

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

Convention Reports

JULY, 1978



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Christmas

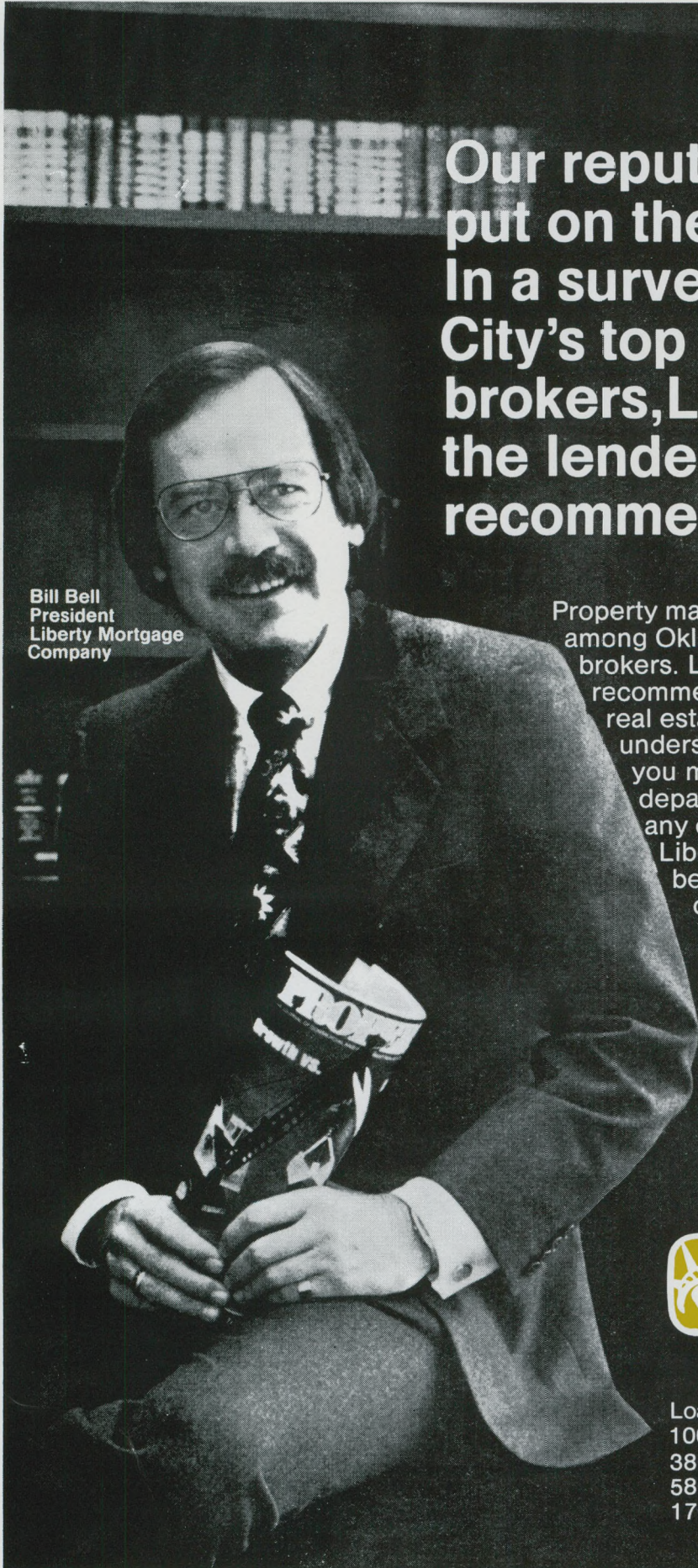
Marketing Issue

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MID-CONTINENT BANKER

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Convention Calendar

- July 23-28: ABA National School of Bank Card Management, Evanston, Ill., Northwestern University.
- July 23-29: ABA Operations/Automation Division Business of Banking School, Ithaca, N. Y., Cornell University.
- July 30-Aug. 11: Bank Administration Institute School for Bank Administration, Madison, Wis., University of Wisconsin.
- July 30-Aug. 11: Consumer Bankers Association Graduate School of Consumer Banking, Charlottesville, Va.
- Aug. 12-18: Bank Marketing Association Bank Management School for Marketing Managers, Madison, Wis., University of Wisconsin.
- Aug. 13-26: Central States Conference Graduate School of Banking, Madison, Wis., University of Wisconsin.
- Aug. 14-25: ABA National Trust School/National Graduate Trust School, Evanston, Ill., Northwestern University.
- Aug. 17-18: Graduate School of Banking Seminar for College Faculty, Madison, Wis., University of Wisconsin.
- Sept. 2-5: 32nd Assembly for Bank Directors, Colorado Springs, Colo., the Broadmoor.
- Sept. 10-12: Kentucky Bankers Association Annual Convention, Louisville, Galt House.
- Sept. 10-13: ABA Bank Card Annual Convention, Dallas, Fairmont Hotel.
- Sept. 10-15: Robert Morris Associates Loan Management Seminar, Bloomington, Ind., Indiana University.
- Sept. 12-15: Association for Modern Banking in Illinois Annual Convention, Chicago, Continental Plaza Hotel.
- Sept. 13-15: Association of Military Banks Annual Workshop, Louisville, Galt House.
- Sept. 16-28: ABA National Installment Credit School, Norman, Okla., University of Oklahoma.
- Sept. 17-20: Bank Administration Institute National Convention, New York City, Hilton Hotel.
- Sept. 20-22: ABA Senior Operations Management Seminar, Palm Beach, Fla., The Breakers.
- Sept. 24-26: ABA National Correspondent Banking Conference, Chicago, Continental Plaza Hotel.
- Sept. 24-27: ABA National Personnel Conference, Denver, Denver Hilton.
- Sept. 24-27: Bank Marketing Association Bank Librarians Conference, Chicago, Water Tower Hyatt House.
- Sept. 24-27: National Association of Bank Women Annual Convention, Las Vegas, Nev., Caesars Palace.
- Sept. 24-29: Graduate Institute of Bank Marketing, Los Angeles, University of Southern California.
- Oct. 1-4: Bank Administration Institute Community Bank Presidents Forum, Colorado Springs, Colo.
- Oct. 8-12: Consumer Bankers Association Annual Convention, Boca Raton, Fla., Boca Raton Hotel.
- Oct. 15-18: Bank Marketing Association Annual Convention, Chicago, Palmer House Hotel.
- Oct. 21-25: ABA Annual Convention, Honolulu, Hawaii.
- Oct. 22-26: Independent Bankers Association of America Junior Bank Officer Seminar/Midwest, Muncie, Ind., Ball State University.
- Oct. 29-Nov. 2: Bank Administration Institute Bank EDP Auditing Conference, San Francisco.
- Oct. 29-Nov. 3: ABA National Personnel School, Norman, Okla., University of Oklahoma.
- Oct. 30: ABA Certified Commercial Lender Examination, Norman, Okla.
- Oct. 30: ABA Certified Commercial Lender Examination, Chicago.
- Nov. 5-8: Bank Administration Institute Community Bank Presidents Forum, Phoenix.
- Nov. 5-8: Robert Morris Associates Annual Fall Conference, Dallas, Fairmont and Dallas Hilton hotels.
- Nov. 8-10: ABA Mid-Continent Trust Conference, Chicago, Drake Hotel.
- Nov. 8-10: Association of Bank Holding Companies Fall Meeting, Mayflower Hotel, Washington, D. C.
- Nov. 9-12: Assembly for Bank Directors, Phoenix, Arizona Biltmore.
- Nov. 12-15: ABA National Agricultural Bankers Conference, Nashville, Opryland Hotel.
- Nov. 12-15: Bank Marketing Association Officer Sales Call Training & Train the Trainer Seminar, New Orleans, New Orleans Hilton.

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MID-CONTINENT BANKER for July, 1978

7

The Banking Scene

By Dr. Lewis E. Davids

Illinois Bankers Professor
Of Bank Management
Southern Illinois University
Carbondale

Dualism—Is It Regulatory Laxity?

SOME PROVOCATIVE questions have arisen from two recent developments.

The first of those developments involves a bank HC in Missouri, which has terminated the Fed memberships of some of its state-chartered, Fed-member affiliates. The HC's nationally chartered affiliates will continue, at least for the time being, to retain their national charters and, as such, remain Fed members.

The second development I noted would seem at first to be unrelated to the first development: resurrection of the controversial idea of state-chartered deposit insurance. For the last decade, Texas has been the leading incubator of that concept, but bankers in other states have toyed with the idea.

Both issues revolve around the United States' rather unique banking concept of dual chartering and dual-banking supervision. What appears to be a rather illogical system has worked



to our society's advantage. The dual-banking system's academic and regulatory critics would prefer a system that is administratively simpler and clearer, a system that concentrates power in only one agency. Apparently, those critics don't subscribe to Lord Acton's observation, "Power corrupts and absolute power absolutely corrupts."

There have been times when state-chartered banks had greater flexibility and powers of innovation; in other times, nationally chartered banks have been the pathfinders. The goal always

has been that of approximate competitive equality. All banks, at one time or another, weigh the cost-to-benefit situation concerning their existing charters. That banks are able to do this isn't an exercise in regulatory laxity, as Washington bureaucrats and politicians would have us believe. Rather, it is a valid way for individual banks to react to the exponential growth of government usurpation of society's right to decide its own best interests.

Records from the late 19th and early 20th centuries show that state-chartered deposit-insurance plans generally were fiascos. Only one New England state's system could be considered a success. With few exceptions, state insurance systems were politically manipulated and poorly administered. Their track records became an important factor in the ABA's initial opposition to the FDIC's charter—the ABA accepted the FDIC only as a trade-off for Regulation Q.

(Continued on page 64)

Lewis E. Davids to Move to Southern Illinois University

AFTER 17 years as Robert E. Lee Hill professor of bank management at the University of Missouri-Columbia, Dr. Lewis E. Davids will become Illinois bankers professor of bank management at Southern Illinois University-Carbondale August 1. Dr. Davids says he is making the change to accept the challenge of helping SIU-C mount a significant effort in the area of education for bank management.

"The Illinois bankers and SIU-C," he continues, "have presented me with an opportunity, facilities, resources and backup to advance the area of education in bank management.

Several recent studies show that bankers are aware of the need for quality educational training not only for college students, but for operating bankers. I'm sure that, through the cooperation of SIU-C and Illinois bankers, we can—as a team—provide not only educational facilities, but also the research and enthusiasm to continue the fine educational traditions of Illinois."

Dr. Davids will be the first person to hold the SIU-C position. In five years, it's expected to become the state's first endowed banking chair at a public university, says John R. Darling, dean of the university's College of Business

and Administration. Bankers from throughout Illinois are expected to contribute some \$1 million toward endowment of the banking chair, according to Dean Darling.

Dr. Davids held the first and only endowed banking professorship in Missouri and also was chairman of the University of Missouri's department of finance. He has had a long career that includes teaching at four universities and three banking schools and service with several New York City banks.

At SIU-C, Dr. Davids will continue to edit *The Bank Board Letter*, which he has done since its inception in 1968.

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At Luncheon:

Student Ambassadors Honored by Bank, Mayor

Twenty high school language students were honored at a luncheon hosted by Commerce Bank, St. Charles, Mo., recently. Each student was termed a "student ambassador" by the bank and St. Charles Mayor Frank B. Brockgreitens. Each student was to spend 16 days visiting the country whose language he or she was studying.

The mayor named the week prior to the students' departure "Student Ambassador Week" and charged the students to "extend good wishes and warm, friendly greetings to the peoples of France, Germany and Spain."

The luncheon was hosted by Commerce Bank President Larry G. Kelley, who introduced each student as he or she was presented with written greetings from the citizens of St. Charles to be presented to the students' host families in Europe.

The students traveled through the Intercultural Student Experiences program, a nonprofit, educational organization that provides foreign language students and teachers with opportunities to travel and live in another culture during the school year at minimal cost.



St. Charles, Mo., Mayor Frank B. Brockgreitens (l.) and Commerce Bank of St. Charles President Larry Kelley (r.) congratulate local language high school students prior to their departure for visits to Europe as student ambassadors. (Photo courtesy St. Charles Journal.)

To Show Appreciation:

Free Golf for Customers Provided by Texas Bank

For one weekend last spring, customers of National Bank of Odessa, Tex., played Putt-Putt Golf free, compliments of the bank.

This customer-appreciation promotion was a joint effort between Putt-Putt Golf courses and NBO, which is sponsoring Odessa's six Junior Putters

Community Involvement

of America golf teams for the summer. The event was advertised with statement stuffers declaring "At NBO, CUSTOMER APPRECIATION IS PAR FOR THE COURSE" and coordinated with outdoor and desk-top signs.

More than 5,000 tickets were given away in the bank, and about 1,000 customers played Putt-Putt.

In North Carolina:

Community Development Corp. OK'd by Comptroller

A community development corporation—the first to be authorized at a national bank by the Comptroller of the Currency—has been established by North Carolina National, Charlotte.

Purpose of the corporation is to promote revitalization of inner-city residential neighborhoods. The corporation plans to acquire and renovate or develop property in certain areas of Charlotte and then lease, manage or sell the properties. One of the prime objectives of the corporation will be to promote additional private investment and development in the Charlotte area.

Comptroller of the Currency John G. Heimann termed the corporation "a dramatic illustration of the partnership President Carter is seeking in his recently announced national urban policy."

The corporation's establishment marked the culmination of three years of planning by local citizens to strike a

balance between maximum flexibility of government involvement and minimum public financing. North Carolina National formed the corporation to encourage a commitment from the private sector to develop housing for persons of all races, ages, backgrounds and income levels.

Initial development activities will focus mainly on middle-income housing in order to generate profits to subsidize projects for low- and moderate-income families. Activities of the corporation are expected to strengthen the economy of the center city by continuing the development of urban residential options and by providing a population base to support such amenities as theaters, art centers, restaurants and retail shops.

Any profits realized by the corporation will be used for additional development.

Bumper Pig:

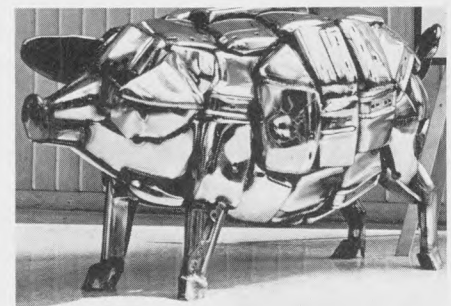
'Working' Sculpture Appears in Wichita

A "working" piece of sculpture has been added to the collection at Fourth Financial Center, home of Fourth National, Wichita.

The sculpture is a chrome pig weighing in at 300 pounds and measuring about 3x5 feet. It's now on display in the courtyard of the center and was introduced to the public during a recent Easter Seal telethon conducted in the courtyard.

The pig, which really is a giant piggy bank, will be made available on request to various charities for fund-raising purposes.

The chrome sculpture was made from automobile bumpers and is the work of John Kearney of Chicago. Other sculptures at the center include a Clydesdale horse and two goats, but they aren't working sculptures.



Billed as Kansas' largest piggy bank, chrome sculpture was recently installed in courtyard of Fourth Financial Center, Wichita. Sculpture will be used by charities as fund-raising tool.

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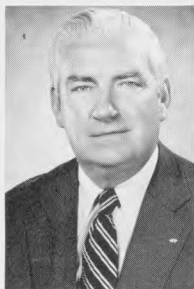


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NEWS OF THE BANKING WORLD

• **Joe L. Hamilton** has retired as executive vice president, correspondent bank division, Citizens Fidelity, Louisville, after 19 years of service. He joined the bank in 1959 as an assistant vice president in the divi-



HAMILTON

sion. Previously, he had been executive vice president, Covington (Ky.) Trust; district manager, C.I.T. Corp., and an identification agent for the FBI. Mr. Hamilton will continue to serve in a consultant capacity with Citizens Fidelity for the next three years.

• **Lynn H. Miller** resigned last month as president, Mercantile Trust, St. Louis, which he joined in 1974 as executive vice president in charge of banking. He became president in January, 1977. Before taking the St. Louis bank post, Mr. Miller had spent 26 years with Chicago's Northern Trust. He said he resigned because of personal reasons and would announce future plans later. Harrison F. Coerver is serving as Mercantile's president while a search is made for a successor to Mr. Miller. Mr. Coerver, executive committee chairman, was president once before—from 1970-77.

• **Catherine B. Cleary**, a former assistant treasurer of the U. S. and former assistant to the Secretary of the Treasury, took early retirement June 30 as chairman and CEO, First Wisconsin Trust, Milwaukee. Miss Cleary also is a past president, National Association of Bank Women. She plans to

do some teaching and hopes to write a book or two. Miss Cleary joined the trust company in 1947, but took a leave of absence to serve in the two government posts.

• **Walter B. Wriston**, chairman and CEO, Citicorp, and its principal subsidiary, Citibank, New York City, has been installed as president, International Monetary Conference (IMF), for a one-year term. The vice president is Jean-Maxime Leveque, chairman, Credit Commercial de France. A Mid-Continent-area banker—A. Robert Abboud, chairman, First National, Chicago—was named to a three-year term on the IMC board.

• **C. R. Dahl**, chairman and CEO, Crown Zellerbach Corp., has been named a director of BankAmerica Corp. and Bank of America, San Francisco.

Installment Lending

Painters, Plumbers, Utility Appear At Bank's Home-Remodeling Seminar

IN THE SPRINGTIME, many home owners get the urge to fix up their dwellings, perhaps by repainting or remodeling them. However, they are not always certain about how to go about it or whether they can afford the cost. To help residents of its area, St. Louis' Tower Grove Bank held an all-day home-remodeling seminar on a Saturday early this spring in a nearby church. Admission was free, and com-

plimentary box lunches were served the 80 persons who attended.

Cosponsored by the St. Louis Better Business Bureau, the seminar featured working sessions on resources (two insurance brokers); insulation (electric utility); remodeling (an architect, electrician and plumber); protecting a house against crime (St. Louis Police Department); painting (a hardware store); wallpapering (a 20-minute film);

carpeting (union floor layers); and financing (experts from Tower Grove Bank).

In his opening remarks, John D. Weiss, the bank's acting chairman, said his bank placed more than \$4.27 million in south St. Louis mortgage and home-improvement loans during 1977 and will continue to be responsive to the area's needs.

The bank reports that comments about the seminar were all favorable, and it's considering making it an annual event, with additional attendance to be obtained through intensified efforts of neighborhood and community organizations. The public was notified of the 1978 seminar through such groups, by publicity and by posters placed in windows of businesses in the Tower Grove area of St. Louis. ●●

LEFT: Crime-prevention exhibit at Tower Grove Bank of St. Louis' home-remodeling seminar is examined by (l. to r.) James N. Hall, v.p. of bank; insurance consultant John W. Terrill Jr.; Carl Fox, exec. asst. to St. Louis Mayor James F. Conway; and John J. Obert Jr., a.v.p. of bank. **RIGHT:** Discussing ways to save energy at Union Electric Co. exhibit are (l. to r.) John D. Weiss, acting ch. of bank; James C. Schmitt, Better Business Bureau, cosponsor of seminar; Sergeant Bill Ward, St. Louis Police Dept.; and insurance consultant Lynn Weathers.



Harry Fisher (l.), St. Louis public relations firm officer, buys ticket for house tour from **Emma Neeley** of Tower Grove Bank at bank's home-improvement seminar. In background (l.) **John Wolken** of local hardware store and **Bill Hale** of paint company look over paint swatches. **Albert L. Kemp** (2nd from r.), marketing director, TG Bancshares Co., examines faucets shown by **Don Lauer**, journeyman plumber of Plumbers Local 35.





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Let's Talk Selling

Importance of Two-Way Communication

By JOHN R. GINSLER

President, Financial Training Resources
Glen Ellyn, Ill.

IN A previous article, I suggested that a primary distinction between the professional sales communicator and the pitchman or peddler is the willingness and ability to employ effective two-way communication.

The pitchman's communication essentially is one way. He's primarily concerned with getting his story or pitch across to his customer. He may be glib, articulate and knowledgeable about what he's pitching. But, because he fails to discover and identify customer needs, much of what he communicates is irrelevant from the customer's viewpoint, and he wastes time, effort and words. For example, recently I overheard a sales pitch delivered by a personal banker to a prospective checking-account customer.

Here's how it went:

Customer: "I'd like to open a checking account."

Banker: "Yes sir. Let me run down the different accounts we can offer. We have a minimum-balance account. With this, if you keep a minimum average balance of \$300 a month in the account, there are no monthly service charges, and you can write as many checks as you want. We also can provide a special checking account. With this, there's no minimum balance required, but you pay 10¢ for each check you write. There's also our all-in-one account. With this, there's no minimum balance required; you get free personalized checks; you can write as many checks as you want each month; you get a safe-deposit-box rental credit of \$10; you get free travelers checks and lots of other features for only \$3 a month. Oh yes, there's also our check-reserve account. This protects you against bounced checks and gives you a means of writing your own loans by providing you with a line of credit, etc. etc."

Untypical? Far from it. Listen to what your personal bankers are communicating to your customers, and I'll bet it's not unlike what I overheard.

While the personal banker exhibited fair knowledge of her services, what she failed to do was to make her knowledge relevant. The result: customer confusion and wasted selling time.

In contrast, a professional sales communicator uses two-way communication first to identify and define customer needs *before* transmitting a solution that's both relevant and appropriate to the customer.

For example, in the previous situation, the personal banker should have

It's absolutely essential to develop effective two-way communication through use of questions and listening if the professional quality of selling inside and outside the bank is to be improved.

asked a few basic questions first, such as: "What type of checking account have you previously used? How do you plan to use this account? How many checks do you write each month? What minimum amount do you normally keep in your account each month? How often have you had a need for funds beyond what you keep in your account?" Then, she could have zeroed in quickly on the customer's needs and made an appropriate checking-account recommendation. The result would have been: more efficient use of selling time, better customer understanding and acceptance and a professional solution of the customer's needs.

The ability to develop effective two-way communication through productive use of questions and listening is absolutely essential to improving the professional quality of selling both inside and outside the bank because it:

- Enables the customer to recognize need-conditions that warrant a change in his or her practices or per-

formance, providing the motivation needed to effect such a change.

- Enables you to develop facts about the customer and his or her needs so that you can select and recommend relevant services and communicate your solutions in meaningful terms, saving both your and your prospect's time.

- Confirms whether you can or whether you want to satisfy a particular customer's needs.

- Helps you anticipate likely resistance so that you can be prepared to cope with it.

While asking questions is essential to productive two-way communication, frequently it's the least effectively applied skill on many sales calls. There are several reasons for this. It's often easier to tell than ask, so you pitch rather than probe. You may assume you already know the answers, so you forget that it's important to verify the facts you start out with and to help the customer perceive his or her needs. Or you may fear getting a "none-of-your-business" reaction to questions that are confidential or sensitive in nature.

Improving skill and results in asking questions that generate meaningful and productive two-way communication involves the following principles:

1. *Plan need-revealing questions.* Asking productive questions starts with pre-call planning, where you think through the questions that can help a customer recognize need-conditions that warrant a change in his or her situation. Your questions should help both you and the customer identify and define:

- *Performance or methods that can be improved.* For example: "How much time do you spend in preparing your payroll?"

- *Problems calling for solution.* For example: "When one of your payroll clerks gets sick, what effect does that have on meeting your payroll deadline?"

(Continued on page 89)



Individual Treatment for Individual Customers

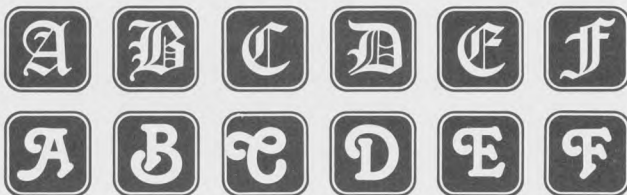
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Selling/Marketing

Co-Operative Marketing:

Three Competing Banks Jointly Promote Banking

It's not often that top officers of competing banks are pictured together in their local newspaper, nor do such banks make a habit of working together on a project. However, the three banks in Shelbyville, Tenn., became partners last spring on a project to promote banking as an industry. The banks are Bedford County Bank, First National and Peoples National.

The banks featured a "bank week" for Shelbyville that featured interviews on local radio stations of officers of the three banks, with one bank being featured on each program; evening seminars on "Checking Accounts," "Estate Planning Through Trusts" and "Investments and Savings," again with the three banks rotating as hosts. All three banks cooperated on a morning seminar for senior citizens. In addition, each bank was host on a different morning for coffee at the respective bank's main office.



This photo appeared in banking supplement in Shelbyville, Tenn., newspaper. Supplement was sponsored by city's three banks: Bedford County Bank, First Nat'l and Peoples Nat'l. Pictured, l. to r., are: John S. Derryberry, M. D., and Edward C. Steelman, ch. & pres., respectively, Bedford County Bank; Edward C. Huffman Sr. and Thomas W. Hickerson Sr., ch. & pres., respectively, First Nat'l; and James R. Austin and Samuel Kennedy Maupin, ch. & pres., respectively, Peoples Nat'l.

A calendar of these events appeared in a four-page newspaper supplement sponsored by the three banks and published April 28. This supplement also featured the group photo of the three banks' top officers and articles on various banking subjects bylined by each of the officers. In addition, a full

page was used to describe services the bank provides these groups: families, business/industry/agriculture, government. Cartoon characters illustrated these services. Finally, the supplement contained a glossary of banking terms.

"We feel that this effort was a tremendous success," say spokesmen for the three banks. "Participation and enthusiasm from our community made us realize people want to learn about the world around them. We hoped that through our tabloid, radio sessions, seminars and coffees, we could meet the citizens of Shelbyville and Bedford County, answer their questions and show them that their bank is their only full-service financial institution."

From Recipes to Exhibits:

Customers Get in Act For Bank's Birthday

Rosedale State, Kansas City, Kan., observed its 75th anniversary this year by getting its customers to help put on the celebration.

As a special anniversary gift, the bank gave away 240-page books of favorite recipes of members of the Golden Arch Club, persons 60 or over who are bank customers. More than 1,500 of these books, produced entirely by bank employees, were distributed during an open house. A grand anniversary prize was a microwave oven, given away in a drawing.

Special lobby displays included a selection of early 1900s postcards from the collection of a local woman and enlarged photographs from the Rosedale historian. A bank customer

Fish With Bank's \$10,000 Prize Tag Is Landed in Alabama Fishing Rodeo

FOR FIVE YEARS, First Alabama Bank, Guntersville, has taken part in a fishing rodeo held by the city's Chamber of Commerce. In the rodeo, hundreds of fish are tagged and turned

loose in the lake, and the tagged fish are turned in for valuable merchandise or cash by anglers who catch them. The fish sponsored by the bank always has carried a \$10,000 cash prize!

Each year, First Alabama has paid the premium on a policy issued by Lloyd's of London, but until this year, the \$10,000 didn't have to be paid. However, Thomas Palmer of Madison, Ala., caught the bank-tagged fish in the 1978 rodeo. It was a four-pound bass. Mr. and Mrs. Palmer and their two sons were fishing for crappie when their younger son, Brian, caught a medium-sized bass. Mr. Palmer switched to a bass lure and, soon afterward, pulled in the valuable fish.

Presentation of the prize money, proceeds from the Lloyd's of London policy, was made by the bank's chairman, Tom Richey. In keeping with the spirit of the rodeo and size of the prize money, Mr. Richey presented the winner with a check 2½ feet wide and nine inches high.

Needless to say, the fish hooked by Mr. Palmer was the "biggest" ever caught in Guntersville Lake. ●●



Holding his \$10,000 prize-winning fish is Thomas Palmer (l.), who caught it in fishing rodeo held by Guntersville, Ala., Chamber of Commerce. Fish was sponsored by Guntersville's First Alabama Bank, whose ch., Tom Richey, is pictured holding Mr. Palmer's 2½-foot-wide check.



Looking more like bankers of early 1900s than modern bankers are (l. to r.) Roger Miller, installment loan dept.; Clarence C. Casey, pres.; and David St. Clair, a.v.p. & aud. They wore sleeve garters and black bow ties during 75th-anniversary celebration at Rosedale State, Kansas City, Kan.



Doughnuts and coffee or punch are served during 75th-anniversary observance at Rosedale State, Kansas City, Kan., by woman employee wearing old-fashioned pinafore.

provided two displays—10 bronze sculptures of American birds by Tom Dickson, valued at \$30,000, and six paintings by Ashley of London.

On the Sunday during the week-long observance, the bank entertained the Golden Arch Club at a concert by the Foggy River Boys of Branson, Mo. Staff members served refreshments. All during the week, bank visitors were treated to doughnuts and coffee or punch.

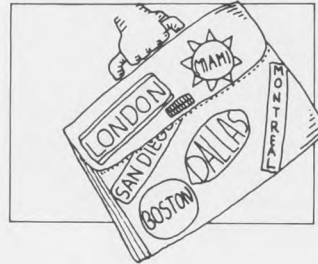
Also during the anniversary celebration, women employees wore pinafore aprons especially designed and furnished to them. Men employees wore green eyeshades, black bow ties and sleeve garters, all reminiscent of the year the bank was founded.

A Lot of Bread!



"Dough" and "bread" often are used as synonyms for money, and so, when Chicago City Bank celebrated its 85th anniversary, it used loaves of real bread in the form of a dollar sign as a lobby exhibit. The uncut loaves were specially baked and donated by the Holsum Bread Co., Chicago, a bank customer. The display, which measured seven feet, 11 inches, was constructed by bank employees, who had to measure each loaf and then fit it into the overall design. Each loaf—alternating on one side or the other—was stenciled with one of the 85 years of the bank's history. The project took a day to set up.

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Wide Range of Topics for BAI Meeting

NINE DIFFERENT categories will be featured at the Bank Administration Institute's annual convention September 17-20 at New York City's New York Hilton and Americana hotels.

The categories are:

- *General administration.* Topics will include strategic planning, reassessment of branching, innovations in delivery of retail customer services and current legislative issues.

- *Community banking.* Discussions will center on keys to bank-performance analysis, planning to become a high-performance bank, banking's changing environment, asset and liability management and community-bank management.

- *Accounting and taxes.* This category will spotlight effective management, rapidly changing role of the controller, current tax considerations and current accounting issues.

- *Auditing.* This will cover evaluating the effectiveness of the audit function, auditor responsibilities, identifying potentials for fraud, community banking without a full-time auditor, EDP auditing, auditor relationships with the board and selecting and evaluating the external auditor.

- *Security.* Under this category will come evaluating the effectiveness of the security function, management expecta-

tions of security officers, policies and procedures, data security, automating the teller, branch and cash-management services and panel on interrelated EFT responsibilities.

- *Operations.* Topics planned here include linking operations and marketing strategies, developing marketing concepts for emerging customer services, product/service development process (banking by phone), customer expectations vs. affordability, debit/credit card/POS/ATM services, operational implications of interest-bearing transaction accounts (IBTAs), defining quality in bank operations and productivity improvements.

- *Data processing.* Subjects planned are project management, capacity management, hardware/software, data-security issues, disaster planning, automating the teller and/or the branch, telecommunications and money-transfer systems.

- *Personnel.* This will include effective compensation management, cost-effective employee-benefit programs, how to deal with the growing shortage of managers, innovations in management, a critical evaluation of performance appraisal, re-examination of organization for effective training, maintaining nonunion status and current issues in affirmative action and post '65 employment.

- *Trust.* Delegates attending this session will hear such topics as evaluating external processing alternatives, product profitability in trust, regulatory issues in trust, new examination procedures—how are they working, depository alternatives for trust departments, the changing role of the outside auditor, the Safe Banking Act and options and other exotic investment vehicles.

In a lighter vein, Art Buchwald, humorist columnist, will be the luncheon speaker September 19.

Convention general chairman is John H. McGillicuddy, president, Manufacturers Hanover Trust, New York.

Bank-Automation Use Quadruples In 15 Years, Says ABA Survey

Bank use of automation has quadrupled in the last 15 years, with 80% of American full-service banks now using computers, according to preliminary results from the ABA's sixth national operations and automation survey.

According to the survey, more than 11,400 banks were using computers at year-end 1977, compared to only 2,700 at year-end 1963. Of the banks surveyed, only 19% indicated they have no plans for computerization. Most of these banks reported deposits of less than \$10 million. Of those banks using computers, either on- or off-premise, 75% expect an increase in their system and programming needs.

Two reasons for this expected increase in bank automation also were revealed in the survey: 1. A great majority of bankers expect that interest on demand deposits will be commonly paid sometime within the next four years. 2. Banks of all sizes foresee the full adoption of pre-authorized paperless debits and credits in the near future.

