, Jewell. He was the first pres., Kansas Association of Bank Agricultural Representatives (in 1956-57). He was graduated in 1959 from the Graduate School of Banking, University of Wisconsin. Mr. Schmidt entered banking in 1964 at his present bank and was given his present title in 1974.

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L to R: Bill Webber, Chairman of the Board; Bob Fitzpatrick, Vice-President; Ken Domer, Second Vice-President; Bob McDowell, Assistant Vice-President

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During the upcoming KBA Convention, we'll provide the food if you'll provide the thoughts — thoughts on how we can better serve your personal correspondent banking needs. Our goal has always been to provide you with the very finest in correspondent banking services, and in order to continue to do so we want you to keep us informed of your needs.

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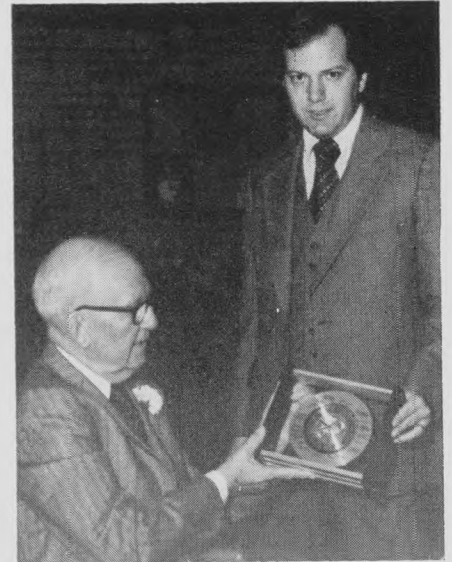
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■ ROY WARREN has advanced from assistant vice president to vice president, Plains State. Denis M. Brothers has joined the bank as vice president. He formerly was installment loan officer, Peoples National, Liberal. In oth-

er action, Plains State promoted Sally Ramage from assistant cashier to cashier.

J. A. O'Leary Honored



J. A. O'Leary (l.), ch., Peoples State, Luray, receives a World Time clock from his grandson, Michael J. O'Leary, on the occasion of the elder Mr. O'Leary's 60th anniversary at his bank. Michael O'Leary made the presentation on behalf of Commercial Nat'l, Kansas City, with which Peoples State has had a correspondent relationship since it was opened in 1900. Michael O'Leary is a correspondent bank officer at Commercial Nat'l. The photo above was reproduced in color on the cover of Peoples State's 1978 report.

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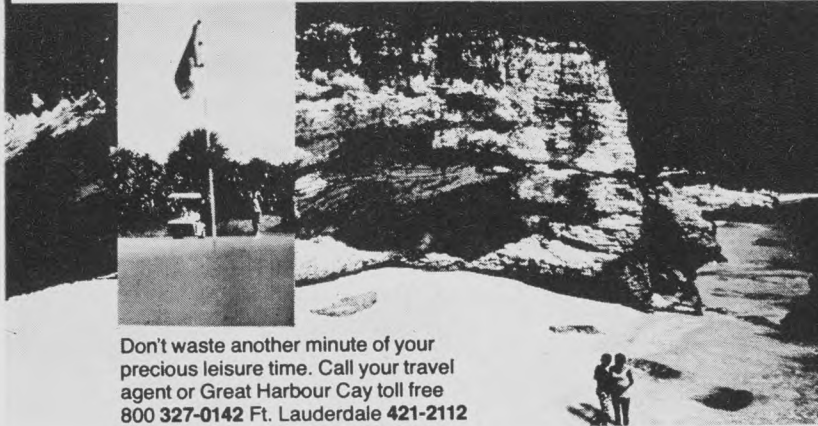
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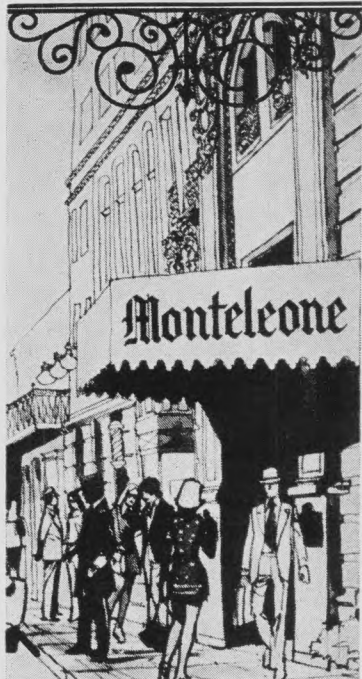
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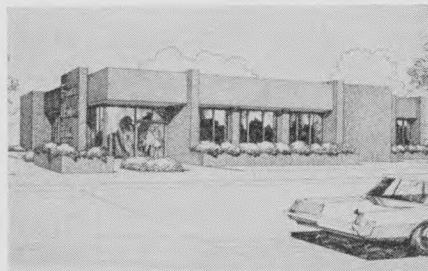


■ **CENTRAL BANK**, Wichita, has promoted P. R. Mullen to senior vice president of the bank and executive vice president of CENAR Corp., the bank's HC. Also promoted was Robert Dool, named executive vice president of the bank and a director of the HC. Donald R. Murphy has been promoted to vice president and Sue Goward was named consumer loan officer.

■ **THOMAS W. POOS** has joined Planters State, Salina, as vice president in charge of mortgage loans. He was formerly an assistant vice president and trust officer at First State, Salina.

■ **NATIONAL BANK**, Pittsburg, has been acquired by Pittsburg Bancshares, a new one-bank HC.

■ **FARMERS NATIONAL**, Stafford, is erecting new quarters, which will contain 4,913 square feet of space, will be of contemporary design and will feature a rustic, western appearance. The exterior will have fluted exposed aggregate concrete walls capped with a deeply grooved bronze-colored metal fascia. Large solar bronze windows will be used throughout the structure. Windows in each functional area will be designed to open onto a separate landscaped window planter unique to that work space. The interior will have four stand-up tellers stations and a seated teller, who also will handle new accounts and control access to the safe deposit vault and coupon booths. The project is being handled by the Bunce Corp. of Shawnee Mission, Kan.