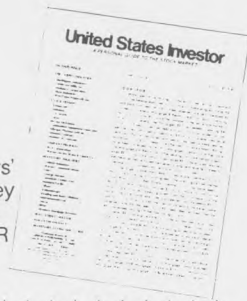
The large growth in computer use has come in the reliance on off-premise processing, with the majority depending on services obtained from correspondent banks.

Banks responding to the survey indicated they spend 9% of their total operations budget on automation. Most of this automation expense is allocated toward leasing of equipment, followed by expenses for computer operations personnel.

Complete survey results will be released this fall.

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EFT Bill Shows Enormous Improvement

SUBSTANTIAL progress on two legislative fronts—electronic banking and strengthening bank regulators' enforcement powers—was recorded in the House of Representatives as this column went to press. That progress was reflected in both the movement of two bills through the legislative process and improvement of bills that had been highly objectionable in their original form.

Electronic Banking. The enormous improvement of an EFT consumer-protection bill (H.R. 12775) from the time it was introduced last year to its approval June 2 by the House Banking Committee was a significant example of what can happen when members of Congress are willing to study the real-life impact of legislative language.

The original EFT consumer-protection bill (H.R. 12775) was a stark example of a legislative solution in search of a nonexistent problem.

Bankers played a major part in that educational process, often inviting committee members to tour their banks to see for themselves how current EFT and bank-card-billing processes work and to study banks' existing consumer-complaint-resolution mechanisms. In that way, the essential question—the bill's impact on people—was brought into focus.

First introduced early last year on a wave of misleading charges that Americans were "hooked on plastic" or are "credit card junkies," the original bill was a stark example of a legislative solution in search of a nonexistent problem. Among many other objectionable provisions, it would have:

- Given EFT users the right to instruct banks to reverse electronic transactions within a certain time limit, ignoring the fact that such instantaneous transactions are like cash purchases and should be treated as such.

Editor's note: This column was prepared by the public relations division of the American Bankers Association.

- Made no provision for consumer negligence, placing unjustified liability on banks with no acknowledgement of customer responsibility.

- Required unworkable EFT error-correction systems.

- Outlawed descriptive billing in favor of country-club billing.

However, by the time the House Banking Committee took final action on the bill, all but one of its onerous provisions had been dropped, either through amendments or elimination of sections of the bill. For instance, all sections of the bill affecting credit cards were dropped; the bill now focuses solely on electronic banking. With one major exception—a provision that requires discriminatory pricing of EFT services—the bill is seen as no longer harmful to future development of new electronic services for bank customers.

Requiring unrealistic minimum pricing of EFT services (prices not lower than those for paper-based checking), which one provision of the bill would do, would deprive bank customers of new savings that electronic banking can bring about. For example, the insurance industry no longer could offer incentive premium discounts for pre-authorized payments. Potentially, this could deny 15 million Americans savings of up to 4% on their insurance premiums. The ABA will continue to work to remedy that flaw in the measure, which now must be considered by the House of Representatives.

As approved by the House Banking Committee, the bill, among other things, would allow 60 days for a customer to notify a financial institution of an alleged EFT error; the institution then would have 11 days in which to resolve the claimed error. The bank could provisionally re-credit the customer's account within 10 days (or 20 days if the transaction involved a third party) pending conclusion of its investigation, which must come within 45 days after notice of a claimed error is received.

Customers would have a \$50 liability limit, but would be wholly liable for fraud, improper use of their EFT cards, writing their personal identification numbers on their cards or otherwise disclosing those numbers to persons who then used their cards

fraudulently.

A provision of the original bill that had required reversibility of EFT transactions was rejected by the committee, and financial institutions would be allowed to distribute EFT debit cards to existing customers without requiring a prior written request. However, those cards could not be activated until customers took the initiative of requesting in person or in writing their personal identification numbers or other access devices.

Extension of credit could not be made conditional on the use of EFT, nor could consumers be required to establish any account for receipt of electronic transfers as a condition of employment or receipt of government benefits. Also, use of EFT could not be

H.R. 9600—the Safe Banking Act—now is substantially less punitive and less harmful to banking than was the original proposal—with one exception.

made a condition for sale of goods or services.

Transactions excluded from the scope of the bill include check verification or guarantee, wire transfers, purchase or sale of securities, automatic transfers from savings to checking accounts, pre-authorized transfers received in nonelectronic form and Treasury direct deposits (except for prohibition of compulsory use of EFT and requirement of advance notice of any change in EFT agreements).

Regulatory Enforcement Powers. Nine months of on-again, off-again deliberations on the so-called Safe Banking Act (H.R. 9600) by the House Financial Institutions Supervision Subcommittee have produced a bill that—with one major exception—is substantially less punitive and less harmful to banking than was the original proposal.

In many respects, the revised bill parallels the Senate-approved Financial Institutions Supervisory Act amendments (S. 71), a bill that would refine and strengthen the regulators'

(Continued on page 76)

Our idea of correspondent banking:

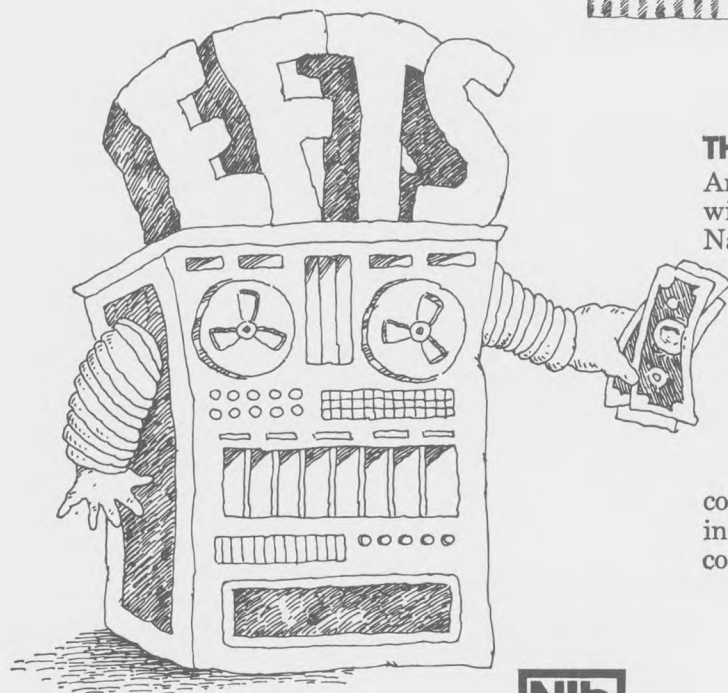
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Our people are real, live, experienced correspondent professionals, with years of correspondent banking behind them. They aren't management trainees or just goodwill ambassadors, so they can okay loans or services — like our new EFTS services — on the spot. Without going through unwieldy, time-wasting committees.



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Regulatory News

FDIC Issues Interpretations For Variable-Rate CDs

The FDIC has issued staff interpretations for the recently authorized six-month variable-rate CDs.

The interpretations clarify the areas of the regulations that appear to be of greatest common concern, including how the ceiling rate on certificates is determined, whether the CD can be issued on a discount basis, when the rate can be changed, how interest is computed and how the interest rate can be advertised.

The CD rate corresponds to the average discount auction rate on T-bills and is not established with reference to a yield factor, according to the interpretation. The average discount auction rate is established at T-bill auctions, usually held on Mondays. This is a maximum rate that can't be floated up by the issuer, but it can be floated down during the term of the CD. Intention of floating down the rate must be clearly stated in the issuer's contract.

Banks can't issue the CDs on a discount basis. They must receive a minimum deposit of \$10,000 and the maturity must be 26 weeks.

The rate-change data on new CDs corresponds to the issuance date of T-bills, normally Thursday.

Interest is to be computed as it is for any other time obligation. Compounding is permissible within the scope of the FDIC's interest rate regulations and interest can be computed however it is specified in the issuer's contract.

Bank advertising must clearly state that the advertised rate for CDs is applicable only for a specified week because the rate of interest on new issues changes from week to week.

The regional counsels in each of the FDIC's 14 regional offices will answer legal and rate-related questions on the day following the weekly auction. They also will supply the average discount auction rate on T-bills.

Travel Agencies Must Be Sold, Comptroller Tells Banks

National banks owning travel agencies must divest them within the next three years, the Comptroller said.

The divestiture request was made because of several court decisions that question the legality of such owner-

ship. In view of the court decisions, Comptroller John Heimann said, "We believe that the continued operation of a travel agency by a national bank is inappropriate and may expose the bank to a substantial risk of costly litigation."

The Comptroller has the authority to force banks to comply, if necessary.

Between 70 and 150 banks are estimated to own travel agencies. The action doesn't prohibit bank services to travelers, such as the sale of traveler's checks.

Burt to Head Region 2 On Temporary Assignment

John R. Burt, regional administrator of national banks for the 10th National Bank Region headquartered in Kansas City, has been assigned to serve temporarily as acting regional administrator for the Second Region, headquartered in New York City.

Mr. Burt will be filling in until a replacement is named for Charles M. Van Horn, former Second Region administrator, who was named special assistant to the Comptroller of the Currency and executive director of the Comptroller's senior management strategic planning committee.

Mr. Burt's assignment is expected to last about six months and he is expected to be in the Kansas City office two days a month during that period.

Deputy Regional Administrator for Examinations John W. Rogers is serving as acting regional administrator in Region 10 during Mr. Burt's absence.

Joint Policy Established For Examining EDP Centers

A joint policy for the examination of data processing centers has been established by federal regulators. The new policy is expected to eliminate

separate examinations and to result in more efficient use of examination staffs.

The statement specifies that data centers operated by a bank or thrift supervised by one of the federal regulators will be examined by that regulator; that other data processing centers serving federally insured banks or thrifts will be examined by a joint examination team representing more than one of the regulators or will be examined by one of the regulators on behalf of the others; that agencies examining data processors on behalf of the others will be rotated every two years, unless the examination is less than satisfactory; that all banks or thrifts served by an examined data processor will receive the examiner's conclusions, recommendations and comments.

Criminal Activity in Banks To Be Monitored by CofC

The Comptroller of the Currency has developed a computer system designed to track criminal activity against banks.

The system, expected to be effective in the fall, would permit the Comptroller to retrieve reports on specific violators and violations, the status of individual criminal cases and historical records on specific banks. This information could be forwarded to the Justice Department on a routine basis.

The monitoring system would also provide a primary base for statistical information requested by Congress, as well as provide the agency's regional offices with current information on the status of criminal referrals.

The system, known as the enforcement and compliance information system, "will provide the Comptroller with current information about the suitability of individuals as officers, directors and employees of national banks," the Comptroller said.

Information would be accessible only to authorized agency personnel and could not be disclosed publicly, a spokesman said.

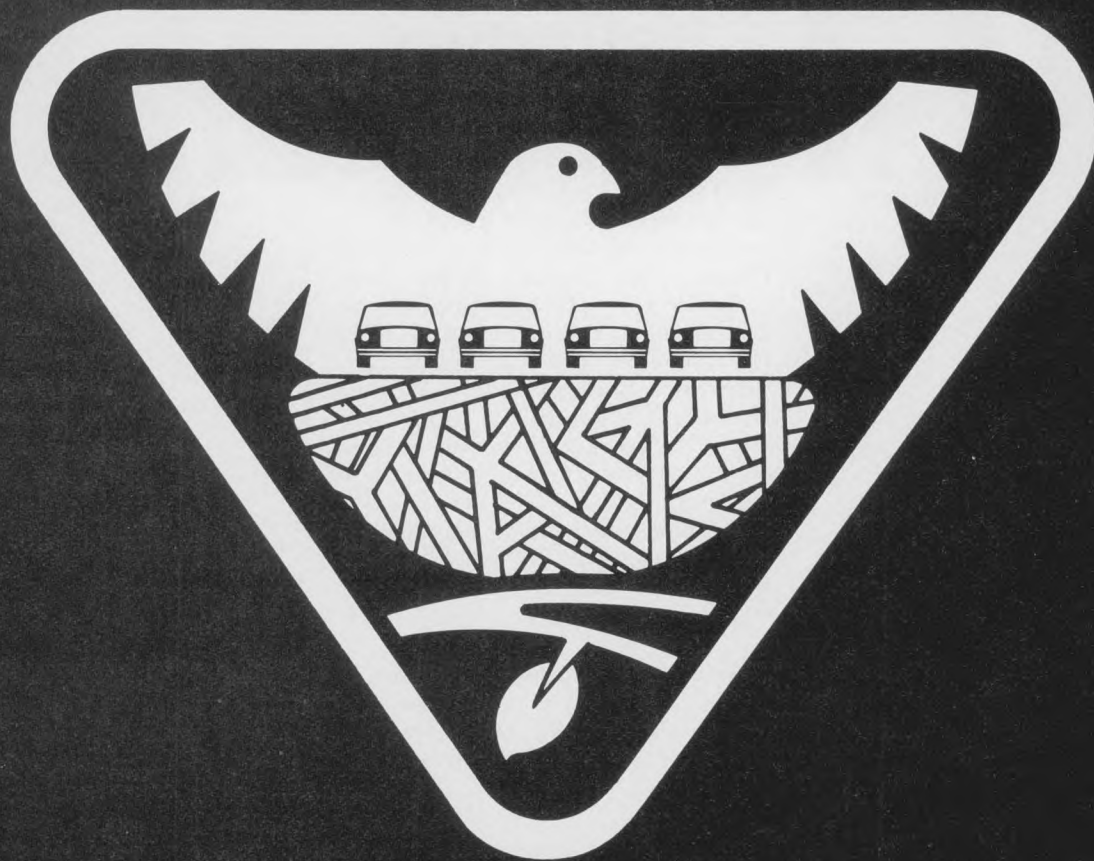
Fed Promotes Lorin Meeder

Lorin S. Meeder has been promoted to assistant director, division of Federal Reserve bank operations, by the Fed. He will be responsible for the direction of payments mechanism activities.

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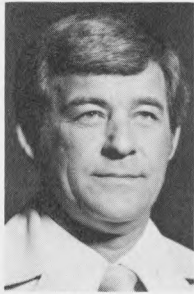
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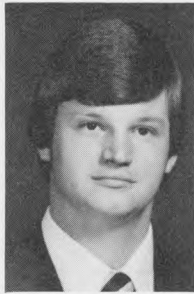


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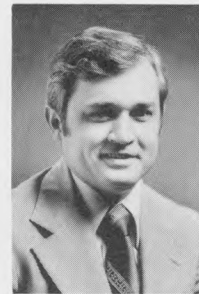


HAWKINS

Corporate News Roundup



McKEE



TRACHEL

• **Fox Promotional Services.** Joe Trivett has been made director of this San Antonio, Tex.-based firm, which will market Gold Crown portraits through financial institutions. Tom Hawkins is the firm's director of photography. Mr. Trivett, who has a background in public relations and marketing, established a bank-portrait-marketing division for Olan Mills of Tennessee. Mr. Hawkins has been working in photography since 1972.

• **G. Carlyle Struven, Inc.** Roger S. McKee has joined this Chicago-based career-apparel manufacturer as an account executive. He is calling on banks in Illinois, Indiana and Missouri and also is handling established clients in those areas.

• **Charter Bankers Life Insurance Co.** Olan P. Tratchel has been named senior vice president of this credit life insurance affiliate of First National Charter Corp., multi-bank HC based in Kansas City. He will work with the 20 Charter banks in marketing credit life insurance. Mr. Tratchel spent six years with National Old Line Insurance Co., Columbia, Mo. As Midwest regional manager there, he was in charge of training and supervising field representatives in Missouri, Kansas and Illinois and handled a number of personal accounts. He is working toward his chartered life underwriter degree.

• **Aetna Life Insurance Co.** James E. McGehee & Co. has been named exclusive farm loan and agribusiness correspondent in the Mid-South for Aetna Life Insurance Co. Larry K. DePriest,

division vice president for McGehee, has been named head of its new farm and agribusiness lending division. His administrative assistant is Patty A. Duke. Before joining McGehee, Mr. DePriest was executive vice president, F. L. Lawrence & Co., investment bankers.

The McGehee company, one of 12 farm loan correspondents to be designated for the entire country, has as its territory: Arkansas, Louisiana, Mississippi, west Tennessee, western Kentucky, southern Illinois and southeast Missouri. Through these correspondents, Aetna expects to be a substantial investor, according to a spokesman. In addition to the usual farmland first-mortgage loans, agribusiness loans will encompass such areas as facilities for processing, packaging, storing and distributing farm-related products.

• **Bank Building Corp.** James E. Brown, president, Mercantile Bancorp., St. Louis, has been elected a director of Bank Building Corp., St. Louis. He replaces John H. Armbruster, who died last February. In other action, BBC appointed Robert J. Cox director/corporate information systems. Before joining the firm, he was corporate manager, systems support, Charmcraft/Arcata National, and before that, manager, systems development, American Optical Co.

• **Lawrence Systems, Inc.** Gerald P. McMahon has been named manager, organization development, of this San Francisco-based collateral management subsidiary of INA Corp.

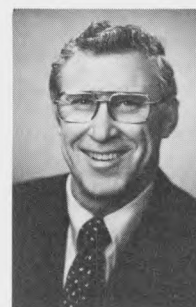
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BANKING'S IMAGE

Accurate or Not, What It Is to Various Groups Affects Activities of Bankers—and Regulators

By **GEORGE A. LeMAISTRE**
Chairman, FDIC
Washington, D. C.

FREQUENTLY, we hear comments about banking's image. Almost as frequently, these comments are followed by suggestions or an inquiry on how to improve that image. Only slightly less frequently, answers to these inquiries center on marketing techniques or public relations campaigns.

Banks do play a rather special role in our economy. Their liabilities are our money supply. A significant part of government economic policy is implemented through the central bank. While a significant share of financing occurs *outside* the banking system, banks still are a most important source of private financing and in many areas are practically the only source of local business financing. Government regulation, state and federal, takes account of the special role of banks, and the extent of regulation suggests that the image banking presents to government is exaggerated and overblown. Entry into the business has been restricted, and banks are insulated from competition among themselves through limitations on deposit-interest payments and restrictions on various aspects of portfolio policies. We examine banks not only to see that they are obeying the law, but to prevent or discourage them from behaving in a manner inconsistent with their own best interests. Accordingly, Carter Golembe recently suggested that bank regulation is based on the assumption that bankers are stupid.

Because bank liabilities are our money supply; because bankers operate substantially with other people's assets, and because most of these are insured by a federal agency, there obviously is a legitimate basis for some government regulation designed to

limit insider and other abuses and to impose limits on the riskiness of operations.

Most of these regulations are the direct and logical result of banking's image as perceived by legislators and regulators. As one of those regulators, I have some definite impressions and opinions about the image of banking and ways for maintaining or improving it. I would like to share some of them with you because I believe the image of banking is extremely important to the success of your activities as bankers and of mine as a bank regulator. It influences members of the national and state legislatures who establish areas of responsibilities for us regulators and permissible areas of activity and responsibilities for bankers. I need not belabor the fact that it affects our pride in our work, the satisfaction we derive from it and, in turn, the quality of our performance.

Banking's image really is a reflection of opinions concerning banks and bankers held by persons having varying degrees of knowledge of the serv-

ices provided or of the bankers providing them. The degree of accuracy depends on the knowledge and experience of the person formulating the opinion and the closeness and frequency of his contacts with bankers, his skill in observing and his ability to reason. Accurate or not, though, both bankers and regulators must consider these opinions when formulating courses of action.

As a starting point for discussing the various images of banking, let me hark back to an interesting session at the 1978 spring meeting of the ABA councils. The subject of it was, "Whose Bank Is It?" The discussion leader, Sam Chase, interestingly and provocatively suggested, one at a time, that the following groups all had interests in and claims to banking:

1. Bank Regulators. 2. Depositors. 3. Borrowers. 4. Employees. 5. Management. 6. Owners (and in making notes, I believe I added "present and prospective"). 7. Directors (and again, I added "especially outside directors").

The provocative part on thinking about it was that each of these groups does have a definite interest in, and perhaps a claim on, some aspects of the operation of the banking system.

That's a fairly lengthy list, and yet there are two additions that should be made to the list and perhaps others that could be. Those of us who followed the hearings and subsequent discussions of the banking and other financial affairs of Bert Lance would quickly add the media to that list. We might even particularize it a bit more by singling out the television industry for special attention, especially following the recent CBS series on banking, which did not seem to present an accurate picture of the banking industry. Then, those who are concerned with legislative matters, as most of us are, also would quickly add legislators to that list. We have spent much time since the Lance hearings in testifying before various congressional committees on proposed legislation, some of which had its genesis in the



George A. LeMaistre (r.), FDIC ch., is shown with John H. Perkins, ABA pres.-elect, at Illinois Bankers Association's convention last month. Both were speakers, and accompanying article is based on talk given by Mr. LeMaistre. Mr. Perkins is pres., Continental Illinois Nat'l, Chicago.

Lance hearings. In some instances, the hearings merely provided a vehicle for legislative proposals in which the legislator already was interested.

Obviously, we cannot discuss the thoughts of all these groups, so let's consider the impressions of the most important group on the list, customers for bank services, or to put it a bit more broadly, "the people." In most places in the United States, bankers are more dependent on customers than customers are on bankers. Furthermore, the image they have of banking helps determine the statutory framework within which you and I operate.

Three recent opinion surveys reflect helpfully to us the image of banking

held by your customers. The first was a study of American opinion made recently for *U. S. News & World Report* (by Marketing Concepts, Inc., Washington, D. C.) and reported in the February 20, 1978, issue of that publication. This study related to business in general, but it did have a section applying to the overall evaluation of 31 separate industries, of which banking was one. Opinions of about 5,900 American consumers was that American business is strongest in:

1. Developing new products.
2. Providing products and services that meet people's needs.
3. Hiring members of minority groups.
4. Paying good wages.
5. Communicating with

6. Improving the standard of living.
7. Producing safe products.
8. Providing steady work.
9. Maintaining strong competition.

On the other hand, they believe business was weakest in:

1. Communicating with customers.
2. Being interested in customers.
3. Communicating with employees.
4. Providing value for money.
5. Controlling pollution.
6. Dealing with shortages.
7. Helping solve social problems.
8. Being honest in what is said about products.
9. Conserving natural resources.

Do you believe these enumerations portray relatively accurately the opinion of American business held by your customers? If so, do you believe these also may apply to a large extent to American banks? I don't know whether they are entirely accurate, but I can tell you that reading them leaves me with a feeling that they are pretty close.

If you think these lists are reasonably accurate, it's worthwhile raising the second question: Do you believe they are fairly descriptive of opinions concerning banking in particular? If you do, and I personally do, then it's worthwhile to ask a third question: How do you suppose banking ranked among the 31 industries covered in the study? These Socratic questions are intended to arouse your curiosity, to stimulate your thinking and, perhaps to increase your pleasure when you hear that banking was ranked third out of the 31 industries covered. It had an average rating of 4.93 points out of a total possible seven. Airlines were first with an average rating of 5.47, followed by aluminum companies. But let's not be complacent or satisfied, for banks were followed closely in the No. 4 slot by S&Ls, with an average rating of 4.91. Furthermore, we are two places out of first. I won't refer back to the list of things American industry is believed to do well, for most of us readily remember the nice things said about us. But let's look at the reputed weaknesses: communicating with customers and employees, being interested in customers, helping solve social problems and being honest. I don't question the honesty of most bankers, but most of us at times could take a few lessons in the other departments. If we did, banking could be in the No. 1 position.

Significant differences exist between results of the *U. S. News & World Report* polls and another one released in May. The latter was conducted by the Gallup organization. In

Commerce Bancshares-Manchester Financial Affiliation Is Approved by Fed's Board

THE PROPOSED affiliation of Manchester Financial Corp., St. Louis, with Commerce Bancshares, Inc., Kansas City-based multi-bank HC, was approved last month by the Fed's Board of Governors.

The affiliation will be effected by a merger to be voted on by Manchester Financial shareholders at a special meeting, which—it's anticipated—will be held around mid-September.

The proposed merger was challenged last winter by a St. Louis citizens-action group—the Association of Community Organizations for Reform Now (ACORN)—under the Community Reinvestment Act of 1977. This opposition led to a special hearing by the Fed's Board of Governors in St. Louis March 9 at the St. Louis Fed. It was the first to be held under the new law.

ACORN charged 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. Representatives of ACORN and of the financial firms involved testified at the hearing, which lasted about 12 hours.

By approving the affiliation, the Fed rejected ACORN's contentions.

Following the Fed's announcement last month, James M. Kemper Jr., chairman and president, Commerce Bancshares, said, "This affiliation will give us a bank sufficiently large to

permit us to compete more effectively with the large St. Louis banks for the business of the major companies in the St. Louis area. At the same time, their retail locations will position us to offer convenience to a larger segment of the banking public. We are pleased with the strong management of the Manchester banks and will be looking to them to provide leadership in development of the Commerce family of banks in the St. Louis area."

Mr. Kemper also noted that he was advised the Fed's board had voted unanimously in favor of the affiliation.

George H. Pfister, president, Manchester Financial, said, "We are delighted the board has approved this affiliation and believe this will enable our banks to develop their full potential in their respective markets."

Manchester Financial has assets of more than \$190 million and controls two other banks besides Manchester Bank, St. Louis: National Bank of Affton and Manchester Bank of West County, both in suburban St. Louis.

Commerce banks in the St. Louis area are: Commerce Bank, Fenton; Commerce Bank, Florissant; Commerce Bank, Kirkwood; Commerce Bank of Mound City, St. Louis; Commerce Bank, St. Charles; Commerce Bank, St. Louis, and Commerce Bank, University City. Commerce Bancshares has 32 affiliated banks throughout Missouri and has assets of more than \$1.9 billion. ●●

(Continued on page 84)

Whose Bank Is This, Anyway?

Consumers, Employees, Community Groups All Claim to Have Stake in Running It

MANY PEOPLE go into a bank and use its services, but few understand what makes it possible for a bank to meet the financial needs of its customers and its community.

There's no need for most people to understand how a bank works—that is, there's no need until others outside our banks begin trying to tell us how to do our jobs.

Consumers, employees, community representatives—and bank regulators acting on their behalf—all are besieging us with advice. It's not surprising that some bankers are beginning to say: "Wait a minute. Whose bank is this, anyway?"

You may think you know the answer to that question. You may think that it is your bank and that you run it on behalf of your stockholders.

That's certainly correct, but it's only part of the answer. Other groups claim they, too, have a stake in the way your bank is run, and they're asserting their right to have a voice in bank operations.

Who are these not-so-silent partners in the management of our banks?

The most obvious partner is government—specifically, state and federal agencies that regulate banks. For as far back as I care to remember, regulators have played an important role in bank operations; in fact, they are required by law to protect the interests of the public in the operations of our banks.

Certainly, no one in this room would question that government has a legitimate interest in the safety and soundness of banks in this country. But over the past few years, there has been a significant change in the scope of government activities related to banking. More and more, our regulators have become involved in a broad range of activities that are concerned with achieving goals other than financial service and soundness.

This generally is not because regu-

By **JOHN H. PERKINS**
President-Elect
American Bankers
Association

lators have any great desire to take over the operation of our banks. Instead, it's a result of specific laws enacted by Congress. The various constituencies pushing for these laws feel that a bank is chartered specifically to meet the needs of the community, and, therefore, they have as much right as we to decide how our banks will be run. Banks indeed must meet the needs of their constituents, but management prerogatives must be safeguarded in everybody's interest. So far, various constituents of banking have been persuasive in getting Congress to act on their behalf.

Consumers—our depositors and borrowers—have been the most effective

in initiating legislative and regulatory proposals. Truth-in-Lending, Equal-Credit Opportunity, Fair-Credit Billing—all were enacted at the behest of special-interest groups, including borrowers who felt they needed special protection. All required bank regulators to establish specific requirements for extension of consumer credit.

Now Congress is going one step further. Even before we bankers have made the basic decisions about how we will set up electronic funds transfer systems, Congress is considering legislation theoretically to protect perceived consumer rights and prerogatives that supposedly might be infringed by EFT.

Both the House and Senate Banking committees already have approved EFT consumer-protection bills. During committee consideration of these bills, the ABA worked hard to modify them. Both bills were substantially



John H. Perkins (2nd from l.), ABA pres.-elect and pres., Continental Illinois Nat'l, Chicago, is pictured at Illinois Bankers Association's convention, where he gave talk on which accompanying article is based. With him are George A. LeMaistre (2nd from r.), FDIC ch., Washington, D. C., another convention speaker, and two IBA officers, Gavin Weir (l.) and B. F. Backlund. Mr. Weir, ch. & pres., Chicago City Bank, was IBA 2nd v.p., 1977-78; and Mr. Backlund, pres., Bartonville Bank, was 1st v.p. At convention, they moved up to 1st v.p. and pres., respectively.

improved. On June 1, the House Banking Committee accomplished an extremely delicate task: It approved a bill that, with one major exception, protects consumer rights while, at the same time, generally preserving our ability to continue developing EFT in a manner that will truly benefit bank customers. The ABA will continue working to eliminate the remaining troublesome provision that would require unrealistic pricing of EFT services.

Consumers are not the only banking constituency that the government has become interested in protecting. Congress seems to be just as concerned about protecting bank employees.

For example, labor leaders have managed to convince many members of Congress that employees of banks and other businesses might be able to make more informed decisions about joining a union if the labor laws were

changed. The result is the so-called Labor Reform Act.

The problem in our view is that the act would not really help bank employees make more educated decisions about labor unions. Rather, it would alter the delicate balance now existing in the relationship between management and labor. Banking will have to give strong attention to this issue. At this point, it's hard to predict what will happen or whether the bill will pass in its present form.

Even if it does not, other laws and regulations already on the books require banks to do certain things regarding bank employees. Equal-employment laws establish strict procedures for hiring and firing employees. Occupational safety regulations outline what kind of a working environment we must provide our employees. ERISA tells us what kind of a pension plan we may offer.

Supreme Court Opens Bank Records To All Internal Revenue Agents

BANK RECORDS now are open to all Internal Revenue Service agents, according to a U. S. Supreme Court decision made June 19. Under the ruling, an IRS agent may order a bank to reveal information about a customer without using a subpoena even if the agent's sole objective is to gather evidence of a crime.

The ruling resulted from a case involving Chicago's LaSalle National, which had refused to honor an administrative summons of an IRS agent seeking information concerning a land trust the bank held for an individual. The U. S. District Court and the U. S. Court of Appeals in Chicago ruled that the IRS agent didn't have the power to order disclosure when his sole purpose was to gather evidence for prosecution. Both these decisions were overruled by the June 19th Supreme Court decision.

Unlike subpoenas and warrants, a summons may be issued by a single agent without the approval of a grand jury or a judge.

Writing for the high court, Justice Harry A. Blackmun said the lower courts had misinterpreted a 1971 Supreme Court decision. He said that as long as an IRS agent is operating in "good faith," such summonses are authorized under the Internal Revenue Code. The justice added that the agent's objective—whether to bring a civil or criminal case in the end—does not matter in determining the validity

of the summons.

"The inquiry into the criminal enforcement objectives of the agent," wrote Justice Blackmun, "would delay summons enforcement proceedings while the parties clash over, and judges grapple with, the thought processes of each investigator."

As a rule, the majority of the court held, a summons may be used at any time before the IRS turns a case over to the Justice Department for prosecution. Justice Blackmun warned, however, that a summons would not be enforceable if an individual proved that the IRS, as an institution, had decided to bring criminal charges before issuing it."

Four dissenters, led by Justice Potter Stewart, argued that the IRS should be allowed to issue summonses even if it has decided as an institution to bring charges, as long as it has not turned the case over to the Justice Department. They argued that the majority's exception to this rule is difficult to apply and "muddies the water." Justice Stewart was joined in the dissent by Chief Justice Warren Burger and Justices William Rehnquist and John Paul Stevens.

In the LaSalle National case, the IRS began an investigation in 1975 of a particular individual's tax returns for 1970 through 1972 and—when the IRS agent on the case tried to obtain bank records—LaSalle National objected. ●●

The net effect of all this is a subtle change in the relationship between bank employees and bank management. Employees may feel they have specific claims on banks, and, in areas of personnel policy, banks had better respond to their demands. Given the laws already on the books—even without the Labor Reform Act—they are in an excellent position to make sure their demands are answered.

Even though most banks are directing substantial human and financial resources toward community betterment, the government perceives a need to increase this activity even more by force of law.

The Community Reinvestment Act is a case in point. On its face, this law is vague, to say the least. It simply says that regulators must take into account a financial institution's record of meeting local credit needs when they evaluate any applications for changes in a bank's status. It is up to the regulators to decide how they will put the law into effect.

You may have noticed that the regulators have not been having an easy time deciding how to do that. In fact, they have held a series of regional hearings that are an attempt to find out what the people who are affected by this act think the law means. Bankers and community representatives alike testified at those hearings. As you might imagine, they did not share the same viewpoint.

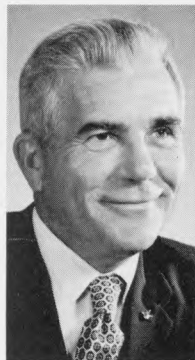
In all the hearings, bankers did their best to point out that it was not the intent of Congress for the act to lead to more paperwork or regulatory tangles. Some state bank regulators even went so far as to say they thought the act should be repealed.

However, some community representatives made it clear they view the act as a tool to force banks to channel

(Continued on page 84)

Charles Young Dies

Charles G. Young Jr., 61, former chairman, United Missouri Bank, Kansas City, died recently. At the time of his death, he was president, Investors Fiduciary Trust, Kansas City. After leaving United Missouri (then known as City Nat'l), in 1971, he served with Texas Bank, Dallas, and Commercial & Industrial Bank, Memphis.



The Fed's Membership Dilemma —A Banking Perspective

AMONG the serious issues faced by bankers today are the problems of declining membership in the Federal Reserve System, nonmember access to Fed services and the Fed's future role in the payments systems.

To understand and seek resolutions to these issues, one must be mindful of the Fed's two basic and historical functions.

First, and paramount, is management of the nation's monetary system so as to provide for continued economic growth and stability. The second involves the role the Fed plays as fiscal agent for the United States Treasury. For the Fed to be successful in carrying out these critical functions, it must provide an environment in which the nation's payment systems can continue to improve. Also, the Fed must support itself in these endeavors.

In turn, the programs adopted by the Fed to resolve the issues of declining membership, nonmember access to its services and the question of explicit pricing of Federal Reserve services will bear directly on the environment in which commercial banks will participate in the development, implementation and operation of the payments system.

The Federal Reserve Board's new chairman, G. William Miller, already has announced his intention to initiate a plan to compensate banks for reserves they keep with the Fed and to establish explicit charges for its services. Preliminary plans for implementation, which will move the U. S. banking system into a most important period of transformation, should be forthcoming.

Commercial bankers generally endorse the concept of a strong, independent central bank and would support most moves—short of mandatory membership—to ensure the

By **LLEWELLYN JENKINS**

Fed's continuing independence. But, to the extent that the Fed feels the erosion of membership is threatening its independence, a solution seems now to be at hand. Simply put, the Fed must lower the cost of membership.

Reserve Requirements. The decline in Federal Reserve membership in recent years can be attributed primarily to the heavy burden of sterile reserve requirements borne by its members. State-chartered nonmember banks generally have lower reserve requirements and also are permitted to place their reserves in certain types of earning assets or in the form of double-duty balances that compensate correspondent banks for services rendered.

To make the situation equitable, the Fed should lower the level of required reserves of member banks or, preferably, pay interest on reserves. It's even possible that a combination of these two approaches might be employed. Clearly, the cost of maintaining sterile balances at the Fed must be redressed, and costs borne by the commercial banking system must conform to the value of services received by member banks.

An integral part of any solution to declining membership necessarily

involves the issue of nonmember access to Fed services. Availability of Fed services should be limited to member institutions, leaving with individual banks the option of becoming members of the system.

For those institutions that choose to remain outside the system, but that desire access to services offered by the Fed, it should be clear that their ability to do so should only be permitted indirectly through member banks.

In short, the Federal Reserve has contributed to its membership problem by allowing nonmembers access to certain payment services at no cost while continuing unfair pricing of its services to members in the form of non-earning required reserves. The solution to the membership problem can come only through lowering member reserve requirements and/or paying interest on reserves and restricting Fed service benefits to those dues-paying members.

Explicit Pricing of Services. Unquestionably, interrelated with these important issues is the concept of explicit pricing of Fed services. Provided that the concept includes some means of fairly compensating Fed members for required reserve balances, the unbundling and explicit pricing of services is a most desirable objective.

Adoption of a rational pricing mechanism might reasonably be expected to do the following: Encourage equal opportunity for the private sector to offer these services in healthy competition with the Fed; promote development of more efficient payments mechanisms, and discourage wasteful use of services.

Commercial bankers believe that the Fed's pricing method should necessarily be akin to those used in private business firms. That is, Fed



Llewellyn Jenkins is chairman, ABA correspondent banking division, and executive vice president, Manufacturers Hanover Trust, New York City.

service charges should include all direct and indirect costs incurred, including overhead and a reasonable return on capital spent to provide these services. Any price consideration also should recognize the float involved in providing check-collection services, as well as account for the time value of money applied to items being processed.

Bankers further believe that uniform prices across Fed district lines should be avoided since each Fed district has its own particular level of costs. Attempts to establish uniform Fed system prices will result in anti-competitive regional pricing inequities between the Fed and other service providers that surely would impede progress toward fair pricing.

All services provided by the Fed should be priced, including services extended to nonbanking entities such as the Treasury and the Department of Agriculture. The concept of pricing

all services offers potential savings to the government by permitting banks and other private-sector contractors to bid competitively on those services.

The current "zero" pricing of Fed services probably encourages wasteful and inefficient use by business and government entities that have access to those services. This pricing philosophy also places the Fed in the position of competing unfairly with commercial banks, while also acting as a regulator of many of those institutions.

Explicit prices, fairly determined on the basis of market realities, would impose needed discipline on service users, avoiding wasteful use of services. The resulting improved competition would promote development of new and innovative technologies, adding further efficiencies to the payment systems.

When viewed separately from the

many issues surrounding it, pricing of Federal Reserve services is not threatening to any segment of the banking industry. Coupled with a provision to compensate member banks equitably for their required reserves, it probably represents an opportunity for banking to reduce many of the costs associated with the current payments system, since future users of Fed and correspondent services would seek the lowest price available for comparable levels of service.

The Federal Reserve now has the opportunity to take constructive steps on its own to reverse the membership drain and preserve its independence. For bankers, the most important aspect of any Fed self-help program will be equity. With a fair solution at hand, commercial bankers are prepared to continue their support for a strong and independent Fed. ••

Cutting Risks of Inner-City Lending

IN AN effort to help lenders cut risks commonly associated with inner-city lending, Mortgage Guaranty Insurance Corp. (MGIC), Milwaukee, has developed guidelines to assist lenders in evaluating "high-risk" investments—before lending the money.

The program, as defined by MGIC, reportedly the largest private mortgage insurer in the country, allows lenders and MGIC underwriters to meet in the early stages of a proposed inner-city lending program and decide, before a mortgage is committed, what factors should influence a decision on whether to participate.

"There's a lot to look at before a decision can be made as to whether a proposed inner-city lending program has merit," explains Gary Howard, manager, residential underwriting, North Central Division. "More and more lenders today are interested in such programs, but they can't simply walk in the door and expect MGIC to participate immediately—there's a lot more to it.

"The first thing MGIC does is look at the overall area in question to determine if it's a viable neighborhood. If we see reasons for people to stay or factors that draw people from other neighborhoods, then we're ready to make an analysis."

MGIC has been developing its general-analysis program since the

early 1970s. The program, which is tailored to individual needs, contains advice about a number of important factors that should be understood and considered by the lender before he makes a decision. These factors include:

1. *Employment*—The area should contain sufficient employment pos-

The state of street lighting and maintenance, sanitation and police protection can indicate whether an inner-city lending program is likely to get off the ground.

sibilities within its boundaries, or close by.

2. *Transportation*—An adequate surface transportation system should exist.

3. *Shopping*—There should be small stores for everyday items, such as food and drugs, in the area, and larger supermarkets should be centrally located so residents can perform major food shopping activity easily.

4. *Services*—Services provided for consumers by city governments are decisive factors in deciding on an inner-city program.

"We look closely at the state of street lighting, street maintenance, sanita-

tion and police protection," Mr. Howard notes. "In many cases, municipal governments have written off certain areas of their cities, thus providing few of the above essential services. If this is the case, it's unlikely that a program can get off the ground."

He adds, however, that positive support by community leaders and municipal government can change the direction of an inner-city area. "But," he cautioned, "if the municipal government is in favor of such an inner-city lending program, then I've got to see service improving immediately. Promises are not enough."

If the response to these initial considerations is positive, MGIC moves on to step two—an examination of housing stock.

"We look carefully at the age and quality of the housing," Mr. Howard explains. "If the stock is acceptable, we set out to determine the cost of renovation. If the stock is not acceptable, we may have to consider demolition and rebuilding from scratch, but this usually is more expensive and not the best way to go."

In addition, Mr. Howard points out that a close look must be given not only to renovation costs, but to maintenance costs after rehabilitation is completed. "You can have good housing stock and a renovation cost that is in line, but if the cost to heat and main-

(Continued on page 67)

Bankers, If You Want Fewer Regulations, It's Time to Speak Up to Congress

THE United States Congress unbelievably still is not listening to the American people.

Votes on most major issues before the House and Senate of the 95th Congress have been directly counter to the clear majority opinions of Americans. A little bit of this so-called statesmanship is all right, but representative government is in danger of becoming a farce.

The list of inconsistencies between American opinions and congressional voting is long, far too long: increased inflation—breeding deficits, increased social security payroll taxes, increased energy taxes, decreased domestic-energy production, give-a-way of the Panama Canal, changes in labor laws favorable to union leaders, increased congressional salaries, decreased national-defense capability, and the list goes on.

One area where Congress is particularly out of step with the American public is federal regulation. For the last two years, the message has been loud and clear: "Give us less regulation and less government control of our lives and earnings, not more." The recent vote in California is additional proof of this. Congress is not listening, although some confusion is setting in.

In the last year and a half, as a member of the Senate Banking Committee, I have learned a great deal. Bankers and businessmen have helped educate me in some of the problems they're facing with the federal government.

While I'm sure this does not ease the pain, I can assure you that bankers aren't the only ones who have problems with the federal government.

Nevertheless, federal regulation of the business and financial community is a source of continuing frustration and considerable cost. A recent study by the Center for the Study of American Business at Washington University in St. Louis suggests federal regulation of the economy is costing American consumers over \$100 billion a year.

It's apparent that the American citizen, the small-business person, busi-

By HARRISON SCHMITT
U. S. Senator
New Mexico

ness in general and government are staggering under an increasingly heavy load of unnecessary, redundant and costly regulations.

The regulatory bureaucracy is out of control. Clearly, there's a mandate to Congress to re-establish control of the regulatory process and to reform existing regulations.

The monster can be measured only in numbers. There are 44 independent regulatory agencies at the federal level, plus 1,240 boards, commissions, etc. These organizations employ over 100,000 nonelected individuals with far more power over our lives than most elected officials. The cost to the taxpayers to finance these bureaucracies is equally large, growing from just over \$2 billion in 1974 to an estimated \$3.5 billion in 1977. Less quantitatively but more critical is the erosion of our freedom as individuals.

In recent decades, Congress increasingly has given up too much con-

trol over the "making of law" to the regulatory agencies. This loss of constitutional congressional authority has occurred through passage of legislation that calls for "promulgation" of rules and regulations that supposedly will cure some social ill. Subsequent congressional oversight over rules and regulations so "promulgated" has been poor to nonexistent. Thus, the constitutional concept of the separation of powers between the legislative and executive branches of government has been seriously blurred and compromised.

Increasingly, the federal government is asked to be "all things to all people"—a home builder, a provider of income and a dispenser of health care, education and dozens of other services. Where is the recognition of the American spirit that says, "I can do these things for myself"? Many of us are convinced that Washington is not the source of all knowledge. Certainly, there are many intelligent people in that block of 68 square miles, but I believe that the creativity, intelligence and, perhaps most importantly, common sense of the American people are evenly distributed all over this country.

Congress has delegated too much of its authority to an unelected bureaucracy in Washington, D. C. This army of civil servants increases its authority with each passing year—as further regulatory authority is extended to federal agencies. With only 535 men and women in the U. S. Senate and House of Representatives combined, it's simply impossible for Congress to oversee, define, revise and explain the multitude of laws. Rather than cut back on the amount of legislation being passed, Congress has chosen to write "open-ended" legislation, which takes power from individuals and local government and delegates broad regulatory authority to federal agencies, leaving most of the task of law making to nonelected bureaucrats.

Driven by the desire to "protect" the consumer from every possible threat, members of Congress are pro-



Senator Harrison Schmitt is shown at the 1978 convention of the New Mexico Bankers Association last month in Albuquerque giving the talk on which the accompanying article is based. Senator Schmitt of Silver City is a former astronaut in the space program and is one of only 12 Americans who have walked on the moon. He did so in 1972.

lific in introducing new legislation designed to "cure the ills" of the free market system. This has resulted in the "Scorched Earth Policy of Regulation," which is really a policy guided by the fears of legislators, not facts of need.

When there's a demonstrated need to protect the public, then certainly a new free-standing law is called for. But the current policy fails to recognize that there's no end to the number of problems we can imagine, and so increasingly, new law is written that addresses the problems that *could* develop rather than those that actually exist. The result is a vast increase in unnecessary but costly regulation that stifles the continued prosperity of our economic system.

Electronic Funds Transfer. A case in point is recent legislation that extends consumer protection to EFT providers and users. Not content with regulating what exists, my friends now want to regulate that which does not yet exist.

In several days of hearings before the Senate Banking Committee, there were no reports of abuse; there were no reports of fraud. Yet several members of the committee vehemently were contending that consumers were in immediate need of protection. On many occasions, these senators said the public is unprotected and that legislation is essential. The prevailing atmosphere seemed to be that so great was the threat to the public, legislation must be acted on without a moment's delay. Even though limited, EFT has been with us for several years now without a record of abuse, but we are called on to act with urgency.

I gathered from the testimony I heard that there was a great feeling we may be rushing too rapidly into the regulation of EFT before it has really had a chance to develop and before the market understands just what utility EFT may have for the consumer and for financial and business institutions in general. The market must have the freedom to respond to its customers' needs in a cost-effective way and in a framework that assigns liability and responsibility among providers and users of the payment system. There's an even greater risk in the rush to judgment: the risk of premature restraints on forces of innovation. These restraints will retard the advance of technology and force institutions to rely on obsolescent technology. That can have only one consequence: to increase the cost of financial services to all consumers and to limit their range of choice.

There are laws on the books that

protect interests of consumers with regard to EFT, laws against fraud and forgery, etc. In addition, interests of consumers are protected by many factors other than law. Consumers' interests are in many respects—particularly in a highly competitive industry such as EFT—protected by just the existence of the marketplace and the existence of competition within that marketplace.

There's no indication that consumers' interests lie unprotected and are being trampled on in the EFT area.

Consumers are feeling over-protected. They would like to see the government play more the role of referee, rather than writing all the rules. Many consumers, in fact, feel they are being protected out of their right to choose freely to avail themselves of certain kinds of services.

Truth-in-Lending. As many of you know, the Senate recently passed another Banking Committee bill, the Truth-in-Lending Simplification Act. This is a bill designed to help straighten out problems created by the original Truth-in-Lending Act, which was passed by Congress and signed into law in 1968. The act, although well intentioned, spawned another regulatory nightmare. Under it, the consumer has failed to receive clear and timely disclosures to facilitate intelligent credit shopping. Burdensome regulations, nuisance lawsuits and wasteful paperwork have stifled small business.

In some sections of the country, the federal court system has been turned into small claims courts swamped with nonproductive nuisance legislation. Over 9,400 suits were filed under the Truth-in-Lending Act during fiscal years 1972 through 1977, and new suits are being filed under it at a rate of over 2,000 per year in the federal district courts alone.

The American taxpayer is forced to shoulder the burden of a vast and costly bureaucracy established to write, interpret and reinterpret truth-in-lending regulations. The Federal Reserve Board, pursuant to congressional dictate, has issued a regulation almost three times as long as the original Truth-in-Lending Act. In addition, it has issued 64 official board interpretations, 145 official staff interpretations and 1,286 unofficial staff interpretations. That simply is too much for the small-business person to assimilate and, in fact, too much for any business, whatever the size, to have to master just to avoid technical litigation that rarely involves actual damages. Thus, the need for a Truth-

in-Lending Simplification Act.

In a few years, when the dust has settled on the EFT issue—and the problems built into this legislation become more evident—we probably will be confronted with an EFT Simplification Act designed to unravel the problems this bill has created.

All this could be avoided if Congress would act responsibly in the first place.

Bottom Rungs of Ladder. I am concerned about the immediate effects of both of these pieces of legislation. More importantly, I am concerned that one of the overall results of this policy of regulatory overkill is that we will remove the bottom rungs of the ladder to success in this country.

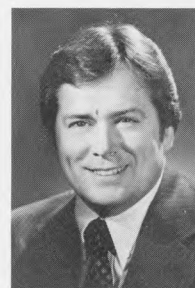
Not long ago, in a remarkable speech supporting a youth-opportunity wage amendment to the minimum-wage bill, Senator Hayakawa of California made the following

(Continued on page 88)

Bayliss Is Elected President Of Ill.-Mo. BMA Chapter

Larry D. Bayliss, vice president, Boatmen's National, St. Louis, has been elected president of the Illinois-Missouri Chapter of the Bank Marketing Association.

Other new officers are: first vice president, Fletcher E. Wells, senior



BAYLISS



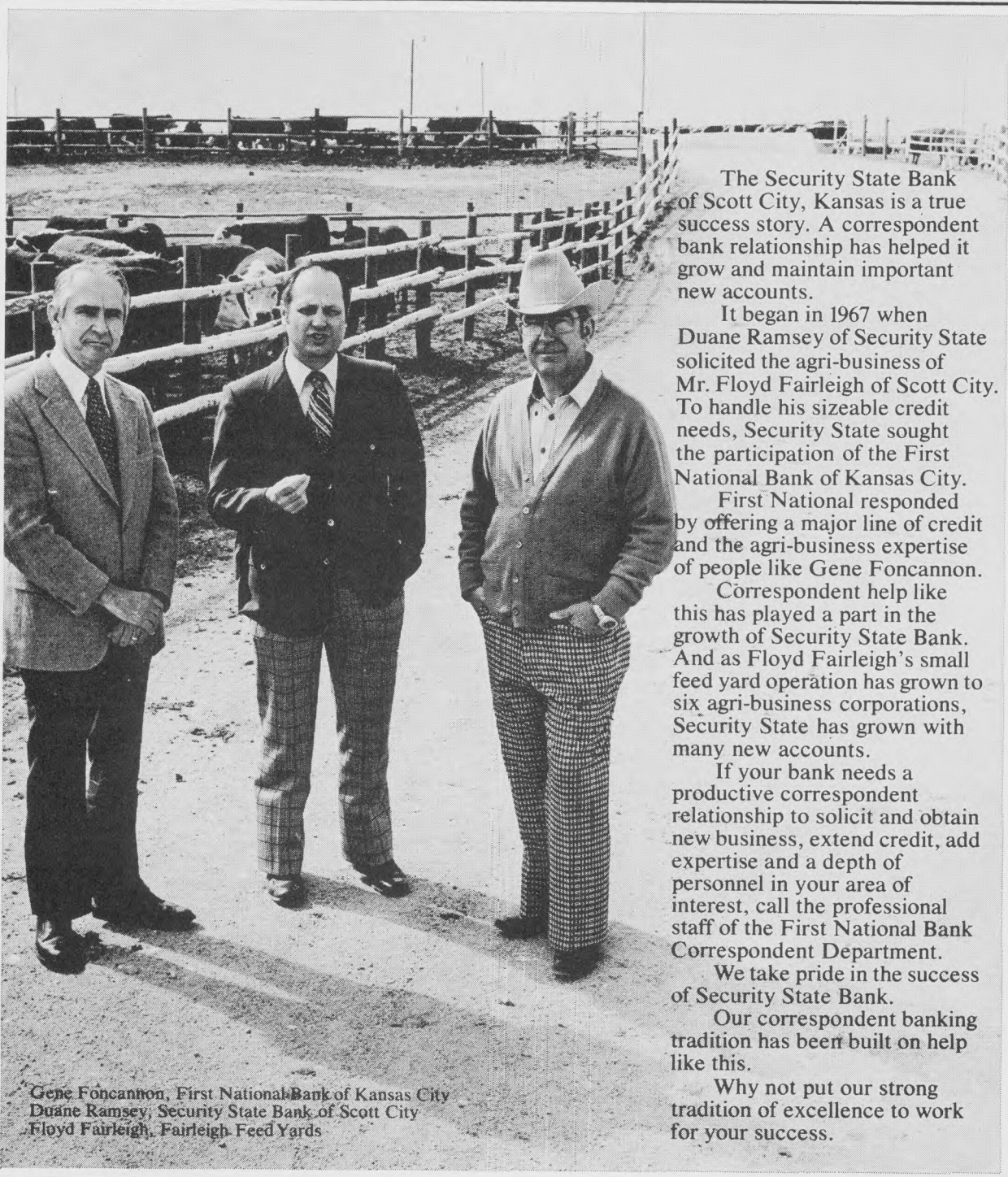
WELLS



MARTINSON

vice president, St. Johns (Mo.) Bank; second vice president, Marcy E. Massie, vice president, Bank of St. Louis; treasurer, Bonnie J. Booten, assistant vice president, First National, Alton, Ill.; and secretary, Carl T. Martinson, manager, advertising and promotion, Mercantile Bancorp., St. Louis.

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



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

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

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

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

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

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

We take pride in the success of Security State Bank.

Our correspondent banking tradition has been built on help like this.

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

Your success is our tradition.

**First
 National
 Bank** of KANSAS CITY,
 MISSOURI

An Affiliate of First National
 Charter Corporation

Banks Share Christmas Promotions: There's no Limit to Their Variety

THERE'S little doubt that an increasing number of banks are becoming Christmas-oriented each year. This trend is evidenced by the various holiday activities banks participate in or sponsor. Some activities have become traditions; others change annually, or every few years.

Some banks search for new ways to observe the holiday and there seems to be no shortage of creative ideas for ways to win the plaudits of customers and residents.

Some promotions are geared strictly to gain goodwill; others combine the goodwill motive with selling services. This article relates the Christmas activities of 10 banks in the Mid-Continent area.

Christmas time was a busy one at First National, Chicago, last year. For a two-week period, the bank arranged for Santa to visit its plaza in the heart of the Loop from 8:30 a.m. to 3:30 p.m., Monday through Friday. Santa presented candy canes to children. During the same period, the First Chicago Center presented Rusty Steiger's Muppet/Puppet Show twice daily. Each performance lasted from 30 to 45 minutes.

Ten groups of high school carolers from city and suburban parochial, private and public schools sang in the bank's main lobby during the noon hour over the two-week period.

To help customers with their



Visitors to First Nat'l, Chicago, last December could have their photos taken behind Santa Claus cutout as part of promotion to gain new savings deposits with instant camera premium.

By JIM FABIAN
Associate Editor



Employee chorus at Texas Commerce Bank, Houston, performed carols daily during noon hour in bank's lobby last December. Hundreds jammed lobby to listen.

Christmas shopping, the bank staged a Christmas savings deposit promotion involving an instant camera, which was offered to savers for \$14.95 when they deposited \$250 or more into an existing or new savings account. Donald E. O'Toole Jr., vice president, marketing and personal banking departments, said that, since the promotion was so near the Christmas season, the bank had models on hand to take pictures with the camera of anyone who wanted to participate. The bank provided a display featuring a life-size likeness of Santa with the face cut out so customers could have their photos taken as though they were Santa himself.

The bank also promoted its Visa card extensively during the holiday season. Four-color ads in local magazines bore the headline, "How do Santa's elves get all those presents?" The implied answer: "With their Visa cards, of course!"

Each year at Christmastime a group of from 60 to 70 employees of Texas Commerce Bank, Houston, forms a chorus to present choral programs during the noon hour in the bank's lobby. Anne B. Eddy, corporate com-

munications manager, says the response is overwhelming, with hundreds of people jamming the spacious lobby for the performances, which are given from a special stage with a nativity backdrop.

Christmas cheer in the form of a check for \$635 was presented to the administrator of St. Joseph's Home for Boys by John J. Obert, assistant vice president, Tower Grove Bank, St. Louis, late last year.

A committee of Tower Grove employees was responsible for collecting money and wrapping toys contributed by employees of all members of TG Bancshares, HC controlling Tower Grove Bank. More than \$1,500 was collected, to which the bank added \$750. More than 200 toys also were contributed. The proceeds were divided among three St. Louis charities, one of which was St. Joseph's.

For the third year in a row, Detroit Bank turned back time to the 1700s by presenting a Christmas nativity creche scene in its main office exhibit area. The scene was reminiscent of those exhibited by Europeans centuries ago, according to Jack Houseman of the bank's public relations department.

Each year the exhibit is expanded as



John J. Obert, a.v.p., Tower Grove Bank, St. Louis, presented check to official at St. Joseph's Home for Boys last December. Cash and toys were collected by employees of TG Bancshares and distributed to three local charities.

“Our Christmas Shop Duncan^{T.M.} program helped 300 retail merchants keep more holiday shopping dollars in Duncan...

We've had so much success with this program we're sponsoring it for the fourth year! ”

Ed Apple
Vice-President
Security National Bank & Trust Co.
Duncan, Oklahoma



- Show Commercial Accounts your bank cares about helping!
- Ideal program for Officer call use!
- Keeps more holiday shopping dollars in your city ... and bank!
- Easy to administer ... program lasts only 45 days!

**SEND IN THE REPLY CARD TODAY
OR CALL COLLECT (316) 684-0461
TO RESERVE YOUR MARKET**

There's a shopping bonanza right here in your own backyard.



Christmas Shop Duncan

Tell us more about your programs

- over the telephone please _____ Area code/Tele. number
- mail materials reserve my market

FIRM NAME _____

YOUR NAME (Please Print) _____

ADDRESS _____

STATE _____ ZIP _____

CHRISTMAS SHOP
(Your town)

SHOP
(Your town)
FIRST

Can-O-Cash

Christmas Shop (Your Town) or Try (Your Town) First (Program A) \$795. We provide everything!

- | | | |
|---|---------------------------------|------------------------------|
| • 200 Shopping Bags | • Press release | • 200 window poster |
| • Custom musical jingle | • Newspaper promotion kit | • 200 counter cards |
| • Radio spot for bank, recorded with jingle | • Suggested letter to merchants | • 200 door stickers |
| • 5 Sponsor's lobby posters | • Logo sheet for newspaper | • 1,000 buttons |
| | | • Operations manual |
| | | • 5 Newspaper advertisements |

Can-O-Cash®/Santa's Cannery (Details on other side of this sheet)

- \$495.**
- | | |
|--|-----------------------|
| • 900 labeled cans (400 white and 500 gingham) | • Sealer |
| • 900 metal lids | • Newspaper ads |
| • 900 plastic slotted snap-on lids | • Radio Commercials |
| • 900 bows (imprinted with your firm's name) | • Counter cards |
| | • Employee badges |
| | • Lobby cards |
| | • Promotional outline |

“When was the last time you had over 1,000 customers THANK YOU for providing a service?”

Proven by over 600 banks!

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

Those receiving this unique gift package will not know what is inside until they open the can with a can opener. It's really clever and fun. Opened, the can converts to a year-long savings bank with its own slotted plastic snap-over lid. Over 600 firms have proven this program to be their best Christmas customer relations idea.

By selling your gift-cans you can offer this program PROFITABLY (the gift cans self-liquidate at 55¢ per can). Some businesses have chosen to donate the proceeds to a charitable group, such as a local orphanage, etc. Either way, it is a unique program . . . that literally pays for itself.



Our Christmas
Can-O-Cash[®] program is
really appreciated...and
we even self-liquidate
the cost by charging
for each can.”

Dale E. Wallace
National Bank
of Wichita
Wichita, Kansas



advertising concepts, inc. / 260 n. rock road, suite 260 / wichita, kansas, 67206 / (316) 684-0461

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Rodkey Craighead (l.), ch., Detroit Bank, examines Pulcinella, Italian clown, a figure in bank's annual Christmas nativity creche exhibit. At r. is Charles J. Snell, v.p. and dir. of retail marketing for bank.



Christmas display atop marquee of Amalgamated Trust, Chicago, featured bank's mascot, Amalgamonster, dressed as Santa, pulled by lion and kangaroo, mascots of competing Chicago Loop banks.



School children from Connersville, Ind., helped decorate Christmas trees at offices of Fayette Bank last year. Ornaments were made in school art department and bank donated a quarter for each one.



Santa Claus workshop display was exhibited by Palatine (Ill.) Nat'l last December. Exhibit features bisque dolls and is replica of Bavarian toy shop window.

MID-CONTINENT BANKER for July, 1978

additional buildings and figures are added to the miniature version of an Italian city. A total of 500 handmade figures make up the creche.

The exhibit is said to be among the largest in the U. S. and equal in size to the displays open throughout the year in Italy. The bank's display occupies more than 1,000 square feet of space and is more than 10 feet high.

Amalgamated Trust, Chicago, poked a little fun and made good use of its mascot, an Amalgamonster, last Christmas. A huge version of the animal, dressed as Santa Claus and driving a sleigh pulled by a lion and a kangaroo in a 24-foot long procession, was mounted on the bank's marquee during the holiday season. The bank is located in the heart of Chicago's Loop. The use of the lion and kangaroo figures was a tongue-in-cheek comment on two of the bank's giant downtown competitors who use those animals as their mascots!

A children's Christmas tree decorating project was carried out during the holidays at Fayette Bank, Connersville, Ind., last Christmas. Some 300 fifth grade students from Connersville schools participated in decorating trees at the bank's main office and branches. Students made the ornaments in their school art classes and the bank paid the schools a quarter for each ornament. Then the students and their teachers visited the various bank offices, decorated the trees and were served cookies and punch. Teresa Davis, assistant vice president and assistant secretary, was in charge of the project.

Santa used the services of American National, Chattanooga, to send letters to the children of that city last Christmas, according to Steve Peck of the marketing and public affairs department at the bank. A Santa post office was set up in the bank's lobby and, according to Mr. Peck, Santa left a selection of five different letters to children with instructions for mailing them.

The letters were pre-written because Santa was busy in his workshop making toys for everyone.

A sign at the post office requested parents of children who had been good to pick up copies of the letters, address them to their children, apply a stamp and drop the letters in the special mailbox provided.

Santa's helpers at the bank picked up the letters and sent them to Santa Claus, Ind., where they were mailed with the "Santa Claus" postmark!

Each year, Mimbres Valley Bank, Deming, N. M., sets up a Christmas

tree in its parking lot. Last year, employees selected a 40-foot specimen from a nearby wilderness area and it was trucked to the bank's lot. The Public Service Co. of New Mexico decorated the tree after it had been hoisted into position. Placing the tree last year was not easy, due to a pesky breeze that swept through the town during the installation!

A Santa Claus workshop store window display, complete with lifelike bisque dolls and Christmas figures, was displayed at Palatine (Ill.) National last December. Arrangements for the showing were made by bank President Willis A. Glassgow, who described the fantasized array of working elves, dolls and ornaments as a replica of a Bavarian toy shop window.

An unplanned Christmas gesture by the employees of Devon Bank, Chicago, resulted in a happy holiday for the children of an orphanage and a performer named Jack Thum the Clown last December.

Each year, the clown performs at a Chicago theater in a toys-for-tots drive, with the average number of toys donated approaching the 400 mark. But last year, the toy collection fell far short of its goal and the employees of Devon Bank decided to do something about it.

"I kept thinking about this man's time and effort to do such worthwhile work and the great disappointment he must have felt when so few people turned out," said Irving Loundy, vice president at the bank. Mr. Loundy and other bank employees began collecting toys to add to those originally donated.

Mr. Loundy contacted the clown and asked him to come to the bank. The clown thought he was merely to make an appearance at the bank in his clown suit, but, when he arrived, bank employees began loading him with toys.

Following the toy presentation, the bank used its lobby as a toy depository and the community responded with an additional 400 toys in the next five days, making last year's toys-for-tots collection the best ever! ● ●

Scott L. Probasco Jr., v. ch., American Nat'l, Chattanooga, confers with Santa at bank's Santa Claus post office in lobby. Bank sponsored "letters from Santa" to local children last Christmas.



Bank Helps Local Economy, Provides 'Perfect' Gift With Holiday Promotions

TWO HOLIDAY promotions were adopted by Security National, Duncan, Okla., last Christmas as a means of helping the local economy and providing customers with unique Christmas gifts that were available from no other local source.

The result: A happy group of merchants in Duncan whose holiday sales "stayed at home" rather than being siphoned off by nearby cities, and another happy group of people who were recipients of the unique gifts.

Of course, this result made the people at Security National happy, too. For they could see that the bank's holiday activities were in line with one of the purposes of any bank—to benefit its community.

Duncan, Okla., home of Security National, is a busy, self-sufficient community of 25,000 people located 90 miles south of Oklahoma City. It's also a 30-minute drive from Lawton, which boasts a 75,000 population, and 60 miles from Wichita Falls, Tex., which has about 100,000 residents. Lawton and Wichita Falls have major shopping centers that have attracted holiday shoppers away from Duncan in the past.