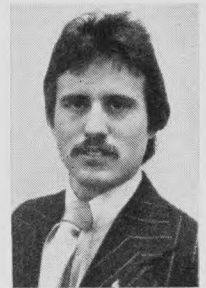
This is artist's sketch of exterior of future new home of Farmers Nat'l, Stafford.

■ **A. K. SEWELL** has been elected chairman, Citizens National, Independence, moving up from president. He had held the latter post since 1958 and has been with the bank 41 years. Paul H. Viets, vice president since 1973, has succeeded Mr. Sewell as president. Mr. Viets was elected to the board in 1969.

■ **NATIONAL BANK**, Wichita, has promoted Betty Bruns to vice president, Jim Loomis to trust/investment and compliance officer and Joye Haneberg to cashier.

Convention First-Timer

Kent Smith will be a first-timer at the Kansas Bankers Assn.'s 1978 convention. He joined United Missouri, Kansas City, this year to assist in government trading. He now is assigned to various regional accounts as a member of the bank's investment department.

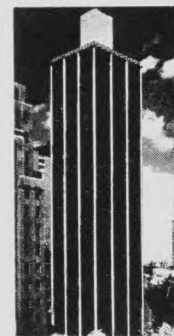


■ **POTWIN STATE** has been acquired by Sueco, Inc., El Dorado, a new one-bank HC. Phillip Hamm, president of Benton State and First National, El Dorado, has been named chairman of Potwin State and Sueco, Inc.

■ **DON SCHUNEMAN**, commercial loan officer, First National, Newton, has moved up from assistant vice president to vice president. He continues to have charge of the loan department. The bank also advanced Ed McMillan from assistant cashier to assistant vice president and appointed Ron Jackson agricultural representative.

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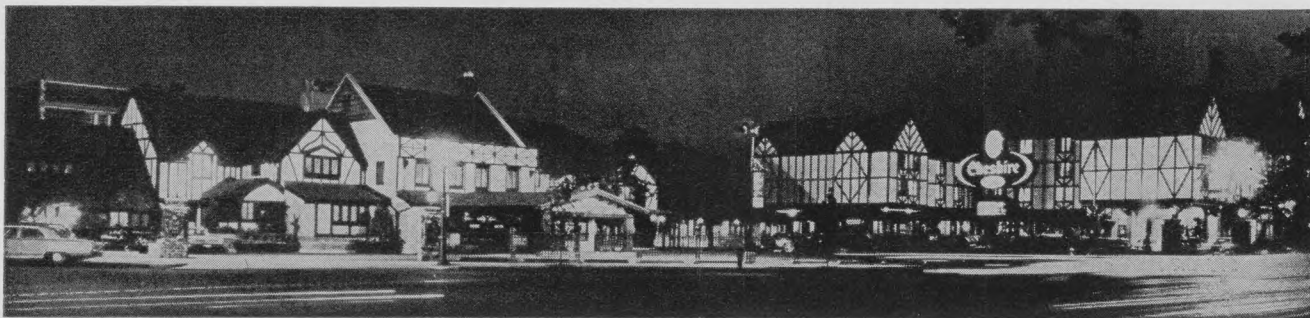
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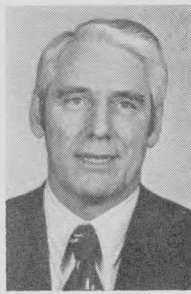
Perkins, Baker, Sheshunoff Scheduled For Louisiana Convention April 15-17



STUART



BOYER



DOLES

THE MAIN business session of the Louisiana Bankers Association's annual convention this month will feature a talk by ABA President-Elect John H. Perkins, president, Continental Illinois National, Chicago. The convention will be held April 15-17 at the New Orleans Hilton. The theme will be "The Meeting on the Mississippi."

Mr. Perkins will speak the morning of April 17 at the first business session. He is a former chairman of the ABA's government relations council (1974-76). At that session, LBA President Walter B. Stuart III will give his report. He is vice chairman, First National Bank of Commerce, New Orleans. The session will feature several committee reports and final reading of resolutions.

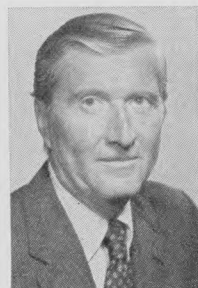
New officers and directors will be elected at a noon luncheon, and directors who have completed their terms will be honored.

At the afternoon business session, designed especially for bank directors, James V. Baker, executive vice president, Fidelity Bank, Oklahoma City, will be the first speaker. He will be followed by Alex Sheshunoff, president, Sheshunoff & Co., Austin, Tex.

Although these will be the only business sessions to be held during the convention, many other activities are planned, beginning at 9 a.m. April 15,



BAKER



PERKINS

with the opening of the registration desk and message center. Also to be opened then is a large banking trade show that will be held in conjunction with the convention.

A "River Revel" is planned to start at 4 p.m. that day aboard the steamer Admiral. The boat will cast off at 4:30, head down the Mississippi for an hour of informal dancing and refreshments, then return at 5:30 for another half hour of partying at dockside. The evening will be free.

Several large correspondent banks will be hosts at parties April 15 and 16.

No formal convention activities have been announced for April 16. On April 17, School of Banking of the South graduates and students will have a 7:30 breakfast. That night, a 6 o'clock social will be followed by the annual banquet at 7 o'clock with dinner music and dancing. Songstress Linda Merrill and comedienne Mickey Sharp will entertain.

During the banquet, two 50-year bankers—A. S. Dubois and James J. Covell—will be honored. Mr. Dubois is executive vice president/cashier, Bank of Erath. Mr. Covell is retired building manager, Hibernia National, New Orleans.

The convention will close formally following the banquet.

LBA Officers. Mr. Stuart, LBA president, joined First NBC in 1963, was elected senior vice president in 1965 and executive vice president later that same year. He became vice chairman in 1973. Mr. Stuart was president of the bank's parent HC, First Commerce Corp., from 1973 to 1975, when he was made vice chairman. He is director of the School of Banking of the South and is listed in *Who's Who in America*.