It's no secret that shoppers in smaller cities throughout the U. S. are attracted to major shopping centers in surrounding cities. Knowing this well, Doug Nix, vice president at Security National, decided three years ago that an attempt should be made to keep the money spent by residents of Duncan at holiday time within the confines of the Duncan area, rather than see it spent in neighboring cities. Mr. Nix could appreciate the fact that any funds kept in the Duncan area would benefit local businesses—not to mention Security National.

The bank purchased a nationally syndicated program called "Try (name of town) First." The program provided ads, point-of-purchase materials, a radio jingle, door stickers, badges, etc., that would create a city-wide "shop at home" theme.

Letters were mailed to every retail merchant in Duncan, whether the merchant was a customer of the bank or not. The letters outlined the bank's program and informed retailers that all materials would be delivered directly

to them at no cost. According to Mr. Nix, the response was exciting—as one could expect for such a generous offer.

The only problem that surfaced the first year was the belief on the part of some merchants that there must be a "catch" to the offer somewhere. Some merchants expected to have to "pay" for the service in one way or another. Their suspicions soon evaporated, however.

Mr. Nix had the counter signs, employee badges, etc., distributed by bank officers as part of an officer-call program. Response was city-wide, so Mr. Nix decided to include department heads in the distribution process the following year.

Ed Apple, bank vice president, is in charge of the program now. He said the bank is planning to use its entire staff this year when it's time to distribute the materials. "In what better way can we share the enthusiasm and involvement of this program than on a one-on-one basis?" Mr. Apple asked.

Last year, Security National decided to change the basic theme of the program to keep it fresh. The syndicator developed a new slogan—"Christmas Shop Duncan." The promotion featured all new graphics, jingles, etc., but the program worked the same as the original version.

The program for 1977 was announced to all members of the Duncan Chamber of Commerce at a kickoff breakfast. It was pointed out that the program provided an effective involvement vehicle for chamber members. Mr. Apple stated that several

"Christmas Shop Duncan" signs are prominently displayed on store windows during promotion sponsored by Security Nat'l, Duncan, Okla. Sign reminds residents that "there's a shopping bonanza right here in your own backyard." Photo on cover of this issue shows Barbara Armitstead, marketing officer at Security Nat'l, discussing shopping program with men's store proprietor Buddy Campbell.



local organizations and the chamber volunteered their services and financial support, but Mr. Apple declined the offer, stating, "We're glad to fund the entire program because of its worthiness. Where else can you buy this kind of commercial account appreciation and loyalty for just a little over \$3 per account?"

"Our 'Christmas Shop Duncan' program helped 300 retail merchants and our bank keep more holiday shopping dollars in Duncan. Our commercial accounts and local chamber of commerce have asked us to sponsor it again, for the fourth year," said Mr. Apple.

Security National was one of more than 100 banks to sponsor the program last year, when it was being sold by Madison Avenue Associates in Nashville.

This year, the two programs, "Try (name of town) First" and "Christmas Shop (name of town)" are available through Advertising Concepts, Inc., a financial marketing firm in Wichita, Kan. Dale Krebs, president of Advertising Concepts, said, "Our firm now offers two of the most successful Christmas programs in the U. S.—'Try (name of town) First,' to offer support to a bank's commercial accounts, and 'Can-O-Cash,' a program used by more than 800 banks to provide their customers with clever last-minute gift ideas."

Security National used Can-O-Cash for the first time last year. The program provides 1,000 Christmas-labeled number two-sized tin cans, with lids, special bank-imprinted bows, a can sealer, an array of posters, badges and advertising materials. Any gift that fits into the cans can be sealed to provide real gift security from the "peek before Christmas" recipient.

Security National offered a new angle to its Can-O-Cash program last year by involving the Duncan Regional Hospital Auxiliary. Auxiliary members

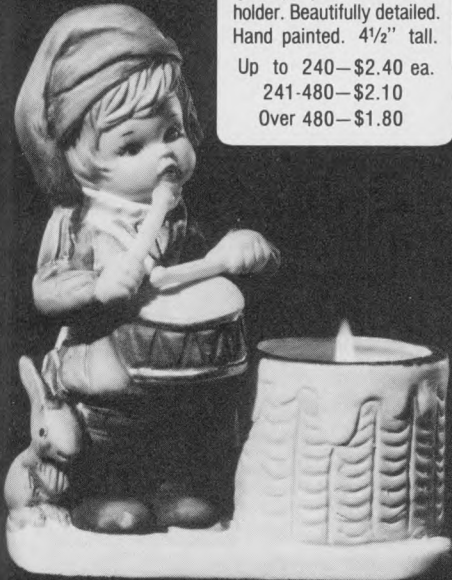


More Value for Your Promotional Dollar

Christmas Club Premiums at Penny-Pinching Prices!

DRUMMER BOY fine quality bisque porcelain candle holder. Beautifully detailed. Hand painted. 4½" tall.

Up to 240—\$2.40 ea.
241-480—\$2.10
Over 480—\$1.80



GOLDEN DRUMMER candle ensemble. Quality wax candle with gold hand painted design and frosty garland. 4" tall. Assorted red and green. Up to 240—\$2.00 ea., 241-480—\$1.75, over 480—\$1.50.



HOLY NIGHT & SLEIGH RIDE candle ensembles. Quality wax candles with sculptured and hand painted nostalgic holiday designs. Reusable holders. 8" tall. Order 1 design or mix. Up to 240—\$2.40 ea., 241-480—\$2.10, over 480—\$1.80.



CHRISTMAS LAMPLIGHTER Old-time street lamp replica with hobnail glass candle holder. Scented. 5" tall. Assorted red and green.

Up to 240—\$2.40 ea.,
241-480—\$2.10, over 480—\$1.80.



BASHFUL BELLE WISHING BELL

Adorable hand painted porcelain figurine bells. 4" tall. Order 1 design or mix. Up to 240—\$2.00 ea. 241-480—\$1.75 over 480—\$1.50

Ghristmas Club premiums with such value for your promotional dollar even the most notorious penny-pincher of all time, old Ebenezer himself, would approve. Each beautiful, individually-packaged item offers everything you want in a premium: fine quality, universal appeal, real value for the dollar. Your customers would expect to pay at least threefold your cost in gift shops and stores. So, although you economize, you won't look like You Know Who! Order the premiums you want now for delivery

when you specify. If you are not convinced these are great values for your dollar, we'll prove it by sending samples. But, act now before your competition does and be assured of the most successful holiday promotion ever. TO PLACE YOUR ORDER OR REQUEST PREVIEW SAMPLES, write:

The J. H. Schuler Company
Dept. 409, 1649 Broadway, Hanover, PA 17331

staffed the bank's in-bank exhibit and sealed the "canned" gifts that were brought in by bank customers. The bank charged 50¢ to each customer using the novel cans and the money was donated to the Auxiliary.

According to Mr. Apple, response was better than anticipated. The bank ran out of cans two weeks prior to Christmas. Even three cans that had been put aside for one of the directors had been used!

One thousand cans were sold in less than three weeks, so \$500, plus another \$500 cash contribution by the bank, was donated to the local auxiliary to be used to purchase special therapy equipment for the Duncan Hospital.

Mr. Apple concluded, "When you have 1,000 customers come into your bank lobby for one of those crazy cans with your bank's name on it, and they give the cans to 1,000 friends as gifts, you get about 2,000 advertising impressions. That's a lot of goodwill! We're planning on Can-O-Cash again for this year, and we'll probably order additional cans to take care of even more customers.

"It's a great feeling when you can involve your bank with the community in a meaningful way and benefit with measurable marketing success at the same time." ••

Santa's Cannery was set up in lobby of Security Nat'l, Duncan, Okla., to seal gifts in tin cans as part of Can-O-Cash promotion sponsored by bank. Manning cannery were these members of Duncan Regional Hospital Auxiliary. All proceeds from the promotion were donated to the auxiliary to purchase hospital equipment.



How much new business does your present Christmas Club generate?



If your present Christmas Club isn't attracting as many new customers as you would like, maybe it's outlived its usefulness. If that's the case, why not look into an attractive and practical Christmas Club program from Rand McNally. You'll find that they have all the innovative ideas, materials and know-how needed to help you organize, promote and get the most out of your Club ... including some cost-saving features you can't afford to overlook.

*A name you know,
a company you should know more about*



Rand McNally
Financial Systems Division

P.O. Box 7600 / Chicago, Illinois 60680 / (312) 267-6868
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MID-CONTINENT BANKER for July, 1978

'Get Your Order in Early'— Bywords for Holiday Displays

CHRISTMAS seems to arrive earlier each year. Shopping centers are promoting the year's most profitable selling season so early that Thanksgiving has become a forgotten holiday.

The reason? Without the Christmas selling period, many retailers would not be able to survive, says Richard Comeaux, vice president, Evangeline Specialties & Displays, Lafayette, La., a firm that supplies holiday decorations to financial institutions as well as retailers.

He says that more bankers are appreciating the benefits of installing annual Christmas displays on their premises. Banks decorate, he says, not to attract the business necessary for survival, but to generate goodwill in the community. A Christmas display at a store is a good business practice; a Christmas display at a bank is a sign of community involvement and betterment.

Where can a banker go to obtain information about reliable display firms? To the local city hall, the chamber of commerce or the shopping center, Mr. Comeaux advises. Most municipalities contract for holiday decorations and would be willing to advise which firms provide such decorations. Ditto with the chamber and the shopping center, most of which have had extensive experience with firms that supply decorations.

"The key to a good purchase of decorations is early planning," Mr. Comeaux says. "Christmas in July is truly no joke with us. Usually we're running at full capacity by early September and must stop taking orders by mid- to late October. The decoration industry has gone to an early-order-discount structure to encourage purchases before August first."

He says that costs for decorations are not out of line when the goodwill and reusability factors are considered. A tasteful display is bound to benefit the bank from a public relations angle, and many banks have found they can use the same displays over a period of years and then can sell the decorations back to the supplier or to some business firm, recouping a good deal of the original purchase price.

Speaking of the goodwill factor, Grand National, Hot Springs, Ark., purchased a 25-foot Christmas tree with complementary pieces and placed them at the entrance to its building and its drive-in area. "No sooner were they installed than we began receiving calls from various civic groups asking if they could sing Christmas carols on the grounds next to the tree," says Bill Ott, former vice president, marketing, for the bank. "Needless to say, we were delighted!"

Christmas decorating isn't just a good idea for banks, it's good business, says Mr. Comeaux. A bank can do few

other things that will result in the amount of goodwill, community pride and participation, employee morale and community leadership that a Christmas display will provide.

Residents expect this type of community involvement from banks, he added. Take the case of Guaranty Bank, Lafayette, La. The bank has sponsored holiday displays for more than 10 years, always receiving good comments from customers. But the time the bank received the most attention at holiday time was 1973, when management decided not to put up decorations because of the energy crisis.

J. Rayburn Bertrand, executive vice president of the bank, reported that the lack of decorations caused considerable comment on the part of bank customers. The bank finally decided to put up its traditional display, but didn't illuminate it to conserve power!

"Even though the temperature outside is in the 80s and 90s," Mr. Comeaux says, "a smart banker is making decorating plans now for this Christmas!" ●●



don't miss the train!

**get on the right track
for your next promotion!**

OUR 61 piece Bachmann HO electric train set is on its way. When you come aboard the Bachmann express, you are on the right track to develop **NEW** and **EXISTING SAVINGS ACCOUNTS.**

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FIBERGLASS NATIVITY SET**

Full-round, durable, in natural color or white. Standing figures nearly 6 ft. Order by set or piece.

3 piece starter set:	\$ 895.00	[stable extra]
Complete 17 piece set:	\$5850.00	

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Life-size reindeer team w/Santa, sled - full round, fawn color or white. Order by set or piece.

Santa, sled, one deer:	\$1045.00
Additional Deer:	\$ 295.00

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25 CHRISTMAS LANE
FRANKENMUTH, MICH. 48734

Christmas Premiums: *Santa's Double-Dip Dividend for Banks!*

WANT TO attract new deposits—increase loans—get more new business of almost any kind?

Many bankers have found an answer—premium offers. Premium incentives have documented their ability to change prospects into bank customers.

Such incentive programs work 12 months out of the year. However, there is one season, often overlooked, when premiums seem to enjoy above-average success.

Christmas.

There's a reason. At Christmas, over and above the personal desire for a premium, there is an additional incentive to use the premium as a money-saving Christmas gift to family or friends.

Year-end is also an occasion when some people make resolutions to save. An attractive premium at this time provides a forceful incentive to open or add to a savings account.

Year-end is also the time when Christmas savings plans and some savings certificates mature. Savers with this money in hand probably will keep at least some of it in the bank if lured by an appealing premium offer.

Holiday premium promotions are far from new. Christmas savings plans frequently offer incentives for new business and renewals. Yet banks don't always take full advantage of the extra premium potential Santa makes possible each year.

Here are a few suggestions for banks planning holiday premium promotions: Design the promotion to attract new deposits. Offer a variety of premiums to broaden the appeal. Provide adequate advertising and promotional support. Display the promotion in heavy-traffic areas. Tie in use of a premium as a Christmas gift.

And, most important, pick premium(s) carefully. Select products people want but would not usually buy for themselves—something new or not easily available through normal channels—something free or at an attractive price.

As mentioned, there's a big plus if the premium product can also be used

By **ORVILLE GOERGER**
Contributing Editor



as a gift. Offer prospects something for someone on their gift list and it's like giving them extra shopping money when it's needed most.

Here are some premiums that can be easily adapted to Christmas promotions: toys, cameras, wristwatches, calculators, silverware, food, cooking appliances, records, telephones, family photos, Christmas books, sports equipment—almost anything you might find in Santa's gift bag.

Many have been used successfully by banks. Others are new but offer good promise. Still others keep coming on the market almost daily.

For supply sources, check the ads in banking and premium magazines. Contact local retailers and distributors, or call a correspondent for help. Many premium products are available on a consignment basis that can reduce inventory investment and risk.

After selecting the premiums, work out a "price" schedule. When costs permit, offer some premiums "free" with minimal deposits. For more expensive products, work out a deposit requirement that makes the premium virtually self-liquidating—when supplemented by the selling price of the product. Obviously, the lower the selling price, the more attractive the premium offer will be.

Here's a closer look at some of the premium categories with Christmas-use potential. Use them—or variations—to customize a promotion program tailored to a specific need.

- Train sets in previous years have done well at banks. They have universal appeal for children and adults.

- Video games, still relatively new, have good appeal if offered as an economically priced premium.

- Games are available for both adults and children. They fit well into the Christmas scene, both for family use and for gift-giving. Among those offered: a game with shells requiring skill in mathematics, a toy baseball game, a board game similar to backgammon, an adult "finance" game and, tying in with the Star-War craze, a Sci-Fi war game and a Cosmic Encounter game.

- Picture books of good quality offer interesting child-appeal at the premium counter.

- Kites, though not exactly seasonal, provide a low-cost giveaway opportunity to promote lobby traffic.

- Toy house models you put together yourself that require no tools, nails or screws. These have high visual appeal.

- Toy banks are available in many sizes, shapes and forms. A perfect tie-in for promoting savings accounts for children—or for gifts. Some make interesting toys; others even use humor to encourage adult saving-for-a-purpose.

Among such banks are authentic replicas of original penny banks of the 1800s, a brass horse duplicate of an 18th century coin bank, a cash register that takes coins in an outstretched "hand" and wall-hanging special-purpose banks that get laughs from adults.

- Family photos—a high-quality picture of the family group, attractively mounted in a beautiful folder. In lieu of premium, bank makes appointment with professional photographer, delivers finished picture. Provides treasured family keepsake. Has lots of appeal.

(Continued on page 50)

MID-CONTINENT BANKER for July, 1978



We're glad we're here.

Welcome to our special corner of the world. We're American Bank, over 600 people and half-a-billion dollars strong. We're Baton Rouge's community bank, large enough to provide the capital and services your business needs, and small enough to make every one of your people feel right at home. We're experienced and innovative professionals, but there's more.

For all of us, living and working in Baton Rouge is a matter of pride. And that spirit is an everyday, every way attitude at our bank, from the board room to the telephone switchboard.

Welcome. To Baton Rouge and American Bank. We're part of your new life, and we like our place.

WRITE OR CALL:

*Jack H. Sanders, Vice President
American Bank and Trust Company
One American Place
Baton Rouge, Louisiana 70825
(504) 357-8641*



AMERICAN BANK

BATON ROUGE, LOUISIANA



America is in Love with CURRIER & IVES

...everything you need to coordinate your entire Christmas Club program

Put the Power of Christmas Club behind your profitable cross-sell program. Survey results consistently identify Christmas Club users as your best customers in almost every way including checking, savings, loans and bank charge cards. Christmas Club members not only mean more business for you, but they remain loyal longer (72% stay with their financial institutions six years or more compared with 61% for non-members).

Now filled with the bright and beautiful Season's Greetings of Currier & Ives pictures, this Christmas Club for 1979 is ready to win business for you right through the year.

Get in touch today and start building your 1979 Christmas Club program early. Call toll-free: (800) 523-9334 New York, New Jersey, Maryland, Delaware; (800) 523-9440 all other states (except Pennsylvania) and ask for Renée Brett.

- Coupon Books & Jackets
- Passbooks
- Application Folders
- Checks
- Statement Enclosures
- Counter Displays
- Premiums

Exclusive Currier & Ives "Life in the Country" Premium Collection



Holiday Candles—each 6" high glass candle highlights one of the famous four antique scenes.



Metal Trays, sturdy 14½" x 11" with wall hangers, each different scene in brilliant full color.



Christmas Tree Ornaments, both 3" unbreakable satin finish and 3¼" pearlescent glass balls.

Helping America Save
since 1910.

CHRISTMAS club a corporation

P.O. Box 20, Easton, Pennsylvania 18042 • (215) 258-6101

SAY CHEESE... THE OLAN MILLS WAY

Sharp and mellow. That's the sum and substance of the new Olan Mills Bank Marketing Program.

This program is designed for maximum customer appeal. It's hard to resist a family portrait . . . when it's your family . . . and it's a gift from your bank.

Believe us. Family portraits are appealing. We ought to know. We're the largest photographic concern of its kind in the nation. And we've been at it for forty years. We've got to know more about family pictures than anybody else!

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.

When we ask our customers to say "Cheese," they keep on grinning . . . from ear to ear . . . from year to year! So will your customers.

For more information contact the Bank Marketing Division
1101 Carter Street,
Chattanooga, TN,
Telephone (615)
622-5141 Ext. 213

olan mills

THE NATION'S STUDIO



\$5-Billion Payout Likely For Christmas Clubbers As Anniversary Nears

By JOHN H. GUINAN, President, Christmas Club a Corporation

THE CONCEPT of the Christmas club is a savings plan that helps people save money and helps banks sell more services to their customers.

Based on Unidex figures and historical references, the 68-year-old Christmas club concept appears to be statistically likely to disburse about \$5 billion to club holders in the yuletide of its 70th year—1980.

Why do people put their money in a Christmas club? There's no single, simple answer; however, many theories have been put forth.

Here are a few of them:

- Many people are embarrassed to bring in small amounts of money to such an important and impressive place as a bank. A Christmas club gives these people an excuse for saving in amounts as small as a dollar.

- Even though people want to save, many can't do so without some plan that forces them to save.

- People feel guilty about taking money out of a savings account. A Christmas club is a savings idea with a built-in planned withdrawal that will not cause guilt feelings.

- A Christmas club is a positive savings system. People are saving for something specific—Christmas. They are rewarded with the anticipation of spending each and every time they make a deposit.

Another reason for the success of Christmas clubs may be found in a changing attitude toward saving on the part of the public. There's a rising resistance to the theory of saving for a rainy day. Sunny days may offer better reasons to save today because many rainy-day problems are partially covered by life insurance, educational loans, sickness pay insurance, health plans, stock purchases, etc.

Some 20 million Christmas club members are saving well over \$4.5 billion a year. A potential 30 million more might be saving an additional \$6 billion in the foreseeable future, according to a recent Unidex study.

From the banking community's

point of view, the fact that these considerable sums flow through institutions offering Christmas clubs indicates considerable parallel opportunities of both a business and a service nature. Community businesses and commerce are powerfully stimulated each Christmas as eight out of 10 club members spend their checks for holiday gifts and celebrations.

The overall prosperity of the United States has been an important factor in the growth of the Christmas club concept, which had its beginning in 1910 and which claimed fewer than 100 bank members by its second anniversary. The average club amount in 1912 was \$18.50. The figure climbed to \$184 in 1974 and continued its ascent to \$223 in 1977.

Reasons for the growth of the concept are intrinsic in the almost prophetic vision of Merkel Landis of Carlisle (Pa.) Trust, who developed the accounting system that identified each customer-member by number and who worked out the coupon system, and London-born Herbert F. Rawll, who bought out the Landis

Club Disbursements Rise

A gain of 3.7% in total Christmas club disbursements was recorded for 1977 clubs by commercial and savings banks with payouts exceeding \$1 million each. Payouts at the 255 banks providing data totaled \$1.165 billion for 1977 and \$1.123 billion in 1976.

The primary reason given for the gain was a further rise in consumer disposable income for 1977.

Despite the gain in disbursements, the banks reported a drop of 1.3% in the number of clubs in 1977 over 1976. Total number of clubs dropped from 4,737,073 in 1976 to 4,673,484 in 1977. The drop was attributed in large part to the efforts by some banks to reduce club administrative expenses by raising the minimum size of weekly payments, eliminating coupon books and lengthening the payment period.

Average payout per account for 1977 was up 5.2% over 1976, from \$237.09 in 1976 to \$249.32 in 1977.

Bank of America, San Francisco, remained in first place in the size of club payouts with a total of \$116.9 million, up from \$107.9 million for 1976.

interests, founded and patented Christmas Club a Corporation and marketed the concept.

Growth has been steady along traditional lines. Both the coupon books and other exclusive, official club materials play important roles year after year in attracting and keeping club members in commercial and mutual savings banks along with S&Ls. So marked has been the success of a four-piece set of Currier and Ives trays that

Christmas Club Premiums for 1978



These two premiums are offered to banks featuring Christmas clubs from Christmas Club a Corporation this year. At l. is foursome of Currier and Ives "Life in the Country" holiday candles. Each six-inch glass is coated with glass beading and light from candle inside glows through one of four traditional scenes. At r. is 24-page coloring book featuring Clement Clarke Moore's famous "Twas the Night Before Christmas" poem. The cover features a full color photo of Santa and a friend. Each inside page includes colorable sketches to illustrate the poem.

On the Cover

"Getting Ice," popular Currier & Ives print, is featured on promotional materials put out by Christmas Club a Corp. for coming Christmas club season, including coupon books, passbooks, counter displays, account application folders, statement enclosures and checks. Other Currier & Ives scenes are available on metal trays, placemats, candles, notes, tree ornaments and record albums.

an entire promotional program has been developed around them.

Currier and Ives' success peaked in the middle of the last century, declining only with the inexorable rise of news photography in daily papers. The domestic subjects of the trays are considered to be among the most familiar and treasured of the Currier and Ives collection.

Promotional materials for Christmas Club a Corporation, centered on the

universally appealing Currier and Ives trays, enable individual banks to develop complete campaigns to promote clubs during the holiday season. This material ranges from premiums to be given away to prospective customers to in-bank display materials and advertising. It also includes the coupon books used by each customer for each payment and the checks the banks make out to pay customers at the end of the year.

Christmas clubs, when used as cross selling tools, can promote the sale of other bank services. Christmas club savers use more traditional banking services than do non-club customers. They use significantly more savings accounts, installment loans and various credit cards.

More and more successful bankers know that the secret to the most profitable banking system is to sell services as a good retailer does. If one customer goes from one to two services, that customer becomes two customers. And that leads to even more business and even more customers! ●●

Free Family Photo Offers Draw Well, Provide Good PR at Minimal Cost

AN INCREASING number of financial institutions are taking advantage of the services of firms that specialize in taking group photos of customers. Each customer is given a free 8x10 portrait at no cost.

Participating financial institutions can benefit from the goodwill such an offer generates, because in today's fast-paced world, few families bother to take the time to have family photos taken by professional photographers.

Few promotions are available to financial institutions today that require such a small investment on the part of the sponsor. Actually, the only cost to the sponsoring institution is for advertising the offer and incidental expenses in connection with having a paid employee on hand during after-hour photo-taking sessions.

One firm offering family portrait services is Delta Marketing, Chicago. Its service is called "family portraits," and is being used by financial institutions to attract new customers and to thank existing customers for their business.

The typical program begins with the sponsor selecting a date for finished photos to be distributed to

customers—often a holiday, such as Mother's Day, Christmas, Valentine's Day, etc. Four weeks prior to this date, the sponsor receives promotional material from Delta, including sample newspaper ads, and the financial institution begins promoting the offer. The ads request those wishing photos to call the institution to make appointments for photo sittings.

Delta sets up a temporary photo studio on the sponsor's premises, or at some other nearby location if there's no extra room at the financial institution. Usually, two photographers shoot photos on a Saturday and Sunday. Choosing the weekend eliminates conflicts because the sponsor usually isn't open for business. It also enables most family members to get together for sittings, since most don't work on weekends.

About 10 days after each shooting session, Delta representatives return with proofs of the photos. The customer selects the one setting he receives at no cost and then is given an opportunity to order additional prints or settings, but without any arm-twisting on the part of Delta.

The customer's finished order is
(Continued on page 67)

Santa Whisk Brooms



Mr. and Mrs. Santa Claus whisk brooms, each 11¼" high, are suggested as incentives to promote Christmas club accounts. Available from Anderson Premiums, Riverwoods, Ill.

Premiums

(Continued from page 44)

- Cameras. New instant cameras attract lots of interest for personal use or for gifts. Relatively inexpensive. Great for holiday promotions.

- Calculators are another popular item for either personal or gift use. They have almost universal appeal and are available in many price ranges. Can be easily liquidated.

- Wristwatches offer great appeal. First National, Chicago, used 31,000 in a recent promotion. Well suited to Christmas. Wide range of prices.

- Silverware makes for a beautiful, high quality premium item. Welcome in any home. A perfect gift. Available in a wide variety of pieces—candelabra, bowls, trays, candlesticks, coasters, coffee sets—virtually any tableware. Wide range of prices.

- Holiday trays fit well into the holiday spirit. Some have engraved seasonal messages; others have Currier and Ives prints. Relatively low cost.

- Kitchen appliances are one of the most popular premium products at any season. Especially suited for holiday entertaining needs. A wide variety of products assures something for almost everyone.

To name a few: coffeemakers, blenders, irons, toasters, can openers, kitchen clocks, juicers, ice cream makers and crock pots. Among the newer entries: pizza baker, donut maker, fast hot dog cooker, deep fryer and there's even a corn popper that pops the corn in hot air instead of hot oil.

- Christmas records make an ideal giveaway or self-liquidating premium for opening Christmas savings ac-

LOOKING FOR NEW CHRISTMAS IDEAS?



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

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

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

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

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

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

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

Successful Christmas promotions are born early.

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

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

MONEY BACK GUARANTEE — If not completely satisfied in every respect, return within 10 days for full refund.

MID-CONTINENT BANKER
408 Olive St., St. Louis, Mo. 63102

Please send ____ copies @\$7.00 of your 80-page manual, PROFIT-BUILDING IDEAS FOR BANK CHRISTMAS PROMOTIONS.

I enclose our check* for \$ _____

Name _____ Title _____

Bank _____

Street _____

City, State, Zip _____

* Check must accompany order. We pay postage and handling. Missouri banks: please include 4½% sales tax.



**Interbank announces
a whole new way
to attract new customers.**

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INTRODUCING SIGNET® THE NATIONAL MARK OF APPROVAL.

It makes your own card part of a national debit system to give your customers more service.

Signet is the new and unique debit system that meets the needs and wants of your customers. Designed by the members of the Interbank Card Association, Signet will benefit from the broad experience that Interbank used to build its highly successful Master Charge® card operation. Signet, in fact, is based on the proven Master Charge authorization and clearance system.

No new card, just put Signet in your corner.

Add the distinctive Signet symbol to your debit card and enhance its value. With Signet, your customers will be able to use your card locally or nationally to pay participating merchants directly from their deposit accounts. Or to get cash from any Signet member bank. Now paper-based, the Signet System is designed to handle, in the future, other services like fully electronic point-of-sale terminals and automated teller machines.

Signet's distinct symbol eliminates card confusion.

The Signet symbol on your card makes the transaction readily identifiable as a debit. You eliminate any confusion that might result with cards that can be used as either credit or debit. Both merchants and consumers will be in favor of that.

Develop new business from both merchants and the public.

The simplicity of Signet, the convenience of Signet and its national appeal give you a new selling tool to expand your share of market.

Signet also gives you the fee flexibility to offer the business deal that is best for you and your customers. Signet's guarantee of payment is also sure to appeal to merchants.

A profit-making opportunity and a deposit builder.

Signet gives you an opportunity to build your deposits and fee income. As a member of a national system, you also benefit from the cost efficiencies of big transaction volume.

You'll benefit from national advertising and promotional support.

Interbank's dramatic, informative advertising will convince merchants of the value of Signet to them. And national advertising reaches your customers on a level that only national advertising can – and will help build a substantial Signet cardholder base for you. Television, magazines and newspapers will carry Signet's saturation advertising.

Get the jump on other banks. Join the Signet System now.

Someone in your area will be first with Signet. Why not you?

For more information, write to: Signet, Interbank Card Association, 888 Seventh Avenue, New York, New York 10019. Or call (212) 974-5700.



**THE NATIONAL MARK
OF APPROVAL**

counts. Relatively inexpensive. Choose from a wide selection of Christmas records available or make your own record, using local talent (choruses, etc.) to give strong added appeal. Use also to build lobby traffic and increase tie-in business.

- Christmas food. Timely premiums at Christmas are hams and turkeys. For convenience, handle distribution through a local retailer.

- Higher-price products include TVs, furniture, fur coats and the like that can be used as premiums with a "7-7" type promotion. The bank service sold is a seven-year certificate paying 7% interest (instead of 7½%); the premium gift, received on deposit, represents the other ½% interest. The larger the deposit level, the more expensive the gift that can be offered. Banks report good success with such promotions. An ideal way to get valuable gifts for the home or friends. Premiums used should be selected to fit the bank's market area.

- Christmas Sweepstakes provide an ideal way to increase bank traffic at the productive holiday season. Offer a substantial prize to be awarded by a drawing on Christmas Eve. Any visitor to the bank during December can submit an entry without obligation. Suggestion: If a "7-7" promotion is

Porcelain Figurine Bells



These two hand-painted bisque porcelain figurine bells, standing four inches tall, are available as premiums from J. H. Schuler Co., Hanover, Pa. Figure on l. is featured on this month's cover.

used, make one of its top gifts (say a TV) the sweepstakes award, thus providing additional publicity for the "7-7."

- Travel globe—a useful travel guide and an interesting ornament for the home. Relatively low cost and its gift appeal fits it well for holiday promotion.

- Sports games are premiums the whole family can enjoy. A mini

shuffleboard, whiffleball tennis, whiffle football and others are available at moderate prices and are ideal for family giving.

- Telephones. New and different. Elegant and beautifully made. Fit any telephone company jack. Great gift for the household.

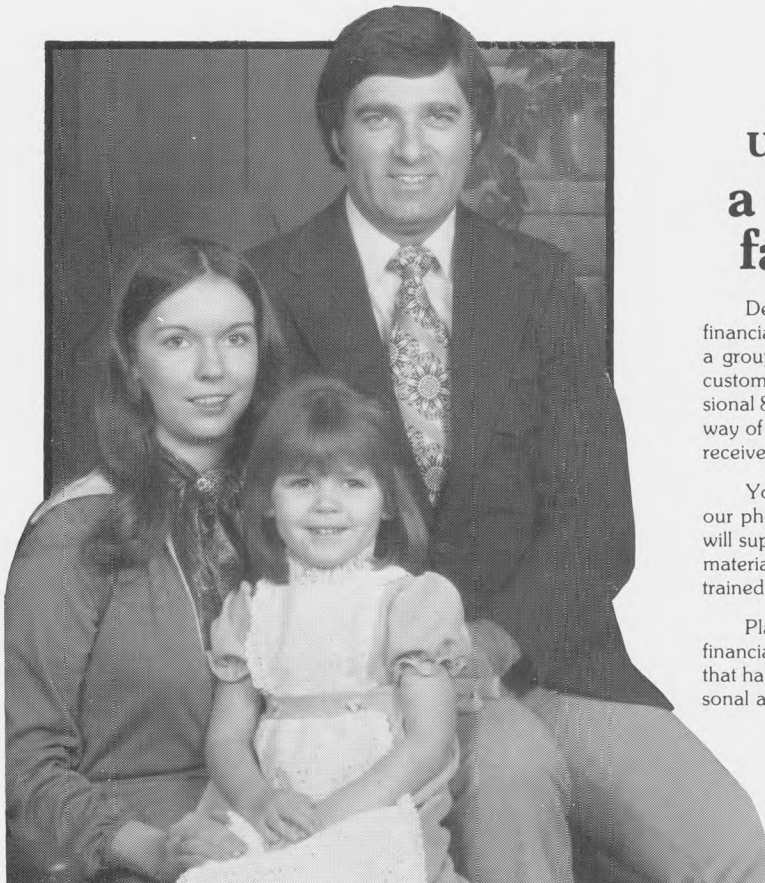
- Weather instruments. Barometers and thermometers in a variety of styles and models. A useful and beautiful addition to home or office.