LBA president-elect is James G. Boyer, president, Gulf National, Lake Charles, a post he has held since 1970.

A lawyer, Mr. Boyer was a judge advocate with the U. S. Air Force during the Korean War. Following release from active duty in 1954, he practiced law for 16 years and was city attorney for Lake Charles from 1960-62.

LBA Treasurer is John J. Doles Jr. Before becoming a banker, he was in the insurance business and still serves as president of Doles Insurance Agency, Inc., in his native Plain Dealing. He was elected a director of that city's First State in 1956, became vice president in 1966 and president, his present post, in 1970. In 1974, Mr. Doles was chairman, Northwest Louisiana Clearinghouse Association.

General convention chairman this year is Charles Cassidy, chairman/president, First State, Bogalusa. • •

Louisiana First-Timer

John W. McClure will be a "first-timer" at the Louisiana Bankers Assn.'s 1978 convention this month. He heads the regional banking division's central group at St. Louis' Mercantile Trust, where he is v.p. and which he joined in 1971.



■ RONALD V. BURNS has been promoted to assistant vice president at Liberty Bank, New Orleans. He also serves as auditor and accounting department manager. H. Jude Alsandor, president, Continental Catering and Marine Services, Lafayette, has been elected to the board.

■ DIANNE HESTER has been appointed account executive for Louisiana by Christmas Club a Corporation. She is a resident of Baton Rouge.



HESTER

■ WHITNEY NATIONAL, New Orleans, has elected 10 new assistant cashiers, including David F. Andignac, Frederick A. Doll, Walter E. Estrade, Lawrence J. Gubler Jr., John T. Laborde, Mrs. Anne N. Leach, Mrs. Beverly J. Leissing, Joseph S. Mangiapane, Alfred J. Otilio and Barrett J. Wilson Jr.

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MID-CONTINENT BANKER for April, 1978

139

NEWS

From the Mid-Continent Area

Alabama

Bank in Camden Closes

CAMDEN—Wilcox County Bank was closed voluntarily by its directors March 1, and the FDIC was named receiver. Its deposit liabilities were assumed by Town-Country Nat'l, a new bank organized by a group of local residents. The latter bank opened March 8.

Besides assuming about \$11.4 million in liabilities—including \$10.5 million in deposits—the new bank agreed to pay a purchase premium of \$25,000. The assuming bank acquired the cash, investment-grade securities and fixed assets of the former bank. To facilitate the transaction, the FDIC advanced cash amounting to about \$8.2 million and retained the failed bank's book assets of approximately \$8.8 million.

The FDIC expects to recover a substantial portion of its outlay as payments are realized on assets not transferred to the assuming bank.

■ **FIRST NATIONAL**, Mobile, has promoted John C. Hope III to assistant vice president, James M. Ellison to loan officer and Eva Lynn Jones to branch officer. Mr. Hope joined the bank in 1974 as a management trainee and was assigned to the marketing department. He was elected a marketing officer in 1975. Mr. Ellison has been with the bank since 1973 and became loan interviewer in 1976. Mrs. Jones went to First National in 1975 as a management trainee and—since 1977—has been at the Cloverleaf Office, where she now is assistant manager.

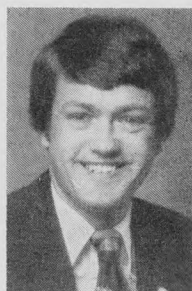
■ **SOUTHERN NATIONAL**, Birmingham, opened its Riverchase Office March 6. The 3,000-square-foot building has drive-up facilities and a 24-hour ATM, called "Southern Gentleman." Tom A. Jones Jr. is manager of the office, which is the bank's first branch.

Arkansas

■ **JIM JETT** has advanced to president and George R. Shankle to chairman at First National, Hot Springs. Mr. Jett entered banking at Worthen Bank, Little Rock, in 1967, going four



SHANKLE



JETT

years later to First of Hot Springs, where he was named senior vice president in 1973. Mr. Shankle, who remains the bank's CEO, served as president, Arkansas Bankers Association, 1969-70. He served as president, First National, Camden, from 1947-1970, when he joined First of Hot Springs as president and CEO.



CRAWFORD

■ **COMMERCIAL NATIONAL**, Little Rock, has elected W. Donham Crawford to its advisory board. Mr. Crawford is president, Edison Electric Institute, the principal association of the nation's investor-owned utilities. He is a Little Rock native. This spring, Mr. Crawford will become chairman and CEO, Gulf States Utilities Co., Beaumont, Tex. Commercial National's national advisory board is a group of native Arkansans who have achieved national and international prominence as business leaders.

■ **PULASKI BANK**, Little Rock, has named the following senior vice presidents: Marcelline Giroir, Garland Parnell Kirkpatrick, Robert Charles Magee and Thomas Purifoy. Miss Giroir joined the bank last August as vice president, marketing; Mr. Kirkpatrick, who is a former president, Junior Section, Arkansas Bankers Association, joined the bank in January as vice president and lending officer; Mr. Magee went to the bank in 1976 and prior to his promo-

tion was vice president, trust officer and trust committee chairman; and Mr. Purifoy is a bank director and has served as president, Pulaski Mortgage Co., a bank subsidiary.

■ **B. GENE STATON** has been elected president and CEO, DeWitt Bank, succeeding Julian Brown, who was named vice chairman. Mr. Staton has served banks in Little Rock and Warren and joined DeWitt Bank in 1976 as executive vice president. Mr. Brown has been with the bank since 1934 and had served as its president for the past two years.

■ **NORTHWEST ARKANSAS Bancshares, Inc.**, has received Fed approval to become a bank HC through acquisition of First National, Rogers.