- Needlepoint kit. An interesting and educational craft kit. Photo needle art allows user to sew needlepoint reproductions of original photographs and artwork. For both children and adults.

- Blankets in a wide variety of sizes and uses. A time-tested premium that always seems to pull well. Especially good for cold-weather promotions.

This by no means exhausts the premium possibilities available to the promotion-minded bank. In many cases, the greatest success a bank can enjoy comes from using a promotion custom-designed to fit its own community's needs and opportunities.

In any event—whatever the promotion—it's almost certain to do better if used during the Christmas season! ●●



What can you offer your depositors that is **UNIQUE, PERSONAL and FREE?** a professional 8x10 color family group portrait!

Depositor's Portrait Service provides a program for your financial institution that is **UNIQUE**. Most families have never had a group portrait made. Now you can make it possible for your customers by offering them a truly **PERSONAL** gift—a professional 8x10 color family portrait. This portrait program will be your way of saying "thanks for choosing us." All of your depositors will receive their family portrait **FREE OF CHARGE!**

You pay only \$250 service fee, and provide the locations for our photographer. Depositor's Portrait Service does the rest! We will supply all of the tools for a successful promotion—advertising materials, a complete public relations program, and our highly trained personnel to handle all facets of your portrait program.

Plan to feature a customer appreciation program in your financial institution and join the thousands of financial institutions that have chosen Depositor's Portrait Service as a unique and personal approach to their special promotions.

Contact:

Mr. Duane Laird,
DEPOSITOR'S PORTRAIT SERVICE INTERNATIONAL
1706 Washington Avenue, St. Louis, Missouri 63103
800/325-7110

PUT A SHARP PENCIL TO YOUR CORRESPONDENT BANK.

1. Is your Correspondent Bank interested in serving your needs...or in buying your bank?

Serving my needs Buying my bank

2. Does your Correspondent Bank have a *proven record* of supporting independent banks, the choice of being a member or a non-member, and the dual (State and National) banking system?

Yes No

3. Does your Correspondent Bank assist with your customers...or do they compete for your customers' business after you've introduced them?

Assists Competes

4. Have your Correspondent Bank's investment representatives sold your bank securities you're pleased to have in your portfolio?

Pleased with purchases
 My Correspondent is always buying and selling out of my portfolio. He tells me that he's making me money ...but my portfolio gets longer in maturity and poorer in quality every time I take his advice.

5. Can you rely on your Correspondent Bank's advice on investments, credit decisions, personnel administration, management succession, operations...on all banking matters...or does their track record indicate that you had better seek advice elsewhere?

Good track record
 I'd better ask someone else

6. Is your Correspondent Bank the right size for you?

Service

Can get prompt answers to my requests
 Takes several days and several committees to get an answer
 I'm still waiting for an answer

Executive Staff

I know the chief executive officer at my Correspondent Bank
 He knows me
 The chief executive officer has visited my bank
 My town
 My state

Common Knowledge and Interests

My Correspondent Bank's Staff is knowledgeable about my size bank's operation and day to day problems.
 My Correspondent Bank is large (billion(s)), very specialized and departmentalized. I'm transferred, shuffled and put on hold so much I forget what I wanted to talk about.
 My Correspondent Bank likes to talk... mostly about foreign lending, multi-state banking, and machines.

7. Is the Correspondent Bank's Staff that handles your account experienced and stable?

I've known my Correspondent Banker
 3 months 6 months 1 year
 5 years 20 years

My Correspondent Banker has traveled my area for

3 months 6 months 1 year
 5 years 20 years

8. Does your Correspondent take an active role in governmental affairs at the state and national level to assist banks of your size?

Resists all efforts of competitors to promote legislation detrimental to your bank. Yes No
Wants to compromise with competitors and promote the interest of larger and larger banking institutions.
 Yes No

9. Is your Correspondent also the principal Correspondent of your Competitor?

Yes No

If so, does your bank benefit from your Correspondent's business referrals and "best service" or does your competitor?

My Correspondent tells me that I get all referrals and my competitor gets nothing but the privilege of carrying *his* deposits with *my* Correspondent.
 My Correspondent rotates referrals and other "goodies" between me and my competitor.
 I think my competitor gets all the referrals and I get double talk and back-slapping when I ask about assistance or priority service.

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Banks Observe Holidays Throughout Year To Garner Goodwill, New Business

ALTHOUGH Christmas is the holiday celebrated most by financial institutions, a trend to observing other holidays is becoming increasingly evident in the Mid-Continent area.

Few of these observances are as elaborate as those carried out at Christmastime, but they give evidence of the marketing stance banks are adopting that includes making the most of any occasion that enables a bank to "romance" its customers through special promotions.

Following are capsule reports on what some banks have been doing in observance of holidays other than Christmas.

National Bank, North Kansas City, Mo., observed Valentine's Day by passing out 600 carnations to customers as they entered the bank. The observance was a rousing success despite the fact that the area was blanketed with a foot of snow the day before!

The carnation handout was one of a series of observances planned by the bank to thank customers for their business. Among other observances was the handing out of packets of seeds on the bank's anniversary in April. Some 2,000 packets were distributed at the main bank and drive-in locations.

According to a spokeswoman, the promotions have created an air of enthusiasm inside the bank and in the surrounding area. The only announcement of the observances has been an ad in local newspapers published just before the "big day."

Bank of Springfield, Mo., celebrated St. Patrick's Day by giving away Irish pennies and a "genuine piece of Blarney Stone." All customers had to do to receive their gifts was to step up to any bank officer or employee, all of whom had added the letter "O" to their surnames.

According to Bill H. Cantrell, senior vice president, the celebration is regarded as one of the bank's most successful.

More than 2,000 pennies were distributed and the promotion was publicized in the local newspaper and on local radio stations.

Another bank celebrating St. Pat's

By **JIM FABIAN**
Associate Editor



Irish lass receives free Irish penny from teller at Bank of Springfield, Mo., during St. Patrick's Day observance. Customers also were given free Blarney stones by bank.



John Childs, v.p. and business development officer, First Nat'l, Canyon, Tex., poses with three winners of bank's Easter poster coloring contest.

Day was First National, Chicago. No specific premiums or promotions were offered, but the bank went all out by dyeing the water in its plaza fountain green and releasing 10,000 balloons at noon. Irish music was supplied by a group of bagpipers and shamrock pins and badges were distributed. The bank's lobby was decked out with green-tinted carnations in bouquets, buds and boutonnieres.

Easter has long been observed by banks in various ways, usually involving school children. First National, Canyon, Tex., held its second annual Easter coloring contest this year for children from kindergarten through sixth grade.

The success of the program is based on two ideas, according to John Childs, vice president and business development officer. One is to visit each classroom in the local schools to explain the contest to the children and their teachers. The second is the timing—the children are encouraged to color their entries at home during Easter vacation. Parents appreciate this as it gives their children something to keep them occupied during the vacation period.

Children are encouraged to try their hand at as many of the bank-supplied posters to be colored as they choose, but only one entry per child is permitted. All entries must be brought to the bank and each child entering is supplied with a free Frisbee that bears the bank's name. During Easter week the Frisbees can be seen all over town—advertising the bank!

All entries are displayed in the bank's lobby and prizes are awarded to top winners. Entries are then returned and many end up in the children's bedrooms.

Heritage Standard Bank, Evergreen Park, Ill., sponsors an Easter coloring contest, too, but uses eggs! Children in the various schools in the bank's trade area are encouraged to decorate eggs and bring them to school for judging. Judges look for originality, creativity and neatness. First-prize winners receive \$10 from the bank and second prizes are good for \$5. Children in each participating school are eligible to win

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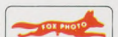
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Barbara Sherman (l., rear) exec. sec. and personnel mgr., Heritage Standard Bank, Evergreen Park, Ill., poses with contestants in bank's annual Easter egg coloring contest. Children of various local schools participated.

eight prizes based on grade participation. Consolation prizes are candy bars.

Bank Executive Vice President Robert E. Kennedy extended his personal congratulations to each winner this year.

Citizens Bank, Irving, Tex., has the distinct honor of having Ms. Easter

Bunny visit its lobby each year to distribute chocolate Easter eggs to the bank's younger customers! The bunny also appears at a local children's hospital where she distributes rabbit banks to patients, courtesy of the bank.

Ms. Bunny is a bank employee who dons a specially made bunny suit for her annual visits. There's no doubt that a bunny the size of an adult person standing in a bank lobby attracts lots of attention!

First National, Conway, Ark., observed Mother's Day by offering customers free color family portraits, provided by Chromalloy Photographic Industries, St. Louis.

The photo offer was selected, according to bank President Reg Germany, because "we could give our customers something and because too many families never have a family portrait made."

Announcement of the offer was made in newspaper and radio ads and



George Pepper (l.), pres., Citizens Bank, and Morris Parrish (r.), hospital dir., Irving, Tex., greet Ms. Bunny, annual visitor to bank and children's hospital at Eastertime.

with statement stuffers. Every effort was made to deliver the photos by Mother's Day.

Appointments were made for late afternoons and early evening hours, as well as on Saturday, so families could come in after working hours. A bank employee was always on hand to greet customers.

Mr. Germany expected the typical family group to consist of mom, dad and the kids, but one customer showed up with two doberman pinscher dogs which she considered to be her "family." That customer and 842 others were pleased to receive their photos from the bank for Mother's Day.

There seems to be no limit to the ingenuity of banks in observing holidays. Many banks have participated in patriotic observances on Memorial Day, the Fourth of July and Veterans Day. Hallowe'en has been observed by banks sponsoring pumpkin-carving contests.

If there aren't enough holidays to go around, banks create their own, including anniversaries, observances tied in with special community events, carnivals, etc.

Any bank that wants to "romance" its customers can do so—and more of them are doing so! ●●

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Last fall, Mark Twain banks invited all "60 Plus" members to be their guests for afternoon of entertainment aboard excursion steamer Admiral, which plies Mississippi River at St. Louis. Charlotte Peters, entertainment personality, was hostess. Many St. Louis entertainment celebrities also were on hand. Shown boarding are portion of 2,500 club members who attended.



Dos-si-dos and allemandes right were being learned by Walter Pinnell, Mark Twain South County Bank pres., when "60 Plus" members were invited to his bank for Saturday afternoon of square dancing.



Guide for Missouri Botanical Garden, St. Louis, is shown explaining growth patterns to group of "60 Plus" members during trip to Japanese gardens arranged by Mark Twain banks. About 200 members from all over St. Louis and St. Louis County enjoyed garden's beauty.



At St. Louis Banks:

Senior-Citizen Package Features Bank Services, Travel, Entertainment

By ROSEMARY McKELVEY
Editor

FOR A LONG TIME, this country has been on what might be called a "youth kick." That is, advertising, movies, TV programs, clothing styles all have been targeted principally at consumers in their teens, 20s and 30s. Older Americans—especially those in their 50s, 60s and beyond—almost became the forgotten generation.

In recent years, however, this older age group has become increasingly important because more people are living longer today than formerly. In fact, it's been said that if births in the U. S. continue to decline, and the number of retirement-age persons grows as expected, the latter group could become the largest in the country in another 25 years or so.

The life span in America as of 1975, the latest year for which figures are available, was 72.5 years, compared with 70.2 years in 1965 and 69.6 in 1955. In 1900, this figure was only 47.3 years. According to government statistics for 1976, Americans 75-80 years old have a life expectancy of 10.2 years; those 80-85 have another eight years, while those 85 and older could, statistically speaking, live another 6.2 years.

Not only are Americans living longer. Many of them are enjoying a comfortable retirement because of generous pension plans where they worked and perhaps wise investing of their money while they were working combined with their social-security income.

What does all this mean to banking? It doesn't mean, of course, that banks should drop all their new-business programs aimed at younger people and concentrate only on older citizens. However, if banks aren't actively

seeking members of the older generation as customers, they probably are missing out on a great many lucrative accounts.

An excellent example of a "senior-citizen" program may be found at the Mark Twain banks, a St. Louis banking group owned by Mark Twain Bancshares, Inc., a multi-bank HC.

The program is called "60 Plus" and, as its name implies, is open to anyone 60 years or older. The only other requirement is that each member maintain a savings account at or purchase a CD from one of the Mark Twain banks, which are located throughout St. Louis County, with one in adjacent St. Charles County.

This program provides not only a package of banking services free or at discounts, but offers members discounts and specials at stores and restaurants all over the St. Louis area. Each "60 Plus" member is issued a card to show participating merchants.

Club members also qualify for special travel and entertainment programs, and it's this aspect that sets "60 Plus" apart from similar banking programs. The emphasis is on trips, trips, trips, with a different one offered *every week*. They include short outings around St. Louis, such as a tour of an antebellum house, trips to the Missouri Botanical Garden, Municipal

Ginny Hoeflerlin is "60 Plus" director for Mark Twain banks. In addition to having eight years' banking experience in customer services, Mrs. Hoeflerlin possesses great sensitivity and enthusiasm about her job, both musts if such a club is to be successful.



Katherine Steib, "60 Plus" member from Mark Twain Northland Bank, is being helped to care for her skin by Mary Kay consultant, Olga Yorga. Group of women club members were shown various techniques of skin care and makeup application.

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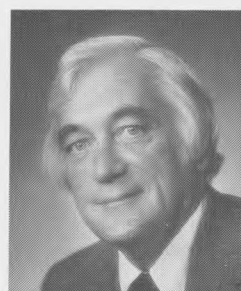
Charles Kilpatrick
15 years



Granville Ramsay
6 years



Richard Fletcher
25 years

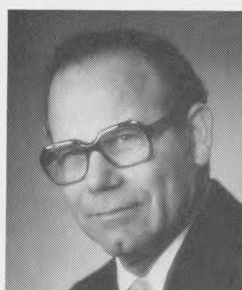


Stuart McCown
21 years

BANK ON INVESTMENT OPERATIONS



Margaret Colucci
12 years



Oral Kee
10 years



Pam Nelson
3 years



Debbie Totty
6 years

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Opera, the theater and St. Louis Symphony. Day-long journeys are taken to Ste. Genevieve, Mo., Springfield and New Salem, Ill., where Abraham Lincoln lived before becoming President, a weekend in Chicago, five days in Las Vegas and—coming up in December—seven days aboard the cruise ship Mardi Gras as it visits Caribbean places of interest.

All are offered club members at cost, and there's always a Mark Twain representative along to see that everything goes right. Usually, this representative is Ginny Hoeflerlin, the "60 Plus" director, or her assistant, Debby O'Brien. Besides Mrs. Hoeflerlin and Mrs. O'Brien, an employee at each Mark Twain bank is designated that bank's "60 Plus" representative and works with club members at that bank.

Although neither Mrs. Hoeflerlin nor Mrs. O'Brien is anywhere close to being eligible to join the club, both relate beautifully to the "60 Plussers." There certainly is no generation gap here. The two young women don't feel they are babysitting the "over-the-hill gang." In fact, Mrs. Hoeflerlin laughingly points out that on a recent weekend in Chicago, she was the one who became tired and went to bed, while many of the "60 Plus" travelers stayed up several more hours.

While this Chicago trip was being planned, one club member asked Mrs. Hoeflerlin whether he could take his parents—who are 90! She told him he could.

Club members range in age from 60 all the way up to 90. Membership approximates 7,000, with almost every member taking part in some activity or trip sponsored by the club. Here are descriptions of just a few of the local outings the club has offered:

A day at the University of Missouri-St. Louis, where members toured the campus, had lunch in the cafeteria, met a "creative aging" authority and then spent the rest of the day at a dance class learning or re-learning the waltz, tango, fox trot and square dancing. All this cost each club member just \$6.50 with bus transportation, \$3.50 without it.

A visit to the St. Louis Art Museum's Matisse Exhibition after a smorgasbord nearby. That trip cost \$6.

A tour of an antebellum house on St. Louis' near south side and a gourmet lunch in the mansion's converted carriage house. This trip cost \$8, which included everything—tour, lunch, taxes, tips and round-trip transportation from any of five Mark Twain bank locations.

An afternoon at Grant's Farm in

south St. Louis County. This estate is open to the public and is maintained by the Busch family of Anheuser-Busch Brewery. Attractions include a cabin built in 1854 by Ulysses S. Grant, later Union Army commander during the Civil War and then U. S. President, a game preserve and a miniature zoo. Box lunches were served. The trip cost \$6.25.

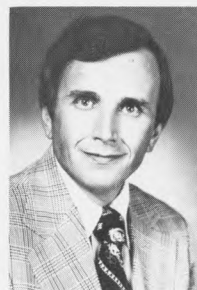
Always popular during the summer, according to Mrs. Hoeflerlin, are St. Louis Cardinal baseball games and the outdoor St. Louis Muny Opera. Club members tour the Muny's backstage and have supper there.

Mark Twain banks arranged a special afternoon aboard the steamer Admiral for "60 Plus" members. Top St. Louis entertainers delighted the audience of more than 2,500. The entire outing was a Mark Twain banks' gift to "60 Plus" members.

Mrs. Hoeflerlin emphasizes that a club activity never is repeated, except for evenings at the Muny. Even those

Killmon Named AIB President; Koval Gets No. 2 Post

CHICAGO—Richard L. Killmon, who joined Texas Commerce Bank, Houston, June 15, was elected AIB president during its annual convention here May 28-31. At the time of his election, Mr. Killmon was vice president, Fidelity Bank, Oklahoma City. He had been AIB vice president the past year.



KILLMON

Elected vice president of the institute was Kenneth A. Koval, assistant vice president, Colonial Bank, Waterbury, Conn. Larry D. McKeaigg, commercial banking officer and assistant secretary, Commerce Bank, Kansas City, was unopposed for District 10 executive councilman.

Another Mid-Continent-area banker, Ken Reinhardt, won the AIB's 52nd annual national public speaking contest. Mr. Reinhardt, assistant vice president, Citizens Fidelity, Louisville, spoke on "The Dynamics of Financial Legislation and Regulation." He received the \$400 A. P. Giannini educational endowment prize and a silver trophy.

are never the same because different plays or musicals are offered all during the summer. Mrs. Hoeflerlin personally researches each activity, outing or trip long before it's offered to club members, gets all the bugs out and has each attractively packaged when it's announced. She uses various travel agencies so as to obtain the best price for each trip.

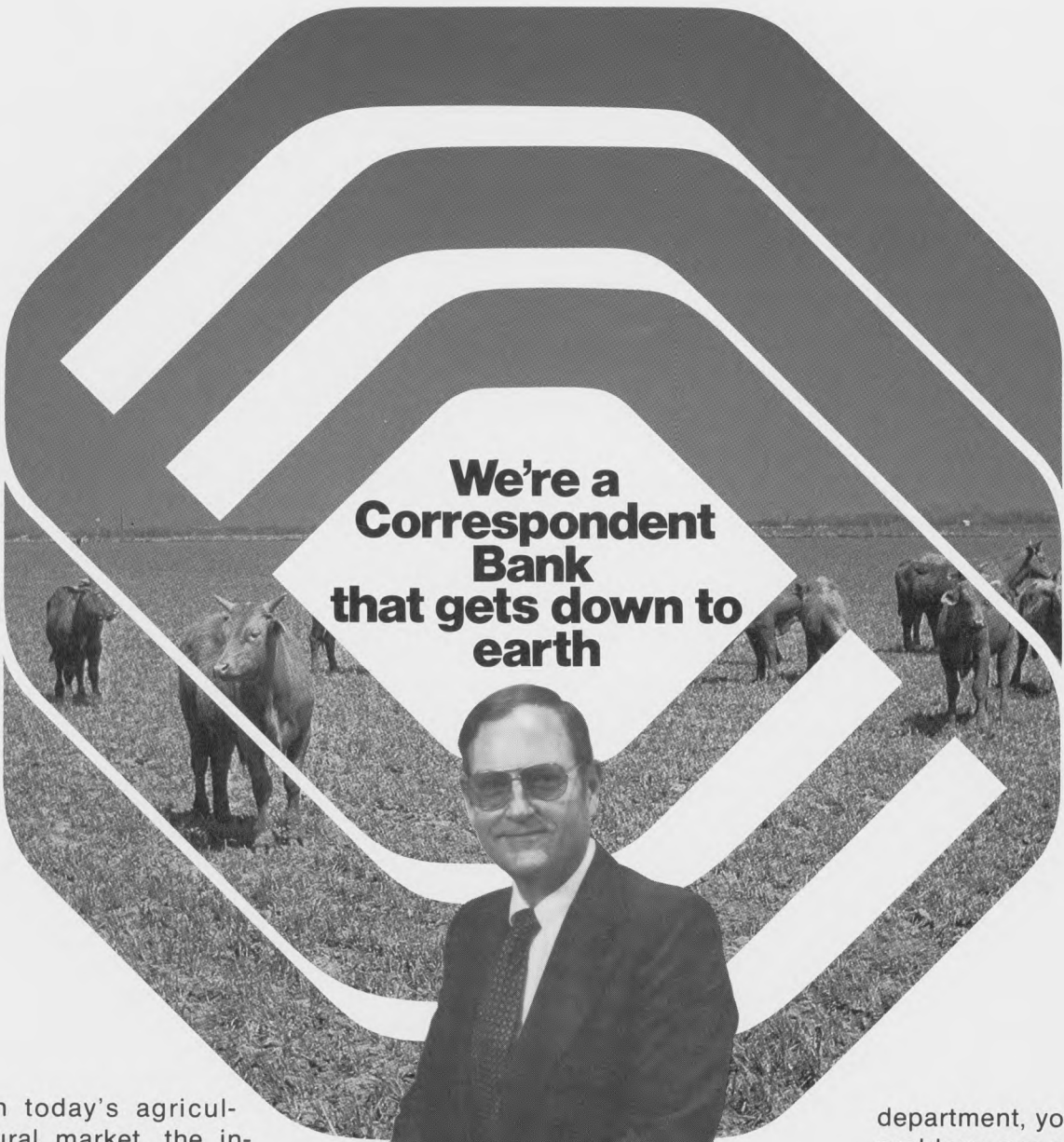
Club programs are announced through a monthly newsletter put together by Mrs. Hoeflerlin and Mrs. O'Brien. This newsletter describes future trips and carries articles on and pictures taken during recent trips. It also lists new merchants and businesses that have agreed to give discounts to club members, describes them and gives their addresses and phone numbers. The newsletter contains letters written to Mrs. Hoeflerlin from members on such topics as where to obtain books with larger-than-usual type, requesting suggestions on how to cook tastefully and inexpensively for one person and whether someone—in this case, a college professor—can be forced to retire at 65 even though he is in good health and is doing his work efficiently. Each letter is followed by an answer from Mrs. Hoeflerlin. Each issue includes an article on a subject of special interest to members, such as crime prevention, health services and community involvement.

Brochures and sometimes newspaper ads also are used to publicize club activities, but word of mouth has proved to be the best advertising medium.

The "60 Plus" program was started three years ago, when Mrs. Hoeflerlin visited merchants in each market area served by the Mark Twain banks, which now number 10, and outlined the club to them. At present, 300 merchants across the counties of St. Louis and St. Charles are signed up to offer discounts to club members. They cover all kinds of businesses—beauty shops, food stores, auto dealers, music shops, service stations, hardware stores, discount stores, restaurants, drug stores, plumbers, TV sales and service. Discounts may be in cash or in the form of services, such as free lube with oil and filter at a service station.

According to Mrs. Hoeflerlin, the club was started not only to produce profits for the Mark Twain banks—which it does—but also to meet a social need among and offer professional recreational planning to those 60 years or older. She adds that it builds a lot of goodwill for the banks.

Before starting such a project, a bank is advised to have the right per-



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MID-CONTINENT BANKER for July, 1978

son or persons to run it. Helen Schwartz, Mark Twain banks' public relations director, says that qualifications include great sensitivity, plus a banking background combined with experience in dealing with the public. In addition, the club director must be able to make practical plans and be able to meet any emergency or contingency.

Mrs. Hoeflerlin possesses all these attributes, Mrs. Schwartz proudly points out. She has eight years' banking experience, all of it in customer services. She even has taken a CPR (cardiopulmonary-resuscitation) course, which would come in handy should a club member have a heart attack while on an outing or on a trip sponsored by the club. So far, Mrs. Hoeflerlin has not had to put her CPR training to use.

While being interviewed for this article, Mrs. Hoeflerlin exhibited an enthusiasm for and love of her job as club director. She genuinely doesn't seem to mind that it takes her out of the city, often on weekends, many times a year. She has made many good friends among club members and enjoys having a career that makes people happy. Some sons and daughters of club members have told her that by belonging to the club, their parents can get out more than if they had to depend on family members to take them places. They can take trips they probably never would go on if it weren't for the club, and they can take them with others in their age group.

One of the ways Mrs. Hoeflerlin promotes the club is through seminars and meetings for senior organizations, such as the American Association of Retired Persons (AARP). She or Mrs. O'Brien or someone else from the banks present slide programs featuring trips the club has taken, describe services the banks offer and then serve free refreshments.

The package offered Mark Twain "60 Plus" members consists of:

- Free checking, with no minimum-balance requirement or limit on number of checks written.
- Free fully personalized checks.
- Free travelers checks, cashier's checks, money orders and notary service.
- 50% discount on the first year's rental of any size safe deposit box (as available).
- Interest paid *monthly* on CDs of \$5,000 or more.
- Direct deposit of social security checks into Mark Twain checking or savings accounts.
- Personal financial counseling.

As of June 1, Mark Twain banks began offering a "four-star" card, which entitles all club members who sign up for at least four bank services to extra-special discounts or trips not available to regular club members. The objective, says Mrs. Schwartz, is to encourage anyone who has only one or two accounts at Mark Twain and other accounts elsewhere to move all his or her banking business to a Mark Twain bank.

Running a program like "60 Plus" takes a lot of time, but both Mrs. Schwartz and Mrs. Hoeflerlin believe it is mutually beneficial to the Mark Twain banks and to club members.

Regulatory Laxity

(Continued from page 8)

The way Regulation Q has evolved, including the S&L interest "differential," there's a growing feeling among some bankers that Q—which they originally found comforting and to which they gave support—is evolving inexorably in an adverse, unanticipated way.

While Q still is supported by most of our nation's bankers, it probably isn't supported by most bankers in larger institutions, which probably represent a majority of dollar deposits in the nation. One way of viewing this sensitive topic is to recognize that, with few exceptions, the thrift industry supports the equivalent of the existing Q, provided the preferential interest-rate differential is preserved. A generation ago, unencumbered with Q, thrifts preferred to be unregulated in this area—today, thrifts find the quarter-point differential advantageous to their industry.

Meanwhile, other relatively unregulated institutions—some financial, some mercantile—are finding that Q, as it exists today, works to their advantage. Merrill Lynch, Pierce, Fenner & Smith has a test program that bypasses Q and utilizes credit cards and a draft (check) feature. Merrill Lynch historically has paid interest on credit balances and has charged for debit balances.

Some major national merchandising firms have even more innovative concepts to permit their credit-card-worthy customers to have cash-overdraft privileges and "check"-drawing features, as well as interest on credit balances, and tied to forms of insurance. Note that neither Merrill Lynch nor Sears and J. C. Penney are subject to reserve requirements, as are

state- or nationally chartered banks. Much of these retailers' funds come from low-cost commercial paper. They are not covered by Regulation Q. They may not be insured by the FDIC or FSLIC, but how many customers of Merrill Lynch, Sears, Penney's or Montgomery Ward are concerned enough to differentiate among FDIC, FSLIC, state-deposit insurance companies—or, say, insurance coverage of a major private firm such as Aetna, Prudential or Lloyd's?

The Federal Reserve System has a thankless task that is complex and difficult. It tries hard, it means well. Its track record of hitting about 60% of its own targets is far from perfect. There are those who would like to give the Fed more powers to impose regulations, such as reserve requirements on *all* banks. But what about S&Ls, credit unions, mutual savings banks and other financial intermediaries, insurance companies and retailers? There are those who would like to merge the FDIC, FSLIC and other federal insurance agencies into one unit.

It is a complex situation. The inability of the Hunt Commission on Financial Institutions to come up with a mutually acceptable overall plan reinforces the concept that those concerned must act in the best interests of their constituents: their stockholders, employees, customers and communities. To stay competitive and profitable, it is essential that financial institutions retain their ability to innovate and compete.

While I prefer the comfort of doing business under such old ground rules as Q, we must recognize that forces outside of banking have been successful in taking advantage of some of the quirks that restrict our flexibility. Our dual-banking structure provides us with greater flexibility than would one with a single supervisory agency in Washington. The decision by that Missouri HC to give up some of its affiliates' Fed memberships was rational. State reserve requirements in Missouri now are more attractive for many state-chartered banks than are the benefits of membership in the Federal Reserve System, with its higher reserve requirements.

Nationally chartered banks also may ponder the relative cost/benefit situation of their charters. Bankers in other states should weigh the advantages and disadvantages of their states' reserve requirements and decide whether it would be appropriate to seek a change along the lines of those found in Missouri. ●●

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FIRST IN DALLAS

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MID-CONTINENT BANKER for July, 1978

Family Photos

(Continued from page 50)

then processed and delivered to the sponsor to be picked up by the customers.

Bank of Lockport, Ill., used Delta's services recently and liked them so well it has planned to sponsor another program next year.

Pam J. Bockholdt, assistant cashier at the bank, said she was expecting a "big mess" when customers came to have their photos taken, but, she said, it was just the opposite. "There was no waiting at all and all of the people were completely satisfied. We had approximately 350 families come in over the two-day period."

She said the only expense to the bank was overtime pay for two employees and the cost of newspaper and radio advertising.

Tom Kozlowski, treasurer-manager, Paysaver Credit Union, Melrose Park, Ill., uses Delta's photo service each year in September.

"They have given us excellent service and the program has created much goodwill," he said. Each new member of the CU receives a free photo as an expression of gratitude from the CU's management.

Security Savings & Loan, Monmouth, Ill., offered free photos to customers last fall.

"We were very well satisfied with the program," said Betty C. Selby, assistant vice president. "They (Delta) were very prompt in meeting all dates, their employees were polite with the customers, did not excessively push for sales and were most cooperative answering questions and researching photos months after the photos were taken," she said. ●●

ACH Impact To Be Minimal For Next Three-Four Years

Although automated clearinghouses (ACHs) are growing rapidly in the U. S., they're unlikely to have a noticeable impact on check volume for at least three or four years, said Carl M. Gambs in a recent issue of *Economic Review*, publication of the Kansas City Fed.

The Fed operates 30 of the 32 automated clearinghouses in the U. S., and the agency's board of governors has approved a plan for the national linkup of all systems by the end of this year. When the national plan is complete, it will be possible to make electronic payments throughout the U. S.

MID-CONTINENT BANKER for July, 1978

A 'Perfect Illustration':

Gymnast Shows Flexibility Of New Savings Account

When Commerce banks of Missouri were looking for a way to demonstrate the flexibility of their new Topper savings account, they chose a 16-year-old gymnast—Donna Turnbow—to do it.

Donna's performance on the uneven parallel bars in the TV commercial demonstrates the fluid power and flexible control she commands. "The key feature of the Topper account is flexibility, in that it pays a high rate of interest, but can be added to in smaller amounts than certificates of deposit," says Laura Kemper, advertising director, Commerce Bank, Kansas City. "A gymnast seemed the perfect way to illustrate flexibility, and we were very lucky to be able to use Donna."

To maintain her amateur status, Donna could not receive any payment for her performance in the commercial. Therefore, Commerce donated funds to KIPS, the southern California gymnastics club to which Donna belongs. These funds will enable Donna and other American contenders to compete in the 1980 Olympics.

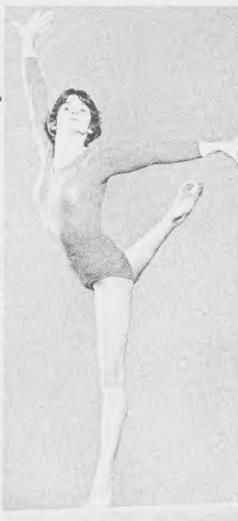
Flexible performance.