Illinois

■ **E. NORMAN STAUB**, who was vice chairman, Nortrust Corp. and Northern Trust, Chicago, has succeeded Edward Byron Smith as the bank's chairman and CEO. As previously announced, Mr. Smith did not stand for reelection as a bank officer. He continues as the HC's chairman and CEO until March, 1979, when he will turn over responsibilities as Nortrust's CEO to Mr. Staub. However, Mr. Smith will continue as HC chairman. Phillip W. K. Sweet Jr. continues as president of the HC and the bank. In other action, Charles H. Barrow was elected to the boards of the HC and bank and was made senior executive vice president of Northern Trust. In this newly created post, he is the bank's third-ranking officer and has overall responsibility for the banking, international, operating, auditing, building and advertising and public relations departments. He had been an executive vice presi-



STAUB



BARROW

dent since 1974. At their March 7 annual meeting, the HC's stockholders voted to change the firm's name to Northern Trust Corp. Solomon B. Smith did not stand for reelection as a director of the HC and became an honorary director. In his place, stockholders elected James W. Cozad, vice president/finance, Standard Oil Co. (Indiana).



McAULIFFE



HUBBARD

■ RICHARD L. McAULIFFE, senior vice president, Harris Bank, Chicago, has been named controller and head of the planning and control group. He was head of the banking services group, a post now held by Vice President P. David Hubbard. Mr. Hubbard's former post of bank secretary and head of corporate activities has been taken by Vice President N. Daniel Engstrom. Vice President Russell L. Mitchem has succeeded Mr. Engstrom as head of the trust department's estate administration division. Vice President James A. Graves, in turn, has succeeded Mr. Mitchem as head of the trust department's trust tax division.



MONTGOMERY

■ JAMES M. MONTGOMERY has joined First National, Belleville, as vice president in charge of the correspondent banking department. He had more than 20 years' experience as a correspondent bank officer with National Stock Yards National, National City, which was closed last year. Mr. Montgomery also was a vice president at that bank.

■ BANK OF BELLEVILLE'S directors have voted to increase its board from nine to 11 members. Newly elected directors are Edward J. Szewczyk, M. D., and Wayne W. Weeke, president, Weeke Wholesale Co.

AMBI Structure Commission To Reexamine Legislation; Industry Invited to Join Process

SPRINGFIELD—AMBI's (the Association for Modern Banking in Illinois) board has moved to create a structure commission, the purpose of which will be to reexamine bank-structure-reform legislation and invite the entire industry to join in the process.

According to Loren M. Smith, AMBI president, and chairman, United Bank of Illinois, Rockford, "We will be working to examine all options and hear all points of view concerning structure. I believe that conditions are vastly different today than in 1973, when AMBI developed its present position on the subject.

"We hope the commission will help achieve a consensus among bankers. If that is possible, we can reunite as an industry and compete more effectively with other types of financial institutions. The commission is a sort of 'olive branch' to all Illinois bankers, an attempt to make a good-faith effort to settle our differences and develop a position with which we all can live."

"Since 1973, S&Ls in the state have won the right to branch statewide; more than 600 S&L branches now operate in the 'Land of Lincoln,'" according to Gerald Sinclair, AMBI chairman. "Similarly, credit unions may branch relatively at will." Mr. Sinclair is executive vice president, Salem National.

Mr. Sinclair says these developments have caused many bankers in the state to reexamine their beliefs about structure legislation. A recent survey by AMBI "indicates significant attitude shifts regarding the likelihood of structure change in Illinois," he added.

"AMBI's structure commission will solicit input from all bankers as well as banking associations," said Theodore H. Roberts, committee vice chairman, and executive vice president, Harris Trust, Chicago. "Our goal is to develop a legislative position that represents as broad a consensus as possible."

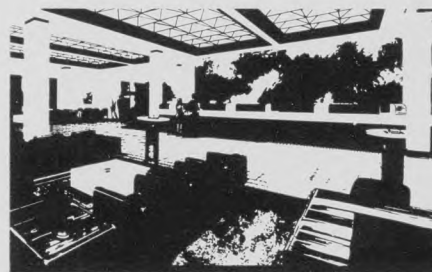
The commission will examine all options for substantive structure reform, and, after developing input from all sources, will recommend a legislative position for presentation to the 1979 session of the state General Assembly.

■ G. THOMAS ANDES, executive vice president, First National, Belleville, has been elected president of the Illinois Bankers Association's marketing and public relations division. Other officers elected in the division were: first vice president—Gerald Feezor, presi-

dent and CEO, Peoples Bank, Marion; second vice president—Dennis McMullan, assistant vice president, Tuscola National; secretary—Karen Reeves DeLee, IBA director of communications.

■ FIRST NATIONAL, Lansing, has announced the promotions of Thomas C. Cornwell and Stanley S. Pamedis to vice presidents and Helen M. Kennedy to cashier. Mr. Cornwell continues as trust officer and will supervise trust operations; Mr. Pamedis continues to supervise and operate the installment loan department; and Mrs. Kennedy now heads operations.

■ CITIZENS NATIONAL, Decatur, has completed the first phase of remodeling adjoining buildings and promoted the following: to vice presidents, James M. Baugher, James R. Flanigan and Richard N. Helm, and to correspondent banking officer, David G. Weber. With the first phase of the remodeling program completed, the lobby/tellers area, mezzanine offices,



This is how lobby of Citizens Nat'l, Decatur, looks following completion of first phase of bank's remodeling project.

second-floor officers' area and lower-level safe-deposit area are now in use. The Bunce Corp., St. Louis, handled the design, planning and construction management. The temporary bank space, presently occupying quarters formerly used by a drug store, will be closed and undergo extensive further remodeling under the second phase of the project.

Indiana

■ CITIZENS BANK, Jeffersonville, has promoted Beverly Corby and Charles R. Meyer to vice presidents and James S. Honour to vice president and cashier. Caroll Cox has been promoted to assistant vice president and auditor. Also, Joseph L. Gambill has joined the bank as an assistant vice president and loan officer.

■ C. RICHARD KELLUM has joined Merchants National, Indianapolis, as vice president and division executive of the Indiana division. He is responsible for both correspondent and corpo-



KELLUM

rate bank relationships throughout Indiana. He replaces James I. Mackay, who has joined a bank HC in Iowa. Mr. Kellum was formerly president, Danville State.

■ F. VAUGHN ALBERT has been promoted to assistant vice president at Peoples Trust, Fort Wayne. Mr. Albert joined the bank in 1976 as credit supervisor in the installment loan department.

Kentucky

■ WILLIAM B. RICHARDSON has been promoted to vice president at Citizens Bank, Elizabethtown. He joined the bank in 1974.

■ MALCOLM W. STARR has been appointed trust officer at Liberty National, Louisville. New to the bank, he was formerly with a local law firm.

■ POWELL COUNTY BANK, Stanton, has named Johnny Tharpe cashier, John Morford vice president and Steven Hale assistant vice president.

Executive Line Introduced

LOUISVILLE—Liberty Nat'l has introduced what it says is a new lending service unique to Kentucky—Executive Line. This is an unsecured, revolving line of credit ranging from \$3,000 up to a maximum of \$25,000. It's available to customers and non-customers.

An Executive Line applicant submits a financial statement along with his or her application. If the latter is approved, the bank establishes a line of credit for that individual and issues special checks to the customer. The customer then is free to use the checks to write himself or herself a loan, up to the established credit limit, at any time and for any purpose without having to check with the bank again. There are no restrictions on use of the checks.

Executive Line customers are billed monthly and may pay the balance due over a period of years.

The service is patterned after similar services initiated recently by Bank of America in California and United Virginia Bank.

■ EUGENE W. BUTTERS has been promoted to president, First Bank, Princeton. Also promoted were Kenneth E. Cox, to executive vice president and cashier; Illie G. Willis and Sarah G. Smith, to vice presidents; and Betty Mitchell, to assistant cashier. Mr. Butters joined the bank in 1964.

■ FIRST NATIONAL, Louisville, has named David Augenstein and Stanley Hudson III accounting officers. William R. Barrett has joined the bank's New York City office as senior national banking officer.

■ ELLIE FRAKES has been named an assistant cashier at First Security National, Lexington. She joined the bank in 1967 and is assigned to the Financial Services Group.

■ JACQUELINE MYRICK has been named cashier, and Orin T. Sprague has been appointed assistant vice president at Salem Bank. Mrs. Myrick has been with the bank 16 years and was assistant cashier. Mr. Sprague, formerly assistant cashier/manager, Smithland Branch, joined the bank 2½ years ago.

■ CLARK COUNTY BANCORP., Winchester, has received Fed approval to become a bank HC through acquisition of Clark County National, Winchester.

■ L. DONALD SHEMWELL has been named executive vice president, Trigg County Farmers Bank, Cadiz, while Pauline J. Crump has been elected assistant trust officer. Kathleen S. Burke, assistant vice president, has assumed additional responsibilities as board secretary.

Mississippi

■ JOE G. HILTON has joined Mississippi Bank, Jackson, as senior vice president/operations and finance. He formerly was with Jackson's Deposit Guaranty National, where he was senior vice president and comptroller.

■ MICHAEL R. LOWE has been promoted to assistant vice president, Commercial National, Laurel, where he is manager, Ellisville Boulevard Branch. The bank named Betty Henderson marketing officer and Robert E. Parker assistant auditor.

■ BANK OF MISSISSIPPI, Tupelo, has promoted Tally D. Riddell Jr. from vice president and investment officer to first vice president and investment officer, Coy R. Livingston from assist-

1st of Clarksdale Remodels



This is an artist's depiction of the remodeled interior of First Nat'l, Clarksdale. The building also is being enlarged and will have 13,000 square feet of space. The exterior is a combination of yellow-face brick capped with a dark bronze metal fascia. The interior is decorated in earth tones: Interior walls are of buff yellow-face brick offset by a soft brown carpet and green and orange upholstered furniture. The tellers fixture is highlighted with a louvered ceiling containing silver reflective light fixtures. Bank Building Corp., St. Louis, is the consultant and construction manager for the project. Jake Jones, a BBC associate, is the architect.

ant vice president to vice president, Jim Ballard from loan officer to assistant vice president, Luke Luna from marketing officer to assistant vice president and Catherine Whitlock to operations officer.

■ CLYDE J. CHAPMAN has been elected president, First National, McComb, while Herbert E. Wilmesherr has been named advisory board chairman. William Neville Jr., former advisory board chairman, will remain a director. First of McComb is a branch of First of Jackson. Mr. Chapman has been with First of Jackson since 1952, while Mr. Wilmesherr has been associated with First of McComb 42 years.

Missouri

■ PHILLIP B. ISBELL has been promoted to vice president, Boatmen's National, St. Louis, where he is in the correspondent banking division. He was assistant vice president and had been in the correspondent banking division, National Stock Yards National, National City, Ill., for 14 years before going to Boatmen's last November. The latter bank also promoted Robert J. Reynolds from assistant trust officer to trust officer. He went to the bank in 1972. In other action, Boatmen's elected a new director—Louis Fernandez, executive vice president, Monsanto Co., St. Louis.

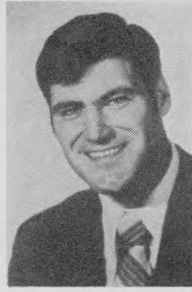
■ BERNARD J. McSORLEY has joined St. Louis County Bank, Clayton, as vice president in charge of the



McSORLEY



ISBELL



MORRISON



JUENGST



BACHMANN



SCHWEITZER

commercial real estate lending department. He has been in commercial and real estate lending the past seven years, most recently as vice president, Manchester Bank, St. Louis, which he joined early in 1977. Before that, Mr. McSorley was an assistant vice president at St. Louis' First National.