The 5 1/2% Topper savings account.

Introducing a flexible savings plan from Commerce Bank. The Topper account. It compares with larger certificates of deposit. And like most certificates, your Topper account pays a 5 1/2% interest. But unlike certificates, you can add to it in small amounts. As little as \$25. Your Topper account is compounded daily, which gives you a 6.6% effective yield. Deposit a minimum of \$500. You can withdraw your money on the first ten days of any quarter after it's been on deposit for 90 days. All deposits are insured up to \$100,000 with the F. D. I. C.

Put your money to work in a hard-working Topper savings account, available only from Commerce Bank. The Topper. It outperforms them all.

What can we do for you?
Commerce Bank
Member FDIC



Donna Turnbow, 16-year-old gymnast, is featured in Commerce banks' ads and TV commercials on their new Topper savings account. Flexibility she demonstrates is key feature of this account, according to Laura Kemper, adv. dir., Commerce Bank, Kansas City.

■ RONALD L. KIRKPATRICK has been appointed vice president, corporate banking division, Peoples Trust, Fort Wayne. He has been in commercial banking for 18 years.

Cutting Risks

(Continued from page 32)

tain the structure is too high, the program won't work. So we must work closely with contractors to determine construction procedures."

As a last step, MGIC determines the overall impact of the redevelopment structures on the area in question.

"In Detroit's Harmony Village project, for instance, we worked with the Mayor's Task Force on Housing to determine how many structures we

Early municipal-government participation is a requirement for any inner-city program, but as the program begins to function, the private sector eventually should replace government involvement.

would use and their locations in relation to the overall project.

"Also, a Chicago city-sponsored project headed by Community Services & Research Corp., started in October, 1976, has selected block areas of the city to encourage rehabilitation of residential units. Twenty Chicago lenders are active in the program, which provides home ownership for potential home buyers allowing them to purchase their rehabilitation properties with minimal equity. The program to date has been very successful with the cooperation of the city, lenders and the Community Services & Research Corp."

Mr. Howard stresses that early municipal-government participation is a requirement for any inner-city program, but noted that as the program begins to function, the private sector eventually should replace government involvement. "It's similar to a self-help program," he explains.

"If the private sector—and I mean the community itself—doesn't become involved, then the inner-city program just isn't going to work no matter how good it may look on paper."

Mr. Howard points out that MGIC's analysis period may take up to two years from the time MGIC is approached by a lender or lenders to participate in an inner-city lending program.

"But," he adds, "during that time, we've had a chance to answer every possible question. In a sense, we're taking some of the risk out of a risky business." ●●

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EMERGENCY REFUNDS ON HOLIDAYS?*	YES	NO
THE MOST WIDELY ACCEPTED TRAVELERS CHEQUE?	YES	NO
AVAILABLE IN 7 CURRENCIES?	YES	NO

*EMERGENCY REFUNDSSM of up to \$100 to tide your customer over to the next business day.

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AMERICAN EXPRESS TRAVELERS CHEQUES



Illinois Focuses Spotlights on Taxes, Political Involvement, Regulations

By RALPH B. COX, Publisher
And ROSEMARY McKELVEY, Editor

IF ANYONE still believes bankers are not politically involved, two days spent at the annual convention of the Illinois Bankers Association last month should have changed that opinion. The convention was held June 4-6 at the Peoria Hilton in Peoria.

Most of the talks, even those by non-Washington speakers, were focused on legislation, regulations, taxes, etc. On the program were representatives of the ABA, FDIC and the U. S. Senate. Even an ABC news commentator, Ted Koppel, dwelt mostly on happenings in the nation's capital since he's ABC's senior State Department correspondent.

Banking's Image. FDIC Chairman George A. LeMaistre, in speaking on "The Image of Banking," told Illinois bankers that their image is extremely important to the success of their activities as bankers and to his as a bank regulator. As Mr. LeMaistre put it, "It influences members of the national and state legislatures who establish areas of responsibilities for us regulators and permissible areas of activity and responsibilities for bankers. I need not belabor the fact that it affects our pride in our work, the satisfaction we



George McKinney Jr. (l.), IBA convention speaker, visits with B. F. "Chip" Backlund, IBA 1st v.p., before start of business session June 6. Mr. McKinney is s.v.p., Irving Trust, New York City; Mr. Backlund, pres., Bartonville Bank, and IBA pres. for 1978-79.

derive from it and, in turn, the quality of our performance."

According to the FDIC chairman, banking's image really is a reflection of opinions concerning banks and bankers held by persons having varying degrees of knowledge of services provided or of bankers providing them. Mr. LeMaistre's remarks are carried in more detail in another section of this issue.

After giving his speech, Chairman LeMaistre verified to MID-CONTINENT BANKER representatives that he had sent two letters of resignation to President Jimmy Carter, but—at the time of the convention—the President had not acknowledged receipt of either of them. Mr. LeMaistre hopes to leave the FDIC post in August and return to teaching in a university.

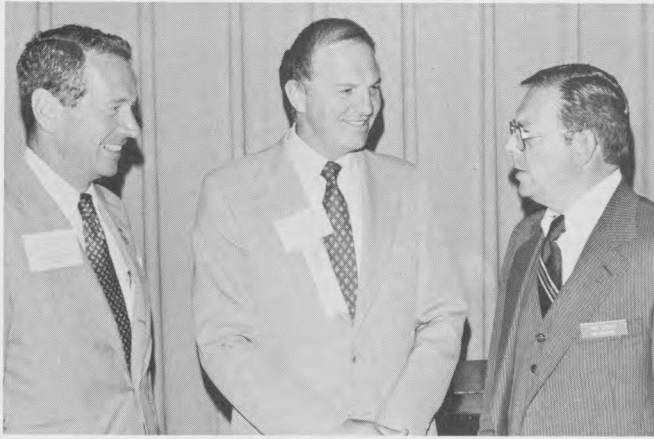
Whose Bank Is This? This was the question addressed by ABA President-Elect John H. Perkins, president, Continental Illinois National, Chicago. He said that bankers may think they own their banks and run them on behalf of their stockholders. That's correct, he continued, but it's only part of the answer. Mr. Perkins pointed out that other groups claim they, too, have a stake in the way banks are run, and they're asserting their right to have a voice in bank operations. The ABA officer described these "not-so-silent partners" in bank management and also discussed increased government involvement in banking. A feature article based on Mr. Perkins' talk appears elsewhere in this issue.

Tax Cut Not Needed. "President Carter's proposed \$19.4-billion tax cut will worsen inflation, increase the likelihood of serious recession and take us one step farther along the road toward the 'British sickness of chronic inflation,'" George W. McKinney Jr. told convention delegates. Mr. McKinney is senior vice president and chairman, economic advisory committee, Irving Trust, New York City.

According to the New York banker, the case for a tax cut "looks pretty weak on the surface." He recounted the positive aspects in the economy, such as a projected second-quarter real an-



IBA officers for 1978-79 are (l. to r.): 2nd v.p., Jack D. Lemmerman, pres., Nat'l Bank, Monmouth; pres., B. F. "Chip" Backlund, pres., Bartonville Bank; 1st v.p., Gavin Weir, ch. & pres., Chicago City Bank; and treas., Raymond C. Burroughs, pres., City Nat'l, Murphysboro.



LEFT: IBA Pres. John R. Montgomery III (l.), pres., Lakeside Bank, Chicago, and Ray G. Livasy (r.), IBA pres., 1976-77, are shown with Gerald Lowrie, exec. dir., ABA government relations council, Washington, D. C., and convention speaker. Mr. Livasy is pres., Millikin Nat'l,



Decatur. RIGHT: Mr. Montgomery (r.) talks with B. F. "Chip" Backlund (l.), IBA 1st v.p., and Senator Jake Garn (R., Utah), who appeared on convention program. Mr. Backlund is pres., Bartonville Bank.

nual growth rate of nearly 10%, a 17% annual growth rate in personal income, a 2.2-million annual rate in housing starts, low inventory sales ratios and low unemployment. Because of all this, he said, odds now favor continued expansion of the economy during the fourth quarter of 1978.

Referring to the President's suggestion that the tax cut be postponed from October 1 to January 1, Mr. McKinney foresees the tax cut as "coming at the worst possible phase of the business cycle, with business outlays rising and business-borrowing activity at high levels. The tax cut would add to the federal deficit, increase government borrowing needs, drive up inflation rates and interest rates and crowd private borrowers out of the market."

Mr. McKinney noted that the nation's manufacturers in April were operating at 83.2% of capacity, which was the highest rate since October, 1974, and added that "the upward march of capacity use—typical of the boom phase of the cycle—seems to have begun. In the normal course of events, business-capital outlays will be a major stimulus over the next several months. One inevitable result of these increasing pressures is that the inflation rate is accelerating again."

He pointed to government actions themselves as being the most important contributors to continued inflationary pressures. He cited such actions as endorsement of the Humphrey-Hawkins Bill, the sharply higher and indexed minimum wage and tacit Administration support of a 37% boost in basic wages for the United Mine Workers.

Mr. McKinney concluded that the proposed tax cut not only is not needed, but will worsen inflation and

increase the likelihood of serious recession thereafter. He voiced hope that Congress will decide against it.

A Senator's Viewpoint. Senator Jake Garn (R., Utah), a staunch advocate of reduced federal spending and less government interference in business, said that Congress is to blame for both shortcomings. He noted that the federal government has no power nor money not given to it by Congress. Thus, he continued, Congress cannot escape responsibility for the deficit spending and the many rules and regulations now burdening this country.

Earl Butz, Secretary of Agriculture under Presidents Richard Nixon and Gerald Ford, is photographed while delivering convention luncheon address June 6. Mr. Butz also is dean emeritus, agriculture department, Purdue University, Lafayette, Ind.



Legislation Status. Gerald M. Lowrie, executive director of the ABA's government relations council, Washington, D. C., brought conventioners up to date on current proposed legislation affecting banking and exhorted them to let their congressmen know why they oppose—or support—such legislation.

The President's Report. John R. Montgomery III, IBA president the past year and president, Lakeside Bank, Chicago, reported that Illinois, with 1,237 community banks, is the second-largest unit-banking state in the country, with Texas being first.

Because 1,008 of these banks belong to the IBA, he said, representing this many banks in diverse urban and rural cities always has been a challenge for the association's staff and officers, and this past year was no exception.

According to Mr. Montgomery, association leadership during 1977-78 set a number of goals, one of which was to give the IBA a higher level of visibility and try to project a more positive image than formerly. "I say *more* positively," continued Mr. Montgomery, "because I feel we have been somewhat remiss in our press-relations efforts in the past. We tended to be the victim of everyone else's press releases, particularly in the area of structure. Even AMBI, the Association for Modern Banking in Illinois—by its name—implied that our association was not modern. We were being characterized as a do-nothing organization with our head in the sand, favoring only the status quo. . . ."

As a first step toward promoting this more positive image, said Mr. Montgomery, a press tour of the state was organized by the IBA marketing division under the leadership of E. A. "Ernie" Malone, vice president, Millikin National, Decatur. The IBA president described how members making up the press-tour group flew by private plane to 10 cities in five days and had 35 interviews with the local press. He estimated the cost at between \$3,000-\$4,000, but added that the marketing division believes TV, radio and newspaper coverage generated would have cost the IBA \$90,000 if the association had had to pay for it.

During the tour, Mr. Montgomery said he showed that Illinois, without branch banking, was in the top five among the 10 most populous states

Illinois Convention Report

Continued

over a 10-year period in a number of statistical levels: growth in bank assets, demand and savings deposits, CDs, bank-loan volume, capital adequacy, loan-to-deposit ratio, etc.

The only category in which the state is deficient, he told the press on the tour, is in banking offices per 100,000 population. However, he quickly pointed out that the association has taken a leadership role to redress this deficiency by promoting the two-facility bill, which now is law. As a result, he added, if only half the banks in Illinois were to build the two facilities permitted by law, there would be more banking offices in the state than in either California or New York, both of which allow statewide branching. He said he emphasized this on the press tour.

During the past year, Mr. Montgomery reported, the IBA filed a suit against the state director of financial institutions because his department last year allowed credit unions to issue share drafts. On another front, the IBA filed an amicus brief opposing the opening of community offices by Chicago's First National. Last October, the Illinois Supreme Court, by unanimous vote, affirmed a lower-court decision forcing First National to close those offices.

In his report, President Montgomery discussed two Bankpac campaigns, one to support those candidates running for state office and one administered nationally to support congressional candidates.

Mr. Montgomery also reported that the IBA opened a Springfield office, under the direction of Robert Schrimple, retired IBA executive vice president and now the association's legislative consultant.

He also introduced a slide presentation describing a free-market economics course for grade schools developed by Peter Eckrich & Sons, Fort Wayne, Ind., and said the IBA plans to meet with state officials involved in curriculum planning for the schools and suggest this course be used in those schools.

New Officers. In taking office as 1978-79 IBA president, B. F. "Chip" Backlund, president, Bartonville Bank, said, "As president, my goals are to increase the membership, which now is at 1,000 banks strong, to emphasize the training and growth of

senior-bank management and to be supportive of Electronic Funds Illinois in helping develop its card-base membership." Mr. Backlund moved up from IBA first vice president.

Other new officers are: first vice president, Gavin Weir, chairman and president, Chicago City Bank; second vice president, Jack D. Lemmerman, president, National Bank, Monmouth; and treasurer, Raymond C. Burroughs, president, City National, Murphysboro.

ABA Officers. Edmond J. Arseneault, outgoing IBA treasurer, was elected to the ABA governing council, as was James A. Fitch, president, South Chicago Savings Bank. Mr. Arseneault is president, Soy Capital Bank, Decatur. Their terms are for two years. ••

Trend Toward Facilities Is Revealed in Survey Made for Illinois BA

PEORIA—Illinois banks increasingly are opening facilities following passage in 1976 of a law allowing banks to open a second facility within 3,500 feet (two miles) of their main offices. A conservative estimate is that there will be 520 facilities open in the state by the end of 1978.

An earlier law—in 1967—gave banks permission to erect one facility within 1,500 feet of their main offices. Both laws are landmarks in a state where bankers once stood wholeheartedly against branching or facilities of any kind.

Results of a survey made earlier this year for the Illinois Bankers Association revealed this trend toward more facilities and were outlined at the IBA convention here last month. More than 70% of the membership responded.

The survey shows that 76% of banks in towns of 25,000 population or more have opened or plan to open facilities in the next several years. Facilities were viewed by 85% of respondents as enabling a bank to provide better service to its customers, and 56% of respondents favor making facilities full service. However, there was a consensus feeling that having facilities doesn't necessarily improve profits.

The survey also revealed that a



Frank K. Spinner (r.), s.v.p., First Nat'l, St. Louis, was presented with a plaque from the Illinois Bankers Association during the IBA's 1978 convention "in recognition of 20 years of dedicated and unselfish service to the Illinois Bankers School as a member of the faculty from September, 1959, to May, 1978." J. Gordon Bicket, pres., Watseka First Nat'l, made the presentation as ch. of the school. Mr. Spinner, who has charge of his bank's investment division, also is a lecturer at the Graduate School of Banking in Madison, Wis.

majority of banks responding still favor the unit-banking system, with the main concern seeming to be that branching may result in a concentration of ownership, monopoly and control by big-city banks. In the survey, 44% indicated they could accept some form of branching, but believe that either automatic teller machines (ATMs) or a law permitting additional facilities may eliminate the need for branching.

In connection with ATMs, survey respondents indicated they are not being widely used because of their high cost. However, in five years at least, 35% of the surveyed banks plan to use ATMs, but favor some form of restriction for off-premise ATMs.

Increased regulations by bank regulatory agencies was revealed to be the most predominate factor adversely affecting banking in Illinois. Competition from nonbank financial institutions and growing involvement of government agencies in banking ranked second and third.

John R. Montgomery III, outgoing IBA president and president, Lakeside Bank, Chicago, cautioned conventioners that these results are preliminary and added that since these statistics were gathered, the number of respondents has grown from 632 to 720.

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

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

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

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We're that kind of investment banking firm.

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

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

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

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

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



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Indianans 'Survive' All-Business Convention, But Hanker for Return to French Lick in '79

By **JIM FABIAN**
Associate Editor

CAN INDIANA bankers appreciate a business-type convention after 21 years of annual meetings in a resort atmosphere? That was one of the most-asked questions at the recent Indiana Bankers convention, held in Indianapolis instead of the traditional French Lick location.

Reaction to the big-city site was mixed, but most bankers and spouses seemed willing to go along with the switch for this year's meeting, knowing that the 1979 convention will return to French Lick.

The convention theme was "Changing Dimensions" and topics covered included the economy, government regulation and the "Chinese wall" concept.

Tilford C. Gaines, senior vice president and economist, Manufacturers Hanover Trust, New York City, said the end of the current expansion period is in sight, but he stopped short of predicting a recession. It might be just a pause in economic growth, he said.

The current three-year economic recovery will go down in history as one of the longest in peacetime, he said. The impetus for the long period of growth came from consumers through housing starts, auto sales and purchases of both durable appliances and

soft goods. He said the GNP for 1976 was up 6%, with another 5% rise in 1977. The figure for the second quarter of this year stands at 10% after a sluggish first quarter. A rise of between 5% and 7% is expected for the third quarter.

He said auto sales can't hold up much longer and housing starts—although in the two million range—won't provide enough support to keep the recovery going. Also, even though business expansion is up about 5% this year, that's not going to be enough to counteract a predicted slowdown in consumer purchases.

The fly in the recovery ointment this year is inflation, he said. After a bad year in 1974, the rate of inflation was slowly reduced, but this year it's getting out of control once again, due primarily to government programs consisting of a higher minimum wage, a boost in social security taxes and a sell-off in dollars in the foreign-exchange market. The decline in the value of the dollar could add as many as two points to the inflation index, he said.



Tilford C. Gaines (l.), economist at Manufacturers Hanover Trust, New York, chats with outgoing IBA Pres. Tom G. Voss, pres., Seymour Nat'l.

As consumers witness the inflationary spiral, he added, they are adopting an attitude of buying now to avoid paying higher prices if they put off their purchases. This is a non-traditional posture, he said, because in the past consumers tended to add to their savings to weather any future economic storm rather than spending as they're doing.

This new posture has created a boom situation that will continue through the fourth quarter. This will encourage manufacturers to gear up to meet the need they foresee for 1979, but that need will not be there when the time comes, because consumers will run out of disposable income by that time. Business will find itself in the position of retrenching to cut its inventories and unemployment will rise. The only benefit from this situation, he said, will be the possibility of reducing the inflationary spiral during the slowdown in 1979.

On the international scene, Mr. Gaines said there is hope because other nations should begin increasing their imports from the U. S. next year at the same time the U. S. will be reducing its imports.

Comptroller of the Currency John G. Heimann said his agency plans to continue to experiment with deregulation in an effort to reduce the cost of banking services to customers. He

IBA officers for 1978-79 include (from l.) C. Wayne Worthington, v.p.; Paul E. Shaffer, pres.; and Robert O. Swaim, treas.



Appearing on legislative panel during IBA convention were (from l.) Donald Hatke, ch., legislative com. and pres., Hancock Bank, Greenfield; George N. Lane, ch., Citizens Bank, Jeffersonville; G. Eugene Yates, pres., First Savings & Loan Assn. of Central Ind., Anderson; and James E. Faris, dir., Dept. of Financial Institutions, Bloomington. Messrs. Lane and Yates are members of the Department of Financial Institutions.

suggested that simplifying regulation might help hold the line against potential increases in service charges.

He said continuing efforts to slash banking red tape will depend on the success of the agency's current experiment with its "Chinese wall" regulation attempt. The results should be available within a year.

The regulation centers on preventing use of information from a bank's credit department people by the same bank's trust department people who might be influenced by such information when making investment decisions.

The regulation, adopted last March, consists of two paragraphs and advises banks that they may adopt whatever policies and procedures they find appropriate to assure that the regulation's legal intentions are met.

The original draft of the regulation ran some 30 pages, Mr. Heimann said, but, in line with the Carter Administration's wishes to deregulate when possible, the two-paragraph version was substituted.

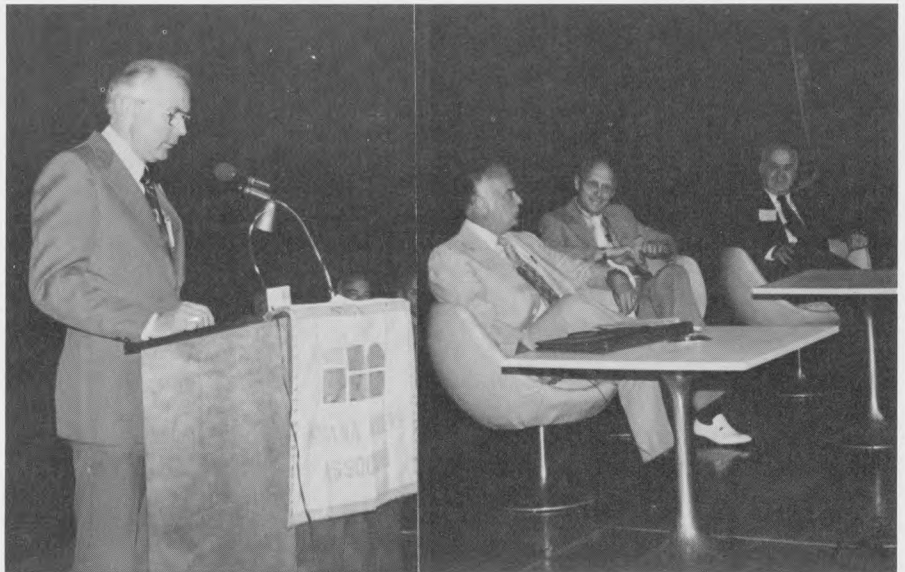
He admitted that such simplification was a gamble and urged banking industry support if Congress should seek scapegoats later when inevitable abuses of the Chinese wall regulation surface.

He cautioned bankers that the regulation must be observed and examiners will be making sure it is observed. Abuses will be dealt with harshly, he implied.

Like it or not, banks belong not just to bankers but also to bank customers and employees, local communities and stockholders, John H. Perkins, ABA president-elect, told the convention.

"That unseen presence you feel in your boardroom isn't a ghost. It's the government seeking to act on behalf of all these constituencies. And omniscience isn't one of government's notable attributes," said Mr. Perkins, who is president, Continental Illinois National, Chicago.

In some cases, he said, the government is moving right into bank boardrooms. He cited the Comptroller's policy that requires examiners to report in person to the directors after an examination.



"It's no longer just banking agencies that are intervening in banking," he said. "The Equal Employment Opportunity Commission, the SEC, the Justice Department and many others all have a direct impact on your bank's operations."

Just as important, he said, the balance of power between Congress and the regulatory agencies is shifting.

"Congress enacts the laws that affect banks, but the laws are often vague. More and more, it's the regulators who decide how the laws ultimately will affect banks."

Members of banks' boards have increased responsibilities—and heavy potential liabilities—because of those rules and regulations, Mr. Perkins said.

"The regulators have made it clear that in any bank failure they will hold

the directors accountable. That means that now, more than ever before, directors must be fully aware of every aspect of the bank's performance. They must be in a position to make the right decisions to make sure the bank can compete effectively and still meet the needs of its various constituencies."

He said that government involvement in banking "isn't going to go away. In fact, the trend is in the opposite direction." This means that bankers must step up their involvement in the process that produces banking laws and regulations, he said.

Outgoing IBA President Tom G. Voss outlined the major issues facing bankers during his president's report. These include "excessive government participation in the lives of individuals, restrictions placed on people through government regulation and edict and controls that shackle and fetter the banker-customer relationship."

Much of this, he said, comes from the rash of consumer protection laws and regulations. "I believe this trend has peaked, and I see a period of reaction setting in. The people, the consumers themselves, are aware that the excessive regulation and paperwork are expensive. The cost of their protection exceeds the benefits. There is a growing belief that perhaps the pendulum has swung too far."

He cited technology as having a profound influence on the banking environment, resulting in more competition from financial and nonfinancial institutions.

Other issues include state's rights in cases of conflicts with federal legislation, the Fed membership issue and pending federal legislation affecting the banking industry.

Most important, he said, is inflation. "If something isn't done, the fabric of

Correspondents' Lament

This year's Indiana Bankers Association convention was truly a "business" convention, according to correspondent officers from the major Indianapolis banks.

It wasn't uncommon for some of these officers to miss various convention functions because they found it feasible to "stop off at the office" to do some work, since their offices were only blocks from the convention center and hotel.

These correspondent people found they were working harder than usual at convention time. After putting in time at their banks, they hustled over to the convention hospitality suites to greet customers.

"I'd rather have been out on the golf course at French Lick," said more than one correspondent man!

our society will be torn apart" by inflation, he said. He called on all Indiana bankers to support the fight to prevent "further erosion of the values and the wealth that we have been trying to build in this nation."

Legislation to allow statewide deployment of electronic terminals will be introduced in Indiana next year by Director of Financial Institutions James E. Faris. The announcement was made by Mr. Faris during a panel discussion that covered various banking topics.

Mr. Faris was critical of Indiana bankers for stalling on EFT legislation. He said such legislation is needed so banks can compete in a field that is vitally linked to banking's future.

He said Indiana was far behind the rest of the nation in promoting EFT services, and bankers would be shortsighted if they continue to ignore the long-term impact EFT will have on the industry.

He said his bill would provide sharing among a broad range of financial institutions, which would be necessary to make any system profitable. He recommended that S&Ls and credit unions be permitted to join any EFT networks in the state.

Mr. Faris congratulated Indiana bankers on the fact that the state has only four institutions on the problem lists of federal regulators.

Paul E. Shaffer, chairman and president, Fort Wayne National, assumed the IBA presidency from Mr. Voss, who is president, Seymour National. New vice president is C. Wayne Worthington, chairman and CEO, National City Bank, Evansville. Robert O. Swaim, president, Citizens State, Marshall, was elected treasurer.

Elected to one-year terms as members-at-large of the IBA board were Harry L. Bindner, president, American Fletcher National, Indianapolis; Mark H. Caress, president, First National, Crawfordsville; and Lawrence E. Sharp, president, Union County National, Liberty.

Elected to a one-year term to fill a vacancy on the board was Virgil A. Frederick, senior vice president and cashier, First Bank of Clay County, Brazil.

Mr. Worthington was elected to a two-year term on the ABA governing council during the ABA portion of the convention.

Next year's convention will be held at the French Lick Sheraton on June 12-14. Golf, tennis and swim attire will once more be appropriate! ●●

Washington Wire

(Continued from page 20)

enforcement powers. The Senate bill is supported by the ABA and regulatory agencies.

As the subcommittee worked through the first 12 titles of the Safe Banking Act, it repeatedly rejected the language of the original measure, replacing it with less punitive provisions supported by the Treasury Department. In several instances, Treasury language was altered to avoid an adverse and unjustified impact on banking.

For example, the subcommittee rolled back an attempt to impose Clayton Act antitrust prohibitions of director interlocks between banks and nonbank organizations. The panel adopted an amendment submitted by Representative Butler Derrick (D., S.C.) providing for annual disclosure to regulatory agencies of the aggregate dollar amount of loans to executive officers and owners of 10% or more of a bank's stock and companies those individuals control—rather than requiring publication by banks of individual amounts, terms and conditions of loans to all executive officers, directors, 10% or more shareholders and companies they control.

Also, in many cases the subcommittee chose to make existing rules or practices a part of federal law instead of writing wholly new statutes requiring new rules and regulations.

The most objectionable part of H.R. 9600 as approved by the subcommittee is the section dealing with bank holding companies. It would impose new antitrust standards for bank-holding-company acquisitions, mergers and consolidations by limiting such transactions to institutions with less than 20% of banking assets in the state in which the HC is located. As the bill now stands, mutual savings bank assets would not be included in such a computation of statewide banking assets.

The bill also would limit insurance sales to those strictly credit related and would allow the Fed to set capital requirements for all HC subsidiaries (including national and insured state non-Fed member banks).

Also objectionable in the so-called Safe Banking Act is a provision that would impose the national bank single-borrower limit (i.e., an amount equal to 10% of capital and surplus) on insiders of state-chartered banks, defining insiders as executive officers and 10% or more shareholders. This would preempt existing state laws setting

loan limits for those individuals.

In addition, in its present form the bill would allow existing mutual savings banks the option of converting to federal charters in states where such banks are chartered under state law.

As of this writing, the Safe Banking Act has passed only the first of many stages of consideration in the House. Each of those stages offers the opportunity for re-evaluation of legislative proposals—opportunities to amend, substitute, approve, reject or neglect to act on the proposals.

Even while the ABA will be working to remove the remaining flaws in the bill, Representative Fernand J. St Germain (D., R.I.), sponsor of the original measure, will be seeking to restore at least some of the punitive language it contained when it was first introduced.

The ABA is urging members of the House Banking Committee to delete the bank-holding-company section of H.R. 9600 from the bill and to take other actions where necessary to refine the measure and make it fully compatible with S. 71, the Financial Institutions Supervisory Act amendments.

Regulatory agencies would be empowered by S. 71 to: issue cease-and-desist orders against individual bankers as well as banks; impose civil fines on bankers and/or banks and remove bank officers or directors when their actions endanger the safety or soundness of their institutions (under a carefully established due-process procedure). The bill would require two-thirds prior board approval of loans to officers, directors and 10% or more shareholders. Most important, S. 71 restricts the definition of insiders to true insiders—those who have the power to abuse their banks. It would define bank insiders (for the purpose of setting insider loan limits) as executive officers and stockholders who own 10% or more of the bank's stock.

For well over three years, the regulatory agencies and the ABA have supported bills like S. 71. Until now, efforts to overreach and to pass punitive rather than constructive legislation have generated opposition sufficient to ensure that nothing would be enacted into law.

S. 71 is in the public interest. Now that the Financial Institutions Supervision Subcommittee has approved the improved version of the Safe Banking Act, the full House Banking Committee can, if it chooses, further refine and improve it, making it possible for needed legislation to be passed and signed into law this year. ●●

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'Unlistening' Congress Taken to Task At New Mexico Bankers Convention

By LAWRENCE W. COLBERT, Assistant to the Publisher

THE U. S. CONGRESS isn't listening to the American people, said Senator Harrison Schmitt, former astronaut, to the more than 1,200 bankers and spouses attending the New Mexico Bankers Association convention in Albuquerque last month.

"One area where Congress is particularly out of step with the American public is federal regulation," he said. "For the last two years, the message has been loud and clear: 'Give us less regulation and less government control of our lives and earnings, not more.'"

He said that federal regulation of the business and financial community is a source of continuing frustration and considerable cost. It's been estimated that regulation costs American consumers more than \$100 billion annually.

Senator Schmitt criticized Congress for handing over too much control of "making of law" to regulatory agencies through the "promulgation" of rules and regulations that supposedly will cure some social ill.

"Subsequent congressional oversight over rules and regulations so 'promulgated' has been poor to non-existent," he charged. "Thus, the con-



Among convention speakers were (from l.) Stanley J. Scott, ch., AICPA; Gov. Jerry Apodaca; U. S. Sen. Harrison Schmitt.

stitutional concept of the separation of powers between the legislative and executive branches of government has been seriously blurred and compromised."

The full text of Senator Schmitt's remarks appears elsewhere in this issue.

The annual visit by New Mexico's Governor Jerry Apodaca included a report on changes made by his administration that resulted in the reduction of the number of state department heads from 117 to 12 as part of the governor's program to achieve more effective and efficient government.

"New Mexico has had too many governors who wanted just to be governor

when we needed governors who needed to govern," he said.

The governor encouraged New Mexicans to look hard at candidates running for his post to ascertain their stands on nuclear waste, education and a possible community college for Albuquerque. The governor is not a candidate for reelection.

Stanley J. Scott, chairman of the American Institute of Certified Public Accountants (AICPA) and managing partner, Alford Meroney & Co., Dallas, explained how the AICPA is working closely with the banking industry. One activity is a complete revision of the institute's "Bank Audit and Accounting Guide."

The guide should be ready for review and comment some time this summer, he said. It is expected to cover four areas, including examining and reporting on trust departments; accounting and auditing international operations, including foreign exchange; valuing trading account securities on governmental bonds at market value; and common trust funds, how they are to be reported and audited.

He explained that AICPA people are working in conjunction with the ABA controlled group bonding plan, issued last January, to create a blanket bond insurance market for banks having difficulty obtaining blanket bond insurance. The plan is primarily for banks with assets under \$300 million, he said.

Participating banks are required to establish systems of internal accounting control that must be reviewed by outside independent examiners, he said. The plan is administered through state banker associations.