■ **MERCANTILE BANCORP.** and its lead bank, Mercantile Trust, both of St. Louis, have announced several staff changes. At the bank, John H. Schweitzer, manager, Gravois Banking Center, and Dennis R. Morrison were elected vice presidents; Vice President Cliff R. Juengst has succeeded Leon G. Fox, who retired in January, as head of the personnel department, and the following assistant vice presidents were named: David L. Wallace, William A. Johnson, Jon A. Lindhjem and Lyle T. Dickes. Mr. Lindhjem also was made assistant comptroller. At the HC, Mr. Morrison and Eugene F. Bachmann were made vice presidents, and Michael T. Normile was promoted to assistant vice president and assistant treasurer. Mr. Juengst had been in charge of personal banking since 1973.

■ **W. CHARLES WHITMIRE** has advanced from executive vice president to president, First National, Salem. In addition, Donald R. Crandell has been promoted from cashier to executive vice president; Emily Vaughan from assistant cashier to cashier; and Helen E. Turner from assistant cashier to vice president. Robert W. Schutte has been elected vice president; Michael Hardman, assistant vice president; and Rhonda Land, data processing officer.

■ **WILLIAM C. PIERCE** has joined Commerce Bank, Kirkwood, as vice president. He was vice president, Webster Groves Trust.

■ **BANK OF LADUE** has promoted Robert J. Helfrich from cashier to assistant vice president/cashier. He joined the bank when it opened in 1973. Bank of Ladue is a member of First National Charter Corp., Kansas City-based multibank HC.



THOMPSON



PROFFITT



TAYLOR

■ **BYRON G. THOMPSON**, vice chairman, United Missouri Bank, Kansas City, has been elected to the board of United Missouri Bancshares, Kansas City. Mr. Thompson is head of the bank's bond department. At the HC, David A. Proffitt was promoted to vice president. He joined the HC in 1969. Robert B. Riss, president, Riss International, has been elected an advisory director of the bank.

■ **JOHN C. TAYLOR** has been elected vice president/loan administration, Commerce Bancshares, Kansas City. Before joining the HC, he was a vice president, Commerce Bank, Springfield. Mr. Taylor has been associated with Commerce since 1970, when he joined Commerce Bank, Kansas City, as a credit analyst. The latter bank recently advanced James W. Henry from trust administrator to trust officer.

■ **DENNIS L. NOAH** has moved up from international banking officer to assistant vice president, First National, St. Louis.

■ **JAMES M. PREVOST** has been named assistant auditor/EDP, First National Charter Corp., Kansas City. He was an internal auditor, EDP spe-

cialist, Blue Cross-Blue Shield, before joining the HC last January.

■ **MANUFACTURERS BANK**, St. Louis, has elected two new directors: Dennis P. Long, vice president and general manager, Brewery Division, Anheuser-Busch, Inc., and Francis A. Stroble, vice president/controller, Monsanto Co., both of St. Louis.

■ **R. PRICE PICKARD** has joined Mercantile Bank, Kansas City, as assistant vice president/commercial loans. He had spent the last four years with another Kansas City bank.

■ **ST. LOUIS COUNTY BANK**, Clayton, has promoted James R. Albach to trust investment officer and Steven M. Brown to assistant trust officer. Mr. Albach, with the bank since 1970, was assistant trust investment officer. Mr. Brown joined the bank in 1976 as trust auditor.

■ **LAUREL BANK**, Raytown, has named Joe D. Zahnd assistant vice president/installment loans. He has been in the consumer finance field 10 years and previously was with C.I.T. Financial Services.

■ **JANICE L. LAWRENCE** has been promoted to vice president, Bank of Springfield, which she joined in 1976 as assistant vice president and manager, Sunshine Branch Bank. She continues in her branch post. In other action, the bank elected two new directors, Joe T. Lyons, Springfield newspaper publisher, and James T. Brown, M. D.

■ **W. J. (JAKE) TURNAGE**, vice president, Commercial Trust, Fayette, has been in Keller Memorial Hospital since last May, when he suffered a stroke.

■ **METRO BANKS** of the St. Louis area have announced some staff changes. Jerry S. Von Rohr, executive vice president, Hampton Metro Bank, St. Louis, has been given the additional and newly created post of chief operating officer. Harold E. Partney has moved from Ellisville Metro Bank,

where he was vice president/cashier, to Hampton Metro Bank, also as vice president/cashier. Rush James, who was vice president, Clayton Metro Bank, has been transferred to Ellisville Metro Bank as executive vice president and chief operating officer. Steven A. Eckhardt has been elected vice president/cashier at Ellisville, going from Clayton Metro Bank, where he was vice president.

Record Year for HC

CLAYTON, MO.—County National Bancorp. reported 1977 to be a record year. Net income after securities transactions was \$2.6 million, or \$3.76 a share, compared with \$2.3 million, or \$3.34 a share, in 1976. Deposits went up 7.2% at year-end 1977 to \$313.7 million, and total assets last year showed a 4.6% increase, going to \$371.4 million.

■ **PHYLLIS HILL**, vice president and assistant secretary, Pioneer Bank, Maplewood, retired March 31. She joined the bank in 1949 as secretary to the president and became assistant vice president before being named to her most recent posts. Mrs. Hill also was a real estate loan officer. She is a former secretary, Metropolitan St. Louis Group, National Association of Bank Women.

■ **BANK OF URICH** observed its 90th anniversary the week of February 27-March 4 as "customer-appreciation week." Despite snowstorms and record low temperatures, about 700 persons signed the guest book. Refreshments of homemade cookies, mints, coffee and punch were served from a table bearing a three-tiered birthday cake. Guests were given pins, key rings, meter sticks and miniature boxes of chocolates. The Erwin name has been associated with the bank through three generations—since 1897.

New Mexico

■ **BEVERLY K. BEARDEN** has joined the staff of First National of Lea County, Hobbs, as assistant cashier and executive secretary. She was formerly with Security National, Roswell.

■ **FIRST NATIONAL**, Santa Fe, has appointed C. R. "Buzz" Murrell and Harry F. Schnittger senior vice presidents. Mr. Murrell was formerly with Valley National, Phoenix, and Mr. Schnittger was president and chairman, Computer Congenerics Corp., Oklahoma City, prior to joining First of



MURRELL



SCHNITGER

Santa Fe. Also promoted were Patti L. McElroy, to vice president; Rebecca N. Linderman, to assistant vice president and personnel officer and D. Tom Taylor, to assistant vice president and operations officer.

■ **WESTERN BANK**, Albuquerque, has promoted Donald R. Holmes to executive vice president, Roy W. Davidson to senior vice president, Michael W. Briggs to senior vice president and branch administrator, Richard M. Davidson to vice president and cashier, James M. McNeil and Diane J. Neuhaus to assistant vice presidents and Linda Jenkins to public relations and marketing director.

■ **CARL SCHLEMEYER** has joined American Bank of Commerce, Albuquerque, as senior vice president and manager of the real estate department. He was formerly with Albuquerque Federal Savings.

■ **AMERICAN NATIONAL**, Silver City, has promoted Joe H. Brown to senior vice president, David Pierson to senior vice president and cashier, Jack G. Stroman to executive vice president and director and Ruth Lee to assistant vice president and executive secretary.

■ **WILLIAM W. BURT** has been elected chairman, Deming National succeeding Edward B. Kretek. The chairmanship of the bank is rotated annually.

Oklahoma

Bank Structure Issue Dead In Oklahoma Legislature

OKLAHOMA CITY—The bank structure issue is dead for this session of the state legislature, according to the Oklahoma Bankers Association.

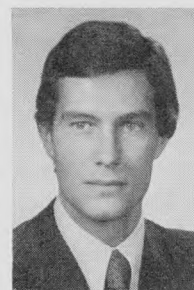
The Oklahoma Senate Banks and Banking Committee has approved the naming of an interim study committee to discuss bank structure in the state.

The study committee proposal was made after a substitute bill for SB 207 had been submitted to the committee calling for the establishment of one full service detached facility at a distance

greater than 1,000 feet from the bank and within city limits in cities of less than 250,000 population. The proposal also provided for multi-bank HCs that could expand until acquiring 12% of the total state deposits in banks.

The HC portion of the proposed legislation died in committee and the study committee proposal postponed deliberation on the detached facility until at least the 1979 legislative session.

■ **FIRST NATIONAL**, Oklahoma City, has promoted Richard Pralle, Vestil Stiles, Tim Wadley, Jim Tappan, Steve Porter and Charles Williamson to assistant vice presidents. Mr.



PRALLE

Pralle is in the correspondent banking department. Elected administrative officers were Mrs. Pamela Dukes and Mrs. JoAnn Schoo.

■ **UNION NATIONAL**, Tulsa, has promoted Charlotte Bentley and Peggy Rock to vice presidents and named Betty Crawford an assistant cashier.

■ **BOULDER BANK**, Tulsa, has elected Jeffrey B. Frey II a loan administration officer, and Rex Dunn, vice president, Financial Management Co., and bank finance officer, to its board.

■ **WILLIAM O. JOHNSTONE** has been elected president and a director, Union Bank, Oklahoma City.

■ **MARILYN LEE** has been promoted to assistant vice president at United Oklahoma Bank, Oklahoma City.

■ **BANCOKLAHOMA CORP.**, Tulsa, has promoted James R. Dodd to senior trust officer, Larry Halka and Jim McKinney to vice presidents and trust officers and Ron King to assistant vice president. Virginia Domingos was promoted to cashier at Bank of Oklahoma.

■ **FIRST BANK**, Broken Bow, is constructing a new drive-up facility. The facility's exterior will be of brick capped with redwood siding. Solar bronze glass with bronze anodized glass settings will be used for windows. The interior will be decorated in warm

colors and will have a walk-in lobby, conference room and safe-deposit facilities. Bank Building Corp., St. Louis, is the consultant and construction manager for the project; John R. Suedel, a BBC associate, is the architect.

Tennessee

■ **FIRST AMERICAN NATIONAL**, Nashville, has promoted David P. Speno to vice president, Edith D. Per-



TURNER



PERRY

ry and Edna C. Turner to vice presidents and trust officers and Zachry F. Martin to assistant vice president. Former state governor Winfield Dunn was elected to the board. He is with Hospital Corp. of America.

■ **THIRD NATIONAL**, Nashville, has appointed Richard L. Good a first vice president. He joined the bank in February as director of corporate and bank-wide systems. Also promoted were John W. Baldwin, to operations officer; Daphne C. Rooker, to administrative assistant; George W. Shuff, to industrial development officer; and Paul R. White, to assistant staff counsel.

■ **WARREN NUNN** has been named president, Bank of Halls, succeeding his father, David R. Nunn, who has advanced to chairman. Donald Hogue has been elected executive vice president and a director. In addition, Mrs. Donald Koonce has been appointed cashier; Mrs. Jerre Jordan, assistant vice president; and Mrs. Aaron Davis, assistant cashier. Mrs. Koonce is the bank's first woman cashier.

■ **LEIGH M. BULLEN** has joined Nashville CityBank as vice president in charge of financial management. He was formerly with a CPA firm and was associated with First Mississippi National, Hattiesburg, at one time.

■ **FIRST NATIONAL**, Pikeville, has promoted Phillip L. Crawford to vice

president and cashier and Larry Farley to assistant cashier and installment loan officer.

Citizens Group's

(Continued from page 114)

bought the entire block (legal limit) of the first bonds issued by this authority. Also, it was the first St. Louis-area bank, according to Mr. Hardin, to pioneer a new financing program available through the Community Development Agency and the Small Business Administration.

ACORN's Side. Among guarantees that ACORN wants Commerce Bancshares to make are:

- A loan-to-value ratio of 90% of purchase price or improved value—meaning a 10% down payment on conventional mortgages of one- to four-family houses in the Manchester-Tower Grove community.

- A loan-to-value ratio of 95%—with private mortgage insurance—meaning establishment of a 5% down payment on those mortgages.

- A 30-year maturity period on conventional mortgage loans.

- Interest rates no greater than those available to other borrowers.

- Allowing labor performed by borrowers to improve their home to be considered equivalent to a cash investment.