Mr. Scott said the AICPA banking committee has established a task force to develop a position paper on the appropriate reporting by CPAs for direc-



NMBA officers for 1978-79 pose with outgoing Pres. Charles A. Joplin (2nd from l.) They are, from l., Ike Kalangis, serving second term as treas.; Mr. Joplin; Kenneth O. Wilbanks—pres.-elect; and Leon G. Harmon—pres.



TOP: Outgoing NMBA Pres. Charles A. Joplin pins badge of office on newly elected NMBA Pres. Leon G. Harmon during installation of officers at convention. **BOTTOM:** Mr. Harmon fastens past president's pin on Mr. Joplin's lapel.

tor examinations. The paper is expected to be ready for review and comment by the fall, he added.

A plea for support of BankPac in New Mexico was made by Denton R. Hudgeons, NMBA executive vice president. He reported that Mahlon Love, vice president, Albuquerque National, is the new chairman of BankPac and said support of the fund is more important now than it has ever been before because New Mexico's Senator Schmitt is a member of the Senate Banking Committee. New Mexico's BankPac goal is \$2,000.

Leon G. Harmon, president, New Mexico Bank, Hobbs, was installed as NMBA president during the convention. During his acceptance remarks, Mr. Harmon said outgoing NMBA President Charles A. Joplin would be appointed to chair a committee to examine the association's bylaws to see if they are abreast of the times. He added that terms of the NMBA executive council would be evaluated to see if they should be extended from two to three years. Mr. Joplin is president, Security National, Roswell.

Elected president-elect was Kenneth O. Wilbanks, president, First National, Farmington. Association Treasurer Ike Kalangis was reelected for a second term. He is president, Capital Bank, Santa Fe.

Three executive councilmen were installed: William T. Fietz, president

MID-CONTINENT BANKER for July, 1978

and CEO, Western Bank, Albuquerque; William H. Sultemeier, president, Valley National, Española; and Bob E. Wood, president, chairman and trust officer, First National, Portales.

Henry Jaramillo Jr., president, Ranchers State, Belen, was elected to the ABA governing council.

Next year's convention will be held in Albuquerque, with NMBA Group One serving as host. ••

■ **J. PAUL BOUSHELLE JR.** has joined First National, Albuquerque, as senior vice president in charge of operations and data processing. He has been in banking 18 years and has been instrumental in directing electronic-banking developments in New Mexico and throughout the country. He is a frequent speaker and lecturer for the ABA and Bank Administration Institute.

■ **W. G. "BING" GRADY** will succeed Edward L. Jory as president, Albuquerque National, when Mr. Jory retires October 1. Mr. Grady has been with the bank 27 years, starting as a part-time mail boy while studying economics at the University of New Mexico. He now runs the investments division. Mr. Jory went to First Na-



Donald G. Simonson (r.), dir., New Mexico School of Banking, presents award to outstanding graduate of 1978 class to William Fassett from Bank of Monte Vista, Colo.

tional in 1962 as a vice president and later became senior vice president in charge of marketing. He will remain on the board for at least a year after he retires.

■ **ROBERT L. HAYS** has joined Ruidoso State as president. He formerly was vice president/commercial loans, Central State, Hutchinson, Kan. Mr. Hays also has been a banker in Missouri.

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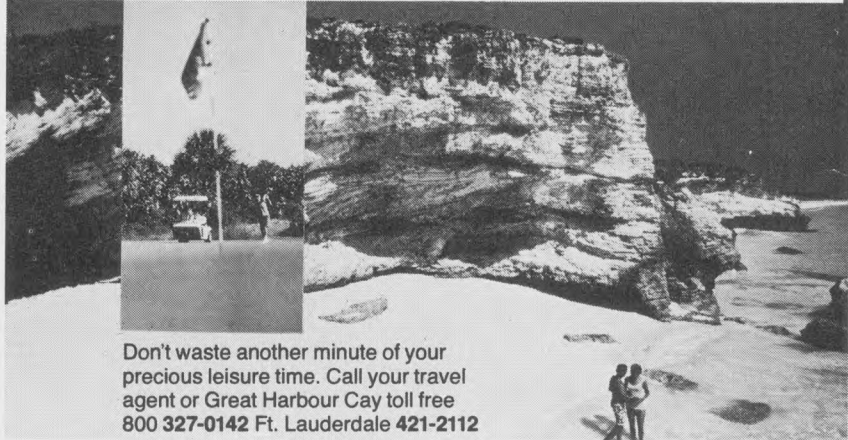
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MGIC

Credit Allocation Unworkable, Banker Tells Correspondents

By **JIM FABIAN**
Associate Editor

CREDIT ALLOCATION and banker responsibility were the main topics aired at the spring correspondent conference sponsored by Mercantile Trust, St. Louis, recently. Some 900 bankers and spouses attended the afternoon event which was followed by a buffet dinner and baseball game at Busch Stadium in St. Louis.

Credit allocation legislation, such as the recently enacted—but not yet implemented—Community Reinvestment Act, is doomed to failure, said Eugene A. Leonard, senior vice president, Mercantile Bancorp., during the conference.

Such laws don't do the job because the public has sources of credit other than banks, Mr. Leonard said. Not only can potential borrowers go to a different lending institution but they can borrow away from the local area.

The Community Reinvestment Act was passed late last year by Congress in an attempt to encourage financial institutions to invest a substantial portion of their funds in communities from which they draw deposits. The law allocates credit, Mr. Leonard said, because it tells banks where to lend funds.

He said such laws can't work because they do nothing to control total demand or total spending in an economy. All such laws accomplish, he said, is a proliferation of other controls, bureaucratic and administrative nightmares and shortages.

Enlightened management, not government, is the key to curbing credit abuses, such as redlining, Mr.

Leonard said. The media, public interest groups and research organizations have done far more to shed light on the problem and bring about improvement than any government regulation has, will or could. Competition is the key, he added.

Bankers don't like the Community Reinvestment Act because they feel overregulated already and this act is just one more layer of hassle and bureaucracy to put up with, he said.

Another reason bankers object to the law is that they are assuming the risks and they don't like to be told by government where and to whom to make loans. Such regulation constitutes a blow to what remains of our economic freedom, he said.

Bankers also don't like the act because its terms may prevent banks from participating in worthwhile credit ventures outside the bank's trade area or community.

He said that bankers need to understand the credit allocation issue well enough to be able to say in complete honesty and with conviction that credit allocation is as inherently bad as motherhood is good.

"Credit allocation is bad because it doesn't work and we shouldn't spend the taxpayers' money on things that don't work. Credit allocation is bad because, good intentions notwithstanding, it hurts those it's designed to help. Credit allocation is bad because it tends to avoid our focusing on the root causes of the problems that the credit allocators are trying without success to address—it's a classic example of symptom-fighting."

Economists say credit allocation doesn't work because credit is fungible—interchangeable, substitutable, flexible, fluid, Mr. Leonard

said. It's offered and bought in the marketplace in such a way as to command for both borrower and lender the best price and the best terms. The credit allocator tries in vain to impose on the market a subjective judgment that the market will not accept.

"Just as a cow doesn't have to be told to eat grass in order to make milk, a good banker doesn't have to be told to 'meet needs' in order to provide service and credit. It comes naturally—it's the way to grow and prosper and to encourage growth and prosperity," he said.

Bankers who aren't doing their part may need more competition, Mr. Leonard said. But any attempt by government to mandate provision of credit under less than credit-worthy terms will merely strengthen the resolve of the marketplace to do its own thing.

Also appearing on the program was Michael H. Mescon, regents' professor of human relations at Georgia State University. His topic was a conscious approach to excellence.

He called on business leaders to be more responsible because responsibility is the key to the survival of free enterprise.

He cited a new desire on the part of responsible management to get along with employees and to accept the idea that the person who knows most about how a job should be done is the person doing it.

"By pushing responsibility down to the lowest possible level, free enterprise is introduced into a business organization," he said.

A program for women featured talks by a nutritionist and a furrier, combined with a fashion show.

Jack Buck, sports director for radio station KMOX in St. Louis, wrapped up the main program with commentary on the St. Louis Cardinals baseball club. The Cardinals broke a long losing streak for the bankers that night, whipping the Montreal Expos 2-0. ●●



LEFT: (from l.) Mr. and Mrs. H. J. Williams, pres., First Nat'l, Savannah, Tenn.; Mrs. and Mr. John Pisarkiewicz, v.p., Mercantile Trust. CENTER: Loyd Swope (l.), pres., Bank of Lincoln, Ark., Gary E. Metzger, a.v.p., host bank. RIGHT: (from l.) Thomas M. Fitzgerald, a.v.p., host bank; K. R. Tiemeyer, v.p., Colonial Bank, Des Peres, Mo.; John Thiebauth, v.p., host bank.

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Whose Bank

(Continued from page 30)

funds into their communities. In their opinion, this act is nothing less than credit allocation mandated by Congress.

I do not envy regulators their job in sorting out these conflicting viewpoints. If we are lucky, they will develop meaningful regulations that require us and our directors to do certain things to help regulators assess our record in meeting our communities' defined credit needs.

Even if this turns out to be the case, it does not mean we are free of the threat of politically mandated credit allocation, particularly if inflation continues to pick up speed. More and more special-interest groups will seek to force banks to channel money into their particular areas, and the tool they will use will be Congress and regulators.

And what about the real owners of the bank—the people who put up the money to buy shares in your institution?

The government has not neglected their interests, either. The Securities and Exchange Commission has shown a great deal of interest in making sure they are fully informed about your bank's financial health and outlook for the future.

In the midst of its concern for these various banking constituencies, the government has not forgotten what was once its primary interest in banking: the safety and soundness of the banking system. Representative Fernand J. St Germain (D., R.I.) and his Safe Banking Act are proof of that.

Whose bank is your bank? It is your bank—but it's also your customers' bank, your employees' bank, your community's bank and your stockholders' bank. That unseen presence you feel in your boardroom is not a ghost. It's the government seeking to act on behalf of all these constituencies, and omniscience is not one of government's notable attributes.

In fact, in some cases, government is moving right into your boardroom. The Comptroller of the Currency now requires bank examiners to report in person to the board on a bank's most recent examination.

There are at least three conclusions to be drawn from all these different ways in which government has become involved in banking.

First, it's no longer just banking agencies that are intervening in

banking. The Equal-Employment-Opportunity Commission, the Securities and Exchange Commission, the Justice Department and many others all have a direct impact on your bank's operations.

Second, the balance of power between Congress and regulatory agencies is shifting. Congress enacts the laws that affect banks, but the laws often are vague. More and more, it's the regulators who decide how the laws ultimately will affect banks.

Finally, all this increased government involvement means increased responsibility for the one group in your bank that may not have exerted its claims on the bank in the past: your directors. Bank directors today are faced with heavy responsibilities—and equally heavy potential liabilities. Regulators have made it clear that in any bank failure, they will hold the directors accountable. That means that now more than ever before, bank directors must be fully aware of every aspect of your bank's performance. They must be in a position to make the right decisions to make sure your bank can compete effectively—and still meet the needs of its various constituencies. They cannot be viewed as simply a rubber stamp to approve management's decisions.

No one really likes the idea of government involvement in private enterprise, and bankers are certainly no exception. But it might surprise you to know that most regulators and legislators are in sympathy with our position. If you were to take a quick poll of regulators and legislators in Washington, you probably would find that most agree on one thing: This country could get along very well without 75% of bank regulations now in existence. There's only one problem: They would not agree on which 75%.

The result is plain. Government involvement in banking is not going to go away. In fact, the trend is in the opposite direction.

However, that does not mean we should acquiesce quietly in this trend. It means precisely the opposite. It means we bankers must step up our involvement in the process that produces banking laws and regulations. It means we must stay involved to make sure that any future government intervention in banking really does what it is intended to do—without harming our ability to fulfill our primary purpose: serving the financial needs of our communities at a profit.

The ABA can and does help in this task. Through the ABA's banking leadership conference, bankers have

put together consensus positions on major banking issues: NOW accounts, Community Reinvestment Act, consumer protection in EFT, the so-called Safe Banking Act and many more. The ABA staff has worked tirelessly to communicate banking's views on these issues to Congress and regulators.

But we cannot afford to think the ABA can do it all. Through our support of the ABA's activities and through our direct contacts with our legislators and regulators, we bankers must take an active part in the legislative and regulatory process.

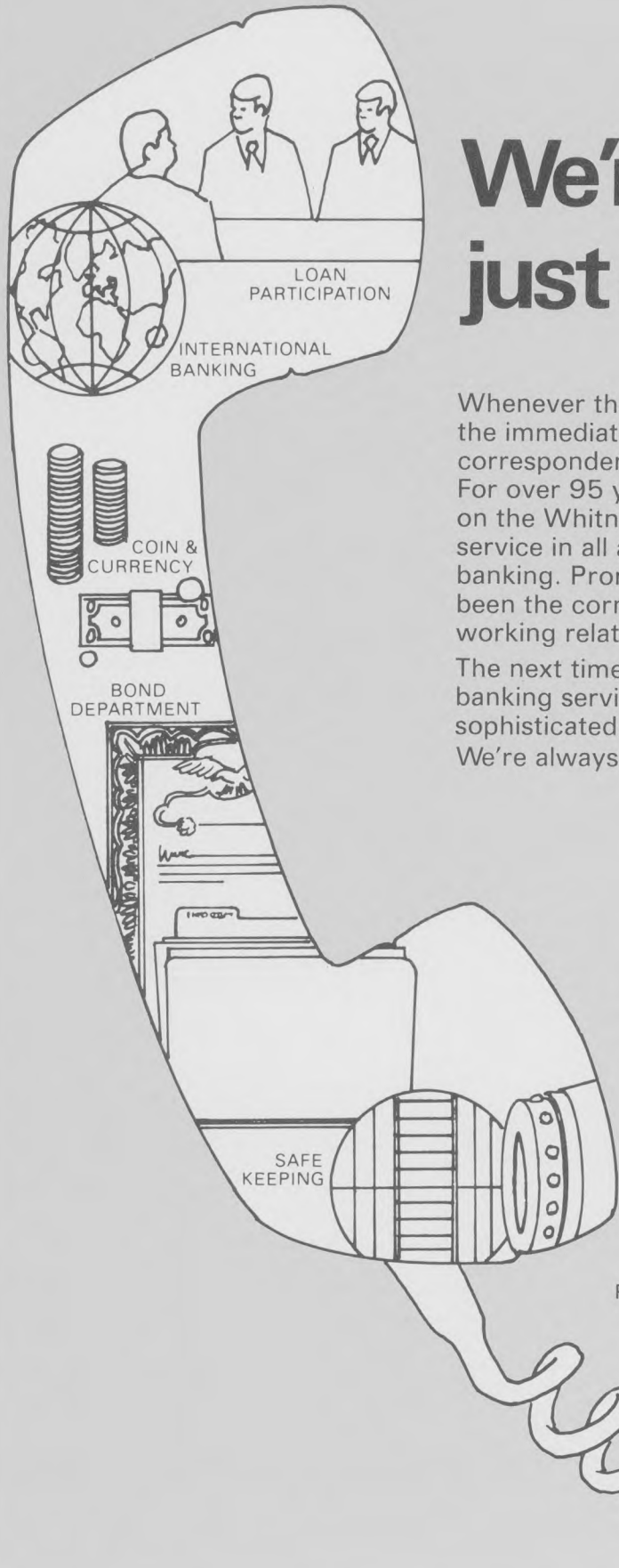
This kind of involvement never is easy or pleasant, but the alternative simply is not acceptable. If we do not get involved, we will not have to ask ourselves whose bank it is. The government will supply the answer, and I guarantee we will not like it. ●●

Banking's Image

(Continued from page 28)

it, various organizations were ranked according to public opinion on their efforts to make the community a better place to live. I was startled to see that city banks were ranked 13th among the 19 institutions and organizations identified. Interestingly, the rating small-town residents gave their banks would have placed them 10th on the list—exactly in the middle. Churches ranked first, followed by local service clubs and neighborhood groups. However, the relative rank of bankers was much higher in the category of honesty and ethical standards. There, they stood fifth in a list of 20 occupational groups. Only clergymen, medical doctors, engineers and college teachers were ranked higher. Furthermore, Mr. Gallup said that 50% of the American public believe banks do a "good job" for the nation; 37%, "fair," and 9% say a "poor job."

Polls, at best, are estimates, but there has to be a message for us in one that ranked city banks 13th in a list of 19 institutions and organizations being graded on the basis of their efforts to make the community a better place to live. Perhaps, the message simply is that bankers must do a better job of letting the public know what they're doing to help develop their communities, for I believe—from personal experience and from observations of others—that bankers devote a large part of their time to the improvement of their local communities. The spark plug in groups working for community betterment frequently is the local banker. What I'm saying is that I can-



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not question the accuracy of the poll reported by Mr. Gallup, but I question the accuracy of the impression reported in the poll.

A third, more detailed survey of financial industries, as distinguished from business or other organizations in general, was conducted in November-December, 1977, by the Unidex Corp., Bloomington, Ind. This study centered on financial institutions and compared banks, S&Ls and mutual savings banks (which were lumped in the same category), credit unions, finance companies and financial subsidiaries of auto manufacturers. Approximately 2,000 households in 35 different locales throughout the country were covered. Only persons who had used or were familiar with two or more of these types of lending institutions were included. Questions centered around eight factors believed to be important in deciding the type of financial institution to which the person would go. In descending order of importance to the customers, those factors are:

1. Low interest rates.
2. Honesty (the characteristic on which banks stood high on the Gallup poll just mentioned. The other characteristic—trying to make the community a better place to live—is not included in this survey).
3. Confidentiality.
4. Likelihood of having a loan request approved.
5. Willingness to help if there's difficulty making a payment.
6. Friendliness.
7. Speed of approval.
8. Convenience of location.

You will be pleased to hear that (commercial) banks stood first among financial institutions in seven of these eight categories. But credit unions stood first on the factor given the greatest importance, low interest rates, and banking stood second. In all other respects, credit unions ranked second immediately behind commercial banks. This observation is particularly significant because of the influence that the recognition factor, or experience with a particular type of financial institution, had on survey results. Almost everyone included in the survey had used or was familiar with banks (99.1%). S&Ls and savings banks came second in order of familiarity, and credit unions were identified by only slightly over half the respondents. Since the survey depended on a comparison of those types of financial institutions with which the person was familiar, obviously credit unions got into the "horse race" only a little over half as often as did commercial banks. Indeed, the summary of findings pointed out that "If the degree of

familiarity and usage witnessed by credit unions . . . were the equivalent of that enjoyed by banks, credit unions clearly would be the most preferred as a lending source." So, while we may be pleased with the evaluation of the services of commercial banks, there's no cause for smugness or complacency.

My reaction to two of the surveys perhaps can be characterized as being satisfied but not reassured, but to the Gallup poll it is surprise and alarm. I believe bankers are doing a good job in serving the public, but I also believe they can do a better one. They owe it to their customers and to themselves to perform with a maximum degree of efficiency. The place to begin is in your own offices. You can begin by eliminating unimaginative, inefficient or indifferent banking services and by giving emphasis to those services that meet the needs and convenience of the public in your market area. And let the public know what you are doing and *have done*.

A more comprehensive and a more pragmatic test of banking's image is the legislation that has been enacted in the past nine years, especially in the area of consumer protection. Approximately a dozen acts of this type have been passed in the last 10 years, beginning with the Truth-in-Lending Act in 1968 and ending with the Community Reinvestment Act in 1977.

You might rationalize that some of these laws were pushed through by members of Congress and that they are not an entirely accurate portrayal of the image of bankers held by the public. But, at the same time, they have to represent the image to some extent because we live in a political democracy, and legislators usually do not act contrary to what they perceive to be the views of their constituents. With a dozen consumer-protection laws enacted in the last 10 years, there has to be some substance to and some support for congressional action. To me, they indicate bankers are not universally loved and respected for their character and good works.

What has brought on this legislation with its increased regulatory activities and greater paperwork? What are the negative factors that weaken banking's image and hence its legislative effectiveness? At least four major factors occur to me:

1. Abusive insider transactions.
2. Increased emphasis on morality in government and business.
3. Increased consumer advocacy.
4. Skepticism on the part of Congress and the public about the capability of banks to run their own affairs in a manner con-

sistent with the public interest.

Grounds for skepticism are increased when industry differences are aired vigorously in public forums. Banks do differ greatly in characteristics of size, chartering authority, geographic location (with accompanying differences in laws and economic circumstances) and structure. Under such circumstances, we can't expect unanimity of opinions, but, as you well know, we can work for a consensus. ●●

'Miracle Months' TV Documentary To Be Sponsored by ABA Aug. 27

"The Miracle Months," an award-winning human-interest/medical TV documentary, will be sponsored by the ABA at 8 p.m. (EDT) August 27 over the CBS Network.

From the actual moment of conception through gestation and birth, "The Miracle Months" documents the mystery of human development, using radical new optical techniques to capture earliest prenatal phases previously unseen even by most doctors. Three life-and-death situations are shown in the documentary, which is narrated by Alexander Scourby.

Full Service Bank Productions, Inc., a division of Christman Club a Corporation, is offering statement enclosures, counter cards and other collateral materials to banks for tie-in advertising.

George McAulay Named President of NACHA for 1978-79

George W. McAulay, executive vice president, First National, Dallas, has been elected president, National Automated Clearinghouse Association (NACHA). He has just completed a one-year term as vice president. That post now is held by John Houseman, senior vice president, Irving Trust, New York City.

Mr. McAulay appointed the following working committee chairmen: education/communications, John J. Sullivan Jr., president, Mid-American Bank, Roeland Park, Kan.; legal/legislative, Frank E. Boesche, senior vice president, Commerce Bank, Kansas City; and systems/operations, William P. Ballard, executive vice president, Citizens & Southern National, Atlanta.

Reelected secretary/treasurer was Charles H. Chappas, associate director, NACHA support department, ABA, Washington, D. C.

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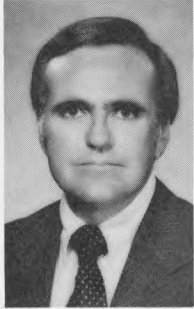


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Bank Marketing Institute To Be Held Sept. 24-29

The Graduate School of Bank Marketing in New Orleans has been integrated into the Graduate Institute of Bank Marketing, jointly sponsored by the University of Southern California and Louisiana State University, Baton Rouge. The new institute's director is Donald E. Vinson, USC associate professor of marketing. The first session will be held September 24-29 in the Center for Business Education on USC's Los Angeles campus.



VINSON

The institute will offer bank marketing executives state-of-the-art instruction by a faculty that will include bank marketing officers, advertising executives, new-product specialists and bank marketing researchers. Managerial aspects of strategic planning, marketing research, pricing and promotion will be emphasized. In addition, changing technology, legal environment and the impact of the consumer movement will be covered. The program will be focused on the "how-to" knowledge of adapting the entire marketing concept to an individual bank's needs.

The two-year program will run for one intensive week each year, alternating between the USC and LSU campuses. Students will work on major planning assignments at their home offices in between the first and second years.

Registration information and brochures are available from: Donald E. Vinson, Graduate Institute of Bank Marketing, University of Southern California, Hoffman Hall 801, University Park, Los Angeles, CA 90007.

ABA's Marketing Division Elects Huss as Its 1978-79 Chairman

Robert A. Huss, senior vice president, Security Pacific National, Los Angeles, has been elected chairman of the ABA's marketing division. He succeeds J. D. "Jerry" Schiermeyer, vice president, owner and consultant, Wymore State, Fremont, Neb. Mr.

Huss has charge of his bank's Head Office marketing department.

Elected vice chairman was Hans W. Wanders, chairman, Wachovia Corp. and Wachovia Bank, Winston-Salem, N. C. Both he and Mr. Huss will take office at the ABA's annual convention October 21-25 in Honolulu.

Charles H. Pistor Jr., president, Republic National, Dallas, was named to a three-year term on the division's executive committee.

Speak Up!

(Continued from page 34)

observation about minorities of the past:

"Whatever their handicaps were when they arrived, including the inability to speak English, the lack of knowledge of the customs of this culture, there was a rung at the bottom of the ladder where they could start. There was some miserable, low-paid job in a sweatshop somewhere, or in agriculture, where they could at least eke out a living.

"What we are doing in our society with minimum-wage laws and all kinds of misguided attempts to protect the worker is to destroy the bottom rung of the ladder. It is all right to have a ladder going up to success, but if the bottom rung is 10 feet off the ground, I am never going to reach the bottom rung of the ladder."

Reaching the bottom rung becomes more and more difficult each year.

Small business, the hope of minority enterprise and a principal employer of the young and unskilled, faces the increasing cost and headaches of federal regulations. These regulations, many of them self-defeating, either discourage the potential small-business person, forces others out of business or increases automation at the expense of employment.

Bottom rungs for small business have been removed by OSHA, by an inflexible minimum-wage law, by so-called truth-in-lending legislation, by new debt-collection legislation, by a no-growth tax policy, by changes in labor law, by inflation caused by wasteful federal spending, and on and on.

Bottom rungs for the ambitious poor also have been removed by an anti-domestic energy policy aimed at reducing growth and raising costs of energy and energy-related necessities. At the same time, this so-called policy is forcing increased and more wide-

spread shortages of energy for work, heating and industrial jobs. The working American and those with the lowest incomes will suffer most from this negative energy policy. How can many young and unskilled hope to move upward in such an environment?

There's no one quick solution to the excessive regulation of the nation's economy. It's a situation that has evolved over the course of decades. If it is to change, it will be gradually—over the course of years.

Business must learn to be more successful in self regulation. The private sector of the economy must show true concern for the real and imagined fears that are in the minds of many Americans. By doing so, you will remove the cause for much of the excessive regulation coming out of Washington.

Business also must become more effective, more aggressive in telling the people of this nation what our economic system is all about. That's the only way we are going to have more responsible people elected to national office—the only way we are going to have more responsible legislation passed by Congress and irresponsible legislation repealed.

Congressional Control Act. I have introduced a bill that holds a great deal of potential, I believe, for curing at least part of the massive regulatory problem. This bill (S. 2011), the Regulatory Reduction and Control Act of 1978, would return to Congress its constitutionally mandated prerogative to create law. This would be accomplished by returning to Congress the opportunity to approve or disapprove the major rule-making decisions of the regulatory agencies of the executive branch. This bill, if adopted, would preserve and strengthen separation of powers between the legislative and executive branches.

I want to emphasize that it's not enough to *introduce* legislation; it also must pass both houses of Congress and be signed into law. And this is where you can play an important role. Let Congress know what you think. Let the public know what you think. Work to elect representatives who will support efforts to deregulate our economy. Work to inform the public on what business and finance are all about and how our system works.

The American people are looking for a new direction and new ideals. Business and finance can and should provide examples of the finest qualities our nation has to offer. This is how we can reawaken a faith in the value of private enterprise and how we can ensure prosperity in the future. ●●

Let's Talk Selling

(Continued from page 14)

• *Goals calling for achievement.* For example: "What are you doing to reduce internal clerical costs?"

• *Desired specifications you can fill.* For example: "How useful would it be to you to have a detailed departmental breakdown on your labor costs each payday?"

2. *Precede questions with beneficial reason to answer.* To motivate a customer to provide complete and meaningful responses to your questions, it's good practice to:

• *Set up your line of questioning with a beneficial reason.* For example: "To determine where and how improvements might be made in financing your future growth, there are several questions we need to discuss about your growth plans. . . ."

• *Precede sensitive questions with specific reason to answer.* For example: "To determine how feasible it might be to reduce your borrowing costs, what sources have you used to finance your growth up to now?"

3. *Use related facts or experience to establish questions.* This helps pinpoint conditions or problems a customer may not be aware of and motivate response by providing a basis for your question. For example: "Experience with retailers in this area indicates that their costs of extending, billing, financing and collecting charge-account credit are averaging about 6% to 10% of credit sales. How do your costs compare with this?"

4. *Ask open-end questions.* To encourage an explanatory, thinking response, rather than a limited "yes" or "no," your need-defining questions should be prefaced with "who—what—when—where—how—or why." For example: "What plans have you made to assure continuity of your business?" is better than, "Have you made any plans to assure continuity of your business?"

5. *Ask about specifics.* To get a customer to think in specific terms about his or her needs, your questions should be directed at specific need-conditions rather than at general problems that can be excused or rationalized. For example: "How much time does it take you to turn your receivables into cash?" is better than "Do you have any credit problems?"

6. *Keep questions simple.* To make it easy for customer to respond to your questions:

• *Use simple, non-technical language.* For example: "What kind of a mail float have you been experiencing with your remittances?" can be simplified with, "How many days on the average does it take for remittances to come into your office from your various customers?"

• *Ask single-subject questions.* For example: "How does the market value of your investments compare with your cost, and how do you keep track of fluctuating values in the market?" can be improved by breaking it into two separate questions.

7. *Ask in easy-to-answer sequence.* To organize development of need-awareness on a logical basis, so no key points are missed, it's good practice to start your questioning with simpler, general questions, and then move progressively to more complex and specific questions. For example: "What are your sales goals? What additional plant space will be needed to accomplish your goals? What do you estimate this will cost? How do you plan to finance this?"

8. *Ask with friendly, consultative tone.* To establish mutuality of interest in discussing a customer's needs, use "let's-discuss" language to indicate

your desire to help. For example: "Let's talk about your situation to see how you might gain added flexibility in financing your growth. . . ."

While asking questions enables both you and a customer to perceive his or her needs more accurately and completely, much of the value of questioning can be lost unless you also listen effectively. Studies show that most people listen with no more than a 25% level of efficiency because of:

• *Impatience*—thinking ahead to the next question, before you've heard the answer to what you've just asked.

• *Self-interest*—thinking about your own concerns and problems rather than hearing what the customer is saying about his problems.

• *Premature assumptions*—jumping to conclusions about a customer's needs before he or she has defined them.

• *Emotional reactions*—personal prejudices you feel about certain types of people and their responses, which cause you to miss what they say or to argue.

• *External distractions*—noise or telephone and employee interruptions that disrupt discussion continuity.

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and improve your listening efficiency by practicing the following principles:

1. *Listen with both your eyes and your mind.* Efficient listening takes conscious physical and mental effort. It requires focusing your senses on a customer and what he or she is saying. When you let your eyes wander to pictures on the wall or to the attractive secretary, or when you let your mind wander to a problem at home or back at your office, it's virtually impossible to hear what a customer may be telling you.

2. *Allow ample time to respond.* Good, open-end questions often require some customer thought before he or she can deliver a meaningful response. Normally, five seconds are not too much time to think through an appropriate response to a good question. Yet, when such a gap in the conversation is encountered, many people feel they have to fill it by restating a question or making a comment. The result is a short-circuiting of the customer's thought process and a limited response. Another effect of our impatience is to ask a question and proceed to supply our own answer. For example: "How do you plan to finance these future requirements? I suppose you'll be using earnings as you have in the past." Nothing will drive a customer up the wall faster than this, because it implies we have all the answers and are not particularly interested in what he or she has to say. The key to getting good customer response is to ask your question; button your lip, and listen to what he or she has to say.

3. *Listen for key facts.* The ability of a physician to make an accurate diagnosis is governed not only by asking the right questions, but knowing what answers to listen for. In discriminating between facts that are significant and those that are not, listen for *problems* you can help the customer satisfy, *goals* you can help him or her achieve and *practices* or *performance* you can help him or her improve.

4. *Listen for attitudes.* In discussing needs, it's not only what a customer says, but how he or she says it that can help you formulate an accurate diagnosis of his or her needs and how to satisfy them. Negative comments indicate likely resistance that you may have to deal with or problems that you can solve. Positive comments may indicate features and benefits of your proposal that you'll want to stress.

5. *Listen with questions.* A customer's response to a particular question may not always be clear or complete. Therefore, to get the most out of your listening, it's good practice to:

- *Ask clarifying questions* when you don't understand the customer. For example: "What do you mean by that?" or "Why do you feel that way?"

- *Ask follow-up questions* to define a customer's need more precisely. For example: "When you have to spend 20 hours a quarter handling tax reports, what effect does that have on the rest of your accounting work?"

Note taking during a sales call improves its quality in several ways and motivates a customer to respond more accurately by reinforcing the consultative character of the call.

6. *Use feedback to affirm understanding.* This simply involves restating or commenting on what a customer has told you to reinforce the need in his or her mind and to confirm the accuracy of what you've heard. For example: "As I understand what you've said, since your children are not interested in getting into your business, you would have to look to key employees to maintain its continuity. Is that correct?" Another value of feedback is that

it maintains a conversational tone to your questioning, and keeps it from becoming an interrogation.