- Granting home improvement loans up to \$15,000 for a single-family house and \$25,000 for a multifamily dwelling.

- Allowing a maturity period of up to 15 years for home improvement loans.

- Making interest rates on home improvement loans the same as those available on 30-year conventional mortgage loans.

- Appointing a community reinvestment officer by Manchester Bank for the Manchester-Tower Grove community.

ACORN brought in Lawrence B. Rosser, executive director, Woodstock Institute, Chicago, to describe how a bank in that city—South Shore National—is, as Mr. Rosser put it, “using its capacity to extend credit and its managerial talent to redevelop the community which constitutes its primary service area.” The Woodstock Institute is a nonprofit organization established in 1973 to analyze existing public policies and to develop alternative ones that could facilitate reinvestment of private capital and credit in “mature communities.”

According to Mr. Rosser, South

Shore National is located in a neighborhood that began experiencing rapid racial transition and disinvestment during the late '60s and early '70s. After the bank was purchased by a bank HC called Illinois Neighborhood Development Corp. (INDC), it instituted “neighborhood development banking,” designed to “greenline” or make investments in its local community in the broadest sense. Mr. Rosser said the bank “greenlines” by extending credit to residents, businesses and local organizations and by investing staff time to further neighborhood economic and social objectives. He then elaborated on the many ways the bank has done this. • •

Independents

(Continued from page 118)

sociation recommended that state laws prevail over federal statutes or regulations.

Expressed concern about current proposals to reorganize the U. S. Agriculture Department, suggested by the Administration's Reorganization Study Group. The IBAA fears loss of cabinet status for the USDA. The association, composed principally of rural banks, supported the concept of a strengthened USDA “whose primary purposes would be to assure a fair return for agricultural production and development of rural communities.”

Opposed creation of a central-liquidity facility for credit unions “because it would encourage unsound liquidity management by credit unions.”

Urged Congress and the President to give a priority position among the nation's issues to the maintenance of agricultural prices in relative balance with other segments of the economy.

Recommended that FmHA loans be raised as follows: on farm-ownership



Mr. and Mrs. Glenn Dawson are photographed on way to IBAA convention buffet breakfast. Mr. Dawson is v.p./cash., First Nat'l, El Dorado, Kan.

loans, to \$200,000 on direct and insured loans and to \$300,000 on guaranteed loans; on farm operating loans, to \$100,000 on direct loans and to \$200,000 on guaranteed loans.

Convention delegates also reaffirmed a number of positions taken at previous IBAA conventions, including opposition to further geographical expansion of branching.

New Officers. Ivan D. Fugate succeeded Mr. Trautz as IBAA president. Mr. Fugate is chairman/president, Western National, Denver. Other newly elected officers are: first vice president, Raymond D. Campbell, president/CEO, Oberlin (O.) Savings Bank Co.; second vice president, Thomas F. Bolger, president/CEO, McHenry (Ill.) State; and treasurer, Don F. Kirchner, chairman/president, Peoples Trust, Riverside, Ia. Mr. Kirchner succeeded Don R. Ostrand, vice president, First National, Omaha.

Restricted Branching by 1980 Foreseen by Bankers in Ill., AMBI Survey Results Show

SPRINGFIELD, ILL.—According to a survey by the Association for Modern Banking in Illinois (AMBI) of 1,177 bankers throughout the state, a "clear majority" believe restricted branch banking is likely to receive legislative approval by 1980.

Thirty-three percent of those sent questionnaires responded; 58% of the respondents forecast restricted branching and predicted the likelihood of multi-bank HCs being approved by 1985.

Less than a third of the respondents believe present state banking laws will remain unchanged until 1980 and less than 20% believe the status quo will remain until 1985.

According to Loren M. Smith, AMBI president, and chairman, United Bank of Illinois, Rockford, "The most complete about-face from the attitudes reported in a survey by the Illinois Bankers Association (IBA) in 1972 is the number who felt banking would remain unchanged. Now only 31% believe that the status quo will be kept for the short term, compared to 44% previously."

Of the AMBI survey's respondents, 279 are IBA members, 105 are AMBI members and 95 hold memberships in the IBCI, the Independent Community Banks of Illinois. In order for responses to the AMBI survey to be comparable to the IBA's 1972 study, Mr. Smith noted, questions were as nearly alike as possible.

Other findings of the AMBI survey

include:

- Bankers feel they face strong competition now, which will increase sharply during the next five years. That increase in competition is expected to come primarily from federally chartered S&Ls.

- When asked their preference—as opposed to what they expected—bankers surveyed ranked the present, limited branching, system first. AMBI members preferred restricted branching and limited multi-bank HCs; IBA members favored restricted branching after the present system.

- Bankers belonging to all three associations—by clear majorities—agreed on allowing all financial institutions to pay the same interest rates and to compete on equal bases; that interest payments on checking or S&L NOW accounts will be prevalent in five years; and that EFTS is an efficient means of delivering customer services.

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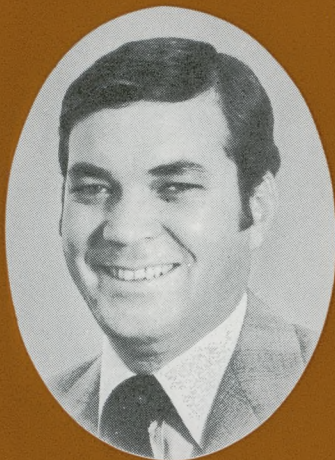
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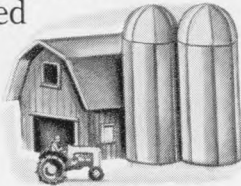
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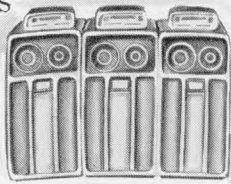
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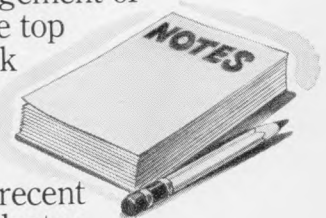
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