7. *Reinforce with notes.* Note taking during a sales call improves its quality in several important ways: It causes you to listen with serious purpose; it organizes your listening and perception of needs; it provides a basis for summarizing needs and explaining your services in more relevant terms during the call, and it enables you to prepare tailored proposals and to prepare others for follow-up after the call. In addition, it motivates a customer to respond more accurately and completely by reinforcing the consultative character of the call. If a customer exhibits concern about your note taking, reassure him or her with a constructive reason for doing it. For example: "To be sure I have an accurate picture of your situation, it would be helpful if I took a few notes. What you tell me will be kept in complete confidence."

8. *Summarize to bring needs into focus.* This enables you to confirm your understanding, and to confirm a customer's need-awareness to be sure you've listened accurately and are on the same wavelength. For example: "As I understand your goals, Harry, you want to be relieved of some of the time and work you now devote to your investments so you can be free to travel more; you want to protect your investments against the eroding effect of taxes and inflation, and you want your wife to be assured of continuing income should something happen to you. Is that correct?"

Through continuing use of the questioning and listening principles we've just examined, you can improve the quality of your selling significantly and be viewed by your customers as a professional problem solver, not just another pitchman.

In our next article, we shall examine another dimension of professional selling—how to communicate services and capacities in terms relevant to the customer and how to add impact to your communication through more effective language and visualization. ● ●

Consumer EFT Service Views Contained in New Survey

Payment Systems Perspective '78, a nationwide survey of consumer views on the changing payment services, has been released by Payment Systems, Inc., and Darden Research Corp., Atlanta.

Survey findings reveal that EFT services are still in the early stages

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of development. Awareness and availability are still low and consequently none of the six EFT services studied in the survey has achieved any significant level of usage on a nationwide basis, compared to present payment methods.

The EFT services studied are ATMs, preauthorized charges to checking accounts, direct deposit of payroll, telephone bill paying, automatic check approval at POS locations and banking at POS.

The study is based on 1,500 interviews with adult customers of commercial banks, savings banks, S&Ls, finance companies and credit unions. It's designed to enable financial institutions to judge how their customers view EFT services in relation to cash, checks and credit card services.

Copies of the 250-page survey are available at \$50 each from Consumer Survey, Payments Systems, Inc., Suite 2735, 100 Peachtree St., Atlanta, GA 30303.

Clown, Owl Take Part:

Circus-Type Celebration Welcomes Spring Season

Cincinnati's Central Trust put on an "all-day spring spectacular" May 19 at its Terrace Park Office to herald the coming of that season. The day-and-night owl, symbol of the Owl Network operated by the bank, joined Oskar the clown in the festivities.

Additional features included a circus-memorabilia display, a drawing for two prizes of five tickets each to Kings Island Amusement Park, an opportunity to win \$10 cash prizes from the bank's Day-and-Night Teller and the gift of an owl T-shirt to customers opening checking accounts during the celebration.

Oskar the clown, Cincinnati-based entertainer, appeared at the bank from 1 p.m.-8 p.m. and provided a one-man variety show. Besides being a clown, Oskar is a magician, ventriloquist, "plate spinner," cartoonist and "balloon artist," making balloons into animal shapes for children. Oskar travels in a van packed with costumes, props, eight-foot portable stage, go-cart, sound equipment and amplifiers.

The circus atmosphere was continued inside the bank lobby with a John Robinson Circus memorabilia display. This circus was based in Terrace Park during the winter seasons for 100 years before being sold in 1916. Artifacts in the exhibit—all constructed to scale by two area circus clubs—include cottage wagons, animal



Oskar the clown blows up owl balloons for young visitors to Central Trust of Cincinnati's "all-day spring spectacular." Oskar also is magician, ventriloquist, "plate spinner," cartoonist and can make balloons into shapes of animals.

cages, railroad cars, tents and concessions stands used in this circus, as well as miniature performers.

The day-and-night owl greeted customers and visitors between 3:30-7:30 p.m., delighting children of all ages and sizes and attracting their attention to the Day-and-Night Teller at the Terrace Park Office. All guests also were invited to watch demonstrations of the Day-and-Night Teller and try their luck at winning \$10 cash prizes from it, using facsimile Central cards (Central Trust's debit card) provided for the game. In addition, customers opening checking accounts and thus getting a Central card of their own were given owl T-shirts.

'Community & the Bank':

Social Policy Report Released by BofA

Bank of America released its 1977 annual report on social policy and corporate responsibility last month.

Entitled "Community and the Bank," the report provides information on activities involving corporate responsibility, corporate issues, housing and community improvement, consumer affairs, small business, agriculture, energy and the environment. Other sections include summaries of activities in education, world banking, employment policy, employee programs, the arts and charitable contributions.

The report describes the bank's involvement in development and application of alternative sources of energy. In 1977, for example, the bank introduced a financing program for installation of equipment for solar heating of domestic water, swimming pools and living spaces. During the first four months of the program, more than 1,000 solar loans were made.

In the housing area, the report tells of a special city improvement and restoration program that applies the bank's knowledge of real estate appraisal and finance to help cities and counties revitalize aging housing on a profitable and well-managed basis. Twenty-five communities are involved in the program, which, at year-end 1977, totaled \$4.8 million and 670 rehabilitated properties.

According to the report, Bank-America Foundation made grants exceeding \$3.1 million to charitable organizations during 1977.

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NEWS

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MORRISSETTE

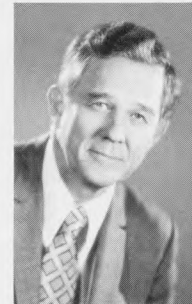
■ H. TAYLOR MORRISSETTE has been elected vice chairman, First Bancgroup-Alabama, Mobile, and executive committee chairman, First National, Mobile. In the latter post, he succeeds William H. Armbricht, who retired after serving in it since 1974. Mr. Morrissette is president, North American Sugar Industries, Inc., Mobile, a subsidiary of Borden, Inc., and a corporate vice president of Borden's foods division. In other action,

Young Banker Officers

C. Dowd Ritter, v.p. in charge of branch administration, First National, Birmingham, has been elected pres., Young Bankers Section, Alabama Bankers Association. He moved up from v.p.

Other new officers are: v.p., Rance D. Kelly, v.p., Central Bank, Huntsville; treas., Richard E. Walker, v.p., Bank of York; and sec., Phillip N. Davis, v.p., Farmers & Merchants Bank, Centre.

First of Mobile announced these promotions: from vice president to senior vice president, William H. Reimers; from assistant vice president to vice president and mortgage banking division manager, John F. Beard Jr.; and from national accounts officer to assistant vice president, Harry N. Harrison. Mr. Reimers joined the bank in 1976 as vice president and personnel manager. Mr. Beard went there in 1977 and Mr. Harrison, in 1975.



PINKERTON

■ CARLTON P. PINKERTON has been promoted to president, Central Correspondent Services, Inc., a wholly owned subsidiary of Central Bank, Birmingham. Mr. Pinkerton formerly was senior vice president of Central Bank's correspondent services division. In his new post, he is responsible for coordination of activities and services for the bank's correspondent-bank customers.

■ LEE G. DABBS has been made vice president/correspondent loans, Southern National, Birmingham. He had been with another local bank since 1969.

■ WILLIAM R. COLLINS has been elected president and CEO, Bank of Huntsville. He had been president, Central Bank, Huntsville, since 1973.

■ B. N. HUNTER has been named president, Central Bank, Huntsville, in addition to his posts of chairman and CEO. He re-assumes the additional post, having served in it from 1972-73. He replaces W. R. Collins, who resigned and has been elected president and CEO, Bank of Huntsville.

Arkansas

■ COMMERCIAL NATIONAL, Little Rock, has moved its trust department's administrative offices to its West Branch. Seven trust personnel are located at the new site, but the bank continues to maintain trust operations and an administrative officer at the main bank building. The Cantrell West Branch offers full-service banking and has a branch of the bank's travel service, a 24-hour postal facility and a 24-hour ATM.



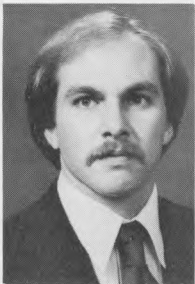
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Illinois

■ **GENE L. KIRK**, executive vice president and cashier, First State, Calumet City, took office June 1 as president, Independent Community Banks of Illinois. He succeeds Gerald C. Meyers, president, Riverside National. Other new officers are: first vice president, James L. Winningham, vice president, State Bank, Arthur; treasurer, W. Gerard Huiskamp, president, Blackhawk State, Milan; regional vice presidents, Mason A. Loundy, chairman, Devon Bank, Chicago; Fred Lamkey, vice president, Camp Grove State; Russell L. Meece, chairman and president, Roodhouse National; and Don Nolen, president, First Community Bank, West Frankfort; state representative, Independent Bankers Association of America, Emmett McCarthy, executive vice president, Marquette National, Chicago.



LEHMAN



KIRK

■ **GREGORY MICHAEL LEHMAN** has joined UMIC, Inc., Memphis-based investment banking firm, as a registered representative in the municipal and government bond department. He is calling on Illinois clients. Mr. Lehman has spent his entire professional career in sales with Ideas Unlimited, Inc., Precision Printing Co., Bilsky Brothers, A. Duncan Williams and G. Weeks, Inc.

■ **DAVID W. FOX** has been named executive vice president, Northern Trust Corp., Chicago, parent HC of Northern Trust Co. At the latter, he is executive vice president and head of the banking department. The bank has promoted Douglas F. Mitchell and Edgar G. Adam to vice presidents and

James B. Matson Jr., Bob L. Boldt and Joseph R. Diehl Jr. to second vice presidents.

■ **CONTINENTAL BANK**, Chicago, has elected these vice presidents: Donald Veldran, George E. Bray, Martin P. Lower, Steven G. Elliott, Alfred B. Clem, Leonard P. Diorio, James E. Hamilton and John K. Rutledge.

■ **ROBERT M. WHITLER**, Illinois revenue department director, will join First National, Chicago, July 21 as head of its trust administrative group. He will replace Vice President William D. Goodrich, who will become head of the trust department's new enterprises division, which will be re-established.

■ **FIRST AMERICAN BANK** now is the name of Bank of Bensenville.

■ **FIRST NATIONAL**, Millstadt, celebrated its 75th anniversary last month by giving away registered key rings and barbecue grill cleaners to adults and balloons and magnetic cartoon characters to children. In addition, a four-piece and 16-piece place setting of stoneware were given away in drawings. The bank announced it would give a \$75 birthday gift to a customer who was born on June 3, 1903. The bank opened June 1, 1903, as the Bank of Millstadt with three brothers—F. L., W. N. and G. F. Baltz—and A. B. Daab as copartners. F. L. Baltz was the first president; W. N. Baltz and A. B. Daab were vice presidents and G. F. Baltz, cashier. Arthur W. Baltz also was on the original staff. Shortly after the bank opened, A. B. Daab sold his interest to the other three founders. The bank changed to a national charter and became First National in 1906. Merton Baltz, son of G. F. Baltz, was president from 1958 to last February 8 and will observe 50 years in banking in September. Woodrow Baltz, son of F. G. and brother of Merton, became president February 8.

■ **ROSEMARIE STALLINGS** has joined Belleville's Bankers Trust as assistant vice president and trust administration officer. She has 20 years'

banking experience, the last 12 in trust service. She formerly was with Edgemont Bank, East St. Louis.

■ **CENTRAL NATIONAL**, Sterling, has appointed Robert D. Eversman investment and financial planning officer and Lois Anderson, assistant vice president, advertising/public relations.

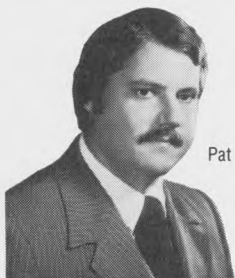
Indiana

■ **H. FRED MILLER**, vice president, marketing, Citizens Bank, Michigan City, has been elected president, Indiana Chapter, BMA. Other new officers include Thomas S. Clark, vice president/director of marketing, Purdue National, Lafayette—first vice president; Judy Brown, marketing officer, Greenfield Banking Co.—second vice president; J. Douglas Adamson, assistant vice president/director of marketing, Franklin Bank—treasurer; and Paula T. Bartholome, marketing officer, Irwin Union Bank, Columbus—secretary. Elected directors were Thomas T. Boyd, chairman/CEO, LaPorte Bank, and John D. Weissert, national marketing director, Handley & Miller, Inc., Indianapolis.

■ **INDIANA NATIONAL**, Indianapolis, has elected Jean McA. Lamm to public relations officer, Glenda L. O'Connor to operations officer and Gregory L. Weis and John W. Testa to branch officers. J. Joseph Qualters and John C. Clair were promoted as assistant vice presidents and Jack L. Thompson, administrative officer, has been elected assistant vice president at Indiana Properties, Inc., a bank subsidiary.

Kansas

■ **MICHAEL D. CARLISLE** has been elected marketing officer at First National, Wichita. He joined the bank last year, following military service. His responsibilities will include marketing research, advertising, product planning, pricing of services and administration.



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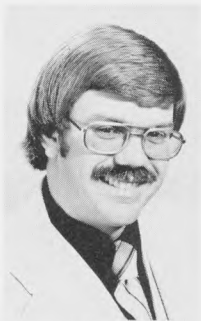
Max Dickerson



MID-CONTINENT BANKER for July, 1978

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■ **ROBERT F. HIGNEY JR.** has joined Commercial National, Kansas City, as business development officer. He was formerly an assistant cashier at United Missouri Bank of Blue Valley, Kansas City, Mo., and is an instructor of marketing at Rockhurst College.



HIGNEY

Kentucky

■ **FIRST NATIONAL**, Louisville, promoted Anthony R. Bellucci, Norman M. Martin, John B. Meeks and James A. Schadt to vice presidents and named Charles H. Reeves a vice president. New senior operations officers are Sharon D. Evans and James R. Straub. L. Joyce Gribbins was promoted to operations officer. William L. Grantz and Stephen D. McCreary were promoted to vice presidents at First Kentucky Trust, and Gail W. Pohn was elected vice president/general counsel/secretary at First Kentucky National Corp., as successor to William M. Isaac, who now serves as a director of the FDIC in Washington.

■ **WILLIAM E. FELTNER** has joined First Security National, Lexington, as an assistant vice president/commercial loans. He was formerly with Central Bank.

Louisiana

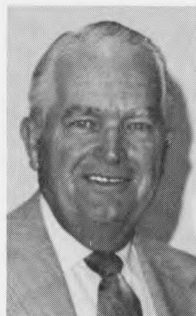
■ **W. LeROY WARD JR.** has retired as chairman, Fidelity National, and of the bank's HC, Fidelity National Financial Corp., Baton Rouge. He was elected chairman emeritus and advisory director. He had been bank chairman since 1960. Frank S. Craig Jr. was elected chairman of the bank and HC and was reelected president and CEO of both. Promoted to senior vice presidents were: Frank R. Clark, Leroy T. Corkern, Charles L. "Rusty" Hebert Jr., Dudley G. McElveen, Ralph H. Sims, Cecil D. Spillman and Pat F. Willis. Robert C. Champagne was elected senior vice president and controller and Charles B. Redman, senior vice president and trust officer.

■ **FELIX JACKSON**, assistant vice president, Whitney National, New

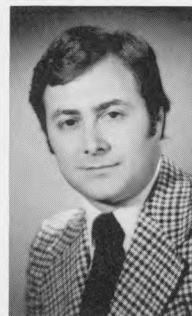
Orleans, has been elected president, Financial Analysts of New Orleans. Other new officers are: vice president and program chairman, Earl A. Stolz Jr., vice president, Howard, Weil, Labouisse, Friedrichs, Inc.; secretary, Philip Gensler Jr., vice president, Waters, Parkerson & Co., Inc.; and treasurer and membership chairman, Rodney J. Abele Jr., trust investment officer, Hibernia National.

■ **FIRST COMMERCE CORP.**, New Orleans, has two new directors: David C. Bintliff, who is an independent in oil and gas exploration in southern Louisiana, and William P. Fuller, president, Fuller Forest Products, Inc., and a director, First National Bank of Commerce.

■ **ROY F. BAAS**, who is in Bank of New Orleans' correspondent bank department, has been promoted to vice president, as have Alan R. Meador, Richard J. Spiehler, Warren E. Bernadas, Arthur Duffel, Otis L. Durel Jr., Kayo C. J. Fraychineaud, Jim Pemberton, Ronald James Rizzo and Gary L. Saluzzo. Gilbert L. Parks has been named vice president and personnel director, New Orleans Bancshares, parent of Bank of New Orleans. He joined BNO in 1976. Mr. Baas joined the bank in 1971.



DAVIS



BAAS

■ **W. MERLE DAVIS**, vice president, American Bank, Baton Rouge, retired last month. Mr. Davis began his banking career in 1936 at Peoples Bank, Minden. He joined American Bank in 1960 as a vice president in the correspondent department. He plans to reside in Baton Rouge.

Mississippi

■ **CITIZENS BANK**, Hattiesburg, merged with First National, Jackson, recently. Citizens was founded in 1902 and operates seven offices. As a result of the merger, First National now has 42 offices in the state.

■ **BROOKHAVEN BANK** has named

Fred Abney, Mitchell Davis and Lewis J. Weeks Jr. senior vice presidents. Mr. Weeks is also a trust officer. Mr. Abney joined the bank in 1976 and Mr. Weeks has been with the bank since 1965. Mr. Davis has been in banking for 22 years.

Missouri

Mark Twain Opens 10th Bank

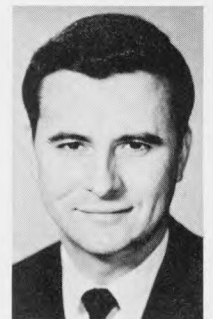


Mark Twain Bank Chesterfield Village was formally opened recently near the intersection of Highway 40 and Clarkson Road, St. Louis County. It's the 10th Mark Twain banking center and is a facility of Mark Twain Parkway Bank. President is Ron Barnes.

■ **BOATMEN'S NATIONAL**, St. Louis, has elected Vernon H. Jung and John L. Phillips vice presidents/trust division. New trust officers include Ronald P. Ess, Adelbert A. Francis II, Raymond Keith Richter and Phillip M. Skelly. Leland L. Chesley, Edward F. Doczy, Louise I. Harvey, John H. Matthews, Thomas J. O'Brien, H. Chandler Taylor and Mariano J. Vitale were elected assistant vice presidents and Lilla Koenig and Helen Ross were elected assistant trust officers. Roger J. Daigle and Barbara A. Randolph were elected assistant cashiers, John H. Dyn Jr. was named installment loan officer and Lowell R. Huff was named data processing officer.



JUNG

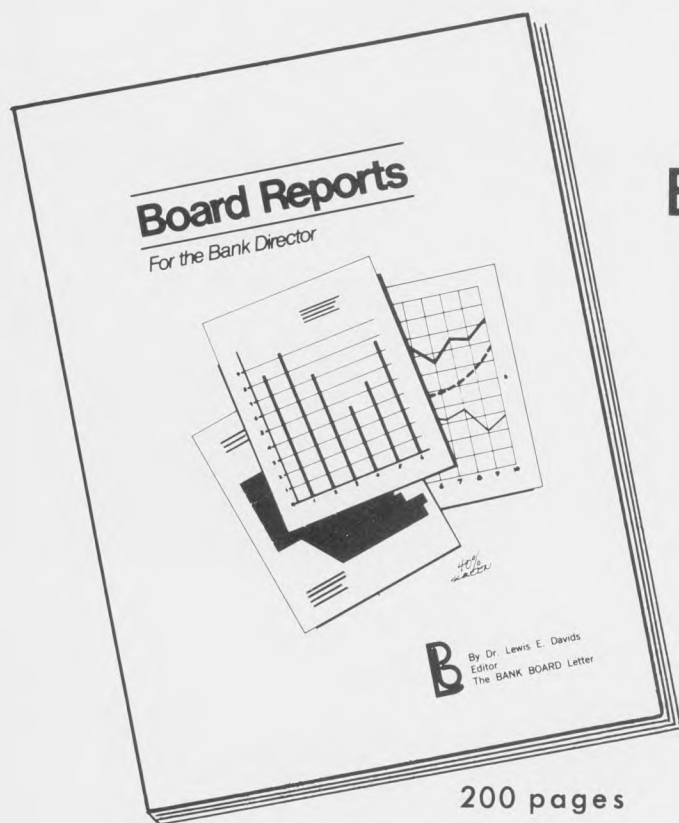


PHILLIPS

■ **NORTH KANSAS CITY STATE** has elected Catherine R. Dye assistant cashier and Patricia Yokum as manager/customer service. Miss Dye is officer in charge of the customer service department and has responsibilities in the operations department.

■ **LARRY M. SMITH**, vice president, First National, St. Louis, has been elected president and CEO, Missouri

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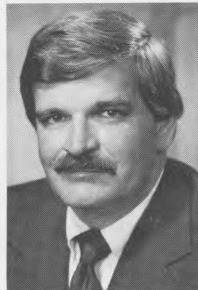
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State, Sedalia. He succeeds William R. Mills, who resigned recently. Mr. Smith joined First of St. Louis in 1967 and had been vice president since 1975. Both banks are affiliates of First Union Bancorp., St. Louis-based HC.



STALLINGS



SMITH

■ **NEW OFFICERS** of the St. Louis AIB chapter include: Rosemarie Stallings, assistant vice president/trust administration officer, Bankers Trust, Belleville, Ill.—president; Thomas M. Noonan, vice president, St. Louis County Bank, Clayton—first vice president; Edward C. Berra, president, Southwest Bank, St. Louis—second vice president; Rosemary Klobe, assistant accounting officer, Bank of St. Louis—associate vice president; and Jean Obermann, assistant vice president, Gravois Bank, St. Louis—treasurer.

■ **UNITED MISSOURI**, Kansas City, has elected Michael R. Snyder a commercial banking officer in the commercial division and promoted George W. Morris Jr. to assistant vice president in the investment department. The bank has started construction of an 1,800-square-foot addition to its Garden Bank facility at 15th and Grand in the downtown area. The expansion will provide for two new teller stations and office space for personal banking representatives and the facility manager on the main floor and space for a new vault and employees' lounge and kitchen in the basement.

■ **FIRST NATIONAL**, St. Joseph, has promoted Connie Smith to trust officer and Dorothy Imlay to assistant cashier. Miss Smith joined the bank in 1963 and has worked in the correspondent department. Mrs. Imlay also joined the bank in 1963 and is a personal banker.

■ **FRANK RAILTON**, chairman, Exchange National, Jefferson City, has retired after nearly 60 years with the bank. He has been named director emeritus. He joined the bank in 1918 as a messenger when it was known as First National, was named president in 1957 and chairman in 1969.



HUBER

McGUIRE

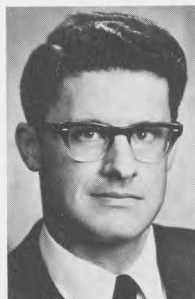


MEHRING

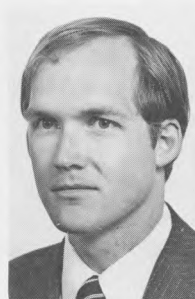
POOS

■ **MERCANTILE TRUST**, St. Louis, has elected James B. McGuire, J. David Huber and Wilfried Mehring vice presidents. Messrs. McGuire and Huber are in the trust division and Mr. Mehring is in the international department. In other action, John W. Duke and Lillian S. Hagedorn were promoted to assistant vice presidents, Lloyd J. Martin was named a trust officer and Charles A. Schumacher and Kenneth L. Poos were named banking officers.

■ **ALLEN H. BLAKE** has been elected a vice president, Manufacturers Bank, St. Louis. He went to the bank from Coopers & Lybrand, where he served as audit manager. His responsibilities at the bank include accounting and tax planning.



BLAKE



KEMPER

■ **COMMERCE BANK**, Kansas City, has elected David W. Kemper a vice president/metropolitan division. He was formerly with Morgan Guaranty Trust, New York City. John P. Hastings and Robert G. Alley have been elected vice president and assistant vice president, respectively. Mr. Hastings is in the trust division and was formerly senior trust officer. He joined the bank in 1972. Mr. Alley is in the international department and joined the bank in 1974.

■ **MARTHA L. PERINE** has been named an assistant vice president at the Federal Reserve Bank of St. Louis. She succeeds Richard O. Kaley, who has retired after 48 years' service. She is in charge of the data communications department.

Correspondent Tie Observed



Mercantile Trust, St. Louis, recently presented a plaque to Callaway Bank, Fulton, to celebrate 115 years of continuing correspondent relations. From left are Richard R. Bacon, assistant vice president, and John W. McClure, vice president in charge of the central group, both from Mercantile Trust, and Overton Harris and John Harris, vice president and president, respectively, Callaway Bank.

Died. R. B. Price, chairman emeritus, Boone County National, Columbia, at age 96. He was chairman/president from 1924 to 1971 and was cited recently as being the longest-tenured banker in the U. S. for his 75 years of continuous service.

John O. Neil Dies

John W. O'Neil, senior vice president, Boatmen's National, St. Louis, and vice president, Boatmen's Bancshares, died June 13. He had been with Boatmen's since 1958.



Oklahoma



KELLOGG

■ **TOM A. KELLOGG** has joined Fourth National, Tulsa, as assistant vice president, correspondent banking

department. He has been in the correspondent-banking areas of other Oklahoma banks and Missouri banks.

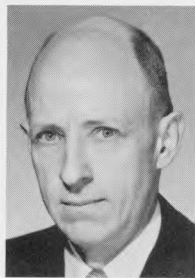
■ **FIRST NATIONAL**, Oklahoma City, has made Eldon Beller an executive vice president in charge of loan production, lending divisions. Joseph T. Crepps, executive vice president, is responsible for loan administration. Both men were appointed to the asset/liability committee. Mr. Beller formerly was a senior vice president. He is an executive vice president, First Oklahoma Bancorp. Mr. Crepps is an advisory director, Founders Bank, Oklahoma City, and formerly was president, May Avenue Bank (now Union Bank), also in Oklahoma City. In other action, First National promoted Gerald Cornelison from vice president to vice president and cashier and Melvin Burch and John E. Brown, from trust officers to assistant vice presidents.

■ **LIBERTY NATIONAL**, Oklahoma City, has promoted Robert C. Beard to vice president, commercial banking; Kent A. Polley, vice president, trust; and Rodney L. Lee, vice president and assistant controller. Paul D. Lekawski, Claudine Long, Dennis L. Pealor and William H. Pulley were promoted to assistant vice presidents.

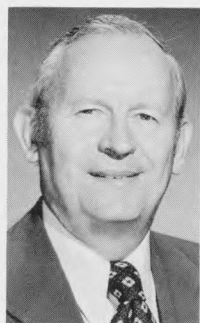
Tennessee

Carson Carlisle Dies

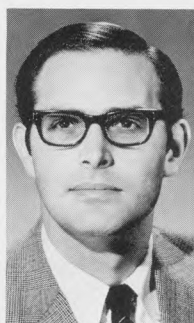
Carson Carlisle, retired senior vice president/cashier, Third National, Nashville, died recently after an extended illness. He was 65. He joined the bank as a mail boy in 1933 and was named senior vice president/cashier in 1970. He retired last November 30.



■ **THIRD NATIONAL CORP.**, Nashville, has promoted Charles G. Moore to senior vice president/secretary and R. Walter Hale III to vice president/treasurer. Mr. Moore



MOORE

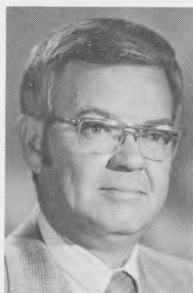


HALE

was formerly vice president/secretary and Mr. Hale was formerly treasurer. Mr. Moore joined the HC in 1973, Mr. Hale in 1972.

Texas

■ **JAMES T. DENTON JR.** has been elected a senior vice president at First City Bancorp. of Texas, Houston. He was chairman, First City Bank, Dallas, and his duties have been assumed by James A. Clark, president of that bank. First City National, Houston, has elected Michael J. Alleyn vice president and R. Steve Taylor and J. K. Jones vice presidents/trust officers.



DENTON



LATIMER

■ **RALPH P. LATIMER** has been promoted to vice president/trust division at Bank of the Southwest, Houston. He joined the bank last year.

■ **C. LINDEN SLEDGE**, president, has been named CEO, Frost Bank, San Antonio. He joined the bank in 1956 and has been president since 1973. T. C. Frost Jr. continues as chairman.

■ **WILLIAM L. SERVATIUS** has been elected an assistant trust officer at First National, Amarillo, which he joined in 1974.

■ **DANIEL H. CHAPMAN** has been elected senior vice president and head of the Metroplex Group at First National, Dallas. He was formerly president/CEO/director, Addison State.

■ **REPUBLIC NATIONAL**, Dallas, has promoted Gardner W. Cannon to vice president and H. Tommy Locke and T. Ronald Vaughn to assistant vice presidents.

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New quarters for American Nat'l, St. Joseph, Mo., and Ameribanc, Inc. (foreground) are part of Robidoux Center, which stands on site formerly occupied by Hotel Robidoux. Artifacts from hotel and old bank are featured in bank. One of them, old Empire Trust Co. clock, hangs near main entrance.

New Bank Quarters Feature Artifacts From Former Hotel on Bldg. Site

ROBIDOUX CENTER in downtown St. Joseph, Mo., is the city's newest addition, but American National, its primary tenant, has incorporated some valuable artifacts from the past into the portions of the building occupied by the bank. They are from the old bank quarters and from the Hotel Robidoux, which was a long-time St. Joseph landmark and was razed to make way for the new center.

Most prominent are the former hotel lobby's two large chandeliers, which now help illuminate the new

bank lobby. The hotel's Pony Express mural, familiar to thousands of hotel patrons over the years, covers a wall in the bank's trust department on the second floor. The elaborate ceiling beams from the hotel's Oak Room have become part of the bank's boardroom, and the Oak Room marble entry arch has been incorporated into the entrance to a new executive dining room.

In addition, American National has put some of its own history on display. Artwork depicting the four financial institutions that eventually were merged

to form the present bank hangs in the directors' room. A coffee table in the seating area of the safe department incorporates a vault door from the old bank building. The old Empire Trust Co. clock now is attached to the bank's exterior near the main entrance. A number of smaller antique furnishings have been placed throughout Robidoux Center as further reminders of the former hotel and of early American National operations.

The six-story center is the first all-new major office structure to be built in downtown St. Joseph in nearly 50 years. Not only American National, but the HC to which it belongs, Ameribanc, Inc., now is headquartered there, and there are several other tenants. ●●



One of two large chandeliers from lobby of former Hotel Robidoux is seen here in lobby of new quarters of American Nat'l, St. Joseph, Mo., in Robidoux Center.

First of Chicago and S&Ls Agree to Develop YES System

First National, Chicago, and 14 area S&Ls have agreed to mutually develop and expand the YES EFT system that was introduced by the bank early in 1976.

The system permits customers of participating S&Ls to make deposits and withdrawals on their S&L savings accounts at selected supermarkets. They also can use the system for check authorization.

Additional S&Ls have expressed interest in joining the system, a First National spokesman said. "As more institutions and retailers join the YES system, it will allow participants to provide even more service for their customers," the spokesman said.

The joint venture could be the forerunner of a major expansion of EFT usage in the Chicago area, the spokesman added.

First National can't use the system for its customers, but it is keeping the system in operation in the hope that state law will be changed to permit banks to use POS terminals in the future, a spokesman said.

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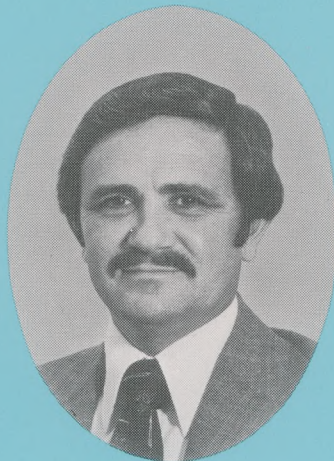
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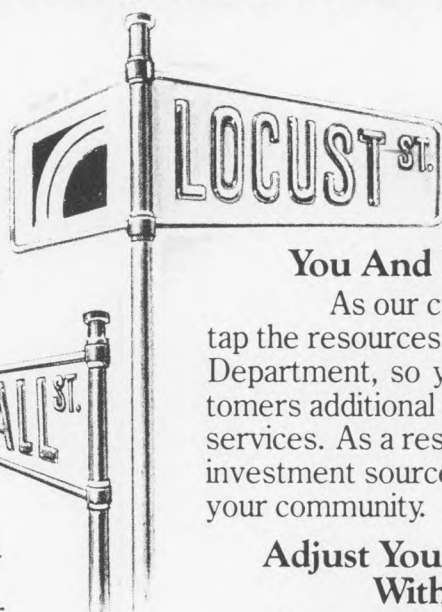
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